

Our key performance indicators

... and positive outcomes for our stakeholders are integral to our long-term strategic success.

Revised performance measurement framework

Evolving our approach to measuring progress towards our strategic goals and delivering positive outcomes for all our stakeholders.

In line with our objective of delivering a simplified bank, focused on delivering long-term sustainable value for all our stakeholders through the strategic actions announced on 1 March 2016, we are now evolving our approach to performance measurement to reflect better the way in which management monitors the performance of the Group. The framework incorporates a balance of key financial performance metrics, while broadening our approach to strategic non-financial measures, and represents an evolution from the Balanced Scorecard that has been used since 2013.

Our revised approach retains a similar focus on achieving positive outcomes for our key stakeholders. However, rather than focusing on a few narrowly defined targets to measure our performance, the revised approach allows for a more holistic assessment, and provides a better reflection of our progress towards the strategic goals of the organisation.

“ The revised approach will support the sustained delivery of our strategy over the medium to long-term and will influence executive remuneration from 2017. Our strategic success is intrinsically linked to the positive impact we have on all our stakeholders and society as a whole. ”

Financial performance metrics

The financial metrics are aligned to Barclays PLC Group Financial Targets: Group Return on Tangible Equity (RoTE) to converge with Core RoTE; Cost: Income ratio below 60%; and CET1 ratio 150-200bps above the minimum regulatory level, and will be reported quarterly as part of our financial results. Achieving these three targets within a reasonable timeframe is consistent with our aim of generating long-term sustainable returns for the shareholders of Barclays PLC Group.

Strategic non-financial performance measures

Non-financial measures remain an important element of how we evaluate our strategic performance, in achieving our ambition of delivering a sustainable business for all our stakeholders. We focus on the impact we make on our customers and clients, colleagues, and the benefit we bring to society via our new citizenship strategy – our Shared Growth Ambition. These measures are underpinned by how we behave towards all our stakeholders, through our conduct and our culture.

To assess our performance, we draw on a broad range of information sources that are aligned to our management reporting framework, including internal management reports and external measures, ensuring a balanced view. As our management reporting framework develops, the sources may also evolve, but we will retain a consistent approach, with quantitative and qualitative evaluation to provide context to the performance assessment.

Revised Barclays PLC Group Performance Measurement Framework

Financial performance metrics

– to be delivered within a reasonable timeframe

- Group RoTE to converge with Core RoTE
- Group Cost: Income ratio below 60%
- CET1 ratio 150-200bps above minimum regulatory level

Strategic non-financial performance measures

– delivering positive outcomes for our stakeholders

Customer and Client

- Building trust with our customers and clients, such that they are happy to recommend us to others
- Successfully innovating and developing products and services that meet their needs
- Offering suitable products and services in an accessible way, ensuring excellent customer and client experience

Colleague

- Promoting and maintaining:
- A diverse and inclusive workforce in which employees of all backgrounds are treated equally and have the opportunity to be successful and achieve their potential
 - Engaged and enabled colleagues
 - A positive conduct and values-based environment

Citizenship

- Making decisions and doing business that provides our clients, customers, shareholders, colleagues and the communities which we serve with access to a prosperous future, through our Shared Growth Ambition
- Proactively managing the environmental and societal impacts of our business

Underpinned by how we behave towards all our stakeholders through our **conduct and culture**

Financial performance metrics

Key outcomes we will look to achieve include:

Achieving Barclays PLC Group financial targets within a reasonable timeframe, consistent with our aim of generating long-term sustainable returns for the shareholders

How we measure success

Current financial targets that we aim to achieve within a reasonable timeframe:

- Group Return on Tangible Equity (RoTE) to converge with Core RoTE
- Cost: Income ratio below 60%
- CET1 ratio 150-200bps above the minimum regulatory level.

How and why we are renewing our approach

On 1 March 2016, we set out three financial targets to allow shareholders to track our progress towards our strategic objectives. Our revised approach aligns our financial performance metrics to the Barclays PLC Group targets, which are reported quarterly in line with our financial results.

How we are doing

3.6%

Group Return on Tangible Equity

(2015: (0.7%))

8.4%

Core Return on Tangible Equity

(2015: 4.8%)

RoTE measures our ability to generate acceptable returns for shareholders. It is calculated as profit after tax attributable to ordinary shareholders, divided by average shareholders' equity for the year, excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.

Group RoTE increased to 3.6% (2015: (0.7%)) predominately reflecting the significantly lower impact of notable items in 2016, as profit before tax increased 182% to £3,230m. Notable items totalled a net loss before tax of £420m (2015: £3,330m) comprising provisions for UK customer redress of £1,000m (2015: £2,772m), a £615m (2015: £nil) gain on disposal of Barclays' share of Visa Europe Limited and an own credit loss of £35m (2015: gain of £430m). Excluding notable items, Group RoTE was 4.4% (2015: 5.8%).

Core RoTE increased to 8.4% (2015: 4.8%), or 9.4% (2015: 11.2%) excluding notable items, on an average tangible equity base that was £4.2bn higher at £41.0bn. While we expect Group and Core RoTE to converge over time, Group RoTE in 2016 was significantly impacted by the loss before tax of £2,786m (2015: £2,603m) incurred by Non-Core as its run-down was accelerated.

76%

Cost: Income ratio

(2015: 84%)

Cost: Income ratio measures operating expenses as a percentage of total income, and is used to gauge the efficiency and productivity of our business.

Group Cost: Income ratio reduced to 76% (2015: 84%) primarily as a result of lower litigation and conduct charges, as total operating expenses declined 12% to £16,338m. Group Cost: Income ratio, excluding notable items, was 73% (2015: 70%), with the increase primarily driven by negative income in Non-Core reflecting the acceleration of the run-down. Core Cost: Income ratio, excluding notable items, was 61% (2015: 62%), as Core income increased by 7% to £22,035m, while total operating expenses increased by 6% to £13,507m. We are on track to achieve our Group target of below 60% over time.

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12.4%

Common Equity Tier 1 (CET1) ratio (2015: 11.4%)

The CET1 ratio is a measure of the capital strength and resilience of Barclays. The Group's capital management objective is to maximise shareholder value by prudently managing the level and mix of its capital to: ensure the Group and all of its subsidiaries are appropriately capitalised relative to their minimum regulatory and stressed capital requirements; support the Group's risk appetite, growth and strategic options, while seeking to maintain a robust credit proposition for the Group and its subsidiaries.

The ratio expresses Barclays' capital as a percentage of risk weighted assets (RWAs), as defined by the PRA, in the context of Capital Requirements Directive IV (CRDIV - an EU Directive prescribing capital adequacy and liquidity requirements), and is part of the regulatory framework governing how banks and depository institutions are supervised.

The Group's CRD IV fully loaded CET1 ratio increased to 12.4% (2015: 11.4%) due to an increase in CET1 capital to £45.2bn (2015: £40.7bn), driven largely by profits generated during the year. This was partially offset by an increase in RWAs to £366bn (2015: £358bn), driven by the appreciation of US Dollar, Euro and South African Rand against Sterling.

We have increased our expected end-state management buffer from a 100-150bps range to 150-200bps above the minimum regulatory level, providing 400-450bps buffer to the Bank of England stress test systemic reference point. On this basis we currently expect our end-state CET1 ratio to be in a range of 12.3-12.8% and we remain confident in our capital trajectory.

 For full details of our financial performance, please refer to the financial statements from page 267.

Strategic non-financial performance measures: Customer and Client

Key outcomes we will look to achieve include:

- Building trust with our customers and clients, such that they are happy to recommend us to others
- Successfully innovating and developing products and services that meet their needs
- Offering suitable products and services in an accessible way, ensuring excellent customer and client experience.

How we measure success

Progress towards these outcomes is informed by a number of sources including internal dashboards, regular management reporting materials and external measures, ensuring a balanced review of performance. Evaluation includes, but is not limited to:

- Net Promoter Scores (NPS)¹
- Client rankings and market shares
- Complaints performance
- Lending volumes provided to customers and clients.

How and why we are renewing our approach

These measures build on the previous Balanced Scorecard metrics for Customer and Client, defined as Relationship NPS and Client Franchise Rank. Our revised approach allows for a broader consideration of how well we are serving our customers and clients, including our complaints performance and the volume of lending we have provided to support consumers and businesses, as well as examples of innovation.



Supporting SMEs
We lent to a UK SME every four minutes^a.

Note
a From April 2015 to March 2016.

How we are doing

In 2016, we focused on delivering excellent customer and client experience, by offering innovative products and services to meet their needs in an appropriate and accessible way, while also promoting fair, open and transparent markets. Although our NPS increased across many of our businesses, customer expectations also continued to increase, meaning continual improvements to our customer journeys across our businesses are necessary. And while the repositioning of our CIB involved challenging strategic choices to reduce our activities in certain products and geographies, our client rankings and market shares demonstrate the strength of our proposition in our home markets of the UK and US. Complaints reduction remains a priority and we have more work to do, as can be seen from our position in the FCA complaint tables in the UK². This is a key focus area for management as part of our ongoing commitment to improve our oversight of conduct.

Net Promoter Scores¹

Relationship NPS (RNPS) across Barclays UK in 2016 reached a high of +13, an increase of 6 points compared to 2015, with more customers advocating our brands across key product categories, notably UK current accounts and UK credit cards. The continuous improvements we made to customer journeys through automation, digitisation and omni-channel capabilities were reflected in an average increase of five Transactional NPS (TNPS) points, with particularly strong scores in Barclays Mobile Banking and Pingit. Our Barclaycard International business also continued to have strong RNPS, driven by a clear focus on advocacy and improvements in our products and digital experience. Despite minor improvements to our NPS in business banking, we are intently focused on improving customer experience in 2017 to meet and exceed industry benchmarks. We are placing particular focus on our TNPS for business banking telephony and complaints, which are below expectations.

Client rankings and market shares

In Barclays International, within the Corporate and Investment Bank, we ranked in 2016: 5th by fee share, up from 6th in 2015, across our UK and US home markets in M&A, equity and debt capital markets and syndicated loan transactions (Dealogic) and 4th based on 2016 Global Fixed Income market share (Greenwich Associates). Among our largest UK corporate clients, 90% considered the service they receive from Barclays to be good, very good or excellent, broadly stable with 2015 (Charterhouse³).

Complaints

Underlying complaint volumes in Barclays UK reduced by 11% as a result of our ongoing focus on improving customer journeys. However, with PPI complaints increasing by 16%, total Barclays UK complaint volumes were up 1% year on year in 2016. Barclays International complaints increased 8%, mostly in our consumer business, driven by 6% growth in US credit card average open accounts, although complaints per account still remain close to an all-time low.

Lending volumes

Barclays is an important provider of financial services to UK businesses – we provided around £70bn of loans, up 6%, and just over £3.6bn to SMEs, demonstrating our commitment to supporting growth in the UK. We also extended or renewed mortgage facilities worth nearly £19bn, up 8% year on year, to nearly 90,000 UK households. Building on the success of our digital consumer loan offering to existing customers, we recently became the first UK bank to offer instant business lending via a mobile app. And we processed one third of all payments made in the UK, through customer spending and our merchant acquiring network.

“In 2016 we focused on delivering excellent customer and client experience, by offering innovative products and services to meet their needs in an appropriate and accessible way.”

Making customers' and clients' lives easier

We are making our customers' and clients' lives much easier through pioneering innovation. For example, Barclays will be the first UK bank to offer a contactless mobile withdrawal service of up to £100 with the tap of a smartphone. We also launched our new online direct investing service (Smart Investor) and are the first high street bank to provide fully integrated banking and investments via online banking. Barclaycard also continued to lead in innovation, being the first of our competitors to launch a proprietary contactless Android capability through its app.

We also offered initiatives to help high-growth businesses flourish – for example, our Barclays Eagle Labs provided innovation hubs for pioneering businesses in bank branches around the UK (see case study on page 28). Our UK credit cards' Specialist Support team won the Vulnerable Customer Support Initiative Award at the 2016 Collections and Customer Service Awards; testament to the significant work we have done to provide the best possible experience to customers in difficult situations.



Our customers and clients are at the heart of our purpose and strategy. For further information on our customer propositions provided via our two core divisions, Barclays UK and Barclays International, please refer to pages 26 to 35.

Notes

- 1 NPS is a ranking widely used in banking and other industries that facilitates comprehensive benchmarking and identifies best practice. Relationship NPS is measured at a business level, whereas Transactional NPS is measured for key customer journeys.
- 2 FCA reporting methodology changes were implemented for the second half of 2016, with reporting to commence from the end of February 2017.
- 3 Charterhouse Research Business Banking survey, 804 interviews with businesses in the UK turning over £25m-£1 bn in 2016. Data is weighted to be representative of the UK business market. Percentage rating for overall service of bank named as main bank.

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Strategic non-financial performance measures: Colleague

Key outcomes we will look to achieve include:

Promoting and maintaining:

- A diverse and inclusive workforce in which employees of all backgrounds are treated equally and have the opportunity to be successful and achieve their potential
- Engaged and enabled colleagues
- A positive conduct and values-based environment.

How we measure success

Progress towards these outcomes is informed by a number of sources including internal dashboards, regular management reporting and external measures, ensuring a balanced review of performance. Evaluation includes, but is not limited to:

- Diversity and Inclusion statistics
- Employee sustainable engagement survey scores
- Conduct and culture measures.

How and why we are renewing our approach

These measures build on the previous Balanced Scorecard Colleague metrics, the sustainable engagement of colleagues and proportion of women in senior leadership. Our revised approach allows for broader consideration of the extensive initiatives at Barclays that promote a diverse and inclusive environment where colleagues are engaged and enabled, while maintaining a positive conduct and values-based culture.

“Although this is evidence of good progress, we continue to strengthen our gender pipeline and enable women to fulfil their career aspirations.”



Supporting our employees
We provide 2m hours of training to our employees.

How we are doing

In 2016, we received positive external recognition for our work towards promoting a diverse workforce, with initiatives ongoing across each of our diversity pillars. At the same time, engagement of our colleagues remained stable overall, with opportunities identified to enable our colleagues to deliver excellent performance. We also made solid progress in embedding a positive conduct and values-based environment which will continue to evolve into 2017 and beyond.

For further information on our People, please see page 95.

Diversity of our workforce and inclusion of our colleagues^a

In 2016 we remained committed to increasing the diversity of our workforce, with increased female representation at all levels remaining a key focus – on our Board this remained at 31% (2020 target of 33%). Across our senior leadership, female representation was 24% (2018 Women in Leadership goal of 26%). Following the recommendations from the Hampton Alexander Review, from 2017, we will publish the combined number of women on the Group Executive Committee and their direct reports, which was 25% at the end of 2016 (2020 target of 33%). In addition, in 2016 we increased female graduate hires to 39% from 31% in 2014.

Although this is evidence of good progress, we continue to strengthen our gender pipeline and enable women to fulfil their career aspirations, through activity such as: the 2016 Barclays Global Women in Leadership summit, promoting Dynamic Working, our Encore! Returnship Programme, our HeForShe campaign and the Barclays Women's Initiatives Network.

The other pillars of our global Diversity and Inclusion strategy are:

- **Disability:** Barclays 'Able to Enable' Apprenticeship Programme launched in 2016 along with the Business Disability Forum awarding Barclays a score of 98%, the highest company rating in the history of the index
- **LGBT:** Our Spectrum Allies programme includes over 7,000 colleagues supporting our LGBT agenda
- **Multicultural:** 30% of our apprentices identify as Black, Asian and Minority Ethnic, 19% points above the national apprenticeship average
- **Multigenerational:** Barclays Armed Forces Transitioning, Employment and Resettlement (AFTER) programme with nearly 400 ex-military hires since 2010.

External recognition from organisations such as Stonewall, The Times Top 50 Places to Work for Women, 100% on the Human Rights Campaign Corporate Equality Index and a Working Mother Media's Top Employer for Women, confirms the progress we have made. In 2017, we will focus on our multicultural agenda through the launch of our Embracing Us Campaign and partnerships with organisations including the Wall Street Project and Race for Opportunity.

Note

^a Under Companies Act 2006, we are also required to report on the gender breakdown of our employees and 'senior managers' – a narrower scope than our Women In Senior Leadership definition. Of our global workforce of 119,300 (60,100 male, 59,200 female), 756 were senior managers (531 male, 225 female), which include Officers of the Group, certain direct reports of the Chief Executive, heads of major business units, certain senior Managing Directors, and directors on the boards of undertakings of the Group, but exclude individuals who sit as directors on the Board of the Company.

Engaged and enabled colleagues

Engaged employees are critically important as they are more likely to remain at and recommend Barclays, and deliver beyond the day to day requirements of their role. By promoting internal mobility and career development, we hope to not only attract talented individuals, but retain them. In 2016 we launched our 'Apply Within' internal mobility campaign, increasing our rate of internal hiring to 48%, from 37% at the end of 2015 (excluding Africa).

This year our annual 'Your View' employee opinion survey became a quarterly pulse survey (excluding Africa) allowing for more real-time feedback on how it feels to work at Barclays. At the end of 2016, sustainable engagement of our colleagues remained stable at 75%. Areas of particular strength from the survey included: 'colleagues feeling proud of the contribution Barclays makes to the community and society' (88% favourable, up 3% points on 2015) and 'employees feeling respected regardless of their job' (83% favourable, up 4% points on 2015).

Areas of opportunity include 'removing the obstacles people face in doing their jobs well' and 'ensuring people have the necessary tools and resources to achieve excellent performance' (both 52% favourable). To address this we continue to look at ways to improve the simplicity and efficiency of our systems, tools and resources to drive a culture of excellence.

A positive conduct and values-based culture

Fostering the right culture at Barclays is critical to our success and we continue to build a positive conduct and values-based culture through initiatives aimed at strengthening the profession of banking. The 'Let's talk about how' performance management campaign, launched this year, supports the behaviours that underpin our values and reinforces the importance that we place on measuring and rewarding both 'what' our employees deliver and 'how' they deliver.

During 2016, we developed a culture measurement framework, anchored in our values, to manage and measure progress in embedding a positive conduct and values-based culture. The initial results demonstrate that we have been particularly successful in continuing to embed Stewardship and Integrity through focus on innovation and citizenship and by creating an environment where colleagues 'feel increasingly safe to speak up' (81% favourable, up 6% points on 2015); and are 'unafraid to report unethical behaviour' (first reported outcome 86% favourable). In addition, Service and Respect remain strong with 83% of colleagues agreeing with the proposition that 'Barclays is truly focused on achieving good customer and client outcomes' and 89% of colleagues agreeing that 'Leaders at Barclays support diversity in the workplace'. Excellence remains our biggest opportunity for improvement with 36% of colleagues agreeing that 'Barclays has been successful in eliminating obstacles to efficiency'.

Strategic non-financial performance measures: Citizenship

Key outcomes we will look to achieve include:

- Making decisions and doing business that provides our clients, customers, shareholders, colleagues and the communities which we serve with access to a prosperous future, through our Shared Growth Ambition
- Proactively managing the environmental and societal impacts of our business.

How we measure success

Progress towards these outcomes is informed by an assessment against our Shared Growth Ambition. These are supplemented by internal dashboards and external measures. Evaluation includes, but is not limited to:

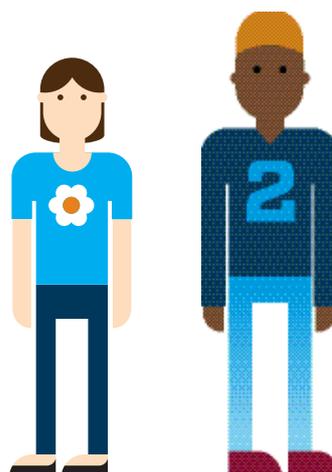
- Delivery against our Shared Growth Ambition
- Colleague engagement in Citizenship activities
- External benchmarks and surveys.

How and why we are renewing our approach

Since 2012, we have measured progress against initiatives in our four-year Citizenship plan. In June 2016, we launched our new plan, the Shared Growth Ambition.

“Our long-term aim is to create and grow a collection of products, services and partnerships that improve the lives of people in the communities which we serve, while providing the commercial return our shareholders deserve.”

We are moving away from setting narrow targets for our Shared Growth Ambition, as we focus more on impact and use a broader range of quantitative and qualitative indicators to assess performance. We will continue to have targets for carbon emissions reduction and training on the Barclays Way. We aim to enhance the impact of our Shared Growth Ambition over time and may expand our assessment to include additional measures in future years.



LifeSkills

Since 2013, 3.6m young people have participated in the programme, gaining real-world experiences for a better future.

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How we are doing

We exceeded our own objectives on all six initiatives in the first year of our Shared Growth Ambition. Performance was ahead of plan against our internal milestones for three initiatives around 'access to financing', 'access to digital and financial empowerment' and 'access to employment'. We also exceeded our 2016 targets for Barclays Way training, carbon emissions reduction and payment of suppliers on time.

Access to financing: We continued to deliver innovative financing solutions for areas including renewable energy, water and low carbon technologies; social infrastructure; development institutions; and small business financing. Barclays delivered £21.1bn in financing for selected social and environmental segments across our business lines. This included a range of green bond transactions for corporate, supranational and municipal clients as well as lending facilities for renewable energy projects. For further information, please see our Environmental, Social, Governance (ESG) Supplement 2016 available at home.barclays/annualreport

Access to financial and digital empowerment: Inclusive financial systems are key to achieving economic and societal progress, but there can be several barriers to access. We believe digital offerings can help break down these barriers. We helped empower around 249,000 people in 2016 through initiatives such as Barclaycard Initial for those with a limited credit history; our Digital Eagles network, who are specially trained Barclays employees working to provide free technology support to customers and non-customers; and the continued development of learning platforms such as Financial Wings and Digital Wings.

Access to employment: In the 21st century new jobs are increasingly coming from fast-growing small businesses and entrepreneurs, which require support to scale up. Barclays is committed to working on both the supply and demand side – enhancing supply by helping people gain access to skills, and facilitating demand by supporting entrepreneurs to drive job creation. We helped upskill over 1.7 million people in 2016, driven by a range of regional partnerships and our LifeSkills programme. We also launched 'Unreasonable Impact' in partnership with Unreasonable Group, focused on scaling ventures that solve environmental and societal problems. The first cohorts in the UK started in September and in the US in November 2016, with Asia launching in 2017.

Business conduct and environmental impact

The Barclays Way outlines the Purpose and Values which govern our way of working across our business globally. It constitutes a reference point covering all aspects of colleagues' working relationships. 99.6% of our colleagues completed annual training on The Barclays Way in 2016 (Target: above 97%).

We reduced carbon emissions by 15.8% against the 2015 baseline, making good progress against our new target of 30% reduction by 2018. We also achieved 88% on-time payment by value to our suppliers (Target: 85%).

Engaging our colleagues

Our people are Barclays' greatest ambassadors, contributing time, skills and expertise to create a positive and sustainable societal impact. In 2016 more than 43,000 colleagues participated in a range of causes, contributing over 212,000 hours, donating a total of almost £25m, including Barclays matched funding.

“ We reduced carbon emissions by 15.8% against the 2015 baseline, making good progress against our new target of 30% reduction by 2018. ”

Benchmarking our performance

In 2016, we improved our performance and maintained membership of both the Dow Jones Sustainability Index series, where our score increased by 2 percentage points to 84%, and the FTSE4Good Index series, with an absolute score of 3.9/5, up from 3.6 in 2015.



Further detail on policies, including Barclays Group Statement on Modern Slavery, can be found on our website at home.barclays/citizenship

We also provide disclosures on key initiatives aligned to the Global Reporting Initiative guidelines, in the Environmental, Social, Governance (ESG) Supplement 2016 available at home.barclays/annualreport