

Barclays PLC

Pillar 3

31 March 2017

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CRD IV capital

Barclays' current regulatory requirement is to meet a fully loaded CRD IV CET1 ratio comprising the required 4.5% minimum CET1 ratio and, phased in from 2016, a Combined Buffer Requirement. This currently comprises a Capital Conservation Buffer (CCB) of 2.5% and a Global Systemically Important Institution (G-SII) buffer determined by the PRA in line with guidance from the Financial Stability Board (FSB). Both buffers are subject to phased implementation, the CCB is phased in at 25% per annum with 1.25% applicable for 2017. The G-SII buffer for 2017 has been set at 2% and is also phased in at 25% per annum from 2016 with 1% applicable for 2017. On 21 November 2016 the FSB confirmed that the G-SII buffer for 2018 will be 1.5% with 1.1% applicable for 2018 and taking full effect from 2019 onwards.

Also forming part of the Combined Buffer Requirement is a Counter-Cyclical Capital Buffer (CCyB) and a Systemic Risk Buffer (SRB). On 27 March 2017 the Financial Policy Committee (FPC) reaffirmed that it expects to maintain a CCyB of 0% on UK exposures until at least June 2017. Other national authorities also determine the appropriate CCyBs that should be applied to exposures in their jurisdiction. CCyBs have started to apply for Barclays' exposures to other jurisdictions; however based on current exposures these are not material. No SRB has been set to date.

In addition, Barclays' Pillar 2A requirement as per the PRA's Individual Capital Guidance (ICG) for 2017 based on a point in time assessment is 4.0% of which 56% needs to be met in CET1 form, equating to approximately 2.3% of RWAs. The Pillar 2A requirement is subject to at least annual review.

As at 31 March 2017 Barclays' CET1 ratio was 12.5% which exceeds the 2017 transitional minimum requirement of 9.0% including the minimum 4.5% CET1 ratio requirement, 2.3% of Pillar 2A, a 1.25% CCB buffer, a 1% G-SII buffer and a 0% CCyB.

All capital, RWA and leverage calculations reflect Barclays' interpretation of the current rules.

Capital

Capital ratios	As at 31.03.17	As at 31.12.16
Fully loaded CET1 ^{1,2}	12.5%	12.4%
PRA Transitional Tier 1 ^{3,4}	15.8%	15.6%
PRA Transitional Total Capital ^{3,4}	19.6%	19.6%
Capital resources		
	£m	£m
Shareholders' equity (excluding non-controlling interests) per the balance sheet	65,536	64,873
Less: other equity instruments (recognised as AT1 capital)	(7,690)	(6,449)
Adjustment to retained earnings for foreseeable dividends	(519)	(388)
Minority interests (amount allowed in consolidated CET1)	1,864	1,825
Other regulatory adjustments and deductions:		
Additional value adjustments (PVA)	(1,618)	(1,571)
Goodwill and intangible assets	(8,142)	(9,054)
Deferred tax assets that rely on future profitability excluding temporary differences	(421)	(494)
Fair value reserves related to gains or losses on cash flow hedges	(1,956)	(2,104)
Excess of expected losses over impairment	(1,286)	(1,294)
Gains or losses on liabilities at fair value resulting from own credit	(28)	86
Defined-benefit pension fund assets	(753)	(38)
Direct and indirect holdings by an institution of own CET1 instruments	(50)	(50)
Deferred tax assets arising from temporary differences (amount above 10% threshold)	(39)	(183)
Other regulatory adjustments	40	45
Fully loaded CET1 capital	44,938	45,204
Additional Tier 1 (AT1) capital		
Capital instruments and related share premium accounts	7,690	6,449
Qualifying AT1 capital (including minority interests) issued by subsidiaries	4,576	5,445
Other regulatory adjustments and deductions	(131)	(130)
Transitional AT1 capital⁵	12,135	11,764
PRA Transitional Tier 1 capital	57,073	56,968
Tier 2 (T2) capital		
Capital instruments and related share premium accounts	3,724	3,769
Qualifying T2 capital (including minority interests) issued by subsidiaries	10,153	11,366
Other regulatory adjustments and deductions	(257)	(257)
PRA Transitional total regulatory capital	70,693	71,846

1 The transitional regulatory adjustments to CET1 capital are no longer applicable resulting in CET1 capital on a fully loaded basis being equal to that on a transitional basis.

2 The CRD IV CET1 ratio (FSA October 2012 transitional statement) as applicable to Barclays' Tier 2 Contingent Capital Notes was 13.1% based on £47.1bn of transitional CRD IV CET1 capital and £361bn of RWAs.

3 The PRA transitional capital is based on the PRA Rulebook and accompanying supervisory statements.

4 As at 31 March 2017, Barclays' fully loaded Tier 1 capital was £52,961m, and the fully loaded Tier 1 ratio was 14.7%. Fully loaded total regulatory capital was £67,364m and the fully loaded total capital ratio was 18.7%. The fully loaded Tier 1 capital and total capital measures are calculated without applying the transitional provisions set out in CRD IV and assessing compliance of AT1 and T2 instruments against the relevant criteria in CRD IV.

5 Of the £12.1bn transitional AT1 capital, fully loaded AT1 capital used for the leverage ratio comprises the £7.7bn capital instruments and related share premium accounts, £0.5bn qualifying minority interests and £0.1bn capital deductions. It excludes legacy Tier 1 capital instruments issued by subsidiaries that are subject to grandfathering.

Capital

Three months
ended
31.03.17
£m

Movement in CET1 capital

Opening CET1 capital	45,204
Profit for the period attributable to equity holders	329
Own credit relating to derivative liabilities	15
Dividends paid and foreseen	(232)
Increase in retained regulatory capital generated from earnings	112
Net impact of share schemes	(435)
Available for sale reserves	65
Currency translation reserves	(242)
Other reserves	(562)
Decrease in other qualifying reserves	(1,174)
Retirement benefit reserve	387
Defined-benefit pension fund asset deduction	(715)
Net impact of pensions	(328)
Minority interests	39
Additional value adjustments (PVA)	(47)
Goodwill and intangible assets	912
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	73
Excess of expected loss over impairment	8
Deferred tax assets arising from temporary differences (amount above 10% threshold)	144
Other regulatory adjustments	(5)
Increase in regulatory capital due to adjustments and deductions	1,124
Closing CET1 capital	44,938

- The fully loaded CRD IV CET1 ratio increased to 12.5% (December 2016: 12.4%) primarily driven by a reduction in RWAs of £4.8bn to £360.9bn, whilst CET1 capital decreased by £0.3bn to £44.9bn
- Profit after tax in respect of continuing operations was offset by losses in respect of the discontinued operation primarily driven by the impairment of Barclays' holding in BAGL allocated to acquisition goodwill. The impairment had no impact on CET1 capital as the losses were offset by a £0.9bn decrease in the goodwill and intangible assets deduction. Other significant movements in the period were:
 - A £1.2bn decrease in other qualifying reserves which included a £0.5bn decrease as a result of USD preference share redemptions, and a £0.4bn impact related to share schemes due to the purchase of shares for employee share awards
 - A £0.3bn decrease net of tax as a result of movements relating to pensions, largely due to contributions of £477m made in the quarter
- Transitional AT1 capital increased by £0.4bn as an issuance of £1.25bn of qualifying AT1 capital was partially offset by redemptions of \$1.375bn 7.1% Series 3 USD preference shares

Risk weighted assets

Risk weighted assets (RWAs) by risk type and business

	Credit risk		Counterparty credit risk				Market risk		Operational risk	Total RWAs
	Std £m	IRB £m	Std £m	IRB £m	Settle- ment Risk £m	CVA £m	Std £m	IMA £m	£m	£m
As at 31.03.17										
Barclays UK	4,629	49,330	-	-	1	43	-	-	12,338	66,341
Barclays International	50,609	83,643	15,942	14,007	77	2,251	10,481	9,716	27,538	214,264
Head Office ¹	9,182	25,660	99	1,040	-	851	567	2,716	12,746	52,861
Barclays Core	64,420	158,633	16,041	15,047	78	3,145	11,048	12,432	52,622	333,466
Barclays Non-Core	4,036	9,396	1,034	5,106	-	638	337	2,827	4,038	27,412
Barclays Group	68,456	168,029	17,075	20,153	78	3,783	11,385	15,259	56,660	360,878
As at 31.12.16										
Barclays UK	5,592	49,591	47	-	-	-	-	-	12,293	67,523
Barclays International	53,201	82,327	13,515	13,706	30	3,581	9,343	9,460	27,538	212,701
Head Office ¹	9,048	27,122	77	1,157	-	927	482	2,323	12,156	53,292
Barclays Core	67,841	159,040	13,639	14,863	30	4,508	9,825	11,783	51,987	333,516
Barclays Non-Core	4,714	9,945	1,043	6,081	37	2,235	477	2,928	4,673	32,133
Barclays Group	72,555	168,985	14,682	20,944	67	6,743	10,302	14,711	56,660	365,649

¹ Includes Africa Banking discontinued operation.

Risk weighted assets

Overview of risk weighted assets by risk type and capital requirements

The table shows RWAs, split by risk type and approach.

Overview of RWAs and minimum capital requirements

	RWA		Minimum Capital Requirements	Minimum Capital Requirements
	As at 31.03.17 £m	As at 31.12.16 £m	As at 31.03.17 £m	As at 31.12.16 £m
1 Credit risk (excluding counterparty credit risk) (CCR)	220,690	225,393	17,655	18,032
2 Of which standardised approach	67,371	71,264	5,389	5,701
3 Of which the foundation IRB (FIRB) approach	-	-	-	-
4 Of which the advanced IRB (AIRB) approach	153,319	154,129	12,266	12,331
5 Of which Equity IRB under the Simple risk-weight or the internal models approach	-	-	-	-
6 CCR	40,657	41,978	3,253	3,358
7 Of which mark to market	3,510	3,839	281	307
8 Of which original exposure	-	-	-	-
9 Of which standardised approach	-	-	-	-
9a Of which financial collateral comprehensive method	8,913	8,013	713	641
10 Of which internal model method	22,964	22,080	1,837	1,766
11 Of which risk exposure amount for contributions to the default fund of a CCP	1,487	1,303	119	104
12 Of which CVA	3,783	6,743	303	539
13 Settlement risk	78	67	6	5
14 Securitisation exposures in banking book (after cap)	3,765	3,937	301	315
14a Of which capital deduction approach (CAPD)	114	84	9	7
14b Of which look through approach (KIRB)	281	644	22	52
15 Of which IRB approach	2,861	2,754	229	220
16 Of which IRB supervisory formula approach (SFA)	-	-	-	-
17 Of which internal assessment approach (IAA)	509	455	41	36
18 Of which standardised approach	-	-	-	-
19 Market risk	26,644	25,013	2,132	2,001
20 Of which the standardised approach	11,385	10,302	911	824
21 Of which IMA	15,259	14,711	1,221	1,177
22 Large exposures	-	-	-	-
23 Operational risk	56,660	56,660	4,533	4,533
24 Of which basic indicator approach	3,252	3,252	260	260
25 Of which standardised approach	-	-	-	-
26 Of which advanced measurement approach	53,408	53,408	4,273	4,273
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	12,384	12,601	991	1,008
28 Floor Adjustments	-	-	-	-
29 Total	360,878	365,649	28,871	29,252

Risk weighted assets

Movement analysis of risk weighted assets

The below tables show movements in RWAs, split by risk types and macro drivers.

	Credit risk £bn	Counterparty credit risk £bn	Market risk £bn	Operational risk £bn	Total RWAs £bn
As at 01.01.17	241.5	42.4	25.0	56.7	365.6
Book size	(1.7)	(0.9)	1.8	-	(0.8)
Acquisitions and disposals	(1.5)	-	-	-	(1.5)
Book quality	(0.3)	0.1	-	-	(0.2)
Model updates	(1.4)	-	-	-	(1.4)
Methodology and policy	0.3	(0.5)	(0.2)	-	(0.4)
Foreign exchange movements ¹	(0.4)	-	-	-	(0.4)
As at 31.03.17	236.5	41.1	26.6	56.7	360.9

¹ Foreign exchange movement does not include FX for counterparty risk or market risk.

RWAs decreased £4.8bn to £360.9bn due to:

- Acquisitions and disposals decreased RWAs £1.5bn primarily relating to an asset sale in US cards as well as reflecting the run-down of portfolios and business disposals in Non-Core
- Model updates decreased RWAs £1.4bn primarily due to model changes in the Africa Banking discontinued operation.

The following three RWA flow statement tables show a subset of the information included in the table above, focused on positions captured under modelled treatment.

RWA flow statement of credit risk exposures under the IRB approach

Movement analysis of risk weighted assets (RWAs) and capital requirements

	RWA amount £bn	Capital requirements £bn
1 As at 01.01.2017	169.0	13.5
2 Asset size	0.9	-
3 Asset quality	(0.4)	-
4 Model updates	(1.4)	(0.1)
5 Methodology and policy	0.2	-
6 Acquisitions and disposals	(0.1)	-
7 Foreign exchange movements	(0.2)	-
8 Other	-	-
9 As at 31.03.2017	168.0	13.4

Advanced credit risk RWAs decreased RWAs £1.0bn to £168.0bn driven by:

- Asset size increased RWAs £0.9bn primarily due to underlying business growth in the investment banking business
- Model updates decreased RWAs £1.4bn primarily due to model changes in the Africa Banking discontinued operation.

Risk weighted assets

RWA flow statement of counterparty credit risk exposures under the IMM

The total in this table shows the contribution of IMM exposures to CCR RWAs (under both standardised and AIRB) and will not directly reconcile to CCR AIRB RWAs.

Movement analysis of risk weighted assets (RWAs) and capital requirements

	RWA amount £bn	Capital requirements £bn
1 As at 01.01.17	22.7	1.8
2 Asset size	0.6	0.1
3 Credit quality of counterparties	-	-
4 Model updates (IMM only)	-	-
5 Methodology and policy (IMM only)	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	-	-
8 Other	-	-
9 As at 31.03.17	23.3	1.9

IMM RWAs increased £0.6bn to £23.3bn driven by:

Asset size increased RWAs £0.6bn primarily due to an increase in trading activity in the investment banking business.

RWA flow statement of market risk exposures under the IMA

Movement analysis of risk weighted assets (RWAs) and capital requirements

	VaR £bn	SVaR £bn	IRC £bn	CRM £bn	Other £bn	Total RWA £bn	Total Capital requirements £bn
1 As at 01.01.17	3.5	6.7	2.1	-	2.4	14.7	1.2
2 Movement in risk levels	(0.5)	0.1	0.9	-	0.1	0.6	-
3 Model updates/changes	-	-	-	-	-	-	-
4 Methodology and policy	-	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-	-
6 Other	-	-	-	-	-	-	-
7 As at 31.03.17	3.0	6.8	3.0	-	2.5	15.3	1.2

Leverage

Leverage ratio and exposures

Barclays is required to disclose the UK leverage ratio and the CRR leverage ratio:

- The UK leverage ratio uses capital and exposure measures based on the average of the last day of each month in the quarter; additionally, the average exposure measure excludes qualifying central bank claims. The minimum requirement is on a phased basis which results in a transitional requirement of 3.4% as at 31 March 2017; this comprises of the 3% minimum requirement, a transitional G-SII additional leverage ratio buffer (G-SII ALRB) and a countercyclical leverage ratio buffer (CCLB). The expected end point minimum requirement is 3.5%
- The CRR leverage ratio uses the end point CRR definition of Tier 1 capital and the CRR definition of leverage exposure. The current expected minimum fully loaded requirement is 3%, although this may be impacted by the Basel Consultation on the Leverage Framework

At 31 March 2017, the UK leverage ratio was 4.6% (December 2016: 4.5%) which exceeds the transitional minimum requirement of 3.4% and expected end point minimum requirement of 3.5%, and the CRR leverage ratio was 4.4% (December 2016: 4.6%).

	As at 31.03.17	As at 31.12.16
	£bn	£bn
UK leverage ratio		
UK Leverage exposure (quarterly month end average)	1,130	1,137
Fully loaded Tier 1 capital (quarterly month end average)	52.3	51.6
UK leverage ratio (quarterly month end average)	4.6%	4.5%

CRR leverage ratio

Accounting assets		
Derivative financial instruments	271	347
Cash collateral	60	67
Reverse repurchase agreements and other similar secured lending	18	13
Financial assets designated at fair value ¹	96	79
Loans and advances and other assets	759	707
Total IFRS assets	1,204	1,213
Regulatory consolidation adjustments	(4)	(6)
Derivatives adjustments		
Derivatives netting	(244)	(313)
Adjustments to cash collateral	(51)	(50)
Net written credit protection	13	12
Potential Future Exposure (PFE) on derivatives	137	136
Total derivatives adjustments	(145)	(215)
Securities financing transactions (SFTs) adjustments	35	29
Regulatory deductions and other adjustments	(14)	(15)
Weighted off-balance sheet commitments	121	119
CRR leverage exposure	1,197	1,125
Fully loaded CET 1 capital	44.9	45.2
Fully loaded AT1 capital	8.0	6.8
Fully loaded Tier 1 capital	53.0	52.0
CRR leverage ratio	4.4%	4.6%

¹ Included within financial assets designated at fair value reverse repurchase agreements designated at fair value of £76bn (December 2016: £63bn).

Leverage

The average UK leverage exposure as at 31 March 2017, which excludes qualifying central bank claims, was £1,130bn (December 2016: £1,137bn), resulting in an average UK leverage ratio of 4.6% (December 2016: 4.5%). The CET1 capital held against the 0.35% transitional G-SII ALRB was £4.2bn. The impact of the CCLB is currently nil.

The CRR leverage ratio decreased to 4.4% (December 2016: 4.6%) primarily driven by an increase in the CRR leverage exposure of £72bn to £1,197bn (December 2016: £1,125bn), partially offset by a £1.0bn increase in fully loaded Tier 1 capital to £53.0bn (December 2016: £52.0bn):

- Loans and advances and other assets increased by £52bn to £759bn. This was driven by a £28bn increase in cash and balances at central banks mainly due to an increase in the cash contribution to the Group liquidity pool, and a £25bn increase in settlement balances
- Reverse repurchase agreements increased £18bn to £94bn, primarily due to an increase in matched book trading
- Net derivative leverage exposures, excluding net written credit protection and PFE on derivatives, decreased £15bn to £36bn due to a decrease in cash collateral and a reduction in IFRS derivatives due to decreases in foreign exchange derivatives, interest rate derivatives and continued run down of Non-Core assets

The difference between the average UK leverage ratio and the CRR leverage ratio was primarily driven by the exemption of qualifying central bank claims partially offset by higher positions for January and February within trading portfolio assets and settlement balances.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding the Group's future financial position, income growth, assets, impairment charges, provisions, notable items, business strategy, structural reform, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, original and revised commitments and targets in connection with the strategic cost programme and the Group Strategy Update, rundown of assets and businesses within Barclays Non-Core, sell down of the Group's interest in Barclays Africa Group Limited, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, future levels of notable items, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, US, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implications of the exercise by the United Kingdom of Article 50 of the Treaty of Lisbon and the disruption that may result in the UK and globally from the withdrawal of the United Kingdom from the European Union; the implementation of the strategic cost programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in our filings with the SEC (including, without limitation, our annual report on form 20-F for the fiscal year ended 31 December 2016), which are available on the SEC's website at www.sec.gov.

Subject to our obligations under the applicable laws and regulations of the United Kingdom and the United States in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward looking statements, whether as a result of new information, future events or otherwise.