

# Key performance indicators

## Barclays strategic priorities are to:

- Build the best bank in the UK
- Accelerate growth of global businesses
- Develop Retail and Commercial Banking activities in selected countries outside the UK
- Enhance operational excellence

A range of financial and non-financial key performance indicators (KPIs) are monitored at both a Group and business level to assess progress against these strategic goals. Group KPIs are detailed here, business specific performance indicators are detailed within the analysis of results by business. Further non-financial performance indicators are detailed within the Corporate sustainability section.

## Total Shareholder Return

Total Shareholder Return (TSR) is defined as the value created for shareholders through share price appreciation, plus reinvested dividend payments.

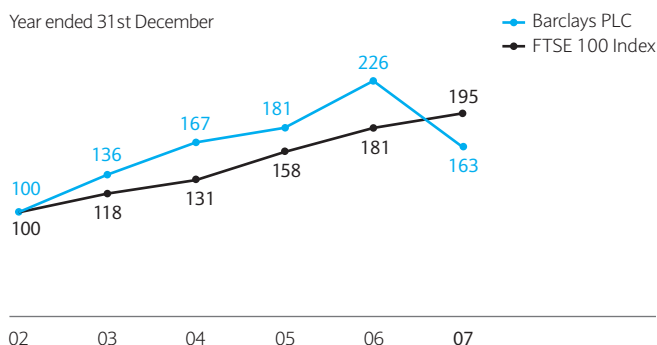
At the end of 2003, Barclays established a set of four year performance goals for the period 2004 to 2007 inclusive. The primary goal was to achieve top quartile TSR relative to a peer group of financial services companies. The TSR peer group is regularly reviewed to ensure that it remains aligned to our business mix and the direction and scale of our ambition. The peer group for 2007 was: Banco Santander, BBVA, BNP Paribas, Citigroup, Deutsche Bank, HBOS, HSBC, JP Morgan Chase, Lloyds TSB, Royal Bank of Scotland and UBS. Banco Santander replaced ABN AMRO in this peer group during 2007. Barclays delivered TSR of 20.4% for the goal period and was positioned 8th within its peer group (third quartile) for the goal period commencing 1st January 2004.

## Economic Profit

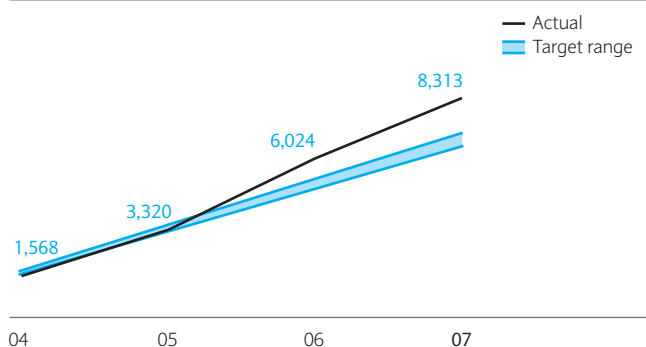
Economic profit (EP) is the measurement used to support the pursuit of the top quartile TSR goal. EP is profit after tax and minorities less a capital charge (average shareholder's equity and goodwill excluding minority interests multiplied by the Group cost of capital). Barclays uses EP, a non-IFRS measure, as a key indicator of performance because it believes that it provides important discipline in decision making. Barclays believes that EP encourages both profitable growth and the efficient use of capital.

At the time of setting the TSR goal, we estimated that achieving top quartile TSR would require the achievement of compound annual growth in economic profit in the range of 10% to 13% per annum (£6.5bn to £7.0bn of cumulative economic profit) over the 2004 to 2007 goal period. Economic profit for 2007 was £2.3bn, which, added to the £6.0bn generated in 2004, 2005 and 2006, delivered a cumulative total of £8.3bn for the goal period. Therefore Barclays has delivered 128% of the minimum range and 119% of the upper range of the cumulative economic profit goal in the goal period.

## Total Shareholder Return £



## Economic Profit



### 2008 to 2011 goal period

Barclays has established a new set of four year performance goals for the period from 2008 to 2011 inclusive. The primary goal is to achieve compound annual growth in economic profit in the range of 5% to 10% (£9.3bn to £10.6bn of cumulative economic profit) over the 2008 to 2011 goal period.

We believe that if we achieve the upper end of the economic profit range, we will also achieve our goal of top quartile TSR relative to our peer group of financial services companies.

### Profit before tax

Profit before tax is a key indicator of financial performance to the majority of our stakeholders.

From 2005 to 2007 profit before tax grew at a compound rate of 16% per annum. 2006 included £323m of profit relating to business disposals; profit before disposals increased 3% in 2007.

### Earnings per share

Earnings per share (EPS) is a key indicator of performance for our shareholders. EPS is measured as the profit attributable to shareholders after tax and minority interests divided by the weighted average number of shares.

In 2007, basic EPS decreased to 68.9p. Over the three years to 2007 the compound annual growth rate was 13% per annum.

### Dividends per share

We aim to grow our dividend broadly in line with the rate of growth in underlying earnings over time.

The 2007 dividend of 34p per share represents an increase of 10% on 2006. Over the three years to 2007 we have increased our dividend by a compound annual rate of 13% per annum.

### Return on average shareholder equity

This ratio shows the return we are making on the money our shareholders' have invested in us and is calculated as the profit after tax and minority interests divided by the average shareholders' funds. Investment decisions are made within strict return criteria in the knowledge that investors have a choice of where to invest.

In 2007 our return on average shareholders equity was 20.3% compared to 24.7% in 2006. Over the past three years the average return has been 22%.

### Profit diversification

The diversification of profit both by geography and by business line are strategic priorities for Barclays with the aim of increasing the proportion of our business conducted outside our UK Banking franchise. In 2007 two thirds of profits were made outside UK Banking businesses which is a result of the transformation of the Group over recent years.

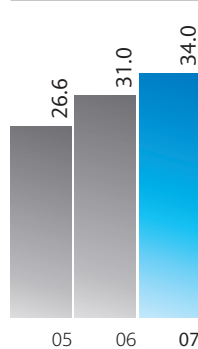
Profit before tax £m



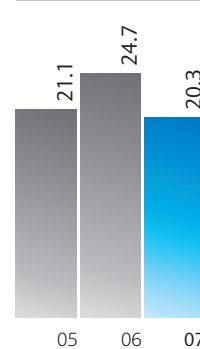
Earnings per share pence



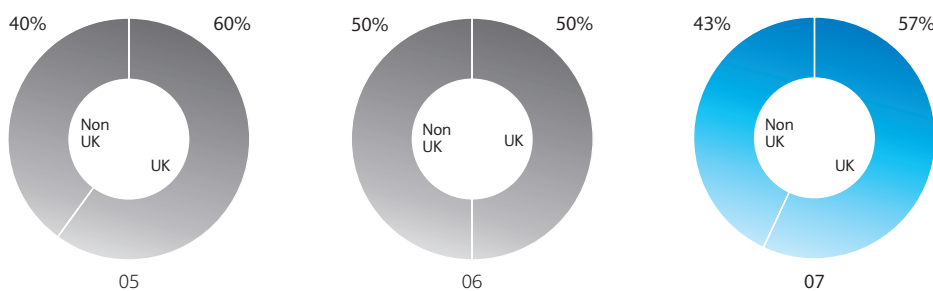
Dividend per share pence



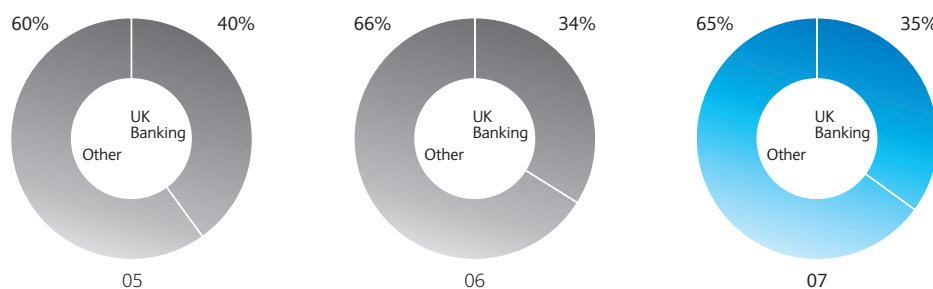
Return on average shareholders' equity %



Profit diversification by geographic region %



Profit diversification by business %<sup>a</sup>



Note

<sup>a</sup> Head office functions and other operations segment has been excluded.

## Key performance indicators

### Revenue Mix

The mix of income is an important indicator of financial health, being a demonstration of the diversification of business lines and of the dependency on the balance sheet to drive income growth. It is measured as the proportion of non-net interest income within total income. Over time we aim to increase this proportion.

The percentage of non-net interest income within total income has increased from 55% to 59% over the three years of review.

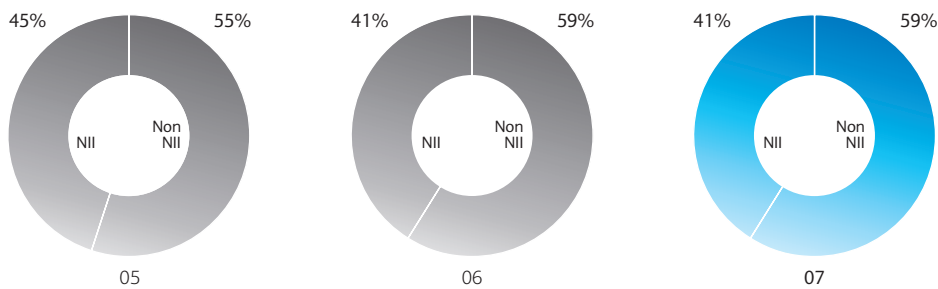
### Cost:income Ratio

Cost:income ratio is defined as operating expenses compared to total income net of insurance claims and is a measure management use to assess the productivity of the business operations.

We target a top quartile cost:income ratio for each of our businesses relative to their peers.

In 2005 we set a specific cost:income ratio target for UK Banking; to improve the cost:income ratio by two percentage points in each of 2005, 2006 and 2007. We have exceeded this over the period with the cost:income ratio improving by eight percentage points over the period to 48%, excluding the impact of settlements on overdraft fees in relation to prior years.

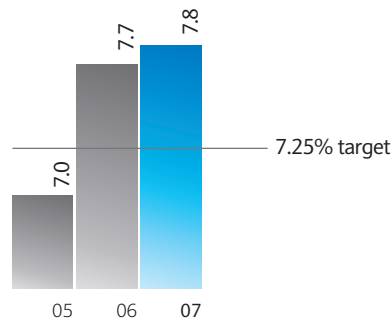
### Revenue mix %



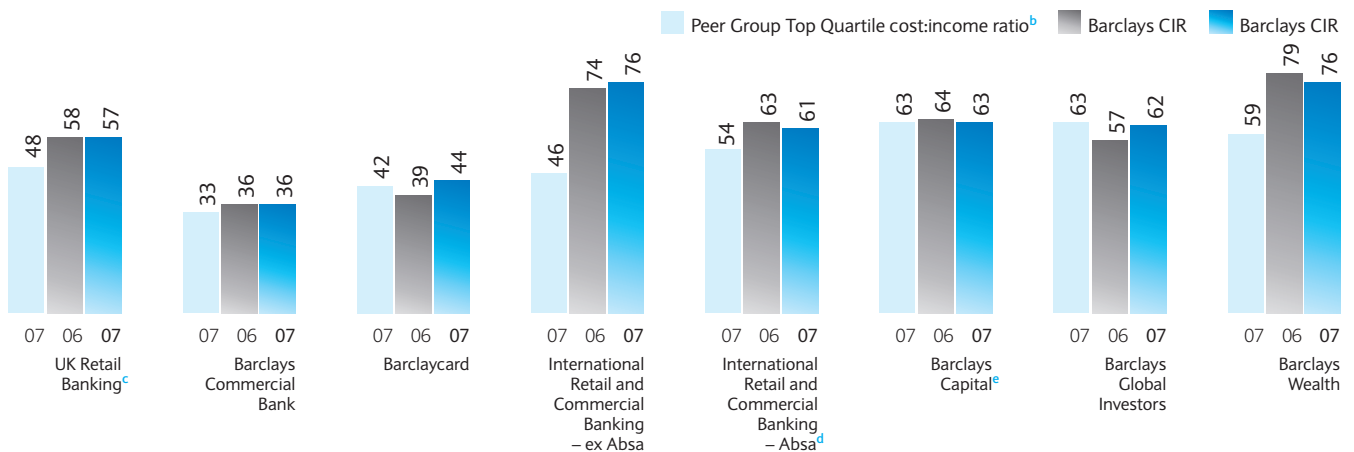
### Cost:income Ratio UK Banking %



### Tier 1 Capital Ratio %



### Cost:income Ratio by business %



### Notes

<sup>a</sup> Excludes the impact of settlements on overdraft fees in relation to prior years.

<sup>b</sup> Peer group data has been extracted as at 30th June 2007.

<sup>c</sup> UK Retail Banking peer group includes related credit card businesses.

<sup>d</sup> IRCB Absa excludes Absa Capital, but peers are total Group numbers.

<sup>e</sup> Barclays Capital and Peer group ratios are cost:net income.

## Tier 1 Capital Ratio

Capital requirements are part of the regulatory framework governing how banks and depository institutions are managed. Capital ratios measure the percentage of a bank's capital to its risk weighted assets. Tier 1 capital is defined by the FSA and consists largely of shareholders' funds.

Barclays operates a centralised capital management model, considering both regulatory and economic capital. Decisions on the allocation of capital resources, conducted as part of the strategic planning review, are based on a number of factors including returns on economic and regulatory capital.

The Group's capital management activities seek to maximise shareholder value by optimising the level and mix of its capital resources. The Group's capital management objectives are to:

- Support the Group's AA credit rating.
- Maintain sufficient capital resources to support the Group's risk appetite and economic capital requirements.
- Maintain sufficient capital resources to meet the FSA's minimum regulatory capital requirements and the US Federal Reserve Bank's requirements that a financial holding company be well capitalised.
- Ensure locally regulated subsidiaries can meet their minimum capital requirements.

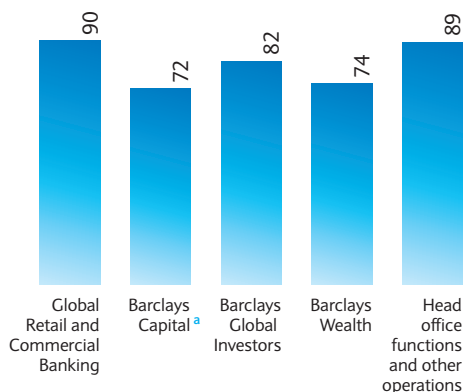
The key measure the Group uses to assess its capital strength is the Tier 1 capital ratio which represents Tier 1 capital compared to risk weighted assets. The Group targets a Tier 1 capital ratio of 7.25%.

## Employee engagement

Employee opinion surveys are used extensively across the Group to provide leaders with valuable insight to employee views. This is important because research has consistently shown that committed people are a crucial factor in achieving great customer service and excellent business performance.

The participation levels in the surveys conducted in 2007 were the highest we have achieved.

### 2007 Employee opinion surveys – response rates %



#### Note

<sup>a</sup> Barclays Capital runs a survey biennially. The participation level in the most recent survey (2006) is shown.

