

Consolidated financial statements

Consolidated income statement

For the year ended 31 December	Notes	The Group	
		2014 £m	2013 £m
Continuing operations			
Interest income	3	17,369	18,315
Interest expense	3	(5,231)	(6,662)
Net interest income		12,138	11,653
Fee and commission income	4	9,850	10,500
Fee and commission expense	4	(1,662)	(1,748)
Net fee and commission income		8,188	8,752
Net trading income	5	3,310	6,548
Net investment income	6	1,328	680
Net premiums from insurance contracts		669	732
Other income		182	98
Total income		25,815	28,463
Net claims and benefits incurred on insurance contracts		(480)	(509)
Total income net of insurance claims		25,335	27,954
Credit impairment charges and other credit provisions	7	(2,168)	(3,071)
Net operating income		23,167	24,883
Staff costs	33	(11,005)	(12,155)
Infrastructure costs	8	(3,443)	(3,531)
Administration and general expenses	8	(3,615)	(4,288)
Provision for PPI redress	26	(1,270)	(1,350)
Provision for interest rate hedging products redress	26	160	(650)
Provision relating to foreign exchange	26	(1,250)	-
Operating expenses		(20,423)	(21,974)
Share of post-tax results of associates and joint ventures		36	(56)
(Loss)/profit on disposal of subsidiaries, associates and joint ventures	9	(471)	6
Gain on acquisitions		-	26
Profit before tax		2,309	2,885
Tax	10	(1,455)	(1,577)
Profit after tax		854	1,308
Attributable to			
Equity holders of the parent		528	963
Non-controlling interests	32	326	345
Profit after tax		854	1,308

The Board of Directors approved the financial statements set out on pages 162 to 282 on 2 March 2015

Note

As permitted by section 408(3) of the Companies Act 2006 an income statement for the parent company has not been presented

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Consolidated statement of comprehensive income

For the year ended 31 December	The Group	
	2014	2013
	£m	£m
Profit after tax	854	1,308
Other comprehensive income/(loss) from continuing operations		
Currency translation reserve		
Currency translation differences	486	(1,767)
Available for sale reserve		
Net gains/(losses) from changes in fair value	5,346	(2,730)
Net gains transferred to net profit on disposal	(619)	(145)
Net (gains)/losses transferred to net profit due to impairment	(31)	(7)
Net (gains)/losses transferred to net profit due to fair value hedging	(4,074)	2,376
Changes in insurance liabilities	(94)	28
Tax	(102)	100
Cash flow hedging reserve		
Net gains/(losses) from changes in fair value	2,687	(1,914)
Net gains transferred to net profit	(767)	(547)
Tax	(380)	571
		-
Other	(19)	(37)
Total comprehensive income/(loss) that may be recycled to profit and loss	2,433	(4,072)
Other comprehensive income/(loss) not recycled to profit or loss		
Retirement benefit remeasurements	268	(512)
Deferred tax	(63)	(3)
Other comprehensive income/(loss) for the year	2,638	(4,587)
Total comprehensive income/(loss) for the year	3,492	(3,279)
Attributable to		
Equity holders of the parent	3 245	(2,979)
Non-controlling interests	247	(300)
	3,492	(3,279)

Consolidated financial statements

Consolidated balance sheet

As at	Notes	The Group			The Bank		
		31 December 2014	31 December 2013*	1 January 2013*	31 December 2014	31 December 2013*	1 January 2013*
		£m	£m	£m	£m	£m	£m
Assets							
Cash and balances at central banks		39,695	45,687	86,191	35,469	42,139	81,996
Items in the course of collection from other banks		1,210	1,282	1,473	801	992	1,076
Trading portfolio assets	12	114,755	133,089	146,352	49,076	66,212	74,719
Financial assets designated at fair value	13	38,300	38,968	46,629	40,867	80,621	82,237
Derivative financial instruments	14	440,076	350,460	485,140	426,565	345,434	485,186
Available for sale investments	15	86,105	91,788	75,133	78,590	82,272	61,753
Loans and advances to banks	19	42,657	39,822	42,208	57,438	51,650	52,512
Loans and advances to customers	19	427,767	434,237	430,601	429,814	462,583	477,488
Reverse repurchase agreements and other similar secured lending	21	131,753	186,779	176,522	102,824	142,695	138,580
Prepayments, accrued income and other assets		3,604	3,919	4,077	16,529	16,685	12,020
Investments in associates and joint ventures	38	711	653	633	193	182	174
Investment in subsidiaries		-	-	-	18,345	14,374	14,718
Property, plant and equipment	22	3,786	4,216	5,754	1,601	1,724	1,906
Goodwill and intangible assets	23	8,180	7,685	7,915	4,945	4,806	4,564
Current tax assets	10	334	181	252	-	84	119
Deferred tax assets	10	4,130	4,807	3,559	2,079	2,736	1,654
Retirement benefit assets	35	56	133	53	-	-	-
Non current assets classified as held for disposal	45	15,574	495	285	620	-	-
Total assets		1,358,693	1,344,201	1,512,777	1,265,756	1,315,189	1,490,702
Liabilities							
Deposits from banks		58,390	55,615	77,345	70,342	64,667	84,073
Items in the course of collection due to other banks		1,177	1,359	1,587	911	1,168	1,231
Customer accounts		427,868	432,032	390,917	425,134	497,259	484,408
Repurchase agreements and other similar secured borrowing	21	124,479	196,748	217,178	95,373	148,545	151,444
Trading portfolio liabilities	12	45,124	53,464	44,794	25,910	28,990	30,105
Financial liabilities designated at fair value	16	56,972	64,796	78,561	62,716	77,926	91,376
Derivative financial instruments	14	439,320	347,118	480,987	419,605	335,223	475,866
Debt securities in issue		86,099	86,693	119,525	63,771	62,812	85,172
Subordinated liabilities	29	21,685	22,249	24,422	20,851	20,982	22,941
Accruals, deferred income and other liabilities	25	11,432	13,673	12,532	18,649	19,042	14,997
Provisions	26	4,135	3,886	2,766	3,790	3,313	2,405
Current tax liabilities	10	1,023	1,042	617	395	520	304
Deferred tax liabilities	10	255	348	341	13	176	69
Retirement benefit liabilities	35	1,574	1,958	1,282	1,309	1,588	1,011
Liabilities included in disposal groups classified as held for sale	45	13,115	-	-	275	-	-
Total liabilities		1,292,648	1,280,981	1,452,854	1,209,044	1,262,211	1,445,402
Total equity							
Called up share capital and share premium	30	14,472	14,494	14,494	14,472	14,494	14,494
Other equity instruments	30	4,350	2,078	-	4,350	2,078	-
Other reserves	31	2,322	(233)	3,329	2,372	79	2,653
Retained earnings		42,650	44,670	39,244	35,518	36,327	28,153
Total equity excluding non-controlling interests ^a		63,794	61,009	57,067	56,712	52,978	45,300
Non-controlling interests	32	2,251	2,211	2,856	-	-	-
Total equity		66,045	63,220	59,923	56,712	52,978	45,300
Total liabilities and equity		1,358,693	1,344,201	1,512,777	1,265,756	1,315,189	1,490,702

The Board of Directors approved the financial statements on pages 162 to 282 on 2 March 2015

Sir David Walker
Group Chairman

Antony Jenkins
Group Chief Executive

Tushar Morzaria
Group Finance Director

Note

a The prior year has been restated to reflect the adoption of IAS 32 (revised) standard

b As permitted by section 408 of the Companies Act 2006 an income statement for the parent company has not been presented. Included in shareholders' equity excluding non-controlling interests for 'The Bank' is a profit after tax for the year ended 31 December 2014 of £1,488m (2013: £3,407m)