Barclays PLC

Morgan Stanley European Financials Conference
24 March 2015
Antony Jenkins
Barclays Group Chief Executive
Financial highlights

Increased adjusted pre-tax profits by 12% – Core up 3%, Non-Core losses down 24%

Costs excluding CTA £16.9bn, ahead of £17bn guidance

Core business performed well with PBT of £6.7bn and RoE of 10.9% ex-CTA

Strong progress on shrinking Non-Core and releasing capital

Building capital: CET1 ratio 10.5%\(^1\) and BCBS leverage ratio 3.8%\(^1\)

\(^1\)Including Spain disposal
## 2016 Transform targets

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Barclays Core</th>
<th>Barclays Non-Core</th>
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<tbody>
<tr>
<td><strong>Capital</strong></td>
<td>CRD IV FL CET1 ratio &gt;11.0%</td>
<td>Adjusted RoE &gt;12%</td>
<td>Drag on adjusted RoE &lt;(3%)</td>
</tr>
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<td><strong>Leverage</strong></td>
<td>Leverage ratio &gt;4.0%</td>
<td>Adjusted operating expenses &lt;£14.5bn</td>
<td>(£15.1bn²)</td>
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### 2014

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¹Including Spain disposal ²Excluding CTA
Approach to technological development

**Barclays Accelerator**

- Invites FinTech start-ups to apply from all over the world
- Run in partnership with Techstars, one of the world’s leading start-up accelerators
- 15 week programme run in East London
- Received 531 applications in 2015 from 64 countries
- Recently launched in New York

**Barclays Escalator**

- Based in London and Manchester
- State of the art event and networking spaces tailor-made for high growth start-ups
- 2,500 companies supported through the Innovation Loft

**Pingit & Twitter**

- Launched Pingit to 13.5m Twitter users in March
- First British bank to allow people to pay each other using their Twitter handle

- ‘Open market’ wearable contactless payment product
- Can be used at over 300,000 contactless payment terminals across the UK
- To be launched more broadly to the market in 2015

**bPay**

- Invites FinTech start-ups to apply from all over the world
- Run in partnership with Techstars, one of the world’s leading start-up accelerators
- 15 week programme run in East London
- Received 531 applications in 2015 from 64 countries
- Recently launched in New York
Leading the way in technology

Barclays is committed to pioneering technology and adapting to a changing world

Cost efficiency
Improved Control
Enhanced Customer Experience

To become the ‘Go-To’ bank – a strong business delivering sustainable returns
Technology continues to enhance the customer experience

- **Digital banking**: Over 80% of all payments and transfers in personal banking are digital.
- **Mobile banking**: Average customer uses mobile banking 30 times/month.
- **Pingit**: Almost 1 million active customers.
- **Digital Eagles**: Provide help and advice on all new technology.
- **Branch formats**: Around 500 Automated Service Counters, increasing to 800 by 2016.
- **Mobile cheque imaging**: Saves time and reduces costs for customers.
- **Finger vein technology**: Quick and secure identification for corporate customers.
- **Digital client on-boarding**: Pilot reduces average corporate client on-boarding time by 50%.
## Technology continues to enhance the customer experience

<table>
<thead>
<tr>
<th>Category</th>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclaycard</td>
<td>Contactless card technology</td>
<td>Introduced on Transport for London</td>
</tr>
<tr>
<td></td>
<td>bPay Band</td>
<td>Convenient wearable contactless payment technology</td>
</tr>
<tr>
<td></td>
<td>Apple Pay</td>
<td>Apple Pay available with all Barclaycard-branded cards in the US</td>
</tr>
<tr>
<td>Africa</td>
<td>Automated cheque payments</td>
<td>Quick and convenient, with no paperwork</td>
</tr>
<tr>
<td>IB</td>
<td>OTC derivatives clearing</td>
<td>Agreement with SunGard to develop operations utility</td>
</tr>
<tr>
<td></td>
<td>Barclays Live</td>
<td>Customised data and analytics on-the-go</td>
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Strengthening controls

• Technological changes give rise to cybersecurity threats

• Barclays continues to invest in technology and people to protect against emerging threats
  – Increased funding and resources dedicated to cybersecurity
  – Investment in senior hires, such as former head of EC3
  – Equal emphasis on detection and prevention capabilities
  – Move from reactive perimeter-focused defence to a proactive approach
Operating efficiencies delivering cost benefits

**IT applications decommissioned**

- **PCB**:
  - 2014: 30%, 2016: 10%
- **Barclaycard**: 2014: 30%, 2016: 10%
- **Investment Bank**: 2013: 15%, 2015: 0%

**Business instant lending**

- **Instant and automated lending process**: 21% cost: income ratio

**PCB non-branch UK locations**

Operating expenses significantly reduced

Operating expenses progress – excluding CTA (£bn)

- Transform saves:
  - FTE reductions from Investment Bank front office restructuring, branch network transformation in UK and Africa and restructuring of the European business
  - Optimisation of IT platforms, consolidation of middle office functions in the Investment Bank and process improvements

- Reduction of performance costs mainly in the Investment Bank and PCB

- Favourable currency moves from a cost perspective in Africa Banking, the Investment Bank and Barclaycard

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>Investment Bank</th>
<th>PCB</th>
<th>Non-Core</th>
<th>Africa Banking</th>
<th>Barclaycard</th>
<th>Head Office</th>
<th>FY14</th>
</tr>
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<tbody>
<tr>
<td>FY13</td>
<td>18.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.5</td>
<td>0.2</td>
<td>0.1</td>
<td>16.9</td>
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Increased Legal fees associated with Conduct & Litigation settlements.

Other; primarily contributable to business growth across Africa and Barclaycard.
Group cost targets

**Group cost guidance¹ (£bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Costs to achieve Transform (CTA)</th>
</tr>
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<tr>
<td>FY13</td>
<td>£1.2bn</td>
</tr>
<tr>
<td>FY14</td>
<td>£1.2bn</td>
</tr>
<tr>
<td>FY15 Target</td>
<td>c.£0.7bn²</td>
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Original Guidance = £17.5bn  
Revised Guidance = £17bn

**Core cost targets¹ (£bn)**

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<tr>
<th>Year</th>
<th>Core cost target</th>
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<tr>
<td>FY13</td>
<td>16.4</td>
</tr>
<tr>
<td>FY14</td>
<td>15.1</td>
</tr>
<tr>
<td>FY16</td>
<td>&lt;14.5</td>
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</table>

10%  
8%

¹Excludes provisions for PPI, IRHP and FX redress, goodwill impairment and CTA  
²2016 CTA target of c.£0.2bn
Conclusion

Continued capital build: CET1 ratio 10.5%\(^1\) and BCBS leverage ratio 3.8%\(^1\)

Progress on returns with Core RoE of 10.9% ex-CTA

Strong progress on shrinking Non-Core and releasing capital

Embracing technological change key to delivering sustainable growth

Barclays on the forefront of adopting technology to become the ‘Go-To’ bank

\(^1\)Including Spain disposal
Antony Jenkins
Barclays Group Chief Executive
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