

BARCLAYS PLC
Form 20-F
March 25, 2003

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

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

OR

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

OR

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

For the transition period from _____ to _____.

Commission file numbers:

Barclays PLC 0-13790
Barclays Bank PLC 2-71497-01

Barclays PLC Barclays Bank PLC

(Exact name of registrants as specified in their charters)

England

(Jurisdictions of incorporation)

54 Lombard Street, London EC3p 4AH

England

(Address of principal executive offices)

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

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

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

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

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

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

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

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

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

Yes No

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

Item 17 Item 18

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

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

Yes No

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

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

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

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

DIRECTORS AND OFFICERS

DIRECTORS AND OFFICERS OF BARCLAYS PLC AND BARCLAYS BANK PLC

1 Chairman

Sir Peter Middleton GCB

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

2 Group Chief Executive

Matthew William Barrett

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

3 Group Executive Director

Christopher John Lendrum

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

4 Group Finance Director

John Silvester Varley

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

Non-executive Directors

5 Deputy Chairman

Sir Brian Garton Jenkins GBE

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

6 Thomas David Guy Arculus

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

7 Hilary Mary Cropper CBE

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

8 Professor Sandra Dawson

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

9 Sir Nigel Mobbs

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

10 Sir Nigel Rudd DL

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

11 Stephen George Russell

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

12 Graham Martyn Wallace

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

13 Dr Jürgen Zech

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

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

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Group Executive Committee members

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

Other officers

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

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DIRECTORS' REPORT

Profit attributable

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

Dividends

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

Dividend Reinvestment Plan

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

Share capital

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

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

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

Substantial shareholdings

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

Board membership

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

Group Secretary

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

Retirement and re-election of Directors

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

Directors' interests

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

Directors' emoluments and options

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

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

Activities

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

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Community involvement

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

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

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

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

Employee involvement

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

Equality and diversity

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

Creditors' payment policy

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

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

The auditors

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

The annual general meeting

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

By order of the Board

Lawrence Dickinson
Group Secretary
12th February 2003

CORPORATE GOVERNANCE

Corporate governance report

Chairman's statement

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

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

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

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

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

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

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

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

Sir Peter Middleton
Chairman

Board structure

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

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

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

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

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

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

Combined Code statement of compliance

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

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

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

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

Board committees

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

Board Audit Committee**Statement from the Chairman of the Board Audit Committee**

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

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

Board Audit Committee

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

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

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

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

that it is complete and effective. The Board Audit Committee reviews the effectiveness of risk management standards and reviews reports on control issues of Group level significance.

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

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

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

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

Sir Nigel Mobbs

Board Audit Committee Chairman during 2002

Board Remuneration Committee

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

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

Board Nominations Committee

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

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

Board Risk Committee

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

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

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

Relations with shareholders

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

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

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

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BARCLAYS REPORT ON REMUNERATION

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

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

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

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

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

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

(1)

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

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

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

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

Sir Nigel Rudd

Board Remuneration Committee Chairman

Board Remuneration Committee members

The Committee comprises the following non-executive Directors:

Sir Nigel Rudd, Chairman

David Arculus

Sir Brian Jenkins

Sir Nigel Mobbs

Graham Wallace

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

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

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

Advisers to the Committee

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

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

(2)

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

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

Our remuneration policy

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

The remuneration policy is:

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

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

To encourage the right behaviours to achieve excellent performance;

That reward is to be commercially competitive; and

That reward is to be transparent, well communicated and easily understood.

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

The reward package for executive Directors

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

Base salary;

Annual bonus including the Executive Share Award Scheme (ESAS);

The Incentive Share Option Plan (ISOP); and

Pension and other benefits.

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

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

Base Salary

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

Annual bonus including Executive Share Award Scheme (ESAS)

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

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

Incentive Share Option Plan (ISOP)

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

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

1 Growth in Economic Profit

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

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

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

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

2 Total Shareholder Return (TSR)

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

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

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

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

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

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

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

Sharesave

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

Share Incentive Plan

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

Pensions

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

Service Contracts

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

(1)

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

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

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

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Forward looking statement

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

Non-executive Directors

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

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

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

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2002 Annual Remuneration (a)

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

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

Notes

- (a) Emoluments include amounts, if any, payable by subsidiary undertakings and by other companies where services are undertaken at the Group's request.
- (b) The Chairman and executive Directors receive benefits in kind, which may include life cover, the use of a company owned vehicle, or cash equivalent, and medical health insurance on similar terms to other senior executives.
- (c) The amounts shown for ESAS 2002 represent payments which are expected to be made by the trustee to fund the provisional allocation of shares in 2003, including a maximum potential 30% bonus share element. Refer to page 17 for further details about ESAS.
- (d) Sir Peter Middleton receives pension payments through the Barclays Bank Retirement Plan. Details of the payments are not included since this is a pension in payment relating to his Barclays service prior to becoming Chairman.
- (e) John Stewart led the second phase of the Woolwich integration process for the period from July 2001 to the end of 2002. The Board considered that it was important to the success of the integration process to reward and retain Mr Stewart in this period to maximise shareholder value through further synergies. On 11th July 2001, Mr Stewart was therefore granted a special bonus opportunity of up to a maximum value of £900,000 payable on or before 31st March 2003 based upon the level of his achievement by 31st December 2002 of three performance metrics which include cost savings and business development. The Committee has assessed Mr Stewart's performance and awarded the maximum bonus of £900,000. Mr Stewart has resigned as a Director with effect from 27th February 2003.
- (f) Fees to non-executive Directors include an amount of not less than £20,000 which, after tax, is used to buy Barclays PLC ordinary shares for each non-executive Director. Further details are provided on page 13.
- (g) Fees for Dr Jürgen Zech are in respect of service since his appointment as non-executive Director on 30th July 2002.
- (h) Sir Andrew Large resigned from the Board with effect from 3rd September 2002.

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

Age at 31st December 2002	Years of service	Accrued pension at 31st December 2001	Pension accrued during 2002 (including increase for inflation)	Accrued pension at 31st December 2002	Transfer value of accrued pension at 31st December 2001	Transfer value of accrued pension at 31st December 2002	Increase in transfer value during the year	Other contributions made in 2002
(£ thousands)								

Executive

MW Barrett (b)	58	3						990
CJ Lendrum (c)	55	33						