




Positioned for growth,  
sharing and success

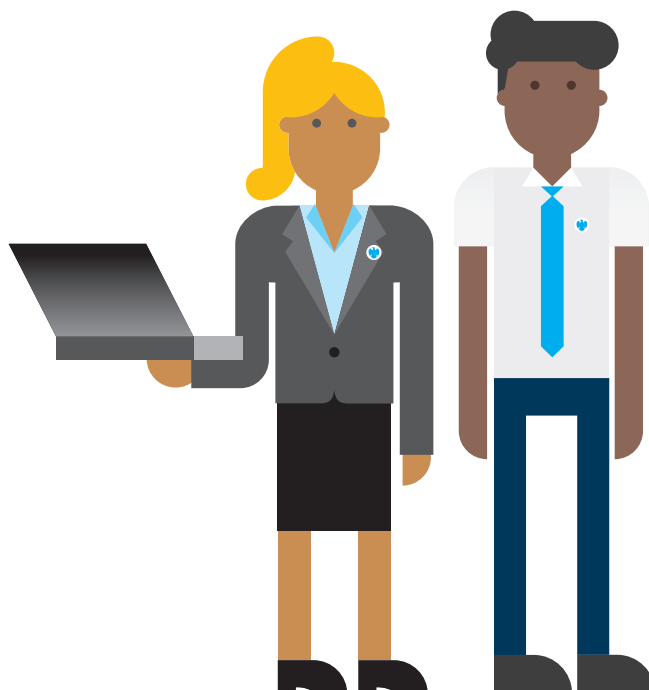
Barclays PLC  
Strategic Report 2017

About this report

## Where we can 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 2017 at [home.barclays/annualreport](http://home.barclays/annualreport)



The Strategic Report was approved by the Board of Directors on 21 February 2018 and signed on its behalf by the Chairman.

#### Status of the Strategic Report 2017

The Strategic Report 2017 is a standalone report that summarises the Barclays PLC Annual Report 2017. 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 2017 at [home.barclays/annualreport](http://home.barclays/annualreport)

Details on how to obtain a copy of the full Barclays PLC Annual Report 2017 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 2017 was unqualified, and their statement under section 496 (whether the Strategic Report and the Directors' report are consistent with the accounts) of the Companies Act 2006 was unqualified.

#### Approach to non-financial performance reporting

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

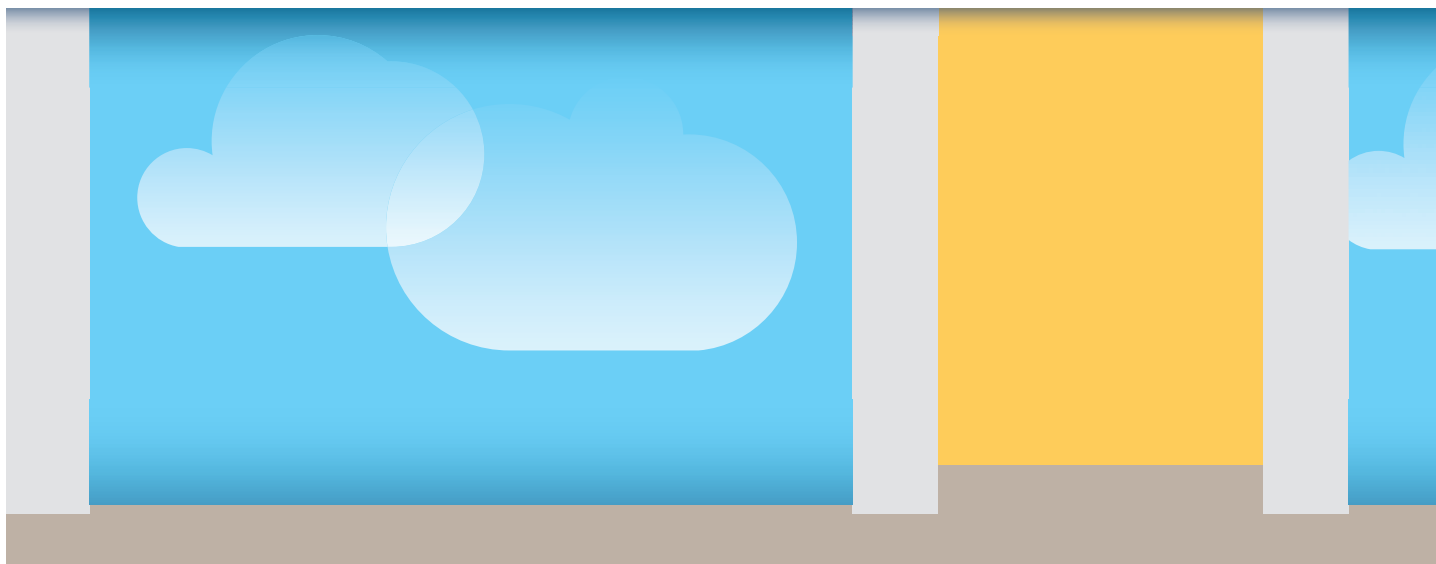
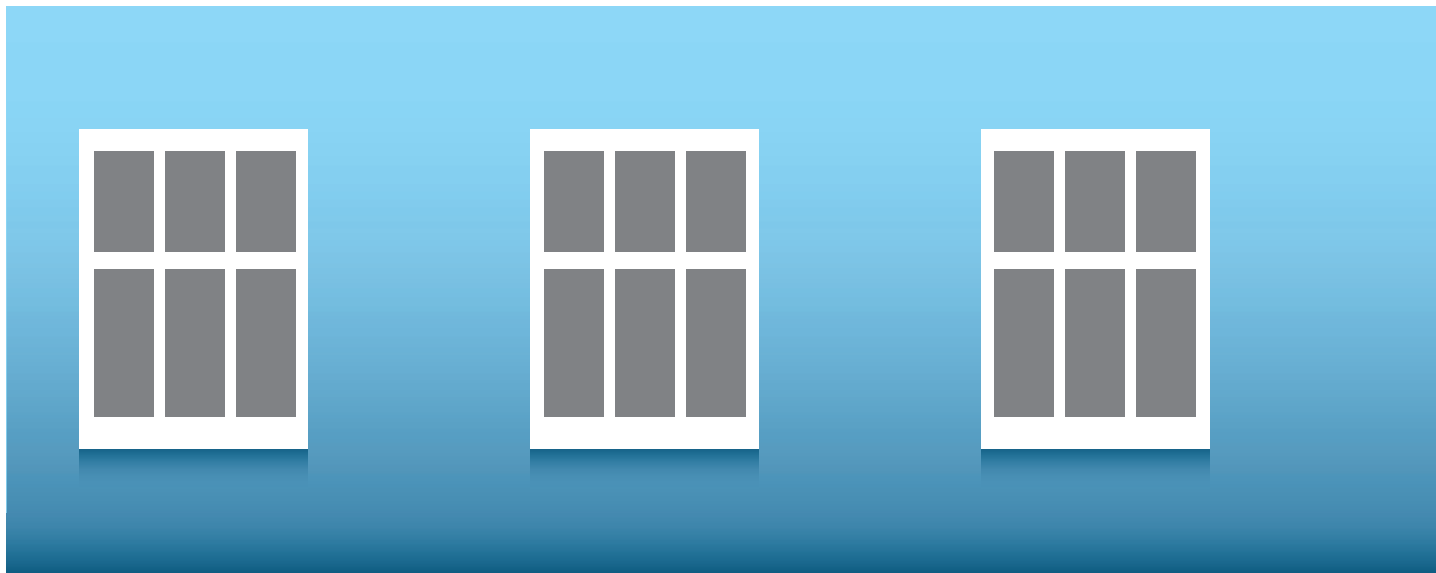
#### Notes, Non-IFRS performance measures and forward-looking statements

Barclays management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements. This document also contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Group. For further details on Notes, Non-IFRS performance measures, and forward-looking statements used within this document, please see the back cover.

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## The Strategic Report

An overview of our 2017 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 50.



While a number of challenges remain, the launch of the ring-fenced bank expected at the beginning of April this year largely draws a line on large-scale restructuring, and we look forward to a more traditional business pattern, including the return to a more normal dividend pattern.

As I indicated last year, Barclays is one of the largest restructuring situations in bank history. While this was partly a consequence of the Global Financial Crisis, it was also partly a consequence of the doubling of the balance sheet and the seven-fold increase in derivatives across 2007 and 2008, immediately prior to the full onset of the Global Financial Crisis.

This, together with the subsequent designation of the Group as globally systemic, and the consequent more than doubling of minimum regulatory capital ratios, meant the need substantially to re-capitalise the Group, and resulted in a considerable proportion of our portfolio becoming economically non-viable in the post-crisis environment.

The consequent recapitalisation involved the urgent raising of capital in 2008 (now the subject of charges by the Serious Fraud Office), a substantial reduction in capital and balance sheet usage, and the disposal of a considerable portion of our international network.

Since the crisis, we have refocused the business, halving the balance sheet by £1 trillion and the staff by some 80,000, through the disposal of Non-Core assets. We are also creating a new UK ring-fenced bank from scratch, resolving and continuing to resolve multiple large legacy conduct matters, as well as preparing the Group for Brexit.

The enormous impact all of this has had on the business, the Board and management, is a sobering lesson.

Over the past 6 years, reasonable underlying operating profits have been fully eroded in the process. Over this period, we saw £15.1bn in litigation and conduct charges, £2.4bn in bank levies, £10.1bn in losses from Non-Core, a £2.5bn loss from the sell-down of Barclays Africa, and £7.1bn in taxes (at an average rate of 65%). All of this, totalling £35.6bn over the six years, resulted in an aggregate attributable loss of £1.0bn over the same period. Imagine if all the underlying profits had gone to shareholders and to investment in growth.

Clearly, shareholders would prefer we declared higher dividends, but it should be remembered over the same period, we paid £5bn in dividends out of negative attributable profits.

While the bulk of our historical challenges are behind us, we do continue to face some residual challenges. These include the historical residential mortgage backed securities matter in the US, the Serious Fraud Office prosecution in the UK as well as the consequence of Brexit. This said, depending on their scale and pacing, we believe we have the capacity to deal with them over time.

So, while a number of challenges remain, the launch of the ring-fenced bank Barclays UK expected at the beginning of April this year largely draws a line on large-scale restructuring. We look forward to a more traditional business pattern, including the return to a more normal dividend pattern, planned to begin with the 2018 financial year.

Turning to the 2017 financial year itself, this was another critical year for Barclays. Good progress was made on a significant number of fronts. The closure of the Non-Core business from the start of July marked a significant milestone. This business was formed in 2014 in order to deliver the divestment of our non-strategic assets and businesses, releasing capital to support strategic growth in our Core business and to strengthen the Group's capital position. At its peak, the business comprised approximately £121bn of RWAs, representing 28% of the Group's total at the time and it has been a significant achievement to reduce this to just c.£23bn by the time of its closure.

We also implemented the difficult decision to sell down our shareholding in Barclays Africa in 2017. The changing regulatory requirements for global banks resulted in higher hurdles, making the ownership of the profitable African business uneconomic. Therefore, we successfully sold down 33.7% of our remaining BAGL shareholding in the first half of the year. We now own a residual 14.9% of the issued share capital, consistent with regulatory commitments.

2017 also saw us make significant progress in terms of creating the new ring-fenced bank as required by UK legislation. This has been an enormous undertaking as we are in effect creating a new bank comprising some 24 million customers. We remain on track to set up this bank in the second quarter of 2018.

As part of our Structural Reform requirements a Group Service Company has been successfully established which provides a wide range of operations, technology and functional services to the Group as a whole.

We continued with our Brexit preparations to ensure that Barclays can preserve our access to the EU markets for our customers and clients. Barclays Bank Ireland, where we have a banking license and have operated for nearly 40 years, will provide us with a natural base from which we can continue to provide products and services which require an EU presence.

As shareholders are aware, during 2017 Barclays disclosed a whistleblowing incident involving allegations made in connection with the hiring of a senior management team member. After an internal investigation, the Board determined that CEO Jes Staley believed, mistakenly but in good faith, that it was permissible to identify the author. A detailed announcement on the issue was made in April and the matter is now the subject of an external investigation.

Despite the very significant achievements and milestones passed during the year, our financial performance in 2017 highlights that further progress is required to deliver acceptable returns to our shareholders. Profit before tax was £3.5bn, and although this was a 10% increase on prior year, return on tangible equity was a negative 3.6% on a statutory basis. Excluding litigation and conduct, the loss on sale of our BAGL stake and a re-measurement of DTAs, largely from US tax reform, return on tangible equity was 5.6%.

Fortunately, the losses we experienced last year from Non-Core, as well as the costs of structural reform, are unlikely to be repeated going forward, and this, together with the profit improvement programme in the core business, should contribute towards improving returns.

Accordingly, the focus of management and the Board's attention is on performance, particularly that of the Corporate and Investment Bank in Barclays International. There, performance in Markets, and in particular Macro and Equities, was weak, driven by difficult market conditions. There have been significant management changes and action is being taken to improve profitability in this area.

Barclays Consumer, Cards and Payments saw profits decline by 22% but still produced a respectable 16.7% return on tangible equity. Barclays UK's profits were marginally up on the previous year generating 9.8% return on tangible equity.

Share price performance in 2017 was disappointing, with the share price falling from 223p to 203p over the calendar year. We are working to reverse this in 2018. Delivering quality earnings above the cost of equity as well as returning to higher dividend levels, are necessary to generate a meaningful recovery in the share price. This is the priority for 2018 and beyond.

The ultimate resolution of legacy conduct and litigation issues will allow underlying profit to fall to the bottom line to the benefit of shareholders. This, together with the resolution of the whistleblowing issue, will also help remove some uncertainty which is overshadowing the company.

The past few years have been a really tough period for the Board and management, and bottom line results can obscure the real underlying progress that is being made. I would therefore like to thank the Board, the management team and all our staff for the enormous efforts they are making to secure our recovery.

Finally, I would thank shareholders for their patience, and believe it will be rewarded. The situation is more complex and difficult than we had envisaged, and is taking longer than we hoped, but shareholders can rest assured that we will continue to strive to deliver the performance and value creation that their patience deserves.

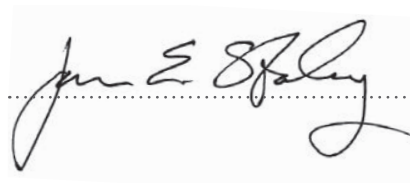
**John McFarlane**  
Chairman

# We have strong foundations in place for delivering to stakeholders and society...



Two years ago, we laid out our plan to build a Barclays that is fit for the future. To recast our business as a transatlantic consumer and wholesale bank, with global reach.

I am pleased to report that the significant task of restructuring this great institution was completed in 2017.



The spirit, energy and professionalism that my colleagues from across Barclays have brought to this endeavour gives me great confidence in our future, both as Group CEO and as a shareholder. While there is still work to be done, the story of Barclays in 2017 has been one of considerable strategic progress.

On the 1st of June, we completed the sell down of our shareholding in Barclays Africa. At a stroke, this single act permitted accounting deconsolidation and regulatory proportional consolidation, reduced both cost and complexity, and improved our capital strength.

## Our Group profit before tax is up by 10%, year on year.

In July, we closed Barclays' Non-Core unit, six months ahead of plan. In doing so, we eliminated some £95bn of risk weighted assets, sold more than 20 businesses, exited operations in a dozen countries, and reduced costs by over £2bn - all in just three years.

In September, we stood up the Group Service Company, where around 42,000 of our 80,000 employees now work. Operational and technological strength is a key competitive advantage for any global bank today. The cost efficiencies and improvements in effectiveness realised from this strategic decision are already being felt right across the Group - and that is making a real and positive difference to our customers and clients' lives, every day.

By December, we had largely completed the work to build our UK ring-fenced bank, which we expect will be fully up and running by the time we meet at the Annual General Meeting (AGM).

The Barclays of today is almost unrecognisable, compared with just a few years ago. The momentum we have built in successfully delivering on our plans so far, leaves me with a sense of confidence about our next task: delivering acceptable Group returns for you, our shareholders.

Our financial performance in 2017 shows that we are on our way to doing this. Our Group profit before tax is up by 10%, year on year, largely driven by a reduction in Non-Core losses. Group return on tangible equity, excluding litigation and conduct charges, the losses related to the sell down of BAGL and a one-off adverse impact from US tax reform, stood at 5.6% in 2017.

Our two businesses, Barclays UK and Barclays International, performed fairly well in the year despite challenging market conditions, and the Group is benefitting from the balance that the diversity of product, currency, geography, and business mix, gives us. In Barclays UK profitability held up, with good progress in mortgages, deposit growth, and mobile banking. Profits were down in Barclays International versus 2016, due to a poor performance in the Markets business of our Corporate and Investment Bank in difficult trading conditions for the industry. We have strong plans in place to address that underperformance in 2018. Our Consumer, Cards and Payments business continues to produce excellent levels of income, while managing risk effectively.

Perhaps most importantly of all, we enter 2018 in a strong capital position. By the end of 2017, we were at a Common Equity Tier 1 (CET1) ratio of 13.3%, within our end-state target range.



This shows that Barclays can sustainably generate profits at a healthy rate, and our capacity to do so should increase over time as we grow our businesses.

That is why in 2017 we set ourselves ambitious but attainable targets for Group returns of greater than 9% in 2019, and of greater than 10% in 2020, excluding litigation and conduct, and based on a CET1 ratio of around 13%.

A small number of significant legacy conduct issues remain, and we will need to resolve them in due course.

Nevertheless, it is our intention to prioritise the return of capital to shareholders, beginning this year. We plan to pay a dividend for 2018 of six and a half pence, which is more than double the amount paid in 2016 and 2017, and restores it to the level paid in 2015.

This is an important first step, but is still a fairly modest proportion of our anticipated earnings for Barclays. It is our firm intent, over time, to return a greater proportion of our earnings to shareholders, both through the annual dividend and in other ways. For example, it has been some 20 years since Barclays last used share buybacks as a means of returning value to investors, but we expect these to be an important part of the capital return mix going forward.

I have worked in banking for some 38 years, and I can say with conviction that the way Barclays does business, seeking to earn the trust of every customer, client and community in which we serve, is truly extraordinary.

In 2017 we celebrated the 20th anniversary of the Barclays Citizenship Awards - a year which saw over half of our colleagues take part in volunteering, fundraising or giving programmes. Among many examples of great contributions to the communities in which we operate, I was particularly proud of the work we have done to increase digital safety and to prevent the growing threat of fraud. Our education and awareness campaign has seen over 4.8 million people take action to protect themselves as a result.

This kind of effort is not just the right way to act, it also makes commercial sense. When the societies where we operate succeed, Barclays succeeds. That is why, for over three centuries, this great institution continues to rise up to the challenges that our communities face, and to play our part.

This is particularly true as our home country, the United Kingdom, faces an uncertain future as negotiations to leave the European Union unfold. Whatever may come, Barclays is here to stay, and here to help the 24 million customers and almost one million UK businesses, who put their trust in us, every day.

In 2017 over half of our colleagues took part in volunteering, fundraising or giving programmes.

It is the talent, ingenuity and dedication of our people, and the progress we have made in the past year, which gives me great confidence for our future. I look forward to discussing this future with you when we meet at our AGM in May.

James E. Staley  
Group Chief Executive

## Barclays Citizenship Awards

Going the extra mile to benefit society and Barclays is what our Shared Growth Ambition is all about. The Citizenship Awards is a chance to celebrate the extraordinary Barclays colleagues who do just that and play a positive role in society.

2017 marked the 20th anniversary of the awards. There were almost 500 nominations for the awards, celebrating the outstanding Citizenship contributions of our employees to driving economic, environmental and social prosperity.

The awards were split into five categories that encompass Citizenship and our Shared Growth Ambition: access to financing, access to financial and digital empowerment, access to employment, colleagues in the community and the way we do business.

Whether it's creating commercial products with a positive societal impact, empowering customers with better financial and digital skills, helping people get into the world of work, improving the way we do business, or colleagues giving their time and skills to the causes they're passionate about, there is a huge variety of ways in which Barclays colleagues contributed to society in 2017.

Being a contributor is a very important part of the culture of Barclays. It says the right things about who we are. Barclays is a business built on our people and we are proud of the contributions that our extraordinary people make to our Citizenship ambitions.



## ...in a constantly evolving environment that creates opportunity and risk

**As a transatlantic consumer and wholesale bank with operations globally, Barclays is impacted by a wide range of macroeconomic, political, regulatory, accounting, technological and social developments. The evolving operating environment presents opportunities and risks which we continue to evaluate to ensure that we appropriately adapt our strategy and its delivery.**

Global growth saw a modest recovery in 2017, principally driven by an upswing in Europe and Asia. However, the interest rate environment remained low, albeit with indications of Central Banks positioning for a tightening cycle. Notably, the Federal Reserve and the Bank of England commenced tightening actions, with an increase in their key policy rate as well as initiation of actions to wind-down quantitative easing programmes. The low interest rate environment combined with continued low market volatility, relatively weak consumer confidence and a slowing housing market in the UK continued to impact banking sector performance by making income generation more challenging.

The political environment remained uncertain globally throughout 2017 with a notable increase in geopolitical tensions. We remain vigilant to these risks and their potential impact on global trade and investment. In the UK, the General Election resulted in a hung Parliament while negotiations with the EU on post-Brexit arrangements continue, without full clarity on the nature of the UK's relationship with the EU immediately following its exit. In July, in response to the EU referendum outcome, Barclays announced its intention to use an existing subsidiary in Ireland as its European licensed entity from which to passport financial services across the EU, thereby continuing to serve its customers and clients in the EU post Brexit.

The regulatory landscape impacting Barclays evolved through 2017 and will continue to do so in 2018. The banking industry in the UK has continued implementation of measures to meet Structural Reform requirements, which include the requirement to ring-fence certain activities. As part of these reforms, Barclays launched its Group Service Company in September 2017. The implementation of Structural Reform and other regulatory changes requires significant focus and we are seeking to minimise disruption to our customers and clients, while executing in accordance with regulatory timelines (as set out on page 204 of the Barclays PLC Annual Report 2017). Barclays' ring-fenced bank will be operational during the first half of 2018, subject to court and regulatory approvals.

**The banking industry in the UK has continued implementation of measures to meet Structural Reform requirements, which include the requirement to ring-fence certain activities.**

With effect from 1 January 2018, as part of the US Tax Cuts and Jobs Act, the federal corporate income tax rate has been reduced from 35% to 21%. Given the Group's substantial US operations, this tax rate cut materially impacted the measurement of Barclays' US deferred tax assets, however it will also result in a material reduction to the Group's future effective tax rate. This Act also introduced the Base Erosion and Anti-Abuse Tax (BEAT) which involves complex provisions with currently uncertain practical and technical application and which may reduce the future benefit of the lower statutory tax rate.


 Detailed analysis of our tax can be found in the Annual Report, or in the Country by Country report, both found at [home.barclays.com/annualreport](http://home.barclays.com/annualreport)

In addition, from 1 January 2018 the introduction of IFRS 9, Financial Instruments, will see significant changes to the accounting for impairment and measurement of expected credit losses which we discuss further, along with other significant accounting policies on pages 241 to 246 of the Barclays PLC Annual Report 2017.

Our operating environment continues to be influenced by rapid technological change, significantly impacting customer expectations and behaviour as well as leading to the ongoing review of established banking operating models. We are investing to position our business at the forefront of this evolving environment. New technology is transforming the way customers interact with their banks and continues to encourage new entrants into the market. We expect to see these trends accelerating in 2018 with the implementation of the Second Payment Services Directive ("PSD2") and Open Banking, which will have a profound impact on the banking landscape by allowing customers to choose to enable third parties to access their data. Barclays is very supportive of the opportunities that Open Banking presents for those who design their propositions and experiences with customers at their heart. However, we are also aware of potential customer concerns regarding data security and we continue to work hard to ensure the safety of customer data.




Our Corporate and Investment Bank clients are anticipating enhanced electronic capabilities as well as enhanced transparency through the new Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (collectively referred to as MiFID II), as part of their operating environment. For example, recent advances in trading automation continue to change the operating landscape through increased experimentation with, and implementation of, solutions relying on machine learning, natural-language processing and predictive analytics.

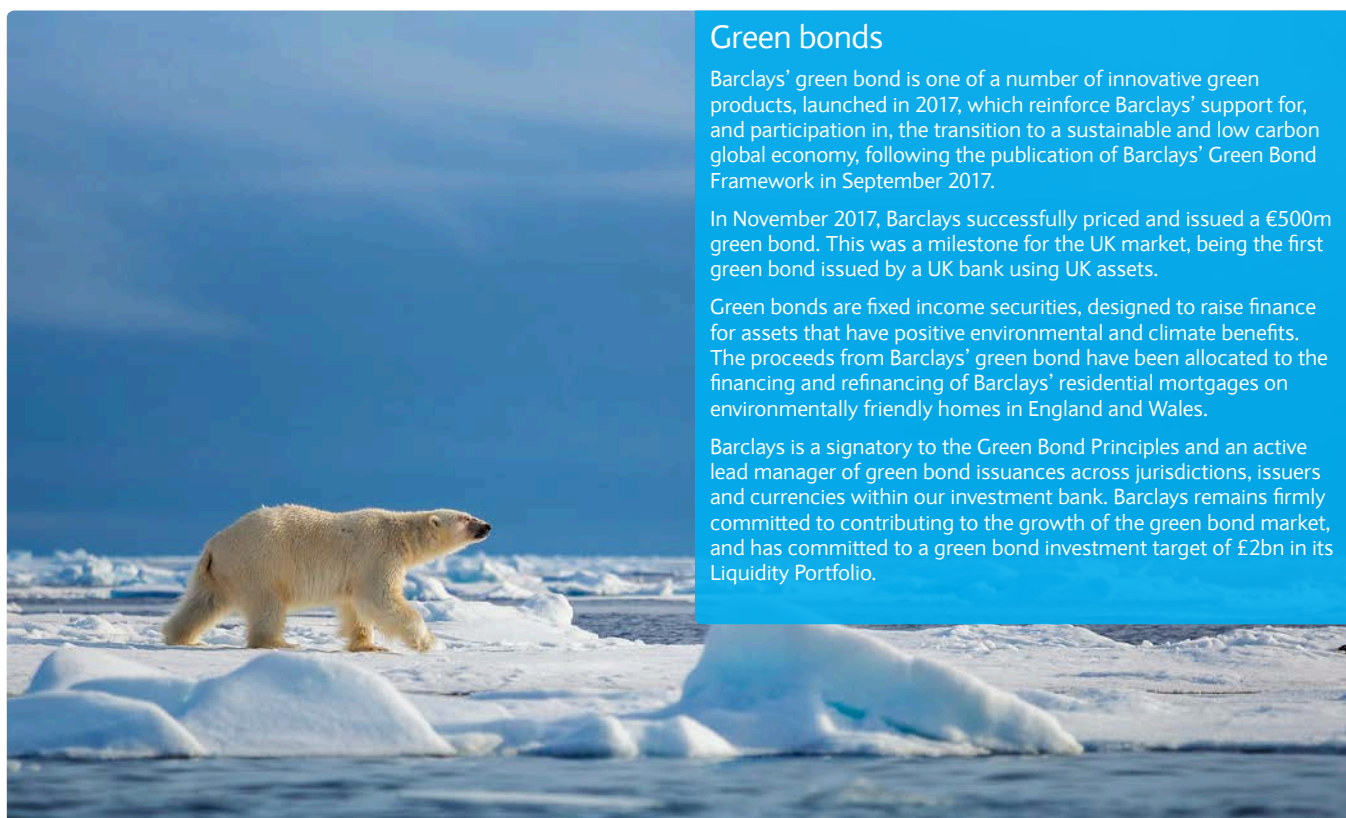
 For further information on the changes in Supervision and Regulation of the Group, please see page 197 of the Barclays PLC Annual Report 2017.

We continue to invest in our digital and mobile capabilities to respond to these rapid changes, while maintaining a continued focus on the risks posed by fraud and social engineering and the importance of network defence, cyber risk, IT security and the appropriate management of our most valuable environments and high risk users in the face of growing cyber threats. In 2017, we launched #digisafe, a UK-wide consumer engagement campaign to highlight the importance of digital safety, helping people to be more aware of the risks that exist in the digital world and how to be safer online.

During 2017 there was further activity to advance the financial sector's understanding of the potential financial, operational and strategic implications of climate change. Recognition of the commercial, reputational and regulatory implications of climate change are shaping the way businesses engage with the climate change agenda. At Barclays, we want to facilitate our stakeholders' access to financing that places green principles at its core. Please see the Case Study below for examples of how we are putting our beliefs into practice.

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 121 of the Barclays PLC Annual Report 2017.



## Green bonds

Barclays' green bond is one of a number of innovative green products, launched in 2017, which reinforce Barclays' support for, and participation in, the transition to a sustainable and low carbon global economy, following the publication of Barclays' Green Bond Framework in September 2017.

In November 2017, Barclays successfully priced and issued a €500m green bond. This was a milestone for the UK market, being the first green bond issued by a UK bank using UK assets.

Green bonds are fixed income securities, designed to raise finance for assets that have positive environmental and climate benefits. The proceeds from Barclays' green bond have been allocated to the financing and refinancing of Barclays' residential mortgages on environmentally friendly homes in England and Wales.

Barclays is a signatory to the Green Bond Principles and an active lead manager of green bond issuances across jurisdictions, issuers and currencies within our investment bank. Barclays remains firmly committed to contributing to the growth of the green bond market, and has committed to a green bond investment target of £2bn in its Liquidity Portfolio.

# Our enhanced structure empowers our business model...

**In 2017, Barclays made significant progress reorganising the business to enable a sharper focus on our strengths as a transatlantic consumer and wholesale bank with global reach.**

In March 2016, we announced our intention to operate through two principal business divisions: Barclays UK and Barclays International. As well as accelerating the delivery of our strategy, this change helped enable Barclays to fulfil the requirements of our UK regulators in regard to ring-fencing. Ring-fencing of essential retail banking services is one of the reforms introduced by the UK government to strengthen the UK financial system following the financial crisis that began in 2007. It requires the larger UK high street banks, including Barclays, to separate certain retail and smaller corporate banking activity and products, like savings accounts, current accounts and payments, from more complex, wholesale and investment banking activity and from certain activities outside of the UK and European Economic Area. This separation must be completed by 1 January 2019.


## Barclays Bank UK PLC and Barclays Bank PLC will operate alongside, but independently from one another.

Both Barclays UK and Barclays International currently operate within the legal entity of Barclays Bank PLC. Barclays UK offers everyday products and services to retail and consumer customers and small to medium sized enterprises based in the UK, and Barclays International delivers products and services designed for our larger corporate, wholesale and international banking clients. During the first half of 2018, we will formally separate the Barclays UK division into a new legal entity – Barclays Bank UK PLC – which will become our UK ring-fenced bank, subject to court and regulatory approvals.

Products and services designed for our larger corporate, wholesale and international banking clients will continue to be offered by Barclays International from within Barclays Bank PLC. Barclays Bank UK PLC and Barclays Bank PLC will operate alongside, but independently from one another as part of the Barclays Group under the listed entity, Barclays PLC.

In September 2017, in preparation for the separation of the Barclays UK business into its separate legal entity, we created our Group Service Company, Barclays Services Limited, as a subsidiary of Barclays PLC. The Group Service Company will deliver critical infrastructure services to businesses within the Barclays Group and will enhance operational continuity for our business units, facilitating the execution of recovery and resolution plans in the event of financial difficulty. It will also become a centre of excellence for services required by the business, such as fraud management and cyber security, reducing duplication and promoting best practice across our businesses.

The new organisational structure, illustrated below, brings complementary businesses more closely together; creates an enhanced focus on our client proposition and offering across all target sectors; and, through the creation of the new Group Service Company, establishes a centre of service excellence that will drive efficiency and increase the Group's resilience.

 Further information on Structural Reform can be found on page 204 of the Barclays PLC Annual Report 2017. Illustrative unaudited pro-forma financials for Barclays Bank UK PLC and Barclays Bank PLC are available at [home.barclays.com/annualreport](http://home.barclays.com/annualreport)



## Our business model

...and creates value for our stakeholders, with economic benefits to society

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

Our business model is aligned with our strategy of being a leading, diversified transatlantic bank with global reach.

 [Read more on our strategy on pages 10 to 11.](#)

 For further information on our divisions, see: Barclays UK – pages 23 to 28  
Barclays International – pages 29 to 34

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 built on trust
- a solid track record of successfully innovating for customers and clients
- our geographic focus: firmly anchored in the two financial centres of London and New York, with global reach
- the skills and expertise of our people and our shared values which inform the way we work and how we act



The skills and trust in our staff helps us, through a range of initiatives, increase financial literacy

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

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

We offer:

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



Our business services are tailored to help support SMEs and entrepreneurs, creating wealth

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

- our services generate revenue 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
- we aim to capture the benefits of diversification through efficient delivery of cross-group synergies



Meeting the demands of our customers around sustainable investment drives sustainable value

We aim to deliver a broad spectrum of value through 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 in general to address societal issues and needs


Innovation through our products and services is helping increase access to finance and generating dividends and returns

## Our strategy

# We have positioned Barclays as a leading, diversified, transatlantic bank with global reach...

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


We reflect our strategy in a number of financial and non-financial measures.

 [Read more on our financial and non-financial measures on pages 15-22.](#)

### Building on our strong foundations

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

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

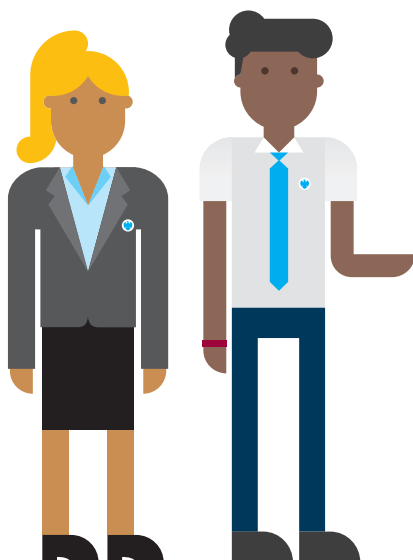
 You can read more about our Shared Growth Ambition within our performance metrics on page 21.

### Completion of the restructuring announced in March 2016

In 2017, we successfully delivered on two key components of the strategic priorities we announced in March 2016:

- During the course of 2017 we completed the partial sale of our stake in Barclays Africa Group Limited (BAGL) resulting in a non-controlling, accounting deconsolidated position with a residual 14.9% shareholding in BAGL
- on 1 July we closed Barclays Non-Core, six months ahead of schedule, representing a watershed moment for the implementation of the Group's strategy

These actions have significantly contributed to the simplification of the Group, helping to reduce drag on Group profitability and laying the foundations for Barclays to drive sustainable returns in its businesses.



### Delivering the Barclays of the future

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

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

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

Barclays International will continue to focus on markets and services where we have a competitive advantage, allocating capital where we see the ability to generate the most attractive risk-adjusted returns and investing where we see an opportunity to expand our market share. We see technology as a significant enabler for our strategy across the investment banking business, particularly in Markets business lines, and will continue to invest appropriately, alongside recruiting the best talent as we build the Barclays of the future. In July 2017, we announced our intention to use Barclays Bank Ireland, an existing licensed EU-based bank subsidiary, to continue passported activity the UK's departure from the EU.

Despite the uncertainty around the final outcome of the negotiations between the UK and EU, our planning is driven by a strategic intention to preserve EU market access for Barclays and our customers and clients, with a continuous seamless service.



## Contact centres – creating a seamless end to end customer experience in an omni-channel environment

We believe the Group Service Company will enable the delivery of world class services to our customers and clients while driving efficiency gains.

Our global contact centres teams within Barclays UK and Barclays International support over 60 million customer calls each year, across several geographies and business areas. Our colleagues are central to our customer experience and through the creation of the Group Service Company we have a unique platform to unlock opportunities across our shared colleague and technology propositions and through doing so, continue the transformation of our customer experience for Barclays UK and Barclays International.

In the past, our technology supporting contact centres has been highly fragmented and we have operated with different processes with each business unit having their own contact centres, leading to more than 30 different contact centre sites, utilising over 100 bespoke technology applications. Through the creation of the Group Service Company we aim to streamline our technology estate, identifying synergies to support a world class customer and colleague experience.

We will also continue to evolve the way we interact with customers through a highly integrated omni-channel framework, enabling customers to interact with Barclays through their channel of choice.

We will continue to roll out and scale new capabilities throughout 2018, supporting our customers choice in how they interact with us.

Leveraging our geographic and business diversification, we see a significant opportunity to develop our payments capabilities across the Group. We aim to leverage our extensive experience and expertise developed through our leadership position in the UK to grow our market share in the US. In the Business to Business (B2B) space, we will continue to invest in our commercial payments capabilities, in order to meet the evolving needs of our customers, by leveraging innovative solutions and our data assets. On the consumer side, we are growing our mobile payment solutions in the UK. In the US, we see opportunity to build on our position of 9th largest credit card issuer by receivables, as our targeted partnership model drives continued growth. Furthermore, we are investing in our US consumer banking proposition, where we have a growing, own-brand and prime-focused digital banking offering.

Our strategic execution as a diversified bank has been enhanced by the launch of the Group Service Company. The Group Service Company changes the way Barclays operates, enabling the delivery of world class services through a more standardised global operating model. We believe our Group Service Company will enable us to extract cross-group cost synergies through simpler processes, enhanced controls, a better co-ordinated service provision and more effective management of investment in our technology and processes. The Group Service Company is a key component of Barclays' operating model.

.....  
**We believe our Group Service Company will enable us to extract cross-group cost synergies.**  
 .....

## **We remain focused on resolving legacy conduct, litigation and regulatory matters and delivering enhanced controls**

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



# ...with a structure and governance that enable us to manage risk...

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

The recent changes to the structure of the bank in anticipation of ring fencing, together with the closure of the Non-Core, and the partial sell down of our shareholding in BAGL mean that we have even more clarity on our strategic direction. The risks we undertake in delivering this strategy are now also well-defined.

### Enterprise Risk Management Framework

At Barclays, risks are identified and managed in the business through the Enterprise Risk Management Framework (ERMF), which supports the CEO and Chief Risk Officer in embedding effective risk management and a strong risk culture.

By applying mandate and scale limits, we can enable and control specific activities.

The EMRF specifies the Principal Risks of the Group and the approach to managing them.

### Risk Appetite

Risk Appetite defines the level of risk we are willing to take across the different risk types, taking into consideration varying levels of financial stress. Risk Appetite is key for our decision making process, including business planning, mergers and acquisitions, new product approvals and business change initiatives. By applying mandate and scale limits across legal entities and businesses, we can enable and control specific activities that may have material concentration.

The management of risk is embedded into each level of the business, with all colleagues being responsible for the understanding and managing of risks. This is done by specifying responsibilities according to the 'Three Lines of Defence'. Each Line of Defence is overseen by the next, resulting in a strong design, implementation, remediation, monitoring and testing framework, with independence and robust governance.

### Three Lines of Defence

The First Line of Defence comprises the revenue generating and client facing areas, along with all associated support functions. The First Line identifies the risks, and sets the policies, standards and controls, within the criteria set by the Second Line of Defence.

The Second Line of Defence comprises Risk and Compliance employees and oversees the First Line, setting the limits, rules and constraints, consistent with the Risk Appetite of the firm.

The Third Line of Defence comprises Internal Audit employees, providing independent assurance to the Board and Executive Management.

The Legal function does not sit in any of the three lines, but supports them all and plays a role in overseeing Legal Risk. The legal function is also subject to oversight from the Risk and Compliance functions with respect to the management of operational and conduct risks.

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

### Risk management post-ring fencing

There are no significant changes to the ERMF proposed following ring-fencing. However, each of the Boards of Barclays Bank UK PLC and Barclays Bank PLC will approve and implement the ERMF at an entity level, with any requirements specific to the relevant legal entity documented within the ERMF. Group-wide risk management principles will govern both Barclays Bank UK PLC and Barclays Bank PLC and their own legal entity governance processes around risk management, capital and liquidity plans.

We believe that our structure and governance will enable us to manage risk in changing economic, political and market environments.



## Principal Risks are overseen by a dedicated Second Line function

Risks are classified into Principal Risks, as below

How risks are managed

	Risks are classified into Principal Risks, as below	How risks are 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.	Credit risk management teams set the Risk Appetite, monitoring risk against limits and help manage risk through the credit cycle.
<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.	A range of complementary approaches to evaluate market risk including specific management and regulatory measures, are used to capture exposure to market risk. These are overseen and managed by dedicated market risk management teams who engage with the businesses to challenge the risk profile on a regular basis.
<b>Treasury and Capital Risk</b>	<p><b>Liquidity Risk:</b> 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><b>Capital Risk:</b> 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><b>Interest Rate Risk in the Banking Book:</b> The risk that the firm is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.</p>	Treasury and capital risk is managed and monitored through a wide range of activities including: managing limits on a variety of on and off-balance sheet exposures; monitoring of market indicators for early signs of liquidity risk; recovery planning; capital planning and allocation; internal Group-wide stress testing; management of foreign exchange and pension risk, and uses a range of metrics and sensitivity analysis to measure non-traded market risk.
<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.	The Group assesses its operational risk and control environment across its businesses and functions with a view to maintaining an acceptable level of residual risk.
<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.	Models are validated and approved upon implementation and on an ongoing basis.
<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 controlled culture within Barclays, with the objective of acting 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 required, and provide oversight to monitor that 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 legal risks in the conduct of its business. The Group General Counsel and the Legal function support colleagues to manage legal risks.

# Risk management ...and help us focus on climate change

Climate change and resource scarcity are acknowledged as two of the greatest global challenges facing society today. As a global institution, we support our clients and communities as they adopt measures to mitigate and adapt to climate change such as clean technologies and infrastructure resilience.

We acknowledge the validity of climate science and support the efforts of public and private stakeholders around the world aiming to limit global temperature rise to two degrees Celsius above pre-industrial levels.

Barclays participated in the Financial Stability Board's Task Force on Climate Related Financial Disclosures (TCFD), which published its final recommendations in June 2017. Barclays endorsed the final report, and will work to implement the recommendations over the coming years.

The principles laid out in the TCFD recommendations are an important step in providing the foundations from which companies, investors, banks and other market participants can move forward together to improve transparency and build better understanding of potential climate-related risks and opportunities.

This is the start of a longer-term process to enhance disclosures and improve understanding of potential material financial impacts.

.....  
**This is the start of a longer-term process to enhance disclosures and improve understanding of potential material financial impacts.**  
.....

## Governance

On behalf of the Board, the Board Reputation Committee reviews and approves Barclays' overall Environmental, Social and Governance (ESG) strategy, which includes the approach taken on climate change and emission targets. The Committee discussed the outcome of an externally facilitated review on Barclays alignment with the TCFD recommendations in 2017. See pages 69 to 74 of the Barclays PLC Annual Report 2017 for the Board Reputation Committee report.



## Strategy


Significant financing requirements for energy transition and resilient infrastructure will necessitate access to the capital markets, bank debt and wider funding solutions, providing revenue pools that are projected to grow over time. Our approach is to focus on managing potential climate change related risks at a client and transactional level, and assess current and emerging opportunities across our product suite and geographical footprint.

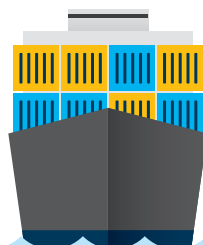
In the shorter term, Barclays sees immediate opportunities in Green Bonds and other financing solutions. We actively manage our own direct carbon footprint and are making good progress towards our target of 30% reduction by end 2018, against a 2015 baseline, reducing our emissions by 26.1% in 2017.

## Managing Climate Risk and Opportunity

Through a dedicated Environmental Risk Management team within the Credit Risk function, we are focused on managing both physical risks, for instance flood risk for our UK mortgage book, as well as potential transition risks if carbon intensive industries do not plan strategically for a smooth medium to long term transition to a low carbon economy

During 2017, we have significantly increased our focus on developing new climate opportunities, including the launch of a suite of industry-leading Green Products driven by the Green Banking Council and the issuance of Barclays inaugural Green Bond. Please see the Green Bonds case study on page 7.

 Please refer to the 2017 ESG Report for further information, found at [home.barclays/annualreport](http://home.barclays/annualreport)



# A holistic approach to measuring success

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

By incorporating a broad range of financial and non-financial measures, our framework is focused on achieving positive and sustainable outcomes for our diverse group of stakeholders, and influences incentive outcomes for Barclays' employees.

 Read more on our remuneration framework in the Remuneration Report pages 93 to 116 of the Barclays PLC Annual Report 2017.

### Strategic non-financial performance measures

Non-financial measures are an important element of how we evaluate our progress towards achieving our ambition of delivering a sustainable business for all our stakeholders. We focus on the impact we have on our customers and clients, colleagues, and the benefit we bring to society via our citizenship activity. These measures are underpinned by how we behave towards all our stakeholders, through our conduct and our culture. To assess our performance, progress towards delivering positive outcomes for our stakeholders is informed by a number of sources including internal dashboards, regular management reporting and external measures, to help provide a balanced review of performance.

We have a range of policies and guidance that can support our key outcomes for our customers and clients, colleagues and citizenship activity. Performance against our strategic non-financial performance measures is one indicator of the effectiveness and outcome of aspects of certain policies and guidance. Our policies and guidance are refreshed regularly. For further details, please see our Customer and Client, Colleague and Citizenship sections.

### Approach and governance: Performance Measurement

In the 2016 Barclays Annual Report, we introduced our revised performance measurement framework to assess progress against our strategy, across our diverse stakeholder groups. The framework reflects a balance of key financial performance metrics and broader strategic non-financial measures.

### Financial performance metrics

The financial metrics are aligned to Barclays PLC Group financial targets, updated in Q317, and are reported quarterly as part of our financial results. Achieving our targets is consistent with our aim of generating long-term sustainable returns for the shareholders of Barclays PLC Group.

## Barclays PLC Group Performance Measurement Framework

### Financial performance metrics

Group RoTE*	>9% in 2019	>10% in 2020
CET1 ratio	150-200 bps above the end point regulatory minimum level	
Group costs	£13.6 – £13.9bn in 2019**	Targeting cost: income ratio below 60%

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

### 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 colleagues of all backgrounds are treated equally and have the opportunity to be successful and achieve their potential
  - Engaged and enabled colleagues
  - A positive conduct and values-based environment

#### Citizenship

- Making decisions and doing business that provides our clients, customers, shareholders, colleagues and the communities which we serve with access to a prosperous 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

# Key performance indicators

## A holistic approach to measuring success

### Approach and governance: Remuneration

Performance against our financial metrics and strategic non-financial performance measures is directly linked to executive remuneration, and also influences incentive outcomes for Barclays' employees more broadly. This approach supports us in our work to deliver positive outcomes for all our stakeholders. Please refer to the Remuneration Report on pages 93 to 116 of the Barclays PLC Annual Report 2017 for further information.

### How we are doing

#### Group Return on Tangible Equity

**(3.6)%** 2016 3.6%

#### Common Equity Tier 1 (CET1) ratio

**13.3%** 2016 12.4%

#### Cost: Income ratio

**73%** 2016 76%

#### Operating Expenses\*

**£14.2bn** 2016 £15.0bn

\* excluding litigation and conduct

2017

### Financial performance metrics

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

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

#### How we measure success:

The financial performance metrics are aligned to Barclays PLC Group financial targets, updated in Q317:

- Group Return on Tangible Equity (RoTE) of greater than 9% in 2019 and greater than 10% in 2020, excluding litigation and conduct, and based on a CET1 ratio of c.13%
- CET1 ratio of 150–200 bps above the end point regulatory minimum level
- Group costs, excluding litigation and conduct, of £13.6–13.9bn in 2019, and to have a target cost: income ratio below 60%

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

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

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

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

Barclays views operating expenses as a key strategic area for banks; those which actively manage costs and control them effectively will gain a strong competitive advantage. Restructuring the cost base is a key execution priority for management and includes a review of all categories of discretionary spending and an analysis of how we can run the business to ensure that costs increase at a slower rate than income.

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

#### Updating the Return on Tangible Equity metric

Significant strategic progress was made in 2017 with the closure of Non-Core and sell down of our stake in Barclays Africa, marking the completion of our restructuring.

With the closure of Non-Core, we no longer have a Core and Non-Core distinction within the Group, and hence our prior target of Group RoTE to converge with Core RoTE no longer exists. The RoTE target has been updated to reflect our commitment to continuing to execute at pace against our plan and we are confident in asserting when Barclays will start to deliver the economic performance that the Group is capable of.

#### How we are doing

##### Group Return on Tangible Equity

2017 reflected a number of one-off items including losses related to the sell down of BAGL of £2.5bn and a net charge of £0.9bn due to the re-measurement of US DTAs in Q417, as well as litigation and conduct of £1.2bn. These items drove a Group RoTE of negative 3.6% (2016: positive 3.6%). Excluding these material items, Group RoTE was 5.6%.





#### CRD IV fully loaded CET1 ratio

The Group's CRD IV fully loaded CET1 ratio increased to 13.3% (2016: 12.4%) driven by a decrease in RWAs of £53bn to £313bn, which was partially offset by a reduction in CET1 capital to £41.6bn (2016: £45.2bn). The 90bps improvement was driven by organic capital generation from continuing operations, the benefit of the proportional consolidation of BAGL and the rundown of Non-Core, partially offset by an adverse movement in reserves and the net impact of the re-measurement of US DTAs.

#### Operating expenses and Cost: income ratio

Group operating expenses were £15.5bn (2016: £16.3bn). Excluding litigation and conduct charges, Group operating expenses were £14.2bn (2016: £15.0bn), in line with 2017 guidance. The reduction in operating expenses was primarily driven by lower Non-Core related operating expenses.

The Group cost: income ratio was 73% (2016: 76%).



For further information on the financial performance of the Group, please see p47.

## Strategic non-financial performance measures

#### How we are doing: summary

We assess progress towards the delivery of positive outcomes our customers and clients (page 18), colleagues (page 19), and citizenship activity (page 21), all underpinned by conduct and culture.

#### Areas of encouragement:

**Customer and Client:** In 2017, we continued to focus on delivering excellent customer and client experience, by offering products and services to meet their needs in an appropriate and accessible way. We are encouraged by the performance of our Relationship Net Promoter Scores (NPS®), while our client ranking and market share indicators remained broadly stable across many of our international business areas, which we believe reflect the relevance of our customer and client proposition. Digital solutions can enable a convenient and secure everyday banking experience for customers and clients, and we believe this is reflected in a 7% year on year increase in the number of Barclays UK customers using our digital services.

**Colleague:** We remain focused on increasing the diversity of our workforce and continuing to build an inclusive culture. We are proud of the progress we have made on the multicultural, multigenerational, LGBT and Disability pillars, and we continue to receive external recognition for our diversity and inclusion work. We also continue to focus on the positive engagement of our workforce, and are encouraged to see a 3% point improvement in our annual employee engagement survey score.

**Citizenship:** We are conscious of our wider stakeholders and the communities in which we operate and have performed well against our citizenship agenda, meeting our internal objectives on all six of our Shared Growth Ambition metrics.

#### Areas of continued focus:

**Customer and Client:** Further transformation of our customer and client experience remains a key priority for Barclays, particularly as customer and client expectations continue to evolve rapidly. Although we are encouraged by the reductions in the number of complaints we received in 2017, this remains an ongoing area of focus for management and the Board.

**Colleague:** Our commitment to increasing female representation at all levels of Barclays remains firm. Although we have achieved an increase in the percentage of women at our Managing Director and Director levels<sup>a</sup>, we recognise that there is still progress to be made regarding senior female representation. In addition, although we have made progress, we recognise there is still more to do to further reduce obstacles to efficiency and enable our colleagues to achieve excellent performance. We remain committed to driving the right culture throughout all levels of the organisation and continuing to enhance the effective management of Conduct Risk.

**Citizenship:** We have made good progress in delivering access to sustainable finance and developing new green products. We see further opportunity in this space and are working to develop broader sustainability and sensitive sector guidelines. In addition, we continue to focus on enhancing disclosures, particularly on climate change, and improving our Environmental, Social and Governance (ESG) ratings and benchmark scores on an absolute and relative basis.

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Notes

a 2016 restated on an ex-Africa basis

# Key performance indicators

## A holistic approach to measuring success

### 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

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

- Net Promoter Scores (NPS)
- Client rankings and market shares
- Lending volumes provided to customers and clients
- Digital engagement
- Complaints performance
- Conduct indicators

#### How we are doing

##### Areas of encouragement:

##### Net Promoter Scores (NPS)<sup>a</sup>

Improvements to our customer experience and customer value proposition, as well as our campaign to educate customers about how they can take steps to protect themselves from fraud, have all contributed to customers advocating our brand. Barclays Relationship NPS ended the year with an improved score of +14 (2016: +10), while Barclaycard UK Relationship NPS remained relatively flat year on year with a score of +9 (2016:+7). Our Barclaycard International business also continued to perform well on Relationship NPS, supported by a continued focus on customers and improvements in our products and digital experiences.

##### Client rankings and market shares

With the repositioning of the Corporate and Investment Bank largely completed in 2017, we believe the business is well-positioned to deliver for our clients in our two home markets. Our Corporate and Investment Bank achieved a 6th place ranking by fee share (2016: 5th) in our UK and US home markets across M&A, equity and debt capital markets, and syndicated loan transactions, and we were highly encouraged by the 1st place ranking in the UK (Dealogic). In 2017 Barclays ranked 4th, based on Global Fixed Income market share (Greenwich Associates), unchanged from 2016. 88% of our largest UK corporate clients considered the service they receive from Barclays to be good, very good or excellent, a 2% point decrease on 2016 (Charterhouse<sup>b</sup>). We also processed more than a third of all card payments made in the UK.



Please refer to the Consumer, Cards and Payments section on page 33 for further information on our market presence across our international businesses.

##### Lending volumes provided to customers and clients

Barclays continues to be an important provider of financial services to UK businesses. We provided around £66bn of lending, down 6% on 2016, as we continued to exert high levels of discipline in capital allocation decisions to strengthen the long-term sustainability of the business for all our stakeholders. We continue to support UK SME<sup>c</sup> customers in achieving their ambitions, with new lending of £2.8bn (2016: £2.5bn). We also extended or renewed mortgage facilities worth nearly £20bn (2016: nearly £19bn) to nearly 88,000 UK households. Our Mortgage business continued to focus on enhancing the customer experience, with Barclays winning eight awards in 2017<sup>d</sup>.

##### Digital engagement

Digital solutions can enable a convenient and secure everyday banking experience and over 10 million customers and clients in the UK are using our digital services on a regular basis (2016: nearly 9.5m). Barclays Mobile Banking has now been chosen by 5.5 million customers as a 'bank in their pocket', to access key services whenever and wherever they need them.

We are also mindful that while we have customers who fully embrace digital channels, we serve a wide customer base. We continue to work alongside communities to help our customers feel comfortable in the digital environment and we also launched our Digital Safety campaign which aims to heighten awareness and educate our customers on the risks posed by cyber crime.

In 2017, Barclaycard US customers logged into our website and mobile apps over 230 million times, up 12% on 2016. Of our over 8 million digitally active customers in Barclaycard US, 57% are mobile active and they expect instant, relevant and safe access to their most important banking needs including account management, rewards, and payments. In 2017, we continued to leverage consumer insights and feedback to build innovative experiences for our customers as evidenced by our 3rd place in the JD Power 2017 Mobile Banking Credit Card evaluation and the launch of our mobile-first Uber co-branded credit card. See our case study on Uber on page 34.

##### Areas of continued focus:

##### Complaints performance

In Barclays UK, we continue to focus on customer journeys and our underlying complaint volumes (Barclays UK, excluding PPI) reduced 13% year on year, however we have seen a small increase in PPI complaints (up 2% year on year) driven largely, we believe, by the FCA deadline announcement. Barclays UK complaint volumes, including PPI, were down 7% year on year<sup>e</sup>. Barclays International complaints reduced by 19% year on year, largely driven by a strong performance in the Barclaycard US business, as we continued our focus on improving customer experience. Complaints reduction remains a priority across the Group and, despite improvement in 2017, we have more work to do, as can be seen from our position in the H1 2017 FCA complaints tables in the UK<sup>f</sup>.

#### Notes

- a NPS measures customer experience and facilitates benchmarking. It is widely used in banking and other industries. In this reporting year, the basis of Barclays Relationship NPS has been revised from a 3 month rolling average to a 12 month rolling average, to reduce fluctuations in the data. On a 3 month rolling average basis we reported Barclays Relationship NPS of +13 in 2016, which remained unchanged at +13 in 2017. Source: GfK FRS, 12 months ending December 2017. Adults interviewed: 8,568 Barclays main Current Account holders (Barclays Relationship NPS), and 4,754 Barclays main Credit Card holders (Barclaycard UK Relationship NPS).
- b Charterhouse Research Business Banking survey: 820 interviews with businesses in the UK, turning over £25m-£1bn year end 2017. Data is weighted by region and turnover to be representative of the UK business market. Share-based on bank named as main bank.
- c SME Customers reflects our Business Banking customers. In 2016, we reported on UK SME lending across Barclays according to the UK Finance definition of SME (2016: just over £3.6bn. 2017: Not available). Business Banking has now been established as part of Barclays UK and we believe that moving to report on this basis ensures we provide strategic clarity, while continuing to cover the majority of customers who would be classified as 'SMEs'.
- d Best Lender for first-time buyers with family support(Moneywise); Best Lender for Large loans (Moneywise); Best Online Lender (What Mortgage); Best Help to Buy Mortgage Lender- Equity Loan (What Mortgage); Best Intermediary Lender (Mortgage Finance Gazette); Best Overall Lender (Mortgage Finance Gazette); Best National Bank (Mortgage Finance Gazette); Best Large Loans Mortgage Lender (Your Mortgage)
- e In 2016 we reported complaint volumes for 'Barclays UK' which reflected total UK FCA reportable complaints (including complaints which now sit within Barclays International). Following preparation for the formal separation of the Barclays UK division into a new legal entity we are now able to accurately split UK FCA Complaints between our Barclays UK and Barclays International divisions.
- f For further information on Barclays' complaint volumes, the FCA publishes firm-level complaints data on their website



We therefore remain focused on areas requiring our attention including, for example, the recent issues we have experienced with our Smart Investor proposition, and we are working to improve our service as a result of customer feedback.

In 2017, Barclaycard US customers logged into our website and mobile apps over 230 million times.

#### Conduct indicators

Barclays has operated at the overall set tolerance for Conduct Risk throughout 2017. The tolerance is assessed by the business through Key Indicators which are aggregated and provide an overall rating which is reported to the Board Reputation Committee as part of the Conduct Dashboard.

We remain focused on the continuous improvement being made to manage Conduct Risk effectively, with an emphasis on enhancing governance and management information to facilitate the identification of risks at earlier stages. For further information on the management and performance of Conduct Risk, please refer to the Risk Review section of the Barclays Annual Report on page 117.

Policies and guidance can support delivery towards the key outcomes for our customer and clients. The Barclays Way contains statements on how we strive to deliver excellent customer service, and respect and protect the personal information we hold. It defines Conduct Risk outcomes as guiding principles and contains statements on privacy and data protection that colleagues must adhere to. The Barclays Way is available to view at: [home.barclays/citizenship/our-approach.html](http://home.barclays/citizenship/our-approach.html). Performance against our strategic non-financial performance measures for our customers and clients is one indicator of the effectiveness and outcome of certain policies and guidance. Policies which support our customer and client strategic non-financial measures include aspects of our Customer Complaints Global Policy.

Our customers and clients are at the heart of our purpose and strategy. For further information on our two divisions, Barclays UK and Barclays International, please refer to pages 23 to 34

## 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 culture

#### How we measure success

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

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

#### How we are doing

##### Areas of encouragement:

##### A diverse and inclusive workforce

We remain focused on increasing the diversity of our workforce and continuing to build an inclusive culture. In 2017, we have placed additional focus on upskilling our leadership through a range of initiatives including our Unconscious Bias Training, which has been delivered to over 10,000 leaders to date.

We are proud of our achievements in 2017, across the following pillars of our global Diversity and Inclusion strategy:

**LGBT:** Our Spectrum Allies programme is growing, with an estimated over 8,000 colleagues (2016: over 7,000), who have pledged to challenge homophobia, biphobia and transphobia and provide support to LGBT colleagues.

**Disability:** This year, alongside PwC, we have further scaled the 'This is Me in the City' initiative along with the Lord Mayor of the City of London.

**Multicultural:** The number of apprentices who identify as Black, Asian and Minority Ethnic was 19% in 2017 (2016: 30%), 8% points above the national apprenticeship average.

**Multigenerational:** Since the Barclays Armed Forces Transition, Employment and Resettlement (AFTER) programme began in 2010, the programme has assisted over 5,500 veterans in employment transition and since 2013 we have hired over 500 ex-military personnel (2016: nearly 400).

Our Dynamic Working campaign is relevant to colleagues at every life stage and encourages the integration of personal and professional responsibilities through smarter work patterns. The campaign is having a positive effect on colleague engagement, with 59% of colleagues actively working dynamically in 2017 with an average overall sustainable engagement score of 83% among this group.

**Gender:** Our commitment to increasing female representation at all levels remains firm. Please see 'Areas of continued focus' below for details on our progress.

Throughout 2017, our work was recognised externally, including: Stonewall recognising Barclays as one of only 12 Top Global Employers; the Human Rights Campaign awarding Barclays 100% on their corporate equality index; Working Families UK recognising Barclays as one of the top ten Employers for Working Families in 2017; and the City of London and the Social Mobility Commission acknowledging Barclays as a Top 50 Employer through the Social Mobility Employer Index.



# Key performance indicators

## A holistic approach to measuring success

### Engaged and enabled colleagues

An engaged workforce is critical to the success and delivery of our strategy. Our principle measurement of employee engagement is through our employee opinion survey 'Your View'. This year, sustainable engagement of our employees improved by 3% points to 78%, with the majority of key survey question results recording improvements compared to 2016, and the rest remaining stable.

Areas of particular strength from the annualised 'Your View' results include 'I would recommend Barclays as a good place to work' (82% favourable, up 6% points on 2016), 'Barclays is truly focused on achieving good customer and client outcomes (88% favourable, up 5% points on 2016) and colleagues 'believe strongly in the goals and objectives of Barclays' (90% favourable, up 3% points on 2016).

In addition, by supporting internal mobility across Barclays, we hope to successfully attract, retain and develop internal talent. In 2017, our rate of internal hiring was 40% (2016: 48%).

### A positive conduct and values-based culture

In 2017, we focused on embedding the culture measurement framework we developed in 2016, and using the insights to stimulate senior management discussion.

We have made good progress in continuing to embed the value of 'Integrity', highlighted by results to the questions 'it is safe to speak up' (83% favourable, up 2% points on 2016) and 'I can report instances of dishonest or unethical practices to the appropriate level of authority without fear' (86% favourable, flat on 2016). 'Stewardship' also remains a strongly embedded value with 89% of colleagues stating that they are proud of the contribution Barclays makes to the community and society (up 1% point on 2016). 'Service' and 'Respect' remain strong with 90% of colleagues believing strongly in the goals and objectives of Barclays (up 3% points on 2016) and 91% of colleagues agreeing that 'leaders at Barclays support diversity in the workplace' (up 2% points on 2016).

### Areas of continued focus:

#### A diverse and inclusive workforce<sup>a</sup>

Our commitment to increasing female representation at all levels remains firm and we are mindful of the need to remain focused on improving our gender diversity with goals to improve the percentage of female Managing Directors and Directors<sup>b</sup> to 26% by 2018 (2017: 23%, a 1% point improvement year on year<sup>c</sup>); 33% female representation on our Board by 2020 (2017: 21%, 2016: 31%); and 33% female representation among the Group Executive Committee and their direct reports (2017: 25%, flat year on year). Recognising the importance of strengthening our talent pipeline, we also have an ambition for 50% female graduate hires (2017: 40%, 2016: 39%).

#### Engaged and enabled colleagues

Although it is pleasing to note that we have made progress across areas identified for opportunity, including 'eliminating obstacles to efficiency' and 'ensuring colleagues have the tools and resources to achieve excellent performance', there is always more to do. Enabling our employees to achieve excellence remains a key priority and throughout 2018 new initiatives will be identified that will continue to improve the simplicity and efficiency of our tools, processes and systems.

#### A positive conduct and values-based culture

Within our culture measurement framework, which is anchored in our values, 'Excellence' remains the biggest opportunity for improvement, as the 'Enable' component within the colleague survey continues to be the lowest scoring measurement of sustainable engagement (64%, up 4% points on 2016). A set of improvement initiatives were identified in 2017 and will continue in 2018 to drive progress in this area.

Barclays has operated at the overall set tolerance for conduct risk throughout 2017. The tolerance is assessed by the business through Key Indicators which are aggregated and provide an overall rating which is reported to the Board Reputation Committee as part of the Conduct Dashboard.

We continue to see improvements in conduct performance and are committed to continuing to drive the right culture throughout all levels of the organisation. Barclays will continue to enhance the effective management of Conduct Risk and appropriately consider the relevant tools, governance and management information in decision making processes.

Policies and guidance can support delivery towards the key outcomes for our colleagues. The Barclays Way contains statements on how we aim to create and promote a culture that is diverse and inclusive and create the positive and respectful environment all employees are entitled to enjoy. It also contains requirements for employees to: inform their line managers of changes in circumstances, including, for example, any conflict of interest or outside business interest; take reasonable care of their own and others' health and safety; and the responsibility to protect Barclays' assets. It also contains statements on: physical security; Group Resilience Policy and Standards; and communication with the media and public speaking appearances. Performance against our strategic non-financial performance measures for our colleagues is one indicator of the effectiveness and outcome of certain policies and guidance. Policies which support our colleague strategic non-financial measures include aspects of our Employee Opinion Survey Policy.



Please refer to the section on Our People and Culture on page 36 and the People section on pages 89 to 92 of the Barclays PLC Annual Report 2017 for further information on our progress.

### Notes

a Under the Companies Act 2006, Barclays is required to report on the gender breakdown of our employees and 'senior managers'. Of our global workforce of 79,900 (45,100 male, 34,800 female), 555 were senior managers (401 male, 154 female), which include Officers of the Group, certain direct reports of the Chief Executive, heads of major business units, certain senior Managing Directors, and directors on the boards of undertakings of the Group, but exclude individuals who sit as directors on the Board of the Company. The definition of senior managers within this disclosure has a narrower scope than the Managing Director and Director female representation data provided above.

b Previously called female representation across 'senior leadership'

c Based on 2016 actual (24%) restated on an ex-Africa basis (22%).

## 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

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

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

### How we are doing

#### Areas of encouragement:

#### *Delivery against our Shared Growth Ambition*

We met our internal objectives on all six of our Shared Growth Ambition metrics. Performance was on-track against our internal milestones for three initiatives around 'access to financing', 'access to digital and financial empowerment' and 'access to employment'. We also met or exceeded our 2017 annual targets for The Barclays Way training, carbon emissions reduction and payment of suppliers on time.

#### *Access to financing*

We continued to deliver financing solutions in areas including renewable energy, water and low carbon technologies; social infrastructure; development institutions; and small business financing. Barclays delivered £31.7bn in financing for specific social and environmental segments across our business lines (2016: £30.5bn<sup>a</sup>).

There has been significant momentum across the Barclays franchise in 2017, including the launch of a range of new Green Loans, Asset Finance and Deposit products; the issuance of Barclays inaugural Green Bond (see case study on page 7); an industry-first Multi-Impact Growth Fund for retail investors; a range of innovative transactions such as solar project bonds and green asset backed securities; and continued coverage from our Research teams on ESG and Sustainability themes.



## Supporting sustainable ventures

Barclays and the Unreasonable Group hosted the first Unreasonable Impact World Forum in 2017, bringing together 27 innovative companies from Asia, the US and Europe working to solve some of the world's most pressing problems. Held in London, the Forum included elevator pitches from entrepreneurs and panel sessions on themes such as scaling businesses and raising capital through impact investors. Over 400 representatives from a range of stakeholder groups, including investors, clients, NGOs and government agencies attended in person, with the event broadcast live on select social media channels globally.

Unreasonable Impact is an innovative multi-year partnership between Barclays and Unreasonable Group to launch 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.

See <https://unreasonableimpact.com/> for more information.

#### *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 205,000 people in 2017 (2016: 249,000) through initiatives such as Barclaycard Initial for those with a limited credit history; our Digital Eagles network, comprised of specially trained Barclays employees working to provide free technology support to customers and non-customers; and the continued development of learning platforms.

We work closely with partners in the free debt advice sector and collaborate on a number of projects including research and colleague training on financial vulnerability, and how we can best match customers to the advice service that suits them.

#### *Access to employment*

Barclays is committed to helping people gain access to skills, and supporting entrepreneurs to drive job creation. We helped upskill over 2.1 million people in 2017 (2016: 1.7 million), driven by a range of regional employability partnerships and our flagship LifeSkills programme in the UK.

.....  
**Barclays delivered £31.7bn in financing for specific social and environmental segments.**  
 .....

We held Accelerators for the 2nd cohort of the 'Unreasonable Impact' programme in partnership with Unreasonable Group, focused on scaling ventures that solve environmental and societal problems. 57 ventures have participated to date in programmes across the UK, US and Asia.

#### Note

<sup>a</sup> Financing volume based on a use of proceeds framework. 2016 actuals have been restated from £21.1bn due to the inclusion of new qualifying categories such as national development banks. Further detail available in the ESG Report.

# Key performance indicators

## A holistic approach to measuring success

**Business conduct and environmental impact**  
The Barclays Way outlines the Purpose and Values which govern our way of working. 99.9% of our colleagues completed annual training on The Barclays Way in 2017 (2016: 99.6%) ahead of our target of above 97%.

We reduced carbon emissions by 26.1% against the 2015 baseline (2016: 14.3%<sup>a</sup>), making good progress towards our 30% target by 2018.

We also achieved 89% (2016: 88%) on-time payment by value to our suppliers (Target: 85%) and have published an updated Statement on Modern Slavery which includes additional information on the work we are doing with our clients and customers, as well as our suppliers.

Please see the statement on our website [home.barclays/citizenship/our-approach/human-rights.html](http://home.barclays/citizenship/our-approach/human-rights.html)

**Colleague engagement in citizenship activities**  
Colleague participation is essential to the success of our citizenship strategy. More than 50% of our colleagues participated in volunteering, fundraising or regular giving activity with 43,700 unique participants (2016: almost 44,000)<sup>b</sup>. We also have active internal Digital and LifeSkills, Environmental, Social Innovation and Intrapreneur networks.

### Areas of continued focus:

#### Shared Growth Ambition

We will continue to focus on improving integration with our product suite and developing innovative sustainable financing solutions. We intend to focus on enhancing the impact of our employability programmes and providing compelling opportunities for our colleagues to participate in citizenship activities.

In addition, we are developing wider sustainability and sector guidelines for business activity in 2018, and will increase our contribution to policy initiatives and multi-stakeholder partnerships.

Supporting sustainability-focused ventures to scale-up is one way in which Barclays is supporting the Sustainable Development Goals (SDGs), and we will continue to review and improve our core focus on raising access to financing for social and environmental segments, building skills and supporting empowerment.

#### External benchmarks and surveys

Barclays' strategy and performance on a range of ESG factors is evaluated by external agencies on an annual basis.

In 2017, we broadly maintained our performance scores in key ratings and indices. Although methodologies vary and continue to evolve, we believe there is an opportunity to continue to enhance our performance on an absolute and relative basis.

We maintained membership of both the Dow Jones Sustainability Index<sup>c</sup> series, where our score reduced by 1% point to 83 points against an industry average of 58 points (2016: 61 points), and the FTSE4Good Index series<sup>d</sup>, with our absolute score up to 4.3/5 (2016: 3.9/5) and our position relative to the banks sector improved to the 91st percentile (2016: 78th percentile). Barclays was rated 'BBB' by MSCI ESG Ratings<sup>e</sup> (2016: 'BBB') and scored 61 points in Sustainalytics ESG<sup>f</sup> Ratings (2016: 62 points).

Policies and guidance can support delivery towards the key outcomes for citizenship. The Barclays Way contains statements on: respect for society - our Shared Growth Ambition; respect for human rights; respect for the environment and supporting the communities in which we operate.


Our activity is supported by policies and position statements on a range of material issues including: environmental sustainability; modern slavery; human rights; and anti-bribery and anti-corruption. These are available at [home.barclays/citizenship/our-approach/policy-positions.html](http://home.barclays/citizenship/our-approach/policy-positions.html).

Barclays' Group Statement on Human Rights aims to achieve a consistent and comprehensive approach to respecting human rights. We are committed to operating in accordance with the Universal Declaration of Human Rights and we take account of other internationally accepted human rights standards. We respect and promote human rights through our employment policies and practices, through our supply chain and through the responsible provision of our products and services.

The Barclays Anti-Bribery and Anti-Corruption (ABC) Policy and Standards and the Barclays Introducer Policy and Standard extend to all Barclays' business dealings globally. Barclays takes a zero-tolerance approach to bribery and corruption and we are committed to conducting our global activities free from any form of bribery and corruption. We also expect the same from any third parties providing services for or on behalf of Barclays. Employees who fail to comply with the requirements of our policies and standards may face disciplinary action, up to and including dismissal or termination of employment.

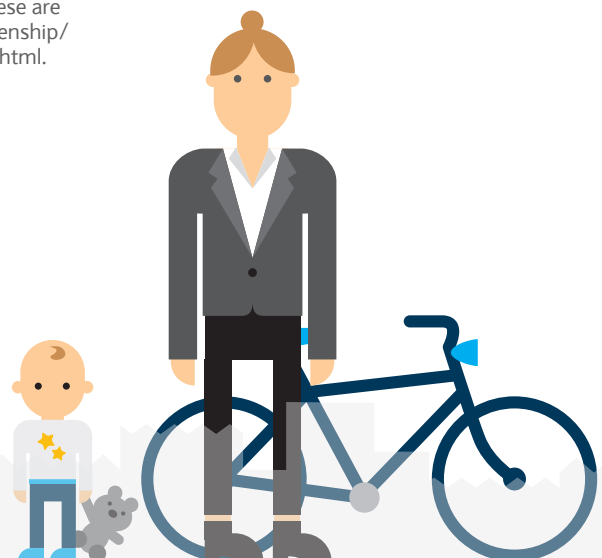
Performance against our strategic non-financial performance measures for citizenship is one indicator of the effectiveness and outcome of certain policies and guidance. Policies which support our citizenship strategic non-financial measures include aspects of our policy statement on environmental sustainability.

The full details of our policies and position statements are available at [home.barclays/citizenship/our-approach/policy-positions.html](http://home.barclays/citizenship/our-approach/policy-positions.html)

 We provide additional information in the Environmental, Social, Governance (ESG) Report 2017 available at [home.barclays/annualreport](http://home.barclays/annualreport)

### Notes

- a 2016 carbon reduction actuals have been restated due to improved billing data replacing estimates and restatements to travel emissions. Further detail available in the ESG Report
- b Unique participants measures colleague involvement in eligible volunteering, matched fundraising, regular giving initiatives. Data sourced from internal reporting systems including several manual sources
- c Source: S&P Dow Jones; Sustainable Asset Management (SAM)
- d Source: FTSE Russell
- e Source: MSCI ESG Inc
- f Source: Sustainalytics Inc





Barclays UK



# Our performance in the UK



With 30,000 colleagues and 24 million customers and clients, Barclays UK strives to help people move forward by providing personalised and perfect experiences, delivered by passionate colleagues. In 2017, we have made significant progress in establishing the ring-fenced bank, protecting our customers and clients and transforming our business through digitisation and automation.

*Ashok Vaswani*

### Overview of products, services and clients

Our future ring-fenced bank, Barclays UK, is a personal and business banking franchise, built around our customers' needs with innovation at its core. Our Personal and Premier Banking financial solutions help customers move forward by putting them at the heart of everything we do, connecting the different aspects of their lives to their financial lives, at a time that suits them. Barclaycard Consumer UK is a leading credit card provider, offering flexible borrowing and payment solutions, while delivering a market-leading customer experience. Wealth, Entrepreneurs & Business Banking serves a spectrum of clients, from those who manage their own investments to small and medium-sized enterprises (SMEs) who need specialist advice, products and services.

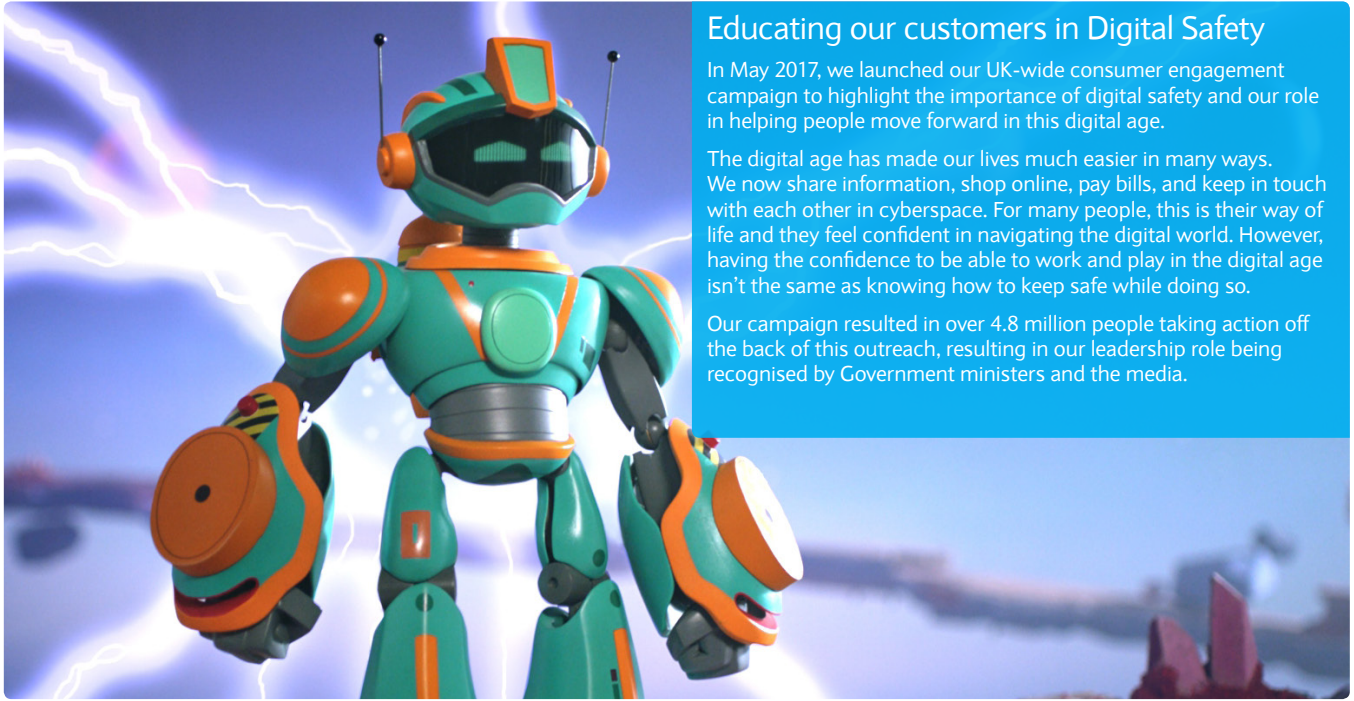
### Market and environment in which the division operates

Against the background of a prolonged uncertain political and economic climate in the UK, we continue to deliver solid financial performance and provide innovative solutions for our customers and clients. The operating environment continues to be challenging including rapidly changing customer behaviours; increasing expectations of society and regulators; and significant technological disruption amid the threat of dis-aggregation from competitors and new entrants. However, we have a leading brand, a solid customer base and we remain well positioned in the current environment.

## Barclays UK operational model







## Educating our customers in Digital Safety

In May 2017, we launched our UK-wide consumer engagement campaign to highlight the importance of digital safety and our role in helping people move forward in this digital age.

The digital age has made our lives much easier in many ways. We now share information, shop online, pay bills, and keep in touch with each other in cyberspace. For many people, this is their way of life and they feel confident in navigating the digital world. However, having the confidence to be able to work and play in the digital age isn't the same as knowing how to keep safe while doing so.

Our campaign resulted in over 4.8 million people taking action off the back of this outreach, resulting in our leadership role being recognised by Government ministers and the media.

We are committed to ensuring continued growth of Barclays UK, and are cognisant of the rapid pace of technological change in today's environment.

### Risks to the operating model

We continue to monitor leading indicators to identify trends in UK economic performance – in particular, trends caused by low interest rates, Brexit uncertainty, as well from the impact of the increase in zero hour contracts. We aim to remain conservative and well positioned post-Brexit with stable trends in impairments supported by our strong risk management framework and oversight.

We are committed to ensuring continued growth of Barclays UK, and are cognisant of the rapid pace of technological change in today's environment. In order to continue to provide exciting and relevant solutions for our customers and remain competitive against new entrants, we are investing significantly in new technology, while simplifying and automating our existing platforms. Unrelenting growth and sophistication in organised crime remains a concern. In order to reduce the risk of cyber threat and protect our customers and clients, we continue to invest heavily in cyber risk, improving detection and response capability and implementing new resilience standards and testing approaches.

### Innovation at our core

Half a century after launching the world's first Automated Teller Machine – the ATM, we developed new 'contactless cash' withdrawal options in 2017, fit for the digital age. In addition, we extended our cheque imaging pilot programme to other banks, allowing more than 243,000 customers the ability to pay in cheques instantly from wherever they are, 24 hours a day. We also achieved an industry first with Insurance Instant Price – our first mobile insurance proposition, allowing instant price quotes from our providers to approximately 1 million customers.

### Key highlights this year in delivering our strategy

This year we have built the Barclays UK ring-fenced bank and a diverse, highly-experienced board has been appointed by the Barclays UK Chairman. We have also migrated over 600,000 customers onto new sort codes with minimal customer impact.

Alongside this, we have made good progress building meaningful relationships with our 24 million customers and significantly reducing the number of customer complaints – one of our key objectives for 2017 - by developing our colleagues and tackling the root causes. Interactive tools are now available to enable colleagues to more effectively own, manage and collaborate in the timely resolution of complaints. Reducing customer complaints further will continue to remain one of our top priorities for 2018.

Over 10 million customers are now actively engaged with our digital services, including our award-winning Barclays Mobile Banking mobile app.

### Delivering on shared growth

Our signature citizenship programme, LifeSkills, aims to inspire young people to develop the skills they need for a better future. In less than five years, it has reached over 5.5 million young people and more than 16,000 colleagues are now registered as LifeSkills volunteers.

We expect 2018 to be a pivotal year for the financial services industry with the introduction of PSD2 and Open Banking but we believe Barclays UK has a significant opportunity to thrive in this environment. I am positive we will continue our lead in innovation in an Open Banking environment, as a new ring-fenced bank.

**Ashok Vaswani**  
CEO, Barclays UK

# Personal Banking

## Our performance in Personal Banking

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

This year we created a single Product and Propositions team, bringing together our core product capabilities in Current Accounts, FX and Insurance, Consumer Lending, Mortgages and Savings with our newer Information Business and Mobile Payments products, as well as with the Community and Premier segments they serve. Through doing this, we are now able to more fully anticipate and deliver responses to our customers' needs and understand what they want in the moment they need it.

### Moving Barclays UK forward

2017 has seen a continued focus on rewarding customer loyalty and creating advocates for every interaction. Over 930,000 customers now benefit from Blue Rewards, including Cashback. We landed our first 10% Cashback retail offers and have helped our customers earn over £5 million in savings since Cashback was launched.

Technology and data are such fundamental parts of how we serve customers and clients that it is vital that we all become more digitally savvy and help our customers to do the same. We started several years ago with the nationwide force of Digital Eagles, offering our customers and clients the help and resources to improve their digital skills; and continued this year with our Digital Safety campaign which aims to heighten awareness and educate our customers to be digitally safe.

Leveraging our data to benefit our customers and clients is a fundamental pillar of our strategy. We launched Local Insights, providing consumers, businesses and MPs key insights about their local area. We celebrated 1 year of our Barclays Identity Service, which allows consumers to access government services such as tax self-assessment online in a simplified, secure manner.

We launched a new online Track Savings Goals tool available through Barclays Finance Manager, which aims to support customers in setting and reaching their targets.

Our Mortgages business has continued to focus on enhancing the customer experience this year, and has won eight awards<sup>a</sup> in 2017. We've also continued to enhance our CloudIt offering, including allowing customers to access their mortgage statements online.

### Helping our customers and colleagues

Barclays has made significant progress to enhance accessibility this year. Our high visibility and tactile debit cards aren't just useful for the visually impaired - many people struggle to read the numbers on their card - so we've offered a high contrast design option. We also launched a new larger audio PINEntry device to facilitate easier access to online banking for customers with dexterity and sight difficulties, enabling them to continue to do their banking independently. We have supported customers in vulnerable circumstances by automating complex processes such as registering a power of attorney.

As well as delivering for our customers and clients, we need to ensure we deliver for our colleagues too. Our focus on investment in training, development and coaching as well as creating new ways to engage and support our colleagues continues. Our colleagues' needs are changing just as those of our customers are, and empowerment, dynamic and flexible working as well as improved technology have been a strong focus as we develop a world-class team who put the customer at the centre of everything they do.

“Barclays has always believed in me. The real support has come from my points of contact at the bank. It's these relationships that not only keep me banking with Barclays, but encourage me, without a shadow of a doubt, to recommend Barclays.”

Kieran Miles, Premier Customer

### Notes:

<sup>a</sup> Best Lender for first-time buyers with family support (Moneywise); Best Lender for Large loans (Moneywise); Best Online Lender (What Mortgage); Best Help to Buy Mortgage Lender- Equity Loan (What Mortgage); Best Intermediary Lender (Mortgage Finance Gazette); Best Overall Lender (Mortgage Finance Gazette); Best National Bank (Mortgage Finance Gazette); Best Large Loans Mortgage Lender (Your Mortgage)



# Our performance in Barclaycard Consumer UK

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

**We are continuously looking for ways to improve the customer experience we deliver**

Throughout 2017 we focused on reducing customer complaints, maintained a stable Relationship NPS and reached new records on several transaction NPS, including Customer Service. We are pleased to have won a number of awards, acknowledging the market-leading service we offer our customers. We were recognised at the Top 50 Companies for Customer Service Awards, with two awards, Best Extra-Large Centre and Best Social Media Team.

We support consumers by providing free credit scores, and personalised hints and tips on how to become fraud smart. Fraud-related activity is increasing and our research tells us that customers are increasingly concerned about how to protect themselves, and look to us to help provide support and information. We developed a digital interactive Fraud Fighter Tool to help customers understand where they are vulnerable and what they could do to better protect themselves, by giving them personalised fraud prevention tips.

We also launched the Barclaycard Start Today campaign, to encourage people to start something new that they always wanted to do. So whether it is signing up to those pottery lessons or buying a bike, Barclaycard is there for our customers to help them move forward.

Barclaycard Consumer UK offers a suite of products to our customers. 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.

The UK credit market continues to experience considerable change, driven by new competitors, new technologies, economic and regulatory pressures, and changing consumer expectations and behaviour. We are responding by developing new products and services for our consumers. For example, this year we have further diversified our offers to new and existing customers with the launch of our Barclaycard Platinum travel card, which has no non-sterling transaction fees on foreign spend and ATM withdrawals.

This year also saw the integration of Barclaycard Consumer UK with our retail bank to build and grow more sustainable income while reducing complaints and creating better customer experience.

The integration of Barclaycard Consumer UK into Barclays UK has progressed with focus on enhancing the customer experience, as well as leveraging resources, technology and digital capabilities.



# Our performance in Wealth, Entrepreneurs & Business Banking

Within Wealth, Entrepreneurs & Business Banking, Wealth & Investments serves a spectrum of clients, from those who manage their own investments and require an execution service, to those who require a dedicated and holistic service through our Wealth Management services.

Business Banking offers specialist advice, products and services to over 1 million business clients across the UK, helping them to run and grow their business, from start-ups through to mid-sized businesses.

## Wealth & Investments Overview

Wealth & Investments is formed of two businesses; Wealth Management and Smart Investor, both of which are supported by our in-house investment and asset management capabilities. Clients of our Wealth Management business benefit from holistic advice in Banking, Credit, Wealth Planning, and Investments through their dedicated Wealth Manager and access to specialists across Wealth & Investments and the wider Barclays UK division. Despite significant investment in regulations required, Wealth Management has achieved a strong performance, and achieved year on year growth in client acquisitions.

Despite significant investment in regulations required, Wealth Management has achieved a strong performance, and achieved year on year growth in client acquisitions.

Smart Investor provides clients access to a wide range of investment products, educational resources to help build their confidence in investing, and tools to assist in planning for their future. The focus of the business this year has been launching Smart Investor and migrating over 225,000 existing Stockbrokers clients onto the new platform. This allows our clients to leave the day-to-day management of their investments to our experts, thereby taking the complexity out of investing.

This year, we launched the Multi-Impact Growth Fund, the first impact-investing vehicle of its kind from a major UK bank, offering mainstream investors the opportunity to generate long-term capital growth while making a positive contribution to society.

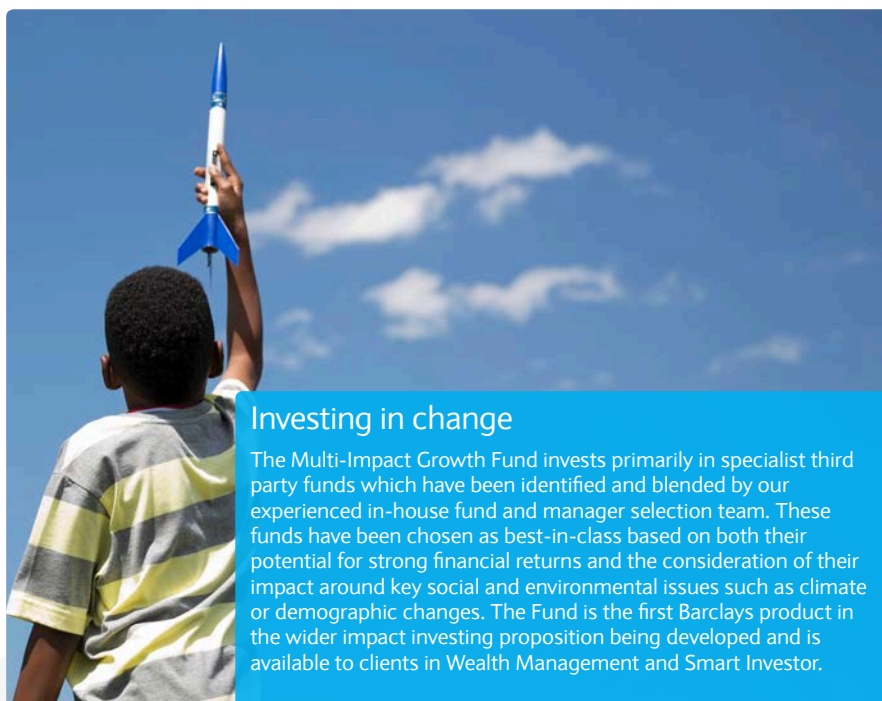
## Business Banking Overview

Our Business Banking unit provides 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.

This year, we launched our SmartBusiness Dashboard and App and now have over 12,000 clients benefiting from this unique client experience. With all their key business data in one handy place, our business clients are now spending more time within SmartBusiness and reaping the benefits.

The roll-out of Direct, our unique telephony relationship model for small business and start-up customers, has vastly increased the number of conversations and in-depth client reviews we are able to have, which directly benefits over 900,000 customers already on this new, interactive model.

In 2017, we supported more clients, reduced account opening times, lent more money and generated more income than in 2016 through targeting sustainable, long term growth. Our aim in 2018 is to empower our colleagues through continuing to invest in technology and services.



## Investing in change

The Multi-Impact Growth Fund invests primarily in specialist third party funds which have been identified and blended by our experienced in-house fund and manager selection team. These funds have been chosen as best-in-class based on both their potential for strong financial returns and the consideration of their impact around key social and environmental issues such as climate or demographic changes. The Fund is the first Barclays product in the wider impact investing proposition being developed and is available to clients in Wealth Management and Smart Investor.



# Barclays International



# Our performance in International



Barclays International is the diversified transatlantic, wholesale and consumer bank within Barclays Bank PLC. Encompassing the Corporate and Investment Bank, Barclaycard International and Private Bank & Overseas Services businesses, our dual home markets in the UK and US anchor our business in the two most important global financial centres.

*Tim Uly*

### Overview of products, services and clients

On the consumer side, within Barclaycard International, we provide consumers with credit cards, lending and deposit accounts. In Private Bank & Overseas Services, we provide banking, investment and wealth management services. For SMEs and corporates, we enable payment acceptance, commercial card payments and point-of-sale finance. Through our Corporate and Investment Bank, we serve our clients by providing advice, financing, trade and payment solutions, and raising capital. We support our institutional clients through sales and trading of securities.

Our business model in Barclays International is dependent upon our client relationships, the services we provide to our clients and our capital – human, technological and financial. In 2017, Barclays International contributed 68% to Group income with an RoTE of 6.6%, excluding the impact of the US deferred tax assets re-measurement.

## Barclays International operational model





### Market and environment in which the division operates

The economic markets in 2017 were characterised by a low volatility and low interest rate environment. With this benign backdrop, valuation gains in the equity markets prevailed throughout the year. Prospective and confirmed legislative and regulatory changes continued to influence and shape strategies of all market players. In the UK, consumer confidence hit a four-year low, amid sterling depreciation and despite historically low unemployment. In the US, the labour market and consumer spending strengthened, with subdued wage growth.

### Barclays International is focused on investments in talent, capital and technology.

Barclays International has achieved significant milestones to meet Structural Reform regulations. Working closely with regulators and stakeholders, we are set up to serve our clients across the globe in alignment with regulatory policies and legislation. The newly-created divisional board of directors has been confirmed and has convened prior to formal board meetings to ensure that we are set to operate within the Barclays governance framework upon the formalisation of Structural Reform. Significant entities within Barclays International, such as the US Intermediate Holding Company (IHC), are subject to stringent governance standards to ensure safety and soundness, particularly around capital, liquidity and risk management.

#### Risks to the operating model

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

We are making comprehensive plans for the UK's planned exit from the European Union and we believe we will provide an uninterrupted service to our clients, consumers and other stakeholders during and after the transition.

We continue to monitor growth in US consumer delinquencies having proactively reduced our exposure to middle market consumers earlier this year.



### Advising on pan-European expansion

Asahi Group Holdings, the largest brewer in Japan, has targeted Europe as its next platform for growth in its drive to become a global beer industry leader. Having already established a presence in Italy, the UK and the Netherlands through the acquisition of brands such as Peroni, Grolsch and Meantime, Asahi engaged Barclays to assist in creating a truly pan-European franchise.

In March 2017, with Barclays acting as Financial Adviser, Asahi successfully closed on its €7.3bn acquisition of AB InBev's business in the Czech Republic, Slovak Republic, Poland, Hungary and Romania.

Asahi turned to Barclays for this critical transaction due to our holistic capability, including a long-standing, global coverage relationship, leading brewing industry and M&A experience, deep insight into Central Europe and cross-border deal execution expertise.

Cyber crime had a hugely detrimental impact on the global economy in 2017, with unprecedented attacks in terms of their scale, impact and rate of spread. We have continued to invest heavily to ensure that our infrastructure retains industry-leading resilience to cyber crime.

The growth strategy within Barclays International will continue to be executed in a controlled, commercial manner within the ERMF framework.

#### Business Highlights

Barclays International is focused on investments in talent, capital and technology. In 2017, we affirmed the executive management leadership team within BI. In our Markets division, a new leadership structure has enabled streamlining and simplification, with global heads across credit, equities, macro and distribution.

We are focused on dynamically managing and allocating financial resources to businesses within Barclays International through optimisation of capital, leverage, risk weighted assets, funding and tax across all jurisdictions and legal entities.

Barclays International continues to enhance its customer and client experiences through innovation. For example, in Barclaycard International, we launched a new core payment processing platform that provides, multi-currency and multi-geography settlement capabilities and enables all currencies in all territories to be processed on a single platform. We also launched an Artificial Intelligence/Machine Learning tool to provide the latest advanced platforms and techniques for fraud detection and intelligent customer service automation.

Overall, 2017 was a milestone year for Barclays International. Together, with our colleagues across the globe, we have embarked on a number of initiatives and areas of growth as we strive to matter more to our clients, to grow our revenues, and deliver much improved sustainable returns to our shareholders.

#### Tim Throsby

President, Barclays International and Chief Executive Officer, Corporate and Investment Bank

# Our performance in the Corporate and Investment Bank

The Corporate and Investment Bank offers wholesale banking products and services to corporate and institutional clients. The business is focused on serving our UK and US home markets, while supporting the global ambitions of our strategic clients. The Corporate and Investment Bank includes our markets, investment banking, corporate banking and research businesses.

## Business Update

Our markets businesses provide execution, prime brokerage and risk management services across the full range of asset classes including equity, fixed income and rates. With a new markets leadership team in place, we are highly focused on investments in technology to drive client successes and increase market share. For example, we migrated to a new digital platform and funded critical upgrades to our electronic trading platforms in 2017. We are focused on the standardisation and simplification of post-trade technologies with the backdrop of a strong regulatory and controls environment. In 2017, Barclays was named Best Bank for FX in London and Best Bank for GBP / USD in FX Week's annual awards.

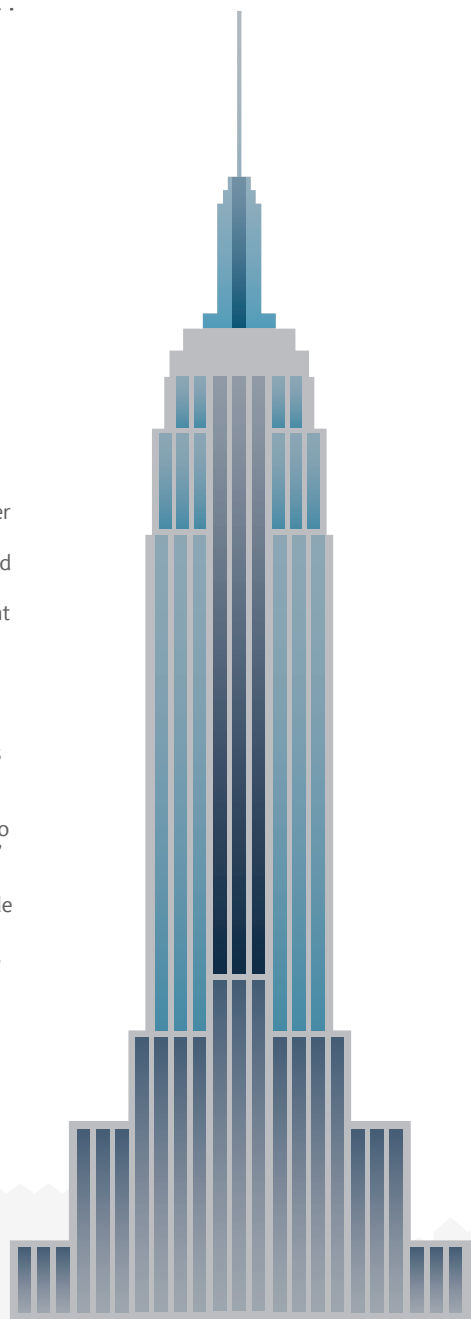
Our investment banking business provides long-term strategic advice on mergers and acquisitions, corporate finance and strategic risk management solutions, and equity and credit origination capabilities. In 2017, Barclays achieved its highest global fee share in three years<sup>1</sup>, and was the number one ranked bank in the UK for the first time since 2012<sup>1</sup>. Bolstered by strong mergers and acquisitions activity, we advised on numerous landmark deals to deliver for our clients. Our Leveraged Finance business reached its highest ever global fee share, ranking Barclays top four for the second consecutive year<sup>1</sup>. Barclays was named 2017 Sterling Bond House of the Year by IFR magazine – with over 150 Sterling bond

issues. Serving clients across a number of industries and segments, Barclays is proud to be a top three financier of capital for supranationals, sovereign and agency institutions<sup>1</sup>, enabling the funding of critical infrastructure and helping to promote global economic growth and stability.

With industry expertise and a history of innovation, our corporate banking business provides comprehensive banking, financing, trade and payment solutions to businesses across the UK. For example, Barclays has supported Pod Point, the UK's leading provider of electric vehicle charging since inception in 2009. Barclays' venture debt offering - enabled by our innovation finance product which is partly guaranteed by the European Investment Fund - has supported Pod Point to gain early access to capital so they can focus on developing their business.

Finally, our research business delivers independent, thought-leading content across Equities, Credit, Macro and Quantitative Portfolio Strategy. The implementation of MiFIDII has brought unprecedented change to the research industry and reinforced Barclays' commitment to providing clients with differentiated market insights, actionable trade ideas and thematic views delivered through publications, one-to-one analyst interactions, conferences and events.

Note  
1 Dealogic



# Our performance in Consumer, Cards and Payments

Consumer, Cards and Payments includes Barclaycard International and the Private Bank and Overseas Services. Barclaycard International provides branded and co-branded consumer credit cards, lending and deposit accounts to our customers in the US and Germany, and payment solutions to our clients in the UK. Private Bank and Overseas Services provide banking, investment and wealth management services to over 160,000 clients, globally.



## Barclaycard International

Our Barclaycard International business operates in three divisions: Barclaycard US, Barclaycard Business Solutions and Barclaycard Germany.

Barclaycard US offers co-branded and branded credit cards in the US, along with consumer loans and online retail deposits. We are the ninth-largest credit card issuer in the market and this business has strengthened further in 2017. We launched a new co-branded credit card with Uber, which featured a ground breaking integration into the Uber app, offering a simple, seamless and frictionless customer experience. Our relationship with existing partners strengthened further, with our JetBlue co-branded card being named the “best no-fee loyalty airline card” for 2017 by MONEY magazine.

Across all credit card products, Barclaycard US added over 2 million new accounts in 2017. In addition, our Barclays-branded consumer retail deposits now exceed \$12.5 billion.

Barclaycard Business Solutions provides merchant acquiring, payments integration and acceptance, payment gateway, commercial payments and point-of-sale consumer finance solutions in the UK. We are a leading provider in all our businesses and we are one of the largest payment acceptance providers in Europe. In 2017, we processed close to £250 billion in payments through acquiring.

## In 2017, we processed close to £250 billion in payments through acquiring.

In 2017, we completed a four-year investment in a new core payment processing platform that provides omni-channel, multi-currency and multi-geography settlement capabilities to help us strengthen our merchant relationships and support their growth. Coinciding with the launch of Apple’s iPhone 8 and X, Barclays Partner Finance rolled out an in-store financing offer in the UK with 131,000 applications received in-store since launch. We are also now a preferred partner for UK point-of-sale finance for Tesla via a digital in-store offering. Barclaycard Business Solutions’ electronic funds transfer platform, known as PrecisionPay Bank Transfer, went live in Q3 with a successful launch, providing clients with the ability to pay their suppliers via bank transfer, which is funded by a commercial card.

Barclaycard has been present in Germany for over a quarter of a century and now serves over 1.2 million cards and loans customers. We are the leading issuer of revolving credit cards in the country by outstanding balances. We also have a strongly growing instalment loans business as well as an online deposit product. In recognition of our focus on innovative products and features, all three Barclaycard open market products (New Visa, Gold and Platinum) received several best-in-class recognitions from leading German business and finance magazines. Barclaycard Germany continues to drive exceptional customer satisfaction rankings, with the business placing in the top two for both cards and loans.

We also provide cards and lending in Norway, Sweden and Denmark via our EnterCard joint venture with Swedbank and we are a leading player in the region.



# Our performance in Consumer, Cards and Payments



## Disrupting the US Co-Branded Credit Card Market

November 2017 marked the unveiling of the Uber Visa Card, recognised as one of the most rewarding “no annual fee” card programs in the US.

As a pioneer in transportation and technology, Uber recognised Barclays’ leadership in payments, innovation and partnerships when launching its first co-branded credit card. With an eye toward the future of mobility, technology and commerce, our companies built one of the most modern payment experiences in the US market.

This cutting-edge payments program represents a ground-breaking approach to mobile app technology that meets the demands of today’s on-the-go consumer. Using their smartphone, approved customers can apply, load their card into the Uber wallet, and start earning rewards in a matter of minutes, providing them value and experiences that are instant, integrated and rewarding.

### Private Bank and Overseas Services

Private Bank and Overseas Services provides a diversified range of financial and wealth products and services to a broad base of clients, ranging from retail, high net worth and ultra high net worth, to family offices and corporates. With a significant global footprint, business operates across the UK, EMEA, India and Offshore Islands.

With a significant global footprint, the business operates across the UK, EMEA, India and Offshore Islands.

Within the Private Bank, affluent clients at Barclays are supported by a dedicated Private Banker and a team of investment and wealth specialists. In addition, the Private Bank facilitates access to Barclays Corporate and Investment Bank products and services for ultra high net worth clients. The Overseas Services business delivers banking, treasury and investment solutions to core client segments through relationship led services and online channels.

With a focus on enhanced service delivery and product offerings, our Private Bank and Overseas Services business is poised for growth and scale.



# Head Office and Group Service Company

## Our service operations

**The Head Office function contains the central operations of the Group. With the reintegration of remaining legacy assets and businesses in the second half of 2017, the function became a more material contributor to the Group results. Going forward, many of the Head Office functions will be within the Group Service Company.**

The scale of the Group Service Company is substantial, accounting for around 42,000 colleagues working globally. It delivers services across a wide range of technical and functional capabilities, including Compliance, Corporate Relations, Legal, Risk, Real Estate, Finance, Operations and Technology. The Group Service Company operates as a separate legal entity with its own board of directors, thereby promoting transparency and increased accountability.

The Group Service Company is also a major step in the delivery of our structural reform programme. It is Barclays' response to the ring-fencing requirements established by the UK Government following the financial crisis that began in 2007. Grouping our services together in this way will allow us to maintain operational continuity for our business units and facilitate the execution of our recovery and resolution plans in the event of financial difficulty, thereby strengthening the overall resilience of the Barclays Group. It also means we have a centre of excellence for services required by the business, such as fraud management and cyber security, where we can reduce duplication and benefit from implementing best practice across all of our businesses.

The Head Office of Barclays includes the impact of treasury operations, which manage the capital, funding and liquidity position of the Group.

In 2017, the Head Office became more significant for Barclays as it contained some of the costs associated with the legacy assets and businesses, which were reintegrated on 1 July 2017. These factors contributed to a £834m loss before tax in 2017.

From 1 April 2018, the treasury operations will be embedded into the respective legal entities of Barclays Bank UK PLC, and Barclays Bank PLC, as well as into Barclays PLC.

The Group Service Company was 'stood up' in September 2017 and is the hub through which we will deliver a wide range of operations, technology and functional services to the Barclays Group and the two legal entities of Barclays Bank UK PLC and Barclays Bank PLC. The purpose of the Group Service Company is to provide world-class services that are high quality, efficient and cost effective, to support our goal to be at the forefront of industry change and innovation.

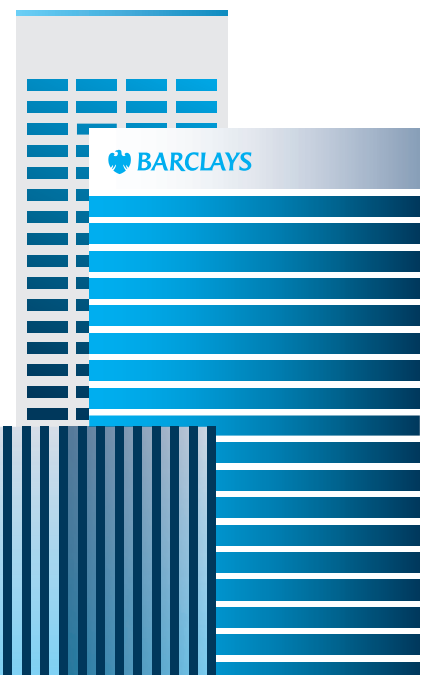
With significant commercial and competitive value, we believe the Group Service Company will radically reduce duplication of effort and cost, allowing us to give a more consistent and seamless experience to our colleagues, clients and customers. This will allow us to lead the way in next generation products and services in banking, to fully embrace the advantages that lie in automation, capitalise on our data and to innovate like a Fintech.

We intend to unlock efficiencies and release capital for strategic investment, helping to drive the optimisation of Barclays as a whole and delivering value to our shareholders.

For further information on the timeline and progress of our structural reform programme, please see page 204 of the Barclays PLC Annual Report 2017.

### The Group Service Company has significant commercial and competitive value.

Central operations are already operating through the Group Service Company - a separate legal entity, recharging all of its costs to the two legal entities.



## Our ongoing commitment to our people drives our success



Fostering the right culture at Barclays is critical to our success. By promoting respect, diversity and performance in the workplace we strive for excellence to deliver the best results for our customers and clients, taking pride in our achievements. We continue to be focused on the importance of embedding a conduct and values-based culture throughout the organisation and this is at the core of our strategy and processes. In recognising the significance of this commitment, conduct, culture and values remained one of our strategic priorities in 2017.

In 2016, we developed a culture measurement framework, anchored in our values to track and measure cultural progress across the Group. In 2017, we focused on embedding this framework, ensuring it is a key component of the non-financial metrics reviewed to assess the performance and culture of Barclays. Through this framework, and the results from our employee opinion survey 'Your View', quarterly insights, key cultural metrics and performance indicators are produced, stimulating management discussions which result in actions and decisions to further promote and embed a conduct and values-based culture.

We continue our ambition to become the most accessible, inclusive and sought after employer, where colleagues feel engaged and empowered to achieve their best in order to deliver the best for our customers and clients.

We continue our ambition to become the most accessible, inclusive and sought after employer, where colleagues feel engaged and empowered to achieve their best in order to deliver the best for our customers and clients. We are pleased that in 2017 the sustainable engagement of our employees improved to 78% across the Group.

This year colleagues were asked to select the phrases that they would use to describe the current culture at Barclays and we are encouraged that customer satisfaction, continuous improvement and growth are some of the top words selected. Focus continues in areas that we know are key to advancing cultural change, for example our Dynamic Working and employee wellbeing campaigns, as well as prioritising positive mental health awareness through our 'This is Me' campaign. Our ongoing commitment towards increasing female representation at all levels across Barclays remains a core focus of our talent management and leadership succession processes and we recognise that our commitment to greater gender equality is integral to drive societal change in equality, diversity and inclusion. Further details on our gender diversity commitments and additional highlights from across our Diversity and Inclusion strategy can be found in the People section on pages 89 to 92 of the Barclays PLC Annual Report 2017.

We continue to run Group CEO sponsored Enterprise Leaders' Summits, which seek to develop the next generation of enterprise leaders and strengthen a culture of collaboration among our leaders in order to deliver improved solutions and products for our customers and clients. The control functions rotational programme launched in 2016, which was expanded this year, recognises that future leaders in our businesses must have a strong awareness and understanding of the control environment. The programme provides colleagues the opportunity to work within a control function gaining valuable perspective.

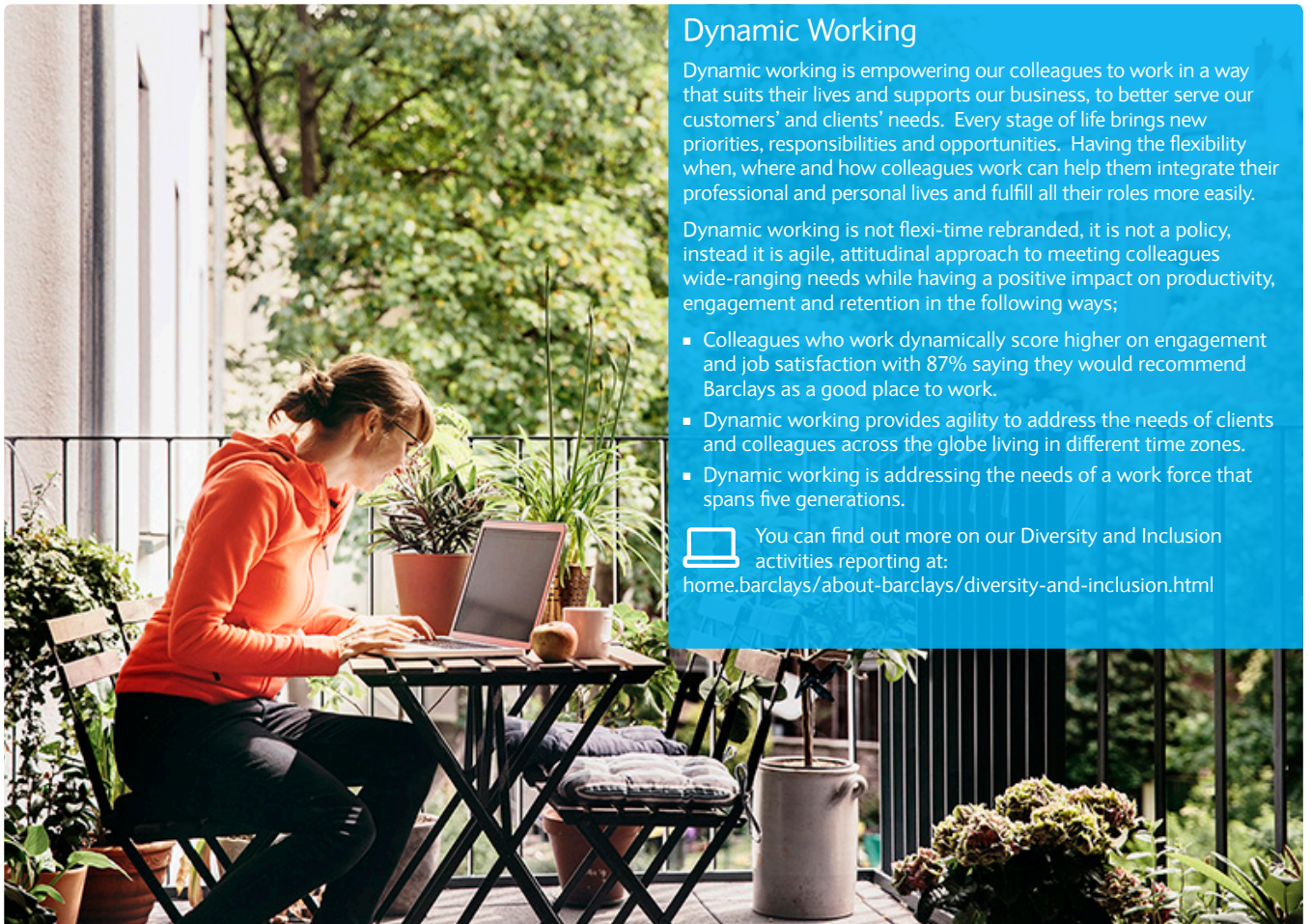
We are committed to helping people succeed, whether entering the workplace for the first time or as an experienced professional. In support of the Barclays Shared Growth Ambition, and youth unemployment and social mobility, our apprenticeship programme has continued to provide opportunities for candidates from a broad range of backgrounds. Since the programme began we have hired over 3,400 apprentices, the majority with no prior qualifications or experience. We have continued to expand the programme, launching in 2017 the first ever Agriculture Higher Apprenticeship programme and Degree Apprenticeship in banking. Through the Barclays Armed Forces Transition, Employment and Resettlement (AFTER) programme we have assisted over 5,500 veterans in employment transition, hired over 500 ex-military colleagues and donated over £4.25m to military charities to assist wounded and injured personal in employment transition.

During 2017 external recognition has confirmed the sustained and global impact of our work. We are proud of the increased colleague engagement we are seeing across the organisation and both the external and internal differences that our values and culture are having and the change we can make to people's lives as a result, enabling success and giving them access to a future where they can thrive. Our drive to continue to embed a conduct and values-based culture shows the importance that we place on the positive and creative contributions of each and every one of our colleagues in order to serve customer and clients and to continue to build trust and respect in the profession of banking.

**Tristram Roberts**  
Group Human Resources Director



For further information about the gender pay gap at Barclays, please see page 90 of the Barclays PLC Annual Report 2017.



## Dynamic Working

Dynamic working is empowering our colleagues to work in a way that suits their lives and supports our business, to better serve our customers' and clients' needs. Every stage of life brings new priorities, responsibilities and opportunities. Having the flexibility when, where and how colleagues work can help them integrate their professional and personal lives and fulfill all their roles more easily.

Dynamic working is not flexi-time rebranded, it is not a policy, instead it is agile, attitudinal approach to meeting colleagues wide-ranging needs while having a positive impact on productivity, engagement and retention in the following ways;

- Colleagues who work dynamically score higher on engagement and job satisfaction with 87% saying they would recommend Barclays as a good place to work.
- Dynamic working provides agility to address the needs of clients and colleagues across the globe living in different time zones.
- Dynamic working is addressing the needs of a work force that spans five generations.



You can find out more on our Diversity and Inclusion activities reporting at:  
[home.barclays/about-barclays/diversity-and-inclusion.html](http://home.barclays/about-barclays/diversity-and-inclusion.html)



## An introduction to our framework



I am confident that the high standards of corporate governance you have come to expect from the Barclays Board will be firmly embedded within our new corporate structure.

As outlined in my letter introducing our Strategic Report, 2017 has been a period of significant activity and continuing change. Throughout this period, your Board has been providing critical oversight of executive management to oversee the successful execution of the Group's long term strategy. The Board has received regular updates from Jes Staley on strategic progress, including potential constraints and key risks to execution, as well as information on opportunities to accelerate returns and improve our capital base.

The non-executive members of the Board continue to provide robust challenge to the executive team and provoke vigorous debate on matters of strategic importance, whilst maintaining a constructive and dynamic relationship with our executive leaders and amongst the Board as a whole. I believe this speaks both to the high-calibre of our Board members individually and also to the balanced composition of our Board in terms of the depth and variety of knowledge, skills and experience possessed by its members.

### Adapting our Governance Framework

It is widely accepted that effective corporate governance is fundamental to the running of a business, its ultimate success and its delivery of sustainable shareholder value; however, I'm sure you will agree that the role of a company's governance framework is all the more vital during times of organisational change. It must provide the bedrock from which change is successfully managed and delivered. The Board have therefore spent significant time during 2017 ensuring that the impact of impending changes to our Group corporate structure have been carefully considered from a corporate governance perspective and that necessary changes are made to our governance framework.

As Chair of the Board Nominations Committee I have worked closely with Sir Gerry Grimstone and Sir Ian Cheshire to ensure that the Boards of BI and BUK will be populated with high quality Directors, possessing experience and attributes appropriate for the respective Boards. Significant work has been undertaken to ensure that prospective Directors receive a full and thorough induction, are fully prepared to fulfil their legal and regulatory duties with immediate effect from 1 April 2018, and are satisfied with the risk and control frameworks applicable to their respective entities.

The Board has given careful consideration to the allocation of responsibilities between the subsidiary Boards and the Barclays PLC Board, in order to ensure there is appropriate coverage of matters across each forum, whilst ensuring the resulting governance framework does not result in unnecessary duplication and bureaucracy.

Through these preparatory steps I am confident that the high standards of corporate governance you have come to expect from the Barclays Board will be firmly embedded within our new corporate structure.

**John McFarlane**  
Chairman  
21 February 2018



## 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 44 to 88 of the Barclays PLC Annual Report 2017, 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 2017, including:

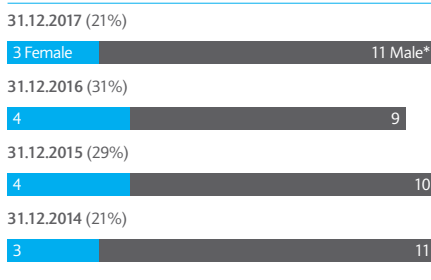
- overseeing the execution of our structural reform programme and preparations the UK's departure from the EU
- preparing for the implementation of IFRS 9
- overseeing our Risk and Control Self Assessment programme in relation to Operational risk
- responding to stakeholder concerns about our involvement in sensitive sectors



### Your Board

John McFarlane	Group Chairman
Jes Staley	Group Chief Executive; Executive Director
Sir Gerry Grimstone	Deputy Chairman and Senior Independent Director
Mike Ashley	Non-executive Director
Tim Breedon CBE	Non-executive Director
Sir Ian Cheshire	Non-executive Director
Mary Francis CBE	Non-executive Director
Crawford Gillies	Non-executive Director
Reuben Jeffery III	Non-executive Director
Matthew Lester	Non-executive Director
Tushar Morzaria	Group Finance Director; Executive Director
Dambisa Moyo	Non-executive Director
Diane Schueneman	Non-executive Director
Mike Turner CBE	Non-executive Director

### Board diversity – gender balance



For further information about governance at Barclays, see pages 43 to 116 of the Barclays PLC Annual Report 2017.

\* Mike Turner CBE was appointed to the Board with effect from 1 January 2018.

# Compliance with the UK Corporate Governance Code

A snapshot of how Barclays complies with the requirements of the UK Corporate Governance Code (the Code) is set out below. For further information, see pages 80 to 84 of Barclays PLC Annual Report 2017.

## 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 ongoing development.

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

11 of 14 Directors are independent non-executive Directors (79%), while the Chairman was independent on appointment.

As at the date of this report, there are three female Directors (21%), compared to our target of 33% by 2020 which the Board remains committed to achieving.

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 2017, Directors' attendance at scheduled Board meetings was 97% and across the scheduled Board Committee meetings was an average of 94%.

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 election or re-election each year by shareholders at the 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.

The Board, assisted by its Risk and Reputation Committees, conducts robust assessments of the principal risks facing Barclays.

## Accountability

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

Barclays' Enterprise Risk Management Framework 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, assisted by its Risk and Reputation Committees, 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 on pages 42 and 43.

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 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.

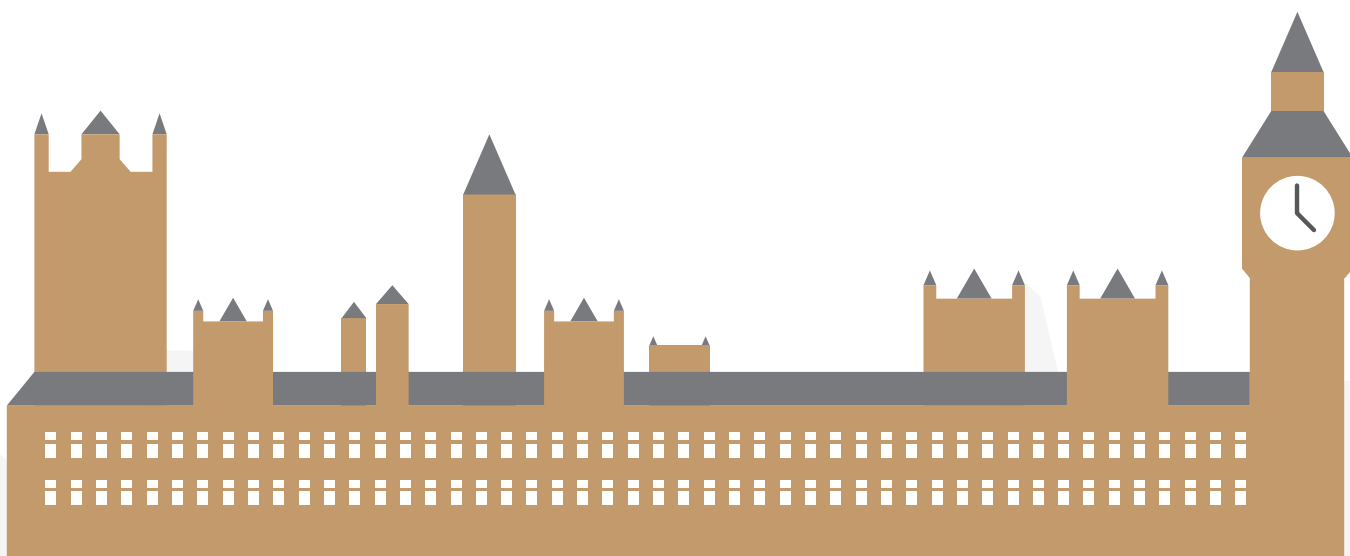
The Chief Executive and Group Finance Director present quarterly results briefings and the Group Finance Director holds briefings for equity and debt sell-side analysts.

.....  
**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.**  
.....

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 also 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 summarised 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), prepared at February 2018. 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
- it is representative of the continued level of regulatory change in the financial services industry.

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

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 results of operations or financial condition to differ materially from current expectations or could adversely impact the Group's ability to maintain minimum levels of regulatory capital, liquidity, funding and the minimum requirement for own funds and eligible liabilities ("MREL") over the period of the assessment;
- reviewed how those risks are managed and controlled (further detail provided on pages 127 to 137 of the Barclays PLC Annual Report 2017);
- 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;
- considered the stability of the major markets in which it operates, the risks posed by the simplification of the business model and regulatory changes;
- considered the impacts of Structural Reform, including the creation of the UK ring-fenced bank;
- reviewed the draft statutory accounts and the in-depth disclosure of the financial performance of the Group;
- considered the Group's medium term plan (MTP); and
- reviewed the legal, competition and regulatory matters set out in Note 29 to the financial statements on pages 285 to 293 of the Barclays PLC Annual Report 2017.

Risks faced by the Group's business, including in respect of conduct, capital and operational risk, are controlled and managed within the Group in line with the Enterprise Risk Management Framework and the relevant Principal Risk Frameworks, through the three lines of defence model. 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. Internal Audit comprise the third line of defence and provide independent assurance to the Board and Executive Management over the effectiveness of governance, risk management and control over current, systemic and evolving risks.

A full set of material risks to which the organisation is exposed can be found in the Material Existing and Emerging Risks on pages 121 to 126 of the Barclays PLC Annual Report 2017. Certain particular risks to viability identified by the Board are detailed below. These have been chosen on the basis of their ability to impact viability over the timeframe of the assessment but in some instances the risks exist beyond this timeframe. These particular risks include:

- legal proceedings, competition, regulatory and conduct matters giving rise to the potential risk of fines, loss of regulatory licences and permissions and other sanctions, as well as potential adverse impacts on our reputation with clients and customers and on investor confidence and/or potentially resulting in impacts on capital, liquidity and funding;
- sudden shocks or geo-political unrest in any of the major economies in which the Bank operates which could impact credit ratings, alter the behaviour of depositors and other counterparties and affect the ability of the firm to maintain appropriate capital and liquidity ratios;
- evolving operational risks (notably cyber security and technology) and the ability to respond to the new and emergent technologies in a controlled fashion.



As a Transatlantic Consumer and Wholesale Bank with operations globally, Barclays is impacted in the longer term by a wide range of macroeconomic, political, regulatory and accounting, technological and social developments. The evolving operating environment presents opportunities and risks which we continue to evaluate and take steps to appropriately adapt our strategy and its delivery.

In relation to regulatory change, the firm is implementing changes required by Structural Reform, the final stage of which will be the creation of the ring-fenced Bank in Q2 2018. The risk identification processes and link to business model will not differ post ring fencing and in assessing the viability of the organisation a standard and common process exists which is both top-down and bottom-up across each entity and the Group as a whole.

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

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

In addition, the latest internal stress test conducted in Q4 2017 considered the potential impacts of:

- a severe UK recession including falling property prices which fail to recover over the forecast horizon;
- a global downturn driven by decelerating growth in China and emerging markets; and
- a significant drop in commodity prices,

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

Legal proceedings, competition, regulatory and conduct matters and remediation/redress are also assessed as part of the stress testing process. Capital risk appetite and LRA are set at a level designed to enable the Group to withstand various stress scenarios. As part of this process management also identified actions, including cost reductions and withdrawal from lines of business, available to restore the Group to its desired capital flightpath 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 scenarios, or specific idiosyncratic events, covering operational risk (for example, cyber attack), adverse outcomes in legal proceedings, competition, regulatory and conduct matters and capital/liquidity events.

We use an inventory of models, non-modelled methods and quantitative procedures to support the stress test calculations and projections. These tools range from experienced management judgement through to sophisticated regression models based on historical data depending on the stress test application. The stress test evaluation process produces both gross impacts and the effect of mitigation including management actions which enables us to understand, monitor control and manage the risks identified effectively. The stress testing process is overseen by a detailed governance structure from the Board through to the three lines of defence within the business. Management is confident that the internal and external stress testing process is rigorous and considers a wide range of severe but plausible events, however, stress tests should not be assumed to be an exhaustive assessment of all possible hypothetical extreme or remote scenarios.

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

For a statement as to our dividend policy please see page 85 of the Barclays PLC Annual Report 2017.



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 121 to 126 of the Barclays PLC Annual Report 2017.



# Our remuneration framework contributes to our success



We are committed to pay being aligned to performance, while ensuring that we are able to attract and retain the employees critical to delivering our strategy.

### Approach to reward

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

### Barclays' remuneration philosophy

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

### Overview of performance and pay in 2017

Our pay decision for 2017 recognises the strong strategic execution across the Group, while being clear that Group returns are not yet where our shareholders, and the Board, want them to be.

#### Key strategic highlights

Significant strategic progress was made in 2017 with restructuring completed:

- Non-Core closed early
- Completion of BAGL sell down
- Launch of the Group Service Company
- Preparatory work to establish UK ring-fenced entity

### Pay outcomes

- Group incentive pool has reduced by 57% since 2010
- Group compensation to net income ratio reduced to 38.0% from 39.0%

**£3,541m**  
Profit before tax up 10%

**5.6%**  
Group RoTE ex. litigation and conduct and other material items\*

**73%**  
Cost: income ratio favourable 3%

**£7,123m**  
Total compensation costs down 4%

**£1,506m**  
Group incentive pool down 2%

\* Material items consist of charges for PPI, losses relating to the sell down of BAGL and a one-off net charge due to the re-measurement of US deferred tax assets.

## 2017 remuneration

### Executive Directors: Single total figure for 2017 remuneration (audited)

	Fixed pay <sup>a</sup> £000		Taxable benefits £000		Annual bonus £000		LTIP £000		Pension £000		Total £000	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Jes Staley <sup>b</sup>	2,350	2,350	62	169	1,065	1,318	–	–	396	396	3,873	4,233
Tushar Morzaria <sup>c</sup>	1,614	1,550	44	44	747	854	882	1,008	200	200	3,487	3,656

#### Notes

a The 2016 figures for Fixed Pay relate to Salary and Role Based Pay (RBP).

b Jes Staley's 2016 benefits figure includes relocation expenses.

c Tushar Morzaria's Fixed Pay increased to £1,650,000 with effect from 10 May 2017.

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

#### Fixed Pay

Fixed Pay was introduced for 2017, replacing Salary and RBP, and is delivered 50% in cash and 50% in shares (subject to a 5 year holding period lifting pro-rata).

#### 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 2017 bonus awards reflect the Committee's assessment of the extent to which the executive Directors achieved their performance measures. A summary of the outcome of this assessment is provided below.

Performance measures	Weighting	Threshold 25%	Maximum 100%	2017 Actual	2017 Outcome	Jes Staley	Tushar Morzaria
<b>Financial</b>							
Profit before tax (excluding material items)	22.5%	£5.10bn	£6.20bn	£4.24bn	0%		
CET1 ratio	22.5%	12.6%	13.0%	13.3%	22.5%		
Cost: income ratio (excluding material items)	15.0%	67.0%	63.0%	70.0%	0%		
	60.0%					22.5%	22.5%
		Assessed against measures within the Group Performance Measurement Framework for					
<b>Strategic</b>	20.0%	Customer and Client, Colleague and Citizenship				13.0%	13.0%
<b>Personal Objectives</b>	20.0%	See below				13.0%	15.0%
<b>Final outcome approved by the Remuneration Committee</b>						<b>48.5%</b>	<b>50.5%</b>

The Committee approved a 2017 bonus for Jes Staley of £1,065,000 (48.5% of maximum) of which 62.4% will be deferred in shares for a period of up to seven years. The Committee's deliberations on his 2017 personal performance have taken account of delivery against financial commitments including achieving the end state target range for the CET1 ratio as well as improvements to our cost: income ratio, while recognising that there is still some way to go in getting returns to where management, the Board and our investors expect them to be. The Committee has also taken account of the early completion of the strategic restructuring, including the sell down of BAGL and closure of Non-Core. The Committee noted the significant work that has taken place in planning following the EU referendum outcome. The Committee also recognised that Jes Staley has made continued progress towards ensuring a high performing culture in line with our Values, and Barclays has made improvements in some customer and client metrics such as a reduction in customer complaints, while noting the need for further improvement. As announced last year, the Committee will keep Jes Staley's 2016 variable remuneration under review pending the outcome of the investigation relating to his involvement in a whistleblowing matter. The Committee will make a final decision on outcome once that investigation is complete.

The Committee approved a 2017 bonus for Tushar Morzaria of £747,000 (50.5% of maximum) of which 46.5% will be deferred in shares for a period of up to seven years. The Committee in particular noted that Tushar Morzaria had been instrumental in the execution of the strategy including the sell down of BAGL, the closure of Non-Core, the setting up of the ring-fenced bank in the UK and in Barclays achieving its end state range capital position. Tushar Morzaria has also demonstrated effective management of key external stakeholders.

#### LTIP

The LTIP amount included in Tushar Morzaria's 2017 single total figure is the value of the amount scheduled to be released in relation to the LTIP award granted under the 2015–2017 LTIP cycle (by reference to Q4 2017 average share price). Jes Staley was not a participant in this cycle. The performance against the performance measures can be summarised as follows: Net generated equity 30% (out of 30%), Core return on risk weighted assets excluding own credit 0% (out of 20%), Non-Core drag on return on equity excluding material items 3.7% (out of 10%), loan loss rate 10% (out of 10%) and Balanced Scorecard 9% (out of 30%). The Committee was satisfied that the financial underpin was met and accordingly determined that 52.7% of the maximum number of shares under the total award be considered for release. The shares are scheduled to be released in March 2018. After release, the shares are subject to an additional two year holding period.

#### Pension

Executive Directors are paid cash in lieu of pension contributions.

Full details of Directors' pay and performance for 2017 can be found on pages 103 to 106 of the Barclays PLC Annual Report 2017.

## Remuneration framework

# How our remuneration framework contributes to our success

### Chairman and non-executive Directors: Single total figure for 2017 fees (audited)

	Fees		Benefits		Total	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
<b>Chairman</b>						
John McFarlane	800	800	2	1	802	801
<b>Non-executive Directors</b>						
Mike Ashley	215	207	–	–	215	207
Tim Breedon	225	220	–	–	225	220
Sir Ian Cheshire <sup>a</sup>	360	–	–	–	360	–
Mary Francis <sup>b</sup>	135	29	–	–	135	29
Crawford Gillies	195	195	–	–	195	195
Sir Gerry Grimstone <sup>c</sup>	375	250	–	–	375	250
Reuben Jeffery III	120	120	–	–	120	120
Matthew Lester <sup>d</sup>	45	–	–	–	45	–
Dambisa Moyo	135	135	–	–	135	135
Diane de Saint Victor <sup>e</sup>	38	118	–	–	38	118
Diane Schueneman <sup>f,g</sup>	308	232	–	–	308	232
Steve Thieke <sup>h</sup>	87	221	–	–	87	221
Wendy Lucas-Bull <sup>i</sup>	–	64	–	–	–	64
Frits van Paasschen <sup>j</sup>	–	35	–	–	–	35
<b>Total</b>	<b>3,038</b>	<b>2,626</b>	<b>2</b>	<b>1</b>	<b>3,040</b>	<b>2,627</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.

#### Notes

a Sir Ian Cheshire joined the Board as a non-executive Director and the Barclays UK Board as Chairman with effect from 3 April 2017. The 2017 figure includes fees of £300,000 for his role on the Barclays UK Board.

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

c Sir Gerry Grimstone joined the Board as a non-executive Director from 1 January 2016 succeeding Sir Michael Rake as Senior Independent Director and Deputy Chairman. He was appointed Chairman of the Barclays International Divisional Board on 1 August 2017. His Board Deputy Chairman fees were reduced to £150,000 with effect from this appointment. The 2017 figure includes fees of £167,000 for his role on the Barclays International Divisional Board.

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

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

f Diane Schueneman and Steve Thieke both served in 2016 on the US Governance Review Board and subsequently the board of the US intermediate holding company on its formation. 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 2016, Steve Thieke also waived fees of \$63,000. The 2017 figures include fees of \$170,000 and \$63,000 respectively for their role on the board of the US intermediate holding company. In 2017, Steve Thieke also waived fees of \$34,000.

g Diane Schueneman was appointed Chair of the Group Service Company Board on 1 September 2017. The 2017 figure includes fees of £41,000 for her role on the Group Service Company Board.

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

i Wendy Lucas-Bull retired from the Board with effect from 1 March 2016. 2016 figures include fees received by Wendy Lucas-Bull for her role as Chairman of BAGL.

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

### 2018 remuneration

The executive Directors' package for 2018 can be summarised as follows. Further details can be found on pages 100 to 101 of the Barclays PLC Annual Report 2017.

	Fixed Pay	Pension	Annual bonus <sup>a</sup>	LTIP <sup>a</sup>
Jes Staley	£2,350,000	£396,000	Maximum 80% of Total fixed pay	Maximum 120% of Total fixed pay
Tushar Morzaria	£1,650,000	£200,000	Maximum 80% of Total fixed pay	Maximum 120% of Total fixed pay

#### Note

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

### Fair pay agenda

We are committed to fair pay, ensuring that all our employees are appropriately and fairly rewarded for their contributions. This concept touches on many areas of our work, including fair pay for the lowest paid in our organisation, as well as the alignment of executive reward outcomes with business performance. Additionally, the Board is committed to individuals being able to progress through the organisation based on capability and performance and irrespective of any other difference such as gender, age, ethnicity, religion, sexual orientation or disability. We take employees' views into consideration throughout our deliberations and continue to review potential approaches to build on this.

Barclays' commitment to fair pay is illustrated by the repositioning of the incentive pools over recent years, during which incentive funding has been directed to provide more to junior employees, and our active engagement on pay matters with our unions to ensure that our staff are fairly treated across the organisation. The current 2017-2019 pay deal with Unite commits to a 7.5% agreed salary increase budget for the Unite recognised population and a minimum increase of 10% for the most junior graded employees over the course of the three year deal. Barclays is also a long-standing supporter of the Living Wage under which Barclays commits to pay all UK permanent employees and those UK employees of third party contractors at least the current London or UK Living Wage. This is a commitment which we have also extended to our UK employed apprentices.

### Looking ahead

The Committee continues to monitor with interest the Government's proposals in respect of the UK Corporate Governance Code, which will be an area of focus for the Committee and the Board going into 2018.

### Crawford Gillies

Board Remuneration Committee (Chairman)



## An encouraging financial performance delivered by our strategy



Significant strategic progress was made in 2017, as profit before tax improved and the CET1 ratio strengthened further, enabling a reset of the dividend in 2018 and enhanced focus on driving improved returns.

Financial performance in 2017 was encouraging, with increased profit before tax, a reduced cost: income ratio and strong capital ratio progression. Significant progress was also made on strategic objectives in the year, with the closure of Barclays Non-Core and the sale of a stake in, and consequent accounting deconsolidation of, BAGL. New Group returns targets were set: to achieve RoTE of greater than 9% in 2019 and greater than 10% in 2020, excluding litigation and conduct, based on a CET1 ratio of c.13%. The 2017 financial results provide a firm platform on which to build towards these.

Following the closure of Barclays Non-Core on 1 July 2017, Group results for 2017 included a Barclays Non-Core loss before tax for the six months ended 30 June 2017 of £647m, compared to a loss before tax of £2,786m for the full year in 2016. From 1 July 2017, residual Barclays Non-Core assets and liabilities were reintegrated into, and associated financial performance subsequently reported in, Barclays UK, Barclays International and Head Office.

### Group profit before tax increased 10% to £3,541m

Group profit before tax increased 10% to £3,541m driven by positive operating jaws as operating expenses reduced 5%, primarily reflecting lower Non-Core related costs. Income decreased 2%, primarily driven by lower revenue in Barclays International and Head Office, whilst impairment was broadly stable.

Total income decreased to £21,076m (2016: £21,451m) reflecting a £613m decrease in Barclays International and a £262m reduction in Head Office, partially offset by a reduction in losses related to Non-Core.

Credit impairment charges were broadly stable at £2,336m (2016: £2,373m) and reflected a charge of £168m in 2017 relating to deferred consideration from an asset sale in US Cards and the non-recurrence of a £320m charge in 2016 following the management review of the UK and US cards portfolio impairment modelling.

Operating expenses reduced 5% to £15,456m driven primarily by lower Non-Core related operating expenses. The cost: income ratio reduced to 73% (2016: 76%).

Other net income of £257m (2016: £490m) primarily reflected a gain of £109m on the sale of Barclays' share in VocaLink to MasterCard and a gain of £76m on the sale of a joint venture in Japan.

Profit after tax in respect of continuing operations was £1,301m (2016: £2,237m). The tax charge of £2,240m included a one-off tax charge of £1,177m due to the re-measurement of US DTAs as a result of the US Tax Cuts and Jobs Act, partially offset by an unrelated £276m increase in US DTAs due to a re-measurement of Barclays Bank PLC's (BBPLC) US branch DTAs.

Group attributable loss of £1,922m (2016: profit of £1,623m) included losses of £2,525m related to the sell down of BAGL and the one-off net tax charge of £901m due to the re-measurement of US DTAs.


RoTE was negative 3.6% (2016: positive 3.6%) and basic loss per share was 10.3p (2016: earnings per share of 10.4p). Excluding litigation and conduct, losses related to the sell down of BAGL and the one-off net charge due to the re-measurement of US DTAs, RoTE was 5.6% and earnings per share was 16.2p.

The fully loaded CET1 ratio increased to 13.3% (December 2016: 12.4%) as risk weighted assets (RWAs) reduced £52.6bn to £313.0bn and CET1 capital decreased £3.6bn to £41.6bn. The average UK leverage ratio increased to 4.9% (December 2016: 4.5%).

Tangible net asset value per share decreased to 276p (December 2016: 290p) as profit before tax was more than offset by the net impact of the re-measurement of US DTAs in Q417 and adverse movements across reserves.

A final dividend for 2017 of 2.0p per share will be paid on 5 April 2018, resulting in a total 3.0p dividend per share for the year.

**Tushar Morzaria**  
Group Finance Director

 Refer to pages 205 to 225 of the Barclays PLC Annual Report 2017 for the Financial Review, with further detail on Results by Business

# Financial performance

## Condensed consolidated income statement

For the year ended	31.12.17 £m	31.12.16 £m
<b>Total income</b>	21,076	21,451
Credit impairment charges and other provisions	(2,336)	(2,373)
<b>Net operating income</b>	18,740	19,078
Operating expenses excluding UK bank levy and litigation and conduct	(13,884)	(14,565)
UK bank levy	(365)	(410)
Litigation and conduct	(1,207)	(1,363)
<b>Operating expenses</b>	(15,456)	(16,338)
Other net income	257	490
<b>Profit before tax</b>	3,541	3,230
Tax charge	(2,240)	(993)
<b>Profit after tax in respect of continuing operations</b>	1,301	2,237
(Loss)/profit after tax in respect of discontinued operation	(2,195)	591
Non-controlling interests in respect of continuing operations	(249)	(346)
Non-controlling interests in respect of discontinued operation	(140)	(402)
Other equity instrument holders <sup>a</sup>	(639)	(457)
<b>Attributable (loss)/profit</b>	(1,922)	1,623
<b>Performance measures</b>		
Return on average tangible shareholders' equity <sup>a</sup>	(3.6%)	3.6%
Average tangible shareholders' equity (£bn)	48.9	48.7
Cost: income ratio	73%	76%
Loan loss rate (bps)	57	53
Basic (loss)/earnings per share <sup>a</sup>	(10.3p)	10.4p
Basic earnings per share in respect of continuing operations <sup>a</sup>	3.5p	9.3p
Dividend per share	3.0p	3.0p
<b>Balance sheet and capital management</b>		
Tangible net asset value per share	276p	290p
Common equity tier 1 ratio	13.3%	12.4%
Common equity tier 1 capital (£bn)	41.6	45.2
Risk weighted assets (£bn)	313	366
Average UK leverage ratio <sup>b</sup>	4.9%	4.5%
Average fully loaded tier 1 capital <sup>b</sup> (£bn)	51.2	51.6
Average UK leverage exposure <sup>b</sup> (£bn)	1,045	1,137

### Notes

a The profit after tax attributable to other equity instrument holders of £639m (2016: £457m) is offset by a tax credit recorded in reserves of £174m (2016: £128m). The net amount of £465m (2016: £329m), along with non-controlling interests is deducted from profit after tax in order to calculate earnings per share and return on average tangible shareholders' equity.

b The average UK leverage ratio uses capital and exposure measures based on the last day of each month in the quarter; additionally the average exposure measure excludes qualifying central bank claims.

# Financial performance

## Condensed consolidated balance sheet

	As at 31.12.17 £m	As at 31.12.16 £m
<b>Assets</b>		
Cash and balances at central banks	171,082	102,353
Items in the course of collection from other banks	2,153	1,467
Trading portfolio assets	113,760	80,240
Financial assets designated at fair value	116,281	78,608
Derivative financial instruments	237,669	346,626
Financial investments	58,916	63,317
Loans and advances to banks	35,663	43,251
Loans and advances to customers	365,552	392,784
Reverse repurchase agreements and other similar secured lending	12,546	13,454
Current and deferred tax assets	3,939	5,430
Prepayments, accrued income and other assets	2,389	2,893
Investments in associates and joint ventures	718	684
Goodwill and intangible assets	7,849	7,726
Property, plant and equipment	2,572	2,825
Retirement benefit assets	966	14
Assets included in disposal groups classified as held for sale	1,193	71,454
<b>Total assets</b>	<b>1,133,248</b>	<b>1,213,126</b>
<b>Liabilities</b>		
Deposits from banks	37,723	48,214
Items in the course of collection due to other banks	446	636
Customer accounts	429,121	423,178
Repurchase agreements and other similar secured borrowing	40,338	19,760
Trading portfolio liabilities	37,351	34,687
Financial liabilities designated at fair value	173,718	96,031
Derivative financial instruments	238,345	340,487
Debt securities in issue <sup>a</sup>	73,314	75,932
Subordinated liabilities	23,826	23,383
Accruals, deferred income and other liabilities	8,565	8,871
Current and deferred tax liabilities	630	766
Provisions	3,543	4,134
Retirement benefit liabilities	312	390
Liabilities included in disposal groups classified as held for sale	–	65,292
<b>Total liabilities</b>	<b>1,067,232</b>	<b>1,141,761</b>
<b>Equity</b>		
Called up share capital and share premium	22,045	21,842
Other reserves	5,383	6,051
Retained earnings	27,536	30,531
<b>Shareholders' equity attributable to ordinary shareholders of the parent</b>	<b>54,964</b>	<b>58,424</b>
Other equity instruments	8,941	6,449
<b>Total equity excluding non-controlling interests</b>	<b>63,905</b>	<b>64,873</b>
Non-controlling interests	2,111	6,492
<b>Total equity</b>	<b>66,016</b>	<b>71,365</b>

Notes

a Debt securities in issue included covered bonds of £8.5bn (2016: £12.4bn).



# Shareholder information

## Barclays shareholding

### Key dates

**5 April 2018**

Final dividend payment date

**26 April 2018**

Q1 Results Announcement

**1 May 2018**

Annual General Meeting, at 10.00am

**17 September 2018**

Interim dividend payment date

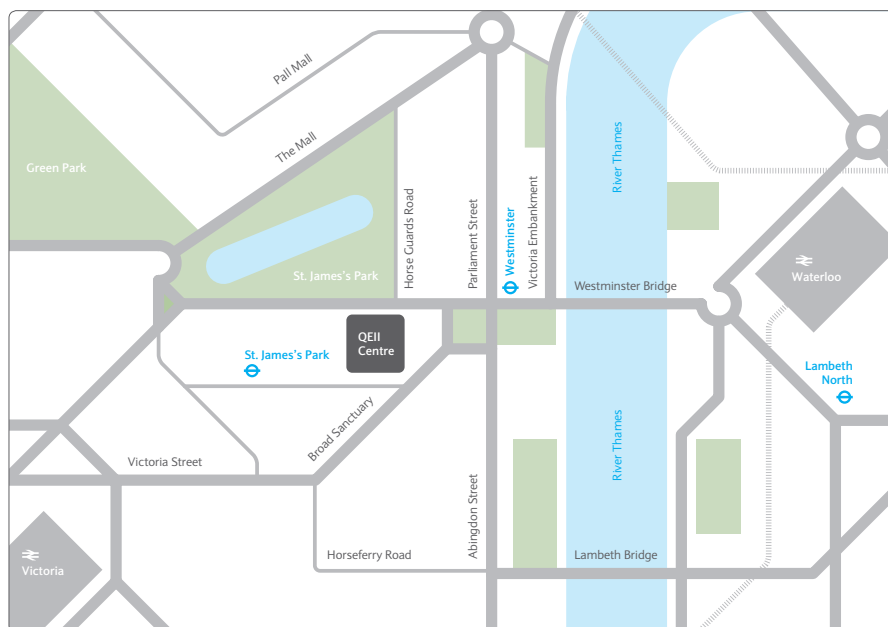
### Annual General Meeting (AGM)

This year's AGM will be held at the QEII Centre, Westminster, London SW1P 3EE, on Tuesday, 1 May 2018 at 10.00am.

The Chairman and Chief Executive will update shareholders on our performance in 2017 and our goals for 2018. Shareholders will also have the opportunity to ask the Board questions at the meeting.



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



### Donations to charity

We launched a Share Dealing Service in October 2017 aimed at shareholders with relatively small shareholdings for whom it might otherwise be uneconomical to deal. One option open to shareholders was to donate their sale proceeds to ShareGift. As a result of this initiative, more than £61,000 was donated in 2017, taking the total donated since 2015 to over £299,000.

### 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 2017, 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 £4.5m to our shareholders.

### 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.

### Dividends

The final dividend for the year ended 31 December 2017 will be 2.0 pence per share, making the 2017 total dividend 3.0 pence.

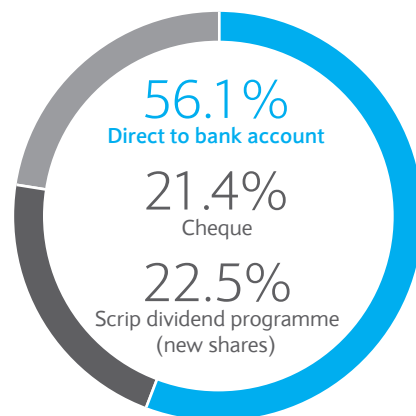
Barclays understands the importance of the ordinary dividend for our shareholders. Barclays is therefore committed to maintaining an appropriate balance between total cash returns to shareholders, investment in the business, and maintaining a strong capital position. Going forward, Barclays intends to pay an annual ordinary dividend that takes into account these objectives and the medium-term earnings outlook of the Group. It is also the Board's intention to supplement the ordinary dividends with additional returns to shareholders as and when appropriate.

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

For 2018, Barclays anticipates resuming a total cash dividend of 6.5p, subject to regulatory approvals.

### How do Barclays shareholders receive their dividends?

As at 31 December 2017, Barclays shareholders received their dividends in the following ways:



### 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)



## 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>a</sup>  
(in the UK)

+44 121 415 7004  
(from overseas)

0371 384 2255<sup>a</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 55164-0504  
USA

### Shareholder Relations



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

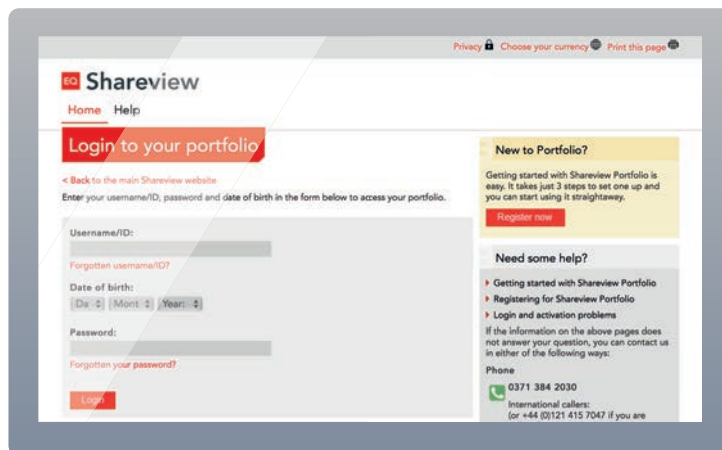


**Shareholder Relations**  
Barclays PLC  
1 Churchill Place London  
E14 5HP

### Share price



Information on the Barclays share price and other share price tools are available at: [home.barclays/investorrelations](http://home.barclays/investorrelations)



## 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.

### 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.

To join Shareview, please follow these three easy steps:

- Step 1** Go to [portfolio.shareview.co.uk](http://portfolio.shareview.co.uk)
- Step 2** Register for electronic communications by following the instructions on screen
- Step 3** You will be sent an activation code in the post the next working day

### Alternative formats

Shareholder documents can be provided in large print, audio CD or Braille free of charge by calling Equiniti. 0371 384 2055<sup>a</sup> (in the UK) +44 121 415 7004 (from overseas)

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



### Note

<sup>a</sup> Lines open 8.30am to 5.30pm (UK time) Monday to Friday, excluding public holidays.







BARCLAYS

Positioned for growth,  
sharing and success

Barclays PLC  
Strategic Report 2017

#### Front cover image

#### Launching ServCo, to deliver world-class services

On 1 September 2017, the Group Service Company (ServCo) was officially launched. ServCo delivers world-class operations, technology and functional services to the Barclays Group and its two operating divisions, Barclays UK and Barclays International. Alexandra Kipping worked on the Intra-Group Agreements needed to put Barclays at the forefront of industry change and innovation.

#### Notes

The terms Barclays or Group refer to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2017 to the corresponding twelve months of 2016 and balance sheet analysis as at 31 December 2017 with comparatives relating to 31 December 2016. 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.

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

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at [home.barclays/results](http://home.barclays/results).

The information in this announcement, which was approved by the Board of Directors on 21 February 2018, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017, which includes 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 contain an unqualified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006) will be delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

These results will be 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 at [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 the pages 223 to 225 of the Barclays PLC Annual Report 2017 for further information and calculations of non-IFRS performance measures included throughout this document, and the most directly comparable IFRS measures.

#### Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, structural reform, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets and the impact of any regulatory deconsolidation resulting from the 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, IFRS 9 impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards including the implementation of IFRS 9, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (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 exercise by the United Kingdom of Article 50 of the Treaty of Lisbon and the disruption that may result in the UK and globally from the withdrawal of the United Kingdom from the European Union 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 2017), which will be 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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Source: Carbon footprint data evaluated by Labelia Conseil in accordance with the Bilan Carbone methodology. Calculations are based on a comparison between the recycled paper used versus a virgin fibre paper according to the latest European BREF data (virgin fibre paper) available.

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