BARCLAYS PLC
Form 6-K
February 11, 2014

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

February 11, 2014

Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

1 Churchill Place
London E14 5HP
England

(Address of Principal Executive Offices)

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

Form 20-F x Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No x

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

This Report is a joint Report on Form 6-K filed by Barclays PLC and Barclays Bank PLC. All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC.

This Report comprises:

Information given to The London Stock Exchange and furnished pursuant to General Instruction B to the General Instructions to Form 6-K.

EXHIBIT INDEX

Final Results dated February 11, 2014

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SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: February 11, 2014

By: /s/ Patrick Gonsalves
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Patrick Gonsalves
Deputy Secretary

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BARCLAYS BANK PLC
(Registrant)

Date: February 11, 2014

By: /s/ Patrick Gonsalves
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Patrick Gonsalves
Joint Secretary

Barclays PLC
Results Announcement

31 December 2013

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BARCLAYS PLC, 1 CHURCHILL PLACE, LONDON, E14 5HP, UNITED KINGDOM. TELEPHONE: +44 (0) 20 7116 1000. COMPANY NO. 48839

Notes

The term Barclays or Group refers to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the twelve months to 31 December 2013 to the corresponding twelve months of 2012 and balance sheet analysis as at 31 December with comparatives relating to 31 December 2012. 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.

The comparatives have been restated to reflect the implementation of IFRS 10 Consolidated Financial Statements and IAS 19 Employee Benefits (Revised 2011), the reallocation of elements of the Head Office results to businesses and portfolio restatements between businesses, as detailed in our announcement on 16 April 2013. The consolidated financial statements of the Group included in the joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC for the year ended 31 December 2012 were restated to show the effects of the adoption of IFRS 10 Consolidated Financial Statements and IAS 19 Employee Benefits (Revised 2011) on 1 January 2013 in accordance with their transition guidance and not to reflect events subsequent to 5 March 2013, the date of the approval of the 31 December 2012 financial statements. The Group's segmental disclosures required by IFRS 8 Operating Segments were also restated. The restated consolidated financial statements of the Group were filed with the SEC on Form 6-K on 6 September 2013.

Adjusted profit before tax and adjusted performance metrics have been presented to provide a more consistent basis for comparing business performance between periods. Adjusting items are considered to be significant and not representative of the underlying business performance. Items excluded from the adjusted measures are: the impact of own credit; disposal of the investment in BlackRock, Inc.; the provision for Payment Protection Insurance redress payments and claims management costs (PPI redress); the provision for interest rate hedging products redress and claims management costs (interest rate hedging products redress); and goodwill impairment.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the Results glossary that can be accessed at www.Barclays.com/results.

In accordance with Barclays' policy to provide meaningful disclosures that help investors and other stakeholders understand the financial position, performance and changes in the financial position of the Group, and having regard to the British Bankers' Association Disclosure Code and the Enhanced Disclosure Task Force recommendations, the information provided in this report goes beyond minimum requirements. Barclays continues to develop its financial reporting considering best practice and welcomes feedback from investors, regulators and other stakeholders on the disclosures that they would find most useful.

The Listing Rules of the UK Listing Authority (LR 9.7A.1) require that preliminary statements of annual results must be agreed with the listed company's auditors prior to publication, even though an audit opinion has not yet been issued. In addition, the Listing Rules require such statements to give details of the nature of any likely modification or emphasis of matter that may be contained in the auditors' report to be included with the annual report and accounts. Barclays PLC confirms that it has agreed this preliminary statement of annual results with PricewaterhouseCoopers LLP and that the Board of Directors has not been made aware of any likely modification or emphasis of matter to the auditors' report to be included with the annual report and accounts for the year ended 31 December 2013.

The information in this announcement, which was approved by the Board of Directors on 10 February 2014 does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2012, which included certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the SEC and which contained an unqualified audit report under Section 495 of the Companies Act 2006 and which did not make any statements under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

These results will be furnished as a Form 6-K to the SEC as soon as practicable following their publication. Once filed with the SEC, copies of the Form 6-K will also be available from the Barclays Investor Relations website www.barclays.com/investorrelations and from the SEC's website (www.sec.gov).

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", "expect", "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 and provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs, original and revised commitments and targets in connection with the Transform Programme, deleveraging actions, 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. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards (IFRS), evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, United States, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of the Group; the potential for one or more countries exiting the Eurozone; the implementation of the Transform Programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. Additional risks and factors are identified in our filings with the SEC including our Annual Report on Form 20-F for the fiscal year ended 31 December 2012, and in the Form 6-K (Film No. 131097818) dated 16 September 2013, both of which are available on the SEC's website at http://www.sec.gov.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc (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 SEC.

## Performance Highlights

"2013 has been a year of considerable change for Barclays. I am pleased with the progress we made in starting to rebuild trust, defining and implementing a common culture, repositioning the business for the future, and strengthening our balance sheet.

A year on from launching our plan to transform Barclays into the Go-To bank for all our stakeholders, we are in a significantly better position and I feel confident about our prospects.

Despite challenging conditions, our underlying performance has been resilient and momentum is building, as evidenced by the results we are reporting this morning.

Our UK Retail and Corporate Banking businesses delivered good results, alongside the continued strong growth of Barclaycard. Within the Investment Bank, an impressive performance in Equities and in Investment Banking has helped to partially offset lower income from our Fixed Income, Currencies and Commodities business. We have also started to make important progress in repositioning our African, European and Wealth businesses to improve returns. This performance has translated into income of £28.2bn in the year, and adjusted profit before tax of £5.2bn.

However, profits have been impacted by the restructuring and de-risking activity we completed during the year. This included withdrawing from certain lines of business, investing to transform our operations and resolving legacy conduct and litigation issues. The cost of these actions suppressed statutory profits to £2.9bn in the year but was in the long term interest of our shareholders.

Additionally, we have made significant progress with strengthening of our capital base year over year, through the rights issue and issuance of Additional Tier 1 securities. Combined with our substantial deleveraging actions in the second half of the year, we are ahead of our schedule to achieve the PRA leverage ratio expectation in June 2014.

While we have more work to do to achieve our goal of becoming the Go-To bank, I believe that we begin 2014 in a better position than we have been for many years."

Antony Jenkins, Group Chief Executive

## Performance Highlights

### Income Statement

- Adjusted profit before tax was down 32% to £5,167m due to costs to achieve Transform and a 4% reduction in income. Q413 adjusted profit before tax was down £1,194m against Q313 to £191m, including the impact of £331m of charges for litigation and regulatory penalties in the Investment Bank, UK bank levy of £504m (Q313: £nil), and £468m of costs to achieve Transform (Q313: £101m)

- Statutory profit before tax improved to £2,868m (2012: £797m), reflecting a reduced own credit charge of £220m (2012: £4,579m)

### Income Performance

- Adjusted income decreased 4% to £28,155m, reflecting a reduction of £1,042m in the Investment Bank and £480m in the Head Office

- Investment Bank income was down 9% to £10,733m driven by a decrease in FICC and Exit Quadrant assets income, including a current year reversal of £111m income relating to a litigation matter in Q413. These decreases were partially offset by increases in Equities and Prime Services, and Investment Banking

### Credit Impairment

- Credit impairment charges improved 8% to £3,071m, with a loan loss rate of 64bps (2012: 70bps), principally reflecting lower impairments in Corporate Banking and Africa RBB. This was partially offset by higher impairments in Barclaycard and UK RBB, partly due to provision releases in 2012, and acquisitions in Barclaycard

### Cost Performance

- Adjusted operating expenses increased £1,331m to £19,893m, reflecting £1,209m of costs to achieve Transform, £220m provisions for litigation and regulatory penalties in Q413 in the Investment Bank, mainly relating to the US residential mortgage-related business, and UK bank levy

- Total compensation costs decreased 1% to £9,616m. Total compensation costs in the Investment Bank were broadly flat at £4,634m (2012: £4,667m). The Investment Bank compensation to income ratio rose to 43.2% (2012: 39.6%) primarily due to a decrease in income

Balance Sheet, Leverage and Capital Management

- The estimated Prudential Regulation Authority (PRA) leverage exposure reduced £196bn from 30 June 2013 to £1,363bn. Approximately £55bn of the reduction in PRA leverage exposure relates to foreign exchange movements

- CRD IV risk weighted assets (RWAs) reduced £32bn during the year and £12bn during Q413 to £436bn, primarily driven by reductions in Exit Quadrant RWAs

- CRD IV fully loaded Common Equity Tier 1 (CET1) capital increased £3.0bn from 30 September 2013 to £40.4bn, principally due to the issuance of additional shares through the rights issue, partially offset by foreign currency movements of £0.8bn and increased regulatory deductions including new deductions related to foreseeable dividends

- CRD IV CET1 ratio fully loaded was 9.3% (30 September 2013: 8.4% or 9.6% on a proforma post rights issue basis)

- The estimated PRA leverage ratio increased to just under 3.0% (30 June 2013: 2.2%), reflecting a reduction in the PRA leverage exposure of £196bn and an increase in eligible PRA adjusted Tier 1 Capital to £40.5bn (30 June 2013: £34.2bn). The increase included £5.8bn share capital through the rights issue, £2.1bn of Additional Tier 1 (AT1) securities and a £1.9bn reduction in PRA adjustments to CET1 capital to £2.2bn, largely driven by a reduction in the additional PRA add-on for prudential valuation adjustment (PVA). The estimated CRD IV fully loaded leverage ratio increased to 3.1% (30 June 2013: 2.5%)

- Net asset value per share was 331p (2012: 414p) and net tangible asset value per share was 283p (2012: 349p). This decrease was mainly attributable to the issuance of shares as part of the rights issue, and decreases in the cash flow hedging reserve and currency translation reserve

Returns

- Adjusted return on average shareholders' equity decreased to 4.5% (2012: 9.0%) principally reflecting the decrease in profit before tax, a £440m write down of deferred tax assets relating to Spain and the £5.8bn of equity raised from the rights issue in Q413. Adjusted return on average tangible shareholders' equity decreased to 5.3% (2012: 10.6%). Statutory return on average shareholders' equity improved to 1.0% (2012: negative 1.2%)

Performance Highlights

| Barclays Unaudited Results1 | Adjusted | Statutory |
|---|---|---|

| | 31.12.13 | 31.12.12 | | 31.12.13 | 31.12.12 | |
|---|---|---|---|---|---|---|
| | £m | £m | % Change | £m | £m | % Change |
| Total income net of insurance claims | 28,155 | 29,361 | (4) | 27,935 | 25,009 | 12 |
| Credit impairment charges and other provisions | (3,071) | (3,340) | (8) | (3,071) | (3,340) | (8) |
| Net operating income | 25,084 | 26,021 | (4) | 24,864 | 21,669 | 15 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (18,180) | (18,217) | - | (20,259) | (20,667) | (2) |
| UK bank levy | (504) | (345) | 46 | (504) | (345) | 46 |
| Costs to achieve Transform | (1,209) | - | | (1,209) | - | |
| Operating expenses | (19,893) | (18,562) | 7 | (21,972) | (21,012) | 5 |
| Other net (expense)/ income | (24) | 140 | | (24) | 140 | |
| Profit before tax | 5,167 | 7,599 | (32) | 2,868 | 797 | |
| Tax charge | (2,015) | (2,159) | (7) | (1,571) | (616) | |
| Profit after tax | 3,152 | 5,440 | (42) | 1,297 | 181 | |
| Non-controlling interests | (757) | (805) | (6) | (757) | (805) | (6) |
| Attributable Profit2 | 2,395 | 4,635 | (48) | 540 | (624) | |
| | | | | | | |
| Performance Measures | | | | | | |
| Return on average tangible shareholders' equity | 5.3% | 10.6% | | 1.2% | (1.4%) | |
| Return on average shareholders' equity | 4.5% | 9.0% | | 1.0% | (1.2%) | |
| Return on average risk weighted assets | 0.8% | 1.4% | | 0.3% | - | |
| Cost: income ratio | 71% | 63% | | 79% | 84% | |
| Loan loss rate | 64bps | 70bps | | 64bps | 70bps | |
| | | | | | | |
| Basic earnings per share | 16.7p | 35.5p | | 3.8p | (4.8p) | |
| Dividend per share | 6.5p | 6.5p | | 6.5p | 6.5p | |
| | | | | | | |
| Balance Sheet and Leverage | | | | 31.12.13 | 31.12.12 | |
| Net asset value per share3 | | | | 331p | 414p | (20) |
| Net tangible asset value per share3 | | | | 283p | 349p | (19) |
| Estimated PRA leverage exposure | | | | £1,363bn | | |
| | | | | | | |
| Capital Management | | | | 31.12.13 | 31.12.12 | |
| CRD III | | | | | | |
| Core tier 1 ratio | | | | 13.2% | 10.8% | |
| Core tier 1 capital | | | | £46.8bn | £41.7bn | 12 |
| Risk weighted assets | | | | £355bn | £387bn | (8) |
| CRD IV fully loaded | | | | | | |
| Common equity tier 1 ratio | | | | 9.3% | | |
| | | | | £40.4bn | | |

| | | | |
|---|---|---|---|
| Common equity tier 1 capital | | | |
| Risk weighted assets | £436bn | £468bn | (7) |
| Estimated leverage ratio | 3.1% | | |
| Estimated PRA leverage ratio | 3.0% | | |

| Funding and Liquidity | 31.12.13 | 31.12.12 |
|---|---|---|
| Group liquidity pool | £127bn | £150bn |
| Loan: deposit ratio | 101% | 110% |
| Estimated liquidity coverage ratio4 | 102% | 126% |
| Estimated net stable funding ratio4 | 110% | 112% |

| Adjusted Profit Reconciliation | 31.12.13 | 31.12.12 |
|---|---|---|
| Adjusted profit before tax | 5,167 | 7,599 |
| Own credit | (220) | (4,579) |
| Gain on disposal of investment in BlackRock Inc. | - | 227 |
| Provision for PPI redress | (1,350) | (1,600) |
| Provision for interest rate hedging products redress | (650) | (850) |
| Goodwill impairment | (79) | - |
| Statutory profit before tax | 2,868 | 797 |

1 The comparatives on pages 3 to 49 have been restated to reflect the implementation of IFRS 10 Consolidated Financial Statements and IAS 19 Employee Benefits (Revised 2011), the reallocation of elements of Head Office results to businesses and portfolio restatements between businesses, as detailed in our announcement on 16 April 2013, accessible at http://group.barclays.com/about-barclays/investor-relations/investor-news.

2 Attributable profit includes profit after tax and non-controlling interests.

3 Net asset value per share is calculated by dividing shareholders equity, excluding non-controlling and other equity interests, by the number of issued ordinary shares. Net tangible asset value per share is calculated by dividing shareholders equity, excluding non-controlling and other equity interests, less goodwill and intangible assets, by the number of issued ordinary shares.

4 Refer to page 61 for basis of calculation.

Performance Highlights

| | Adjusted | | | Statutory | | |
|---|---|---|---|---|---|---|
| Income by Business | 31.12.13 | 31.12.12 | | 31.12.13 | 31.12.12 | |
| | £m | £m | % Change | £m | £m | % Change |

| | | | | | | |
|---|---|---|---|---|---|---|
| UK RBB | 4,523 | 4,384 | 3 | 4,523 | 4,384 | 3 |
| Europe RBB | 666 | 708 | (6) | 666 | 708 | (6) |
| Africa RBB | 2,617 | 2,928 | (11) | 2,617 | 2,928 | (11) |
| Barclaycard | 4,786 | 4,344 | 10 | 4,786 | 4,344 | 10 |
| Investment Bank | 10,733 | 11,775 | (9) | 10,733 | 11,775 | (9) |
| Corporate Banking | 3,115 | 3,046 | 2 | 3,115 | 3,046 | 2 |
| Wealth and Investment Management | 1,839 | 1,820 | 1 | 1,839 | 1,820 | 1 |
| Head Office and Other Operations | (124) | 356 | | (344) | (3,996) | (91) |
| Total income | 28,155 | 29,361 | (4) | 27,935 | 25,009 | 12 |

| | Adjusted | | | Statutory | | |
|---|---|---|---|---|---|---|
| Profit/(Loss) Before Tax by Business | 31.12.13 | 31.12.12 | | 31.12.13 | 31.12.12 | |
| | £m | £m | % Change | £m | £m | % Change |
| UK RBB | 1,195 | 1,225 | (2) | 535 | 45 | |
| Europe RBB | (996) | (343) | | (996) | (343) | |
| Africa RBB | 404 | 322 | 25 | 404 | 322 | 25 |
| Barclaycard | 1,507 | 1,482 | 2 | 817 | 1,062 | (23) |
| Investment Bank | 2,523 | 3,990 | (37) | 2,523 | 3,990 | (37) |
| Corporate Banking | 801 | 460 | 74 | 151 | (390) | |
| Wealth and Investment Management | (19) | 274 | | (98) | 274 | |
| Head Office and Other Operations | (248) | 189 | | (468) | (4,163) | (89) |
| Total profit before tax | 5,167 | 7,599 | (32) | 2,868 | 797 | |

Chief Executive's Statement

It is now twelve months since we set out our Transform programme, which began the process of making Barclays the 'Go-To' bank for all of our stakeholders. In that time we have taken measures to strengthen our capital base and manage risk which places Barclays in a good position to deliver competitive advantage for the bank in the years to come, resulting in higher and more sustainable returns for our shareholders.

In 2013, UK Retail and Business Banking delivered good results, supported by higher income from our mortgage business. Barclaycard also had another good year both in the UK and internationally, delivering attractive returns while still holding further growth potential. The output from our UK business within Corporate Banking, which delivered profit before tax of nearly £1bn for the year as the turnaround continued in the overall business unit. In the Investment Bank, our Equities business saw impressive income growth. Combined with continued improved results in Investment Banking, this partly offset lower income from our Fixed Income Currencies and Commodities business.

Beyond these franchises, we also completed a lot of work during 2013 in repositioning our African, European, and Wealth businesses. These units are in transition, with clear plans being implemented across all three to improve returns, and I am encouraged by the progress I'm seeing.

In aggregate, this performance translated into income of approximately of £28.2bn in the year, and adjusted profit before tax of £5.2bn. This is a resilient performance, though profits have clearly been impacted by the amount of investment and de-risking activity we executed in the period.

We continue to de-risk the business for reputation and conduct risk. In June we took a further £2bn of charges in relation to Payment Protection Insurance and interest rate hedging products redress. We have also exited businesses which are incompatible with Barclays' purpose and values, or where we cannot generate attractive returns for our investors. In late December 2013, we incurred £331m of charges for litigation and regulatory penalties which impacted income and costs, the latter of which drove operating expenses higher than the £18.5bn guidance excluding the cost to achieve Transform, we provided earlier.

Supported by the £5.8bn Rights Issue, we reached a CRD IV fully loaded CET1 ratio of 9.3% at the end of 2013. We remain on track to meet our target of 10.5% during 2015. Alongside the other measures set out in our Leverage Plan in July 2013, including rigorous control around leverage exposure reduction and £2.1bn of AT1 issuance, our estimated CRD IV fully loaded leverage ratio is 3.1% and our PRA leverage ratio is almost 3%, the expectation we were set to meet by June 2014.

Leverage will continue to be a focus for regulators and investors, and today we are setting out important plans to further reduce our exposure and better prepare Barclays for regulatory requirements in the future.

At Barclays we believe in paying for performance and paying competitively. Ensuring that we have the right people in the right roles serving our customers and clients effectively in a highly competitive global environment is vital to our ability to generate sustainable shareholder returns. After careful consideration, we determined that an increase of £210m over the prior year in the incentive pool was required in 2013 in order to build our franchise in the long term interests of shareholders. Notwithstanding this increase we remain committed to our goal of reducing the compensation to net income ratio over the medium term to the mid 30s.

One year on we are making good progress against the Transform financial and non-financial commitments we set out last year, although clearly we have more to do to execute on our plans.

On CRD IV RWAs we are already operating within the £440bn level we targeted for 2015 and our CRD IV fully loaded CET1 ratio is in a strong position. On cost, we remain confident we will reduce operating expenses to £16.8bn excluding costs to achieve Transform in 2015. Our Cost to Income Ratio rose in 2013 mainly as a consequence of reduced income, but we remain committed to achieving a ratio in the mid-50s by 2015. On dividends we expect to target a 40% payout ratio from 2014 as we also focus on capital accretion.

All of this progress on our financial commitments, plus additional work on de-leveraging, means we remain convinced of our ability to deliver a Return on Equity for the Group in excess of the cost of equity during 2016.

On our non-financial commitments there is also progress to report.

Cultural change, particularly embedding our purpose and values throughout the organisation, was a major Transform priority for 2013. As well as every colleague completing a mandatory training programme, we have also now integrated our purpose and values into the day to day management processes covering recruitment, talent management, performance assessment and reward. In the case of our Managing Director population, their 2013 performance has been formally assessed against whether they have exhibited the right values and behaviours, as well as producing the business outcomes we want. These criteria will apply to all employees in 2014. Critically, we have developed and published our new Code of Conduct which every colleague must abide by and attest to annually.

Chief Executive's Statement

Today, and in fulfilment of our second non-financial commitment, we are publishing our balanced scorecard, the final component in the leadership system which will help us to drive cultural change and measure holistic performance in Barclays. It contains eight specific commitments which we will report on annually going forward. The commitments we have set are intentionally stretching, but we believe achievable. The personal objectives of all colleagues will align to the scorecard.

Finally, looking externally once more, I am proud to say that Barclays continues to play a key role in the UK economy. As a major employer a particular highlight in 2013 was that we have taken on approximately 1,000 apprentices, helping young people into work and addressing an acute social need. Being a strong bank allows Barclays to support the UK economy through lending to our customers and clients. An estimated £88bn of Funding for Lending eligible gross new lending was made to UK households and businesses by us in 2013.

In closing, the plans and targets we have for Barclays are certainly ambitious, and as we deal with unexpected challenges and the wider economic conditions, progress may not always be linear. However, through the disciplined focus of my management team, I am confident we will deliver on our goal of becoming the 'Go-To' bank.

Antony Jenkins, Group Chief Executive

Group Finance Director's Review

"Reflecting on the 2013 financial results for Barclays, I believe progress has been made and momentum is building around the Transform programme. This was the first year of the programme, which necessitated a substantial investment in future cost reduction and repositioning of our balance sheet and capital base.

Within the results, there are two areas that I felt were particularly noteworthy. First, the breadth and diversity of income in the Group, underpinned by our traditional consumer and commercial banking franchises. Similarly, within the Investment Bank, growth in Equities and Investment Banking income provided an offset to the market-led weakness in certain FICC businesses. Second, demonstration of strong financial fundamentals across funding and liquidity, capital, credit risk management and margins should stand the bank in good stead for generating sustainable returns going forward.

In October, I began conducting a detailed balance sheet review, specifically focused on meeting leverage ratio requirements as a priority. We have made strong and quick progress on this. PRA leverage exposure reduced by nearly £200bn from June 2013 which, combined with the £5.8bn rights issue and issuance of £2.1bn of AT1 securities, strengthened our PRA leverage ratio to just under 3%. Our focus on RWA management continued throughout the year, resulting in a 7%, or over £30bn, reduction in CRD IV RWAs. Looking ahead, the balance sheet review will continue but with increased focus on optimising the balance sheet, considering both risk weights and leverage, in order to generate improved returns. I will provide updates on this going forward.

Regulation remains a key variable and, while we have gained clarity in certain areas, there remain a number of outstandings which we will continue to anticipate as best we can in order to 'future proof' the bank.

As I look forward, 2014 will likely be another year of transition, with greater focus on balance sheet optimisation, particularly in the Investment Bank, combined with strict cost control in order to generate higher and more sustainable returns in the future."

Tushar Morzaria, Group Finance Director

Group Finance Director's Review

Income Statement

- Adjusted profit before tax was down 32% to £5,167m driven by costs to achieve Transform and a reduction in income. Q413 adjusted profit before tax was down £1,194m against Q313 to £191m, including the impact of £331m of charges against litigation and regulatory penalties in the Investment Bank, UK bank levy of £504m (Q313: £nil), and £468m of costs to achieve Transform (Q313: £101m)

- Statutory profit before tax improved to £2,868m (2012: £797m), reflecting a reduced own credit charge of £220m (2012: £4,579m)

Income Performance

- Adjusted income decreased 4% to £28,155m, reflecting reductions in the Investment Bank, the Head Office and Africa RBB, partially offset by growth in Barclaycard and UK RBB

- Investment Bank income was down 9% to £10,733m driven by a decrease in FICC income of £1,141m, partially offset by increases in Equities and Prime Services of £489m, and Investment Banking of £63m.  Income from Exit Quadrant assets also decreased £309m due to accelerated disposals and a £111m reversal of income relating to a litigation matter in Q413. Income in Q413 increased 2% on Q313 to £2,149m due to higher activity in Macro Products, particularly in the Currency business,and Investment Banking, offset by a reduced performance in Credit Products, and Equities and Prime Services

- Total net interest income was broadly stable at£11,600m, with lower net interest income in Head Office, Africa RBB and the Investment Bank offset by increases in Barclaycard, UK RBB and Corporate Banking. Customer net interest income for RBB, Barclaycard, Corporate Banking and Wealth and Investment Management increased to £10,365m (2012: £9,839m) driven by growth in customer assets, partially offset by contributions from Group structural hedging activities

Credit Impairment

- Credit impairment charges improved 8% to £3,071m, with a loan loss rate of 64bps (2012: 70bps)

- This reflected lower impairments in the wholesale businesses, mainly Corporate Banking in Europe and UK

- In the RBB and Barclaycard businesses, Africa RBB arrears rates improved, particularly for South Africa home loans, however, impairment was higher in UK RBB and Barclaycard partly due to the non-recurrence of provision releases in 2012, and the Edcon acquisition in Barclaycard

- Higher impairment in Europe reflected exposure to the renewable energy sector in Spain and weaker performance in European mortgages

Cost Performance

- Adjusted operating expenses increased £1,331m to £19,893m, reflecting £1,209m of costs to achieve Transform, £220m provisions for litigation and regulatory penalties in Q413 in the Investment Bank, mainly relating to the US residential mortgage-related business and UK bank levy of £504m (2012: £345m). The Group's cost target for 2015 remains at £16.8bn excluding costs to achieve Transform

- Total compensation costs decreased 1% to £9,616m. Total compensation costs in the Investment Bank werebroadly flat at £4,634m (2012: £4,667m). The Investment Bank compensation to income ratio rose to 43.2% (2012: 39.6%) primarily due to a decrease in income

Taxation

- The effective tax rate on adjusted profit before tax increased to 39.0% (2012: 28.4%), mainly due to a charge of £440m reflecting the write down of deferred tax assets in Spain. The adjusted effective tax rate excluding the write down was 30.5% (2012: 28.4%), which primarily reflected profits outside of the UK taxed at local statutory tax rates that are higher than the UK statutory tax rate of 23.25% (2012: 24.5%) and the impact of the increase in the non deductible UK bank levy to £504m (2012: £345m). The effective tax rate on statutory profit before tax decreased to 54.8% (2012: 77.3%)

Returns

- Adjusted return on average shareholders' equity decreased to 4.5% (2012: 9.0%) principally reflecting the decrease in profit before tax, £440m write down of deferred tax assets relating to Spain and the rights issue equity raised of £5.8bn. Adjusted return on average tangible shareholders' equity decreased to 5.3% (2012: 10.6%). Statutory return on average shareholders' equity improved to 1.0% (2012: negative 1.2%)

Group Finance Director's Review

Balance Sheet and Leverage

Balance Sheet

- Total assets decreased by 12% to £1,312bn from 31 December 2012, primarily reflecting decreases in derivative assets, due to increases in forward interest rates and exposure reduction initiatives with central clearing parties and a reduction in cash and balances at central banks due to a decrease in the liquidity pool

- Total loans and advances were £468bn (2012: £464bn) with an increase of £8.4bn in UK RBB including those acquired through Barclays Direct (previously ING Direct UK, acquired during Q113), £1.8bn growth within Barclaycard across the UK and international business and a £1.8bn increase within Wealth and Investment Management. These were offset by a £5.7bn decrease within Africa RBB primarily due to the depreciation of ZAR against GBP, with growth of 2% on a constant currency basis

- Customer accounts increased by 11% to £428bn due to a £19.5bn increase in UK RBB deposits, a £9.6bn increase within Wealth and Investment Management, primarily reflected in the High Net Worth business, and a £9.1bn increase in Corporate Banking, from UK deposit growth

- Total shareholders' equity including non-controlling interests, was £64bn (2012: £60bn). Excluding non-controlling interests, shareholders' equity increased £4.8bn to £55bn, reflecting a £7.4bn increase in share capital and share premium including £5.8bn from the issuance of 3.2bn additional shares through the rights issue and the issuance of £2.1bn equity accounted AT1 securities. These increases were partially offset by decreases in the cash flow hedging reserve of £1.8bn, due to increases in forward interest rates, the currency translation reserve of £1.2bn, driven by strengthening of GBP against USD and ZAR, dividends paid of £0.9bn, and a £0.5bn reduction due to an increase in retirement benefit liabilities

- Net asset value per share was 331p (2012: 414p) and net tangible asset value per share was 283p (2012: 349p). This decrease was mainly attributable to the issuance of shares, as part of the rights issue, and decreases in the cash flow hedging reserve and currency translation reserve

- As at 31 December 2013 the provision held for PPI redress was £971m (2012: £986m) and for interest rate hedging products redress was £1,169m (2012: £814m). There has been no significant change to the estimates of future expected costs since June 2013

Leverage

- Estimated PRA leverage exposure reduced £196bn from 30 June 2013 to £1,363bn driven by a reduction in derivative replacement costs, potential future exposures on derivatives and cash and balances at central banks. Approximately £55bn of the reduction in PRA leverage exposure, relatedto foreign exchange movements

Capital Management

- CRD IV fully loaded CET1 capital increased £3.0bn from 30 September 2013 to £40.4bn, principally due to the issuance of additional shares through the rights issue, partially offset by foreign currency movements of £0.8bn and increased regulatory deductions related to foreseeable dividends. CRD III Core Tier 1 capital was £46.8bn (30 September 2013: £42.0bn)

- CRD IV RWAs reduced £32bn during the year and £12bn during Q413 to £436bn, primarily driven by reductions in Exit Quadrant RWAs of £39bn and reductions in trading book exposures, partially offset by methodology changes. This reduction was primarily in the Investment Bank, where Exit Quadrant RWAs reduced £37bn to £42bn. CRD III RWAs reduced £32bn to £355bn during the year

- CRD IV CET1 ratio on a fully loaded basis was 9.3% (30 September 2013: 8.4% or 9.6% on a proforma post rights issue basis). This movement was mainly as a result of the rights issue and a decrease in RWAs offset by new regulatory deductions primarily related to foreseeable dividends. CRD III Core Tier 1 ratio strengthened to 13.2% (30 September 2013: 11.3%)

- The estimated PRA leverage ratio increased to just under 3.0% (30 June 2013: 2.2%), reflecting a reduction in the PRA leverage exposure of £196bn and an increase in eligible PRA adjusted Tier 1 Capital to £40.5bn (30 June 2013: £34.2bn). The increase included £2.1bn of AT1 securities and a £1.9bn reduction in PRA adjustments to CET1 to £2.2bn largely driven by an elimination of the additional PRA add-on for PVA. Refer to page 55 for further details. The estimated CRD IV fully loaded leverage ratio increased to 3.1% (30 June 2013: 2.5%)

Group Finance Director's Review

Funding and Liquidity

- In 2013, we reduced the liquidity pool by £23bn to £127bn. This was consistent with reducing the large Liquidity Risk Appetite (LRA) and Liquidity Coverage Ratio (LCR) surpluses to support the leverage plan and to optimise the cost of liquidity, while maintaining compliance with internal liquidity risk appetite and external regulatory requirements.

- The liquidity pool consists of cash and deposits with central banks and high quality government bonds, which together accounted for 83% (2012: 87%) of the pool

- The estimated LCR was 102% (2012: 126%) based upon the latest standards published by the Basel Committee. This is equivalent to a surplus of £2bn above the 100% ratio (2012: £32bn)

- The estimated Net Stable Funding Requirement (NSFR) was 110% (2012: 112%), resulting in a £40bn (2012: £49bn) excess above the 100% ratio requirement

- The loan to deposit ratio for the Group decreased to 101% (2012: 110%) as a result of strong growth in customer deposits in UK RBB, Corporate Banking and Wealth and Investment Management

- Total wholesale funding outstanding (excluding repurchase agreements) was £186bn (2012: £240bn), of which £82bn (2012: £102bn) matures in less than one year and £20bn matures within one month (2012: £29bn)

- The Group issued £1bn of net term funding during 2013, including $1bn of CRD IV compliant Tier 2 capital. Barclays has £24bn of term funding maturing in 2014 and £22bn in 2015. We expect to issue more public wholesale debt in 2014 than in 2013, albeit at lower levels than amounts maturing

Dividends

- A final dividend for 2013 of 3.5p per share will be paid on 28 March 2014 resulting in a total 6.5p dividend per share for the year. Total dividends paid to ordinary shareholders were £859m (2012: £733m), reflecting the additional shares issues as part of the rights issue

Outlook

- 2014 will be another year of transition, as we continue to make investments and focus on balance sheet optimisation and cost reduction.

Updated guidance on capital, leverage and dividends

- Barclays' current regulatory target is to meet a fully loaded CET1 ratio of 9% by 2019, plus a Pillar 2A add-on. Under current PRA guidance, Pillar 2A will need to be met with 56% CET1 from 2015, which would equate to approximately 1.4% of RWAs if the requirement were to be applied today. The Pillar 2A add-on would be expected to vary over time according to the PRA's individual capital guidance

- The Group expects to achieve a 10.5% CRD IV CET1 ratio on a fully loaded basis in 2015. As Barclays builds capital over the transitional period to its end state structure, the Group would estimate reaching a range of 11.5-12.0% for the CRD IV CET1 ratio, once an internal management buffer, Pillar 2A and other regulatory considerations are taken into account. This indication is based on certain assumptions (refer page 55 for details) and does not include any Counter-Cyclical  Capital Buffer, additional Sectoral Capital Requirement or Systemic Risk Buffer

- The Group estimates reaching a PRA leverage ratio of at least 3.5% by the end of 2015 and a range of 3.5% to 4% beyond 2015, with an expected net reduction in leverage exposure of approximately £60bn, excluding foreign currency effects. Barclays expects the reduction in leverage exposure to below £1,300bn by 2015 to result in a minimal impact on current revenues but result in foregone revenue of around £300m in 2015

- Based on an initial high level impact analysis of the January 2014 Basel Committee on Banking Supervision (BCBS) proposal, we have estimated the changes could decrease the PRA leverage ratio by approximately 20 basis points, prior to management actions and any further rule changes

- The Group remains committed to a 40-50% dividend payout ratio over time, calculated as a proportion of adjusted earnings per share as determined by the Board. We expect to be at 40% from 2014 to allow focus on capital accretion

Tushar Morzaria, Group Finance Director

Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement (Unaudited)

| Continuing Operations | Notes1 | Year Ended 31.12.13 £m | Year Ended 31.12.12 £m |
|---|---|---|---|
| Net interest income | 2 | 11,600 | 11,654 |
| Net fee and commission income | | 8,731 | 8,536 |
| Net trading income | | 6,553 | 3,347 |
| Net investment income | | 680 | 844 |
| Net premiums from insurance contracts | | 732 | 896 |
| Other income | | 148 | 332 |
| Total income | | 28,444 | 25,609 |
| Net claims and benefits incurred on insurance contracts | | (509) | (600) |
| Total income net of insurance claims | | 27,935 | 25,009 |
| Credit impairment charges and other provisions | | (3,071) | (3,340) |
| Net operating income | | 24,864 | 21,669 |
| | | | |
| Staff costs | | (12,155) | (11,467) |
| Administration and general expenses | 3 | (7,817) | (7,095) |
| Operating expenses excluding provisions for PPI and interest rate hedging products redress | | (19,972) | (18,562) |
| Provision for PPI redress | 13 | (1,350) | (1,600) |
| Provision for interest rate hedging products redress | 13 | (650) | (850) |
| Operating expenses | | (21,972) | (21,012) |
| | | | |
| (Loss)/profit on disposal of undertakings and share of results of associates and joint ventures | | (24) | 140 |
| Profit before tax | | 2,868 | 797 |
| Tax | 4 | (1,571) | (616) |
| Profit after tax | | 1,297 | 181 |

| | | | |
|---|---|---|---|
| Attributable to: | | | |
| Equity holders of the parent | | 540 | (624) |
| Non-controlling interests | 5 | 757 | 805 |
| Profit after tax | | 1,297 | 181 |
| | | | |
| Earnings per Share from Continuing Operations | | | |
| Basic earnings/(loss) per ordinary share | 6 | 3.8p | (4.8p) |
| Diluted earnings/(loss) per ordinary share | 6 | 3.7p | (4.8p) |

1 For notes to the Financial Statements see pages 99 to 122.

Condensed Consolidated Financial Statements
Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income (Unaudited)

| Continuing Operations | Notes1 | Year Ended 31.12.13 £m | Year Ended 31.12.12 £m |
|---|---|---|---|
| Profit after tax | | 1,297 | 181 |
| | | | |
| Other comprehensive (loss)/profit that may be recycled to profit or loss: | | | |
| Currency translation reserve | 17 | (1,767) | (1,548) |
| Available for sale reserve | 17 | (382) | 546 |
| Cash flow hedge reserve | 17 | (1,890) | 662 |
| Other | | (37) | 96 |
| Total comprehensive loss that may be recycled to profit or loss | | (4,076) | (244) |
| | | | |
| Other comprehensive loss not recycled to profit or loss: | | | |
| Retirement benefit remeasurements | 17 | (515) | (1,235) |
| | | | |
| Other comprehensive loss for the period | | (4,591) | (1,479) |
| | | | |
| Total comprehensive loss for the period | | (3,294) | (1,298) |
| | | | |
| Attributable to: | | | |
| Equity holders of the parent | | (3,406) | (1,894) |
| Non-controlling interests | | 112 | 596 |
| Total comprehensive loss for the period | | (3,294) | (1,298) |

1 For notes, see pages 99 to 122.

Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheet (Unaudited)

| Assets | Notes1 | As at 31.12.13 £m | As at 31.12.12 £m |
|---|---|---|---|
| Cash and balances at central banks | | 45,687 | 86,191 |
| Items in the course of collection from other banks | | 1,282 | 1,473 |
| Trading portfolio assets | | 133,069 | 146,352 |
| Financial assets designated at fair value | | 38,968 | 46,629 |
| Derivative financial instruments | 8 | 324,335 | 469,156 |
| Loans and advances to banks | | 37,853 | 40,462 |
| Loans and advances to customers | | 430,411 | 423,906 |
| Reverse repurchase agreements and other similar secured lending | | 186,779 | 176,522 |
| Available for sale investments | | 91,756 | 75,109 |
| Current and deferred tax assets | 4 | 5,026 | 3,815 |
| Prepayments, accrued income and other assets | | 4,414 | 4,365 |
| Investments in associates and joint ventures | | 653 | 633 |
| Goodwill and intangible assets | 11 | 7,685 | 7,915 |
| Property, plant and equipment | | 4,216 | 5,754 |
| Retirement benefit assets | 14 | 133 | 53 |
| Total assets | | 1,312,267 | 1,488,335 |
| | | | |
| Liabilities | | | |
| Deposits from banks | | 54,834 | 77,012 |
| Items in the course of collection due to other banks | | 1,359 | 1,587 |
| Customer accounts | | 427,902 | 385,411 |
| Repurchase agreements and other similar secured borrowing | | 196,748 | 217,178 |
| Trading portfolio liabilities | | 53,464 | 44,794 |
| Financial liabilities designated at fair value | | 64,796 | 78,561 |
| Derivative financial instruments | 8 | 320,634 | 462,721 |
| Debt securities in issue | | 86,693 | 119,525 |
| Accruals, deferred income and other liabilities | | 12,934 | 12,532 |
| Current and deferred tax liabilities | 4 | 1,415 | 962 |
| Subordinated liabilities | 12 | 21,695 | 24,018 |
| Provisions | 13 | 3,886 | 2,766 |
| Retirement benefit liabilities | 14 | 1,958 | 1,282 |
| Total liabilities | | 1,248,318 | 1,428,349 |
| | | | |
| Shareholders' Equity | | | |
| Called up share capital and share premium | 15 | 19,887 | 12,477 |
| Other equity instruments | 16 | 2,063 | - |
| Other reserves | 17 | 249 | 3,674 |
| Retained earnings | | 33,186 | 34,464 |

| | | | |
|---|---|---|---|
| Shareholders' equity excluding non-controlling interests | | 55,385 | 50,615 |
| Non-controlling interests | 5 | 8,564 | 9,371 |
| Total shareholders' equity | | 63,949 | 59,986 |
| | | | |
| Total liabilities and shareholders' equity | | 1,312,267 | 1,488,335 |

1 For notes, see pages 99 to 122.

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Equity (Unaudited)

| Year Ended 31.12.13 | Called up Share Capital and Share Premium1 | Other Equity Instruments1 | Other Reserves1 | Retained Earnings | Total | Non-controlling Interests2 | Total Equity |
|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m | £m |
| Balance at 1 January 2013 | 12,477 | - | 3,674 | 34,464 | 50,615 | 9,371 | 59,986 |
| Profit after tax | - | - | - | 540 | 540 | 757 | 1,297 |
| Currency translation movements | - | - | (1,201) | - | (1,201) | (566) | (1,767) |
| Available for sale investments | - | - | (379) | - | (379) | (3) | (382) |
| Cash flow hedges | - | - | (1,826) | - | (1,826) | (64) | (1,890) |
| Retirement benefit remeasurements | - | - | - | (503) | (503) | (12) | (515) |
| Other | - | - | - | (37) | (37) | - | (37) |
| Total comprehensive (loss)/income for the year | - | - | (3,406) | - | (3,406) | 112 | (3,294) |
| Issue of new ordinary shares | 6,620 | - | - | - | 6,620 | - | 6,620 |
| Issue of shares under employee share schemes | 790 | - | - | 689 | 1,479 | - | 1,479 |
| Issue of other equity instruments | - | 2,063 | - | - | 2,063 | - | 2,063 |
| Increase in treasury shares | - | - | (1,066) | - | (1,066) | - | (1,066) |
| Vesting of shares under employee share schemes | - | - | 1,047 | (1,047) | - | - | - |
| Dividends paid | - | - | - | (859) | (859) | (813) | (1,672) |
| Other reserve movements | - | - | - | (61) | (61) | (106) | (167) |
| Balance at 31 December 2013 | 19,887 | 2,063 | 249 | 33,186 | 55,385 | 8,564 | 63,949 |
| | | | | | | | |
| Year Ended 31.12.12 | | | | | | | |
| Balance at 1 January 2012 | 12,380 | - | 3,837 | 37,189 | 53,406 | 9,607 | 63,013 |
| (Loss)/profit after tax | - | - | - | (624) | (624) | 805 | 181 |
| Currency translation movements | - | - | (1,289) | - | (1,289) | (259) | (1,548) |
| Available for sale investments | - | - | 502 | - | 502 | 44 | 546 |
| Cash flow hedges | - | - | 657 | - | 657 | 5 | 662 |
| Retirement benefit remeasurements | - | - | - | (1,235) | (1,235) | - | (1,235) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Other | - | - | - | 95 | 95 | 1 | 96 |
| Total comprehensive income for the period | - | - | (130) | (1,764) | (1,894) | 596 | (1,298) |
| Issue of shares under employee share schemes | 97 | - | - | 717 | 814 | - | 814 |
| Increase in treasury shares | - | - | (979) | - | (979) | - | (979) |
| Vesting of shares under employee share schemes | - | - | 946 | (946) | - | - | - |
| Dividends paid | - | - | - | (733) | (733) | (694) | (1,427) |
| Other reserve movements | - | - | - | 1 | 1 | (138) | (137) |
| Balance at 31 December 2012 | 12,477 | - | 3,674 | 34,464 | 50,615 | 9,371 | 59,986 |

1 Details of Share Capital, Other Equity Instruments and Other Reserves are shown on page 112.

2 Details of Non-controlling Interests are shown on page 102.

Condensed Consolidated Financial Statements

Condensed Consolidated Cash Flow Statement (Unaudited)

| Continuing Operations | Year Ended 31.12.13 £m | Year Ended 31.12.12 £m |
|---|---|---|
| Profit before tax | 2,868 | 797 |
| Adjustment for non-cash items | 6,581 | 12,425 |
| Changes in operating assets and liabilities | (33,065) | (25,529) |
| Corporate income tax paid | (1,558) | (1,516) |
| Net cash from operating activities | (25,174) | (13,823) |
| Net cash from investing activities | (22,645) | (7,097) |
| Net cash from financing activities | 5,910 | (2,842) |
| Effect of exchange rates on cash and cash equivalents | 198 | (4,111) |
| Net decrease in cash and cash equivalents | (41,711) | (27,873) |
| Cash and cash equivalents at beginning of the period | 121,896 | 149,769 |
| Cash and cash equivalents at end of the period | 80,185 | 121,896 |

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Results by Business

UK Retail and Business Banking

| | Year Ended | Year Ended | |
|---|---|---|---|
| Income Statement Information | 31.12.13 | 31.12.12 | YoY |
| | £m | £m | % Change |
| Net interest income | 3,395 | 3,190 | 6 |
| Net fee and commission income | 1,098 | 1,154 | (5) |
| Net premiums from insurance contracts | 46 | 74 | (38) |
| Other income/(expense) | 1 | (1) | |
| Total income | 4,540 | 4,417 | 3 |
| Net claims and benefits incurred under insurance contracts | (17) | (33) | (48) |
| Total income net of insurance claims | 4,523 | 4,384 | 3 |
| Credit impairment charges and other provisions | (347) | (269) | 29 |
| Net operating income | 4,176 | 4,115 | 1 |
| | | | |
| Operating expenses (excluding UK bank levy, provision for PPI redress and Costs to achieve Transform) | (2,812) | (2,877) | (2) |
| UK bank levy | (21) | (17) | 24 |
| Provision for PPI redress | (660) | (1,180) | (44) |
| Costs to achieve Transform | (175) | - | |
| Operating expenses | (3,668) | (4,074) | (10) |
| | | | |
| Other net income | 27 | 4 | |
| Profit before tax | 535 | 45 | |
| | | | |
| Adjusted profit before tax1 | 1,195 | 1,225 | (2) |
| Adjusted attributable profit1,2 | 917 | 875 | 5 |
| | | | |
| Balance Sheet Information and Key Facts | | | |
| Loans and advances to customers at amortised cost | £136.5bn | £128.1bn | 7 |

| | | | |
|---|---|---|---|
| Customer deposits | £135.5bn | £116.0bn | 17 |
| Total assets3 | £152.9bn | £134.6bn | 14 |
| Risk weighted assets - CRD III3 | £44.1bn | £39.1bn | 13 |
| Risk weighted assets - CRD IV fully loaded3 | £44.1bn | | |
| | | | |
| 90 day arrears rates - Personal loans | 1.2% | 1.3% | |
| 90 day arrears rates - Home loans | 0.3% | 0.3% | |
| Average LTV of mortgage portfolio4 | 56% | 59% | |
| Average LTV of new mortgage lending4 | 64% | 65% | |
| | | | |
| Number of customers | 16.7m | 15.8m | |
| | | | |
| Number of branches | 1,560 | 1,593 | |
| | | | |
| Number of employees (full time equivalent) | 32,900 | 33,000 | |

| | Adjusted1 | | Statutory | |
|---|---|---|---|---|
| Performance Measures | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 |
| Return on average tangible equity | 20.0% | 22.9% | 8.5% | (0.6%) |
| Return on average equity | 11.5% | 12.3% | 4.9% | (0.3%) |
| Return on average risk weighted assets | 2.2% | 2.5% | 1.0% | 0.0% |
| Cost: income ratio | 67% | 66% | 81% | 93% |
| Loan loss rate (bps) | 25 | 21 | 25 | 21 |

1 Adjusted profit before tax, adjusted attributable profit and adjusted performance measures excludes the impact of the provision for PPI redress of £660m (2012: £1,180m).
2 Adjusted attributable profit includes profit after tax and non-controlling interests.
3 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.
4 Average LTV of mortgage portfolio and new mortgage lending calculated on the balance weighted basis. The comparative figure was restated following a detailed review of the LTV's post migration to a new data management system.

Results by Business

UK Retail and Business Banking

UK RBB performed well in 2013, growing at a faster rate than the market in key products, including increasing its stock share of mortgages. UK RBBcontinued to support the UK economy; advancing £1.8bn of gross new term lending to small businesses and helping 120,000 start-ups. The number of customers using digital channels grew substantially in 2013; mobile banking usage increased by 150% to 2.3 million customersand Pingit users doubled to over 1 million customers.

UK RBB continued to restructure and invest in the business as part of the Transform strategy. During the year the business incurred £175m of costs to achieve Transform, relating to a reduction in operational sites, the announcement of staff redundancies in the Retail Bank and of the introduction of small format branches into Asda stores. The business also continued to contribute to the communities in which it operates; our apprentice programme offered 1,000 apprenticeships across Barclays this year, with a commitment to double that figure by 2015.Lifeskills, our programme designed to give young people access to the skills, information and opportunities they need to help them gain employment, has so far reached out to 276,000 young people.

Income Statement - 2013 compared to 2012

- Net interest income increased 6% to £3,395m driven by strong mortgage growth and contribution from Barclays Direct (previously ING Direct UK, acquired during Q113). Net interest margin was down 6bps to 129bps primarily reflecting reduced contributions from structural hedges, however, customer generated margin increased from 102bps to 106bps

- Customer asset margin increased 15bps to 122bps driven by lower funding costs and increased customer rates on new mortgage lending

- Customer liability margin decreased 8bps to 89bps reflecting lower funding rates

- Net fee and commission income declined 5% to £1,098m primarily due to lower fees from customers

- Credit impairment charges increased £78m to £347m primarily due to the non-recurrence of provision releases in 2012 relating to unsecured lending and mortgages. Excluding this, impairment was broadly in line with prior year

- Adjusted operating expenses increased 4% to £3,008m due to costs to achieve Transform of £175m. Statutory operating expenses decreased 10% to £3,668m due to the lower charge for PPI redress of £660m (2012: £1,180m)

- Adjusted profit before tax decreased 2% to £1,195m, while statutory profit before tax was £535m (2012: £45m)

Income Statement - Q413 compared to Q313

- Profit before tax decreased 40% to £212m due to costs to achieve Transform of £119m (Q313: £29m) and the UK bank levy of £21m (Q313: £nil)

Balance Sheet - 31 December 2013 compared to 31 December 2012

- Loans and advances to customers increased 7% to £136.5bn due to Barclays Direct, which added £4.4bn, and other mortgage growth

- Mortgage balances increased to £122.8bn (2012: £114.7bn), giving an increase in share of UK stock balance to 9.9% (2012: 9.4%). Gross new mortgage lending was £17.1bn (2012: £18.2bn) and mortgage repayments were £14.4bn (2012: £10.6bn)

- Portfolio quality continued to improve with an average balance weighted Loan to Value (LTV) ratio on the mortgage portfolio (including Buy to Let) of 56% (2012: 59%). Average balance weighted LTV of new mortgage lending was 64% (2012: 65%)

- Customer deposits increased 17% to £135.5bn driven by growth in savings and Barclays Direct, which added £6.2bn

- Total assets increased 14% to £152.9bn driven by the allocation of liquidity pool assets previously held centrally, and growth in loans and advances to customers

- CRD III RWAs increased 13% to £44.1bn primarily driven by Barclays Direct and mortgage asset growth

Results by Business

Europe Retail and Business Banking

| | Year Ended | | | Year Ended |
|---|---|---|---|---|
| Income Statement Information | 31.12.13 | 31.12.12 | YoY | |
| | £m | £m | % Change | |
| Net interest income | 420 | 428 | (2) | |
| Net fee and commission income | 187 | 248 | (25) | |
| Net investment income | 78 | 52 | 50 | |
| Net premiums from insurance contracts | 276 | 331 | (17) | |
| Other income | 13 | 8 | 63 | |
| Total income | 974 | 1,067 | (9) | |
| | (308) | (359) | (14) | |

| | | | |
|---|---|---|---|
| Net claims and benefits incurred under insurance contracts | | | |
| Total income net of insurance claims | 666 | 708 | (6) |
| Credit impairment charges and other provisions | (287) | (257) | 12 |
| Net operating income | 379 | 451 | (16) |
| | | | |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (813) | (787) | 3 |
| UK bank levy | (26) | (20) | 30 |
| Costs to achieve Transform | (403) | - | |
| Operating expenses | (1,242) | (807) | 54 |
| | | | |
| Other net (expense)/income | (133) | 13 | |
| Loss before tax | (996) | (343) | |
| Attributable loss1 | (964) | (277) | |
| | | | |
| Balance Sheet Information and Key Facts | | | |
| Loans and advances to customers at amortised cost | £37.0bn | £39.2bn | (6) |
| Customer deposits | £16.3bn | £17.6bn | (7) |
| Total assets2 | £45.0bn | £46.1bn | (2) |
| Risk weighted assets - CRD III2 | £15.9bn | £15.8bn | 1 |
| Risk weighted assets - CRD IV fully loaded2 | £16.2bn | | |
| | | | |
| 90 day arrears rate - Home loans | 0.8% | 0.8% | |
| Average LTV of mortgage portfolio - Spain3 | 63% | 65% | |
| Average LTV of mortgage portfolio - Italy3 | 60% | 60% | |
| Average LTV of mortgage portfolio - Portugal3 | 76% | 78% | |
| | | | |
| Number of customers | 1.8m | 2.0m | |
| | | | |
| Number of branches | 572 | 923 | |
| Number of sales centres | 61 | 219 | |
| Number of distribution points | 633 | 1,142 | |
| | | | |
| Number of employees (full time equivalent) | 5,900 | 7,500 | |
| EUR/£ - Period end | 1.20 | 1.23 | |
| EUR/£ - Average | 1.18 | 1.23 | |

| | Adjusted | | Statutory | |
|---|---|---|---|---|
| Performance Measures | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 |
| Return on average tangible equity | (49.6%) | (14.2%) | (49.6%) | (14.2%) |

| | | | | |
|---|---|---|---|---|
| Return on average equity | (45.2%) | (12.9%) | (45.2%) | (12.9%) |
| Return on average risk weighted assets | (5.7%) | (1.7%) | (5.7%) | (1.7%) |
| Cost: income ratio | 186% | 114% | 186% | 114% |
| Loan loss rate (bps) | 75 | 64 | 75 | 64 |

1 Attributable loss includes profit after tax and non-controlling interests.
2 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.
3 Average LTV of mortgage portfolio and new mortgage lending calculated on the balance weighted basis.

Results by Business

Europe Retail and Business Banking

Europe RBB continued to focus on restructuring the cost base of its European business in 2013, as part of the Transform strategy. During the year the business reduced full time equivalent employees by 1,600 and closed over 500 distribution points. Europe RBB also rolled out a new Premier customer proposition, targeting profitable growth from the mass affluent segment, in a drive to increase margins.

Risk has been a focus in the face of challenging economic conditions across Europe and a dedicated asset optimisation team was established to reduce redenomination risk and accelerate run off of the £21.3bn (2012: £22.9bn) low margin Exit Quadrant assets.

Income Statement - 2013 compared to 2012

- Income declined 6% to £666m, reflecting actions taken to reduce assets, particularly in Spain and Italy, to address the continuing economic challenges across Europe, partially offset by an increase due to foreign currency movements

- Net interest income declined 2% to £420m due to the decline in average customer balances. Net interest margin remained broadly in line at 79bps (2012: 78bps) with improved pricing offset by higher funding costs

- Net fee and commission income declined 25% to £187m, reflecting reduced business volumes

- Net premiums from insurance contracts declined 17% to £276m due to reduced business volumes, following rationalisation of product offerings, leading to a corresponding 14% decline in net claims and benefits to £308m

- Credit impairment charges increased 12% to £287m due to exposure to the renewable energy sector in Spain, foreign currency movements and increased coverage for high risk mortgage customers. This was offset in part by improvement in collections performance

- Operating expenses increased by £435m to £1,242m, almost entirely reflecting costs to achieve Transform of £403m. These related to restructuring costs to significantly downsize the distribution network, with the remaining increase driven by foreign currency movements partially offset by cost savings resulting from restructuring

- Other net expense increased by £146m to £133m due to a valuation adjustment relating to contractual obligations to trading partners, based in locations affected by our restructuring plans

- Loss before tax increased £653m to £996m, including costs to achieve Transform of £403m and an increase in other net expenses

- Attributable loss increased to £964m (2012: £277m), including the impact of a deferred tax assets write down relating to Spain and the increase in loss before tax

Income Statement - Q413 compared to Q313

- Loss before tax of £181m (Q313: £106m), mainly reflects an increase in operating expenses, including restructuring costs to achieve Transform of £46m, UK bank levy of £26m and higher impairment charges of £11m, primarily in Spain

Balance Sheet - 31 December 2013 compared to 31 December 2012

- Loans and advances to customers fell by 6% to £37.0bn, driven by asset reduction activityas part of the Transform strategy, partially offset by foreign currency movements

- Mortgage balances decreased to £33.6bn (2012: £34.8bn)

- The average balance weighted LTV ratio on the Spain mortgage portfolio was 63% (2012: 65%), on the Italy mortgage portfolio was 60% (2012: 60%) and the Portugal mortgage portfolio was 76% (2012: 78%)

- Customer deposits reduced by 7% to £16.3bn with customer attrition partially offset byforeign currency movements

- Total assets reduced by 2% to £45.0bn driven by the reduction in loans and advances to customers

- CRD III RWAs remained broadly flat at £15.9bn (2012: £15.8bn), with a reduction in Exit Quadrant RWAs offset by changes due to the treatment of forbearance

Results by Business

Africa Retail and Business Banking

| Income Statement Information | Year Ended 31.12.13 | Year Ended 31.12.12 | YoY | Year Ended 31.12.13 | Year Ended 31.12.12 | YoY |
|---|---|---|---|---|---|---|
| | | | | Constant currency | | |
| | £m | £m | % Change | £m | £m | % Change |
| Net interest income | 1,437 | 1,654 | (13) | 1,689 | 1,654 | 2 |
| Net fee and commission income | 924 | 1,065 | (13) | 1,082 | 1,065 | 2 |
| Net premiums from insurance contracts | 359 | 417 | (14) | 419 | 417 | - |
| Other income/(expense) | 81 | (1) | | 96 | (1) | |
| Total income | 2,801 | 3,135 | (11) | 3,286 | 3,135 | 5 |
| Net claims and benefits incurred under insurance contracts | (184) | (207) | (11) | (215) | (207) | 4 |
| Total income net of insurance claims | 2,617 | 2,928 | (11) | 3,071 | 2,928 | 5 |
| Credit impairment charges and other provisions | (324) | (632) | (49) | (374) | (632) | (41) |
| Net operating income | 2,293 | 2,296 | | 2,697 | 2,296 | 17 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (1,842) | (1,960) | (6) | (2,145) | (1,960) | 9 |
| UK bank levy | (28) | (24) | 17 | (28) | (24) | 17 |
| Costs to achieve Transform | (26) | - | | (26) | - | |
| Operating expenses | (1,896) | (1,984) | (4) | (2,199) | (1,984) | 11 |
| Other net income | 7 | 10 | (30) | 8 | 10 | (20) |
| Profit before tax | 404 | 322 | 25 | 506 | 322 | 57 |
| Attributable profit/(loss)1 | 9 | (4) | | 41 | (4) | |

| Balance Sheet Information and Key Facts | | | | | | |
|---|---|---|---|---|---|---|
| Loans and advances to customers at amortised cost | £24.2bn | £29.9bn | (19) | £30.6bn | £29.9bn | 2 |
| Customer deposits | £16.9bn | £19.5bn | (13) | £21.1bn | £19.5bn | 8 |
| Total assets2 | £33.5bn | £42.2bn | (21) | £41.9bn | £42.2bn | (1) |
| Risk weighted assets - CRD III2 | £22.4bn | £24.5bn | (9) | | | |
| Risk weighted assets - CRD IV2 | £22.8bn | | | | | |
| | 0.7% | 1.6% | | | | |

| | | |
|---|---|---|
| 90 day arrears rate - Home loans | | |
| 90 day arrears rate - unsecured lending | 2.6% | 3.1% |
| Average LTV of mortgage portfolio3 | 62% | 66% |
| Average LTV of new mortgage lending3 | 75% | 76% |
| | | |
| Number of customers | 12.1m | 13.5m |
| | | |
| Number of branches | 1,268 | 1,339 |
| Number of sales centres | 128 | 112 |
| Number of distribution points | 1,396 | 1,451 |
| | | |
| Number of employees (full time equivalent) | 41,300 | 40,500 |
| | | |
| ZAR/£ - Period end | 17.37 | 13.74 |
| ZAR/£ - Average | 15.10 | 13.03 |

| | Adjusted | | Statutory | |
|---|---|---|---|---|
| Performance Measures | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 |
| Return on average tangible equity 4 | 0.8% | (0.2%) | 0.8% | (0.2%) |
| Return on average equity | 0.4% | (0.1%) | 0.4% | (0.1%) |
| Return on average risk weighted assets | 0.9% | 0.7% | 0.9% | 0.7% |
| Cost: income ratio | 72% | 68% | 72% | 68% |
| Loan loss rate (bps) | 128 | 202 | 128 | 202 |

1 Attributable profit includes profit after tax and non-controlling interests.
2 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.
3 Average LTV of mortgage portfolio and new mortgage lending calculated on the balance weighted basis.
4 Return on average tangible equity for 2012 has been revised to exclude amounts relating to Absa Group's non-controlling interests.

Results by Business

Africa Retail and Business Banking

During 2013, Africa RBB embarked on a three year turnaround programme under a new leadership team, aimed at aligning the business to the Transform objectives, while focusing on customer growth and cost efficiencies.

2013 results were affected by increased competition, a changing regulatory environment and foreign exchange movements, as average ZAR depreciated 16% against GBP. However, on a constant currency basis, PBT was up 57%, largely as a result of lower impairment provisions on the South African home loans recovery book. The business incurred £26m of costs to achieve Transform which supported the re-shaping of the branch network and ongoing work on digitalisation of customer channels and products.

While 2013 saw a good start to the turnaround programme in Africa RBB, there remains more work to be done to generate sustainable returns going forward.

Income Statement - 2013 compared to 2012

- Income declined 11% to £2,617m driven by foreign currency movements, partially offset by the non-recurrence of fair value adjustments in the commercial property finance portfolio in the prior year. On a constant currency basis, income improved 5%, despite continued pressure on transaction volumes in a competitive environment

- Net interest income declined 13% to £1,437m. On a constant currency basis, net interest income improved 2%. Net interest margin was down 3bps to 316bps

  - Customer asset margin remained stable at 310bps, with continued focus on competitive pricing of key products including home loans, personal loans and vehicle and asset finance

  - Customer liability margin decreased 2bps to 273bps driven by increased competition and a change in product mix towards lower margin savings products

- Net fee and commission income declined 13% to £924m. On a constant currency basis, income increased 2%

- Credit impairment charges decreased 49% to £324m. On a constant currency basis, credit impairment charges decreased 41% due to lower provisions on the South African home loans recovery book and business banking portfolio. This decrease was partly offset by deterioration in the South African unsecured lending portfolio due to the challenging economic environment. This fall in impairment resulted in a loan loss rate of 128bps (2012: 202bps)

- Operating expenses decreased 4% to £1,896m. On a constant currency basis, costs increased 11% driven by a combination of increased investment spend on infrastructure and inflation increases in South Africa

- Profit before tax increased 25% to £404m, primarily due to lower credit impairment charges in the South African home loans recovery book and business banking portfolio, along with the non-recurrence of fair value adjustments on the commercial property finance portfolio in the prior year

Income Statement - Q413 compared to Q313

- Profit before tax of £60m (Q313: £132m) was lower due to the UK bank levy in Q413 and higher costs to achieve Transform, in addition to further depreciation of ZAR

Balance Sheet - 31 December 2013 compared to 31 December 2012

· Period end ZAR depreciated against GBP by 26%. The deterioration was a significant contributor to the movement in the reported results. Currency movements in other African countries did not have a material impact

- Loans and advances to customers decreased 19% to £24.2bn as depreciation of ZAR against GBP offset growth of 2%, particularly in vehicle and asset finance

  - Average balance weighted LTV ratio on the mortgage portfolio was 62% (2012: 66%). Average balance weighted LTV of new mortgage lending was 75% (2012: 76%)

· Customer deposits decreased 13% to £16.9bn. On a constant currency basis, deposits increased 8% reflecting growth in individual deposits, particularly in investment products

· Total assets decreased 21% to £33.5bn driven by depreciation of ZAR against GBP. On a constant currency basis, total assets were broadly in line

· CRD III RWAs decreased 9% to £22.4bn, primarily due to the depreciation of ZAR against GBP, partially offset by balance sheet growth

Results by Business

Barclaycard

| | Year Ended | Year Ended | |
|---|---|---|---|
| Income Statement Information | 31.12.13 | 31.12.12 | YoY |
| | £m | £m | % Change |
| Net interest income | 3,318 | 3,009 | 10 |
| Net fee and commission income | 1,435 | 1,292 | 11 |
| Net premiums from insurance contracts | 26 | 36 | (28) |
| Other income | 7 | 7 | - |
| Total income net of insurance claims | 4,786 | 4,344 | 10 |
| Credit impairment charges and other provisions | (1,264) | (1,049) | 20 |
| Net operating income | 3,522 | 3,295 | 7 |
| | | | |
| Operating expenses (excluding UK bank levy, provision for PPI redress and costs to achieve Transform) | (1,975) | (1,826) | 8 |
| UK bank levy | (24) | (16) | 50 |
| Provision for PPI redress | (690) | (420) | 64 |

| | | | |
|---|---|---|---|
| Costs to achieve Transform | (49) | - | |
| Operating expenses | (2,738) | (2,262) | 21 |
| | | | |
| Other net income | 33 | 29 | 14 |
| Profit before tax | 817 | 1,062 | (23) |
| | | | |
| Adjusted profit before tax1 | 1,507 | 1,482 | 2 |
| Adjusted attributable profit1,2 | 1,006 | 975 | 3 |
| | | | |
| Balance Sheet Information and Key Facts | | | |
| Loans and advances to customers at amortised cost | £35.6bn | £33.8bn | 5 |
| Customer deposits | £5.2bn | £2.8bn | 86 |
| Total assets3 | £38.9bn | £38.2bn | 2 |
| Risk weighted assets - CRD III3 | £41.1bn | £37.8bn | 9 |
| Risk weighted assets - CRD IV fully loaded3 | £40.5bn | | |
| | | | |
| 30 day arrears rates - UK cards | 2.4% | 2.5% | |
| 30 day arrears rates - US cards | 2.1% | 2.4% | |
| 30 day arrears rates - South Africa cards4 | 8.1% | 7.4% | |
| | | | |
| Total number of Barclaycard customers | 35.5m | 32.8m | |
| Total number of Barclaycard clients | 350,200 | 315,500 | |
| Value of payments processed | £254bn | £235bn | |
| | | | |
| Number of employees (full time equivalent) | 12,100 | 11,100 | |

| | Adjusted1 | | Statutory | |
|---|---|---|---|---|
| Performance Measures | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 |
| Return on average tangible equity | 24.5% | 26.9% | 11.1% | 18.0% |
| Return on average equity | 18.4% | 19.8% | 8.3% | 13.3% |
| Return on average risk weighted assets | 2.8% | 3.1% | 1.4% | 2.2% |
| Cost: income ratio | 43% | 42% | 57% | 52% |
| Loan loss rate (bps) | 337 | 294 | 337 | 294 |

1 Adjusted profit before tax, adjusted attributable profit and adjusted performance measures excludes the impact of the provision for PPI redress of £690m (2012: £420m).

2 Adjusted attributable profit includes profit after tax and non-controlling interests.

3 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.

4 2012 30 day arrears rates on South Africa cards restated to reflect the Edcon portfolio acquisition.

Results by Business

Barclaycard

Barclaycard continued to grow in all markets, delivering 10% income growth, with a net increase of nearly three million new customers in 2013. The business continued to innovate, including working with Transport for London on their acceptance of contactless cards for over six and a half million bus journeys in the UK and launching Bespoke, a digital offers product, with over 800,000 registered customers, more than half being new customers to Barclays. Barclaycard continued to deliver adjusted profit growth and strong return on average equity.

The business incurred £49m of costs to achieve Transform, as it continued to seek to become the 'Go-To' bank for consumer payments, by providing customers with solutions that are simple and offer clear value. The business looked to improve customer service through operational enhancements, including the implementation of one credit card management platform across continental Europe.

Barclaycard continued to support the UK economy, offering £15.8bn in new lending to businesses and households in 2013.

Income Statement - 2013 compared to 2012

- Income improved 10% to £4,786m reflecting continued net lending growth and contributions from 2012 portfolio acquisitions

- UK income increased by 6% to £2,747m reflecting net lending growth and lower funding costs

- International income improved 17% to £2,039m reflecting contributions from 2012 portfolio acquisitions and higher customer asset balances in the US and Germany

- Net interest income increased by 10% to £3,318m driven by volume growth and a lower impact from structural hedges

- Customer asset margin remained broadly stable at 9.39% with average customer assets increasing 8% to £36.3bn due to 2012 portfolio acquisitions and business growth

- Customer liability margin was negative 0.29% reflecting deposit funding initiatives in the US and Germany

- Net fee and commission income improved 11% to £1,435m due to increased payment volumes, predominantly in the US and UK

- Credit impairment charges increased 20% to £1,264m primarily driven by the impact of portfolio acquisitions, and non-recurrence of provision releases in 2012

- Impairment loan loss rates on consumer credit cards remained broadly stable at 366bps (2012: 359bps) in the UK, remained flat at 268bps in the US, and increased by 421bps to 581bps in South Africa due to the Edcon acquisition driving a change in product mix

- 30 day arrears rates for consumer cards in the UK were down 10bps to 2.4%, in the US were down 30bps to 2.1% and in South Africa were up 70bps to 8.1%

- Adjusted operating expenses increased 11% to £2,048m reflecting increased costs from 2012 portfolio acquisitions, net lending growth, higher operating losses and costs to achieve Transform. Statutory operating expenses increased 21% to £2,738m due to the increased charge for PPI redress of £690m (2012: £420m)

- Adjusted profit before tax improved 2% to £1,507m driven by the US and UK card portfolios, while statutory profit before tax decreased to £817m (2012: £1,062m) due to the increased charge for PPI redress

Income Statement - Q413 compared to Q313

- Profit before tax decreased 16% to £335m driven by the UK bank levy, costs to achieve Transform and depreciation of USD and ZAR against GBP

Balance Sheet - 31 December 2013 compared to 31 December 2012

- Total assets increased 2% to £38.9bn primarily driven by the increase in loans and advances to customers across the UK and international businesses

- Customer deposits increased by £2.4bn to £5.2bn due to funding initiatives in the US and Germany

- CRD III RWAs increased 9% to £41.1bn primarily driven by asset growth and model changes in order to meet changes in regulatory guidance

Results by Business

Investment Bank

| | Year Ended | Year Ended | |
|---|---|---|---|
| Income Statement Information | 31.12.13 | 31.12.12 | YoY |

| | £m | £m | % Change |
|---|---|---|---|
| Net interest income | 349 | 530 | (34) |
| Net fee and commission income | 3,236 | 3,029 | 7 |
| Net trading income | 6,610 | 7,688 | (14) |
| Net investment income | 530 | 521 | 2 |
| Other income | 8 | 7 | 14 |
| Total income | 10,733 | 11,775 | (9) |
| Credit impairment charges and other provisions | (220) | (204) | 8 |
| Net operating income | 10,513 | 11,571 | (9) |
| | | | |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (7,417) | (7,425) | - |
| UK bank levy | (333) | (206) | 62 |
| Costs to achieve Transform | (262) | - | |
| Operating expenses | (8,012) | (7,631) | 5 |
| | | | |
| Other net income | 22 | 50 | (56) |
| Profit before tax | 2,523 | 3,990 | (37) |
| Attributable profit1 | 1,548 | 2,680 | (42) |
| | | | |
| Balance Sheet Information and Key Facts | | | |
| Loans and advances to banks and customers at amortised cost2 | £143.8bn | £143.5bn | - |
| Customer deposits2 | £81.9bn | £75.9bn | 8 |
| Total assets3 | £863.8bn | £1,073.7bn | (20) |
| Risk weighted assets - CRD III3 | £142.6bn | £177.9bn | (20) |
| Risk weighted assets - CRD IV fully loaded3 | £221.6bn | | |
| | | | |
| Average DVaR (95%) | £29m | £38m | |
| Number of employees (full time equivalent) | 26,200 | 25,600 | |

| | Adjusted | | Statutory | |
|---|---|---|---|---|
| Performance Measures | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 |
| Return on average tangible equity | 8.5% | 13.1% | 8.5% | 13.1% |
| Return on average equity | 8.2% | 12.7% | 8.2% | 12.7% |
| Return on average risk weighted assets | 1.0% | 1.6% | 1.0% | 1.6% |
| Cost: income ratio | 75% | 65% | 75% | 65% |
| Compensation: income ratio | 43.2% | 39.6% | 43.2% | 39.6% |
| Loan loss rate (bps) | 14 | 13 | 14 | 13 |

1 Attributable profit includes profit after tax and non-controlling interests.

2 As at 31 December 2013 loans and advances included £112bn of loans and advances to customers (including settlement balances of £35.4bn and cash collateral of £36bn) and loans and advances to banks of £31.8bn (including settlement balances of £5.2bn and cash collateral of £14.7bn). Customer deposits included £34.5bn relating to settlement balances and £27bn relating to cash collateral.

3 2013 total assets and risk weighted assets reflect a reallocation of liquidity pool assets to other businesses.

Results by Business

Investment Bank

The Investment Bank continued to make progress in delivering part of the Transform strategy in 2013, with a focus on driving cost and capital efficiency, strengthening the control environment, and capitalising on the build out of Equities and Investment Banking. The business incurred costs to achieve Transform of £262m, primarily related to restructuring across Europe, Asia and America.

CRD IV RWAs reduced to £221.6bn (30 June 2013: £254.1bn) through accelerated sell down of the Exit Quadrant assets and continued focus on driving efficiency in the ongoing business.

While industry FICC revenues reduced in 2013, strong growth was seen in the Equities franchise, which continued to outperform the market.

Income Statement - 2013 compared to 2012

| Analysis of Total Income | Year Ended 31.12.13 £m | Year Ended 31.12.123 £m | YoY % Change |
|---|---|---|---|
| Macro Products1 | 3,110 | 4,024 | (23) |
| Credit Products1 | 2,427 | 2,654 | (9) |
| FICC | 5,537 | 6,678 | (17) |
| Equities and Prime Services | 2,672 | 2,183 | 22 |
| Investment Banking | 2,200 | 2,137 | 3 |
| Principal Investments | 62 | 206 | (70) |
| Exit Quadrant2 | 262 | 571 | (54) |
| Total income | 10,733 | 11,775 | (9) |

- Total income decreased 9% to £10,733m, including a reduction of £309m relating to the Exit Quadrant

- FICC income decreased 17% to £5,537m

· Macro Products and Credit Products income decreased 23% to £3,110m and 9% to £2,427m respectively driven by Rates and Securitised products, as market uncertainty around central banks' tapering of quantitative easing programmes impacted activity. Europe and the US were particularly impacted, whilst Asia benefitted from improved currency income. The prior year benefitted from the European Long Term Refinancing Operation (LTRO) in H112, the ECB bond buying programme and reduced benchmark interest rates in H212

- Equities and Prime Services income increased 22% to £2,672m reflecting higher commission income and increased client volumes

- Investment Banking income increased 3% to £2,200m driven by increased equity underwriting fees, partly offset by declines in financial advisory activity

- Principal Investments income declined to £62m (2012: £206m) due to disposals and lower private equity income

- Exit Quadrant income reduced £309m to £262m due to accelerated disposals throughout 2013 and the prior year benefitting from higher gains on US residential mortgage assets and sale of, and gains on, US commercial real estate assets. 2013 included a gain of £259m as a result of greater certainty regarding the recoverability of certain assets not yet received from the 2008 US Lehman acquisition and current year reversal of £111m income relating to a litigation matter

- Net credit impairment charges of £220m (2012: £204m) were driven by a charge against a single name exposure in Q213

- Operating expenses increased 5% to £8,012m

- Costs to achieve Transform of £262m primarily related to restructuring initiatives across Europe, Asia and America

- UK bank levy increased 62% to £333m primarily due to an increase in the rate

- Other costs include £325m (2012: £221m) relating to infrastructure improvement, including increased costs to meet the requirement of the Dodd-Frank Act, CRD IV and other regulatory reporting change projects. There were provisions for litigation and regulatory penalties of £220m in Q413, mainly relating to US residential mortgage-related business. 2012 was impacted by a £193m penalty relating to the setting of inter-bank offered rates

- Including costs to achieve Transform, the cost: income ratio increased 10% to 75%. Compensation: income ratio increased to 43.2% (2012: 39.6%) with compensation costs broadly in line with prior year at £4,634m (2012: £4,667m). For further details refer to the Remuneration disclosure on page 40

- Profit before tax decreased 37% to £2,523m

1 Macro Products represent Rates, Currency and Commodities income. Credit Products represent Credit and Securitised Products income.

2 The Exit Quadrant consist of the Investment Bank Exit Quadrant business units as detailed on page 46, income regarding the recoverability of certain assets not yet received from the 2008 US Lehman acquisition and relevant litigation items.

3 2012 FICC and Exit Quadrant amounts restated to appropriately reflect the Exit Quadrant portfolio.

Results by Business

Income Statement - Q413 compared to Q412

- Income decreased 17% to £2,149m, including a reduction of £256m relating to the Exit Quadrant

- FICC income decreased 16% to £1,085m, reflecting lower activity across a number of FICC businesses due to a less favourable trading environment

- Equities and Prime Services income increased 9% to £496m driven by stronger performances in cash equities and equity derivatives due to improved market confidence and higher client activity

- Investment Banking income reduced 5% to £590m as declines in financial advisory and debt underwriting activity were partially offset by improved fee income in equity underwriting

- Exit Quadrant income reduced £256m to £(54)m, due to a £111m current year reversal of income relating to a litigation matter. The prior year benefitted from higher gains on US residential mortgage assets

- Operating expenses increased 33% to £2,464m

- £87m (Q412: nil) costs to achieve Transform were incurred in Q413, primarily related to restructuring costs

- UK bank levy increased 62% to £333m

- Provisions for litigation and regulatory penalties of £220m in Q413, mainly relating to US residential mortgage-related business

- Compensation costs increased to meet full year incentive awards. For further details refer to the Remuneration disclosure on page 40

- Loss before tax has reduced from a profit of £760m to a loss of £329m

Income Statement - Q413 compared to Q313

- Income increased 2% to £2,149m

- FICC income increased 12% to £1,085m reflecting higher income in Macro Products driven by the rates, commodities and currency businesses, offset by a decline in Credit Products due to lower trading activity in credit positions

- Equities and Prime Services income decreased 23% to £496m as performance in both cash and equity derivatives was impacted by reduced market volume and moderate volatility seen in Q413. This was partially offset by higher income from Prime Services as client balances and activity increased

- Investment Banking income increased 12% to £590m driven by improved performance across financial advisory and equity underwriting, as a result of increased activity, with debt underwriting in line with the prior quarter

- Operating expenses increased 51% to £2,464m

- £87m (Q313: £6m) costs to achieve Transform

- UK bank levy of £333m (Q313: nil)

- Provisions for litigation and regulatory penalties of £220m in Q413, mainly relating to US residential mortgage-related business

- Compensation costs increased to meet full year incentive awards. For further details refer to the Remuneration disclosure on page 40

Balance Sheet - 31 December 2013 compared to 31 December 2012

- Total assets decreased £209.9bn to £863.8bn, primarily reflecting decreases in derivative financial instruments, cash and balances at central banks, and trading portfolio assets

- CRD III RWAs decreased 20% to £142.6bn primarily driven by a reduction of sovereign exposures in the trading book, risk reductions in the trading book and Exit Quadrant RWAs

Results by Business

Corporate Banking

| | Year Ended | Year Ended | |
|---|---|---|---|
| Income Statement Information | 31.12.13 | 31.12.12 | YoY |
| | £m | £m | % Change |
| Net interest income | 1,987 | 1,911 | 4 |
| Net fee and commission income | 992 | 998 | (1) |
| Net trading income | 97 | 87 | 11 |
| Net investment income | 12 | 23 | (48) |
| Other income | 27 | 27 | - |
| Total income | 3,115 | 3,046 | 2 |
| Credit impairment charges and other provisions | (510) | (885) | (42) |
| Net operating income | 2,605 | 2,161 | 21 |
| | | | |
| Operating expenses (excluding UK bank levy, provision for interest rate hedging products redress and costs to achieve Transform) | (1,641) | (1,672) | (2) |
| UK bank levy | (51) | (39) | 31 |
| Provision for interest rate hedging products redress | (650) | (850) | (24) |
| Costs to achieve Transform | (114) | - | |
| Operating expenses | (2,456) | (2,561) | (4) |
| | | | |
| Other net income | 2 | 10 | (80) |
| Profit/(loss) before tax | 151 | (390) | |
| | | | |
| Adjusted profit before tax1 | 801 | 460 | 74 |
| Adjusted attributable profit1,2 | 247 | 228 | 8 |
| | | | |
| Balance Sheet Information and Key Facts | | | |
| Loans and advances to customers at amortised cost | £61.1bn | £64.3bn | (5) |
| Loans and advances to customers at fair value | £15.7bn | £17.6bn | (11) |
| Customer deposits | £108.7bn | £99.6bn | 9 |
| Total assets3 | £113.9bn | £87.8bn | 30 |
| Risk weighted assets - CRD III3 | £68.9bn | £70.9bn | (3) |

| | | |
|---|---|---|
| Risk weighted assets - CRD IV fully loaded3 | £70.5bn | |
| Number of employees (full time equivalent) | 12,800 | 13,000 |

| | Adjusted1 | | Statutory | |
|---|---|---|---|---|
| Performance Measures | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 |
| Return on average tangible equity | 3.3% | 3.1% | (3.6%) | (5.7%) |
| Return on average equity | 3.1% | 2.9% | (3.5%) | (5.4%) |
| Return on average risk weighted assets | 0.5% | 0.5% | (0.2%) | (0.4%) |
| Loan loss rate (bps) | 77 | 127 | 77 | 127 |
| Cost: income ratio | 58% | 56% | 79% | 84% |

1 Adjusted profit before tax, adjusted attributable profit and adjusted performance measures exclude the provision for interest rate hedging products redress of £650m (2012: £850m).

2 Adjusted attributable profit includes profit after tax and non-controlling interests.

3 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.

Results by Business

Corporate Banking

| Year Ended 31 December 2013 | UK | Europe | RoW | Total |
|---|---|---|---|---|
| Income Statement Information | £m | £m | £m | £m |
| Income | 2,330 | 250 | 535 | 3,115 |
| Credit impairment charges and other provisions | (174) | (318) | (18) | (510) |
| Operating expenses (excluding UK bank levy, provision for interest rate hedging products redress and costs to achieve Transform) | (1,114) | (146) | (381) | (1,641) |
| UK bank levy | (39) | (6) | (6) | (51) |
| Provision for interest rate hedging products redress | (650) | - | - | (650) |
| Costs to achieve Transform | (56) | (23) | (35) | (114) |
| Other net income | 1 | - | 1 | 2 |
| Profit/(loss) before tax | 298 | (243) | 96 | 151 |
| | | | | |
| Adjusted profit/(loss) before tax1 | 948 | (243) | 96 | 801 |
| Adjusted attributable profit/(loss)1,2 | 731 | (510) | 26 | 247 |

| | | | | |
|---|---|---|---|---|
| Balance Sheet Information | | | | |
| Loans and advances to customers at amortised cost | £50.0bn | £4.8bn | £6.3bn | £61.1bn |
| Loans and advances to customers at fair value | £15.7bn | - | - | £15.7bn |
| Customer deposits | £88.0bn | £9.1bn | £11.6bn | £108.7bn |
| Total assets3 | £99.1bn | £5.5bn | £9.3bn | £113.9bn |
| Risk weighted assets - CRD III3 | £52.2bn | £7.7bn | £9.0bn | £68.9bn |
| | | | | |
| Performance Measures | | | | |
| Adjusted return on average equity | 12.3% | (51.1%) | 2.9% | 3.1% |
| Statutory return on average equity | 3.7% | (51.1%) | 2.9% | (3.5%) |
| | | | | |
| Year Ended 31 December 2012 | | | | |
| Income Statement Information | | | | |
| Income | 2,220 | 300 | 526 | 3,046 |
| Credit impairment charges and other provisions | (284) | (542) | (59) | (885) |
| Operating expenses (excluding UK bank levy and provision for interest rate hedging products redress) | (1,082) | (156) | (434) | (1,672) |
| UK bank levy4 | (26) | (7) | (6) | (39) |
| Provision for interest rate hedging products redress | (850) | - | - | (850) |
| Other net income | 2 | - | 8 | 10 |
| (Loss)/profit before tax | (20) | (405) | 35 | (390) |
| | | | | |
| Adjusted profit/(loss) before tax1 | 830 | (405) | 35 | 460 |
| Adjusted attributable profit/(loss)1,2 | 545 | (281) | (36) | 228 |
| | | | | |
| Balance Sheet Information | | | | |
| Loans and advances to customers at amortised cost | £51.5bn | £6.5bn | £6.3bn | £64.3bn |
| Loans and advances to customers at fair value | £17.6bn | - | - | £17.6bn |
| Customer deposits | £79.0bn | £8.2bn | £12.4bn | £99.6bn |
| Total assets3 | £70.9bn | £7.9bn | £9.0bn | £87.8bn |
| Risk weighted assets - CRD III3 | £49.9bn | £10.5bn | £10.5bn | £70.9bn |
| | | | | |
| Performance Measures | | | | |
| Adjusted return on average equity | 10.3% | (20.8%) | (4.4%) | 2.9% |
| Return on statutory average equity | (1.8%) | (20.8%) | (4.4%) | (5.4%) |

1 Adjusted profit before tax excludes the provision for interest rate hedging products redress of £650m (2012: £850m)

2 Adjusted attributable profit includes profit after tax and non-controlling interests..

3 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.

4 2012 UK bank levy of £39m previously reported in UK has been allocated across the regions.

Results by Business

Corporate Banking

Corporate Banking continued to make good progress in pursuing its turnaround strategy, which gained momentum in 2013. During the year it rationalised its geographic footprint in Rest of World, increased sustainable returns from its ongoing business and continued to reduce Exit Quadrant assets in Europe. All of these actions improved the risk profile, resulted in income generation from higher quality assets.

Performance improved across all regions in 2013, with the UK franchise continuing to deliver strong returns, generating 2013 adjusted return on average equity of 12.3% (2012: 10.3%). This was complemented by an increased contribution from Africa within Rest of World. Europe returns were adversely impacted by a write down of deferred tax assets relating to Spain. Costs to achieve Transform were incurred to further invest in the ongoing client business, as well as rationalise the offering within Europe and Rest of World.

Income Statement - 2013 compared to 2012

- Total income increased 2% to £3,115m reflecting an increase in UK income, partially offset by non-recurring income from a reduction in Exit Quadrant assets in Europe and previously exited businesses

- Net interest margin remained broadly flat at 121bps (2012: 124bps) as reduced funding rates offset between assets and liabilities

- Customer asset margin increased 16bps to 133bps and customer liability margin reduced 14bps to 97bps following the reduction in funding rates

- Credit impairment charges declined 42% to £510m largely driven by Europe, which saw charges reduce by £224m to £318m following ongoing action to reduce exposure to the property and construction sector in Spain. Charges were also lower against large Corporate clients in the UK

- Adjusted operating expenses increased 6% to £1,806m including costs to achieve Transform of £114m, which primarily related to restructuring across all regions and the UK bank levy of £51m (2012: £39m). Statutory operating expenses improved 4% to £2,456m, due to a lower charge for interest rate hedging products redress of £650m (2012: £850m)

- Adjusted profit before tax improved 74% to £801m

- UK adjusted profit before tax improved 14% to £948m driven by lower credit impairment charges andhigher income

- Europe adjusted loss before tax improved 40% to £243m principally due to lower credit impairment charges, partially offset by reduced income from exited businesses and costs to achieve Transform

- Rest of the World adjusted profit before tax improved £61m to £96m due to lower impairment and prior year costs reflecting the impact of exited businesses

- Statutory profit before tax was £151m (2012: loss of £390m) reflecting the reduced charge for interest rate hedging products redress

- Adjusted attributable profit of £247m (2012: £228m) was impacted by a write down of deferred tax assets relating to Spain

Income Statement - Q413 compared to Q313

- Adjusted profit before tax decreased 55% to £123m reflecting the impact of increased costs to achieve Transform from £13m to £60m and UK bank levy of £51m in Q413

Balance Sheet - 31 December 2013 compared to 31 December 2012

- Loans and advances to customers decreased 5% to £61.1bn driven by the rundown of Exit Quadrant portfolios in Europe and a reduction in client demand as working capital deposits increased in the UK

- Loans and advances to customers at fair value which consists of the Education, Social Housing and Local Authority (ESHLA) portfolio decreased 11% to £15.7bn from fair value adjustments reflecting rising long term interest rates and paydowns

- Customer deposits increased 9% to £108.7bn primarily due to the growth of UK deposits

- Total assets increased £26.1bn to £113.9bn reflecting a reallocation of liquidity pool assets previously held centrally

- CRD III RWAs decreased 3% to £68.9bn driven primarily by improvements in book quality and a reduction in Exit Quadrant RWAs, offset by the reallocation of liquidity pool assets previously held centrally

Results by Business

Wealth and Investment Management

| Income Statement Information | Year Ended 31.12.13 | Year Ended 31.12.12 | YoY |
|---|---|---|---|
| | £m | £m | % Change |
| Net interest income | 859 | 856 | - |
| Net fee and commission income | 968 | 948 | 2 |
| Net trading and investment income | 18 | 16 | 13 |
| Other expense | (6) | - | |
| Total income | 1,839 | 1,820 | 1 |
| Credit impairment charges and other provisions | (121) | (38) | |
| Net operating income | 1,718 | 1,782 | (4) |
| | | | |
| Operating expenses (excluding UK bank levy, goodwill impairment and costs to achieve Transform) | (1,586) | (1,505) | 5 |
| UK bank levy | (6) | (4) | 50 |
| Goodwill impairment | (79) | - | |
| Costs to achieve Transform | (158) | - | |
| Operating expenses | (1,829) | (1,509) | 21 |
| | | | |
| Other net income | 13 | 1 | |
| (Loss)/profit before tax | (98) | 274 | |
| | | | |
| Adjusted (loss)/profit before tax1 | (19) | 274 | |
| Adjusted attributable (loss)/profit2 | (24) | 222 | |
| | | | |
| Balance Sheet Information and Key Facts | | | |
| Loans and advances to customers at amortised cost | £23.1bn | £21.3bn | 8 |
| Customer deposits | £63.4bn | £53.8bn | 18 |
| Total assets3 | £37.6bn | £24.5bn | 53 |
| Risk weighted assets - CRD III3 | £16.7bn | £16.1bn | 4 |
| Risk weighted assets - CRD IV3 | £17.3bn | | |
| | | | |
| Client assets | £204.8bn | £186.0bn | 10 |
| Number of employees (full time equivalent) | 8,300 | 8,300 | |

| Adjusted1 | Statutory |
|---|---|
| Year Ended | Year Ended |

| Performance Measures | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 |
|---|---|---|---|---|
| Return on average tangible equity | (1.4%) | 15.5% | (5.9%) | 15.5% |
| Return on average equity | (1.0%) | 11.2% | (4.5%) | 11.2% |
| Return on average risk weighted assets | (0.1%) | 1.7% | (0.5%) | 1.7% |
| Cost: income ratio | 95% | 83% | 99% | 83% |
| Loan loss rate (bps) | 51 | 17 | 51 | 17 |

1 Adjusted profit before tax, adjusted attributable profit and adjusted performance measures exclude the impact of the provision for goodwill impairment of £79m (2012: £nil).

2 Attributable profit includes profit after tax and non-controlling interests.

3 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.

Results by Business

Wealth and Investment Management

Wealth and Investment Management continued to implement its strategic programme to build on its strengths, focus on target markets and simplify how it operates. The purpose of this transformation is to put Wealth and Investment Management on a solid trajectory to deliver sustainable returns over the long term.

In 2013, the business incurred significant costs to achieve Transform. A significant portion of these costs were the direct result of initiatives taken to drive greater efficiency, to de-risk in an increasingly complex regulatory environment, to streamline target markets and to consolidate client propositions.

Business growth remained robust with strong growth in client assets, customer deposits and loans and advances to customers.

Income Statement - 2013 compared to 2012

- Total income of £1,839m remained broadly in line with the prior year

- Net interest income of £859m was in line with the prior year, as growth in deposit and lending balances, primarily in the High Net Worth business, was offset by a 19bps decrease in net interest margin to 104bps reflecting a change in product mix and reduced contributions from structural hedges

- Customer asset margin increased 21bps to 86bps due to lower funding rates. Average customer assets increased 14% to £22.4bn

- Customer liability margin decreased 15bps to 97bps reflecting a change in product mix and lower funding rates. Average customer liabilities increased 21% to £60.6bn

- Net fees and commission income increased 2% to £968m

- Credit impairment charges increased £83m to £121m, largely reflecting the impact of deterioration in recovery values from property held as security, primarily in Europe. Q213 included a charge of £15m relating to secured lending on Spanish property

- Adjusted operating expenses increased £241m to £1,750m largely reflecting costs to achieve Transform of £158m and a £23m customer remediation provision. Statutory operating expenses increased £320m to £1,829m including goodwill impairment of £79m (2012: nil). For further details refer to Note 11 Goodwill and Intangible Assets on page 108

- Adjusted loss before tax of £19m moved from a profit of £274m in 2012 primarily driven by costs to achieve Transform, increased credit impairment charges and the customer remediation provision. An adjusting item of £79m relating to the impairment of goodwill was also included in the statutory loss before tax of £98m (2012: profit of £274m)

Income Statement - Q413 compared to Q313

- Adjusted loss before tax of £73m moved from a profit of £7m in Q313 primarily driven by an increase in costs to achieve Transform of £37m to £81m. An adjusting item of £79m relating to the impairment of goodwill was also included in the statutory loss before tax of £152m (Q313: profit of £7m)

Balance Sheet - 31 December 2013 compared to 31 December 2012

- Loans and advances to customers increased 8% to £23.1bn and customer deposits increased 18% to £63.4bn primarily driven by growth in the High Net Worth business

- CRD III RWAs increased 4% to £16.7bn driven by reallocation of liquidity pool assets previously held centrally, offset by improvements to the application of collateral to credit exposures

- Client assets increased 10% to £204.8bn driven by growth in the High Net Worth business and favourable equity market movements

Results by Business

Head Office and Other Operations

| Income Statement Information | Year Ended 31.12.13 | Year Ended 31.12.12 |
|---|---|---|
| | £m | £m |
| Net interest (expense)/income | (165) | 76 |
| Net fee and commission expense | (109) | (198) |
| Net trading income | 35 | 117 |
| Net investment income | 57 | 267 |
| Net premiums from insurance contracts | 25 | 38 |
| Other income | 33 | 56 |
| Adjusted total (expense)/income net of insurance claims | (124) | 356 |
| Own credit | (220) | (4,579) |
| Gain on disposal of investment in BlackRock, Inc. | - | 227 |
| Total expense net of insurance claims | (344) | (3,996) |
| Credit impairment release/(charges) and other provisions | 2 | (6) |
| Net operating expense | (342) | (4,002) |
| | | |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (94) | (165) |
| UK bank levy | (15) | (19) |
| Costs to achieve Transform | (22) | - |
| Operating expenses | (131) | (184) |
| | | |
| Other net income | 5 | 23 |
| Loss before tax | (468) | (4,163) |
| | | |
| Adjusted (loss)/profit before tax1 | (248) | 189 |
| Adjusted attributable loss1,2 | (344) | (64) |
| | | |
| Balance Sheet Information and Key Facts | | |
| Total assets3 | £26.7bn | £41.3bn |
| Risk weighted assets - CRD III3 | £3.0bn | £5.3bn |
| Risk weighted assets - CRD IV3 | £2.5bn | |
| | | |
| Number of employees (full time equivalent) | 100 | 200 |

1 Adjusted (loss)/profit before tax and adjusted attributable loss exclude the impact of an own credit loss £220m (2012: loss of £4,579m) and £nil (2012: £227m) gain on disposal of strategic investment in BlackRock, Inc.

2 Attributable profit includes profit after tax and non-controlling interests.

3 2013 total assets and risk weighted assets reflect a reduction in the liquidity pool and a reallocation to businesses of liquidity pool assets previously held centrally.

Results by Business

## Head Office and Other Operations

### Income Statement - 2013 compared to 2012

- Adjusted income declined to a net expense of £124m (2012: income of £356m), predominately due to the non-recurrence of gains related to hedges of employee share awards in Q112 of £235m and the residual net expense from treasury operations including an adjustment to the carrying amount of subordinated liabilities

- Operating expenses decreased £53m to £131m, mainly due to the non-recurrence of the £97m penalty arising from the industry wide investigation into the setting of inter-bank offered rates recognised in H112, partially offset by costs to achieve Transform of £22m and regulatory investigation and legal costs

- Adjusted loss before tax of £248m moved from a profit of £189m in 2012. Statutory loss before tax improved to £468m (2012: £4,163m) including an own credit charge of £220m (2012: £4,579m), partially offset by the non-recurrence of the £227m gain on disposal of investment in BlackRock, Inc. in 2012

### Income Statement - Q413 compared to Q313

- Adjusted profit before tax of £44m (Q313: loss of £135m)

- Total income net of insurance claims of £122m moved from an expense of £112m in Q313, principally due to an adjustment to the carrying amount of subordinated liabilities

- Operating expenses increased £65m to £86m, including costs to achieve Transform of £22m and UK bank levy of £15m

- Statutory loss before tax of £51m (Q313: £346m) included an own credit charge of £95m (Q313: £211m)

### Balance Sheet - 31 December 2013 compared to 31 December 2012

- Total assets decreased 35% to £26.7bn primarily reflecting a reduction of group liquidity pool assets and a reallocation to the businesses

- CRD III RWAs decreased £2.3bn to £3.0bn primarily driven by the reallocation of liquidity pool assets to the businesses

Barclays Results by Quarter

| Barclays Results by Quarter | Q413 | Q313 | Q213 | Q113 | Q412 | Q312 | Q212 | Q112 |
|---|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Adjusted basis | | | | | | | | |
| Total income net of insurance claims | 6,639 | 6,445 | 7,337 | 7,734 | 6,867 | 7,002 | 7,384 | 8,108 |
| Credit impairment charges and other provisions | (718) | (722) | (925) | (706) | (825) | (805) | (926) | (784) |
| Net operating income | 5,921 | 5,723 | 6,412 | 7,028 | 6,042 | 6,197 | 6,458 | 7,324 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (4,777) | (4,262) | (4,359) | (4,782) | (4,345) | (4,353) | (4,555) | (4,965) |
| UK bank levy | (504) | - | - | - | (345) | - | - | - |
| Costs to achieve Transform | (468) | (101) | (126) | (514) | - | - | - | - |
| Operating expenses | (5,749) | (4,363) | (4,485) | (5,296) | (4,690) | (4,353) | (4,555) | (4,965) |
| Other net income | 19 | 25 | (122) | 54 | 43 | 21 | 41 | 36 |
| Adjusted profit before tax | 191 | 1,385 | 1,805 | 1,786 | 1,395 | 1,865 | 1,944 | 2,395 |
| | | | | | | | | |
| Adjusting items | | | | | | | | |
| Own credit | (95) | (211) | 337 | (251) | (560) | (1,074) | (325) | (2,620) |
| Gain on disposal of BlackRock Inc. investment | - | - | - | - | - | - | 227 | - |
| Provision for PPI redress | - | - | (1,350) | - | (600) | (700) | - | (300) |
| Provision for interest rate hedging products redress | - | - | (650) | - | (400) | - | (450) | - |
| Goodwill impairment | (79) | - | - | - | - | - | - | - |
| Statutory profit/(loss) before tax | 17 | 1,174 | 142 | 1,535 | (165) | 91 | 1,396 | (525) |
| Statutory (loss)/profit after tax | (514) | 728 | 39 | 1,044 | (364) | (13) | 943 | (385) |
| | | | | | | | | |
| Attributable to: | | | | | | | | |
| Equity holders of the parent | (642) | 511 | (168) | 839 | (589) | (183) | 746 | (598) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Non-controlling interests and other equity holders | 128 | 217 | 207 | 205 | 225 | 170 | 197 | 213 |
| Adjusted basic earnings per share 1 | (3.9p) | 5.4p | 7.7p | 7.5p | 6.7p | 7.8p | 8.7p | 12.3p |
| Adjusted cost: income ratio | 87% | 68% | 61% | 68% | 68% | 62% | 62% | 61% |
| Basic earnings per share | (5.0p) | 3.7p | (1.2p) | 6.3p | (4.5p) | (1.4p) | 5.7p | (4.6p) |
| Cost: income ratio | 89% | 70% | 85% | 71% | 90% | 85% | 69% | 96% |

| Adjusted Profit/(Loss) Before Tax | Q413 | Q313 | Q213 | Q113 | Q412 | Q312 | Q212 | Q112 |
|---|---|---|---|---|---|---|---|---|
| by Business | £m | £m | £m | £m | £m | £m | £m | £m |
| UK RBB | 212 | 351 | 333 | 299 | 275 | 358 | 360 | 232 |
| Europe RBB | (181) | (106) | (247) | (462) | (114) | (81) | (76) | (72) |
| Africa RBB | 60 | 132 | 131 | 81 | 105 | 34 | 51 | 132 |
| Barclaycard | 335 | 397 | 412 | 363 | 335 | 396 | 404 | 347 |
| Investment Bank | (329) | 463 | 1,074 | 1,315 | 760 | 988 | 1,060 | 1,182 |
| Corporate Banking | 123 | 276 | 219 | 183 | 61 | 88 | 108 | 203 |
| Wealth and Investment Management | (73) | 7 | (13) | 60 | 105 | 70 | 49 | 50 |
| Head Office and Other Operations | 44 | (135) | (104) | (53) | (132) | 12 | (12) | 321 |
| Total (loss)/profit before tax | 191 | 1,385 | 1,805 | 1,786 | 1,395 | 1,865 | 1,944 | 2,395 |

1 Adjusted basic and basic earnings per share has been restated to reflect the impact of the rights issue.

Business Results by Quarter

| | Q413 | Q313 | Q213 | Q113 | Q412 | Q312 | Q212 | Q112 |
|---|---|---|---|---|---|---|---|---|
| UK Retail and Business Banking | £m | £m | £m | £m | £m | £m | £m | £m |
| Adjusted basis | | | | | | | | |
| Total income net of insurance claims | 1,149 | 1,172 | 1,135 | 1,067 | 1,077 | 1,123 | 1,118 | 1,066 |
| Credit impairment charges and other provisions | (88) | (81) | (89) | (89) | (71) | (76) | (46) | (76) |
| Net operating income | 1,061 | 1,091 | 1,046 | 978 | 1,006 | 1,047 | 1,072 | 990 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (709) | (710) | (689) | (704) | (718) | (689) | (713) | (757) |
| UK bank levy | (21) | - | - | - | (17) | - | - | - |
| Costs to achieve Transform | (119) | (29) | (27) | - | - | - | - | - |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Operating expenses | (849) | (739) | (716) | (704) | (735) | (689) | (713) | (757) |
| Other net (expense)/income | - | (1) | 3 | 25 | 4 | - | 1 | (1) |
| Adjusted profit before tax | 212 | 351 | 333 | 299 | 275 | 358 | 360 | 232 |
| | | | | | | | | |
| Adjusting items | | | | | | | | |
| Provision for PPI redress | - | - | (660) | - | (330) | (550) | - | (300) |
| Statutory profit/(loss) before tax | 212 | 351 | (327) | 299 | (55) | (192) | 360 | (68) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Europe Retail and Business Banking | | | | | | | | |
| Adjusted and statutory basis | | | | | | | | |
| Total income net of insurance claims | 154 | 160 | 176 | 176 | 161 | 168 | 191 | 188 |
| Credit impairment charges and other provisions | (78) | (67) | (72) | (70) | (74) | (58) | (71) | (54) |
| Net operating income | 76 | 93 | 104 | 106 | 87 | 110 | 120 | 134 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (188) | (203) | (207) | (215) | (185) | (193) | (200) | (209) |
| UK bank levy | (26) | - | - | - | (20) | - | - | - |
| Costs to achieve Transform | (46) | (1) | - | (356) | - | - | - | - |
| Operating expenses | (260) | (204) | (207) | (571) | (205) | (193) | (200) | (209) |
| Other net income/(expense) | 3 | 5 | (144) | 3 | 4 | 2 | 4 | 3 |
| Adjusted and statutory loss before tax | (181) | (106) | (247) | (462) | (114) | (81) | (76) | (72) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Africa Retail and Business Banking | | | | | | | | |
| Adjusted and statutory basis | | | | | | | | |
| Total income net of insurance claims | 622 | 643 | 684 | 668 | 721 | 714 | 729 | 764 |
| Credit impairment charges and other provisions | (59) | (57) | (94) | (114) | (142) | (176) | (208) | (106) |
| Net operating income | 563 | 586 | 590 | 554 | 579 | 538 | 521 | 658 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (462) | (454) | (452) | (474) | (455) | (506) | (471) | (528) |
| UK bank levy | (28) | - | - | - | (24) | - | - | - |
| Costs to achieve Transform | (15) | (2) | (9) | - | - | - | - | - |
| Operating expenses | (505) | (456) | (461) | (474) | (479) | (506) | (471) | (528) |
| Other net income | 2 | 2 | 2 | 1 | 5 | 2 | 1 | 2 |
| Adjusted and statutory profit before tax | 60 | 132 | 131 | 81 | 105 | 34 | 51 | 132 |

Business Results by Quarter

| Barclaycard | Q4 13 £m | Q3 13 £m | Q2 13 £m | Q1 13 £m | Q4 12 £m | Q3 12 £m | Q2 12 £m | Q1 12 £m |
|---|---|---|---|---|---|---|---|---|
| Adjusted basis | | | | | | | | |
| Total income net of insurance claims | 1,220 | 1,223 | 1,190 | 1,153 | 1,140 | 1,092 | 1,079 | 1,033 |
| Credit impairment charges and other provisions | (314) | (334) | (313) | (303) | (286) | (271) | (242) | (250) |
| Net operating income | 906 | 889 | 877 | 850 | 854 | 821 | 837 | 783 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (514) | (498) | (467) | (496) | (508) | (432) | (441) | (445) |
| UK bank levy | (24) | - | - | - | (16) | - | - | - |
| Costs to achieve Transform | (38) | (6) | (5) | - | - | - | - | - |
| Operating expenses | (576) | (504) | (472) | (496) | (524) | (432) | (441) | (445) |
| Other net income | 5 | 12 | 7 | 9 | 5 | 7 | 8 | 9 |
| Adjusted profit before tax | 335 | 397 | 412 | 363 | 335 | 396 | 404 | 347 |
| | | | | | | | | |
| Adjusting items | | | | | | | | |
| Provision for PPI redress | - | - | (690) | - | (270) | (150) | - | - |
| Statutory profit/(loss) before tax | 335 | 397 | (278) | 363 | 65 | 246 | 404 | 347 |
| | | | | | | | | |
| Investment Bank1 | | | | | | | | |
| Adjusted and statutory basis | | | | | | | | |
| Macro Products | 625 | 472 | 900 | 1,113 | 800 | 748 | 1,040 | 1,436 |
| Credit Products | 460 | 494 | 513 | 960 | 492 | 701 | 665 | 796 |
| FICC | 1,085 | 966 | 1,413 | 2,073 | 1,292 | 1,449 | 1,705 | 2,232 |
| Equities and Prime Services | 496 | 645 | 825 | 706 | 454 | 523 | 615 | 591 |
| Investment Banking | 590 | 525 | 528 | 557 | 620 | 493 | 509 | 515 |
| Principal Investments | 32 | 1 | 20 | 9 | 26 | 30 | 139 | 11 |
| Exit Quadrant | (54) | (26) | 224 | 118 | 202 | 226 | 56 | 87 |
| Total income | 2,149 | 2,111 | 3,010 | 3,463 | 2,594 | 2,721 | 3,024 | 3,436 |
| Credit impairment (charges)/releases and other provisions | (14) | (25) | (195) | 14 | 1 | (3) | (121) | (81) |
| Net operating income | 2,135 | 2,086 | 2,815 | 3,477 | 2,595 | 2,718 | 2,903 | 3,355 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (2,044) | (1,622) | (1,697) | (2,054) | (1,644) | (1,737) | (1,849) | (2,195) |
| UK bank levy | (333) | - | - | - | (206) | - | - | - |
| Costs to achieve Transform | (87) | (6) | (53) | (116) | - | - | - | - |
| Operating expenses | (2,464) | (1,628) | (1,750) | (2,170) | (1,850) | (1,737) | (1,849) | (2,195) |
| Other net income | - | 5 | 9 | 8 | 15 | 7 | 6 | 22 |
| Adjusted and statutory (loss)/profit before tax | (329) | 463 | 1,074 | 1,315 | 760 | 988 | 1,060 | 1,182 |

| Corporate Banking | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Adjusted basis | | | | | | | | |
| Total income net of insurance claims | 764 | 799 | 780 | 772 | 746 | 717 | 734 | 849 |
| Credit impairment charges and other provisions | (134) | (118) | (128) | (130) | (240) | (214) | (223) | (208) |
| Net operating income | 630 | 681 | 652 | 642 | 506 | 503 | 511 | 641 |
| | (396) | (393) | (430) | (422) | (412) | (421) | (402) | (437) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | | | | | | | | |
| UK bank levy | (51) | - | - | - | (39) | - | - | - |
| Costs to achieve Transform | (60) | (13) | (4) | (37) | - | - | - | - |
| Operating expenses | (507) | (406) | (434) | (459) | (451) | (421) | (402) | (437) |
| Other net income/(expenses) | - | 1 | 1 | - | 6 | 6 | (1) | (1) |
| Adjusted profit before tax | 123 | 276 | 219 | 183 | 61 | 88 | 108 | 203 |
| | | | | | | | | |
| Adjusting items | | | | | | | | |
| Provision for interest rate hedging products redress | - | - | (650) | - | (400) | - | (450) | - |
| Statutory profit/(loss) before tax | 123 | 276 | (431) | 183 | (339) | 88 | (342) | 203 |

1 2012 FICC and Exit Quadrant amounts restated to appropriately reflect the Exit Quadrant portfolio.

Business Results by Quarter

| Wealth and Investment Management | Q4 13 £m | Q3 13 £m | Q2 13 £m | Q1 13 £m | Q4 12 £m | Q3 12 £m | Q2 12 £m | Q1 12 £m |
|---|---|---|---|---|---|---|---|---|
| Adjusted basis | | | | | | | | |
| Total income net of insurance claims | 459 | 449 | 462 | 469 | 483 | 443 | 442 | 452 |
| Credit impairment charges and other provisions | (33) | (39) | (35) | (14) | (13) | (6) | (12) | (7) |
| Net operating income | 426 | 410 | 427 | 455 | 470 | 437 | 430 | 445 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (415) | (361) | (410) | (400) | (361) | (369) | (380) | (395) |
| UK bank levy | (6) | - | - | - | (4) | - | - | - |
| Costs to achieve Transform | (81) | (44) | (33) | - | - | - | - | - |
| Operating expenses | (502) | (405) | (443) | (400) | (365) | (369) | (380) | (395) |
| Other net income/(expense) | 3 | 2 | 3 | 5 | - | 2 | (1) | - |
| Adjusted (loss)/profit before tax | (73) | 7 | (13) | 60 | 105 | 70 | 49 | 50 |
| | | | | | | | | |
| Adjusting items | | | | | | | | |
| Goodwill impairment | (79) | - | - | - | - | - | - | - |
| Statutory (loss)/profit before tax | (152) | 7 | (13) | 60 | 105 | 70 | 49 | 50 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Head Office and Other Operations | | | | | | | | |
| Adjusted basis | | | | | | | | |
| Total income/(expense) net of insurance claims | 122 | (112) | (100) | (34) | (55) | 24 | 68 | 319 |
| Credit impairment releases/(charges) and other provisions | 2 | (1) | 1 | - | - | (1) | (3) | (2) |
| Net operating income/(expense) | 124 | (113) | (99) | (34) | (55) | 23 | 65 | 317 |
| Operating expenses (excluding UK bank levy and costs to achieve Transform) | (49) | (21) | (7) | (17) | (61) | (6) | (99) | 1 |
| UK bank levy | (15) | - | - | - | (19) | - | - | - |
| Costs to achieve Transform | (22) | - | 5 | (5) | - | - | - | - |
| Operating expenses | (86) | (21) | (2) | (22) | (80) | (6) | (99) | 1 |
| Other net income/(expense) | 6 | (1) | (3) | 3 | 3 | (5) | 23 | 2 |
| Adjusted profit/(loss) before tax | 44 | (135) | (104) | (53) | (132) | 12 | (11) | 320 |
| | | | | | | | | |
| Adjusting items | | | | | | | | |
| Own credit | (95) | (211) | 337 | (251) | (560) | (1,074) | (325) | (2,620) |
| Gain on disposal of investment in BlackRock Inc. | - | - | - | - | - | - | 227 | - |
| Statutory (loss)/profit before tax | (51) | (346) | 233 | (304) | (692) | (1,062) | (109) | (2,300) |

Performance Management

Remuneration

Ensuring that Barclays has the right people in the right roles serving our customers and clients effectively in a highly competitive global banking environment is vital to our ability to generate sustainable shareholder returns. This requires that the way in which we reward employees is competitive.

When considering the appropriate level of incentive awards for 2013, the Board Remuneration Committee has had to establish the right balance between ensuring that the progress on repositioning compensation, which began in 2011, was not undone, whilst also ensuring Barclays remains competitive in this area and compensation continues to reflect performance.

In 2013, there was good performance in the UK Retail and Corporate Banking businesses, along with continued strong growth in Barclaycard. The European, African and Wealth businesses performed less well, and are in a process of transition to improve returns. Within the Investment Bank, Equities saw very good growth and continued to outperform the market. Improved performance in Investment Banking was driven by increased deal issuance. Income in FICC, reflecting market trends, was more subdued in 2013. Incentive awards for 2013 reflect the relative performance of these key sectors, together with the on-going strengthening of thecontrol environment as part of the Transform strategy.

As set out in the 2012 Remuneration Report, the Board Remuneration Committee and management took measured risks while granting the 2012 incentive awards by significantly driving down the total incentives awarded. In making the 2013 incentives decisions, the Board Remuneration Committee has intended to protect the health of the franchise with the aim that Barclays remains true to its policy of paying competitively and paying for performance.

These considerations, together with the impacts of business mix referred to above, led to total incentive awards granted increasing from £2,168m in 2012 to £2,378m in 2013. However, they were £1.1bn lower than 2010 which demonstrated the impact of the repositioning work over the last three years.

As in 2012, the total incentive awards in 2013 were determined after making appropriate risk adjustments to reflect significant risk events. Total risk adjustments of £290m were made in 2013 (2012: £1,160m). Of this, £176m (2012: £300m) of adjustments were made through reductions in incentive awards that were granted in previous years and £114m (2012: £860m) of reductions were made from total incentive awards granted in 2013. Whilst the overall incentive awards granted in 2013 were up on 2012, it is important to note that on a pre-risk adjusted basis, the 2013 incentive awards of £2,492m have reduced 18% from 2012.

Barclays continues to have constructive engagement and dialogue with its shareholders and other key stakeholders in respect of remuneration and remains committed to its intention of paying no more than is necessary to maximise the long-term value and health of the bank.

Incentive awards

- Total incentive awards granted increased to £2,378m (2012: £2,168m) and incentive awards in the Investment Bank increased to £1,574m (2012: £1,394m)

- For the Group the incentive awards granted were 32% (£1,106m) below 2010. In the Investment Bank incentive awards granted were 41% (£1,086m) below 2010

- Within compensation there has been strong differentiation on the basis of individual performance to allow the Group to manage compensation costs but also to remain competitive

- Average value of incentive awards granted per Group employee is £17,000 (2012: £15,600) with the average value of incentive awards granted per Investment Bank employee of £60,100 (2012: £54,500). Average value of incentive awards granted per Group employee excluding the Investment Bank is £7,100 (2012: £6,800)

- The proportion of the bonus pool that is deferred continues to significantly exceed the PRA's Remuneration Code's minimum requirements and is expected to remain amongst the highest deferral levels globally. 2013 bonuses awarded to Managing Directors in the Investment Bank were 100% deferred

Performance Management

Total Incentive Awards Granted - Current Year and Deferred

| | Barclays Group | | | Investment Bank | | |
|---|---|---|---|---|---|---|
| | Year Ended 31.12.13 | Year Ended 31.12.12 | | Year Ended 31.12.13 | Year Ended 31.12.12 | |
| | £m | £m | % Change | £m | £m | % Change |
| Current year cash bonus | 942 | 852 | 11 | 477 | 399 | 20 |
| Current year share bonus | 15 | 15 | - | 5 | 6 | (17) |
| Total current year bonus | 957 | 867 | 10 | 482 | 405 | 19 |
| Deferred cash bonus | 564 | 489 | 15 | 521 | 447 | 17 |
| Deferred share bonus | 576 | 498 | 16 | 521 | 446 | 17 |
| Total deferred bonus | 1,140 | 987 | 16 | 1,042 | 893 | 17 |
| Commissions, commitments and other incentives | 281 | 314 | (11) | 50 | 96 | (48) |
| Total incentive awards granted | 2,378 | 2,168 | 10 | 1,574 | 1,394 | 13 |
| Proportion of bonus that is deferred1 | 54% | 53% | | 68% | 69% | |
| Total employees (full time equivalent) | 139,600 | 139,200 | - | 26,200 | 25,600 | 2 |
| Average incentive award granted per employee | £17,000 | £15,600 | 9 | £60,100 | £54,500 | 10 |

Deferred bonuses are payable only once an employee meets certain conditions, including a specified period of service. This creates a timing difference between the communication of the bonus pool and the charges that appear in the income statement which are reconciled in the table below:

Reconciliation of Total Incentive Awards Granted to Income Statement Charge

| | Barclays Group | | Investment Bank | |
|---|---|---|---|---|
| | Year Ended | Year Ended | Year Ended | Year Ended |

| | 31.12.13 £m | 31.12.12 £m | % Change | 31.12.13 £m | 31.12.12 £m | % Change |
|---|---|---|---|---|---|---|
| Total incentive awards for 2013 | 2,378 | 2,168 | 10 | 1,574 | 1,394 | 13 |
| Less: deferred bonuses awarded in 2013 | (1,140) | (987) | 16 | (1,042) | (893) | 17 |
| Add: current year charges for deferred bonuses from previous years | 1,147 | 1,223 | (6) | 1,042 | 1,117 | (7) |
| Other2 | 169 | 21 | | 144 | 75 | 92 |
| Income statement charge for performance costs | 2,554 | 2,425 | 5 | 1,718 | 1,693 | 1 |

- Employees only become eligible to receive payment from a deferred bonus once all of the relevant conditions have been fulfilled, including the provision of services to the Group

- The income statement charge for performance costs reflects the charge for employees' actual services provided to the Group during the relevant calendar year (including where those services fulfil performance conditions attached to previously deferred bonuses). It does not include charges for deferred bonuses where performance conditions have not been met

- As a consequence, while the 2013 incentive awards granted increased 10% compared to 2012, the income statement charge for performance costs increased 5%

1 Calculated as total deferred bonus divided by the sum of total current year bonus and total deferred bonus.
2 Difference between incentive awards granted and income statement charge for commissions, commitments and other long-term incentives.

Performance Management

Income Statement Charge

| | Barclays Group | | | Investment Bank | | |
|---|---|---|---|---|---|---|
| | Year Ended 31.12.13 £m | Year Ended 31.12.12 £m | % Change | Year Ended 31.12.13 £m | Year Ended 31.12.12 £m | % Change |
| Deferred bonus charge | 1,147 | 1,223 | (6) | 1,042 | 1,117 | (7) |
| | 957 | 867 | 10 | 482 | 405 | 19 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Current year bonus charges | | | | | | |
| Commissions, commitments and other incentives | 450 | 335 | 34 | 194 | 171 | 13 |
| Performance costs | 2,554 | 2,425 | 5 | 1,718 | 1,693 | 1 |
| Salaries | 4,981 | 5,254 | (5) | 2,092 | 2,203 | (5) |
| Social security costs | 715 | 685 | 4 | 305 | 297 | 3 |
| Post retirement benefits | 688 | 612 | 12 | 161 | 147 | 10 |
| Allowances and trading incentives | 211 | 262 | (19) | 88 | 123 | (28) |
| Other compensation costs1 | 467 | 521 | (10) | 270 | 204 | 32 |
| Total compensation costs2 | 9,616 | 9,759 | (1) | 4,634 | 4,667 | (1) |
| | | | | | | |
| Other resourcing costs | | | | | | |
| Outsourcing | 1,084 | 999 | 9 | 26 | 31 | (16) |
| Redundancy and restructuring | 687 | 68 | | 186 | 41 | |
| Temporary staff costs | 551 | 481 | 15 | 255 | 227 | 12 |
| Other | 217 | 160 | 36 | 77 | 68 | 13 |
| Total other resourcing costs | 2,539 | 1,708 | 49 | 544 | 367 | 48 |
| | | | | | | |
| Total staff costs | 12,155 | 11,467 | 6 | 5,178 | 5,034 | 3 |
| | | | | | | |
| Compensation as % of adjusted net income | 38.3% | 37.5% | | 44.1% | 40.3% | |
| Compensation as % of adjusted income | 34.2% | 33.2% | | 43.2% | 39.6% | |

- Total staff costs increased 6% to £12,155m, principally reflecting a £619m increase in redundancy and restructuring charges, a 5% increase in performance costs and a 9% increase in outsourcing

- Performance costs increased 5% to £2,554m, reflecting a 10% increase to £957m in charges for current year cash and share bonuses and a 34% increase in commissions, commitments and other incentives to £450m. This was offset by a 6% decrease in the charge for deferred bonuses to £1,147m

- Redundancy and restructuring charges increased £619m to £687m, due to a number of Transform initiatives

| Number of employees (full time equivalent) by Business | 31.12.13 | 31.12.12 |
|---|---|---|
| | | |
| UK RBB | 32,900 | 33,000 |
| Europe RBB | 5,900 | 7,500 |
| Africa RBB | 41,300 | 40,500 |
| Barclaycard | 12,100 | 11,100 |

| | | |
|---|---|---|
| Investment Bank | 26,200 | 25,600 |
| Corporate Banking | 12,800 | 13,000 |
| Wealth and Investment Management | 8,300 | 8,300 |
| Head Office and Other Operations | 100 | 200 |
| Total | 139,600 | 139,200 |

1 Investment Bank other compensation costs include allocations from Head Office and net recharges relating to compensation costs incurred in the Investment Bank but charged to other businesses and charges from other businesses to the Investment Bank.

2 In addition, £346m of Group compensation (2012: £44m) was capitalised as internally generated software.

Performance Management

Deferred bonuses awarded are expected to be charged to the income statement in the years outlined in the table that follows

Year in which Income Statement charge is expected to be taken for Deferred Bonuses awarded to date1

| | Actual | | Expected2 | |
|---|---|---|---|---|
| | Year Ended 31.12.12 | Year Ended 31.12.13 | Year Ended 31.12.14 | 2015 and beyond |
| Barclays Group | £m | £m | £m | £m |
| Deferred bonuses from 2010 and earlier bonus pools | 557 | 192 | 21 | - |
| Deferred bonuses from 2011 bonus pool | 666 | 429 | 157 | 25 |
| Deferred bonuses from 2012 bonus pool | - | 526 | 299 | 155 |
| Deferred bonuses from 2013 bonus pool | - | - | 616 | 492 |
| Income statement charge for deferred bonuses | 1,223 | 1,147 | 1,093 | 672 |
| | | | | |
| Investment Bank | | | | |
| Deferred bonuses from 2010 and earlier bonus pools | 517 | 178 | 19 | - |
| Deferred bonuses from 2011 bonus pool | 600 | 384 | 143 | 22 |
| Deferred bonuses from 2012 bonus pool | - | 480 | 272 | 143 |
| | - | - | 570 | 452 |

Deferred bonuses from 2013 bonus pool

| | | | | |
|---|---|---|---|---|
| Income statement charge for deferred bonuses | 1,117 | 1,042 | 1,004 | 617 |

| Bonus Pool Component | Expected Grant Date | Expected Payment Date(s)3 | Year(s) in which Income Statement Charge Arises4 |
|---|---|---|---|
| Current year cash bonus | • February 2014 | • February 2014 | • 2013 |
| Current year share bonus | • February/March 2014 | • February 2014 to September 2014 | • 2013 |
| Deferred cash bonus | • March 2014 | • March 2015 (33.3%) | • 2014 (48%) |
| | | • March 2016 (33.3%) | • 2015 (35%) |
| | | • March 2017 (33.3%) | • 2016 (15%) |
| | | | • 2017 (2%) |
| Deferred share bonus | • March 2014 | • March 2015 (33.3%) | • 2014 (48%) |
| | | • March 2016 (33.3%) | • 2015 (35%) |
| | | • March 2017 (33.3%) | • 2016 (15%) |
| | | | • 2017 (2%) |

1 The actual amount charged depends upon whether conditions have been met and will vary compared with the above expectation. Charges for deferred bonuses include amounts for other incentives, such as commitments, which are awarded on a deferred basis.

2 Does not include the impact of grants which will be made in 2014 and 2015.

3 Payments are subject to all conditions being met prior to the expected payment date. In addition, employees receiving a deferred cash bonus may be awarded a service credit of 10% of the initial value of the award at the time that the final instalment is made, subject to continued employment.

4 The income statement charge is based on the period over which conditions are met.

Performance Management

Returns and Equity by Business

Returns on average equity and average tangible equity are calculated as profit for the period attributable to ordinary equity holders of the parent divided by average allocated equity or average allocated tangible equity for the period as appropriate, excluding non-controlling and other equity interests. Average allocated equity has been calculated as 10.5% of average risk weighted assets for each business, adjusted for capital deductions, including goodwill and intangible assets, reflecting the assumptions the Group uses for capital planning purposes. The higher capital level currently held, reflecting Core Tier 1 capital ratio of 13.2% as at 31 December 2013, is allocated to Head Office and Other Operations. Average allocated tangible equity is calculated using the same method but excludes goodwill and intangible assets.

| | Adjusted | Statutory |
|---|---|---|

| | Year Ended | Year Ended | Year Ended | Year Ended |
|---|---|---|---|---|
| Perfor | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 |
| Return on Average Equity | % | % | % | % |
| UK RBB | 11.5 | 12.3 | 4.9 | (0.3) |
| Europe RBB | (45.2) | (12.9) | (45.2) | (12.9) |
| Africa RBB | 0.4 | (0.1) | 0.4 | (0.1) |
| Barclaycard | 18.4 | 19.8 | 8.3 | 13.3 |
| Investment Bank | 8.2 | 12.7 | 8.2 | 12.7 |
| Corporate Banking | 3.1 | 2.9 | (3.5) | (5.4) |
| Wealth and Investment Management | (1.0) | 11.2 | (4.5) | 11.2 |
| Group excluding Head Office and Other Operations | 5.8 | 9.8 | 2.3 | 5.9 |
| Head Office and Other Operations impact | (1.3) | (0.8) | (1.3) | (7.1) |
| Total | 4.5 | 9.0 | 1.0 | (1.2) |
| | | | | |
| Return on Average Tangible Equity | | | | |
| UK RBB | 20.0 | 22.9 | 8.5 | (0.6) |
| Europe RBB | (49.6) | (14.2) | (49.6) | (14.2) |
| Africa RBB1 | 0.8 | (0.2) | 0.8 | (0.2) |
| Barclaycard | 24.5 | 26.9 | 11.1 | 18.0 |
| Investment Bank | 8.5 | 13.1 | 8.5 | 13.1 |
| Corporate Banking | 3.3 | 3.1 | (3.6) | (5.7) |
| Wealth and Investment Management | (1.4) | 15.5 | (5.9) | 15.5 |
| Group excluding Head Office and Other Operations | 7.0 | 11.8 | 2.7 | 7.1 |
| Head Office and Other Operations impact | (1.7) | (1.2) | (1.5) | (8.5) |
| Total | 5.3 | 10.6 | 1.2 | (1.4) |
| | | | | |
| Attributable profit/(loss) | £m | £m | £m | £m |
| UK RBB | 917 | 875 | 389 | (21) |
| Europe RBB | (964) | (277) | (964) | (277) |
| Africa RBB | 9 | (4) | 9 | (4) |
| Barclaycard | 1,006 | 975 | 454 | 653 |
| Investment Bank | 1,548 | 2,680 | 1,548 | 2,680 |
| Corporate Banking | 247 | 228 | (273) | (419) |
| Wealth and Investment Management | (24) | 222 | (103) | 222 |
| Head Office and Other Operations2 | (344) | (64) | (520) | (3,458) |
| Total | 2,395 | 4,635 | 540 | (624) |

| | Average Equity3 | | Average Tangible Equity3 | |
|---|---|---|---|---|
| UK RBB | 7,984 | 7,121 | 4,581 | 3,815 |
| Europe RBB | 2,133 | 2,143 | 1,943 | 1,957 |
| Africa RBB | 2,327 | 2,658 | 1,087 | 1,234 |
| Barclaycard | 5,468 | 4,924 | 4,106 | 3,623 |
| Investment Bank | 18,966 | 21,173 | 18,264 | 20,468 |
| Corporate Banking | 7,854 | 7,739 | 7,481 | 7,369 |
| Wealth and Investment Management | 2,306 | 1,981 | 1,746 | 1,436 |
| Head Office and Other Operations2 | 5,130 | 4,313 | 5,110 | 4,311 |
| Total2 | 52,168 | 52,052 | 44,318 | 44,213 |

1 The return on average tangible equity for Africa RBB for 2012 has been revised to exclude amounts relating to Absa Group's non-controlling interests.

2 Includes risk weighted assets and capital deductions in Head Office and Other Operations, plus the residual balance of average ordinary shareholders' equity and tangible ordinary shareholders' equity.

3 Group average ordinary shareholders' equity and average tangible ordinary shareholders' equity exclude the cumulative impact of own credit on retained earnings for the calculation of adjusted performance measures.

Performance Management

Costs to achieve Transform

· On 12 February 2013 the Group announced the Strategic Review which included reducing operating expenses by £1.7bn to £16.8bn by 2015

· Costs to achieve Transform totalled £1,209m in 2013. Major restructuring initiatives of £852m principally related to the cost of reducing the scale of activities and redundancies in Europe RBB, the Investment Bank, across Europe, Asia and America, and UK RBB. Other Transform costs of £356m were primarily driven by investment in technology and process improvements that will reduce future operating costs and enhance customer and client propositions

| Costs to achieve Transform by business | Year Ended 31.12.13 | | |
|---|---|---|---|
| | Major Restructuring Initiatives | Other Transform costs | Total costs to achieve Transform |

| | | | |
|---|---|---|---|
| | £m | £m | £m |
| UK RBB | 129 | 46 | 175 |
| Europe RBB | 356 | 47 | 403 |
| Africa RBB | - | 26 | 26 |
| Barclaycard | 1 | 48 | 49 |
| Investment Bank | 191 | 71 | 262 |
| Corporate Banking | 94 | 20 | 114 |
| Wealth and Investment Management | 82 | 76 | 158 |
| Head Office and Other Operations | - | 22 | 22 |
| Total costs to achieve Transform | 853 | 356 | 1,209 |

| Adjusted performance measures by business excluding costs to achieve Transform | Adjusted profit before tax | | | Return on average equity1 | Cost: income ratio |
|---|---|---|---|---|---|
| | Year Ended 31.12.13 | Year Ended 31.12.12 | | Year Ended 31.12.13 | Year Ended 31.12.13 |
| | £m | £m | % Change | % | % |
| UK RBB | 1,370 | 1,225 | 12 | 13.2% | 63% |
| Europe RBB | (593) | (343) | 73 | (32.0%) | 126% |
| Africa RBB | 430 | 322 | 34 | 1.2% | 71% |
| Barclaycard | 1,556 | 1,482 | 5 | 19.0% | 42% |
| Investment Bank | 2,785 | 3,990 | (30) | 9.1% | 72% |
| Corporate Banking | 915 | 460 | 99 | 4.2% | 54% |
| Wealth and Investment Management | 139 | 274 | (49) | 3.8% | 87% |
| Head Office and Other Operations | (226) | 189 | | (1.5%) | |
| Total profit before tax | 6,376 | 7,599 | (16) | 6.1% | 66% |

1 Return on average equity for Head Office and Other Operations represents the dilution for the Group.

Performance Management

Exit Quadrant Assets

· On 12 February 2013, the Group announced as part of its Strategic Review that, following a rigorous bottom-up analysis of each of its businesses based on the attractiveness of the sectors they operate in and their ability to generate sustainable returns on equity above cost of equity, it would be exiting assets

· The table below presents selected financial data for these Exit Quadrant assets

| | CRD IV RWAs1 | | Balance Sheet Assets | | Year Ended 31.12.13 | | |
|---|---|---|---|---|---|---|---|
| Investment bank | As at 31.12.13 £bn | As at 31.12.12 £bn | As at 31.12.13 £bn | As at 31.12.12 £bn | Income/ (Expense) £m | Impairment release £m | Net operating income/ (expense) £m |
| US Residential Mortgages | 1.1 | 5.3 | 0.5 | 2.2 | 478 | - | 478 |
| Commercial Mortgages and Real Estate | 1.6 | 3.1 | 2.0 | 4.0 | 182 | - | 182 |
| Leveraged and Other Loans | 9.7 | 10.1 | 6.0 | 11.5 | (88) | 11 | (77) |
| CLOs and Other Insured Assets | 3.2 | 5.9 | 11.7 | 16.3 | (281) | - | (281) |
| Structured Credit and other | 3.8 | 9.4 | 5.2 | 8.6 | (128) | - | (128) |
| Monoline Derivatives | 2.2 | 3.1 | 0.3 | 0.6 | (21) | - | (21) |
| Corporate Derivatives | 1.9 | 8.3 | 2.2 | 3.6 | - | - | - |
| Portfolio Assets | 23.5 | 45.2 | 27.9 | 46.8 | 142 | 11 | 153 |
| Pre-CRD IV Rates Portfolio | 18.7 | 33.9 | | | | | |
| Total Investment Bank | 42.2 | 79.1 | | | | | |
| Corporate Banking European assets | 3.2 | 5.0 | 2.6 | 3.9 | 80 | (321) | (241) |
| Europe RBB assets | 9.0 | 9.7 | 21.3 | 22.9 | 118 | (187) | (69) |
| Total | 54.4 | 93.8 | | | | | |

· Exit Quadrant income shown on page 46 differs from the income above due to revenues relating to associated litigation matters and recoverability of certain assets not yet received from the 2008 US Lehman acquisition

· The CRD IV RWAs of the Exit Quadrant businesses decreased £39.4bn to £54.4bn including reductions of £36.9bn in the Investment Bank. This reflects reductions in Investment Bank portfolio assets of £21.7bn to £23.5bn, relating to US Residential, Structured Credit Portfolios and optimisation initiatives within the derivatives portfolio. Pre-CRD IV Rates derivatives RWAs decreased £15.2bn to £18.7bn. RWAs in Corporate Banking and Europe RBB Exit Quadrant portfolios decreased due to continued asset run down

· Portfolio Assets balance sheet assets decreased £18.9bn to £27.9bn driven by net sales and paydowns across asset classes. Income of £142m was primarily driven by gains relating to US Residential Mortgage exposures, partially offset by funding charges on Collateralised Loan Obligations and Other Insured Assets and the acceleration of disposals. Portfolio Assets income reduced to £142m (2012: £389m), largely driven by a reduction in fair value gains on US Residential Mortgages and sale of Commercial Real Estate loans

- Corporate Banking Exit Quadrant balance sheet assets in Europe decreased £1.3bn to £2.6bn largely driven by reductions in Spain and Portugal

- Europe RBB Exit Quadrant balance sheet assets decreased £1.6bn to £21.3bn largely driven by mortgage reductions in Spain and Italy, partially offset by foreign currency movements

1 The table above provides an indication of the CRD IV RWAs that are currently allocated to the Exit Quadrant businesses.

Performance Management

Margins and Balances

| Analysis of Net Interest Income | Year Ended 31.12.13 £m | Year Ended 31.12.12 £m |
|---|---|---|
| RBB, Corporate Banking and Wealth and Investment Management Customer Income: | | |
| - Customer assets | 7,144 | 6,654 |
| - Customer liabilities | 3,221 | 3,185 |
| Total | 10,365 | 9,839 |
| RBB, Corporate Banking and Wealth and Investment Management Non-customer Income: | | |
| - Product structural hedge1 | 843 | 962 |
| - Equity structural hedge2 | 337 | 317 |
| - Other | (129) | (69) |
| Total RBB, Corporate Banking and Wealth and Investment Management Net Interest Income | 11,416 | 11,049 |
| Investment Bank | 349 | 530 |
| Head Office and Other Operations | (165) | 75 |
| Group net interest income | 11,600 | 11,654 |

RBB, Corporate Banking and Wealth and Investment Management Net Interest Income (NII)

Barclays distinguishes the relative net interest contribution from customer assets and customer liabilities, and separates this from the contribution delivered by non-customer income, which principally arises from Group hedging activities.

Customer interest income

· Customer NII increased to £10,365m (2012: £9,839m) driven by growth of 2% in average customer assets to £326bn and a 10bps increase in the customer asset margin to 2.19%. Customer liability interest income remained broadly constant; the result of a 14% increase in average liabilities to £322bn offset by a 12bps reduction to 100bps in the customer liability margin

· The customer asset margin increased to 2.19% (2012: 2.09%) primarily due to reduced funding costs

· The customer liability margin decreased to 1.00% (2012: 1.12%) driven by increased customer rates paid on deposits accounts in Corporate Banking, a change in product mix within Wealth towards lower margin products and reduced funding rates

Non-customer interest income

· Non-customer NII decreased to £1,051m (2012: £1,210m) reflecting a reduction in the non-customer generated margin of 5bps to 0.16%. Group hedging activities continue to utilise structural interest rate hedges to mitigate the impact of the low interest environment on customer liabilities and the Group's equity

· Product structural hedges generated a lower contribution of £843m (2012: £962m), as hedges were maintained in this period of continued low interest rates. Based on the current interest rate curves and the on-going hedging strategy, fixed rate returns on product structural hedges are expected to make a significant contribution in 2014

· The contribution from equity structural hedges RBB, Barclaycard, Corporate Banking and Wealth and Investment Management remained broadly constant at £337m (2012: £317m)

Other Group interest income

· Head office NII decreased £240m to a net expense of £165m reflecting the cost of funding surplus liquidity due to growth in customer deposits across the group offset by an adjustment to the carrying value of subordinated liabilities

· Investment Bank NII decreased to £349m (2012: £530m) primarily due to a reduction in interest income from Exit Quadrant assets

Total contribution to Group net interest income from structural hedge income is down £140m to £1.6bn (2012: £1.7bn).

1 Product structural hedges convert short term interest margin volatility on product balances (such as non-interest bearing current accounts and managed rate deposits) into a more stable medium term rate and are built on a monthly basis to achieve a targeted maturity profile.

2 Equity structural hedges are in place to manage the volatility in net earnings generated by businesses on the Group's equity, with the impact allocated to businesses in line with their capital usage.

Performance Management

Net Interest Margin

· The net interest margin for RBB, Corporate Banking and Wealth and Investment Management decreased 8bps to 1.76% (2012: 1.84%) reflecting the reduction in contribution from customer liabilities and Group hedging activities, combined with a reduced contribution from the higher margins in Africa RBB as ZAR depreciated against GBP. The net interest margin is expressed as a percentage of the sum of average customer assets and liabilities to reflect the impact of the margin generated on retail and commercial banking liabilities

· The net interest margin expressed as a percentage of average customer assets actually increased from 3.47% to 3.50% in 2013

· Net interest margin and customer asset and liability margins reflect movements in the Group's internal funding rates which are based on the cost to the Group of alternative funding in wholesale markets. The Group's internal funding rate prices intra-group funding and liquidity to appropriately give credit to businesses with net surplus liquidity and to charge those businesses in need of wholesale funding at a rate that is driven by prevailing market rates and includes a term premium. The objective is to price internal funding for assets and liabilities in line with the cost of alternative funding, which ensures there is a consistency between retail and wholesale sources

Analysis of Net Interest Margin

| | UK RBB | Europe RBB | Africa RBB | Barclaycard | Corporate Banking | Wealth and Investment Management | Total RBB, Corporate and Wealth |
|---|---|---|---|---|---|---|---|
| Year Ended 31.12.13 | % | % | % | % | % | % | % |
| Customer asset margin | 1.22 | 0.43 | 3.10 | 9.39 | 1.33 | 0.86 | 2.19 |
| Customer liability margin | 0.89 | 0.40 | 2.73 | (0.29) | 0.97 | 0.97 | 1.00 |
| Customer generated margin | 1.06 | 0.43 | 2.95 | 8.48 | 1.12 | 0.94 | 1.60 |
| Non-customer generated margin | 0.23 | 0.36 | 0.21 | (0.19) | 0.09 | 0.10 | 0.16 |
| Net interest margin | 1.29 | 0.79 | 3.16 | 8.29 | 1.21 | 1.04 | 1.76 |
| Average customer assets (£m) | 134,297 | 39,387 | 27,330 | 36,276 | 66,724 | 22,418 | 326,432 |
| Average customer liabilities (£m) | 128,310 | 13,887 | 18,093 | 3,741 | 97,558 | 60,596 | 322,185 |
| Year Ended 31.12.12 | | | | | | | |
| Customer asset margin | 1.07 | 0.46 | 3.10 | 9.56 | 1.17 | 0.65 | 2.09 |
| Customer liability margin | 0.97 | 0.38 | 2.75 | (0.60) | 1.11 | 1.12 | 1.12 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Customer generated margin | 1.02 | 0.44 | 2.97 | 9.18 | 1.14 | 0.99 | 1.63 |
| Non-customer generated margin | 0.33 | 0.34 | 0.22 | (0.52) | 0.10 | 0.24 | 0.21 |
| Net interest margin | 1.35 | 0.78 | 3.19 | 8.66 | 1.24 | 1.23 | 1.84 |
| Average customer assets (£m) | 124,275 | 39,996 | 32,155 | 33,470 | 69,041 | 19,670 | 318,607 |
| Average customer liabilities (£m) | 111,753 | 14,824 | 19,610 | 1,286 | 85,620 | 50,083 | 283,176 |

Performance Management

Analysis of Net Interest Margin-Quarterly

| | UK RBB | Europe RBB | Africa RBB | Barclaycard | Corporate Banking | Wealth and Investment Management | Total RBB, Corporate and Wealth |
|---|---|---|---|---|---|---|---|
| Quarter Ended 31.12.13 | % | % | % | % | % | % | % |
| Customer asset margin | 1.27 | 0.43 | 3.16 | 9.19 | 1.34 | 0.98 | 2.20 |
| Customer liability margin | 0.92 | 0.38 | 2.64 | (0.27) | 0.88 | 0.97 | 0.97 |
| Customer generated margin | 1.10 | 0.42 | 2.95 | 8.17 | 1.06 | 0.97 | 1.58 |
| Non-customer generated margin | 0.22 | 0.35 | 0.30 | (0.10) | 0.07 | 0.05 | 0.16 |
| Net interest margin | 1.32 | 0.77 | 3.25 | 8.07 | 1.13 | 1.02 | 1.74 |
| Average customer assets (£m) | 136,100 | 37,884 | 24,854 | 36,640 | 66,098 | 22,765 | 324,341 |
| Average customer liabilities (£m) | 133,019 | 13,466 | 17,014 | 4,404 | 98,973 | 63,114 | 329,990 |
| Quarter Ended 30.09.13 | | | | | | | |
| Customer asset margin | 1.26 | 0.37 | 3.07 | 9.56 | 1.41 | 0.87 | 2.25 |
| Customer liability margin | 0.89 | 0.42 | 2.85 | (0.24) | 0.94 | 0.99 | 0.99 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Customer generated margin | 1.08 | 0.39 | 2.98 | 8.57 | 1.13 | 0.96 | 1.62 |
| Non-customer generated margin | 0.23 | 0.36 | 0.25 | (0.18) | 0.12 | 0.04 | 0.16 |
| Net interest margin | 1.31 | 0.75 | 3.23 | 8.39 | 1.25 | 1.00 | 1.78 |
| Average customer assets (£m) | 135,483 | 39,432 | 26,658 | 36,380 | 66,251 | 22,259 | 326,463 |
| Average customer liabilities (£m) | 131,465 | 13,842 | 17,892 | 4,084 | 96,918 | 59,740 | 323,941 |
| Quarter Ended 30.06.13 | | | | | | | |
| Customer asset margin | 1.25 | 0.47 | 3.19 | 9.34 | 1.34 | 0.75 | 2.19 |
| Customer liability margin | 0.80 | 0.40 | 2.71 | (0.30) | 1.10 | 0.97 | 1.00 |
| Customer generated margin | 1.03 | 0.45 | 3.00 | 8.46 | 1.20 | 0.91 | 1.60 |
| Non-customer generated margin | 0.23 | 0.36 | 0.15 | (0.22) | 0.07 | 0.15 | 0.15 |
| Net interest margin | 1.26 | 0.81 | 3.15 | 8.24 | 1.27 | 1.06 | 1.75 |
| Average customer assets (£m) | 134,986 | 39,767 | 27,925 | 36,069 | 66,869 | 22,351 | 327,967 |
| Average customer liabilities (£m) | 129,843 | 13,943 | 18,405 | 3,629 | 95,178 | 60,670 | 321,668 |
| Quarter Ended 31.03.13 | | | | | | | |
| Customer asset margin | 1.10 | 0.45 | 2.92 | 9.49 | 1.24 | 0.85 | 2.12 |
| Customer liability margin | 0.96 | 0.42 | 2.73 | (0.35) | 1.02 | 1.02 | 1.06 |
| Customer generated margin | 1.03 | 0.44 | 2.85 | 8.77 | 1.11 | 0.97 | 1.62 |
| Non-customer generated margin | 0.25 | 0.37 | 0.18 | (0.28) | 0.12 | 0.14 | 0.17 |
| Net interest margin | 1.28 | 0.81 | 3.03 | 8.49 | 1.23 | 1.11 | 1.79 |
| Average customer assets (£m) | 130,546 | 40,494 | 30,451 | 35,887 | 66,741 | 22,221 | 326,340 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Average customer liabilities (£m) | 118,721 | 14,307 | 18,925 | 2,822 | 93,423 | 55,642 | 303,840 |

## Risk Management

### Overview

Barclays Risk management responsibilities are laid out in the Enterprise Risk Management Framework (ERMF). This framework, which was introduced in 2013, creates clear ownership and accountability, ensures the Group's most significant risk exposures are understood and managed in accordance with agreed risk appetite, and ensures regular reporting of both risk exposures and the operating effectiveness of controls. It includes those risks incurred by Barclays that are foreseeable, continuous, and material enough to merit establishing specific bank-wide control frameworks. These are known as Key Risks and are grouped into six Principal Risks. Conduct and Reputation Risks were reclassified as Principal Risks in 2013. Further detail on how these risks are managed will be available in the 2013 Annual Report and Accounts.

The topics and associated key risks, by Principal Risk, covered in this report are described below:

| Principal Risks and Key Specific Risks | Topics Covered | Page |
|---|---|---|
| Funding Risk | | |
| · Increasing capital requirements or changes to what is defined to constitute capital may constrain planned activities and increase costs and contribute to adverse impacts on earnings | · Capital resources, risk weighted assets, balance sheet leverage and | 52 |
| | significant regulatory changes | 61 |
| · A material adverse deterioration in the Group's financial performance can affect the Group's capacity to support further capital deployment | · Liquidity pool and funding structure | 97 |
| | · Eurozone balance sheet redenomination risk | 55 |
| · Changes in funding availability and costs may impact the Group's ability to support normal business activity and meet liquidity regulatory requirements | · Impact of CRD IV | |
| · Whilst the text for CRD IV has now been issued, uncertainty remains both to its implementation and the additional variations applied to each country, e.g. early implementation of leverage ratios | | |
| Credit Risk | | |
| · Near term economic performance across major geographies is expected to remain subdued, which may adversely impact the Group. The possibility of a slowing of monetary stimulus by one or more governments has increased the uncertainty | · Total assets by valuation basis and underlying asset class | 67 |
| | · Loans and advances to customers and banks | 68 |
| | · Impairment, potential credit risk loans and coverage ratios | 70 |
| | · Retail credit risk | 72 |

| | | | |
|---|---|---|---|
| · The Group could be adversely impacted by deterioration in a country/region as a result of political instability or economic uncertainty<br>· Possibility of falls in residential property prices in the UK, South Africa and Western Europe.<br>· Impact of increased unemployment, rising inflation and potential interest rate rises in a number of countries in which the Group operates could adversely impact consumer debt affordability and corporate profitability<br>· Possibility of a Eurozone crisis remains with the risk of one or more countries reverting to a locally denominated currency. This could directly impact the Group should the value of assets and liabilities be affected differently<br>· Impact of potentially deteriorating sovereign credit quality, particularly debt servicing and refinancing capability<br>· Large single name losses and deterioration in specific sectors and geographies and deterioration in the Exit Quadrant portfolio | | · Wholesale credit risk<br>· Group exposures to Eurozone countries | 86<br>92 |

Risk Management

Market Risk

| | | | |
|---|---|---|---|
| · A significant reduction in client volumes or market liquidity could result in lower fees and commission income and a longer | | · Analysis Investment Bank's DVaR<br>· Analysis of interest margins | 98<br>47<br>112 |

| | | |
|---|---|---|
| time period between executing a client trade, closing out a hedge, or exiting a position arising from that trade<br>· Uncertain interest and exchange rate environment could adversely impact the Group, for example interest rate volatility can impact Barclays net interest margin<br>· Adverse movements between pension assets and liabilities for defined benefit pension schemes could contribute to a pension deficit | · Retirement benefit liabilities | |
| Operational Risk | | |
| · The industry continues to be subject to unprecedented levels of regulatory change and scrutiny in many of the countries in which the Group operates with past business reviews and the new legislation/regulatory frameworks driving heightened risk exposure<br>· The Group is subject to a comprehensive range of legal obligations and is operating in an increasingly litigious environment<br>· Increasing risk of cyber attacks to IT systems both in quantity and sophistication, and risk to the ongoing resilience and security of the Group's infrastructure<br>· The Transform agenda is driving a period of significant strategic and organisational change, which in the short term, during implementation, may heighten operational risk exposure | · Legal, competition and regulatory matters<br>· Costs to achieve Transform | 114<br>45 |
| Reputation Risk | | |
| · The reputation of the Group may be adversely affected by failure or perceived failure to comply with required/stated standards or to behave in accordance with Barclays' purpose and values. This may impact negatively on trust among stakeholders, make engagement with them more difficult and result in a more hostile businesses environment<br>· Failure to identify and mitigate or manage proactively reputation risks associated with business decisions and emerging issues or events affecting Barclays and the financial sector<br>· Stakeholder perceptions continue to be impacted by historical controversies | · Legal, competition and regulatory matters<br>· Provisions | 114<br>109 |
| Conduct Risk | | |
| · Adverse impacts on customers and markets of current and future business model and strategy not being robust, resilient or sustainable | · Legal, competition and regulatory matters<br>· Provisions | 114<br>109 |

· Governance and culture fail to ensure that our business is run in the right way for our customers
· Products and services offered are not designed properly for customer purpose and/or not sold to the right customers in the right way
· New and existing customer expectations are not serviced appropriately
· Failing to protect our business, our clients and market integrity against financial crime

The comparatives on page 52 to 98 have been restated to reflect the implementation of IFRS 10 Consolidated Financial Statements and IAS 19 Employee Benefits (Revised 2011), the reallocation of elements of Head Office results to businesses and portfolio restatements between businesses, as detailed in our announcement on 16 April 2013.

Funding Risk - Capital

| CRD III Capital Ratios | As at 31.12.13 | As at 31.12.12 |
|---|---|---|
| Core Tier 1 | 13.2% | 10.8% |
| Tier 1 | 15.7% | 13.2% |
| Total capital | 19.9% | 17.0% |
| | | |
| Capital Resources | £m | £m |
| Shareholders' equity (excluding non-controlling interests) per balance sheet | 55,385 | 50,615 |
| - Less: CRD IV additional Tier 1 equity1 | (2,063) | - |
| Own credit cumulative loss2 | 806 | 804 |
| Unrealised losses/(gains) on available for sale debt securities2 | 3 | (417) |
| Unrealised gains on available for sale equity (recognised as tier 2 capital)2 | (151) | (110) |
| Cash flow hedging reserve2 | (273) | (2,099) |
| | | |
| Non-controlling interests per balance sheet | 8,564 | 9,371 |
| - Less: Other Tier 1 capital - preference shares | (6,131) | (6,203) |
| - Less: Non-controlling Tier 2 capital | (478) | (547) |
| Other regulatory adjustments to non-controlling interests | (23) | (171) |
| | | |
| Other regulatory adjustments and deductions: | | |
| Defined benefit pension adjustment2 | 195 | 49 |
| Goodwill and intangible assets2 | (7,618) | (7,622) |
| 50% excess of expected losses over impairment2 | (787) | (648) |
| 50% of securitisation positions | (503) | (997) |

| | | |
|---|---|---|
| Other regulatory adjustments | (142) | (303) |
| Core Tier 1 capital | 46,784 | 41,722 |
| | | |
| Other Tier 1 capital: | | |
| Preference shares | 6,131 | 6,203 |
| Tier 1 notes3 | 500 | 509 |
| Reserve Capital Instruments3 | 2,858 | 2,866 |
| | | |
| Regulatory adjustments and deductions: | | |
| 50% of material holdings | (459) | (241) |
| 50% of the tax on excess of expected losses over impairment | 6 | 176 |
| Total Tier 1 capital | 55,820 | 51,235 |
| | | |
| Tier 2 capital: | | |
| Undated subordinated liabilities | 1,522 | 1,625 |
| Dated subordinated liabilities | 13,626 | 14,066 |
| Non-controlling Tier 2 capital | 478 | 547 |
| Reserves arising on revaluation of property2 | 7 | 39 |
| Unrealised gains on available for sale equity2 | 153 | 110 |
| Collectively assessed impairment allowances | 1,875 | 2,002 |
| | | |
| Tier 2 deductions: | | |
| 50% of material holdings | (459) | (241) |
| 50% excess of expected losses over impairment (gross of tax) | (793) | (824) |
| 50% of securitisation positions | (503) | (997) |
| | | |
| Total capital regulatory adjustments and deductions: | | |
| Investments that are not material holdings or qualifying holdings | (768) | (1,139) |
| Other deductions from total capital | (288) | (550) |
| Total regulatory capital | 70,670 | 65,873 |

1 Additional Tier 1 instruments that are not eligible for CRD III capital but are eligible under CRD IV rules
2 The capital impacts of these items are net of tax
3 Tier 1 notes and reserve capital instruments are included in subordinated liabilities in the consolidated balance sheet

Funding Risk - Capital

Movement in Core Tier 1 Capital

| | 2013 | 2012 |
|---|---|---|
| | £m | £m |
| Core Tier 1 capital as at 1 January | 41,722 | 42,093 |
| | | |
| Profit for the period | 1,297 | 181 |

| | | |
|---|---|---|
| Removal of own credit1 | 2 | 3,484 |
| Dividends paid | (1,672) | (1,427) |
| Retained regulatory capital generated from earnings | (373) | 2,238 |
| | | |
| Rights issue | 5,830 | - |
| Movement in reserves - impact of ordinary shares and share schemes | 1,203 | (165) |
| Movement in currency translation reserves | (1,767) | (1,548) |
| Movement in retirement benefit reserves | (515) | (1,235) |
| Other reserves movements | 17 | 33 |
| Movement in other qualifying reserves | 4,768 | (2,915) |
| | | |
| Movement in regulatory adjustments and deductions: | | |
| Defined benefit pension adjustment1 | 146 | 53 |
| Goodwill and intangible asset balances1 | 4 | (62) |
| 50% excess of expected losses over impairment1 | (139) | (142) |
| 50% of securitisation positions | 494 | 320 |
| Other regulatory adjustments | 162 | 137 |
| Core Tier 1 capital as at 31 December | 46,784 | 41,722 |

- The Core Tier 1 ratio increased to 13.2% (2012: 10.8%) reflecting an increase in Core Tier 1 capital of £5.1bn to £46.8bn

Barclays generated £1.3bn Core Tier 1 capital from earnings after absorbing the impact of provisions for PPI and interest rate hedging product redress. After deducting £1.7bn of dividends paid during 2013, retained regulatory capital generated from earnings decreased Core Tier 1 capital by £0.4bn. Other material movements in Core Tier 1 capital were:

- £5.8bn increase in share capital and share premium due to the rights issue

- £0.8bn increase in share capital and share premium due to warrants exercised

- £1.8bn decrease due to foreign currency movements, primarily due to the strengthening of GBP against USD and ZAR

- £0.5bn decrease in securitisation deductions due to rundown of legacy assets

Total Capital Resources increased overall by £4.8bn to £70.7bn

The increases in Core Tier 1 capital were partially reduced by decreases in Tier 2 capital as a result of £1.4bn of redemptions of dated subordinated liabilities offset by £0.7bn of new issuances and a further £0.5bn decrease in securitisation deductions at a total capital level

1 The capital impacts of these items are net of tax.

Funding Risk - Capital

Risk Weighted Assets by Risk Type and Business

| | Credit Risk | | | Counterparty Credit Risk | | Market Risk | | | Operational Risk | Total RWAs |
|---|---|---|---|---|---|---|---|---|---|---|
| | STD | F-IRB | A-IRB | IMM | Non Model Method | STD | Modelled - VaR | Charges Add-on and Non-VaR Modelled | | |
| As at 31.12.13 | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| UK RBB | 2,639 | - | 34,765 | - | - | - | - | - | 6,680 | 44,084 |
| Europe RBB | 4,206 | - | 9,568 | - | 4 | - | - | - | 2,128 | 15,906 |
| Africa RBB | 5,196 | 4,820 | 8,400 | - | 3 | - | - | - | 3,965 | 22,384 |
| Barclaycard | 18,070 | - | 16,479 | - | - | - | - | - | 6,594 | 41,143 |
| Investment Bank | 7,306 | 3,142 | 41,031 | 20,847 | 6,120 | 16,957 | 14,932 | 7,490 | 24,807 | 142,632 |
| Corporate Banking | 22,582 | 2,846 | 36,132 | 649 | 2 | - | - | - | 6,717 | 68,928 |
| Wealth and Investment Management | 11,209 | 225 | 1,796 | - | 230 | - | - | - | 3,261 | 16,721 |
| Head Office Functions and Other Operations | 168 | - | 2,684 | - | - | - | - | - | 159 | 3,011 |
| Total RWAs | 71,376 | 11,033 | 150,855 | 21,496 | 6,359 | 16,957 | 14,932 | 7,490 | 54,311 | 354,809 |
| | | | | | | | | | | |
| As at 31.12.12 | | | | | | | | | | |
| UK RBB | 1,163 | - | 31,401 | - | - | - | - | - | 6,524 | 39,088 |
| Europe RBB | 5,051 | - | 8,786 | - | 3 | - | - | - | 1,955 | 15,795 |
| Africa RBB | 3,801 | 5,778 | 10,602 | - | 7 | - | - | - | 4,344 | 24,532 |
| Barclaycard | 17,326 | - | 13,957 | - | - | - | - | - | 6,553 | 37,836 |
| Investment Bank | 9,386 | 3,055 | 48,000 | 25,127 | 4,264 | 25,396 | 22,497 | 15,429 | 24,730 | 177,884 |
| Corporate Banking | 28,295 | 3,430 | 31,897 | 500 | - | - | - | - | 6,736 | 70,858 |
| Wealth and Investment Management | 11,647 | 317 | 707 | - | 199 | - | - | - | 3,184 | 16,054 |
| Head Office Functions and Other Operations | 205 | - | 4,961 | - | - | - | - | - | 160 | 5,326 |
| Total RWAs | 76,874 | 12,580 | 150,311 | 25,627 | 4,473 | 25,396 | 22,497 | 15,429 | 54,186 | 387,373 |

Movement in RWAs

Counterparty Market Operational

| | Credit Risk | Credit Risk | Risk | Risk | Total |
|---|---|---|---|---|---|
| Risk weighted assets | £bn | £bn | £bn | £bn | £bn |
| As at 1 January 2013 | 239.8 | 30.1 | 63.3 | 54.2 | 387.4 |
| Book size | 6.0 | (2.1) | (17.9) | 0.1 | (13.9) |
| Acquisitions and disposals (including exit quadrant) | (7.7) | (0.2) | (3.6) | 0.1 | (11.4) |
| Book quality | (4.5) | 0.2 | (0.1) | - | (4.4) |
| Model updates | 2.6 | 0.8 | (0.1) | - | 3.3 |
| Methodology and policy | 1.6 | (0.2) | - | - | 1.4 |
| Foreign exchange movement1 | (4.6) | (0.3) | (0.2) | (0.1) | (5.2) |
| Other | 0.1 | (0.4) | (2.1) | - | (2.4) |
| As at 31 December 2013 | 233.3 | 27.9 | 39.3 | 54.3 | 354.8 |

1 Foreign exchange movement does not include movements for IMM, Modelled Market Risk or Exit Quadrant.

Funding Risk - Capital

RWAs decreased by £32.6bn, reflecting:

Reductions in book size decreased RWAs by £13.9bn, primarily driven by reduced sovereign exposure and risk reductions in the trading book, offset by asset growth in UK RBB and Barclaycard

Acquisitions and disposals decreased RWAs by £11.4bn, primarily driven by Exit Quadrant reductions, offset by the acquisition of Barclays Direct

Book quality improved resulting in a RWA reduction of £4.4bn, primarily driven by changing risk profile within UK RBB, Corporate Bank and the Investment Bank

Model updates increased RWAs by £3.3bn, primarily driven by model changes within Barclaycard in order to meet changes in regulatory guidance

Methodology and policy changes increased RWAs by £1.4bn, driven by changes to the treatment of forbearance, offset by improvements to the application of collateral to credit exposures

Foreign exchange movements decreased RWAs by £5.2bn, primarily driven by the appreciation of GBP against ZAR

Other decreased RWAs by £2.4bn, primarily driven by changes in measurement within the trading book

CRD IV as implemented by the Prudential Regulation Authority

The new Capital Requirements Regulation and amended Capital Requirements Directive have implemented Basel 3 within the EU (collectively known as CRD IV) with effect from 1 January 2014. However, certain aspects of CRD IV are dependent on final technical standards to be issued by the European Banking Authority (EBA) and adopted by the European Commission as well as UK implementation of the rules. Barclays has calculated RWAs, Capital and Leverage ratios reflecting our interpretation of the current rules and guidance. Further changes to the impact of CRD IV may emerge as the requirements are finalised and implemented within Barclays

Capital ratios

Barclays continues to be in excess of minimum CRD IV capital ratios on both a transitional and fully loaded basis

As at 31 December 2013 Barclays exceeded the PRA target fully loaded CET1 ratio of 7%. On a transitional basis the PRA has implemented a minimum requirement CET1 ratio of 4%, Tier 1 ratio of 5.5% (in 2014) and Total Capital ratio of 8%

Barclays' current regulatory target is to meet a fully loaded CET1 ratio of 9% by 2019, plus a Pillar 2A add-on. The 9% comprises the required 4.5% minimum CET1 ratio and, phased in from 2016, a Combined Buffer Requirement made up of a Capital Conservation Buffer (CCB) of 2.5% and an expected Globally Systemically Important Institution (G-SII) buffer of 2%

Under current PRA guidance, the Pillar 2A add-on will need to be met with 56% CET1 from 2015, which would equate to approximately 1.4%1 of RWAs if the requirement were to be applied today. The Pillar 2A add-on would be expected to vary over time according to the PRA's individual capital guidance

In addition, a Counter-Cyclical Capital Buffer (CCCB) and/or additional sectoral capital requirements (SCR) may be required by the Bank of England to protect against perceived threats to financial stability. CRD IV also includes the potential for a Systemic Risk Buffer (SRB). These buffers could be applied at the Group level or at a legal entity, sub-consolidated or portfolio level. No CCCB, SCR or SRB has currently been set by the Bank of England

Capital resources

The PRA has announced the acceleration of transitional provisions relating to CET1 deductions and filters so the fully loaded requirements are applicable from 1 January 2014, with the exception of unrealised gains on available for sale debt and equity. As a result, transitional capital ratios are now closely aligned to fully loaded ratios

Following the issuance of the EBA's final draft technical standard on own funds, a deduction has been recognised for foreseeable dividends. As at 31 December 2013, this represents an accrual for the final dividend for 2013, calculated at 3.5p per share, and the coupons on other equity accounted instruments

Grandfathering limits on capital instruments, previously qualifying as Tier 1 and Tier 2, are unchanged under the PRA transitional rules

1 Based on a point in time assessment made by the PRA, at least annually. The PRA is developing proposals to reform its Pillar 2 framework and, as noted in PS7/13 (PRA policy statement PS7/13 on strengthening capital standards published in December 2013), it expects to consult on those proposals during the course of 2014. The EBA is also developing guidelines on the Supervisory Review and Evaluation Process (SREP) and on Pillar 2 capital, which are likely to affect how the PRA approaches Pillar 2.

Funding Risk - Capital

The Prudential Valuation Adjustment (PVA) is shown as fully deducted from CET1 upon adoption of CRD IV. PVA is subject to a technical standard being drafted by the EBA and the impact is currently based on methodology agreed with the PRA. The PVA deduction as at 31 December 2013 was £2.5bn

Barclays continues to recognise minority interests in eligible subsidiaries within African operations as CET1 (subject to regulatory haircuts prescribed in CRD IV) in accordance with our application of regulatory requirements on own funds

As a result of the application of the EBA's final draft technical standard, PRA guidance and management actions taken during 2013, net long non-significant holdings in financial entities amount to £3.5bn and are below the 10% CET1 threshold that would require a capital deduction

RWAs

The PRA has confirmed Barclays model approvals under CRD IV, with certain provisions reflecting relevant changes to the rules and guidance; the impact of which has been reflected in our CRD IV disclosures where applicable. Barclays models are subject to continuous monitoring, update and regulatory review, which may result in future changes to CRD IV capital requirements

It is assumed that corporates, pension funds and sovereigns that meet the eligibility conditions are exempt from CVA volatility charges

Under CRD IV rules, all Central Clearing Counterparties (CCPs) are deemed to be 'Qualifying' on a transitional basis. The final determination of Qualifying status will be made by the European Securities and Markets Authority (ESMA)

RWAs include 1250% risk weighting of securitisation positions that were previously deducted from Core Tier 1 and Tier 2 capital. The RWA increases are reflected in Credit Risk, Counterparty Credit Risk and Market Risk

Securitisation RWAs include the impact of CRDIV on applying either standardised or advanced methods for securitisation exposures dependent on the character of the underlying assets

Funding Risk - Capital

| Impact of CRD IV - Capital | CRD IV Fully-loaded 31.12.13 £bn |
|---|---|
| Core Tier 1 capital (CRD III) | 46.8 |
| RWAs (CRD III) | 354.8 |
| | |
| Core Tier 1 ratio (CRD III) | 13.2% |
| | |
| CRD IV impact on Core Tier 1 capital: | |
| Conversion from securitisation deductions to RWAs | 0.5 |
| Prudential Valuation Adjustment (PVA) | (2.5) |
| Debit Valuation Adjustment (DVA) | (0.2) |
| Expected losses over impairment | (1.3) |
| Deferred tax assets deduction | (1.0) |
| Excess minority interest | (0.6) |
| Pensions | (0.2) |
| Foreseeable dividends | (0.7) |
| Gains on available for sale equity and debt | 0.2 |
| Other | (0.6) |
| CET1 capital | 40.4 |
| Tier 1 capital | 42.7 |
| Total Capital | 61.6 |
| | |
| RWAs (CRD III) | 354.8 |
| | |
| CRD IV impact to RWAs: | |
| Credit Valuation Adjustment (CVA) | 17.3 |
| Securitisation | 19.3 |
| Other Counterparty Credit Risk (including Central Counterparty Clearing) | 30.6 |
| Other1 | 13.6 |
| RWA impact | 80.8 |
| | |
| CRD IV RWAs | 435.6 |
| | |
| CET1 ratio | 9.3% |
| Tier 1 ratio | 9.8% |
| Total Capital Ratio | 14.1% |

As at 31 December 2013, assuming 2013 was the first year of application under the PRA's transitional rules, which reflect the maximum pace of transition, Barclays CET1 ratio would be 9.2%[2,3], the Tier 1 ratio would be 11.5% and the total capital ratio would be 15.3%.

1 Other CRD IV impacts to RWAs include deferred tax asset, significant holdings in financial institutions and other items.
2 Difference to fully loaded ratio arises from an additional capital deduction for unrealised gains on available for sale debt and equity of £0.2bn.
3 The transitional CET1 ratio according to the FSA October 2012 transitional statement would be 11.3%.

Funding Risk - Capital

CRD IV - RWA by risk type and business

| As at 31.12.13 | Credit Risk | Counterparty Credit Risk | Market Risk | Operational risk | Total CRD IV Risk Weighted Assets |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| UK RBB | 37,456 | - | - | 6,680 | 44,136 |
| Europe RBB | 14,084 | 4 | 2 | 2,128 | 16,218 |
| Africa RBB | 18,838 | 3 | - | 3,965 | 22,806 |
| Barclaycard | 33,859 | - | - | 6,594 | 40,453 |
| Investment Bank | 69,621 | 58,188 | 69,029 | 24,807 | 221,645 |
| Corporate Bank | 63,101 | 651 | - | 6,717 | 70,469 |
| Wealth and Investment Management | 13,714 | 231 | 74 | 3,261 | 17,280 |
| Head Office Functions and Other Operations | 2,389 | - | - | 159 | 2,548 |
| Total CRD IV Risk Weighted Assets | 253,062 | 59,077 | 69,105 | 54,311 | 435,555 |

Leverage ratio requirements

CRD IV introduces a non-risk based leverage ratio that is intended to act as a supplementary back stop to the risk based capital measures. The CRD IV leverage ratio is calculated as CRD IV Tier 1 capital divided by CRD IV leverage exposure. Under CRD IV, banks are required to report their leverage ratio for supervisory review purposes from 2014 and from 2015 banks are required to publish their leverage ratios in Pillar 3 disclosures, with the expectation that a binding Pillar I requirement will be introduced across the EU from 2018. The EBA is tasked with monitoring banks submissions with regard to the leverage ratio by end 2016 which may result in further changes to the leverage ratio.

The PRA has communicated its expectation that Barclays meets a 3% estimated PRA leverage ratio by June 2014. The estimated PRA leverage ratio is calculated on the fully loaded CRD IV Tier 1 capital base adjusted for certain PRA defined deductions, and a PRA adjusted1 CRD IV leverage exposure measure.

Barclays expects to meet the leverage expectation of 3% communicated by the PRA.

Barclays has disclosed an estimated leverage ratio based on our understanding of the requirements and guidance of CRD IV as currently published and is subject to further change as the rules are fully implemented. The estimated ratio does not take account of the finalisation of the Basel 3 leverage ratio framework issued by the Basel Committee on 12 January 2014.

CRD IV Leverage ratio calculation

In calculating the CRD IV leverage ratio the IFRS balance sheet is taken as a starting point and the following key adjustments to total assets have been applied:

Derivatives netting adjustment: regulatory netting applied across asset and liability mark-to-market derivative positions pursuant to legally enforceable bilateral netting agreements and meeting the requirements of CRD IV

Potential Future Exposure (PFE) on derivatives: regulatory add on for potential future credit exposures, calculated in accordance with the CRD IV mark-to-market method by assigning standardised percentages to the notional values on derivative contracts

Securities Financing Transactions (SFTs) adjustments: under CRD IV, the IFRS measure of SFTs is replaced with the Financial Collateral Comprehensive Method (FCCM) measure, calculated as an add on equal to exposure less collateral, taking into account master netting agreements and adjusting for volatility haircuts

Undrawn Commitments: regulatory add-ons relating to off balance sheet undrawn commitments are based on a standardised credit conversion factor of 10% for unconditionally cancellable commitments and 100% for all other commitments. The rules specify relief to be applied to trade finance related undrawn commitments which are deemed to be medium/low risk (20%) and medium risk (50%)

1 Adjusted to avoid creating disincentives to facilitate central clearing for customers and cash variation margin received and posted (as specified under SS3/132).

Funding Risk - Capital

Regulatory deductions: items (comprising goodwill and intangibles, deferred tax asset permanent losses, own paper, cash flow hedge reserve, pension assets and PVA) that are deducted from the capital measure are also deducted from total leverage exposure to ensure consistency between the numerator and denominator

Other adjustments: includes adjustments required to change from an IFRS scope of consolidation to a regulatory scope of consolidation, adjustments for significant investments in financial sector entities that are consolidated
for accounting purposes but not for regulatory purposes, and the removal of IFRS reduction in assets for the recognition of Credit Risk Mitigation and the netting of loans with deposits

In addition, in accordance with SS3/131 the estimated PRA adjusted leverage exposure allows for further adjustments that reduce leverage exposure by £14bn. These adjustments:

– Exclude potential future exposure on the qualifying central clearing counterparties (QCCPs) legs of client clearing transactions where Barclays does not guarantee the performance of the QCCP to the client

Allow for the netting of assets with cash collateral received for variation margin in relation to derivatives trades to facilitate customer central clearing as well as cash collateral received and posted on Barclays own derivative transactions with QCCPs

Basel Committee Leverage Ratio

On 12 January 2014, the Basel Committee announced the finalisation of its revised rules for calculating the Basel 3 leverage ratio. These included a number of elements that would require amendments to CRD IV if adopted in the EU, although implementation timeframes within the EU are not yet clear. Compared to the current CRD IV implementation, the revised rules contain elements that will increase leverage exposure; including capturing a calculation for net written credit derivatives based upon their notional value and the inclusion of netted cash legs of SFTs. The revised rules also include elements that will reduce leverage exposure including, the removal of volatility haircuts in relation to the SFTs add-on, the ability to net down derivative MTM exposures with eligible cash collateral (this element includes the impact of the PRA rule changes, and expands upon them), and more favourable credit conversion factors for undrawn commitments. Based on an initial high level impact analysis we have estimated the changes would decrease the CRD IV leverage ratio by approximately 20 basis points prior to management actions.

1 PRA Supervisory Statement SS3/13 on Capital and leverage ratios for major UK banks and building societies published in November 2013.

Funding Risk - Capital

Estimated CRD IV- Leverage

| | IFRS balance sheet | Leverage exposure | Leverage exposure |
|---|---|---|---|
| | As at | As at | As at |
| | 31.12.13 | 31.12.13 | 30.06.13 |
| Fully loaded Leverage Exposure | £bn | £bn | £bn |

| | | | |
|---|---|---|---|
| Derivatives | | | |
| IFRS derivative financial instruments | 324 | 324 | 403 |
| Additional netting adjustments for derivatives | | (260) | (324) |
| Potential Future Exposure on derivatives | | 256 | 308 |
| Total derivatives | | 320 | 387 |
| | | | |
| Securities Financing Transaction (SFTs) | | | |
| Reverse repurchase agreements and other similar secured lending | 187 | 187 | 223 |
| Remove IFRS reverse repurchase agreements and other similar secured lending | | (187) | (223) |
| Add leverage exposure measures for SFTs | | 92 | 93 |
| Total securities financing transactions | | 92 | 93 |
| | | | |
| Other assets and adjustments | | | |
| Loans and advances and other assets | 801 | 801 | 907 |
| Undrawn commitments | | 179 | 190 |
| Regulatory deductions and other adjustments | | (15) | (18) |
| Total other assets and adjustments | | 965 | 1,079 |
| | | | |
| Total exposure | 1,312 | 1,377 | 1,559 |
| PRA adjustment to CRD IV leverage exposure | | (14) | - |
| PRA adjusted leverage exposure | | 1,363 | 1,559 |

| Leverage Ratio | Leverage ratio As at 31.12.13 £bn | Leverage ratio As at 30.06.13 £bn |
|---|---|---|
| CET1 capital | 40.4 | 38.1 |
| Additional Tier 1 capital | 2.3 | 0.2 |
| Tier 1 capital | 42.7 | 38.3 |
| PRA deductions to CET1 1 capital1 | (2.2) | (4.1) |
| PRA adjusted Tier 1 capital | 40.5 | 34.2 |
| | | |
| Fully loaded CRD IV leverage ratio | 3.1% | 2.5% |
| PRA leverage ratio | 3.0% | 2.2% |

The estimated PRA leverage exposure decreased to £1,363bn (June 2013: £1,559bn). Excluding the impact of movements in foreign currency, leverage exposure reduced approximately £140bn driven by reductions in loans and advances, trading portfolio assets and potential future exposure on derivatives

Applying the Basel 3 2010 text for the calculation of leverage would result in an estimated leverage exposure of £1,521bn (June 2013: £1,665bn), reflecting an increase of £144bn in the SFT exposure calculation from the CRD IV exposure. The estimated fully loaded leverage ratio would be 2.8% (June 2013: 2.3%)on this basis

1 The PRA adjustment to CET1 capital as at 30 June 2013 included incremental expected loss charges on specific portfolios deemed vulnerable by the PRA and a deduction relating to the calculation of PVA. No adjustment for PVA was applied as at 31 December 2013 as the underlying calculation of CET1 capital has been updated to reflect the agreed change in methodology.

Funding Risk - Liquidity

Funding & Liquidity

Barclays has a comprehensive Liquidity Risk Management Framework (the Liquidity Framework) for managing the Group's liquidity risk. The Liquidity Framework meets the PRA's standards and is designed to ensure that the Group maintains sufficient financial resources of appropriate quality for the Group's funding profile. This is achieved via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. Together, these meet internal and regulatory requirements.

Liquidity risk is managed separately at Barclays Africa Group Limited (BAGL) due to local currency and funding requirements. Unless stated otherwise, all disclosures in this section exclude BAGL and they are reported on a stand-alone basis. Adjusting for local requirements, BAGL liquidity risk is managed on a consistent basis to Barclays Group.

Liquidity stress testing

Under the Liquidity Framework, the Group has established a Liquidity Risk Appetite (LRA), which is measured with reference to the liquidity pool compared to anticipated stressed net contractual and contingent outflows under a variety of stress scenarios. These scenarios are aligned to the PRA's prescribed stresses and cover a market-wide stress event, a Barclays-specific stress event and a combination of the two. Under normal market conditions, the liquidity pool is managed to be at least 100% of 90 days of anticipated outflows for a market-wide stress and 30 days of anticipated outflows for each of the Barclays-specific and combined stresses. Of these, the 30 day Barclays-specific scenario requires the largest liquidity pool to meet its stress outflows.

Since June 2010 the Group has reported its liquidity position against Individual Liquidity Guidance (ILG) provided by the PRA. The Group also monitors its position against anticipated Basel 3 metrics, including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). As at 31 December 2013 Barclays ratios were in excess of 100% for both of these metrics, with an estimated LCR of 102% (2012: 126%) and an estimated NSFR of 110% (2012: 112%)1.

As at 31 December 2013, the Group held eligible liquid assets in excess of 100% of net stress outflows for each of the 30 day Barclays-specific LRA scenario and the Basel 3 LCR:

| Compliance with internal and regulatory stress tests | Barclays' LRA (30 day Barclays specific requirement)2 | Estimated Basel 3 LCR1 |
|---|---|---|
| | £bn | £bn |
| Eligible liquidity buffer | 127 | 130 |
| Net stress outflows | 122 | 128 |
| Surplus | 5 | 2 |
| | | |
| Liquidity pool as a percentage of anticipated net outflows as at 31 December 2013 | 104% | 102% |
| Liquidity pool as a percentage of anticipated net outflows as at 31 December 2012 | 129% | 126% |

In 2013, Barclays Group right sized its liquidity pool to reduce the large LRA and LCR surpluses to support the leverage plan and reduce the costs of surplus liquidity, whilst maintaining compliance with its internal liquidity risk appetite and external regulatory requirements.

Barclays plans to maintain its surplus to the internal and regulatory stress requirements at an efficient level. Barclays will continue to monitor the money markets closely, in particular for early indications of the tightening of available funding. In these conditions, the nature and severity of the stress scenarios are reassessed and appropriate action taken with respect to the liquidity pool. This may include further increasing the size of the pool or monetising the pool to meet stress outflows.

1 The methodology for estimating the LCR and NSFR is based on an interpretation of the Basel standards published in January 2013 and January 2014 respectively and includes a number of assumptions which are subject to change prior to the implementation of the CRD IV.

2 Of the three stress scenarios monitored as part of the LRA, the 30 day Barclays specific scenario results in the lowest ratio at 104% (2012: 129%). This compares to 127% (2012: 141%) under the 90 day market-wide scenario and 112% (2012: 145%) under the 30 day combined scenario.

Funding Risk - Liquidity

Liquidity pool

The Group liquidity pool as at 31 December 2013 was £127bn (2012: £150bn). During 2013, the month-end liquidity pool ranged from £127bn to £157bn (2012: £150bn to £173bn), and the month-end average balance was £144bn (2012: £162bn). The liquidity pool is held unencumbered and is not used to support payment or clearing requirements. Such requirements are treated as part of our regular business funding. The liquidity pool is intended to offset stress outflows and comprises the following cash and unencumbered assets. The decrease of the size of the liquidity pool during 2013 is consistent with Group plans to optimise the size of the liquidity pool, within our established liquidity risk appetite framework, while maintaining compliance with regulatory requirements. The change in the composition of the liquidity pool, from cash and deposits with central banks to government bonds, was done to reduce the overall cost of the liquidity pool.

Composition of the Group Liquidity Pool

| As at 31.12.2013 | Liquidity Pool 31.12.2013 £bn | Liquidity pool of which PRA eligible1 £bn | Liquidity pool of which Basel III LCR-eligible2 Level 1 £bn | Level 2A £bn | Liquidity Pool 31.12.2012 £bn |
|---|---|---|---|---|---|
| Cash and deposits with central banks3 | 43 | 42 | 41 | - | 85 |
| Government bonds4 | | | | | |
| AAA rated | 52 | 51 | 52 | - | 40 |
| AA+ to AA- rated | 9 | 8 | 8 | - | 5 |
| Other government bonds | 1 | - | - | - | 1 |
| Total Government bonds | 62 | 59 | 60 | - | 46 |
| Other | | | | | |
| Supranational bonds and multilateral development banks | 3 | 3 | 3 | - | 4 |
| Agencies and agency mortgage-backed securities | 10 | - | 5 | 5 | 7 |
| Covered bonds (rated AA- and above) | 6 | - | - | 6 | 5 |
| Other | 3 | - | - | - | 3 |
| Total other | 22 | 3 | 8 | 11 | 19 |
| Total as at 31 December 2013 | 127 | 104 | 109 | 11 | |
| Total as at 31 December 2012 | 150 | 129 | 136 | 8 | |

Barclays manages the liquidity pool on a centralised basis. As at 31 December 2013, 90% of the liquidity pool was located in Barclays Bank PLC (2012: 90%) and was available to meet liquidity needs across the Barclays Group. The residual liquidity pool is held predominantly within Barclays Capital Inc (BCI). The portion of the liquidity pool outside of Barclays Bank PLC is held against entity-specific stressed outflows and regulatory requirements.

1 £104bn of the liquidity pool is PRA eligible as per BIPRU 12.7. In addition, there are £9bn of Level 2 assets available, as per PRA's announcement in August 2013 that certain assets specified by PRA as Level 2 assets can be used on a transitional basis.

2 The LCR-eligible assets presented in this table represent only those assets which are also eligible for the Group liquidity pool and do not include any Level 2B assets as defined by the Basel Committee on Banking Supervision.

3 Of which over 95% (2012: over 95%) was placed with the Bank of England, US Federal Reserve, European Central Bank, Bank of Japan and Swiss National Bank.
4 Of which over 85% (2012: over 80%) are comprised of UK, US, Japanese, French, German, Danish, Swiss and Dutch securities.

Funding Risk - Liquidity

Deposit Funding

| | As at 31.12.2013 | | | As at 31.12.12 |
|---|---|---|---|---|
| Funding of Loans and Advances to Customers1 | Loans and Advances to Customers | Customer Deposits | Loan to Deposit Ratio | Loan to Deposit Ratio |
| | £bn | £bn | % | % |
| RBB & Barclaycard | 234 | 174 | | |
| Corporate Banking2 | 61 | 109 | | |
| Wealth and Investment Management | 23 | 63 | | |
| Total funding excluding secured | 318 | 346 | 92 | 102 |
| Secured funding3 | | 41 | | |
| Sub-total including secured funding | 318 | 387 | 82 | 88 |
| | | | | |
| RBB & Barclaycard, Corporate Banking & Wealth and Investment Management2 | 318 | 346 | 92 | 102 |
| Investment Bank | 41 | 20 | | |
| Head Office and Other Operations | 1 | - | | |
| Trading settlement balances and cash collateral | 70 | 62 | | |
| Total | 430 | 428 | 101 | 110 |

Retail, Corporate Banking and Wealth and Investment Management activities are largely funded by customer deposits with the remaining funding secured against customer loans and advances. The loan to deposit ratio for these businesses was 92% (2012: 102%).

The excess of the Investment Bank's loans and advances over customer deposits is funded with long-term debt and equity. The Investment Bank does not rely on customer deposit funding from Retail, Corporate Banking and Wealth and Investment Management.

As at 31 December 2013, £122bn (2012: £112bn) of total customer deposits were insured through the UK Financial Services Compensation Scheme and other similar schemes. In addition to these customer deposits, there were £3bn (2012: £3bn) of other liabilities insured or guaranteed by governments.

Wholesale Funding

Funding of Other Assets as at 31 December 2013

| Assets | £bn | Liabilities | £bn |
|---|---|---|---|
| Trading Portfolio Assets | 63 | Repurchase agreements | 196 |
| Reverse repurchase agreements | 133 | | |
| Reverse repurchase agreements | 53 | Trading Portfolio Liabilities | 53 |
| Derivative Financial Instruments | 323 | Derivative Financial Instruments | 319 |
| Liquidity pool | 127 | Less than 1 year wholesale debt | 82 |
| Other assets 4 | 119 | Greater than 1 year wholesale debt and equity | 164 |

1 Included within RBB, Barclaycard, Corporate Banking, Wealth and Investment Management and the Investment Bank are BAGL related balances totalling £32bn of loans and advances to customers funded by £30bn of customer deposits. (£7.3bn of which is BAGL Investment Bank).

2 In addition, Corporate Banking holds £15.7bn (2012: £17.6bn) loans and advances as financial assets held at fair value.

3 Secured funding includes covered bonds, public securitisations, bilateral repos and central bank borrowings. These are not included within customer deposits.

4 Predominantly available for sale investments, trading portfolio assets, financial assets designated at fair value and loans and advances to banks.

Funding Risk - Liquidity

Trading portfolio assets are largely funded by repurchase agreements with 63% (2012: 74%) secured against highly liquid assets1. The weighted average maturity of these repurchase agreements secured against less liquid assets was 69 days (31 December 2012: 84 days)

The majority of reverse repurchase agreements are matched by repurchase agreements. As at 31 December 2013, 76% (2012: 75%) of matched book activity was secured against highly liquid assets1. The remainder of reverse repurchase agreements are used to settle trading portfolio liabilities

Derivative assets and liabilities are largely matched. A substantial proportion of balance sheet derivative positions qualify for counterparty netting and the remaining portions are largely offset once netted against cash collateral received and paid (see Note 12 'Offsetting financial assets and liabilities' for further detail on netting)

The liquidity pool is primarily funded by wholesale debt

Other assets are largely matched by term wholesale debt and equity

Composition of wholesale funding

As at 31 December 2013 total wholesale funding outstanding (excluding repurchase agreements) was £186bn (2012: £240bn). £82bn of wholesale funding matures in less than one year (2012: £102bn) of which £23bn relates to term funding (2012: £18bn)2. Maturing wholesale liabilities have been replaced with customer deposits to increase the resilience and sustainability of its funding structure, while meeting future regulatory requirements.

Outstanding wholesale funding comprised of £35bn secured funding (2012: £40bn) and £151bn unsecured funding (2012: £199bn).

Maturity profile3

| | Not more than one month £bn | Over one month but not more than three months £bn | Over three months but not more than six months £bn | Over six months but not more than nine months £bn | Over nine months but not more than one year £bn | Sub-total less than one year £bn | Over one year but not more than two years £bn | Over two years but not more than five years £bn | Over five years £bn | Total £bn |
|---|---|---|---|---|---|---|---|---|---|---|
| Deposits from Banks | 9.4 | 5.7 | 0.7 | 1.0 | 0.3 | 17.1 | 4.4 | 0.2 | - | 21.7 |
| Certificates of Deposit and Commercial Paper | 2.1 | 10.8 | 6.8 | 5.4 | 2.6 | 27.7 | 0.6 | 0.6 | 0.4 | 29.3 |
| Asset Backed Commercial Paper | 2.7 | 2.1 | - | - | - | 4.8 | - | - | - | 4.8 |
| Senior unsecured (Public benchmark) | 2.5 | 0.8 | 2.6 | 1.6 | 0.1 | 7.6 | 3.9 | 6.0 | 3.9 | 21.4 |
| Senior unsecured (Privately placed) | 1.0 | 2.6 | 3.5 | 4.2 | 2.4 | 13.7 | 9.4 | 15.6 | 11.5 | 50.2 |
| Covered bonds/ABS | 0.3 | 0.4 | 0.4 | 3.3 | 0.6 | 5.0 | 6.9 | 6.0 | 7.1 | 25.0 |
| Subordinated liabilities | - | 0.2 | - | - | - | 0.2 | 0.1 | 2.9 | 17.6 | 20.8 |
| Other4 | 2.3 | 1.4 | 1.5 | 0.4 | 0.3 | 5.9 | 1.8 | 2.5 | 2.1 | 12.3 |
| Total as at 31 December 2013 | 20.3 | 24.0 | 15.5 | 15.9 | 6.3 | 82.0 | 27.1 | 33.8 | 42.6 | 185.5 |
| Of which secured | 4.6 | 3.7 | 1.4 | 3.5 | 0.7 | 13.9 | 7.3 | 6.5 | 7.2 | 34.9 |
| Of which unsecured | 15.7 | 20.3 | 14.1 | 12.4 | 5.6 | 68.1 | 19.8 | 27.3 | 35.4 | 150.6 |
| Total as at 31 December 2012 | 29.4 | 39.4 | 17.5 | 8.2 | 7.2 | 101.7 | 28.3 | 56.2 | 53.5 | 239.7 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Of which secured | 5.9 | 4.0 | 2.4 | 0.8 | 0.5 | 13.6 | 5.2 | 13.8 | 7.8 | 40.4 |
| Of which unsecured | 23.5 | 35.4 | 15.1 | 7.4 | 6.7 | 88.1 | 23.1 | 42.4 | 45.7 | 199.3 |

1 Highly liquid assets are limited to government bonds, US agency securities and US agency mortgage-backed securities.
2 Term funding maturities comprise public benchmark and privately placed senior unsecured notes, covered bonds/asset-backed securities (ABS) and subordinated debt where the original maturity of the instrument was more than 1 year. In addition, at 31 December 2013, £3bn of these instruments were not counted towards term financing as they had an original maturity of less than 1 year.
3 The composition of wholesale funds comprises the balance sheet reported Deposits from Banks, Financial liabilities at Fair Value, Debt Securities in Issue and Subordinated Liabilities, excluding cash collateral and settlement balances. It does not include collateral swaps, including participation in the Bank of England's Funding for Lending Scheme. Included within deposits from banks are £4.1bn of liabilities drawn in the European Central Bank's 3 year LTRO.
4 Primarily comprised of fair value deposits £4.6bn and secured financing of physical gold £5.0bn.

Funding Risk - Liquidity

Outstanding wholesale funding includes £50bn (2012: £63bn) of privately placed senior unsecured notes in issue. These notes are issued through a variety of distribution channels including intermediaries and private banks. A large proportion of end users of these products are individual retail investors.

In 2013, Barclays repaid €3bn of funding raised through the European Central Bank's 3 year LTRO, leaving €5bn outstanding as at 31 December 2013 (2012: €8bn).

The liquidity risk of wholesale funding is carefully managed primarily through the LRA stress tests, against which the liquidity pool is held. Although not a requirement, the liquidity pool exceeded wholesale funding maturing in less than one year by £45bn (2012: £48bn).

The average maturity of wholesale funding net of the liquidity pool was at least 69 months (2012: 61 months).

Currency profile

The proportion of wholesale funding by major currency was as follows:

| | USD | EUR | GBP | Other |
|---|---|---|---|---|
| Currency composition of wholesale funds | % | % | % | % |
| Deposits from Banks | 14 | 55 | 24 | 7 |

| | | | | |
|---|---|---|---|---|
| Certificates of Deposit and Commercial Paper | 64 | 19 | 16 | 1 |
| Asset Backed Commercial Paper | 87 | 6 | 7 | - |
| Senior unsecured | 30 | 34 | 16 | 20 |
| Covered bonds/ABS | 22 | 61 | 16 | 1 |
| Subordinated Liabilities | 37 | 28 | 34 | 1 |
| Total as at 31 December 2013 | 35 | 36 | 19 | 10 |
| Total as at 31 December 2012 | 31 | 38 | 22 | 9 |

To manage cross-currency refinancing risk Barclays manages to foreign currency cash-flow limits, which limit the risk at specific maturities. Across wholesale funding, the composition is materially unchanged.

Term financing

In 2013, term funding maturities were mostly offset by growth in customer deposits and run-off of Exit Quadrant, while a significant portion of the Group's 2013 funding needs were pre-funded in 2012.

The Group issued £1bn of net term funding in 2013, including $1bn of CRD IV compliant Tier 2 capital. This issuance was a transitional step towards Barclays end state CRD IV capital structure.

The Group has £24bn of term debt maturing in 2014 and a further £22bn maturing in 20151. The Group expects to issue more public wholesale debt in 2014 than in 2013 in order to maintain a stable and diverse funding base by type, currency and distribution channel.

Credit Rating

| Barclays Bank PLC | Standard & Poor's | Moody's | Fitch | DBRS |
|---|---|---|---|---|
| Long Term (Outlook) | A (Stable) | A2 (Negative) | A (Stable) | AA (Low)(Stable) |
| Short Term | A-1 | P-1 | F1 | R-1 (mid) |
| Standalone rating2 | bbb+ | C-/baa2 | a | A (high) |

| Barclays PLC | Standard & Poor's | Moody's | Fitch | DBRS |
|---|---|---|---|---|
| Long Term (Outlook) | A- (Stable) | A3 (Negative) | A (Stable) | n/a |
| Short Term | A-2 | P-2 | F1 | n/a |

1 Includes £0.3bn of bilateral secured funding in 2014 and £2bn in 2015.

2 Refers to Standard & Poor's Stand-Alone Credit Profile (SACP), Moody's Bank Financial Strength Ratio (BFSR) / Baseline Credit Assessment (BCA), Fitch Viability Rating (VR) and DBRS Intrinsic Assessment (IA).

## Funding Risk - Liquidity

During 2013, Barclays was downgraded one notch by Standard & Poor's, as the rating agency views increased risk for some large European banks operating in investment banking due to tightening regulation and uncertain market conditions. As a result Barclays Bank PLC's rating moved to A/A-1 from A+/A-1, and Barclays PLC's to A-/A-2 from A/A-1. Similarly, DBRS downgraded Barclays Bank PLC, to AA (low)/R-1 (mid) from AA/R-1 (high), mainly driven by the changing regulatory environment. The downgrades were fully reserved for in the liquidity pool and there was no significant change in deposit funding or wholesale funding. Fitch and Moody's affirmed Barclays Bank PLC and Barclays PLC ratings.

Barclays' ratings currently benefit from sovereign support assumptions made by rating agencies. Levels of sovereign supports are reflected in the difference between the standalone rating and Barclays Bank PLC's long-term rating. As regulation evolves, rating agencies have communicated their intention to remove all or part of this support over time. As a consequence, Moody's put Barclays' long-term and short-term ratings on a Negative outlook.

The table below shows contractual collateral requirements and contingent obligations following one and two notch long-term and associated short-term simultaneous downgrades across all credit rating agencies, which were fully reserved for in the liquidity pool. These numbers do not assume any management or restructuring actions that could be taken to reduce posting requirements.

| Contractual Credit Rating Downgrade Exposure (cumulative cash flow) | One-notch | Two-notch |
|---|---|---|
| | £bn | £bn |
| Securitisation derivatives | 7 | 8 |
| Contingent liabilities | 6 | 6 |
| Derivatives margining | - | 1 |
| Liquidity facilities | 1 | 2 |
| Total as at 31 December 2013 | 14 | 17 |
| Total as at 31 December 2012 | 13 | 17 |

Beyond these contractual requirements, these outflows do not include the potential liquidity impact from loss of unsecured funding, such as from money market funds or loss of secured funding capacity. However, unsecured and secured funding stresses are included in the LRA stress scenarios and a portion of the liquidity pool is held against these risks.

Barclays Africa Group Limited

Liquidity risk is managed separately at BAGL due to local currency, funding and regulatory requirements

In addition to the Group liquidity pool, BAGL held £4bn (2012: £5bn) of liquidity pool assets against BAGL-specific anticipated stressed outflows. The liquidity pool consists of South African government bonds and Treasury bills

The BAGL loan to deposit ratio was 105% (2012: 113%)

As at 31 December 2013, BAGL had £9bn of wholesale funding outstanding (2012: £12bn), of which £6bn matures in less than 12 months (2012: £6bn)

Credit Risk

Analysis of Total Assets by Valuation Basis

Accounting Basis

| Assets as at 31.12.13 | Total Assets | Cost Based Measure | Fair Value |
|---|---|---|---|
| | £m | £m | £m |
| Cash and balances at central banks | 45,687 | 45,687 | - |
| Items in the course of collection from other banks | 1,282 | 1,282 | - |
| Debt securities | 84,560 | - | 84,560 |
| Equity securities | 42,659 | - | 42,659 |
| Traded loans | 1,647 | - | 1,647 |
| Commodities1 | 4,203 | - | 4,203 |
| Trading portfolio assets | 133,069 | - | 133,069 |
| Loans and advances | 18,695 | - | 18,695 |
| Debt securities | 842 | - | 842 |
| Equity securities | 11,824 | - | 11,824 |
| Other financial assets2 | 6,001 | - | 6,001 |
| Held in respect of linked liabilities to customers under investment contracts | 1,606 | - | 1,606 |

| | | | |
|---|---|---|---|
| Financial assets designated at fair value | 38,968 | - | 38,968 |
| Derivative financial instruments | 324,335 | - | 324,335 |
| Loans and advances to banks | 37,853 | 37,853 | - |
| Loans and advances to customers | 430,411 | 430,411 | - |
| Banks | 67,889 | 67,889 | - |
| Customers | 118,890 | 118,890 | - |
| Reverse repurchase agreements and other similar secured lending | 186,779 | 186,779 | - |
| Debt securities | 91,298 | - | 91,298 |
| Equity securities | 458 | - | 458 |
| Available for sale investments | 91,756 | - | 91,756 |
| Other assets | 22,127 | 21,562 | 565 |
| Total assets as at 31.12.13 | 1,312,267 | 723,574 | 588,693 |
| Total assets as at 31.12.12 | 1,488,335 | 749,403 | 738,932 |

1 Commodities primarily consist of physical inventory positions.
2 Primarily consists of reverse repurchase agreements designated at fair value.

Credit Risk

Credit Risk

Analysis of Loans and Advances to Customers and Banks

Loans and Advances at Amortised Cost Net of Impairment Allowances, by Industry Sector and Geography

| As at 31st December 2013 | United Kingdom | Europe | Americas | Africa and Middle East | Asia | Total |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |

| | | | | | | |
|---|---|---|---|---|---|---|
| Banks | 5,718 | 11,322 | 10,141 | 2,318 | 6,239 | 35,738 |
| Other financial institutions | 21,142 | 18,359 | 45,963 | 6,117 | 7,774 | 99,355 |
| Manufacturing | 5,306 | 1,916 | 1,297 | 1,218 | 606 | 10,343 |
| Construction | 3,133 | 417 | 19 | 347 | 27 | 3,943 |
| Property | 15,022 | 1,985 | 937 | 1,941 | 123 | 20,008 |
| Government | 1,546 | 1,739 | 685 | 1,325 | 1,808 | 7,103 |
| Energy and water | 1,715 | 3,035 | 1,489 | 735 | 478 | 7,452 |
| Wholesale and retail distribution and leisure | 9,609 | 1,296 | 464 | 1,320 | 175 | 12,864 |
| Business and other services | 12,826 | 2,656 | 2,220 | 1,926 | 434 | 20,062 |
| Home loans | 129,591 | 34,752 | 782 | 14,051 | 351 | 179,527 |
| Cards, unsecured loans and other personal lending | 28,168 | 6,792 | 12,630 | 3,842 | 1,283 | 52,715 |
| Other | 8,373 | 1,871 | 1,295 | 6,996 | 619 | 19,154 |
| Net loans and advances to customers and banks | 242,149 | 86,140 | 77,922 | 42,136 | 19,917 | 468,264 |
| Impairment allowance | (2,980) | (2,486) | (654) | (1,079) | (59) | (7,258) |
| | | | | | | |
| As at 31st December 2012 | | | | | | |
| Banks | 7,134 | 14,447 | 12,050 | 1,806 | 3,405 | 38,842 |
| Other financial institutions | 17,113 | 20,812 | 40,884 | 4,490 | 3,031 | 86,330 |
| Manufacturing | 6,041 | 2,533 | 1,225 | 1,232 | 487 | 11,518 |
| Construction | 3,077 | 476 | 1 | 699 | 21 | 4,274 |
| Property | 15,167 | 2,411 | 677 | 3,101 | 247 | 21,603 |
| Government | 558 | 2,985 | 1,012 | 1,600 | 253 | 6,408 |
| Energy and water | 2,286 | 2,365 | 1,757 | 821 | 393 | 7,622 |
| Wholesale and retail distribution and leisure | 9,567 | 2,463 | 734 | 1,748 | 91 | 14,603 |
| Business and other services | 15,754 | 2,754 | 2,360 | 2,654 | 630 | 24,152 |
| Home loans | 119,653 | 36,659 | 480 | 14,931 | 270 | 171,993 |
| Cards, unsecured loans and other personal lending | 29,716 | 5,887 | 11,725 | 7,170 | 1,147 | 55,645 |
| Other | 9,448 | 2,390 | 1,232 | 7,788 | 520 | 21,378 |
| Net loans and advances to customers and banks | 235,514 | 96,182 | 74,137 | 48,040 | 10,495 | 464,368 |
| Impairment allowance | (3,270) | (2,606) | (472) | (1,381) | (70) | (7,799) |

Impairment Allowance

| | Year Ended 31.12.13 £m | Year Ended 31.12.12 £m |
|---|---|---|
| At beginning of period | 7,799 | 8,896 |
| Acquisitions and disposals | (5) | (80) |
| Exchange and other adjustments | (260) | (206) |
| Unwind of discount | (179) | (211) |
| Amounts written off | (3,343) | (4,119) |
| Recoveries | 201 | 212 |
| Amounts charged against profit | 3,045 | 3,307 |

| | | |
|---|---|---|
| At end of period | 7,258 | 7,799 |

Credit Risk

Loans and Advances Held at Fair Value, by Industry Sector and Geography

| As at 31st December 2013 | United Kingdom | Europe | Americas | Africa and Middle East | Asia | Total |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |
| Banks | - | 150 | 72 | 273 | 1 | 496 |
| Other financial institutions1 | 12 | 782 | 409 | 24 | 42 | 1,269 |
| Manufacturing | 21 | 41 | 98 | - | 6 | 166 |
| Construction | 148 | 1 | - | 11 | - | 160 |
| Property | 7,595 | 766 | 164 | 3 | - | 8,528 |
| Government | 5,288 | 8 | - | 98 | 1 | 5,395 |
| Energy and water | 12 | 65 | 465 | 48 | - | 590 |
| Wholesale and retail distribution and leisure | 40 | 75 | 97 | 53 | - | 265 |
| Business and other services | 2,865 | 59 | 261 | 127 | 1 | 3,313 |
| Other | 11 | 27 | 51 | 63 | 8 | 160 |
| Net loans and advances to customers and banks | 15,992 | 1,974 | 1,617 | 700 | 59 | 20,342 |

| As at 31st December 2012 | United Kingdom | Europe | Americas | Africa and Middle East | Asia | Total |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |
| Banks | - | 493 | 120 | 422 | - | 1,035 |
| Other financial institutions1 | 13 | 611 | 622 | 8 | 39 | 1,293 |
| Manufacturing | 6 | 38 | 601 | 16 | 15 | 676 |
| Construction | 161 | 1 | - | 28 | 4 | 194 |
| Property | 8,671 | 830 | 295 | 121 | - | 9,917 |
| Government | 5,762 | 6 | 314 | 17 | 5 | 6,104 |
| Energy and water | 10 | 73 | 41 | 46 | 3 | 173 |
| Wholesale and retail distribution and leisure | 33 | 2 | 220 | 72 | 1 | 328 |
| Business and other services | 3,404 | 20 | 685 | 14 | - | 4,123 |
| Other | 105 | 132 | 46 | 224 | 56 | 563 |
| Net loans and advances to customers and banks | 18,165 | 2,206 | 2,944 | 968 | 123 | 24,406 |

Credit impairment charges and other provisions by business

| | Year Ended 31.12.13 £m | Year Ended 31.12.12 £m |
|---|---|---|
| Loan impairment | | |
| UK RBB | 347 | 269 |
| Europe RBB | 287 | 257 |
| Africa RBB | 324 | 632 |
| Barclaycard | 1,264 | 1,049 |
| Investment Bank | 209 | 192 |
| Corporate Banking | 512 | 864 |
| Wealth and Investment Management | 121 | 38 |
| Head Office and Other Operations | (2) | 2 |
| Total loan impairment charge2 | 3,062 | 3,303 |
| Impairment charges on available for sale investments | 1 | 40 |
| Impairment of reverse repurchase agreements | 8 | (3) |
| Total credit impairment charges and other provisions | 3,071 | 3,340 |

Impairment charges on loans and advances decreased 7% reflecting lower charges in Corporate Banking and Africa RBB,partially offset by increased charges across the rest of the Group

Further detail can be found in the Retail and Wholesale Credit Risk sections on pages 72 and 86 respectively

1 Included within Other financial institutions (Americas) are £250m (2012: £427m) of loans backed by retail mortgage collateral.
2 Includes charges of £17m (2012: £4m write back) in respect of undrawn facilities and guarantees.

Credit Risk

Potential Credit Risk Loans and Coverage Ratios

| | CRLs | | PPLs | | PCRLs | |
|---|---|---|---|---|---|---|
| | As at 31.12.13 £m | As at 31.12.12 £m | As at 31.12.13 £m | As at 31.12.12 £m | As at 31.12.13 £m | As at 31.12.12 £m |
| Retail1 | 7,567 | 8,722 | 708 | 758 | 8,275 | 9,480 |
| Wholesale | 5,731 | 6,303 | 1,100 | 1,102 | 6,831 | 7,405 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Group | 13,298 | 15,025 | 1,808 | 1,860 | 15,106 | 16,885 |

| | Impairment Allowance | | CRL Coverage | | PCRL Coverage | |
|---|---|---|---|---|---|---|
| | As at 31.12.13 | As at 31.12.12 | As at 31.12.13 | As at 31.12.12 | As at 31.12.13 | As at 31.12.12 |
| | £m | £m | % | £m | % | £m |
| Retail | 4,372 | 4,635 | 57.8 | 53.1 | 52.8 | 48.9 |
| Wholesale | 2,886 | 3,164 | 50.4 | 50.2 | 42.2 | 42.7 |
| Group | 7,258 | 7,799 | 54.6 | 51.9 | 48.0 | 46.2 |

Further detail can be found in the Retail and Wholesale Credit Risk sections on pages 72 and 86 respectively

Forbearance

| | Balances | | Impairment Stock | | Coverage | |
|---|---|---|---|---|---|---|
| | As at 31.12.13 | As at 31.12.12 | As at 31.12.13 | As at 31.12.12 | As at 31.12.13 | As at 31.12.12 |
| | £m | £m | £m | £m | % | % |
| Retail | 5,002 | 5,447 | 581 | 575 | 11.6 | 10.6 |
| Wholesale | 3,385 | 4,254 | 891 | 1,149 | 26.3 | 27.0 |
| Group | 8,387 | 9,701 | 1,472 | 1,724 | 17.5 | 17.8 |

Further detail can be found in the Retail and Wholesale Credit Risk sections on pages 72 and 86respectively

1 2012 PCRL balances in Africa RBB have been restated to better reflect their PCRL categorisation. As a result CRLs decreased by £99m and PPLs increased by £102m.

Credit Risk

Retail and Wholesale Loans and Advances to Customers and Banks

| As at 31.12.13 | Gross L&A | Impairment Allowance | L&A Net of Impairment | Credit Risk Loans | CRLs % of Gross L&A | Loan Impairment Charges | Loan Loss Rates |
|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | % | £m | bps |
| Total retail | 236,219 | 4,372 | 231,847 | 7,567 | 3.2 | 2,161 | 91 |
| Wholesale - customers | 201,998 | 2,876 | 199,122 | 5,713 | 2.8 | 918 | 45 |
| Wholesale - banks | 37,305 | 10 | 37,295 | 18 | - | (17) | (5) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total wholesale | 239,303 | 2,886 | 236,417 | 5,731 | 2.4 | 901 | 38 |
| Loans and advances at amortised cost | 475,522 | 7,258 | 468,264 | 13,298 | 2.8 | 3,062 | 64 |
| Traded Loans | 1,647 | n/a | 1,647 | | | | |
| Loans and advances designated at fair value | 18,695 | n/a | 18,695 | | | | |
| Loans and advances held at fair value | 20,342 | n/a | 20,342 | | | | |
| Total loans and advances | 495,864 | 7,258 | 488,606 | | | | |
| As at 31.12.12 | | | | | | | |
| Total retail1 | 232,672 | 4,635 | 228,037 | 8,722 | 3.7 | 2,075 | 89 |
| Wholesale - customers | 199,423 | 3,123 | 196,300 | 6,252 | 3.1 | 1,251 | 63 |
| Wholesale - banks | 40,072 | 41 | 40,031 | 51 | 0.1 | (23) | (6) |
| Total wholesale | 239,495 | 3,164 | 236,331 | 6,303 | 2.6 | 1,228 | 51 |
| Loans and advances at amortised cost | 472,167 | 7,799 | 464,368 | 15,025 | 3.2 | 3,303 | 70 |
| Traded Loans | 2,410 | n/a | 2,410 | | | | |
| Loans and advances designated at fair value | 21,996 | n/a | 21,996 | | | | |
| Loans and advances held at fair value | 24,406 | n/a | 24,406 | | | | |
| Total loans and advances | 496,573 | 7,799 | 488,774 | | | | |

Loans and advances to customers and banks at amortised cost net of impairment remained stable at £468.3bn (2012: 464.4bn). This reflected a £3.8bn increase to £231.8bn in the retail portfolios, driven by increased mortgage lending and the acquisition of Barclays Direct in UK RBB. This was offset by reductions in Africa RBB, largely reflecting currency movements

This growth, combined with lower impairment charges on loans and advances resulted in a lower loan loss rate of 64bps (2012: 70bps)

Further detail can be found in the Retail and Wholesale Credit Risk sections on pages 72 and 86 respectively

1 2012 CRL balances in Africa RBB have been revised to better reflect their PCRL categorisation. As a result CRLS decreased by £99m.

Credit Risk

Exposure to UK Commercial Real Estate

| | Loans and advances at amortised cost | | Balances Past Due | | Impairment Allowances | |
|---|---|---|---|---|---|---|
| | As at | | As at | | As at | |
| | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 | 31.12.13 | 31.12.12 |
| | £m | £m | £m | £m | £m | £m |
| Wholesale | 9,842 | 10,036 | 361 | 469 | 110 | 106 |
| Retail | 1,593 | 1,534 | 103 | 123 | 16 | 20 |
| Group | 11,435 | 11,570 | 464 | 592 | 126 | 126 |

· Further detail can be found in the Retail and Wholesale Credit Risk sections on pages 72 and 86 respectively

Retail Credit Risk

Retail Loans and Advances at Amortised Cost

| As at 31.12.13 | Gross L&A | Impairment Allowance | L&A Net of Impairment | Credit Risk Loans | CRLs % of Gross L&A | Loan Impairment Charges | Loan Loss Rates |
|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | % | £m | bps |
| UK RBB | 138,056 | 1,308 | 136,748 | 2,664 | 1.9 | 347 | 25 |
| Europe RBB | 38,016 | 660 | 37,356 | 1,801 | 4.7 | 287 | 75 |
| Africa RBB | 19,363 | 491 | 18,872 | 1,026 | 5.3 | 259 | 134 |
| Barclaycard | 37,468 | 1,856 | 35,612 | 1,992 | 5.3 | 1,264 | 337 |
| Corporate Banking1 | 488 | 39 | 449 | 45 | 9.2 | (5) | (102) |
| Wealth and Investment Management | 2,828 | 18 | 2,810 | 39 | 1.4 | 9 | 32 |
| Total | 236,219 | 4,372 | 231,847 | 7,567 | 3.2 | 2,161 | 91 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| As at 31.12.12 | | | | | | | |
| UK RBB | 129,682 | 1,369 | 128,313 | 2,883 | 2.2 | 269 | 21 |
| Europe RBB | 39,997 | 560 | 39,437 | 1,734 | 4.3 | 257 | 64 |
| Africa RBB | 23,987 | 700 | 23,287 | 1,691 | 7.0 | 472 | 197 |
| Barclaycard | 35,732 | 1,911 | 33,821 | 2,288 | 6.4 | 1,050 | 294 |
| Corporate Banking1 | 739 | 79 | 660 | 92 | 12.4 | 27 | 365 |
| Wealth and Investment Management | 2,535 | 16 | 2,519 | 34 | 1.3 | - | - |
| Total | 232,672 | 4,635 | 228,037 | 8,722 | 3.7 | 2,075 | 89 |

Gross loans and advances to customers and banks in the retail portfolios increased 2% to £236.2bn principally reflecting movements in UK RBB, where a 6% increase to £138bn reflected the acquisition of Barclays Direct and growth in home loans. This was partially offset by reductions in Africa RBB, principally reflecting currency movements

The loan impairment charge increased 4% to £2,161m principally as a result of:

- UK RBB increased 29% to £347m primarily due to the non-recurrence of releases in 2012 impacting unsecured lending and mortgages. Excluding these, impairment was broadly in line with prior year

- Barclaycard increased 20% to £1,264m primarily driven by higher assets, including the impact of the acquisition of the Edcon portfolio in late 2012, and the non-recurrence of releases in 2012. Impairment loan loss rates in consumer credit cards remained stable at 356bps (2012: 358bps) in the UK and at 268bps (2012: 268bps) in the US, but increased to 560bps (2012: 160bps) in South Africa

- Europe RBB increased 12% to £287m due in part to additional charges resulting from exposure to the renewable energy sector in Spain, foreign currency movements and an increase in home loan balances in recoveries. This was partially offset by improvements in underlying collections performance

1 Primarily comprises UAE retail portfolios in 2013. Includes India portfolios in 2012.

Credit Risk

- Africa RBB decreased 45% to £259m driven by lower charges in the South African home loans portfolios and foreign currency movements

- Wealth and Investment Management increased to £9m (2012: nil) driven primarily by losses on Spanish residential property

- Corporate Banking decreased to a £5m release (2012: £27m charge) driven by a sharp improvement in residential property values

Higher overall impairment charges led to an increase in the retail loan loss rate to 91bps (2012: 89bps)

Analysis of Retail Gross Loans & Advances to Customers

| As at 31.12.13 | Secured Home Loans1 | Credit Cards, Overdrafts and Unsecured Loans | Other Secured Retail Lending2 | Business Lending | Total Retail |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| UK RBB | 122,879 | 6,854 | - | 8,323 | 138,056 |
| Europe RBB | 33,615 | 2,870 | - | 1,531 | 38,016 |
| Africa RBB | 13,664 | 2,469 | 2,584 | 646 | 19,363 |
| Barclaycard | - | 34,276 | 2,487 | 705 | 37,468 |
| Corporate Banking | 252 | 199 | 30 | 7 | 488 |
| Wealth and Investment Management | 2,575 | 91 | 162 | - | 2,828 |
| Total | 172,985 | 46,759 | 5,263 | 11,212 | 236,219 |
| | | | | | |
| As at 31.12.12 | | | | | |
| UK RBB | 114,766 | 6,863 | - | 8,053 | 129,682 |
| Europe RBB | 34,825 | 3,430 | - | 1,742 | 39,997 |
| Africa RBB | 17,422 | 2,792 | 3,086 | 687 | 23,987 |
| Barclaycard | - | 32,432 | 2,730 | 570 | 35,732 |
| Corporate Banking | 274 | 336 | 117 | 12 | 739 |
| Wealth and Investment Management | 2,267 | 63 | 205 | - | 2,535 |
| Total | 169,554 | 45,916 | 6,138 | 11,064 | 232,672 |

Secured home loans and credit cards, overdrafts and unsecured loans are analysed on pages 77 and 83respectively

1 All portfolios under Secured Home Loans are primarily first lien mortgages. Other Secured Retail Lending under Barclaycard is a second lien mortgage portfolio.
2 Other Secured Lending includes auto loan financing in Africa RBB and UK Secured Lending in Barclaycard.

Credit Risk

Analysis of Potential Credit Risk Loans and Coverage Ratios

| | CRLs | | PPLs | | PCRLs | |
|---|---|---|---|---|---|---|
| | As at 31.12.13 £m | As at 31.12.12 £m | As at 31.12.13 £m | As at 31.12.12 £m | As at 31.12.13 £m | As at 31.12.12 £m |
| Home loans | 2,803 | 3,321 | 316 | 321 | 3,119 | 3,642 |
| Credit cards and unsecured lending | 3,468 | 3,954 | 279 | 295 | 3,747 | 4,249 |
| Other retail lending and business banking | 1,296 | 1,447 | 113 | 142 | 1,409 | 1,589 |
| Total retail[1] | 7,567 | 8,722 | 708 | 758 | 8,275 | 9,480 |

| | Impairment allowance | | CRL coverage | | PCRL coverage | |
|---|---|---|---|---|---|---|
| | As at 31.12.13 £m | As at 31.12.12 £m | As at 31.12.13 % | As at 31.12.12 % | As at 31.12.13 % | As at 31.12.12 % |
| Home loans | 776 | 849 | 27.7 | 25.6 | 24.9 | 23.3 |
| Credit cards and unsecured lending | 3,026 | 3,212 | 87.3 | 81.2 | 80.8 | 75.6 |
| Other retail lending and business banking | 570 | 574 | 44.0 | 39.7 | 40.5 | 36.1 |
| Total retail | 4,372 | 4,635 | 57.8 | 53.1 | 52.8 | 48.9 |

Potential Credit Risk Loans and Coverage Ratios by business

| | CRLs | | PPLs | | PCRLs | |
|---|---|---|---|---|---|---|
| | As at 31.12.13 £m | As at 31.12.12 £m | As at 31.12.13 £m | As at 31.12.12 £m | As at 31.12.13 £m | As at 31.12.12 £m |
| UK RBB | 2,664 | 2,883 | 239 | 283 | 2,903 | 3,166 |
| Europe RBB | 1,801 | 1,734 | 73 | 98 | 1,874 | 1,832 |
| Africa RBB[1] | 1,026 | 1,691 | 153 | 163 | 1,179 | 1,854 |
| Barclaycard | 1,992 | 2,288 | 239 | 208 | 2,231 | 2,496 |
| Corporate Banking | 45 | 92 | 2 | 5 | 47 | 97 |
| Wealth and Investment Management | 39 | 34 | 2 | 1 | 41 | 35 |
| Total retail | 7,567 | 8,722 | 708 | 758 | 8,275 | 9,480 |

| | Impairment allowance | | CRL coverage | | PCRL coverage | |
|---|---|---|---|---|---|---|
| | As at 31.12.13 | As at 31.12.12 | As at 31.12.13 | As at 31.12.12 | As at 31.12.13 | As at 31.12.12 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | £m | £m | % | % | % | % |
| UK RBB | 1,308 | 1,369 | 49.1 | 47.5 | 45.1 | 43.2 |
| Europe RBB | 660 | 560 | 36.6 | 32.3 | 35.2 | 30.6 |
| Africa RBB1 | 491 | 700 | 47.9 | 41.4 | 41.6 | 37.8 |
| Barclaycard | 1,856 | 1,911 | 93.2 | 83.5 | 83.2 | 76.6 |
| Corporate Banking | 39 | 79 | 86.7 | 85.9 | 83.0 | 81.4 |
| Wealth and Investment Management | 18 | 16 | 46.2 | 47.1 | 43.9 | 45.7 |
| Total retail | 4,372 | 4,635 | 57.8 | 53.1 | 52.8 | 48.9 |

CRL balances in retail portfolios decreased 13.2% to £7,567m, primarily in:

- Africa RBB, due to depreciation of ZAR against GBP and a reduction in the recovery book in South Africa home loans

- UK RBB, where reductions reflected higher cash recoveries in Business Banking and lower flows into recovery in Consumer Lending

- Barclaycard, where the reductions reflected lower balances in recovery across the principal portfolios

- This was partially offset by higher balances in Europe RBB primarily due to appreciation of EUR against GBP and an increase in recovery balances across all home loans portfolios

1 2012 PCRL balances in Africa RBB have been restated to better reflect their PCRL categorisation. As a result PCRL balances increased by £3m; CRLs decreased by £99m and PPLs to increased by £102m. This has been allocated between Home Loans (CRL: £76m and PPL: £59m) and Other Retail Lending (CRL: £23m and PPL: £43m).

Credit Risk

Retail forbearance programmes

Forbearance programmes on principal retail portfolios

Retail forbearance is available to customers experiencing financial difficulties. Forbearance solutions may take a number of forms depending on the extent of their financial dislocation. Short term solutions normally focus on temporary reductions to contractual payments and switches from capital and interest payments to interest only. For customers with longer term financial difficulties, term extensions may be offered, which may also include interest rate concessions and fully amortising balances for card portfolios

Forbearance on the Group's principal retail portfolios in the US, UK, Eurozone and South Africa is presented below. The principal portfolioslisted below account for 91% (2012: 92%) of total retail forbearance balances

| Principal Retail | Gross L&A subject to | Forbearance programmes | Marked to market LTV | Marked to market LTV | Impairment allowances | Forbearance Programmes |
|---|---|---|---|---|---|---|

| Portfolios | forbearance programmes | proportion of outstanding balances | of forbearance balances: balance weighted | of forbearance balances: valuation weighted | marked against balances on forbearance programmes | Coverage Ratio |
|---|---|---|---|---|---|---|
| As at 31.12.13 | £m | % | % | % | £m | % |
| Home Loans | | | | | | |
| UK | 2,364 | 1.9 | 63.4 | 51.6 | 23 | 1.0 |
| South Africa | 248 | 2.1 | 74.4 | 60.5 | 17 | 6.9 |
| Spain | 171 | 1.4 | 68.3 | 52.3 | 8 | 4.9 |
| Italy | 307 | 2.0 | 62.2 | 50.9 | 10 | 3.2 |
| | | | | | | |
| Credit Cards, Overdrafts and Unsecured Loans | | | | | | |
| UK cards | 912 | 5.6 | n/a | n/a | 333 | 36.5 |
| UK personal loans | 142 | 2.9 | n/a | n/a | 34 | 23.7 |
| US cards | 106 | 1.1 | n/a | n/a | 10 | 9.8 |
| | | | | | | |
| Business Lending | | | | | | |
| UK | 278 | 3.3 | n/a | n/a | 32 | 11.5 |
| | | | | | | |
| As at 31.12.12 | | | | | | |
| Home Loans | | | | | | |
| UK | 2,536 | 2.2 | 67.7 | 56.1 | 24 | 0.9 |
| South Africa | 404 | 2.6 | 78.3 | 64.7 | 16 | 4.0 |
| Spain | 174 | 1.3 | 68.9 | 53.3 | 10 | 5.7 |
| Italy | 426 | 2.6 | 62.6 | 52.2 | 7 | 1.7 |
| | | | | | | |
| Credit Cards, Overdrafts and Unsecured Loans | | | | | | |
| UK cards | 991 | 6.3 | n/a | n/a | 350 | 35.3 |
| UK personal loans | 168 | 3.4 | n/a | n/a | 44 | 26.2 |
| US cards | 116 | 1.3 | n/a | n/a | 15 | 12.9 |
| | | | | | | |
| Business Lending | | | | | | |
| UK | 203 | 2.5 | n/a | n/a | 28 | 13.8 |

Loans in forbearance in the principal home loans portfolios decreased 13% to £3,090m, primarily due to reductions in UK, South Africa and Italy

- The UK home loans under forbearance programmes decreased 7% to £2,364m. In H213, the definition was expanded to include customers who are up to date on their mortgage but have either been granted a term extension or have drawn against their Mortgage Current Account and displayed other indicators of financial stress. 2012 forbearance balances were restated from £1,596m to £2,536m in line with the new definition

Credit Risk

- As a result of the restatement, Mortgage Current Account balances (see page 81) now account for 71% of the total forbearance balances, the majority of the remainder being term extensions which account for 17%

- In South Africa, the reduction in forbearance balances was due to the implementation of enhanced qualification criteria which results in a more appropriate and sustainable programme for the customer, and a depreciation of ZAR against GBP

- In Italy, the majority of the balances relate to specific schemes required by the government in response to natural disasters and amendments are weighted towards payment holidays and interest suspensions. The decrease of 28% to £307m was in part due to customers exiting such government forbearance schemes after recommencing payments. The coverage for forbearance accounts remain low, reflecting the underlying quality of customers on these government schemes, with 85% of customers being up to date upon entering the forbearance scheme

Forbearance balances on principal credit cards, overdrafts and unsecured loan portfolios decreased by 9% to £1,160m. Forbearance programmes as a proportion of outstanding balances reduced in UK and US cards due to an improved credit environment and an enhancement to the forbearance policy in 2012

- Impairment allowances against UK cards forbearance decreased following a review of the qualification criteria in 2012, the impacts of which become evident from Q213. This included a reduction of balances on forbearance programmes and better performance resulting in a decrease in impairment coverage ratio

- US cards forbearance programme coverage ratio was lower than the UK due to a higher proportion of partnership accounts and long term forbearance plans. These plans have lower loss rates compared to the UK as payment amount and annual percentage rate is higher in the US portfolio

Business Lending forbearance balances increased 37% to £278m due to a longer period of monitoring undertaken for customers under forbearance before they are re-categorised as performing. In addition, there has been an increase in customers being granted forbearance whilst a review of their derivative position is being undertaken

Credit Risk

Secured home loans

Total home loans to retail customers increased 2% to £173bn (2012: £170bn)

The principal home loan portfolios listed below account for 97% (2012: 96%) of total home loans in the Group's retail portfolios

Home loans principal portfolios1

| As at 31.12.13 | Gross loans and advances | > 90 Day arrears | > 90 Day arrears, including recoveries2 | Annualised gross charge-off rates3 | Recoveries proportion of outstanding balances | Recoveries impairment coverage ratio |
|---|---|---|---|---|---|---|
| | £m | % | % | % | % | % |
| UK | 122,880 | 0.3 | 0.8 | 0.5 | 0.5 | 14.7 |
| South Africa | 12,172 | 0.7 | 6.2 | 2.6 | 5.6 | 34.7 |
| Spain | 12,748 | 0.7 | 3.0 | 1.1 | 2.4 | 36.0 |
| Italy | 15,518 | 1.1 | 3.5 | 0.7 | 2.4 | |