BARCLAYS PLC
Form 6-K
March 13, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

under the Securities Exchange Act of 1934

March 13, 2012

Barclays PLC

(Name of Registrant)

1 Churchill Place

London E14 5HP

England

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):____

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):____

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This Report is a Report on Form 6-K filed by Barclays PLC.

The Report comprises the following:

Exhibit No.	Description
1	Barclays PLC Annual Report 2011
2	Barclays PLC Annual Review 2011

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

	BARCLAYS PLC (Registrant)	
Date: March 13, 2012	By:	/s/ Marie Smith
	Name:	Marie Smith
	Title:	Assistant Secretary

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The term Barclays PLC Group or the Group means Barclays PLC together with its subsidiaries and the term Barclays Bank PLC Group means Barclays Bank PLC together with its subsidiaries. Barclays and Group are terms which are used to refer to either of the preceding groups when the subject matter is identical. The term Company , Parent Company or Parent refers to Barclays PLC and the term Bank refers to Barclays Bank PLC. In this report, the abbreviations £m and £bn represent millions and thousands of millions of pounds sterling respectively; the abbreviations US$m and US$bn represent millions and thousands of millions of US Dollars respectively and m and bn represent millions and thousands of millions of euros respectively.

Unless otherwise stated, the income statement analyses compare the 12 months to 31 December 2011 to the corresponding 12 months of 2010 and balance sheet comparisons, relate to the corresponding position at 31 December 2010. Unless otherwise stated, all disclosed figures relate to continuing operations. 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 glossary online at www.barclays.com/annualreport. A hard copy can be provided on request by contacting Barclays Investor Relations, Barclays PLC, 1 Churchill Place, London E14 5HP.

Adjusted profit before tax and adjusted performance measures have been presented to provide a more consistent basis for comparing business performance between periods. Adjusted profit before tax is explained further on page 22 and defined in the glossary.

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 certain of the Group s plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results 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 , expect , estimate , intend , plan , goal , believe or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group s future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures and

Our leadership team discusses the year and the future for Barclays

More detail, including videos, can be found online at www.barclays.com/annualreport

What our strategy is and how we manage our business to achieve this

It is important that we run our business with a clear strategy that takes in to account market conditions plans and objectives for future operations 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, including, but not limited to, UK domestic, Eurozone and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities (including requirements regarding capital and Group structures and the potential for one or more countries exiting the Euro), changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of current and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition a number of such factors being beyond the Group s control. As a result, the Group s actual future results may differ materially from the plans, goals, and expectations set forth in the Group s forward-looking statements.

Any forward-looking statements made herein are as at the date they are made. Except as required by the UK Financial Services Authority (FSA), the London Stock Exchange plc (LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly updates or revisions to forward-looking statements to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has filed or may file with the LSE and/or the SEC.

The Annual Report includes certain information required to be included in the joint Barclays PLC and Barclays Bank PLC Annual Report on Form 20-F for 2011. Form 20-F will contain as exhibits certificates pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, signed by the Chief Executive and the Group Finance Director.

Cover image

As part of our Citizenship agenda, we focus on empowering young people with the necessary financial, entrepreneurial and life skills to achieve economic independence and security.

How we measure success within

Barclays and reward performance

The evidence our strategy is being successfully implemented

Barclays supports Cycle into Work, an initiative developed and delivered by our social enterprise partner Bikeworks, which helps disadvantaged Londoners to learn key skills and find employment in the cycling industry.

The community investment programme supports Bikeworks to work in partnership with homeless hostels and shelters in London to reach vulnerable young people, offering them bicycle building and maintenance courses.

Employees also volunteer as mentors to help participants improve their confidence, communication skills and job prospects, as well as provide them with opportunities for team work and social interaction.

Trainees access on-the-job training and professional qualifications in bike mechanics alongside tailored personal development support. Graduates of the programme are then supported to access employment opportunities with Barclays Cycle Hire and cycling retailers in London.

www.bikeworks.org.uk

Detailed information

Full disclosure and discussion in depth
www.barclays.com/annualreport

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Your 2011 Barclays Annual Report

We have changed the way we present and organise our reporting to help make it easier to understand. Within the strategic report you will find the following icon which indicates where you can obtain more detailed information.

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Barclays at a glance

Barclays universal banking model continues to be a competitive strength. Revenues remained resilient overall, reflecting the strength of our customer franchise and the balanced mix of our business. We have intensified our cost discipline while selectively investing in growth areas that support our execution priorities.

Total income

£32,292m

Total income up 3% on 2010. Adjusted income excluding own credit and debt buy-backs down 8%

Credit impairment

£3,802m

Credit impairment improved 33% on 2010

Profit before tax

£5,879m

Profit before tax down 3%. Adjusted profit before tax down 2% and broadly balanced across the retail and investment banking businesses

Liquidity pool

£152bn

Liquidity pool remained strong, in line with 2010

Core Tier 1 ratio

11.0%

Core Tier 1 ratio strengthened from 10.8% at year end 2010

Return on equity

5.8%

Return on average shareholders equity down on prior year due to worse than predicted macro economic conditions. Adjusted return on average shareholders equity 6.6%

Gross new lending to UK

£45.0bn

Gross new lending to UK household and businesses of £45.0bn and Project Merlin lending targets exceeded by 13%.

Institutional funding

$1 trillion

Raised over $1trn of funding for institutions, including almost $400bn for governments and public sector entities

People supported

2,000,000

Supported over 2 million people, primarily building their enterprise, employment and money management skills, including helping 3,500 people to find employment through a range of programmes

Why we report by segment and geography

We move, lend, invest and protect money for customers and clients worldwide.

By reporting by business segment and geography, we demonstrate the diversification of our business, and the universal banking model which we operate.

Barclays is a major global financial services provider engaged in retail banking, credit cards, corporate and investment banking and wealth management with an extensive international presence.

With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs over 140,000 people.

*excluding own credit and debt buy-backs

Retail and Business Banking

1 **UK Retail and Business Banking £4,656m**

UK Retail and Business Banking is a leading UK high street bank providing current account and savings products and Woolwich branded mortgages. UK Retail and Business Banking also provides unsecured loans and general insurance as well as banking and money transmission services to small and medium sized businesses.

2 **Europe Retail and Business Banking** **£1,226m**

Europe Retail and Business Banking provide retail services, including credit cards, in Spain, Italy, Portugal and France, as well as lending to small and medium sized businesses, through a variety of distribution channels.

3 **Africa Retail and Business Banking** **£3,767m**

Africa Retail and Business Banking provides retail, corporate and credit card services across Africa and the Indian Ocean. Africa Retail and Business Banking combines the operations previously reported as Barclays Africa and Absa.

4 **Barclaycard** **£4,095m**

Barclaycard is an international payments business service provider to retail and business customers including credit cards and consumer lending.

Corporate and Investment Banking

5 **Barclays Capital** **£10,335m**

Barclays Capital is the investment banking division of Barclays providing large corporate, government and institutional clients with a full spectrum of solutions to meet their strategic advisory, financing and risk management needs.

6 **Barclays Corporate** **£2,912m**

Barclays Corporate provides integrated banking solutions to large corporates, financial institutions and multi-nationals in the UK and internationally.

7 **Barclays Wealth** **£1,744m**

Barclays Wealth is the wealth management division of Barclays. It focuses on private and intermediary clients worldwide, providing international and private banking, fiduciary services and brokerage.

8 **Investment Management** **£53m**

Investment Management manages the Group s economic interest in BlackRock, Inc. and the residual elements relating to Barclays Global Investors, which was sold on 1 December 2009.

Barclays Head Office Functions and Other Operations (£334m) Head Office Functions and Other Operations comprise head office and central support functions and consolidation adjustments. This figure excludes own credit gain of £2,708m and gains on debt buy-backs of £1,130m.

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Group Chairman s statement

Our performance in 2011

reflected the challenging economic

environment in which we operated.

Marcus Agius

Group Chairman

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Your Chairman s view

The Chairman s primary role is to provide leadership to the Board, creating the conditions for overall Board effectiveness and ensuring that Barclays satisfies its legal and regulatory responsibilities.

Here he takes the opportunity to provide his views on the performance of Barclays, the Board, and thoughts on current economic conditions.

Market conditions in the second half of the year were particularly difficult as investor nervousness over global economic growth prospects grew and concerns about the fiscal deficit of certain Eurozone countries became acute.

The Board is resolved to navigate the current difficult economic environment safely, ensuring that Barclays is positioned to continue to be profitable and successful in the future. We are also committed to acting as responsible corporate citizens at a time when so many people have been affected by the financial crisis and subsequent economic downturn.

The Board and I are very conscious that returns to shareholders have been unacceptably low in recent years. The urgent priority for the Group in this respect is to improve its Return on Equity (whilst not increasing leverage), as the correlation between the price to book value ratio (and hence share price) and Return on Equity has been very strong. In the short term, our business is still adjusting to the significantly higher levels of capital that we now have to hold as a result of new regulatory requirements. Accordingly, we are focused on ensuring that actions are in place to drive a significant and sustainable increase in the Return on Equity and, hence, the share price over the medium term. The share prices of banks were impacted during the year by the Eurozone debt crisis, which deteriorated further in 2011, with sovereign bond yields in a number of countries rising to unsustainable levels. Fortunately, there has been notable progress over the past few months, with Eurozone leaders committing to a system of enforceable fiscal rules designed to bolster confidence in the ability of countries to service and repay their debt. In addition, the action of the European Central Bank to provide liquidity support to banks has helped confidence. Although financial market volatility is likely to remain high, we believe the current European downturn will be moderate.

Uncertainty of regulation continues to dominate the agenda, however there are welcome signs that some of the regulatory fog within which we have been operating over the last four years is beginning to clear. The publication of the rules regarding the capital levels to be held by Systemically Important Financial Institutions , of which Barclays is one, and the acceptance by the UK Government of the Final Report by the Independent Commission on Banking, were important milestones in this respect. We welcome the move towards regulatory certainty that this brings, as it allows Barclays and the rest of the banking industry in the UK to plan ahead with a greater level of clarity. Barclays engaged constructively with the commissioners during their deliberations and the final report makes a number of recommendations which will make the industry safer and more sound. Whilst we do not agree that the proposed retail ring-fence is the best solution, we are clear that Barclays can accommodate it and we will work with the regulators and the Government on its introduction. Most importantly, it means that the universal banking model which we operate, and which we believe brings diversified strength to our business, will continue to be valid for the future. It is critically important that the new regulatory architecture is monitored carefully to ensure that it does not result in unintended consequences, particularly given the essential role that banks need to play in supporting economic recovery. It also continues to be vital that international banks such as Barclays can operate on a global level playing field and there are some concerning signs that the UK continues to be super equivalent in a number of key areas.

Remuneration

Remuneration continues to be the subject of considerable discussion. It remains our policy that we only pay for performance, not failure, and that we only pay the minimum necessary to be competitive. Historically, there

has been intense competition for talent, particularly in the investment banking industry. The difficult economic environment and the impact of regulation on the profitability of investment banking lessened this competition in 2011 and, as a consequence, performance related pay across the Group reduced significantly. We recognise that compensation has to adjust to the new reality of lower returns for the sector and we will continue to ensure that our remuneration policies and practices are aligned with the long-term interests of our shareholders.

Citizenship

Barclays has always taken its role in society seriously and believes that being a valued, respected and trusted citizen is vital in creating sustainable shareholder value. That ethos has been part of our corporate values since the bank was founded over 300 years ago. Events in the global economy have led us to reflect further on how we help others recognise the value of what we do.

Citizenship as an execution priority for Barclays is about three things: how we contribute to growth in the real economy; the way we do business; and supporting our communities. We see our success as inseparable from that of the communities we serve and so will bring the same discipline and focus to this part of our agenda as for everything else that we do. Indeed, our community investment increased by 15% to £63m in 2011. More importantly, by aligning our community investment strategy to our core business, the positive impact of our activity is much more than just a financial contribution. Youth unemployment is at record levels and last year we saw the consequences of the resulting disaffection expressed in a very public way. The future of communities and economies around the world is reliant on the next generation having the right skills. Our community programmes are focused on empowering disadvantaged young people by helping them access the skills they need to achieve financial independence and security.

Talented and diverse employees are not only crucial to delivering our Citizenship agenda, but are the foundation of our success across all business priorities. We have committed to ensure that at least 20% of our Board will be made up of women by the end of 2013, rising to 25% by 2015.

Board Changes

The only Board change during the year was the retirement of Sir Richard Broadbent as Deputy Chairman in September. Richard joined the Board in 2003 and was an outstanding non-executive Director, chairing the Board Risk Committee from 2006 to 2009 and the Board Remuneration Committee from 2007 to 2011. He became Senior Independent Director in 2004 and Deputy Chairman in 2009. His clarity of thought and steadiness of nerve were particularly valuable during the financial crisis. We will miss his insights and immense contribution and wish him well for the future.

Conclusion

In conclusion, I would like, on behalf of the Board and on behalf of all our shareholders to thank Barclays 140,000 employees. They have continued to work hard in a very difficult environment to deliver excellent service to our customers and clients. It is through their efforts that Barclays will succeed in rebuilding the trust of our key stakeholders and deliver sustainable value to our shareholders.

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Chief Executive s review

When we re at our best, we serve the real economy by doing our best for all our stakeholders: our customers and clients, the communities we serve, our people and our shareholders.

Bob Diamond

Chief Executive

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Your Chief Executive s view

The Chief Executive Officer is responsible for managing the daily operations of Barclays through working closely with the Executive Committee and overseeing successful delivery of the Group strategy. His priorities are a focus on four areas of execution: Capital, Funding and Liquidity; Returns; Income Growth; and Citizenship, which he uses to guide Barclays through the uncertain economic and regulatory environment and deliver shareholder returns.

In this summary, he reflects on the year, giving his views on progress towards delivery of our strategy.

2011 was marked by a challenging market and economic environment and our solid performance relative to global peers demonstrates the strength of our universal banking model and our relentless focus on clients and customers. Our focus in 2011 was firmly on delivering progress against the four execution priorities. I d like to give you a review of what we achieved.

Capital, Funding and Liquidity

When I look back over the last few years, one of Barclays best decisions came in October 2008 when regulators made clear that they wanted banks to raise the bar for equity capital. We decided to raise capital swiftly and in scale, to put our ratios ahead of regulatory requirements. We wanted to put a metaphorical sign up for customers and clients saying that Barclays was open for business. Today we re recognised for our strength in terms of capital, liquidity and funding, and as a result we are seen by customers as a safe haven in times of stress.

Our capital position remains rock solid. Even after absorbing the full impact of the third Capital Requirements Directive, our Core Tier 1 ratio stands at 11% and we have a liquidity pool of £152bn that provides protection against unexpected market fluctuations.

Returns

While we use many metrics to manage and measure the business, return on equity is the financial measure that correlates most closely with shareholder value, so it s extremely important to us. Our 13% return target was a vital factor in helping us make disciplined choices over the last 12 months, but we know that our returns today remain unsatisfactory and that we have a lot more work to do.

Since we set this target last year we have faced some significant external headwinds which are detailed over the page in our review of the market and operating environment. Notwithstanding these, we have made a lot of progress on the journey towards achieving our targets. Through operating as a more integrated business we have been able to begin to drive the cost efficiency that will be necessary to deliver that goal, and as a result have increased our cost target to a saving of £2bn by 2013.

Our portfolio of businesses continued to evolve and strengthen, and most of our businesses increased their return on equity in 2011.

We continue to believe that a return on equity of 13% is the right goal, but our ability to achieve this by 2013 will depend upon economic, market and regulatory developments. We remain fully committed to delivering 13% returns over time, by driving improved business performance, reducing expenses, and maintaining a disciplined approach to capital and funding costs.

Income growth

Given the difficult economic environment, we re pleased that we were able to grow income, underlying profit, and market share in many of our businesses. We enter 2012 in a stronger competitive position.

In UK Retail and Business Banking net operating income grew 11%, Barclaycard net income was up 21%, our African business net income grew 11% in local currencies, and Wealth Management had its third successive year of double digit income growth as we continue to build that business.

Income and profits were down in Investment Banking in a very tough market but we continue to have real momentum, which is particularly evident in those areas where we ve been actively investing, such as Equities and Advisory. This progress was recognized by International Financing Review (IFR) when it named Barclays Capital its 2011 Bank of the Year for growing market share across the board, and becoming an increasingly go-to investment bank .

Citizenship

We have recognized that banks need to become better citizens and that our ability to do this is critical to generate long term value for shareholders. This is not philanthropy it s about using Barclays unique skills and resources to deliver real commercial benefits in a way that also creates sustainable value for society.

We have made firm progress against our Citizenship agenda in 2011, delivering benefits to the real economy. We exceeded our Project Merlin targets by 13% and delivered £44bn to UK business; we helped 108,000 businesses start up; we helped corporates and institutions raise $1 trillion of financing through the capital markets globally, including almost $400bn for governments and the public sector; we employed almost 1,500 graduates and have committed to creating over 1,000 apprenticeships; and we will continue to do everything we can to support our customers and clients in 2012.

We know we have a responsibility to help generate economic growth and create jobs and we are fully committed to playing our part.

You will find additional information relating to our Citizenship agenda in this document and a Citizenship Report with detailed information on our goals, our targets and our achievements will be available online from 23 April 2012.

Looking forward to 2012

As I look back at 2011, we made firm progress and right across Barclays we entered 2012 in a stronger position. We recognise that in order to achieve our return target we need to improve profitability substantially going forward and we are determined to do that, using all the means within our control to drive the business.

Turning to the external environment, while there are some positive signs of economic recovery, particularly in the US, and increasing clarity on regulation, the global macro-economic, political and regulatory environment remains uncertain and we must again expect a challenging environment in 2012.

As we have shown in the past year, however, Barclays is well positioned to improve our competitive positioning across businesses in challenging environments. Our universal banking model, as well as our rock solid capital, liquidity and funding positions, give us the balance and flexibility to meet the challenges ahead. We are confident that by putting clients and customers at the center of everything we do, we will support economic growth more broadly and generate the financial returns we re targeting over time.

When we re at our best, we serve the real economy by doing our best for all our stakeholders: our customers and clients, the communities we serve, our people and our shareholders. To be anything less than our best is letting all these people down. That s why we aspire for Barclays to be one of the best organised, best managed and most productive private sector banks in the world.

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Market and operating environment

2011 saw further clarity from regulators with implementation of the third Capital Requirements Directive and the final report from the Independent Commission on Banking. The year also saw difficult conditions due to the Eurozone crisis and a slowdown in economic growth, with both events adversely impacting client activity and funding markets.

Although our performance in 2011 was adversely impacted by difficult economic conditions, we welcome the increased clarity from the UK and global regulators and expect further developments throughout 2012. Nevertheless, our capital, funding and liquidity positions remain a source of stability for our customers and clients and support us meeting future regulatory requirements.

Economic growth

2011 saw a number of government agencies, including the UK Treasury and US Fed, and supranational bodies, such as the IMF and the World Bank, downgrade their GDP growth forecasts. Although financial market volatility is likely to remain high, we believe the current European downturn will be moderate.

Eurozone

The issue. In 2011, the Eurozone continued to weaken with slowing GDP growth, high unemployment and ongoing political uncertainty. This has impacted Barclays through low client volumes as investors reduced their exposure to riskier asset classes, currency risk with significant fluctuations in the value of the Euro, and through increased funding costs due to a perceived deterioration in the credit risk of European banks.

What we have done about it. Barclays continues to closely monitor its exposure to Eurozone countries. The majority of sovereign exposures are used for hedging interest rate risk relating to local activities and have been actively replaced by non-government instruments. The remaining portion is actively managed reflecting our role as leading primary dealer, market maker and liquidity provider to our clients. Barclays also enters into credit mitigation arrangements to further protect against adverse Eurozone conditions. Despite the difficult conditions, Barclays remains open for business and will continue to contribute to growth in the Eurozone economies in which we operate.

Funding

The issue. In the summer of 2011, the funding markets experienced significant stress due to market concerns on the European sovereign debt crisis, resulting in sovereign bond yields for a number of European countries rising to unsustainable levels.

What we have done about it. Barclays emerged as one of the higher quality names in Europe and we have continued to access a variety of global funding markets. Our funding strategy is to maintain a diversified funding base, access a variety of alternate funding sources and hold liquidity to meet unexpected demands. This enables us to minimise the cost of funding and provides protection against unexpected fluctuations in the market. In 2011, our strong position gave us a competitive advantage during the market dislocation in the second half of the year. Recently, the ECB introduced mechanisms to provide liquidity to banks. This action was a positive development for the sector and reduces the risk of a funding-induced credit crunch in 2012.

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Understanding Business Conditions

It is important that we understand the conditions in which we operate in order to run the company effectively. In this section we aim to highlight some of the major factors affecting the banking industry to help the reader understand the context of the current market and environment.

Below we have set out the key market and environment issues faced by Barclays in 2011.

Regulatory change

There has been continuing regulatory change in the wake of the financial crisis. Barclays maintains a proactive stance to regulation, seeking to be involved in the policy discussion in a constructive manner, and taking a serious approach to ensuring compliance with the resulting legislation and regulation. Outlined below are the key regulatory uncertainties we face.

Basel and the Capital Requirements Directive (CRD)

The issue. The Basel Committee published a paper on Strengthening resilience of the banking sector in 2009. The report covered wide ranging proposals including more stringent capital and Risk Weighted Asset (RWA) treatments than the current regulatory regime.

What we have done about it. Barclays maintains a strong dialogue with international regulators including the FSA and the Basel Committee. We are focused on conservative capital management and management of our RWAs with significant reductions of Credit Market Exposures improving the capital efficiency of the Group, enabling us to maintain a robust Core Tier 1 ratio of 11.0% after the impact of CRD3. The strength of our capital ratios, our ability to generate capital organically and our actions to optimise RWAs will enable us to meet our targeted capital ratios under CRD4.

Independent Commission on Banking (ICB)

The issue. One of the key proposals in the final ICB report, which has been endorsed by the Government, is for UK retail and SME operations to be ring-fenced entities. The ICB has also recommended a potential loss-absorbing capacity of 17%. These factors are likely to increase operational costs and could have an adverse impact on the cost of funding for UK banks.

What we have done about it. Barclays strategy and financial targets remain valid in the context of the ICB recommendations. The ICB has estimated the cost to the industry at £4-7bn per annum, however we are unable to provide more accurate estimates of the cost to Barclays until detailed specification is provided and the market reflects the cost of funding. We welcome both the implementation timeline, allowing opportunity to get the detail right, and the ring-fenced entity design flexibility. In addition, we continue to develop internal Recovery and Resolution Plans to ensure Barclays remains a going concern and to assist regulators in the unlikely event that the bank is wound down.

Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA)

The issue. The DFA was enacted by the US to implement financial regulatory reform as a response to the recent economic crisis. Certain provisions of the DFA may have an effect on the Group, including:

- the Fed imposing additional risk management requirements;
- the Volcker Rule, which aims to restrict proprietary trading and fund-related activities; and
- derivatives trading requirements, where certain swaps-related activities may be limited in our US entities.

What we have done about it. Barclays continues to engage with the US authorities as they consult on proposals for rules and proceed to rule-making. We have taken a centralised approach to monitoring this process and to ensuring compliance with the rules that are developed as a result.

Regulatory timeline

2011	Basel 2.5 (CRD3) implemented on 31 December
H1 2012	UK Government to publish White Paper on banking reform following ICB recommendations in 2011
Q1 2013	Implementation of RWA calculations under Basel 3 (CRD4)
H1 2013	Financial Services Act to be implemented which will change the structure of the UK regulatory bodies
2013 2015	Expected enactment of UK Government White Paper on banking reform
2014 2018	Phasing in of capital deductions under Basel 3 (CRD4)
2019	Implementation of UK Government White Paper on banking reform
2022	Full compliance with US Dodd-Frank Act

For more detailed information, please see Supervision and Regulation, page 154

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Our strategy and business model

Barclays moves, lends, invests and protects money for customers and clients worldwide.

Business model

Our purpose:

To help individuals, institutions and economies progress and grow

Our vision:

One of the premier globally integrated universal banks providing superior benefits to each of our stakeholders (customers, shareholders, colleagues, and communities)

Customers

Store and transfer money / payments	Manage and invest money	Offer financial advice and other services	Provide access to loans and liquidity	Manage risks and different maturities	Make markets and trade

Integrated universal banking model

Diversification by business, geography, client and funding

Relentless customer and client focus

Our execution:

Execute our strategy focusing on four priorities (capital, funding and liquidity, returns, income growth, and citizenship)

Create value for shareholders and deliver a top quartile Total Shareholder Return

Shareholders

The ultimate objective of our strategy is to create and deliver long-term sustainable shareholder value. We fulfil our purpose by delivering the fundamental functions of a bank to our customers. We do this through an integrated universal banking model which we believe is the best model through which to build strong and stable relationships with our customers, employees and suppliers to deliver operational excellence; manage our risks appropriately; and allocate scarce resources, including capital, efficiently.

We take a long-term view on our strategy and have not changed it for many years. Changes in the environment continue to influence Barclays, especially how we choose to execute our strategy. We are currently focused on four execution priorities: Capital, Funding and Liquidity; Returns; Income Growth; and Citizenship.

As banking markets around the world continue to evolve, with regulatory change, and with the distinct need for rebuilding trust in the banking industry post crisis, our strategy and our execution priorities allow us to continue to serve the wide ranging needs of our customers in a safe and stable manner that is aligned with our responsibilities as corporate citizens and is able to deliver attractive returns for shareholders.

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Implementing our strategy

To achieve the primary objective of maximising Total Shareholder Returns, we focus on four key execution priorities.

These execution priorities drive Barclays performance and continue to improve our competitive position. We have made solid progress, with a resilient financial performance despite the difficult trading conditions in 2011, and the bank is well positioned to generate the financial returns that we are targeting over time.

Strategy

Our focus is on execution and in particular delivering our promises in four key areas.

At the beginning of 2011 we set out our execution priorities based on a three year plan to improve both the bank s performance and its position. We have made solid progress in 2011 despite the market uncertainty.

1. Capital, Funding and Liquidity

We remain mindful of the changing regulatory environment and our rock solid capital, funding and liquidity positions give us confidence that we will meet future requirements. Our robust Core Tier 1 ratio of 11.0% is supported by our ability to generate capital organically and we do not expect to seek additional capital from our shareholders. We have also maintained resilient funding and liquidity profiles despite recent market stresses caused by the Eurozone crisis. This has allowed us to access diverse funding sources, minimising the cost of funding and providing protection against unexpected fluctuations.

2. Returns

Our focus on delivering returns is a key driver in the way we manage the business. We seek to improve return on equity to ultimately increase shareholder returns, reflecting the strong link between the share price and return on equity. In doing so we also look to maintain strong capital, liquidity and leverage ratios, to enable us to deliver returns on a sustainable basis. Although the worse than predicted macroeconomic conditions as well as new regulatory constraints mean that we may not be able to deliver 13% returns by 2013, we will continue to focus on delivering a steady improvement in returns and achieve 13% over time.

3. Income Growth

A component of delivering improved returns is generating income growth. Despite the macro environment depressing income growth, we generated momentum and improved the competitive positions of all our major businesses in 2011. We grew net operating income in all businesses, except Barclays Capital which was most affected by difficult trading conditions, as we remain focused on improving the quality of assets to ensure that we do not grow at the expense of future credit losses.

4. Citizenship

We believe that being a valued, respected and trusted citizen is vital in creating long term value for all our stakeholders. We produce a Citizenship Report each year in order to benchmark our progress in the key areas of focus: contributing to growth in the real economy; the way we do business; and supporting our communities.

For more detailed information, please see Financial review, please see page 159

Total Shareholder Return (TSR)

Our primary objective is to maximise returns for shareholders and in doing so, we aim to deliver top quartile TSR.

TSR consists of two components: the movement in market value of the shares and the income received on those shares in the form of dividends. Over the past five years there has been a clear relationship between TSR and return on equity (RoE) with the market value of shares improving with higher reported RoE. Increased dividend payments positively affect both TSR and RoE. Therefore, improving the bank s RoE is a key driver in the way we manage the business to maximise TSR.

While we seek to have a progressive dividend policy, we must balance this with requirements for capital in order to ensure sustainable and long term TSR creation.

As RoE declined throughout the crisis to a low point in 2008, so too did TSR. Barclays maintained positive RoE and outperformed peers during the crisis as we remained profitable.

In recent years TSR and RoE have become more closely aligned as share prices have reflected market uncertainty, low sector RoEs, and low dividend payout ratios. This has strengthened the link between market valuation and returns, and therefore TSR and RoE.

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Board of Directors

The non-executive Directors are independent of management. Their role is to advise and constructively challenge management and monitor the success of management in delivering the agreed strategy within the risk appetite and control framework set by the Board.

For more detailed information, please see Board of Directors page 50

Key responsibilities of the Board of Directors

The Board s principal duty is to promote the long-term success of Barclays by creating and delivering sustainable shareholder value. It does this by setting strategy and overseeing its implementation by management. While the ultimate focus is long-term growth, the Board seeks to ensure that management strikes the right balance between long and short-term objectives.

In setting and monitoring the execution of strategy, the Board aims to ensure that the Group maintains an effective system of internal control and an effective risk management and oversight process across the Group, delivering growth in a controlled and sustainable way.

Marcus Agius (65)
Group Chairman, Chairman of the Board Corporate Governance and Nominations Committee, Chairman of the Board Citizenship Committee

Bob Diamond (60)
Chief Executive

Alison Carnwath (59)
Non-executive Director, Chairman of the Board Remuneration Committee

Fulvio Conti (64)
Non-executive Director

Simon Fraser (52)

Reuben Jeffery III (58)
Non-executive Director

Sir Andrew Likierman (68)
Non-executive Director

Chris Lucas (51)
Group Finance Director

Dambisa Moyo (43)
Non-executive Director

Sir Michael Rake (64)
Senior Independent Director, Chairman of the Board Audit Committee

Sir John Sunderland (66)
Non-executive Director

Non-executive Director

David Booth (57)

Non-executive Director, Chairman
of the Board Risk Committee

Executive Committee

Charter of Expectations

The role profiles, responsibilities, time commitments, key competencies and behaviours we expect of our Directors, together with the key indicators of high performance, are set out in our Charter of Expectations, which was reviewed and updated during 2011 to take account of the best practice recommendations set out in the Guidance on Board Effectiveness issued by the Financial Reporting Council (FRC). The Charter of Expectations is available on our website at www.barclays.com/corporategovernance.

Key responsibilities of the Executive Committee

The Board delegates responsibility for the day-to-day management of the Group to the Chief Executive, who is responsible for ensuring that the business is operating effectively within the strategy and risk appetite agreed by the Board. The Chief Executive is supported by the Executive Committee, which he chairs.

Bob Diamond

Chief Executive

Mark Harding

Group General Counsel

Jerry del Missier

Co-Chief Executive of Corporate and Investment Banking

Rich Ricci

Co-Chief Executive of Corporate and Investment Banking

Chris Lucas

Group Finance Director

Antony Jenkins

Chief Executive of Retail and Business Banking

Maria Ramos

Group Chief Executive,

Absa and Chief Executive of Barclays Africa

Sally Bott

Group Human Resources Director

Robert Le Blanc

Chief Risk Officer

Thomas L. Kalaris

Chief Executive of Barclays Wealth

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Governance

Management

Chief Executive

Executive Committee

(Business Unit Heads and the Heads of Key Group Control Functions)

Management Committees

(including Disclosure Committee, Group Governance and Control Committee,

Financial Risk Committee, Operational Risk Committee, Treasury Committee)

Board Corporate Governance and Nominations Committee

Marcus Agius

In order to deliver our strategy, we need the right people. The Board Corporate Governance and Nominations Committee has a key role in reviewing new appointments and succession plans to ensure that we have a Board and an executive management team with the appropriate skills, knowledge and experience to operate effectively in an ever challenging environment.

Board Audit Committee

Sir Michael Rake

It is important that we generate income in a sustainable way and manage our risks and costs properly, without eroding the controls we have in place. The Board Audit Committee has a key oversight role in ensuring that our financial statements are a true and fair representation of our financial position and strength and that our control environment is robust and maintained.

For more detailed information on the Board Corporate Governance and Nominations Committee, please see page 38

For more detailed information on the Board Audit Committee, please see page 40

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Good corporate governance is vital in supporting the delivery of our strategic priorities.

Our Board Committees play an important role in working with management to ensure our business is financially strong, that it is well-governed and that any risks are identified and mitigated.

Our corporate governance practices have been brought together in Corporate Governance in Barclays, which is available on our website at www.barclays.com/corporategovernance. This framework provides the basis for promoting the highest standards of corporate governance in Barclays.

The fundamental purpose of any company is the creation and delivery of long-term sustainable shareholder value in a manner consistent with its obligations as a responsible corporate citizen, and corporate governance must be seen in this context.

We aim to create and sustain value over the long term by understanding the external factors that present risks and opportunities for our business, thereby ensuring our strategy is appropriate; building strong and stable relationships with our customers, employees and suppliers; and ensuring that we manage our risks and resources, including capital, appropriately. Our strategy is focused on four key priorities: Capital; Returns; Income Growth; and Citizenship and we ensure our Board discussions are focused on these issues.

We have complied with the UK Corporate Governance Code and applied its principles throughout 2011 and we continue to review our corporate governance processes and practices to ensure they remain fit for purpose.

Actions taken in this respect during the year included:

- once again conducting a rigorous, externally facilitated Board Effectiveness Review;
- in addition to our scheduled Board meetings, we held eight additional meetings to discuss key issues that our business has faced;
- creating, in late 2011, a Board Citizenship Committee to have oversight of our conduct with regard to our wider value and obligations to society and our reputation as a responsible corporate citizen; and
- while ensuring that all Directors are appointed on merit, and ensuring that there is an appropriate range and balance of skills, experience and background on the Board, we have set ourselves the aspirational target of ensuring that at least 20% of our Board is made up of women by the end of 2013 and for this position to exceed 25% by the end of 2015.

Marcus Agius

Group Chairman

7 March 2012

Board Risk Committee

David Booth

Understanding, monitoring and mitigating risk is a fundamental task for any board. The Board Risk Committee plays a critical role in setting the tone and culture that promotes the achievement of effective risk management across the Group and has provided oversight of, and advice on, both our risk appetite and risk management and our capital and liquidity strategies.

For more detailed information on the Board Risk Committee, please see page 43

Board Remuneration Committee

Alison Carnwath

The debate on executive remuneration has continued, with particular focus on the relationship between bonus payments and company performance. It is essential that we reward our people appropriately, that their pay reflects performance and that we do not incentivise them to take inappropriate levels of risk. The Board Remuneration Committee provides direction and oversight of remuneration policy.

For more detailed information on the Board Remuneration Committee, please see page 54

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Risk management

Banking involves risks that must be understood and managed to successfully deliver sustainable returns and play our key role in supporting wider economic growth.

Our impairment performance and asset quality continued to improve in spite of the difficult economic environment.

Robert Le Blanc

Chief Risk Officer

Risk management

Barclays has clear risk management objectives and a well-established strategy to deliver them, through core risk management processes.

Responsibility for risk management resides at all levels within the Group, from the Board and the Executive Committee down through the organisation to each business manager and risk specialist. Barclays distributes these responsibilities so that risk/return decisions are taken at the most appropriate level: as close as possible to the business, and subject to robust and effective review and challenge.

Risk appetite, which is the level of risk Barclays is prepared to sustain whilst pursuing its business strategy, is approved by the Board. Financial Risk Committee, Treasury Committee, Operational Risk Committee and Tax Risk Committee monitor their relevant risk profiles against risk appetite and the output is presented to the Board Risk Committee. Management assurance processes are assessed by Barclays Internal Audit and the effectiveness of the Group s control framework is assessed by the Governance and Control Committee.

During 2011, the Principal Risk Policy, which covers the categories of risk to which Barclays has its most significant actual or potential exposures, was updated resulting in risks being grouped into four categories: Credit, Market, Funding and Operational. Each risk owned is by a Group Principal Risk Owner, who is a senior individual within the Group Risk function. There was no significant change to the underlying risk types monitored as a result of this regrouping.

Performance in 2011

Loan impairment charges reduced 33% on 2010 reflecting the generally improving underlying trends across the retail and wholesale businesses. The Group loan loss rate decreased to 77bps (2010: 118bps), which was a very strong performance for this point in the economic cycle.

Retail loan impairment decreased as portfolio quality improved across almost all businesses. This included lower charges in our cards businesses in the UK and internationally. Similarly, impairment rates in unsecured loans and mortgages remained very moderate in the domestic and international markets.

Loan impairment also dropped in our wholesale portfolios across all businesses. Our corporate portfolios in Spain and Portugal remained under pressure from the difficult economic environment in those countries.

Key developments in relation to capital funding and liquidity are covered in the Finance Director s review on page 22.

Market exposures decreased in 2011 although there was a moderate increase in daily value at risk due to higher market volatility.

There have been no significant changes in our operational risk profile during 2011.

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Our risk management overview

Barclays has clear risk management objectives and a well-established strategy to deliver them, through core risk management processes. This enables us to fully understand and minimise the impact of uncertainty on the business.

Four Principal Risks

Credit risk

Credit risk is the risk of the Group suffering financial loss if any of its customers, clients or market counterparties fails to fulfil their contractual obligations to the Group. This arises mainly from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with its clients. Other sources of credit risk arise from trading activities, including debt securities, settlement balances with market counterparties, available for sale assets and reverse repurchase loans. This can also arise when an entity s credit rating is downgraded, leading to a fall in the value of Barclays investment in its issued financial instruments.

Funding risk

Funding risk comprises three key risks:

Liquidity risk the Group is unable to meet its obligations as they fall due resulting in: an inability to support normal business activity; failing to meet liquidity regulatory requirements; or changes to credit ratings. Capital risk the Group is unable to maintain appropriate capital ratios which could lead to an inability to support business activity; failing to meet regulatory requirements; or changes to credit ratings.

Structural risk management of non-contractual risks and primarily arises from the impact on the Group s balance sheet of changes in primarily interest rates on income or foreign exchange rates on capital ratios.

Market risk

Market risk is the risk of the Group suffering financial loss due to being unable to hedge its balance sheet at prevailing market levels. The Group can be impacted by changes in both the level and volatility of prices e.g. interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. The risk is reported as traded risk where Barclays supports customer activity primarily via Barclays Capital; non-traded risk to support customer products primarily in the retail bank; and pension risk in relation to investment returns within the defined benefit scheme.

Operational risk

Operational risk is the risk of direct or indirect impacts resulting from human factors, inadequate or failed internal processes and systems or external events. Operational risks are inherent in the Group s business activities. The key risks that this principal risk includes are external suppliers, fraud, financial reporting, information, legal, product, payments, people, premises & security, regulatory, taxation, technology and transaction operations. For definitions of these key risks see pages 74 to 78.

For more detailed information, please see the Risk Management section pages 67 to 158

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Citizenship

At Barclays, we have a clear sense of our business purpose: to help individuals, businesses and economies progress and grow. For us, the term Citizenship captures this purpose and directs how we use our resources and expertise to create long term value for all our stakeholders.

Banks need to become better citizens. This is not about philanthropy it s about delivering real commercial benefits in a way that also creates value for society.

Bob Diamond

Chief Executive

Citizenship is one of Barclays four execution priorities and is integral to our business.

In the first instance, Citizenship is about contributing to growth in the real economy, creating jobs and supporting sustainable growth. Second, it is about the way we do business: putting our customers interests at the heart of what we do, and managing our impact responsibly. Third, it is about supporting our communities through investment programmes and the direct efforts of our employees.

Our approach

Throughout the year, we engaged with a diverse set of stakeholders to understand the challenges they face and how we can best help. Stakeholders play a pivotal role in helping us determine how we prioritise the issues we need to address. This involves listening to our customers and clients, our shareholders and employees, while working in collaboration with charities and governments.

We made firm progress in 2011 but still have a long way to go. That s why in 2012 we will launch a Citizenship Plan outlining our longer term commitments to 2015. These objectives will be aligned to rigorous planning and reporting processes to drive delivery of this agenda, including responsibilities as corporate taxpayers. In this respect, we note HMRC s reaction to a transaction that we voluntarily disclosed to them and recognise that we need to anticipate better its changing approach to the taxation of corporates.

Board Citizenship Committee

In 2011, we strengthened our governance framework by creating a Board Citizenship Committee as a formal sub-committee of our Board of Directors. The committee is chaired by Group Chairman Marcus Agius and includes two non-executive Directors.

Progress against our priorities is reviewed regularly and will be formally assessed at least twice yearly by the Board Citizenship Committee and the Executive Committee. A range of management committees are responsible for specific aspects of Citizenship performance.

Citizenship reporting

We have included here a summary of our progress. We will publish a comprehensive analysis in our Citizenship Report.

We measure and monitor progress across a wider range of issues in our annual Citizenship Report. The Report contains an extensive amount of information on our strategy, impacts, and performance and is independently assured using a robust reporting framework. Read the online Report from 23 April 2012 to access full 2011 data.

For more information, please see barclays.com/citizenship

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Understanding our role within society

Banks play an integral role in society. Without a strong banking sector, economies and communities cannot thrive. We believe that the creation of sustainable value is particularly important in challenging economic times. Businesses, especially banks, need to help create jobs and foster growth. To do this effectively, we are working to rebuild trust and focus on the interests of the customers, clients and communities.

Contributing to growth

We operate a profitable business helping individuals, businesses and institutions to pursue their goals.

We are committed to increasing lending to businesses and have exceeded our Project Merlin targets in the UK. Of the £43.6bn delivered, £14.7bn was provided to SMEs. We raised over US$1 trillion in funding for institutions, including US$388bn for governments and public sector entities. In a difficult year for the Eurozone, we were the leading manager of bonds for the European Financial Stability Mechanism. We also help individuals to manage

The way we do business

We seek to reinforce our integrity every day in the way that we manage our business and treat our customers.

The interests of our customers and clients are at the heart of what we do, and we strive to improve the service that we provide. UK Banking complaints reported to the FSA (excluding PPI) fell 30% year on year, but we recognise we have more to do to in this area. We make responsible decisions in how we govern the business and treat our colleagues (see page 53), and actively

Supporting our communities

Our role in the communities goes far beyond what we deliver through our core business activities.

The future success of communities and economies is reliant on the next generation having the right skills. We focus on empowering young people with the necessary financial, entrepreneurial and life skills to achieve financial independence and security. In 2011, we invested £63.5m in community programmes which reached over two their money, and last year supported 10,000 people in buying their first home.

manage the social and environmental impacts of what we do. As part of our Climate Action Programme, we have committed to reduce our carbon emissions by 4% by 2013.

million people. These activities were supported by 73,000 colleagues who donated their time, skills and money to support community causes.

Case study: supporting UK SMEs

In 2011, we helped over 100,000 businesses to start up and our nationwide seminars provided practical business advice to over 14,000 people. We were one of the first banks to respond to the riots in UK communities in August, helping assess cash flow impact and offering temporary overdrafts.

We are holding lending clinics across the UK, answering questions on lending and the loan application process, to provide small businesses with the confidence to invest for growth.

Case study: customer satisfaction

We worked to improve customer satisfaction across the business during 2011.

For example, in the UK, our corporate bank ranked first for client satisfaction amongst peers and a division in our wealth management business won Best Customer Experience Award in Financial Services in the Customer Experience Awards. Our UK retail bank improved customer satisfaction ranking to fourth amongst peers and received the Which? Award for Positive Change .

Case study: empowering young people

Our partnership with Youth Business International (YBI) helps young people start their own businesses and create employment. YBI works with young people to provide access to capital, training, mentoring and other business development services. This benefits 50,000 young entrepreneurs in 34 countries.

Our employees volunteer in a variety of ways, including mentoring and providing professional support.

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Key performance indicators

Key Performance Indicators (KPIs) are used to measure our success against each of the four execution priorities.

We have made solid progress in 2011 through improving the competitive position across all of our businesses but we recognise there is still work to do to achieve our medium term targets.

Capital

We have further improved our Core Tier 1 ratio to 11.0% through generating capital organically and reducing risk weighted assets. We therefore do not expect to seek additional capital from our shareholders to meet future regulatory requirements. Our diverse funding sources and strong liquidity pool of £152bn has minimised the cost of funding and provided protection against unexpected market fluctuations, despite the Eurozone crisis and subsequent market stress.

Returns

The Group continues to evolve and the strength of our universal banking model helped to achieve balanced profits across our retail and business banking and corporate and investment banking businesses but we recognise that our Return on Equity was below our stated goal of 13% for 2013. Although the worse than predicted macroeconomic conditions as well as new regulatory constraints mean that we may not be able to deliver 13% returns by 2013, we will continue to focus on delivering a steady improvement in returns and achieve 13% over time.

Income growth

Total income has increased 3% and benefited from gains on own credit and debt buy-backs. Excluding these items, total income declined 8% impacted by the macro environment. However, we have improved the competitive positions of all our major businesses and all businesses have grown adjusted net operating income, with the exception of Barclays Capital, which was most affected by difficult trading conditions. As we deliver income growth, we remain focused on improving the quality of assets to ensure that we do not grow at the expense of future impairment.

Citizenship

We have a clear sense of our business purpose to help individuals, businesses and economies progress and grow. We clearly demonstrated this by delivering £45.0bn gross new lending to UK households and businesses. We exceeded Project Merlin targets in providing £43.6bn to UK businesses, including £14.7bn to SMEs. We also supported 10,000 first time buyers in the UK.

For more detailed information, please see Financial Review page 159

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How we measure our strategy s success

We use KPIs to help report on the progress of our business against our strategic objectives. This allows us to measure, monitor and manage performance improvement.

Our KPIs represent a set of measures focusing on aspects of performance that are the most critical for the current and future success of Barclays.

Rock solid capital funding and liquidity have been maintained to better deal with regulatory and economic conditions

Measures	2011	2010	2009	
Core Tier 1 ratio	**11.0%**	10.8%	10.0%	Page 160
Adjusted gross leverage	**20x**	20x	20x	Page 160

RoE down due to increased equity base and challenging market conditions. We continue to target an RoE goal of 13%

Measures	2011	2010	2009	
Return on average shareholders equity (RoE)	**5.8%**	7.2%	6.7%	Page 160
Return on average tangible equity (RoTE)	**6.9%**	8.7%	9.0%	Page 160
Return on average risk weighted assets (RoRWA)	**1.0%**	1.1%	0.9%	Page 161

Profit before tax	**£5,879m**	£6,065m	£4,585m	Page 161
Cost: income ratio	**64%**	64%	57%	Page 161
Loan loss rate	**77bps**	118bps	156bps	Page 161
Dividend per share	**6.0p**	5.5p	2.5p	Page 161

Total income remained resilient in 2011, as improving income from our UK operations helped mitigate income pressures from the challenging economic environment

The geographical regions have been revised since January 2011, Ireland is now included within the Europe region and Middle East is now reported with Africa. Comparatives have been updated to reflect these changes.

Measures	**2011**	2010	2009	
Total income	**£32,292m**	£31,440m	£29,123m	Page 162
Income by geography: UK	**49%**	40%	45%	Page 162
Europe	**13%**	15%	15%	Page 162
Americas	**19%**	25%	22%	Page 162
Africa and Middle East	**15%**	16%	15%	Page 162
Asia	**4%**	4%	3%	Page 162

Our commitment to lending remains strong with gross new lending to UK households and businesses of £45.0bn and Project Merlin commitment exceeded by 13%.

EOS figure excludes Absa and Barclays Capital for 2011 as surveys conducted in 2010 in Absa and Barclays Capital were designed to span a two-year cycle. Taking their 2010 survey findings into account, the group-wide rate for 2011 is 82%.

Measures	**2011**	2010	2009	
Gross new lending to UK households and businesses	**£45.0bn**	£43.5bn	£35.0bn	Page 163
Global investment in our communities	**£63.5m**	£55.3m	£54.9m	Page 163
Colleagues involved in volunteering, regular giving and fundraising initiatives	**73,000**	62,000	58,000	Page 163
Group Employee Opinion Survey (EOS) Proud to be Barclays	**81%**	83%	81%	Page 163
Percentage of senior managers who are female	**22%**	24%	24%	Page 163

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Finance Director s review

We have delivered resilient profits in 2011 despite the difficult trading environment in the second half of the year. Our capital, funding and liquidity positions remained strong throughout 2011 and we are well protected against further economic stress.

We have delivered profit before tax of £5.9bn in 2011 which was well balanced across our retail and investment banking businesses. Our Core Tier 1 ratio improved to 11.0% despite the impact of the third Capital Requirements Directive (CRD3).

Chris Lucas

Group Finance Director

For 2011 we reported a slight decrease in profits, as a reduction in income at Corporate and Investment Banking was partly offset by income improvements in all other businesses, a significant improvement in credit impairment and cost reductions. Prudent capital management led to a further increase in our Core Tier 1 ratio. Our funding and liquidity remains strong.

Income Statement

Barclays delivered adjusted profit before tax of £5.6bn in 2011 which was well balanced across the Group. Statutory profits were broadly similar at £5.9bn. The adjusted basis helps to provide a more consistent basis for comparing business performance between periods and principally excludes gains on own credit and debt buy-backs of £3.8bn, impairment on our stake in BlackRock, Inc. of £1.8bn, a £1bn provision for PPI, and almost £600m of goodwill write offs, mainly in Spain.

Income increased 3% including gains on debt buy-backs of £1.1bn and an increase in own credit gains of £2.3bn. Excluding these one-off items, income declined 8% to £28,512m, principally reflecting a decrease in income at Barclays Capital. However, income increased in most other businesses despite continued low interest rates and difficult macroeconomic conditions. This resilience of income is reflected in the RBB, Corporate and Wealth net interest margin which remained stable at 204bps (2010: 203bps). Net interest income from RBB, Corporate, Wealth and Barclays Capital increased 5% to £13.2bn of which the contribution from hedging (including £463m of increased gains from the disposal of hedging instruments) increased by 3%.

Credit impairment charges decreased 33% to £3,802m, reflecting significant improvements across all businesses, and impairment charges as a proportion of Group loans and advances improved to 77bps, compared to 118bps for 2010. In addition, impairment of £1.8bn was taken against our investment in BlackRock, Inc.

Adjusted operating expenses, which exclude the £1bn provision for PPI redress and £597m (2010: £243m) goodwill impairment, were down £548m to £19,180m. Excluding the UK bank levy of £325m introduced in 2011, operating expenses were down 4% to £18,855m, which included £408m (2010: £330m) of restructuring charges taken now in order to deliver future benefits.

Despite cost savings, the adjusted cost: income ratio increased to 67% (2010: 64%), reflecting lower income, increased restructuring charges and the UK bank levy. At Barclays Capital the cost: net operating income ratio was 71% (2010: 65%) and the compensation: income ratio was 47% (2010: 43%), reflecting lower income in difficult conditions.

Balance Sheet

Net asset value per share increased 9% to 456p with net tangible asset value per share, which adjusts for goodwill and other intangible assets, increasing 13% to 391p.

For more detailed information, please see Financial Review page 159

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Your Finance Director s Review

The Finance Director is responsible for monitoring the Bank s financial performance and position and communicating this to both internal and external stakeholders.

Below he discusses in detail the Bank s performance during 2011 and its year end position as at 31 December 2011.

Total shareholders equity (including non-controlling interests) was £65.2bn (2010: £62.3bn). Excluding non-controlling interests, shareholders equity increased £4.7bn to £55.6bn, driven by profit after tax of £3.0bn and positive available for sale and cash flow hedge reserve movements offset by negative currency translation and dividends paid.

Total assets increased to £1,564bn (2010: £1,490bn), principally due to an increase in the fair value of gross interest rate derivative assets as major forward curves decreased, partially offset by a decrease in reverse repurchase agreements.

The Group s loan to deposit ratio continued to improve to 118% (2010: 124%) and the loan to deposit and long term funding ratio was 75% (2010: 77%). As a key measure of stability, adjusted gross leverage remained at 20x, moving within a month end range of 20x to 23x. Excluding the liquidity pool assets held as contingency to meet cash outflows in the event of stressed market conditions, adjusted gross leverage remained flat at 17x.

Capital Management

At 31 December 2011, the Group s Core Tier 1 ratio was 11.0% (2010: 10.8%) reflecting the contribution from retained earnings and reductions in risk weighted assets, which more than offset the impact of CRD3.

The Group continued to generate Core Tier 1 capital from retained profits (excluding own credit, impairment of investment in BlackRock, Inc. and goodwill impairment, which are added back for regulatory capital purposes). This contribution of £2.6bn was largely offset by other movements in Core Tier 1 capital, notably pension contributions and foreign currency movements, resulting in an increase in Core Tier 1 capital of £0.2bn to £43.1bn.

Risk weighted assets decreased slightly to £391bn (2010: £398bn) largely reflecting foreign exchange movements and decreases in Barclays Capital from lower levels of activity, risk reduction and sales of credit market exposures, which more than outweighed the approximate £30bn increase resulting from the implementation of CRD3 in December.

We expect that the strength of our Core Tier 1 ratio, our ability to generate capital organically and our optimal use of risk weighted assets will enable us to meet our targeted capital ratios after absorbing the impact of Basel 3.

Funding and Liquidity

The Group s overall funding strategy is to develop a diversified funding base and maintain access to a variety of alternate funding sources, so minimising the cost of funding and providing protection against unexpected fluctuations. Within this, the Group aims to align the sources and uses of funding. Customer loans and advances are largely funded by customer deposits, with any excess being funded by long-term wholesale secured debt and equity. Wholesale funding is well managed with derivative assets and liabilities largely matched.

The Group had £265bn of wholesale debt diversified across currencies, of which just £39bn was secured. Term funding maturing in 2012 totals £27bn. Term funding raised in 2011 amounted to £30bn (2010: £35bn) compared to term funding maturities of £25bn. During January 2012, £5bn of term funding was raised.

Approximately 10% of customer loans and advances at 31 December 2011 were secured against external funding, leaving significant headroom for further secured issuance.

The liquidity pool remained resilient at £152bn and moved within a month-end range of £140bn to £167bn, with short-term funding being rolled over despite the stress in the wholesale funding markets. The liquidity pool comprises high quality liquid unencumbered assets, diversified across currencies, broadly in line with wholesale debt requirements, with 93% (2010: 88%) of the pool comprising cash and deposits with central banks and government bonds.

The Group monitors compliance against anticipated Basel 3 metrics, including the Liquidity Coverage Ratio at 82% and Net Stable Funding Ratio at 97%, and is on track to meet the 100% compliance required by 2015 and 2018 respectively.

Conclusion

To summarise, we delivered resilient adjusted profits of £5.6bn, with adjusted net operating income growth in every business except Barclays Capital. We delivered a 33% improvement in credit impairment, managed adjusted costs down 4% excluding the bank levy, and we increased the dividend by 9%. Our Core Tier 1 ratio increased to 11%, and our funding and liquidity strength continues to give us a competitive advantage.

Our universal banking model enabled us to generate adjusted profit before tax of £5.6bn, driven by increased profits in the majority of our businesses.

Note: The table above excludes Head Office Functions and Other Operations

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Divisional review

Retail and Business Banking

Retail and Business Banking (RBB) has performed strongly in 2011 with two businesses, UK RBB and Barclaycard, delivering returns well above our 2013 goal. We have also made significant progress in implementing our vision of One Africa and have taken robust action to reposition Europe RBB.

In a tough economic climate, we have ensured we are open for business , supporting our customers when and where they need us.

Antony Jenkins

Chief Executive, Retail and Business Banking

Our focus in Retail and Business Banking (RBB) is on making our customers lives much easier. We have put this at the heart of our business and this is now making a significant difference for our customers.

We have focused on improving customer service, listening to our customers and understanding their needs. As a result, we have made changes, so that, for example, all standing order and direct debit changes in the UK are now processed on the day they are received. On a year-on-year basis, banking complaints in the UK (excluding PPI) reduced by 30% and we are committed to reducing these further still.

In a tough economic climate, we have ensured we are open for business , supporting our customers when and where they need us. In addition to exceeding our lending targets to businesses in the UK, Barclays ran more than 800 seminars across the country to help customers network with their peers and improve their growth. We returned 1,900 existing businesses to health and helped 108,000 entrepreneurs to open their doors for the first time. Of the almost one million home owners to whom we provided loans, more than 10,000 were buying their first property, with our new 90 per cent loan to value mortgage helping customers access the housing market. Every day, across our network, our staff help customers to achieve their aspirations, whether buying a new home, starting a business, investing for the future or simply managing their day to day finances. Their engagement and commitment is the bedrock of our success.

Innovation has also continued to be a differentiator for Barclays as we look to address the changing needs of our customers. We now have 17 million contactless cards in issue in the UK and we have maintained our leading position in this fast-developing area of payments with more than 61,000 retailers using our contactless terminals. We also began the roll-out of contactless payments in South Africa during 2011 and Barclaycard launched the first contactless mobile phone in the UK with Orange. More recently we have launched Barclays Pingit in 2012, Europe s first person-to-person service for sending and receiving money using mobile phone numbers. We will continue to innovate to meet our customers needs.

A relentless focus on our customers is the foundation of our performance and, we believe, will generate sustainable value for our shareholders. In 2011, in our core UK banking market, we attracted new customers in all our major product categories. Adjusted return on average equity in UK Retail and Business Banking at 15%, and in Barclaycard at 17%, exceeded the Barclays target of 13%, with Africa RBB improving to 10% and Europe RBB returns reflecting the repositioning of the business. Adjusted profit before tax in Retail and Business Banking increased 48% in 2011.

I am confident that we are making good progress on our customer agenda and that through this we are delivering significant value to all our stakeholders.

For more detailed information, please see Analysis of results by business page 173

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Divisional review

Corporate and Investment Banking

Against a backdrop of challenging economic and market conditions, results for Barclays Capital were resilient compared with the industry, and the business held or gained market share. The year also saw Barclays Corporate return to profitability driven by a strong underlying performance in the UK business.

Through continued uncertainty in the markets, and in the global economy, we will continue to focus relentlessly on the need of our clients.

Jerry del Missier and Rich Ricci

Co-Chief Executives, Corporate and Investment Banking

Our Corporate and Investment Banking business provides clients with loans, financing, risk management, strategic advice and transactional payments support. It supports corporate clients to achieve growth and job creation in the real economy, governments to deliver their stability and growth plans, and institutions to meet the long-term investment needs of their clients.

Against a backdrop of challenging economic and market conditions, results for Barclays Capital were resilient compared with the industry. Profit before tax fell 32%, driven by a 22% reduction in income. However we held or gained market share, and continued to win recognition for our client focus including Euromoney s Best Global Investment Bank and IFR s Bank of the Year.

The strength of our client-focused model means that we are bringing clients integrated solutions that draw expertise from across the organisation. We continued to see real client benefits in 2011 from managing the business in a more integrated way, to bring clients the best of Barclays.

Revenues generated from delivering Barclays Capital products to Barclays Corporate clients increased 28% year on year, and 73% over the past three years, while revenues from delivering Barclays Corporate products to Barclays Capital clients are up 20%.

The substantial improvements we have seen in the results for Barclays Corporate reflect the significant progress we ve made across every aspect of the business in 2011, delivering on a clear growth strategy and turning an adjusted loss of £388m in 2010 into an adjusted profit of £126m in 2011.

We have continued to take a disciplined approach to investment across Corporate and Investment Banking. Our focus remains on building our platform in those areas where we see real opportunity to deliver an advantage for our clients.

Barclays Capital continues to strengthen its Equities and Investment Banking franchises in EMEA and Asia Pacific, and Barclays Corporate has expanded its hubs in Frankfurt, Hong Kong, Singapore and New York. Our success in securing 16 Corporate Broking mandates in the UK last year is a good example of the strength and reputation we are building in our newer businesses.

We remain committed to our targets for returns, income growth and cost management. Through continued uncertainty in the markets, and in the global economy, we will continue to focus relentlessly on the needs of our clients.

For more detailed information, please see Analysis of results by business page 173

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Divisional review

Barclays Wealth

In 2011, Barclays Wealth demonstrated its third successive year of double digit income growth. Now in its third year of the five year Gamma Plan, Wealth is on track to position itself at the top tier of the industry.

We continue to transform Barclays Wealth into a premier global wealth manager.

Thomas L. Kalaris

Chief Executive, Barclays Wealth

In 2011, the second year of our five year strategy, we delivered a first rate performance and continued to meet all our financial and franchise targets. We remain well on track against our 2014 commitments.

Unprecedented market turmoil and a challenging business environment underpinned most of 2011. Under these conditions we benefited as a part of Barclays, a global institution with a robust balance sheet, significant product capability and a clear strategy. This provided us with a unique opportunity to serve our clients more comprehensively than before; positioned to bring the best of Barclays to them.

2011 also marked the second year of the five year Gamma program; a complex, challenging and ambitious plan to transform Barclays Wealth into a premier global wealth manager. We are well on track to deliver against our promises - a step change improvement in client experience and a significant increase in the productive capacity of the firm.

The execution of this strategy delivered differentiating performance. Our financial results were strong with income growth of 12% to £1.7bn and 27% growth in profit before tax to £207m. The productivity of our relationship managers improved; with the top 25 generating 21% higher revenue than last year. Our clients have begun to benefit from better on-boarding processes; faster turn around of credit decisions; improved reporting and a broader set of products.

2012 will undoubtedly be a challenging year as we deliver the third year of our Gamma plan while still meeting ambitious financial targets. But we are strongly positioned; we have proven the concept and shown that we can deliver. I remain confident that we can meet our commitments to our clients, thereby meeting our commitments to our shareholders.

For more detailed information, please see Analysis of results by business page 173

Divisional review

Case studies

Delivering Barclays Capital for HP

When Hewlett-Packard announced its $11.7bn US-UK cross-border acquisition of Autonomy, Barclays Capital played a crucial role in every aspect of the transaction.

Underscoring the firm s ability to coordinate globally across regions and product areas to deliver seamless solutions for clients, teams spanning Technology client coverage, M&A, Corporate Broking, Debt Capital Markets, Loan Capital Markets, Global Finance Structuring & Advisory, Risk Solutions and Syndicate partnered to support HP on the transaction the largest cross-border software M&A deal in history. In addition to providing strategic M&A advice on the transaction as well as delivering a fairness opinion to the HP board of directors, Barclays Capital acted as sole arranger and sole underwriter for a fully-committed $8.3bn (£5bn) bridge facility to support the transaction, which was successfully syndicated to a select group of core relationship banks upon announcement. Barclays Capital also led, and was billing and delivery agent for $4.6bn of senior notes.

The ability to provide a commitment of this size on a sole-basis was widely hailed in the media as a validation of Barclays Capital s full-service offering. The New York Times wrote: Unlike boutiques, the full-service banks can provide a fuller picture of how the capital markets may react to a potential deal as well as the necessary financing for a transaction. Barclays Capital, for instance, committed to providing £5bn to HP for its Autonomy deal, which a boutique advisor could not do.

Barclays Retail and Business Banking Pingit

Europe s first person-to-person service for sending and receiving money using mobile phone numbers is launched in 2012.

Barclays has a track record of leading the transformation of banking and financial services through the use of technology. In addition to investing in improving our current services, we are also seeking to meet needs which customers have not yet identified themselves.

Recognising the strength of consumers attachment to their smartphones and the opportunity that smartphone apps present for rapid and cost-effective innovation, we launched Barclays Pingit simultaneously for Apple, Android and Blackberry users. On the day of Pingit s launch, it was the second most popular app downloaded from Apple in the UK.

Barclays Pingit allows users to receive and send money, for free, to anyone with a UK current account and a UK mobile phone number, simply by using that mobile number. It removes the need to share bank details. Further releases of the app will add new features and extend its use internationally and to other customer groups allowing Barclays to maintain the innovation lead created by its launch.

Barclays Wealth

Barclays Corporate backing Wyke Farms

Offering clients the benefits from our international reach and expertise in private wealth management, investment management, financial planning, brokerage and private banking.

Since the establishment of our private banking business in India three years ago, Barclays Wealth has grown significantly.

In India, private banking clients are typically entrepreneurs who have established multi-generational family businesses with complex financing needs. This provided us with a unique opportunity to serve our clients more comprehensively through our private investment banking model, unique investment philosophy and our wealth advisory expertise.

Client assets have reached the £1bn mark since inception. We have built a solid reputation and a strong franchise this was clearly demonstrated by winning the Best Private Bank in India in The Asset Triple A Investment Awards.

Wyke Farms is a 125 year old independent family owned business and one of the leading manufacturers and suppliers of branded cheddar cheese, butter and whey protein in the UK.

Towards the end of 2009, the business started experiencing significant trading challenges in volatile market conditions and as a result saw losses start to build monthly. Since that time the Barclays Business Support team has worked closely with Wyke Farms management to develop and implement a structured Fit for the Future turnaround plan. The results have been outstanding in 2011 Wyke Farms returned to profitability and is now on a sustainable financial footing, generating good returns for its shareholders, providing stability of employment locally and maintaining its position as the largest premium branded family owned cheddar producer in Britain. Indeed the highly effective working relationship between Barclays and Wyke Farms which resulted in this success was formally recognised by the Institute for Turnaround in December 2011 when Wyke Farms won the IFT Private Company Turnaround of the Year award.

The relationship between Wyke Farms and Barclays has been strengthened even further through this experience. Barclays continues to provide tailored borrowing facilities to the business to enable investment in new staff and machinery and our relationship management team is there to give additional advice and support as the company enters its next phase of growth.

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Summary Remuneration Report

The Board Remuneration Committee provides governance and strategic oversight of remuneration.

The Committee will continue to focus on reaching a sustainable balance between shareholder returns and employee remuneration.

Alison Carnwath

Chairman, Board Remuneration Committee

We recognise that executive remuneration generally, and bank remuneration in particular, is an important issue. Barclays needs to work with the acceptance of the communities in which we operate and balance the competing demands of our many stakeholders. This includes a close and continuous engagement with the Financial Services Authority and with our shareholders.

In 2011 Barclays delivered a solid set of results, achieved in challenging market and economic conditions. The results were reflected in the remuneration decisions across Barclays including those for Bob Diamond and Chris Lucas. 2011 total incentive awards were down 26% across the Group compared with a 3% reduction in profit. Bonuses for our executive Directors and our eight highest paid senior executive officers were down 48% versus 2010 on a like-for-like basis (namely the reduction for individuals in service in both 2010 and 2011).

The Board and the Committee recognise that our return on equity has to improve. In order to achieve this, our operating costs need to be reduced. Remuneration has its part to play in that. We fully recognise that higher capital requirements and the economic environment mean that remuneration levels in the industry have to adjust. That journey will take time and we have taken important steps in the right direction in 2011. Total incentive awards for Barclays Capital were down 35% on 2010 with Barclays Capital profit before tax reducing 32%. The Committee will continue to focus on reaching a sustainable balance between shareholder returns and employee remuneration.

The full remuneration report provides an overview of executive remuneration for 2011, details of the total incentive awards for 2011 and additional disclosures to comply with legal and regulatory requirements. Additional information on Barclays approach to remuneration can be found at www.barclays.com/investorrelations. I trust the remuneration report provides you with a clear picture of how the Committee has discharged its responsibilities in 2011.

Alison Carnwath

Chairman, Board Remuneration Committee

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Executive Directors   total remuneration

	Bob Diamond		Chris Lucas	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Salary	**1,350**	250	**800**	763
Current year cash bonus	**0**	0	**0**	360
Current year share bonus	**0**	1,800	**0**	360
Deferred cash bonus	**0**	2,350	**0**	540
Deferred share bonus	**2,700**	2,350	**1,800**	540
Total of salary and bonus	**4,050**	6,750	**2,600**	2,563
Long term incentive award	**2,250**	2,250	**1,333**	1,333
Total remuneration	**6,300**	9,000	**3,933**	3,896

Non-executive Directors   fees

	Chairman £000	Senior Independent Director £000	Board Member £000	Board Audit Committee £000	Board Remuneration Committee £000	Board Corporate Governance and Nominations Committee £000	Board Citizenship Committee £000	Board Risk Committee £000	Benefits £000	**Total 2011 £000**	Total 2010 £000
Fees at 31 December 2011											
Full-year fee	750	30	80								
Committee Chair				70	70			60			
Committee Member				30	30	15	15	25			
Fees to 31 December 2011											
Group Chairman											
Marcus Agius	Ch.				M.	Ch.	Ch.		1	**751**	751
Non-executive Directors											
David Booth			M.			M.		Ch.		**145**	125
Alison Carnwath			M.	M.	Ch.	M.				**158**	39
Fulvio Conti			M.	M.						**105**	95
Simon Fraser			M.	M.	M.					**130**	110
Reuben Jeffery III			M.					M.		**98**	85
Sir Andrew Likierman			M.	M.				M.		**127**	110
Dambisa Moyo			M.				M.	M.		**105**	50
Sir Michael Rake		SID.	M.	Ch.		M.		M.		**188**	160
Sir John Sunderland			M.		M.	M.	M.			**132**	115
Sir Richard Broadbent										**171**	200

Alison Carnwath became Chairman of the Board Remuneration Committee and a member of the Board Corporate Governance and Nominations Committee on 1 July 2011. Dambisa Moyo and Sir John Sunderland became members of the Board Citizenship Committee on 1 August 2011. Sir Michael Rake became Senior Independent Director on 1 October 2011. Sir Richard Broadbent resigned as a non-executive Director with effect from 30 September 2011.

Total incentive awards granted current year and deferred

	Barclays Group			Barclays Capital		
	Year Ended 31.12.11 £m	Year Ended 31.12.10 £m	% Change	**Year Ended 31.12.11 £m**	Year Ended 31.12.10 £m	% Change
Total current year bonus	898	1,674	(46)	384	1,196	(68)
Total deferred bonus	1,252	1,177	6	1,152	1,065	8
Bonus pool	**2,150**	**2,851**	**(25)**	**1,536**	**2,261**	**(32)**
Sales commissions, commitments and other incentives	428	633	(32)	201	399	(50)
Total incentive awards granted	**2,578**	**3,484**	**(26)**	**1,737**	**2,660**	**(35)**
Bonus pool as % of profit before tax (pre bonus)	28%	33%		35%	36%	
Bonus pool as % of adjusted profit before tax (pre bonus)	29%	34%		35%	36%	
Proportion of bonus that is deferred	58%	41%		75%	47%	
Total employees (full time equivalent)	141,100	147,500	(4)	24,000	24,800	(3)
Bonus per employee	£15,237	£19,329	(21)	£64,000	£91,169	(30)

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Summary Remuneration Report continued

Executive Directors benefits

	2011 £000	2010 £000
Bob Diamond	**474**	268
Chris Lucas	**28**	25

Directors emoluments and statutory disclosures

	2011 £m	2010 £m
Aggregate emoluments	**15.9**	15.8
Amounts paid under long-term incentive schemes	**5.8**	7.0
	21.7	22.8

The aggregate emoluments above include the cost of tax equalising Bob Diamond, consistent with his contract. There were no pension contributions paid to defined contribution schemes on behalf of Directors (2010: £13,588). There were no notional pension contributions to defined contribution schemes (2010: £nil). As at 31 December 2011, there were no Directors accruing benefits under a defined benefit scheme (2010: one Director).

Total Shareholder Return

Figure 1 shows the value, at 31 December 2011, of £100 invested in Barclays on 31 December 2006 compared with the value of £100 invested in the FTSE 100 Index. The other points plotted are the values at intervening financial year ends. The FTSE 100 Index is a widely recognised performance comparison for large UK companies and this is why it has been chosen as a comparator to illustrate Barclays total shareholder return.

Barclays Remuneration Policy

The Remuneration Policy provides a framework for the Committee in carrying out its work. The aims of the Remuneration Policy are to:

1. Attract and retain those people with the ability, experience and skill to deliver the strategy;

2. Create a direct and recognisable alignment between the rewards and risk exposure of shareholders and employees;

3. Incentivise employees to deliver sustained performance consistent with strategic goals and appropriate risk management, and to reward success in this;

4. Deliver remuneration that is affordable and appropriate in terms of value allocated to shareholders and employees; and

5. Encourage behaviour consistent with Barclays guiding principles.

More details on the Remuneration Policy including Barclays guiding principles can be found at www.barclays.com/investorrelations. The

Committee reviews the Remuneration Policy to ensure that Barclays remuneration remains competitive and provides appropriate incentive for performance. To ensure appropriate operation of the Remuneration Policy, the Committee has established remuneration governance frameworks for each major business and for the Group. The frameworks are forward looking and are based on financial metrics, including key remuneration ratios, that assess the current and future affordability of remuneration. The frameworks are designed to ensure that remuneration is managed in a way that is consistent with delivering the strategy and performance of Barclays and each of the businesses, whilst maintaining capital strength.

For individual remuneration decisions made by the Committee, including the decisions for executive Directors, the level of remuneration across Barclays and each of the businesses is taken into account. The combined potential remuneration for the executive Directors and for senior employees from bonuses and long term incentive awards outweighs the fixed component of remuneration, and is subject to individual and business performance. This means that the majority of remuneration is risk-adjusted.

Remuneration governance

The Committee determines the bonus pool by reference to a number of quantitative and qualitative measures. In doing this the Committee is informed by the remuneration governance frameworks and associated financial metrics and remuneration ratios. The Committee receives input from the Group Finance Director and the Chief Risk Officer on key financial and risk matters. The Committee works closely with the Board Audit Committee and the Board Risk Committee, and receives input on internal audit, compliance and risk matters. This includes the Committee receiving a report from the Board Risk Committee on the risk performance of the businesses in order to ensure that the bonus pool properly reflects this performance.

The Committee reviews individual remuneration recommendations for executive Directors, Code Staff and employees with total remuneration of £1m or more. Remuneration decisions are directly linked to individual performance, both financial and non-financial. Individual performance is reviewed by line management through a formal assessment process, which includes a review against objectives set at the start of the year. The assessment includes reviewing individual behaviour against Barclays guiding principles and applicable risk and control policies.

Bonuses above a threshold level (set annually by the Committee) include awards in the form of deferred bonuses. The vesting of deferred bonuses is dependent on future service and subject to clawback provisions. The Committee reviews the operation of clawback provisions and may reduce the vesting level of an unvested deferred bonus (including to nil).

The risk and compliance functions play a key role in remuneration governance. The risk function provides regular updates to the Committee on risk-adjusted business performance and it also provides input on the remuneration governance frameworks, bonus pool proposals and new incentive plan designs (including risk-adjusted metrics for use in long term incentive plans) from a risk management perspective. The input of the compliance function focuses on the assessment of individual employee behaviour based on the operation of compliance controls.

For more detailed information, please see page 54

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Bikeworks

Barclays supports Bikeworks, an award-winning social enterprise that uses the power of cycling to help participants develop skills to secure a job.

Corporate governance report

Dear Shareholder

The fundamental purpose of any company is the creation and delivery of long-term sustainable shareholder value in a manner consistent with its obligations as a responsible corporate citizen. Corporate governance must be seen in this context it is not an objective in its own right but a vital facilitator to the creation of long-term value for our owners. However, the creation of shareholder value is influenced by many factors, both internal and external and the Board and I are very conscious that the financial crisis has resulted in Barclays shareholders suffering a large erosion in the value of their holding. We continue therefore to review our corporate governance processes and practices carefully to ensure they are fit for purpose and have again conducted a rigorous, externally facilitated Board Effectiveness Review during 2011.

So, how is the Barclays Board seeking to create and sustain value over the long-term? We aim to achieve this by understanding the external factors that present risks and opportunities for our business, thereby ensuring our strategy is appropriate; building strong and stable relationships with our customers, employees and suppliers; and ensuring that we manage our risks and scarce resources, including capital, appropriately. Our strategy is focused on four key priorities: Capital; Returns; Income Growth; and Citizenship and we ensure our Board discussions are focused on these issues.

External factors continue to have a significant impact on Barclays. The demands and expectations of governments, regulators and of society as a whole as to the role of banks and other financial institutions have resulted in a number of changes in the regulatory environment that will have a profound impact on our strategy and business model. Furthermore, ongoing global economic uncertainty, particularly surrounding the Eurozone, has led to continued weak market conditions. It is important in such an environment that the Board meets regularly and is kept fully informed. Consequently, in 2011, in addition to our eight scheduled meetings, two of which were held overseas, we held eight additional Board meetings to discuss, amongst other things, the uncertainty in the Eurozone; market conditions; the findings and recommendations of the Independent Commission on Banking (ICB), as published in both their interim and final reports; and our commitments under Project Merlin, the agreement between the UK Government and the four major UK banks on commitment to lending in the UK.

Good corporate governance is vital in supporting the delivery of our strategic priorities. Our Board Committees play an important role in working with management to ensure our business is financially strong, that it is well-governed and that any risks are identified and mitigated. It is important that we generate income in a sustainable way and manage our risks and costs properly, without eroding the controls we have in place. The Board Audit Committee, chaired by Sir Michael Rake, has a key oversight role in ensuring that our financial statements are a true and fair representation of our financial position and strength and that our control environment is robust and maintained. It is vital that our levels of capital, funding and liquidity are regarded as rock solid, particularly in times of economic dislocation, and the Board Risk Committee, chaired by David

Booth, provides oversight of and advice on both our risk appetite and management and our capital and liquidity strategies. And it is essential that we reward our people appropriately, that their pay reflects performance and that we do not incentivise them to take inappropriate levels of risk. The Board Remuneration Committee, chaired by Alison Carnwath, provides direction and oversight of our remuneration policy. Each of the Board Committee Chairmen reports personally later in this report.

We must also demonstrate our wider value to society. To support the delivery of this objective, in August 2011 we created a Board Citizenship Committee, which I chair. I am joined on the Committee by Sir John Sunderland and Dambisa Moyo, and we held its first meeting in late 2011. Our remit is to have oversight of our conduct with regard to our corporate and societal obligations and our reputation as a responsible corporate citizen. We will oversee matters such as our progress against our Treating Customers Fairly objectives and our conduct on matters relating to our shareholders, clients, customers, employees, suppliers and the communities in which we operate. More information on this Committee can be found in its Terms of Reference on our website.

Of course, in order to deliver our strategy, we need the right people. To this end, one of our priorities is to ensure that we have a Board and an executive management team with the appropriate skills, knowledge and experience to operate effectively in an ever challenging environment. One way of ensuring that we continue to have the right people is to have a rigorous appointment and an effective succession planning process in place for Board and key management roles. The Board Corporate Governance and Nominations Committee has a key role to play in reviewing new appointments and succession plans and during the year we specifically debated both Board composition and succession planning for Executive Committee positions.

Board composition is critical in ensuring effective and value-adding corporate governance. The debate about Board diversity and the representation of women on company boards progressed at pace in 2011 and we welcomed and supported the recommendations in Lord Davies' report into Women on Boards. However, diversity is much wider than the issue of gender: it is about ensuring that there is an appropriate range and balance of skills, experience and background on the Board. Nevertheless, while ensuring that all Directors are appointed on merit, we have set ourselves the aspirational target of ensuring that at least 20% of our Board is made up of women by the end of 2013 and for that position to have exceeded 25% by the end of 2015. We are also continuing to support initiatives to ensure that the pipeline of credible women candidates for Board positions is strengthened, including my own personal participation in the FTSE 100 Cross-Company Mentoring Programme and our sponsorship of the Cranfield Female FTSE Board Report. More details of our approach to diversity and inclusion may be found on page 53 and I report in more detail on our Board appointment process and succession planning initiatives in my report on the activities of the Board Corporate Governance and Nominations Committee on page 38.

We continue to embrace the provisions and principles of the UK Corporate Governance Code (the Code) and the rest of my report explains how we applied those principles in 2011.

Marcus Agius

Group Chairman

7 March 2012

Leadership

What is the role of the Board?

Our principal duty, collectively, is to promote the long-term success of Barclays by creating and delivering sustainable shareholder value. We do this by setting the strategy and overseeing its implementation by management. While our ultimate focus is long-term growth, we also need to deliver on short-term objectives and we seek to ensure that management strikes the right balance between the two. We are mindful of our wider obligations and consider the impact our decisions will have on Barclays and on various stakeholders, such as our employees, our shareholders, our suppliers, the environment and our community as a whole. In setting and monitoring the execution of our strategy, we aim to ensure that we maintain an effective system of internal control and that management maintains an effective risk management and oversight process across the Group, so that growth is delivered in a controlled and sustainable way.

In order to ensure that we meet our responsibilities, specific key decisions have been reserved for approval by the Board. These include decisions on the Group s strategy, approval of risk appetite and capital and liquidity matters, Board membership, financial results and governance issues. A full formal schedule of matters specifically reserved to the Board can be found on our website, at www.barclays.com/corporategovernance.

To assist us in carrying out our functions and to ensure there is independent oversight of internal control and risk management, the Board has delegated certain responsibilities to Board Committees, which are comprised solely of independent non-executive Directors. Each Board Committee has agreed Terms of Reference, which are approved by the Board. Copies can be found on our website.

The Chairman of each Board Committee reports to the Board on the matters discussed at Board Committee meetings. You will find later in this section reports from the Chairman of each Board Committee on their activities in 2011 and their priorities for 2012.

More information on the role of the Board and its Committees in general can be found in Corporate Governance in Barclays , which is available on our website.

Board composition

The names of our Directors and their full biographical details, including the skills and experience they each bring to the Board, can be found on pages 50-52.

As Chairman, my primary responsibility is to provide leadership to the Board to ensure that we satisfy our legal and regulatory responsibilities. I set the Board s agenda in consultation with the Chief Executive and Company Secretary, taking full account of the issues and concerns of Board members and giving consideration to the need to allow adequate and sufficient time for the discussion of the items on the agenda, in particular, strategy. You can find my full role profile in our Charter of Expectations , which is available on our website. In addition to the Board, I also chair the Board Corporate Governance and Nominations Committee and the Board Citizenship Committee and I am a member of the Board Remuneration Committee. Although I am not a member of the Board Audit and Board Risk Committees, I make a point of attending a number of their meetings each year: this allows me to gain a deeper understanding of the specific issues each of those committees is discussing and also allows me to observe the committees in action and assess their effectiveness. In 2011, I attended five meetings of the Board Audit Committee and three meetings of the Board Risk Committee.

It is the responsibility of the executive Directors, Bob Diamond and Chris Lucas, to make and implement operational decisions and to run the business day-to-day within the strategy and risk appetite agreed by the Board. They are supported by the Executive Committee, which Bob chairs. Bob reports to each Board meeting on the significant matters debated at Executive Committee meetings and members of the Executive Committee regularly attend Board meetings to report on their business or area of responsibility.

The non-executive Directors are independent of management. Their role is to advise and constructively challenge management and monitor the success of management in delivering the agreed strategy within the risk appetite and control framework that is set by the Board.

Sir Richard Broadbent served as our Senior Independent Director until his retirement from the Board on 30 September 2011 and I am grateful to him for the advice and support he afforded to me in managing the business of the Board. Sir Michael Rake succeeded to the role of Senior Independent Director with effect from 1 October 2011: his significant experience as a listed company chairman, as a board member and of business in general, gained from his long career at KPMG, will prove extremely valuable. You can find the role profile for the Senior Independent Director in our Charter of Expectations.

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Corporate governance report continued

To facilitate the smooth running and effective management of our meetings at all stages, Lawrence Dickinson, our Company Secretary, supports me, the Chief Executive and the Board Committee Chairmen in setting the annual meeting agenda and ensuring that agreed actions are completed. Lawrence also works closely with senior management to ensure that there are timely and appropriate information flows within and to the Board, the Board Committees and between the Directors and senior management in general. During the year, we introduced a new secure, electronic system for the delivery of Board and Committee papers to Directors, which they can access using tablet computers, thus enabling faster information flows. More details on the role of the Company Secretary and the support provided to the Board can be found in our Charter of Expectations.

Corporate Governance in Barclays

All of our corporate governance practices have been brought together in one document, Corporate Governance in Barclays. This framework provides the basis for promoting the highest standards of corporate governance in Barclays. Corporate Governance in Barclays is available on our website at www.barclays.com/corporategovernance.

Charter of Expectations

The role profiles, responsibilities, time commitments, key competencies and behaviours we expect of our Directors, together with the key indicators of high performance, are set out in our Charter of Expectations, which was reviewed and updated during 2011 to take account of the best practice recommendations set out in the FRC s Guidance on Board Effectiveness. The Charter of Expectations is available on our website.

How does the Board operate?

We normally meet eight times a year, which includes an annual two day strategy meeting. We meet more frequently when the need arises and, in 2011, we arranged and held eight additional meetings at short notice to discuss issues such as market conditions, the interim and final reports of the ICB and significant Group developments, such as the court ruling on Payment Protection Insurance. In total, we met as a Board 16 times during the year. All Directors make every effort to attend each meeting, whether it is in person, by telephone or by video conference, unless circumstances prevent them from doing so, such as illness or prior commitments. In such instances, they are able to give to me ahead of the meeting any views or comments they may have on the matters to be discussed. I meet privately with the non-executive Directors as a group ahead of each Board meeting to take soundings on any particular matters they may wish to raise at the meeting. I also meet with the Company Secretary after each meeting to agree the actions to be followed up and to discuss how effective the meeting was.

I can confirm that each Director committed an appropriate amount of time to their Barclays duties in 2011 and the non-executive Directors met the time commitment specified in their letters of appointment. Details of Board meeting attendance in 2011 is as follows:

Board Attendance	Independent	Scheduled Meetings eligible to attend	Scheduled Meetings attended	Additional Meetings eligible to attend	Additional meetings attended
Group Chairman					
Marcus Agius	OA	8	8	8	8
Executive Directors					

Bob Diamond	ED	8	8	8	7
Chris Lucas	ED	8	8	8	8
Non-executive Directors					
David Booth	I	8	8	8	7
Sir Richard Broadbent (to 30 September 2011)	I	6	6	6	6
Alison Carnwath[a]	I	8	7	8	8
Fulvio Conti	I	8	8	8	7
Simon Fraser	I	8	8	8	7
Reuben Jeffery	I	8	8	8	7
Sir Andrew Likierman	I	8	8	8	6
Dambisa Moyo	I	8	8	8	8
Sir Michael Rake[b]	I	8	7	8	5
Sir John Sunderland	I	8	8	8	7
Secretary					
Lawrence Dickinson					

Key

OA on appointment

ED executive Director

I independent non-executive Director

Notes

a Unable to attend a scheduled meeting owing to a prior commitment.

b Unable to attend a scheduled meeting owing to illness.

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How did we discharge our responsibilities in 2011?

In 2011, ongoing difficult global economic conditions and the changing regulatory environment formed the backdrop to our decision-making process and highlighted the strategic challenges that we face. Key activities for the Board during the year included:

We undertook regular reviews of strategic options open to the Group given the developing regulatory environment in the UK and globally. Significant time was set aside for discussions on strategy, including discussion over dinner ahead of the formal Board meetings. The evening sessions have provided an opportunity for more high-level discussions and have enabled wide-ranging debate on critical issues, without the constraints of a formal meeting agenda.

We reviewed progress against our four execution priorities of Capital, Income Growth, Returns and Citizenship, including reviewing the cost reduction programme and the performance of each of our businesses against our return on equity target.

Following the publication of the ICB interim report in April 2011, and the final report published in September 2011, we met to discuss the potential implications for our overall strategy.

We received regular updates on global economic conditions and the outlook for the market. We also discussed bank sector valuations, with input from our corporate brokers.

We held a separate meeting to discuss the Project Merlin agreement and received regular reports on the Group s compliance with its commitments under the agreement.

We held a special meeting to discuss the implications of the court ruling on Payment Protection Insurance (PPI) policies and the Group s response.

We received updates from each of our principal businesses to discuss their progress against agreed strategy, plus updates on our brand and marketing strategy and investor relations strategy.

We considered the Group s liquidity (including liquidity risk appetite), the capital plan and also approved the Group s Risk Appetite for 2012.

We reviewed senior management succession plans, which identify talent in the Group at the level below the Executive Committee.

Given our significant North American operations, in 2011 we held two board meetings in New York and there are plans to hold more overseas meetings in 2012.

The chart below illustrates how we allocated our time during 2011.

What are our objectives for 2012?

We are yet to see any real signs of sustained growth in many developed economies and ongoing difficult economic, political and market conditions, coupled with the changing regulatory landscape, will form the background to our deliberations in 2012. I see the Board s focus continuing to be on:

- identifying and developing our strategic options in light of regulatory change, macroeconomic uncertainty and market conditions;
- monitoring management s progress against our four execution priorities of Capital, Returns, Income Growth and Citizenship; and
- ensuring we have stable and effective management in place by maintaining an appropriate succession plan.

Effectiveness

How do we ensure the effectiveness of our Board?

Board Size, Composition and Qualification

We have determined that the optimum Board size for Barclays is 12-15 members. We currently have 12 Directors on our Board: in addition to me as Chairman, we have two executive Directors and nine independent non-executive Directors. The size, composition and qualifications of the members of a board have a great impact on how effective that board is. We regularly review the size, composition and balance of skills we have on the Board, both in terms of what we need now and what we might need to be successful in the future. Our aim is to ensure that we have the right mix for constructive Group discussion and, ultimately, effective Board decisions.

We recognise the benefits of diversity on the Board and the current members of the Board have a wide range of skills and experience required to govern effectively a global banking business such as Barclays. There are currently two women on the Board, representing 16% of the total Board membership. We aim to increase the number of women we have on our Board to ensure that we meet the aspirational targets we have set in light of the recommendations of the Davies Review.

The balance of the Board is illustrated below.

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