



# Barclays PLC

2012 Results

12 February 2013



Chris Lucas

Group Finance Director



# Adjusted financial highlights

Full year	2012 (£m)	2011 (£m)	Change (%)
Income	29,043	28,512	2
Impairment charges	(3,596)	(3,802)	(5)
Net operating income	25,447	24,710	3
Operating expenses	(18,539)	(19,180)	(3)
Adjusted profit before tax <sup>1</sup>	7,048	5,590	26
Statutory profit before tax	246	5,879	

<sup>1</sup> Includes share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions

# Adjusting items to PBT

Full year	2012 (£m)	2011 (£m)	Change (%)
Profit before tax	246	5,879	-
Own credit charge/(gain)	4,579	(2,708)	-
Provision for PPI redress	1,600	1,000	-
Provision for interest rate hedging products redress	850	-	-
(Gain) on sale / impairment on BlackRock investment	(227)	1,858	-
Gains on debt buy-backs	-	(1,130)	-
Goodwill impairment	-	597	-
Losses on acquisitions and disposals	-	94	-
Adjusted profit before tax	7,048	5,590	26

# Adjusted performance measures

Full year	2012	2011
Return on average shareholders' equity	7.8%	6.6%
Return on average tangible shareholders' equity	9.1%	7.9%
Return on average risk weighted assets	1.3%	1.1%
Cost: income ratio	64%	67%
Compensation: net operating income	38%	42%
Basic earnings per share	34.5p	27.7p
Dividend per share	6.5p	6.0p
Statutory TNAV per share	373p	391p

# UK Retail and Business Banking

Full year	2012 (£m)	2011 (£m)	Change (%)
Income	4,421	4,656	(5)
Impairment charges	(269)	(536)	(50)
Net operating income	4,152	4,120	1
Operating expenses (excl. provision for PPI redress)	(2,684)	(2,702)	(1)
Adjusted profit before tax <sup>1</sup>	1,472	1,420	4
Adjusted return on average equity	16.0%	14.9%	
Adjusted cost: income ratio	61%	58%	

<sup>1</sup> Includes share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions

# Barclaycard

Full year	2012 (£m)	2011 (£m)	Change (%)
Income	4,170	4,095	2
Impairment charges	(979)	(1,259)	(22)
Net operating income	3,191	2,836	13
Operating expenses (excl. provision for PPI redress and goodwill impairment)	(1,715)	(1,659)	3
Adjusted profit before tax <sup>1</sup>	1,506	1,208	25
Adjusted return on average equity	22.1%	17.4%	
Adjusted cost: income ratio	41%	41%	

<sup>1</sup> Includes share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions

# Africa Retail and Business Banking

Full year	2012 (£m)	2011 (£m)	Change (%)
Income	3,157	3,571	(12)
Impairment charges	(646)	(466)	39
Net operating income	2,511	3,105	(19)
Operating expenses	(2,053)	(2,279)	(10)
Adjusted profit before tax <sup>1</sup>	468	832	(44)
Adjusted return on average equity	3.8%	9.7%	
Adjusted cost: income ratio	65%	64%	

<sup>1</sup> Includes share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions



# Europe Retail and Business Banking

Full year	2012 (£m)	2011 (£m)	Change (%)
Income	915	1,226	(25)
Impairment charges	(328)	(261)	26
Net operating income	587	965	(39)
Operating expenses (excl. goodwill impairment)	(839)	(1,211)	(31)
Adjusted loss before tax <sup>1</sup>	(239)	(234)	2
Adjusted return on average equity	(8.0%)	(6.0%)	
Adjusted cost: income ratio	92%	99%	

<sup>1</sup> Includes share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions

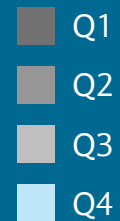
# Investment Bank

Full year	2012 (£m)	2011 (£m)	Change (%)
Income	11,722	10,335	13
Impairment charges	(460)	(93)	
Net operating income	11,262	10,242	10
Operating expenses	(7,249)	(7,289)	(1)
Profit before tax <sup>1</sup>	4,063	2,965	37
Return on average equity	13.7%	10.4%	
Cost: income ratio	62%	71%	
Cost: net operating income ratio	64%	71%	
Compensation: income ratio	39%	47%	

<sup>1</sup> Includes share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions

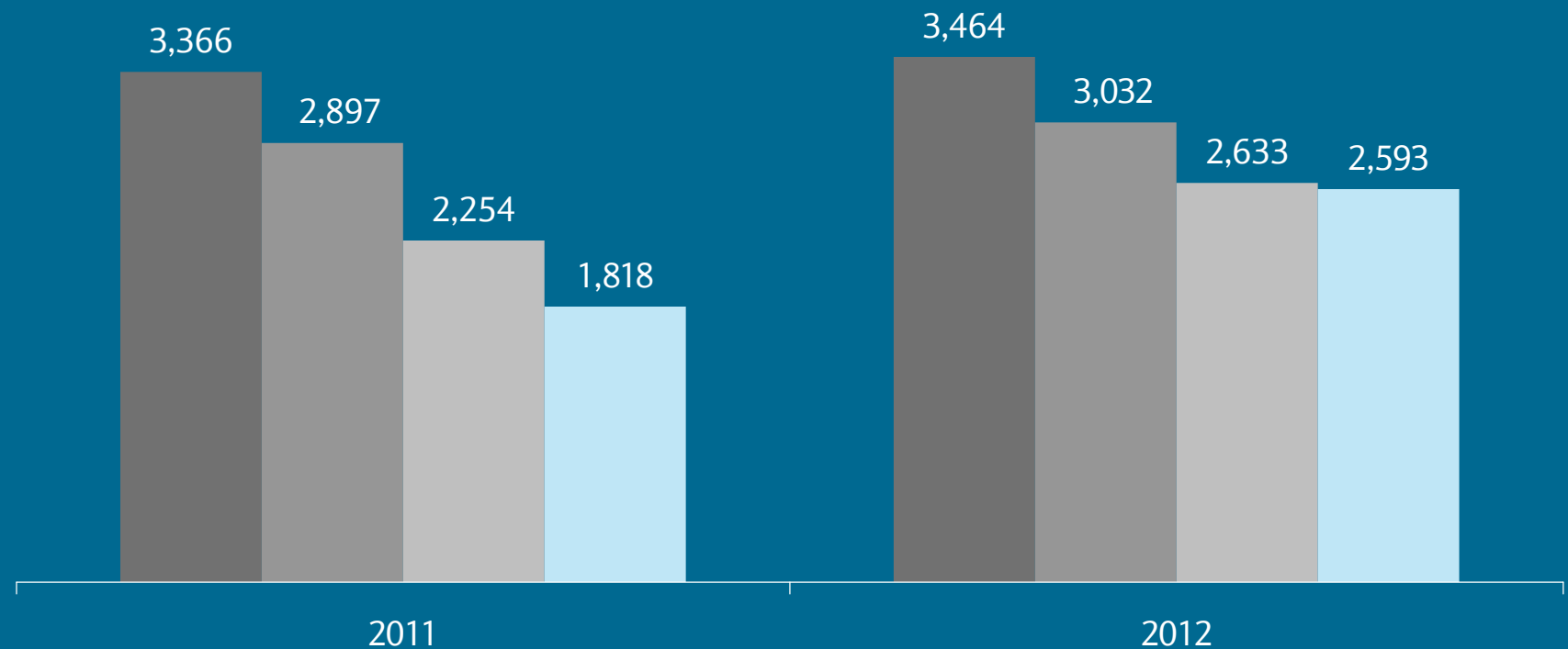
# Investment Bank quarterly income

(£m) Total Income



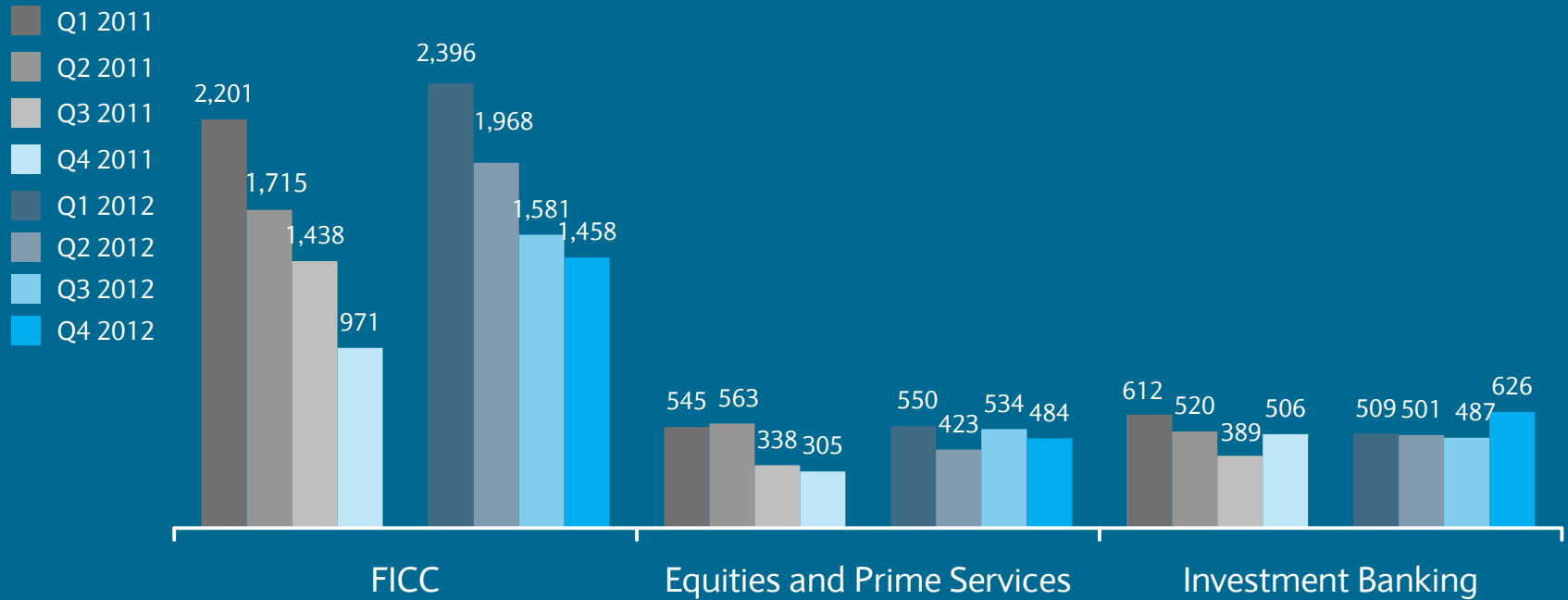
## Total income

- Q4 2012 vs Q4 2011 up 43%
- Q4 2012 vs Q3 2012 down 2%



# Investment Bank quarterly income

(£m)



Q4 12 v Q3 12	(8%)	(9%)	29%
Q4 12 v Q4 11	50%	59%	24%

# Corporate Banking

Full year	2012 (£m)	2011 (£m)	Change (%)
Income	2,918	3,108	(6)
Impairment charges	(872)	(1,147)	(24)
Net operating income	2,046	1,961	4
Operating expenses (excl. provision for interest rate hedging products redress and goodwill impairment)	(1,505)	(1,759)	(14)
Adjusted profit before tax <sup>1</sup>	551	204	
<b>Adjusted profit/(loss) before tax by geographic segment</b>			
UK	910	747	22
Europe	(381)	(524)	(27)
Rest of the World	22	(19)	

<sup>1</sup> Includes share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions

# Wealth and Investment Management

Full year	2012 (£m)	2011 (£m)	Change (%)
Income	1,815	1,744	4
Impairment charges	(38)	(41)	(7)
Net operating income	1,777	1,703	4
Operating expenses	(1,463)	(1,493)	(2)
Profit before tax <sup>1</sup>	315	207	52
Return on average equity	13.9%	10.9%	
Cost: income ratio	81%	86%	

<sup>1</sup> Includes share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions

# Head Office and Other Operations

Full year	2012 (£m)	2011 (£m)	Change (%)
Income (excl. own credit, gains on debt buy-backs and gain/(loss) on disposal of investment in BlackRock, Inc.)	(75)	(223)	(66)
Impairment charges	(4)	1	
Net operating income	(79)	(222)	(64)
Operating expenses	(1,031)	(788)	31
Adjusted loss before tax <sup>1</sup>	(1,088)	(1,010)	8

<sup>1</sup> Includes share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions

# Solid capital, liquidity and funding

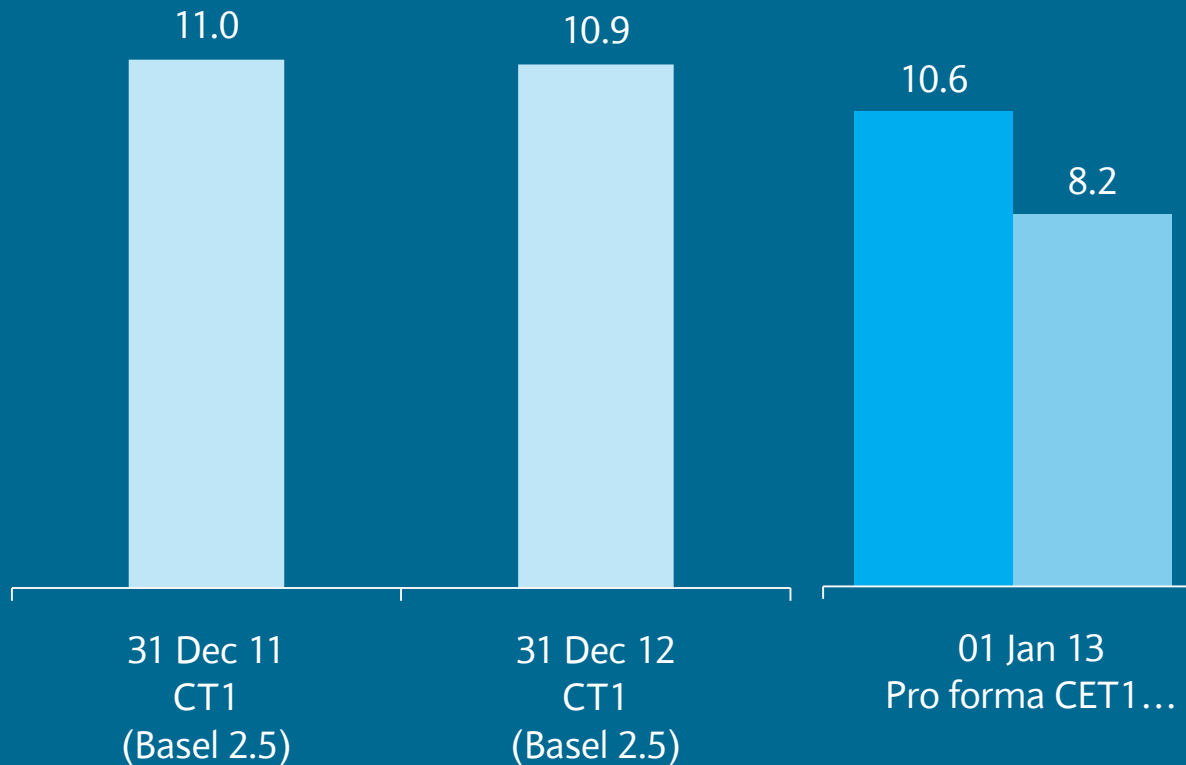
As at	31 Dec 2012	31 Dec 2011
Core Tier 1 ratio	10.9%	11.0%
Risk weighted assets	£387bn	£391bn
Adjusted gross leverage	19x	20x
Adjusted gross leverage excluding the liquidity pool	16x	17x
Group liquidity pool	£150bn	£152bn
Year ended 31 Dec 2012		
Term issuance completed	£28bn	



# Pro forma Core Capital ratios

(%)

Reported ratio    Transitional CRD IV ratio    Fully loaded CRD IV ratio



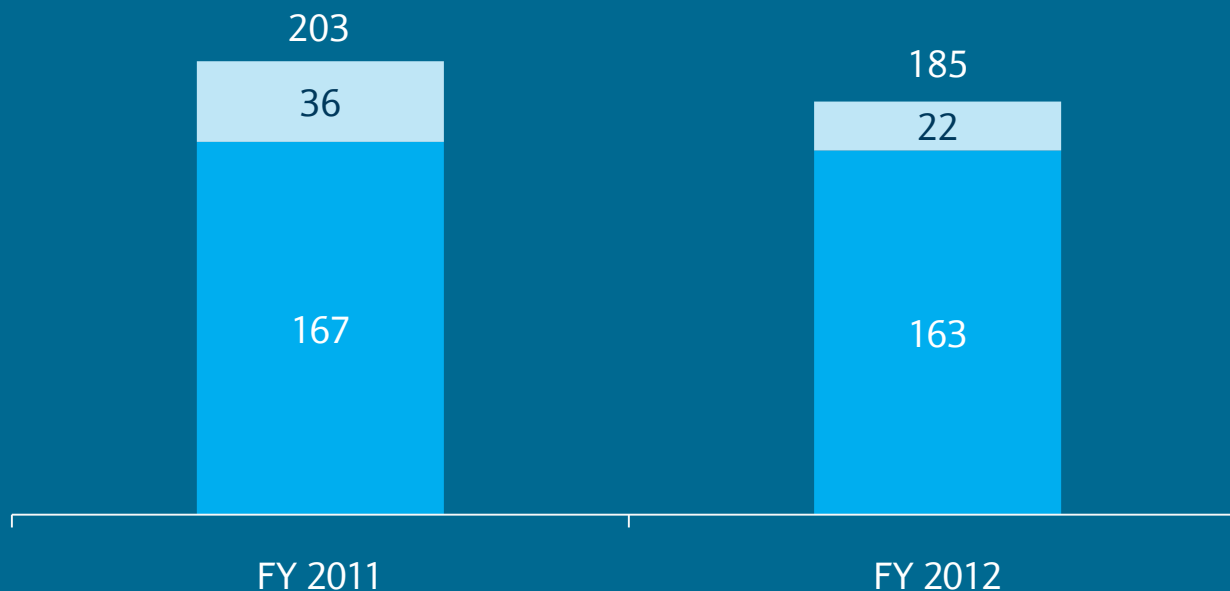
<sup>1</sup> Includes effect of IFRS changes on 1 Jan 2013. For details and basis of calculation, see slides 35-37

# NIM lower due to smaller contribution from hedges

- Customer margin
- Non-customer margin

£m	FY 2011 <sup>1</sup>	FY 2012 <sup>1</sup>
Non-customer income	2,140	1,338
Customer income	9,849	9,816
Average assets	318,429	319,420
Average liabilities	270,902	283,069

Basis points

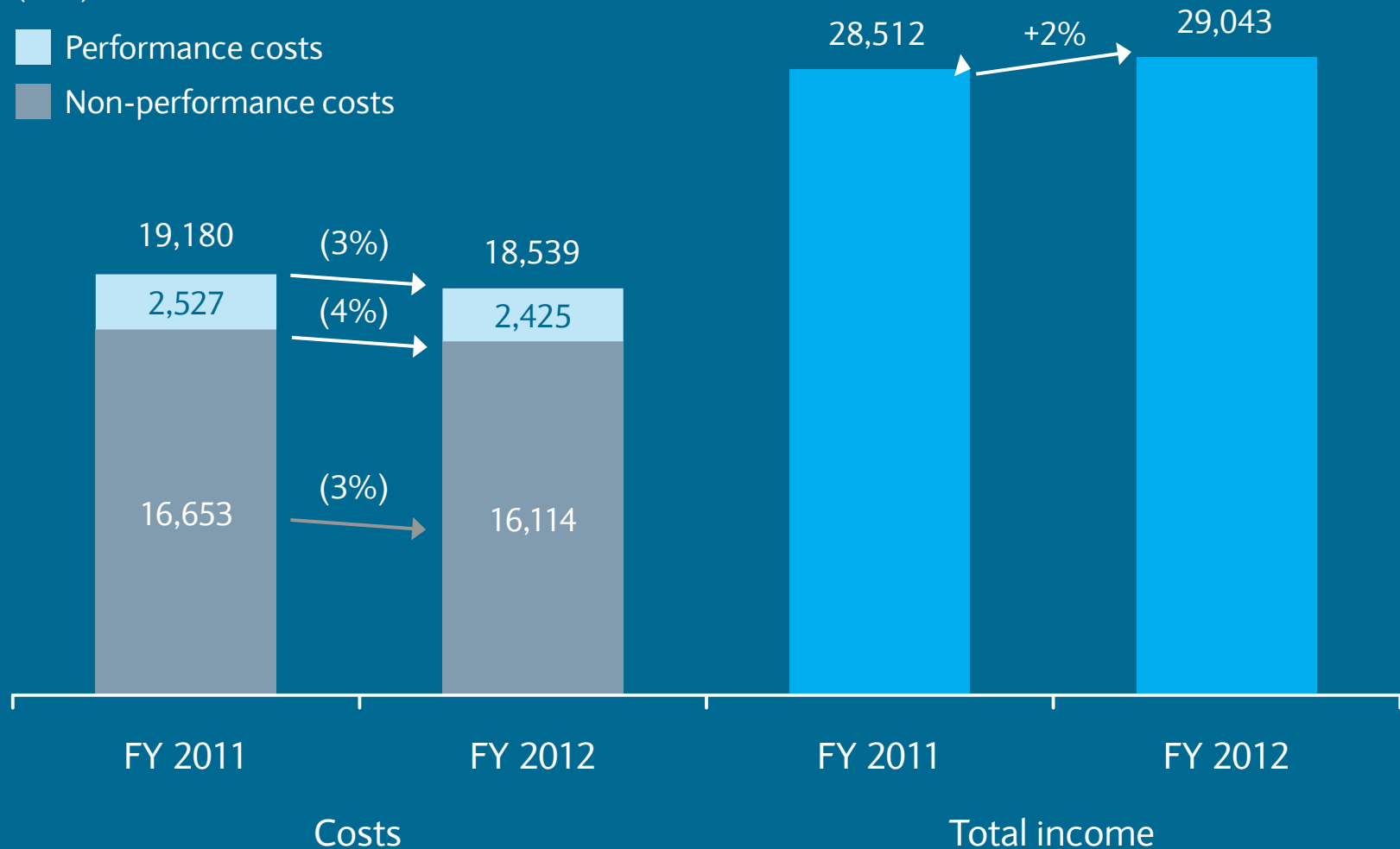


<sup>1</sup> Numbers refer to RBB, Corporate Banking and Wealth and Investment Management. Total contribution from structural hedges was £1.7bn (2011: £3.3bn)

# Adjusted cost: income ratio improved to 64%

(£m)

- Performance costs
- Non-performance costs



# Summary

- Adjusted profit before tax up 26%
- Income up 2% with operating expenses down 3% on an adjusted basis
- Impairment improved 5%
- Capital, liquidity and funding remain strong

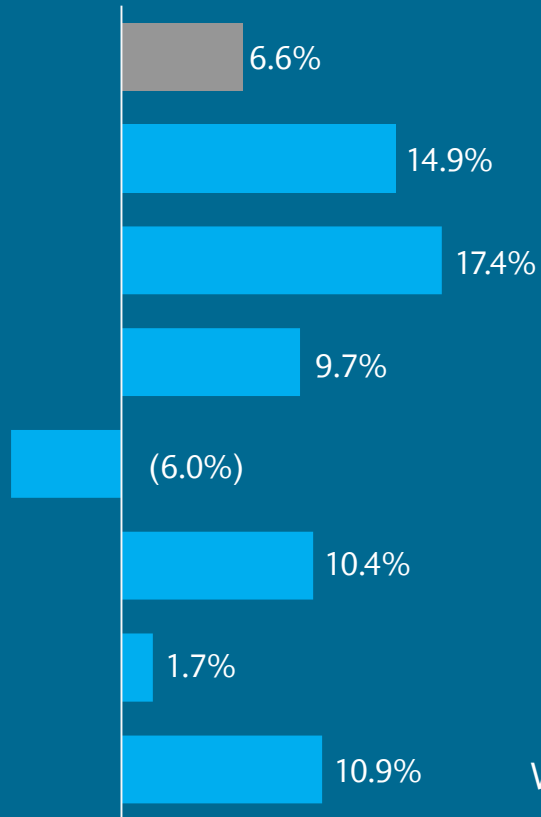
# Appendix

## 2012 Results

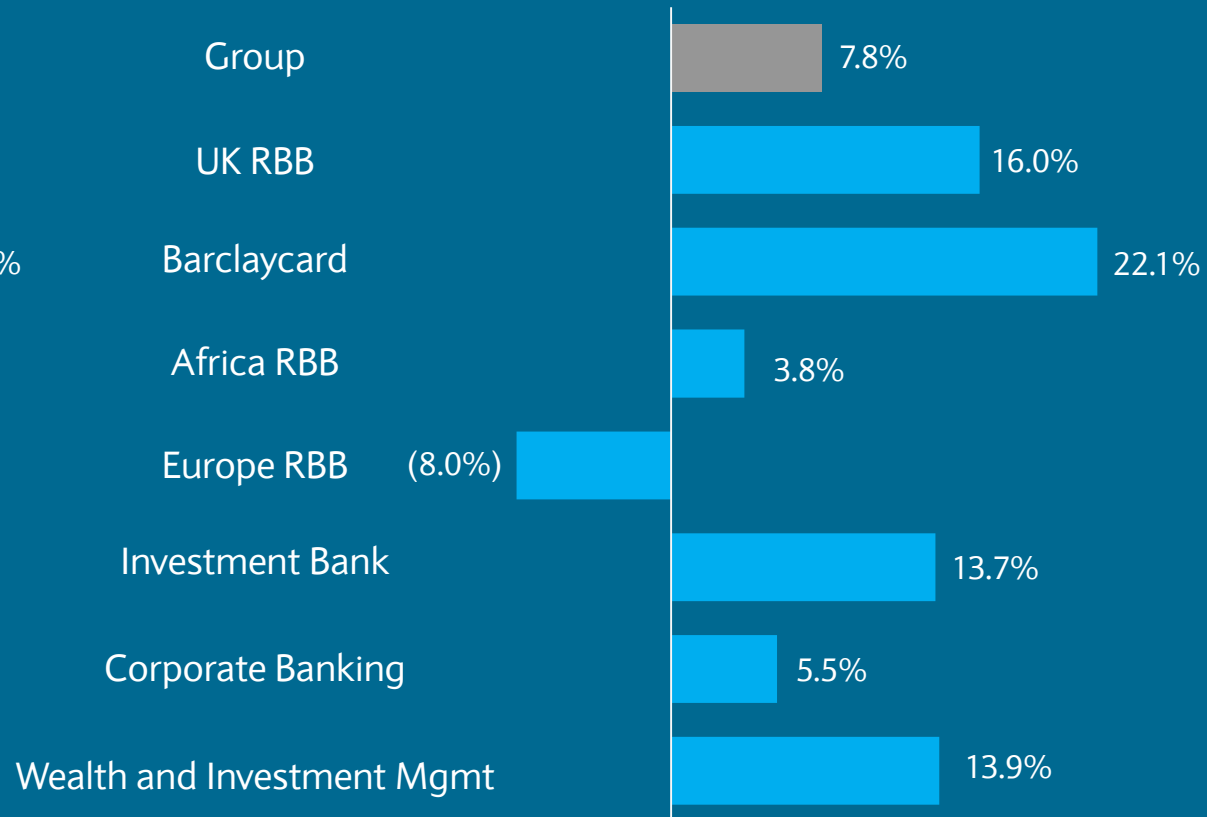
# Adjusted return on equity (RoE) increased to 7.8%

(%)

FY 2011 RoE



FY 2012 RoE



# Analysis of net interest margin

As at 31 Dec 2012	UK RBB	Europe RBB	Africa RBB	Barclay-card	Corporate Banking	Wealth and IM	Total RBB, Corporate and Wealth	RBB, Corporate and Wealth interest income (£m)
Net interest margin (%):	1.37	1.08	3.12	8.35	1.24	1.22	1.85	11,154
<i>Of which customer margin (%)</i>	<i>1.03</i>	<i>0.71</i>	<i>2.90</i>	<i>8.81</i>	<i>1.11</i>	<i>0.99</i>	<i>1.63</i>	<i>9,816</i>
Average customer assets (£m)	124,275	40,790	34,108	33,083	67,494	19,670	319,420	n/a
Average customer liabilities (£m)	111,753	14,824	22,085	1,103	83,149	50,155	283,069	n/a

As at 31 Dec 2011								
Net interest margin (%):	1.51	1.28	3.22	9.44	1.46	1.29	2.03	11,989
<i>Of which customer margin (%)</i>	<i>1.05</i>	<i>0.81</i>	<i>2.86</i>	<i>9.52</i>	<i>1.19</i>	<i>0.93</i>	<i>1.67</i>	<i>9,849</i>
Average customer assets (£m)	118,503	43,749	37,944	30,289	70,398	17,546	318,429	n/a
Average customer liabilities (£m)	107,761	17,702	23,531	n.m.*	77,372	44,536	270,902	n/a

\* Not material

# Net interest income

Full year	2012 (£m)	2011 (£m)	Change (%)
Customer assets	6,723	6,983	(4)
Customer liabilities	3,093	2,866	8
Total <sup>1</sup>	9,816	9,849	(0)
Product structural hedge	989	1,168	(15)
Equity structural hedge	231	824	(73)
Other	118	148	(20)
Total <sup>1</sup>	1,338	2,140	(37)
Total RBB, Corporate Banking and Wealth and Investment Management	11,154	11,989	(7)
Investment Bank	619	1,177	(47)
Head Office and Other Operations	(134)	(965)	(86)
Group net interest income	11,639	12,201	(5)

<sup>1</sup> Includes RBB, Corporate Banking and Wealth and Investment Management



# Total incentive awards granted

Full year	2012 (£m)	2011 (£m)	Change (%)
Current year cash bonus	852	832	2
Current year shares bonus	15	66	(77)
Total current year bonus	867	898	(3)
Deferred cash bonus	489	618	(21)
Deferred share bonus	498	634	(21)
Total deferred bonus	987	1,252	(21)
Bonus pool	1,854	2,150	(14)
Commissions, commitments and other incentives	314	428	(27)
Total incentive awards granted	2,168	2,578	(16)

# Income statement charge

Full year	2012 (£m)	2011 (£m)	Change (%)
Charges relating to deferred bonuses	1,223	995	23
Other performance costs	1,202	1,532	(22)
Performance costs	2,425	2,527	(4)
Salaries and other compensation costs	5,981	6,277	(5)
Total compensation costs	9,786	10,414	(6)
Non compensation staff costs	661	993	(33)
Total staff costs	10,447	11,407	(8)

# Income statement charge for deferred bonuses

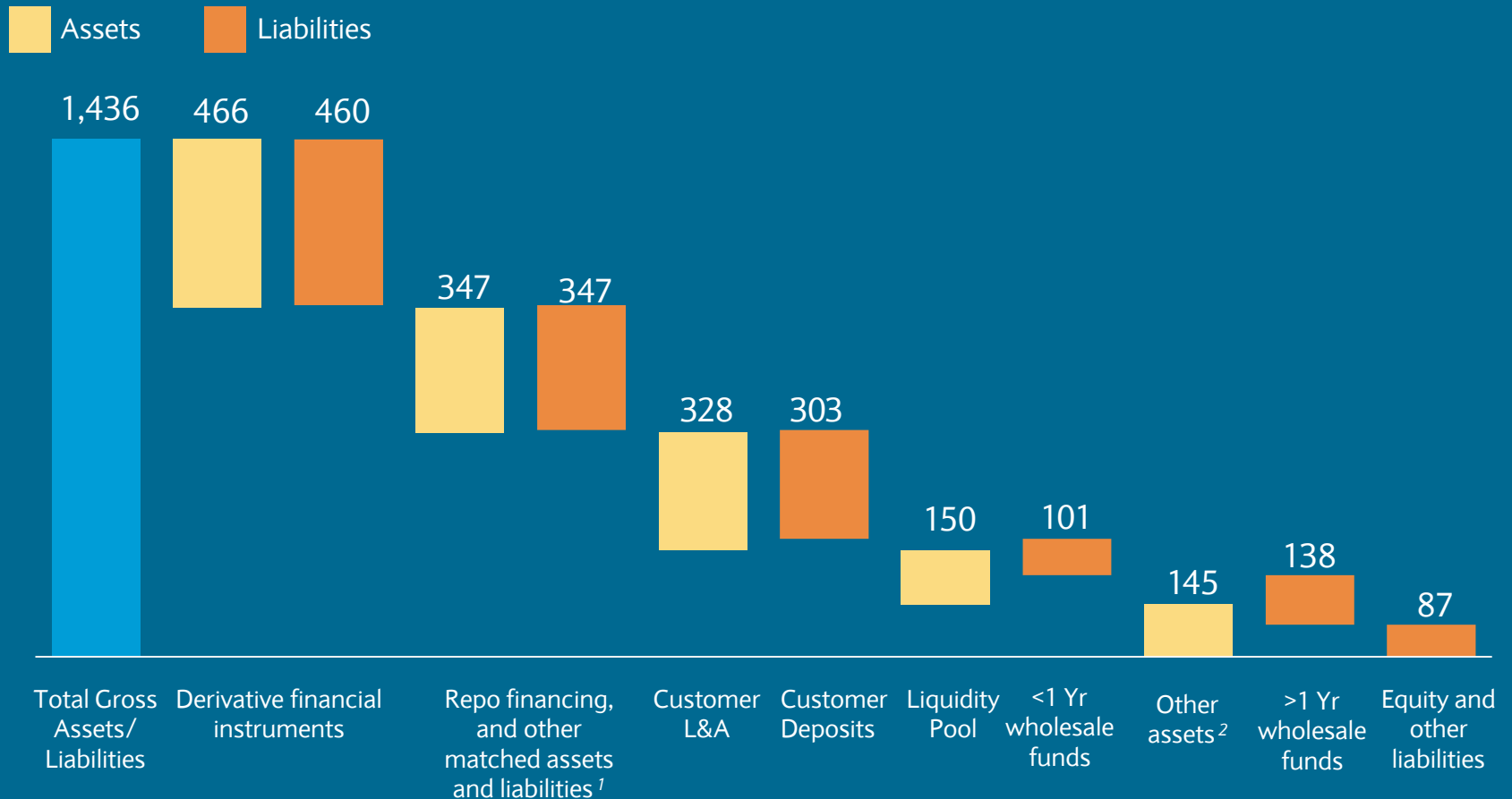
Full year	2012 (£m)	2011 (£m)	Change (%)
Deferred bonuses from 2009 and earlier bonus pools	153	405	(62)
Deferred bonuses from 2010 bonus pool	404	590	(32)
Deferred bonuses from 2011 bonus pool	666	-	-
Deferred bonuses from 2012 bonus pool	-	-	-
Income statement charge for deferred bonuses	1,223	995	23

# Balance Sheet summary

	31 Dec 12 (£bn)	31 Dec 11 (£bn)
Total assets	1,490	1,564
Including		
Derivative financial instruments	469	539
Loans and advances to customers	426	432
Total Liabilities	1,427	1,498
Including		
Derivative financial instruments	462	528
Customer accounts	386	366
Shareholders' equity	63	65
Including		
Shareholders' equity excl. Non-Controlling Interests (NCI)	54	56

# Balance Sheet

(£bn)



<sup>1</sup> Including cash collateral, settlement balances, trading portfolio liabilities & securities funding

<sup>2</sup> Including loans and advances to banks, unencumbered securities and net derivative assets

# Calculation of adjusted gross leverage

As at	31 Dec 12 (£bn)	31 Dec 11 (£bn)
Total assets	1,490	1,564
Counterparty netting	(388)	(441)
Collateral on derivatives	(47)	(51)
Net settlement balances and cash collateral	(72)	(62)
Goodwill and intangible assets	(8)	(8)
Customer assets held under investment contracts	(1)	(2)
Adjusted total tangible assets	975	1,000
Total qualifying Tier 1 capital	52	50
Adjusted gross leverage	19x	20x
Adjusted gross leverage (excl. liquidity pool)	16x	17x
Ratio of total assets to shareholders' equity	24x	24x
Ratio of total assets to shareholders' equity (excl. liquidity pool)	21x	22x

# RWAs by business

As at	31 Dec 12 (£m)	31 Dec 11 (£m)
UK RBB	38,783	33,956
Europe RBB	17,112	17,436
Africa RBB	27,008	30,289
Barclaycard	36,464	34,186
Investment Bank	178,019	186,700
Corporate Banking	67,973	72,842
Wealth and Investment Management	15,833	13,076
Head Office and Other Operations	5,666	2,514
<b>Total RWAs</b>	<b>386,858</b>	<b>390,999</b>

# Capital resources

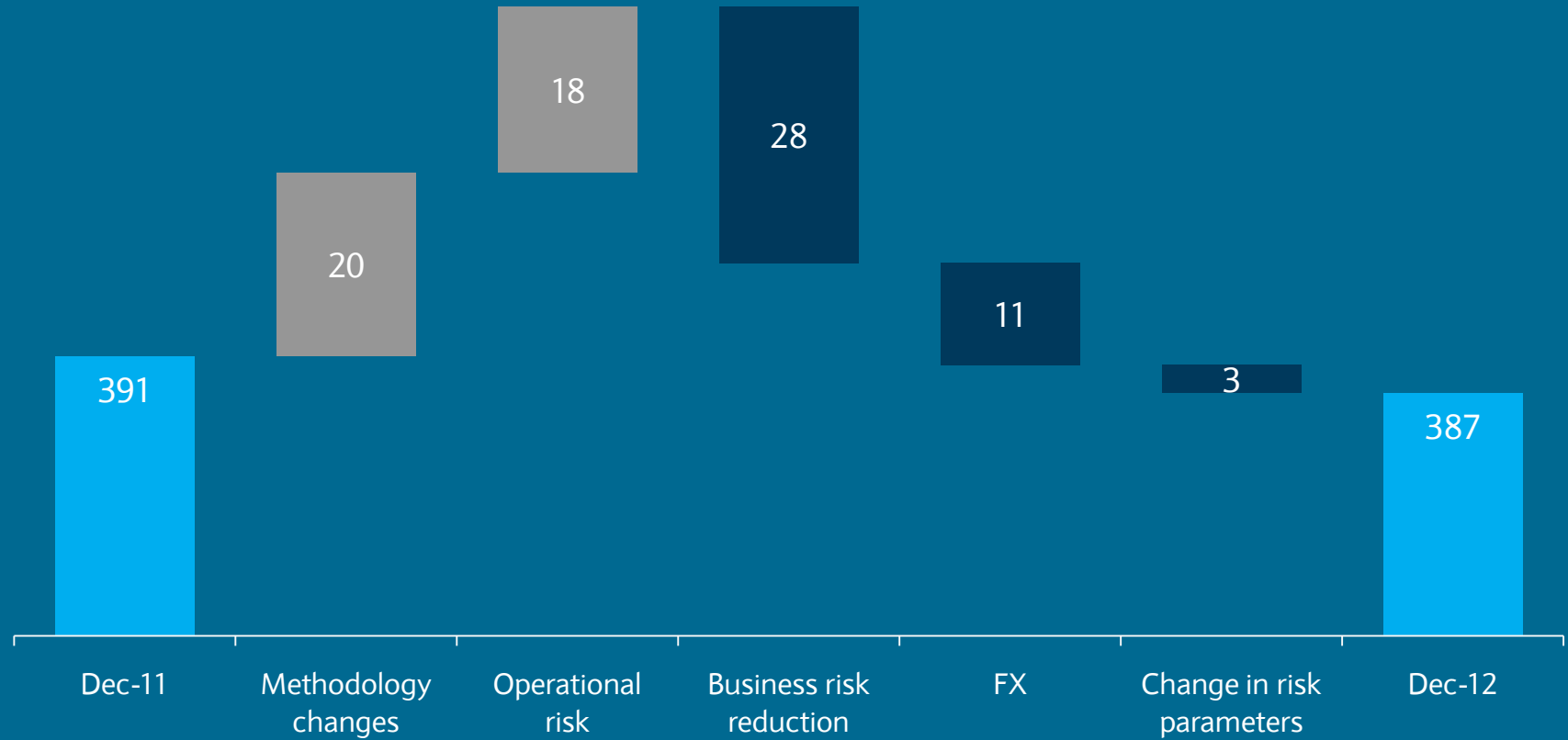
As at	31 Dec 12 (£m)	31 Dec 11 (£m)
Shareholders' equity (excl. NCIs)	53,586	55,589
Qualifying NCIs	2,450	2,661
Regulatory adjustments and deductions:		
Goodwill and intangible assets	(7,622)	(7,560)
Own credit cumulative loss/(gain)	804	(2,680)
Defined benefit pension adjustment <sup>1</sup>	(2,445)	(1,241)
Unrealised (gains)/losses on AFS debt securities	(417)	803
Unrealised gains on AFS equity (recognised as Tier 2 capital)	(110)	(828)
Cash flow hedging reserve	(2,099)	(1,442)
50% excess of expected losses over impairment (net of tax)	(648)	(506)
50% of securitisation positions	(1,206)	(1,577)
Other regulatory adjustments	(172)	(153)
Core Tier 1 Capital	42,121	43,066
Risk Weighted Assets (RWAs)	386,858	390,999
Core Tier 1 ratio	10.9%	11.0%

<sup>1</sup> capital impacts of these items are net of tax



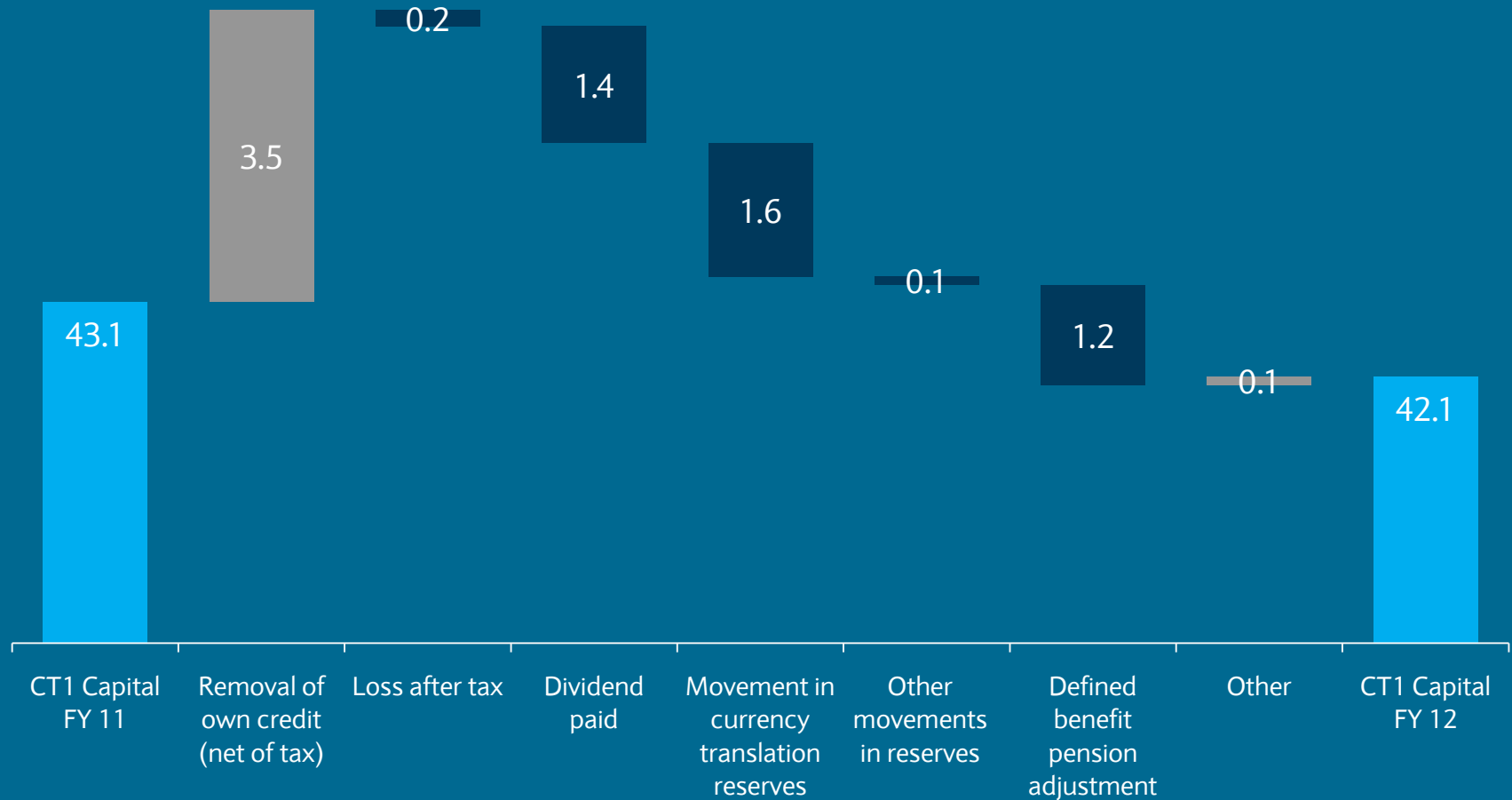
# RWA bridge

(£bn)



# Capital bridge

(£bn)



# Pro forma CRD IV capital and RWAs

	Reported 31 Dec 2012	Pro forma 1 Jan 2013	
		CET1 Transitional	CET1 Fully-loaded
<b>CT1 Capital (FSA 2009 definition)</b>	<b>42.1</b>		<b>42.1</b>
IFRS10 impact (introduced on 1 Jan 2013)			(0.4)
CT1 Capital post-IFRS 10 (FSA 2009 definition)			41.7
<b>RWAs (Basel 2.5)</b>	<b>387</b>		<b>387</b>
<b>CT1 Ratio (Basel 2.5)</b>	<b>10.9%</b>		<b>10.8%</b>
CRD IV impact on CT1 Capital:			
<i>Adjustments not impacted by transitional provisions</i>			
Conversion from securitisation deductions to RWA		1.0	1.0
Prudential Valuation Adjustment (PVA)		(1.2)	(1.2)
Other		(0.2)	(0.2)
<i>Adjustments impacted by transitional provisions</i>			
Goodwill and intangibles		7.6	-
EL > impairment		0.6	(1.1)
Deferred tax assets (losses)		(0.1)	(1.3)
Excess minority interest		-	(0.9)
Debit Valuation Adjustment (DVA)		-	(0.3)
Pensions		-	(0.1)
Gains on AFS equity and debt		-	0.7
<b>CET1 Capital</b>		<b>49.5</b>	<b>38.4</b>
CRD IV impact on RWA:			
Credit Valuation Adjustment (CVA)			29
Securitisation			25
Central Counterparty Clearing			10
Other			17
Gross impact			81
<b>RWAs (post CRD IV)</b>			<b>468</b>
<b>CET1 Ratio</b>		<b>10.6%</b>	<b>8.2%</b>

# Pro forma CRD IV capital and RWAs - Notes

Pro forma Capital Ratios are based on/subject to the following:

## *CRD IV, models and waivers*

- The proforma ratios, capital computations and RWAs are based on our interpretation of the draft July 2011 CRD IV rules and best expectation of how these draft rules will be updated for subsequent Basel announcements and EU discussions. They assume that all items in the Internal Model Method application to the FSA are approved, and existing FSA waivers, where such discretion is available under CRD IV, will continue

## *Capital*

- Pro forma capital numbers at 1 January 2013 are based on 31 December 2012 actuals with an adjustment for IFRS 10 impact (as a result of consolidating some entities that were not previously consolidated and deconsolidating some entities that were previously consolidated)
- Transitional common equity tier 1 (CET1) capital is based on application of the CRD IV transitional provisions and FSA guidance dated 26 October 2012 setting out the minimum pace of transitions with certain exceptions set out in the guidance. In line with this guidance deferred tax assets deduction is assumed to transition in at 10% in 2013. Other deductions (including goodwill and intangibles, expected losses over impairment and Debit Valuation Adjustment (DVA)) transition in at 0% in 2013, 20% in 2014, 40% in 2015 and so on
- Prudent Valuation Adjustment (PVA) was previously assumed to be subject to transitional treatment. Following FSA guidance, the impact of PVA is now factored into CET1 on inception in full. PVA is subject to final rules to be agreed by the EBA and the impact is currently based on methodology agreed with the FSA
- We have made no deductions for financial holdings of less than 10% of CET1 capital pending finalisation of CRD IV rules. These holdings are individually insignificant and the exposure is reduced through hedging. The current draft of the CRD IV rules includes some restrictions on taking into account these hedges. In the event these restrictions are not removed in the final rules, there would be a deduction from CET1 capital, based on current holdings, which we would mitigate with management actions
- Excess minority interest has been calculated on a CRD IV basis and included in our full impact capital base on the assumption that supervisory regimes outside the EU that are implementing Basel 3, and are currently considered equivalent supervisory and regulatory regimes, will continue to be considered equivalent regimes under CRD IV

# Pro forma CRD IV capital and RWAs - Notes

Pro forma Capital Ratios are based on/subject to the following:

## *RWAs*

- It is assumed that EU corporates, pension funds and sovereigns are exempt from CVA volatility charge
- It is assumed all CCPs will implement CPSS-IOSCO's "Principles for Financial Market Infrastructures" and hence will be deemed to be "Qualifying". The final determination of Qualifying status will be made by the appropriate Regulatory Authority
- The pro forma RWA increase from Basel 3 includes 1250% risk weighting of securitisation positions while pro forma capital includes add back of Basel 2 50/50 securitisation deductions
- Proforma RWAs for definition of default assume that national discretion over 180 days definition of default remains for UK retail mortgages
- "Other" CRD IV impact to RWAs include adjustments for withdrawal of national discretion of definition of default relating to non UK mortgage retail portfolios (£1.4bn), Deferred Tax Assets (£2.3bn), Material Holdings (£2.3bn), other counterparty credit risk (£6.4bn) and other items
- RWAs are sensitive to market conditions. Pro forma impact on RWAs for all periods reflects market conditions as at 31 December 2012

# Investment Bank credit market exposures

As at	Period ended 31 Dec12				
	31 Dec 12 (£m)	31 Dec 11 (£m)	FV (losses) /gains (£m)	Imp. (charge) /release (£m)	Total (losses)/gains (£m)
ABS CDO Super Senior	1,387	1,842	(33)	(232)	(265)
US sub-prime and Alt-A	698	1,381	83	(22)	61
Commercial real estate loans and properties	2,727	5,329	115	-	115
Commercial Mortgage Backed Securities	254	1,022	154	-	154
Monoline protection on CMBS	-	9	-	-	-
Leveraged Finance	3,544	4,066	(54)	11	(43)
SIVs, SIV-Lites and CDPCs	-	6	(1)	-	(1)
Monoline protection on CLO and other	591	1,120	(29)	-	(29)
CLO and Other assets	109	386	52	-	52
<b>Total</b>	<b>9,310</b>	<b>15,161</b>	<b>287</b>	<b>(243)</b>	<b>44</b>

# Wholesale debt maturity table as at 31 Dec 12

	< 3 months £bn	3-12 months £bn	Total < 1 year £bn	Total > 1 year £bn	Total £bn
Deposits from banks	19.5	2.2	21.7	8.8	30.5
Certificates of deposit and commercial paper	29.2	15.9	45.1	3.3	48.4
Asset backed commercial paper	5.4	-	5.4	-	5.4
Senior unsecured MTNs (public benchmark)	3.3	0.6	3.9	22.2	26.1
Senior unsecured MTNs (privately placed)	4.8	9.3	14.1	49.3	63.4
Covered bonds/ABS	0.4	1.7	2.1	25.5	27.6
Subordinated liabilities	0.6	0.1	0.7	22.0	22.7
Other	5.2	3.1	8.3	7.1	15.4
Total	68.4	32.9	101.3	138.2	239.5
<i>Of which secured</i>	8.6	3.7	12.3	26.7	39.0
<i>Of which unsecured</i>	59.8	29.2	89.0	111.5	200.5

# Reduced exposure to the Eurozone periphery

As at 31 Dec 2012	Spain (£m)	Italy (£m)	Portugal (£m)	Ireland (£m)
Sovereign	1,690	2,669	637	11
Corporate	4,135	1,962	1,958	1,127
Residential mortgages	13,305	15,591	3,474	112
Financial institutions	1,488	528	48	3,768
Other retail lending	2,428	1,936	1,783	83
<b>Total</b>	<b>23,046</b>	<b>22,686</b>	<b>7,900</b>	<b>5,101</b>
<b>Total as at 31 Dec 2011</b>	<b>26,547</b>	<b>25,349</b>	<b>9,860</b>	<b>5,712</b>

Total net on-balance sheet exposure as at 31 Dec 2012 for Greece and Cyprus was £79m and £184m respectively



# Spanish exposures

## Retail

- Average indexed LTV of 65%
- Average retail customer age 48; less than 1% of mortgage balances with customers aged under 25
- 0.7% of home loans greater than 90 days in arrears<sup>1</sup>

## Corporate

- £3.3bn gross lending to corporates with £1.1bn impairment providing 56% coverage on £1.9bn CRLs
- This includes £1.2bn net lending to property and construction with £0.8bn impairment providing CRL coverage of 57%

## Sovereign

- Largely AFS government bonds. No impairment and £26m loss held in AFS reserve

## Gross mortgage exposure by location of outstanding balances



<sup>1</sup> Greater than 90 days in arrears exclude recovery balances

# Portuguese exposures

## Retail

- Average indexed LTV of 78%
- Average retail customer age 42; less than 1% of mortgage balances with customers aged under 25
- 0.7% of home loans greater than 90 days in arrears<sup>1</sup>

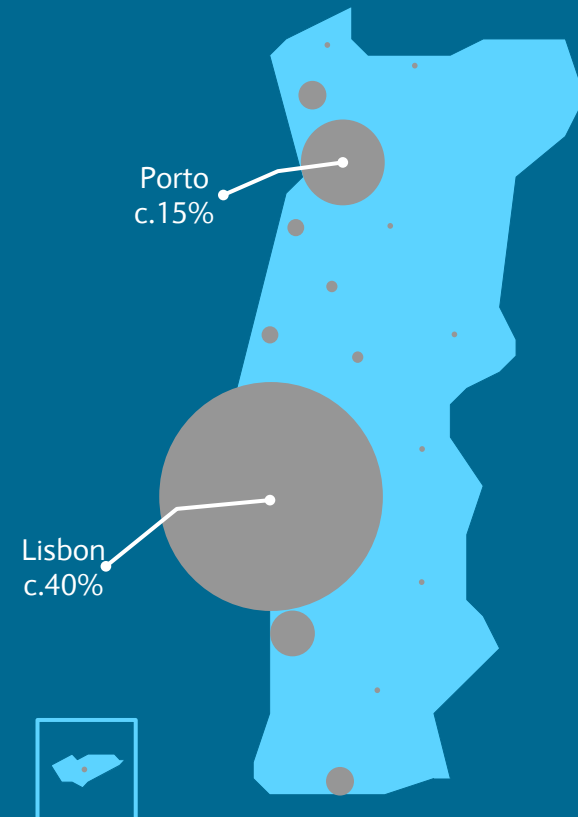
## Corporate

- £1.4bn net lending to corporates with £0.3bn impairment providing 59% coverage on £0.5bn CRLs
- This includes £0.4bn net lending to property and construction

## Sovereign

- Largely AFS government bonds. No impairment and £4m loss held in AFS reserve

## Gross mortgage exposure by location of outstanding balances



<sup>1</sup> Greater than 90 days in arrears exclude recovery balances

# Italian exposures

## Retail

- Average indexed LTV of 47%
- Average retail customer age 47; less than 3% of mortgage balances with customers aged under 25
- 1.0% of home loans greater than 90 days in arrears<sup>1</sup>

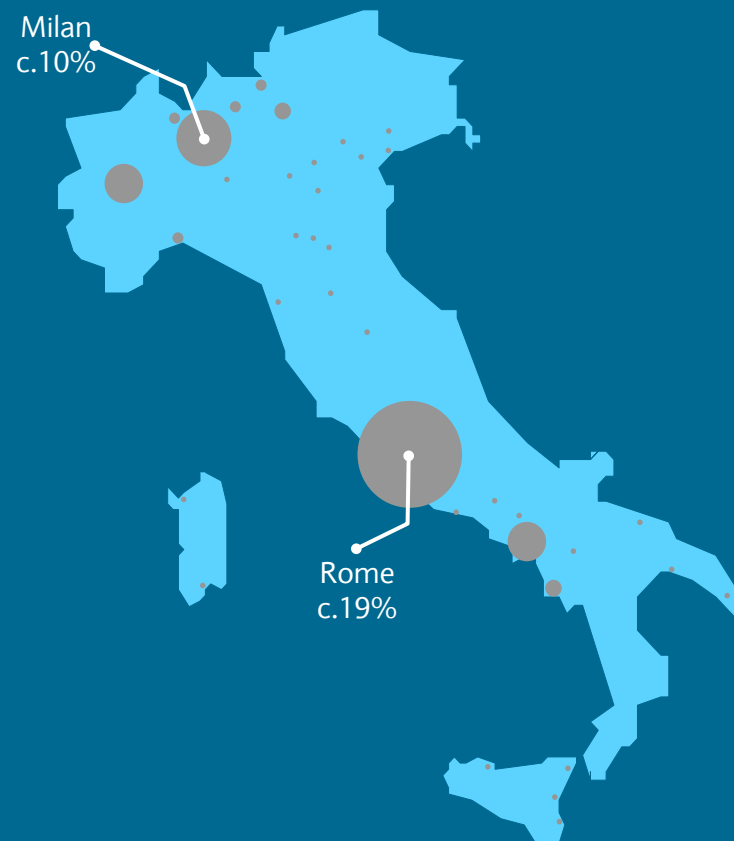
## Corporate

- Focused on large corporate clients with very limited exposure to property sector
- Balances in early warning lists broadly stable since December 2011

## Sovereign

- Largely AFS government bonds. No impairment or loss in the AFS reserve

## Gross mortgage exposure by location of outstanding balances



<sup>1</sup> Greater than 90 days in arrears exclude recovery balances

# Legal disclaimers

## Important Notice

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