BARCLAYS PLC
Form 20-F
March 25, 2003

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, for the fiscal year ended December 31, 2002**

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________.

Commission file numbers: Barclays PLC 0-13790
Barclays Bank PLC 2-71497-01

Barclays PLC   Barclays Bank PLC

(Exact name of registrants as specified in their charters)

England

(Jurisdictions of incorporation)

54 Lombard Street, London EC3p 4AH
England

(Address of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

	Title of each class	Name of each exchange on which registered
Barclays PLC	25p ordinary shares	New York Stock Exchange*
	American Depositary Shares, each representing four 25p ordinary shares	New York Stock Exchange
Barclays Bank PLC	Convertible Capital Notes	New York Stock Exchange**
	American Depositary Note Receipts, representing interests in Convertible Capital Notes	New York Stock Exchange

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

** Not for trading, but only in connection with the registration of American Depositary Note Receipts, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuers' classes of capital or common stock as of the close of the period covered by the annual report:

Barclays PLC	25p ordinary shares	6,575,507,329
	£1 staff shares	875,000
Barclays Bank PLC	£1 ordinary shares	2,292,860,515

Indicate by check mark whether the registrants have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports) and (2) have been subject to such filing requirements for the past 90 days:

Yes ý No o

Indicate by check mark which financial statement item the registrants have elected to follow:

Item 17 o Item 18 ý

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrants (1) have filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court:

Yes o No o

This document comprises the Annual report on Form 20-F for the year ended December 31, 2002 of Barclays PLC and Barclays Bank PLC (the "2002 Form 20-F"). Reference is made to the Form 20-F cross reference table on page 190 hereof (the "Form 20-F Cross Reference Table"). Only (i) the information in this document that is referenced in the Form 20-F Cross Reference Table, and (ii) the Exhibits, shall be deemed to be filed with the Securities and Exchange Commission for any purpose, including incorporation by reference into the Registration Statements on Form F-3 (File Nos. 333-8054, 333-12384 and 333-85646) and the Registration Statement on Form S-8 (File No. 333-12818), which were filed by Barclays Bank PLC, and any other documents, including any documents filed by Barclays PLC or Barclays Bank PLC pursuant to the Securities Act of 1933, as amended, which purport to incorporate by reference the 2002 Form 20-F. Any information herein which is not referenced in the Form 20-F Cross Reference Table, or the Exhibits themselves, shall not be deemed to be so incorporated by reference.

SECTION 1 IMPACT

Registered No. 48839

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

The Group may also make forward-looking statements in other written materials, including other documents filed with or furnished to the US Securities and Exchange Commission (the "SEC"). In addition, the Group's senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others. In particular, among other statements, certain statements in the Financial Review and Business Description with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management, and competition are forward looking in nature. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate," "target," "expect," "estimate," "intend," "plan," "goal," "believe," or other words of similar meaning.

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

DIRECTORS AND OFFICERS

DIRECTORS AND OFFICERS OF BARCLAYS PLC AND BARCLAYS BANK PLC

1 Chairman
Sir Peter Middleton GCB

Sir Peter Middleton GCB (age 68) was appointed as Chairman at the 1999 AGM. Sir Peter joined the Board in 1991 as Deputy Chairman and Chairman of BZW. This followed a long career in HM Treasury where he was Permanent Secretary from 1983 to 1991. He became Chairman of Barclays Capital following the reorganisation of BZW in 1997. In 1998, he relinquished his executive responsibilities as Deputy Chairman and Chairman of Barclays Capital but remained a non-executive Director. He resumed executive responsibilities when he was appointed Group Chief Executive and reappointed Group Deputy Chairman in 1998. He stepped down as Group Chief Executive following the appointment of Matthew Barrett in 1999. He is Deputy Chairman of United Utilities PLC, Chancellor of Sheffield University, a Director of the International Monetary Conference and a member of the International Advisory Panel of the Monetary Authority of Singapore. He is Chairman of the Board Nominations and Board Risk Committees.

2 Group Chief Executive
Matthew William Barrett

Matthew William Barrett (age 58) was appointed Group Chief Executive and joined the Board in 1999. He joined Barclays from Bank of Montreal where he was Chairman and Chief Executive Officer. He joined the Bank of Montreal in 1962 and during his career held a variety of senior management positions in different areas within the Bank, including Retail Banking, International Banking and Treasury. He was appointed Chief Operating Officer in 1987, Chief Executive Officer in 1989 and elected Chairman of the Board in 1990. In 1994, he became an Officer of the Order of Canada, the country's highest civilian honour, and in 1995 he was awarded the title of Canada's Outstanding CEO of the Year. He has been a non-executive Director of The Molson Companies Limited since 1992 and is a governor of the London Business School.

3 Group Executive Director
Christopher John Lendrum

Christopher John Lendrum (age 56) joined the Board in 1998. He joined Barclays Bank in 1969 and assumed his current portfolio of responsibilities (including Group Corporate Social Responsibility, Barclays Africa and South American Corporate Banking) in 2003. He had previously been Chief Executive of Corporate Banking since 1998, prior to which he had held a number of senior positions within the Group. These included Deputy Managing Director of Barclays Banking Division. Regional Director, North London and Executive Vice President, Barclays Bank New York.

4 Group Finance Director
John Silvester Varley

John Silvester Varley (age 46) joined the Board in 1998 and was appointed Group Finance Director on 9th November 2000. He joined Barclays Merchant Bank in 1982 and was Chief Executive of Retail Financial Services from April 1998 to October 2000, having previously been Chairman of the Asset Management Division since 1995.

Non-executive Directors

5 Deputy Chairman
Sir Brian Garton Jenkins GBE

Sir Brian Garton Jenkins GBE (age 67) joined the Board in 2000 as a Deputy Chairman on completion of the acquisition of Woolwich plc. He joined the Woolwich's Board as a non-executive Director in 1994 and was appointed Deputy Chairman in 1995. He became Chairman later that year and oversaw the conversion of The Woolwich Building Society to a public limited company in 1997. A former senior partner of Coopers & Lybrand Chartered Accountants, Sir Brian has served as Lord Mayor of London, President of the Institute of Chartered Accountants in England & Wales and the President of the British Computer Society. He is also Chairman of the Charities Aid Foundation. He is a member of the Board Audit, Board Remuneration, Board Nominations and Board Risk Committees.

6 Thomas David Guy Arculus

Thomas David Guy Arculus (age 56) joined the Board in 1997. He is Chairman of Severn Trent plc, the water and waste group and is also Chairman of the UK Government's Better Regulation Task Force. Other roles include Chairman of Earls Court & Olympia Group Limited and a delegate of Oxford University Press. His previous positions include Chairman of IPC Media and Group Managing Director of EMAP plc. He is a member of the Board Remuneration and Board Nominations Committees.

7 Hilary Mary Cropper CBE

Hilary Mary Cropper CBE (age 62) joined the Board in 1998. She is Chairman of Xansa PLC, a leading supplier of business enabling technology services. She is a member of the Financial Reporting Council, an external adviser to the Home Civil Service Senior Appointments Selection Committee and a member of the Government's National Employment Panel. She is a member of the Board Risk Committee.

8 Professor Sandra Dawson

Professor Sandra Dawson (age 56) has been appointed to the Board from 1st March 2003. She is currently KPMG Professor of Management Studies at the University of Cambridge, Director of the Judge Institute of Management and Master of Sidney Sussex College, Cambridge. Professor Dawson has held a range of non-executive posts in other organisations including Rand Europe (UK), the Society for the Advancement of Management Studies, Fleming Claverhouse Investment Trust, and Riverside Mental Health Trust. She was also a member of the Senior Salaries Review Body.

9 Sir Nigel Mobbs

Sir Nigel Mobbs (age 65) joined the Board in 1979. He is Chairman of Slough Estates plc and Bovis Homes Group PLC and a Director of Howard de Walden Estates. He is also Lord-Lieutenant of Buckinghamshire. He is a member of the Board Audit, Board Remuneration and Board Nominations Committees. He will be retiring at the 2003 AGM.

10 Sir Nigel Rudd DL

Sir Nigel Rudd DL (age 56) joined the Board in 1996. He is non-executive Chairman of Kidde PLC, Pilkington PLC and Pendragon PLC and Deputy Chairman of The Boots Company PLC. He is Chairman of the Board Remuneration Committee and a member of the Board Nominations Committee.

11 Stephen George Russell

Stephen George Russell (age 57) joined the Board in October 2000 on completion of the acquisition of Woolwich plc. He joined Woolwich plc's board as a non-executive Director in 1998. He was Managing Director of Boots The Chemists Ltd from 1995 and joint Group Managing Director of The Boots Company PLC from 1997 until he became Chief Executive in 2000. He has succeeded Sir Nigel Mobbs as Chairman of the Board Audit Committee and is a member of the Board Risk Committee.

12 Graham Martyn Wallace

Graham Martyn Wallace (age 54) joined the Board in April 2001. He was appointed Chief Executive of Cable and Wireless plc in February 1999. He joined Cable and Wireless in 1997 as Chief Executive of Cable and Wireless Communications plc and was appointed a Director of Cable and Wireless plc in 1998. Before joining Cable and Wireless, he held a number of Board positions at Granada Group. He is a member of the Board Remuneration and Nominations Committees.

13 Dr Jürgen Zech

Dr Jürgen Zech (age 63) joined the Board on 30th July 2002. Until 2001, Dr Zech was Chief Executive of Gerling-Konzern, the general insurance arm of Gerling. Before joining Gerling he held a number of executive positions in German insurance companies. The last was as Chief Executive of Cologne, Re, the oldest reinsurance company in the world. He now holds a number of non-executive positions, including being a Director of Misys PLC and Partner, Re Limited. He is a member of the Board Audit Committee.

Barclays considers that each of its non-executive Directors are independent within the meaning of the Combined Code as they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. See also page 8.

Group Executive Committee members

		Appointed
Matthew Barrett	Group Chief Executive	1999
Roger Davis	Chief Executive, Business Banking	2003
Bob Diamond	Chief Executive, Barclays Capital	1997
Gary Dibb	Chief Administrative Officer	2000
Gary Hoffman	Chief Executive, Barclaycard	2001
Bob Hunter	Chief Executive, Barclays Private Clients (until 31st March 2003)	1999
Naguib Kheraj	Chief Executive, Barclays Private Clients (from 31st March 2003)	2003
Chris Lendrum	Group Executive Director	1996
Robert Nimmo	Group Risk Director	2002
David Roberts	Chief Executive, Personal Financial Services	2001
John Varley	Group Finance Director	1996
David Weymouth	Chief Information Officer	2000

Other officers

Lawrence Dickinson	Group Secretary	2002
Patrick Gonsalves	Joint Secretary, Barclays Bank PLC	2002
Howard Trust	Group General Counsel	1995

DIRECTORS' REPORT

Profit attributable

The profit attributable to shareholders for the year amounted to £2,230m, compared with £2,446m in 2001.

Dividends

The final dividends for the year ended 31st December 2002 of 12p per ordinary share of 25p each and 10p per staff share of £1 each have been approved by the Directors. The final dividends will be paid on 28th April 2003 in respect of the ordinary shares registered at the close of business on 28th February 2003 and in respect of the staff shares so registered on 31st December 2002. With the interim dividend of 6.35p per ordinary share and of 10p per staff share that were paid on 1st October 2002, the total distribution for 2002 is 18.35p (2001: 16.625p) per ordinary share and 20p (2001: 20p) per staff share. The dividends for the year absorb a total of £1,206m (2001: £1,110m).

Dividend Reinvestment Plan

Ordinary shareholders may have their dividends reinvested in Barclays PLC ordinary shares by participating in the Dividend Reinvestment Plan. The Plan is available to all ordinary shareholders provided that they do not live in, or are subject to the jurisdiction of, any country where their participation in the Plan would require Barclays or The Plan Administrator to take action to comply with local government or regulatory procedures or any similar formalities. Any shareholder wishing to obtain details of the Plan and a mandate form should contact The Plan Administrator to Barclays at PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH. Those wishing to participate for the first time in the Plan should send their completed mandate form to The Plan Administrator so as to be received by 3rd April 2003 for it to be applicable to the payment of the final dividend on 28th April 2003. Existing participants should take no action unless they wish to alter their current mandate instructions, in which case they should contact The Plan Administrator.

Share capital

At the 2002 AGM held on 25th April 2002, a resolution was passed to divide each ordinary share of £1 each (issued and unissued) into four ordinary shares of 25p each.

During the year, Barclays PLC purchased in the market for cancellation 4.6 million of its ordinary shares of £1 each prior to the subdivision and 101.5 million of its ordinary shares of 25p following the subdivision at a total cost of £546m as part of its programme of returning excess capital to shareholders. These transactions represented some 1.8% of the issued ordinary share capital at 31st December 2002. As at 12th February 2003, the Company has an unexpired authority to repurchase further shares up to a maximum of 957.1 million ordinary shares of 25p.

In addition, the ordinary share capital was increased by 28.6 million ordinary shares during the year as a result of the exercise of options under the SAYE and Executive Share Option Schemes. At 31st December 2002 the issued ordinary share capital totalled 6,576 million shares.

Substantial shareholdings

As at 12th February 2003, the Company has not been notified of any major interests in its shares as required by sections 198 to 208 of the Companies Act 1985.

Board membership

The membership of the Boards of Directors of Barclays PLC and Barclays Bank PLC is identical, and is set out on pages 2 and 3. Dr Jürgen Zech was appointed as a non-executive Director on 30th July 2002 and Professor Sandra Dawson has been appointed as a non-executive Director from 1st March 2003. Sir Andrew Large resigned from the Board on 3rd September 2002 and John Stewart has resigned from the Board with effect from 27th February 2003.

Group Secretary

Howard Trust stepped down as Group Secretary on 19th September 2002. He was succeeded by Lawrence Dickinson.

Retirement and re-election of Directors

In accordance with its articles of association, one-third (or the nearest whole number below one-third) of the Directors of Barclays PLC are required to retire by rotation at each AGM, together with Directors appointed by the Board since the previous AGM. The retiring Directors may stand for re-election. The Directors retiring by rotation at the 2003 AGM and offering themselves for re-election are Matthew Barrett and Sir Nigel Rudd. Sir Nigel Mobbs will be retiring as a Director at the 2003 AGM. In addition, Dr Jürgen Zech and Professor Sandra Dawson, who were appointed as Directors since the last AGM, will be offering themselves for re-election at the 2003 AGM.

Directors' interests

Directors' interests in the shares of the Group on 31st December 2002, according to the register maintained under the Companies Act 1985, are shown on page 21. The register is available for inspection during business hours at the Group's Head office and will be available for inspection at the 2003 AGM.

Directors' emoluments and options

Information on emoluments and share options of Directors of Barclays PLC, in accordance with the Companies Act 1985 and the Listing Rules of the United Kingdom Listing Authority, is given in the corporate governance report by the Board on pages 14 to 21 and in notes 57 and 58 to the accounts.

For US disclosure purposes, the aggregate emoluments of all Directors and officers of Barclays PLC who held office during the year (2002: 25 persons, 2001: 24 persons) for the year ended 31st December 2002 amounted to £30,409,000 (2001: £34,459,000). In addition, the aggregate amount set aside for the year ended 31st December 2002, to provide pension benefits for the Directors and officers amounted to £1,356,000 (2001: £702,000). The aggregate emoluments of all Directors and officers of Barclays Bank PLC who held office during the year (2002: 27 persons, 2001: 25 persons) for the year ended 31st December 2002 amounted to £30,475,000 (2001: £34,562,000). In addition, the aggregate amount set aside by the Bank and its subsidiary undertakings, for the year ended 31st December 2002, to provide pension benefits for the Directors and officers amounted to £1,357,000 (2001: £796,000).

Activities

Barclays PLC Group is an international financial services group engaged primarily in banking, investment banking and asset management. The Group operates through branches, offices and subsidiaries in the UK and overseas. The activities of the Group are described on pages 60 to 65 and developments in the Group's business during the year and an indication of likely future developments are analysed in the Risk management section on pages 24 to 55 and the Financial review on pages 66 to 92.

Community involvement

Community support totalled £32.3m (2001: £31.1m).

Barclays gave £30.0m in support of the community in the UK (2001: £23.9m) and £2.3m was given in international support (2001: £2.2m). UK community support includes £11.1m of charitable donations (2001: £9.6m).

Barclays is a member of the Percent Club a group of companies that undertook to ensure that donations to the community in 2002 amounted to at least 1% of their UK pre-tax profit.

In line with the Group's policy, the Group made no political donations, as defined by the Companies Act 1985, in the UK during 2002.

Employee involvement

Barclays is committed to ensuring that employees share in the success of the company and have the opportunity to share their views and provide feedback on issues which are important to them.

Equality and diversity

Barclays is committed to giving full and fair consideration to applications for employment from people with disabilities and to continuing the employment of staff who become disabled and arranging any appropriate training to achieve this. More information can be found in the Corporate Social Responsibility section of the Annual Report.

Creditors' payment policy

Barclays policy follows the DTI's Better Payment Practice Code, copies of which can be obtained from the Better Payment Practice Group's website at www.payontime.co.uk. The Code states that a company should have a clear, consistent policy, adhered to by the finance and purchasing departments, that payment terms are agreed at the outset and payment procedures explained to suppliers, that bills are settled in accordance with payment terms agreed with suppliers, that complaints are dealt with quickly and that suppliers are advised of disputes. Barclays values its suppliers and acknowledges the importance of paying invoices, especially those of small businesses, promptly. Normal policy is to pay all small business purchases within 30 days.

Creditor payment days are carefully monitored in the Group, using the systems which record the actual purchases and payments. Barclays estimates that for all UK supplies to Barclays Bank PLC, average creditor payment days in 2002 were 31 days. Paragraph 12(3) of Schedule 7 to the Companies Act 1985 requires disclosure of trade creditor payment days. Disclosure is required by the Company, rather than the Group. The Group's principal trading subsidiary in the UK is Barclays Bank PLC, the accounts for which are prepared under Schedule 9 of the Companies Act 1985. The components for the trade creditor calculation are not easily identified in Schedule 9. However, by identifying as closely as possible the components required by the Schedule, the trade creditor payment days for Barclays Bank PLC for 2002 were 28 days (2001: 31 days). This is an arithmetical calculation which includes property rentals and payments, and does not necessarily reflect our practice, which is described above, nor the experience of any individual creditor.

The auditors

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP), effective from 1st January 2003, PricewaterhouseCoopers resigned as auditors and the Board appointed PricewaterhouseCoopers LLP to fill the casual vacancy created by the resignation. PricewaterhouseCoopers LLP have signified their willingness to continue in office and an ordinary resolution, with special notice, re-appointing them as auditors and authorising the Directors to determine their remuneration will be proposed at the 2003 AGM. The Board Audit Committee approves and reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the balance of audit and non-audit fees paid to the auditors.

The annual general meeting

The AGM will be held at The Queen Elizabeth II Conference Centre on 24th April 2003. The Notice of Annual General Meeting is included in the Annual Review and Summary Financial Statement 2002 sent to shareholders at the same time as this report.

By order of the Board

Lawrence Dickinson
Group Secretary
12th February 2003

CORPORATE GOVERNANCE

Corporate governance report

Chairman's statement

Corporate governance is the system by which companies are managed and controlled. At Barclays, we place a great deal of importance on robust corporate governance practices and we are committed to applying the highest standards of business integrity and professionalism in all of our activities.

It has been a year in which corporate governance has been very much in the public eye as a result of the failures of a number of high profile US companies. The reaction to this by the US Government has been swift and far-reaching with the implementation of the Sarbanes-Oxley Act 2002, which affects all companies registered with the US Securities and Exchange Commission, including Barclays.

During 2002 there has also been a number of reviews conducted in the UK, such as the recently published Higgs report on the role and effectiveness of non-executive Directors, Sir Robert Smith's report on Audit committees and the White Paper on the reform of UK Company Law. We have, as ever, played an active role in contributing to the growing debate in this important area and we strongly believe that the key to effective systems of corporate governance lies in the continued development of codes of best practice, such as the Combined Code, and disclosure, rather than through legislation. The European Commission commented in 2002 that best practice, as reflected in the corporate governance codes of EU member states, should be allowed to develop over time by the business and investment communities, under the influence of market forces. This is a position we support.

The development of codes of best practice in recent years has improved corporate governance standards in corporate UK. In addition, we continually strive to ensure our own standards are maintained. To assist with that, we have established a formal process for the Board to assess its own effectiveness. As a part of the assessment we conducted in 2002, the Board defined its core role as being accountable to shareholders for the creation and delivery of sustainable shareholder value.

Under the leadership of the Group Chief Executive, executive management is responsible to the Board for the implementation of the objectives and policies approved by the Board. Meetings of the Board are structured to allow open discussion and to enable non-executive Directors to challenge proposals put forward by the executive. Improvements in the content and format of reports to the Board have also been made to ensure the Board spends its time as effectively as possible.

Another development during 2002 is a change to the way we reward our non-executive Directors. Since the entire Board is accountable for creating shareholder value, we believe it is important that their reward contains a significant share based element. Consequently, 40% of the basic fee paid to non-executive Directors is now in the form of Barclays shares. Full details of these arrangements can be found on page 13.

In conclusion, I can assure you that your Board is focused on maintaining the highest standards of corporate governance to protect the interests of our shareholders. We will continue to play an active role in the debate on how to improve governance practices, although our stance continues to be that shareholders' and other stakeholders' best interests are served by greater openness and transparency rather than prescriptive regulation.

We have this year included a report from the Chairman of the Board Audit Committee on the work done by this committee. Details of the work of the Board Remuneration Committee are given in the report on remuneration on page 10.

Sir Peter Middleton
Chairman

Board structure

As at 1st March 2003, the Board will consist of the Chairman, who has no executive responsibilities, nine non-executive Directors and three executive Directors, including the Group Chief Executive. Their details appear on pages 2 and 3. The roles of our Chairman and Group Chief Executive are separate with a clear division of responsibilities between them. Responsibility for the evaluation of the Group Chief Executive lies with the Chairman, in consultation with the other members of the Board. Responsibility for the evaluation of the Chairman lies with the Board Remuneration Committee.

Executive Directors under the leadership of the Group Chief Executive generally have responsibility for making and implementing operational decisions and running the Group's businesses. The non-executive Directors support the skills and experience of the executive Directors, by challenging and testing the strategy and policy put forward by the executive based on their wide knowledge and experience.

The Board meets regularly and has a formal schedule of matters reserved to it. All Directors have access to the advice of the Group Secretary and independent professional advice is also available to Directors at the Group's expense.

Following the appointment of new Directors to the Board, a comprehensive induction programme is arranged, including visits to the Group's businesses and meetings with senior management as appropriate, to help them quickly build up an understanding of the working of the Group. Additional training and updates on particular issues are arranged by the Group Secretary as appropriate. For example, during 2002, a seminar was arranged for non-executive Directors covering such matters as market risk, credit risk, non-financial risk and compliance.

At each AGM, one-third of the Directors retire and offer themselves for re-election. In practice, this means that every Director stands for re-election at least once every three years. Any Directors appointed by the Board since the last AGM must also stand for re-election.

Our Directors diligently support the work of the Board and its committees. During the year 13 Board meetings were held which included a full day's meeting on the Group's strategy.

Combined Code statement of compliance

As a company listed on the London Stock Exchange, Barclays follows the United Kingdom Listing Authority's Combined Code Principles of Good Governance and Code of Best Practice.

For the year ended 31st December 2002, Barclays complied with the Combined Code save for the formal appointment of a senior independent director. As there is a clear division of responsibilities at the head of the Group between the Chairman and Group Chief Executive and as the Board also has a Deputy Chairman, Sir Brian Jenkins, who is an independent Director, the Board feels that such an appointment is, at present, unnecessary. However, this will be reviewed in light of the recommendations of the Higgs Report.

The Board has determined that all the non-executive Directors are independent in terms of the UK Combined Code as they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a strategic alliance between Barclaycard and Xansa, of which Hilary Cropper is Chairman. As a result, Hilary Cropper has not, and will not, participate in discussions of this alliance at the Board. Having considered the matter carefully, the Board has concluded that Hilary Cropper remains independent for Combined Code purposes.

The Board annually reviews the independence of its non-executive Directors, taking into account developing best practice and regulation as and when it becomes effective.

Board committees

Specific responsibilities have been delegated to the Board committees. The four principal Board committees are:

Board Audit Committee

Statement from the Chairman of the Board Audit Committee

The Board Audit Committee plays an important role in reviewing the Group's controls and financial reporting systems. While the Committee's role is becoming increasingly complex following the impact of the US Sarbanes-Oxley Act and other best practice developments during the year, Barclays is fully committed to ensuring the Committee fulfils its duties and responsibilities.

The Committee is made up entirely of non-executive Directors, all of whom are considered by the Board to be independent. Current members of the Committee are:

Board Audit Committee

Stephen Russell, Chairman
Sir Nigel Mobbs, Chairman during 2002
Sir Brian Jenkins
Dr Jürgen Zech

During 2002, the Committee met four times, with the Group's senior management, the internal audit team and the external auditors, PricewaterhouseCoopers LLP. I maintained close contact with each of the aforementioned parties to ensured that the meetings of the Committee were as effective as possible. The Committee also met privately with the external auditors after each Committee meeting and at other times, where appropriate. For example, in December, the external auditors briefed the Committee on recent corporate governance developments, including the requirements of the US Sarbanes-Oxley Act and the nature of their reporting to the Committee going forward.

The Committee is responsible for approving and reviewing the appointment and retirement of the external auditors, as well as overseeing their relationship with the Group. This includes an annual review of the independence of the external auditors and the recommendation to the Board of the level of fees to be paid to the external auditors. The Committee is also responsible for the approval, monitoring and review of the Group's policy in relation to the use of the external auditors for carrying out non-audit work.

The responsibility for ensuring that management maintain an effective system of internal control and for reviewing its effectiveness rests with the Board. The Group Chief Executive and the Group Executive Committee are responsible for the management of risk and the Group Governance and Control Committee is responsible for monitoring the Group's assurance process and the risk governance framework to ensure that it is complete and effective. The Board Audit Committee reviews the effectiveness of risk management standards and reviews reports on control issues of Group level significance.

The Committee has a pivotal role in reviewing the Group's annual and interim financial statements, including the effectiveness of the Group's disclosure controls and procedures and system of internal control. The remit of the Committee also extends to reviewing the work undertaken by the internal audit team and reports produced by senior management on control issues, reporting its findings to the Board as appropriate.

The Committee reviews arrangements established by management for compliance with the requirements of relevant regulatory and supervisory bodies. In particular it reviews reports carried out under Section 166 of the Financial Services and Market Act 2000 together with any other matters of significance that arise out of management's meetings with supervisors such as the Financial Services Authority.

The Committee strives to ensure that it keeps abreast of all material developments in regulation and best practice affecting the work within its remit. The Committee has in place procedures to ensure that it receives regular briefings on such issues as well as training, where appropriate.

I shall be retiring from the Board at the 2003 AGM and have been succeeded by Stephen Russell as Chairman of the Committee, whose appointment I fully endorse.

Sir Nigel Mobbs
Board Audit Committee Chairman during 2002

Board Remuneration Committee

Sir Nigel Rudd, Chairman
David Arculus
Sir Brian Jenkins
Sir Nigel Mobbs
Graham Wallace

The Board Remuneration Committee meets at least four times a year to consider matters relating to executive remuneration including remuneration policy for executive Directors, employee benefits and long-term incentive schemes. During the year the Committee has also taken time to consider the new Regulations in respect of the disclosure of Directors' emoluments. The Committee is also responsible for the evaluation of the Chairman of the Board.

Board Nominations Committee

Sir Peter Middleton, Chairman
David Arculus
Sir Brian Jenkins
Sir Nigel Mobbs
Sir Nigel Rudd
Graham Wallace

The Board Nominations Committee is chaired by the Chairman of the Board, except when the Committee is considering the succession of the Chairman of the Board, in which case the Chairman of the Board Remuneration Committee, Sir Nigel Rudd, also chairs the Board Nominations Committee. The Committee's other members are all non-executive Directors. The Committee considers and makes recommendations to the Board on the composition of the Board, potential new Board appointments and other top executive appointments.

Board Risk Committee

Sir Peter Middleton, Chairman
Hilary Cropper
Sir Brian Jenkins
Stephen Russell
John Varley

The Board Risk Committee meets at least twice a year to review and recommend to the Board policies and standards for the risk governance and risk management of the Group. An overview of the Group's risk management and control framework can be found on page 24.

Copies of the terms of reference of the Board committees are available from the Group Secretary.

Relations with shareholders

Barclays has just over 900,000 institutional and private shareholders (including Barclays Sharestore members) and has adopted a proactive approach to its relationship with them. In the UK, senior executives hold meetings with our key institutional shareholders to discuss strategy, financial performance and investment activities. Throughout Europe and in the US, we arrange road shows about the Group for key investors. In addition, the Chairman meets regularly with investor bodies and investors to discuss corporate governance issues.

The Group aims to provide a first-class service to its private shareholders. For example, we have introduced Barclays e-view, a service which enables shareholders to receive shareholder documents electronically as soon as they are published and to appoint someone, if they wish, to vote for them at shareholder meetings. It also gives shareholders immediate access to information relating to their personal shareholding and dividend history and provides the necessary forms to change the details held on the share register.

Our policy is also to make constructive use of the AGM. The chairmen of the Board Audit and Board Remuneration Committees are, whenever possible, present at the AGM and are available to answer shareholders' questions. Normally, all resolutions are voted on by a poll to ensure that the views of all shareholders are reflected.

BARCLAYS REPORT ON REMUNERATION

Statement from the Chairman of the Board Remuneration Committee (the Committee)

The primary purpose of the Committee is to determine the Group's policy on the remuneration of executive Directors and the specific remuneration packages for each of the executive Directors. The Committee is made up exclusively of non-executive Directors, and executive Directors play no part in determining their own remuneration.

This Report describes the current components of the Group's remuneration policy and details the remuneration during 2002 of each of the Directors. This will be the first year that the Report will be put to shareholders for approval at the AGM.

The Committee has continued to apply the three fundamental principles of accountability, transparency and linkage with performance in its deliberations throughout the year and in preparing this Report.

Barclays emphasis on reward for performance, and alignment with shareholders' interests, is illustrated by the following points:

Executive Directors' annual cash bonuses for 2002 are significantly lower than in 2001. This recognises that Barclays economic profit(1) performance for 2002, while higher than for 2001, was at the lower end of the target range.

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

As shown in the table on page 16, the executive Directors have a very substantial personal interest in Barclays shares, through shares they own, and shares and options held in employee share plans on their behalf. As the table illustrates, movements in the Barclays share price have had a major effect on the value of these holdings.

The performance conditions set for the Incentive Share Option Plan, as described in the Remuneration Report, are cumulative economic profit performance1, and total shareholder return relative to 11 competitor companies. These are both good measures of the value created for shareholders. The options are granted at market price, and they will only deliver value to the executive Directors if Barclays achieves sustained share price growth.

The Committee unanimously recommend that you vote in favour of this Report at the AGM.

Sir Nigel Rudd
Board Remuneration Committee Chairman

Board Remuneration Committee members

The Committee comprises the following non-executive Directors:

Sir Nigel Rudd, Chairman
David Arculus
Sir Brian Jenkins
Sir Nigel Mobbs
Graham Wallace

Sir Nigel Mobbs is due to retire from the Board at the 2003 AGM.

The Committee members are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The constitution and operation of the Committee comply with the Best Practice Provisions on Directors' Remuneration in the Combined Code of the UK Listing Authority.

Advisers to the Committee

The Committee has access to executive remuneration consultants to ensure that it receives the best independent advice. The selection of advisers is at the discretion of the Committee Chairman. Advisers are appointed by the Committee for specific pieces of work, as necessary, and are required to disclose any potential conflict of interest to the Committee.

During 2002, Towers Perrin(2) advised the Committee on the latest market developments in executive compensation. Towers Perrin has also advised the Company on other human resource related issues including advice in the area of employee reward, pensions and employee communication.

(2) Towers Perrin have given and not withdrawn their written consent to the issue of this document with the inclusion of references to their name in the form and context in which it appears.

The Chairman of the Board, Group Chief Executive and Group Human Resources Director also advise the Committee, but are not permitted to participate in discussions or decisions relating to their own remuneration. The Human Resources Director is responsible for personnel matters within Barclays, is not a Board Director, and is not appointed by the Committee.

Our remuneration policy

We are committed to using reward to support a strong performance oriented culture in which excellence is expected at every level in the organisation. Employees can expect outstanding reward for outstanding performance.

The remuneration policy is:

- To align the interests of employees with those of the shareholders to create value;

- To recognise excellent performance of the Group, business and individual;

- To encourage the right behaviours to achieve excellent performance;
- That reward is to be commercially competitive; and
- That reward is to be transparent, well communicated and easily understood.

Barclays reward programmes are designed to support and facilitate generation of total shareholder return. The graph below shows the total shareholder return for the FTSE 100 Index and Barclays since 31st December 1997. The FTSE 100 is the 100 largest UK quoted companies by market capitalisation. It has been chosen because it is a widely recognised performance comparison for large UK companies. It shows the value, by the end of 2002, of £100 invested in Barclays on 31st December 1997 compared with the value of £100 invested in the FTSE 100 Index. This shows that Barclays out-performed the FTSE 100 for this period.

The reward package for executive Directors

The reward package for the executive Directors and other senior executives comprises:

- Base salary;
- Annual bonus including the Executive Share Award Scheme (ESAS);
- The Incentive Share Option Plan (ISOP); and
- Pension and other benefits.

The Committee reviews the elements of the reward package relative to the practice of other comparable organisations.

The sections that follow explain how each of the elements of remuneration listed above is structured. Each part of the package is important and has a specific role in achieving the aims of the remuneration policy. The combined potential earnings from bonus and ISOP outweigh the other elements. Annual bonus and ISOP are subject to performance conditions, thereby placing more reward at risk. The component parts for each Director are detailed in tables accompanying this Report.

Base Salary

This is a fixed cash sum, payable monthly. The Remuneration Committee reviews salaries each year as part of the total reward package, recognising market practice and individual contribution.

Annual bonus including Executive Share Award Scheme (ESAS)

The annual bonus for executive Directors is linked to Group economic profit performance and individual performance. Bonuses (including ESAS) for 2002 were 67% of base salary at 31st December 2002 for the Group Chief Executive and between 50% and 62% of base salary for other executive Directors. This represents a total reduction in executive Directors' bonuses of 39% since the previous year. In addition, the former Deputy Group Chief Executive, John Stewart, received a bonus for his work on Woolwich integration as detailed in the tables accompanying this Report.

Up to 75% of any bonus award is normally paid as cash and the balance as a mandatory award of shares under ESAS. (See page 17 for details.)

Incentive Share Option Plan (ISOP)

The ISOP is designed to provide the opportunity for individuals to receive rewards for creating sustained shareholder value growth. Under the ISOP, participants are granted options over Barclays PLC ordinary shares which are exercisable at the market price at the time of grant. The number of shares over which options can be exercised depends upon Barclays performance against specific targets. In establishing the performance targets, the Committee has sought to encourage excellent business performance. The two measures of performance used are economic profit (EP) growth and total shareholder return (TSR). These were chosen because they are both good measures of the value created for shareholders. EP is an audited measure which is used as a key internal value creation metric.

The Committee agrees a target ISOP award for each executive Director taking account of market practice for comparable positions and ranges for other positions. A proportion of the target award for executive Directors is subject to the EP measure and a proportion to the TSR measure.

1 Growth in Economic Profit

All participants have some options related to cumulative EP, measured over three years. This measure encourages both profitable growth and the efficient use of capital.

Where cumulative EP is above the target range at the end of the three-year performance period, options over double the number of target award shares will become exercisable. Where cumulative EP is below the target range at the end of the three-year performance period, options over half of the target award shares will become exercisable. Where EP is below the three-year cumulative EP for the previous three years, the options lapse. This is described, for the 2002 awards, in the following table.

EP Ranges for 2002 Grant of ISOP for Performance Period 2002 to 2004

Performance achieved	Number of shares under option that become exercisable
Above the "Target" range, (i.e. the 3-year cumulative EP for the performance period is above £5,100m)	2 x Target Award
In the "Target" range (i.e. the 3-year cumulative EP for the performance period is between £4,000m and £5,100m)	1 x Target Award
Below the "Target" range (i.e. the 3-year cumulative EP for the performance period is below £4,000m)	0.5 x Target Award
EP growth is not positive (i.e. the 3-year cumulative EP for the performance period is not more than the cumulative EP for the previous 3-year period)	Zero

2 Total Shareholder Return (TSR)

For the most senior participants, a proportion of the shares under option are subject to a tougher performance condition based on TSR measured against a financial services peer group approved by the Committee. This peer group comprises 11 UK and internationally based financial institutions which have been chosen to reflect Barclays business mix. For the performance period 2002 2004 the initial peer group is

ABN Amro, Abbey National, BBVA, BNP Paribas, Citigroup, Deutsche Bank, HBOS, HSBC, Lloyds TSB, Royal Bank of Scotland and Standard Chartered.

If the Company is ranked first, second or third in the peer group, then the options will become exercisable over quadruple, triple or double the target award shares, respectively. If the Company is ranked fourth, fifth or sixth in the peer group, the options will become exercisable over the target award shares. However, if the Company is ranked below sixth after three years, there will be a retest on the fourth anniversary, over the full four-year period. If the Company is not ranked sixth or higher after four years, the options will lapse.

The method for measuring relative performance is shown in the table that follows, together with the multiple of target award.

Performance achieved in the TSR ranking scale out of 12 financial institutions including Barclays	Number of shares under option that become exercisable
1st place	4 × Target Award
2nd place	3 × Target Award
3rd place	2 × Target Award
4th 6th place	1 × Target Award
7th 12th place	Zero

Note: Under the TSR condition, the ability to exercise is also subject to the condition that EP for the three-year performance period is greater than the previous performance period.

Options must normally be held for three years before they can be exercised and lapse ten years after grant if not exercised.

Sharesave

All eligible employees including executive Directors have the opportunity to participate in Barclays Sharesave Scheme. Sharesave is an Inland Revenue approved all-employee share plan the terms of which do not permit performance conditions to be attached to the exercise of options. Under the plan, participants are granted options over Barclays PLC ordinary shares. Each participant may save up to £250 per month to purchase Barclays shares at a discount. For the 2002 grant, the discount was 20% of the market value at the time the option was granted.

Share Incentive Plan

The Share Incentive Plan was introduced in January 2002. It is an Inland Revenue approved all-employee share plan. The plan is open to all eligible UK employees including executive Directors. Under the plan, participants are able to purchase up to £125 worth of Barclays PLC ordinary shares each month, which if kept in trust for five years can be withdrawn from the plan tax-free. Any shares in the plan will earn dividends in the form of additional shares, which must normally be held by the trustee for three years before being eligible for release.

Pensions

A pension is payable on retirement at contractual retirement date (normally 60), and is calculated either by reference to an executive Director's length of service and pensionable salary or to a money purchase arrangement, depending upon date of hire. Matthew Barrett is not a member of the Group's main pension schemes. A notional fund was accrued on his behalf outside the pension scheme (see page 15 for further details).

Service Contracts

The Group has service contracts with its Chairman, executive Directors and senior executives. Non-executive Directors do not have service contracts. The service contracts do not have a fixed term but provide for a notice period from the Group of one year and normally for retirement at age 60[(1)]. The Committee's policy is that executive Directors' contracts should allow for termination with reasonable notice from the Company, except in circumstances of summary dismissal when notice is not given.

(1) Effective dates of employment contracts: Sir Peter Middleton 1st May 1999; Matthew Barrett 1st January 2002; Chris Lendrum 15th June 1992; John Varley 1st April 1998.

The service contract with Matthew Barrett, who will be standing for re-election at the 2003 AGM, provides for a notice period of one year in line with the other executive Directors. If Mr Barrett's contract is terminated following a change of control of Barclays, pre-determined compensation is payable equivalent to twice annual basic salary, pension contribution, bonus and other benefits. Exceptionally, the Committee decided to retain this provision in Mr Barrett's contract at the time of renewal of his first contract with the Group in March 2002 in order to retain the services of an executive with a global reputation in a competitive market for talent. None of the other executive Directors has a similar clause in their service contracts.

The Committee has considered what arrangements should apply in the event of termination of the contract. The Committee's approach when considering payments in the event of termination is to examine individual circumstances including the reason for termination, contractual notice period and share scheme rules relating to contract termination and take a decision based on this information.

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Forward looking statement

The Committee will keep the existing remuneration arrangements, as detailed in this Report, under review during 2003 and ensure that Barclays reward programmes remain competitive and provide appropriate incentive for performance. No significant changes to reward arrangements for executive Directors are expected. However, as usual, there will be individual reviews of base salary, annual bonus (including ESAS) and ISOP awards. The performance targets for incentive plans will also be reviewed to ensure alignment with Group strategy.

Non-executive Directors

The Board determines the fees of non-executive Directors. The Board's policy is that fees should reflect individual responsibilities and membership of Board Committees. The Board, during 2002, has increased the basic fee for our non-executive Directors to £50,000 per annum, to take account of the ever-growing importance, responsibility and time that the role demands.

Barclays encourages its non-executive Directors to build up a holding in the Company's shares. £20,000 of their basic Director's fee is used to buy shares in the Company for each non-executive Director. These shares, together with reinvested dividends, are retained on behalf of the non-executive Directors until they retire from the Board. They are included in the table of Directors' interests in ordinary shares of Barclays PLC on page 21. Non-executive Directors do not participate in share schemes for employees.

Sir Nigel Mobbs will be retiring at the 2003 AGM. Sir Nigel Rudd, Dr Jürgen Zech and Professor Sandra Dawson will be standing for re-election at the 2003 AGM.

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2002 Annual Remuneration (a)

							Executive Share Award Scheme ESAS (c)	
	Salary & fees	Benefits (b)	Annual cash bonus	Integration Bonus	2002 Total	2001 Total	2002	2001
				(£ thousands)				
Chairman								
Sir Peter Middleton (d)	**513**	**15**			**528**	409		
Executive								
MW Barrett	**1,100**	**81**	**516**		**1,697**	1,862	**223**	331
CJ Lendrum	**400**	**10**	**150**		**560**	664	**65**	117
JM Stewart (e)	**460**	**12**	**230**	**900**	**1,602**	779		135
JS Varley	**460**	**9**	**199**		**668**	797	**86**	149

							Executive Share Award Scheme ESAS (c)	
Non-executive (f)								
TDG Arculus	**52**				**52**	43		
HM Cropper	**52**				**52**	42		
Sir Brian Jenkins	**100**				**100**	100		
Sir Nigel Mobbs	**79**				**79**	70		
Sir Nigel Rudd	**57**				**57**	49		
SG Russell	**58**				**58**	44		
GM Wallace	**52**				**52**	26		
Dr Jürgen Zech (g)	**21**				**21**			
Former Director								
Sir Andrew Large (h)	**169**				**169**	175		

Notes

(a) Emoluments include amounts, if any, payable by subsidiary undertakings and by other companies where services are undertaken at the Group's request.

(b) The Chairman and executive Directors receive benefits in kind, which may include life cover, the use of a company owned vehicle, or cash equivalent, and medical health insurance on similar terms to other senior executives.

(c) The amounts shown for ESAS 2002 represent payments which are expected to be made by the trustee to fund the provisional allocation of shares in 2003, including a maximum potential 30% bonus share element. Refer to page 17 for further details about ESAS.

(d) Sir Peter Middleton receives pension payments through the Barclays Bank Retirement Plan. Details of the payments are not included since this is a pension in payment relating to his Barclays service prior to becoming Chairman.

(e) John Stewart led the second phase of the Woolwich integration process for the period from July 2001 to the end of 2002. The Board considered that it was important to the success of the integration process to reward and retain Mr Stewart in this period to maximise shareholder value through further synergies. On 11th July 2001, Mr Stewart was therefore granted a special bonus opportunity of up to a maximum value of £900,000 payable on or before 31st March 2003 based upon the level of his achievement by 31st December 2002 of three performance metrics which include cost savings and business development. The Committee has assessed Mr Stewart's performance and awarded the maximum bonus of £900,000. Mr Stewart has resigned as a Director with effect from 27th February 2003.

(f) Fees to non-executive Directors include an amount of not less than £20,000 which, after tax, is used to buy Barclays PLC ordinary shares for each non-executive Director. Further details are provided on page 13.

(g) Fees for Dr Jürgen Zech are in respect of service since his appointment as non-executive Director on 30th July 2002.

(h) Sir Andrew Large resigned from the Board with effect from 3rd September 2002.

Executive Directors' annual pension accrued assuming retirement at contractual age (a)(e)(f)

	Age at 31st December 2002	Years of service	Accrued pension at 31st December 2001	Pension accrued during 2002 (including increase for inflation)	Accrued pension at 31st December 2002	Transfer value of accrued pension at 31st December 2001	Transfer value of accrued pension at 31st December 2002	Increase in transfer value during the year	Other contributions made in 2002
						(£ thousands)			
Executive									
MW Barrett (b)	58	3							990
CJ Lendrum (c)	55	33	224	**14**	**238**	3,146	3,415	269	
JM Stewart (d)	53	25	235	**10**	**245**	3,058	3,218	160	
JS Varley (c)	46	20	151	**16**	**167**	1,502	1,693	191	

Notes

(a)

Pension accrued during 2002 represents the increase in accrued pension which occurred during the entire year. All pensions are reviewed annually, with a guaranteed increase in line with retail price inflation, up to a maximum of 5%.

(b)

Matthew Barrett is not a member of the Group's main pension schemes. A notional fund was accrued on his behalf outside the pension scheme. In the event of Mr Barrett's death before retirement, a capital sum of up to four times salary would be payable.

(c)

The Group has a closed non-contributory pension scheme, Barclays Bank UK Retirement Fund 1964 Pension Scheme ("1964 Scheme") which provides that, in the case of death before retirement, a capital sum of up to four times salary is payable, together with a spouse's pension of approximately 50% of the member's prospective pension at retirement. For death in retirement, a spouse's pension of approximately 50% of the member's pre-commutation pension is payable. If a member, granted a deferred pension, dies before their pension becomes payable, their widow/widower will immediately be paid a pension of 50% of their deferred pension. In all circumstances, children's allowances are payable, usually up to the age of 18. Enhanced benefits are payable if a member is unable to work as the result of serious ill health. Chris Lendrum and John Varley are members of the "1964 Scheme" and are entitled to enhanced benefits that will give them two-thirds of their pensionable salary at age 60.

(d)

John Stewart is entitled to a pension of up to two-thirds of pensionable salary at age 60. For service to 30th June 2001, Mr Stewart accrued pension rights in The Woolwich Pension Fund. The Woolwich Pension Fund is similar to the "1964 Scheme" except that employees contribute at the rate of 3% of pensionable salary. From 1st July 2001, Mr Stewart became a member of the Group's "1964 Scheme" for future pension accrual. Mr Stewart has resigned as a Director with effect from 27th February 2003.

(e)

The accrued pension amounts at the end of the year are the value if the Director left service on that date.

(f)

The transfer values have been calculated in a manner consistent with "Retirement Benefit Schemes Transfer Values (GN11)" published by the Institute of Actuaries and the Faculty of Actuaries.

Executive Directors: Illustration of change in value of shares owned beneficially, or held under option or award under employee share plans during the year (a)(g)

Number at 31st December 2002								
Shares owned	Executive Share	Executive Share	Incentive Share	Sharesave	Total	Notional value based on share	Notional value based on share price of	Change in

	Number at 31st December 2002								
	beneficially (b)	Award Scheme	Option Scheme	Option Plan (d)			price of £5.6875 (e)	Notional value based on share price of £3.85 (f) (£ thousands)	notional value
Executive									
MW Barrett	**263,384**	**185,724**	**766,628**	**2,596,000**	**3,064**	**3,814,800**	5,077	1,731	(3,346)
CJ Lendrum	**202,860**	**91,164**		**348,000**	**6,626**	**648,650**	1,986	1,140	(846)
JM Stewart (c)(h)	**4,050**	**25,940**	**396,516**	**240,000**	**5,588**	**672,094**	1,095	201	(894)
JS Varley	**247,448**	**195,704**		**360,000**	**4,096**	**807,248**	2,842	1,706	(1,136)

Notes

(a) The register of Directors' interests which shows full details of Directors' current share awards and options, is available for public inspection at the Group's Head office in London.

(b) The number shown includes shares held under the Profit Sharing Scheme and the Share Incentive Plan.

(c) The number shown under the Executive Share Option Scheme (ESOS) column includes the Barclays shares under option under The Woolwich Executive Share Option Plan (The Woolwich ESOP).

(d) The number of shares shown represent the target award shares under option.

(e) The value is based on the share price as at 1st January 2002. The notional value of shares under option under the Incentive Share Option Plan (ISOP), ESOS, Woolwich ESOP and Sharesave have been set at zero where the market price at 1st January 2002 is lower than the exercise price per share.

(f) The value is based on the share price as at 31st December 2002. The notional value of shares under option under ISOP, ESOS, Woolwich ESOP and Sharesave have been set at zero where the market price at 31st December 2002 is lower than the exercise price per share.

(g) All the numbers in the table have been restated for the 4 for 1 share split approved by shareholders at the AGM on 25th April 2002.

(h) John Stewart resigned as a Director with effect from 27th February 2003.

The closing market price at 31st December 2002 was 385p, during the year the highest and lowest prices were 624p and 355p respectively.

Under ESAS, ISOP, ESOS and The Woolwich ESOP, nothing was paid by a participant on the grant of options.

Executive Directors: shares provisionally allocated and shares under option under Executive Share Award Scheme (ESAS) (a)(e)

		During 2002							
	Number at 1st January 2002	Awarded in respect of the results for 2001	Released (b)	Market price at release date £	Number at 31st December 2002	Nil cost option granted at 3rd anniversary (c)	Date from which exercisable	Latest expiry date	Awarded in 2003 in respect of the results for 2002 (d)

		During 2002							
Chairman									
Sir Peter Middleton	**9,564**		**(9,564)**	**5.27**					
Executive									
MW Barrett	**121,816**	**63,908**			**185,724**				60,225
CJ Lendrum	**73,988**	**22,560**	**(5,384)**	**5.27**	**91,164**	24,896	23/03/01	25/02/04	17,520
JM Stewart (f)		**25,940**			**25,940**				
JS Varley	**213,268**	**28,828**	**(46,392)**	**5.27**	**195,704**	107,740	23/03/01	25/02/04	23,214

Notes

(a) The size of any award under ESAS is subject to the same Group and individual performance criteria as the annual bonus. Awards under ESAS are granted in the form of provisional allocations over Barclays PLC ordinary shares, which do not give rise to any entitlement to these shares. Normally, the trustees will permit the executive to call for the shares from the end of the third year from grant of an award by granting a right to acquire shares (a nil cost option) exercisable for two years. As this nil cost option is part of the structure of an ESAS award described above, which is a deferred share award scheme, it would not be appropriate to attach a performance condition to the exercise of options. If the right is not exercised, the trustees may at the end of the fifth year release all of the shares, including bonus shares equal to 30% of the basic award. If the right is exercised, an executive may lose the opportunity of receiving one-third of the bonus shares. The number of shares shown in the table includes the bonus shares.

(b) The trustees may release additional shares to participants which represent accumulated net dividends in respect of shares under award. During 2002, the trustees released the following accumulated dividend shares 2,720 to Sir Peter Middleton, 1,544 to Chris Lendrum and 11,972 to John Varley. These are not awarded as part of the original award and consequently are not included in the Released column.

(c) The shares under option shown in this column are already included in the numbers shown at 1st January 2002 and relate to provisional allocations made in 1998 and 1999 except that the figures do not include accumulated dividend shares under option as follows: 1,776 shares for Chris Lendrum and 7,792 shares for John Varley. Under ESAS, a participant pays £1 to exercise an option, irrespective of the number of shares involved. No options were either exercised or lapsed during the year.

(d) The awards in respect of 2002 were made in February 2003. The shares awarded represent shares purchased by the trustees after 18th February 2003 at £3.71 in respect of a recommendation by the Company for an award, including a maximum potential 30% bonus shares, of £223,438 to Matthew Barrett, £65,000 to Chris Lendrum and £86,125 to John Varley.

(e) All the numbers in the table have been restated for the 4 for 1 share split approved by shareholders at the AGM on 25th April 2002.

(f) John Stewart resigned as a Director with effect from 27th February 2003.

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Executive Directors: shares under option under Incentive Share Option Plan (ISOP) (a)(b)(e)

	Number held as at 1st January 2002		During the year (c) Granted		Number held as at 31st December 2002					
	Target Award Shares	**Maximum number over which potentially exercisable**	**Target Award Shares**	**Maximum number over which potentially exercisable**	**Target Award Shares**	**Maximum number over which potentially exercisable**	**Shares due to vest in 2003 (d)**	**Exercise price per share £**	**Date from which exercisable**	**Expiry Date**

(£ thousands)

			During the year (c)							
MW Barrett										
2002										
EP			**40**	**80**	**40**	**80**		**5.20**	**20/03/05**	**19/03/12**
TSR			**1,960**	**7,840**	**1,960**	**7,840**		**5.20**	**20/03/05**	**19/03/12**
2001										
EP	40	80			40	80		5.34	12/03/04	11/03/11
TSR	300	1,200			300	1,200		5.34	12/03/04	11/03/11
2000										
EP	40	80			40	80	80	3.90	18/05/03	17/05/10
TSR	216	864			216	864	432	3.90	18/05/03	17/05/10
CJ Lendrum										
2002										
EP			**40**	**80**	**40**	**80**		**5.20**	**20/03/05**	**19/03/12**
TSR			**80**	**320**	**80**	**320**		**5.20**	**20/03/05**	**19/03/12**
2001										
EP	40	80			40	80		5.34	12/03/04	11/03/11
TSR	80	320			80	320		5.34	12/03/04	11/03/11
2000										
EP	40	80			40	80	80	3.90	18/05/03	17/05/10
TSR	68	272			68	272	136	3.90	18/05/03	17/05/10
JM Stewart (f)										
2002										
EP			**40**	**80**	**40**	**80**		**5.20**	**20/03/05**	**19/03/12**
TSR			**80**	**320**	**80**	**320**		**5.20**	**20/03/05**	**19/03/12**
2001										
EP	40	80			40	80		5.34	12/03/04	11/03/11
TSR	80	320			80	320		5.34	12/03/04	11/03/11
JS Varley										
2002										
EP			**40**	**80**	**40**	**80**		**5.20**	**20/03/05**	**19/03/12**
TSR			**80**	**320**	**80**	**320**		**5.20**	**20/03/05**	**19/03/12**
2001										
EP	40	80			40	80		5.34	12/03/04	11/03/11
TSR	80	320			80	320		5.34	12/03/04	11/03/11
2000										
EP	40	80			40	80	80	3.90	18/05/03	17/05/10
TSR	80	320			80	320	160	3.90	18/05/03	17/05/10

Notes

(a)
The Register of Directors' interests which shows full details of Directors' current share awards and options, is available for inspection at the Group's head office in London.

(b)
For details of the performance targets which must be satisfied for options to become exercisable and the extent to which options will become exercisable see pages 11 and 12.

(c)
No options either lapsed or were exercised during the year and therefore are not shown in the table. As there were no options exercised during the year, the table does not show the market price on the exercise date.

(d)
The 2000 grant is due to vest on 18th May 2003. The number of shares due to vest represents the number over which an option may be exercised after the third anniversary from grant, as determined by the Committee in respect of the performance conditions attached to the options originally set at the time of the grant of the option. The shares under option that are not due to vest will lapse. The result of the economic profit performance against the target has resulted in two times the Target Award vesting. The result of the relative TSR performance target against the comparator group of companies placed Barclays in 3rd position with a vesting multiplier of two times the Target Award.

(e)

All the numbers in the table have been restated for the 4 for 1 share split approved by shareholders at the AGM on 25th April 2002.

(f) John Stewart resigned as a Director with effect from 27th February 2003.

Executive Directors: shares under option under Sharesave (a)(b)(d)

	During 2002		Information as at 31st December 2002				
	Number held at 1st January 2002	Granted	Number at 31st December 2002	Exercise price per share £	Weighted average exercise price £	Date from which exercisable	Latest expiry date
MW Barrett	**3,064**		**3,064**		3.16	01/11/03	30/04/04
CJ Lendrum	**3,912**	**2,714**	**6,626**		2.61	01/11/03	30/04/06
JM Stewart (c)	**5,588**		**5,588**		3.08	01/07/03	31/12/03
JS Varley	**4,096**		**4,096**		4.11	01/11/06	30/04/07

Notes

(a) The Register of Directors' Interests which shows full details of Directors' current share awards and options is available for inspection at the Group's Head office in London.

(b) Please see page 12 for details of the Sharesave scheme. No options were either exercised or lapsed during the year.

(c) John Stewart was previously awarded an option over Woolwich plc shares. This option was rolled over into an option over Barclays PLC shares in accordance with the scheme of arrangement for the acquisition of Woolwich plc. These figures represent option held under the Woolwich plc Sharesave Scheme. Mr Stewart resigned as a Director with effect from 27th February 2003.

(d) All the numbers in the table have been restated for the 4 for 1 share split approved by shareholders at the AGM on 25th April 2002.

Directors: Closed Group incentive schemes (Performance Share Plan (PSP), Executive Share Option Scheme (ESOS) and Woolwich Executive Share Option Plan (ESOP))

In addition, executive Directors continue to have interests under the PSP, ESOS and Woolwich plc 1998 ESOP schemes (as indicated in the table below). No further awards will be made under these schemes. Under PSP, executives were awarded a right to acquire shares, the number of which is determined by the Company's relative TSR performance against a FTSE 100 index comparator group of companies. If ranked in the top 25 positions, awards would vest in full. If ranked below 60th position, none would vest. If between 26th and 60th, vesting would be pro-rata. Under the ESOS, options granted (at market value) to executives were exercisable only if the growth in earnings per share of the Company over a three year period was, at least, equal to the percentage increase in the UK Retail Prices Index plus 6%, over the same period. The performance targets for the 1997, 1998 and 1999 ESOS grants were met.

Under the ESOP, options originally granted over Woolwich plc shares at market value were exercised in 2001 or exchanged, in accordance with the proposals made under the Offer to acquire the Woolwich, for options over Barclays PLC shares. Under the rules of ESOP, the performance conditions attached to the exercise of options were disapplied on acquisition of Woolwich plc by Barclays.

Directors: awards under closed Group incentive schemes (a)(e)

	Number at 1st January 2002	During the year Granted	Exercised	Lapsed	Number at 31st December 2002	Exercise price per share £	Market Price on exercise date £	Weighted average exercise price	Date from which exercisable	Latest expiry date
MW Barrett (b)										
ESOS	**766,628**				**766,628**			4.43	04/10/02	03/10/09
PSP	**191,656**		**(191,656)**			n/a	3.88			
CJ Lendrum										
ESOS	**60,000**		**(60,000)**			1.76	6.06			
PSP (c)	**55,928**		**(55,928)**			n/a	4.39			
JM Stewart (f)										
Woolwich	**536,052**		**(69,420)**		**396,516**	3.85	5.59	3.65	14/12/02	16/02/10
ESOP (d)			**(70,116)**			4.22	5.94			
JS Varley										
PSP (c)	**55,928**		**(55,928)**			n/a	4.39			

Notes

(a) The register of Directors' interests which shows full details of Directors' current share awards and options, is available for public inspection at the Group's head office in London.

(b) The independent trustee of the Barclays Group (PSP and ESOS) employees' benefit trust granted Matthew Barrett a share award in 1999 comprising (i) an option on similar terms to options granted under ESOS and (ii) an award on similar terms to awards granted under PSP except that no exercise price was payable as the award was granted as a provisional allocation. For convenience these are described as granted under ESOS and PSP in the above table.

(c) Under PSP, a participant pays £1 to exercise an award, irrespective of the number of shares involved.

(d) Under The Woolwich ESOP, John Stewart held an option over Woolwich plc shares. This was rolled over into a new option over Barclays PLC shares under the terms of The Woolwich ESOP in accordance with proposals offered to all Woolwich employees participating in The Woolwich ESOP following the acquisition of Woolwich plc.

(e) All the numbers in the table have been restated for the 4 for 1 share split approved by shareholders at the AGM on 25th April 2002.

(f) John Stewart resigned as a Director with effect from 27th February 2003.

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Directors: interests in ordinary shares of Barclays PLC (a)(e)

	At 1st January 2002(b)(e) Beneficial	Non-beneficial	At 31st December 2002 Beneficial	Non-beneficial
Chairman				
Sir Peter Middleton	154,376	6,000	**163,748**	**6,000**

	At 1st January 2002(b)(e)		At 31st December 2002	
Executive				
MW Barrett	104,356		**263,384**	
CJ Lendrum (f)	169,044		**202,860**	
JM Stewart (c)	4,024		**4,050**	
JS Varley (f)	178,616		**247,448**	
Non-executive				
TDG Arculus	9,764		**11,391**	
HM Cropper	7,972		**9,703**	
Sir Brian Jenkins	2,540	105,200	**3,576**	**105,200**
Sir Nigel Mobbs	44,492	20,000	**46,327**	**20,000**
Sir Nigel Rudd	6,928		**8,604**	
SG Russell	5,084		**7,125**	
GMWallace	2,124		**3,704**	
Dr Jürgen Zech (d)			**2,500**	

Notes

(a)

Beneficial interests in the table above represent shares held by Directors, either directly or through a nominee, their spouse and children under 18. They include any interests held through the 1991 UK Profit Sharing Schemes (PSS) and the Share Incentive Plan, but do not include any awards under ESAS, ISOP, PSP, ESOS, Sharesave schemes or under the Woolwich Sharesave or the Woolwich plc 2000 Sharesave Scheme (together The Woolwich Sharesave scheme), or the ESOP. At 31st December 2002, Sir Peter Middleton and the executive Directors together with other senior executives were potential beneficiaries in respect of a total of 70,656,045 Barclays PLC ordinary shares (1st January 2002: 41,920,308) held by the trustees of the Barclays Group Employees' Benefit Trusts. At 12th February 2003, a total of 70,651,234 shares were held by the trustees.

(b)

Or date appointed to the Board if later.

(c)

At 31st December 2002 John Stewart together with other senior executives from Woolwich plc, was a potential beneficiary in respect of a total of 1,883,196 Barclays PLC ordinary shares held by the trustee of the Woolwich Qualifying Employee Share Ownership Trust. At 12th February 2003 a total of 1,833,196 shares were held by the trustees.

(d)

Appointed with effect from 30th July 2002.

(e)

Restated for the 4 for 1 share split approved by shareholders at the AGM on 25th April 2002.

(f)

Between 31st December 2002 and 12th February 2003, John Varley and Chris Lendrum each purchased 68 ordinary shares through the Share Incentive Plan.

Accountability and Audit

Going concern

The Directors confirm they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the "going concern" basis for preparing the accounts.

Internal control

The Directors have responsibility for ensuring that management maintain an effective system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Throughout the year ended 31st December 2002, and to date, the Group has operated a system of internal control which provides reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Group in accordance with the guidance "Internal Control: Guidance for Directors on the Combined Code" issued by the Institute of Chartered Accountants in England and Wales. The Board regularly reviews these processes through the Board committees.

The Directors review the effectiveness of the system of internal control annually. An internal control compliance certification process is conducted throughout the Group in support of this review. The effectiveness of controls is periodically reviewed within the business areas. Quarterly risk reports are made to the Board covering all risks of Group significance including credit risk, market risk, operational risk, and legal and compliance risk. Regular reports are made to the Board Audit Committee by management, Group Internal Audit and the compliance and legal functions covering particularly financial controls, compliance and operational controls. Reports covering risk measurement standards and risk appetite are made to the Board Risk Committee.

The key document for the Group's internal control processes is the record of Group Governance practices which describes the Group's governance and control framework and details Group policies and processes. The record of Group Governance practices is reviewed and approved on behalf of the Group Chief Executive by the Group Governance and Control Committee. Further details of risk management procedures are given in the Risk management section on pages 24 to 55.

The system of internal financial and operational controls is also subject to regulatory oversight in the United Kingdom and overseas. Further information on supervision by the financial services regulators is provided under Supervision and regulation on pages 93 to 94.

Statement of Directors' responsibilities for accounts

The following statement, which should be read in conjunction with the Auditors' report set out on page 96, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that, in preparing the accounts on pages 97 to 189 and 193 to 202, and the additional information contained on pages 10 to 21, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Signed on behalf of the Board

Sir Peter Middleton
12th February 2003

Disclosure controls and procedures

Within the 90-day period prior to the filing of this report with the US Securities and Exchange Commission, an evaluation was carried out under the supervision and with the participation of the Group's management, including the Group Chief Executive and the Group Finance Director, of the effectiveness of the design and operation of the Group's disclosure controls and procedures, which are defined as those controls and procedures designed to ensure that information required to be disclosed in reports filed under the US Securities Exchange Act of 1934 is recorded, summarised and reported within specified time periods. As of the date of the evaluation, the Group Chief Executive and Group Finance Director concluded that the design and operation of these disclosure controls and procedures were effective. No significant changes were made in our internal controls or in other factors that could significantly affect these controls subsequent to their evaluation.

PRESENTATION OF INFORMATION

Barclays PLC is a public limited company registered in England and Wales under company number 48839. The Company, originally named Barclay & Company Limited, was incorporated in England and Wales on 20th July 1896 under the Companies Acts 1862 to 1890 as a company limited by shares. The company name was changed to Barclays Bank Limited on 17th February 1917 and it was re-registered in 1982 as a public limited company under Companies Acts 1948 to 1980. On 1st January 1985, the company changed its name to Barclays PLC.

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The Bank was incorporated on 7th August 1925 under the Colonial Bank Act 1925 and on 4th October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1st January 1985 the Bank was re-registered as a public limited company and its name was changed from Barclays Bank International Limited to Barclays Bank PLC.

All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC. The Annual report for Barclays PLC also contains the consolidated accounts of and other information relating to Barclays Bank PLC. The Annual report includes information required on Form 20-F. Form 20-F will contain certificates pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by the Group Chief Executive and Group Finance Director, with respect to both Barclays PLC and Barclays Bank PLC. Except where otherwise indicated, the information given is identical with respect to both Barclays PLC and Barclays Bank PLC.

The accounts of Barclays Bank PLC included in this document do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts of Barclays Bank PLC, which contain an unqualified audit report and do not contain any statement under Section 237(2) or (3) of that Act, will be delivered to the Registrar of Companies in accordance with Section 242 of that Act and are published as a separate document.

The term "Barclays PLC Group" means Barclays PLC together with its subsidiary undertakings and the term "Barclays Bank PLC Group" means Barclays Bank PLC together with its subsidiary undertakings. "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" refers to Barclays PLC and the term "Bank" refers to Barclays Bank PLC. "Woolwich plc" is used, as the context requires, to refer to Woolwich plc and its subsidiary undertakings. In this report, the abbreviations "£m" and "£bn" represent millions and thousands of millions of pounds sterling respectively; the abbreviations "$m" and "$bn" represent millions and thousands of millions of US dollars respectively and "€m" and "€bn" represent millions and thousands of millions of euros respectively. References to operating results "before the impact of the Finance Act" exclude the impact of taxation changes arising from Finance Act 1998.

Statutory accounts

The consolidated accounts of Barclays PLC and its subsidiary undertakings are set out on pages 105 to 110 along with the accounts of Barclays PLC itself on page 111. The consolidated accounts of Barclays Bank PLC and its subsidiary undertakings are set out on pages 193 to 198. The accounting policies on pages 97 to 103 and the notes commencing on page 112 apply equally to both sets of accounts unless otherwise stated.

The financial statements contained in this document, which include the results of Woolwich plc from its acquisition on 25th October 2000, also reflect changes in the Group's management structure which took place in 2002, as explained on pages 60 and 64. The comparative data has been restated, where appropriate.

RISK MANAGEMENT

Risk management and control overview

Barclays aims to employ superior risk practices to optimise financial performance and value.

Risk governance

Barclays manages a variety of risks through various control mechanisms consistent with the requirements of the "Internal control: Guidance for Directors on the Combined Code" issued by the Institute of Chartered Accountants in England and Wales.

Barclays approach to risk management and control continues to evolve to reflect best practice, informed by new developments derived from risk management research. Barclays seeks to take risks that are commensurate with the returns and within its overall risk appetite. Risk management's objective is to ensure that the variability of the results is within the range anticipated in the business strategy.

Barclays governance framework has been further developed during 2002. The framework is based on the following four principles:

Shareholder value based:

- Internal controls should focus on risks that could prevent the Group achieving its business objectives and the desired shareholder value-added.
- Responsibility for internal controls must be clearly defined and documented.

Embedded in the culture:

- The culture of the Group should reflect the risk appetite approved by the Board at all levels in the organisation.
- Training should be given to staff to ensure that risks can be regularly monitored and that corrective action can be taken in a timely manner.

Assurance:

- Risk management systems should be able to provide management with assurance that risks are being managed appropriately and the system of internal controls over risk systems is adequate.

Board review:

- The Board should undertake an annual review of the effectiveness of the risk management processes and systems of internal control.
- The Group's risk profile should be reviewed on a regular basis.

During 2002, the Board established requirements (Board Governance Standards "Standards") for the management of Barclays most significant areas of risk. From 2003, adherence to these Standards is monitored by the Board through reports that include key risk indicators.

Responsibilities for risk management and control

The responsibilities for risk management and control within the overall governance framework rest with:

- The Board, which ensures that management maintain an effective system of internal control and reviews its effectiveness;
- The Group Risk Director, under delegation from the Group Chief Executive, who has responsibility for the adequacy of risk management and control;
- Business leaders, who are responsible for the identification of the risks in their businesses and for the management of them;

Business Risk Directors and their teams in the businesses, who are responsible for assisting business leaders in the identification and management of their business risk profile;

Group Risk Type Heads and their teams in the Group Centre, who are responsible for the risk control oversight of credit risk, operational risk, regulatory compliance risk and market risk; and

Other Function Heads in the Group centre, who are responsible for the risk control oversight of other risk types.

The leaders who execute these responsibilities are guided and monitored by:

The Group's management committees. The main committees and their principal risk management and control responsibilities are shown in the risk governance structure chart on page 26. The committees' roles have been reviewed and updated during 2002.

Business and regional governance and control committees. These committees report to the Group Governance and Control Committee. Together, they are responsible for ensuring that business risk governance and control frameworks have been established in each business, consistent with the Group's risk governance and control framework. They also review and assess the completeness and effectiveness of, and compliance with, internal controls within each business.

Risk management in the businesses is the responsibility of business management, who are assisted by Business Risk Directors, with a functional reporting line to the Group Risk Director. The key role of Business Risk Directors and their teams is to assist the businesses to maximise value by:

performing high quality risk analysis;

ensuring that risks are properly controlled;

evaluating economic trade-offs between risk and return;

designing cost-effective ways of mitigating and transferring risks;

generating alternative risk strategies; and

ensuring that Group level policies are properly implemented in their business line.

Specialist risk teams led by Group Risk Type Heads and other risk specialists report to the Group Risk Director. Their role is to:

measure aggregate risk by type;

set high level policies and controls within the overall risk governance framework;

perform research, development and quality assurance;

- provide analytical support to businesses;
- provide comprehensive reports to all levels of management and the Board to enable them to make effective risk management decisions; and
- run risk limit setting systems.

Risk management and measurement

The following are the principal risks managed by Barclays:

- Credit risk;
- Market risk;
- Asset and liability, liquidity and pricing mismatch risks; and
- Other risks (including Operational, Legal and Tax risks, and the risk of non-compliance with the many regulatory regimes applicable to Barclays around the world).

Barclays uses a common metric to ensure that the returns throughout the Group are commensurate with the associated risks. Under this methodology, it allocates economic capital to each business based on its risks. The businesses are expected to optimise the return on the economic capital allocated to them.

The following charts show the relative amounts of capital allocated to the various risks and businesses. The major risks are discussed in subsequent sections of this report.

Credit risk management

Credit risk arises because the Group's customers, clients or counterparties may not be able or willing to fulfil their contractual obligations.

Credit risk control

Credit is the Group's most significant risk and its approach to managing credit risk varies according to the nature of the business.

In consumer businesses, such as Barclaycard where there are large numbers of accounts, a systems driven environment prevails. Credit decisions are made with the aid of statistically based scoring systems and account management is likewise automated.

Mid-range credits are approved and reviewed according to a hierarchy of discretions, whereby discretionary limits are set according to the skills, experience and seniority of the sanctioning teams, in addition to the quality of the borrower as measured by the credit grading structure.

Large value wholesale loans are referred to the Group Credit Committee or are sanctioned within business risk management departments. Besides loans, these include significant credit exposures arising from money market, foreign exchange, derivatives, securities dealing and other similar products.

The Group Credit Risk Director provides central credit risk review and oversight.

Functional areas assist the Group Credit Risk team and line businesses in setting policy and standards, defining the Group's risk appetite and providing the capability for effective risk management, including the regular review and challenge of business credit risk positions. These central risk functions add value by undertaking reporting, analysis, strategy and portfolio activities that support corporate governance, overall portfolio management, capital allocation for risk, Basel II implementation and credit decisions within business areas.

Credit risk measurement

As part of its credit risk measurement system, the Group uses a model-based methodology to assess the quality of credit across different customer categories. The approach is termed Risk Tendency and applies to all credit exposures in both wholesale and retail sectors, and it provides a statistical estimate of the average losses looking one year ahead based on the current performing loan portfolio. It estimates the average in the range of possible losses from the current performing loan portfolio and as such the actual outcome in any one year is likely to be different. Thus it is not a prediction of specific provisions but it gives management a clear view of the evolution of the quality of the credit portfolio.

Risk Tendency reflects the results of a set of model based calculations, the models having been created using historical data. The models are designed to estimate the loss over the forthcoming 12 months for the current performing loan portfolio, given the current composition and current risk characteristics of the portfolio. Significant variation around this value can occur, due to changes in the economic environment or the business conditions in specific sectors or countries during the year. This applies especially in wholesale portfolios where the default of a small number of large exposures can have a significant impact on the outcome. However, for retail portfolios consisting of a very large number of small exposures, the variation from Risk Tendency is usually much smaller.

In addition to enhancing the understanding of the average credit quality of the portfolio, Risk Tendency is one of the measures used by the Group to inform a wider range of decisions, such as:

- Setting exposure limits to any single counterparty or borrower;
- Establishing the desired aggregate exposure levels to individual sectors;
- Determining pricing policy; and

Setting the level of the general provision for loan losses.

Barclays Internal Rating	**Probability of Default (PD) Minimum**	**Maximum**	**Mid Point**	**S&P Equivalent Rating**	**Moody's Equivalent Rating**
1.2	0.02%	0.04%	0.025%	AAA/AA+/AA	Aaa/Aa/A1
1.5	0.05%	0.09%	0.075%	AA-/A+	A2
1.8	0.10%	0.14%	0.125%	A/A-	A3
2.1	0.15%	0.19%	0.175%	BBB+	Baa1
2.5	0.20%	0.24%	0.225%	BBB+	Baa1
2.8	0.25%	0.29%	0.275%	BBB	Baa2
3	0.30%	0.59%	0.450%	BBB/BBB-	Baa2/Baa3
4	0.60%	1.19%	0.900%	BB+/BB/BB-	Ba1/Ba2
5	1.20%	2.49%	1.850%	B+/B	Ba3
6	2.50%	4.99%	3.750%	B-	B1
7	5.00%	9.99%	7.500%	CCC-	B2/B3
8	10.00%+		15.000%	CC/C	Caa/Ca/C

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The models assess the probability of customer default, severity, and exposure in the event of default. These terms are explained below. A consistent approach is used across the organisation. Decision support model outputs are a way of assessing what might happen in the future based on past experience. An increase in the size of the portfolio and/or a decrease in the credit quality will be highlighted to management by an increase in Risk Tendency.

A number of different models are used in the Risk Tendency calculation reflecting the diversity of the portfolio. They are being improved constantly as the Group collects more data and deploys more sophisticated techniques. The Group believes that each change will have a minor impact on the total result but should lead to better estimates over time.

Since Risk Tendency is a point in time calculation looking one year ahead, it does not make any allowance for growth or change in the composition of the loan book after the reporting date nor take account of write-backs and recoveries from specific provisions taken in previous years. In contrast, the provisions process is dynamic where provisions are assessed and allocated throughout the year.

Risk Tendency is used when allocating general provisions for the existing portfolio of fully performing credits as at the calculation date. Excluded from this portfolio is the subset of credit exposures relating to non-performing loans against which specific provisions are held.

Internal ratings

Internal ratings are used to assess the credit quality of borrowers. Each internal rating corresponds to a probability of default (PD), which is the statistical probability of a customer defaulting within a 12-month period. This internal rating is derived from different sources depending upon the borrower, e.g. internal model or credit rating agency. The table on page 27 shows Barclays internal rating and the associated expected probability of default, together with comparisons with credit rating agency ratings. The rating agency comparisons shown are indicative only and, in practice, will vary over time depending on the position within an economic cycle.

Where internal models are used they are based upon up-to-date account, market and financial information. The models are reviewed regularly to monitor their robustness relative to actual performance and revised as necessary to optimise their effectiveness.

Severity

Severity is the estimated amount of loss expected if a loan defaults, calculated as a percentage of the exposure at the date of default. It recognises that the loss is usually substantially less than the exposure. The value depends on the collateral, if any, seniority or subordination of the exposure, work-out expenses relative to the loan value and other considerations. The outcome is heavily dependent on economic conditions that determine prices that can be realised for assets or whether businesses can be refinanced.

Exposure

Exposure in the event of default represents the expected level of usage of the credit facility when default occurs. For example, the customer may not have drawn the loan up to the approved limit or may already have repaid some of it.

For derivative instruments, exposure in the event of default is the estimated cost of replacing contracts with a positive value if counterparties fail to perform their obligations. This cost is monitored on an ongoing basis.

As shown in the table below, based upon the composition of the lending portfolio as at 31st December 2002, Risk Tendency is £1,375m (31st December 2001: £1,245m). The increase is primarily in Barclays Capital (total increase £65m), a reflection of the grade migration of a small number of larger corporate clients, principally in the US, partially offset by some managed exposure reduction in the loan book; and a £35m increase in Barclaycard (total increase £55m) attributable to the acquisition of the UK Providian credit card business. Risk Tendency in Personal Financial Services has fallen by £10m to £370m during 2002 as a result of actions taken to improve the asset quality within the book and an improved collection process.

Risk mitigation

Barclays uses mechanisms such as credit derivatives and securitisations to reduce the uncertainty of returns from the credit portfolio. The cost of these transactions is treated as a deduction from the related category of income. The benefits are reflected in reduced credit risk provisions, reduced volatility of earnings and consequently an improved return on economic capital.

Risk Tendency by Business Cluster

	2002	2001	2000
		(£ millions)	
Personal Financial Services	**370**	380	335
Barclays Private Clients	**45**	45	45
Barclaycard	**435**	380	300
Business Banking	**280**	260	215
Barclays Africa	**30**	30	20
Barclays Capital	**210**	145	115
South American Corporate Banking	**5**	5	
Total	**1,375**	1,245	1,030

Analysis of loans and advances

Loans and advances grew strongly during 2002. The following section analyses Barclays outstanding credit exposures at the year end. We review the main points, then present more detailed information in a separate section, beginning on page 31.

Loans and advances overview

As indicated in the table below, loans and advances grew over the year increasing by £32.5bn (14%) to £264bn at 31st December 2002.

	2002	2001
	(£ millions)	
Retail businesses		
Customers	**90,625**	80,557
Banks	**1,748**	2,588
Total retail businesses	**92,373**	83,145
Wholesale businesses		
Customers	**114,767**	102,675

	2002	2001
Banks	**56,508**	45,353
Total wholesale businesses	**171,275**	148,028
Total	**263,648**	231,173

The analysis above is based on the business unit in which the loans are booked. Those businesses that deal primarily with personal customers, such as Personal Financial Services and Barclaycard, are included under retail businesses, even though they have some business customers. Similarly, businesses that deal primarily with corporate, institutional and sovereign clients are included in wholesale businesses, even though they may have some small business customers.

	2002	2001
	(£ millions)	
Banking book	**175,667**	161,240
Trading book	**87,981**	69,933
Total	**263,648**	231,173

The amounts shown in the tables above are before deduction of provisions and interest in suspense.

Loans and advances to customers

Geographical analysis

The geographical analysis is based on the location of the office recording the transaction.

The chart below shows that about two thirds of loans and advances to customers have been booked in the UK on the banking book.

Industry analysis

Barclays tracks its global exposure by industry, paying particular attention to industries that might be volatile or pose higher risk. Over recent years it has been apparent that industries are often synchronised globally. For example, when oil prices rise or fall, customers sensitive to such changes will be affected regardless of their location.

A critical element of risk management is to ensure adequate diversification of credit exposures. As the following chart shows, (for banking book only) Barclays largest sectoral exposures are to home loans, other personal loans and business and other services. These categories overwhelmingly comprise small loans, have lower volatility of credit risk outcomes, and are intrinsically highly diversified.

Loans and advances to the energy and utility sector were of special interest in 2002 due to financial stress experienced by several companies on both sides of the Atlantic. The majority of Barclays exposure in this sector is to companies that the Group believes remain financially strong, with three-quarters having an investment grade rating at year end.

The communications sector continued to experience stress in 2002. In addition to the lendings categorised as communications, exposure to this sector is also included in the category of overseas customers.

Industry classifications have been prepared at the level of the borrowing entity. This means that a loan to the subsidiary of a major corporation is classified by the industry in which the subsidiary operates, even though the parent's predominant business may be in a different industry.

Loans to customers domiciled outside the country where the office recording the transaction is located are shown in the chart below under "Overseas customers" and not by industry.

More detail on loans and advances to customers appears on pages 31 to 33.

(1) Industry classifications are defined on page 29.

Loans and advances to banks

Credit exposures to banks for the most part arise in the course of providing services to customers or capital markets trading for profit and may be reciprocal in nature.

The majority of loans and advances to banks are placings, amounting to £48,093m at 31st December 2002 (2001: £39,528m) and includes reverse repo transactions. Also included are loans to banks and building societies, balances with central banks (excluding those balances that can be withdrawn on demand), inter-bank settlement accounts and federal funds sold. Total loans and advances to banks increased £10bn to £58bn at 31st December 2002.

Loans and advances to banks

	At 31st December	
	2002	**2001**
	(£ millions)	
Banking business:		
UK	**11,510**	7,116
Other European Union	**2,154**	2,278
United States	**256**	930
Rest of the World	**1,531**	1,924
Total banking business	**15,451**	12,248
Total trading business	**42,805**	35,693
	58,256	47,941

The amounts shown in the table above are before deductions of provisions and interest in suspense.

More detail on loans and advances to banks appears on page 34.

Analysis of loans and advances further information

This section presents more detailed information on loans and advances and includes disclosures that Barclays is required to make. For an overview of loans and advances, see the preceding section.

Loans advances to customers further information

Maturity analysis

The analysis by maturity, shown in the accompanying tables and chart, show that approximately 40% of lendings to customers have a maturity of more than five years, the majority of which are mortgages.

Maturity analysis of loans and advances to customers

	On demand (a)	Not more than three months	Over three months but not more than one year	Over one year but not more than five years	Over five years	Total
			(£ millions)			
At 31st December 2002						
Banking business:						
UK						
Corporate lending (b)	**8,340**	**7,047**	**5,604**	**14,251**	**10,519**	**45,761**
Other lending from UK offices	**2,416**	**6,693**	**6,135**	**10,919**	**63,976**	**90,139**
Total UK	**10,756**	**13,740**	**11,739**	**25,170**	**74,495**	**135,900**
Other European Union	**856**	**1,976**	**2,187**	**2,945**	**4,615**	**12,579**
United States		**768**	**1,227**	**2,451**	**1,692**	**6,138**
Rest of the World	**439**	**2,859**	**1,370**	**605**	**326**	**5,599**
Total banking business	**12,051**	**19,343**	**16,523**	**31,171**	**81,128**	**160,216**
Total trading business	**2,409**	**41,247**	**1,392**	**91**	**37**	**45,176**
	14,460	**60,590**	**17,915**	**31,262**	**81,165**	**205,392**
At 31st December 2001						
Banking business:						
UK						
Corporate lending (b)	8,335	6,344	7,165	11,522	9,588	42,954
Other lending from UK offices	2,533	6,447	6,559	10,155	55,606	81,300
Total UK	10,868	12,791	13,724	21,677	65,194	124,254
Other European Union	1,251	2,475	1,550	2,277	3,155	10,708
United States		1,237	1,541	2,348	1,488	6,614
Rest of the World	1,089	1,820	2,670	823	1,014	7,416
Total banking business	13,208	18,323	19,485	27,125	70,851	148,992
Total trading business	1,977	29,733	2,398	132		34,240

On demand (a)	Not more than three months	Over three months but not more than one year	Over one year but not more than five years	Over five years	Total
15,185	48,056	21,883	27,257	70,851	183,232

Notes

(a) Overdrafts are included in the "on demand" category.

(b) In the UK, finance lease receivables are included in Other Lending although some leases are to corporate customers.

Interest rate sensitivity of loans and advances to customers

	At 31st December 2002		
	Fixed rate	Variable rate	Total
		(£ millions)	
Banking business:			
UK	**41,332**	**94,568**	**135,900**
Other European Union	**2,876**	**9,703**	**12,579**
United States	**314**	**5,824**	**6,138**
Rest of the World	**4,351**	**1,248**	**5,599**
Total banking business	**48,873**	**111,343**	**160,216**
Total trading business	**20,204**	**24,972**	**45,176**
	69,077	**136,315**	**205,392**

Geographic and industry analysis

In the analyses below, overseas customers are customers resident outside the country in which the lending business is based.

Loans and advances to customers in offices in the UK banking business

	At 31st December				
	2002	2001	2000	1999	1998
			(£ millions)		
Financial institutions	**6,158**	5,616	4,215	4,118	1,839
Agriculture, forestry and fishing	**1,747**	1,626	1,689	1,693	1,612
Manufacturing	**6,435**	6,766	7,573	6,954	6,840
Construction	**1,825**	1,779	1,666	1,331	1,227

	At 31st December				
Property	**5,695**	5,600	5,130	3,689	3,205
Energy and water	**1,290**	1,153	1,120	613	668
Wholesale and retail distribution and leisure	**7,858**	7,571	7,531	6,455	6,778
Transport	**2,366**	1,894	1,353	1,270	1,164
Communications	**694**	368	180	345	261
Business and other services	**11,693**	10,581	9,894	8,415	7,549
Home loans	**58,436**	50,945	47,235	18,316	16,580
Other personal	**21,357**	19,678	18,200	15,673	14,376
Overseas customers	**6,201**	6,472	5,024	4,711	3,056
	131,755	120,049	110,810	73,583	65,155
Finance lease receivables	**4,145**	4,205	4,504	5,094	5,279
	135,900	124,254	115,314	78,677	70,434

The majority of the growth in the UK occurred in home loans, where balances increased 15% to £58.4bn. Other personal loans in the UK increased in part due to the acquisition of the UK card business of Providian (£470m).

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Loans and advances to customers in offices in other European Union countries banking business

	At 31st December				
	2002	**2001**	**2000**	**1999**	**1998**
	(£ millions)				
Financial institutions	**371**	500	436	178	220
Agriculture, forestry and fishing	**165**	240	303	223	109
Manufacturing	**1,422**	1,317	1,420	1,322	975
Construction	**314**	298	261	193	148
Property	**137**	241	182	144	182
Energy and water	**367**	282	372	145	114
Wholesale and retail distribution and leisure	**215**	283	140	207	323
Transport	**252**	318	172	119	133
Communications	**173**	185	83	37	9
Business and other services	**1,648**	1,679	1,284	918	1,433
Home loans	**6,243**	3,871	4,436	1,029	932
Other personal	**721**	661	582	505	500
Overseas customers	**384**	685	381	462	358
	12,412	10,560	10,052	5,482	5,436
Finance lease receivables	**167**	148	151	494	503
	12,579	10,708	10,203	5,976	5,939

Loans and advances to customers in offices in the United States banking business

	At 31st December				
	2002	**2001**	**2000**	**1999**	**1998**

	At 31st December				
	(£ millions)				
Financial institutions	**1,036**	1,053	616	320	527
Agriculture, forestry and fishing	**3**			1	1
Manufacturing	**842**	1,553	1,123	727	592
Construction	**31**	24			