## Head Office and Group Service Company Our service operations

The Head Office function contains the central operations of the Group. With the reintegration of remaining legacy assets and businesses in the second half of 2017, the function became a more material contributor to the Group results. Going forward, many of the Head Office functions will be within the Group Service Company.

The Head Office of Barclays includes the impact of treasury operations, which manage the capital, funding and liquidity position of the Group.

In 2017, the Head Office became more significant for Barclays as it contained some of the costs associated with the legacy assets and businesses, which were reintegrated on 1 July 2017. These factors contributed to a £834m loss before tax in 2017.

From 1 April 2018, the treasury operations will be embedded into the respective legal entities of Barclays Bank UK PLC, and Barclays Bank PLC, as well as into Barclays PLC.

## The Group Service Company has significant commercial and competitive value.

Central operations are already operating through the Group Service Company - a separate legal entity, recharging all of its costs to the two legal entities.

The Group Service Company was 'stood up' in September 2017 and is the hub through which we will deliver a wide range of operations, technology and functional services to the Barclays Group and the two legal entities of Barclays Bank UK PLC and Barclays Bank PLC. The purpose of the Group Service Company is to provide world-class services that are high quality, efficient and cost effective, to support our goal to be at the forefront of industry change and innovation.

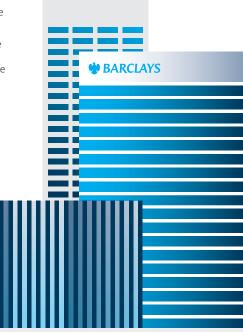
With significant commercial and competitive value, we believe the Group Service Company will radically reduce duplication of effort and cost, allowing us to give a more consistent and seamless experience to our colleagues, clients and customers. This will allow us to lead the way in next generation products and services in banking, to fully embrace the advantages that lie in automation, capitalise on our data and to innovate like a Fintech.

We intend to unlock efficiencies and release capital for strategic investment, helping to drive the optimisation of Barclays as a whole and delivering value to our shareholders.

The scale of the Group Service Company is substantial, accounting for around 42,000 colleagues working globally. It delivers services across a wide range of technical and functional capabilities, including Compliance, Corporate Relations, Legal, Risk, Real Estate, Finance, Operations and Technology. The Group Service Company operates as a separate legal entity with its own board of directors, thereby promoting transparency and increased accountability.

The Group Service Company is also a major step in the delivery of our structural reform programme. It is Barclays' response to the ring-fencing requirements established by the UK Government following the financial crisis that began in 2007. Grouping our services together in this way will allow us to maintain operational continuity for our business units and facilitate the execution of our recovery and resolution plans in the event of financial difficulty, thereby strengthening the overall resilience of the Barclays Group. It also means we have a centre of excellence for services required by the business, such as fraud management and cyber security, where we can reduce duplication and benefit from implementing best practice across all of our businesses.

For further information on the timeline and progress of our structural reform programme, please see page 204 of the Barclays PLC Annual Report 2017.





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