BARCLAYS PLC
Form 20-F
March 26, 2004

SECURITIES AND EXCHANGE COMMISSION
FORM 20-F

o Registration statement pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934

or

x Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2003

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 PLC2-71497-01

BARCLAYS PLC BARCLAYS BANK PLC
(Exact names of registrants as specified in their charters)

ENGLAND
(Jurisdictions of incorporation)

54 LOMBARD STREET, LONDON, EC3P 4AH, ENGLAND
(Address of principal executive offices)

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

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

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

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

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

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

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

Barclays PLC	25p ordinary shares	6,562,731,310
	£1 staff shares	875,000
Barclays Bank PLC	£1 ordinary shares	2,301,860,515

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 registrants were required to file such reports) and (2) have been subject to such filing requirements for the past 90 days.

Yes __x__ No ______

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

Item 17 ______ Item 18 __x__

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

Indicate by check mark whether the registrants 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, 2003 of Barclays PLC and Barclays Bank PLC (the 2003 Form 20-F). Reference is made to the Form 20-F cross reference table on page 192 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 No. 333-85646, 333-12384 and 333-8054) and the Registration Statements on Form S-8 (File No. 333-12818, 333-112797 and 333-112796), 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 2003 Form 20-F. Any information herein which is not referenced in the Form 20-F Cross Reference Table, or such Exhibits themselves, shall not be deemed to be so incorporated by reference.

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 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 , p 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 additional 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 Sir Peter Middleton, GCB, Chairman
Sir Peter Middleton GCB (age 69) was appointed as Chairman at the 1999 Annual General Meeting. 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 is Deputy Chairman of United Utilities PLC, Chancellor of Sheffield University and Chairman of the Board Nominations and Board Risk Committees.

2 Thomas David Guy Arculus[a]
Thomas David Guy Arculus (age 57) joined the Board in 1997. He is Chairman of Severn Trent plc, Earls Court and Olympia Group Limited and the UK Government s Better Regulation Task Force. He is also a non-executive Director of mmO$_2$ plc and a delegate of Oxford University Press. His previous positions include Chairman of IPC Group Limited and Group Managing Director of EMAP plc. He is a member of the Board Remuneration and Board Nominations Committees.

3 Sir Richard Broadbent[a]
Sir Richard Broadbent (age 50) joined the Board on 1st September 2003. He had previously been the Executive Chairman of HM Customs and Excise from 2000 to 2003. He was formerly a member of the Group Executive Committee of Schroders plc and a non-executive Director of the Securities Institute.

4 Hilary Mary Cropper, CBE[a]
Hilary Mary Cropper CBE (age 63) joined the Board in 1998. She is Honorary President of Xansa PLC, where she was, until recently, the Chairman. Xansa is a leading supplier of business enabling technology services. Mrs Cropper is also 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.

5 Professor Dame Sandra June Noble Dawson[a]
Professor Dame Sandra June Noble Dawson (age 57) joined the Board in March 2003. She is currently KPMG Professor of Management Studies at the University of Cambridge, and has been Director of the Judge Institute at Cambridge since 1995, and Master of Sidney Sussex College, Cambridge since 1999. Professor Dawson has held a range of non-executive posts in organisations including Rand Europe (UK), the Society for the Advancement of Management Studies, JP Morgan Fleming Claverhouse Investment Trust, and Riverside Mental Health Trust. She was also a member of the Senior Salaries Review Board. She is a member of the Board Audit Committee.

6 Sir Brian Garton Jenkins, GBE[a]**, Deputy Chairman**
Sir Brian Garton Jenkins GBE (age 68) joined the Board in 2000 as a Deputy Chairman on completion of the acquisition of Woolwich plc. He joined the Woolwich 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. Sir Brian is a former senior partner of Coopers & Lybrand Chartered Accountants, has served as Lord Mayor of London, President of the Institute of Chartered Accountants in England & Wales and as President of the British Computer Society. He is President of the Charities Aid Foundation

and a member of the Board Audit, Board Remuneration, Board Nominations and Board Risk Committees.

7 Sir Nigel Rudd, DL[(a)]

Sir Nigel Rudd DL (age 57) joined the Board in 1996. Sir Nigel is non-executive Chairman of Pilkington PLC, Pendragon PLC and Boots PLC. He recently retired as Chairman of Kidde PLC. He is Chairman of the Board Remuneration Committee and a member of the Board Nominations Committee.

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8 Stephen George Russell[a]

Stephen George Russell (age 58) joined the Board in 2000 on completion of the acquisition of Woolwich plc. He joined Woolwich plc s Board as a non-executive Director in 1998. He was previously Chief Executive of Boots PLC from 2000 until 2003. He is Chairman of the Board Audit Committee and a member of the Board Risk Committee.

9 Dr Jürgen Zech[a]

Dr Jürgen Zech (age 64) joined the Board as a non-executive Director in July 2002. Dr Zech retired as Chief Executive of Gerling-Konzern, the general insurance arm of Gerling at the end of 2001. He is a non-executive Director of Misys PLC and Partner, Re Limited. He is a member of the Board Audit Committee.

10 Matthew William Barrett[b][c]**, Group Chief Executive**

Matthew William Barrett (age 59) was appointed as Group Chief Executive and joined the Board in 1999 and will succeed Sir Peter Middleton as Chairman on 1st January 2005. 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 is a non-executive Director of the Molson Companies Limited and the Federal Reserve Bank of New York.

11 John Silvester Varley[b][c]**, Group Deputy Chief Executive**

John Silvester Varley (age 47) was appointed as Group Deputy Chief Executive on 1st January 2004 and will succeed Matthew Barrett as Group Chief Executive on 1st January 2005. He had previously held the position of Group Finance Director since 2000. He joined the Group Executive Committee in September 1996 and was appointed to the Board in 1998. Mr Varley was previously Chief Executive of Retail Financial Services from 1998 to 2000 and was Chairman of the Asset Management Division from 1995.

12 Roger William John Davis[b][c]**, Chief Executive, UK Banking**

Roger William John Davis (age 47) was appointed as Chief Executive of UK Banking on 1st January 2004 and joined the Board on the same date. Mr Davis previous roles for the Group include: Chief Executive of Business Banking; Chairman and Chief Executive of Barclays Capital, Asia Pacific and was a member of the Barclays Capital Executive Committee. He joined the Group Executive Committee in February 2003. Before joining Barclays, he spent 12 years in the British Army and began his City career at Robert Fleming & Co where he was a member of the Board of Jardine Fleming Holdings and Managing Director of Jardine Fleming India.

13 Robert Edward Diamond Jr[c]**, Chief Executive, Wholesale and Institutional**

Robert Edward Diamond Jr (age 52) was appointed to the role on 1st January 2004 and is also Chief Executive, Barclays Capital and Chairman, Barclays Global Investors. He joined Barclays in July 1996 from CSFB where he was Vice-Chairman and Head of Global Fixed Income and Foreign Exchange. He was appointed to the Group Executive Committee in September 1997.

14 Gary Stewart Dibb[c]**, Group Chief Administrative Officer**

Gary Stewart Dibb (age 53) joined Barclays from Bank of Montreal in 2000. He is responsible for Human Resources, Communications, Marketing, Strategy and Planning, Public Policy and Group Property Services as well as the implementation of Value Based Management. He joined the Group Executive Committee in February 2000.

15 Gary Andrew Hoffman[b][c]**, Chief Executive, Barclaycard**

Gary Andrew Hoffman (age 43) was appointed as Chief Executive of Barclaycard in September 2001 and joined the

Board on 1st January 2004. Gary joined the Group in 1983 and has held a variety of management positions, as well as sitting on the Executive Committee of Retail Financial Services and being a member of the Group Operating Committee. He joined the Group Executive Committee in 2001.

Directors and Officers

16 Naguib Kheraj[b][c], Group Finance Director
Naguib Kheraj (age 39) was appointed as Group Finance Director and joined the Board on 1st January 2004. Mr Kheraj had previously held the positions of Chief Executive of Barclays Private Clients, Deputy Chairman of Barclays Global Investors, Global Head of Investment Banking and Global Chief Operating Officer at Barclays Capital. He joined the Group Executive Committee in March 2003. Before joining Barclays, Mr Kheraj held the post of Chief Financial Officer for Europe at Salomon Brothers.

17 Christopher John Lendrum[b][c], Vice-Chairman
Christopher John Lendrum (age 57) was appointed Vice-Chairman of Barclays Bank PLC on 1st January 2004 after 35 years with the Barclays Group. He was appointed to the Board in 1998 and was appointed to the Group Executive Committee in 1996. His range of responsibilities includes overseeing Barclays strategy and policy in the area of corporate social responsibility and accountability for governance and control throughout Africa and the Asia Pacific Region. He is Chairman of Barclays Africa and a Director and Trustee of the Bank s Pension Fund. Mr Lendrum has previously occupied a succession of roles including Chief Executive, Corporate Banking and Executive Vice-President, Barclays Bank of New York.

18 Robert William James Nimmo[c], Group Risk Director
Robert William James Nimmo (age 56) joined Barclays in January 2002. He began his career at Citibank in 1969 and most recently he served as Chief Risk Officer at First Union Corporation. He joined the Group Executive Committee in January 2002.

19 David Lawton Roberts[b][c], Chief Executive, Private Clients & International
David Lawton Roberts (age 41) was appointed as Chief Executive of Private Clients & International on 1st January 2004 and joined the Board on the same date. Mr Roberts joined the Group in 1983 and has held various management positions, including Chief Executive of Personal Financial Services and Chief Executive of Business Banking. He joined the Group Executive Committee in 2001.

20 David Avery Weymouth[c], Chief Information Officer
David Avery Weymouth (age 48) joined Barclays in 1977 and was appointed Chief Information Officer in February 2000. He joined the Group Executive Committee in February 2000. He had previously held other management positions including Managing Director, Service Provision for Retail and Corporate Banking and Chief Operating Officer, Corporate Banking.

Current Group Executive Committee members		Appointed to Group Executive Committee
Matthew Barrett	Group Chief Executive	1999
Roger Davis	Chief Executive, UK Banking	2003
Bob Diamond	Chief Executive, Wholesale & International	1997
Gary Dibb	Chief Administrative Officer	2000
Gary Hoffman	Chief Executive, Barclaycard	2001
Naguib Kheraj	Group Finance Director	2003
Chris Lendrum	Vice-Chairman	1996
Robert Nimmo	Group Risk Director	2002

David Roberts	Chief Executive, Private Clients and International	2001
John Varley	Group Deputy Chief Executive	1996
David Weymouth	Chief Information Officer	2000

Other officers		Appointed to position
Lawrence Dickinson	Group Secretary	2002
Patrick Gonsalves	Joint Secretary, Barclays Bank PLC	2002
Mark Harding	Group General Counsel	2003
Colin Walklin	Director of Group Finance	2002

Directors Report

Directors Report

Profit Attributable
The profit attributable to shareholders for the year amounted to £2,744m, compared with £2,230m in 2002.

Dividends
The final dividends for the year ended 31st December 2003 of 13.45p 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 30th April 2004 in respect of the ordinary shares registered at the close of business on 27th February 2004 and in respect of the staff shares so registered on 31st December 2003. With the interim dividend of 7.05p per ordinary share and of 10p per staff share that were paid on 1st October 2003, the total distribution for 2003 is 20.50p (2002: 18.35p) per ordinary share and 20p (2002: 20p) per staff share. The dividends for the year absorb a total of £1,340m (2002: £1,206m).

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 The Causeway, Worthing, BN99 6DA. 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 7th April 2004 for it to be applicable to the payment of the final dividend on 30th April 2004. 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
During the year, Barclays PLC purchased in the market for cancellation 49.4 million of its ordinary shares of 25p at a total cost of £204m as part of its programme of returning excess capital to shareholders. These transactions represented some 0.75% of the issued ordinary share capital at 31st December 2003. As at 11th February 2004, the Company has an unexpired authority to repurchase further shares up to a maximum of 963.1 million ordinary shares of 25p.

The ordinary share capital was increased by 36.6 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 2003 the issued ordinary share capital totalled 6,563 million shares.

Substantial Shareholdings
As at 11th February 2004, 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 biographical details of the current members are set out on pages 2 to 4. Professor Dame Sandra Dawson and Sir Richard Broadbent were appointed as non-executive Directors on 1st March 2003 and 1st September 2003, respectively. Roger Davis, Gary Hoffman, Naguib Kheraj and David Roberts were appointed as executive Directors with effect from 1st January 2004. John Stewart and Graham Wallace resigned from the Board on 27th February 2003 and 2nd April 2003, respectively. Sir Nigel Mobbs retired from the Board on 24th April 2003.

Retirement and Re-election of Directors

In accordance with its Articles of Association, one-third (rounded down) of the Directors of Barclays PLC are required to retire by rotation at each AGM, together with Directors appointed by the Board since the last AGM. The retiring Directors are eligible to stand for re-election. In addition, under the UK Combined Code of Corporate Governance, every Director should seek re-election by shareholders every three years.

The Directors retiring by rotation at the 2004 AGM and offering themselves for re-election are Sir Peter Middleton, Stephen Russell and Chris Lendrum. Sir Richard Broadbent, Roger Davis, Gary Hoffman, Naguib Kheraj and also David Roberts, who were appointed as Directors since the last AGM, will also be offering themselves for re-election at the 2004 AGM. Sir Brian Jenkins, who was last re-elected by shareholders at the 2001 AGM will also be retiring and seeking re-election in accordance with the UK Combined Code.

Directors Interests

Directors interests in the shares of the Group on 31st December 2003, according to the register maintained under the Companies Act 1985, are shown on page 22. The register is available for inspection during business hours at the Group s Head office and will be available for inspection at the 2004 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 15 to 22 and in Notes 55 and 56 to the accounts.

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 64 to 68 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 25 to 59 and the Financial review on pages 70 to 95.

Community Involvement

Community support totalled £32.8m (2002: £32.3m).

Barclays invested £29.4m in support of the community in the UK (2002: £30.0m) and £3.4m was invested in international support (2002: £2.3m). UK community support includes £9.9m of charitable donations (2002: £11.1m).

Barclays is a member of the Percent Club a group of companies that undertook to ensure that donations to the community in 2003 amounted to at least 1% of their UK pre-tax profit.

Political Donations

No political donations were made during the year. At the AGM in 2002 shareholders gave a four-year authority for Barclays Bank PLC and a number of other subsidiaries to make political donations and incur political expenditure up to a maximum aggregate sum of £250,000 per annum as a precautionary measure in light of the wide definitions in The Political Parties, Elections and Referendums Act 2000.

These authorities have not been used and it is not proposed that the Group s long-standing policy of not making contributions to any political party be changed.

Directors Report

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
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.

Health and Safety
Barclays is committed to ensuring the health, safety and welfare of its employees and, as far as is reasonably practicable, to providing and maintaining safe working conditions. This commitment goes beyond just fulfilling its statutory legal obligations; the Bank has a wish to be proactive in its management of health and safety in the workplace, and recognises that this will strengthen both its physical and human resources.

It is also recognised that in addition to its employees, Barclays has responsibilities towards all persons on its premises, such as customers, contractors, visitors and members of the public, and will ensure, as far as is reasonably practicable, that they are not exposed to risks to their health and safety.

The Board receives regular reports on health and safety from the Group Human Resources Director.

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 2003 were 25 days (2002: 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 2003 were 35 days (2002: 28 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
PricewaterhouseCoopers LLP have signified their willingness to continue in office and ordinary resolutions reappointing them as auditors and authorising the Directors to determine their remuneration will be proposed at the 2004 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. More details on this can be found on page 9 and Note 5 to the accounts.

The Annual General Meeting
The AGM will be held at The Queen Elizabeth II Conference Centre on Thursday 29th April 2004. The Notice of Annual General Meeting is included in the Annual Review and Summary Financial Statement 2003 sent to shareholders with this report.

By order of the Board

Lawrence Dickinson
Group Secretary
11th February 2004

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Corporate Governance
Corporate Governance Report

2003 Corporate Governance Report

Chairman s Statement
At Barclays, we are committed to having robust corporate governance practices in place and applying the highest standards of business integrity in all of our activities.

2003 has been another year in which corporate governance has been the focal point of public and regulatory attention. In July we saw the publication in the UK of the revised Combined Code on Corporate Governance, the culmination of the various reviews that took place in 2002 and 2003, including the Higgs and Smith Reports. While Barclays will only be required to report on compliance with the revised Combined Code in respect of the 2004 financial year onwards, we are making every effort to comply with it as quickly as possible.

Our commitment to complying with the revised Code was exemplified by our approach to the communication of our succession plans in October 2003. The Chairman of the Board Remuneration Committee, Sir Nigel Rudd, led the non-executive Directors in seeking my replacement as Chairman. I am pleased we have found the right candidate in Matthew Barrett.

I wrote to all shareholders on 6th November 2003 explaining why the Board came to its decision to appoint Mr Barrett as Chairman. The Board s decision to appoint Mr Barrett followed an extensive and rigorous process involving all the non-executive Directors. The process involved establishing the desirable characteristics for a new Chairman and reviewing external candidates, identified with the help of specialist recruitment consultants, and their availability. Mr Barrett was the Board s unanimous choice. The Board does not regard his appointment as setting a precedent in Barclays for appointing the Group Chief Executive to the position of Chairman.

Mr Barrett s appointment helps ensure stability within the senior leadership team at a time of considerable change when a number of senior managers have been given revised and broader responsibilities. The Board also felt that Mr Barrett was the right person for the job given the need to continue to implement our strategy, which has been shown to be successful and value-creating for shareholders; Barclays financial results in 2003 were very strong. The Board was also conscious that Mr Barrett has only been with Barclays for four years and was keen to ensure we obtained maximum value from his contribution, given the success Barclays has enjoyed under his leadership.

The Board thus considered that this particular combination of considerations at this particular time meant that Mr Barrett s appointment was in the best interests of shareholders.

The letter is reproduced in full below:

Dear Shareholder

Chairman of Barclays PLC
On 9th October 2003, Barclays announced a number of changes to the Board and to senior management. The announcement said: Sir Peter Middleton, Chairman of the Board of Barclays PLC, will serve until 31st December 2004, at which time Matthew W. Barrett will succeed him. Mr Barrett will be succeeded by John Varley as Group Chief Executive.

The Combined Code on Corporate Governance

The new Combined Code on Corporate Governance will apply for reporting years beginning on or after 1st November 2003. The Code will require an explanation in cases where an individual who previously was a Chief Executive Officer of a company is appointed Chairman of the Board. In Barclays case, this will be included in the Report and Accounts for 2003. However, I am writing to you today on behalf of the Board to provide an early explanation of our decision.

Background

Mr Barrett has been Group Chief Executive of Barclays PLC for four years having joined the Group in October 1999. During this time the strategy that has been put in place has produced strong results. Barclays is in the top quartile of its peers worldwide in terms of total shareholder return. It has performed significantly better than the average of FTSE 100 companies. In terms of market capitalisation, it is now a top ten bank globally. It has developed a powerful, cohesive management style and a strong control culture. Senior leaders have developed to the point where the Board had a wide choice of internal candidates to succeed Mr Barrett as Group Chief Executive.

The announcements of the new Chairman and Group Chief Executive were made well in advance so that the Group could ensure a smooth transition to both roles and implement the new organisation structure which was announced at the same time.

Process

The Board has conducted a thorough selection process. In the case of the Chairman, both external and internal candidates were considered. The Nominations Committee was, for this purpose, chaired by Sir Nigel Rudd. However, all the non-executive Directors, and eventually the whole Board, were involved.

Criteria

It is the obligation of the Board to appoint as Chairman the individual who, in its opinion, is best qualified to serve shareholders. The Board established a number of desirable characteristics to guide its search for a new Chairman. These included:

(a) Strong commitment to the creation of shareholder value and high standards of corporate governance.
(b) Experience of large multinational businesses.
(c) Ability to command the respect of Board members, shareholders, employees and other key stakeholders.
(d) Understanding of the role of Chairman, including an ability to bring a wider view to bear and work harmoniously with the new Group Chief Executive.
(e) Knowledge of the global financial services industry.

It is the Board s intention that the responsibilities of the Chairman and Group Chief Executive will be agreed and set out in writing as they are currently for myself and Mr Barrett. They will be consistent with both the existing roles and the best practice guidelines on the role of the Chairman attached to the new Combined Code.

Reasons for the Board s Decision

Mr Barrett emerged as the Board s unanimous choice, ahead of all other candidates, for the following reasons:

(a) Mr Barrett is an experienced international businessman. Prior to his service with Barclays, he served 37 years with the Bank of Montreal. He was Chief Executive Officer there for ten years. He has also served as a non-executive Director on the Boards of multinational companies, serving at various times as Chairman of Audit, Finance, Remuneration and Corporate Governance Committees.
(b) Mr Barrett s knowledge of the financial services industry is deep and broad. He brings a wide experience and perspective yet, when he retires as Group Chief Executive, he will have spent a relatively short part of his career with Barclays. The Board feels that there is much to be gained for the Group from his continued presence, as Chairman. There is no reason to believe that his objectivity will be affected as it might have been had his whole career been with Barclays.

Corporate Governance
Corporate Governance Report

(c) Mr Barrett is totally committed to shareholder value and is an inspirational leader for Barclays employees. Barclays results during his period of office speak for themselves.
(d) Mr Barrett was Chairman of the Bank of Montreal for nine years and therefore has long experience of managing a Board of a major institution. He fully understands UK corporate governance and the different roles played by Chairman and Chief Executive.
(e) The Board is confident that Mr Barrett will continue to have a productive and excellent relationship with John Varley, the new Group Chief Executive and other members of the Group executive. In particular, the Board feels that the new management team will continue to develop the business, bringing benefits to shareholders, customers, staff and the communities in which Barclays operates.

Senior Independent Director
The Board intends to appoint a Senior Independent non-executive Director in line with the new Combined Code during 2004.

Terms and Conditions
Mr Barrett s terms and conditions, including his remuneration, will be settled nearer to the time of his appointment and will be appropriate to the role of Chairman.

Consultation
We have kept major shareholders informed of the Barclays Board s developing thinking on succession issues, in line with the recommendations contained in the new Combined Code but I wanted to write to shareholders personally to explain how we have arrived at this important decision.

In conclusion, the Board is not complacent on Corporate Governance. As you will see in the following pages, the Board and its Committees have made continued strides to show Barclays as an exemplary organisation in the field of corporate governance. The Group will continue to play an active role in the ongoing debate on the development of corporate governance best practice, promoting greater openness and transparency rather than prescriptive regulation.

Sir Peter Middleton
Chairman

Board Structure
The Board consists of the Chairman, who has no executive responsibilities, eight non-executive Directors (all of whom are considered to be independent by the Board) and seven executive Directors, including the Group Chief Executive. Their biographical details are set out on pages 2 to 4. The roles and responsibilities of our Chairman and Group Chief Executive have been approved by the whole Board, and their roles are separate, well documented and understood. A summary of the relevant role is attached to each executive Director s service contract. All service contracts are available for inspection during office hours, on request, addressed to the Group Secretary.

Under the leadership of the Group Chief Executive, executive management is responsible to the Board for the implementation of the strategy and policies approved by the Board, making and implementing operational decisions and running the Group s businesses. Non-executive Directors, based on their breadth of knowledge and experience, challenge, monitor and approve the strategy and policies recommended by the executive.

In the 2002 Annual Report, we disclosed how we had adopted a formal system of annually evaluating the Board. During 2003, we have expanded the assessment process by requiring the Board Audit Committee to complete a similar questionnaire tailored to that Committee s function. A tailored questionnaire has been or will be sent to all of the other principal Board Committees during 2004 and then on an annual basis. The results of these assessments will be reported back to the Board, making recommendations for change. It is the responsibility of the Chairman to lead the non-executives in assessing the performance of the Group Chief Executive. The Board Remuneration Committee evaluates the performance of the Chairman. The Chairman also meets annually with each of the non-executives to discuss their performance as Directors during the year.

The Board meets regularly and has a formal schedule of matters reserved to it. All Directors have access to the services of the Group Secretary and his team. Independent professional advice is also available to all Directors at the Company s expense upon request.

Meetings of the Board are structured to allow and encourage open discussion and frank debate to ensure that non-executive Directors provide effective challenge to the executive. The Chairman meets privately with the non-executives prior to each Board meeting to brief non-executive Directors and to address any concerns they may have. In 2004, there will also be a meeting of the non-executive Directors without the Chairman being present, to meet the requirements of the revised Combined Code.

On appointment, non-executive Directors receive a comprehensive induction, including site visits and meetings with senior management, across the businesses and the Group Functions, to help them to build up quickly a detailed understanding of the Group. Where appropriate, additional training and updates on particular issues are arranged by the Group Secretary.

At each AGM, one-third of the Directors (rounded down) 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, or Directors who reach the age of 70, must also stand for re-election at the next AGM.

Our Directors diligently support the work of the Board and its Committees. During the year, eleven Board meetings were held which included a two-day meeting on the Group s European operations and a full day spent reviewing the Group s strategy. The attendance of individual Directors at Board meetings during 2003 is shown in the table below:

	Meetings Attended
Sir Peter Middleton	11/11
Matthew Barrett	11/11
David Arculus	10/11
Sir Richard Broadbent (appointed on 1st September 2003)	5/5
Hilary Cropper	7/11
Professor Dame Sandra Dawson (appointed on 1st March 2003)	10/11
Sir Brian Jenkins	11/11
Chris Lendrum	10/11
Sir Nigel Mobbs (retired on 24th April 2003)	2/2
Sir Nigel Rudd	11/11
Stephen Russell	11/11
John Stewart (resigned on 27th February 2003)	1/1
John Varley	11/11
Graham Wallace (resigned on 2nd April 2003)	1/2
Dr Jürgen Zech	8/11

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Combined Code Statement of Compliance

As a Company listed on the official list of the London Stock Exchange, Barclays is required to state how it has applied the principles in the United Kingdom Listing Authority s Combined Code on Corporate Governance or, where these have not been applied, to provide an explanation accordingly.

For the year ended 31st December 2003, Barclays complied with the existing Combined Code save for the formal appointment of a Senior Independent Director. As set out in our letter to shareholders on 6th November 2003, making such an appointment is a priority for the Board during 2004. However, the Group has in Sir Brian Jenkins a Deputy Chairman and independent non-executive Director who is available as a point of contact for shareholders if required.

The Board annually reviews the independence of its non-executive Directors, taking into account developing best practice and regulation. For 2003, the Board has determined that all the non-executive Directors are independent under the existing Combined Code and after taking into account all the independence factors outlined in the revised Combined Code. There is a strategic alliance between Barclaycard and Xansa, of which Hilary Cropper was, until recently, Chairman. Mrs Cropper has not, and will not, participate in discussions relating to this alliance at Barclays Board meetings. Mrs Cropper also refrained from discussing and voting on the alliance at meetings of the Xansa Board. Mrs Cropper is no longer a Director of Xansa although she is now Honorary President. Having considered the matter carefully, the Board has concluded that Hilary Cropper remains independent for these purposes under the existing and the revised Combined Codes and demonstrates her independence at every Board meeting.

Although the standards in the revised Combined Code will only apply to the Group from the 2004 financial year, Barclays has used its best endeavours to comply with it so far as possible. The Board s view is that the Group already complies with the principles set out in the revised Code. However, work will be done in the coming year to ensure compliance with the specific provisions, principally the appointment of a senior independent non-executive Director and a non-executive Director with recent and relevant financial experience to serve on the Board Audit Committee.

Board Committees

Specific responsibilities have been delegated to Board committees. All Board Committees have access to independent expert advice at the Group s expense and, as explained above, are or will be subject to an annual self-assessment, the results of which are or will be reported to the Board. The terms of reference for the principal Board committees are also available on request from the Group Secretary. The four principal Board committees are:

Board Audit Committee
Chairman s Statement

The Board Audit Committee has continued to play an important role in reviewing the Group s controls and financial reporting systems. Its role is becoming increasingly complex and high profile given the focus on the work of audit committees over the last two years. Barclays is fully committed to ensuring its Board Audit Committee fulfils its new duties and responsibilities effectively.

The Committee is made up entirely of independent non-executive Directors. While the Committee has collectively the skills and experience required to fully discharge its duties, and has access to independent expert advice at the Group s expense, the Board has determined that no

single member is a financial expert , as defined by the US Sarbanes-Oxley Act 2002, or fully meets the requirements of the revised Combined Code in respect of recent and relevant financial experience . The appointment to the Board and to the Board Audit Committee of an individual who meets both tests is a priority for the Board in 2004. However, Sir Brian Jenkins, a member of the Committee, is a chartered accountant and an ex-senior partner of Coopers & Lybrand.

Members of the Committee during 2003, together with a record of their attendance at Committee meetings, are set out below:

	Meetings Attended
Stephen Russell, Chairman	5/5
Sir Brian Jenkins	5/5
Dr Jürgen Zech (appointed on 11th February 2003)	3/4
Professor Dame Sandra Dawson (appointed on 1st August 2003)	1/2
Sir Nigel Mobbs (until 24th April 2003)	2/2

During 2003, the Committee has met five times, with the Group s senior management, the internal audit team and the external auditors, PricewaterhouseCoopers LLP. In preparing for each of these meetings I also held discussions with each of them to ensure that the meetings of the Committee were as effective as possible. The Committee also met privately with the external and internal auditors after each Committee meeting and at other times, where appropriate.

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 conducting an annual review of the independence and effectiveness of the external auditors and the recommendation to the Board as to the level of fees to be paid to the external auditors.

During the course of the year, the Committee reviewed and approved a comprehensive and robust policy to regulate the Group s use of the external auditors for non-audit services. The policy sets out in detail what services may or may not be provided to the Group by the external auditors. The Committee must approve individual assignments which are not pre-approved or which exceed a certain value and sets aside time at each Committee meeting to discuss the external auditors independence, the level of non-audit fees being paid to them and the types of services being provided by them, including a summary of all assignments preapproved since the last meeting. In addition, the Committee has approved a Code of Ethics applicable to the Group Chief Executive and the Group s senior financial officers.

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 is 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 systems 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.

Corporate Governance
Corporate Governance Report

The Committee reviews arrangements established by management for compliance with the requirements of the Group s regulators and receives reports on the effectiveness of the Group s whistleblowing arrangements as well as reports on specific instances of whistleblowing. This year, the Committee has also reviewed a report on the implementation of International Financial Reporting Standards.

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.

Stephen Russell
Board Audit Committee Chairman

Board Remuneration Committee
The members of the Committee during 2003, together with a record of their attendance at Committee meetings, are set out below:

	Meetings Attended
Sir Nigel Rudd, Chairman	5/5
David Arculus	5/5
Sir Brian Jenkins	5/5
Graham Wallace (until 2nd April 2003)	1/1
Sir Nigel Mobbs (until 24th April 2003)	2/2

The Board Remuneration Committee meets at least four times a year to consider matters relating to executive remuneration including policy for executive Directors and senior executives remuneration, including bonus payments. The Committee also meets to approve changes to employee benefits schemes and long-term incentive schemes. Further details of the work of the Committee are set out in Barclays Report on Remuneration on pages 11 to 22.

Board Nominations Committee
The members of the Committee during 2003, together with a record of their attendance at Committee meetings, are set out below:

	Meetings Attended
Sir Peter Middleton, Chairman	1/1
David Arculus	1/1
Sir Brian Jenkins	1/1
Sir Nigel Rudd	1/1
Graham Wallace (until 2nd April 2003)	0/0
Sir Nigel Mobbs (until 24th April 2003)	0/0

Secretary: Lawrence Dickinson

The Board Nominations Committee meets formally at least once a year to consider matters relating to the composition of the Board, the appointment of new Directors (making recommendations to the Board as appropriate) and succession planning for senior management positions. The Committee is chaired by the Chairman of the Board, except when the Committee is considering the succession of the Chairman, in which case the Committee is chaired by Sir Nigel Rudd. During the course of the year, Sir Nigel led the search for Sir Peter Middleton s successor. Due to the importance that the Board placed on the succession, the decision was made to invite all non-executive Directors to additional meetings which considered the Chairman s and Group Chief Executive s succession rather than just the Committee members set out above. In addition to the meetings described above, the non-executive Directors met prior to Board meetings and throughout the year to review both the Chair and the Group Chief Executive succession arrangements. New non-executive Director appointments were also considered at these meetings with support provided by external search consultants.

Board Risk Committee

The members of the Committee during 2003, together with a record of their attendance at Committee meetings, are set out below:

	Meetings Attended
Sir Peter Middleton, Chairman	4/4
Sir Brian Jenkins	4/4
Stephen Russell	4/4
Hilary Cropper (appointed on 11th February 2003)	3/4
John Varley (until 5th February 2004)	3/4

The Board Risk Committee meets at least four times a year to approve and, together with the Group Governance and Control Committee, review on an annual basis the Group s Governance Principles. These principles flow from the Group s belief that best practice governance, controls and compliance are essential for maximising shareholder value, the Group s governing objective. The Committee also approves Standards for the Group s risk control framework, including appropriate risk identification and measurement processes and efficient control mechanisms, delegating authority to the Director of Group Risk to approve minor revisions to the Standards in between meetings of the Committee.

As well as agreeing the overall risk appetite and risk profile for the Group, the Committee receives and reviews reports that assess the nature and extent of risks facing the Group, including Executive Management s assessments of:

- the likelihood of the risks concerned materialising, and
- the completeness of the Group s system of internal controls to manage those risks.

The Committee is also responsible for approving certain policy statements required by the Financial Services Authority. An overview of the Group s risk management and control framework can be found on page 25.

Relations with Shareholders

Barclays has a proactive approach to its institutional and private shareholders, totalling around 877,000. 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 the Group s approach to corporate governance issues.

The Group aims to provide a first class service to private shareholders to help them in the effective and efficient management of their shareholding in Barclays. Last year we described the introduction of Barclays e-view, the service that enables shareholders to receive shareholder documents electronically. It also gives shareholders immediate access to information relating to their personal shareholding and dividend history. Following the change of Share Registrar in November 2003 to Lloyds TSB Registrars, e-view is now a more comprehensive service and participants can now change their details and dividend mandates online. In addition, dividend tax vouchers are now available online for e-view members.

Our policy is to make constructive use of the AGM. All Directors and, in particular, the chairmen of the Board Audit and Board Remuneration committees and those Directors standing for re-election, are encouraged to attend the AGM and to be available to answer shareholders   questions. Normally, all resolutions are voted on a poll to ensure that the views of all shareholders are reflected proportionately.

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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 their specific remuneration packages. The Committee is made up exclusively of non-executive Directors.

This report describes the current components of the remuneration policy and details the remuneration for each person who served as a Director during 2003.

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

Executive Directors bonuses for 2003 reflect strong corporate performance for the year. Group profit before tax and Group economic profit[1] are 20% and 15% higher than in 2002. The Committee compares Barclays total shareholder return with a peer group of eleven other major banks, and also against the FTSE 100 Index. Barclays total shareholder return (TSR) for 2003 was 37%, which was higher than both the average for the peer group and the FTSE 100 Index. 2003 was also the end of a four-year performance cycle, a period during which the primary goal was to deliver top quartile TSR relative to peers. Barclays met this goal, being ranked third of twelve major banks with a TSR of 31%, which was almost double the 16% average of the peer group.

The main performance condition for executive Directors in the Incentive Share Option Plan is TSR relative to a peer group of eleven other major banks. This performance condition is very challenging. The maximum number of shares under option vests only if Barclays is ranked first in this peer group. The 2000 grant under the ISOP vested in 2003. Although Barclays was ranked third of the twelve banks and therefore in the top quartile, this performance was sufficient only for 50% of the maximum number of shares under the TSR condition to vest. The other 50% lapsed.

As shown in the table on page 22, the executive Directors each have a personal interest in Barclays shares, through shares they own, and shares and options held in employee share plans on their behalf. A significant percentage of annual bonus was delivered in Barclays shares and payment of the shares element was deferred for at least three years.

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

Sir Nigel Rudd
Board Remuneration Committee Chairman

Notes

[1] Economic profit (EP) 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).

[2] Towers Perrin and Mercer have given their written consent to the inclusion of references to their names in the form and context in which they appear.

Board Remuneration Committee Members

The Committee comprised the following independent non-executive Directors:

Sir Nigel Rudd, Chairman
David Arculus
Sir Brian Jenkins
Sir Nigel Mobbs[(a)]
Graham Wallace[(b)]

Notes

(a) Sir Nigel Mobbs retired from the Board on 24th April 2003.

(b) Graham Wallace resigned from the Board on 2nd April 2003.

The Committee members are independent of management and free from any business or other relationship which could materially affect 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 adopted by 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 entirely 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.

Towers Perrin and Mercer[2] advised the Committee on latest developments in market compensation. Both companies have advised the Company on other human resource related issues including advice in such areas as employee reward, pensions and employee communication. In addition, Towers Perrin gave actuarial and other advice to the Barclays UK life assurance companies.

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 Group Human Resources Director is responsible for personnel 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 performance-oriented culture. Executive Directors can expect outstanding reward if performance is outstanding. This philosophy applies to reward policies and practices for all employees in the Group. The Committee considers reward levels across the Group when determining remuneration for executive Directors.

The remuneration policy is:

to align the interests of executive Directors 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.

Corporate Governance
Barclays Report on Remuneration

Barclays reward programmes are designed to support and facilitate generation of TSR. The graph below shows the TSR for the FTSE 100 Index and Barclays since 31st December 1998. The FTSE 100 is the index of the hundred largest UK quoted companies by market capitalisation. It is a widely recognised performance comparison for large UK companies. It shows that, by the end of 2003, a hypothetical £100 invested in Barclays on 31st December 1998 would have generated a total return of £82, compared with a loss of £13 if invested in the FTSE 100 Index. Barclays therefore significantly outperformed the FTSE 100 for this period.

Total Shareholder Return

Note
The Directors Remuneration Report Regulations require that the graph shows TSR for the five years ending with the relevant financial year.

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, and are subject to performance conditions, thereby placing a large proportion of total 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 Committee reviews salaries each year as part of the total reward package, recognising market levels 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. Cash bonuses for executive Directors who were on the Board during 2003 were 174% of base salary at 31st December 2003 for the Group Chief Executive, and between 90% and 103% of base salary for the other executive Directors. 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 18 for details), which must be held for at least three years.

Incentive Share Option Plan (ISOP)
The ISOP is designed to provide the opportunity for individuals to receive rewards for creating sustained shareholder value growth. Participants are granted options over Barclays PLC ordinary shares, which are normally exercisable after three years 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 for the 2003 grant were EP growth and relative TSR. These are both good measures of the value created for shareholders. EP is used as a key internal value creation metric.

The Committee agrees a level of ISOP award for each executive Director taking account of market practice for comparable positions and performance. For the 2003 ISOP grant, a proportion of the award for executive Directors was subject to the EP measure and a proportion to the TSR measure.

1. Growth in Economic Profit
This measure encourages both profitable growth and the efficient use of capital.

If 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. If 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 2003 awards, in the following table.

EP ranges for 2003 grant of ISOP for performance period 2003 to 2005[(a)]

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 £5,200m)	2 x Target Award
In the Target range (i.e. the 3-year cumulative EP for the performance period is between £3,900m and £5,200m)	1 x Target Award
Below the Target range (i.e. the 3-year cumulative EP for the performance period is below £3,900m)	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

Note

(a) EP for 2003, the first year of the 3-year performance period was £1,420m.

For the 2000 grant of ISOP, which vested during 2003, the outcome of the EP performance condition was above target, which provided a vesting of 2 x target award.

2. Total Shareholder Return
A proportion of the shares under option are subject to a separate performance condition based on TSR measured against a financial services peer group approved by the Committee. This peer group comprises eleven other UK and international financial institutions that have been chosen to reflect Barclays business mix. For the performance period 2003 to 2005, the 2003 peer group is Abbey, ABN Amro, BBVA, BNP Paribas, Citigroup, Deutsche Bank, HBOS, HSBC, Lloyds TSB, Royal Bank of Scotland and Standard Chartered.

If Barclays 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 Barclays is ranked fourth, fifth or sixth in the peer group, the options will become exercisable over the target award shares. However, if Barclays is ranked below sixth after three years, there will be a re-test on the fourth anniversary, over the full four-year period. If Barclays 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[a]
1st place	4 x Target Award
2nd place	3 x Target Award
3rd place	2 x Target Award
4th 6th place	1 x Target Award
7th 12th place	Zero

Note

(a) 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.

For the 2000 grant of ISOP which vested during 2003, Barclays relative TSR performance ranking was third, which provided a vesting of 2 x target award. Therefore, 50% of the options granted, that would have vested had Barclays been ranked first, lapsed.

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 Inland Revenue does 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 2003 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 is accruing on his behalf outside the pension scheme (see page 16 for further details).

Service Contracts

The Group has service contracts with its Chairman, executive Directors and senior executives[1]. The effective dates of the contracts for the Chairman and executive Directors who served during 2003 are shown in the table below. 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[2]. The Committee s policy is that executive Directors contracts should allow for termination with contractual notice from the Company, except in circumstances of gross misconduct when notice is not given. The Committee s approach when considering payments in the event of termination is to take account of the individual circumstances including the reason for termination, contractual obligations and share scheme rules.

	Effective date of contract	Notice period	Normal retirement date	Potential compensation for loss of office
Sir Peter Middleton[3]	1st May 1999	1 year	n/a	1 year s contractual remuneration
MW Barrett	1st Jan 2002	1 year	19th Sep 2009	"
CJ Lendrum	15th Jun 1992	1 year	14th Jan 2007	"
JS Varley	1st Jan 2004	1 year	31st Mar 2016	"

In the Barclays report on remuneration for 2002, we reported that, exceptionally, Mr Barrett s contract provided for a pre-determined payment of twice annual remuneration if his contract was terminated following a change of control of Barclays. This provision will be voluntarily removed from Mr Barrett s contract with effect from 15th March 2004.

1 Details of executive Directors standing for re-election at the 2004 AGM are set out on page 5.

2 Mr Barrett s contract provides for normal retirement at age 65.

3 Sir Peter Middleton s service contract does not provide for a retirement date.

Corporate Governance
Barclays Report on Remuneration

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.

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 22. Non-executive Directors do not receive awards in share schemes for employees.

For each non-executive Director, the effective date of their letter of appointment, notice period and the Group s liability in the event of early termination are shown in the table below:

	Effective date of letter of appointment	Notice period	Group liability in the event of early termination
TDG Arculus	1st Feb 1997	6 months	6 months' fees
Sir Richard Broadbent	1st Sep 2003	"	"
HM Cropper	1st Jun 1998	"	"
Professor Dame Sandra Dawson	1st Mar 2003	"	"
Sir Brian Jenkins	25th Oct 2000	"	"
Sir Nigel Rudd	1st Feb 1996	"	"
SG Russell	25th Oct 2000	"	"
Dr Jürgen Zech	30th Jul 2002	"	"

Each appointment is for an initial six-year term, renewable for one term of three years thereafter.

Details of non-executive Directors standing for re-election at the 2004 AGM are set out on page 5.

The performance of each non-executive Director is reviewed annually by the Chairman, and at the end of the initial term.

Forward Looking Statement
The Committee will keep the existing remuneration arrangements, as detailed in this Report, under review during 2004 and ensure that Barclays reward programmes remain competitive and provide appropriate incentive for performance. As usual, there will be individual reviews of base salary, annual bonus (including ESAS) and ISOP awards. As we informed shareholders in 2000, Barclays will review the ISOP after five years to consider whether it still meets the Group s business needs.

2003 Annual Remuneration[(a)]

	Salary and fees £000	Compen-sation for loss of office £000	Benefits[(b)] £000	Annual cash bonus £000	2003 Total £000	2002 Total £000	Executive Share Award Scheme ESAS[(c)] 2003 £000	2002 £000
Chairman								
Sir Peter Middleton[(d)]	**550**		**16**		**566**	528		
Executive Directors								
MW Barrett	**1,100**		**69**	**1,919**	**3,088**	1,697	**831**	223
CJ Lendrum	**419**		**10**	**439**	**868**	560		65
JS Varley	**471**		**9**	**425**	**905**	668	**184**	86
Former Director								
JM Stewart[(e)]	**278**	**257**	**6**		**541**	1,602		
Non-executive Directors[(f)]								
TDG Arculus	**58**				**58**	52		
Sir Richard Broadbent[(g)]	**17**				**17**			
HM Cropper	**57**				**57**	52		
Professor Dame Sandra Dawson[(h)]	**44**				**44**			
Sir Brian Jenkins	**144**				**144**	100		
Sir Nigel Rudd	**62**				**62**	57		
SG Russell	**77**				**77**	58		
Dr Jürgen Zech	**57**				**57**	21		
Former Directors								
Sir Nigel Mobbs[(i)]	**26**				**26**	79		
Graham Wallace[(j)]	**19**				**19**	52		

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 insurance, on similar terms to other senior executives.

(c) The amounts shown for ESAS 2003 represent payments which are expected to be made by the trustee to fund the provisional allocation of shares in 2004, including a maximum potential 30% bonus share element, which is added to the award in two parts: 20% after 3 years, 10% after 5 years.

(d) Sir Peter Middleton received pension payments through the Barclays Bank UK Retirement Fund for 2003 of £73,000 (2002: £72,000). Details of the payments are not included in the table above since this is a pension in payment relating to his Barclays service prior to becoming Chairman.

(e) John Stewart ceased to be a Director with effect from 27th February 2003. After ceasing to be a Director, he remained an employee of Barclays until 7th August 2003. In accordance with his contract of employment, on 7th August he received a payment of base salary for the balance of his 12-month notice period ending 26th February 2004. All other benefits, including pension accrual ceased on 7th August 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 14.

(g) Sir Richard Broadbent was appointed as a non-executive Director on 1st September 2003.

(h) Professor Dame Sandra Dawson was appointed as a non-executive Director on 1st March 2003.

(i) Sir Nigel Mobbs retired from the Board on 24th April 2003.

(j) Graham Wallace resigned from the Board on 2nd April 2003.

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Executive Directors annual pension accrued assuming retirement at contractual age[e][f]

	Age at 31st December 2003	Years of service	Accrued pension at 31st December 2002 £000	**Pension accrued during 2003 (including increase for inflation) £000**(a)	**Accrued pension at 31st December 2003 £000**	Transfer value of accrued pension at 31st December 2002 £000	**Transfer value of accrued pension at 31st December 2003 £000**	**Increase in transfer value during the year £000**	**Other contributions made in 2003 £000**
Executive									
MW Barrett[b]	59	4							**990**
CJ Lendrum[c]	56	34	238	**19**	**257**	3,415	**4,069**	**654**	
JS Varley[c]	47	21	167	**14**	**181**	1,693	**2,177**	**484**	
Former Director									
JM Stewart(d)	54	26	245	**9**	**254**	3,218	**3,845**	**627**	

Notes

(a) Pension accrued during the year represents the increase in accrued pension (including inflation at the prescribed rate of 2.8%) which occurred during the entire year. All pensions are reviewed annually, with a guaranteed increase in line with retail price inflation, up to a maximum of 5%.

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

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

(d) John Stewart ceased to be a Director with effect from 27th February 2003. After ceasing to be a Director, he remained an employee of Barclays until 7th August 2003. He was entitled to a pension of two-thirds of pensionable salary if he served to age 60. He retired early on 7th August 2003 and his accrued pension benefit, detailed in the table above, based on actual service, became a pension in payment from 8th August 2003. The pension in payment is reviewed annually in line with retail price inflation, subject to a minimum of 3% and a maximum of 5%.

(e) The accrued pension amounts at the end of the year for Mr Lendrum and Mr Varley are the values if the Director left service on that date.

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

Current executive Directors: illustration of change in value of shares owned beneficially, or held under option or award under employee share plans during the year[a]

	Number at 31st December 2003								
	Shares owned beneficially(b)	**Executive Share Award Scheme**	**Executive Share Option Scheme**	**Incentive Share Option Plan(c)**	**Sharesave**	**Total**	Notional value based on share price of £3.85(d) £000	Notional value based on share price of £4.98(e) £000	Change in notional value £000
Executive									
MW Barrett	**277,656**	**245,949**	**766,628**	**2,852,000**	**2,479**	**4,144,712**	2,016	3,585	1,569
CJ Lendrum	**224,456**	**100,532**		**576,000**	**2,714**	**903,702**	1,323	2,062	739
JS Varley	**303,735**	**139,838**		**600,000**	**4,096**	**1,047,669**	1,778	2,678	900

Notes

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

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

(c) The number of shares shown represent the target award shares under option, or the actual number of shares under option if the award has vested.

(d) The value is based on the share price as at 31st December 2002. The notional value of shares under option under the Incentive Share Option Plan (ISOP), Executive Share Option Scheme (ESOS) and Sharesave have been set at zero where the market price at 31st December 2002 is lower than the exercise price per share.

(e) The value is based on the share price as at 31st December 2003. The notional value of shares under option under ISOP, ESOS and Sharesave have been set at zero where the market price at 31st December 2003 is lower than the exercise price per share.

Market price per share at 31st December 2003 was 498p. The highest and lowest market prices per share during the year were 527p and 311p respectively.

Under the Executive Share Award Scheme (ESAS), ISOP and ESOS, nothing was paid by these participants on the grant of options.

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

		During 2003							
	Number at 1st January 2003	**Awarded in respect of the results for 2002**	**Released**[b]	**Market price at release date £**	**Number at 31st December 2003**	Nil cost option granted at 3rd anniversary[c]	Date from which exercisable	Latest expiry date	Awarded in 2004 in respect of the results for 2003[d]
Executive									
MW Barrett	**185,724**	**60,225**			**245,949**	66,932	21/2/03	20/2/05	169,327
CJ Lendrum	**91,164**	**17,520**	**8,152**	**3.80**	**100,532**	37,060	26/2/02	20/2/05	
JS Varley	**195,704**	**23,214**	**79,080**	**3.80**	**139,838**	62,304	26/2/02	20/2/05	37,493
Former Director									
JM Stewart[e]	**25,940**				**25,940**				

Notes

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

(b) The trustees may release additional shares to participants which represent accumulated net dividends in respect of shares under award. During 2003, the trustees released the following accumulated dividend shares 1,456 to Chris Lendrum and 14,121 to John Varley. These are not awarded as part of the original award and consequently are not included in the Released column.

(c)

The shares under option shown in this column are already included in the numbers shown at 1st January 2003 and relate to provisional allocations made in 1999 and 2000 except that the figures do not include accumulated dividend shares under option as follows: 4,779 shares for Matthew Barrett, 2,636 shares for Chris Lendrum and 4,426 shares for John Varley. Under ESAS, a participant pays £1 to exercise an option, irrespective of the number of shares involved. No options were either exercised or lapsed during the year.

(d) The awards in respect of 2003 were made in February 2004. The shares awarded represent shares purchased by the trustees after 16th February 2004 at £4.91 in respect of a recommendation by the Company for an award, including a maximum potential 30% bonus shares, of £831,395 to Matthew Barrett and £184,092 to John Varley.

(e) John Stewart ceased to be a Director with effect from 27th February 2003.

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Executive Directors: shares under option under Incentive Share Option Plan (ISOP)[a][b][f]

	Number held as at 1st January 2003		During the year[c] Granted		During the year[c] Lapsed		Number held as at 31st December 2003					
	Target Award Shares 000	Maximum number over which potentially exercisable 000	Target Award Shares 000	Maximum number over which potentially exercisable 000	Target Award Shares 000	Maximum number over which potentially exercisable 000	Target Award Shares 000	Maximum number over which potentially exercisable 000	Shares due to vest in 2004[d]	Exercise price per share £	Date from which exercisable	Expiry date
MW Barrett												
2002												
EP	40	80					40	80		5.20	20/03/05	19/03/12
TSR	1,960	7,840					1,960	7,840		5.20	20/03/05	19/03/12
2001												
EP	40	80					40	80	20	5.34	12/03/04	11/03/11
TSR	300	1,200					300	1,200	300	5.34	12/03/04	11/03/11
2000												
EP	40	80						80		3.90	18/05/03	17/05/10
TSR	216	864				432		432		3.90	18/05/03	17/05/10
CJ Lendrum												
2003												
EP			**40**	**80**			**40**	**80**		**3.26**	**14/3/06**	**13/3/13**
TSR			**80**	**320**			**80**	**320**		**3.26**	**14/3/06**	**13/3/13**
2002												
EP	40	80					40	80		5.20	20/03/05	19/03/12
TSR	80	320					80	320		5.20	20/03/05	19/03/12
2001												
EP	40	80					40	80	20	5.34	12/03/04	11/03/11
TSR	80	320					80	320	80	5.34	12/03/04	11/03/11
2000												
EP	40	80						80		3.90	18/05/03	17/05/10
TSR	68	272				136		136		3.90	18/05/03	17/05/10
JS Varley												
2003												
EP			**40**	**80**			**40**	**80**		**3.26**	**14/3/06**	**13/3/13**
TSR			**80**	**320**			**80**	**320**		**3.26**	**14/3/06**	**13/3/13**

2002										
EP	40	80			40	80		5.20	20/03/05	19/03/12
TSR	80	320			80	320		5.20	20/03/05	19/03/12
2001										
EP	40	80			40	80	20	5.34	12/03/04	11/03/11
TSR	80	320			80	320	80	5.34	12/03/04	11/03/11
2000										
EP	40	80				80		3.90	18/05/03	17/05/10
TSR	80	320		160		160		3.90	18/05/03	17/05/10
Former Director										
JM Stewart[(e)]										
2002										
EP	40	80			40	80		5.20	20/03/05	19/03/12
TSR	80	320			80	320		5.20	20/03/05	19/03/12
2001										
EP	40	80			40	80	20	5.34	12/03/04	11/03/11
TSR	80	320			80	320	80	5.34	12/03/04	11/03/11

Notes

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

(b) For details of the performance targets which must be satisfied for options to become exercisable and the extent to which options will become exercisable see pages 12 and 13.

(c) As there were no options exercised during the year, the table does not show the market price on the exercise date.

(d) The 2001 grant is due to vest on 12th March 2004. The number of shares due to vest represents the number over which an option may be exercised after the third anniversary from grant, as determined by the Committee in respect of the performance conditions attached to the options originally set at the time of the grant of the option. The shares under option that are not due to vest will lapse. The result of the economic profit performance against the target has resulted in half the Target Award vesting. The result of the relative TSR performance target against the comparator group of companies placed Barclays in 4th position for the 2001 to 2003 performance period with a vesting multiplier of one times the Target Award.

(e) John Stewart ceased to be a Director with effect from 27th February 2003.

(f) Market price per share at 31st December 2003 was 498p. The highest and lowest market prices per share during the year were 527p and 311p respectively.

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Executive Directors: shares under option under Sharesave[(a)(b)]

		During 2003			Information as at 31st December 2003				
	Number held at 1st January 2003	**Granted**	**Exercised**	**Number at 31st December 2003**	Exercise price per share £	Weighted average exercise price £	Market price on date of exercise £	Date from which exercisable	Latest expiry date
Executive									
MW Barrett	**3,064**	**2,479**	**3,064**	**2,479**	3.16	3.73	4.97	01/11/06	30/04/07
CJ Lendrum	**6,626**		**3,912**	**2,714**	1.99	3.50	4.97	01/11/05	30/04/06
JS Varley	**4,096**			**4,096**		4.11		01/11/06	30/04/07
Former Director									
JM Stewart[(c)]	**5,588**		**5,588**		3.08		4.38		

Notes

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

(b) Please see page 13 for details of the Sharesave scheme. No options lapsed during the year.

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

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Directors: closed Group incentive schemes (Executive Share Option Scheme (ESOS) and Woolwich Executive Share Option Plan (ESOP))

In addition, executive Directors continue to have interests under the ESOS and Woolwich plc 1998 ESOP schemes (as indicated in the table below). No further awards will be made under these schemes. Under the ESOS, options granted (at market value) to executives were exercisable only if the growth in earnings per share of the Company over a three-year period was, at least, equal to the percentage increase in the UK Retail Prices Index plus 6%, over the same period. The performance target for the 1999 ESOS grant was met.

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

Directors: awards under closed Group incentive schemes[a]

	Number at 1st January 2003	**During the year[b] Exercised**	**During the year[b] Lapsed**	**Number at 31st December 2003[c]**	Exercise price per share £	Market price on exercise date £	Weighted average exercise price	Date from which exercisable	Latest expiry date
Executive									
MW Barrett[d]									
ESOS	**766,628**			**766,628**			4.43	04/10/02	03/10/09
Former Director									
JM Stewart[e]									
Woolwich ESOP[f]	**396,516**			**396,516**			3.65	14/12/02	06/02/04

Notes

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

(b) No options were granted under these plans.

(c) Or on cessation of employment if earlier.

(d) The independent trustee of the Barclays Group (PSP and ESOS) employees benefit trust granted Matthew Barrett a share award in 1999 comprising an option on similar terms to options granted under ESOS. For convenience these are described as granted under ESOS in the above table.

(e) John Stewart ceased to be a Director with effect from 27th February 2003. After ceasing to be a Director, he remained an employee of Barclays until 7th August 2003.

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

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Directors: interests in ordinary shares of Barclays PLC[a]

	At 1st January 2003[b]		**At 31st December 2003**	
	Beneficial	Non-beneficial	**Beneficial**	**Non-beneficial**
Chairman				
Sir Peter Middleton	163,748	6,000	**163,748**	**6,000**
Executive				
MW Barrett	263,384		**277,656**	
CJ Lendrum[c]	202,860		**224,456**	
JS Varley[c]	247,448		**303,735**	
Non-executive				
TDG Arculus	11,391		**14,289**	
Sir Richard Broadbent[d]			**2,000**	
HM Cropper	9,703		**12,886**	
Professor Dame Sandra Dawson[e]			**2,808**	
Sir Brian Jenkins	3,576	105,200	**5,138**	**105,200**
Sir Nigel Rudd	8,604		**11,427**	
SG Russell	7,125		**10,609**	
Dr Jürgen Zech	2,500		**5,195**	

Notes

(a) Beneficial interests in the table above represent shares held by Directors who were on the Board as at 31st December 2003, either directly or through a nominee, their spouse and children under 18. They include any interests held through the 1991 UK Profit Sharing Schemes (PSS) and the Share Incentive Plan, but do not include any awards under ESAS, ISOP, PSP, ESOS, Sharesave schemes or under the Woolwich Sharesave or the Woolwich plc 2000 Sharesave Scheme (together The Woolwich Sharesave scheme), or the ESOP. At 31st December 2003, Sir Peter Middleton and the executive Directors, together with other senior executives, were potential beneficiaries in respect of a total of 82,797,943 Barclays PLC ordinary shares (1st January 2003: 70,656,045) held by the trustees of the Barclays Group Employees Benefit Trusts. At 11th February 2004, a total of 82,797,943 shares were held by the trustees.

(b) Or date appointed to the Board if later.

(c) Between 31st December 2003 and 11th February 2004, John Varley and Chris Lendrum each purchased 48 ordinary shares through the Share Incentive Plan.

(d) Appointed with effect from 1st September 2003.

(e) Appointed with effect from 1st March 2003.

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Accountability and Audit

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

Internal Control
The Directors have responsibility for ensuring that management maintain an effective system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Throughout the year ended 31st December 2003, and to date, the Group has operated a system of internal control which provides reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Group in accordance with the guidance Internal Control: Guidance for Directors on the Combined Code issued by the Institute of Chartered Accountants in England and Wales. The Board regularly reviews these processes through the Board Committees.

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

The key document for the Group s internal control processes is the record of Group Governance practices which describes the Group s governance and control framework and details Group policies and processes. The record of Group Governance practices is reviewed and approved on behalf of the Group Chief Executive by the Group Governance and Control Committee. Further details of risk management procedures are given in the Risk management section on pages 25 to 59.

The system of internal financial and operational controls is also subject to regulatory oversight in the United Kingdom and overseas. Further information on supervision by the financial services regulators is provided under Supervision and regulation on pages 96 to 97.

Statement of Directors Responsibilities for Accounts
The following statement, which should be read in conjunction with the Auditors report set out on page 100, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

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

The Directors consider that, in preparing the accounts on pages 101 to 190 and 195 to 202, and the additional information contained on pages 11 to 22, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent

judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

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

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

Signed on behalf of the Board

Sir Peter Middleton
11th February 2004

Disclosure Controls and Procedures
The Group Chief Executive, Matthew Barrett, and the Group Finance Director, Naguib Kheraj, conducted with Group Management an evaluation of the effectiveness of the design and operation of the Group s disclosure controls and procedures as at 31st December 2003, which are defined as those controls and procedures designed to ensure that information required to be disclosed in reports filed under the US Securities Exchange Act of 1934 is recorded, summarised and reported within specified time periods. As of the date of the evaluation, the Group Chief Executive and Group Finance Director concluded that the design and operation of these disclosure controls and procedures were effective. No significant changes were made in our internal controls or in other factors that could significantly affect these controls subsequent to their evaluation.

Presentation of Information

Presentation of Information

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

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

All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC. The Annual Report for Barclays PLC also contains the consolidated accounts of, and other information relating to, Barclays Bank PLC. The Annual Report includes information required on Form 20-F. Form 20-F will contain as exhibits certificates pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, signed by the Group Chief Executive and Group Finance Director, with respect to both Barclays PLC and Barclays Bank PLC. Except where otherwise indicated, the information given is identical with respect to both Barclays PLC and Barclays Bank PLC.

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

The term Barclays PLC Group means Barclays PLC together with its subsidiary undertakings and the term Barclays Bank PLC Group means Barclays Bank PLC together with its subsidiary undertakings. Barclays and Group are terms which are used to refer to either of the preceding groups when the subject matter is identical. The term Company refers to Barclays PLC and the term Bank refers to Barclays Bank PLC. Woolwich plc is used, as the context requires, to refer to Woolwich plc and its subsidiary undertakings. In this report, the abbreviations £m and £bn represent millions and thousands of millions of pounds sterling respectively; the abbreviations $m and $bn represent millions and thousands of millions of US dollars respectively and m and bn represent millions and thousands of millions of euros respectively.

Statutory Accounts

The consolidated accounts of Barclays PLC and its subsidiary undertakings are set out on pages 107 to 112 along with the accounts of Barclays PLC itself on page 113. The consolidated accounts of Barclays Bank PLC and its subsidiary undertakings are set out on pages 195 to 200. The accounting policies on pages 101 to 106 and the Notes commencing on page 114 apply equally to both sets of accounts unless otherwise stated.

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Risk Management

Risk Management and Control Overview

Barclays aims to employ superior risk practices to optimise financial performance and value. Our approach to risk management and control continued to evolve in 2003 to reflect best practice. The Group takes risks that are commensurate with the associated returns and within its overall risk appetite.

Risk governance framework

Barclays risk governance framework is based on the following:

Risk appetite is approved by the Board.

Internal controls focus on risks that could prevent the Group from creating outstanding shareholder value.

Risk management systems provide management with assurance that risks are being managed appropriately and that the internal controls are adequate.

Responsibility for internal controls is clearly defined and documented.

Staff training supports the risk culture and ensures that risks are regularly monitored and that corrective action can be taken in a timely manner.

The Group s risk profile is reviewed on a regular basis.

The Board systematically monitors the effectiveness of the risk management processes and systems of internal control at least annually.

During 2003, initiatives were pursued to build on the establishment of the Board Governance Standards (Standards) in 2002. The Standards are high-level articulations of the Board s risk control requirements, covering what are considered to be the principal risks to the achievement of the Group s objectives. Risk reporting to the Board Risk Committee is aligned to the Standards.

The risk governance framework is being aligned with the internationally accepted standard Internal Control Integrated Framework published by the Committee of Sponsoring Organisations of the Treadway Commission.

Barclays operates in a highly regulated industry and is engaged in responding to significant changes in the regulatory environment, for example, from the implementation of Basel II, International Financial Reporting Standards and the US Sarbanes-Oxley Act. These changes, which directly affect risk management, necessitate considerable resources to amend or re-design our systems and reporting processes. Under Basel II, Barclays aims to achieve advanced status in all risk categories.

Responsibilities for Risk Management and Control

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

the Board, which ensures that management maintains an effective system of internal control and reviews its effectiveness;

the Group Risk Director, under delegation from the Group Chief Executive, who has responsibility for the adequacy of risk management and control;

business leaders, who are responsible for the identification and management of the risks in their businesses;

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

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

other Function Heads in the Group centre, who are responsible for the risk control oversight of risks within their functional responsibilities;

Group Internal Audit which is responsible for the independent review of the control environment.

Committee Oversight

The execution of these responsibilities is guided and monitored by:

the Group s management committees. The main risk and governance committees and their principal risk management and control responsibilities are shown in the risk governance structure chart on page 26. The committees roles are reviewed and refreshed regularly;

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

Risk Management
Risk Management and Control Overview

Group Risk Governance Structure

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Risk Management
Risk management in the businesses is the responsibility of business management, who are advised and supported by Business Risk Directors who also have a functional reporting line to the Group Risk Director.

The key role of Business Risk Directors and their teams is to assist the businesses to maximise value by:

- performing high quality risk analyses;
- ensuring that risks are properly controlled, consistent with agreed risk appetite;
- evaluating economic trade-offs between risk and return;
- designing cost-effective ways of mitigating and transferring risks;
- generating alternative risk strategies; and
- ensuring that Group level policies are properly implemented in their business line.

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

Their role is to:

- create and maintain the Group s risk management and control framework;
- measure aggregate risk by type;
- set high level policies and controls within the overall risk governance framework;
- perform research, development and quality assurance;
- provide analytical support to businesses;
- provide comprehensive reports to all levels of management and the Board to enable them to make effective risk management decisions; and
- operate risk limit setting systems and, in the case of certain risks such as credit, provide independent input to material risk acceptance decisions.

Risk Measurement and Economic Capital
The Group assesses internal capital requirements by using its own risk-based methodologies. These are used in performance assessment and for risk management decision making. The Group computes and assigns this economic capital to all operating units. This enables the Group to apply a common, consistent metric to ensure that returns throughout the Group are commensurate with the associated risks. Economic capital is assigned primarily within the six risk categories summarised below:

Credit Risk The Group estimates the losses expected from its credit portfolio and sets aside appropriate provisions. Capital is required in the event that losses substantially exceed the expected level. The amount is estimated by statistical analysis of the historical loan loss volatility in the various product categories.

Within wholesale and retail businesses, capital allocation is differentiated by segment and customer grade. Off-balance sheet exposures are converted to loan equivalent amounts based on their probability of being drawn, before applying capital factors. See page 29 for further information on credit risk measurement.

Market Risk The required economic capital is primarily based on Daily Value at Risk (DVaR) measurements. Where risks are not measured using DVaR, the capital requirement is based on stress test analysis. Market risk measurement is further discussed on page 48.

Business and Operational Risk A combined economic capital allocation for operational risk and business risk is derived through an equation including variables such as cost base, historic profit volatility and comparable external benchmarks. These risks are discussed on page 58.

Insurance Risk Economic capital is estimated through benchmark analysis of the free asset ratio of similarly rated insurance companies.

Fixed Assets Economic capital is also estimated through benchmark analysis of relevant companies.

Private Equity Economic capital is allocated using an equation based on the amount of equity investment and comparable benchmark capitalisation.

Barclays estimates the correlation between risk types and calculates a diversification benefit which results in a reduction in allocated economic capital for the Group.

The total economic capital required by the Group, as determined by its internal risk assessment models and after considering the Group s estimated diversification benefits, is compared with available common shareholders funds to evaluate overall capital utilisation.

Average economic capital by business and risk type are shown in the following charts and shown by business in the table on page 28.

Average economic capital allocation by business during 2003

Average economic capital allocation by risk type during 2003

Risk Management
Risk Management and Control Overview

Average economic capital by business

	Average economic capital	
	2003	2002
	£m	£m
Personal Financial Services	**2,400**	2,100
Barclays Private Clients		
ongoing	**700**	550
closed life assurance activities	**200**	300
Barclaycard	**1,800**	1,500
Business Banking	**2,850**	2,750
Barclays Africa	**200**	200
Barclays Capital	**2,100**	2,050
Barclays Global Investors	**150**	200
Other operations[(a)]	**500**	550
Average economic capital	**10,900**	10,200
Average historical goodwill	**5,100**	4,700
Capital held at Group centre[(b)]	**1,100**	900
Total average shareholders funds	**17,100**	15,800

Notes

(a) Includes Transition Businesses (see page 68).
(b) The capital held at Group centre represents the variance between average economic capital by business and average shareholders funds.

Personal Financial Services economic capital allocation has increased by £300m to £2,400m largely due to continued improvements in methodologies for quantification of credit risk for long maturity assets, previously carried at the Group centre.

Barclays Private Clients economic capital allocation has increased by £150m to £700m due to the acquisitions of Banco Zaragozano and Charles Schwab Europe. The closed life assurance activities economic capital allocation has reduced by £100m to £200m due to the continued run-off of the portfolio and a series of hedges implemented to reduce exposure to equity markets.

Barclaycard economic capital allocation has increased by £300m to £1,800m due to continued growth in the loan book, including the acquisition of Clydesdale Financial Services.

Goodwill has increased with the acquisition of Charles Schwab Europe, Clydesdale Financial Services, Banco Zaragozano and Gerrard.

The Group regularly reviews and updates its economic capital allocation methodologies. A number of enhancements developed during 2003 will be incorporated in 2004.

Risk Management
Credit Risk Management

Credit Risk Management

Credit risk arises because the Group s customers, clients or counterparties may not be able or willing to fulfil their contractual obligations under loan agreements or other credit facilities.

The taking of credit risk is central to our business. At the year end, Barclays had £291,820m (2002: £263,648m) of loans and advances and also other credit risks. The annual credit risk expense of £1,347m (2002: £1,484m) exceeds the risk-taking cost associated with all other risk types combined. Therefore considerable resources, expertise and controls are devoted to managing credit risk.

Credit Risk Control
The central objective of credit risk management at Barclays is to create shareholder value by ensuring that the net income generated by each exposure individually and in aggregate is commensurate with the risk taken. At Barclays, this is primarily achieved through People and Systems:

People with the skill and experience needed for this task working within the Group Risk Governance Framework.

Systems, including advanced analytics, to measure, monitor and analyse the risk and inform management judgement.

People: Credit Risk Management Responsibility
Barclays recognises that the taking of credit risk involves judgement, skill and knowledge.

The Group s approach to managing credit risk is consistent with the Governance framework described previously but varies in execution according to the specific nature of the risk in each of the businesses.

In retail businesses, such as Barclaycard and Personal Financial Services, where there are large numbers of customers, a systems driven environment prevails. Credit decisions are made with the aid of statistically based scoring systems. Account management is likewise automated. Both application scoring for new accounts and behavioural scoring for existing relationships are used. These systems measure risk using statistical methodologies derived from the wealth of information and experience Barclays has gained through its relationships with over 14 million customers.

Small business credit risk is managed like consumer accounts using scoring systems. Mid-range business credits are approved and reviewed according to a hierarchy of discretions, under which limits are set according to the skills, experience and seniority of the credit managers and sanctioning teams. They are assisted by analytical models credit grading tools that help to assess the quality of the borrower.

Large value wholesale credits are similarly handled by experienced front-line risk management staff also equipped with analytical tools who work alongside relationship management teams. Decisions must be referred to the Group Credit Committee if the intended exposures exceed specified limits. Besides loans, the credit risks include those arising from money market, foreign exchange, derivative, securities dealing and other products.

In each business, specialist teams deal with impaired credits.

As mentioned in the preceding section, the risk management teams are accountable to the Business Risk Directors in each business who, in turn, report to the head of their business and also to the Group Risk Director.

In addition, Group Credit Risk, led by the Group Credit Risk Director, provides Group-wide direction of credit risk-taking. Group Credit Risk manages resolution of all significant credit policy issues and runs the Group Credit Committee which approves major credit decisions. The Group Credit Risk Director reports to the Group Financial Risk Director, a new role introduced in 2003, who reports to the Group Risk Director. The Group Financial Risk Director has responsibility for both credit and market risk.

Regular reports are provided to the Group Risk Oversight Committee to enable it to discharge its responsibilities.

Systems: Credit Risk Measurement and Analysis

Data and analytical tools are integral to risk management. Barclays has been in the forefront of the development and use of advanced credit risk systems. These systems assist the bank in managing credit risk, both in front-line credit decisions on new commitments and in managing the portfolio of existing exposures. They enable the application of consistent risk measurements across all credit exposures, retail and wholesale. The key building blocks, described below, are the probability of customer default (expressed through an internal risk rating), severity, and exposure in the event of default.

Internal risk ratings

Internal risk ratings are used to assess the credit quality of borrowers. Each internal rating corresponds to a probability of default, which is the statistical probability of a customer defaulting within a 12-month period. This internal rating is derived from different sources depending upon the borrower, e.g. internal model or credit rating agency. The table below shows Barclays internal ratings and the associated expected probabilities of default.

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

Barclays credit ratings

Barclays Internal Rating	Probability of Default		
	Minimum	Maximum	Mid Point
1.2	0.02%	0.04%	0.025%
1.5	0.05%	0.09%	0.075%
1.8	0.10%	0.14%	0.125%
2.1	0.15%	0.19%	0.175%
2.5	0.20%	0.24%	0.225%

2.8	0.25%	0.29%	0.275%
3	0.30%	0.59%	0.450%
4	0.60%	1.19%	0.900%
5	1.20%	2.49%	1.850%
6	2.50%	4.99%	3.750%
7	5.00%	9.99%	7.500%
8	10.00%+		15.000%

Risk Management
Credit Risk Management

Severity

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

Exposure

Exposure in the event of default represents the expected level of usage of the credit facility when default occurs. For example, at default the customer may not have drawn the loan up to the approved limit or may already have repaid some of it. For derivative instruments, exposure in the event of default is the estimated cost of replacing contracts with a positive value if counterparties fail to perform their obligations.

The Group monitors its credit risk on an ongoing basis by applying these measurements across the portfolio both wholesale and retail. It does this by combining the information into a measure called Risk Tendency.

Risk Tendency

Risk Tendency is based on the results of a set of model-based calculations, the models having been created using historical data. The models estimate the expected loss arising from loan defaults over the forthcoming 12 months from the current performing loan portfolio, taking into account its current composition, size and risk characteristics. The actual credit provisions can vary significantly around this value, due to changes in the economic environment or the business conditions in specific sectors or countries during the year and from unpredictable or unexpected events. This applies especially in wholesale portfolios where the default of a small number of large exposures can have a significant impact on the outcome.

In addition to enhancing the understanding of the average credit quality of the portfolio, Risk Tendency is one of the measures used by the Group to inform a wider range of decisions, such as establishing the desired aggregate exposure levels to individual sectors and determining pricing policy.

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

As shown in the table below, Risk Tendency was £1,390m based upon the composition of the lending portfolio as at 31st December 2003 (31st December 2002: £1,375m). It fell in Personal Financial Services by 8% as a result of enhanced risk and fraud management strategies. Barclaycard Risk Tendency increased by 21%, commensurate with growth in the portfolio and the impact of the acquisition of Clydesdale Financial Services. Risk Tendency increased in Barclays Private Clients by 44% following the acquisition of Banco Zaragozano. It fell in Barclays Capital by 38% following the recovery in wholesale credit markets and improvement in the quality and reduction in the size of the loan portfolio. Risk tendency also increased in Transition Businesses after assets were transferred into this portfolio (see page 68).

Risk Tendency by Business Cluster

	2003	2002
	£m	£m
Personal Financial Services	**340**	370
Barclays Private Clients	**65**	45
Barclaycard	**525**	435
Business Banking	**280**	280
Barclays Africa	**30**	30
Barclays Capital	**130**	210
Transition Businesses	**20**	5
Total	**1,390**	1,375

Non-performing loans, against which specific provisions are held, are excluded from this calculation. Adjustments to these provisions in the light of emerging information about the borrowers financial strength can collectively have a substantial influence on the annual credit expense that is not captured in Risk Tendency.

Credit Risk Portfolio Management

Barclays uses mechanisms such as credit derivatives, securitisations and asset sales to reduce the uncertainty of returns from the credit portfolio. The benefits are reflected in reduced credit risk provisions and/or reduced volatility of earnings and consequently an improved return on economic capital. More information on credit risk portfolio management appears on page 38.

Risk Management
Analysis of Loans and Advances

Analysis of Loans and Advances

Throughout the remainder of the risk management section, a regional presentation of data will be found with disclosures by the United Kingdom, other European Union countries, the United States and the rest of the world. In all cases, unless otherwise indicated, the information refers to the location of the office where the loan was booked.

Loans and advances grew over the year, increasing by £28.2bn (10.7%) to £291.8bn at 31st December 2003.

The management of retail credit risk is different from wholesale credit risk. In retail, where there are millions of loans and advances, both initial and ongoing account maintenance decisions are driven by efficient, smart systems which have been developed using the Group s considerable accumulated experience. In contrast, wholesale loans are more complex and are individually considered, although analytical tools still have a major role.

Outcomes also differ. Typically credit losses in retail portfolios are more stable (though not necessarily lower) than those in wholesale portfolios where the default of an individual large loan can have a significant impact. The table below shows the Group s retail and wholesale loan exposures.

Loans and advances

	2003	2002
	£m	£m
Retail businesses		
Banks	**1,495**	1,748
Customers	**100,774**	90,625
Total retail businesses	**102,269**	92,373
Wholesale businesses		
Banks	**60,445**	56,508
Customers	**129,106**	114,767
Total wholesale businesses	**189,551**	171,275
Total	**291,820**	263,648

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

In subsequent pages, considerable detail on loans and advances is provided. A principal segmentation is between exposures to banks and to customers as introduced in the next table.

Loans and advances by banking and trading books

	2003		
	Customers £m	**Banks £m**	**Total £m**
Banking book	**170,919**	**17,270**	**188,189**
Trading book	**58,961**	**44,670**	**103,631**
Total	**229,880**	**61,940**	**291,820**

	2002		
	Customers £m	Banks £m	Total £m
Banking book	160,216	15,451	175,667
Trading book	45,176	42,805	87,981
Total	205,392	58,256	263,648

The amounts shown in the tables above are before deduction of provisions and interest in suspense. The banking book comprises loans and advances which are intended to be held to maturity or until repayment by the customer. In contrast the loans and advances on the trading book are held for sale.

Risk Management
Analysis of Loans and Advances

Loans and Advances to Banks

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

The majority of loans and advances to banks are placings, amounting to £56.5bn at 31st December 2003 (2002: £48.1bn), and include reverse repo transactions. Also included are loans to banks and building societies, interbank settlement accounts and federal funds sold. Loans and advances to banks increased by 6% to £61.9bn at 31st December 2003 (2002: £58.3bn).

The amounts shown in the tables below are before deductions of provisions and interest in suspense.

Maturity analysis of loans and advances to banks

At 31st December 2003	**On demand £m**	**Not more than three months £m**	**Over three months but not more than one year £m**	**Over one year but not more than five years £m**	**Over five years £m**	**Total £m**
Banking business:						
United Kingdom	**629**	**4,299**	**586**	**5,127**	**3,674**	**14,315**
Other European Union	**116**	**1,525**	**28**	**12**	**21**	**1,702**
United States	**23**	**57**	**10**	**20**		**110**
Rest of the World	**295**	**605**	**192**	**48**	**3**	**1,143**
Total banking business	**1,063**	**6,486**	**816**	**5,207**	**3,698**	**17,270**
Total trading business	**830**	**39,660**	**4,180**			**44,670**
Total	**1,893**	**46,146**	**4,996**	**5,207**	**3,698**	**61,940**

			Over three	Over one		

At 31st December 2002	On demand £m	Not more than three months £m	months but not more than one year £m	year but not more than five years £m	Over five years £m	Total £m
Banking business:						
United Kingdom	423	2,742	648	7,518	179	11,510
Other European Union	222	1,689	84	31	128	2,154
United States	14	110	118	14		256
Rest of the World	262	890	376	3		1,531
Total banking business	921	5,431	1,226	7,566	307	15,451
Total trading business	1,052	38,693	3,060			42,805
Total	1,973	44,124	4,286	7,566	307	58,256

Interest rate sensitivity of loans and advances to banks[1]

	2003			2002		
At 31st December	**Fixed rate £m**	**Variable rate £m**	**Total £m**	Fixed rate £m	Variable rate £m	Total £m
Banking business:						
United Kingdom	**7,221**	**7,094**	**14,315**	6,493	5,017	11,510
Other European Union	**1,523**	**179**	**1,702**	1,830	324	2,154
United States	**17**	**93**	**110**	30	226	256
Rest of the World	**781**	**362**	**1,143**	1,212	319	1,531
Total banking business	**9,542**	**7,728**	**17,270**	9,565	5,886	15,451
Total trading business	**25,607**	**19,063**	**44,670**	24,929	17,876	42,805
Total	**35,149**	**26,791**	**61,940**	34,494	23,762	58,256

[1] Where a loan is earning a fixed rate on the reporting date, it is included as a fixed rate loan, regardless of the term for which the rate is fixed.

Loans and Advances to Customers

Geographical analysis of the banking book
Loans and advances to customers on the banking book amounted to £171bn at the financial year end. A geographical analysis of these exposures, based on the location of the office recording the transaction, is shown in the chart below.

Geographic analysis of loans and advances to customers on the banking book*

Industry analysis
A critical element of risk management is to ensure adequate diversification of credit exposures. Barclays tracks its global exposure by industry as shown in the following chart, paying particular attention to industries that might be volatile or pose higher risk. This is important, because industries are often synchronised globally, as has been apparent over recent years. For example, when oil prices rise or fall, customers sensitive to such changes will be affected regardless of their location. Industry classifications have been prepared at the level of the borrowing entity. This means that a loan to the subsidiary of a major corporation is classified by the industry in which the subsidiary operates, even though the parent s predominant business may be in a different industry. Loans to customers domiciled outside the country where the office recording the transaction is located are shown in the chart below under Overseas customers and not by industry.

Global loans and advances to customers by industry banking book only (% of total)

The chart shows that Barclays largest sectoral exposures are to home loans, other personal loans and business and other services. These categories overwhelmingly comprise small loans, have lower volatility of credit risk outcomes, and are intrinsically highly diversified.

During 2003, the sectors that were of special interest in 2002 energy, utilities and telecommunications all improved. Nevertheless, some of the companies within these sectors still have weak balance sheets and continue to be stressed. The tourism, travel and airline sub-sectors were also of concern in 2003, in part due to global terrorist threats, SARS and the war in the Middle East, in part due to competition and discounting within these sectors. In the property sector, commercial office space was in excess supply in London and the South East of the United Kingdom.

Commentators anticipated higher credit losses in the mortgage market due to an expected decline in house prices. This followed several years of rapid price rises and with higher interest rates in prospect. Although there was a modest interest rate rise, house prices increased further and mortgage defaults fell from an already very low level. There was also interest in other retail credits unsecured loans and credit cards in the wake of comments on the record levels of consumer indebtedness relative to incomes by the Bank of England, the FSA and others. However, due to the still low interest rates, consumers debt servicing costs remained well below previous peaks and there was no material impact on Barclays 2003 provision charges.

Maturity analysis
The analysis by contractual maturity shown in the chart below and the table on page 36, indicates that 40% of loans to customers have a maturity of more than five years, the majority of which are mortgages.

Maturity analysis of loans and advances to customers*

Risk Management
Analysis of Loans and Advances

Interest rate sensitivity of loans and advances to customers

	2003			2002		
At 31st December	**Fixed rate £m**	**Variable rate £m**	**Total £m**	Fixed rate £m	Variable rate £m	Total £m
Banking business:						
United Kingdom	**35,998**	**107,811**	**143,809**	41,332	94,568	135,900
Other European Union	**4,159**	**14,868**	**19,027**	2,876	9,703	12,579
United States	**1**	**3,572**	**3,573**	314	5,824	6,138
Rest of the World	**2,738**	**1,772**	**4,510**	4,351	1,248	5,599
Total banking business	**42,896**	**128,023**	**170,919**	48,873	111,343	160,216
Total trading business	**26,587**	**32,374**	**58,961**	20,204	24,972	45,176
Total	**69,483**	**160,397**	**229,880**	69,077	136,315	205,392

Geographic and industry analysis
These tables have been prepared on the basis described on page 33.

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

At 31st December	**2003 £m**	2002 £m	2001 £m	2000 £m	1999 £m
Financial institutions	**7,721**	6,158	5,616	4,215	4,118
Agriculture, forestry and fishing	**1,766**	1,747	1,626	1,689	1,693
Manufacturing	**5,967**	6,435	6,766	7,573	6,954
Construction	**1,883**	1,825	1,779	1,666	1,331
Property	**6,341**	5,695	5,600	5,130	3,689
Energy and water	**1,286**	1,290	1,153	1,120	613
Wholesale and retail distribution and leisure	**8,886**	7,858	7,571	7,531	6,455
Transport	**2,579**	2,366	1,894	1,353	1,270
Communications	**476**	694	368	180	345
Business and other services	**12,030**	11,693	10,581	9,894	8,415
Home loans	**61,905**	58,436	50,945	47,235	18,316
Other personal	**21,905**	21,357	19,678	18,200	15,673
Overseas customers	**5,477**	6,201	6,472	5,024	4,711

	138,222	131,755	120,049	110,810	73,583
Finance lease receivables	**5,587**	4,145	4,205	4,504	5,094
Total	**143,809**	135,900	124,254	115,314	78,677

The largest increase in loans and advances in the UK occurred in home loans where balances grew by 6% to £61.9bn. Loans to financial institutions, wholesale, retail and leisure, and property all increased by more than 10% as did finance leases.

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

At 31st December	**2003 £m**	2002 £m	2001 £m	2000 £m	1999 £m
Financial institutions	**1,205**	371	500	436	178
Agriculture, forestry and fishing	**147**	165	240	303	223
Manufacturing	**1,275**	1,422	1,317	1,420	1,322
Construction	**609**	314	298	261	193
Property	**346**	137	241	182	144
Energy and water	**409**	367	282	372	145
Wholesale and retail distribution and leisure	**426**	215	283	140	207
Transport	**566**	252	318	172	119
Communications	**40**	173	185	83	37
Business and other services	**1,251**	1,648	1,679	1,284	918
Home loans	**10,334**	6,243	3,871	4,436	1,029
Other personal	**1,769**	721	661	582	505
Overseas customers	**438**	384	685	381	462
	18,815	12,412	10,560	10,052	5,482
Finance lease receivables	**212**	167	148	151	494
Total	**19,027**	12,579	10,708	10,203	5,976

The growth in the European Union especially in home loans reflects the acquisition of Banco Zaragozano and the growth of Openplan in Spain.

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

At 31st December	**2003** **£m**	2002 £m	2001 £m	2000 £m	1999 £m
Financial institutions	**919**	1,036	1,053	616	320
Agriculture, forestry and fishing	**1**	3			1
Manufacturing	**341**	842	1,553	1,123	727
Construction	**2**	31	24		
Property	**1**	15	21	30	69
Energy and water	**1,511**	2,229	1,567	1,440	1,168
Wholesale and retail distribution and leisure	**77**	141	160	214	138
Transport	**468**	1,248	931	580	356
Communications		46	66	88	166
Business and other services	**220**	441	901	2,174	1,000
Home loans				1	1
Other personal			267	6	58
Overseas customers		62	23	56	
	3,540	6,094	6,566	6,328	4,004
Finance lease receivables	**33**	44	48	48	44
Total	**3,573**	6,138	6,614	6,376	4,048

Loans and advances to customers booked in offices in the rest of the world banking business

At 31st December	**2003** **£m**	2002 £m	2001 £m	2000 £m	1999 £m
Loans and advances	**4,465**	5,566	7,384	8,920	8,316
Finance lease receivables	**45**	33	32	30	28
Total	**4,510**	5,599	7,416	8,950	8,344

Total loans and advances to customers

At 31st December	**2003** **£m**	2002 £m	2001 £m	2000 £m	1999 £m
Banking business	**170,919**	160,216	148,992	140,843	97,045
Trading business	**58,961**	45,176	34,240	23,198	21,562

Total	**229,880**	205,392	183,232	164,041	118,607

Of the loans and advances to customers, reverse repos were £50.0bn (2002: £42.5bn).

Risk Management
Analysis of Loans and Advances

Maturity analysis of loans and advances to customers

At 31st December 2003	**On demand**(a) **£m**	**Not more than three months £m**	**Over three months but not more than one year £m**	**Over one year but not more than five years £m**	**Over five years £m**	**Total £m**
Banking business:						
United Kingdom						
Corporate lending[b]	**6,108**	**9,298**	**4,596**	**17,138**	**11,796**	**48,936**
Other lending from United Kingdom offices	**2,869**	**6,940**	**6,359**	**12,345**	**66,360**	**94,873**
Total United Kingdom	**8,977**	**16,238**	**10,955**	**29,483**	**78,156**	**143,809**
Other European Union	**597**	**2,497**	**2,591**	**2,507**	**10,835**	**19,027**
United States		**276**	**253**	**1,745**	**1,299**	**3,573**
Rest of the World	**601**	**2,151**	**495**	**764**	**499**	**4,510**
Total banking business	**10,175**	**21,162**	**14,294**	**34,499**	**90,789**	**170,919**
Total trading business	**2,004**	**54,996**	**1,615**	**335**	**11**	**58,961**
Total	**12,179**	**76,158**	**15,909**	**34,834**	**90,800**	**229,880**

At 31st December 2002	On demand(a) £m	Not more than three months £m	Over three months but not more than one year £m	Over one year but not more than five years £m	Over five years £m	Total £m
Banking business:						
United Kingdom						
Corporate lending[b]	8,340	7,047	5,604	14,251	10,519	45,761

Other lending from United Kingdom offices	2,416	6,693	6,135	10,919	63,976	90,139
Total United Kingdom	10,756	13,740	11,739	25,170	74,495	135,900
Other European Union	856	1,976	2,187	2,945	4,615	12,579
United States		768	1,227	2,451	1,692	6,138
Rest of the World	439	2,859	1,370	605	326	5,599
Total banking business	12,051	19,343	16,523	31,171	81,128	160,216
Total trading business	2,409	41,247	1,392	91	37	45,176
Total	14,460	60,590	17,915	31,262	81,165	205,392

Notes

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

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

Risk Management
Loans and Advances in Non-local Currencies and to Countries Receiving IMF Support

Loans and advances to borrowers in currencies other than the local currency of the borrower
The worldwide operations of the Group involve significant exposures in non-local currencies.

The US Securities and Exchange Commission requires that Barclays report those exposures denominated in currencies other than the borrower s local currency. These outstandings exclude finance provided within the Group, and are based on the country of domicile of the borrower or guarantor of ultimate risk. They comprise loans and advances to customers and banks (including placings), finance lease receivables, interest bearing investments, acceptances, other monetary assets and on-balance sheet amounts arising from off-balance sheet financial instruments.

At 31st December 2003, the countries where these outstandings exceeded 1% of total Group assets were the United States and Germany and amounted to £17,237m. At 31st December 2002 and 31st December 2001, the countries where these outstandings exceeded 1% of total Group assets were the US, Germany and France and amounted to £32,105m and £20,715m respectively. Further detail is provided in the table below.

Loans and advances to borrowers in currencies other than the local currency of the borrower for countries where this exceeds
1% of total Group assets

	As % of assets	Total £m	Banks and other financial institutions £m	Governments and official institutions £m	Commercial industrial and other private sectors £m
At 31st December 2003					
United States	**2.7**	**12,110**	**4,679**		**7,431**
Germany	**1.2**	**5,127**	**4,662**	**7**	**458**
At 31st December 2002					
United States	4.2	17,140	9,672	1	7,467
Germany	2.5	10,094	9,841	7	246
France	1.2	4,871	4,484	24	363
At 31st December 2001					
United States	2.3	8,294	4,878		3,416
Germany	2.3	8,218	8,031	1	186
France	1.2	4,203	3,088	22	1,093

Loans and advances to borrowers in currencies other than the local currency of the borrower for countries where this is between
0.75% and 1% of total Group assets

At 31st December 2003, Barclays had cross-currency loans to borrowers in France of between 0.75% and 1% of total Group assets, amounting to £3,570m. At 31st December 2002, there were cross-currency loans to borrowers in the Netherlands and Ireland of between 0.75% and 1% of total Group assets, amounting to £7,552m. At 31st December 2001, cross-currency loans to borrowers in Japan and Netherlands fell in the range between 0.75% and 1% of total Group assets and totalled £5,774m.

Countries receiving IMF support

Barclays exposure to countries receiving substantial IMF support amounted to £0.5bn in total at 2003 year end (2002: £0.5bn, 2001: £1.3bn). The largest exposure was to Turkey (£0.3bn).

Other Credit Risks

In addition to loans and advances, Barclays is exposed to other credit risks summarised in the table below. The credit risks shown here are managed in a similar way to those in Loans and Advances, and are subject to the same or similar approval and governance processes.

Off balance sheet and other credit exposures
as at 31st December

		2003	2002
		£m	£m
Off balance sheet exposures			
Contingent liabilities		**33,694**	26,546
Commitments to lend		**114,847**	101,378
On balance sheet exposure			
Balances arising from off-balance sheet financial instruments (OTC derivatives)		**15,812**	13,454
London Metal Exchange warrants and other trading positions		**1,290**	829
Debt securities	held for trading	**59,812**	53,961
	non-trading	**37,581**	40,268

The nature of the credit risks in these exposures differs considerably. Losses resulting from exposures held for trading (derivatives, debt securities) are accounted for as trading losses, rather than credit charges, even though the fall in value causing the loss may be attributable to a credit deterioration.

Further details on contingent liabilities are shown in Note 44 to the Accounts (page 140). They include guarantees, assets pledged as collateral, acceptances and endorsements. These reflect contracts entered into on behalf of customers who undertake to compensate the bank for payments made on their behalf. The credit risk exists in that the customers may not meet their commitments when they arise.

Commitments to lend (see also Note 44 on page 140) are contractual undertakings to lend to customers during a specified period or at a future date or they may be ongoing facilities subject to periodic review. These facilities are available to be used by customers, usually at their discretion, and may therefore become loans.

Balances arising from off balance sheet financial instruments represent the positive mark to market or otherwise assessed fair values of derivatives. See Note 45 (page 141), for a comprehensive disclosure of derivatives. The management of the market risk inherent in derivatives is described on page 53 along with a description of derivatives used. The credit risk in these instruments exists in that the counterparty may be unable to settle when settlement is due in Barclays favour. Most derivatives are with highly rated counterparties.

Debt securities are shown in Note 17 (page 124), and London Metals Exchange exposures are disclosed in Note 23 (page 128).

Credit Risk Portfolio Management and the Use of Credit Derivatives

Barclays actively manages its credit exposures through the use of credit derivatives, the sale of loan assets and securitisation.

Credit derivatives are traded for profit and used for managing non-trading credit exposures. The extent of these activities is illustrated in the table below:

Notional principal amounts of credit derivatives at 31st December

	2003	2002
	£m	£m
Credit derivatives held or issued for trading purposes	**43,256**	10,665
Credit derivatives held for the purpose of managing non-trading exposures	**4,194**	7,736
Total	**47,450**	18,401

See Note 45 (page 141), for further details of the credit derivative positions.

During 2003, Barclays also sold loan assets. When non-performing loans for which provisions were held were sold, the net proceeds were applied to the relevant exposures and related provisions. These sales are distinct from Barclays substantial loan trading business.

Barclays securitised £3.3bn of loan assets comprising credit card and other receivables. Most of the credit risk associated with these assets was retained.

Risk Management
Potential Credit Risk Lendings

Potential Credit Risk Lendings

Potential credit risk lendings (PCRLs) comprise non-performing loans (NPLs) and potential problem loans (PPLs). NPLs are loans where the customers have failed to meet their commitments, either in part or in whole. PPLs are loans which are current as to payment of principal and interest, but where there exists serious doubt as to the ability of the borrowers to comply with repayment terms in the near future.

UK non-performing loans decreased by 1% (£26m) to £3,311m (2002: £3,337m). Other European Union non-performing loans increased by 34% (£58m) from £173m to £231m, reflecting growth in the portfolio, including acquisitions. US non-performing loans decreased by 49% (£361m) to £383m as the exposures in this category were written off, restructured, upgraded, sold or otherwise worked out at a faster rate than new non-performing loans arose. In the Rest of the World non-performing loans decreased by 15%, to £230m.

The table that follows presents an analysis of non-performing loans consistent with both UK and US practice and US Securities and Exchange Commission guidelines. In conformance with UK practice, accruing loans where interest is being suspended (with or without provisions) and other accruing loans where specific provisions have been raised are shown separately from non-accrual loans. Normal US banking practice would be to place such loans on non-accrual status as reflected in the sub-total in the table below.

The amounts are stated before deduction of the value of security held, the specific provisions carried or interest suspended, all of which might reduce the impact of an eventual default, should it occur.

Non-performing loans

Potential problem loans

Non-performing loans summary

	2003	2002	2001	2000	1999
	£m	£m	£m	£m	£m
Non-accrual loans	**2,261**	2,542	1,923	1,539	1,251
Accruing loans where interest is being suspended with or without provisions	**646**	611	561	496	436
Other accruing loans against which no provisions have been made	**669**	677	734	623	553
Sub total	**3,576**	3,830	3,218	2,658	2,240

Accruing loans 90 days or more overdue, against which no provisions have been made	**575**	690	648	713	361
Reduced rate loans	**4**	6	5	6	8
Total non-performing loans	**4,155**	4,526	3,871	3,377	2,609

A geographical analysis of this table appears on the next page.

Risk Management
Potential Credit Risk Lendings

Non-performing loans

	2003	2002	2001	2000	1999
	£m	£m	£m	£m	£m
Non-accrual loans:					
United Kingdom	**1,572**	1,557	1,292	1,223	1,007
Other European Union	**143**	108	90	96	122
United States	**383**	744	306	119	47
Rest of the World	**163**	133	235	101	75
Total	**2,261**	2,542	1,923	1,539	1,251
Accruing loans where interest is being suspended with or without provisions:					
United Kingdom	**559**	480	386	351	326
Other European Union	**46**	35	30	36	19
United States					
Rest of the World	**41**	96	145	109	91
Total	**646**	611	561	496	436
Other accruing loans against which provisions have been made:					
United Kingdom	**610**	609	660	474	423
Other European Union	**33**	27	20	71	42
United States			11	2	38
Rest of the World	**26**	41	43	76	50
Total	**669**	677	734	623	553
Sub totals:					
United Kingdom	**2,741**	2,646	2,338	2,048	1,756
Other European Union	**222**	170	140	203	183
United States	**383**	744	317	121	85
Rest of the World	**230**	270	423	286	216

Total	**3,576**	3,830	3,218	2,658	2,240
Accruing loans 90 days overdue, against which no provisions have been made:					
United Kingdom	**566**	687	621	695	343
Other European Union	**9**	3		1	
United States					
Rest of the World			27	17	18
Total	**575**	690	648	713	361
Reduced rate loans:					
United Kingdom	**4**	4	4	6	6
Other European Union					
United States					
Rest of the World		2	1		2
Total	**4**	6	5	6	8
Total non-performing loans:					
United Kingdom	**3,311**	3,337	2,963	2,749	2,105
Other European Union	**231**	173	140	204	183
United States	**383**	744	317	121	85
Rest of the World	**230**	272	451	303	236
Total	**4,155**	4,526	3,871	3,377	2,609

Potential problem loans

	2003	2002	2001	2000	1999
	£m	£m	£m	£m	£m
United Kingdom	**1,139**	994	968	728	648
Other European Union	**23**		2	2	23
United States	**259**	241	369	313	5
Rest of the World	**56**	69	63	64	35
Total	**1,477**	1,304	1,402	1,107	711

Interest forgone on non-performing loans

The total interest income that would have been recognised under the original contractual terms of the non-performing loans in 2003 was £312m (2002: £275m) of which £247m (2002: £209m) related to loans recorded in the UK and £65m (2002: £66m) related to foreign loans. Interest income of approximately £47m (2002: £22m) from such loans was included in profit, of which £39m (2002: £21m) related to domestic lending and the remainder to foreign lending. The balance was not received or was suspended.

Ratios of provisions to non-performing loans and potential credit risk lendings appear in the next section on page 47, following the discussion of provisions.

Provisions for Bad and Doubtful Debts

Barclays policy is to provide for credit losses when it considers that recovery is doubtful. Risk managers continuously review the quality of the exposures and make provisions where necessary, based on their knowledge of the customer or counterparty, and developments in the industry and country of operation.

Provisioning approach

The estimation of potential credit losses is inherently uncertain and depends upon many factors, including general economic conditions, loan migration (i.e. deterioration in credit quality), structural changes within industries that alter competitive positions, and other external factors such as legal and regulatory requirements.

Total provisions are comprised of two components, specific provisions and general provisions.

Specific provisions are raised when the Group considers that the creditworthiness of a borrower has deteriorated such that recovery of the whole or part of an outstanding advance is in serious doubt.

> Within the retail businesses, where the portfolio comprises large numbers of homogeneous assets, statistical techniques are used to raise specific provisions for each product portfolio, based on delinquency data and historical recovery rates. These provisions are updated monthly;
>
> Small business accounts with loans up to about £300,000 are similarly treated on a product portfolio basis using statistical methods;
>
> For the larger business and wholesale accounts, specific provisioning is done on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account, for example the business prospects of the customer, the realisable value of collateral, the Group s position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. These provisions are formally reviewed quarterly and revised as new information becomes available in the course of each work-out.

General provisions reflect losses that, although not specifically identified, are known from experience to be present in the lending portfolio at the balance sheet date. These provisions are adjusted at least half yearly by an appropriate charge or release.

General provisions are also created with respect to the recoverability of assets arising from off-balance sheet exposures and country transfer risk, all prepared in a manner consistent with the general provisioning methodology.

Write-off occurs immediately when, and to the extent that, the whole or part of a debt is considered irrecoverable.

See also page 92 (Critical Accounting estimates) and page 103 (Accounting policies: loans and advances) for a description of relevant terms and policies.

Provisions charge over ten years

Provisions charge over ten years as a percentage of the banking book

The provisions charge fell 9% (£137m) to £1,347m (2002: £1,484m). Provisions excluding the impact of Transition Businesses, mainly Argentina in 2002, fell 3% (£36m) to £1,324m (2002: £1,360m).

Business Banking provisions increased broadly in line with portfolio growth. Provisions fell in Barclays Capital reflecting the ongoing improvement in the loan book and the continued recovery in the large corporate credit environment.

Provisions fell in Personal Financial Services with an improvement in the quality of the loan portfolio and improved risk management. The reduction occurred in the unsecured lending portfolio. Provisions charges for mortgages remained at a very low rate. Barclaycard provisions increased in line with continued portfolio growth.

Further details appear in the analysis of results by business starting on page 78.

Risk Management
Provisions for Bad and Doubtful Debts

Analysis of the provisions charges for bad and doubtful debts

	Year ended 31st December				
	2003 £m	2002 £m	2001 £m	2000 £m	1999 £m
Net specific provisions charge/(release)					
United Kingdom	**1,132**	1,041	964	688	568
Other European Union	**37**	14	20	12	1
United States[a]	**84**	385	136	17	34
Rest of the World	**67**	46	45	60	32
Total net specific provisions charge	**1,320**	1,486	1,165	777	635
General provisions charge/(release)	**27**	(2)	(16)	40	(14)
Total	**1,347**	1,484	1,149	817	621

Note

(a) The US charge includes provisions raised against South American Corporate Banking exposures booked in the US.

Bad debt provisions charge ratios (Loan loss ratios)

The Group s provisions charge ratio improved significantly from 0.85% to 0.73% of average banking loans and advances in 2002 and 2003 respectively.

	Year ended 31st December				
	2003 %	2002 %	2001 %	2000 %	1999 %
Provisions charge as a percentage of average banking loans and advances for the year:					
Specific provisions	**0.71**	0.85	0.74	0.64	0.60
General provisions	**0.02**		(0.01)	0.03	(0.02)
	0.73	0.85	0.73	0.67	0.58
Amounts written off (net of recoveries)	**0.74**	0.64	0.53	0.47	0.52

Provisions charge as a percentage of average loans and advances for the year (including trading business):					
Specific provisions	**0.46**	0.58	0.52	0.44	0.43
General provisions	**0.01**			0.02	(0.01)
Total	**0.47**	0.58	0.52	0.46	0.42
Amounts written off (net of recoveries)	**0.48**	0.43	0.37	0.32	0.38

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Provisions charge analysis

Provision balances

Provisioning decisions result in changes to the provisioning balances, the cumulative effects of which are shown below.

Analysis of provision balances for bad and doubtful debts

	As at 31st December				
	2003	2002	2001	2000	1999
	£m	£m	£m	£m	£m
Specific provisions					
United Kingdom	**1,856**	1,790	1,605	1,343	1,083
Other European Union	**97**	84	89	112	131
United States[(a)]	**121**	257	89	20	23
Rest of the World	**159**	130	188	118	74
Total specific provisions	**2,233**	2,261	1,971	1,593	1,311
General provisions	**795**	737	745	760	672
Total provisions	**3,028**	2,998	2,716	2,353	1,983
Average loans and advances for the year (excluding trading business)	**184,765**	174,764	157,904	122,333	106,488
(including trading business)	**285,963**	256,789	223,221	176,938	147,139

Note

(a) The US charge includes provisions raised against South American Corporate Banking exposures booked in the US.

Risk Management
Provisions for Bad and Doubtful Debts

Provisions balance ratios

	As at 31st December				
	2003	2002	2001	2000	1999
	%	%	%	%	%
Excluding trading business					
Provisions balance at end of year as a percentage of loans and advances at end of year:					
Specific provisions	**1.19**	1.29	1.22	1.06	1.19
General provisions	**0.42**	0.42	0.46	0.51	0.61
	1.61	1.71	1.68	1.57	1.80
Including trading business					
Provisions balance at end of year as a percentage of loans and advances at end of year:					
Specific provisions	**0.77**	0.86	0.85	0.79	0.83
General provisions	**0.27**	0.28	0.32	0.38	0.42
	1.04	1.14	1.17	1.17	1.25

Treatment of interest on debts that have specific provisions
If the collection of interest is doubtful, it is credited to a suspense account and excluded from interest income in the profit and loss account. Although interest continues to be charged to the customer s account, the amount suspended is netted against the relevant loan. Loans on which interest is suspended are not reclassified as accruing interest until interest and principal payments are up-to-date and future payments are reasonably assured. If the collection of interest is considered remote, interest is no longer applied.

Treatment of collateral assets acquired in exchange for advances
Assets acquired in exchange for advances in order to achieve an orderly realisation continue to be reported as advances. The assets acquired are recorded at the carrying value of the original advance as at the date of the exchange and any impairment is accounted for as a specific provision.

Movements in provisions for bad and doubtful debts

	2003	2002	2001	2000	1999
	£m	£m	£m	£m	£m
Provisions balance at beginning of year	**2,998**	2,716	2,353	1,983	1,943
Acquisitions and disposals	**62**	(11)	46	119	(10)
Exchange and other adjustments	**(18)**	(77)	(1)	4	(13)
Amounts written off	**(1,474)**	(1,220)	(973)	(683)	(651)
Recoveries	**113**	106	142	113	93
Provisions charged against profit	**1,347**	1,484	1,149	817	621
Provisions balance at end of year	**3,028**	2,998	2,716	2,353	1,983

A geographical analysis of the values in this summary table follows in the next three tables.

Amounts written off

	2003	2002	2001	2000	1999
	£m	£m	£m	£m	£m
United Kingdom	**(1,175)**	(950)	(814)	(595)	(546)
Other European Union	**(54)**	(31)	(36)	(45)	(44)
United States	**(215)**	(215)	(94)	(26)	(40)
Rest of the World	**(30)**	(24)	(29)	(17)	(21)
Total amounts written off	**(1,474)**	(1,220)	(973)	(683)	(651)

Recoveries

	2003	2002	2001	2000	1999
	£m	£m	£m	£m	£m
United Kingdom	**(95)**	(88)	(106)	(100)	(85)
Other European Union	**(7)**	(7)	(5)	(6)	(4)
United States	**(10)**	(9)	(27)	(4)	(4)
Rest of the World	**(1)**	(2)	(4)	(3)	
Total recoveries	**(113)**	(106)	(142)	(113)	(93)

Provisions charged against profit

	2003	2002	2001	2000	1999
	£m	£m	£m	£m	£m
New and increased specific provisions:					
United Kingdom	**1,373**	1,210	1,157	843	768
Other European Union	**57**	33	35	35	27
United States	**118**	404	173	27	45
Rest of the World	**80**	72	75	76	47
	1,628	1,719	1,440	981	887
Releases of specific provisions:					
United Kingdom	**(146)**	(81)	(87)	(55)	(115)
Other European Union	**(13)**	(12)	(10)	(17)	(22)
United States	**(24)**	(10)	(10)	(6)	(7)
Rest of the World	**(12)**	(24)	(26)	(13)	(15)

	(195)	(127)	(133)	(91)	(159)
Recoveries	**(113)**	(106)	(142)	(113)	(93)
Net specific provisions charge	**1,320**	1,486	1,165	777	635
General provision charge/(release)[(a)]	**27**	(2)	(16)	40	(14)
Net charge to profit	**1,347**	1,484	1,149	817	621

Note

(a) An analysis of the movement in general provisions is shown in Note 16 to the accounts.

Total provisions for bad and doubtful debts at end of year comprise:

	As at 31st December				
	2003 £m	2002 £m	2001 £m	2000 £m	1999 £m
Specific provisions					
United Kingdom	**1,856**	1,790	1,605	1,343	1,083
Other European Union	**97**	84	89	112	131
United States	**121**	257	89	20	23
Rest of the World	**159**	130	188	118	74
Total specific provisions	**2,233**	2,261	1,971	1,593	1,311
General provisions	**795**	737	745	760	672
	3,028	2,998	2,716	2,353	1,983

Risk Management
Provisions for Bad and Doubtful Debts

Specific provisions charges and balances for bad and doubtful debts by industry

	Net specific provision charged for the year					Specific provisions balance as at 31st December				
	2003 £m	2002 £m	2001 £m	2000 £m	1999 £m	**2003 £m**	2002 £m	2001 £m	2000 £m	1999 £m
United Kingdom:										
Banks and other financial institutions	**13**	1	(2)	7	10	**12**	1	5	7	9
Agriculture, forestry and fishing	**(3)**	(1)	6	6	4	**5**	7	13	11	7
Manufacturing	**79**	80	62	8	4	**58**	98	49	43	48
Construction	**(23)**	41	12	7	4	**7**				