BARCLAYS PLC
Form 20-F
March 01, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2015

OR

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

For the transition period from ____________ to ____________

OR

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report ____________

Commission file numbers	Barclays PLC	1-09246
	Barclays Bank PLC	1-10257

BARCLAYS PLC

BARCLAYS BANK PLC

(Exact Names of Registrants as Specified in their Charter[s])

ENGLAND

(Jurisdiction of Incorporation or Organization)

1 CHURCHILL PLACE, LONDON E14 5HP, ENGLAND

(Address of Principal Executive Offices)

PATRICK GONSALVES, +44 (0)20 7116 2901, PATRICK.GONSALVES@BARCLAYS.COM

1 CHURCHILL PLACE, LONDON E14 5HP, ENGLAND

*(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Barclays PLC

Title of Each Class	Name of Each Exchange On Which Registered
25p ordinary shares	New York Stock Exchange*

Title of Each Class	Name of Each Exchange On Which Registered
American Depository Shares, each representing four 25p ordinary shares	New York Stock Exchange
4.375% Fixed Rate Subordinated Notes due 2024	New York Stock Exchange
2.75% Fixed Rate Senior Notes due 2019	New York Stock Exchange
2.00% Fixed Rate Senior Notes due 2018	New York Stock Exchange
3.65% Fixed Rate Senior Notes due 2025	New York Stock Exchange
2.875% Fixed Rate Senior Notes due 2020	New York Stock Exchange
5.25% Fixed Rate Senior Notes due 2045	New York Stock Exchange
3.25% Fixed Rate Senior Notes due 2021	New York Stock Exchange
4.375% Fixed Rate Senior Notes due 2026	New York Stock Exchange

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

Barclays Bank PLC

Title of Each Class	Name of Each Exchange On Which Registered
Callable Floating Rate Notes 2035	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 2	New York Stock Exchange*
American Depository Shares, Series 2, each representing one Non-Cumulative Callable Dollar Preference Share, Series 2	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 3	New York Stock Exchange*
American Depository Shares, Series 3, each representing one Non-Cumulative Callable Dollar Preference Share, Series 3	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 4	New York Stock Exchange*
	New York Stock Exchange

American Depository Shares, Series 4, each representing one Non-Cumulative Callable Dollar Preference Share, Series 4	
Non-Cumulative Callable Dollar Preference Shares, Series 5	New York Stock Exchange*
American Depository Shares, Series 5, each representing one Non-Cumulative Callable Dollar Preference Share, Series 5	New York Stock Exchange
5.140% Lower Tier 2 Notes due October 2020	New York Stock Exchange
Floating Rate Senior Notes due December 9 2016	New York Stock Exchange

iPath® Bloomberg Commodity Index Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Agriculture Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Aluminum Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Cocoa Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Coffee Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Copper Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Cotton Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Energy Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Grains Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Industrial Metals Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Lead Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Livestock Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Natural Gas Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Nickel Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Platinum Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Precious Metals Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Softs Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Sugar Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Tin Subindex Total Return℠ ETN	NYSE Arca
iPath® S&P GSCI® Total Return Index ETN	NYSE Arca
iPath® S&P GSCI® Crude Oil Total Return Index ETN	NYSE Arca

iPath® CBOE S&P 500 BuyWrite Index℠ ETN	NYSE Arca
iPath® MSCI India Index℠ ETN	NYSE Arca
iPath® EUR/USD Exchange Rate ETN	NYSE Arca
iPath® GBP/USD Exchange Rate ETN	NYSE Arca
iPath® JPY/USD Exchange Rate ETN	NYSE Arca
iPath® S&P 500 VIX Short-Term Futures™ ETN	NYSE Arca

iPath® S&P 500 VIX Mid-Term Futures™ ETN	NYSE Arca
iPath® Inverse S&P 500 VIX Short-Term Futures™ ETN	NYSE Arca
iPath® Long Extended Russell 1000® TR Index ETN	NYSE Arca
iPath® Long Extended Russell 2000® TR Index ETN	NYSE Arca
iPath® Long Enhanced MSCI EAFE® TR Index ETN	NYSE Arca
iPath® Long Enhanced MSCI Emerging Markets Index ETN	NYSE Arca
iPath® Short Enhanced MSCI Emerging Markets Index ETN	NYSE Arca
iPath® Long Extended S&P 500® TR Index ETN	NYSE Arca
iPath® Global Carbon ETN	NYSE Arca
iPath® Optimized Currency Carry ETN	NYSE Arca
iPath® US Treasury Steepener ETN	NASDAQ
iPath® US Treasury Flattener ETN	NASDAQ
iPath® US Treasury 2-year Bull ETN	NASDAQ
iPath® US Treasury 2-year Bear ETN	NASDAQ
iPath® US Treasury 10-year Bull ETN	NASDAQ
iPath® US Treasury 10-year Bear ETN	NASDAQ
iPath® US Treasury Long Bond Bull ETN	NASDAQ
iPath® US Treasury Long Bond Bear ETN	NASDAQ
iPath® Pure Beta Broad Commodity ETN	NYSE Arca
iPath® Pure Beta S&P GSCI®-Weighted ETN	NYSE Arca
iPath® Pure Beta Cocoa ETN	NYSE Arca
iPath® Pure Beta Coffee ETN	NYSE Arca

iPath® Pure Beta Cotton ETN	NYSE Arca
iPath® Pure Beta Sugar ETN	NYSE Arca
iPath® Pure Beta Aluminum ETN	NYSE Arca
iPath® Pure Beta Copper ETN	NYSE Arca
iPath® Pure Beta Lead ETN	NYSE Arca

iPath® Pure Beta Nickel ETN	NYSE Arca
iPath® Pure Beta Crude Oil ETN	NYSE Arca
iPath® Seasonal Natural Gas ETN	NYSE Arca
iPath® Pure Beta Agriculture ETN	NYSE Arca
iPath® Pure Beta Grains ETN	NYSE Arca
iPath® Pure Beta Softs ETN	NYSE Arca
iPath® Pure Beta Industrial Metals ETN	NYSE Arca
iPath® Pure Beta Energy ETN	NYSE Arca
iPath® Pure Beta Livestock ETN	NYSE Arca
iPath® Pure Beta Precious Metals ETN	NYSE Arca
iPath® US Treasury 5-year Bull ETN	NASDAQ
iPath® US Treasury 5-year Bear ETN	NASDAQ
iPath® S&P 500 Dynamic VIX ETN	NYSE Arca
iPath® Inverse S&P 500 VIX Short-Term FuturesTM ETN (II)	NYSE Arca
iPath® GEMS IndexTM ETN	NYSE Arca
iPath® GEMS Asia 8 ETN	NYSE Arca
iPath® Asian and Gulf Currency Revaluation ETN	NYSE Arca
iPath® S&P MLP ETN	NYSE Arca
Barclays ETN+ S&P 500® VEQTOR ETN	NYSE Arca
Barclays ETN+ Shiller CAPE™ ETNs	NYSE Arca
Barclays ETN+ Select MLP ETN	NYSE Arca
Barclays ETN+ FI Enhanced Europe 50 ETN	NYSE Arca
Barclays ETN+ FI Enhanced Global High Yield ETN	NYSE Arca

Barclays OFI SteelPath MLP ETN	NYSE Arca
Barclays Women in Leadership ETN	NYSE Arca
Barclays Return on Disability ETN	NYSE Arca
Barclays Inverse US Treasury Composite ETN	NASDAQ

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

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

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

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

Barclays PLC	25p ordinary shares	16,804,603,949
Barclays Bank PLC	£1 ordinary shares	2,342,558,515
	£1 preference shares	1,000
	£100 preference shares	20,930
	100 preference shares	31,856
	$0.25 preference shares	237,000,000
	$100 preference shares	58,133

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes þ No ¨

If this report is an annual or transition report, indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act 1934.

Yes ¨ No þ

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes þ No ¨

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ¨ No ¨

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Barclays PLC

Large Accelerated Filer þ Accelerated Filer ¨ Non-Accelerated Filer ¨
Barclays Bank PLC

Large Accelerated Filer ¨ Accelerated Filer ¨ Non-Accelerated Filer þ
*Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ¨

International Financial Reporting Standards as issued by the International Accounting Standards Board þ

Other ¨

*If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 ¨

Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No þ

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

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

Yes ¨ No ¨

SEC Form 20-F Cross reference information

Form 20-F item number			Page and caption references in this document*
1	**Identity of Directors, Senior Management and Advisers**		Not applicable
2	**Offer Statistics and Expected Timetable**		Not applicable
3	**Key Information**		
	A.	Selected financial data	186, 189, 312-313, 431-432
	B.	Capitalization and indebtedness	Not applicable
	C.	Reason for the offer and use of proceeds	Not applicable
	D.	Risk factors	87-94
4	**Information on the Company**		
	A.	History and development of the company	43-44, 285-286 (note 36), 291 (note 38), 299-305 (note 46), 434-435, 476-478
	B.	Business overview	i (Market and other data), 177, 181-182, 191-192, 215, 218-220 (note 1), 231-233 (note 15), 261-271 (note 29)
	C.	Organizational structure	285-286 (note 36), 299-305 (note 46)
	D.	Property, plants and equipment	255 (Note 23), 256-257 (Note 24), 258 (Note 25)
4A	**Unresolved staff comments**		Not applicable
5	**Operating and Financial Review and Prospects**		
	A.	Operating results	145-146, 177-182, 184-208, 221-306
	B.	Liquidity and capital resources	103-105, 115-116, 130, 148-171, 177-182, 231-233 (note 15), 272-275 (note 30), 276 (note 31), 291-293 (note 39), 297 (note 43), 441
	C.	Research and development, patents and licenses, etc.	Not applicable
	D.	Trend information	
	E.	Off-balance sheet arrangements	261 (note 28), 286-290 (note 37), 291-293 (note 39)
	F.	Tabular disclosure of contractual obligations	411
	G.	Safe harbor	i (Forward-looking statements)
6	**Directors, Senior Management and Employees**		
	A.	Directors and senior management	3-5, 324-329
	B.	Compensation	50-83, 281-284 (note 35), 294-296 (note 41)
	C.	Board practices	6-49, 67-71
	D.	Employees	49 (Full time employees by region), 193, 195, 197, 199, 201, 202, 204
	E.	Share ownership	50-83, 279-280 (note 34), 294-296 (note 41), 333-335
7	**Major Shareholders and Related Party Transactions**		
	A.	Major shareholders	44, 323

Form 20-F item number			Page and caption references in this document*
12	**Description of Securities Other than Equity Securities**		
	A.	Debt Securities	Not applicable
	B.	Warrants and Rights	Not applicable
	C.	Other Securities	Not applicable
	D.	American Depositary Shares	312, 316-320
13	**Defaults, Dividends Arrearages and Delinquencies**		Not applicable
14	**Material Modifications to the Rights of Security Holders and Use of Proceeds**		Not applicable
15	**Controls and Procedures**		
	A.	Disclosure controls and procedures	324
	B.	Management s annual report on internal control over financial reporting	40
	C.	Attestation report of the registered public accounting firm	210
	D.	Changes in internal control over financial reporting	40
16A	**Audit Committee Financial Expert**		10
16B	**Code of Ethics**		322
16C	**Principal Accountant Fees and Services**		16-18, 296 (note 42), 321 (External auditor objectivity and independence: Non-Audit Services)
16D	**Exemptions from the Listing Standards for Audit Committees**		Not applicable
16E	**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**		45, 276 (Share repurchase)
16F	**Change in Registrant s Certifying Accountant**		324
16G	**Corporate Governance**		322
17	**Financial Statements**		Not applicable (See Item 8)
18	**Financial Statements**		Not applicable (See Item 8)
19	**Exhibits**		Exhibit Index

* Captions have been included only in respect of pages with multiple sections on the same page in order to identify the relevant caption on that page covered by the corresponding Form 20-F item number.

Return to stability

Barclays PLC and Barclays Bank PLC

2015 Annual Report on Form 20-F

The term Barclays or Group refers to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2015 to the corresponding twelve months of 2014 and balance sheet analysis as at 31 December 2015 with comparatives relating to 31 December 2014. The abbreviations £m and £bn represent millions and thousands of millions of Pounds Sterling respectively; and the abbreviations $m and $bn represent millions and thousands of millions of US Dollars respectively.

Comparatives have been restated to reflect the implementation of the Group structure changes and the reallocation of elements of the Head Office results under the revised business structure. These restatements were detailed in our Form 6-K filed with the SEC dated 14 July 2014.

References throughout this document to provisions for ongoing investigations and litigation including Foreign Exchange mean provisions held for certain aspects of ongoing investigations involving certain authorities and litigation including Foreign Exchange.

The information in this document does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2015, which include certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US SEC (2015 20-F) and which contain an unqualified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006) have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

Barclays is a frequent issuer in the debt capital markets and regularly meets with investors via formal road-shows and other ad hoc meetings. Consistent with its usual practice, Barclays expects that from time to time over the coming quarter it will meet with investors globally to discuss these results and other matters relating to the Group.

Strategic Update

On 1 March 2016, Barclays also announced certain strategy updates of the Group, including in relation to reorganisation of operating segments into Barclays UK and Barclays Corporate & International, the intention to reduce the Group s stake in Barclays Africa Group Limited, the contribution of certain assets to the Non-Core segment, revised guidance on future dividends and new Group financial targets. Further information can be found in the Form 6-K regarding the Group Chief Executive Officer Strategy Update filed by Barclays on 1 March 2016, which is incorporated herein by reference.

Certain non-IFRS measures

Barclays management believes that the non-International Financial Reporting Standards (non-IFRS) measures included in this document provide valuable information to readers of its financial statements because they enable the reader to identify a more consistent basis for comparing the business performance between financial periods, and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management. However, any non-IFRS measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. As management reviews the adjusting items described below at a Group level, segmental results are presented excluding these items in accordance with IFRS 8; Operating Segments . Statutory and adjusted performance is reconciled at a Group level only.

Key non-IFRS measures included in this document, and the most directly comparable IFRS measures, are:

Adjusted profit before tax is the non-IFRS equivalent of profit before tax as it excludes the impact of own credit, impairment of goodwill and other assets relating to businesses being disposed, provisions for UK customer redress, gain on US Lehman acquisition assets, provisions for ongoing investigations and litigation including Foreign Exchange, losses on sale relating to the Spanish, Portuguese and Italian businesses, Education, Social Housing, and Local Authority (ESHLA) revision of valuation methodology, and gain on valuation of a component of the defined retirement benefit liability. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted profit after tax represents profit after tax excluding the post-tax impact of own credit, impairment of goodwill and other assets relating to businesses being disposed, provisions for UK customer redress, gain on US Lehman acquisition assets, provisions for ongoing investigations and litigation including Foreign Exchange, loss on sale relating to the Spanish, Portuguese and Italian businesses, Education, Social Housing, and Local Authority (ESHLA) revision of valuation methodology, and gain on valuation of a component of the defined retirement benefit liability. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted attributable profit represents adjusted profit after tax less profit attributable to non-controlling interests. The comparable IFRS measure is attributable profit. A reconciliation to IFRS is provided on page 192 for the Group;

Adjusted income and adjusted total income net of insurance claims represents total income net of insurance claims adjusted to exclude the impact of own credit, revision of Education, Social Housing, and Local Authority (ESHLA) valuation methodology and gain on US Lehman acquisition assets. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted net operating income represents net operating income excluding the impact of own credit; the gain on US Lehman acquisition assets and revision of ESHLA valuation methodology. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted total operating expenses represents operating expenses excluding impairment of goodwill and other assets relating to businesses being disposed, provisions for UK customer redress, provisions for ongoing investigations and litigation including Foreign Exchange and gain on valuation of a component of the defined retirement benefit liability. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted litigation and conduct represents litigation and conduct excluding the provisions for UK customer redress and the provision for ongoing investigations and litigation including Foreign Exchange. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted cost: income ratio represents adjusted operating expenses (defined above) compared to adjusted income (defined above). A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted compensation: net operating income ratio represents compensation costs: net operating income ratio excluding the impact of own credit; and the revision of ESHLA valuation methodology. A reconciliation is provided on page 192 for the Group;

Adjusted compensation: operating income ratio represents compensation costs: operating income ratio excluding the impact of credit impairment charges and other provisions; own credit; gain on US Lehman acquisition and revision of ESHLA valuation methodology. A reconciliation is provided on page 192 for the Group;

Adjusted basic earnings per share represents adjusted attributable profit (page 205) divided by the basic weighted average number of shares in issue. The comparable IFRS measure is basic earnings per share, which represents profit after tax and non-controlling interests, divided by the basic weighted average number of shares in issue. A reconciliation to IFRS is provided on page 192 for the Group;

Adjusted return on average shareholders equity represents annualised adjusted profit after tax for the period attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average shareholders equity, excluding non-controlling interests, the impact of own credit on retained earnings, and other equity instruments. The comparable IFRS measure is return on average shareholders equity which represents annualised profit after tax for the period attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average shareholders equity, excluding non-controlling interests and other equity instruments. A reconciliation to IFRS is provided on page 192 for the Group;

Adjusted return on average tangible shareholders equity represents annualised adjusted profit after tax for the period attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average shareholders equity excluding non-controlling interests, the impact of own credit on retained earnings, and other equity instruments adjusted for the deduction of intangible assets and goodwill.

The comparable IFRS measure is return on average tangible shareholders equity which represents annualised profit after tax for the period attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average shareholders equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill. A reconciliation to IFRS is provided on page 192 for the Group;

Barclays Core results are non-IFRS measures because they represent the sum of five Operating Segments, each of which is prepared in accordance with IFRS 8; Operating Segments : Personal and Corporate Banking, Barclaycard, Africa Banking, Investment Bank and Head Office. A reconciliation to IFRS is provided on pages 191 and 192;

Constant currency results are calculated by converting ZAR results into GBP using the average exchange rate for the year ended 31 December 2015 for the income statement and the 31 December 2015 closing exchange rate for the balance sheet to eliminate the impact of movement in exchange rates between the two periods;

Net Stable Funding Ratio (NSFR) is calculated according to the definition and methodology detailed in the standard provided by the Basel Committee on Banking Supervision. The original guidelines released in December 2010 (Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring , December 2010) were revised in October 2014 (Basel III: The Net Stable Funding Ratio , October 2014). The metric is a regulatory ratio that is not yet finalised in local regulations and, as such, represents a non-IFRS measure. This definition and the methodology used to calculate this metric is subject to further revisions ahead of the implementation date and our interpretation of this calculation may not be consistent with that of other financial institutions;

Liquidity Coverage Ratio (LCR) is calculated according to the Commission Delegated Regulation of October 2014 that supplements Regulation (EU) 575/2013 (CRDIV) published by the European Commission in June 2013. The metric is applicable from 01 October 2015 and as such is a binding measure as at 31 December 2015;

Transitional CET1 ratio according to FSA October 2012. This measure is calculated by taking into account the statement of the Financial Services Authority, the predecessor of the Prudential Regulation Authority, on CRD IV transitional provisions in October 2012, assuming such provisions were applied as at 1 January 2014. This ratio is used as the relevant measure starting 1 January 2014 for purposes of determining whether the automatic write-down trigger (specified as a Transitional CET1 ratio according to FSA October 2012 of less than 7.00%) has occurred under the terms of the Contingent Capital Notes issued by Barclays Bank PLC on November 21, 2012 (CUSIP: 06740L8C2) and April 10, 2013 (CUSIP: 06739FHK0). Please refer to page 150 for a reconciliation of this measure to CRD IV CET1 ratio.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as may , will , seek , continu aim , anticipate , target , projected , expect , estimate , intend , plan , goal , believe , achieve o 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 or savings, original and revised commitments and targets in connection with the strategic cost programme and the Group Strategy Update, rundown of assets and businesses within Barclays Non-Core, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers 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; United Kingdom (UK), United States (US), Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implementation of the strategic cost 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 which may impact the Group s future financial condition and performance are identified in our filings with the SEC 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 (the LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the SEC.

Market and other data

This document contains information, including statistical data, about certain Barclays markets and its competitive position. Except as otherwise indicated, this information is taken or derived from Datastream and other external sources. Barclays cannot guarantee the accuracy of information taken from external sources, or that, in respect of internal estimates, a third party using different methods would obtain the same estimates as Barclays.

Uses of Internet addresses

This document contains inactive textual addresses to internet websites operated by us and third parties. Reference to such websites is made for information purposes only, and information found at such websites is not incorporated by reference into this document.

References to Pillar 3 report

This document contains references throughout to Barclays annual risk report, the Pillar 3. Reference to the aforementioned report is made for information purposes only, and information found in said report is not incorporated by reference into this document.

Contents

Governance

Our corporate governance processes and the role they play in supporting the delivery of our strategy, including reports from the Chairman and each of the Board Committee Chairmen.

Risk review

The management of risk plays a central role in the execution of Barclays strategy and insight into the level of risk across businesses and portfolios and the material risks and uncertainties the Group face are key areas of management focus.

Financial review

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

Financial statements

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

Additional information Page

Governance

Contents

Our corporate governance processes and the role they play in supporting the delivery of our strategy, including reports from the Chairman and each of the Board Committee Chairmen.

Governance: Directors report

Who we are

Board of Directors[1]

Board of Directors[a]

Barclays understands the importance of having a Board containing the right balance of skills, experience and diversity and the composition of the Board is regularly reviewed by the Board Nominations Committee. The skills and experience of the current Directors and the value they bring to the Board is described below. Full biographies can be accessed online via home.barclays/investorrelations

John McFarlane

Chairman

Age: 68

Appointed:

1 January 2015

Relevant skills and experience

John is a former CEO of Australia and New Zealand Banking Group Limited with extensive financial services experience across retail, commercial and investment banking, gained both globally and in the UK. John has a proven track record of implementing cost reduction, cultural transformation and driving through strategic change; most recently demonstrated during his time as chairman of Aviva plc. He is also an experienced non-executive director and chairman. John became Chairman at the conclusion of the April 2015 AGM. He became Executive Chairman in July 2015 and held this position until 1 December 2015, when he resumed the role of Chairman.

Other principal appointments

Old Oak Holdings Limited; Westfield Corporation;

Chairman, The CityUK

Committees

Nom*

Relevant skills and experience

Jes Staley

Group Chief Executive

Age: 59

Appointed:

1 December 2015

Jes has nearly four decades of extensive experience in banking and financial services. He worked for more than 30 years at JP Morgan, initially training as a commercial banker, and later advancing to the leadership of major businesses involving equities, private banking and asset management, and ultimately heading the company s global investment bank. Most recently, Jes served as managing partner at BlueMountain Capital. These roles have provided him with a vast experience in leadership and he brings a wealth of investment banking knowledge to the Board. Jes joined Barclays as Group Chief Executive on 1 December 2015.

Other principal appointments

None

Committees

None

Sir Gerry Grimstone

Deputy Chairman and

Senior Independent

Director

Age: 66

Appointed:

1 January 2016

Relevant skills and experience

Sir Gerry brings to the Board a wealth of investment banking, financial services and commercial experience gained through his senior roles at Schroders and his various former board positions. Sir Gerry has global business experience across the UK, Hong Kong, the Middle East and the US.

Sir Gerry has significant experience as a non-executive director and chairman. He is currently the chairman of Standard Life plc, independent non-executive board member of Deloitte LLP and the lead non-executive at the Ministry of Defence.

Other principal appointments

Financial Services Trade and Investment Board;

The Shareholder Executive

Committees

Nom, Rep*

Mike Ashley Non-executive Age: 61 Appointed: 18 September 2013	**Relevant skills and experience** Mike has deep knowledge of auditing and associated regulatory issues, having worked at KPMG for over 20 years, where he was a partner. Mike was the lead engagement partner on the audits of large financial services groups including HSBC, Standard Chartered and the Bank of England. While at KPMG, Mike was Head of Quality and Risk Management for KPMG Europe LLP, responsible for the management of professional risks and quality control. He also held the role of KPMG UK s Ethics Partner. **Other principal appointments** ICAEW Ethics Standards Committee; European Financial Reporting Advisory Group s Technical Expert Group; Chairman, Government Internal Audit Agency; Charity Commission; International Ethics Standards Board for Accountants **Committees** Aud*, Nom, Ris
Tim Breedon Non-executive Age: 58 Appointed: 1 November 2012	**Relevant skills and experience** Tim joined Barclays after a distinguished career with Legal & General, where, among other roles, he was the group chief executive until June 2012. Tim s experience as a CEO enables him to provide challenge, advice and support to the Executive on performance and decision-making. Tim brings to the Board extensive financial services experience, knowledge of risk management and UK and EU regulation, as well as an understanding of the key issues for investors. **Other principal appointments** Marie Curie Cancer Care; Chairman, Apax Global Alpha Limited **Committees**

Aud, Nom, Rem, Ris*

Crawford Gillies

Non-executive

Age: 59

Appointed:

1 May 2014

Relevant skills and experience

Crawford has extensive business and management experience, gained with Bain & Company and Standard Life plc. These roles have provided him with experience in strategic decision-making and knowledge of company strategy across various sectors and geographical locations.

Crawford has also held board and committee chairman positions during his career, notably as chairman of the remuneration committees of Standard Life plc and MITIE Group PLC.

Crawford intends to retire from his position at Standard Life plc in 2016.

Other principal appointments

SSE plc; Control Risks Group Holdings Limited

Committees

Aud, Nom, Rem*

Reuben Jeffery III

Non-executive

Age: 62

Appointed:

16 July 2009

Relevant skills and experience

Reuben has extensive financial services experience, particularly within investment banking and wealth management, through his role as CEO and president of Rockefeller & Co. Inc. and Rockefeller Financial Services Inc. and his former senior roles with Goldman Sachs, including as the managing partner of the Paris office.

His various government roles in the US, including as chairman of the Commodity Futures Trading Commission, provides the Board with insight into the US political and regulatory environment.

Other principal appointments

International Advisory Council of the China Securities Regulatory Commission; Advisory Board of Towerbrook Capital Partners LP; Advisory Board of J. Rothschild Capital Management Limited; Financial Services Volunteer Corps; The Asia Foundation

Committees

Nom, Ris

[a] Full Director biographies can be found on pages 324 to 327

[1] The composition of the Board is correct as at 29 February 2016.

Wendy Lucas-Bull

Non-executive

Age: 62

Appointed:

19 September 2013

Relevant skills and experience

Wendy has significant financial services and African banking experience gained through CEO and senior executive roles on the boards of large South African banks, including Barclays Africa Group Limited. As a CEO she has a track record of successful financial turnaround and cultural transformation of a major South African bank. Her expertise in asset management, investment, commercial and retail banking on the continent is invaluable to the Board given its operations in the region.

Wendy s previous experience of leading on a number of conduct-related consultations also provides Barclays with valuable insight into conduct risk issues.

Other principal appointments

Chairman, Barclays Africa Group Limited; Chairman, Absa Bank Limited; Chairman, Absa Financial Services; Afrika Tikkun NPC (non-profit); Peotona Group Holdings

Committees

Rep

Tushar Morzaria

Group Finance

Director

Age: 47

Appointed:

15 October 2013

Relevant skills and experience

Tushar joined Barclays in 2013 having spent the previous four years in senior management roles with JP Morgan, most recently as the CFO of its Corporate & Investment Bank.

Throughout his time with JP Morgan he gained strategic financial management and regulatory relations experience. Since joining the Board he has been a driving influence on the Group s strategic cost programme, and managing the Group s capital plan, particularly in response to structural reform.

Other principal appointments

None

Committees

None

Dambisa Moyo

Non-executive

Age: 47

Appointed:

1 May 2010

Relevant skills and experience

Dambisa is an international economist and commentator on the global economy, having completed a PhD in economics. Dambisa has a background in financial services and a wide knowledge and understanding of African economic, political and social issues, in addition to her experience as a director of companies with complex, global operations.

Other principal appointments

SABMiller Plc; Barrick Gold Corporation; Seagate Technology plc

Committees

Rem, Rep

Frits van Paasschen

Non-executive

Age: 54

Appointed:

1 August 2013

Relevant skills and experience

Frits is an experienced director, having held the position of CEO and non-executive director in a number of leading global organisations, most recently as CEO of Starwood Hotels and Resorts Worldwide, Inc. These roles have provided him with both a global business perspective and a clear understanding of key management issues, as well as experience of enhancing customer experience in a retail environment.

Other principal appointments

None

Committees

Rep

Diane de Saint Victor

Non-executive

Age: 61

Appointed:

1 March 2013

Relevant skills and experience

Diane holds the roles of executive director, general counsel and company secretary of ABB Limited, a listed international power and automation technologies company. Diane s legal background, combined with her knowledge of regulatory and compliance requirements, bring a unique perspective to the discussions of the Board and its Committees.

Other principal appointments

None

Committees

Aud, Rep

Diane Schueneman

Non-executive

Age: 63

Appointed:

25 June 2015

Relevant skills and experience

Diane joined Barclays after an extensive career at Merrill Lynch, holding a variety of senior roles. Diane brings a wealth of experience in managing global, cross-discipline business operations, client services and technology in the financial services industry. Diane s experience is a good addition to discussions of the Board and the Board Risk Committee. Diane will also join the Board Audit Committee with effect from 1 March 2016.

Other principal appointments

None

Committees

Ris

Steve Thieke

Non-executive

Age: 69

Appointed:

7 January 2014

Relevant skills and experience

Steve has significant experience in financial services, in both investment banking with JP Morgan, where among other roles he served as the chairman of the risk management committee, and in regulation, through roles with the Federal Reserve Bank of New York and the Financial Services Authority. Steve also has significant board experience, having served in both executive and non-executive director roles in his career.

Other principal appointments

None

Committees

Rem, Ris

Company Secretary

Lawrence Dickinson

Age: 58

Appointed:

19 September 2002

Relevant skills and experience

Since joining Barclays as a graduate in 1979, Lawrence has worked in a number of roles, including as Chief of Staff to the CEO and as the Private Bank s Chief Operating Officer. Lawrence is a member and Treasurer of the GC100, the Association of General Counsels and Company Secretaries of the FTSE100. In August 2015 Lawrence also became Group Chief of Staff to the Chairman.

Committee membership key

Aud	Board Audit Committee
Nom	Board Nominations Committee
Rem	Board Remuneration Committee
Rep	Board Reputation Committee
Ris	Board Risk Committee
*	Committee Chairman

Governance: Directors report

Who we are

Group Executive Committee[1]

Group Executive Committee[a]

Biographies for Jes Staley, Group Chief Executive, and Tushar Morzaria, Group Finance Director, who are members of the Group Executive Committee, which is chaired by Jes Staley, can be found on pages 324 and 326.

Michael Harte
Chief Operations and Technology Officer

Bob Hoyt
Group General Counsel

Thomas King
Chief Executive, Investment Bank

Robert Le Blanc
Chief Risk Officer

Jonathan Moulds
Group Chief Operating Officer

Maria Ramos
Chief Executive, Barclays Africa Group

Tristram Roberts
Group Human Resources Director

Michael Roemer
Group Head of Compliance

Amer Sajed
Interim Chief Executive, Barclaycard

Ashok Vaswani

Chief Executive,
Personal and
Corporate Banking

[a] Executive Committee biographies can be found on pages 327 to 329
[1] The composition of the Group Executive Committee is correct as at 29 February 2016.

Board diversity

The Board has a balanced and diverse range of skills and experience. All Board appointments are made on merit, in the context of the diversity of skills, experience, background and gender required to be effective.

Balance of non-executive Directors: executive Directors

1	Chairman	1
2	Executive Directors	2
3	Non-executive Directors	11

Gender balance

Male: Female
10:4

Length of tenure

(Chairman and non-executive Directors)

0-3 years
9

3-6 years
2

>6 years
1

Geographical mix

(Chairman and non-executive Directors)

UK
5

Continental Europe
1

US
4

Other
2

Industry/background experience

(Chairman and non-executive Directors)[a]

Financial Services	10
Political/regulatory contacts	9
Current/recent Chair/CEO	8
Accountancy/financial	2
International (US)	4
International (Europe)	4
International (Rest of the World)	4
Operations and Technology	1
Retail/marketing	1

Note

a Individual Directors may fall into one or more categories

What we did in 2015

Chairman s introduction

The role of any board, and one in which I passionately believe, is to create and deliver long-term, sustainable value.

Dear Fellow Shareholders

I joined Barclays in January 2015 as a non-executive Director and succeeded Sir David Walker as Chairman following the April 2015 Annual General Meeting (AGM). I would like to extend my thanks and appreciation to Sir David for all that he did for Barclays during his tenure.

This is my first report to you as Chairman and is perhaps not quite the report I anticipated writing when I first took up this role. From 17 July to 30 November 2015, I served as Executive Chairman, the Board having asked me to take on this role on an interim basis following its decision to search for a new Group Chief Executive to succeed Antony Jenkins. I welcome the flexibility afforded to us by the UK Corporate Governance Code that allowed us to operate under these revised governance arrangements for a short period of time and ensure continuity of focus and leadership. I was ably supported by my fellow Directors and by the Group Executive Committee during my period as Executive Chairman and thank them for their individual and collective guidance and input. I was delighted that, under the leadership of Sir Michael Rake, we were able to progress the search for a new Group Chief Executive quickly and welcome Jes Staley to the Board in December 2015, at which point I reverted to my role of non-executive Chairman. Jes has a track record as an outstanding leader and I believe he has the skills and experience to take Barclays forward to deliver improved shareholder returns and reclaim its position as the UK s pre-eminent bank. Jes and I are already enjoying a constructive and positive time working together.

The role of the Board

The role of any board, and one in which I passionately believe, is to create and deliver long-term, sustainable value. Barclays is a standout brand and has first-class retail, cards, commercial and investment banking businesses, but this has not translated into shareholder value in recent years. To deliver that value sustainably, we need to be much more focused on what is attractive, what we are good at, and where we are good at it. Put simply, we need to create a tangible and compelling reason for our shareholders to invest in us. This has driven the Board s focus on three priorities during 2015: focus on our core segments and markets; generate shareholder value; and instil a high performance and customer culture, with strong ethical values.

Board appointments, performance and succession planning

One of the key aspects of my role as Chairman, and one which was especially important during my tenure as Executive Chairman, is to ensure that Barclays has an effective and cohesive, yet challenging Board, with the optimum balance of experience, skills, expertise and personal attributes. I have sought to promote a culture of integrity and transparency, enabling Board debate that allows diverse perspectives and constructive challenge. Certainly, the Board did not shy away from difficult conversations and decisions during 2015, always with a focus on what was needed to drive forward execution of the strategy to generate sustainable value for Barclays and its shareholders.

The Barclays Board has undergone a significant amount of change in recent years and saw further changes during 2015. In addition to my own appointment, we welcomed Diane Schueneman to the Board in June 2015 and Jes Staley in December 2015. Diane brings valuable operations and technology experience to the Board. Sir David Walker and Sir John Sunderland left the Board in April 2015, following the AGM, with Antony Jenkins leaving the Board in July 2015. Finally, in October 2015, we announced that Sir Gerry Grimstone would succeed Sir Michael Rake as Deputy Chairman and Senior Independent Director with effect from 1 January 2016. Sir Michael retired from the Board at the end of 2015 and I would like to thank him for his dedicated service and commitment over his eight years as a non-executive Director, including being Senior Independent Director since October 2011 and Deputy Chairman since July 2012. Sir Michael offers his own perspective on governance during 2015 on page 8.

Governance: Directors report

What we did in 2015

Chairman s introduction

I am also delighted to report that we have met the Board diversity target we set back in 2012, which was that 25% of the Board by the end of 2015 should be women. We have now agreed a new diversity target, which is that 33% of the Board by the end of 2020 should be women, although our overriding principle is that all appointments to the Board are made on merit, taking into account the skills and experience that the Board needs now and may need in the future to support delivery of our strategy.

I am on record as saying that Barclays needs to reduce its internal bureaucracy by becoming leaner and more agile and consequently more effective and the Board and its processes are no exception to this. One of the steps I took on becoming Chairman was to review the Board s governance structure, with assistance from the Company Secretary, in order to simplify and streamline the principal Board Committees, in particular those Board Committees with responsibility for oversight of risk. As a result, the Board decided to disband the Board Enterprise Wide Risk Committee, with its responsibilities for oversight of enterprise-wide risk being assumed by the Board as a whole. We also concluded that the Board Financial Risk Committee should assume responsibility for oversight of the capital and financial aspects of operational risk, in addition to financial risk, leaving the Board Conduct, Operational and Reputational Risk Committee to focus on conduct and culture, reputational risk and citizenship. The Board Audit Committee continued to focus on the control aspects of operational risk. The Board Committees have subsequently been renamed to more accurately reflect their responsibilities.

As part of our discussions on Board and Board Committee succession planning, membership of each Committee was also reviewed to ensure that it had the right balance of skills, experience and perspectives and also to ensure that individual Directors were not being over-burdened by Committee responsibilities. Board Committees play a vital role in supporting the Board in its oversight of internal control and financial reporting, risk and risk management and reward and remuneration. Each of the Board Committee Chairmen report below on how their committees discharged their responsibilities during 2015 and the material matters each considered. The Board Nominations Committee has continued to play a role in succession planning for Group Executive Committee and senior leadership roles and, having had the opportunity during 2015, as Executive Chairman, to work even more closely with Group Executive Committee members, I was able to bring some fresh perspectives on the talent pipeline and talent management processes. More detail on the Board Nominations Committee s work on succession planning can be found on page 28.

It is important to periodically obtain an independent perspective on the effectiveness of the Board and particularly so in a year when our conventional Board governance processes were temporarily revised. We have conducted an externally facilitated review of the effectiveness of the Board each year since 2004, and for 2015 we asked Independent Board Evaluation to facilitate that review. I am pleased to advise that the overall outcome of the review was that the Board is operating effectively, although there are some areas that could be enhanced. A report on the evaluation process and the outcomes may be found on pages 33 and 34.

Culture and values

People matter more than anything else in any business: it is a company s people that make it great help it stand out from its competitors and make it an attractive proposition for customers and investors. As a Board, we are responsible for ensuring that Barclays people do things the right things in the right way by setting the tone from the top, by living Barclays culture and values in everything that we do and in the decisions we make, by holding the Group Executive Committee to account for the integrity of our Purpose and Values and by creating a culture in which doing the right thing is integral to the way we operate, globally. In an organisation as large and as complex as Barclays, that can be, and is, a challenge, but we are only too alive to the consequence of getting this wrong. I have personally endorsed our Code of Conduct, The Barclays Way, and the Board Reputation Committee has been monitoring, on behalf of the Board, the progress we are making to embed cultural change.

Shareholder and regulatory engagement

Meaningful engagement with our shareholders and regulators is a key pillar of our approach to corporate governance. We welcome open and constructive discussion with our stakeholders, particularly with regard to governance and succession planning, strategy and remuneration. You can read more about how we have engaged with key stakeholders during 2015 in this report. I also hope to meet with many of our private shareholders at our AGM, which will be held on 28 April 2016. A significant activity during 2015 was our external audit tender, on which we engaged with a number of our major shareholders, and you can read a report from Tim Breedon, who chaired our Audit Tender Oversight Sub-Committee, on page 18.

Looking ahead

2015 has not been without its challenges, but I believe that we now have the leadership in place to take forward execution of our strategy at pace, to deliver on our priorities and generate the long-term sustainable value that will benefit not only Barclays shareholders, but society at large.

John McFarlane

Chairman

29 February 2016

What we did in 2015

Statement from Sir Michael Rake,

Deputy Chairman until 31 December 2015

In asking the Chairman to take on executive responsibilities we were mindful of the need to ensure that our Board governance arrangements remained effective.

Board allocation of time (%)

		2015	2014
1	Strategy formulation and implementation monitoring	**56**	47
2	Finance (incl. capital and liquidity)	**11**	17
3	Governance and Risk (incl. regulatory issues)	**29**	32
4	Other (incl. compensation)	**4**	4

Dear Fellow Shareholders

In early July 2015, we announced the departure of Antony Jenkins as Group Chief Executive and the appointment of John McFarlane as Executive Chairman, pending the appointment of a new Group Chief Executive. The non-executive Directors had reflected long and hard on the issue of Group leadership and had concluded that new leadership, bringing a new set of skills, was required to accelerate the pace of execution going forward. These events were extensively reported at the time and, rather than revisit them, I would simply like to reiterate here the Board s appreciation of Antony s contribution at what was a critical period for Barclays.

In asking the Chairman to take on executive responsibilities, albeit for an interim period, we were mindful of the need to ensure that our Board governance arrangements remained effective and to maintain an appropriate balance of responsibilities on the Board and in the running of the Company until such time as a new Group Chief Executive was appointed. I wanted to give you my perspective on how we approached that and, in particular, how my role as Deputy Chairman and Senior Independent Director evolved during this time.

First, as Executive Chairman, John McFarlane relinquished his membership of the principal Board Committees on which he served, to ensure they continued to be composed solely of non-executive Directors and without any impediment to their ability to provide independent and constructive challenge to executive management. Specifically, John stood down as Chairman of both the Board Nominations Committee and the Board Reputation Committee and I became Chairman of both committees in his place.

Secondly, I took primary responsibility for the search for a new Group Chief Executive, leading the Board Nominations Committee through this process. As the relationship between the Chairman and Group Chief Executive is pivotal to the effectiveness of the Board, John worked closely with me during this process and his insight and guidance on the skills and qualities we needed in the new Group Chief Executive was invaluable. During the search process, I reported regularly to my non-executive colleagues on the Board on progress and on potential candidates, ensuring that they had the opportunity to provide their views and feedback. You can read more about the search for our new Group Chief Executive on page 32. We announced in late October 2015 that Jes Staley would join the Board as Group Chief Executive with effect from 1 December 2015. John subsequently resumed his chairmanship of the Board Nominations Committee, however, I continued to chair the Board Reputation Committee for the remainder of 2015.

Thirdly, my general interaction with our main stakeholders our major shareholders and our regulators in the UK and US increased during the period that John served as Executive Chairman.

Finally, I also maintained close contact with both John and members of senior management to ensure there were no significant issues arising from a governance perspective during this period.

2015 was my last year on the Barclays Board. I joined the Board in January 2008 and served through an eventful and difficult period for both Barclays and the financial services industry as a whole. Barclays announced in October 2015 that I would retire from the Board with effect from 31 December 2015 and I have spent time with my successor as Deputy Chairman and Senior Independent Director, Sir Gerry Grimstone, to ensure a smooth handover. I have been proud to serve on the Barclays Board and wish my fellow Directors continuing success for the future.

Sir Michael Rake

Deputy Chairman and Senior Independent Director until

31 December 2015

What we did in 2015

Board Audit Committee report

We have continued to play a role in changing the culture and building a greater sense of personal accountability, not just at a senior level within the Group but throughout the organisation, for maintaining the control environment.

Dear Fellow Shareholders

My report for 2014 emphasised the role the Committee has in ensuring that Barclays operates with a strong control environment and, in particular, the role it is playing in changing the culture and building a greater sense of personal accountability, not just at a senior level within the Group but throughout the organisation, for maintaining that control environment. During 2015, with the agreement of the Board and the Board Risk Committee, the Committee assumed primary responsibility for assessing and tracking the progress of embedding the Enterprise Risk Management Framework (ERMF), which is the way in which Barclays approaches enterprise risk management and is the bedrock of our management of internal risk and control. In particular, the Committee was keen to find ways in which the ERMF could be linked to the Group s assessment of Management s Control Approach (MCA), both to drive the right behaviours and provide a more objective method of assessing MCA. In terms of specific control issues, an area of focus for the Committee during 2015 was operations and technology, where there are a number of material control issues the Group is addressing. In assessing control issues for disclosure, the Committee has applied similar definitions to those used for assessing internal financial

The role of Board Audit Committee Chairman continues to be a full and busy one. During 2015, I had significant interaction with our regulators, meeting with representatives from our UK and US regulators and also participating in trilateral meetings with our auditors and UK regulators. I also took the opportunity to liaise with my fellow audit committee chairmen in other financial services companies, to discuss common issues and share practice, and I met with a group of investors to discuss disclosure issues, in particular with regard to realised profits. I carried on with my practice of meeting with representatives from senior management to discuss specific issues, such as customer complaints or cyber risk, in addition to my regular meetings with the Group Finance Director and Chief Internal Auditor. I also visited Barclays Africa, attending the African chairmen s conference. I held regular private meetings with my fellow Committee members ahead of Committee meetings to ensure I had a good sense of the matters that concerned them most and likewise met regularly with the lead audit partner of the external auditor.

Committee performance

The Committee s performance during 2015 was evaluated as part of the independently facilitated Board effectiveness review and I am pleased to report that the outcomes were positive. The Committee was regarded as effective and considered to be very thorough and detailed. The review commented on the continuing need to balance the demands of a busy agenda and programme of work with the need to cover issues in appropriate detail. We will also be seeking to strengthen the level of technical accounting experience on the controls for the purposes of Sarbanes-Oxley and has concluded that there are no control issues that are considered to be a material weakness, which would therefore merit specific disclosure. Further details may be found in the Risk Management and Internal Control section on page 39. The Committee also continued to address the significant judgements that need to be made in connection with the Group s financial statements, primarily those relating to conduct and litigation provisions and the valuations of specific financial instruments, derivatives assets and portfolios, particularly those where there is a lack of observable market data. More details of the material matters addressed by the Committee are given in the report below. The Committee also spent time carefully considering the requirements of the new viability statement and confirmed that, as indicated in last year s report, three years was the appropriate period, as it accorded with the Group s Medium Term Plan.

A significant activity for the Committee during 2015 was the external audit tender, which was conducted by an Audit Tender Oversight Sub-Committee, chaired by Tim Breedon. As I was until 2013 a partner of KPMG, one of the bidding audit firms, I took no part in the external audit tender process, other than providing input to its initial design. Tim Breedon reports separately on the external audit tender process below.

Committee. You can read more about the outcomes of the Board effectiveness review on pages 33 and 34.

Looking ahead

Barclays continues to face an unprecedented level of change, driven by both internal and external factors and it will be critical to ensure that a culture of strong control is maintained as the Group implements its strategy and also as it positions itself for structural reform. The Committee will continue to seek to ensure that management maintains its focus on building personal accountability for upholding a strong and effective control environment and is supportive of the pilot programme being implemented in 2016 that will require certain business personnel to spend time working in a control function before being promoted. 2016 will also see the Committee focus on the transition to a new auditor, KPMG, who will become Barclays auditor with effect from the 2017 financial year. We will be seeking to ensure that the quality of the audit performed by the existing auditor, PwC, is maintained until the end of its tenure and that KPMG has completed the steps it needs to undertake to ensure it is fully independent of Barclays and has a strong understanding of the business before it takes up office.

Mike Ashley

Chairman, Board Audit Committee

29 February 2016

Committee composition and meetings

The Committee is composed solely of independent non-executive Directors. Dambisa Moyo retired from the Committee at the end of August 2015 following a review of Board Committee composition and size by the Board, which resulted in the membership of each Board Committee being refreshed. Diane Schueneman was appointed to the Committee with effect from 1 March 2016. Mike Ashley is the designated financial expert on the Committee for the purposes of the US Sarbanes-Oxley Act. Although each member of the Committee has financial and/or financial services experience, the Board has determined that the Committee would benefit from additional direct accounting and auditing experience and consideration is being given to further appointments to the Committee in order to deepen its expertise in these areas. You can find more details of the experience of Committee members in their biographies on pages 3 and 4.

The Committee met 10 times in 2015 and the chart on page 17 shows how it allocated its time. One meeting was held purely to consider presentations from the three audit firms bidding for the external audit tender and was not attended by Mike Ashley. Committee meetings were attended by management, including the Group Chief Executive, Group Finance Director, Chief Internal Auditor, Chief Risk Officer, General Counsel and Head of Compliance, as well as representatives from the businesses and other functions. The lead audit partner of the external auditor attended all Committee meetings, except the meeting to evaluate the external audit tender proposals, and the Committee held a number of private sessions with each of the Chief Internal Auditor or the lead audit partner, which were not attended by management.

Member	Meetings attended/eligible to attend
Mike Ashley*	9/10
Tim Breedon	10/10
Crawford Gillies	10/10
Dambisa Moyo (to 31 August 2015)	6/7
Diane de Saint Victor	7/10

* Did not attend the meeting that considered the appointment of a new statutory auditor given that KPMG, where until 2013 he was a partner, was one of the bidding audit firms.
Unable to attend certain meetings owing to prior business commitments. Input was provided to the Committee Chairman prior to the meeting.

Committee role and responsibilities

The Committee is responsible for:

- assessing the integrity of the Group s financial reporting and satisfying itself that any significant financial judgements made by management are sound

- evaluating the effectiveness of the Group s internal controls, including internal financial controls and

- scrutinising the activities and performance of the internal and external auditors, including monitoring their independence and objectivity.

The Committee s terms of reference are available at

home.barclays/corporategovernance

Governance: Directors report

What we did in 2015

Board Audit Committee report

The Committee s work

The significant matters addressed by the Committee during 2015 are described below.

Significant financial statement reporting issues

Assumptions and estimates or judgements are an unavoidable and significant part of the financial reporting process and are evaluated carefully by the Committee ahead of the publication of Barclays results announcements. The Committee examined in detail the main judgements and assumptions made by management, any sensitivity analyses performed and the conclusions drawn from the available information and evidence, with the main areas of focus during the year set out below. Where appropriate, the Committee sought input and guidance from the external auditor and welcomed its challenge on specific matters. In addition to these main areas of focus, the Committee also covered matters relating to Barclays pension scheme, taxation and accounting policy choices.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Conduct provisions (see Note 27 to the financial statements).	Barclays makes certain assumptions and estimates, analysis of which underpins provisions made for the costs of customer redress, such as for Payment Protection Insurance (PPI), Packaged Bank Accounts (PBA) and rates provided to certain customers on foreign exchange transactions.	In debating Barclays financial results statements, the Committee examined the provisions held for the costs of customer redress. In respect of PPI, the Committee: § analysed the judgements and estimates with regard to the PPI provision, taking into account estimated overturn rates, the estimation policy on missing data, and complaints trend data	The Committee agreed that an additional provision of £150m should be taken at the first quarter but requested a full review of forecasts for PPI redress for the second quarter 2015. Having assessed the outputs of that review, it agreed to increase the provision at the half year by £600m. Following the review at the third quarter, the Committee concluded that no additional provisions were required but asked management to conduct further review and analysis for the 2015 year end to ensure that provisions were within an acceptable range. In deliberating the analyses

§ evaluated Financial Ombudsman Service overturn rates and trends, provisions utilisation, latest flow forecasts and how reasonable high and low end scenarios had been determined in order to assess the range of reasonable possible future costs § debated proposed additional provisions and whether the analysis performed by management was consistent with prior periods § assessed the Group s ability to forecast trends in PPI complaints, discussing the levels of uncertainty in the projections § debated the potential range of outcomes that might arise from the Plevin case (the 2014 UK Supreme Court ruling in Plevin v Paragon Personal Finance Ltd) and the potential impact on the future range of provisions arising from the proposed timebar on claims.	presented by management in connection with the 2015 full year results, and considering in particular the potential impact resulting from the FCA s consultation on introducing a time limit for claims and addressing the Plevin case, the Committee agreed with management s proposal to increase the provision at the year end by £1,450m. The Committee and management will continue to monitor closely any changes in customer or claims management companies behaviour in light of the Plevin case and the proposed timebar.
With regard to PBA redress, the Committee: § debated the practice of providing for future costs where persistent levels of complaints are received § assessed PBA claims experience throughout 2015, examining the level of provisions against forecast volumes and actual claims experience	The Committee endorsed management s recommendation that an expense of £282m for PBA should be provided for in the first half and agreed it should be disclosed as a separate item in the interim results. Having examined claims trend data, it concluded that no further provisions were required during 2015.
§ evaluated management s analysis of complaint levels and trends and the outputs of product reviews.	The Committee agreed with the proposal to make a provision of £290m in the third quarter and that this provision should be separately disclosed. The

In relation to redress to certain customers regarding rates provided on foreign exchange transactions, the Committee:

§ examined the results of the internal review conducted by management on foreign exchange transactions

§ evaluated the Group s proposal for calculating remediation for the customers affected.

remediation is still at an early stage and the Committee noted that there were no significant developments in the fourth quarter. The Committee therefore agreed that no adjustment was required in the provision at the end of 2015.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Legal, competition and regulatory provisions (see Notes 27 and 29 to the financial statements).	Barclays makes judgements in respect of provisions for legal, competition and regulatory matters.	§ Evaluated advice on the status of current legal, competition and regulatory matters. § Assessed management s judgements and estimates of the levels of provisions to be taken and the adequacy of those provisions, based on available information and evidence.	The Committee discussed provisions and utilisation for Foreign Exchange and ISDAFix litigation and agreed that any residual provision should be retained and not released in the first half. Having reviewed the information available to determine what could be reliably estimated, the Committee agreed that the provision at the full year should be set at £1,237m for ongoing investigations and litigation including Foreign Exchange. Further information may be found on pages 266 and 267.
Valuations (see Notes 13 to 18 to the financial statements).	Barclays exercises judgement in the valuation and disclosure of financial instruments, derivative assets and certain portfolios, particularly where quoted market prices are not available, in particular the	§ Debated fair value balance sheet items. This included evaluating a report from the Valuations Committee, analysing social housing bonds credit spread performance and debating the appropriateness of	The Committee concluded that there should be no change to the fair value approach. It also agreed with management s recommendation that an additional prudential valuation adjustment of £300m should be

	Group s Education, Social Housing and Local Authority (ESHLA) portfolio, which during 2015 represented the most material judgement in view of widening credit spreads on social housing bonds and budget changes impacting social housing portfolios.	the valuation model. § Assessed how the ESHLA portfolio might be accounted for under IFRS 9. § Debated uncollateralised derivatives and differences in pricing ranges and the potential impact on the Group s financial statements. § Examined the significant valuation disparity between the Group and a counterparty in relation to a specific long-dated derivative portfolio.	made in respect of the ESHLA portfolio, reflecting an increase in credit uncertainty for social housing sector loans arising from some widening of social housing bond credit spreads. The Committee noted that despite attempts by the front office trading team, the Group Finance Director and the Chairman of the Committee, it had not proved possible to gain a complete understanding of the causes of the valuation disparity from the relevant counterparty. Nonetheless, a significant element was understandable in light of the different underlying positions held and the Committee took further comfort from a third party valuation provided in relation to ongoing consideration of restructuring the trades. The Committee concluded that the Group s valuation methodology was appropriate and also noted that the Group was protected against counterparty credit risk through a collateral escrow arrangement.
Impairment (see Note 7 to the financial statements).	Where appropriate, Barclays models potential impairment performance, allowing for certain assumptions and sensitivities, to agree allowances for credit impairment, including agreeing the timing of the recognition of any impairment and estimating the size, particularly where forbearance has been granted.	§ Assessed impairment experience against forecast and whether impairment provisions were appropriate. § Evaluated the results of the review and stress tests conducted by management of the Group s exposures to the oil and gas sector in light of the reduction in oil prices. § Debated management s	The Committee agreed with the proposed adjustments to emergence and outcome periods and determined that the allowances for credit impairment on loans and advances were appropriate and adequately supported by model outputs. In relation to the oil and gas

analysis of the emergence and outturn periods for the Barclaycard portfolios.

sector, the Committee determined that the proposed provisions were appropriate but noted that further stress was possible in the event of a prolonged period of lower oil prices.

What we did in 2015

Board Audit Committee report

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Going concern (see page 45 for further information).	Barclays is required to confirm that the going concern basis of accounting is appropriate.	§ Assessed a working capital report prepared by Barclays Treasury, covering forecast and stress tested forecasts for liquidity and capital compared to current and future regulatory requirements, while taking into account levels of conduct and litigation provisioning and possible further provisions that may be required.	After examining forecast working capital, along with Barclays ability to generate capital and raise funding in current market conditions, the Committee concluded that Barclays liquidity and capital position remained appropriate, that there were no material uncertainties and that the going concern basis of accounting remained appropriate.
Viability	For the 2015 reporting year onwards, the Directors are required to make a statement in the Annual Report as to the longer-term viability of Barclays.	§ At the request of the Board, evaluated at the year end a report from management that set out the view of Barclays longer-term viability. This report was based on Barclays Medium Term Plan (MTP) and covered forecasts for capital, liquidity and leverage, including forecast performance against regulatory targets, outcomes of the stress test of the MTP and forecast capital and liquidity performance against stress hurdle rates, funding and liquidity forecasts and an assessment of global risk themes and the Group s risk profile.	Taking into account the assessment by the Board Risk Committee of stress testing results and risk appetite, the Committee agreed to recommend the viability statement to the Board for approval, although it emphasised the need for the statement to refer specifically to the key risks to viability, in particular those outside the Group s direct control.

Fair, balanced and understandable reporting (including Country by Country reporting and Pillar 3 reporting).	Barclays is required to ensure that its external reporting is fair, balanced and understandable.	§ At the request of the Board, assessed, via discussion with and challenge of management, whether disclosures in Barclays published financial statements were fair, balanced and understandable, taking into account comments received from investors and others. § Evaluated reports from the Disclosure Committee on its assessment of the content, accuracy and tone of the disclosures. § Sought and obtained confirmation from the Group Chief Executive and Group Finance Director that they considered the disclosures to be fair, balanced and understandable. § Evaluated the outputs of Barclays Turnbull assessments and Sarbanes- Oxley s404 internal control process. § Established via reports from management that there were no indications of fraud relating to financial reporting matters. § Assessed disclosure controls and procedures. § Requested that management report on and evidence the basis on which representations to the external auditors were made.	Having assessed all of the available information and the assurances provided by management, the Committee concluded that the processes underlying the preparation of Barclays published financial statements were appropriate in ensuring that those statements were fair, balanced and understandable. In assessing Barclays financial results statements, the Committee requested that certain amendments were made to disclosures on litigation and also provided input on other key disclosure items, including the US Wealth disposal, guidance on Barclays Non-Core, adjusting items, dividends and outlook statements. It also debated the proposed statements to be made by the Chairman and Group Chief Executive, suggesting amendments. The Committee concluded that the disclosures and process underlying the production of the 2015 Annual Report and Financial Statements were appropriate and recommended to the Board that the 2015 Annual Report and Financial Statements are fair, balanced and understandable.

Other significant matters

Other matters addressed by the Committee focused on the effectiveness of Barclays internal controls, the performance and effectiveness of the internal audit function, the performance, objectivity and independence of the external auditor, PricewaterhouseCoopers LLP (PwC) and the arrangements being made to ensure that the incoming auditor, KPMG LLP (KPMG), achieves full independence prior to commencing the Barclays audit. The most significant matters are described below.

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Internal control Read more about the Barclays Internal control and risk management processes on page 39.	The effectiveness of the control environment in operations and technology (O&T) and the status and remediation of any material control issues.	§ Evaluated on a regular basis, the O&T control environment, including the status of any open material control issues, emerging risks and closed control issues, taking the opportunity to directly challenge and question functional leaders. § Scrutinised the status of specific material control issues and their associated remediation plans, including in particular those relating to access management, security of secret and confidential data, cyber risk, IT infrastructure and application issues and third party supplier management. § Debated any slippage to remediation programmes and	Having assessed the status of material control issues and their remediation, the Committee suggested that resilience should be elevated as a material control issue and requested a deep dive. The deep dive has been scheduled for early 2016. The Committee also requested further updates on cyber risk and third party supplier management, both of which are scheduled to take place in early 2016. The Committee requested a deep dive on access management control issues, which took place during 2015.

	whether this was a cultural indicator of the Group s approach. § Conducted a deep dive on security of secure and confidential data control issues, discussing in particular the cultural changes that the businesses needed to make. § Assessed the threat presented by cyber risk, including the impact of any confirmed cyber attacks. § Debated the progress of remediation of third party supplier management control issues, including the potential impacts of the Group s focus on cost management and of decentralisation.	
The effectiveness of the business control environment, including the status of any material control issues and the progress of specific remediation plans.	§ Assessed individual reports on the control environment in PCB, Barclaycard, Barclays Africa and US Investment Banking operations, including questioning directly the heads of those businesses. § Debated the importance of maintaining an effective control environment as the Group decentralises certain functional activities.	The Committee requested, and received, an update on decentralisation and its potential impact on the Group s control environment.
The progress being made on embedding the ERMF to support a strong and effective internal control environment.	§ Assessed the results of a self-assessment pilot exercise conducted by the principal business units, as the first line of defence. § Evaluated a proposal for a revised approach to the internal control attestation process to link it to the ERMF.	The Committee suggested to management that the assessment of MCA ratings could be more closely aligned to the ERMF. It subsequently considered and approved a proposal to align the MCA and ERMF, recommending that this be implemented with effect from 1 January 2016. The

- Deliberated on the challenge of embedding conduct risk management as part of the ERMF.
- Debated the effectiveness of the systems being used to support risk and control assessments by the first line of defence.
- Focused on the need for effective challenge by the second line of defence.
- Debated what metrics could be used to provide line of sight to control issues and whether a more objective approach to MCA ratings could be developed.

Committee requested further work on the revised approach to the internal control attestation process, so that the revised approach could be implemented for the 2015 year end attestation. The Committee asked for a further update on the effectiveness of the challenge by the second line of defence once all risk and control assessments had been completed. This update is scheduled to be provided in early 2016.

What we did in 2015

Board Audit Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
	The adequacy of the Group s arrangements to allow employees to raise concerns in confidence without fear of retaliation and the outcomes of any substantiated cases.	§ Debated the enhancements made to the Group s whistleblowing framework, including changes in the team, communications to employees and re-publication of the Raising Concerns Policy. § Evaluated the level of substantiated cases and trends in reporting.	The Committee welcomed the steps that had been taken to strengthen the Group whistleblowing team and to enhance awareness and visibility across the Group of whistleblowing processes and the Raising Concerns Policy. It asked for more granular reporting to be made to the Committee, including ensuring that any cases of retaliation were clearly highlighted and that Barclays Africa incidents were reported to the Committee on the same basis as the rest of the Group. This information is now being received. To enable an assessment of effectiveness, the Committee asked for Barclays processes to be benchmarked against its peers. It was subsequently presented with the results of the benchmarking exercise and concluded that Barclays processes were appropriate.
Internal audit	The performance of internal audit and delivery of the	§ Focused on how to accelerate the remediation of	The Committee supported the approach to enforcing even

internal audit plan, including scope of work performed, the level of resources and the methodology and coverage of the internal audit plan.	any control weaknesses and the importance of having a culture of closing issues effectively, including debating a new approach to audit issues management, which requires issues to be remediated within six months of identification, with any extension to that time period requiring the approval of a member of the Group Executive Committee. § Evaluated progress of the internal audit plan for 2015 and debated the plan for 2016, including assessing the proposed internal audit coverage and key control themes identified. § Assessed internal audit resources and attrition levels. § Debated the outcomes from Barclays Internal Audit s annual self-assessment.	greater accountability and ensuring greater visibility at Group Executive Committee and senior management level of the remediation of control issues and audit issues management. It confirmed its agreement to the key control themes identified by internal audit, although it asked for execution risk to be covered specifically. The Committee approved changes to internal audit s methodology and the approach to audit coverage and issues validation, which has been implemented from 1 January 2016. The Committee asked for internal audit reports to comment as a matter of course on the effectiveness of both first and second lines of defence when evaluating their audit findings. Having assessed internal audit s reports on a regular basis, the Committee confirmed completion of the internal audit plan for the first half of 2015 and approved the plan for the second half of the year, including approving the resources requested. It also approved the plan for the first half of 2016. In view of the Group s focus on cost management, the Committee asked for an assessment of the impact on the internal audit plan of any proposed headcount reductions and for this to be reported to the Committee along with any revised plan. The Committee was content with the outcomes of the self-assessment of internal audit performance, although requested an update on the quality assurance programme, which will be provided in 2016.

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
External audit	The work and performance of PwC, including the maintenance of audit quality during the period of transition to a new auditor.	§ Convened a separate session with the key members of the PwC audit team to discuss the 2015 audit plan and agree areas of focus. § Assessed regular reports from PwC on the progress of the 2015 audit and any material issues identified. § Debated the draft audit opinion ahead of 2015 year end. The Committee was also briefed by PwC on critical accounting estimates, where significant judgement is needed.	The Committee approved the audit plan and the main areas of focus, including impairment, valuations, conduct redress provisions, litigation and regulation and IT systems and controls. The Committee asked PwC to comment on the Group s reconciliations processes and how they compared to other financial institutions. **Read more about the Committee s role in assessing the performance, effectiveness and independence of the external auditor and the quality of the external audit below.**
	The external audit tender, which was conducted during 2015, and the arrangements for the transition to a new auditor.	§ Received regular updates from the Audit Tender Oversight Sub-Committee on the progress of the audit tender. § Convened a special meeting to evaluate final presentations from the three audit firms who responded to the request for proposal.	The Committee decided to look further at potential reputation risk before making a recommendation to the Board. Having done so, it concluded on two firms for recommendation to the Board for consideration, indicating its preferred option of KPMG. In July 2015, Barclays announced

§ Assessed and endorsed the proposed process to ensure that KPMG was independent by 1 July 2016.

the appointment of KPMG as its statutory auditor with effect from the 2017 financial year.

Read more about the external audit tender and the processes in place to ensure KPMG s independence below.

The Committee also covered the following matters:

§ ensured it was updated on the implementation of IFRS 9, including the work under way to develop the Group s approach, project status, resourcing and employee training. The Committee requested, and received, a specific briefing session on IFRS 9, covering the key assumptions and judgements that will be required

§ debated the Group s plan for recovery and resolution and the process by which it was developed, including assessing the forward-looking trigger indicators

§ tracked progress of plans to ensure an attestation could be made to the Group s regulators with regard to financial crime controls

§ assessed status reports on the Group s controls around client assets and encouraged management to ensure that complexity, and the associated compliance costs, was taken into account when deciding which products to be offered

§ evaluated regular reports on regulatory issues

§ approved revisions to its terms of reference and recommended them to the Board for approval

§ approved a revised Group Retail Impairment Policy.

Assessing external auditor effectiveness, auditor objectivity and independence and non-audit services

The Committee is responsible for assessing the effectiveness, objectivity and independence of the Group s auditor, PwC. This responsibility was discharged throughout the year at formal committee meetings, during private meetings with PwC and via discussions with key executive stakeholders. In addition to the matters noted above, during 2015, the Committee:

§ approved the terms of the audit engagement letter and associated fees, on behalf of the Board, having scrutinised the results of Barclays formal evaluation of PwC. More information on the formal evaluation is provided below

§ appraised PwC s approach to key accounting judgements and how they were communicated and agreed with management and the Committee

§ recognising that PwC, and its predecessor firms, has been Barclays external auditor since 1896 and that it had been more than 10 years since the external audit was last tendered, conducted an external audit tender, identified KPMG as the preferred candidate for appointment as Barclays new auditor and made a recommendation to the Board. Details of the audit tender process, which was overseen by the Audit Tender Oversight Sub-Committee, can be found on page 18

§ discussed and agreed revisions to the Group Policy on the Provision of Services by the Group Statutory Auditor and regularly analysed reports from management on the services that PwC provided to Barclays. Following the appointment of KPMG as auditor from 1 January 2017, the Committee also commenced oversight of new non-audit service engagements with KPMG in recognition of the potential threats to independence. Read more about non-audit services below

§ instructed Barclays Internal Audit to undertake a review of a sample of non-audit services provided by PwC to ensure that the final deliverables aligned to the scope of work approved by the Committee. No concerns were identified by this review

§ evaluated and approved revisions to the Group Policy on Employment of Employees from the Statutory Auditor and ensured compliance with the policy by regularly assessing reports from management detailing any appointments made

§ analysed the results of the inspection of PwC by the Financial Reporting Council s Audit Quality Review Team and confirmed support for the actions PwC proposed to take to address areas identified for improvement

§ assessed the draft report to the PRA prepared by PwC regarding its detailed audit work on specific topics, in particular, impairment.

PwC s performance, independence and objectivity during 2015 were formally assessed at the beginning of 2016. A questionnaire incorporating best practice recommendations from a number of professional and governance bodies, and taking account of key findings from the 2014 review, was completed by key stakeholders across the Group. The questionnaire was designed to evaluate PwC s audit process in its entirety and addressed matters including the quality of planning and communication, technical knowledge, the level of scrutiny and challenge applied and PwC s understanding of the business. The subsequent report provided empirical data on which the Committee assessed PwC. It also reflected specific comments made by respondents, giving the Committee a valuable insight into management s views. The Committee was particularly interested in assessing whether audit quality was being maintained throughout the period of transition to a new auditor. The results of the evaluation confirmed that both PwC and the audit process were effective. Having considered the results of the evaluation, the Committee recommended to the Board and to shareholders that PwC should be reappointed as the Group s auditors at the AGM on 28 April 2016, noting that this would be PwC s final year as Group auditor.

Governance: Directors report

What we did in 2015

Board Audit Committee report

Non-audit services

In order to safeguard the auditor s independence and objectivity, Barclays has in place a policy setting out the circumstances in which the auditor may be engaged to provide services other than those covered by the Group audit. The Group Policy on the Provision of Services by the Group Statutory Auditor (the Policy) applies to all Barclays subsidiaries and other material entities over which Barclays has significant influence. The core principle of the Policy is that non-audit services (other than those legally required to be carried out by the Group s auditor) should only be performed by the auditor in certain, controlled circumstances. The Policy sets out those types of services that are strictly prohibited and those that are allowable in principle. Any service types that do not fall within either list are considered by the Committee Chairman on a case by case basis, supported by a risk assessment provided by management.

The Committee has pre-approved all allowable services up to £100,000, or £25,000 for tax advisory services, however, all proposed work, regardless of the fees, must be sponsored by a senior executive and recorded on a centralised online system, with a detailed explanation of the clear commercial benefit arising from engaging the auditor over other potential service providers. The audit firm engagement partner must also confirm that the engagement has been approved in accordance with the auditor s own internal ethical standards and does not pose any threat to the auditor s independence or objectivity.

All requests to engage the auditor are assessed by independent management before work can commence. Requests for allowable service types in respect of which the fees are expected to meet or exceed the above thresholds must be approved by the Chairman of the Committee before work is permitted to begin. Services where the fees are expected to be £250,000 or higher must be approved by the Committee as a whole. All expenses and disbursements must be included in the fees calculation.

During 2015, all engagements where expected fees met or exceeded the above thresholds were evaluated by either the Committee Chairman or the Committee as a whole who, before confirming any approval, assured themselves that there was justifiable reason for engaging the auditor and that its independence and objectivity would not be threatened. Two requests were declined in 2015 (2014: two). On a quarterly basis, the Committee scrutinised details of individually approved and pre-approved services undertaken by the auditor in order to satisfy itself that they posed no risk to the auditor s independence, either in isolation or on an aggregated basis. A breakdown of the fees paid to the auditor for non-audit work can be found in Note 42 on page 296, with non-audit fees representing 23.5% (2014: 25.7%) of the audit fee. Significant categories of engagement undertaken in 2015 included:

§ attest and assurance services required by regulators in connection with reviews of internal controls including reviews of the suitability of design and operating effectiveness of controls related to custody of securities and funds within Barclays Wealth Americas

- tax compliance services in respect of assignments initiated pre-January 2011 in connection with Barclays international and expatriate employees, involving co-ordination and filing of statutory tax returns, social security applications and additional compliance filings

- transaction support on secured funding transactions, including the provision of audits required by the Bank of England and the issue of comfort letters

- provision of advice and market insight in respect of regulatory requirements relating to remuneration structure, incentive funding and risk adjustment and remuneration reporting.

Independence of KPMG

Following the appointment of KPMG as Barclays auditor with effect from 1 January 2017, the Committee was concerned to ensure that KPMG obtained independence from Barclays during 2016, enabling it to familiarise itself with Barclays and receive a structured, formal handover from PwC. In order to ensure KPMG s independence, and to allow the Committee to assess whether any non-audit work being conducted by KPMG in the meantime is appropriate, both in terms of type and scale, Barclays is in the process of exiting any current relationships or assignments that may prevent KPMG obtaining independent status and

has implemented procedures to manage the types of relationships and assignments that KPMG provides going forward. In particular, KPMG is not permitted to provide any service that may continue beyond mid-2016 if it has potential to cause independence issues. Since October 2015, the Committee has required all new engagements to be considered in light of the Policy and is maintaining oversight of them on the same basis as for the current auditor. The Committee has reserved the right to decline any proposed engagement with KPMG.

The fees paid to KPMG for non-audit work during 2015 were £38m. Significant categories of engagement undertaken in 2015 included:

- international tax compliance services for expatriate employees of Barclays, including expatriate tax returns, tax counselling, tax equalisation, international social security and other employment tax issues

- independent approved person review (s.166) of interest rate swaps to small businesses, covering the sale of interest rate hedging products to retail customers

- the building of an internal lean self-sufficiency capability to support end-to-end value stream improvements of core business processes within Group Operations and Technology

- assistance in the establishment and running of the programme management office associated with the African brand migration project

- support in the implementation of the Group conduct risk programme

§ support with the development of the anti-money laundering programme and the provision of related advice

§ support for Barclaycard in the assessment and restructuring of its pricing model

§ review and remediation of know your customer documentation requirements for Barclays politically exposed persons and special focus clients in the US, UK, Switzerland, Monaco, India, Singapore and Hong Kong

§ support for the development and embedding of the Basel II-compliant models in Spain.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014

Barclays intends to comply with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which relates to the frequency and governance of tenders for the appointment of the external auditor and the setting of a policy on the provision of non-audit services.

Board Audit Committee allocation of time (%)

		2015	2014
1	Control issues	**18**	24
2	Business control environment	**16**	10
3	Financial results	**27**	42
4	Internal audit matters	**7**	8
5	External audit matters (including external audit tender)	**26**	11
6	Other (including governance and compliance)	**6**	5

Governance in Action external audit tender

As indicated in last year s Annual Report, Barclays decided to undertake an external audit tender in 2015, with a view to replacing our external audit firm from the 2017 financial year onwards. This was done to conform with the auditor rotation requirements of the final statutory audit services order published in October 2014 by the UK s Competition and Markets Authority, which took effect in January 2015.

In December 2014, we established an Audit Tender Oversight Sub-Committee, to oversee the external audit. I was asked to chair the Sub-Committee and Crawford Gillies and Colin Beggs, Chairman of the BAGL Audit Committee, were the other members. The tender process completed in summer 2015 and the Board announced in July 2015 that it had appointed KPMG as Barclays Auditor with effect from the 2017 financial year.

One of the Sub-Committee s key objectives was to ensure that the selection process was efficient, fair, effective, open and transparent. It established and published the following weighted key assessment criteria: Audit Quality (50%), Cultural Fit (20%), Corporate Fit (15%) and Experience (15%). No fee information was available to the Board Audit Committee before the recommendation was finalised. Three levels of governance were implemented to manage and support the process.

Timeline and key activities

Governance body	Purpose
Core Audit Tender Team	§ Assist the audit firms to put the best solution forward for consideration. § Conduct a detailed assessment of the audit firms following the design approved by the Audit Tender Oversight Sub-Committee.
Audit Tender Oversight Sub-Committee	§ Agree objectives and desired outcomes for the audit tender. § Approve the design of the audit tender process. § Construct and agree a shortlist of firms to be asked to participate. § Oversee the implementation of the audit tender process.
Board Audit Committee	§ Recommend to the Board, from at least two potential candidates, the preferred firm to be appointed.

A number of firms were invited to participate in the audit tender, including firms outside the Big 4 auditors. We published key information on the tender in a timely manner, including making the request for proposal available on Barclays website. We also wrote to our major shareholders, setting out the process and details of the tendering audit firms, which we considered essential to transparency. Enhanced compliance procedures were established. We then undertook a broad and structured evaluation of each firm through site visits and workshops with the tendering firms, covering all the major businesses of the Group, the control functions and specific audit exercises, which were also attended by members of the Board Audit Committee. Ongoing feedback was provided to the tendering audit firms through a single point of contact in order to ensure that each was given the best chance possible of putting forward a credible proposal to the Board Audit Committee.

At the conclusion of the audit tender process, the Board Audit Committee was able to recommend to the Board the preferred firm to be appointed, from two shortlisted firms. All tendering firms met the minimum thresholds set by the Audit Tender Oversight Sub- Committee and, following a full assessment of the proposals and detailed questioning of the audit firms, KPMG was identified as the preferred firm, based on audit quality, evaluation scores and its extensive experience of auditing banks. Mike Ashley and Sir Michael Rake, both former partners of KPMG, took no part in the evaluation process or the Board Audit Committee s recommendation and both recused themselves when the Board discussed and approved the appointment.

Tim Breedon

Chairman, Audit Tender Oversight Sub-Committee

What we did in 2015

Board Risk Committee report[a]

In 2016 the Committee will continue to supervise the level and deployment of risk appetite, as well as the Group s funding and capital position, as we respond to regulatory requirements and our expectations of continued volatility in external conditions.

Dear Fellow Shareholders

Over the past year, the Board Risk Committee reviewed management s responses to a range of external challenges. These included a slowdown in China and other emerging markets, falling oil and commodity prices, as well as some industry trends toward more aggressive lending terms in certain core markets, including UK property and international leveraged finance. Risk appetite, as well as country, sector and individual exposures, were carefully monitored to ensure that business activity and limits appropriately reflected external risks. We were pleased to see impairment remain broadly flat on 2014 levels and within planning expectations, despite increasingly challenging conditions in some markets.

A key activity for the Committee is recommending risk appetite to the Board and monitoring performance against the agreed appetite on its behalf. The context in which we set our Medium Term Plan (MTP) and risk appetite for 2015 was based on our assessment of our key markets, including risk factors arising from the near term

Another key area of focus during 2015 was the structural reform programme, where the Committee was asked by the Group Chairman to oversee progress of the planning process, particularly with regard to structural options, their capital and liquidity implications and the potential risks for the Group, its customers and for the financial system. Now that the programme has moved into its implementation phase, the Board will directly oversee programme execution, although the Committee will continue to exercise oversight of capital and liquidity aspects, including assessing capital on a legal entity basis. From July 2015, the Committee also assumed oversight responsibility for operational risk, agreeing to focus on the financial and capital aspects of operational risk, while the Board Audit Committee oversees the control aspects.

The role of Board Risk Committee Chairman is not confined to the Committee s regular meetings. During 2015, I continued to have significant interaction with our regulators, meeting regularly with representatives from our UK and US regulators. I held regular meetings with the Chief Risk Officer and members of his senior management team, with Barclays Treasurer and the Chief Operating Officer. I also liaised closely with the Chairman of Board Audit Committee, particularly on those matters where the remit of the two committees might overlap, including with regard to the implementation of the Enterprise Risk Management Framework and operational risk issues.

Committee performance

geopolitical, macroeconomic and market environment and the potential for further conduct and litigation charges. Matters for particular focus were the UK housing market, where new mortgage regulations, a potential rise in interest rates, the growth in the buy-to-let market and ongoing high levels of household debt were expected to have an impact; continuing economic and political uncertainty in Europe; weak economic prospects for South Africa; and the potential effects of ongoing weakness in oil prices. 2015 risk appetite and risk triggers were set to position Barclays conservatively given this environment. During 2015, significant stress in emerging markets and economies became evident, underpinned by a slowing in the Chinese economy and resultant market volatility. Consequently, Barclays took early action to reduce its risk appetite to emerging markets, particularly Africa, and also remained vigilant to the potential impacts arising from a downturn in economic growth, indebtedness generally and further weakness in capital markets.

At the end of 2014, the Committee asked for a review of the Group s process for setting risk appetite and during 2015 approved a revised methodology that takes a scenario-based approach, with stress testing as the basis of the risk appetite framework. This revised methodology was used to set risk appetite for 2016, with the Committee also approving the stress testing themes, the severity of the proposed stress and the financial constraints.

Note

a The name of the Committee changed from the Board Financial Risk Committee in June 2015

The Committee s performance during 2015 was evaluated as part of the independently facilitated annual Board effectiveness review and I am happy to report that the outcomes were positive. The Committee was regarded as effective and as taking a thorough and detailed approach to its responsibilities. The main area identified for improvement was ensuring that the papers presented to the Committee strike the right balance between providing data for information and providing insight and analysis to encourage greater debate and I will be working with the Chief Risk Officer and Barclays Treasurer to address this during 2016. You can read more about the outcomes of the Board effectiveness review on pages 33 and 34.

Looking ahead

The Committee expects its areas of focus for 2016 to be guided by the ongoing level of change faced by the Group as it implements its strategy and executes the structural reform programme, with a particular focus on capital and liquidity management across legal entities. We will also continue to monitor and react to any emerging risks arising in our key markets in the UK, US and South Africa as a consequence of any macroeconomic deterioration or disruption in financial market conditions.

Tim Breedon

Chairman, Board Risk Committee

29 February 2016

Committee composition and meetings

The Committee is comprised solely of independent non-executive Directors. Following a review by the Board during 2015 of Board Committee composition, Dambisa Moyo stepped down from the Committee with effect from 31 August 2015 and Diane Schueneman joined the Committee with effect from 1 September 2015. Details of the skills and experience of the Committee members can be found in their biographies on pages 3 and 4.

The Committee met seven times in 2015, with two of the meetings held in New York. Two additional meetings were held at short notice for the sole purpose of considering and approving revised risk limits in connection with specific transactions and, with the consent of the Committee Chairman, were not attended by all Committee members. The chart on page 23 shows how the Committee allocated its time during 2015. Committee meetings were attended by management, including the Group Chief Executive, Group Finance Director, Chief Internal Auditor, Chief Risk Officer, Barclays Treasurer and General Counsel, as well as representatives from the businesses. Representatives from the external auditor also attended meetings.

Member	Meetings attended/eligible to attend
Tim Breedon	7/7
Mike Ashley	7/7
Reuben Jeffery III*	5/7
Dambisa Moyo (to 31 August 2015)*	3/5
Diane Schueneman (from 1 Sept 2015)	2/2
Steve Thieke*	5/7

* with the consent of the Chairman did not attend the two meetings held at short notice to consider specific transaction limits

Committee role and responsibilities

The Committee s responsibilities include:

§ recommending to the Board the total level of financial and operational risk the Group is prepared to take (risk appetite) to create long-term shareholder value

§ monitoring financial and operational risk appetite, including setting limits for individual types of risk, e.g., credit, market and funding risk

§ monitoring the Group s financial and operational risk profile

§ ensuring that financial and operational risk is taken into account during the due diligence phase of any strategic transaction and

§ providing input from a financial and operational risk perspective into the deliberations of the Board Remuneration Committee.

The Committee s terms of reference are available at

home.barclays/corporategovernance

The Committee s work

The significant matters addressed by the Committee during 2015 are described below:

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Risk appetite, i.e. the level of risk the Group chooses to take in pursuit of its business objectives.	The methodology for calculating the level of risk appetite.	§ Requested a review of the Group s risk appetite process and methodology and debated proposals from management to move to a scenario-based stress testing approach. § Evaluated the proposed MTP stress test, agreeing on a scenario involving a global recession from an economic slowdown in China. § Debated the severity of the scenario and how it would apply across the Group s main markets of the UK, US and South Africa and how it aligned to regulatory stress tests.	The Committee challenged the parameters proposed by management and asked for a parameter to be linked to PBT. It also asked for early consideration to be given to the impact of IFRS 9 on the Group s risk appetite and stress testing assumptions. This work is under way and will be reported to the Committee in the first half of 2016. Given the change in methodology, the Committee requested early sight of the design and outputs as the new risk appetite process was implemented, resulting in a workshop being held in December 2015. All non-executive Directors were invited to attend the workshop.
Stress testing, i.e. testing whether the Group s	The Group s stress testing exercises, including scenario selection and constraints, the	§ Debated proposals from management to move to a scenario-based risk appetite	The Committee approved the stress test results for submission to the BoE. It

financial position and risk profile provide sufficient resilience to withstand the impact of severe economic stress.	results and implications of stress tests, including stress tests run by the Bank of England (BoE), and regulatory feedback on the methodology and results.	setting approach and approved a change to the Group s methodology. § Assessed the progress of the BoE stress test and evaluated the preliminary results, including discussing any potential areas of sensitivity.	subsequently evaluated the BoE stress testing results and feedback from the BoE on the stress test.

What we did in 2015

Board Risk Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Structural reform, i.e. the progress of structural reform, including the challenges to execution.	The impact of structural reform on the Group s principal risks, including the impact on capital and liquidity for individual Group legal entities and the potential overall impact on the safety and soundness of the UK financial system.	§ Debated structural reform and the impact on the capital and liquidity flight paths for individual legal entities, in particular, the prospective credit rating of Barclays Bank PLC in the structural reform structure. § Evaluated the respective impacts on capital, liquidity and on the general safeness and soundness of the Group of different ring fence bank (RFB) structures.	The Committee recognised the design and implementation challenges of the programme and supported management in proposing structures and perimeters that best ensured the safety and soundness of all elements of the Group. It requested a workshop on structural reform to provide the Committee with an in-depth view of the key challenges. The workshop was held in December 2015 and all non-executive Directors were invited to attend.
Liquidity and funding, i.e. having sufficient financial resources available to enable the Group to meet its obligations as they fall due.	Compliance with regulatory requirements and internal liquidity risk appetite (LRA).	§ Assessed on a regular basis liquidity performance against requirements. § Debated the credit ratings of Barclays PLC and Barclays Bank PLC and potential market reaction to a ratings downgrade following removal of sovereign support notching. § Questioned the cost of additional liquidity and asked for options to reduce the cost to be considered.	The Committee ensured that management had in place options to manage any impact on liquidity of a ratings downgrade. It agreed that the cost of maintaining surplus liquidity was appropriate.

Capital and leverage, i.e., having sufficient capital resources to meet the Group s regulatory requirements, maintain its credit rating and support growth and strategic options.	The flight path to achieving required regulatory and internal targets and capital and leverage ratios.	§ Debated on a regular basis, capital performance against plan, tracking the capital flight path, any challenges/headwinds and regulatory developments. § Evaluated options to maximise capital and capital ratios in order to meet regulatory and market expectations.	The Committee supported the forecast trajectory and the actions identified by management to manage the Group s capital position.
Country risk, i.e. the levels of risk the Group is prepared to take in specific countries.	The potential impact on the Group s risk profile of political instability and economic weakness in South Africa, one of its main markets.	§ Debated economic conditions in South Africa and the future outlook. § Examined the actions already taken to manage risks, improve controls and asset quality and develop triggers for additional action in the event of further macro deterioration. § Monitored the impact on South Africa of the slowdown in China and the fall in commodity prices.	The Committee sought additional information around the actions that had been taken to manage the risk profile in South Africa, including the impact of the actions taken to date. It requested a deep dive on the risk profile of the South African business, inviting the South African business heads to present on the actions that had been taken and how the business was positioned for a further economic downturn, including the impact of a further country rating downgrade.

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Political and economic risk, i.e. the impact on the Group s risk profile of political and economic developments and macroeconomic conditions.	The potential impact on the Group s risk profile of political developments, such as the UK general election and budget statement, the potential exit of countries from the Eurozone, and weakening macroeconomic conditions, such as disruption and volatility in financial markets.	§ Assessed the potential impact of the UK general election and steps that could be taken to manage any market volatility. § Evaluated the potential risks arising from a general macroeconomic slowdown and from financial markets disruption, including the global impact of the economic slowdown in China. § Assessed global consumer indebtedness indicators and the potential impact of rising consumer debt on the Group s risk profile. § Debated the Group s Eurozone exposures in the context of the potential break-up of the Eurozone in the event of a Greek exit and assessed the Group s levels of redenomination risk in the Eurozone.	The Committee asked management to evaluate macroeconomic conditions and market indicators to inform the strategic plan and risk appetite proposals for 2016, so that the Group is positioned appropriately.
Retail credit risk, i.e. UK property market, interest	The potential overheating of the UK housing market, particularly in London and the South East and the Group s risk	§ Debated UK property market indicators and conditions, particularly in the high loan to value (LTV) and the buy-to-let	The Committee encouraged management to continue to take a conservative approach to UK mortgage lending in the

rate risk.	appetite for and management of sectors such as the buy-to-let sector.	markets and potential economic and political risks to that market. § Evaluated the Group s lending criteria and its approach to assessing customers on affordability. § Assessed the potential impact of an increase in interest rates on customers, including how customers had been stress tested and assessed against affordability criteria.	buy-to-let market and emphasised the need to keep risks and exposures within agreed appetite.
Specific sector risk, i.e. the Group s risk profile in sectors showing signs of stress, such as the oil sector.	The Group s exposures to the oil and commodities sectors in light of the price weakness and volatility in these sectors during 2015.	§ Regularly assessed the Group s exposures to the oil sector, including assessing steps taken with regard to the credit strategy for the sector, how the portfolio was performing and whether this was in line with expectations. § Evaluated the Group s exposures to the commodities sector and actions taken to identify any names at risk and reduce exposures.	The Committee supported the actions that had been taken by management to manage the Group s risks and exposures to the oil and commodities sectors. It requested a stress test to assess the impact of further (and longer) oil price weakness on the Group s lending portfolio, including indirect exposure.
Operational Risk From 1 July 2015, the Committee took responsibility for oversight of the capital and financial aspects of operational risk.	The Group s operational risk capital requirements and any material changes to the Group s operational risk profile and performance versus risk appetite.	§ Evaluated operational risk capital and debated the potential for an increase in regulatory operational capital requirements. § Debated whether Barclays advanced status for calculating operational risk capital should be retained. § Tracked operational risk key indicators via regular reports from the Head of Operational Risk.	The Committee focused its oversight of operational risk on the financial and capital implications, debating in particular the potential impact of regulatory operational risk requirements.

What we did in 2015

Board Risk Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Risk governance, i.e. the capability, governance and controls that the Group has over the management of risk.	The development of a scorecard to assist the Committee in assessing risk capability across the Group; further enhancement to the limit framework and governance of leveraged finance; the actions being taken to enhance controls and governance around risk models.	§ Requested development of a risk capability scorecard. § Regularly debated conditions in the leveraged finance market, tracking market indicators and the Group s risk exposures and assessing the limit framework for leveraged finance and underwriting, including proposed changes to the framework to strengthen controls. § Assessed the progress of enhancements to risk models controls and governance, including the role of the Group s Independent Validation Unit. § Evaluated revisions proposed to the ERMF.	The Committee approved the approach to the risk capability scorecard and requested a formal annual assessment of capability, with the option of an external assessment every three years. The Committee approved a revised limit framework for leveraged finance transactions and approved underwriting limits in general. The Committee concluded that good progress had been made on enhancing the controls and governance around risk models and asked management to focus on improving the quality of models and data quality further. The Committee also recommended the revised ERMF to the Board for approval.
Remuneration	The scope of any risk adjustments to be taken into account by the Board Remuneration Committee when making remuneration decisions for 2015.	§ Evaluated the Risk function s view of performance, which informed remuneration decisions for 2015.	The Committee supported the Risk function s view of 2015 risk performance and endorsed the report that had been submitted to the Board Remuneration Committee.

The Remuneration Report on pages 50 to 83 includes more detail on how risk is taken into account in remuneration decisions.

In addition, the Committee also covered the following matters in 2015:

§ regularly tracked the utilisation of risk appetite and evaluated the Group s risk profile

§ evaluated the impact of the Swiss franc revaluation on the Group s electronic trading systems and asked for any lessons learned to be applied to other electronic platforms

§ debated risk related matters arising from regulatory assessments and the actions needed to address any specific issues raised

§ approved regulatory submissions, including the Individual Capital Adequacy Assessment Process and the Individual Liquidity Adequacy Assessment

§ assessed and debated a report on its own performance during 2014, including considering whether its remit should be revised to cover operational risk and assessing the degree of challenge and support and value it provided to the Risk function

§ discussed and agreed on its own training needs, resulting in two workshops being held in 2015, one on risk appetite and one on structural reform, with a further briefing session on the impact of IFRS 9 planned for 2016

Board Risk Committee allocation of time (%)

		2015	2014
1	Risk profile/risk appetite (including capital and liquidity management)	**43**	57
2	Key risk issues	**31**	19
3	Internal control/risk policies	**11**	11
4	Other (including remuneration and governance issues)	**15**	13

Read more about Barclays risk management on pages 95 to
109 and 336 to 409

§ approved amendments to its terms of reference to reflect its revised remit and to ensure they remained in line with best practice and

§ discussed and agreed its specific responsibilities for the oversight of operational risk, focusing on the capital and financial impacts, leaving the Board Audit Committee to oversee operational risk control issues.

What we did in 2015

Board Reputation Committee report[a]

The Committee s responsibilities were reshaped during 2015 to focus on three main pillars: conduct and compliance; reputation; and citizenship.

Dear Fellow Shareholders

The Board Reputation Committee underwent a period of change during 2015, in terms of both a reassessment of Board Committee responsibilities and membership. John McFarlane succeeded Reuben Jeffery III as Chairman of the Committee in March 2015 and, following John s appointment as Executive Chairman in July 2015, the Board asked me to assume the role of Committee Chairman, a position I held until my retirement from the Board at the end of December 2015.

The Committee s responsibilities were reshaped during 2015 to focus on three main pillars: conduct and compliance; reputation; and citizenship. Culture and conduct are the bedrock of the organisation and, with the right culture, much of Barclays exposure to conduct risk can be reduced. To this end, the Committee has continued to focus on these issues, assessing progress against plans for

Committee performance

As part of the annual Board effectiveness review the performance of the Board s committees was considered and I am pleased to report that the Committee is considered to be effective. The Committee is relatively new and areas for improvement included continuing to refine its agenda, particularly with regard to compliance and conduct risk, and ensuring that it does not duplicate the work of other Board Committees. Please turn to the report of the Board effectiveness review on pages 33 and 34 for more details.

Looking ahead

My successor, Sir Gerry Grimstone, will be assessing the areas of focus for the Committee in 2016 and I wish him and the Committee well for the future.

Sir Michael Rake

Chairman, Board Reputation Committee until 31 December 2015

Committee composition and meetings

The Committee comprises independent non-executive Directors, with the exception of Wendy Lucas-Bull, who the Board has decided to deem as non-independent for the purposes of the UK Corporate Governance Code, owing to her position as Chairman of Barclays Africa Group Limited. During 2015, there were a number of changes to the membership of the Committee, which are set out in the table embedding our conduct risk programme and implementing cultural change throughout the Group. We assessed deep-dive reports into conduct risk within key businesses, such as Barclays Africa and the Cards business, and evaluated the findings of a report by Air Marshal Sir David Walker, commissioned by management to give an independent view on whether we are making progress with cultural change. I am pleased to report that, although there is more to be done, progress on both has been good and there is strong commitment throughout the Group to embedding the necessary changes.

The Committee also tracked the exposure of Barclays, and the financial sector generally, to reputational risks. Reputational risk is a risk type that is constantly evolving, with potential new risks emerging while we are implementing controls to manage identified risks. Consequently, we have taken a thematic approach to identifying our key reputational risks and have ensured that we look ahead to identify emerging risks enabling us to mitigate them early. You can read more on pages 25 and 26 about the significant matters addressed during the year.

below.

The Committee met four times during 2015 and the chart on page 26 shows how it allocated its time. Committee meetings were attended by management, including the Group Chief Executive, Chief Internal Auditor, Chief Risk Officer, General Counsel, Group Corporate Relations Director and the Heads of Compliance, Conduct Risk and Operational Risk, as well as representatives from the businesses and other functions.

Member	Meetings attended/eligible to attend
Reuben Jeffery III (Chairman and member to 31 March 2015)	1/1
John McFarlane (Chairman from 1 April 2015 16 July 2015)	2/2
Sir Michael Rake (Chairman and member from 17 July 2015 31 December 2015)	2/2
Mike Ashley (to 31 August 2015)	2/2
Tim Breedon (to 31 August 2015)	2/2
Wendy Lucas-Bull	4/4
Dambisa Moyo	4/4
Diane de Saint Victor	4/4
Sir John Sunderland (to 23 April 2015)	1/1
Frits van Paasschen (from 1 September 2015)	2/2

Committee role and responsibilities

The principal purpose of the Committee is to:

§ ensure, on behalf of the Board, the efficiency of the processes for identification and management of conduct and reputational risk and

§ oversee Barclays Citizenship Strategy, including the management of Barclays economic, social and environmental contribution.

Until the end of June 2015, the Committee also had responsibility for oversight of operational risk. Following a review by the Board of its governance arrangements, responsibility for the oversight of the capital and financial aspects of operational risk was reallocated to the Board Financial Risk Committee, which was renamed the Board Risk Committee. The Board Audit Committee oversees the control aspects of operational risk.

The Committee s terms of reference are available at

home.barclays

Note

a Formerly called the Board Conduct, Operational and Reputational Risk Committee

What we did in 2015

Board Reputation Committee report

The Committee s work

The significant matters addressed by the Committee during 2015 are described below:

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Conduct risk	Progress on embedding the conduct risk management framework, focus on specific conduct risks and continued reduction of customer complaint levels.	§ Continued its monitoring of the conduct risk programme via quarterly reports from management. § Specifically assessed the status of the conduct risk programmes in Barclays Africa and across the Cards business. § Monitored regulators views of Barclays conduct risk management and reporting via updates from management. § Assessed progress made in reducing numbers of complaints, including those escalated to the Financial Ombudsman Service.	The Committee welcomed the progress made in embedding the conduct risk programme and requested more visibility of the status of specific conduct risks. It encouraged management to continue to apply lessons learned from past events to prevent similar events occurring now or in the future. It was content with the progress made in embedding conduct risk in Barclays Africa, but encouraged greater simplification of the governance structures and communication. It also encouraged management to do more to reduce the number of complaints.
Operational risk **(to July 2015)**	The management of Barclays operational risk profile and exposure to significant operational risks.	§ Monitored Barclays operational risk profile via quarterly reports from management. § Evaluated management s strategy for addressing cyber risk and monitored its progress.	The Committee focused its attention on emerging risks and those to which the Group s exposure was increasing. It supported tactical and strategic actions proposed by management to mitigate the Group s risks, including

		§ Assessed Barclays exposure to technology risk and examined plans to resolve identified control issues by the end of the year.	endorsing management s strategy for addressing cyber risk. The Committee also satisfied itself that progress in managing technology risk was good and there was a healthy focus on embedding the right culture.
Reputational issues	Ensuring that Barclays anticipates, identifies and manages reputational issues that may impact it or the industry now or in the future.	§ Tracked Barclays exposure to reputational risks via twice-yearly management reports. § Examined the effectiveness of the current reputation risk framework, including assessing case studies on specific reputational matters.	The Committee took a thematic approach to its assessment of reputational risks and guided management in its approach to managing them. It satisfied itself as to the effectiveness of the reputation risk framework.

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Cultural change	The progress being made on embedding of cultural change.	§ Evaluated the outputs of an independent review by Air Marshal Sir David Walker. § Assessed an industry-wide report by the Group of Thirty (G30) into banking conduct and culture and how Barclays practices benchmarked against the best practices and suggestions outlined in that report.	The Committee endorsed Air Marshal Sir David Walker s report, which confirmed its view that progress had been good but that there was more to do to achieve the cultural change required. It encouraged management to continue to prioritise progress on cultural change. The Committee also concluded that many of the actions Barclays had taken in response to the Salz Review recommendations had aligned its practices with those proposed in the G30 report.
Citizenship	The delivery of the 2015 Citizenship Plan and development of a Shared Growth Plan for 2016-2018.	§ Tracked progress against the current 2015 Citizenship plan via six-monthly reports from management. § With the current Citizenship Plan coming to completion, evaluated the proposed Shared Growth Plan for 2016-2018.	The Committee noted that all targets in the 2015 Citizenship Plan had been met or exceeded, with the exception of our new and renewed household lending target, which had not been possible to achieve owing to market and trading conditions. It endorsed the 2016-2018 Shared Growth Plan, particularly the proposal to link the plan to Barclays core purpose and values and to focus on employability skills.

The Committee also covered the following matters:

§ assessed progress of the programme to implement enhanced controls in the Investment Bank over conflicts of interest between Barclays and third parties

§ evaluated outcomes of regulatory thematic reviews of conduct issues and controls

§ evaluated the levels of attestation by colleagues globally to The Barclays Way, the Group s code of conduct

§ assessed the status of specific remediation programmes being implemented by the business

§ provided input to the Board Remuneration Committee on conduct and reputation issues to be taken into consideration for 2015 remuneration decisions

§ tracked progress against the Compliance function s business plan, including updates on resourcing and attrition levels

§ monitored progress of Barclays plans for compliance with the Volcker Rule (restrictions on proprietary trading and certain fund investments by banks operating in the US)

§ assessed and discussed a report on the Committee s performance during 2014

§ approved revisions to its terms of reference and recommended them to the Board for approval and

Board Reputation Committee allocation of time (%)

		2015	2014
1	Citizenship	**6**	2
2	Reputational issues	**13**	7
3	Culture, conduct and compliance	**57**	52
4	Operational risk	**19**	33
5	Other	**6**	6

Read more about Barclays risk management on

pages 95 to 109 and 336 to 409

§ considered and approved Group Compliance Policies.

Governance: Directors report

What we did in 2015

Board Nominations Committee report[a]

The importance of people as a driving force in sustaining a business over the long term.

Dear Fellow Shareholders

I have often stressed the importance of people as a driving force in sustaining a business over the long term through their expertise, innovation and commitment. This is equally true of your Board, where it is crucially important that we have strong leaders able to make tough, strategic decisions while energising colleagues and galvanising them into action. It is with this in mind that the Committee approached appointments.

During 2015 we announced the appointment of two new non-executive Directors and a new Group Chief Executive. Board Committee membership was refreshed and we also took the opportunity to review the composition and roles of the Board Committees. In addition, we considered the requirements for independent non-executive directors for the boards of our strategically significant subsidiaries, including those that will be formed as the Group implements structural reform. We continued to foster executive succession by supporting new

Looking ahead

We are preparing to implement a new structure in 2016 which will enable us to prepare for structural reform, simplify the organisation and speed up execution of the individual business strategies. These changes give us the opportunity to make sure that we have the right people in senior roles and that we also take action to build strength in each of the business executive teams for the longer term.

John McFarlane

Chairman, Board Nominations Committee

29 February 2016

Committee composition and meetings

The Committee is composed solely of independent non-executive Directors. John McFarlane, as Chairman of the Board, is also Chairman of the Committee. Mike Ashley, Tim Breedon, Crawford Gillies, being the Chairmen of each of the other Board Committees, Reuben Jeffery III and Sir Gerry Grimstone, the Deputy Chairman and Senior Independent Director, are also members of the Committee. Details of the skills and experience of the Committee members can be found in their biographies on pages 3 and 4.

During 2015, there were eight meetings of the Committee, including four additional meetings on Group Chief Executive succession. Attendance by members at Committee meetings is shown below. The initiatives and by directly engaging with senior executives, for example, by mentoring individual senior executives, in order to nurture high potential individuals and help build a stronger succession pipeline.

The Committee was pleased that the Board achieved its target of having 25% female representation on the Board by the end of 2015. The target has subsequently been increased to 33% by 2020. While we also achieved our aspiration to reach 23% female representation within our senior leadership population by the end of 2015, we recognise that we need to sustain our focus to attract more senior women to Barclays, and to enable women to grow their careers with us. That will ensure we reach our 2018 goal of 26% women in senior leadership roles. We remain committed to maintaining the momentum of our gender diversity programme.

Committee performance

As part of the annual Board effectiveness review, a separate exercise was conducted to assess the Committee s performance. The assessment found that the Committee is performing effectively. Please see the report on the Board effectiveness review on pages 33 and 34 for more details. I would like to thank my fellow Committee members for their hard work and support during 2015, particularly Sir Michael Rake, who chaired the Committee during the period that I was Executive Chairman, and led the search for a new Group Chief Executive.

chart on page 30 shows how the Committee allocated its time during 2015.

Committee meetings were attended by the Group Chief Executive or Executive Chairman, with the HR Director, the Global Head of Leadership, Learning & Talent, the Global Head of Diversity and Inclusion and representatives from Spencer Stuart presenting on specific items.

Member	Meetings attended/eligible to attend
Sir David Walker (Chairman until 23 April 2015)	2/2
John McFarlane* (Chairman from 24 April 2015 16 July 2015 and from 1 December 2015)*	4/4
Sir Michael Rake (Chairman from 17 July 2015 to 1 December 2015)	8/8
Mike Ashley	8/8
Tim Breedon	7/8
Crawford Gillies (from 24 April 2015)	7/7
Reuben Jeffery III	6/7
Sir John Sunderland (until 23 April 2015)	2/2

* John McFarlane stood down as a member of the Committee during the period 17 July 30 November 2015, when he was Executive Chairman. No Director with executive responsibilities may be a member of the Committee

did not attend one meeting owing to prior business commitments

Note

The Chairman and the Group Chief Executive excuse themselves from meetings when the Committee focuses on the matter of succession to their roles.

Committee role and responsibilities

The principal purpose of the Committee is to:

§ support and advise the Board in ensuring that the composition of the Board and its Committees is appropriate and enables them to function effectively

§ examine the skills, experience and diversity on the Board and plan succession for key Board appointments, planning ahead to deal with upcoming retirements and to fill any expected skills gaps

§ provide oversight, at Board level, of the Group s talent management programme and diversity and inclusion initiatives

§ agree the annual Board effectiveness review process and monitor the progress of any actions arising, and

§ keep the Board s governance arrangements under review and make appropriate recommendations to the Board to ensure that they are consistent with best practice corporate governance standards.

You can find the Committee s terms of reference at

home.barclays/corporategovernance

Note

a The name of the Committee changed from the Board Corporate Governance and Nominations Committee in June 2015

The Committee s work

The significant matters addressed by the Committee during 2015 are described below:

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Board appointments	The refreshment of Board and Board Committee membership to secure individuals with the desired skills and experience needed on the Board in light of future strategic direction.	§ Conducted a search for successors to Sir Michael Rake and Antony Jenkins. § Evaluated a gap analysis of the skills and experience on the Board and identified the requirement for new non-executive Directors with financial services experience, and the preference to appoint more UK-based Directors given the time commitments associated with Board Committee appointments.	The Committee recommended the appointments of Sir Gerry Grimstone as Deputy Chairman and Senior Independent Director, Jes Staley as Group Chief Executive and Diane Schueneman as a non-executive Director. Please refer to pages 30 and 32 for details of the Board s approach to recruitment of new Directors and the case study of the recruitment of Jes Staley in particular.
Board and Board Committee structure, size and composition	The restructure of the Board and Board Committees to allow the Board to focus on the Group s commercial and strategic performance. The optimum size of the Board, the potential impact of structural reform and the need to constitute subsidiary boards.	§ Reassessed the structure, size and composition of the Board and Board Committees, as well as the current roles and responsibilities of the Board Committees, and recommended a number of changes to the Board. § Requested a working plan for Board succession over the next three years.	The Committee agreed that the size of the Board should be reduced over time and more matters should be delegated to the principal Board Committees. The Committee agreed that non-executive Directors should normally not serve on more than two Board Committees, to avoid being over-stretched, and to reduce the Committees in size over time to a maximum of four

			members, while taking care to ensure appropriate cross-membership. The Committee recommended revised Board-level responsibilities for oversight of risk, including the Board re-taking overall responsibility for enterprise-wide risk, disbanding the Board Enterprise Wide Risk Committee and reallocating responsibility for oversight of the capital and financial aspects of operational risk to the Board Risk Committee.
Succession planning and talent management	The management of Board succession and oversight of the leadership needs of the Group to enable it to meet its strategic aims and its changing make-up resulting from the effects of structural reform.	§ Examined regular reports on succession plans and talent management of the leadership of the Group to address succession planning in the short-term and internal talent development. § Debated options for Directors to engage with members of the Group Executive Committee and senior management to help in nurturing high potential individuals and to support building a stronger succession pipeline.	The Committee agreed a proposal for Committee members to partner high potential senior management. The Committee endorsed the Group s rapid development programme for high potential talent and agreed to support the programme by providing an insight into the role of the Board and its priorities. The Committee also endorsed the introduction of an improved talent assessment process and assessed the efficacy of the Group s external talent acquisition process. The Committee examined the results of internal and external benchmarking exercises, including external benchmarking of senior management roles against similar roles in equivalent companies as part of the work on Group Executive Committee succession.

What we did in 2015

Board Nominations Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Board effectiveness	The 2015 Board effectiveness review of the Board and its Committees. The progress made against the actions identified in the 2014 Board effectiveness review.	§ Considered the effectiveness of the 2014 Board effectiveness review process and agreed the approach to be taken to the 2015 Board effectiveness review. § Regularly examined progress of the action plan arising from the outcomes of the 2014 Board effectiveness review.	The Committee set the criteria for conduct of the 2015 Board effectiveness review, including the appointment of a new external facilitator, Independent Board Evaluation, and agreed an action plan to address the matters arising from the 2014 Board effectiveness review. See pages 33 and 34 for a full description of the process and outputs from the 2014 and 2015 effectiveness reviews.
Governance implications of structural reform	The establishment of governance principles for the Group under structural reform.	§ Scrutinised proposed governance guiding principles for the Group post-structural reform, which set out ultimate decision-making powers, while respecting the rights and responsibilities of the boards of the strategically significant subsidiaries: the ring-fence bank (RFB), Barclays Bank PLC, the US Intermediate Holding Company (IHC) and Barclays Africa Group (BAGL).	The Committee endorsed and supported the governance guiding principles. The Committee provided views on the outline board and committee composition of the RFB and Barclays Bank PLC for the Board s consideration.

		§ Discussed the potential composition of the RFB and Barclays Bank PLC boards in light of regulatory requirements.	
Significant subsidiary board composition	The composition of Barclays US IHC board and associated committees.	§ Determined the required structure and composition of the IHC board. § Endorsed the implementation of measures to allow potential future IHC board candidates the opportunity to build their knowledge of Barclays US businesses ahead of the formal creation of the IHC board in 2016.	The Committee agreed the proposed composition of the IHC board, including the appointments of Steve Thieke as chairman and Diane Schueneman as a non-executive director. It oversaw the establishment of a US Governance Review Board to allow proposed IHC board members to familiarise themselves with Barclays US businesses.

In addition the Committee covered the following matters:

- the review of non-executive Directors performance, independence and time commitment as part of the Committee s assessment of their eligibility for re-election
- consideration of a new target for Board diversity beyond the end of 2015 in the Company s Board Diversity Policy and recommended it to the Board for approval
- updating of the Charter of Expectations and Corporate Governance in Barclays
- proposals for the 2015 Corporate Governance Report
- its annual review of the Directors register of interests and authorisations granted and
- changes to the Committee s terms of reference.

Board Nominations Committee allocation of time (%)

		2015	2014
1	Corporate governance matters	**17**	21
2	Board and Committee composition	**24**	20
3	Succession planning and talent (includging CEO succession)	**47**	43
4	Board effectiveness	**6**	11
5	Other	**6**	5

Appointment and re-election of Directors

The Committee reviews Board and Board Committee composition, including potential new non-executive Directors, at each of its meetings. In addition to seeking successors for known retirements from the Board, the Committee monitors the skills and experience the Group needs to be able to deliver its strategic aims, to govern the Group appropriately, to ensure that risks threatening performance are identified and either addressed or mitigated, and to set the tone from the top in terms of Barclays corporate culture and values. In 2015, the Committee also focused on the need to identify non-executive directors to serve on the boards of the Group s strategically significant subsidiaries.

When considering a new appointment to the Board, the Committee relies on assessments of the current and expected Board and Board Committee composition, in order to assess the timeline for appointments, and a skills matrix that identifies the core competencies, skills, experience and diversity required for the Board to function effectively, with target weightings for each attribute. These assessments are regularly updated to take account of the Group s needs over time.

The approach to recruiting new non-executive Directors is to create an individual specification with reference to the role requirements, including time commitment, the key competencies and behaviours set out in our Charter of Expectations and the desired key skills and experience identified from the skills matrix. The curriculum vitae and references of

potential candidates are assessed by the Committee as a whole, before shortlisted candidates are interviewed by members of the Committee. For certain Board positions, the Committee seeks engagement with key shareholders and Barclays regulators as part of the selection process. Feedback from these parties is taken into account before any recommendation is made to the Board, which is kept informed of progress throughout the selection and recruitment process. An illustration of the rigorous process applied to appointments can be found in the case study and timeline of the process to identify Jes Staley as Group Chief Executive, which is set out on page 32.

Executive search firms MWM Consulting, Egon Zehnder International and Spencer Stuart were instructed to assist with our Director searches in 2015. None of these firms has any other connection with Barclays, other than to provide executive recruitment services. Open advertising for Board positions was not used during 2015, as the Committee believes that targeted recruitment is the optimal way of recruiting for Board positions.

Barclays announced the appointment of two new non-executive Directors during 2015: Diane Schueneman and Sir Gerry Grimstone. In addition, Barclays announced the appointment of Jes Staley as Group Chief Executive. Each of them brings valued skills and experience which contribute to the efficacy of the Board as a whole. As previously reported, Diane Schueneman brings expertise in operations and technology to the Board, which she gained in financial services organisations, as well as wide-ranging experience of implementing change and achieving turnaround in business success and profitability. Sir Gerry Grimstone, who succeeded Sir Michael Rake as Deputy Chairman and Senior Independent Director, is well known, commands great respect within the financial services industry and brings immense experience, integrity and knowledge to his roles at Barclays. Jes Staley has the leadership skills and wide-ranging experience to deliver shareholder value and to take the Group forward strategically and, in particular, possesses a good understanding of corporate and investment banking. Biographical information is provided on pages 3 and 4, with further details available online at home.barclays

Changes in the composition of the Board and the Committee s reassessment of the structure, size and composition of the Board and its Committees resulted in a refresh of the membership of Board Committees, as well as their roles and responsibilities, during 2015. Details of the changes are included in each of the Board Committee reports.

The Directors in office at the end of 2015 were subject to an effectiveness review, as described below. Based on the results of the review, the Board accepted the view of the Committee that each Director proposed for re-election continued to be effective and that they had each demonstrated the level of commitment required in connection with their role on the Board and the needs of the business.

Governance: Directors report

What we did in 2015

Board Nominations Committee report

Diversity statement

The Financial Reporting Council maintains that one of the ways in which constructive board debate can be encouraged is through having sufficient diversity on the board. Barclays agrees with this view and, when it adopted a Board Diversity Policy in 2012, stated the Board s aspirational goal of achieving 25% female representation on the Board by 2015. Female representation on the Board exceeded 25% at the end of 2015, having increased during the year with the appointment of Diane Schueneman. Noting that the latest progress report on *Women on Boards* from the Davies Review has suggested a target of 33% by 2020, Barclays has adopted this new target in its Board Diversity Policy.

The Committee assisted the Board in achieving its target of 25% by ensuring that this was recorded on the Board skills matrix and, in particular, that the search firms were aware of the priority. The Committee also supported a number of initiatives to grow the talent pipeline within the Group and sought opportunities to engage with female members of senior management. Diversity as a whole, including gender, was also taken into account when evaluating the effectiveness of the Board. The comprehensive brief provided to Independent Board Evaluation for this year s review included an evaluation of boardroom dynamics and the effects of diversity. The consultant accordingly assessed the impact of diversity including gender, age, the internationality of the Directors, the breadth of experience, qualifications and skills, concluding that there was a good degree of diversity on the Board with a range of different experiences and outlooks and that the Chairman should continue to nurture inputs from all Directors to derive the benefits of this diversity.

Below Board level, Barclays met its target of 23% female representation among the Managing Director and Director population in 2015. To achieve the target, the Committee endorsed programmes to embed accountability for diversity and inclusion throughout the Group. These efforts included Balanced Scorecard aligned targets for hiring, promotion and attrition set for each business or function, expansion of diversity data to include greater focus, expanding global campaigns to raise awareness and refined communications to drive impact. More details of Barclays diversity and inclusion strategy may be found on pages 47 to 49.

You can find the Board Diversity Policy at

home.barclays/corporategovernance

Review of Board and Board Committee effectiveness

Barclays conducts an externally facilitated review of the effectiveness of the Board, Board Committees, individual Directors and the Chairman each year. For 2015, the effectiveness review was facilitated by Independent Board Evaluation, an independent external consultancy with no other connection with Barclays. The review process involved the consultant, Ffion Hague, attending certain Board and Board Committee meetings in November and December 2015 as an observer, alongside detailed interviews conducted according to a set agenda with Directors, members of the Group Executive Committee, the Company Secretary and other members of the executive and senior management. Feedback was also sought from external stakeholders. Independent Board Evaluation prepared a report for the Board on the findings from the review process, which was presented to the Board in December 2015. In addition, the Chairman was provided with a report and feedback on the performance of each of the Directors and the Senior Independent Director received a report on the Chairman. A similar process was followed for the Board Committees. Independent Board Evaluation provided feedback to each of the Committee Chairmen on the performance of each Committee. The feedback is scheduled to be discussed by each Committee in early 2016.

Having assessed the findings of the effectiveness review, the Directors were satisfied that the Board and each of its Committees operated effectively during 2015. Nonetheless, the Board identified a number of actions to help maintain and improve its effectiveness. These, together with an update on the actions taken following the 2014 review, are set out on pages 33 and 34.

Directors Conflicts of Interest

Barclays requires Directors to declare any potential or actual conflict of interest that could interfere with a Director s ability to act in the best interests of the Group. The Board has adopted procedures for ensuring that its powers to authorise Directors conflicts operate effectively. A register of actual and potential conflicts and of any authorisation of a conflict granted by the Board is maintained by the Company Secretary and reviewed annually by the Board Nominations Committee.

Governance in action: the appointment of

Jes Staley

Role requirements

The Committee, which has responsibility for identifying suitable candidates to join the Board, agreed the desired attributes for a successor to Antony Jenkins as Group Chief Executive (CEO). In addition to strong and motivational leadership qualities, the Committee sought candidates with significant experience of retail and/or commercial and investment banking in large scale, complex organisations and an excellent track record of delivery and credibility with regulators and internal and external stakeholders. Personal attributes sought included strategic thinking and the ability to lead and manage change, especially cultural change.

Process

The Committee directed the selection process. As the Chairman had accepted the role of Executive Chairman until a successor was in place, it was agreed that he would step down from the Committee to ensure that it remained composed of independent non-executive Directors and that I would lead the process. It was also agreed that the Committee as a whole would be involved in shortlisting and interviewing candidates and, once preferred candidates had been agreed, to involve the rest of the Board and key senior executives. Spencer Stuart, an external search consultant, was engaged to assist with the search and selection process.

Search

Having established that there were currently no potential candidates within the Group with the spread and depth of experience required for the role, the Committee examined a long list of candidates produced as a result of the global search and received a presentation from Spencer Stuart covering the prospects for consideration. The Committee identified the most credible prospects to be contacted and invited to interview and requested that the views of the Group s regulators on the preferred type of candidate for the role also be obtained.

I asked Committee members to consider sources for potential candidates that might be approached directly and to recommend potential candidates for the role. In addition, although John McFarlane did not take part in the selection process, he was consulted for his view and insights. I also ensured that Board members were kept up-to-date throughout the process.

Recruitment

As Jes Staley emerged as the preferred candidate and had confirmed his interest in the role, he undertook a series of interviews involving me, the Chairman and members of the Committee. He also met with the remaining members of the Board and the Group Executive Committee.

In addition to the regular communication with Directors, the Board held an additional meeting specifically to discuss the proposed appointment and to allow Directors to share their feedback on Jes Staley before approving his appointment, which was announced on 28 October 2015.

Sir Michael Rake

What we did in 2015

Board Nominations Committee report

Review of Board and Board Committee effectiveness

Board priorities	Exhibiting and upholding the Company s values	Leveraging Board experience in support of executives	Greater awareness of Board Committee work
2014 findings	**2014 findings**	**2014 findings**	**2014 findings**
To refine the Board s priorities for 2015.	To continue the embedding of cultural change across and deeper into the organisation and provide effective oversight of progress.	To continue to build effective relationships between the Board and business and functional heads.	To continue to deepen the Board s focus on the key priorities and main issues facing each of the Board Committees and to ensure that the Board Committee structure remains appropriate and fit for purpose.
Actions taken in 2015	**Actions taken in 2015**	**Actions taken in 2015**	**Actions taken in 2015**
In 2015 the Board re-focused its time on three key themes: § focus on core § accelerate earnings growth	The Board Reputation Committee received reports on the progress of cultural change in 2015. Members of senior management completed a survey on cultural change,	John McFarlane has, and will continue to, discuss his key priorities as Chairman with senior management. Members of the Board Nominations Committee	The Board Committee structure was updated in 2015, following review by the Board Nominations Committee. The revised structure was approved by the Board and implemented from July 2015.

§ high performance ethic.

A set of execution priorities was developed for each theme and progress against these priorities was reported to the Board on a regular basis.

2015 findings

To ensure that the Board agenda is optimised, including time for blue-sky discussion of major risks.

Actions to be taken in 2016

We will identify opportunities for more free-ranging Board discussions, including discussion of risk.

A revised set of Board objectives will be agreed in order to track progress.

the results of which were shared with the Board Reputation Committee.

The results of the employee opinion survey and a values survey were shared with the Board.

2015 findings

No specific matters were raised during the 2015 review.

Actions to be taken in 2016

No actions are proposed for 2016.

are mentoring high-potential senior managers.

2015 findings

To continue to ensure that all non-executive Directors have the opportunity to contribute to strategic debate.

Actions to be taken in 2016

We will continue to identify ways in which the skills and experience of individual non-executive Directors may be leveraged, including partnering individual non-executive Directors with members of the Group Executive Committee.

In line with prior years, all non-executive Directors may attend Board Committee meetings on request, with the agreement of the Committee Chairman. All non-executive Directors were invited to attend Board Risk Committee workshops on risk appetite and on structural reform.

2015 findings

To continue to raise awareness across all Board members of the significant issues considered by Board Committees and to continue to refine the remit and scope of the Board Reputation Committee.

Actions to be taken in 2016

We will provide opportunities for Board Committee Chairmen to provide more detailed briefings to non-Committee members on the work of their Committee.

We will review the role and scope of the Board Reputation Committee with its new Chairman.

Improvements to the Board appointment process

2014 findings

To continue to ensure that the Board has sufficient visibility of executive succession planning and the talent pipeline.

Actions taken in 2015

The non-executive Directors attended a briefing on talent management and succession planning in April 2015.

The Board Nominations Committee considered Group Executive Committee succession in October 2015. In November 2015, the HR

Director induction

2014 findings

To extend the new Director induction programme to involve senior executives below Group Executive Committee level and to continue to support new Board Committee Chairmen.

Actions taken in 2015

Directors have been offered the opportunity of additional meetings with senior executives as part of their induction programmes.

Effective handling of legacy issues

2014 findings

To continue to focus on the existing priority of overseeing the resolution of legacy issues.

Actions taken in 2015

Work has continued in 2015 to resolve historical legal and conduct risks. Several outstanding issues have been resolved in 2015.

Dealing more strategically with global regulation

2014 findings

To continue to focus the Board s time on strategy and strategic options.

Actions taken in 2015

Additional time was allocated to the discussion of business strategy at Board meetings in 2015. In particular, the Investment Bank and structural reform were both covered in depth.

The Group s three strategic priorities: focus on core; accelerate

Director attended the Board meeting to provide an update on talent and succession.			earnings growth; and high performance ethic, were developed with the Board s collective input. Representatives from the Group s UK and US regulators attended Board and Board Committee meetings during the year.
2015 findings	**2015 findings**	**2015 findings**	**2015 findings**
To continue to assess the skills and experience needed on the Board and to ensure that Board composition is balanced between UK and international members. To enhance Board succession planning, particularly in respect of key roles.	To enhance the Board training and induction programme, with particular focus on the training needs of Board members from outside the financial services sector.	No specific matters were raised during the 2015 review.	To continue to provide opportunities for Board members to provide early input to thinking on major issues and decisions.
Actions to be taken in 2016	**Actions to be taken in 2016**	**Actions to be taken in 2016**	**Actions to be taken in 2016**
We will develop a revised Board succession plan for discussion by the Board Nominations Committee, including planning for succession to key roles, considering the optimum size of the Board and the balance of UK and overseas Directors.	We will schedule as part of the Board s training programme for 2016 specific briefings for non-executive Directors who do not have a financial services background.	No actions are proposed for 2016.	We will continue to allocate sufficient time for Board discussion of strategic priorities and options.

We will schedule additional updates to the Board on talent management and succession planning.			

How we comply

Leadership

The Role of the Board

As members of the Board of Directors, we have a collective responsibility to create and deliver sustainable value for our shareholders, in a manner that is supported by the right culture, values and behaviours throughout the Group. To support our role in determining the strategic objectives and policies of the Group, there exists a well-defined Corporate Governance framework. We aim to achieve long-term and sustainable value and it is our responsibility as the Board to ensure that management effectively delivers on short-term objectives, while promoting the long-term growth of Barclays.

In addition, we have further responsibility for ensuring that management maintains both an effective system of internal control and an effective risk management and oversight process. When carrying out these responsibilities we consider the Group s business and reputation, the materiality of risks that are inherent in the business and the relevant costs and benefits of implementing controls. The Group s internal control system provides assurance of internal financial controls, compliance with law and regulation and effective and efficient operations.

The Board is the decision-making body for those matters that are considered of significance to the Group owing to their strategic, financial or reputational implications or consequences. To retain control of these key decisions, certain matters have been identified that only we as the Board can approve and there is in place a formal schedule of powers reserved to the Board. As Directors we must act in accordance with the Company s constitution and only exercise powers for the purposes for which they have been conferred. A summary of the matters reserved to the Board is available at home.barclays/corporategovernance. These matters include the approval of Barclays strategy, interim and full year financial statements and any major acquisitions, mergers, disposals or capital expenditure.

Specific responsibilities have been delegated to Board Committees and each Committee has its own terms of reference, which are available on home.barclays/corporategovernance. Each Committee reports to, and has its terms of reference approved by, the Board and the minutes of Committee meetings are shared with the Board. The main Board Committees are the Board Audit Committee, the Board Nominations Committee, the Board Remuneration Committee, the Board Reputation Committee and the Board Risk Committee.

In addition to the principal Board Committees, the Regulatory Investigations Committee, which was formed in late 2012, focuses on providing Board-level oversight of regulatory investigations. This Committee met six times in 2015. John McFarlane is Chairman of the Committee and the other current Committee members are Mike Ashley, Sir Gerry Grimstone, Diane de Saint Victor and Jes Staley. Antony Jenkins, Sir Michael Rake, Sir John Sunderland and Sir David Walker also served on the Committee during 2015, stepping down when they left the Board.

Attendance

In 2015 we attended both scheduled and additional Board meetings, as disclosed in the table below. The Chairman met privately with non-executive Directors ahead of scheduled Board meetings. If, owing to exceptional circumstances, a Director was not able to attend a Board meeting, he or she ensured that their views were known to the Chairman.

Board attendance	Independent	Scheduled meetings eligible to attend	Scheduled meetings attended	Additional meetings eligible to attend	Additional meetings attended
Group Chairman					
John McFarlane	On appointment	8	8	2	2
Executive Directors					
Tushar Morzaria[a]	Executive Director	8	8	2	1
Jes Staley	Executive Director	1	1	0	0
Non-executive Directors					
Mike Ashley	Independent	8	8	2	2
Tim Breedon	Independent	8	8	2	2
Crawford Gillies	Independent	8	8	2	2
Reuben Jeffery III	Independent	8	7	2	2
Wendy Lucas-Bull[b]	Non-Independent	8	8	2	2
Dambisa Moyo	Independent	8	8	2	1
Frits van Paasschen	Independent	8	8	2	2
Sir Michael Rake	Deputy Chairman, Senior Independent Director	8	7	2	2
Diane de Saint Victor	Independent	8	8	2	2
Diane Schueneman	Independent	5	5	1	1
Steve Thieke	Independent	8	8	2	2
Former Directors					
Sir David Walker	On appointment	3	3	0	0
Antony Jenkins	Executive Director	4	4	1	1
Sir John Sunderland	Independent	3	3	0	0

Secretary

Lawrence Dickinson	8	8	2	2

Notes

a Although eligible to attend, as an executive Director, Tushar Morzaria did not attend the additional meeting held to consider and approve the appointment of the new Group Chief Executive.
b Although we have reached the conclusion that all non-executive Directors exhibit independence of character and judgement, we continue to disclose that, for the purposes of the Code, Wendy Lucas-Bull was not designated as independent owing to her chairmanship of Barclays Africa Group Limited, a 62%-owned subsidiary of Barclays.

How we comply

Board Governance Framework

As a Board we may, under the authority of our Articles of Association and where appropriate, delegate all or any of our powers to an individual Director or to a Committee of Directors. Further information on the operations of each of the Barclays Board Committees can be found on the pages referenced above. Board Committee membership is reviewed regularly by the Board Nominations Committee.

Roles on the Board

As Directors we have established a division of responsibilities between running the Board and running the business of the Group. It is the responsibility of the Chairman to lead the Board and to ensure that it operates effectively, while the responsibility for the day-to-day management of Barclays has been delegated to the Group Chief Executive.

Role profiles setting out the responsibilities of the Chairman, the Group Chief Executive, Deputy Chairman, Senior Independent Director, non-executive Directors, Executive Directors, Committee Chairmen and the Company Secretary can be found in *Barclays Charter of Expectations,* which is available on home.barclays/corporategovernance. *Barclays Charter of Expectations* also sets out high-performance indicators for non-executive Directors.

The Group Chief Executive is supported by the Group Executive Committee, which is responsible for making and implementing operational decisions while running the Group s day-to-day business. Further information on the Group Executive Committee can be found on page 5. The Group Executive Management structure has been designed to support management s decision-making responsibilities, aligned to personal accountability and delegated authority, while embedding risk and control in business decision-making.

Effectiveness

Composition of the Board

The Board Nominations Committee is responsible for reviewing Board composition, considering succession plans for both the Board and senior executives, selecting and appointing new Directors and considering the results of the Board effectiveness review. For more information on the work of this Committee in 2015 please turn to page 27.

Our individual biographies can be found on pages 3 and 4: these include our relevant skills and experience, Board Committee membership and any other principal appointments. Details of changes to the Board in 2015 and year to date are disclosed on page 6.

The Board currently comprises a Chairman, who was independent on appointment, two Executive Directors and 11 non-executive Directors. In line with the Code, independent non-executive Directors form a majority of our Board. Each year we consider the independence of our non-executive Directors, using the guidance set out in the Code and behaviours determined by us as essential in order for a Director to be considered independent. These independence criteria are disclosed in *Corporate Governance in Barclays,* which can be viewed at home.barclays/corporategovernance. Having considered this guidance, we have determined those non-executive Directors who are standing for re-election at the 2016 AGM to be independent.

Executive Directors service contracts and the letters of appointment for the Chairman and non-executive Directors are available for inspection at the Company s registered office.

We carry out an annual effectiveness review in order to evaluate our performance as a Board. This evaluation includes an assessment of the effectiveness of Board Committees and individual Directors, to ensure that each of us continues to contribute effectively to the decision-making of the Board. Independence and the existence of any conflicts of interest are considered as part of the effectiveness evaluation. We take the outcomes of the review into account when deciding whether Directors will offer themselves for election or re-election at the AGM.

More information on the Board effectiveness review can be found on page 33 and 34.

Time commitment

In order to effectively discharge our responsibilities, non-executive Directors must commit sufficient time to their role. Set out below is the average time commitment for each non-executive position on the Board. In practice, however, time commitment is agreed on an individual basis and for certain Board positions additional time commitment will often be required in order to fulfil extra responsibilities, such as those of the Deputy Chairman, Senior Independent Director and Committee Chairmen. In addition, in exceptional circumstances, we are expected to commit significantly more time than disclosed below.

Role	Expected time commitment
Chairman	80% of a full-time position
Deputy Chairman	0.5 days a week
Senior Independent Director	As required to fulfil the role
Non-executive Director	30-36 days a year (membership of one Board Committee included, increasing to 40-50 days a year if a member of two Board Committees)
Committee Chairmen	50-60 days (inclusive of non-executive Director time commitment)

It is expected that our Chairman will commit as much time as is necessary to fulfil his duties, with his responsibilities to Barclays taking priority over other business commitments. The Chairman and non-executive Directors are also expected to allocate sufficient time to understanding the business, through meetings with regulators and executives and undergoing training to ensure ongoing business awareness. This time is in addition to that spent preparing for, and attending, Board and Board Committee meetings. When appropriate, a Director joining a Board Committee will be given a specific Board Committee induction programme.

Induction

Following appointment, each Director undergoes a comprehensive induction that has been tailored to individual requirements. The personal induction programme is designed and organised by the Company Secretary in consultation with the Chairman and in doing so they consider how to develop each Director s understanding of how the Group works and the key issues that it faces.

The purpose of the induction programme is to provide Directors with the information they need to become as effective as possible within the shortest practicable time after joining the Board. Typically, a new Director will meet with members of the Group Executive Committee and senior management, allowing an opportunity to familiarise themselves with various businesses and discuss specific matters with senior individuals. When an induction programme is complete, in addition to understanding the Group s business, a new Director should have a clear understanding of Barclays relationships with its shareholders, regulators and customers and clients.

In 2015, John McFarlane and Diane Schueneman both received tailored induction programmes on joining the Board. Feedback was sought from both new Directors to ensure that the induction programme remains effective.

Training and development

In order to ensure that our non-executive Directors have the necessary knowledge and understanding of the Group s business to enable them to contribute effectively at Board and Board Committee meetings they are regularly provided with the opportunity for training and development.

As part of the annual performance evaluation process the individual development needs of each non-executive Director are reviewed and discussed with the Chairman. Training can be provided through one-to-one meetings with senior executives, in order to receive further insight into a particular area of the Group s business, or as part of dedicated training on a particular issue identified by the Directors and the Company Secretary.

Our Directors have a continuing responsibility to fulfil their duties as members of the Board and Board Committees and this is managed through the provision of focused training and development opportunities.

During 2015, non-executive Directors attended briefings on the following subjects:

§ talent management and succession planning

§ Senior Managers Regime, and
§ operational resilience.

Board Committees also undertook specific training and details can be found in the respective Committee Chairmen s reports.

During 2015, individual Directors also attended regular meetings with our regulators, external auditors and major shareholders. In addition, the Board Audit Tender Oversight Sub-Committee carried out site visits as part of the audit tender process.

The following provides more detail of a specific training session that took place in 2015.

Governance in action: training and development

Following the July 2015 Board meeting, the non-executive Directors attended a briefing session on the Senior Managers Regime, led by Barclays Compliance. The Senior Managers Regime commences in March 2016 and, although only certain non-executive Directors will be in scope, there are a number of governance, reporting and conduct requirements that will apply to all Board Directors. The briefing session provided an overview of the Senior Managers Regime, with particular focus on the following:

§ an introduction to Reasonable Steps , including practical examples

§ the roles and responsibilities of non-executive Directors in scope

§ guidance for non-executive Directors who are not in scope, and

§ the Conduct Rules (standards that will be expected of all employees in a regulated firm).

In addition, Barclays Compliance detailed the work needed in order for Barclays to be ready for implementation of the regime in early 2016. This timetable included scheduling individual briefing sessions with in-scope non-executive Directors.

In late 2015/early 2016, Mike Ashley, Tim Breedon, Crawford Gillies and Sir Gerry Grimstone each had individual meetings with Barclays Compliance in order to cover the reasonable steps that, as a result of their particular role on the Board, each of them will be expected to take under the Senior Managers Regime. The session included a review of case studies, which focused on each Director s prescribed responsibilities under the Senior Managers Regime. The Directors were briefed ahead of the meetings and provided with supporting documentation in advance. These meetings were also attended by the Company Secretary and external advisers.

Governance: Directors report

How we comply

Information provided to the Board

As set out in the Code, the Chairman is responsible for ensuring that the Board receives accurate, timely and high quality information about the Company s performance at appropriate intervals and in an appropriate manner to enable it to take sound decisions, monitor effectively and provide advice to promote the success of the Company. Our Company Secretary supports the Chairman in ensuring good information flows between the Board, the Board Committees and the senior executives. In addition to providing dedicated support for the Board, the Company Secretary maintains dialogue with our Directors in order to confirm that the information they require in order to fulfil their responsibilities as a member of the Board is being received. If there is a need for independent and professional advice this can be sought by the Board, via the Company Secretary or directly, at Barclays expense.

Directors expect to be kept informed of key developments in the business by both the Executive Directors and senior management, and take seriously their responsibility to request any further explanations as required. The Board and Board Committee annual forward calendars of business are formulated to ensure that Directors receive regular reports and presentations, in addition to periodic communications advising of any updates to the business of the Company, current events and the regulatory environment.

Accountability

Risk management and internal control

The Directors have responsibility for ensuring that management maintain an effective system of risk management and internal control and for assessing its effectiveness. Such a system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Barclays is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage. Barclays has an overarching framework that sets out the Group s approach to internal governance (the *Barclays Guide)*. The *Barclays Guide* establishes the mechanisms and processes by which the Board directs the organisation, through setting the tone and expectations from the top, delegating its authority and assessing compliance.

A key component of the *Barclays Guide* is the Enterprise Risk Management Framework (ERMF). The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to achieving the Group s strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of the Group s system of internal control, which is aligned to the recommendations of The Committee of Sponsoring Organizations of the Treadway Commission, Internal Control Integrated Framework (2013 COSO), are set out in the risk control frameworks relating to each of the Group s principal and key risks. As well as incorporating our internal requirements, these reflect material Group-wide legal and regulatory requirements relating to internal control and assurance.

Effectiveness of internal controls

Key controls are assessed on a regular basis for both design and operating effectiveness. Issues arising out of business risk and control assessments and other internal and external sources are examined to identify pervasive themes. Where appropriate, control issues are reported to the Board Audit Committee. In addition, regular reports are made to the Board Audit Committee by management, Barclays Internal Audit and the Finance, Compliance and Legal functions covering, in particular, financial controls, compliance and other operational controls.

Risk management and internal control framework

The ERMF is the Group s internal control framework. It is refreshed annually with an assessment of operational maturity provided to the Board Audit Committee. In 2015, the Board Audit Committee received quarterly reports on the effectiveness of the control environment: these reports covered risks and controls including financial, operational and compliance risk.

The Board Audit Committee formally reviews the system of internal control and risk management annually. Throughout the year ending 31 December 2015 and to date, the Group has operated a system of internal control that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the principal risks facing the Group in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the Financial Reporting Council.

The review of the effectiveness of the system of risk management and internal control is achieved through a four-step approach which is centred on reviewing the effectiveness of the *Barclays Guide* and its component parts, including the ERMF.

1. Governance Risk and Control meetings of the business and functional executive committees monitor, review and challenge the effective operation of key risk management and control processes, including the results of audits and reviews undertaken by Barclays Internal Audit (which include assessments of the control environment and management s control approach) and examinations and assessments undertaken by our primary regulators, on an ongoing basis as part of the system of risk management and internal control. The remediation of issues identified within the control environment is regularly monitored by management and the Board Audit Committee.

2. Testing of the Governance Risk and Control meetings held within the executive committees provides assurance that the committees are effectively overseeing the control environment and associated risk management and internal control processes.

3. The owners of the key governance processes which comprise the Barclays Guide undertake a review to confirm that processes have been implemented and are operating effectively.

4. The annual review of the system of risk management and internal control brings together the results of the activities completed in steps 1 to 3 to ensure that each of the key processes has been effectively reviewed.

In 2015, the Board received regular reports covering risks of Group-level significance. Over the year, the Board Risk Committee and the Board Reputation Committee examined reports covering the principal risks (credit risk, market risk, capital risk, liquidity risk, operational risk and conduct risk) as well as reports on risk measurement methodologies and risk appetite. Further details of risk management procedures and potential risk factors are given in the Risk Management section on pages 87 to 93.

Controls over financial reporting

A framework of disclosure controls and procedures is in place to support the approval of the Group s financial statements. The Legal and Technical Review Committee is responsible for examining the Group s financial reports and disclosures to ensure that they have been subject to adequate verification and comply with applicable standards and legislation. The Committee reports its conclusions to the Disclosure Committee. The Disclosure Committee examines the content, accuracy and tone of the disclosures and reports its conclusions to the Board Audit Committee, which debates its conclusions and provides further challenge. Finally, the Board scrutinises and approves results announcements and the Annual Report and ensures that appropriate disclosures have been made. This governance process ensures that both management and the Board are given sufficient opportunity to debate and challenge the Group s financial statements and other significant disclosures before they are made public.

Management s report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed under the supervision of the principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards Board (IASB). Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorisations of management and the respective Directors; and provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed Barclays PLC Group s and Barclays Bank PLC Group s internal control over financial reporting as of 31 December 2015. In making its assessment, management has utilised the criteria set forth by the 2013 COSO framework. Management concluded that, based on its assessment, the internal control over financial reporting was effective as of 31 December 2015. Our independent registered public accounting firm has issued a report on Barclays PLC s internal control over financial reporting, which is set out on page 210.

The system of internal financial and operational controls is also subject to regulatory oversight in the UK and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk review section on pages 177 to 182.

Changes in internal control over financial reporting

There have been no changes in the Group s internal control over financial reporting that occurred during the period covered by this report which have materially affected or are reasonably likely to materially affect the Group s internal control over financial reporting.

Remuneration

We have delegated responsibility to the Board Remuneration Committee to determine the remuneration arrangements for the Chairman, our Executive Directors and other senior executives and certain other Group employees, as determined by the Committee. Additional information on the Board Remuneration Committee, including its membership and activities in 2015, can be found on pages 70 and 71 in the Directors remuneration report, which forms part of the corporate governance statement.

Stakeholder engagement

We describe below how we engage with our stakeholders.

Investor engagement

The Board is committed to promoting effective channels of communication with shareholders and upholding good corporate governance as a means of building stronger and more engaged relationships with them. Our comprehensive investor engagement initiatives help us to understand their views about Barclays, which are communicated regularly to the Board. Our shareholder communication guidelines, which underpin all investor engagement, are available on our website at home.barclays/barclays-investor-relations/corporate-governance/shareholder-communication-guidelines.html.

Institutional investors

In 2015, our engagement with institutional investors took place throughout the year, following our quarterly results as well as outside the reporting cycle. This allowed the opportunity for existing and potential investors to engage with us regularly, and promoted dialogue on longer-term strategic developments, as well as about the recent financial performance of the Group.

The Directors, in conjunction with the senior executive team and Investor Relations, participated in varied forms of engagement across multiple geographic locations, reflecting the diverse nature of our equity and debt institutional ownership. Divisional management also presented extensively to investors, promoting greater awareness and understanding of our operational businesses and other functions.

In the past year, discussions with investors focused on the continued execution of our strategic plan outlined in 2014, and the steps taken in 2015 to improve our returns to shareholders, while adapting to the changing regulatory environment and addressing legacy issues. Meetings focused on corporate governance matters also took place throughout the year, covering topics including management changes, remuneration and other AGM-related matters. Following the appointment of Sir Gerry Grimstone as Senior Independent Director on 1 January 2016, our major investors were offered a meeting with him.

During 2015, we held quarterly results briefings, including an in-person presentation for the 2014 results announcement in March 2015, and quarterly breakfast briefings for equity and debt sellside analysts, hosted by the Group Finance Director. For fixed income investors, we held conference calls at our full year and half year results, hosted by our Group Finance Director and Group Treasurer, as well as quarterly briefings for credit analysts.

An independent audit of investor views took place in April 2015. Interviews with a cross-section of institutional shareholders and non-holders, were conducted on specific topics including strategy, business performance and the management team. The findings of the investor audit were presented to the Board.

To enable the effective distribution of information to all investors, transcripts of executive management speeches were uploaded to the investor relations section of the website, alongside associated presentation materials. In 2015, we received the UK Investor Relations Society s award for the Best Use of Digital Communications, reinforcing the importance placed on using our website to engage with the market. For example, we introduced short videos providing a summary of our results from our Chairman, Group Chief Executive and Group Finance Director.

Private shareholders

Throughout 2015, we continued to communicate with our private shareholders using our shareholder mailings. Also, shareholders can choose to sign up to Shareview so that they receive information about Barclays and their shareholding directly by email. On a practical level, over 60,000 shareholders did not cash their Shares Not Taken Up (SNTU) cheque following the Rights Issue in September 2013. During 2015, we conducted a tracing process to reunite these shareholders with their SNTU monies together with any unclaimed dividends. By the end of the year, we had returned over £2.2m to our shareholders. In addition, we launched a special share dealing service in October 2015 for shareholders holding 4,000 shares or less. Shareholders could donate their sale proceeds to ShareGift if they wished. Shareholders donated nearly £130,000.

Our Annual General Meeting (AGM)

Our AGM continues to be a key date in the diary for the Board. It affords us our primary opportunity to engage with shareholders, particularly our private shareholders, on the key issues facing the Group and any questions they may have. The majority of Directors, including the Chairman, were available for informal discussion before and after the formal business of our 2015 AGM. All resolutions proposed at the 2015 AGM, which were considered on a poll, were passed with votes for ranging from 88.5% to 99.9% of the total votes cast.

The 2016 AGM will be held on Thursday 28 April 2016 at the Royal Festival Hall in London. The Notice of AGM can be found in a separate document, which is sent out at least 20 working days before the AGM and also made available at home.barclays/agm. Voting on the resolutions will again be by poll and the results will be announced via the Regulatory News Service and made available on our website on the same day. We encourage any shareholders who are unable to attend on the day to vote in advance of the meeting via home.barclays/investorrelations/vote or through Shareview (www.shareview.co.uk).

Other statutory information

The Directors present their report together with the audited accounts for the year ended 31 December 2015.

Other information that is relevant to the Directors Report, and which is incorporated by reference into this report, can be located as follows:

Contents	Page
Employee involvement	44-49
Policy concerning the employment of disabled persons	48
Financial instruments	230-254
Hedge accounting policy	231
Remuneration policy, including details of the remuneration of each Director and Directors interests in shares	50-83
Corporate governance report	2-49
Risk review	84-182

Disclosures required pursuant to Listing Rule 9.8.4R can be found on the following pages:

	Page
Long-term incentive schemes	77
Director emoluments	295
Allotment for cash of equity securities	276
Waiver of dividends	42

The particulars of important events affecting the Company since the financial year end can be found in Note 29 Legal, competition and regulatory matters.

Profit and dividends

The adjusted profit for the financial year, after taxation, was £3,713m (2014: £3,798m). Statutory profit after tax for 2015 was £623m (2014: £845m). The final dividend for 2015 of 3.5p per share will be paid on 5 April 2016 to shareholders whose names are on the Register of Members at the close of business on 11 March 2016. With the interim dividends totalling 3p per ordinary share, paid in June, September and December 2015, the total distribution for 2015 is 6.5p (2014: 6.5p) per ordinary share. The interim and final dividends for 2015 amounted to £1,081m (2014: £1,057m).

The nominee companies of certain Barclays employees benefit trusts holding shares in Barclays in connection with the operation of the Company s share plans have lodged evergreen dividend waivers on shares held by them that have not been allocated to employees. The total amount of dividends waived during the year ended 31 December 2015 was

£6.4m.

Board of Directors

The names of the current Directors of Barclays PLC, along with their biographical details, are set out on pages 3 and 4 and are incorporated into this report by reference. Changes to Directors during the year are set out below.

Name	Role	Effective date of appointment/ resignation
Diane Schueneman	Non-executive Director	Appointed 25 June 2015
James (Jes) Staley	Executive Director	Appointed 1 December 2015
Sir Gerald (Gerry) Grimstone	Non-executive Director	Appointed 1 January 2016
Sir John Sunderland	Non-executive Director	Retired 23 April 2015
Sir David Walker	Non-executive Director	Retired 23 April 2015
Antony Jenkins	Executive Director	Resigned 16 July 2015
Sir Michael Rake	Non-executive Director	Retired 31 December 2015

John McFarlane succeeded Sir David Walker as Chairman of Barclays with effect from the conclusion of the Barclays PLC AGM in April 2015. John McFarlane held the position of Executive Chairman with effect from 17 July 2015 to 1 December 2015, when Jes Staley took up the position of Group Chief Executive.

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Company s Articles of Association (the Articles), the UK Corporate Governance Code (the Code), the Companies Act 2006 and related legislation.

The Articles may only be amended by a special resolution of the shareholders. The Board has the power to appoint additional Directors or to fill a casual vacancy among the Directors. Any such Director holds office only until the next AGM and may offer himself/herself for election. The Code recommends that all directors of FTSE 350 companies should be subject to annual re-election.

Directors indemnities

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2015 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. In addition, the Company maintains Directors and Officers Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Qualifying pension scheme indemnity provisions (as defined by section 235 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2015 for the benefit of the then Directors, and at the date of this report are in force for the benefit of directors of Barclays Pension Funds Trustees Limited as Trustee of the Barclays Bank UK Retirement Fund. The directors of the Trustee are indemnified against liability incurred in connection with the Company s activities as Trustee of the retirement fund.

Similarly, qualifying pension scheme indemnities were in force during 2015 for the benefit of Barclays Executive Schemes Trustees Limited as Trustee of Barclays Bank International Zambia Staff Pension Fund (1965), Barclays Capital International Pension Scheme (No.1), Barclays Capital Funded Unapproved Retirement Benefits Scheme, and Barclays PLC Funded Unapproved Retirement Benefits Scheme. The Directors of the Trustee are indemnified against the liability incurred in connection with the Company s activities as Trustee of the schemes above.

Political donations

The Group did not give any money for political purposes in the UK, the rest of the EU or outside the EU, nor did it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure during the year.

In accordance with the US Federal Election Campaign Act, Barclays provides administrative support to a federal Political Action Committee (PAC) in the US funded by the voluntary political contributions of eligible employees. The PAC is not controlled by Barclays, and all decisions regarding the amounts and recipients of contributions are directed by a steering committee comprising employees eligible to contribute to the PAC. Contributions to political organisations reported by the PAC during the calendar year 2015 totalled $79,500 (2014: $103,000).

Environment

Barclays climate action programme focuses on addressing environmental issues where we believe we have the greatest potential to make a difference. The programme focuses on managing our own carbon footprint and reducing our absolute carbon emissions, developing products and services to help enable the transition to a low-carbon economy, and managing the risks of climate change to our operations, clients, customers and society at large. We invest in improving the energy efficiency of our operations and offset the emissions remaining through the purchase of carbon credits. We also have a long-standing commitment to managing the environmental and social risks associated with our lending practices, which is embedded into our credit risk processes. A governance structure is in place to facilitate clear dialogue across the business and with suppliers around

issues of potential environmental and social risk.

We have disclosed global greenhouse gas emissions that we are responsible for as set out by the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013. We provide fuller disclosure across our carbon emissions within Barclays Citizenship Data Supplement found on our website home.barclays/citizenship.

	Reporting year[a] 2015	Reporting year[a] 2014	Reporting year[a] 2013	Comparison year[a] 2012
Global GHG emissions[b]				
Total CO_2e (tonnes)[b]	701,600	853,376	1,036,755	1,119,145
Scope 1 CO_2e emissions (tonnes)[c]	65,340	49,939	58,372	47,904
Scope 2 CO_2e emissions (tonnes)[d]	500,086	678,443	791,766	880,995
Scope 3 CO_2e emissions (tonnes)[e]	136,174	124,993	186,616	190,245
Intensity ratio				
Total full time employees (FTE)	129,400	132,300	139,600	139,200
Total CO_2e per FTE (tonnes)	5.42	6.45	7.43	8.04

Notes

a 2015, 2014 and 2013 reporting years cover Q4 from the previous year and Q1, 2, 3 of the reporting year in question. The carbon reporting year is not fully aligned to the financial reporting year covered by the Directors report. This report is produced earlier than previous carbon reporting to allow us to report within the year end financial reporting timelines. The 2012 reporting year is the full calendar year (Jan 2012 Dec 2012).

b The methodology used to calculate our CO_2e emissions is the operational control approach on reporting boundaries and carbon emissions methodology as defined by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard, Revised Edition. Where properties are covered by Barclays consolidated financial statements but are leased to tenants who are invoiced for utilities, these emissions are not included in the Group GHG calculations. For properties where Barclays is the tenant, landlords provide Barclays with utility bills which are included in our emissions reporting.

§ Scope 1 covers direct combustion of fuels and company owned vehicles (from UK and South Africa only, which are the most material contributors).

§ Scope 2 covers emissions from electricity and steam purchased for own use.

§

Scope 3 covers indirect emissions from business travel (global flights and ground transport) from the UK and South Africa. We have improved our coverage for car hire data and now include data from the US and India. Ground transportation data (excluding Scope 1 company cars) covers those countries where this type of transport is material and robust data is available.

In cases where we have collected new data for previously unreported consumption, we have restated the baseline if the new data amounts to a material change greater than 1% of the total consumption. If the change is less than 1%, we have reported consumption from the point at which the data became available. If it is greater than 1%, we have restated the baseline and previous years figures based on actual or estimated figures. Reasons for restatements in data are due to more accurate data being available which led to replacements of estimates with actual data for 2012, 2013 and 2014.

c Fugitive emissions reported in Scope 1 for 2015, 2014 and 2013 cover emissions from UK, Americas, Asia-Pacific and South Africa. Fugitive emission data for 2012 is not available. Business travel reported in Scope 1 covers company cars in the UK and South Africa. This covers the majority of our employees where we have retail operations with car fleets.

d Scope 2 carbon emissions from electricity have been calculated using location based carbon conversion factors as defined by the GHG Protocol 2015. We are mindful of the new location and market based methodology for accounting Scope 2 electricity emissions and these emissions will be reported in future reports.

e Scope 3 is limited to emissions from business travel which covers global flights and ground transport from the UK and South Africa. We have improved our coverage for car hire data and now include data from the US and India. Ground transportation data (excluding Scope 1 company cars) covers only countries where this type of transport is material and data is available.

Research and development

In the ordinary course of business, the Group develops new products and services in each of its business divisions.

Share capital

Share capital structure

The Company has ordinary shares in issue. The Company s Articles also allow for the issuance of sterling, US dollar, euro and yen preference shares (preference shares). No preference shares have been issued as at 26 February 2016 (the latest practicable date for inclusion in this report). Ordinary shares therefore represent 100% of the total issued share capital as at 31 December 2015 and as at 26 February 2016 (the latest practicable date for inclusion in this report). Details of the movement in ordinary share capital during the year can be found in Note 31 on page 276.

Voting

Every member who is present in person or represented at any general meeting of the Company, and who is entitled to vote, has one vote on a show of hands. Every proxy present has one vote. The proxy will have one vote for and one vote against a resolution if he/she has been instructed to vote for or against the resolution by different members or in one direction by a member while another member has permitted the proxy discretion as to how to vote. On a poll, every member who is present or represented and who is entitled to vote has one vote for every share held. In the case of joint holders, only the vote of the senior holder (as determined by order in the share register) or his proxy may be counted. If any sum payable remains unpaid in relation to a member s shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of the Company unless the Board otherwise determine. If any member, or any other person appearing to be interested in any of the Company s ordinary shares, is served with a notice under section 793 of the Companies Act 2006 and does not supply the Company with the information required in the notice, then the Board, in its absolute discretion, may direct that that member shall not be entitled to attend or vote at any meeting of the Company. The Board may further direct that if the shares of the defaulting member represent 0.25% or more of the issued shares of the relevant class, that dividends or other monies payable on those shares shall be retained by the Company until the direction ceases to have effect and that no transfer of those shares shall be registered (other than certain specified excepted transfers). A direction ceases to have effect seven days after the Company has received the information requested, or when the Company is notified that an excepted transfer of all the relevant shares to a third party has occurred, or as the Board otherwise determines.

Transfers

Ordinary shares may be held in either certificated or uncertificated form. Certificated ordinary shares shall be transferred in writing in any usual or other form approved by the Secretary and executed by or on behalf of the transferor. Transfers of uncertificated ordinary shares shall be made in accordance with the Companies Act 2006 and CREST Regulations.

The Board is not bound to register a transfer of partly-paid ordinary shares, or fully-paid shares in exceptional circumstances approved by the FCA. The Board may also decline to register an instrument of transfer of certificated ordinary shares unless it is duly stamped and deposited at the prescribed place and accompanied by the share certificate(s) and such other evidence as reasonably required by the Board to evidence right to transfer, it is in respect of one class of shares only, and it is in favour of a single transferee or not more than four joint transferees (except in the case of executors or trustees of a member).

In accordance with the provisions of Section 84 of the Small Business, Enterprise and Employment Act 2015, preference shares may only be issued in registered form. Preference shares shall be transferred in writing in any usual or other form approved by the Secretary and executed by or on behalf of the transferor. The Company s registrar shall register such transfers of preference shares by making the appropriate entries in the register of preference shares. Each preference share shall confer, in the event of a winding up or any return of capital by reduction of capital (other than, unless otherwise provided by their terms of issue, a redemption or purchase by the Company of any of its issued shares, or a reduction of share capital), the right to receive out of the surplus assets of the Company available for distribution among the members and in priority to the holders of the ordinary shares and any other shares in the Company ranking junior to the relevant series of preference shares and pari passu with any other class of preference shares (other than any class of shares then in issue ranking in priority to the relevant series of preference shares), repayment of the amount paid up or treated as paid up in respect of the nominal value of the preference share together with any premium which was paid or treated as paid when the preference share was issued in addition to an amount equal to accrued and unpaid dividends.

Variation of rights

The rights attached to any class of shares may be varied either with the consent in writing of the holders of at least 75% in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights of shares shall not (unless expressly provided by the rights attached to such shares) be deemed varied by the creation of further shares ranking equally with them or subsequent to them.

Limitations on foreign shareholders

There are no restrictions imposed by the Articles or (subject to the effect of any economic sanctions that may be in force from time to time) by current UK laws which relate only to non-residents of the UK and which limit the rights of such non-residents to hold or (when entitled to do so) vote the ordinary shares.

Exercisability of rights under an employee share scheme

Employee Benefit Trusts (EBTs) operate in connection with certain of the Group s Employee Share Plans (Plans). The trustees of the EBTs may exercise all rights attached to the shares in accordance with their fiduciary duties other than as specifically restricted in the relevant Plan governing documents. The trustees of the EBTs have informed the Company that their normal policy is to abstain from voting in respect of the Barclays shares held in trust. The trustees of the Global Sharepurchase EBT and UK Sharepurchase EBTs may vote in respect of Barclays shares held in the EBTs, but only as instructed by participants in those Plans in respect of their partnership shares and (when vested) matching and dividend shares. The trustees will not otherwise vote in respect of shares held in the Sharepurchase EBTs.

Special rights

There are no persons holding securities that carry special rights with regard to the control of the Company.

Major shareholders[a]

Major shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by major shareholders pursuant to the FCA s Disclosure Rules and Transparency Rules (DTRs) are published via a Regulatory Information Service and is available on the Company s website. As at 31 December 2015, the Company had been notified under Rule 5 of the DTRs of the following holdings of voting rights in its shares.

Person interested	Number of Barclays shares	% of total voting rights

		attaching to issued share capital[a]
The Capital Group Companies Inc[b]	1,172,090,125	6.98
Qatar Holding LLC[c]	813,964,522	6.65
BlackRock, Inc.[d]	822,938,075	5.02
Norges Bank	506,870,056	3.02

Notes

a Significant shareholders for the last 3 years are shown on page 323.
b The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTR.
c The Capital Group Companies Inc (CG) holds its shares via CG Management companies and funds. Part of the CG holding is held as American Depositary Receipts.
d Qatar Holding LLC is wholly owned by Qatar Investment Authority.
e Total shown includes 1,408,618 contracts for difference to which voting rights are attached. On 25 January 2016, BlackRock, Inc. disclosed, by way of a Schedule 13G filed with the SEC, beneficial ownership of 1,109,026,156 ordinary shares of the Company as of 31 December 2015, representing 6.6% of that class of shares.

Powers of Directors to issue or buy back the Company s shares

The powers of the Directors are determined by the Companies Act 2006 and the Company s Articles. The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2015 AGM. It will be proposed at the 2016 AGM that the Directors be granted new authorities to allot and buy back shares.

Other statutory information

Repurchase of shares

The Company did not repurchase any of its ordinary shares during 2015 (2014: none). As at 26 February 2016 (the latest practicable date for inclusion in this report) the Company had an unexpired authority to repurchase ordinary shares up to a maximum of 1,650,234,602 ordinary shares.

Change of control

There are no significant agreements to which the Company is a party that are affected by a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Going concern

The Group s business activities and financial position, the factors likely to affect its future development and performance, and its objectives and policies in managing the financial risk to which it is exposed and its capital are discussed in the Risk Management section.

The Directors considered it appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to auditor

Each Director confirms that, so far as he/she is aware, there is no relevant audit information of which the Company s auditors are unaware and that each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company s auditors are aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance with and subject to those provisions.

Directors responsibilities

The following statement, which should be read in conjunction with the report of the independent registered public accounting firm set out on page 210, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

The Directors are required by the Companies Act 2006 to prepare accounts for each financial year and, with regards to Group accounts, in accordance with Article 4 of the IAS Regulation. The Directors have prepared group and individual accounts in accordance with IFRS as adopted by the EU. The accounts are required by law and IFRS to present fairly the financial position of the Company and the Group and the performance for that period. The Companies Act 2006 provides, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation.

The Directors consider that, in preparing the accounts on pages 211 to 305, and the additional information contained on pages 111 to 182, the Group has used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the Directors are satisfied that the Annual Report and Financial Statements, taken as a whole, are fair, balanced, understandable, and provide the information necessary for shareholders to assess the Company s position and performance, business model and strategy.

Directors responsibility statement

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group which enable them to ensure the accounts comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

The Directors, whose names and functions are set out on pages 3 and 4, confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and

(b) the management report, which is incorporated into the Directors Report on pages 3 to 45, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Lawrence Dickinson

Company Secretary

29 February 2016

Barclays PLC

Registered in England, Company No. 48839

People

During 2015 we have continued our work to enhance support for our colleagues in their careers and to enable them to contribute to the long-term success of Barclays.

Culture, values and learning

We are into our third year of cultural change at Barclays. We have defined a common set of Values and Behaviours and embedded them into our core people processes so that they are recognised and understood by our colleagues. Having set the tone from the top by driving cultural change through our Group Executive Committee and business/ functional senior leaders, we have delivered a number of group-wide initiatives to embed the organisational culture. Our leadership development programme is underpinned by our Values, and ensures all senior management are aware of, and are enabled to role model our Values and Behaviours. Both the Barclays Leadership Academy and the Global Curriculum, which provides colleagues with development resources focused on personal and behavioural skill, are widely available and provide a consistent approach to core and leadership development.

We continue to assess candidate alignment to our Values and Behaviours through our recruitment and promotion processes and we also ensure new joiners attend the Being Barclays Global Induction programme, which provides an in-depth experience of the Values and life at Barclays. All colleagues are required to attest and demonstrate their understanding of expected behaviours through the Global Code of Conduct (The Barclays Way).

Early careers and apprenticeships

Barclays is committed to helping young people achieve their ambitions when they enter the world of work, so our Early Careers proposition includes graduate, internship and apprenticeship programmes which provide structured support to young people. In 2015, we launched our Bolder Apprenticeship Programme, targeting long-term unemployed adults over the age of 24, which is the first of its kind in the UK and underlines our commitment to tackling societal issues and attracting diverse talent.

We provide pathways for progression from apprentice to graduate supported by recognised qualifications and, in doing so, help to create an internal talent pipeline. In 2015, Barclays hired over 1,000 interns, 800 graduates and have created over 2,500 apprenticeships since 2013. During 2015 we increased our gender diversity across our internship programmes by 8% to 42% female representation.

My Career and mentoring tool

Colleague development, both personal and professional, has been a priority in 2015. We launched the My Career online portal which provides a wide range of information and tools to help colleagues understand their potential and make informed career decisions. We recognise the importance of great mentor relationships and have deployed an online tool to match mentors and mentees based on skill sets and experience.

Wellbeing

Our new global wellbeing programme, Be Well launched in 2015, aiming to support employee engagement and improve health and well-being. The programme includes existing health and well-being resources, as well as new investment in areas such as employee health screenings, a global speaker series and a new global portal which acts as a gateway to education materials and events.

Performance management

Colleagues are encouraged to align their objectives to business and team goals and behavioural expectations are set in relation to our Values. Performance is assessed against both what colleagues do and how they do it. The Values in Action framework provides all colleagues with the tools to assess what objectives they achieved and how they achieved them, together with a guide on expected behaviours in line with the Values. Our global recognition plan allows colleagues to recognise the outstanding achievements of those who have demonstrated our Values, with over 188,500 colleagues receiving a Values Thank You in 2015.

Managing change

Where business restructuring has been necessary to support the transformation of our business and cost profile, we have consulted on potential job losses with employee representatives, as well as the impacted individuals. Our aim has been to treat all colleagues with respect and to avoid compulsory redundancies wherever possible. We have placed significant emphasis on both voluntary redundancy programmes as well as internal redeployment via Internals First .

Internals First supports colleagues who have been impacted by change and provides individual support to ensure that we retain talent within Barclays. Internals First is deployed in all our main locations and is managed by a dedicated team. In 2015, 935 colleagues registered for Internals First support and we redeployed 39% of them within Barclays. Throughout 2015, colleagues attended Internals First Career and Networking Events and opted for outplacement support services.

During 2015, we also developed Be Informed , which is available on both desktop and mobile devices. This intuitive support site gives transparent and helpful advice for colleagues who are impacted by change, including how to manage change, further career options available to them and where to go for help and support during periods of uncertainty.

When an employee does leave Barclays as a consequence of restructuring, our commitment is to ensure they are given the best support for the next stage in their career and life. Following an extensive review, a new globally consistent career transition service has been implemented which offers personalised advice and support for all employees placed at risk of redundancy.

Industrial relations

We continue to advocate and practise a partnership approach to industrial relations and value the relationships we have with over 30 trade unions, works councils and staff associations around the world. In particular, our formal partnership with Unite since 2000 is one of the longest standing in the UK. During 2015, we have continued to have regular, constructive dialogue with employee representatives on a wide range of topics that affect employees, facilitated through established regional consultation forums which bring together representatives from across our businesses.

We are confident that through all these established core people processes and others, we have created the right landscape at Barclays to sustain the desired organisational culture. We also believe that while we have a common purpose, Values, and vision, this can mean different things for different parts of our business and so we need to continue to shape our culture in a way that makes sense for each of our business areas. To that end, in 2015, each business CEO was tasked with driving the organisational culture for their business and we supported this by deploying business-specific training academies across the Group. This will continue into 2016.

Governance

People

Your View

Barclays recognises the importance of listening to our colleagues and maintaining open, two-way dialogues between the organisation and colleagues. The views of our colleagues shape the decisions we make, helping us create an environment that colleagues want to work in, which we in turn believe will help drive high performance.

We deployed a global colleague survey, Your View once again in 2015 to seek the views of colleagues. This year s survey was more focused, based on the insights derived from the previous year s survey, and asked for our colleagues views on a range of topics, including our Values, leadership and line management, the working environment, and citizenship. The results showed a near-universal understanding among colleagues of the Values and related behaviours (97% favourable) with 81% agreeing that role modelling the Values is central to creating the right culture at Barclays.

Compared to 2014, colleagues feel an increased sense of job accomplishment and enthusiasm, believe more strongly in Barclays goals, and are more likely to recommend Barclays as a place to work. Sustainable Engagement is at 75%, a 3% increase compared to 2014. This is a strong result, suggesting action taken during 2015 is having an impact, notwithstanding the continued and sustained change we have experienced. We have performed an in-depth review of the results of the survey with all senior leaders, and will continue to focus our efforts on improving employee engagement in 2016.

Barclays regularly updates employees regarding the financial and economic factors affecting the company s performance throughout the year, using a variety of communications channels. These include CEO and senior leader email communications, line manager briefing packs, video interviews and talking points which are distributed to employees every quarter to coincide with Barclays financial reporting calendar. They are all designed to build awareness and understanding of Barclays results and the broader macroeconomic environment, and to drive dialogue around what the figures mean and how employees should respond. We also hold a variety of events for all employees, across each business division and function throughout the year, which provide employees the chance to hear directly from the CEO, ExCo member or leader and to ask them questions. We have also recently introduced an Ask the Experts communication which gives perspectives from across the bank on what Barclays results mean and how they are received by different stakeholders such as investors, politicians and the media.

Flagship campaigns are released to all employees each quarter, covering topics such as wellbeing, recognition and dynamic working. Each quarter, colleagues and managers receive interactive updates to raise awareness of the tools being introduced to help them develop their careers at Barclays and to provide them with the opportunity to understand and engage in employee initiatives. Colleagues are also kept informed through regular intranet and email updates about the progress Barclays is making across activity such as our Diversity and Inclusion agenda, Performance Management and annual Pay and Reward processes.

Employees are invited to share their opinion on what it is like to work at Barclays through regular interactive events with senior leaders. These events provide employees with the opportunity to discuss their perspective on a range of areas to help senior management understand what is working well and where we need to improve. Any changes that are implemented as a result of colleague feedback are communicated through leadership briefings and engagement initiatives at an individual business/function level.

Colleagues are also encouraged to be involved with the company s performance by participating in Barclays all-employee shareplans, which have been running successfully for over 10 years. Further details of our approach to remuneration are included in the Remuneration Report pages 53 and 54.

Diversity and inclusion

Barclays global Diversity and Inclusion (D&I) strategy sets out objectives, and frames our plans for each of five core pillars: Gender, LGBT, Disability, Multicultural and Multigenerational. Central to each pillar is building an inclusive culture, which is why we continue to build leadership competency about Unconscious Bias and have had more than 10,000 participants undertake the training. Following our 2014 programme to engage senior leaders, our Everyday Ism s programme has this year opened up dialogue with colleagues more widely focusing on stereotypes, assumptions and bias.

An important aspect of our D&I agenda is ensuring people from all backgrounds have equal opportunity to join, and progress through, our organisation. In support of this, we have established candidate shortlist diversity goals for senior positions to provide focus during talent decisions, and ensure hiring panels are diverse to broaden assessment perspectives.

This ethos begins with our most senior roles. Having achieved the target we set ourselves in 2012 to increase Board level diversity to 25%, we have now challenged ourselves to achieve a minimum of 33% by 2020. To strengthen the pipeline, we have consecutively achieved our year on year goals towards representation of women in senior roles to 26% by 2018. We have more to do, but are pleased when progress towards greater inclusion is recognised. During 2015, respected organisations such as Stonewall in the UK, Working Mother in the US and Community Business in Asia have praised our programmes and achievements, citing our D&I work as innovative and robust.

Gender

Sustaining progress towards our Balanced Scorecard and Board Diversity goals remains a core focus. Our Board membership has increased to four women, with one woman on Group Executive Committee. Our female senior leadership population stood at 23% at the end of 2015 representing a consecutive 1% increase year-on-year since 2011. Women are also leading countries where we operate, for example in Ireland, Brazil, Singapore, Botswana and Gibraltar.

At all levels, our gender pipeline is strengthening thanks to extensive programmes which focus on building capability and fostering gender intelligence. Our internal HeForShe campaign, in partnership with the United Nations, asks colleagues to pledge a specific commitment that will contribute to gender parity. Since launching HeForShe, 60% of new Women s Initiative Network members have been male, and men have also taken active roles as mentors and sponsors.

Also new this year is our Returnship programme which is enabling senior women who needed to pause their career, the opportunity to refresh their skills and confidence in preparation for a return to leadership roles. For the eighth year running, we were pleased to be included in The Times Top 50 Workplaces for Women in the UK, and for the third successive year to be named in Working Mother 100 Best Companies in the US.

Female representation

Above shows the positive change in female representation within Barclays from 2014 (H2) to 2015 (H2)

LGBT

An inclusive culture is vital for colleagues to have the freedom and choice to bring their whole selves to work, and in particular for people to be open about their sexual orientation if they choose to. Our Your View survey saw 5% of global colleagues identifying as being LGBT globally, a 1% increase since 2014. Enabling that culture are our Global Allies colleagues from every region who share our commitment to LGBT equality and who take an active role in shaping an LGBT-inclusive workplace. The Allies programme is led by Spectrum, our employee network for anyone interested in LGBT matters. Since 2001, Spectrum has been an important contributor of insight and innovation and now connects colleagues across the world, with the Spectrum App providing access outside the workplace.

#PrideHeroes was the theme of Pride in London, which we were again the lead sponsors of in 2015. More than 400 colleagues, leaders, friends and family came together for Pride, with many more joining other events across our regions of operation. A specially Pride wrapped DLR train carried the #RidewithPride message across London, with ATM s up and down the UK communicating our support for LGBT equality. ATM messaging also conveyed our advocacy for IDAHOBIT (International Day Against Homophobia, Biphobia and Transphobia). For World AIDS Day, £ for £ matching augmented colleague fundraising for organisations leading on the treatment and prevention of AIDS.

Independent recognition reflects the sustained impact of our global work and further motivates us to continue to shape our culture so that colleagues can be themselves at work. In Singapore, we won best LGBT employee network at this year s ALMA Awards, and Stonewall continue to name us as one of just eight Star Performer organisations that are seen as leaders globally. Colleagues across a range of levels were this year recognised in the Financial Times OUTstanding list of 100 LGBT business leaders, and in the Pride Power List.

Disability

Our aspiration to become the most accessible bank remains firm. Understanding where we need to focus attention is key which is why we value our Disability Listening forums to bring together colleagues who have insight with those who have influence to turn ideas into action. We listen to our customers too, directly and via our external partners from RNIB to Leonard Cheshire as part of our continual improvement ethos. Their feedback contributed to us becoming the first bank to receive an accreditation from AbilityNet for our Mobile Banking app, reflecting its improved accessibility functionality.

In another first, we successfully launched our Return on Disability Exchange Traded Notes (ETNs) on the New York Arca Stock Exchange. The ETNs are a first of a kind investment product, linked to the performance of an index developed in conjunction with The Return on Disability Group. They provide investors with exposure to US based companies that have acted to attract and serve people with disabilities, and their friends and family, as customers and employees.

Continually improving our own workplace is a steadfast aim, and is why we expanded This Is Me from a UK to a global campaign. Originally focused on mental health, through This Is Me colleagues tell their stories as to how disability touches their lives. The stories told via This Is Me included members of our Reach employee network, which connects anyone interested in disability. The inclusive culture enabled by Reach is instrumental in helping us attract people who have a disability, so that they bring their talent to us. Our apprenticeship programme is just one career route that we are ensuring is fully accessible to all.

Awards and recognition from exemplar organisations, including the Business Disability Forum, indicates that we are fast moving towards our own most accessible ambition but we want to share learning with others. To celebrate and recognise the 25th anniversary of the American Disability Act (ADA), we partnered with the New York Mayor s Office to host the only B2B event in the ADA calendar to stimulate thought leadership and encourage partnership. Our

Your view Survey saw over 6% of colleagues identifying as having a disability globally, a 1 percentage point improvement from previous year results.

We recognise ability is multi-faceted. We give full and fair consideration to applications from candidates who may have a disability. Our people processes ensure all colleagues can progress their careers, with comprehensive training and

development, and through tailored and needs-based workplace adjustments where relevant. Employees who become disabled during their employment with us can access a full range of services and support ensuring, where-ever possible, we retain their talent. Ongoing reviews ensure adjustments are updated and relevant to individual requirements, providing the ability for colleagues to move between roles with consistent support.

Multigenerational

We benefit from the diverse perspectives of employees from five generations and need to ensure our workplace is inclusive for all. Work and place are increasingly becoming less co-joined, with shifts in technology and generational expectations requiring us to think and act differently. Dynamic Working, our signature campaign relevant to colleagues every life stages with the strapline of how do your work your life , encourages dialogue about the integration of personal and professional responsibilities through smarter working. With flexibility and agility at the core, more than 12,000 line managers and their teams have participated in workshops, presentations and training to open up discussions about how work could be done differently.

Multigenerational

Above shows the different generations working at Barclays and the percentage change over 2014 (H2) and 2015 (H2)

Changing careers is another important time, which is why our Armed Forces Transitioning, Employment and Rehabilitation (AFTER) programme also continued to see ex-military talent join our company, or be supported to gain relevant work-ready skills. Our LifeSkills programme continue to prepare young people for their first steps into the world of work and our Emerge network ensures new joiners, whatever their career stage, feel connected from the moment they arrive.

In Singapore, we won the Most Empowering Company for Mums award by the National Trades Union Congress while in the US we were included in the 100 Best Companies for Working Mothers . In the UK, our approach to Talent Attraction was recognised by Working Mums as well as by Business In the Community who felt our apprenticeship and LifeSkills programmes were award winning.

Governance

People

Multicultural

Our global footprint covers more than 50 countries, making multicultural inclusion imperative. Fostering cross-cultural connections is enabled by Embrace our multicultural network which brings together all those who share an interest in all aspects of race, ethnicity, nationality and faith. Embrace took an active role in Interfaith week, when leaders hosted discussions to gain insight and ideas for better serving our multicultural customers and clients, and for engaging colleagues across our global community. Embrace also helped us mark important cultural and religious calendar dates throughout 2015 such as Diwali and Eid, creating communications and events to bring to life the rich multicultural diversity of our people. Day-to-day, this diversity is enabled by, for example, a dedicated quiet room in many of our larger sites for prayer and reflection, and by serving halal and kosher food in our canteens.

Ensuring Black, Asian and Minority Ethnic (BAME) female entrepreneurs can sustain and develop their businesses has been a shared focus via our partnership with the UK Women s Business Council, and in 2015 we also supported the Black British Business Awards to celebrate the achievements of BAME leaders in the UK.

Insight from BAME colleagues has been put into practice for our attraction and recruitment processes, including profiling available roles in jobsites dedicated to the diverse job-seeker and targeting high calibre candidates for our apprenticeship programmes. 26% of our Bolder apprentices have been from a BAME background, evidencing our engagement approach is working but we will continue to strive to ensure our workforce is representative of our communities.

Multicultural

Above shows the percentage of underrepresented populations that make up our global and regional populations. Note that underrepresented populations are defined regionally to ensure inclusion with all groups in the workplace

a UK includes Asian, Mixed, Black, Other and Non-disclosed.
b US includes Hispanic/Latino, Asian, Mixed, Black, Other and Non-disclosed.
c South Africa includes African, Indian, Coloured, Other, and Non-disclosed.

FTE by region

	2015	2014	2013
United Kingdom	**49,000**	48,600	54,400
Continental Eurpe	**7,400**	9,900	9,800
Americas	**10,600**	10,900	11,100
Africa and Middle East	**43,600**	44,700	45,800
Asia Pacific	**18,000**	18,200	18,500
Total	**129,400**	132,300	139,600

Governance: Remuneration report

Annual statement from the Chairman of the Board Remuneration Committee

The Committee s priorities are to ensure that Barclays pays for sustainable performance, aligns remuneration with risk and delivers a greater proportion of the income we generate to our shareholders.

Remuneration Committee members

Chairman

Crawford Gillies (member from 1 May 2014,

Chairman from 24 April 2015)

Sir John Sunderland (until 23 April 2015)

Members

Sir David Walker (until 23 April 2015)

Tim Breedon

Steve Thieke

Dambisa Moyo (from 1 September 2015)

Contents Page

The tables marked audited in the report have been audited by PricewaterhouseCoopers LLP

Dear Shareholders

I am pleased to introduce my first Remuneration report as Chairman of the Board Remuneration Committee, having taken over from Sir John Sunderland on 24 April 2015.

The Committee thought carefully about Barclays remuneration philosophy during 2015, and we agreed a revised, simplified statement, which articulates Barclays overarching approach to remuneration. This is set out in full on page 53 and is the background to our 2015 decisions.

The Committee s priorities are to ensure that Barclays pays for sustainable performance, aligns remuneration with risk and delivers a greater proportion of the income we generate to our shareholders.

Performance and pay

The Committee s 2015 pay decisions took full consideration of financial performance, both on an adjusted and a statutory basis, and non-financial performance including progress towards the 2018 targets within the Balanced Scorecard. The Committee also recognised the need to improve returns to shareholders and to accelerate delivery. We are committed to moving this forward in a manner that is consistent with Barclays Values to ensure that legacy events are not repeated.

Although there were improvements in the Core operating businesses, adjusted profit before tax was down 2% to £5,403m for 2015. Statutory profit before tax was down 8% at £2,073m. The Group s capital position has continued to strengthen with a CRD IV fully loaded Common Equity Tier 1 (CET1) ratio of 11.4% and a leverage ratio of 4.5% at the end of the year. Cost targets have been met and Barclays Non-Core has made significant progress in reducing its risk weighted assets.

Against this background, the Group incentive pool for 2015 is again significantly lower than in prior years, down by £191m or 10% in absolute terms at £1,669m compared to the incentive pool of £1,860m for 2014. Similarly, the 2015 Investment Bank incentive pool is down 7%.

Total compensation costs are down 6%, and the compensation to adjusted net income ratio is 37.2%, down from 37.7% in 2014. Compensation to statutory net income ratio is 35.7%, down from 38.5% in 2014. The Core compensation to adjusted net income ratio is also down at 34.7% (2014: 35.7%). For a reconciliation of total incentive awards granted to the relevant income statement charge, see table on page 56.

Risk and conduct

A central feature of our remuneration philosophy is that remuneration must be aligned with risk, and with the conduct expectations of Barclays, our regulators and stakeholders. The Group incentive pool outlined above is after adjustments the Committee has made for both risk and conduct events. In addition to specific risk and conduct events, we also adjusted the incentive pool to take account of an overall assessment of a wide range of future risks, non-financial factors that can support the delivery of a strong conduct culture and other factors including reputation, impact on customers, markets and other stakeholders.

We have a robust process for considering risk and conduct issues as part of individual performance management reviews with outcomes reflected in individual incentive decisions. Individuals who are directly or indirectly accountable for risk and conduct events have had their remuneration adjusted as appropriate. This includes reductions in current year bonus levels and reductions in vesting amounts of deferred awards through the application of malus. Further details can be found on page 56.

Key remuneration decisions for executive Directors

2015 saw a change in Group Chief Executive. All of the associated remuneration decisions were made in accordance with the Directors remuneration policy approved by our shareholders at the 2014 Annual General Meeting (AGM).

We announced on 28 October 2015 that Jes Staley was to become Group Chief Executive with effect from 1 December 2015. He was appointed on a salary of £1,200,000 and Role Based Pay of £1,150,000 commensurate with market pay levels. He was not eligible for a 2015 bonus or a grant under the 2016-2018 long term incentive plan (LTIP) cycle. The Committee approved the grant of a share buy-out award to compensate him for an unvested share award granted to him by a previous employer which was forfeited as a result of him joining Barclays.

Annual statement from the Chairman of the Board Remuneration Committee

The award was made on terms aligned to the forfeited award. Jes Staley satisfied, at the date of joining, the executive Directors shareholding requirement of four times salary through his personal purchase of 2,790,000 Barclays shares.

During the four month period between Antony Jenkins departure as Group Chief Executive and Jes Staley starting in the role, John McFarlane served as Executive Chairman. He indicated to the Committee that he did not wish his remuneration to be increased during that time, and therefore his fee remained unchanged for the period during which he served as Executive Chairman.

The Committee also approved compensation arrangements on Antony Jenkins departure as Group Chief Executive during the year. Further details can be found on page 68.

Bonuses for both of the executive Directors in role at the start of 2015 were determined against the financial, Balanced Scorecard and personal measures set at the beginning of the year. The Committee approved a pro-rated bonus award of £505,000 for Antony Jenkins. A 2015 bonus award of £701,000 was approved for Tushar Morzaria. Tushar Morzaria took on significantly increased executive responsibilities in the second half of 2015 and we regard this bonus as fully deserved in recognition of his strong performance. Further details of the Committee s 2015 decisions for the executive Directors are set out on pages 59 to 61.

During the year, we also reviewed the performance measures of our LTIP to ensure they are appropriate given our strategy and align the interests of executive Directors and shareholders. We have changed the financial measures and given them an increased weighting of 70% for the award to be granted in 2016 and added a comprehensive Risk Scorecard as the new risk measure which will focus on Barclays management of principal risks (including Conduct Risk). Before formal approval, we engaged with shareholders on these changes. Tushar Morzaria is the only participant in this LTIP cycle. Further details are set out on pages 62 and 63.

Regulatory developments

The volume and pace of regulatory change has continued during 2015.

The PRA made revisions to the Remuneration part of its Rulebook (formerly the UK Remuneration Code) which apply from 1 January 2016. These include the seven, five and three year tiered deferral requirements for Senior Managers and different categories of Material Risk Taker (MRT) respectively, and the potential extension of the clawback period to 10 years for Senior Managers (under certain circumstances). These changes, which apply globally to Barclays as a UK-headquartered bank, further emphasise the competitive disadvantages attributable to the lack of a global level regulatory playing field .

Further revisions to the Remuneration part of the PRA Rulebook are expected during 2016 as a consequence of the European Banking Authority s (EBA) final Guidelines on sound remuneration policies. The most significant changes include a prohibition on the payment of dividends on deferred shares and an increase to a one year (from six months) holding period for incentive awards delivered in shares to the large majority of MRTs. The Guidelines apply from 1 January 2017. The application of the Guidelines to UK firms, once confirmed by the PRA and FCA, will contribute to changes to our Directors remuneration policy in 2017.

Agenda for 2016

In line with legal requirements, we will be seeking shareholder approval for our Directors remuneration policy at the 2017 AGM. As a Committee we will review our remuneration policy to ensure that future arrangements are fully aligned to our strategy to accelerate delivery to shareholders in a manner consistent with Barclays Values and also to meet new regulatory requirements. This will be developed over the coming months and we will engage constructively with shareholders and regulators as we do so.

Our Remuneration report

We have provided an At a glance summary of 2015 performance and pay on the next page. The Annual report on Directors remuneration provides further details.

The report has been prepared in accordance with the remuneration disclosures required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Remuneration report (other than the part containing the Directors remuneration policy) will be subject to an advisory vote by shareholders at the 2016 AGM.

On behalf of the Board

Crawford Gillies

Chairman, Board Remuneration Committee

29 February 2016

How did we perform and pay in 2015?

The Committee s 2015 pay decisions took full consideration of financial and non-financial performance. Statutory profit before tax decreased between 2014 and 2015 by 8%, while the absolute reduction in the Group incentive pool was 10%.

Since 2010 the Group incentive pool has declined steadily, from £3,484m in 2010 to £1,669m in 2015 a decrease of more than 50% over five years. Over the same period, Group statutory profit before tax is down 65%.

Group incentive pool

How much were executive Directors paid in 2015?

All of the Committee s 2015 decisions in relation to executive Directors remuneration were made within the parameters of the Directors remuneration policy which was approved at the 2014 AGM.

	Antony Jenkins[a] £000		Tushar Morzaria £000		Jes Staley[b] £000
	2015	2014	**2015**	2014	**2015**
Fixed Pay					
Salary	598	1,100	800	800	100
Role Based Pay (RBP)	516	950	750	750	96
Benefits	89	100	82	95	48
Pension	197	363	200	200	33
Variable pay					
Annual Bonus[c]	505	1,100	701	900	
LTIP[d]	1,494	1,854			
Total pay	3,399	5,467	2,533	2,745	277

Notes

a

The 2015 figures for Antony Jenkins relate to the period to 16 July 2015 when he ceased to be a Director, save in the case of the LTIP which relates to the whole period pursuant to the LTIP rules. In accordance with his contractual entitlements, Antony Jenkins will receive salary, RBP, benefits and pension, in instalments, until 7 July 2016 subject to mitigation. Full details of his leaving arrangements can be found on page 68.

b The 2015 figures for Jes Staley relate to the period from 1 December 2015 when he joined the Board as Group Chief Executive. On joining Barclays, Jes Staley was granted a share award of 896,450 Barclays shares to compensate him for an unvested share award granted to him by JP Morgan. The award will be delivered on 14 March 2016 in line with the vesting date of the original JP Morgan award.

c 2015 bonus awards reflect the formulaic outcome of 2015 performance against the financial measures and the Committee s assessment of progress towards the Balanced Scorecard targets. These resulted in a total of 22.1% (out of 50% maximum) and 15% (out of 35%) of the maximum bonus being payable respectively. Personal objectives were assessed by the Committee on an individual basis.

d Over the 2013-2015 LTIP performance period, a return on risk weighted assets (RoRWA) of 0.21% and a loan loss rate (LLR) of 53 bps resulted in nil (out of 50%) outcome for RoRWA and 30% (out of 30%) for LLR. The Balanced Scorecard assessment was 9% (out of 20%). Therefore 39% of the maximum number of shares will be considered for release in March 2016, subject to an additional two year holding period.

How will executive Directors pay be structured?

2016 Fixed pay

	Salary £000	RBP £000	Pension £000
Jes Staley	1,200	1,150	396
Tushar Morzaria	800	750	200

Salary, RBP, pension and benefits are unchanged from 2015.

Variable pay

2016 Annual Bonus

Maximum 80% of fixed pay

2016 performance measures and weighting:

Financial		
Adjusted profit before tax	20%	
CET1 ratio	20%	
Adjusted costs	10%	
		50%
Balanced Scorecard		35%
Personal objectives		15%

2016-2018 Long term incentive plan

Maximum 120% of fixed pay

2016-2018 cycle performance measures and weighting:

Financial		
Adjusted return on tangible equity (subject to CET1 ratio underpin)	25%	
CET1 ratio	25%	
Cost: income ratio	20%	
		70%

Balanced Scorecard	15%
Risk Scorecard (new Risk measure which will focus on Barclays management of principal risks, including Conduct Risk)	15%

Tushar Morzaria is the only participant in the 2016-2018 LTIP cycle.

Remuneration policy for all employees

This section sets out Barclays remuneration policy for all employees, explaining the philosophy underlying the structure of remuneration packages, and how this links remuneration to the achievement of sustained high performance and long-term value creation.

Remuneration philosophy

In October 2015, the Committee formally adopted a revised, simplified remuneration philosophy which articulates Barclays overarching remuneration approach and is set out below.

Barclays Remuneration philosophy

Attract and retain talent needed to deliver Barclays strategy	Long term success depends on the talent of our employees. This means attracting and retaining an appropriate range of talent to deliver against our strategy, and paying the right amount for that talent
Align pay with investor interests	Ensure employees interests are aligned with those of investors (equity and debt holders), both in structure and the appropriate balance of returns
Reward sustainable performance	Sustainable performance means making a positive contribution to stakeholders, in both the short and longer term, playing a valuable role in society

Support Barclays Values and culture	Results must be achieved in a manner consistent with our Values. Our Values and culture should drive the way that business is conducted
Align with risk appetite, risk exposure and conduct expectations	Designed to reward employees for achieving results in line with the Bank s risk appetite and conduct expectations
Be clear, transparent and as simple as possible	All employees and stakeholders should understand how we reward our employees. Remuneration structures should be as simple as possible so that everyone can understand how they work and the behaviours they reward

Remuneration and performance

Our remuneration philosophy applies to all employees across the whole of Barclays. It ensures that all employees are aligned with and support the achievement of Barclays Group priorities.

This is achieved by linking remuneration to a broad assessment of performance, based on expected standards of delivery and behaviour, which are discussed with employees at the start of, and throughout, the performance year. Under the Barclays performance management approach, employees are encouraged to align each of their objectives to business and team goals, and behavioural expectations are set in relation to our Values. This ensures that clear expectations are set for not only what employees are expected to deliver, but also how they are expected to go about it.

Individual performance is then evaluated against both the what (performance against objectives) and the how (demonstration of our Values). This evaluation takes into account various factors including:

§ performance against agreed objectives (both financial and non-financial) and core job responsibilities

§ adherence to relevant risk policies and procedures and control frameworks

§ behaviour in line with Barclays Values

§ colleague and stakeholder feedback

§ input from the Risk and Compliance functions where there are concerns about the behaviour of any individuals or the risk of the business undertaken.

There is no specific weighting between the financial and non-financial considerations for employees because all of them are important to the determination of the overall performance assessment.

Linking individual performance assessment and remuneration decisions to both the Barclays business strategy and our Values in this way promotes the delivery of sustainable individual and business performance, and establishes clear alignment between remuneration policy and Barclays strategy.

Remuneration structure

The remuneration structure for employees is aligned with that for executive Directors, set out in detail in the Directors remuneration policy which was approved by shareholders at the 2014 AGM. A full copy of the policy can be found on the Barclays PLC website. An abridged version is at pages 75 to 83 of this Report.

Employees receive salary, pension and other benefits and are eligible to be considered for an annual bonus. Employees in some customer-facing businesses participate in incentive plans including plans based on a balanced scorecard of performance which has good customer outcomes at its centre. The plans also recognise how results have been achieved in line with Barclays Values. Some senior employees receive Role Based Pay (RBP). Remuneration of PRA Material Risk Takers (MRTs) is subject to the 2:1 maximum ratio of variable to fixed pay. A total of 1,523 (2014: 1,277) individuals were MRTs in 2015.

Barclays is a long standing supporter of the Living Wage. As an accredited Living Wage employer, Barclays commits to ensure that all permanent UK employees and those UK employees of third party contractors who provide services to us at our sites, are paid at least the current London or UK Living Wage. This is a commitment which we have also extended to all our UK employed apprentices.

Fixed remuneration

Salary	Salaries reflect individuals skills and experience and are reviewed annually in the context of annual performance assessment. They are increased where justified by role change, increased responsibility or a change in the latest available market data. Salaries may also be increased in line with local statutory requirements and in line with union and works council commitments.
Role Based Pay (RBP)	A small number of senior employees receive a class of fixed pay called RBP to recognise the seniority, breadth and depth of their role.
Pension and benefits	The provision of a competitive package of benefits is important to attracting and retaining the talented staff needed to deliver Barclays strategy. Employees have access to a range of country

specific company funded benefits, including pension schemes, healthcare, life assurance and Barclays share plans as well as other voluntary employee funded benefits. The cost of providing these benefits is defined and controlled. Gracechurch Services Corporation is used to employ US nationals seconded overseas allowing them to retain eligibility to US benefits.

Variable remuneration

Annual bonus Annual bonuses incentivise and reward the achievement of Group, business and individual objectives, and reward employees for demonstrating individual behaviours in line with Barclays Values.

The ability to recognise performance through variable remuneration enables the Group to control its cost base flexibly and to react to events and market circumstances. Bonuses remain a key feature of remuneration practice in the highly competitive and mobile market for talent in the financial services sector. The Committee is careful to control the proportion of variable to fixed remuneration paid to individuals.

Bonus deferral levels are significantly in excess of PRA requirements.

The typical deferral structures include:

For MRTs:		For non-MRTs:		For Managing Directors in the Investment Bank:	
Incentive award	Amount deferred	Incentive award	Amount deferred	Incentive award	Amount deferred
< £500,000	40%	Up to £65,000	0%	All values	100%
³ £500,000	60%	> £65,000	Graduated level of deferral		

Deferred bonuses are generally delivered in equal portions as deferred cash under the Cash Value Plan (CVP) and deferred shares under the Share Value Plan (SVP), each typically vesting in annual tranches over three years subject to the rules of the plans (as amended from time to time) and continued service.

Deferred bonuses are subject to malus provisions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) at its discretion. Events which may lead the Committee to do this include, but are not limited to, employee misconduct or a material failure of risk management.

Clawback applies to any variable remuneration awarded to a MRT on or after 1 January 2015 in respect of years for which they are a MRT. Barclays may apply clawback if, at any time during the seven year period from the date on which variable remuneration is awarded to a MRT: (i) there is reasonable evidence of employee misbehaviour or material error, and/or (ii) the firm or the business unit suffers a material failure of risk management, taking account of the individual s proximity to and responsibility for that incident.

Share plans

Alignment of senior employees with shareholders is achieved through deferral of incentive pay into the SVP. We also encourage wider employee shareholding through the all employee share plans. 82% of the global employee population (excluding Africa) are eligible to participate.

2015 incentives

This section provides details of how 2015 total incentive award decisions were made.

2015 pay and performance headlines

The key performance considerations which the Committee took into account in making its remuneration decisions for 2015 are highlighted below:

§ Group adjusted profit before tax was down 2% to £5,403m (2014: £5,502m) while the Investment Bank adjusted profit before tax was up 17% at £1,611m (2014: £1,377m)

§ Group statutory profit before tax was down 8% at £2,073m (2014: £2,256m)

§ the CET1 ratio was up to 11.4% (2014: 10.3%)

§ the leverage ratio was up to 4.5% (2014: 3.7%)

§ Balanced Scorecard progress has been made against the Balanced Scorecard in respect of 2018 targets.

The pay outcomes and decisions can be summarised as follows:

§ the Group compensation to adjusted net income ratio improved to 37.2% (2014: 37.7%). The Core compensation to adjusted net income ratio also improved to 34.7% (2014: 35.7%)

§ the Group compensation to statutory net income ratio improved to 35.7% (2014: 38.5%)

§ total compensation costs decreased 6% to £8,339m (2014: £8,891m). Total compensation costs in the Investment Bank were down 5% at £3,423m (2014: £3,620m)

- total incentive awards granted were £1,669m, down 10% on 2014. Investment Bank incentive awards granted were £976m, down 7% on 2014

- there has been strong differentiation on the basis of individual performance to allow the Group to more effectively manage compensation costs

- average value of incentive awards granted per Group employee is £12,900 (2014: £14,100) and the average value of incentive awards granted per Investment Bank employee is £46,500 (2014: £51,400)

- levels of bonus deferral continue to significantly exceed the minimum requirements in the Remuneration part of the PRA Rulebook and are expected to remain among the highest deferral levels globally. 2015 bonuses awarded to Managing Directors in the Investment Bank were again 100% deferred.

2015 pay Questions and answers

How do you justify a 2015 incentive pool of £1,669m?

The Committee remains focused on aligning pay to performance and setting pay at a level which is no more than necessary but is motivational to ensure that we accelerate the delivery of shareholder value.

In line with our financial performance, the final 2015 incentive pool at £1,669m is down 10% on 2014.

The following chart illustrates the reduction in variable remuneration over the period from 2010.

Barclays incentive pools

Notes

a 2013 Investment Bank incentive pool has been restated from £1,574m to reflect the business reorganisation. The 2010, 2011 and 2012 Investment Bank incentive pools have not been restated.
b Part of the reduction in incentive pools in 2014 was due to the introduction of Role Based Pay.
c For a reconciliation of total incentive awards granted to the relevant income statement charge, see table on page 56.

What have you done in terms of conduct adjustments in 2015?

A key feature of our revised remuneration philosophy is the alignment of remuneration with risk appetite and with the conduct expectations of Barclays, our regulators and stakeholders. The Committee takes risk and conduct events very seriously and ensures that there are appropriate adjustments to individual remuneration and, where necessary, the incentive pool.

The Remuneration Review Panel, which reports to the Committee, supports the Committee in this process. The Panel is chaired by the Chief Risk Officer and includes senior representatives from the key control functions of Risk, Compliance, Internal Audit, Legal and HR. It sets the policy and processes and is responsible for assessing and recommending to the Committee compensation adjustments for risk and conduct events.

We have a robust process for considering risk and conduct as part of individual performance management reviews with outcomes reflected in individual incentive decisions. When considering individual responsibility, a variety of factors are taken into account such as:

§ whether the individual was solely responsible for the event or whether others were also responsible, if not directly involved,

§ whether the individual was aware (or could reasonably have been expected to be aware) of the failure,

§ whether the individual took or missed opportunities to take adequate steps to address the failure, and

§ whether the individual, by virtue of seniority, could be deemed indirectly responsible, including staff who drive the Group s culture and set its strategy.

Individuals who were directly or indirectly accountable for an event have had their remuneration adjusted as appropriate. This includes reductions in current year bonus levels and reductions in vesting amounts of deferred awards through the application of malus. In addition, a number of employees have been terminated for responsibility and accountability for risk and conduct events resolved during the year. The Committee fully acknowledges the impact such risk and conduct events have on shareholders and believes it is wholly appropriate that this should be reflected in incentive decisions for those whose performance and conduct falls short of Barclays standards.

The Committee recognises that conduct events continue to weigh on Group performance, impacting profitability and returns, so in addition to reductions to individuals incentive outcomes, material adjustments have also been made to the incentive pool for conduct. These included, but were not limited to, the settlement reached with the New York State Department of Financial Services in respect of its investigation into electronic trading of Foreign Exchange, the settlements reached with the US Securities and Exchange Commission and New York State Attorney General in respect of those agencies investigations relating to the operation of LX (an alternative trading system), and the settlement reached with the FCA following an investigation into whether Barclays carried out the appropriate due diligence in connection with a transaction it executed in 2012.

The Committee also made a further adjustment in respect of the settlements reached with a number of authorities in May 2015 in relation to investigations into certain sales and trading practices in the Foreign Exchange market and the setting of the US Dollar ISDAFIX benchmark, over and above the substantial adjustments made in 2014 as part of the Committee s prudent approach towards incentive funding. The Committee took a similar prudent approach in determining 2015 incentive funding.

The overall impact on the incentive pool resulting from both the direct financial impact on performance and the additional adjustments applied by the Committee is a reduction in excess of £600m.

We have also, in addition to the adjustment for specific risk and conduct issues, adjusted the incentive pool to take account of an overall assessment of a wide range of future risks (including Conduct), non-financial factors that can support the delivery of a strong conduct culture and other factors including reputation, impact on customers, markets and other stakeholders.

Total incentive awards granted current year and deferred (audited)

		Barclays Group			Investment Bank	
	Year ended 31.12.15 £m	Year ended 31.12.14 £m	% change	**Year ended 31.12.15 £m**	Year ended 31.12.14 £m	% change
Total current year bonus	839	885	5	367	381	4
Total deferred bonus	661	757	13	579	634	9
Bonus pool	**1,500**	**1,642**	**9**	**946**	**1,015**	**7**
Commissions, commitments and other incentives	169	218	22	30	38	21
Total incentive awards granted	**1,669**	**1,860**	**10**	**976**	**1,053**	**7**
Proportion of bonus that is deferred	44%	46%		61%	62%	
Total employees (full time equivalent)	129,400	132,300	2	21,000	20,500	(2)
Average bonus per employee	£12,900	£14,100	9	£46,500	£51,400	10

Deferral levels vary according to the incentive award quantum. With reductions in incentive award levels, this has reduced the proportion of the bonus that is deferred.

Deferred bonuses are delivered, subject to the rules, and only once an employee meets certain conditions, including continued 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 (audited)

	Barclays Group			Investment Bank		
	Year ended 31.12.15 £m	Year ended 31.12.14 £m	% change	**Year ended 31.12.15 £m**	Year ended 31.12.14 £m	% change
Total incentive awards for 2015	1,669	1,860	10	976	1,053	7
Less: deferred bonuses awarded in 2015	(661)	(757)	13	(579)	(634)	9
Add: current year charges for deferred bonuses from previous years	874	1,067	18	736	854	14
Other[a]	2	(108)		51	12	
Income statement charge for performance costs	**1,884**	**2,062**	**9**	**1,184**	**1,285**	**8**

Note

a Difference between incentive awards granted and income statement charge for commissions, commitments and other incentives

2015 incentives

§ 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 conditions attached to previously deferred bonuses). It does not include charges for deferred bonuses where conditions have not been met.

§ As a consequence, the 2015 incentive awards granted decreased 10% compared to 2014, while the income statement charge for performance costs decreased by 9%.

Income statement charge (audited)

	Barclays Group			Investment Bank		
	Year ended 31.12.15	Year ended 31.12.14		**Year ended 31.12.15**	Year ended 31.12.14	
	£m	£m	% change	**£m**	£m	% change
Deferred bonus charge	874	1,067	18	736	854	14
Current year bonus charges	839	885	5	367	381	4
Commissions, commitments and other incentives	171	110	(55)	81	50	(62)
Performance costs	**1,884**	**2,062**	**9**	**1,184**	**1,285**	**8**
Salaries[a]	4,954	4,998	1	1,847	1,749	(6)
Social security costs	594	659	10	248	268	7
Post retirement benefits[b c]	545	624	13	112	120	7
Allowances and trading incentives	147	170	14	56	64	13
Other compensation costs	215	378	43	(24)	134	
Total compensation costs[d]	**8,339**	**8,891**	**6**	**3,423**	**3,620**	**5**
Other resourcing costs						
Outsourcing	1,034	1,055	2	15	9	(67)
Redundancy and restructuring	134	358	63	84	239	65
Temporary staff costs	697	530	(32)	248	176	(41)
Other	185	171	(8)	51	42	(22)

Total other resourcing costs	**2,050**	**2,114**	**3**	**398**	**466**	**15**
Total staff costs	**10,389**	**11,005**	**6**	**3,821**	**4,086**	**6**
Compensation as % of adjusted net income	**37.2%**	**37.7%**		**45.5%**	**47.6%**	
Compensation as % of statutory net income	**35.7%**	**38.5%**		**45.5%**	**47.6%**	
Compensation as % of adjusted income	**34.0%**	**34.6%**		**45.2%**	**47.7%**	
Compensation as % of statutory income	**32.8%**	**35.2%**		**45.2%**	**47.7%**	

Notes

a Salaries include Role Based Pay and fixed pay allowances.
b Post retirement benefits charge includes £246m (2014: £242m) in respect of defined contribution schemes and £(130)m credit (2014: £382m) in respect of defined benefit schemes.
c 2015 post-retirement benefits have been adjusted to exclude the impact of a £429m (2014: nil) gain on valuation of a component of the defined benefit liability. Including the gain would result in a compensation: adjusted net income ratio of 35.3% and a compensation: adjusted income ratio of 32.3%. The aforementioned gain is already included in the statutory ratios.
d In addition, £236m of Group compensation (2014: £250m) was capitalised as internally generated software.

§ Total staff costs decreased 6% to £10,389m, principally reflecting a 9% decrease in performance costs and a 63% decrease in redundancy and restructuring charges.

§ Performance costs decreased 9%, reflecting a 18% decrease in the charges for deferred bonuses, a 5% decrease in the bonus charge partially offset by an increase in other performance charges.

§ Redundancy and restructuring charges decreased 63% to £134m, predominantly due to the non-recurrence of the 2014 restructuring costs in the Investment Bank.

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 date[a]

	Actual		Expected[b]	
	Year ended 31.12.14 £m	**Year ended 31.12.15 £m**	Year ended 31.12.16 £m	2017 and beyond £m
Barclays Group				
Deferred bonuses from 2012 and earlier bonus pools	488	117	13	
Deferred bonuses from 2013 bonus pool	579	293	111	17
Deferred bonuses from 2014 bonus pool		464	194	100
Deferred bonuses from 2015 bonus pool			**370**	**247**
Income statement charge for deferred bonuses	**1,067**	**874**	**688**	**364**
Investment Bank				
Deferred bonuses from 2012 and earlier bonus pools	398	101	11	
Deferred bonuses from 2013 bonus pool	456	239	93	13
Deferred bonuses from 2014 bonus pool		396	167	80
Deferred bonuses from 2015 bonus pool			341	217
Income statement charge for deferred bonuses	**854**	**736**	**612**	**310**

Bonus pool component	Expected grant date	Expected payment date(s)[c]	Year(s) in which income statement charge arises[d]
Current year cash bonus	§ March 2016	§ March 2016	§ 2015
Current year share bonus	§ March 2016	§ March 2016	§ 2015
Deferred cash bonus	§ March 2016	§ March 2017 (33.3%) § March 2018 (33.3%) § March 2019 (33.3%)	§ 2016 (48%) § 2017 (35%) § 2018 (15%) § 2019 (2%)
Deferred share bonus	§ March 2016	§ March 2017 (33.3%) § March 2018 (33.3%) § March 2019 (33.3%)	§ 2016 (48%) § 2017 (35%) § 2018 (15%) § 2019 (2%)

Notes

a The actual amount charged and payments made are subject to all conditions being met prior to the expected payment date and will vary compared with the above expectation. 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. Dividend equivalent shares may also be awarded under SVP awards.

b Does not include the impact of grants which will be made in 2016 and 2017.

[c] Share awards may be subject to an additional holding period.
[d] The income statement charge is based on the period over which conditions are met.

Governance: Remuneration report

Annual report on Directors remuneration

This section explains how our Directors remuneration policy was implemented during 2015.

Executive Directors

Executive Directors: Single total figure for 2015 remuneration (audited)

The following table shows a single total figure for 2015 remuneration in respect of qualifying service for each executive Director together with comparative figures for 2014.

	Salary £000		Role Based Pay £000		Taxable benefits £000		Annual bonus £000		LTIP £000		Pen £0
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**
Antony Jenkins[a]	598	1,100	516	950	89	100	505	1,100	1,494	1,854	197
Tushar Morzaria	800	800	750	750	82	95	701	900			200
Jes Staley[b]	100		96		48						33

Notes

a The 2015 figures for Antony Jenkins relate to the period to 16 July 2015 when he ceased to be a Director, save in the case of the LTIP which relates to the whole performance period. Details of his leaving arrangements are provided on page 68.

b The 2015 figures for Jes Staley relate to the period from 1 December 2015 when he joined the Board as Group Chief Executive.

John McFarlane was appointed Executive Chairman from 17 July 2015 pending the appointment of a new Group Chief Executive. At his request, he received no increase in fees. Details of his fees are provided on page 67. John McFarlane is not eligible to participate in Barclays cash, share or long-term incentive plans or pension plans.

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

Salary

Jes Staley commenced employment as Group Chief Executive on 1 December 2015 on a salary of £1,200,000 per annum. Tushar Morzaria was paid a salary of £800,000 per annum as Group Finance Director. Antony Jenkins was paid a salary of £1,100,000 per annum.

Role Based Pay (RBP)

Executive Directors receive RBP which is delivered quarterly in shares, subject to a holding period with restrictions lifting over five years (20% each year). The value shown is of shares at the date awarded.

Taxable benefits

Taxable benefits include private medical cover, life and ill health income protection, tax advice, relocation, home leave related costs, car allowance, the use of a company vehicle and driver when required for business purposes and other benefits that are considered minor in nature.

Annual bonus

Annual bonuses are discretionary and are typically awarded in Q1 following the financial year to which they relate. The 2015 bonus awards reflect the Committee s assessment of the extent to which the executive Directors achieved their Financial (50% weighting) and Balanced Scorecard (35% weighting) performance measures, and their personal objectives (15% weighting). More information on the performance measures and the outcomes for the 2015 bonuses is set out on pages 60 and 61. Jes Staley was not eligible for a 2015 bonus.

60% of each executive Director s 2015 bonus will be deferred in the form of a share award under the Share Value Plan vesting over three years with one third vesting each year. 20% will be paid in cash and 20% delivered in shares. All shares (whether deferred or not deferred) are subject to a further six month holding period from the point of release. 2015 bonuses are subject to clawback provisions and, additionally, unvested deferred 2015 bonuses are subject to malus provisions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil).

LTIP

The LTIP amount included in Antony Jenkins 2015 single total figure is the value of the amount scheduled to be released in relation to the LTIP award granted in 2013 in respect of performance period 2013-2015. As Tushar Morzaria and Jes Staley were not participants in this cycle, the LTIP figure in the single figure table is shown as zero for them. Release is dependent on, amongst other things, performance over the period from 1 January 2013 to 31 December 2015. The performance achieved against the performance targets is as follows.

Performance measure	Weighting	Threshold	Maximum vesting	Actual	% of award vesting
Return on risk weighted assets (RoRWA)	50%	13% of award vests for average annual RoRWA of 1.1%	Average annual RoRWA of 1.6%	0.21%	0%
Loan loss rate	30%	10% of award vests for average annual loan loss rate of 75bps	Average annual loan loss rate of 60bps or below	53bps	30%
Balanced Scorecard	20%	Performance against the Balanced Scorecard was assessed by the Committee to determine the percentage of the award that may vest between 0% and 20%. Each of the 5Cs in the Balanced Scorecard has equal weighting.		See below	9%
Total					**39%**

A summary of the Committee s assessment against the Balanced Scorecard performance measure over the three year performance period is provided below.

Category	Performance	Vesting out of maximum 4% for each C
Customer and Client	The Customer and Client Relationship metrics remained stable at 4th place as a strong performance in corporate banking, combined with improvements in Barclaycard UK and Barclays current accounts, was offset by the impact of reshaping the Wealth business and competitive challenges in South Africa. The Client Franchise Rank remained stable at 5th place in challenging market conditions.	2%
Colleague	There has been continued advancement towards Barclays 2018 gender goal of 26% women in senior leadership roles; at 23% by the end of 2015. Sustained Engagement is currently 75%, a positive result in light of the on-going change the organisation has experienced in 2015. Further work is required to achieve the 2018 target.	2%
Citizenship	In Citizenship Plan, 10 out of 11 metrics on target shows Barclays is having a positive impact on the communities in which it operates, with lending to households the only initiative to lose momentum primarily as a result of market and trading conditions.	3%
Conduct	While Conduct reputation as measured by the YouGov survey improved over the period, the Committee nevertheless determined that, by reference to the material conduct events that crystallised during the performance period, nil vesting was appropriate.	0%
Company	There has been a significant strengthening in the CET1 ratio, which is ahead of 2018 target, however there is plenty of work to do to deliver an acceptable return to shareholders, with adjusted RoE slightly down on 2014.	2%
Total		**9%**

The LTIP award is also subject to a discretionary underpin whereby the Committee must be satisfied with the underlying financial health of the Group based on profit before tax. The Committee was satisfied that this underpin was met, and accordingly determined that the award should be considered for release to the extent of 39% of the maximum number of shares under the total award. The shares are scheduled to be released in March 2016. After release, the shares are subject to an additional two year holding period.

Pension

Executive Directors are paid cash in lieu of pension contributions. This is market practice for senior executives in comparable roles.

2015 Annual bonus outcomes

The Committee considered each of the eligible executive Directors performance against the financial and non-financial measures which had been set to reflect the strategic priorities for 2015. Performance against their individual personal objectives (15% weighting overall) is assessed on an individual basis. The Committee may exercise its discretion to amend the formulaic outcome of assessment against the targets.

Financial (50% weighting)

The approach taken to assessing financial performance against each of the financial measures is based on a straight line outcome between 25% for threshold performance and 100% applicable to each measure for achievement of maximum performance.

The formulaic outcome from 2015 performance against the financial measures gave a total of 22.1% out of 50% being payable attributable to those measures. A summary of the assessment is provided in the following table.

Financial performance measure	Weighting	Threshold 25%	Maximum 100%	2015 Actual	2015 Outcome
Adjusted profit before tax	20%	£5,801m	£7,022m	£5,403m	0.0%
Adjusted costs (ex CTA)	10%	£16,780m	£15,182m	£16,205m	5.2%
CET1 ratio	10%	10.47%	11.34%	11.4%	10.0%
Leverage ratio	10%	4.17%	4.72%	4.5%	6.9%
Total Financial	**50%**				**22.1%**

Balanced Scorecard (35% weighting)

Progress in relation to each of the five Cs of the Balanced Scorecard was assessed by the Committee. The Committee took an approach based on a three-point scale in relation to each measure, with 0% to 3% for below target, 4% or 5% for a met target, and 6% or 7% for above target progress against a particular Balanced Scorecard component.

Based on this approach to assessing performance against 2015 Balanced Scorecard milestones, the Committee agreed a 15% outcome out of a maximum of 35%. A summary of the assessment is provided in the following table.

Balanced Scorecard 5 Cs	Weighting	Metric	2015 Target	2015 Actual	2015 Assessment by the Committee	2015 Outcome out of maximum 7% for each C
Customer and Client	7%	PCB, Barclaycard and Africa Banking weighted average ranking of Relationship Net Promoter Score v peer sets	4th	4th	Met target	4.0%
		Client Franchise Risk	5th	5th	Met target	
Colleague	7%	Sustained engagement of colleagues score	82-88%	75%	Below target	
		% women in senior leadership	23%	23%	Met target	2.0%
Citizenship	7%	Citizenship Plan initiatives	11/11	10/11	Below target	3.0%
Conduct	7%	Conduct Reputation (You Gov Survey)	5.6/10	5.4/10	Below target	3.0%
Company	7%	Adjusted return on equity	5.9%	4.9%	Below target	
		CET1 ratio	11.0%	11.4%	Above target	3.0%
Total Balanced Scorecard	**35%**					**15.0%**

Individual outcomes including assessment of personal objectives

Performance against each of the executive Directors individual personal objectives (15% weighting overall) was assessed by the Committee on an individual basis.

(i) Antony Jenkins

A summary of the assessment for Antony Jenkins against his specific performance measures is provided in the following table.

Performance measure		Weighting	Outcome
Financial	See table on page 60	50%	22.1%
Balanced Scorecard 5Cs	See table above	35%	15.0%
Personal objectives	Judgemental assessment see below	15%	11.0%
Total		100%	48.1%
Final outcome approved by the Remuneration Committee			48.1%

The Committee determined at the time of his departure that he would remain eligible for a pro rated 2015 bonus for the part of the year in which he was Group Chief Executive, subject to an assessment post year end of the relevant performance measures and the general discretion of the Committee. Although it was deemed the appropriate time for Barclays to change Group Chief Executive in mid-2015, the Committee recognised that during the first half of the year Antony Jenkins showed full commitment to continuing to embed a customer and client focused culture backed by the Barclays Values and to delivering on financial commitments with particular focus on capital accretion, reducing costs and continuing the run-down of Non-Core. He was also responsible for ensuring that the Conduct Risk Framework was embedded into the business. Given Antony Jenkins overall personal performance in the first half of the year, the Committee judged that 11% of a maximum of 15% was appropriate.

In aggregate, the performance assessment resulted in an overall formulaic outcome of 48.1% of maximum bonus opportunity being achieved. The resulting 2015 bonus, pro rated for service, is £505,000.

(ii) Tushar Morzaria

A summary of the assessment for Tushar Morzaria against his specific performance measures is provided in the following table.

Performance measure		Weighting	Outcome
Financial	See table on page 60	50%	22.1%
Balanced Scorecard 5Cs	See table above	35%	15.0%
Personal objectives	Judgemental assessment see below	15%	13.0%
Total		100%	50.1%
Final outcome approved by the Remuneration Committee			50.1%

The Committee concluded that Tushar Morzaria had delivered a strong personal performance throughout the year, and noted that during the second half of the year (pending Jes Staley s arrival) this was achieved while discharging considerably increased executive responsibilities. During 2015, Tushar Morzaria continued to drive transformational change, encouraging focus on the simplification of the operating model, including improved process and technology. He managed external relationships very effectively, in particular with shareholders, investors and regulators. He personally worked hard on improving colleague engagement and diversity and actively participated in supporting and promoting Barclays Citizenship agenda. He has managed risk effectively and embedded a positive risk culture. He has also fully embedded the Conduct Risk Framework into the activities of Group Finance, Tax and Treasury. The Committee, in particular, recognised Tushar Morzaria s role in the significant improvement in the Bank s capital position and in driving further focus on close and effective cost management during 2015. Given this strong personal performance, the Committee judged that 13% of a maximum of 15% attributable to individual objectives was appropriate.

As a result, the formulaic outcome for Tushar Morzaria would be 50.1% of maximum bonus opportunity. The resulting 2015 bonus is £701,000.

Executive Directors: other LTIP awards

The Directors remuneration reporting regulations require inclusion in the single total figure of only the value of the LTIP awards whose last year of performance ends in the relevant financial year and whose vesting outcome is known. For 2015, this is the award to Antony Jenkins under the 2013-2015 LTIP cycle and further details are set out on page 59. This section sets out other LTIP cycles in which the executive Directors participate, the outcome of which remains dependent on future performance.

LTIP awards to be granted during 2016

The Committee decided to make an award under the 2016-2018 LTIP cycle to Tushar Morzaria with a face value at grant of 120% of his fixed pay at 31 December 2015. Jes Staley is not eligible for a grant under the 2016-2018 LTIP cycle.

The 2016-2018 LTIP award will be subject to the following performance measures.

Performance measure	Weighting	Threshold	Maximum vesting
Adjusted return on tangible equity (RoTE)	25%	6.25% of award vests for average adjusted RoTE of 7.5%	average adjusted RoTE of 10.0%
		CET1 ratio must remain at or above an acceptable level for any of this element to vest. The threshold will be reviewed and set annually based on market conditions and regulatory requirements (11% as at 31 December 2016).	
CET1 ratio as at 31 December 2018	25%	6.25% of award vests for CET1 ratio of 11.6%	CET1 ratio of 12.7%
Cost:income ratio	20%	5% of award vests for average cost:income ratio of 66%	average cost:income ratio of 58%
Risk Scorecard	15%	Performance against the Risk Scorecard is assessed by the Committee, with input from the Group Risk function, Board Risk Committee and Board Reputation Committee as appropriate, to determine the percentage of the award that may vest between 0% and 15%. The Risk Scorecard measures performance against three broad categories Risk Profile (including Conduct), Control Environment and Risk Capability using a combination of quantitative and qualitative metrics. Specific targets within each of	

		the categories are deemed to be commercially sensitive. Retrospective disclosure of performance will be made in the 2018 Remuneration report subject to commercial sensitivity no longer remaining.
Balanced Scorecard	15%	Performance against the Balanced Scorecard is assessed by the Committee to determine the percentage of the award that may vest between 0% and 15%. Each of the 5Cs in the Balanced Scorecard has equal weighting. Assessment will be made against progress towards the 2018 targets.

Straight line vesting applies between the threshold and maximum points in respect of the financial measures.

The award is subject to a discretionary underpin by which the Committee must be satisfied with the underlying financial health of the Group.

Outstanding LTIP awards

(i) LTIP awards granted during 2014

The performance measures for the awards made under the 2014-2016 LTIP cycle are shown below.

Performance measure	Weighting	Threshold	Maximum vesting
Return on risk weighted assets (RoRWA)	50%	23% of award vests for average annual RoRWA of 1.08%	Average annual RoRWA of 1.52%
Loan loss rate	20%	7% of award vests for average annual loan loss rate of 70bps	Average annual loan loss rate of 55bps or below
Balanced Scorecard	30%	Performance against the Balanced Scorecard is assessed by the Committee to determine the percentage of the award that may vest between 0% and 30%. Each of the 5Cs in the Balanced Scorecard has equal weighting. The targets within each of the 5Cs are deemed to be commercially sensitive. However, retrospective disclosure of the targets and performance against them will be made in the 2016 Remuneration report subject to commercial sensitivity no longer remaining.	

Straight line vesting applies between the threshold and maximum points in respect of the RoRWA and loan loss rate measures. If the Committee is satisfied with the underlying financial health of the Group based on profit before tax, depending on the extent of its satisfaction, the percentage of Barclays shares that may be considered for release by the Committee under the RoRWA measure can be increased or decreased by 10% of the total award, subject always to a maximum of 50% of the award. Performance outcome will be determined at the end of the performance period. For Antony Jenkins, the resulting number of shares will then be pro-rated to his termination date.

(ii) LTIP awards granted during 2015

Awards were made on 16 March 2015 under the 2015-2017 LTIP cycle at a share price on the date of grant of £2.535, in accordance with our remuneration policy to the executive Directors. This is the price used to calculate the face value below.

	% of fixed pay	Number of shares	Face value at grant	Performance period

Antony Jenkins	120%	1,142,248	£2,895,599	2015-2017
Tushar Morzaria	120%	828,402	£2,099,999	2015-2017

The performance measures for the 2015-2017 LTIP awards are as follows:

Performance measure	Weighting	Threshold	Maximum vesting
Net generated equity[a]	30%	7.5% of award vests for Net Generated Equity of £1,363m	Net Generated Equity of £1,844m
Core return on risk weighted assets (RoRWA) excluding own credit	20%	5% of award vests for average annual Core RoRWA of 1.34%	Average annual Core RoRWA of 1.81%
Non-Core drag on adjusted return on equity (RoE)	10%	2.5% of award vests for Non-Core drag on adjusted RoE of 4.02%	Non-Core drag on adjusted RoE of 2.97%
Loan loss rate	10%	2.5% of award vests for average annual loan loss rate of 70bps	Average annual loan loss rate of 55bps or below
Balanced Scorecard	30%	Performance against the Balanced Scorecard is assessed by the Committee to determine the percentage of the award that may vest between 0% and 30%. Each of the 5Cs in the Balanced Scorecard has equal weighting. The targets within each of the 5Cs are deemed to be commercially sensitive. However, retrospective disclosure of the targets and performance against them will be made in the 2017 Remuneration report subject to commercial sensitivity no longer remaining.	

Note

a Net generated equity is a metric which converts changes in the CET1 ratio into an absolute capital equivalent measure. For remuneration purposes, Net generated equity will exclude inorganic actions such as rights issues, as determined by the Committee.

Straight line vesting applies between the threshold and maximum points in respect of the financial and risk measures. The award is subject to a discretionary underpin by which the Committee must be satisfied with the underlying financial health of the Group. For Antony Jenkins, the resulting number of shares will then be pro-rated to his termination date.

Executive Directors: pension (audited)

Jes Staley and Tushar Morzaria receive cash in lieu of pension. The 2015 cash in lieu of pension shown below for Jes Staley is for the period 1 December 2015 to 31 December 2015.

Antony Jenkins left the UK pension scheme in April 2012, and then started receiving cash in lieu of pension. He has benefits in both the final salary 1964 section and in the cash balance Afterwork section. The accrued pension shown below relates to his 1964 section pension only. The other pension entries relate to his benefits in both sections. Antony Jenkins ceased to be an executive Director on 16 July 2015. The 2015 cash in lieu of pension shown below is for the period 1 January 2015 to 16 July 2015.

	Accrued pension at 31 December 2015 £000	Increase in value of accrued pension over year net of inflation £000	Normal retirement date	Pension value in 2015 from DB Scheme £000	2015 Cash in lieu of pension £000	2015 Total £000
Antony Jenkins	4	0	11 July 2021	0	197	197
Tushar Morzaria					200	200
Jes Staley					33	33

Executive Directors: Statement of implementation of remuneration policy in 2016

The introduction of new deferral and LTIP requirements in the Remuneration part of the PRA Rulebook and EBA Guidelines will require some structural changes as to how the approved Directors remuneration policy will be implemented in 2016. It is therefore our intent to consult with shareholders over proposed changes once formulated. This section explains how the approved Directors remuneration policy would be implemented in 2016 under the current framework.

	Jes Staley	Tushar Morzaria	Comments
Salary	£1,200,000	£800,000	No change from 2015.
RBP	£1,150,000	£750,000	Delivered quarterly in shares subject to a holding period with restrictions lifting over five years. No change from 2015.
Pension	33% of salary	25% of salary	Fixed cash allowance in lieu of participation in pension plan. No change from 2015.
Maximum bonus	80% of fixed pay	80% of fixed pay	Variable remuneration for the executive Directors is delivered through bonus and LTIP, both of which are currently deferred over three years. Variable remuneration for the 2016 performance year will be delivered in line with the requirements of the Remuneration part of the PRA Rulebook, including the vesting requirements. Awards under the LTIP will be delivered in shares. The performance and holding periods will be determined before the awards are made in Q1 2017. Vesting will be dependent on performance over the performance period and subject to a further holding period after vesting.
Maximum LTIP	120% of fixed pay	120% of fixed pay	

Total Fixed Pay

The Directors remuneration policy sets out the policy on RBP for executive Directors. Following the EBA Guidelines, published in December 2015, and despite the formal power to reduce RBP in the Directors remuneration policy, the Committee has agreed, as they also did in 2015, that total fixed pay (salary and RBP elements) will not be reduced in 2016. The Committee will review the structure of RBP in light of the change in regulation and any changes will be reflected in the Directors remuneration policy which will be presented to shareholders for approval at the 2017 AGM.

Clawback and malus

Clawback applies to any variable remuneration awarded to the executive Directors on or after 1 January 2015. Barclays may apply clawback if at any time during the seven year period from the date on which any variable remuneration is awarded: (i) there is reasonable evidence of individual misbehaviour or material error, and/or (ii) the firm suffers a material failure of risk management, taking account of the individual s proximity to and responsibility for, that incident. For variable remuneration awards granted to executive Directors in respect of 2016 onwards, the clawback period may be extended to 10 years in circumstances where the Company or a regulatory authority has commenced an investigation which could potentially lead to the application of clawback.

As set out in the Directors remuneration policy, malus provisions will continue to apply to unvested deferred awards.

Deferral

A seven year deferral period (with no vesting prior to the third anniversary of award, and vesting no faster than on a pro rata basis between the third and seventh year), will apply to any deferred variable remuneration awarded to the executive Directors in respect of the 2016 performance year onwards.

2016 Annual bonus performance measures

Performance measures with appropriately stretching targets have been selected to cover a range of financial and non-financial goals that support the key strategic objectives of the Company. The performance measures and weightings are shown below.

Financial (50% weighting)	§ Adjusted profit before tax (20% weighting)
	§ Adjusted costs (10% weighting)

A performance target range has been set for each financial measure.	§ CET1 ratio (20% weighting)
Balanced Scorecard (35% weighting)	Progress towards the five year Balanced Scorecard targets will be assessed by the Committee at the year end. Each of the 5Cs in the Balanced Scorecard will have equal weighting
Personal (15% weighting)	The executive Directors have the following joint personal objectives for 2016: § structure the business effectively, ensuring it is focused on a sustainable core proposition with a simpler performing portfolio, with the majority of restructuring completed in 2016 § make significant progress in exiting Non-Core by the end of 2016 § deliver on financial commitments with particular focus on improvement in cost and productivity, as evidenced by an improved profit and a lower cost:income ratio § manage risk and conduct effectively and make significant progress in ensuring that legacy events are both resolved expediently and not repeated. In addition, individual personal objectives for 2016 are as follows: Jes Staley: § implement the new management structure to support structural reform, including a new operating model designed to improve efficiency § make substantive progress towards a higher performing culture in line with our Values, while strengthening employee engagement at all levels § foster an externally focused and customer-centric culture. Tushar Morzaria: § demonstrate effective management of external relationships and reputation § strengthen the performance ethic and employee engagement in Group Finance, Tax and Treasury, while also improving productivity.

Detailed calibration of the Financial and Balanced Scorecard targets is commercially sensitive and it is not appropriate to disclose this information externally on a prospective basis. Disclosure of achievement against the targets will be made in the 2016 Annual Report subject to the targets no longer being commercially sensitive. The Committee may exercise its discretion to amend the formulaic outcome of assessment against the targets. Any exercise of discretion will be disclosed and explained.

Illustrative scenarios for executive Directors remuneration

The charts below show the potential value of the executive Directors 2016 remuneration in three scenarios: Minimum (i.e. fixed pay only), Maximum (i.e. fixed pay and the maximum variable pay that may be awarded) and Mid-point (i.e. fixed pay and 50% of the maximum variable pay that may be awarded). For the purposes of these charts, the value of benefits is based on an estimated annual value. The scenarios do not reflect share price movement between award and vesting. LTIP is included at face value; the amount received and included in the single total figure for remuneration will depend on performance over the performance period.

A significant proportion of the potential remuneration of the executive Directors is variable and is therefore performance related. It is also subject to deferral, malus and clawback.

Total remuneration opportunity: Group Chief Executive (£000)

Total remuneration opportunity: Group Finance Director (£000)

In the above illustrative scenarios, benefits include regular contractual benefits. Additional ad hoc benefits may arise, for example, overseas relocation of executive Directors, but will always be provided in line with the Directors remuneration policy.

Performance graph and table

The performance graph below illustrates the performance of Barclays over the financial years from 2009 to 2015 in terms of total shareholder return compared with that of the companies comprising the FTSE 100 index. The index has been selected because it represents a cross-section of leading UK companies.

In addition, the table below provides a summary of the total remuneration of the relevant Group Chief Executive over the same period as the previous graph. For the purpose of calculating the value of the remuneration of the Group Chief Executive, data has been collated on a basis consistent with the single figure methodology.

Year	2009	2010	2011	2012	2012	2013	2014	2015	2015
Group Chief Executive	John Varley	John Varley	Bob Diamond	Bob Diamond[a]	Antony Jenkins[b]	Antony Jenkins	Antony Jenkins	Antony Jenkins[b]	John McFarlane[c]
Group Chief Executive single figure of total remuneration £000s	2,050	4,567	11,070[e]	1,892	529	1,602	5,467[f]	3,399	305
Annual bonus against maximum opportunity %	0%	100%	80%	0%	0%	0%	57%	48%	N/A
Long-term incentive vesting against maximum opportunity %	50%	16%	N/A[f]	0%	N/A[g]	N/A[g]	30%	39%	N/A[g]

Notes

a Bob Diamond left the Board on 3 July 2012.
b Antony Jenkins became Group Chief Executive on 30 August 2012 and left the Board on 16 July 2015.
c John McFarlane was Executive Chairman from 17 July 2015 to 30 November 2015. His fees, which remained unchanged, have been pro-rated for his time in the position. He was not eligible to receive a bonus or LTIP.
d Jes Staley became Group Chief Executive on 1 December 2015.
e This figure includes £5,745k tax equalisation as set out in the 2011 Remuneration report. Bob Diamond was tax equalised on tax above the UK rate where that could not be offset by a double tax treaty.
f Antony Jenkins 2014 pay is higher than in earlier years since he declined a bonus in 2012 and 2013 and did not have LTIP vesting in those years.

g Not a participant in a long-term incentive award which vested in the period.

Percentage change in Group Chief Executive s remuneration

The table below shows how the percentage change in the Group Chief Executive s salary, benefits and bonus between 2014 and 2015 compares with the percentage change in the average of each of those components of pay for UK based employees.

	Salary	Role Based Pay	Benefits	Annual bonus
Group Chief Executive[a]	0.0%	0.0%	20.0%[b]	(15.6%)
Average based on UK employees[c]	3.0%	12.2%[d]	0.0%	(8.0%)

Notes

a The 2015 figures for the Group Chief Executive are based on former Group Chief Executive, Antony Jenkins, and are annualised in order to provide a meaningful comparison of the year on year change in remuneration for the Group Chief Executive and UK based employees.
b The percentage change in benefits for the Group Chief Executive represents an increase in the cost to Barclays of existing benefits. There was no change in actual benefit provision to the former Group Chief Executive from 2014 to 2015.
c Certain populations were excluded to enable a meaningful like for like comparison.
d The majority of the increase was due to the introduction of Role Based Pay to certain populations, including new MRTs required to comply with PRA/EBA requirements.

We have chosen UK based employees as the comparator group as it is the most representative group for pay structure comparisons.

Relative importance of spend on pay

A year on year comparison of the relative importance of pay and distributions to shareholders is shown below. 2015 Group compensation costs have reduced by 6% and dividends to shareholders have increased 2% from 2014.

Group Compensation Costs (£m)

Dividends to Shareholders (£m)

Chairman and non-executive Directors

Remuneration for non-executive Directors reflects their responsibilities and time commitment and the level of fees paid to non-executive Directors of comparable major UK companies.

Chairman and non-executive Directors: Single total figure for 2015 fees (audited)

	Fees		Benefits		Total	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Chairman						
John McFarlane[a]	628		11		639	
Sir David Walker[b]	285	750	6	19	291	769
Non-executive Directors						
Mike Ashley	207	213			207	213
Tim Breedon	232	240			232	240
Crawford Gillies[c]	178	91			178	91
Reuben Jeffery III	135	160			135	160
Wendy Lucas-Bull[d]	358	367			358	367
Dambisa Moyo	152	151			152	151
Frits van Paasschen	88	80			88	80
Sir Michael Rake[e]	250	250			250	250
Diane de Saint Victor	135	135			135	135
Diane Schueneman[f k]	74				74	
Sir John Sunderland[g]	60	190			60	190
Steve Thieke[h k]	184	131			184	131
Fulvio Conti[i]		37				37
Simon Fraser[j]		47				47
Total	**2,966**	**2,842**	**17**	**19**	**2,983**	**2,861**

Non-executive Directors are reimbursed expenses that are incurred for business reasons. Any tax that arises on these reimbursed expenses is paid by Barclays.

The Chairman is provided with private medical cover and the use of a company vehicle and driver when required for business purposes.

Notes

a

John McFarlane joined the Board as a non-executive Director with effect from 1 January 2015 and as Chairman from 24 April 2015. The total includes non-executive Director fees of £78,000 for the period from 1 January 2015 to 24 April 2015.

b Sir David Walker retired from the Board with effect from 23 April 2015.

c Crawford Gillies joined the Board as a non-executive Director with effect from 1 May 2014.

d The 2014 figure has been updated to include fees received by Wendy Lucas-Bull for her role as Chairman of Barclays Africa Group Limited. The 2015 figure includes fees received by her in 2015 for that role.

e Sir Michael Rake retired from the Board with effect from 31 December 2015.

f Diane Schueneman joined the Board as a non-executive Director with effect from 25 June 2015.

g Sir John Sunderland retired from the Board with effect from 23 April 2015.

h Steve Thieke joined the Board as a non-executive Director with effect from 7 January 2014.

i Fulvio Conti retired from the Board with effect from 24 April 2014.

j Simon Fraser retired from the Board with effect from 24 April 2014.

k Diane Schueneman and Steve Thieke both served in 2015 on the US Governance Review Board, which is an advisory board set up as the forerunner of the board of our US intermediate holding company which will be established during 2016. The 2015 figures for Diane Schueneman and Steve Thieke include fees of $37,500 and $75,000 for these roles respectively.

Chairman and non-executive Directors: Statement of implementation of remuneration policy in 2016

2016 fees, subject to annual review in line with policy, for the Chairman and non-executive Directors are shown below.

	1 January 2016 £000	1 January 2015 £000	Percentage Increase
Chairman[a]	800[b]	750	
Deputy Chairman[a]	250	250	0
Board member	80	80	0
Additional responsibilities			
Senior Independent Director	30	30	0
Chairman of Board Audit or Board Remuneration Committee	70	70	0
Chairman of Board Risk Committee	60	60	0
Chairman of Board Reputation Committee	50	50	0
Membership of Board Audit or Board Remuneration Committee	30	30	0
Membership of Board Reputation or Board Risk Committee	25	25	0
Membership of Board Nominations Committee	15	15	0

Notes

a The Chairman and Deputy Chairman do not receive any other additional responsibility fees in addition to the Chairman and Deputy Chairman fees respectively.

b John McFarlane was appointed Chairman on 24 April 2015 on fees of £800,000.

Payments to former Directors

Former Group Chief Executive: Antony Jenkins

Antony Jenkins ceased to be Group Chief Executive on 16 July 2015. In accordance with his contractual entitlements, Antony Jenkins will receive base salary, RBP, benefits and pension until 7 July 2016 (the Termination Date). These payments are being made in instalments and are subject to mitigation in the event that Antony Jenkins brings his termination date forward.

The Committee carefully considered the circumstances of Antony Jenkins departure, taking into account his contribution in bringing the Group to a much stronger position during a difficult period for the Group. Against that background, the Committee agreed to exercise its discretion to treat Antony Jenkins as an eligible leaver for the purposes of his variable pay in accordance with the Directors remuneration policy approved by shareholders at the 2014 AGM. The Committee agreed that:

§ Antony Jenkins would remain eligible for an annual bonus in respect of 2015, pro-rated to 16 July 2015

§ Antony Jenkins 260,355 deferred shares will be considered for release in full on the scheduled release dates. After release, the shares will be subject to an additional 6 month holding period

§ the unvested LTIP awards granted to Antony Jenkins in 2014 and 2015 will be considered for release on the scheduled release dates subject to achievement of the applicable performance measures and time pro-rated to the Termination Date. The maximum number of shares (subject to the achievement of the applicable performance measures) after reduction for time pro-rating are LTIP 2014-2016: 1,418,805 shares and LTIP 2015-2017: 475,937 shares. After vesting, the shares will be subject to an additional two year holding period

§ all outstanding unvested deferred awards are subject to malus provisions

The Company has paid £106k in respect of outplacement services and legal costs in connection with Antony Jenkins termination of employment in line with the approved Directors remuneration policy on terminations.

Former Group Finance Director: Chris Lucas

In 2015, Chris Lucas continued to be eligible to receive life assurance cover, private medical cover and payments under the Executive Income Protection Plan (EIPP). Full details of his eligibility under the EIPP were disclosed in the 2013 Directors Remuneration report (page 91 of 2013 Form 20-F). Chris Lucas did not receive any other payment or benefit in 2015.

Other policy information

Outside appointments

During the period while he was Executive Chairman, John McFarlane retained fees in respect of external directorships at Westfield Corporation Limited of $62k and at Old Oak Holdings Limited of £37k.

Directors shareholdings and share interests

Executive Directors shareholdings and share interests

The chart below shows the value of Barclays shares held beneficially by Jes Staley and Tushar Morzaria as at 26 February 2016 that count towards the shareholding requirement of, as a minimum, Barclays shares worth four times salary. The current executive Directors have five years from their respective date of appointment to meet this requirement. At close of business on 26 February 2016, the market value of Barclays ordinary shares was £1.6910.

Jes Staley (£000)

Tushar Morzaria (£000)

The table below shows shares owned beneficially by all the Directors and shares over which executive Directors hold awards which are subject to either deferral terms or performance measures. The shares shown below, that are subject to performance measures, are based on the maximum number of shares that may be released (before pro-rating for Antony Jenkins).

Interests in Barclays PLC shares (audited)

	Owned outright	Unvested Subject to performance measures	Unvested Not subject to performance measures	Total as at 31 December 2015 (or date of retirement from the Board, if earlier)	Total as at 26 February 2016
Executive Directors					
Antony Jenkins[a]	5,540,236	4,579,983	260,355	10,380,574	
Tushar Morzaria	931,310	2,204,213	741,829	3,877,352	3,877,352
Jes Staley[b]	2,812,997		896,450	3,709,447	3,709,447
Chairman					
John McFarlane[c]	11,995			11,995	11,995
Sir David Walker[d]	151,455			151,455	
Non-executive Directors					
Mike Ashley	23,547			23,547	23,547
Tim Breedon	19,196			19,196	19,196
Crawford Gillies	58,856			58,856	58,856
Reuben Jeffery III	184,988			184,988	184,988
Wendy Lucas-Bull	14,672			14,672	14,672
Dambisa Moyo	40,696			40,696	40,696
Frits van Paasschen	17,184			17,184	17,184
Sir Michael Rake[e]	75,670			75,670	
Diane de Saint Victor	21,579			21,579	21,579
Diane Schueneman[f]	2,000			2,000	2,000
Sir John Sunderland[g]	139,081			139,081	
Steve Thieke	23,123			23,123	23,123
Sir Gerry Grimstone[h]					97,045

Notes

a Antony Jenkins left the Board with effect from 16 July 2015.
b Jes Staley joined the Board as Group Chief Executive with effect from 1 December 2015.
c John McFarlane joined the Board as a non-executive Director with effect from 1 January 2015 and as Chairman with effect from 24 April 2015. He was Executive Chairman from 17 July 2015 to 30 November 2015.
d Sir David Walker retired from the Board with effect from 23 April 2015.
e Sir Michael Rake retired from the Board with effect from 31 December 2015.
f Diane Schueneman joined the Board as a non-executive Director with effect from 25 June 2015.
g Sir John Sunderland retired from the Board with effect from 23 April 2015.
h Sir Gerry Grimstone joined the Board as Senior Independent Director and Deputy Chairman with effect from 1 January 2016. On appointment, he held 97,045 Barclays PLC shares.

Barclays Board Remuneration Committee

The Board Remuneration Committee is responsible for overseeing Barclays remuneration as described in more detail below.

Terms of Reference

The role of the Committee is to:

§ set the overarching principles and parameters of remuneration policy across the Group;

§ consider and approve the remuneration arrangements of the Chairman, the executive Directors, other senior executives and those employees whose total annual compensation exceeds an amount determined by the Committee from time to time (currently £2m or more)

§ exercise oversight for remuneration issues.

The Committee also considers and approves buy-outs of forfeited rights for new hires of £2m or more, and packages on termination where the total discretionary value is £1m or more. It reviews the policy relating to all remuneration plans including pensions, and considers and approves measures to promote the alignment of the interests of shareholders and employees. It is also responsible for the selection and appointment of its independent remuneration adviser.

The Terms of Reference can be found at home.barclays/corporategovernance or from the Company Secretary on request.

Chairman and members

The Chairman and members of the Committee are as follows:

§ Crawford Gillies, Committee member since 1 May 2014 and Chairman since 24 April 2015

§ Tim Breedon, Committee member since 1 December 2012

- Steve Thieke, Committee member since 6 February 2014

- Dambisa Moyo, Committee member since 1 September 2015

Former Chairman and members

Members who left the Committee during 2015 were as follows:

- Sir John Sunderland, Committee member since 1 July 2005 and Committee Chairman from 24 July 2012 to 23 April 2015

- Sir David Walker, Committee member from 1 September 2012 to 23 April 2015

All current members are considered independent by the Board.

Remuneration Committee attendance in 2015

	Number of meetings eligible to attend	Number of meetings attended
Crawford Gillies	7	7
Tim Breedon	7	7
Steve Thieke	7	7
Dambisa Moyo	4	4
Sir John Sunderland	1	1
Sir David Walker	1	1

The performance of the Committee is reviewed each year as part of the Board Effectiveness Review. The December 2015 review concluded that Board members have confidence in the effectiveness of the Committee. Full details of the Board Effectiveness review can be found on pages 33 and 34.

Advisers to the Remuneration Committee

During 2015, the Committee was advised by Towers Watson (now known as Willis Towers Watson. The Committee is satisfied that the advice provided by Towers Watson to the Committee is independent. Towers Watson is a signatory to, and its appointment as adviser to the Committee is conditional on adherence to, the voluntary UK Code of Conduct for executive remuneration consultants.

Towers Watson s work in 2015 included advising the Committee and providing the latest market data on compensation and trends when considering incentive levels and remuneration packages. A representative from Towers Watson attends Committee meetings. When requested by the Committee, Towers Watson is available to advise and meet with the Committee members separate from management.

Fees for Committee work are charged on a time/cost basis and Towers Watson was paid a total of £195,000 (excluding VAT) in fees for its advice to the Committee in 2015 relating to the executive Directors (either exclusively or along with other employees within the Committee s Terms of Reference).

Towers Watson provides pensions advice, advice on health and benefits provision, assistance and technology support for employee surveys and performance management, and remuneration data to the Group. Towers Watson also provides pensions advice and administration services to the Barclays Bank UK Retirement Fund.

The Committee regularly reviews the objectivity and independence of the advice it receives from Towers Watson.

In the course of its deliberations, the Committee considers the views of the Group Chief Executive, Group Human Resources Director and the Group Reward and Performance Director. The Group Finance Director and Chief Risk Officer provide regular updates on Group and business financial performance and the Group s risk profile respectively.

No Barclays employee or Director participates in discussions with, or decisions of, the Committee relating to his or her own remuneration. No other advisers provided significant services to the Committee in the year.

Governance: Remuneration report

Annual report on Directors remuneration

Remuneration Committee activities in 2015

The following provides a summary of the Committee s activities during 2015 and at the January and February 2016 meetings when 2015 remuneration decisions were finalised.

Meeting	Fixed and variable pay issues	Governance, risk and other matters
February 2015	§ Approved executive Directors and senior executives 2015 fixed pay	§ Risk adjustment and malus review
	§ Approved 2015 executive Directors annual bonus performance measures	§ Approved 2014 Remuneration report
	§ Approved group salary and RBP budgets for 2015	§ Review of 2014 reward communications strategy
	§ Approved final 2014 incentive funding	§ Finance and Risk updates
	§ Approved proposals for executive Directors and senior executives 2014 bonuses and 2015 LTIP awards for executive Directors	
May 2015	§ 2015 early incentive funding projections	§ Consideration of the outcomes of the 2014 Board Committees effectiveness review
		§ Update on EBA consultation on draft revised remuneration guidelines

		§ Employee compensation adjustment review
		§ Barclays remuneration approach review
July 2015		§ Review of Committee activity and Terms of Reference
		§ Consideration of process for appointment of Committee s independent adviser from April 2016
		§ Update on July 2014 PRA consultation and resulting changes to the Remuneration part of the PRA Rulebook
		§ Scope of remuneration philosophy review
		§ Employee compensation adjustment review
October 2015 (Two meetings)	§ Approved Jes Staley s remuneration arrangements	§ Remuneration philosophy review
November 2015	§ 2015 incentive funding projections	§ Finance and Risk updates including ex ante risk adjustment
	§ 2016 LTIP performance measures	§ Updates on headcount and attrition
		§ 2015 payround shareholder engagement planning
		§ Employee compensation adjustment review
December 2015	§ Initial considerations on senior executives 2016 fixed pay	§ Review of draft 2015 Remuneration report

	§ 2015 incentive funding proposals and initial proposals for senior executives 2015 bonuses	§ Finance and Risk updates including ex ante risk adjustment § Updates on headcount and attrition
January 2016	§ 2015 incentive funding proposals	§ Finance and Risk updates
February 2016 (Two meetings)	§ Approved executive Directors and senior executives 2016 fixed pay § Approved 2016 executive Directors annual bonus performance measures § Approved Group fixed pay budgets for 2016 § Approved final 2015 incentive funding § Approved proposals for executive Directors and senior executives 2015 bonuses and 2016 LTIP awards for executive Directors	§ Approved 2015 Remuneration report § Finance and Risk updates including ex ante risk adjustment § Appointment of Committee independent adviser § Updates on headcount and attrition

Regular items: market and stakeholder updates including PRA/FCA, US Federal Reserve and other regulatory matters; updates from Remuneration Review Panel meetings; operation of the Committee s Control Framework on hiring, retention and termination; and LTIP performance updates.

Statement of voting at Annual General Meeting

The table below shows the voting result in respect of our remuneration arrangements at the AGM held on 23 April 2015 and the last policy vote at the AGM held on 24 April 2014:

	For	Against	Withheld

	% of votes cast Number	% of votes cast Number	Number
Advisory vote on the 2014 Remuneration report	97.50% 11,385,216,004	2.50% 291,926,107	63,613,057
Binding vote on the Directors remuneration policy	93.21% 9,936,116,114	6.79% 723,914,712	154,598,278

Additional remuneration disclosures

This section contains voluntary disclosures about levels of remuneration for our eight most highly paid senior executive officers and levels of remuneration of employees in the Barclays Group.

2015 total remuneration of the eight highest paid senior executive officers below Board level

The table below shows remuneration for the eight highest paid senior executive officers below Board level who were Key Management Personnel in 2015.

Eight highest paid senior executive officers below Board level

	1	2	3	4	5	6	7	8
	2015 £000	2015 £000	2015 £000	2015 £000	2015 £000	2015 £000	2015 £000	2015 £000
Fixed Pay (salary and RBP)	3,150	1,500	1,700	1,300	2,050	1,192	878	661
Current year cash bonus		600	320	320	100	140	180	204
Current year share bonus		600	320	320	100	140	180	204
Deferred cash bonus	3,150	900	480	480	150	210	270	306
Deferred share bonus	3,150	900	480	480	150	210	270	306
Total remuneration	**9,450**	**4,500**	**3,300**	**2,900**	**2,550**	**1,892**	**1,778**	**1,681**

Total remuneration of the employees in the Barclays Group

The table below shows the number of employees in the Barclays Group in 2014 and 2015 in bands by reference to total remuneration. Total remuneration comprises salary, RBP, other allowances, bonus and the value at award of LTIP awards.

Total remuneration of the employees in the Barclays Group

	Number of employees	
Remuneration band	**2015**	2014
£0 to £25,000	71,886	72,262
£25,001 to £50,000	31,804	33,760
£50,001 to £100,000	21,196	20,491

£100,001 to £250,000	9,903	9,000
£250,001 to £500,000	2,266	2,323
£500,001 to £1,000,000	761	871
£1,000,001 to £2,500,000	268	301
£2,500,001 to £5,000,000	50	55
Above £5m	5	3

Barclays is a global business. Of those employees earning above £1m in total remuneration for 2015 in the table above, 55% are based in the US, 34% in the UK, and 11% in the rest of the world.

The number of employees paid above £1m has reduced from 359 in 2014 to 323 in 2015.

Governance: Remuneration report

Additional remuneration disclosures

Outstanding share plan and long-term incentive plan awards (audited)

Plan	Number of shares under award at 1 January 2015 (maximum)	Number of shares awarded in year (maximum)	Market price on award date	Number of shares released
Antony Jenkins				
Barclays LTIP 2012-2014	1,139,217		£1.81	332,286
Barclays LTIP 2012-2014	1,371,280		£1.86	400,030
Barclays LTIP 2013-2015	1,545,995		£3.06	
Barclays LTIP 2014-2016	1,891,740		£2.31	
Barclays LTIP 2015-2017		1,142,248	£2.54	
Share Value Plan 2012	332,377		£2.53	332,377
Share Value Plan 2012	1,079,970		£1.86	1,079,970
Share Value Plan 2015		260,355	£2.54	
Tushar Morzaria				
Barclays LTIP 2014-2016	1,375,811		£2.31	
Barclays LTIP 2015-2017		828,402	£2.54	
Share Value Plan 2013	733,877		£2.51	411,437
Share Value Plan 2014	309,557		£2.31	103,185
Share Value Plan 2015		213,017	£2.54	
Jes Staley				
Share Value Plan 2015		896,450	£2.34	

The interests shown in the table above are the maximum number of Barclays shares that may be received under each plan (be
Antony Jenkins). Executive Directors do not pay for any share plan or long-term incentive plan awards. Antony Jenkins receive
shares from Share Value Plan (SVP) and LTIP awards and Tushar Morzaria received 19,669 dividend shares from SVP awards

The SVP 2015 award granted to Jes Staley was made in respect of awards he forfeited as a result of accepting employment at B
was made in line with the Barclays recruitment policy and was made on no more favourable terms than those forfeited awards

Outstanding Cash Value Plan (CVP) awards (audited)

Plan	Value under award at 1 January 2015	Value paid in year £000

	(maximum) £000	
Antony Jenkins		
Cash Value Plan 2012	750	750

A service credit was added, on the final vesting date, to the third and final vesting amount which, for the award shown, was 10% of the original award amount. Antony Jenkins received the CVP award as part of his 2011 bonus, which was awarded in respect of performance in his role as CEO of Retail and Business Banking.

Number of shares lapsed in 2015	Number of shares under award at 31 December 2015 (maximum)	Value of release £000	End of performance period or first scheduled release date	Last sched release
806,931		887		
971,250		1,068		
	1,545,995		31/12/2015	14/03/
	1,891,740		31/12/2016	06/03/
	1,142,248		31/12/2017	05/03/
		844		
		2,743		
	260,355		14/03/2016	05/03/
	1,375,811		31/12/2016	06/03/
	828,402		31/12/2017	05/03/
	322,440	1,045	17/03/2014	05/03/
	206,372	262	16/03/2015	06/03/
	213,017		14/03/2016	05/03/
	896,450		14/03/2016	14/03/

Governance: Remuneration report

Directors remuneration policy (abridged)

Barclays forward looking remuneration policy for Directors was approved at the 2014 AGM held on 24 April 2014 and applies for three years from that date. The full policy can be found on pages 76 to 86 of the 2013 Form 20-F or at home.barclays/annualreport.

This section sets out an abridged version of the Directors remuneration policy and is provided for information only.

This remuneration policy sets out the framework for how the Committee s remuneration strategy will be executed for the Directors over the three years beginning on the date of the 2014 AGM. This is to be achieved by having a remuneration policy that seeks to:

§ provide an appropriate and competitive mix of fixed and variable pay which, through its short and long-term components, incentivises management and is aligned to shareholders;

§ provide direct line of sight with Barclays strategy through the incentive programmes; and

§ comply with and adapt to the changing regulatory landscape.

Remuneration policy for executive Directors

Element and purpose	Operation	Maximum value and performance measures
A. Fixed pay		

Salary To reward skills and experience appropriate for the role and provide the basis for a competitive remuneration package	Salaries are determined with reference to market practice and market data (on which the Committee receives independent advice), and reflect individual experience and role. Executive Directors salaries are benchmarked against comparable roles in the following banks: Bank of America, BBVA, BNP Paribas, Citigroup, Credit Suisse, Deutsche Bank, HSBC, JP Morgan, Lloyds, Morgan Stanley, RBS, Santander, Société Générale, Standard Chartered and UBS. The Committee may amend the list of comparator companies to ensure it remains relevant to Barclays or if circumstances make this necessary (for example, as a result of takeovers or mergers). Salaries are reviewed annually and any changes are effective from 1 April in the financial year.	Salaries for executive Directors are set at a point within the benchmark range determined by the Committee taking into account their experience and performance. Increases for the current executive Directors over the policy period will be no more than local market employee increases other than in exceptional circumstances where the Committee judges that an increase is needed to bring an executive Director s salary into line with that of our competitors. In such circumstances Barclays would consult with its major shareholders.
Role Based Pay To enable competitive remuneration opportunity in recognition of the breadth and depth of the role	Paid quarterly in shares which are subject to a holding period with restrictions lifting over five years (20% each year). As the executive Directors beneficially own the shares, they will be entitled to any dividends paid on those shares. RBP will be reviewed and fixed annually and may be reduced or increased in certain circumstances. Any changes are effective from 1 January in the relevant financial year.	The maximum RBP for executive Directors is set at £950,000 for the Group Chief Executive, Antony Jenkins, and £750,000 for the Group Finance Director, Tushar Morzaria. It is not pensionable (except where required under local law). These amounts may be reduced but are at the maxima and may not be increased above this level. There are no performance measures.
Pension To enable executive Directors to build long-term retirement savings	Executive Directors receive an annual cash allowance in lieu of participation in a pension arrangement.	The maximum annual cash allowance is 33% of salary for the Group Chief Executive and 25% of salary for the Group Finance Director and any other executive Director.

Benefits To provide a competitive and cost effective benefits package appropriate to role and location	Executive Directors benefits provision includes private medical cover, annual health check, life and ill health income protection, tax advice, car cash allowance, and use of a company vehicle and driver when required for business purposes. Additional benefits may be offered that are minor in nature or are normal market practice in a country to which an executive Director relocates or from which an executive Director is recruited. In addition to the above, if an executive Director were to relocate, additional support would be provided for a defined and limited period of time in line with Barclays general employee mobility policy including provision of temporary accommodation, payment of removal costs and relocation flights. Barclays will pay the executive Director s tax on the relocation costs but will not tax equalise and will also not pay the tax on his or her other employment income.	The maximum value of the benefit is determined by the nature of the benefit itself and costs of provision may depend on external factors, e.g. insurance costs.

Remuneration policy for executive Directors continued

Element and purpose	Operation	Maximum value and performance measures
B. Variable Pay		
Annual bonus To reward delivery of short-term financial targets set each year, the individual performance of the executive Directors in achieving those targets, and their contribution to delivering Barclays strategic objectives While financial objectives are important, the Balanced Scorecard (which also includes Group financial targets) plays a significant role in bonus determination, to ensure alignment with Barclays strategy	**Determination of annual bonus** Individual bonuses are discretionary and decisions are based on the Committee s judgement of executive Directors performance in the year, measured against Group and personal objectives. **Delivery structure** Executive Directors are Code Staff and their bonuses are therefore subject to deferral of at least the level applicable to all Code Staff, currently 40% (for bonuses of no more than £500,000) or 60% (for bonuses of more than £500,000). The Committee may choose to defer a greater proportion of any bonus awarded to an executive Director than the minimum required by the PRA Remuneration Code. At least half the non-deferred bonus is delivered in shares or share-linked instruments. Deferred bonuses for executive Directors may be delivered in a combination of shares or other deferral	The maximum annual bonus opportunity is 80% of fixed pay. The performance measures by which any executive Director bonuses are assessed include Group, business and personal measures, both financial and non-financial. Financial measures may include, but are not restricted to such measures as net income, adjusted profit before tax, return on equity, CET1 ratio and return on risk weighted assets. Non-financial measures are based on the Balanced Scorecard. Personal objectives may include key initiatives relating to the role of the Director or in support of Barclays strategic objectives. The Balanced Scorecard may be updated from time to time in line

Deferred bonuses encourage long-term focus and retention. Delivery substantially or fully in shares with a holding period increases alignment with shareholders. Deferred bonuses are granted by the Committee (or an authorised sub-committee) at its discretion, subject to the relevant plan rules	instruments. Participants may, at the Committee s discretion, also receive the benefit of any dividends paid between the award date and the relevant release date in the form of dividend shares. **Operation of risk and conduct adjustment and malus** Any bonus awarded will reflect appropriate reductions made to incentive pools in relation to risk events. Individual bonus decisions may also reflect appropriate reductions in relation to specific risk and conduct events. All unvested deferred bonuses are subject to malus provisions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) for any reason. These include, but are not limited to: § A participant deliberately misleading Barclays, the market and/or shareholders in relation to the financial performance of the Barclays Group § A participant causing harm to Barclays reputation or where his/her actions have amounted to misconduct, incompetence or negligence § A material restatement of the financial statements of the Barclays Group or the Group or any business unit suffering a material down turn in its financial performance § A material failure of risk management in the Barclays Group	with the Group s strategy. In making its assessment of any bonus, the Committee will consider financial factors to guide 50% of the bonus opportunity, the Balanced Scorecard 35%, and personal objectives 15%. Any bonus is discretionary and any amount may be awarded from zero to the maximum value.

§ A significant deterioration in the financial health of the Barclays Group

Timing of receipt

Non-deferred cash components of any bonus are paid following the performance year to which they relate, normally in February. Non-deferred share bonuses are awarded normally in March and are subject to a six-month holding period.

Deferred share bonuses normally vest in three equal portions over a minimum three-year period, subject to the provisions of the plan rules including continued employment and the malus provisions (as explained above). Should the deferred awards vest, the shares are subject to an additional six-month holding period (after payment of tax).

Remuneration policy for executive Directors continued

Element and purpose	Operation	Maximum value and performance measures
B. Variable Pay continued		
Long Term Incentive Plan (LTIP) award To reward execution of Barclays strategy and growth in shareholder value over a multi-year period	**Determination of LTIP award** LTIP awards are made by the Committee following discussion of recommendations made by the Chairman (for the Group Chief Executive s LTIP award) and by the Group Chief Executive (for other executive Directors LTIP awards).	The maximum annual LTIP award is 120% of fixed pay. Vesting is dependent on performance measures and service.
Long-term performance measurement, holding periods and the malus provisions discourage excessive risk-taking and inappropriate behaviours, encourage a long-term view and align executive Directors interests with those of shareholders Performance measures balance incentivising management to deliver strong risk-adjusted	**Delivery structure** LTIP awards are granted subject to the plan rules and are satisfied in Barclays shares (although they may be satisfied in other instruments as may be required by regulation). For each award, performance measures are set at grant and there is no retesting allowed of those conditions. The Committee has, within the parameters set out opposite, the flexibility to vary the weighting of performance measures and calibration for each award prior to its grant.	Following determination of the financial measures applicable to an LTIP cycle, if the Committee is satisfied with the underlying financial health of the Barclays Group (based on profit before tax) it may, at its discretion, adjust the percentage of shares considered for release up or down by up to 10% (subject to the maximum % for the award calibrated against financial performance measures).

financial returns, and delivery of strategic progress as measured by the Balanced Scorecard. Delivery in shares with a further two-year holding period increases alignment with shareholders	The Committee has discretion, and in line with the plan rules approved by shareholders, in exceptional circumstances to amend targets, measures, or number of awards if an event happens (for example, a major transaction) that, in the opinion of the Committee, causes the original targets or measures to be no longer appropriate or such adjustment to be reasonable. The Committee also has the discretion to reduce the vesting of any award if it deems that the outcome is not consistent with performance delivered, including to zero. Participants may, at the Committee s discretion, also receive the benefit of any dividends paid between the award date and the relevant release date in the form of dividend equivalents (cash or securities). **Operation of risk adjustment and malus** The achievement of performance measures determines the extent to which LTIP awards will vest. Awards are also subject to malus provisions (as explained in the Annual bonus paragraphs above) which enable the Committee to reduce the vesting level of awards (including to nil). **Timing of receipt** Barclays LTIP awards have a five-year period in total from grant to when all restrictions are lifted. This will include a minimum three-year vesting period and an additional two-year holding period once vested (after payment of tax)	Performance measures will be based on financial performance (e.g. measured on return on risk weighted assets), risk metrics (e.g. measured by loan loss rate) and the Balanced Scorecard which also includes financial measures. The Committee has discretion to change the weightings but financial measures will be at least 50% and the Balanced Scorecard will be a maximum of 30%. The threshold level of performance for each performance measure will be disclosed annually as part of the implementation of remuneration report. Straight line vesting applies between threshold and maximum for the financial and risk measures.

Remuneration policy for executive Directors continued

Element and purpose	Operation	Maximum value and performance measures
C. Other		
All employee share plans To provide an opportunity for Directors to voluntarily invest in the Company	Executive Directors are entitled to participate in: (i) Barclays Sharesave under which they can make monthly savings over a period of three or five years linked to the grant of an option over Barclays shares which can be at a discount of up to 20% on the share price set at the start. (ii) Barclays Sharepurchase under which they can make contributions (monthly or lump sum) out of pre-tax pay (if based in the United Kingdom) which are used to acquire Barclays shares.	(i) Savings between £5 and the maximum set by Barclays (which will be no more than the HMRC maximum) per month. There are no performance measures. (ii) Contributions of between £10 and the maximum set by Barclays (which will be no more than the HMRC maximum) per tax year which Barclays may match up to HMRC maximum (current match is £600). There are no performance measures.
Previous buy out awards	Tushar Morzaria currently holds an unvested buy-out award under the Barclays Joiners Share Value Plan which was granted to him in respect of awards he forfeited as a result of accepting employment at Barclays. This award was made in line with the Barclays recruitment policy.	The award was no more generous than and mirrored as far as possible the expected value and timing of vesting of the forfeited awards granted by JP Morgan.

Shareholding requirement To further enhance the alignment of shareholders and executive Directors interests in long-term value creation	Executive Directors must build up a shareholding of 400% of salary over five years from the later of: (i) the introduction of the new requirement in 2013; and (ii) the date of appointment as executive Director. They have a reasonable period to build up to this requirement again if it is not met because of a share price fall. Shares that count towards the requirement are beneficially owned shares including any vested share awards subject only to holding periods (including vested LTIPs, vested deferred share bonuses and RBP shares). Shares from unvested deferred share bonuses and unvested LTIPs do not count towards the requirement.	Barclays shares worth a minimum of 400% of salary must be held within five years.
Outside appointments To encourage self-development and allow for the introduction of external insight and practice	Executive Directors may accept one board appointment in another listed company. Chairman s approval must be sought before accepting appointment. Fees may be retained by the executive Director. None of the executive Directors currently hold an outside appointment.	Not applicable.

Governance: Remuneration report

Directors remuneration policy (abridged)

Notes to the table on pages 75 to 78:

Performance measures and targets

The Committee selected the relevant financial and risk based performance measures because they are key to the bank s strategy and are important measures used by the executive Directors to oversee the direction of the business. The Balanced Scorecard has been selected as it demonstrates the performance and progress of Barclays as measured across the following dimensions (5Cs): Customers & Clients, Colleagues, Citizenship, Conduct and Company. Each of the 5Cs in the Balanced Scorecard will have equal weighting. All targets are set to be stretching but achievable and aligned to enhancing shareholder value.

The Committee is of the opinion that the performance targets for the annual bonus and Balanced Scorecard element of the LTIP are commercially sensitive in respect of the Company and that it would be detrimental to the interests of the Company to disclose them before the start of the relevant performance period. The performance against those measures will be disclosed after the end of the relevant financial year in that year s remuneration report subject to the sensitivity no longer remaining.

Differences between the remuneration policy of the executive Directors and the policy for all employees of the Barclays Group

The structure of total remuneration packages for executive Directors and for the broader employee population is similar. Employees receive salary, pension and benefits and are eligible to be considered for a bonus and to participate in all employee share plans. The broader employee population typically does not have a contractual limit on the quantum of their remuneration and does not receive RBP which is paid only to some, but not all, Code Staff. Executive Director RBP is determined on a similar basis to other Code Staff.

The Committee approaches any salary increases for executive Directors by benchmarking against market data for named banks. Incremental annual salary increases remain more common among employees at less senior levels.

As with executive Directors, bonuses for the broader employee population are performance based. Bonuses for executive Directors and the broader employee population are subject to deferral requirements. Executive Directors and other Code Staff are subject to deferral at a minimum rate of 40% (for bonuses of no more than £500,000) or 60% (for bonuses of more than £500,000) but the Committee may choose to operate higher deferral rates. For non-Code Staff, bonuses in excess of £65,000 are subject to a graduated level of deferral. The terms of deferred bonus awards for executive Directors and the wider employee population are broadly the same, in particular the vesting of all deferred bonuses (subject to service and malus conditions).

The broader employee population is not eligible to participate in the Barclays LTIP.

How shareholder views and broader employee pay are taken into account by the Committee in setting policy and making remuneration decisions

We recognise that remuneration is an area of particular interest to shareholders and that in setting and considering changes to remuneration it is critical that we listen to and take into account their views. Accordingly, a series of meetings are held each year with major shareholders and shareholder representative groups (including the Association of British Insurers, National Association of Pension Funds and ISS). The Committee Chairman attends these meetings, accompanied by senior Barclays employees (including the Reward and Performance Director and the Company Secretary). The Committee notes that shareholder views on some matters are not always unanimous, but values the insight and engagement that these interactions and the expression of sometimes different views provide. This engagement is meaningful and helpful to the Committee in its work and contributes directly to the decisions made by the Committee.

The Committee takes account of the pay and employment conditions of the broader employee base when it considers the remuneration of the executive Directors. The Committee receives and reviews analysis of remuneration proposals for employees across all of the Group s businesses. This includes analysis by corporate grade and by performance rating and information on proposed bonuses and salary increases across the employee population and individual proposals for Code Staff and highly paid individuals. When the Committee considers executive Director remuneration, it therefore makes that consideration in the context of a detailed understanding of remuneration for the broader employee population and uses the all employee data to compare remuneration and ensure consistency throughout the Group. Employees are not consulted directly on the Directors remuneration policy.

Executive Directors policy on recruitment

Element of remuneration	Commentary	Maximum value
Salary	Determined by market conditions, market practice and ability to recruit.	In line with policy.
	For a newly appointed executive Director, whether through external recruitment or internal promotion, if their salary is at a level below the desired market level, the Committee retains the discretion to realign their salary over a transitional period which may mean that annualised salary increases for the new appointee are higher than that set out in the salary section of the remuneration policy.	
Role Based Pay	Determined by role, market practice and ability to recruit. Percentage may decrease or increase in certain circumstances subject to maximum value.	100% of salary.
Benefits	In line with policy.	In line with policy.
Pension	In line with policy.	33% of salary (Group Chief Executive), 25% of salary (Group Finance Director) and 25% if another executive Director is appointed.

Annual Bonus	In line with policy.	80% of fixed pay.
Long Term Incentive Plan	In line with policy.	120% of fixed pay.
Buy out	The Committee can consider buying out forfeited bonus opportunity or incentive awards that the new executive Director has forfeited as a result of accepting the appointment with Barclays, subject to proof of forfeiture where applicable. As required by the PRA Remuneration Code, any award made to compensate for forfeited remuneration from the new executive Director s previous employment may not be more generous than, and must mirror as far as possible the expected value, timing and form of delivery, the terms of the forfeited remuneration and must be in the best long-term interests of Barclays. Barclays deferral policy shall however apply as a minimum to any buy out of annual bonus opportunity.	The value of any buy out is not included within the maximum incentive levels above since it relates to a buy out of forfeited bonus opportunity or incentive awards from a previous employer.

Where a senior executive is promoted to the Board, his or her existing contractual commitments agreed prior to his or her appointment may still be honoured in accordance with the terms of the relevant commitment including vesting of any pre-existing deferred bonus or long-term incentive awards.

Directors remuneration policy (abridged)

Executive Directors policy on payment for loss of office (including a takeover)

The Committee s approach to payments in the event of termination is to take account of the individual circumstances including the reason for termination, individual performance, contractual obligations and the terms of the deferred bonus plans and long-term incentive plans in which the executive Director participates.

Standard provision	Policy	Details
Notice periods in executive Directors service contracts	12 months notice from the Company. 6 months notice from the executive Director.	Executive Directors may be required to work during the notice period or may be placed on garden leave or if not required to work the full notice period may be provided with pay in lieu of notice (subject to mitigation where relevant).
Pay during notice period or payment in lieu of notice per service contracts	12 months salary payable and continuation of pension and other contractual benefits while an employee.	Payable in phased instalments (or lump sum) and subject to mitigation if paid in instalments and executive Director obtains alternative employment during the notice period or while on garden leave. In the event of termination for gross misconduct neither notice nor payment in lieu of notice is given.

Treatment of Role Based Pay	Ceases to be payable from the executive Director s termination date. Therefore, RBP will be paid during any notice period and/or garden leave, but not where Barclays elects to make a payment in lieu of notice (unless otherwise required by local law).	Shares to be delivered on the next quarterly delivery date shall be pro rated for the number of days from the start of the relevant quarter to the termination date. Where Barclays elects to terminate the employment with immediate effect by making a payment in lieu of notice, the executive Director will not receive any shares that would otherwise have accrued during the period for which the payment in lieu is made (unless required otherwise by local law).
Treatment of annual bonus on termination	No automatic entitlement to bonus on termination, but may be considered at the Committee s discretion and subject to performance measures being met and pro rated for service. No bonus would be payable in the case of gross misconduct or resignation.	
Treatment of unvested deferred bonus awards	Outstanding deferred bonus awards would lapse if the executive Director leaves by reason of resignation or termination for gross misconduct. However in the case of death or if the Director is an eligible leaver defined as leaving due to injury, disability or ill health, retirement, redundancy, the business or company which employs the executive Director ceasing to be part of the Group or in circumstances where Barclays terminates the employment (other than in cases of cause or gross misconduct), he or she would continue to be eligible to be considered for unvested portions of deferred awards, subject to the rules of the relevant plan unless the Committee determines otherwise in exceptional circumstances. Deferred awards are subject to malus provisions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil).	In an eligible leaver situation, deferred bonus awards may be considered for release in full on the scheduled release date unless the Committee determines otherwise in exceptional circumstances. After release, the awards may be subject to an additional holding period of six months.
	In the event of a takeover or other major corporate event, the Committee has absolute discretion to	

determine whether all outstanding awards would vest early or whether they should continue in the same or revised form following the change of control. The Committee may also determine that participants may exchange existing awards for awards over shares in an acquiring company with the agreement of that company.

Executive Directors policy on payment for loss of office (including a takeover) continued

Standard provision	Policy	Details
Treatment of unvested awards under the LTIP	Outstanding unvested awards under the LTIP would lapse if the executive Director leaves by reason of resignation or termination for gross misconduct. However, in line with the plan rules approved by shareholders, in the case of death or if the Director is an eligible leaver defined as leaving due to injury, disability or ill health, retirement, redundancy, the business or company which employs the executive Director ceasing to be part of the Group (or for any other reason if the Committee decides at its discretion), he or she would continue to be entitled to be considered for an award. Awards are also subject to malus provisions which enable the Committee to reduce the vesting level of awards (including to nil).	In an eligible leaver situation, awards may be considered for release on the scheduled release date, pro rated for time and performance, subject to the Committee s discretion to determine otherwise in exceptional circumstances. After release, the shares (net of deductions for tax) are subject to an additional holding period of two years.
	In the event of a takeover or other major corporate event (but excluding an internal reorganisation of the Group), the Committee has absolute discretion to determine whether all outstanding awards vest subject to the achievement of any performance conditions. The Committee has discretion to apply a pro rata reduction to reflect the unexpired part of the vesting period. The Committee may also determine that participants may exchange awards for awards over shares in an acquiring company with the agreement of that company. In the event of an internal reorganisation, the Committee may determine that outstanding awards will be exchanged for equivalent awards in another company.	

Repatriation	Except in a case of gross misconduct or resignation, where a Director has been relocated at the commencement of employment, the Company may pay for the Director s repatriation costs in line with Barclays general employee mobility policy including temporary accommodation, payment of removal costs and relocation flights. The company will pay the executive Director s tax on the relocation costs but will not tax equalise and will also not pay tax on his or her other income relating to the termination of employment.
Other	Except in a case of gross misconduct or resignation, the Company may pay for the executive Director s legal fees and tax advice relating to the termination of employment and provide outplacement services. The Company may pay the executive Director s tax on these particular costs.

Directors remuneration policy (abridged)

Remuneration policy for non-executive Directors

Element and purpose	Operation
Fees Reflect individual responsibilities and membership of Board Committees and are set to attract non-executive Directors who have relevant skills and experience to oversee the implementation of our strategy	The Chairman and Deputy Chairman are paid an all-inclusive fee for all Board responsibilities. The Chairman has a minimum time commitment equivalent to at least 80% of a full-time role. The other non-executive Directors receive a basic Board fee, with additional fees payable where individuals serve as a member or Chairman of a Committee of the Board. Fees are reviewed each year by the Board as a whole against those for non-executive Directors in companies of similar scale and complexity. Fees were last increased in May 2011. The first £30,000 (Chairman: first £100,000) after tax and national insurance contributions of each non- executive Director s basic fee is used to purchase Barclays shares which are retained on the non-executive Director s behalf until they retire from the Board.
Benefits For Chairman only	The Chairman is provided with private medical cover subject to the terms of the Barclays scheme rules from time to time, and is provided with the use of a Company vehicle and driver when required for business purposes. No other n on-executive Director receives any benefits from Barclays. Non-executive Directors are not eligible to join Barclays pension plans.
Bonus and share plans	Non-executive Directors are not eligible to participate in Barclays cash, share or long-term incentive plans.

Notice and termination provisions	Each non-executive Director s appointment is for an initial six year term, renewable for a single term of three years thereafter and subject to annual re-election by shareholders.
	Notice period: Chairman: 12 months from the Company (six months from the Chairman). Non-executive Directors: six months from the Company (six months from the Non-executive Director).
	Termination payment policy The Chairman s appointment may be terminated by Barclays on 12 months notice or immediately in which case 12 months fees and contractual benefits are payable in instalments at the times they would have been received had the appointment continued, but subject to mitigation if they were to obtain alternative employment. There are similar termination provisions for non-executive Directors based on six months fees. No continuing payments of fees (or benefits) are due if a non-executive Director is not re-elected by shareholders at the Barclays Annual General Meeting.

In accordance with the policy table above, any new Chairman and Deputy Chairman would be paid an all-inclusive fee only and any new non-executive Director would be paid a basic fee for their appointment as a Director, plus fees for their participation on and/or chairing of any Board committees, time apportioned in the first year as necessary. No sign-on payments are offered to non-executive Directors.

Discretion

In addition to the various operational discretions that the Committee can exercise in the performance of its duties (including those discretions set out in the Company s share plans), the Committee reserves the right to make either minor or administrative amendments to the policy to benefit its operation or to make more material amendments in order to comply with new laws, regulations and/or regulatory guidance. The Committee would only exercise this right if it believed it was in the best interests of the Company to do so and where it is not possible, practicable or proportionate to seek or await shareholder approval in General Meeting.

Risk review

Contents

The management of risk plays a central role in the execution of Barclays strategy and insight into the level of risk across businesses and portfolios and the material risks and uncertainties the Group face are key areas of management focus.

For a more detailed breakdown of our Risk performance and Risk management contents please see pages 336-409.

Risk review

Contents

The Pillar 3 report of Barclays published on 1 March 2016 contains additional information on Barclays risk as well as capital management. Readers may access the complete Pillar 3 report at the Barclays investor relations web site. The Pillar 3 report is not incorporated by reference into and is not part of the 2015 20-F.

Material existing and emerging risks

This section describes the material risks which senior management is currently focused on and believe could cause the Group s future results of operations, financial condition and prospects to differ materially from current expectations.

For more information about the major risk policies which underlie risk exposures, see the consolidated policy-based qualitative information in the Barclays PLC 2015 Pillar 3 Report. A summary of this information may also be found in this report in the Risk management section between pages 336 to 409.

Risk review

Material existing and emerging risks

Material existing and emerging risks to the Group s future performance

This section describes the material risks to which senior management pays particular attention, which they believe could cause the future results of the Group s operations, financial condition and prospects to differ materially from current expectations. These expectations include the ability to pay dividends, maintain appropriate levels of capital and meet capital and leverage ratio targets, and achieve stated commitments. In addition, risks relating to the Group that are not currently known, or that are currently deemed immaterial, may individually or cumulatively have the potential to materially affect the future results of the Group s operations, financial condition and prospects.

Material risks and their impact are described below in two sections: i) risks which senior management believes are likely to impact a single Principal Risk; and ii) risks which senior management believes are likely to affect more than one Principal Risk. Certain risks below have been classified as an emerging risk , which is a risk that has the potential to have a significant detrimental effect on the Group s performance, but currently the outcome and the time horizon for the crystallisation of its possible impact is more uncertain and more difficult to predict than for other risk factors that are not identified as emerging risks.

More information on the management of risks may be found in Barclays Approach to Managing Risk in the Barclays PLC 2015 Pillar 3 Report.

Material existing and emerging risks by Principal Risk

Credit risk

The financial condition of the Group s customers, clients and counterparties, including governments and other financial institutions, could adversely affect the Group.

The Group may suffer financial loss if any of its customers, clients or market counterparties fails to fulfil their contractual obligations to the Group. The Group may also suffer loss when the value of its investment in the financial instruments of an entity falls as a result of that entity s credit rating being downgraded. In addition, the Group may incur significant unrealised gains or losses due to changes in the Group s credit spreads or those of third parties, as these changes affect the fair value of the Group s derivative instruments, debt securities that the Group holds or issues, and loans held at fair value.

i) Deterioration in political and economic environment

The Group s performance is at risk from deterioration in the economic and political environment which may result from a number of uncertainties, including the following:

a) Specific regions

Political instability, economic uncertainty or deflation in regions in which the Group operates could weaken growth prospects and have an adverse impact on customers ability to service debt and so result in higher impairment charges for the Group. These include:

China (emerging risk)

Economic uncertainty in China continues to affect a number of emerging economies, particularly those with high fiscal deficits and those reliant on short-term external financing and/or material reliance on commodity exports. Their vulnerability has been further impacted by the fall, and sustained volatility in oil prices, the strong US dollar and the winding down of quantitative easing policies by some central banks. The impact on the Group may vary depending on the vulnerabilities present in each country, but the impact may result in increased impairment charges through sovereign defaults, or the inability or unwillingness of clients and counterparties in that country to meet their debt obligations.

South Africa

The negative economic outlook in South Africa continues, with a challenging domestic and external environment. Recent political events including changes to leaders in the Finance Ministry have added to the domestic challenges. Real GDP growth remains low as a result of declining global demand, in particular China, prices for key mineral exports, a downturn in tourism, persistent power shortages and slowing

house price growth. In the retail sector, concerns remain over the level of consumer indebtedness and affordability as the slowdown in China impacts the mining sector with job losses increasing. Emerging market turmoil has added further pressure on the Rand, which has continued to depreciate against major currencies. The decline in the economic outlook may impact a range of industry sectors in the corporate portfolio, with clients with higher leverage being impacted most.

b) Interest rate rises, including as a result of slowing of monetary stimulus, could impact consumer debt affordability and corporate profitability

To the extent that central banks increase interest rates in certain developed markets, particularly in our main markets, the UK and the US, they are expected to be small and gradual in scale during 2016, albeit following differing timetables. The first of these occurred in the US with a quarter point rise in December 2015. While an increase may support Group income, any sharper than expected changes could cause stress in the loan portfolio and underwriting activity of the Group, particularly in relation to non-investment grade lending, leading to the possibility of the Group incurring higher impairment. Higher credit losses and a requirement to increase the Group s level of impairment allowance would most notably occur in the Group s retail unsecured and secured portfolios as a result of a reduction in recoverability and value of the Group s assets, coupled with a decline in collateral values.

Interest rate increases in developed markets may also negatively impact emerging economies, as capital flows to mature markets to take advantage of the higher returns and strengthening economic fundamentals.

ii) Specific sectors

The Group is subject to risks arising from changes in credit quality and recovery rate of loans and advances due from borrowers and counterparties in a specific portfolio. Any deterioration in credit quality could lead to lower recoverability and higher impairment in a specific sector. The following provides examples of areas of uncertainties to the Group s portfolio which could have a material impact on performance.

a) UK property

With UK property representing the most significant portion of the overall PCB credit exposure, the Group is at risk from a fall in property prices in both the residential and commercial sectors in the UK. Strong house price growth in London and the South East of the UK, fuelled by foreign investment, strong buy to let (BTL) demand and subdued housing supply, has resulted in affordability levels reaching record levels; average house prices as at the end of 2015 were more than seven times average earnings. A fall in house prices, particularly in London and the South East of the UK, would lead to higher impairment and negative capital impact as loss given default (LGD) rates increase. Potential losses would likely be most pronounced in the higher loan to value (LTV) segments.

The proposal on BTL properties announced by the UK Chancellor of the Exchequer in 2015, changing both the level of tax relief on rental income and increasing levels of stamp duty from April 2016, may cause some dislocation in the BTL market. Possible impacts include a reduced appetite in the BTL market and an influx of properties for sale causing downward pricing pressure, as well as reduced affordability as increased tax liabilities reduce net retail yields. As a consequence this may lead to an increase in BTL defaults at a time when market values may be suppressed, with the potential that, while the Group carefully manages such exposures, it may experience increased credit losses and impairment from loans with high LTV ratios.

b) Natural Resources (emerging risk)

The risk of losses and increased impairment is more pronounced where leverage is higher, or in sectors currently subject to strain, notably oil and gas, mining and metals and commodities. Sustained oil price depression continues and is driven by ongoing global excess supply. While the positioning of these portfolios is relatively defensive and focuses on investment grade customers or collateralised positions, very severe stress in this market does have the potential to significantly increase credit losses and impairment.

c) Large single name losses

The Group has large individual exposures to single name counterparties. The default of such counterparties could have a significant impact on the carrying value of these assets. In addition, where such counterparty risk has been mitigated by taking collateral, credit risk may remain high if the collateral held cannot be realised, or has to be liquidated at prices which are insufficient to recover the full amount of the loan or derivative exposure. Any such defaults could have a material adverse effect on the Group s results due to, for example, increased credit losses and higher impairment charges.

d) Leverage Finance underwriting

The Group takes on significant sub-investment grade underwriting exposure, including single name risk, particularly focused in the US and Europe and to a lesser extent in South Africa and other regions. The Group is exposed to credit events and market volatility during the underwriting period. Any adverse events during this period may potentially result in loss for the Group or an increased capital requirement should there be a need to hold the exposure for an extended period.

Market risk

The Group s financial position may be adversely affected by changes in both the level and volatility of prices leading to lower revenues, or reduced capital:

i) Concerns of major unexpected changes in monetary policy and quantitative easing programmes, foreign exchange movements or slowdown in emerging market economies spilling over to global markets (emerging risk)

The trading business model is focused on client facilitation in wholesale markets, involving market making activities, risk management solutions and execution.

The Group s trading business is exposed to a rapid unwinding of quantitative easing programmes and deterioration in the macro environment driven by concerns in global growth. An extremely high level of volatility in asset prices could affect market liquidity and cause excess market volatility, impacting the Group s ability to execute client trades and may also result in lower income or portfolio losses.

A sudden and adverse volatility in interest or foreign currency exchange rates also has the potential to detrimentally impact the Group s income from non-trading activity.

This is because the Group has exposure to non-traded interest rate risk, arising from the provision of retail and wholesale non-traded banking products and services, including, products which do not have a defined maturity date and have an interest rate that does not change in line with base rate movements, e.g. current accounts. The level and volatility of interest rates can impact the Group s net interest margin, which is the interest rate spread earned between lending and borrowing costs. The potential for future volatility and margin changes remains in key areas such as in the UK benchmark interest rate to the extent such volatility and margin changes are not fully addressed by hedging programmes.

The Group is also at risk from movements in foreign currency exchange rates as these impact the sterling equivalent value of foreign currency denominated assets in the banking book, exposing it to currency translation risk.

ii) Adverse movements in the pension fund

Adverse movements between pension assets and liabilities for defined benefit pension schemes could contribute to a pension deficit. The liabilities discount rate is a key driver and, in accordance with International Financial Reporting Standards (IAS 19), is derived from the yields of high quality corporate bonds (deemed to be those with AA ratings) and consequently includes exposure to both risk-free yields and credit spreads. Therefore, the Group s defined benefits scheme valuation would be adversely affected by a prolonged fall in the discount rate or a persistent low rate and/or credit spread environment. Inflation is another significant risk driver to the pension fund, as the liabilities are adversely impacted by an increase in long term inflation expectation. However in the long term, inflation and rates risk tend to be negatively correlated and therefore partially offset each other.

Funding risk

The ability of the Group to achieve its business plans may be adversely impacted if it does not effectively manage its capital (including leverage), liquidity and other regulatory requirements.

The Group may not be able to achieve its business plans due to: i) being unable to maintain appropriate capital ratios; ii) being unable to meet its obligations as they fall due; iii) rating agency methodology changes resulting in ratings downgrades; and iv) adverse changes in foreign exchange rates on capital ratios.

i) Inability to maintain appropriate prudential ratios

Should the Group be unable to maintain or achieve appropriate capital ratios this could lead to: an inability to support business activity; a failure to meet regulatory capital requirements including the requirements of regulator set stress tests; increased cost of funding due to deterioration in credit ratings; restrictions on distributions including the ability to meet dividend targets; and/or the need to take additional measures to strengthen the Group s capital or leverage position. While the requirements in CRD IV are now in force in the UK, further changes to capital requirements could occur, whether as a result of (i) further changes to EU legislation by EU legislators (for example, implementation of Bank of International Settlements (BIS) regulatory update recommendations), (ii) relevant binding regulatory technical standards updates by the European Banking Authority (EBA), (iii) changes to UK legislation by the UK government, (iv) changes to PRA rules by the PRA, or (v) additional capital requirements through Financial Policy Committee (FPC) recommendations. Such changes, either individually and/or in aggregate, may lead to further unexpected additional requirements in relation to the Group s regulatory capital.

Additional prudential requirements may also arise from other regulatory reforms, including UK, EU and the US proposals on bank structural reform and current proposals for Minimum Requirement for own funds and Eligible Liabilities (MREL) under the EU Bank Recovery and Resolution Directive (BRRD). Included within these reforms are the BoE proposals on MREL requirements for UK banks which were published in December 2015. The BoE stated its intentions to communicate MREL requirements to UK banks during 2016. Many of the proposals are still subject to finalisation and implementation and may have a different impact when in final form. The impact of these proposals is still being assessed. Overall, it is likely that these changes in law and regulation will have an impact on the Group as they are likely, when implemented, to require changes to the legal entity structure of the Group and how businesses are capitalised and funded. Any such increased prudential requirements may also constrain the Group s planned activities, lead to forced asset sales and balance sheet reductions and could increase the Group s costs, impact on the Group s earnings and restrict the Group s ability to pay dividends. Moreover, during periods of market dislocation, as currently seen, or when there is significant competition for the type of funding that the Group needs, increasing the Group s capital resources in order to meet targets may prove more difficult and/or costly.

ii) Inability to manage liquidity and funding risk effectively

Failure to manage its liquidity and funding risk effectively may result in the Group either not having sufficient financial resources to meet its payment obligations as they fall due or, although solvent, only being able to meet these obligations at excessive cost. This could cause the Group to fail to meet regulatory liquidity standards, be unable to support day-to-day banking activities, or no longer be a going concern.

iii) Credit rating changes and the impact on funding costs

A credit rating assesses the creditworthiness of the Group, its subsidiaries and branches and is based on reviews of a broad range of business and financial attributes including risk management processes and procedures, capital strength, earnings, funding, liquidity, accounting and governance. Any adverse event to one or more of these attributes may lead to a downgrade, which in turn could result in contractual outflows to meet contractual requirements on existing contracts.

Risk review

Material existing and emerging risks

Material existing and emerging risks to the Group s future performance

Furthermore, outflows related to a multiple notch credit rating downgrade are included in the LRA stress scenarios and a portion of the liquidity pool held against this risk. There is a risk that any potential downgrades could impact the Group s performance should borrowing costs and liquidity change significantly versus expectations.

For further information, please refer to Credit Ratings in the Liquidity Risk Performance section on page 166.

iv) Adverse changes in foreign exchange rates on capital ratios

The Group has capital resources and risk weighted assets denominated in foreign currencies. Therefore changes in foreign currency exchange rates may adversely impact the sterling equivalent value of foreign currency denominated capital resources and risk weighted assets. As a result, the Group s regulatory capital ratios are sensitive to foreign currency movements, and a failure to appropriately manage the Group s balance sheet to take account of foreign currency movements could result in an adverse impact on regulatory capital ratios. The impact is difficult to predict with any accuracy, but it may have a material adverse effect on the Group if capital and leverage ratios fall below required levels.

Operational risk

The operational risk profile of the Group may change as a result of human factors, inadequate or failed internal processes and systems, or external events.

The Group is exposed to many types of operational risk. This includes: fraudulent and other internal and external criminal activities; breakdowns in processes, controls or procedures (or their inadequacy relative to the size and scope of the Group s business); systems failures or an attempt, by an external party, to make a service or supporting infrastructure unavailable to its intended users, and the risk of geopolitical cyber threat activity which destabilises or destroys the Group s information technology, or critical infrastructure the Group depends upon but does not control. The Group is also subject to the risk of business disruption arising from events wholly or partially beyond its control, for example, natural disasters, acts of terrorism, epidemics and transport or utility failures, which may give rise to losses or reductions in service to customers and/or economic loss to the Group. All of these risks are also applicable where the Group relies on outside suppliers or vendors to provide services to it and its customers. The operational risks that the Group is exposed to could change rapidly and there is no guarantee that the Group s processes, controls, procedures and systems are sufficient to address, or could adapt promptly to, such changing risks to avoid the risk of loss.

i) Cyber attacks (emerging risk)

The risk posed by cyber attacks continues to grow. The proliferation of online marketplaces trading criminal services and stolen data has reduced barriers of entry for criminals to perpetrate cyber attacks, while at the same time increasing motivation.

Attacker capabilities continue to evolve as demonstrated by a marked increase in denial of service attacks, and increased sophistication of targeted fraud attacks by organised criminal networks. We face a growing threat to our information (whether it is held by us or in our supply chain), to the integrity of our financial transactions, and to the availability of our services. All of these necessitate a broad intelligence and response capability.

Given the level of increasing global sophistication and scope of potential cyber attacks, future attacks may lead to significant breaches of security which jeopardise the sensitive information and financial transactions of the Group, its clients, counterparties, or customers, or cause disruption to systems performing critical functions. Failure to adequately manage cyber threats and to continually review and update processes in response to new threats could result in increased fraud losses, inability to perform critical economic functions, customer detriment, regulatory censure and penalty, legal liability and reputational damage.

ii) Infrastructure and technology resilience

As the dependency on digital channels and other technologies grows, the impact of technology issues can become more material and immediate. This is also the case in many other industries and organisations but particularly impactful in the banking sector.

The Group s technology, real-estate and supplier infrastructure is critical to the operation of its businesses and to the delivery of products and services to customers and clients and to meet our market integrity obligations. Sustained disruption to services provided by Barclays, either directly or through third parties, could have a significant impact to customers and to the Group s reputation and may also lead to potentially large costs to rectify the issue and reimburse losses incurred by customers, as well as possible regulatory censure and penalties.

iii) Ability to hire and retain appropriately qualified employees

The Group requires a diverse mix of highly skilled and qualified colleagues to deliver its strategy and so is dependent on attracting and retaining appropriately qualified individuals. Barclays ability to attract and retain such talent is impacted by a range of external and internal factors.

External regulatory changes such as the introduction of the Individual Accountability Regime and the required deferral and claw back provisions of our compensation arrangements may make Barclays a less attractive proposition relative to both our international competitors and other industries. Similarly, meeting the requirements of structural reform may increase the competitiveness in the market for talent. Internally, restructuring of our businesses and functions, and an increased focus on costs may all have an impact on employee engagement and retention.

Failure to attract or prevent the departure of appropriately qualified employees who are dedicated to overseeing and managing current and future regulatory standards and expectations, or who have the necessary skills required to deliver the Group strategy, could negatively impact our financial performance, control environment and level of employee engagement.

iv) Losses due to additional tax charges

The Group is subject to the tax laws in all countries in which it operates, including tax laws adopted at the EU level, and is impacted by a number of double taxation agreements between countries. There is risk that the Group could suffer losses due to additional tax charges, other financial costs or reputational damage due to a range of possible factors. This includes a failure to comply with, or correctly assess the application of, relevant tax law, a failure to deal with tax authorities in a timely and effective manner or an incorrect calculation of tax estimates for reported and forecast tax numbers. Such charges, or the conduct of any dispute with a relevant tax authority, could lead to adverse publicity, reputational damage and potentially to costs materially exceeding current provisions, which could have an adverse effect on the Group s operations, financial conditions and prospects.

v) Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying relevant accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements include provisions for conduct and legal, competition and regulatory matters, fair value of financial instruments, credit impairment charges for amortised cost assets, impairment and valuation of available for sale investments, calculation of current and deferred tax and accounting for pensions and post-retirements benefits. There is a risk that if the judgement exercised, or the estimates or assumptions used, subsequently turn out to be incorrect, this could result in significant loss to the Group, beyond what was anticipated or provided for.

As part of the assets in the Non-Core business, the Group holds a UK portfolio of generally longer term loans to counterparties in ESHLA sectors, which are measured on a fair value basis. The valuation of this portfolio is subject to substantial uncertainty due to the long dated nature of the portfolios, the lack of a secondary market in the relevant loans and unobservable loan spreads. As a result of these factors, the Group may be required to revise the fair values of these portfolios to reflect, among other things, changes in valuation methodologies due to changes in industry valuation practices and as further market evidence is obtained in connection with the Non-Core asset rundown and exit process. For further information refer to Note 18 Fair value of assets and liabilities of the Group s consolidated financial statements.

The further development of standards and interpretations under IFRS could also significantly impact the financial results, condition and prospects of the Group. The introduction of the impairment requirements of IFRS 9 Financial Instruments will result in impairment being recognised earlier than is the case under IAS 39 because it requires expected losses to be recognised before the loss event arises. Measurement will involve increased complexity and judgement including estimation of probabilities of defaults, losses given default, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk. It is expected to have a material financial impact, but it will not be practical to disclose reliable financial impact estimates until the implementation programme is further advanced.

For more information please refer to Note 1 Significant accounting policies on pages 218 to 220.

vi) Legal, competition and regulatory matters

Legal disputes, regulatory investigations, fines and other sanctions relating to conduct of business and financial crime may negatively affect the Group s results, reputation and ability to conduct its business.

The Group conducts diverse activities in a highly regulated global market and is therefore exposed to the risk of fines and other sanctions relating to the conduct of its business. In recent years authorities have increasingly investigated past practices, vigorously pursued alleged breaches and imposed heavy penalties on financial services firms. This trend is expected to continue. In relation to financial crime, a breach of applicable legislation and/or regulations could result in the Group or its staff being subject to criminal prosecution, regulatory censure and other sanctions in the jurisdictions in which it operates, particularly in the UK and the US. Where clients, customers or other third parties are harmed by the Group s conduct this may also give rise to legal proceedings, including class actions. Other legal disputes may also arise between the Group and third parties relating to matters such as breaches, enforcement of legal rights or obligations arising under contracts, statutes or common law. Adverse findings in any such matters may result in the Group being liable to third parties seeking damages, or may result in the Group s rights not being enforced as intended.

Details of material legal, competition and regulatory matters to which the Group is currently exposed are set out in Note 29 Legal, competition and regulatory matters. In addition to those material ongoing matters, the Group is engaged in various other legal proceedings in the UK and a number of overseas jurisdictions which arise in the ordinary course of business. The Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Group is or has been engaged. In light of the uncertainties involved in legal, competition and regulatory matters, there can be no assurance that the outcome of a particular matter or matters will not be material to the Group s results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of income otherwise reported for the period.

The outcome of material, legal, competition and regulatory matters, both those to which the Group is currently exposed and any others which may arise in the future, is difficult to predict. However, it is likely that in connection with any such matters the Group will incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Group to any of the following: substantial monetary damages and/or fines; remediation of affected customers and clients; other penalties and injunctive relief; additional litigation; criminal prosecution in certain circumstances; the loss of any existing agreed protection from prosecution; regulatory restrictions on the Group s business operations including the withdrawal of authorisations; increased regulatory compliance requirements; suspension of operations; public reprimands; loss of significant assets or business; a

negative effect on the Group s reputation; loss of investor confidence and/or dismissal or resignation of key individuals.

There is also a risk that the outcome of any legal, competition or regulatory matters in which the Group is involved may give rise to changes in law or regulation as part of a wider response by relevant law makers and regulators. An adverse decision in any one matter, either against the Group or another financial institution facing similar claims, could lead to further claims against the Group.

vii) Risks arising from regulation of the financial services industry

The financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group s business, financial performance, capital and risk management strategies. For further information on regulations affecting the Group, including significant regulatory developments, see the section on Supervision and Regulation.

a) Regulatory change

The Group, in common with much of the financial services industry, remains subject to significant levels of regulatory change and increasing scrutiny in many of the countries in which it operates (including, in particular, the UK and the US). This has led to a more intensive approach to supervision and oversight, increased expectations and enhanced requirements. As a result, regulatory risk will remain a focus for senior management and consume significant levels of business resources. Furthermore, this more intensive approach and the enhanced requirements, uncertainty and extent of international regulatory coordination as enhanced supervisory standards are developed and implemented may adversely affect the Group s business, capital and risk management strategies and/or may result in the Group deciding to modify its legal entity structure, capital and funding structures and business mix, or to exit certain business activities altogether or not to expand in areas despite otherwise attractive potential.

b) Changes in prudential requirements, including changes to CRD IV

The Group s results and ability to conduct its business may be negatively affected by changes to, or additional supervisory expectations.

In July 2015, the Financial Policy Committee (FPC) of the BoE published a policy statement directing the PRA to require all major UK banks and building societies to hold enough Tier 1 capital to satisfy a minimum leverage ratio of 3% and a countercyclical leverage ratio buffer of 35% of the institution-specific countercyclical capital buffer rate. The FPC also directed that UK G-SIBs and domestically systemically important banks should meet a supplementary leverage buffer ratio of 35% of corresponding risk-weighted capital buffer rates. The PRA published a policy statement, finalised rules and a supervisory statement implementing the FPC s directions in December 2015 and the new leverage ratio framework came into force on 1 January 2016.

In January 2016, the BCBS endorsed a new market risk framework, including rules made as a result of its fundamental review of the trading book, which will take effect in 2019. Barclays continues to monitor the potential effects on its capital position arising from these rules and from (i) revisions to the BCBS s standardised rules for credit risk, counterparty credit risk, CVA volatility risk and operational risk; and (ii) the BCBS considering the position regarding the limitation of the use of internal models in certain areas (for example, removing the Advanced Measurement Approach for operational risk) and applying RWA floors based on the standardised approaches.

Changes to, or additional supervisory expectations, in relation to capital and/or leverage ratio requirements either individually or in aggregate, may lead to unexpected enhanced requirements in relation to the Group s capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated. This may result in a need for further management actions to meet the changed requirements, such as: increasing capital or liquidity resources, reducing leverage and risk weighted assets; modifying legal entity structure (including with regard to issuance and deployment of capital and funding for the Group); changing the Group s business mix or exiting other businesses; and/or undertaking other actions to strengthen the Group s position.

Material existing and emerging risks

Material existing and emerging risks to the Group s future performance

c) Market infrastructure reforms

The derivatives markets are subject to extensive and increasing regulation in many of the Group s markets, including, in particular, Europe pursuant to the European Market Infrastructure Regulation (EMIR) and in the US under the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA). Certain of these increased regulatory requirements have already come into force, with further provisions expected to become effective in stages, including through a new recast version of the Markets in Financial Instruments Directive and a new regulation (the Markets in Financial Instruments Regulation) in Europe.

It is possible that additional regulations, and the related expenses and requirements, will increase the cost of and restrict participation in the derivatives markets, thereby increasing the costs of engaging in hedging or other transactions and reducing liquidity and the use of the derivatives markets.

Changes in regulation of the derivatives markets could adversely affect the business of the Group and its affiliates in these markets and could make it more difficult and expensive to conduct hedging and trading activities, which could in turn reduce the demand for swap dealer and similar services of the Group and its subsidiaries. In addition, as a result of these increased costs, the new regulation of the derivatives markets may also result in the Group deciding to reduce its activity in these markets.

d) Recovery and resolution planning

There continues to be a strong regulatory focus on resolvability from regulators, particularly in the UK, the US and South Africa. The Group made its first formal Recovery and Resolution Plan (RRP) submissions to the UK and US regulators in mid-2012 and made its first Recovery Plan submission to the South African regulators in 2013. Barclays continues to work with the relevant authorities to identify and address potential impediments to the Group s resolvability .

In the UK, RRP work is considered part of continuing supervision. Removal of potential impediments to an orderly resolution of the Group or one or more of its subsidiaries is considered as part of the BoE and PRA s supervisory strategy for each firm, and the PRA can require firms to make significant changes in order to enhance resolvability. Barclays provides the PRA with a Recovery Plan annually and with a Resolution Pack every other year.

In the US, Barclays is one of several systemically important banks required to file resolution plans with the Board of Governors of the Federal Reserve System (Federal Reserve) and the Federal Deposit Insurance Corporation (FDIC) (collectively, the Agencies) under provisions of the DFA. Pursuant to the resolution plan regulation in the US, a joint determination by the Agencies that a resolution plan is not credible or would not facilitate an orderly resolution under the US Bankruptcy Code may result in a bank being made subject to more stringent capital, leverage, or liquidity requirements, or restrictions on growth, activities or operations in the US.

Additionally, there are further resolution-related proposals in the US, such as the Federal Reserve s proposed regulation requiring internal total loss absorbing capital (TLAC) for Barclays US Intermediate Holding Company (IHC) that will be established during 2016, and increased record keeping and reporting requirements for obligations under qualified financial contracts (QFC proposal) that may, depending on final rules, materially increase the operational and financing costs of Barclays US operations.

In South Africa, the South African Treasury and the South Africa Reserve Bank are considering material new legislation and regulation to adopt a resolution and depositor guarantee scheme in alignment with FSB principles. Barclays Africa Group Limited (BAGL) and its primary subsidiary Absa Bank Limited, will be subject to these schemes when they are adopted. It is not clear what shape these schemes will take, or when the schemes will be adopted, but current proposals for a funded deposit insurance scheme and for operational continuity may result in material increases in operational and financing costs for the BAGL group.

While the Group believes that it is making good progress in reducing potential impediments to resolution, should the relevant authorities ultimately determine that the Group or any significant subsidiary could

not be resolved in an orderly manner, the impact of potential structural changes that may be required to address such a determination (whether in connection with RRP or other structural reform initiatives) may impact capital, liquidity and leverage ratios, as well as the overall profitability of the Group, for example, due to duplicated infrastructure costs, lost cross-rate revenues and/or additional funding costs.

viii) Regulatory action in the event of a bank failure

The EU Bank Recovery and Resolution Directive (BRRD) contains provisions similar to the Banking Act on a European level, many of which augment and increase the powers which national regulators are required to have in the event of a bank failure.

The UK Banking Act 2009, as amended (the Banking Act) provides for a regime to allow the BoE (or, in certain circumstances, HM Treasury) to resolve failing banks in the UK. Under the Banking Act, these authorities are given powers to make share transfer orders and property transfer orders. Amendments introduced by the Banking Reform Act gave the BoE statutory bail-in power from 1 January 2015. This power enables the BoE to recapitalise a failed institution by allocating losses to its shareholders and unsecured creditors. It also allows the BoE to cancel liabilities or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the bank under resolution, and gives it the power to convert liabilities into another form (e.g. equity). In addition to the bail-in power, relevant UK resolution authorities are granted additional powers under the Banking Act including powers to direct the sale or transfer of a relevant financial institution or all or part of its business in certain circumstances. Further, parallel developments such as the implementation in the UK of the FSB s TLAC requirements may result in increased risks that a bank would become subject to resolution authority requirements by regulators seeking to comply with international standards in this area. Please see Funding risk, inability to maintain appropriate prudential ratios on page 88.

If any of these powers were to be exercised, or there is an increased risk of exercise, in respect of the Group or any entity within the Group, this might result in a material adverse effect on the rights or interests of shareholders and creditors including holders of debt securities and/or could have a material adverse effect on the market price of shares and other securities issued by the Group. Such effects could include losses of shareholdings/associated rights including, the dilution of percentage ownership of the Group s share capital, and may result in creditors, including debt holders, losing all or a part of their investment in the Group s securities.

Conduct risk

Barclays is committed to Group-wide changes to business practices, governance and mindset and behaviours so that good customer outcomes and protecting market integrity are integral to the way Barclays operates. Improving our reputation will demonstrate to customers that in Barclays they have a partner they can trust. Conduct risk is the risk that detriment is caused to the Group s customers, clients, counterparties or the Group itself because of inappropriate judgement in the execution of our business activities.

During 2015 potential customer impact and reputation risk inherent in varied emerging risks has been managed across the Group and escalated to senior management for discussion. These risks will remain prevalent in 2016 and beyond and the most significant of these include:

i) Organisational change

The Group is at risk of not being able to meet customer and regulatory expectations due to a failure to appropriately manage the: i) complexity in business practice, processes and systems; ii) challenges faced in product suitability, automation and portfolio-level risk monitoring; iii) resilience of its technology; and, iv) execution strategy, including the failure to fulfil the high level of operational precision required for effective execution in order to deliver positive customer outcomes.

ii) Legacy issues

Barclays remains at risk from the potential outcomes of a number of investigations relating to our past conduct. While we are continuing to embed cultural change and improved governance, many stakeholders will remain sceptical and so until there is clear and sustained evidence of consistent cultural and behavioural change, the risk to Barclays reputation will remain. Barclays continues to work to rebuild customer trust and market confidence impacted by legacy issues.

For further information in respect of such investigations and related litigation and discussion of the associated uncertainties, please see the Legal, competition and regulatory matters note on page 261.

iii) Market integrity

There are potential risks arising from conflicts of interest, including those related to the benchmark submission process. While primarily relevant to the Investment Bank, these potential risks may also impact the corporate and retail customer base. The Group may be adversely affected if it fails to mitigate the risk of individuals making such inappropriate judgement by the enhancing of operating models, and effective identification and management of conflicts of interest, controls and supervisory oversight.

iv) Financial crime

The Group, as a global financial services firm, is exposed to the risks associated with money laundering, terrorist financing, bribery and corruption and sanctions. As a result, the Group may be adversely affected if it fails to effectively mitigate the risk that its employees or third parties facilitate, or that its products and services are used to facilitate financial crime.

Any one, or combination, of the above risks could have significant impact on the Group s reputation and may also lead to potentially large costs to both rectify this issue and reimburse losses incurred by customers and regulatory censure and penalties.

Material existing and emerging risks potentially impacting more than one Principal Risk

i) Structural reform (emerging risk)

The UK Financial Services (Banking Reform) Act 2013 (the UK Banking Reform Act) and associated secondary legislation and regulatory rules, require the separation of the Group s UK and EEA retail and SME deposit taking activities into a legally, operationally and economically separate and independent entity and restrict the types of activity such an entity may conduct (so-called ring fencing).

The PRA issued a policy statement (PS10/15) in May 2015 setting up legal structures and governance requirements that the UK regulator considers as near-final . A PRA Consultation was issued in October 2015 relating to post ring fencing prudential requirements and intra-group arrangements among other matters. PRA final rules are expected in 2016. UK ring fencing rules will become binding from January 2019 and Barclays has an internal structural reform programme to implement the changes required by these new regulations (alongside other group structural requirements applicable to or in the course of development for the Group both in the UK and other jurisdictions in which the Group has operations such as the proposed move towards a single point of entry (Holding Company) resolution model under the BoE s preferred resolution strategy and the requirement under section 165 of the DFA to create a US intermediate holding company (IHC) to hold the Group s US banking and non-banking subsidiaries) and to evaluate the Group s strategic options in light of all current and proposed global structural reform initiatives. Changes resulting from this work will have a material impact in the way the Group operates in the future through increased cost and complexity associated with changes required by ring fencing laws and regulations. Specifically, in order to comply with the UK Banking Reform Act and the DFA, it is proposed that:

§ Barclays will create a new UK banking entity which will serve as the ring fenced bank (RFB). It is expected to serve retail and small business customers as well as UK Wealth and credit card customers

§ Barclays Bank PLC (BBPLC) is expected to serve corporate, institutional and investment banking clients and will also serve international Wealth and credit card customers; it is also expected to house both the Corporate Banking payments and Barclaycard merchant acquiring businesses

§ many of the Group s US businesses (including Barclays Bank Delaware and Barclays Capital Inc., the Group s US broker-dealer subsidiary) will be organised under an IHC

§ the Group will establish a number of service companies in order to support its revised operating entity structure.

Implementation of these changes involves a number of risks related to both the revised Group entity structure and also the process of transition to that revised Group structure. Those risks include the following:

§ the establishment and ongoing management of the RFB and BBPLC as separate entities will require the Group to evaluate and restructure its intra-group and external capital, funding and liquidity arrangements to ensure they continue to meet regulatory requirements and support business needs. The changes required by ring fencing will in particular impact the sources of funding available to the different entities, including restricting BBPLC s access to certain categories of deposit funding

§ while the Group will seek to manage the changes to business mix and capital, funding and liquidity resources so as to maintain robust credit ratings for each of its key operating entities, the restructuring required by ring fencing is complex and untested, and there is a risk that the changes may negatively impact the assessment made by credit rating agencies, creditors and other stakeholders of the credit strength of the different entities on a standalone basis. Adverse changes to the credit assessment, including the potential for ratings downgrades, could in turn make it more difficult and costly for the Group s entities to obtain certain sources of funding

§ the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015 provide that, after 1 January 2026, ring fence banks cannot be or become liable for pension schemes outside of the ring fence. To comply with the regulations, the Group will need to decide which Group entities will participate in the Barclays Bank UK Retirement Fund (UKRF) from 2026, and reach a mutually satisfactory position with the UKRF Trustee regarding past service liabilities. The Group is currently discussing a variety of options with the UKRF Trustee, and engaging with the PRA and the UK Pensions Regulator

§ execution risk associated with moving a material number of customer accounts and contracts from one legal entity to another and in particular the risk of legal challenge to the ring-fenced transfer scheme that will be used in order to transfer certain assets and liabilities from BBPLC to the RFB

§ customer impacts derived from operational changes related to, for example, the reorganisation of sort codes. In addition, uncertain and potentially varying customer preference in terms of being served by the RFB or BBPLC may increase the execution risk associated with ring fencing; customers may also be impacted by reduced flexibility to provide products through a single entity interface

§ at the European level, the draft Bank Structural Reform Regulation contains powers restricting proprietary trading and, if certain conditions are met, for the mandated separation of core retail banking activity from certain trading activities save where a bank is already subject to a national regime which provides for the separation of such activities in a manner compatible with the regulation. The regulation is currently in draft form and no single version (including the scope of any national derogation) has yet been agreed by the Council of Ministers, the European Commission and the European Parliament. The implementation date for these proposals will depend on the date on which any final legislation is agreed. Accordingly, the potential impact on the Group remains unclear.

These, and other regulatory changes and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group s profitability, operating flexibility, flexibility of deployment of capital and funding, return on equity, ability to pay dividends, credit ratings, and/or financial condition.

ii) Business conditions, general economy and geopolitical issues

The Group s performance could be adversely affected in relation to more than one Principal Risk by a weak or deteriorating global economy or political instability. These factors may also occur in one or more of the Group s main countries of operation.

The Group offers a broad range of services to retail, institutional and government customers, in a large number of countries. The breadth of

Material existing and emerging risks

Material existing and emerging risks to the Group s future performance

these operations means that deterioration in the economic environment, or an increase in political instability in countries where it is active, or any other systemically important economy, could adversely affect the Group s performance.

Global growth is expected to remain modest, with low single digit growth in advanced economies alongside a slowdown in emerging markets. This moderate economic performance, lower commodity prices and increased geopolitical tensions mean that the distribution of risks to global economic activity continues to be biased to the downside.

As the US Federal Reserve embarks on monetary policy tightening, the increasing divergence of policies between major advanced economies risks triggering further financial market volatility. The sharp change in value of the US dollar during 2015 reflected this and, has played a major role in driving asset price volatility and capital reallocation as markets adjusted. Changes to interest rate expectations risk igniting further volatility and US dollar appreciation, particularly if the US Federal Reserve were to increase rates faster than markets currently expect.

Emerging markets have already seen growth slow following increased capital outflows, but a deeper slowdown in growth could emerge if tighter US interest rate policy drives further reallocation of capital. Moreover, sentiment towards emerging markets as a whole continues to be driven in large part by developments in China, where there is significant concern around the ability of authorities to manage the growth transition towards services. A stronger than expected slowdown could result if authorities fail to appropriately manage the end of the investment and credit-led boom, while the consequences from a faster slowdown would flow through both financial and trade channels into other economies, and affect commodity markets.

Commodity prices, particularly oil prices, have already fallen significantly, but could fall further if demand growth remains weak or supply takes longer than expected to adjust. At the same time, countries with high reliance on commodity related earnings have already experienced a tightening of financial conditions. A sustained period of low prices risks triggering further financial distress, default and contagion.

In several countries, reversals of capital inflows, as well as fiscal austerity, have already caused deterioration in political stability. This could be exacerbated by a renewed rise in asset price volatility or sustained pressure on government finances. In addition, geopolitical tensions in some areas of the world, including the Middle East and Eastern Europe are already acute, and are at risk of further deterioration.

While in Europe, risks of stagnation, entrenched deflation and a Eurozone break up have diminished, they remain a risk.

In the UK, the referendum on EU membership gives rise to some political uncertainty and raises the possibility of a disruptive and uncertain exit from the EU, with attendant consequences for investment and confidence. Following the referendum in June 2016, in the event that there is a vote in favour of leaving the EU, a period of negotiation is likely, widely anticipated to be around two years, with unpredictable implications on market conditions.

A drop in business or consumer confidence related to the aforementioned risks may have a material impact on GDP growth in one or more significant markets and therefore Group performance. At the same time, even if output in most advanced economies does grow, it would also be likely to advance at a slower pace than seen in the pre-crisis period. Growth potential could be further eroded by the low levels of fixed asset investment and productivity growth.

For the Group, a deterioration of conditions in its key markets could affect performance in a number of ways including, for example: (i) deteriorating business, consumer or investor confidence leading to reduced levels of client activity; (ii) higher levels of default rates and impairment; and (iii) mark to market losses in trading portfolios resulting from changes in credit ratings, share prices and solvency of counterparties.

iii) Business change/execution (emerging risk)

As Barclays moves towards a single point of entry (Holding Company) resolution model and implementation of the structural reform programme execution, the expected level of structural and strategic change to be implemented over the medium term will be disruptive and is likely to increase funding and operational risks for the Group and could impact its revenues and businesses. These changes will include: the creation and rundown of Non-Core; the delivery against an extensive agenda of operational and technology control and infrastructure improvements; and, planned cost reductions. Execution may be adversely impacted by external factors (such as a significant global macroeconomic downturn or further significant and unexpected regulatory change in countries in which the Group operates) and/or internal factors (such as availability of appropriately skilled resources or resolution of legacy issues). Moreover, progress in regard to Barclays strategic plans is unlikely to be uniform or linear and progress on certain targets may be achieved more slowly than others.

If any of the risks outlined above were to occur, singly or in aggregate, they could have a material adverse effect on the Group s business, results of operations and financial condition.

Risk management

An overview of Barclays approach to risk management

For a more detailed breakdown on our Risk review and Risk management contents please see pages 117 and 118. More detailed information on how Barclays manages these risks can be found in Barclays PLC 2015 Pillar 3 Report.

Risk review

Risk management

A more comprehensive overview, together with more specific information on Group policies, can be found in Barclays PLC 2015 Pillar 3 Report or at home.barclays/annualreport

Introduction

This section outlines the Group s strategy for managing risk and how risk culture has been developed to ensure that there is a set of objectives and practices which are shared across the Group. It provides details of the Group s governance, specific information on policies that the Group determines to be of particular significance in the current operating environment, committee structures and how responsibilities are assigned.

Risk management strategy

The Group has clear risk management objectives and a well established strategy to deliver them through core risk management processes.

At a strategic level, the Group s risk management objectives are to:

§ identify the Group s significant risks

§ formulate the Group s risk appetite and ensure that the business profile and plans are consistent with it

§ optimise risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures

§ ensure that business growth plans are properly supported by effective risk infrastructure

§ manage the risk profile to ensure that specific financial deliverables remain achievable under a range of adverse business conditions

§ help executives improve the control and coordination of risk taking across the business.

A key element in the setting of clear management objectives is the ERMF, which sets out key activities, tools, techniques and organisational arrangements so that material risks facing the Group are identified and understood, and that appropriate responses are in place to protect Barclays and prevent detriment to its customers, employees or community. This will help the Group meet its goals, and enhance its ability to respond to new opportunities.

The ERMF covers those risks incurred by the Group that were foreseeable, continuous and material enough to merit establishing specific Group-wide control frameworks. These are known as Principal and Key Risks. See Principal and Key Risks on page 98 for more information.

The aim of the risk management process is to provide a structured, practical and easily understood set of three steps, Evaluate, Respond and Monitor (the E-R-M process), that enables management to identify and assess risks, determine the appropriate risk response, and then monitor the effectiveness of the response and changes to the risk profile.

1. Evaluate: risk evaluation must be carried out by those individuals, teams and departments who manage the underlying operational or business process, and so are best placed to identify and assess the potential risks, and also include those responsible for delivering the objectives under review.

2. Respond: the appropriate risk response effectively and efficiently ensures that risks are kept within appetite, which is the level of risk that the Group is prepared to accept while pursuing its business strategy. There are three types of response: i) accept the risk but take necessary mitigating actions such as use of risk controls; ii) stop the existing activity/do not start the proposed activity; or iii) continue the activity but transfer risks to another party via the use of insurance.

Barclays risk management strategy

3. Monitor: once risks have been identified and measured, and controls put in place, progress towards objectives must be tracked. Monitoring must be ongoing and can prompt re-evaluation of the risks and/or changes in responses. Monitoring must be carried out proactively. In addition to reporting , it includes ensuring risks are maintained within risk appetite, and checking that controls are functioning as intended and remain fit for purpose.

The process is orientated around material risks impacting delivery of objectives, and is used to promote an efficient and effective approach to risk management. This three step risk management process:

§ can be applied to every objective at every level in the bank, both top-down or bottom-up

§ is embedded into the business decision making process

§ guides the Group s response to changes in the external or internal environment in which existing activities are conducted

§ involves all staff and all three lines of defence (see pages 97).

Governance structure

Risk exists when the outcome of taking a particular decision or course of action is uncertain and could potentially impact whether, or how well, the Group delivers on its objectives.

The Group faces risks throughout its business, every day, in everything it does. Some risks are taken after appropriate consideration such as lending money to a customer. Other risks may arise from unintended consequences of internal actions, for example an IT system failure or poor sales practices. Finally, some risks are the result of events outside the Group but which impact its business such as major exposure through trading or lending to a market counterparty which later fails.

All employees must play their part in the Group s risk management, regardless of position, function or location. All employees are required to be familiar with risk management policies that are relevant to their activities, know how to escalate actual or potential risk issues, and have a role appropriate level of awareness of the ERMF (see Risk governance and assigning responsibilities for more information on page 97), risk management process and governance arrangements.

Board oversight and flow of risk related information

Furthermore, from March 2016 members of the Board, Executive Committee and a limited number of specified senior individuals will be subject to additional rules included within the Senior Managers Regime (SMR), which clarifies their accountability and responsibilities. Members of the SMR are held to four additional specific rules of conduct in which they must:

1. take reasonable steps to ensure that the Group is effectively controlled
2. take reasonable steps to ensure that the Group complies with relevant regulatory requirements and standards
3. take reasonable steps to ensure that any delegated responsibilities are to the appropriate individual and that the delegated responsibilities are effectively discharged
4. disclose appropriately any information to the FCA or PRA, which they would reasonably expect to be made aware of.

There are three key board-level forums which review and monitor risk across the Group. These are: the Board itself; the Board Risk Committee and the Board Reputation Committee.

The Board

One of the Board s (Board of Directors of Barclays PLC) responsibilities is the approval of risk appetite, which is the level of risk the Group chooses to take in pursuit of its business objectives. The Chief Risk Officer regularly presents a report to the Board summarising developments in the risk environment and performance trends in the key portfolios. The Board is also responsible for the Internal Control and Assurance Framework (Group Control Framework). It oversees the management of the most significant risks through regular review of risk exposures and related key controls. Executive management responsibilities relating to this are set out in the ERMF.

The Board Risk Committee (BRC)

The BRC monitors the Group s risk profile against the agreed financial appetite. Where actual performance differs from expectations, actions being taken by management are reviewed to ensure that the BRC is comfortable with them.

After each meeting, the Chair of the BRC prepares a report for the next meeting of the Board. All members are non-executive directors. The Group Finance Director (GFD) and the Chief Risk Officer (CRO) attend each meeting as a matter of course.

The BRC also considers the Group s risk appetite statement for operational risk and evaluates the Group s operational risk profile and operational risk monitoring.

The BRC receives regular and comprehensive reports on risk methodology, the effectiveness of the risk management framework, and the Group s risk profile, including the key issues affecting each business portfolio and forward risk trends. The Committee also commissions in-depth analyses of significant risk topics, which are presented by the CRO or senior risk managers in the businesses. The Chair of the Committee prepares a statement each year on its activities.

The Board Audit Committee (BAC)

The BAC receives regular reports on the effectiveness of internal control systems, quarterly reports on material control issues of significance, quarterly papers on accounting judgements (including impairment). It also receives a half yearly review of the adequacy of impairment allowances, which it reviews relative to the risk inherent in the portfolios, the business environment, the Group s policies and methodologies and the performance trends of peer banks. The Chairman of the BAC also sits on the BRC.

The Board Reputation Committee (RepCo)

The RepCo reviews management s recommendations on conduct and reputational risk and the effectiveness of the processes by which the Group identifies and manages these risks. It also reviews and monitors the effectiveness of Barclays Citizenship strategy, including the management of Barclays economic, social and environmental contribution.

In addition, the Board Audit and Board Remuneration Committees receive regular risk reports to assist them in the undertaking of their duties.

The Board Remuneration Committee (RemCo)

The RemCo receives a detailed report on risk management performance from the BRC, regular updates on the risk profile and proposals for the ex-ante and ex-post risk adjustments to variable remuneration. These inputs are considered in the setting of performance incentives.

Summaries of the relevant business, professional and risk management experience of the Directors of the Board are presented in the Board of Directors section on pages 3 and 4. The terms of reference and additional details on membership and activities for each of the principal Board Committees are available from the Corporate Governance section at: home.barclays/corporategovernance.

The CRO manages the independent Risk function and chairs the Financial Risk Committees (FRC) and the Operational Risk Review Forum (ORRF), which monitor the Group s financial and non-financial risk profile relative to agreed risk appetite.

The Group Treasurer heads the Treasury function and chairs the Treasury Committee which manages the Group s liquidity, maturity transformation and structural interest rate exposure through the setting of policies and controls, monitors the Group s liquidity and interest rate maturity mismatch, monitors usage of regulatory and economic capital, and has oversight of the Group s capital plan.

The Head of Compliance chairs the Conduct and Reputational Risk Committee (CRRC) which assesses the quality of the application of the Reputation and Conduct Risk Control Frameworks. It also recommends conduct risk appetite, sets policies to ensure consistent adherence to that appetite, and reviews known and emerging reputational and conduct related risks to consider if action is required.

Risk management

Risk governance and assigning responsibilities

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

The ERMF articulates a clear, consistent, comprehensive and effective approach for the management of all risks in the Group and creates the context for setting standards and establishing the right practices throughout the Group. The ERMF sets out a philosophy and approach that is applicable to the whole bank, all colleagues and to all types of risk. It sets out the key activities required for all employees to operate Barclays risk and control environment, with specific requirements for key individuals, including the CRO and CEO, and the overall governance framework designed to support its effective operation. See Risk Culture in Barclays PLC 2015 Pillar 3 Report for more information.

The ERMF supports risk management and control by ensuring that there is a:

§ sustainable and consistent implementation of the three lines of defence across all businesses and functions

§ clear segregation of activities and duties performed by colleagues across the Group

§ framework for the management of Principal Risks

§ consistent application of Barclays risk appetite across all Principal Risks

§ clear and simple policy hierarchy.

Three lines of defence

The enterprise risk management process is the defence , and organising businesses and functions into three lines enhances the E-R-M process by formalising independence and challenge, while still promoting collaboration and the flow of information between all areas. The three lines of defence operating model enables the Group to separate risk management activities:

First line: manage operational and business processes; design, implement, operate, test and remediate controls.

First line activities are characterised by:

- ownership of and direct responsibility for the Group s returns or elements of Barclays results
- ownership of major operations, systems and processes fundamental to the operation of the bank
- direct linkage of objective setting, performance assessment and reward to financial performance.

Second line: oversee and challenge the first line and provide second line risk management activity.

Second line activities are characterised by:

- oversight, monitoring and challenge of the first line of defence activities
- design, ownership or operation of Key Risk Control Frameworks impacting the activities of the first line of defence
- operation of certain second line risk management activities (e.g. financial rescue of a firm)
- no direct linkage of objective setting, performance assessment and reward to revenue (measures related to mitigation of losses and balancing risk and reward are permissible).

Third line: provide assurance that the E-R-M process is fit for purpose, and that it is being carried out as intended.

Third line activities are characterised by:

- providing independent and timely assurance to the Board and Executive Management over the effectiveness of governance, risk management and control.

Following the annual review, in 2016, we have further refined the three lines of defence model by clarifying that responsibilities for risk management and control are defined in relation to the activities individuals undertake as part of their role. The three key activities are: Setting Policy and Conformance (second line); Managing Operational or Business Process (first and second line); and Providing Independent Assurance (third line). Second and third line activities have not changed, however we have emphasised the key responsibilities of the first line, which includes colleagues responsibility for understanding and owning the process end to end, and designing, operating, testing and remediating appropriate controls to manage those risks. Performed appropriately and by all colleagues, together these responsibilities will drive a stronger risk and control environment at Barclays, benefitting our customers, clients, shareholders and regulators.

Principal and Key Risks

Principal Risks comprise individual Key Risks to allow for more granular analysis. As at 31 December 2015, the five Principal Risks were: i) Credit; ii) Market; iii) Funding; iv) Operational; and v) Conduct. Since the beginning of 2015, Reputation Risk has been recognised as a Key Risk within Conduct Risk given their close alignment and the fact that as separate Principal Risks they had a common Principal Risk Officer.

Risk management responsibilities for Principal and Key Risks are set out in the ERMF. The ERMF creates clear ownership and accountability; ensures the Group s most significant risk exposures are understood and managed in accordance with agreed risk appetite and risk tolerances; and ensures regular reporting of risk exposures and control effectiveness.

For each Key Risk, the Key Risk Officer is responsible for developing a risk appetite statement and overseeing and managing the risk in line with the ERMF. This includes the documentation, communication and maintenance of a Key Risk Control Framework which sets out, for every business across the firm, the mandated control requirements in managing exposures to that Key Risk. These control requirements are given further specification, according to the business or risk type, to provide a complete and appropriate system of internal control.

Business and Function Heads are responsible for obtaining ongoing assurance that the key controls they have put in place to manage the risks to their business objectives are operating effectively. Reviews are undertaken on a six-monthly basis and support the regulatory requirement for the Group to make an annual statement about its system of internal controls. At the business level, executive management hold specific Business Risk Oversight Meetings to monitor all Principal Risks.

Key Risk Officers report their assessments of the risk exposure and control effectiveness to Group-level oversight committees and their assessments form the basis of the reports that go to the:

Board Risk Committee:

§ Financial Risk Committee has oversight of Credit and Market Risks

§ Treasury Committee has oversight of Funding Risk

§ Operational Risk Review Forum has oversight of the risk profile of all Operational Risk types.

Board Reputation Committee:

§ Conduct and Reputation Risk Committee has oversight of Conduct and Reputation Risks.

The following sections provide an overview of each of the five Principal Risks, and details of the structure and organisation of the relevant management function and its roles and responsibilities, including how the impact of the risk to the Group may be minimised.

Risk review

Risk management

Credit risk management

Credit risk

The risk of suffering financial loss should any of the Group s customers, clients or market counterparties fail to fulfil their contractual obligations to the Group.

Overview

The granting of credit is one of the Group s major sources of income and, as a Principal Risk, the Group dedicates considerable resources to its control. The credit risk that the Group faces arises mainly from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts with clients. Other sources of credit risk arise from trading activities, including: debt securities, settlement balances with market counterparties, available for sale assets and reverse repurchase agreements (reverse repos).

Credit risk management objectives are to:

§ maintain a framework of controls to ensure credit risk taking is based on sound credit risk management principles

§ identify, assess and measure credit risk clearly and accurately across the Group and within each separate business, from the level of individual facilities up to the total portfolio

§ control and plan credit risk taking in line with external stakeholder expectations and avoiding undesirable concentrations

§ monitor credit risk and adherence to agreed controls

§ ensure that risk-reward objectives are met.

More information of the reporting of credit risk can be found in Barclays PLC 2015 Pillar 3 Report.

Organisation and structure

Wholesale and retail portfolios are managed separately to reflect the differing nature of the assets; wholesale balances tend to be larger and are managed on an individual basis, while retail balances are larger in number but smaller in value and are, therefore, managed on a homogenous portfolio basis.

Credit risk management responsibilities have been structured so that decisions are taken as close as possible to the business, while ensuring robust review and challenge of performance, risk infrastructure and strategic plans. The credit risk management teams in each business are accountable to the relevant Business Credit Risk Officer (BCRO) who, in turn, reports to the CRO.

Board oversight and flow of risk related information

Organisation and structure

Roles and responsibilities

The responsibilities of the credit risk management teams in the businesses, the sanctioning team and other shared services include: sanctioning new credit agreements (principally wholesale); setting policies for approval of transactions (principally retail); setting risk appetite; monitoring risk against limits and other parameters; maintaining robust processes, data gathering, quality, storage and reporting methods for effective credit risk management; performing effective turnaround and workout scenarios for wholesale portfolios via dedicated restructuring and recoveries teams; maintaining robust collections and recovery processes/units for retail portfolios; and review and validation of credit risk measurement models.

For wholesale portfolios, credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers entrusted with the higher levels of delegated authority. The largest credit exposures, which are outside the Risk Sanctioning Unit or Risk Distribution Committee authority require the support of the Group Senior Credit Officer (GSCO), the Group s most senior credit risk sanctioner. For exposures in excess of the GSCO s authority, approval by Group CRO is required. In the wholesale portfolios, credit risk managers are organised in sanctioning teams by geography, industry and/or product.

The role of the Central Risk function is to provide Group-wide direction, oversight and challenge of credit risk taking. Central Risk sets the Credit Risk Control Framework, which provides the structure within which credit risk is managed, together with supporting credit risk policies.

Credit risk mitigation

The Group employs a range of techniques and strategies to actively mitigate the counterparty credit risks. These can broadly be divided into three types: netting and set-off; collateral; and risk transfer.

Netting and set-off

In most jurisdictions in which the Group operates, credit risk exposures can be reduced by applying netting and set-off. In exposure terms, this credit risk mitigation technique has the largest overall impact on net exposure to derivative transactions, compared with other risk mitigation techniques.

For derivative transactions, the Group s normal practice is to enter into standard master agreements with counterparties (e.g. ISDAs). These master agreements allow for netting of credit risk exposure to a counterparty resulting from a derivative transaction against the Group s obligations to the counterparty in the event of default, and so produce a lower net credit exposure. These agreements may also reduce settlement exposure (e.g. for foreign exchange transactions) by allowing payments on the same day in the same currency to be set-off against one another.

Collateral

The Group has the ability to call on collateral in the event of default of the counterparty, comprising:

- home loans: a fixed charge over residential property in the form of houses, flats and other dwellings
- wholesale lending: a fixed charge over commercial property and other physical assets, in various forms
- other retail lending: includes charges over motor vehicles and other physical assets, second lien charges over residential property, and finance lease receivables
- derivatives: the Group also often seeks to enter into a margin agreement (e.g. Credit Support Annex (CSA)) with counterparties with which the Group has master netting agreements in place
- reverse repurchase agreements: collateral typically comprises highly liquid securities which have been legally transferred to the Group subject to an agreement to return them for a fixed price
- financial guarantees and similar off-balance sheet commitments: cash collateral may be held against these arrangements.

Risk transfer

A range of instruments including guarantees, credit insurance, credit derivatives and securitisation can be used to transfer credit risk from one counterparty to another. These mitigate credit risk in two main ways:

- if the risk is transferred to a counterparty which is more credit worthy than the original counterparty, then overall credit risk is reduced
- where recourse to the first counterparty remains, both counterparties must default before a loss materialises. This is less likely than the default of either counterparty individually so credit risk is reduced.

Detailed policies are in place to ensure that credit risk mitigation is appropriately recognised and recorded and more information can be found in the Barclays PLC 2015 Pillar 3 Report.

Risk review

Risk management

Market risk management

Market risk

The risk of a reduction to earnings or capital due to volatility of trading book positions or as a consequence of running a banking book balance sheet and liquidity pools.

Overview

Traded market risk

Traded market risk arises primarily as a result of client facilitation in wholesale markets, involving market making activities, risk management solutions and execution of syndications. Upon execution of a trade with a client, the Group will look to hedge against the risk of the trade moving in an adverse direction. Mismatches between client transactions and hedges result in market risk due to changes in asset prices.

Non-traded market risk

Banking book operations generate non-traded market risk, primarily through interest rate risk arising from the sensitivity of net interest margins due to changes in interest rates. The principal banking businesses engage in internal derivative trades with Treasury to manage their interest rate risk to within its defined risk appetite. However, the businesses remain susceptible to market risk from four key sources:

§ prepayment risk: balance run-off may be faster or slower than expected, due to customer behaviour in response to general economic conditions or interest rates. This can lead to a mismatch between the actual balance of products and the hedges executed with Treasury based on initial expectations

§ recruitment risk: the volume of new business may be lower or higher than expected, requiring the business to unwind or execute hedging transactions with Treasury at different rates than expected

§ residual risk and margin compression: the business may retain a small element of interest rate risk to facilitate the day-to-day management of customer business. Additionally, in the current low rate environment, deposits on which the Group sets the interest rate are exposed to margin compression. This is because for any further fall in base rate the Group must absorb an increasing amount of the rate move in its margin

§ lag risk: the risk of being unable to re-price products immediately after a change in interest rates due to mandatory notification periods. This is highly prevalent in managed rates saving products (e.g. Every Day Saver) where customers must be informed in writing of any planned reduction in their savings rate.

Pension risk

The Group maintains a number of defined benefit pension schemes for past and current employees. The ability of the pension fund to meet the projected pension payments is maintained principally through investments.

Pension risk arises because the estimated market value of the pension fund assets might decline; investment returns might reduce; or the estimated value of the pension liabilities might increase as a result of changes to the market process. The Group monitors the market risks arising from its defined benefit pension schemes, and works with the Trustees to address shortfalls. In these circumstances, the Group could be required or might choose to make extra contributions to the pension fund. The Group s main defined benefit scheme was closed to new entrants in 2012.

Insurance risk

Insurance risk is managed within Africa Banking, where four categories of insurance risk are recognised: short-term insurance underwriting risk, life insurance underwriting risk, life insurance mismatch risk, and life and insurance investment risk.

Insurance risk arises when:

§ aggregate insurance premiums received from policyholders under a portfolio of insurance contracts are inadequate to cover the claims arising from those policies and the expenses associated with the management of the portfolio of policies and claims

§ premiums are not invested to adequately match the duration, timing and size of expected claims

§ unexpected fluctuations in claims arise or excessive exposure (e.g. in individual or aggregate exposures) relative to capacity is retained in the entity.

Insurance entities also incur market risk (on the investment of accumulated premiums and shareholder capital), credit risk (counterparty exposure on investments and reinsurance transactions), liquidity risk and operational risk from their investments and financial operations.

Organisation and structure

Overview of the business market risk control structure

Organisation and structure

Traded market risk in the businesses resides primarily in the Investment Bank, Treasury, Africa Banking and Non-Core. These businesses have the mandate to incur traded market risk. Non-traded market risk is mostly incurred in PCB, Barclaycard and Treasury.

Market risk oversight and challenge is provided by business committees, Group committees, including the Market Risk Committee and Group Market Risk. The chart above gives an overview of the business control structure.

Roles and responsibilities

The objectives of market risk management are to:

§ understand and control market risk by robust measurement, limit setting, reporting and oversight

§ facilitate business growth within a controlled and transparent risk management framework

§ ensure that traded market risk in the businesses is controlled according to the allocated appetite

§ control non-traded market risk in line with approved appetite

§ control insurance risk in line with approved appetite

§ support the Non-Core strategy of asset reductions by ensuring that market risk remains within agreed risk appetite.
To ensure the above objectives are met, a well-established governance structure is in place to manage these risks consistent with the ERMF (evaluate-respond-monitor). See page 95 on risk management strategy, governance and risk

culture.

More information on market risk management can be found in Barclays PLC 2015 Pillar 3 Report.

Risk review

Risk management

Funding and capital risk management

Funding risk

The ability of the Group to achieve its business plans may be adversely impacted if it does not effectively manage its capital (including leverage) and liquidity ratios. Group Treasury manage funding risk on a day-to-day basis with the Group Treasury Committee acting as the key governance forum.

Organisation and structure

Capital risk

Capital risk is the risk that the Group has insufficient capital resources to:

§ meet minimum regulatory requirements in the UK and in other jurisdictions such as the US and South Africa where regulated activities are undertaken. The Group s authority to operate as a bank is dependent upon the maintenance of adequate capital resources at each level where prudential capital requirements are applied

§ support its credit rating. A weaker credit rating would increase the Group s cost of funds

§ support its growth and strategic options.

Overview

Organisation and structure

Capital management is integral to the Group s approach to financial stability and sustainability management and is therefore embedded in the way businesses and legal entities operate. Capital demand and supply is actively managed on a centralised basis, at a business level, at a local entity level and on a regional basis taking into account the regulatory, economic and commercial environment in which Barclays operates.

Roles and responsibilities

The Group s capital management strategy is driven by the strategic aims of the Group and the Risk Appetite set by the Board. The Group s objectives are achieved through well embedded capital management practices.

Capital planning

Capital forecasts are managed on a top-down and bottom-up basis through both short term (one year) and medium term (three to five years) financial planning cycles. Barclays capital plans are developed with the objective of maintaining capital that is adequate in quantity and quality to support the Group s risk profile, regulatory and business needs. As a result, the Group holds a diversified capital base that provides strong loss absorbing capacity and optimised returns.

Barclays capital forecasts are continually monitored against relevant internal target capital ratios to ensure they remain appropriate, and consider risks to the plan including possible future regulatory changes.

Local management ensures compliance with an entity s minimum regulatory capital requirements by reporting to local Asset and Liability Committees with oversight by the Group s Treasury Committee, as required.

Regulatory requirements

Capital planning is set in consideration of minimum regulatory requirements in all jurisdictions in which the Group operates. Group regulatory capital requirements are determined by the PRA.

Under these regulatory frameworks, capital requirements are set in consideration of the level of risk that the firm is exposed to which is measured through both risk weighted assets (RWAs) and leverage.

Capital held to support the level of risk identified is set in consideration of minimum ratio requirements and internal buffers. Capital requirements are set in accordance with the firm s level of risk.

Governance

The Group and legal entity capital plans are underpinned by the Capital Risk Framework, which includes capital management policies and practices approved by the Principal Risk Officer. These plans are implemented consistently in order to deliver on the Group objectives.

The Board approves the Group capital plan, stress tests and recovery plan. The Treasury Committee manages compliance with the Group s capital management objectives. The Committee reviews actual and forecast capital demand and resources on a bi-monthly basis. The Board Risk Committee annually reviews risk appetite and then analyses the impacts of stress scenarios on the Group capital forecast in order to understand and manage the Group s projected capital adequacy.

Monitoring and managing capital

Capital is monitored and managed on an ongoing basis through:

Stress testing: internal group-wide stress testing is undertaken to quantify and understand the impact of sensitivities on the capital plan and capital ratios arising from stressed macroeconomic conditions. Actual recent economic, market and regulatory scenarios are used to inform the assumptions of the stress tests and assess the effectiveness of mitigation strategies.

The Group also undertakes stress tests prescribed by the BoE and EBA. Legal entities undertake stress tests prescribed by their local regulators. These stress tests inform decisions on the size and quality of capital buffer required and the results are incorporated into the Group capital plan to ensure adequacy of capital under normal and severe, but plausible, stressed conditions.

Risk mitigation: as part of the stress testing process, actions are identified that should be taken to mitigate the risks that could arise in the event of material adverse changes in the current economic and business outlook.

As an additional layer of protection, the Barclays Recovery Plan defines the actions and implementation strategies available for the Group to increase or preserve capital resources in the event that stress events are more extreme than anticipated.

Senior management awareness and transparency: Treasury works closely with Risk, businesses and legal entities to support a proactive approach to identifying sources of capital ratio volatilities which are considered in the Group s capital plan. Capital risks against firm-specific and macroeconomic early warning indicators are monitored and reported to the Treasury Committee, associated with clear escalation channels to senior management.

Capital management information is readily available at all times to support the Executive Management s strategic and day-to-day business decision making, as may be required.

The Group submits its Board approved ICAAP document to the PRA on an annual basis, which forms the basis of the Individual Capital Guidance (ICG) set by the PRA.

Capital allocation: capital allocations are approved by the Group Executive Committee and monitored by the Treasury Committee, taking into consideration the risk appetite, growth and strategic aims of the Group. Regulated legal entities are, at a minimum, allocated adequate capital to meet their current and forecast regulatory and business requirements.

Transferability of capital: the Group s policy is for surplus capital held in Group entities to be repatriated to BBPLC in the form of dividends and/or capital repatriation, subject to local regulatory requirements, exchange controls and tax implications. This approach provides optimal flexibility on the re-deployment of capital across legal entities. The Group is not aware of any material impediments to the prompt transfer of capital resources, in line with the above policy, or repayment of intra-Group liabilities when due.

More information on capital risk management can be found in pages 402 to 403.

Risk review

Risk management

Funding risk Liquidity

Liquidity risk

The risk that the Group, although solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. This also results in a firm s inability to meet regulatory liquidity requirements. This risk is inherent in all banking operations and can be affected by a wide range of Group-specific and market-wide events.

Overview

The Board has formally recognised a series of risks that are continuously present in Barclays and materially impact the achievement of Barclays objectives, one of which is Funding risk. Liquidity risk is recognised as a key risk within Funding risk. The efficient management of liquidity is essential to the Group in retaining the confidence of the financial markets and ensuring that the business is sustainable. Liquidity risk is managed through the Liquidity Risk Management Framework (the Liquidity Framework) which is designed to meet the following objectives:

§ to maintain liquidity resources that are sufficient in amount and quality and a funding profile that is appropriate to meet the liquidity risk appetite (LRA) as expressed by the Board

§ to maintain market confidence in the Group s name.

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.

Organisation and structure

Barclays Treasury operates a centralised governance control process that covers all of the Group s liquidity risk management activities. As per the ERMF, the Key Risk Officer (KRO) approves the Key Risk Control Framework for Liquidity Risk (Key Risk Control Framework) under which the Treasury function operates. The KRO is in the Risk function. The Key Risk Control Framework is subject to annual review. The Key Risk Control Framework describes liquidity policies and controls that the Group has implemented to manage liquidity risk within the LRA and is subject to annual review.

The Board sets the LRA, over Group stress tests, being the level of risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. The approved LRA is implemented and managed by the Treasury Committee through the Key Risk Control Framework.

Liquidity risk management

Barclays has a comprehensive Key Risk Control Framework for managing the Group s liquidity risk. The Key Risk Control Framework describes liquidity policies and controls that the Group has implemented to manage liquidity risk within the LRA. The Key Risk Control Framework is designed to deliver the appropriate term and structure of funding consistent with the LRA set by the Board.

Liquidity is monitored and managed on an ongoing basis through:

Group Stress test risk appetite and planning: Established Group stress test LRA together with the appropriate limits for the management of liquidity risk. This is the level of liquidity risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations.

Liquidity limits: Management of limits on a variety of on and off-balance sheet exposures and these serve to control the overall extent and composition of liquidity risk taken by managing exposure to the cash outflows.

Internal pricing and incentives: Active management of the composition and duration of the balance sheet and of contingent liquidity risk through the transfer of liquidity premium directly to the business.

Early warning indicators: Monitoring of a range of market indicators for early signs of liquidity risk in the market or specific to Barclays. These are designed to immediately identify the emergence of increased liquidity risk to maximise the time available to execute appropriate mitigating actions.

Contingency Funding Plan: Maintenance of a Contingency Funding Plan (CFP) which is designed to provide a framework where a liquidity stress could be effectively managed. The CFP provides a communication plan and includes management actions to respond to liquidity stresses of varying severity.

RRP: In accordance with the requirements of the PRA Rulebook: Recovery and Resolution, Barclays has developed a Group Recovery Plan. The key objectives are to provide the Group with a range of options to ensure the viability of the firm in a stress, set consistent early warning indicators to identify when the Recovery Plan should be invoked and to enable the Group to be adequately prepared to respond to stressed conditions. The Group continues to work with the authorities on RRP, including identifying and addressing any impediments to resolvability.

Risk review

Risk management

Operational risk management

Operational risk

Any instance where there is a potential or actual impact to the Group resulting from inadequate or failed internal processes, people, systems, or from an external event. The impacts to the Group can be financial, including losses or an unexpected financial gain, as well as non-financial such as customer detriment, reputational or regulatory consequences.

Overview

The management of operational risk has two key objectives:

§ minimise the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses)

§ improve the effective management of the Group and strengthen its brand and external reputation.

The Group is committed to the management and measurement of operational risk and was granted a waiver by the FSA (now the PRA) to operate an Advanced Measurement Approach (AMA) for operational risk under Basel II, which commenced in January 2008. The majority of the Group calculates regulatory capital requirements using AMA (93% of capital requirements); however, in specific areas, the Basic Indicator Approach (7%) is applied. The Group works to benchmark its internal operational risk management and measurement practices with peer banks and to drive the further development of advanced techniques.

The Group is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposing the Group to unacceptable potential losses or reputational damage. The Group has an overarching framework that sets out the approach to internal governance. This guide establishes the mechanisms and processes by which the Board directs the organisation, through setting the tone and expectations from the top, delegating authority and monitoring compliance.

Organisation and structure

Operational risk comprises a number of specific Key Risks defined as follows:

§ external supplier: inadequate selection and ongoing management of external suppliers

- financial crime: failure to comply with anti-money laundering, anti-bribery, anti-corruption and sanctions policies. In early January 2016, the oversight of financial crime was transferred to Group Compliance

- financial reporting: reporting misstatement or omission within external financial or regulatory reporting

- fraud: dishonest behaviour with the intent to make a gain or cause a loss to others

- information: inadequate protection of the Group s information in accordance with its value and sensitivity

- legal: failure to identify and manage legal risks

- payments process: failure in operation of payments processes

- people: inadequate people capabilities, and/or performance/reward structures, and/or inappropriate behaviours

- premises and security: unavailability of premises (to meet business demand) and/or safe working environments, and inadequate protection of physical assets, employees and customers against external threats

- taxation: failure to comply with tax laws and practice which could lead to financial penalties, additional tax charges or reputational damage

- technology (including cyber security): failure to develop and deploy secure, stable and reliable technology solutions which includes risk of loss or detriment to Barclays business and customers as a result of actions committed or facilitated through the use of networked information systems

- transaction operations: failure in the management of critical transaction processes.

In order to ensure complete coverage of the potential adverse impacts on the Group arising from operational risk, the operational risk taxonomy extends beyond the operational key risks listed above to cover areas included within conduct risk. For more information on conduct risk please see pages 108 and 109.

These risks may result in financial and/or non-financial impacts including legal/regulatory breaches or reputational damage.

Reporting and control

Risk review

Risk management

Operational risk management

Roles and responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests with the business and functional units where the risk arises. The operational risk profile and control environment is reviewed by business unit management through specific meetings which cover governance, risk and control. Businesses are required to report their operational risks on both a regular and an event driven basis. The reports include a profile of the material risks that may threaten the achievement of their objectives and the effectiveness of key controls, material control issues, operational risk events and a review of scenarios.

The Group Head of Operational Risk, as Principal Risk Officer, is responsible for establishing, owning and maintaining an appropriate Group-wide Operational Risk Framework and for overseeing the portfolio of operational risk across the Group.

Operational risk management acts in a second line of defence capacity, and is responsible for implementation of the framework and monitoring operational risk events, risk exposures and material control issues. Through attendance at Business Unit Governance, Risk and Controls meetings, it provides specific risk input into the issues highlighted and the overall risk profile of the business. Operational risk issues escalated from these meetings are considered by the Group Principal Risk Officer through the second line of defence review meetings, which also consider material control issues and their effective remediation. Depending on their nature, the outputs of these meetings are presented to the BRC or the BAC.

Specific reports are prepared by businesses, Key Risk Officers and Group Operational Risk on a regular basis for ORRF, BRC and BAC.

Risk and control self-assessments and key indicators

The Group identifies and assesses all material risks within each business and evaluates the key controls in place to mitigate those risks. Managers in the businesses use self-assessment techniques to identify risks, evaluate the effectiveness of key controls in place, and assess whether the risks are effectively managed within business risk appetite. The businesses are then able to make decisions on what action, if any, is required to reduce the level of risk to the Group. These risk assessments are monitored on a regular basis to ensure that each business continually understands the risks it faces.

Key Indicators (KIs) are metrics which allow the Group to monitor its operational risk profile. KIs include measurable thresholds that reflect the risk appetite of the business and are monitored to alert management when risk levels exceed acceptable ranges or risk appetite levels and drive timely decision making and actions.

Conduct risk management

Conduct risk

The risk that detriment is caused to customers, clients, counterparties or the Group because of inappropriate judgement in the execution of our business activities.

Overview

The Group defines, manages and mitigates conduct risk with the goal of providing good customer outcomes and protecting market integrity.

The Group has defined seven Key Risks that are the main sub risk types to Conduct Risk:

§ our products or services do not meet customers needs or have the potential to cause customer detriment

§ the way we design and undertake transaction services has the potential to cause customer detriment

§ the way we design or undertake customer servicing has the potential to cause customer detriment

§ our strategy or business model has the potential to cause customer detriment

§ our governance arrangements or culture has the potential to cause customer detriment

§ we fail to obtain and maintain relevant regulatory authorisations, permissions and licence requirements

§ damage to Barclays reputation is caused during the conduct of our business.

Organisation and structure

The Conduct and Reputation Risk Committee (CRRC) derives its authority from the Barclays Group Head of Compliance. The purpose of the CRRC is to review and monitor the effectiveness of Barclays management of Conduct and Reputation Risk. In addition, specific committees monitor conduct risk and the control environment at the business level.

Roles and responsibilities

The Conduct Risk Principal Risk Framework (PRF) comprises a number of elements that allow the Group to manage and measure its conduct risk profile.

The PRF is implemented across the Group:

§ vertically, through an organisational structure that requires all businesses to implement and operate their own conduct risk framework that meets the requirements detailed within the ERMF

§ horizontally, with Group Key Risk Officers (KROs) required to monitor information relevant to their Key Risk from each element of the Conduct Risk PRF.

The primary responsibility for managing conduct risk and compliance with control requirements sits with the business where the risk arises. The Conduct Risk Accountable Executive for each business is responsible for ensuring the implementation of, and adherence to, the PRF.

The Conduct Principal Risk Officer is responsible for owning and maintaining an appropriate Group-wide Conduct Risk PRF and for overseeing Group-wide Conduct Risk management.

Businesses are required to report their conduct risks on both a quarterly and an event driven basis. The quarterly reports detail conduct risks inherent within the business strategy and include forward looking horizon scanning analysis as well as backward looking evidence-based indicators from both internal and external sources. For details please refer to the Risk Review, Conduct Risk Performance section of this report (page 175).

Business level reports are reviewed within Compliance. Compliance then creates Group level reports for consideration by CRRC and RepCo. The Group periodically assesses its management of conduct risk through independent audits and addresses issues identified.

Event-driven reporting consists of any risks or issues that breach certain thresholds for severity and probability. Any such risks or issues must be promptly escalated to the business and the appropriate KRO.

In 2015 Reputation Risk was re-designated as a Key Risk under the Conduct Risk Principal Risk. The Reputation Key Risk Framework outlines the processes and actions required of the business. These include regular and forward looking reviews of current and emerging reputation risks so that a topical and comprehensive reputation risk profile of the organisation can be maintained.

Organisation and structure

Risk review

Risk management

Conduct risk management

Reputation risk is the risk of damage to the Group s brand arising from any association, action or inaction which is perceived by stakeholders (e.g. customers, clients, colleagues, shareholders, regulators, opinion formers) to be inappropriate or unethical. Damage to the Group s brand and consequent erosion of our reputation reduces the attractiveness of the Group to stakeholders and may lead to negative publicity, loss of revenue, regulatory or legislative action, loss of existing and potential client business, reduced workforce morale and difficulties in recruiting talent. Ultimately it may destroy shareholder value.

Reputation risk may arise in many different ways, for example:

§ failure to act in good faith and in accordance with the Group s values and code of conduct

§ failure (real or perceived) to comply with the law or regulation, or association (real or implied) with illegal activity

§ failures in corporate governance, management or technical systems

§ failure to comply with internal standards and policies

§ association with controversial sectors or clients

§ association with controversial transactions, projects, countries or governments

§ association with controversial business decisions, including but not restricted to, decisions relating to: products (in particular new products), delivery channels, promotions/advertising, acquisitions, branch representation, sourcing/supply chain relationships, staff locations, treatment of financial transactions

§ association with poor employment practices.

In each case, the risk may arise from failure to comply with either stated norms, which are likely to change over time, so an assessment of reputation risk cannot be static. If not managed effectively, stakeholder expectations of responsible corporate behaviour will not be met.

Reputation risk may also arise and cause damage to the Group s image, through association with clients, their transactions or their projects if these are perceived by external stakeholders to be environmentally damaging. Where the Group is financing infrastructure projects which have potentially adverse environmental impacts, the Group s Client Assessment and Aggregation policy and supporting Environmental and Social Risk Standard will apply. This policy identifies the circumstances in which the Group requires due diligence to include assessment of specialist environmental reports. These reports will include consideration of a wide range of the project s potential impacts including on air, water and land quality, on biodiversity issues, on locally affected communities, including any material upstream and downstream impacts, and working conditions together with employee and community health and safety. Adherence to the Environmental and Social Risk Standard is the mechanism by which Barclays fulfils the requirements of the Equator Principles. These Principles are an internationally recognised framework for environmental due diligence in project finance. Barclays was one of four banks which collaborated in developing the Principles, ahead of their launch in 2003 with 10 adopting banks. There are now more than 80 banks worldwide which have adopted the Equator Principles (see www.equator-principles.com).

Risk performance

Maintaining our risk profile at an acceptable and appropriate level is essential to ensure our continued performance. This section provides a review of the performance of the Group in 2015 for each of the five Principal Risks, which are credit, market, funding, operational, and conduct risk.

For a more detailed breakdown on our Risk review and Risk management contents please see pages 84-85

Risk review

Risk performance

Credit risk

Analysis of credit risk

Credit risk is the risk of the Group suffering financial loss should any of its customers, clients, or market counterparties fail to fulfil their contractual obligations to the Group.

This section details the Group s credit risk profile and provides information on the Group s exposure to loans and advances to customer and banks, maximum exposures with collateral held, and net impairment charges raised in the year. It provides information on balances that are categorised as credit risk loans, balances in forbearance, as well as exposure to and performance metrics for specific portfolios and asset types.

Key metrics

§ Credit impairment charges in 2015 were 2% lower than 2014:
+£32m Group Core

Loan impairment broadly stable reflecting benign economic conditions in the UK and US

+£30m Retail Core

Performance across key portfolios has remained stable and within expectations

+£2m Wholesale Core

Performance benefiting from economic conditions in the UK and US markets offset by impact of stress in Oil and Gas portfolios

-£139m Non-Core

Lower charge reflects sale of Spanish business and higher recoveries in Portugal

§ Net Loans and advances to customers and banks decreased by 6% in 2015.

§ The loan loss rate was stable at 47bps.

Credit risk

Credit risk is the risk of the Group suffering financial loss should any of its customers, clients or market counterparties fails to fulfil their contractual obligations to the Group.

All disclosures in this section (pages 112-137) are unaudited unless otherwise stated

Overview

Credit risk represents a significant risk to the Group and mainly arises from exposure to wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with clients. A summary of performance may be found below.

This section provides an analysis of areas of particular interest or potentially of higher risk, including: i) balance sheet, including the maximum exposure, and collateral, and loans and advances; ii) areas of concentrations, including the Eurozone; iii) exposure to and performance metrics for specific portfolios and assets types, including home loans, credit cards and UK commercial real estate; iv) exposure and performance of loans on concession programmes, including forbearance; v) problem loans, including credit risk loans (CRLs); and vi) impairment, including impairment stock and management adjustments to model outputs.

The topics covered in this section may be found in the credit risk section of the contents on page 84. Please see risk management section on pages 94-109 for details of governance, policies and procedures.

Summary of performance in the period

Credit impairment charges in 2015 fell 2% to £2.1bn which principally reflected the benign economic conditions in the UK and US and effective risk management, including the strengthening of the Retail Impairment Policy. These supported generally stable delinquency rates in retail and lower default rates in wholesale where large single names were limited in number and focused on the Oil and Gas sector.

The level of CRL reduced to £7.8bn principally due to a reduction in Non-Core and Personal and Corporate Banking. The coverage ratios for home loans, unsecured retail portfolios and corporate loans remain broadly in line with expected severity rates for these types of portfolios.

Net loans and advances to customers and banks reduced 6% to £440.6bn reflecting a decrease in Non-Core businesses, Investment Bank and Africa Banking offset by increases in Personal and Corporate Banking.

The loan loss rate was broadly stable at 47bps (2014: 46bps).

Analysis of the balance sheet

The Group s maximum exposure and collateral and other credit enhancements held

Basis of preparation

The following tables present a reconciliation between the Group s maximum exposure and its net exposure to credit risk; reflecting the financial effects of collateral, credit enhancements and other actions taken to mitigate the Group s exposure.

For financial assets recognised on the balance sheet, maximum exposure to credit risk represents the balance sheet carrying value after allowance for impairment. For off-balance sheet guarantees, the maximum exposure is the maximum amount that the Group would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure is the full amount of the committed facilities.

This and subsequent analyses of credit risk include only financial assets subject to credit risk. They exclude other financial assets not subject to credit risk, mainly equity securities held for trading, as available for sale or designated at fair value, and traded commodities. Assets designated at fair value in respect of linked liabilities to customers under investment contracts have also not been included as the Group is not exposed to credit risk on these assets. Credit losses in these portfolios, if any, would lead to a reduction in the linked liabilities and not result in a loss to the Group. For off-balance sheet exposures certain contingent liabilities not subject to credit risk such as performance guarantees are excluded.

The Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on the Group s policies to each of these forms of credit enhancement is presented on pages 100.

Overview

As at 31 December 2015, the Group s net exposure to credit risk after taking into account netting and set-off, collateral and risk transfer decreased 6% to £701.4bn, reflecting a decrease in maximum exposure of 14% and a reduction in the level of mitigation held by 21%. Overall, the extent to which the Group holds mitigation against its total exposure reduced slightly to 48% (2014: 53%).

Of the remaining exposure left unmitigated, a significant portion relates to cash held at central banks, available for sale debt securities issued by governments, cash collateral and settlement balances, all of which are considered lower risk. Trading portfolio liability positions, which to a significant extent economically hedge trading portfolio assets but which are not held specifically for risk management purposes, are excluded from the analysis. The credit quality of counterparties to derivative, available for sale and wholesale loan assets are predominantly investment grade. Further analysis on the credit quality of assets is presented on pages 115-116.

Where collateral has been obtained in the event of default, the Group does not, as a rule, use such assets for its own operations and they are usually sold on a timely basis. The carrying value of assets held by the Group as at 31 December 2015, as a result of the enforcement of collateral was £69m (2014: £161m).

Risk review

Risk performance

Credit risk

Maximum exposure and effects of collateral and other credit enhancements (audited)

As at 31 December 2015	Maximum exposure £m	Netting and set-off £m	Collateral Cash £m	Collateral Non-cash £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	49,711					49,711
Items in the course of collection from other banks	1,011					1,011
Trading portfolio assets:						
Debt securities	45,576					45,576
Traded loans	2,474			(607)	(1)	1,866
Total trading portfolio assets	48,050			(607)	(1)	47,442
Financial assets designated at fair value:						
Loans and advances	17,913		(21)	(5,850)	(515)	11,527
Debt securities	1,383					1,383
Reverse repurchase agreements[a]	49,513		(315)	(49,027)		171
Other financial assets	375					375
Total financial assets designated at fair value	69,184		(336)	(54,877)	(515)	13,456
Derivative financial instruments	327,709	(259,582)	(34,918)	(7,484)	(5,529)	20,196
Loans and advances to banks	41,349		(4)	(4,072)	(64)	37,209
Loans and advances to customers:						
Home loans	155,863		(221)	(154,355)	(634)	653
Credit cards, unsecured and other retail lending	67,840	(12)	(1,076)	(14,512)	(1,761)	50,479
Corporate loans	175,514	(8,399)	(593)	(45,788)	(4,401)	116,333
Total loans and advances to customers	399,217	(8,411)	(1,890)	(214,655)	(6,796)	167,465
Reverse repurchase agreements and other similar secured lending	28,187		(166)	(27,619)		402
Available for sale debt securities	89,278			(832)	(811)	87,635
Other assets	1,410					1,410
Total on-balance sheet	1,055,106	(267,993)	(37,314)	(310,146)	(13,716)	425,937

Off-balance sheet:						
Contingent liabilities	**20,576**		**(604)**	**(1,408)**		