

BARCLAYS PLC
Form 6-K
March 12, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

Report of Foreign Private Issuer

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

under the Securities Exchange Act of 1934

March 12, 2013

Barclays PLC

(Name of Registrant)

1 Churchill Place

London E14 5HP

Edgar Filing: BARCLAYS PLC - Form 6-K

England

(Address of Principal Executive Offices)

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

Form 20-F Form 40-F

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

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

Table of Contents

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

The Report comprises the following:

Exhibit No.	Description
1	Barclays PLC Annual Report 2012
2	Barclays PLC Annual Review 2012

Table of Contents

SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: March 12, 2013

By: /s/ Patrick Gonsalves
Name: Patrick Gonsalves
Title: Deputy Secretary

Table of Contents

Barclays PLC
Annual Report 2012

Table of Contents

The strategic report

Tough questions, honest answers

Barclays is changing. We are changing the way we do business, changing the type of business we do and setting a new course for the future. That means we are listening more than ever before, to our customers and clients, our employees and to all of the people our work impacts.

The portraits that appear in this Annual Report are of real Barclays customers. The tough questions featured throughout are the ones that we have been consistently asked, throughout this year by our stakeholders.

More detail can be found online at

www.barclays.com/annualreport

An overview of our 2012 performance, a focus on our new strategic direction, and a review of the businesses underpinning our strategy

<u>Group overview</u>	02
<u>Our businesses</u>	03
<u>Chairman's statement</u>	04
<u>Group Chief Executive's review</u>	08
<u>What we want to be</u>	10
<u>How we will get there</u>	12
<u>How we create value</u>	14
<u>Business review</u>	
<u>UK Retail and Business Banking (UKRBB)</u>	16
<u>Europe Retail and Business Banking (Europe RBB)</u>	17
<u>Africa</u>	18
<u>Barclaycard</u>	19
<u>Investment Bank</u>	20
<u>Corporate Banking</u>	22
<u>Wealth and Investment Management</u>	23
<u>Group Finance Director's review</u>	24
<u>Risk</u>	26
<u>Corporate Governance</u>	28
<u>Citizenship</u>	30
<u>Summary remuneration report</u>	32

The term 'Barclays PLC Group' or the 'Group' means Barclays PLC together with its subsidiaries and the term 'Barclays Bank PLC Group' means Barclays Bank PLC together with its subsidiaries. 'Barclays' and 'Group' are terms which are used to refer to either of the preceding groups when the subject matter is identical. The term

Edgar Filing: BARCLAYS PLC - Form 6-K

Company, Parent Company or Parent refers to Barclays PLC and the term Bank refers to Barclays Bank PLC. In this report, the abbreviations £m and £bn represent millions and thousands of millions of pounds sterling respectively; the abbreviations \$m and \$bn represent millions and thousands of millions of US Dollars respectively; m and bn represent millions and thousands of millions of euros respectively and C\$m and C\$bn represent millions and thousands of millions of Canadian dollars respectively.

Unless otherwise stated, the income statement analyses compare the 12 months to 31 December 2012 to the corresponding 12 months of 2011 and balance sheet comparisons, relate to the corresponding position at 31 December 2011. Unless otherwise stated, all disclosed figures relate to continuing operations. Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the glossary online at www.barclays.com/annualreport. A hard copy can be provided on request by contacting Barclays Investor Relations, Barclays PLC, 1 Churchill Place, London E14 5HP.

Adjusted profit before tax and adjusted performance measures have been presented to provide a more consistent basis for comparing business performance between periods. Adjusted profit before tax is explained further on page 24 and defined in the online glossary at www.barclays.com/annualreport

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as may, will, seek, continue, aim, anticipate, target, projected, estimate, intend, plan, goal, believe, achieve or other words of similar meaning. Examples of forward-looking

statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, commitments in connection with the Transform Programme, estimates of capital expenditures and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic, Eurozone and global macroeconomic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and foreign exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities (including requirements regarding capital and Group structures and the potential for one or more countries exiting the Eurozone), changes in legislation, the further development of standards and interpretations under IFRS and prudential capital rules applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of current and future legal proceedings, the success of future acquisitions and other strategic transactions and the impact of competition, a number of such factors being beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

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

The Annual Report includes certain information required to be included in the joint Barclays PLC and Barclays Bank PLC Annual Report on Form 20-F for 2012. Form 20-F will contain as exhibits certificates pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, signed by the Group Chief Executive and the Group Finance Director.

Table of Contents

Detailed information

Governance

The governance process of Barclays and reports from each of the Board committees presenting how the Board support the delivery of the strategy

<u>Corporate governance report</u>	38
<u>Directors' report</u>	62
<u>Board of Directors</u>	67
<u>Executive Committee</u>	70
<u>People</u>	71
<u>Remuneration report</u>	72

Risk review

Insight into the level of risk across our businesses and portfolios, the material risks and uncertainties we face and the key areas of management focus. To find out more about the major risk policies which underlie our Risk Exposures, we have consolidated policy-based qualitative information under Risk Management

<u>Risk factors</u>	108
<u>Credit risk</u>	116
<u>Market risk</u>	155
<u>Funding risk – Capital</u>	162
<u>Funding risk – Liquidity</u>	172
<u>Operational risk</u>	187
<u>Reputation risk</u>	188
<u>Conduct risk</u>	189
<u>Supervision and regulation</u>	190

Financial review

A review of the performance of Barclays, including the key performance indicators, and our businesses' contribution to the overall performance of the Group

<u>Key performance indicators</u>	198
<u>Consolidated summary income statement</u>	202
<u>Income statement commentary</u>	203
<u>Consolidated summary balance sheet</u>	204
<u>Balance sheet commentary</u>	205
<u>Analysis of results by business</u>	207

Financial statements

Detailed analysis of our statutory accounts, independently audited and providing in-depth disclosure and transparency on the financial performance of the business

<u>Independent Auditors' report</u>	229
<u>Consolidated financial statements</u>	231
<u>Parent company accounts</u>	236
<u>Notes to the financial statements</u>	238

Risk management

A comprehensive overview of Barclays' approach to risk management and more specific information on policies that the Group determines to be of particular significance in the current operating environment

<u>Barclays risk management strategy</u>	314
<u>Credit risk management</u>	321
<u>Market risk management</u>	332
<u>Liquidity risk management</u>	337
<u>Capital risk management</u>	340
<u>Operational risk management</u>	342

Shareholder information

Resources for shareholders including the Company articles of association, classes of shares and contact details for shareholder enquiries

<u>Shareholder information</u>	346
<u>Shareholder enquiries</u>	350
<u>Index</u>	351

Table of Contents

Group overview

While 2012 was a difficult year for Barclays, financial performance was strong. Results clearly demonstrate the good momentum in our businesses and a robust capital and liquidity position.

Adjusted total income

£29,043m

Total adjusted income was up 2%. Statutory income down 24% to £24,691m

Adjusted profit before tax

£7,048m

Adjusted profit before tax up 26%, with significant contribution from both investment and retail banking activities. Statutory profit before tax down to £246m

Liquidity pool

£150bn

Liquidity pool remains strong and well within our liquidity risk appetite

Gross new lending to UK

£44.0bn

We provided £44bn of gross new lending to UK households and businesses including an estimated £5.7bn of net new lending under Funding for Lending Schemes

People supported

1.2 million

Helped to improve the enterprise, financial and life skills of more than 1.2 million 10 to 35 year olds through a range of programmes

Dividends per share

6.5p

Despite challenges faced, underlying performance enables us to pay a full year dividend of 6.5p

Key performance indicators		The KPIs presented below reflect the way in which the performance of the Group has been measured during 2012. These KPIs will be superseded to align with the new strategy and			we will use a balanced scorecard to monitor the performance and delivery of the new strategy. For more information on the balanced scorecard, please see page 13.		
(KPIs)		2012	Statutory 2011	2010	2012	Adjusted 2011	2010
Capital	Measures						
	Core Tier 1 ratio	10.9%	11.0%	10.8%			
	Adjusted gross leverage	19x	20x	20x			
Returns	Return on average shareholders' equity (RoE)	(1.9)%	5.8%	7.2%	7.8%	6.6%	6.8%
	Return on average tangible equity (RoTE)	(2.2)%	6.9%	8.7%	9.1%	7.9%	8.2%
	Return on average risk weighted assets (RoRWA)	(0.1)%	1.0%	1.1%	1.3%	1.1%	1.1%
	Profit before tax	£246m	£5,879m	£6,065m	£7,048m	£5,590m	£5,707m
	Cost: income ratio	85%	64%	64%	64%	67%	64%
	Loan loss rate	75bps	77bps	118bps			
Income	Dividend per share	6.5p	6.0p	5.5p			
	Total income	£24,691m	£32,292m	£31,440m	£29,043m	£28,512m	£31,049m
growth	Income by geography: UK	31%	49%	40%	41%	43%	39%
	Europe	15%	13%	15%	13%	15%	16%
	Americas	32%	19%	25%	26%	21%	25%
	Africa and Middle East	18%	15%	16%	16%	17%	16%
	Asia	4%	4%	4%	4%	4%	4%
Citizenship	Gross new lending to UK households and businesses	£44.0bn	£45.0bn	£43.5bn			
	Global investment in our communities	£64.5m	£63.5m	£55.3m			
	Colleagues involved in volunteering, regular giving and fundraising initiatives	68,000	70,000	59,000			
	Group Employee Opinion Survey (EOS) Proud to be Barclays	78%	81%	83%			
	Percentage of senior managers who are female	22%	21%	24%			

Table of Contents

Our businesses

About Barclays

Barclays is a major global financial services provider engaged in personal banking, credit cards, corporate and investment banking, and wealth and investment management with an extensive international presence in Europe, the Americas, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs approximately 140,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

Barclays banking and financial service businesses work together to provide customers and clients the best offerings across our chosen markets.

Total income by business segment

**UK Retail and Business Banking
(UKRBB)**

**Europe Retail and Business Banking
(Europe RBB)**

£4,421m

£915m

1. UK Retail and Business Banking

A leading UK high street bank providing retail banking services and general insurance to individuals and business banking services to small and medium enterprises (SMEs)

A local presence for Barclays customers in Spain, Italy, Portugal and France, providing retail banking services to mass-affluent individuals and business banking services to SMEs

2. Europe Retail and Business Banking

3. Africa Retail and Business Banking

4. Barclaycard

**Africa Retail and Business Banking
(Africa RBB)**

Barclaycard

5. Investment Bank

6. Corporate Banking

£3,157m

£4,170m

7. Wealth and Investment Management

A leading pan-African retail and business bank serving customers and clients in 12 countries with a range of banking and bancassurance solutions

A leading international payments business, offering payments and lending to individuals, and a range of business services including card issuing and payment

For more detailed information please refer to pages 16-23

acceptance services

Investment Bank

Corporate Banking

£11,722m

£2,918m

A global investment bank serving large corporate clients, financial institutions, governments and institutional investors with financial advisory, capital-raising, financing and risk management services

A leading provider of integrated cash management, financing and risk management solutions to large corporate clients in the UK and South Africa, and multinationals and financial institutions globally

Wealth and Investment Management

£1,815m

A premier global wealth manager and advisor, providing private and intermediary clients with international and private banking, investment management, fiduciary services and brokerage

Table of Contents

Chairman's statement

Cultivating the right culture, running Barclays the right way, and responding to regulation.

Barclays experienced an extremely difficult 2012. In the wake of the announcement of the penalties relating to the industry-wide investigation into the setting of interbank offered rates, Marcus Agius chose to resign as Chairman and Bob Diamond subsequently resigned as CEO.

The Board moved swiftly to fill both positions. My appointment as Chairman was announced in early August and the appointment of Antony Jenkins as CEO was made at the end of that month.

The announcement of the penalties in respect of LIBOR and EURIBOR rates was in addition to the provisions made in respect of the mis-selling of PPI to consumers and interest rate hedging products to business customers, both of which were increased at the end of the year. Stakeholders' trust in Barclays and the banking sector generally has been severely damaged by these events. We recognise that we must rebuild that trust and are determined to win it back through demonstrating real and fundamental change in our culture, especially the way we operate. We must demonstrate that going forward we are truly serving all our stakeholders, particularly our customers and clients, the communities in which we operate and society as a whole.

My priority as Chairman is to work with the Board, Antony Jenkins, management and employees to ensure that we win back trust and ensure that we have in place a sustainable business model that will create long term shareholder value.

Table of Contents

Your Chairman's view

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

Here, Sir David Walker who became Chairman in 2012 takes the opportunity to provide his views on the performance of Barclays, the Board, and his priorities for the future.

The right culture

Changing Barclays culture is a critical component in rebuilding trust and real change is required. The Board and management have an essential role to play in promoting a culture that embeds appropriate and consistent values throughout the whole of the organisation, irrespective of location or seniority. We have already started work on changing the culture with the launch in January of Barclays new Purpose and Values. We have defined our Purpose as 'Helping people achieve their ambitions in the right way'. This is underpinned by five core values: Respect, Integrity, Service, Excellence and Stewardship. Antony Jenkins provides more detail on this work and the overall Transform Programme designed to position Barclays as the 'Go-To' bank in his CEO's Review. Embedding the new Purpose and Values will take time but we are already changing the way we pay people to help accelerate that journey. Remuneration structures are being amended to ensure they take into account how results are delivered as well as the actual delivery of those results. We have already removed all sales commission for branch-based staff with performance now being measured against customer service metrics.

Running Barclays the right way

income and pre-compensation profits earned by the Group. Significant progress was made in 2012 - incentive awards reduced by 16% overall and 20% in the Investment Bank, despite a material increase in adjusted profit before tax. We are determined to continue making progress in improving critical compensation ratios such as compensation to net operating income to the benefit of our shareholders.

The Barclays Board responded swiftly following the resignations of Marcus Agius and Bob Diamond as Chairman and CEO respectively in order to ensure stability was restored as quickly as possible, with Marcus Agius agreeing to act as full-time Chairman until a new Chairman and CEO had been appointed. It has also worked diligently to ensure Barclays survived during one of the most serious financial crises the world has faced. The Board and management deserve credit for Barclays profitable track record during this period.

Criticism has, however, been levied at both the Board and senior management for their role in the events which resulted in the resignations last July. With the benefit of hindsight, there was a failure to recognise sufficiently that the environment in which banks operate had changed. A key lesson from the events of last summer is to underline the need for the Board to step back periodically from the detail and to take stock of the changing external strategic and operating environment. The Board will be assisted in this by the addition of two new Directors who have recently been appointed: Tim Breedon, the former Chief Executive of Legal & General Group plc, and Diane de Saint Victor, the General Counsel of

Edgar Filing: BARCLAYS PLC - Form 6-K

Changes will be made to the way Barclays is governed in order to reflect the new environment in which we are operating and reinforce the cultural change that we are putting in place. We were one of the first banks to create a Board Risk Committee and this served Barclays well during the financial crisis. It has primarily focused on financial risks, such as credit, market, capital and funding risk. However, we now need to ensure an equal focus on conduct and reputation risk. We have accordingly created a new Board Committee to scrutinise these areas of risk, including operational risk. The creation of such a committee will ensure that the existing Board Risk Committee can focus its attention on financial risk, while the new Board Conduct, Reputation and Operational Risk Committee can focus on ensuring that our business practices and culture appropriately reflect the needs of all of our stakeholders, especially our customers, in addition to focusing on other areas of non-financial risk.

Remuneration has been a key governance concern for many of our stakeholders. There is no doubt that pay in some parts of the industry became excessive in the years leading up to the financial crisis. We are determined to ensure that shareholders receive an increased share of the

ABB Limited. Tim brings to the Board deep financial services experience and a shareholder perspective, while Diane brings specific experience of legal and compliance issues in a global business and in helping to embed cultural change. Further Board appointments will be made during 2013. Marcus Agius and Alison Carnwath both left the Board last year. I want to thank Marcus for his dedicated contribution as Barclays Chairman through an extraordinarily difficult 5-year period for the banking sector between 2007-2012 and, in particular, for the effectiveness and dignity of his leadership in the demanding phase of transition after Bob Diamond stepped down and before I became Chairman later in the year. I want also to thank Bob Diamond for the very significant positive contribution that he made during his 16 years with Barclays. Sir Andrew Likierman will be retiring from the Board at the AGM having served nine years as a Director. I would like to thank Andrew for his contribution to the Board over this period, particularly as a member of the Board Audit and Risk Committees. I would also like to thank Alison Carnwath for her contribution to the Board.

Table of Contents

Chairman's statement continued

Responding to regulation

There is now emerging more clarity on the future shape of the regulatory environment, although the precise details still need to be resolved. It is, however, clear that intensive and intrusive regulation is here to stay, together with higher levels and quality of capital and liquidity. It is also clear that there will be significant structural reform in the shape of a ring-fenced bank in the UK and other reforms in the US, including the prospective need to create an intermediate US holding company with its own capital and liquidity to hold Barclays US subsidiaries. We will respond positively to these developments and are already beginning the process of establishing a ring-fenced bank here in the UK. We aim to continue to lead the sector in ensuring that we can eliminate the 'too big to fail' problem through our work on recovery and resolution planning.

The new regulatory environment will require changes to both business models and cost structures. The Transform Programme and Strategic Review that Antony Jenkins sets out in his CEO's Review is designed to address precisely these issues. However, care does need to be taken to ensure that regulation does not go too far. A healthy banking sector earning returns above the cost of equity is essential to economic growth. It is important to ensure that the rightly increased focus by the regulator on conduct supervision does not inadvertently result in the withdrawal of services and the restriction of choice.

We must also not forget the many good things that Barclays does, including:

- £44bn** We provided £44bn in gross new lending to UK households and businesses in 2012
- 112,000** We supported the creation of 112,000 new businesses in the UK
- 500** We welcomed over 500 apprentices in January 2013 and are on track to meet our commitment to recruit 1,000 apprentices by the middle of this year
- £64.5m** We invested a total of £64.5m in community programmes globally in 2012, with 68,000 Barclays employees providing their time, skills and money to charitable causes
- 750,000** We continue to innovate for the benefit of our customers and clients; for example through PayTag we have enabled over 750,000 mobile phones to make contactless payments across three countries, and through Pingit, the first mobile payment application in Europe, we have won numerous industry awards
- £3.2bn** We are a major taxpayer, with our total tax contribution amounting to £3.2bn in 2012, in addition to taxes paid on behalf of employees, customers and clients

Conclusion

I feel immensely privileged to be Chairman of this great organisation at such an important point in its history. Barclays has a proud and successful history. Its reputation has, however, been badly damaged by recent events and it is crucial to restore trust in the eyes of stakeholders. I am pleased to say that work is well underway under the leadership of Antony Jenkins to do just that.

I have been impressed since joining Barclays by the quality of its people and of its businesses. I would like particularly to thank our 140,000 employees worldwide who have shown commitment and loyalty to both Barclays and our customers and clients. It is because of them that I am confident in Barclays future.

Sir David Walker

Chairman

Table of Contents

Tough questions, honest answers

What does being the Go-To bank mean and how will it affect me?

Being the Go-To bank means being the instinctive partner of choice for anyone looking to do banking business, whether a small business, first-time house buyer, or a large corporate undertaking a complex merger or acquisition deal. Customers and clients will benefit from being firmly in the centre of everything we do. For further information on becoming the Go-To bank, please see page 8.

Table of Contents

Group Chief Executive's review

Barclays will only be a valuable business if it is a values-driven business. We must operate to the highest standards if our stakeholders are to trust us and bring their business to Barclays.

2012 was unquestionably a difficult year for Barclays and the banking industry. Serious mistakes were made and trust badly damaged. Significant change is needed. But while I am determined that we will not repeat the mistakes of the past, I also recognise that Barclays remains a great business and we need to reshape it to meet the needs of all stakeholders – colleagues, customers, clients, broader society and, of course, our shareholders.

Becoming the Go-To bank

I have defined Barclays goal as becoming the Go-To bank. Quite simply, this means that in future Barclays will be the instinctive partner of choice for anyone looking to do banking business, whether a small business, first-time house buyer or a large corporate undertaking a complex merger or acquisition deal. I want Barclays to be recognised not just for our performance, but for the values we embody in everything we do. If we can achieve this then we will become both the rational and emotional bank of choice for people regardless of the transaction they are looking to make.

This goal is ambitious. The changes we are making are fundamental and the plans we have announced comprehensive. But without them, Barclays will not prosper in what is an ever-changing environment.

Transforming Barclays

Our Transform Programme has three components. Turnaround, Return Acceptable Numbers and Sustain Forward Momentum.

Turnaround was the immediate task of stabilising the business and maintaining momentum after the settlement in relation to LIBOR and EURIBOR in the summer and its subsequent impact on Barclays reputation. I was determined that this would mean listening to all of our stakeholders. We have proactively looked to rebuild relationships with our regulators through frequent, transparent dialogue. We have engaged with politicians, the media, our customers and clients, and I have personally met dozens of investors and analysts. And of course, we have consulted thousands of our colleagues.

Each of these groups had one clear request – for Barclays to become a better bank. This is what we are striving to achieve and I thank everyone who

Edgar Filing: BARCLAYS PLC - Form 6-K

engaged with us.

08 I Barclays PLC Annual Report 2012

barclays.com/annualreport

Table of Contents

Your Chief Executive's view

The role of the Group Chief Executive includes implementing the Group's strategy as agreed by the Board. Here Antony provides his view on the events of 2012, and the ambition for Barclays for the future, along with the strategy to get us there.

Of course, at the same time, it was essential that we delivered our financial objectives and I believe that the results for 2012 show that we did not lose momentum during a very difficult year.

Aside from delivering an adjusted profit before tax of over £7bn, up 26% year on year, adjusted total income increased 2% to £29bn and impairments improved by 5% resulting in net income growth of 3% to £25.4bn. Charges of £1.6bn and £850m were incurred for PPI and interest rate hedging products redress respectively. Our capital, liquidity and funding also remained strong with a Core Tier 1 ratio of 10.9% and total capital ratio of 17.1%.

Our four largest businesses all increased returns on the previous year. There were strong performances from UK Retail and Business Banking and Barclaycard which reported returns of 16.0% and 22.1% respectively. The Investment Bank delivered returns of 13.7% and Corporate Banking continued its turnaround with returns of 5.5%, up from 1.7% in 2011.

We have a long way to go to become the 'Go-To' bank and the second element of Transform, Return Acceptable Numbers, outlines our plans to build on these strong foundations to deliver a Group return on equity above the Group's cost of equity during the course of 2015 and beyond.

The economic outlook for the foreseeable future is subdued. This means we have to prioritise our investment and our focus rather than look to grow every business. More than ever, we need to focus on costs. This will be the strategic battleground for the financial services industry in the future and we must do things differently if we are to thrive.

These values are not window dressing, nor are they part of an elaborate PR campaign. They are the foundations of our future and will define the work we will and will not do, and therefore the value we will create. For the past 30 years, banking has been progressively too aggressive, too focused on the short term, too disconnected from the needs of our customers and clients, and wider society and we lost our way. This cannot be allowed to happen again.

Our values will be the bedrock of our future success and the blueprint to define how we work together from now on. Our balanced scorecard (page 13) will create a holistic assessment of our performance for all of our stakeholders. This scorecard will underpin the performance assessment for our 125 most senior leaders this year and for all colleagues by the middle of 2014 and we will be transparent about the progress we are making against this scorecard.

This journey will not be easy. In 2013, overall returns will decrease as we take the action required to reshape our portfolio of businesses. We also see four key risks to achieving our plans – a major macroeconomic downturn, a significant unexpected change in regulation, legacy issues and failure to execute the plan.

We have been deliberately conservative in our planning to mitigate against a major downturn in the global economy, in addition to any significant and unexpected change in regulation. While a number of regulatory reforms have not yet been finalised, we believe that the direction of travel on the principal reforms is clear and our plans anticipate this new landscape as much as possible. Should the final shape of regulation differ from what we expect, Barclays track record demonstrates a clear ability to adapt while still delivering against our commitments.

Edgar Filing: BARCLAYS PLC - Form 6-K

Over the last few months, we have undertaken a comprehensive, end-to-end review of our operations, unprecedented in scope and detail. We have closely examined the external environment now and in the future looking at the economic context, the needs of our customers and clients, regulatory and stakeholder expectations, and the competitive landscape.

As you will read in this report, we are reshaping Barclays. We have made tough commercial decisions about those businesses not consistent with our financial targets or reputational criteria. But as a result we will build a universal bank that generates a return on equity sustainably in excess of the cost of equity in the course of 2015, while meeting our responsibilities to all our stakeholders.

The final part of Transform, Sustain Forward Momentum, defines how we will reach 'Go-To' by creating and sustaining a culture that delivers the right outcomes in the right way.

Purpose and Values

The notion that there must always be a choice between profits and a values-driven business is false. Barclays will only be a valuable business if it is a values-driven business. And we will become a valuable and sustainable institution for all our stakeholders by aligning behind a common purpose: Helping people achieve their ambitions in the right way and adhering to our new core values: Respect, Integrity, Service, Excellence and Stewardship.

barclays.com/annualreport

With regard to legacy issues, we have a number of on-going areas of litigation and regulatory review and we have robust processes in place to address them. The execution of our plans is absolutely within our control. We know that. And we are aware of the importance of being able to track and assess our progress which is why we have made a series of financial and non-financial commitments with clear timescales. See page 12 for more information.

Ultimately, we recognise that it will be for others to judge whether or not we have succeeded in our objectives. But we have a credible plan, a strong team and my commitment is absolute we will do everything in our power to achieve our objective of becoming the 'Go-To' bank.

Antony Jenkins

Group Chief Executive

Barclays PLC Annual Report 2012 | 09

Table of Contents

What we want to be

Becoming the Go-To bank for our customers and clients will require us to develop deeper relationships more efficiently and in the right way.

Barclays in action

how we live our values today

Creating a values-driven culture

We commissioned Anthony Salz to conduct an independent Group-wide review of the bank's current practices. We intend to implement the findings of this review as we transform the organisation.

Enhancing customer experience

Barclays Pingit was awarded the accolade of 2012 Disruptive Service of the Year by Apple. This positive recognition by the technology world is for an innovation that has the potential to create a new market or business model. The App allows customers to send and receive money anytime, anywhere.

Supporting society

Our Corporate Banking business in the UK developed Cash-back for Business, which is a new initiative as part of the government's Funding for Lending and provides additional funding upfront equal to 2% of the loan.

Table of Contents

Our goal, purpose and values

Our goal and purpose represent a focal point for all colleagues that will guide our efforts and approach.

Barclays values, newly revised in this report, focus our approach to doing business – how we will work and serve – in the right way.

Improving our business controls

In December 2012, we created a new role of Head of Compliance and Government and Regulatory Relations, reporting directly to the CEO. To help build a more cohesive and effective function, all compliance colleagues and activity across Barclays now report to this individual and thus operate independently of any business and regional teams for management purposes.

Creating opportunities for our colleagues

Our new consolidated Africa operating model will provide increased opportunities for colleague mobility through the creation of short term intra-Africa secondments that will help colleagues to build international experience and further their careers through opportunities that may not be available in their home countries.

Helping with disaster relief

Along with 200 Barclays volunteers, the Investment Bank committed \$1.5m to Hurricane Sandy Disaster Relief programme. This initiative is particularly close to the hearts of our US colleagues as much of the devastation occurred in their own or neighbouring communities.

Table of Contents

How we will get there

Our journey to **Go-To** has begun, but transformational change takes time. We will monitor and measure our progress in a balanced and relevant way.

By focusing on what matters

Barclays Strategic Review concluded that we will:

- ; Focus solely on activities that support customers and clients in geographic markets and businesses where Barclays has scale and competitive advantage

- ; Focus investment in the UK, US and Africa, while maintaining an appropriate presence across Europe and Asia to support our global investment banking franchise

- ; Restructure Barclays European retail operations to focus on the mass-affluent customer segment

- ; Reposition Barclays European and Asian Equities and the Investment Banking Division businesses to reflect the market opportunities and maintain a relevant proposition for our clients

- ; Close the Structured Capital Markets business unit

- ; Manage Risk Weighted Assets (RWAs) more efficiently through a run-off of legacy assets in Europe and the Investment Bank and invest in high-return businesses such as UK mortgages, Barclaycard and Wealth and Investment Management

- ; Reduce total costs significantly across the Group by operating more efficiently

And delivering on our commitments

We are making a series of commitments against which progress can be tracked. We will update against these commitments every six months:

Non-financial commitments

- Provide greater disclosure and transparency around our financial performance
- Embed our Purpose and Values across Barclays and publish an annual scorecard assessing our performance

Financial commitments

- Target return on equity for the Group in excess of the Group cost of equity in 2015, which we have assumed will remain at the current 11.5% level
- In 2013, reduce headcount by at least 3,700 across the Group, including 1,800 in the Corporate and Investment Bank and 1,900 in Europe Retail and Business Banking
- Aim to reduce the Group's total cost base by £1.7bn to £16.8bn in 2015, including interim cost estimates of £18.5bn and £17.5bn in 2013 and 2014 respectively
- Target RWAs of £440bn by the end of 2015
- Report a transitional Common Equity Tier 1 ratio in 2015 above its target of 10.5%
- From 2014, accelerate our progressive dividend policy, targeting a payout ratio of 30% over time

Table of Contents

Our path forward

Our balanced scorecard outlines the performance categories and objectives that will guide the behaviours for all our colleagues.

We are currently working on the full set of precise scorecard measures. The objectives below are illustrative of the type of objectives that may be selected.

Our balanced scorecard measuring the success of our strategy

We understand the need to demonstrate tangible progress, not just talk about our good intentions. We are serious about making sure we live by these values, so they will play a significant role in how we measure and reward individual and business performance.

We will continue to pay for performance and we will continue to pay competitively for the best talent. However, in future, variable pay will depend on performance against our values as well as other targets.

A new performance assessment approach, based on a balanced scorecard, will be introduced for senior executives during 2013 and for all colleagues from the middle of 2014. This means all variable remuneration will depend on delivering performance in the way that is consistent with our values.

Adding further weight to doing business in the right way, we will launch a new Code of Conduct for all staff following (and including) recommendations from the Salz Review.

Customers and Clients

Delighting our customers and clients is fundamental to being their Go-To bank. We want to be the provider of choice by ensuring that our customer service is top tier for the markets in which we operate.

Objectives
i Greater level of customer and client satisfaction

- More business from more customers and clients

Colleagues

Colleagues are the cornerstone of Barclays. We strive to create a diverse and inclusive environment, where colleagues can fulfil their potential, and Barclays is seen as the employer of choice. Our colleagues need to be fully engaged in order to serve effectively and to experience fulfilling careers.

Objectives

- Improved colleague engagement and satisfaction
- Diversity across our workforce
- Retention of high-performing colleagues

Citizenship

In striving to make Barclays the Go-To bank, we must consider the impacts of our day-to-day business decisions on our stakeholders and wider society. We will ensure our decisions take account of external stakeholder needs in the short and long term and positively impact the communities in which we operate.

Objectives

- Improve external stakeholder perceptions
- Increase impact of community programmes

Conduct

We must be a values-driven business, becoming once again a trusted pillar and the Go-To bank because of our behaviour. Success will be seen when our regulators view us as a model of constructive engagement. Our products and services will be designed and distributed to meet clients and customers needs consistent with our mutual risk appetite and will be priced appropriately.

Objectives

- Effective control environment
- Fewer customer complaints

Company

As a financial institution, we understand the importance of strong commercial performance. We are resilient as a firm as demonstrated by our 323 years in operation, but we will reinvigorate a focus on building to last, particularly in our financial strength.

Objectives

- Return on equity above the cost of equity

Table of Contents

How we create value

We will become the bank of choice for people regardless of the transaction they are looking to make.

How Barclays does business

Our objective is to create and deliver long term sustainable value for all our stakeholders in the right way.

We fulfil our purpose by delivering the fundamental functions of a bank to our customers and clients for which we receive interest income and/or fees.

Our competitive advantage

Barclays competitive advantage is created by the scale and diversity of our businesses and the quality, character and relationships of our people.

Scale and diversity allow us to build sustainable businesses by delivering operational excellence, investing in innovation, managing our risks and allocating scarce resources, including capital, efficiently across our portfolio of businesses. Our people allow us to cultivate deeper relationships with our customers and clients by bringing the best of Barclays to each.

As we refresh our goal, purpose and values and rebalance our objectives across multiple stakeholders, we believe we can become the bank of choice for people regardless of the transaction they are looking to make.

How Barclays creates value

Barclays operates a universal banking model through which we seek to build strong and stable relationships with our customers and clients by meeting a wide range of their needs across different locations. These multi-dimensional strategies allow Barclays to offer a greater range of products and services and achieve both a smoother income stream and sustainable returns.

Our Retail and Business Banking businesses operate in a regional model, focusing on delivering targeted solutions to individuals and small businesses. Barclaycard, the Investment Bank, Corporate Banking and Wealth and Investment Management leverage their offerings to provide comprehensive solutions across borders.

Edgar Filing: BARCLAYS PLC - Form 6-K

Where possible, we have encouraged Group functions to take advantage of synergies through the sharing of ideas and collaboration from cross-functional working groups.

How our businesses create value

Business type	Primary income source	Description
Retail and Business Banking	Interest and fee income	We accept customer deposits in exchange for interest payment. We lend these funds, for an interest charge, to individuals and businesses looking to grow and make meaningful contributions to the economy.
Barclaycard	Interest income and transaction fees	We facilitate and simplify the flow of funds between customers and businesses for a small percentage of the transaction and, in the case of credit cards, we earn interest income on credit balances.
Investment Bank	Trading income and fee income	We provide clients with financial and transaction advice, assistance with capital raising, trade execution and risk management for which we earn trading and fee income.
Corporate Banking	Interest and fee income	We provide clients with banking, cash management and financing services, in exchange for interest and fees, to facilitate growing businesses' ability to conduct business domestically and internationally.
Wealth and Investment Management	Interest and fee income	We help affluent customers grow and protect their wealth through advisory and investment services, for which we earn a fee, and private and international banking, on which we earn interest.

Table of Contents

Tough questions, honest answers

How will you change the businesses in the future, and how does that differ from what the businesses look like today?

The following pages show how Barclays operate at a divisional level and the services each of the businesses provide, along with the priorities for 2013 and beyond. Their divisional performance is included to help give context to overall 2012 performance.

Table of Contents

Business review

UK Retail and Business Banking (UKRBB)

We aim to become the **Go-To** bank in the UK by making our customers' lives much easier.

UKRBB is our UK-based high street retail bank network and brand presence for the Group. UKRBB provides customer referrals for Barclaycard, Wealth and Investment Management and Corporate Banking; and retail banking platforms and infrastructure.

UKRBB has over 15 million personal customers, one million of whom are classified as mass-affluent and serves over 750,000 businesses. Our strategy is to develop and deliver simple and transparent products, run on scalable infrastructure and we invest heavily to try to enhance our customers' experiences.

In October, Barclays agreed to acquire the deposits, mortgages and business assets of ING Direct UK. It is a good fit with our existing business and will be integrated into UKRBB. Completion is expected in March 2013, subject to approval.

Our customers

We have put the customer in control by developing services and propositions that they can personalise to suit their needs. Our new current account proposition, Features Store, allows customers to tailor their banking relationship across a range of free and paid for features, whilst over 400,000 customers have taken advantage of the ability to personalise their debit card.

Barclays Mobile Banking app, Pingit and Text Alerts were launched with the aim of making customers' lives much easier. These services help people to do their everyday banking, track payments and to send and receive money at any time, wherever they are. We also changed to a customer service based incentive scheme for our frontline staff, to ensure that our customers remain at the heart of our business.

Our colleague, conduct and citizenship initiatives

The large majority of our UKRBB colleagues remain involved and positive about their work, with 94% saying they are very committed. We have continued to enhance our colleague offering as we strive to be their employer of choice.

In 2012 we continued to find ways to positively impact the communities in which we operate. Barclays Money Skills helped one million people to manage their money more effectively and Barclays Apprentice Programme was launched to help tackle the problem of youth unemployment in the UK.

For small businesses, we provided support and advice through seminars and workshops across the UK; and we are fully supportive of Government schemes designed to boost lending to UK SMEs. We are proud to have been number one in the market place for both Funding for Lending Scheme (FLS) and National Loan Guarantee Scheme (NLGS)^a.

Note

a Cumulative net stock lending for Q3 2012 as per Bank of England publication in December 2012:
<http://www.bankofengland.co.uk/markets/Pages/FLS/data.aspx>

Contribution to total income

£4,421m

Our 2012 performance

	2012	2011	2010
Income (£m)	4,421	4,656	4,518
Adjusted profit before tax	1,472	1,420	889
Adjusted ROE (%)	16.0	14.9	9.9
Loan loss rate (bps)	21	44	70
Loans and advances to customers (£bn)	128.2	121.2	115.6
Distribution points	1,593	1,625	1,658

In 2012 UKRBB generated £4.4bn of income and an adjusted return on equity of 16%, whilst prudently controlling credit and operational risk.

Income reductions principally due to non-recurrence of gains from the disposal of hedging instruments in 2011 were more than offset by significant reductions in credit impairment charges. Loans and advances to UK customers and clients grew by £7bn, including an estimated £4.4bn under the FLS where we have committed to pass all associated funding cost benefits to customers. A £1.2bn charge for the cost of PPI redress was incurred.

[For more detailed financial information please see pages 197-225](#)

Our priorities for 2013

- ; Provide a differentiated experience to customers by launching new digital assets to make their lives much easier. Continue to drive the adoption of initiatives launched in 2012.
- ; Focus on cost management, building on the work carried out in 2012 to achieve a cost to income ratio in the mid-50 s by 2015.
- ; Complete the acquisition and integration of ING Direct UK.
- ; Continue investing in our colleagues and focussing on embedding Group values to do business in the right way.

Table of Contents

Business review

Europe Retail and Business Banking (Europe RBB)

We focus on meeting the banking and investment needs of mass-affluent and business customers in Spain, Portugal, Italy and France.

Europe RBB offers a full range of banking, investment and insurance products tailored to meet our customers' financial needs. We provide services to over 1.5 million retail customers and businesses in Europe.

Within our customer base, we focus on the mass-affluent segment and offer a differentiated proposition. Our business leverages the expertise of Barclays other Retail and Business Banking franchises to benefit our client base as well as to exploit synergies across our non-retail European businesses.

Our customers

In 2012, we took advantage of the expertise of our other Retail and Business Banking franchises to better serve customers and made good progress against our long term vision of making our customers' lives much easier. For instance, we simplified some of our most manual customer processes and launched mobile banking to allow customers in Spain, Italy and France to access their accounts on the move.

We also introduced a system into our French network that allows staff to quickly determine a customer's investment profile and monitor their portfolios in real time. This system saves time, improves customer service and enhances our oversight over advisory services.

Our colleague, conduct and citizenship initiatives

We maintained and enhanced our strong control environment by improving systems and processes, for instance in Iberia where we introduced a citizenship dimension into our new product approval process to ensure products are not only compliant but also socially responsible given our broader commitments.

We also continued our commitment to local communities, with around 2,000 Europe RBB colleagues contributing to our Make a Difference Day campaign, taking time out to share their knowledge and skills and helping support their local communities in what have been austere times.

Contribution to total income

£915m

Our 2012 performance

Edgar Filing: BARCLAYS PLC - Form 6-K

	2012	2011	2010
Income (£m)	915	1,226	1,164
Adjusted loss before tax	(239)	(234)	(168)
Adjusted ROE (%)	(8.0)	(6.0)	(1.0)
Loan loss rate (bps)	80	54	71
Loans and advances			
to customers (£bn)	40.0	43.6	43.4
Distribution points	1,142	1,228	1,363
Cost: income ratio (%)	92	99	89

Within a macroeconomic, sovereign and regulatory environment that continued to be challenging, income fell 25% due to the non-recurrence of gains from disposal of hedging instruments in 2011 and the run-off of loans, driven by active management.

This was offset by strategic action to reposition the business – we reduced operating expenses by 31%, 18% when adjusted for the non-recurrence of 2011 restructuring charges.

To enhance future performance, we also combined our businesses in Spain and Portugal to promote best practices, take advantage of synergies and align strategies. Europe RBB also increased deposit taking and focused asset growth in the mass-affluent segment.

[For more detailed financial information](#)

[please see pages 197-225](#)

Our priorities for 2013

- i Create a smaller but sustainable business by focusing on mass-affluent customers, reducing headcount, downsizing branch operations and refocusing on digital solutions for clients.
- i Introduce dedicated management to optimise the performance and accelerate the run-off of our less attractive legacy portfolios.
- i Reduce Europe RBB's cost base through greater sharing of infrastructure with Barclays other European businesses to better serve customers.
- i Continue to employ technology to streamline processes.

Table of Contents

Business review

Africa

We combine global product knowledge with regional expertise and our extensive and well-established local presence in Africa.

One Africa strategy

Barclays in Africa comprises a local Retail and Business Bank, along with a local presence for Barclays global businesses – Barclaycard, Corporate Banking, Investment Bank and Wealth and Investment Management. Africa provides the Group with emerging market exposure and a promise of growth. Together, we serve over 14.3 million customers and clients across 12 countries.

In 2012, we consolidated our Barclays Africa and Absa banking operations into a single management structure. In 2013, subject to the receipt of regulatory approvals, the majority of Barclays Africa businesses and Absa will be brought under one legal entity to create a leading pan-African financial services business.

Our One Africa strategy focuses on broadening services in leading markets and investing in new geographies.

Our customers and clients

As part of our goal to make customers and clients lives much easier, we continued to drive innovation, for example, by rolling out several new online banking services to customers across Africa.

We deployed our global, regional and local capabilities to the benefit of our corporate clients in landmark deals, such as the partnership of Kenya Airways and Barclays Bank of Kenya with Visa to relaunch an airline co-branded credit card. Other major deals included the inaugural \$0.5bn Zambia Sovereign benchmark issuance, that was 20 times oversubscribed; and project financing of \$1.5bn for ExxonMobil/NNPC to develop 27 oil wells in Nigeria.

Life insurance products have been launched in Botswana, Mozambique, Zambia and Ghana via our bancassurance model, through the Barclays branch network. Two new Islamic banking products have been launched in Kenya by leveraging Group capabilities and synergies.

Our colleague, conduct and citizenship initiatives

As part of our citizenship strategy, we adhere to laws, regulations and codes, ensuring that we make responsible decisions in how we manage the business and sustain ourselves into the future.

We continued to participate in a range of community initiatives such as the Nelson Mandela Day in South Africa and Make a Difference Day campaign across Africa, where 7,211 volunteers were involved. In 2012, 11,705 colleagues volunteered to the benefit of communities across the continent.

Africa Retail and Business Banking (Africa RBB)

Barclays Group reports Africa RBB separately and the following information relates specifically to the Retail and Business Bank. Our global businesses participating in Africa are integrated within each business report.

Contribution to total income

£3,157m

Our 2012 performance

Income (£m)	2012	2011	2010
	3,157	3,571	3,512
Adjusted profit before tax	468	830	649
Adjusted ROE (%)	3.8	9.7	8.7
Loan loss rate (bps)	194	129	125
Loans and advances			
to customers (£bn)	31.7	34.4	43.1
Distribution points	1,451	1,493	1,543

Africa RBB generated income of £3.2bn in 2012, however, profit and returns both decreased. This was primarily due to currency fluctuations and increased impairment charges relating to the South African home loans recovery book and the impact of one large name in the commercial property portfolio. In local currency, loans and advances to customers remained broadly stable, while customer deposits increased by 7%.

[For more detailed financial information](#)

[please see pages 197-225](#)

Our priorities for 2013

- i Drive sustainable growth by completing the Retail and Business Banking transformation; whilst restoring income growth; grow corporate and investment banking in Africa; deepen and expand in core markets in line with One Africa strategy.
- i Build out the platform by embedding the integrated target operating model to support scale, growth and efficiency, drive innovation and digital capabilities.
- i Have the customer and client at the core, by optimising core customer processes and customer and client segmentation; realign businesses to a customer/client centric approach.

Edgar Filing: BARCLAYS PLC - Form 6-K

- i Drive people centricity, by aiming to attract, retain, stretch, and develop top talent and reward competitively; promote a conducive environment for engaged, motivated and empowered colleagues.

- j Focus on control and compliance by continuing to embed a risk awareness culture that balances commerciality and control.

Table of Contents

Business review

Barclaycard

We are a leading international payments business that serves both consumers and business clients.

Barclaycard, the eighth largest payment business in the world, provides the Group with exposure to the fast growing global payments industry and is an important source of new relationships to Barclays for both individual and business customers.

Barclaycard serves 29 million retail and business customers across the world, including the United Kingdom, United States, Germany, South Africa through Absa Card and Norway, Sweden and Denmark through the EnterCard joint venture.

Barclaycard is investing in core consumer cards issuing to gain share in all markets, rebalancing towards high-return business payments and continuing to lead in payment innovation to meet evolving customer needs.

Barclaycard received numerous awards in 2012, including the Moneyfacts: Best Card Provider 2012 award in the UK and Forrester Voice of the Customer award in the US.

Our customers

Barclaycard has a heritage of innovation, starting from the launch of the first credit card in the UK in 1966. Since 2011, Barclaycard has launched several new products to meet evolving customer needs, including Freedom and Cashback consumer cards in the UK, Google Adwords for UK SMEs, Barclaycard Plus for online consumer spending in Germany and the world's first social media credit card, Barclaycard Ring in the US.

Digital payments are a major part of our innovation and in 2012 we enabled over 750,000 mobile phones to make payments (using PayTag) across three countries and helped increase contactless transactions by over 250% year on year in the UK.

Our colleague, conduct and citizenship initiatives

Barclaycard continues to review policies and practices to identify and address those that are not simple, transparent and market-leading.

In 2012, we provided £2.8bn of net new lending, retained first place in Brand Consideration amongst UK consumer cards and supported over 35% of our colleagues to engage in fundraising and 65% of colleagues to participate in volunteering.

Contribution to total income

£4,170m

Our 2012 performance

	2012	2011	2010
Income (£m)	4,170	4,095	4,024
Adjusted profit before tax	1,506	1,208	791
Adjusted ROE (%)	22.1	17.4	12.5
Loan loss rate (bps)	282	391	570
Loans and advances			
to customers (£bn)	32.9	30.1	26.6
Customers (m)	28.8	22.6	21.7

Despite adverse economic conditions, Barclaycard maintained its track record of delivering strong financial performance with income up 2%, a 22% reduction in credit impairment charges and adjusted return on equity rising to 22%. A £420m charge for the cost of PPI redress was incurred.

Barclaycard continues to grow the UK and international businesses, with strong organic growth and acquisitions, including Edcon, in 2012. This resulted in a 27% increase in customers and a 10% increase in payments processed to £240bn.

[For more detailed financial information](#)

[please see pages 197-225](#)

Our priorities for 2013

- i Deliver leading and innovative products to our retail customers and business clients that help them achieve their ambitions in the right way.
- i Expand payment acceptance and commercial payments in Europe and consolidate to a single card platform for continental Europe.
- i Attract, develop and retain colleagues of the highest calibre and integrity.
- i Continue to have a positive impact in local communities by creating sustainable relationships and using the skills of the business and colleagues to support our local communities.

Edgar Filing: BARCLAYS PLC - Form 6-K

i Focus on the way we do business to ensure that our products and services are industry leading in transparency.

barclays.com/annualreport

Barclays PLC Annual Report 2012 I 19

Table of Contents

Business review

Investment Bank

We provide advice, financing and risk management solutions to companies, governments and institutions around the world.

Barclays integrated universal banking model, with a presence in 50 countries, allows us to meet the needs of our clients by connecting capabilities from across the Group. The Investment Bank aims to be the Go-To bank for corporate and institutional clients, providing them with the products and services they need to invest, grow and manage risk.

Through our client-focused flow business we provide diversity of income and risk to the Group and are able to deliver market execution services for retail, wealth and corporate customers.

Our business model

Investment Banking Division

Our Investment Banking Division provides a full suite of banking services to corporations, governments and institutions worldwide.

Services include arranging and underwriting debt and equity issuance, providing advice on mergers and acquisitions, corporate finance and restructurings, making active markets for securities across global debt and equity exchanges and delivering strategic risk management solutions.

Markets

Our Markets team provides execution and risk management across the full range of asset classes including equity and fixed income, currency and commodity (FICC) products.

We facilitate client transactions on stock, options and futures exchanges globally and provide prime brokerage services, including clearing, financing and securities lending, to institutional clients. We are active market-makers for securities across every asset class, helping to provide liquidity to the world's financial markets.

We also provide access to derivative products allowing organisations to hedge exposure to movements in interest rates, currencies and commodity prices.

A combined Markets team was established October 2012, integrating our FICC, Equities and Distribution divisions. This new structure will enable us to deliver more joined up solutions for our clients, and deliver greater synergies across product groups and trading and distribution teams.

Research

Edgar Filing: BARCLAYS PLC - Form 6-K

Our global, multi asset Research team delivers actionable ideas and innovative products to our clients, partnering with them to help ensure they make informed investment decisions. Our expertise in debt, equity and economic research provides our clients with impartial, insightful advice on global and regional companies, markets and topics.

Contribution to total income

£11,722m

Our clients

Our clients include multi-national corporates, sovereign governments and supranational bodies and financial institutions, including banks, pension funds and insurance firms.

We help corporate clients to achieve growth and job creation in the real economy, governments to deliver their stability and growth plans, and institutions to meet the long term investment needs of their clients.

In 2012, we were once again recognised for the strength of our client focus and were awarded Best US Investment Bank and Best UK Investment Bank by Euromoney.

Our colleague, conduct and citizenship initiatives

In response to the events of the summer and the wider change in the industry we undertook a detailed review of our business practices across three broad areas: business line, business conduct and reward practices.

The resulting recommendations included changes to our business model in certain areas and enhancements to our controls and broader working practices. These will be implemented through the Transform Programme and will help ensure the Investment Bank is able to continue to meet the needs of all its stakeholders.