



Barclays PLC

Goldman Sachs European Financials Conference
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2014 Strategic Update: Repositioning and simplifying

Generating higher and more sustainable returns

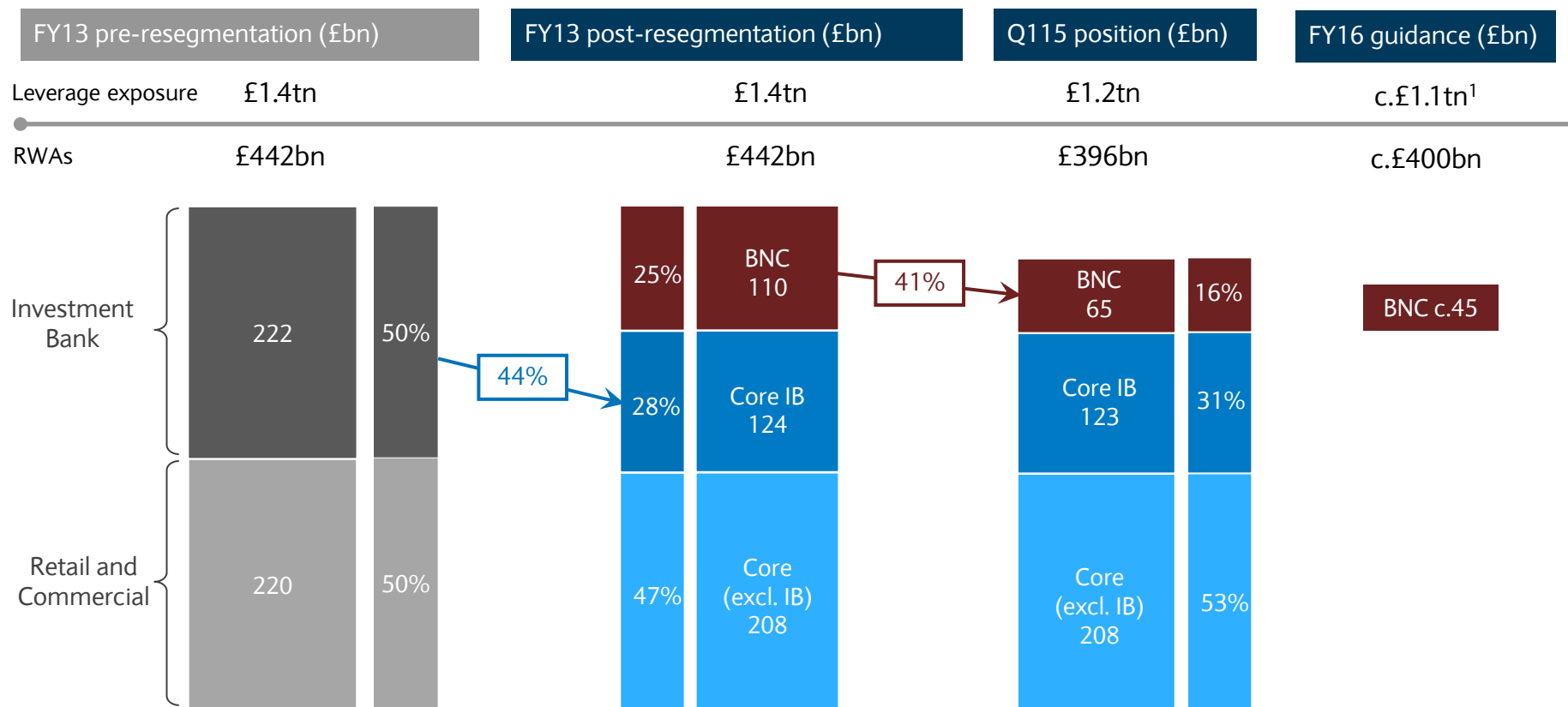
Dedicated Non-Core unit and a new Personal & Corporate Banking business

Reshaping the Investment Bank

Allocating capital to growth businesses

Delivering a structurally lower cost base

Progress on reallocating capital across the Group



Non-Core RWAs have reduced 41% since FY13

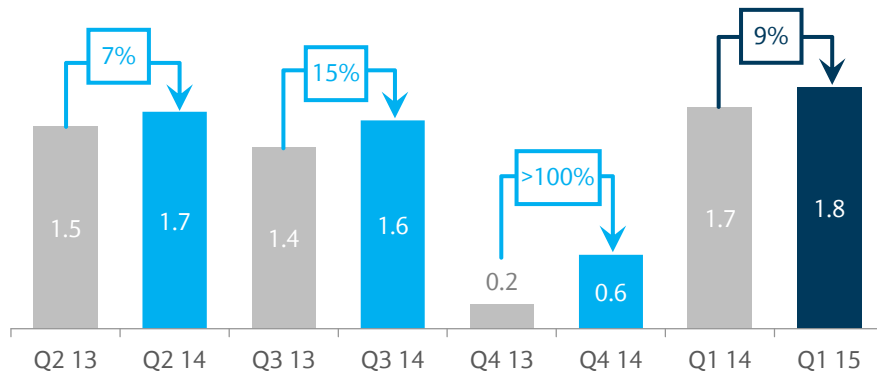
¹ 2016 leverage exposure estimated on the basis of calculation methodology set out in BCBS Jan-14 proposals. All other regulatory metrics calculated on a CRD IV basis |

Five measures that the strategy is on track

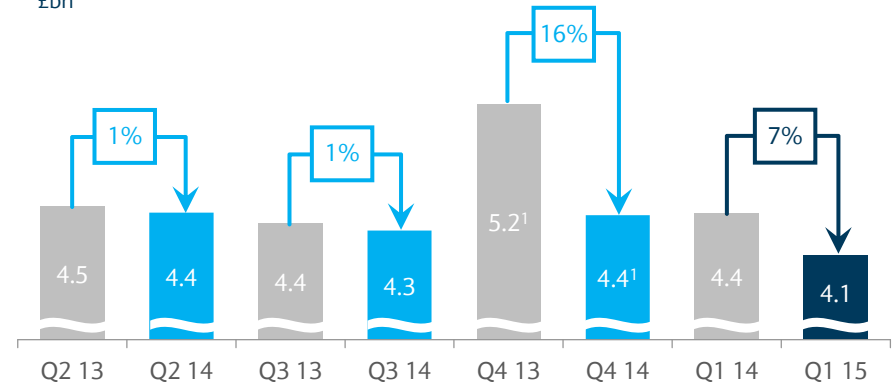
- 1 Increased profits for the Group and double digit Core returns
- 2 Substantial shrinkage of Non-Core
- 3 Progress towards capital and leverage targets
- 4 Implementation of cost programmes progressing well
- 5 Progress on litigation and conduct issues

Since we announced the new strategy last year...

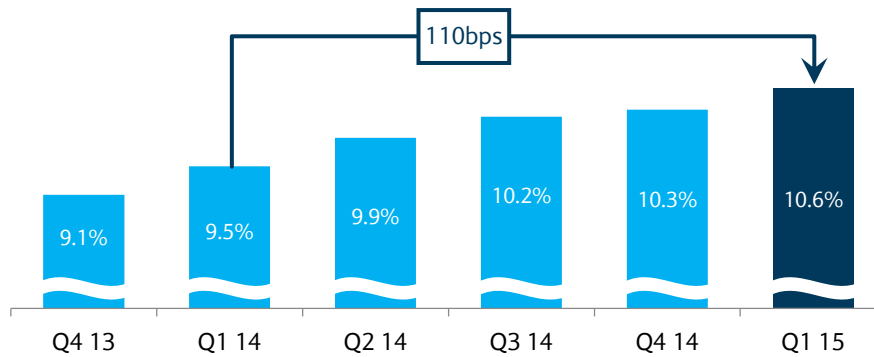
Quarterly adjusted PBT has increased year over year...
£bn



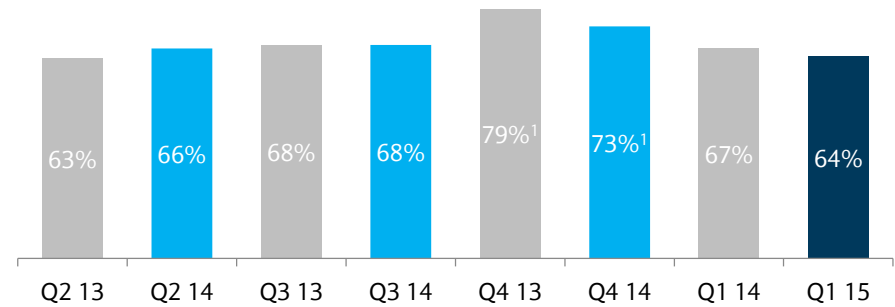
Quarterly adjusted costs have reduced year over year...
£bn



Fully Loaded CET1 ratio has incrementally improved...



And quarterly adjusted cost to income ratio has reduced ...



¹ Excluding UK bank levy |

Core business performing well with positive jaws

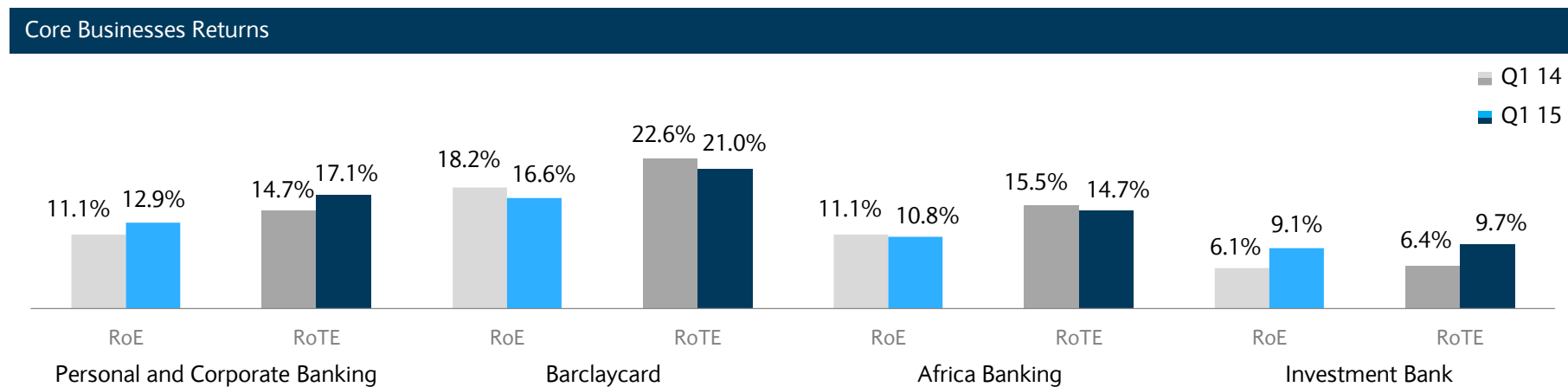
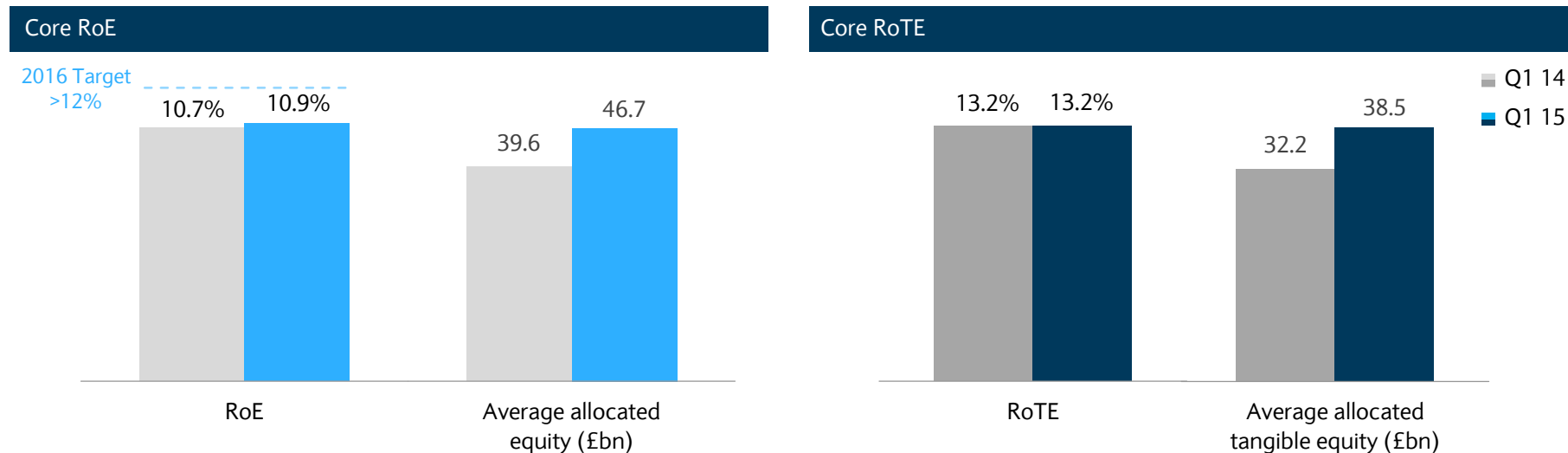
Three months ended – March (£m)	2014	2015	% change
Income	6,277	6,420	2%
Impairment	(481)	(448)	7%
Total operating expenses	(3,969)	(3,885)	2%
– <i>Costs to achieve Transform (CTA)</i>	(216)	(109)	50%
Adjusted profit before tax	1,847	2,104	14%
Tax	(589)	(615)	(4%)
NCI and other equity interests	(205)	(231)	(13%)
Adjusted attributable profit	1,053	1,258	19%
Adjusted financial performance measures			
Average allocated equity	£40bn	£47bn	
Return on average tangible equity	13.2%	13.2%	
Return on average equity	10.7%	10.9%	
Cost:income ratio	63%	61%	
Basic EPS contribution	6.6p	7.7p	
	Dec-14	Mar-15	
CRD IV RWAs	£327bn	£331bn	
Leverage exposure	£956bn	£1,019bn	

Financial performance

- PBT up 14% at £2.1bn:
 - PCB profits up 14%
 - Investment Bank profits up 37%
 - Africa Banking profits up 23%
 - Barclaycard profits were down 1%
- Income increased 2% to £6.4bn, with non-investment banking businesses up 4%
- Impairment improved 7%, principally reflecting the improving UK economic environment benefitting PCB
- Operating expenses reduced 2% to £3.9bn reflecting Transform savings across the businesses
- Attributable profit was £1.3bn with EPS of 7.7p

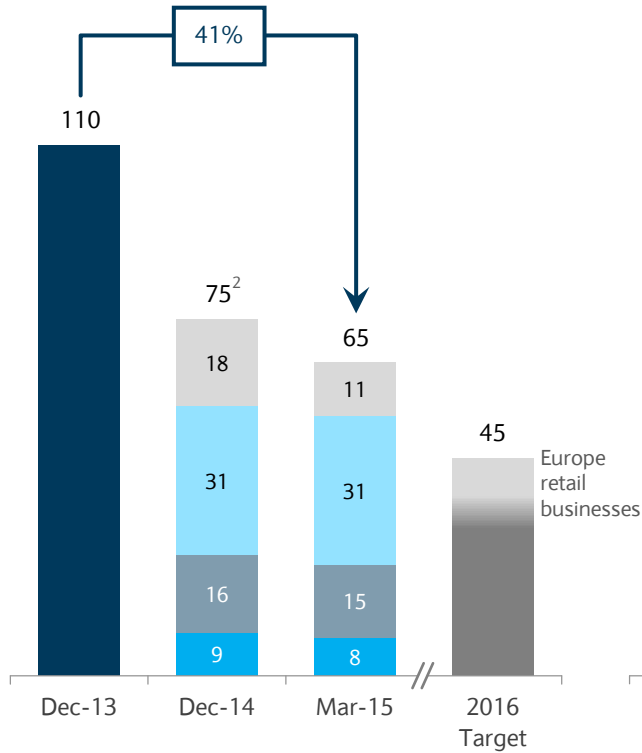
RoE excluding CTA was 11.6% on average allocated equity of £47bn, up £7bn year on year

Double digit returns in the Core business on a higher equity base, and improved IB returns

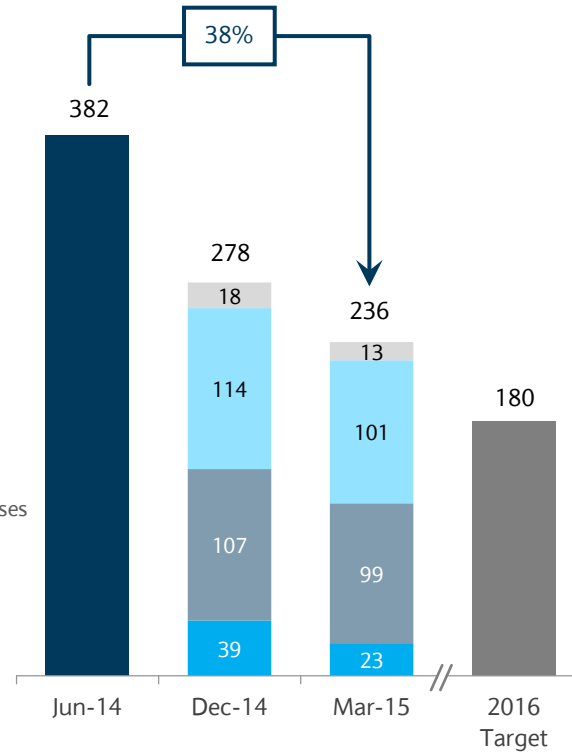


Reduction of Non-Core on track

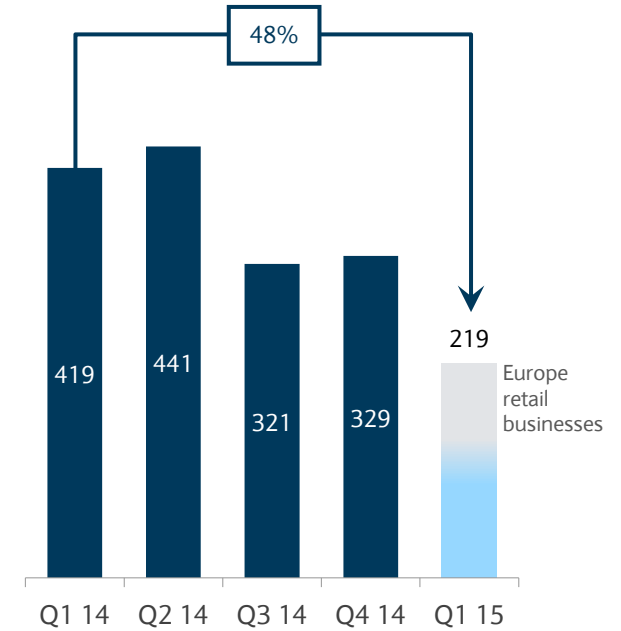
RWA reduction (£bn)



Leverage exposure by type (£bn)



Non-Core quarterly costs³ (£m)



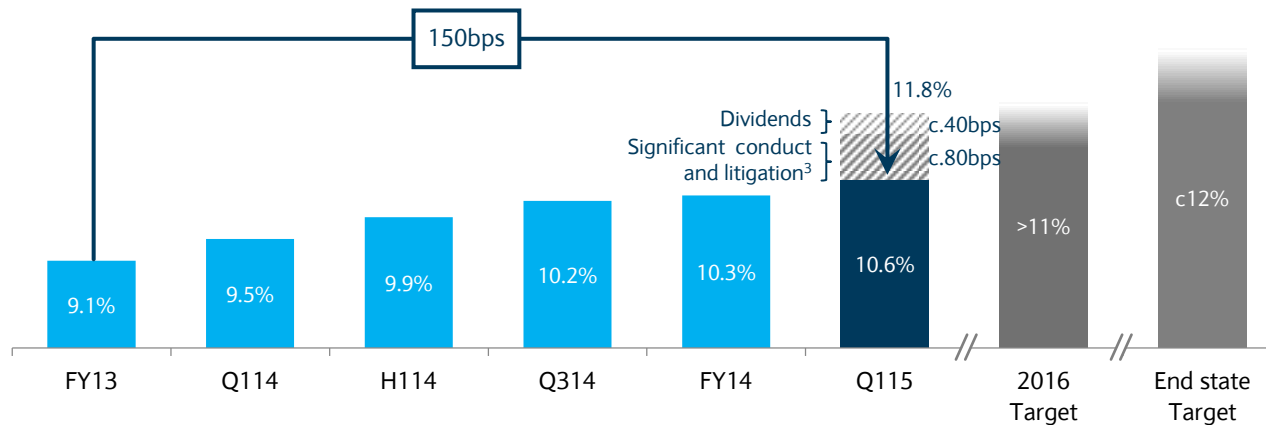
■ Operational risk¹ ■ Securities and loans
 ■ Derivatives ■ Businesses

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 ■ Derivatives ■ Other

¹ Operational risk plus DTAs | ² Total reflects rounding | ³ Excluding conduct and litigation costs, CTA and UK Bank Levy |

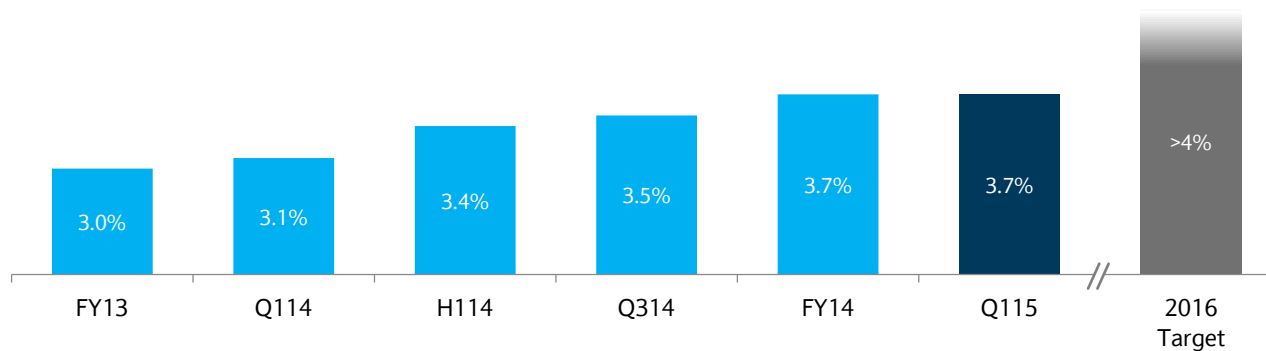
Development of capital and leverage towards targets

Fully Loaded CET1 ratio¹



- Continue to steadily accrete capital, and on course for 2016 and end-state targets
- CET1 capital increased £1.4bn since 2013 to £41.8bn
- Significant conduct and litigation has had a c80bps drag on CET1
- RWAs reduced £47bn to £396bn over the same period, driven by the Non-Core run down

Leverage ratio²



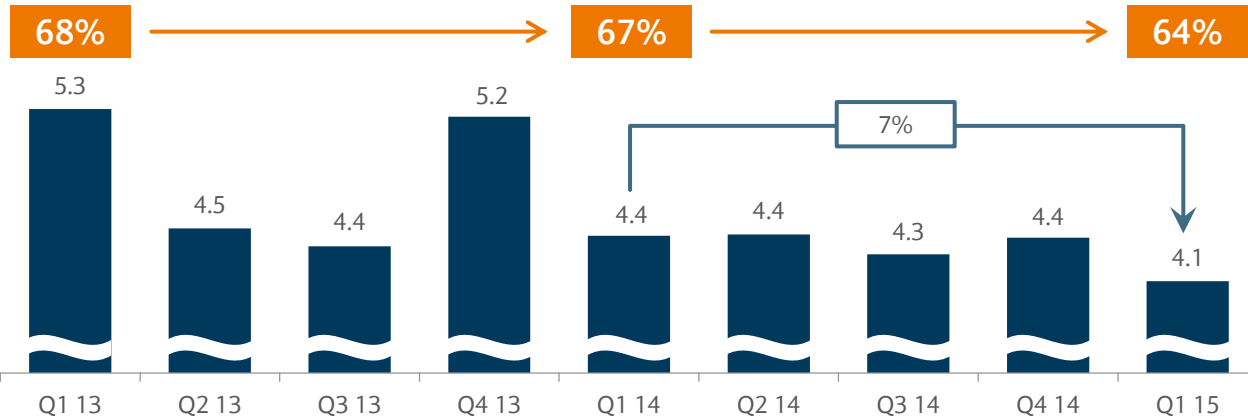
- Already in line with expected minimum end-state requirement of 3.7% as outline by the FPC
- The ratio increased to 3.7% at Q115 due to significant reductions in leverage exposure since 2013
- Tier 1 capital growth to £46.3bn at Q115 including AT1 capital of £4.5bn

¹ Based on Barclays interpretation of the final CRD IV text and latest EBA technical standards | ² Mar-15 based on end-point CRR definition of Tier 1 capital for the numerator and the CRR definition of leverage exposure as adopted by the European Union delegated act. This is broadly consistent with the BCBS 270 definition, which was the basis of Jun-14, Sep-14 and Dec-14 comparatives. Dec-13 and Mar-14 not comparable to the estimates as of Jun-14 onwards due to different basis of preparation: estimated ratio and T1 capital based on PRA leverage ratio calculated as fully loaded CRD IV T1 capital adjusted for certain PRA defined deductions, and a PRA adjusted leverage exposure measure | ³ Cumulative dividends and conduct and litigation since FY13 |

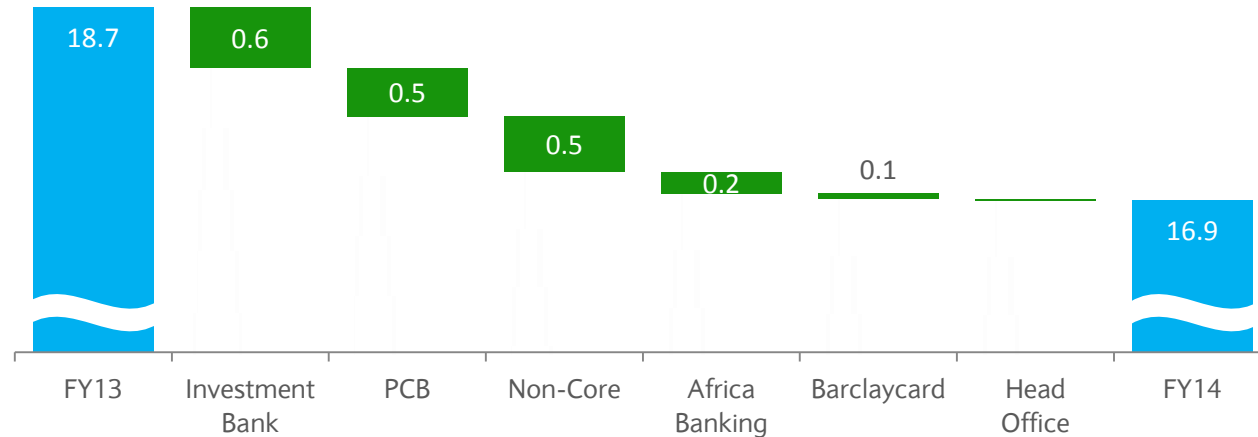
Group adjusted operating expenses - delivery to date

Quarterly progression¹ (£m)

Cost: income ratio



2014 progress – excluding CTA (£bn)

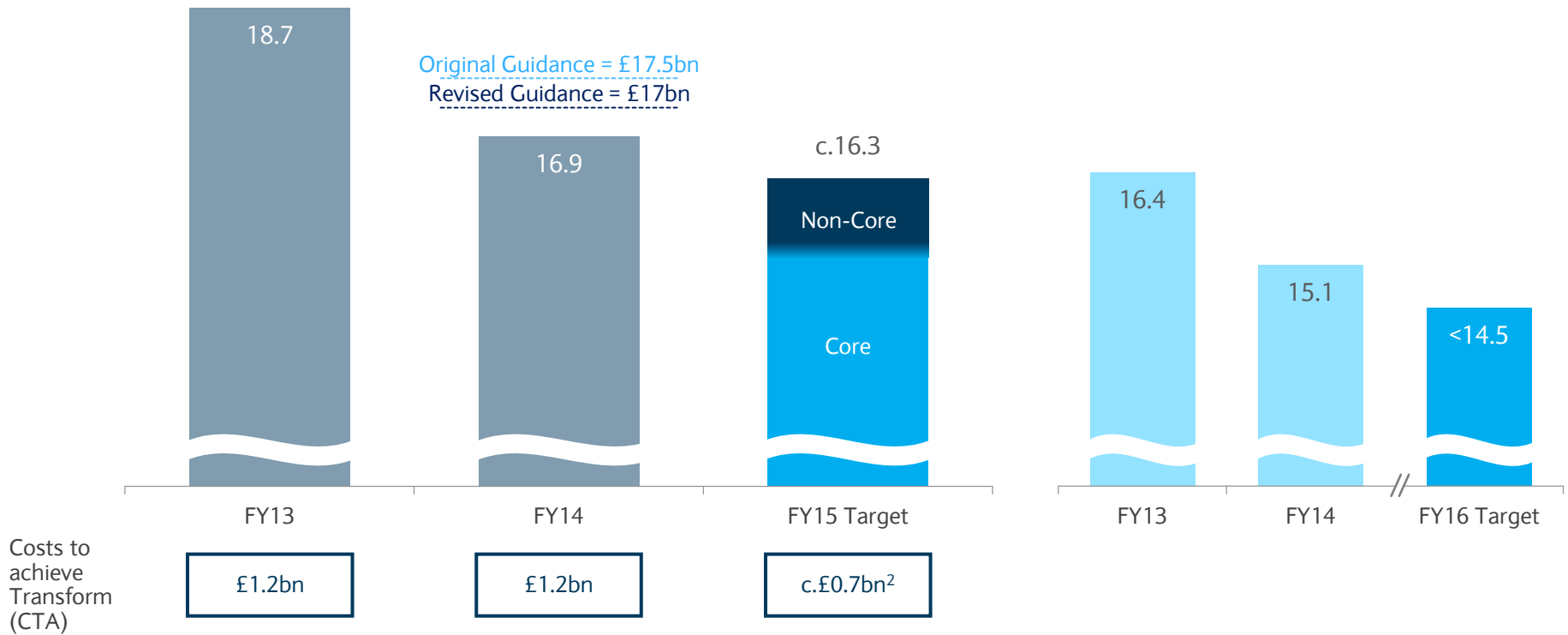


¹ Excluding UK bank levy |

Group and Core cost targets

Group cost guidance¹ (£bn)

Core cost target¹ (£bn)



¹ Excludes provisions for PPI, IRHP and FX redress, goodwill impairment and CTA | ² 2016 CTA target of c.£0.2bn |

Path to achieving Core cost target

Restructuring and Rightsizing

- Removing excess capacity as a result of business model, organisational or portfolio changes:
 - FTE reductions, primarily IB front office restructuring, and building exits
 - Transformation of branch network in the UK and Africa

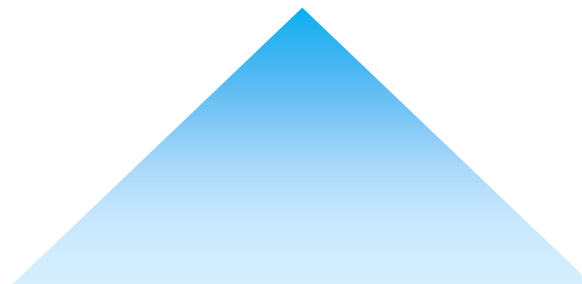


Branch network rationalisation

PCB	72 Net reduction in 2014
Africa Banking	47 Net reduction in 2014

Industrialisation

- Automation, simplification and rationalisation of processes and systems:
 - Optimisation of IT platform across the Bank: platform and application decommissioning, standardisation, network optimisation



IT application decommissioning

Cluster	2014-2016
PCB	30% ↓
Barclaycard	30% ↓
IB	25% ↓











Innovation

- Providing a digital client experience
 - Transforming branches and building capability for cheaper, faster interactions via other channels
- Building leading edge technology
 - Pingit & Twitter, and wearable technology



>4m	BMB customers in under 3 years
Number of times a month customers use the mobile banking app	26x
13%	of customers open accounts digitally

Evidence of execution in the first quarter

-  Core business PBT up 14% YoY to £2.1bn, resulted in RoE of 11.6% ex CTA 
-  Non-Core RWAs down £10bn to £65bn, releasing £1.3bn of equity 
-  CET1 ratio increased 30bps to 10.6% and leverage ratio maintained at 3.7%, despite further conduct and litigation provision of £800m 
-  Group adjusted costs down 7% YoY to £4.1bn, delivering positive jaws 
-  £2.05bn provision for investigations and litigation primarily relating to Foreign Exchange at Q1. £1.6bn FX and ISDAfix settlements announced 20 May 

Progress on meeting 2016 Transform targets

		2016 Target	Q1 2015
Group	Capital	CRD IV FL CET1 ratio >11.0%	10.6%
	Leverage	Leverage ratio >4.0%	3.7%
	Dividend	Payout ratio 40-50%	1p ¹
Barclays Core	Returns	Adjusted RoE >12%	11.6% ²
	Cost	Adjusted operating expenses <£14.5bn	£3.8bn ³
Barclays Non-Core	Returns	Drag on adjusted RoE <(3%)	(3.3%)

¹ Dividend per share paid for the quarter - payout ratio is not meaningful at Q1 | ² Excluding CTA. Adjusted RoE including CTA is 10.9% | ³ Excluding CTA. Bank Levy is accounted for in Q4 each year |

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