



# Barclays PLC

Q1 2018 Financial Results

26 April 2018





Jes Staley

Barclays Group Chief Executive

# Double digit returns across both operating businesses

Continued strong execution of our strategy

## Q118 performance<sup>1</sup>

### Group RoTE

11.0% (Q117: 2.0%)

### Cost: income ratio

63% (Q117: 62%)

### PBT ▲ 1%

£1.7bn (Q117: £1.7bn)

### EPS

7.1p (Q117: 1.5p)

### CET1 ratio

12.7%



## Barclays UK – RoTE of 15.7%<sup>1</sup>

- ❖ Mortgage growth of c.£1bn in Q118 with c.25,000 mortgage completions
- ❖ Consistent pricing discipline and prudent risk appetite
- ❖ Strategic partnership with PayPal, enhancing digital payment capabilities for customers
- ❖ Continued investment in digital driving growth in engagement, with digitally active customers up 6% to 10.4m
- ❖ Successful set-up of UK ring-fenced bank, BBUKPLC



## Barclays International – RoTE of 13.6%<sup>1</sup>

- ❖ Double digit RoTE in both CIB and Consumer Cards & Payments
- ❖ CIB delivered highest quarterly income in four years<sup>2</sup> of £2.8bn and RoTE of 13.0%
- ❖ Strong Markets performance with income +21% YoY in USD
- ❖ Continued underlying growth in US Cards receivables, in line with 10% CAGR guidance
- ❖ New merchant acquiring partnership with HMRC

<sup>1</sup> Excluding L&C | <sup>2</sup> Excluding £496m gain on US Lehman acquisition assets in Q215

# Diversified Transatlantic Consumer and Wholesale Bank

*Focused on improving RoTE and increasing cash returns to shareholders*

## Driving double digit returns<sup>1</sup>

- ❖ Clear pathway to achieving Group returns targets
- ❖ Delivered Group RoTE of 11.0% in Q118
  - Barclays UK 15.7%
  - Barclays International 13.6%
- ❖ Barclays Execution Services (BX) generating operational leverage through improved cost efficiency
- ❖ Investing prudently for growth across consumer and wholesale businesses

## RoTE targets<sup>2</sup>

>9% in 2019  
>10% in 2020

## Increasing cash returns to shareholders

- ❖ Settled legacy RMBS litigation with US Department of Justice
- ❖ Confident of returning CET1 ratio to c.13%
- ❖ Focused on increasing return of capital to shareholders, through dividends and use of share buybacks over time
- ❖ Reiterated 2018 dividend intention<sup>3</sup>

## Return of capital

Intention to pay  
6.5p dividend for 2018<sup>3</sup>

<sup>1</sup> Excluding L&C | <sup>2</sup> Excluding L&C and based on a CET1 ratio of c.13% | <sup>3</sup> Subject to regulatory approvals |



Tushar Morzaria

Barclays Group Finance Director

# Q118 Group highlights

Double digit returns<sup>1</sup> and resolution of material legacy conduct matter

## Financial performance<sup>1</sup>

**Income** ↓ 8%

£5.4bn (Q117: £5.8bn)<sup>2</sup>

**Costs** ↓ 6%

£3.4bn (Q117: £3.6bn)

**PBT** ↑ 1%

£1.7bn (Q117: £1.7bn)

**AP** ↑ 15%

£1.2bn (Q117: £1.0bn)<sup>3</sup>

**EPS**

7.1p (Q117: 1.5p)

**RoTE**

11.0% (Q117: 2.0%)

**CET1 ratio**

12.7%

- ❖ Focus on improved profitability and returns with Group RoTE of 11.0%<sup>1</sup>
  - Double digit returns in BUK of 15.7%<sup>1</sup> and BI of 13.6%<sup>1</sup>
- ❖ Impairment decreased 45% primarily reflecting single name recoveries in wholesale and improved macroeconomic forecasts in the US
- ❖ Settled legacy RMBS litigation with US DoJ for \$2bn, and provided £0.4bn relating to PPI
  - Litigation & conduct reduced CET1 ratio by 61bps and TNAV by 11p
- ❖ Reiterated intention to pay dividend of 6.5p per share for 2018<sup>4</sup>
- ❖ Successful set-up of UK ring-fenced bank, BBUKPLC
  - First UK bank to reach this important milestone, 9 months ahead of the regulatory deadline

<sup>1</sup> Excluding L&C | <sup>2</sup> Including a £192m gain on the US Cards asset sale and a £98m valuation gain on Barclays' preference shares in Visa Inc. | <sup>3</sup> Q117 AP in respect of continuing operations | <sup>4</sup> Subject to regulatory approvals

# Q118 Barclays UK results

Underlying growth in customer balances and ongoing investment in digital banking, with RoTE of 15.7%<sup>1</sup>

## Financial performance<sup>1</sup>

**Income** ↓ 3%  
£1.8bn (Q117: £1.8bn)

**PBT** ↓ 17%  
£581m (Q117: £704m)

**Cost: income ratio**  
56% (Q117: 52%)

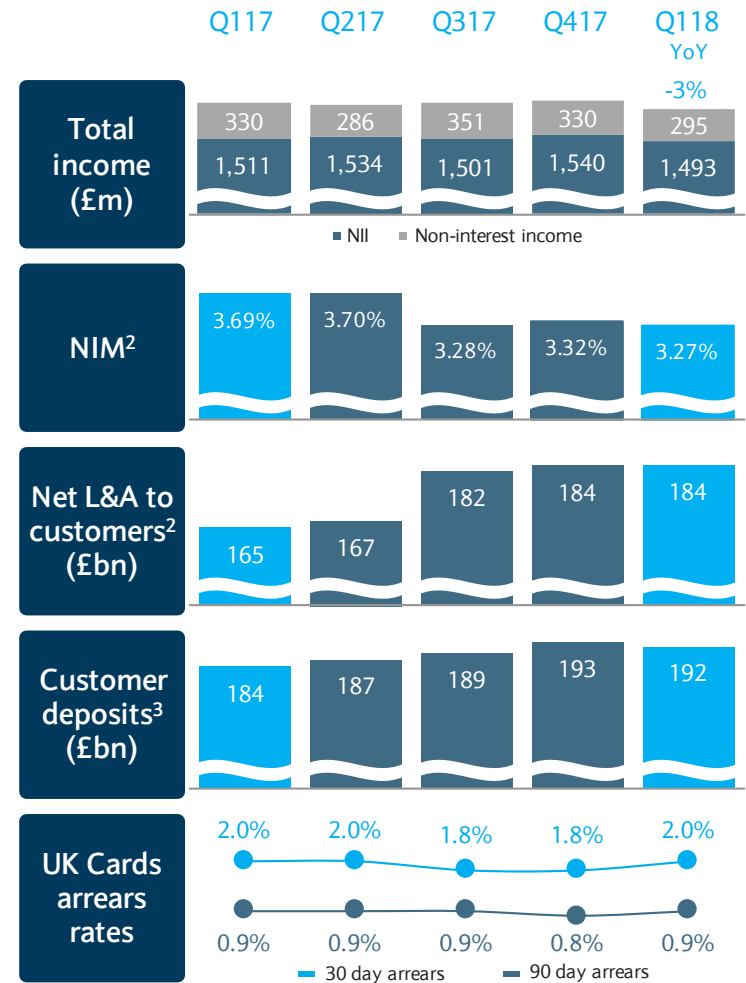
**RoTE**  
15.7% (Q117: 21.5%)

**NIM<sup>2</sup>**  
3.27% (Q117: 3.69%)

**LLR**  
43bps (Q117: 43bps)

**RWAs** ↑ £1.6bn  
£72.5bn (Dec-17: £70.9bn)

- ❖ Income was flat excluding the non-recurrence of Visa gain in Q117 and customer remediation
  - NIM of 3.27%, within guidance range of 3.20-3.30%, reflecting pricing discipline
- ❖ Risk remained well-controlled, reflecting conservative appetite
  - Underlying credit metrics broadly stable, with UK Cards 30 and 90 day arrears flat YoY
  - Impairment increased to £201m, including a single name in WEBB
- ❖ Continued investment in digital banking and cyber resilience drove 5% increase in costs
- ❖ Net L&A flat QoQ at £184bn
  - Continued controlled mortgage growth, up £0.9bn QoQ and £5.3bn YoY
  - Cards balances decreased 7% in Q118 to £15.2bn, impacted by day 1 IFRS 9 impairment provision. Excluding this, balances were broadly stable
- ❖ RWAs increased £1.6bn on Q417 including the impact of IFRS 9 implementation, primarily related to DTAs



<sup>1</sup> Excluding L&C | <sup>2</sup> Q317 onward affected by ESHLA integration on 1 July 2017. Net L&A at amortised cost | <sup>3</sup> Customer deposits at amortised cost

# Q118 Barclays International results

Strong CIB performance and continued investment for growth in CC&P

## Financial performance<sup>1</sup>

**Income** ↓ 8%  
£3.8bn (Q117: £4.1bn)

**PBT** ↑ 4%  
£1.4bn (Q117: £1.4bn)

**Cost: income ratio**  
60% (Q117: 59%)

**RoTE**  
13.6% (Q117: 12.6%)

**NIM**  
4.57% (Q117: 4.06%)

**LLR**  
31bps (Q117: 62bps)

**RWAs** ↑ £3.9bn  
£214.2bn (Dec-17: £210.3bn)

❖ RoTE improved to 13.6%<sup>1</sup>, with double digit returns across CIB and CC&P

❖ Income impacted by 12% depreciation of average USD against GBP and one-off gains in Q117<sup>2</sup>

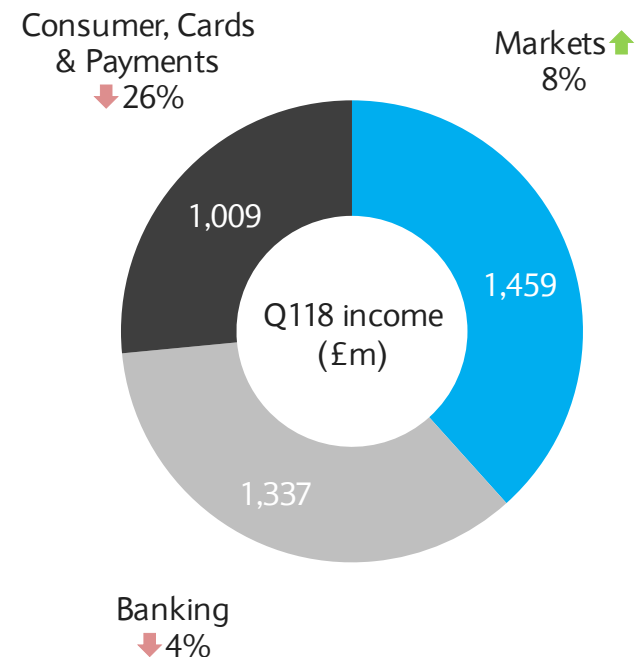
- Excluding these, income increased 5%

❖ Impairment decreased 73% driven by write-backs and updated macroeconomic forecasts

❖ Costs decreased by 6%, driving a cost: income ratio of 60%<sup>1</sup>

- FX tailwind, decline in SRP costs and reduced impact of prior year deferred awards was partially offset by continued investment in CIB technology and business growth in CC&P

## Balance across businesses



<sup>1</sup> Excluding L&C | <sup>2</sup> £192m gain on the US asset sale and a £74m valuation gain on Barclays' preference shares in Visa Inc. |



# Q118 Barclays International: Corporate & Investment Bank results

Improved Markets income and Banking fee share gains delivered 13.0% RoTE

## Financial performance<sup>1</sup>

**Income** ↑ 1%  
£2.8bn (Q117: £2.8bn)

**Impairment** ↓  
£159m release  
(Q117: £51m charge)

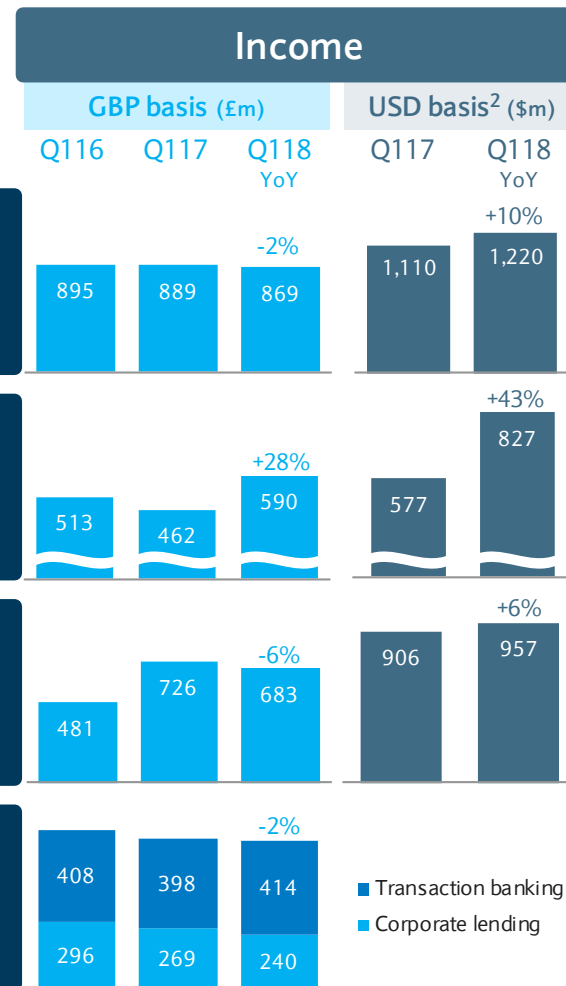
**Costs** ↓ 8%  
£1.8bn (Q117: £1.9bn)

**PBT** ↑ 49%  
£1.2bn (Q117: £0.8bn)

**RoTE**  
13.0%

**RWAs** ↑ £5.1bn  
£181.3bn (Dec-17: £176.2bn)

- ❖ Markets income increased 21% in USD
  - Equities up 43% driven by derivatives and equity financing
  - FICC up 10% driven by strong performance in FX
  - c.£30m benefit from reallocation of some funding costs associated with legacy instruments to Head Office
- ❖ Second highest quarter for Banking fee income behind Q117<sup>3</sup>, as global fee share increased to 4.5% from 4.2% in FY17<sup>4</sup>
- ❖ While Transaction banking increased on higher deposits, Corporate lending declined due to RWA reallocation within CIB
- ❖ Net impairment release of £159m reflected single name recoveries and improved macroeconomic forecasts in the US
  - RoTE was comfortably in double digits even without the £159m net release
- ❖ RWAs increased on Q417 due to increased trading activity



<sup>1</sup> 12% depreciation of average USD against GBP was a headwind to profit and income and tailwind to impairment and costs | <sup>2</sup> USD basis is calculated by translating GBP revenues by month for Q118 and Q117 using the corresponding GBP/USD FX rates | <sup>3</sup> Data pre-2014 was not restated following resegmentation | <sup>4</sup> Source: Dealogic |

# Q118 Barclays International: Consumer, Cards & Payments results

Investing in growth across CC&P businesses

## Financial performance<sup>1</sup>

**Income** ↓7%  
£1.0bn (Q117: £1.1bn)<sup>2</sup>

**Impairment** ↓15%  
£252m (Q117: £295m)

**Costs** ↑4%  
£529m (Q117: £507m)

**PBT** ↓21%  
£238m (Q117: £300m)<sup>2</sup>

**RoTE**  
15.6%

**RWAs** ↓£1.2bn  
£32.9bn (Dec-17: £34.1bn)

❖ Income decrease reflected FX and effect of repositioning the US Cards portfolio towards a lower risk mix

- Underlying income grew in US Cards and Private Banking

❖ Continued underlying growth in US Cards, with net receivables up 10%

- Organic growth in American Airlines, and JetBlue balances which have more than doubled in two years
- Q118 declined on Q417 as seasonality was partially offset by underlying growth

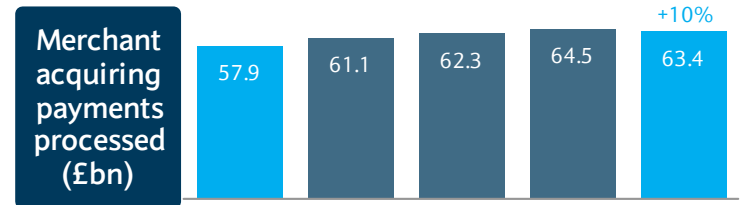
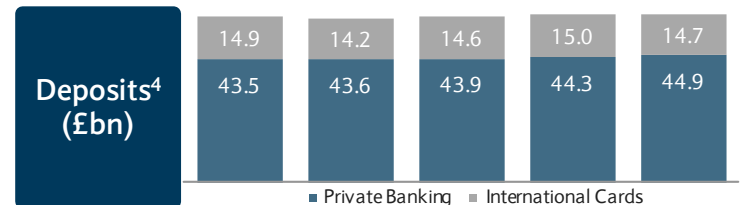
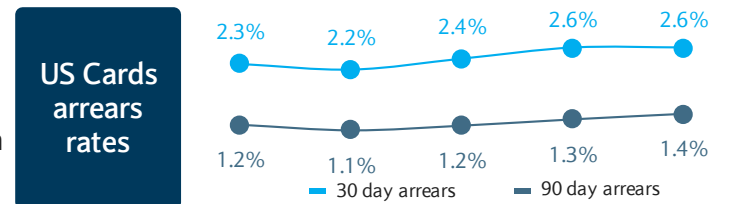
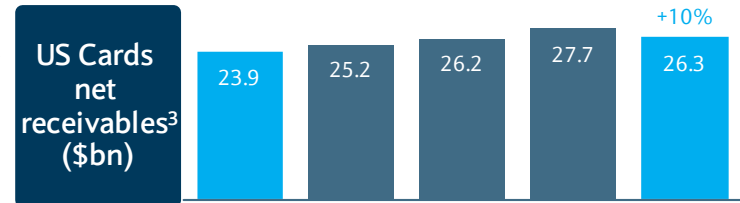
❖ Arrears rates increased YoY in line with the industry and were broadly stable on Q417

❖ Investment and business growth, primarily in US Cards and Private Banking, drove a 4% increase in costs

❖ 10% growth in payments processed in merchant acquiring to £63.4bn

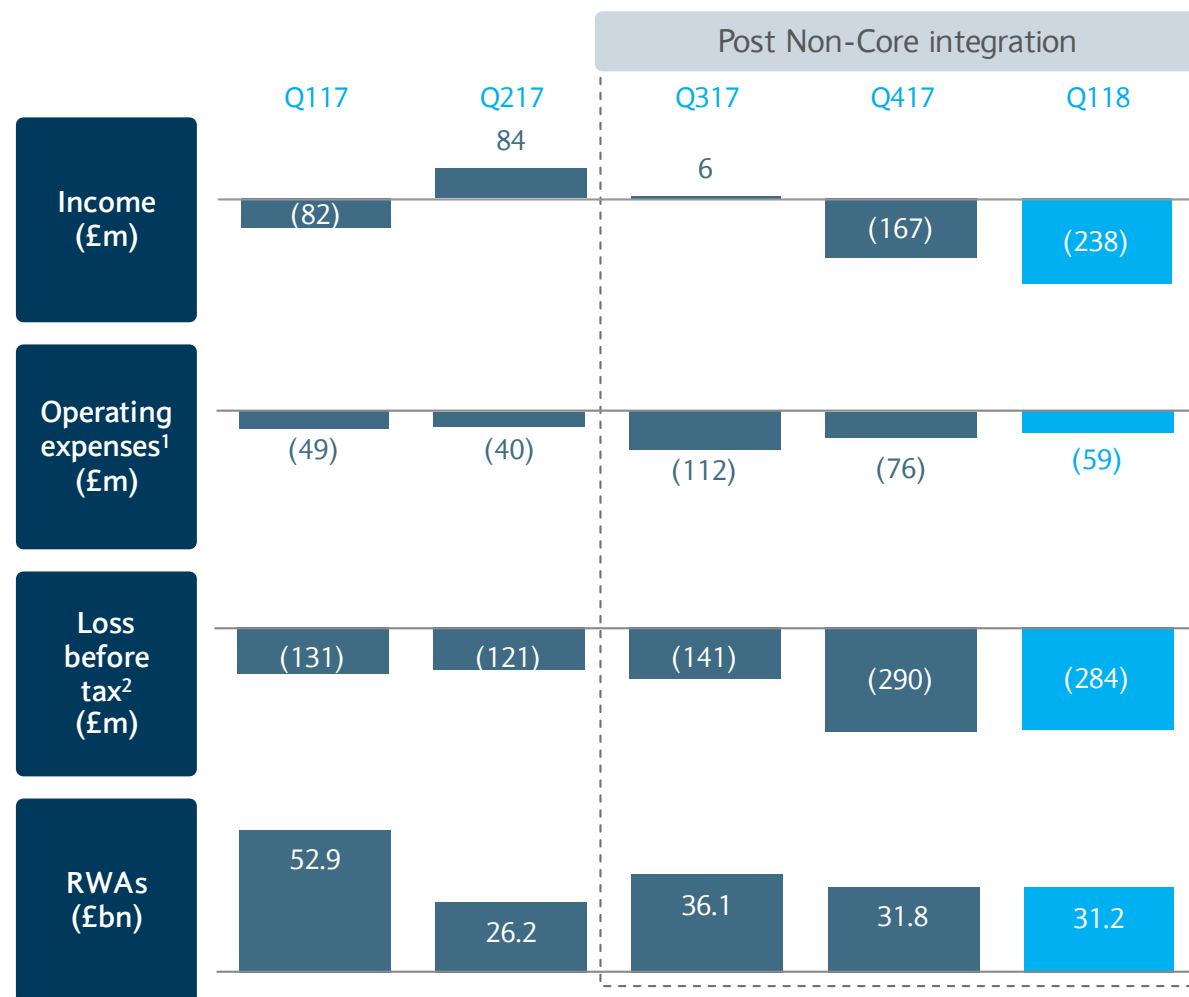
- Secured HMRC contract, expected to generate significant future volumes

Q117 Q217 Q317 Q417 Q118 YoY



<sup>1</sup> 12% depreciation of average USD against GBP was a headwind to profit and income and tailwind to impairment and costs | <sup>2</sup> Q117 excludes one-offs relating to a £192m gain on the US asset sale and a £74m valuation gain on Barclays' preference shares in Visa Inc. | <sup>3</sup> Includes held for sale balances | <sup>4</sup> Includes deposits from banks and customers at amortised cost

# Head Office



- ❖ Negative income in Q1 18 reflected
  - c.£90m impact from certain legacy capital instrument funding costs, including £14% RCIs
  - Hedge accounting associated with historical swap positions, with drag expected to be in range of £100-200m per year for next few years
  - Expect these two items to recur in coming quarters, but decline over time
- ❖ £1.4bn settlement with US DoJ included within Head Office costs
  - Excluding all L&C, costs were £59m
- ❖ RWAs were £31.2bn, including £6.4bn related to BAGL, as at 31 March 2018
- ❖ Period end allocated tangible shareholders' equity was £3.0bn
  - Tangible equity is allocated to businesses at 13.0% (2017: 12.0%) of RWAs, adjusted for capital deductions
  - Head Office represents the difference between the Group's average tangible shareholders equity and the amount allocated to businesses

<sup>1</sup> Excluding L&C and UK bank levy | <sup>2</sup> Excluding L&C

# IFRS 9 and impairment

## IFRS 9 day 1 impact

- ❖ Increase in impairment stock of £2.8bn on 1 Jan 2018
- ❖ Decrease in shareholders' equity of £2.2bn post-tax
- ❖ Decrease in TNAV per share of 13p

## Q118 impairment

- ❖ BUK impairment included a single name charge, while underlying credit metrics were broadly stable and economic conditions steady
- ❖ BI impairment reflected improved economic scenarios, particularly in the US, offset by a modest increase in delinquencies in US Cards
- ❖ Also material single name recoveries in CIB

## Retail L&A

As at 31.03.18 As at 01.01.18 <sup>1</sup>	Barclays UK	Barclays International	Group <sup>2</sup>
Total gross exposure (£bn)	159.3 158.8	29.3 30.9	197.3 198.8
Total impairment allowance (£bn)	2.7 2.6	2.6 2.7	5.7 5.6
Total coverage ratio (%)	1.7% 1.6%	8.8% 8.6%	2.9% 2.8%
Impairment charge (£m) <sup>3</sup>	180	251	440
LLR (bps)	46	348	90

## Wholesale L&A

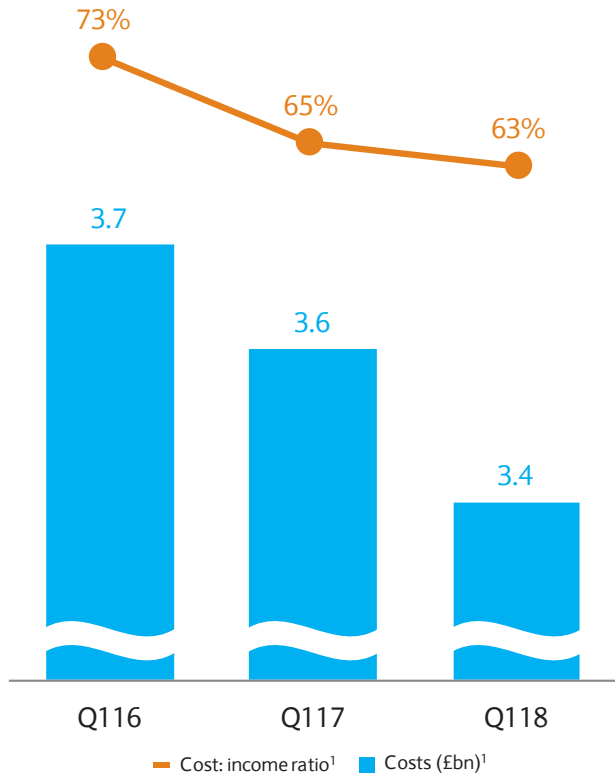
As at 31.03.18 As at 01.01.18 <sup>1</sup>	Barclays UK	Barclays International	Group <sup>2</sup>
Total gross exposure (£bn)	28.3 27.8	91.7 88.8	128.7 125.5
Total impairment allowance (£bn)	0.2 0.2	1.0 1.2	1.3 1.5
Total coverage ratio (%)	0.8% 0.8%	1.1% 1.3%	1.0% 1.2%
Impairment charge (£m) <sup>3</sup>	21	(158)	(153)
LLR (bps)	30	(70)	(48)

<sup>1</sup> Comparatives are as at 1 January 2018 to reflect the adoption of IFRS 9 from this date | <sup>2</sup> Group also includes Head Office | <sup>3</sup> Includes impairment charges on loans and advances at amortised cost, and off-balance sheet loan commitments and financial guarantee contracts. Excludes impairment charge of £1m on financial assets at fair value through other comprehensive income |

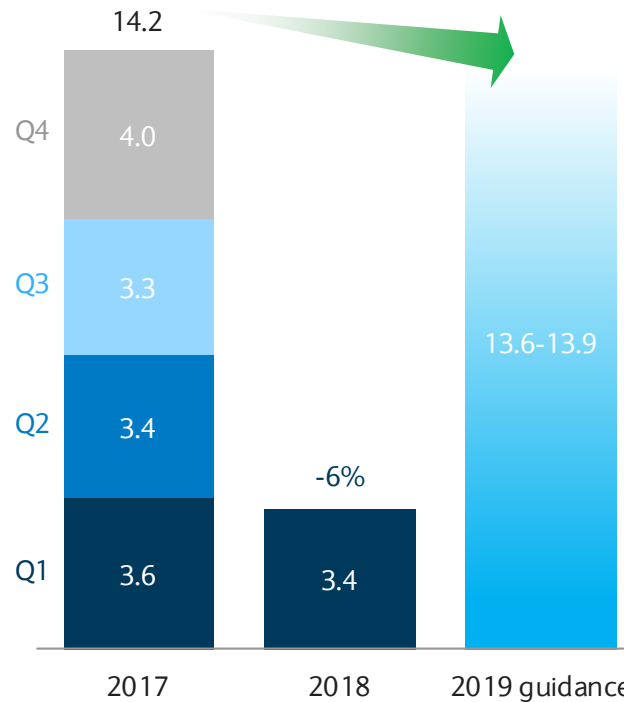
# Operating cost focus underpinning RoTE targets

Improving the mix of the cost base to drive higher returns

Targeting cost: income ratio below 60% in 2019



Further absolute cost reduction by 2019 (£bn)<sup>1</sup>



BX generating significant operational leverage

- ❖ Process automation
  - Standardised front to back processes across the bank
  - Reduced duplication across businesses and functions
- ❖ Technology and digital
  - Digital transformation of the bank
  - Transition of data to the cloud
- ❖ Rightsizing our infrastructure
  - Branch optimisation
  - Reduction in high cost locations
- ❖ Supplier optimisation
  - Discipline on preferred suppliers
  - Insourcing of technology employees

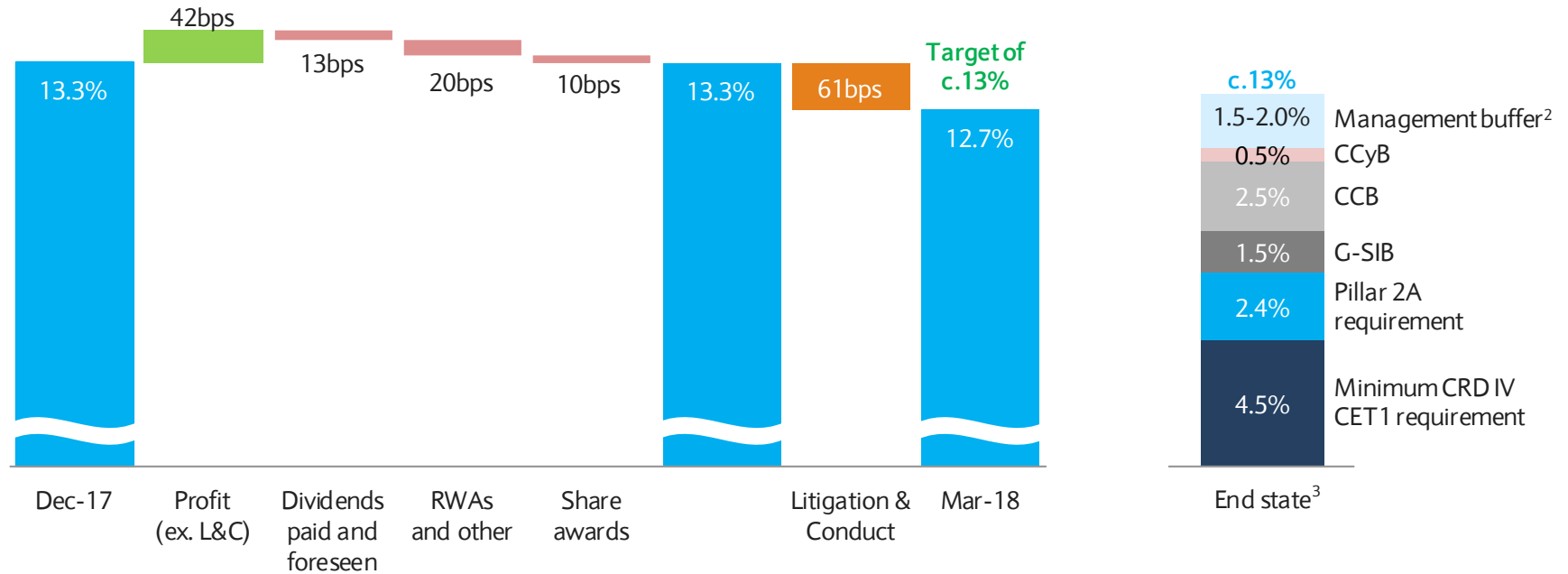
Cost savings creating capacity for investment, driving further operational leverage beyond 2019

<sup>1</sup> Costs exclude L&C. Income excludes £192m gain on US Cards asset sale, £98m valuation gain on Barclays' preference shares in Visa Inc. in Q117, and (£109m) for own credit in Q116 |

# Strong profit generation offset by RMBS settlement and PPI

Generating capacity for attractive capital returns to shareholders over time

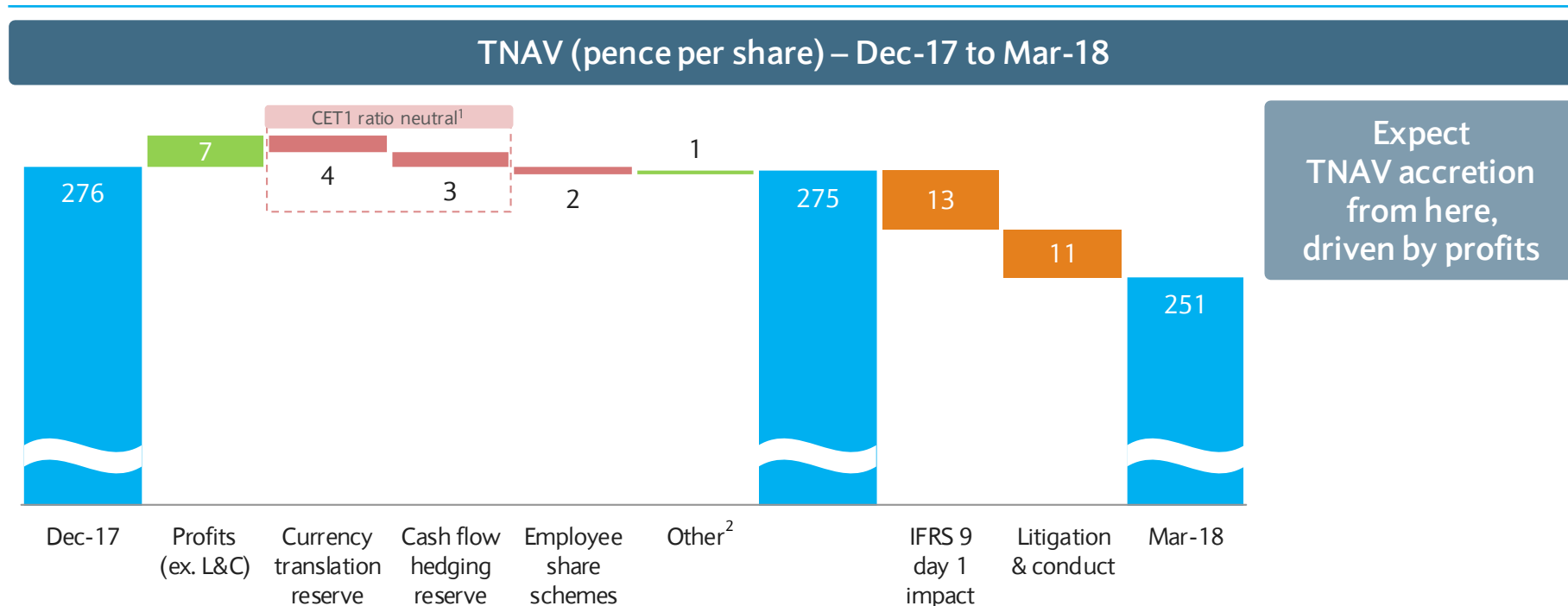
## CET1 ratio<sup>1</sup> impacted materially by L&C



## Reaffirmed intention to pay 2018 dividend of 6.5p<sup>4</sup>

<sup>1</sup> Future events, including regulatory fines and/or the need to settle L&C matters could impact CET1 ratio | <sup>2</sup> Incorporates any PRA buffer | <sup>3</sup> Refer to slide 31 for more detail | <sup>4</sup> Subject to regulatory approvals. In determining any proposed distributions to shareholders, the Board will take into account Barclays' commitments to all stakeholders, such as those in the respect of pensions, and will also consider the expectation of servicing more senior securities |

# Tangible Net Asset Value



❖ Profits of 7p per share were more than offset by:

- 13p from the day 1 impact of IFRS 9
- 11p impact from litigation & conduct, including 8p from RMBS settlement
- 4p reduction in the currency translation reserve as GBP appreciated 4% against the USD
- 3p reduction in the cash flow hedging reserve as swap rates rose
- 2p impact from the vesting of shares under employee share schemes

<sup>1</sup> CET1 ratio is broadly hedged for FX movements | <sup>2</sup> Other items include movements in the fair value through other comprehensive income |

# Focused on profitability and returning capital to shareholders

## Q118 highlights

Double digit returns – Group 11.0%<sup>1</sup>

Successful set-up of UK ring-fenced bank

Settled legacy RMBS litigation with US DoJ

## Group targets

RoTE<sup>2</sup>

>9% in 2019  
>10% in 2020

CET1 ratio

c.13%  
150-200 bps above  
regulatory minimum level

Costs

£13.6-13.9bn in 2019<sup>1</sup>  
Cost: income ratio <60%

<sup>1</sup> Excluding L&C | <sup>2</sup> Excluding litigation and conduct and based on a CET1 ratio of c.13% |





# Barclays PLC

Q1 2018 Financial Results

26 April 2018





# Appendix

## Litigation & conduct and other items – Q118 vs. prior year

Litigation & conduct (£m)	Q118	Q117	
RMBS	(1,420)	-	Head Office
PPI	(400)	-	Barclays UK
Other	(141)	(28)	Group (across divisions)
<b>Total</b>	<b>(1,961)</b>	<b>(28)</b>	

Other items of interest (£m)			
Income			
US Card asset sale	-	192	Barclays International
Valuation gain on Barclays' preference shares in Visa Inc.	-	98	Barclays International 74 / Barclays UK 24
Operating expenses			
Structural reform costs	(50)	(103)	Group
Effect of change in compensation awards introduced in Q416	(58)	(111)	
Discontinued operation – Africa Banking			
Impairment of Barclays' holding in BAGL (pre-tax)	-	(884)	

# Q118 Group results

Three months ended (£m)	Mar-18	Mar-17	% change
Income	5,358	5,823	(8%)
Impairment	(288)	(527)	45%
– Operating expenses (excluding L&C)	(3,364)	(3,591)	6%
– Litigation and conduct	(1,961)	(28)	
Operating expenses	(5,325)	(3,619)	(47%)
Other net income	19	5	
(LBT)/PBT	(236)	1,682	
Tax charge	(304)	(473)	36%
(Loss)/profit after tax – continuing operations	(540)	1,209	
Loss after tax – discontinued operation	-	(658)	
NCI – continuing operations	(53)	(79)	33%
NCI – discontinued operation	-	(143)	
Other equity instrument holders	(171)	(139)	(23%)
Attributable (loss)/profit	(764)	190	

## Performance measures

Basic (loss)/earnings per share	(4.2p)	1.3p
RoTE	(6.5%)	1.8%
Cost: income ratio	99%	62%
LLR	36bps	47bps

## Balance sheet (£bn)

RWAs	317.9	360.9
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Excluding L&C – Three months ended (£m)	Mar-18	Mar-17	% change
Operating expenses	(3,364)	(3,591)	6%
PBT	1,725	1,710	1%
Attributable profit	1,166	209	

Performance measures		
EPS	7.1p	1.5p
RoTE	11.0%	2.0%
Cost: income ratio	63%	62%

# Q118 Barclays UK results





Business performance			
Three months ended (£m)	Mar-18	Mar-17	% change
– Personal Banking	889	944	(6%)
– Barclaycard Consumer UK	527	498	6%
– WEBB	372	399	(7%)
Income	1,788	1,841	(3%)
– Personal Banking	(76)	(50)	(52%)
– Barclaycard Consumer UK	(113)	(123)	8%
– WEBB	(12)	(5)	
Impairment	(201)	(178)	(13%)
– Operating expenses (excluding L&C)	(1,005)	(959)	(5%)
– Litigation and conduct	(411)	4	
Operating expenses	(1,416)	(955)	(48%)
PBT	170	708	(76%)
Attributable (loss)/profit	(38)	470	
Performance measures			
RoTE	(1.1%)	21.6%	
Average allocated tangible equity	£9.8bn	£8.9bn	
Cost: income ratio	79%	52%	
LLR	43bps	43bps	
NIM	3.27%	3.69%	
Balance sheet (£bn)			
L&A to customers <sup>1</sup>	184.3	164.5	
Customer deposits <sup>1</sup>	192.0	184.4	
RWAs	72.5	66.3	

Excluding L&C – Three months ended (£m)	Mar-18	Mar-17	% change
Operating expenses	(1,005)	(959)	(5%)
PBT	581	704	(17%)
Attributable profit	373	467	(20%)
Performance measures			
RoTE	15.7%	21.5%	
Cost: income ratio	56%	52%	



Income (£m) – Three months ended	Mar-18	Mar-17	% change
NII	1,493	1,511	(1%)
– NIM	3.27%	3.69%	
Non-interest income	295	330	(11%)
Total income	1,788	1,841	(3%)

<sup>1</sup> At amortised cost

# Barclays UK: Significant opportunity with our 24 million customers by leveraging digital and data


Significant growth in digital banking – YoY			
Mobile Banking <sup>1</sup>		6.6m Active users	+15%
Digital		10.4m Digitally active customers	+6%
Digital logins		175m Monthly average last 12 months	+13%
Payments & transfers <sup>2</sup>		£27bn Monthly average last 12 months	+9%
<b>Digital Eagles</b>		3.0m People Barclays has helped since April 2013	

## Developments

NPS	Mobile	Online
	+54	+36
	+59	+42


5.4m unique customers log into BMB each month...  
**logging on average 29 times per month**

>55% loans fulfilled through mobile banking




We launched Every day Saver in BMB with **25k accounts opened in the first 3 weeks**

...with **33% of our customer interactions** fulfilled through web and mobile



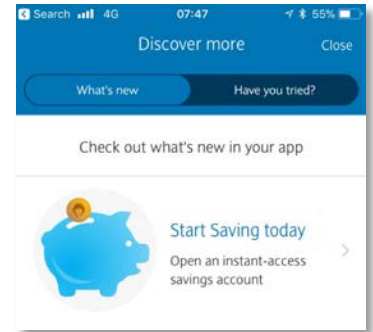
4.8

Out of 5 IOS App Store rating for BMB



4.4

Out of 5 Google Play store rating for BMB



<sup>1</sup> Includes UK card mobile active users | <sup>2</sup> Digital payments and transfers volumes include Pingit |

# Q118 Barclays International results

Business performance			
Three months ended (£m)	Mar-18	Mar-17	% change
– CIB	2,799	2,782	1%
– CC&P	1,009	1,356	(26%)
Income	3,808	4,138	(8%)
– CIB	159	(51)	
– CC&P	(252)	(295)	15%
Impairment	(93)	(346)	73%
– Operating expenses (excluding L&C)	(2,300)	(2,435)	6%
– Litigation and conduct	(15)	(13)	(15%)
Operating expenses	(2,315)	(2,448)	5%
Other net income	13	12	8%
PBT	1,413	1,356	4%
Attributable profit	973	837	16%
Performance measures			
RoTE	13.4%	12.5%	
Average allocated tangible equity	£30.1bn	£27.7bn	
Cost: income ratio	61%	59%	
LLR	31bps	62bps	
NIM	4.57%	4.06%	
Balance sheet (£bn)			
RWAs	214.2	214.3	

Excluding L&C – Three months ended (£m)	Mar-18	Mar-17	% change
Operating expenses	(2,300)	(2,435)	6%
PBT	1,428	1,369	4%
Attributable profit	985	846	16%
Performance measures			
RoTE	13.6%	12.6%	
Cost: income ratio	60%	59%	

# Q118 Barclays International: Corporate & Investment Bank and Consumer, Cards and Payments results

CIB Business performance				
Three months ended (£m)	Mar-18	Mar-17	% change GBP basis	% change USD basis
–FICC	869	889	(2%)	10%
–Equities	590	462	28%	43%
Markets	1,459	1,351	8%	21%
–Banking fees	683	726	(6%)	6%
–Corporate lending	240	269	(11%)	
–Transaction banking	414	398	4%	
Banking	1,337	1,393	(4%)	
Income <sup>1</sup>	2,799	2,782	1%	
Impairment	159	(51)		
Operating expenses	(1,786)	(1,941)	8%	
Other net income	3	-		
<b>PBT</b>	<b>1,175</b>	<b>790</b>	<b>49%</b>	
Performance measures				
RoTE	13.0%	8.2%		
Balance sheet (£bn)				
RWAs	181.3	180.6		

CC&P Business performance			
Three months ended (£m)	Mar-18	Mar-17	% change
Income	1,009	1,356	(26%)
Impairment	(252)	(295)	15%
Operating expenses	(529)	(507)	(4%)
Other net income	10	12	(17%)
<b>PBT</b>	<b>238</b>	<b>566</b>	<b>(58%)</b>
Performance measures			
RoTE	15.6%	36.4%	
Balance sheet (£bn)			
RWAs	32.9	33.7	

<sup>1</sup> Includes other income |



# Sustainable improvement in CIB returns, underpinned by strength in Markets



**Investment driving strong performance relative to the market**

<sup>1</sup> Tradeweb and Bloomberg | <sup>2</sup> CLS rankings | <sup>3</sup> Source: Coalition Client Analytics, FY17 vs. FY16. Reflects market share gains across the top 1,300 institutional clients | <sup>4</sup> In USD vs. Q117

# Head Office and Non-Core results

Head Office Business performance		
Three months ended (£m)	Mar-18	Mar-17
Income	(238)	(82)
Impairment	6	-
– Operating expenses (excluding L&C)	(59)	(49)
– Litigation and conduct	(1,535)	(10)
Operating expenses	(1,594)	(59)
Other net income	7	-
<b>LBT</b>	<b>(1,819)</b>	<b>(141)</b>
Performance measures (£bn)		
Average allocated tangible equity	4.3	7.6
Balance sheet (£bn)		
RWAs <sup>1</sup>	31.2	52.9

Excluding L&C – Three months ended (£m)	Mar-18	Mar-17
Operating expenses	(59)	(49)
<b>LBT</b>	<b>(284)</b>	<b>(131)</b>
Attributable loss	(192)	(116)

Non-Core Business performance		
Three months ended (£m)	Mar-18	Mar-17
Income	-	(74)
Impairment	-	(3)
– Operating expenses (excluding L&C)	-	(148)
– Litigation and conduct	-	(9)
Operating expenses	-	(157)
Other net expenses	-	(7)
<b>LBT</b>	<b>-</b>	<b>(241)</b>
Balance sheet (£bn)		
RWAs	-	27.4

- The Non-Core segment was closed on 1 July 2017 with the residual assets and liabilities reintegrated into Barclays UK, Barclays International and Head Office

<sup>1</sup> Includes Africa Banking RWAs of £6.4bn (Mar-17: £41.3bn)

# Income and margins – Q118

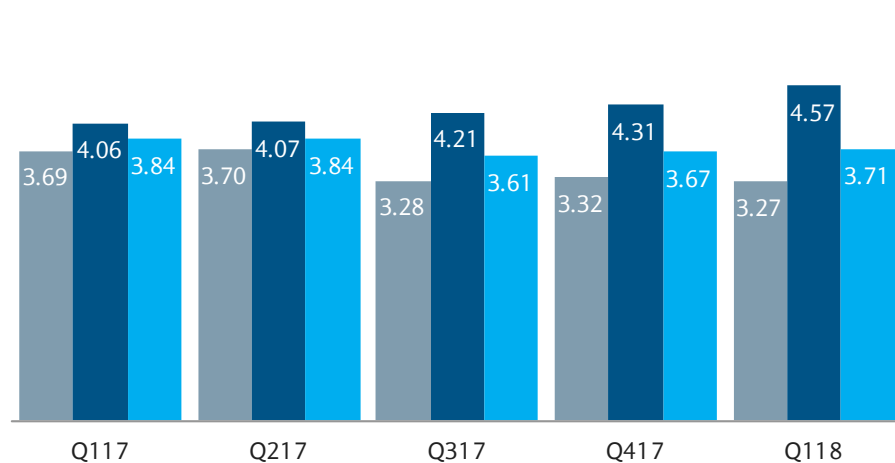
NII (£m) – Three months ended	Mar-18	Mar-17	% change
– Barclays UK	1,493	1,511	(1%)
– Barclays International <sup>1</sup>	1,065	1,121	(5%)
– Other <sup>2</sup>	(370)	(113)	
Total NII	2,188	2,519	(13%)
Non-interest income	3,170	3,304	(4%)
Total Group income	5,358	5,823	(8%)

## Q118 performance metrics

- Combined Barclays UK and Barclays International<sup>1</sup> NIM decreased 13bps to 371bps
  - Barclays UK NIM declined to 327bps, including the c.30bps impact from the inclusion of ESHLA portfolio
  - Barclays International<sup>1</sup> NIM increased 51bps to 457bps reflecting capital allocation to higher margin businesses

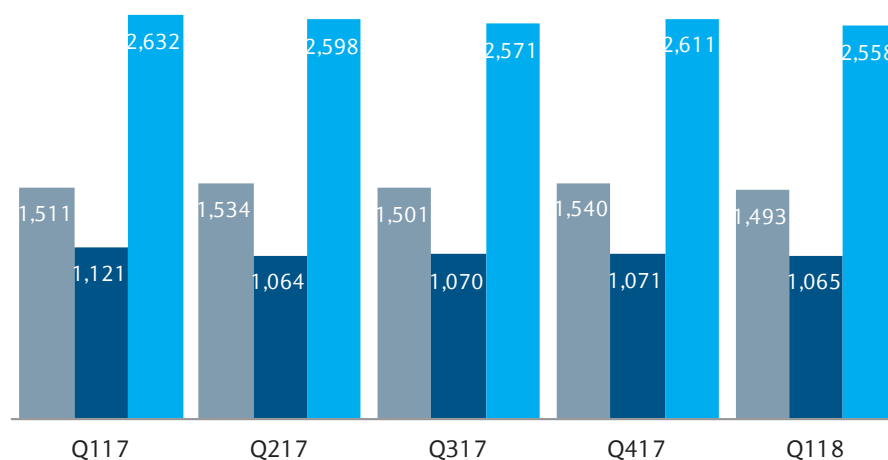
## NIM (%)

■ Barclays UK ■ Barclays International<sup>1</sup> ■ Combined



## NII (£m)

■ Barclays UK ■ Barclays International<sup>1</sup> ■ Combined



<sup>1</sup> Barclays International margins include interest earning lending balances within the investment banking business | <sup>2</sup> Other includes Head Office and non-interest earning lending balances within the investment banking business. Barclays Non-Core is included in the comparative period |

# Abbreviations

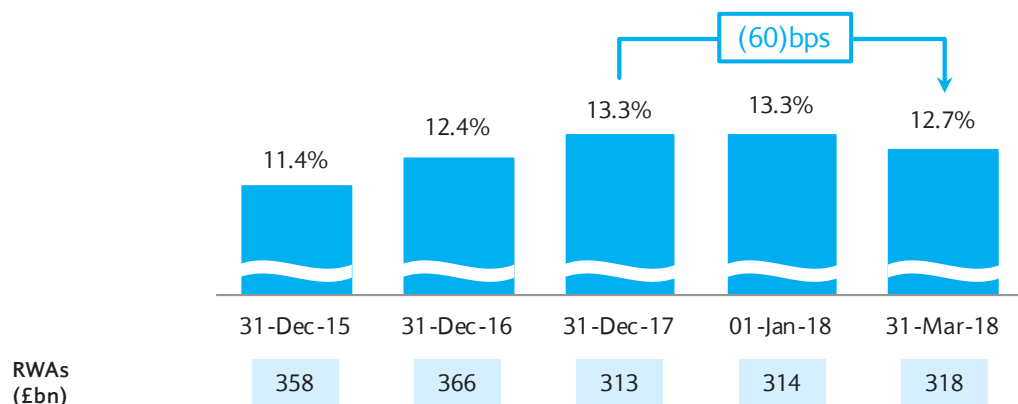
AP	Attributable Profit	L&A	Loans and advances	£	GBP	Great British Pound
BAGL	Barclays Africa Group Limited	L&C	Litigation & conduct	\$	USD	United States Dollar
BBPLC	Barclays Bank PLC	LBT	Loss before tax			
BBUKPLC	Barclays Bank UK PLC	LDR	Loan: deposit ratio			
BEAT	Base Erosion Anti-Abuse Tax	LLR	Loan loss rate			
BI	Barclays International	MDR	Mandatory distribution restrictions			
BoE	Bank of England	NCI	Non-controlling interests			
BPLC	Barclays PLC	NII	Net interest income			
BUK	Barclays UK	NIM	Net interest margin			
BX	Barclays Execution Services	NPS	Net Promoter Score			
CAGR	Compound Annual Growth Rate	P&L	Profit and loss			
CC&P	Consumer, Cards & Payments	PAT	Profit after tax			
CET1	Common equity tier 1	PBT	Profit before tax			
CIB	Corporate & Investment Bank	PPI	Payment Protection Insurance			
CRR	Capital Requirement Regulation	QoQ	Quarter-on-Quarter movement			
CTR	Currency translation reserve	RCI	Reserve capital instrument			
DTA	Deferred tax asset	RMBS	Residential mortgage-backed securities			
EIR	Effective interest rate	RoTE	Return on average tangible equity			
EL	Expected loss	RWAs	Risk weighted assets			
EPS	Basic earnings per share	SRP	Structural Reform Programme			
ESHLA	Education, Social Housing & Local Authority	TNAV	Tangible net asset value			
ETR	Effective tax rate	US DoJ	United States Department of Justice			
FV	Fair value	WEBB	Wealth, Entrepreneurs & Business Banking			
FX	Foreign exchange	YoY	Year-on-Year movement			
IFRS 9	International Financial Reporting Standard 9					



# Fixed income appendix

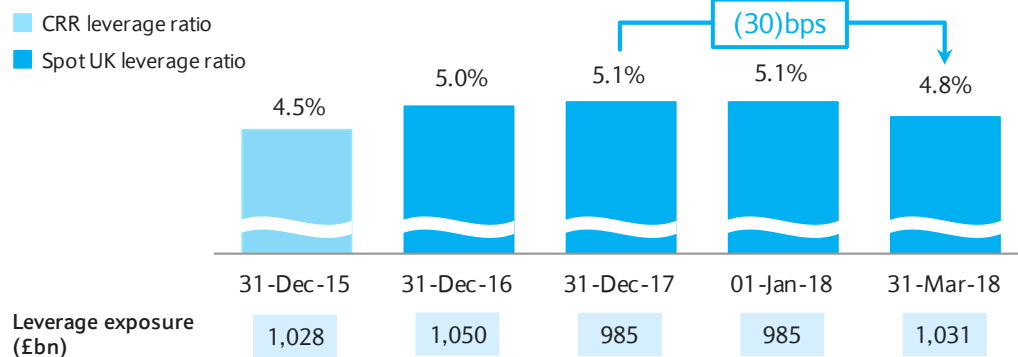
# Strong CET1 and leverage ratios

## CET1 ratio



- CET1 ratio decreased by 60bps in the quarter to 12.7% driven largely by:
  - 42bps from organic capital generation from profits
- Offset by:
  - 61bps of litigation and conduct charges including 45bps relating to the settlement of RMBS with the US DoJ
  - 13bps dividends paid and foreseen
  - 10bps relating to employee share awards
  - 20bps of RWA growth and other movements
- Expect another c.10bps benefit from the full regulatory deconsolidation of BAGL in 2018<sup>1</sup>, i.e. a pro forma CET1 ratio of c.12.8%

## Leverage ratio<sup>2</sup>



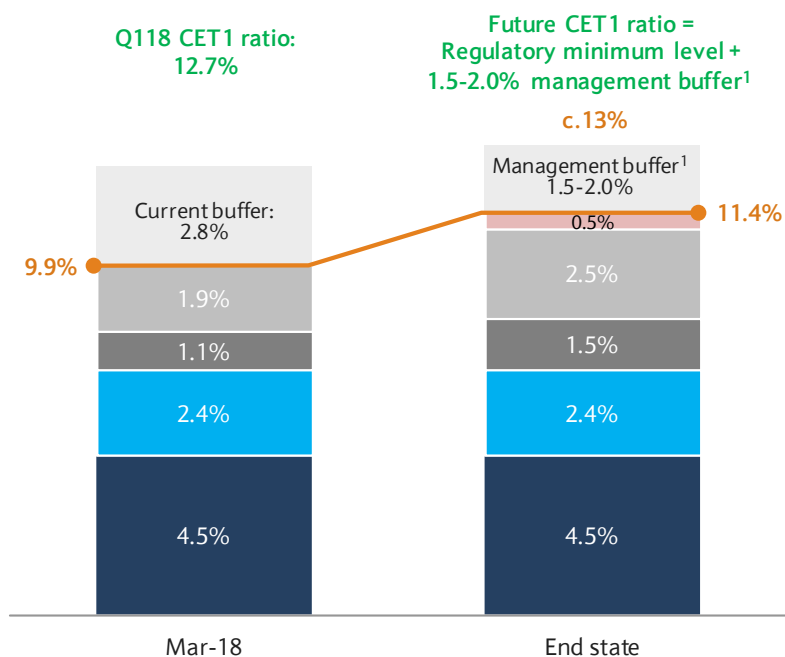
- The spot UK leverage ratio decreased 30bps in the quarter to 4.8%, driven by increased leverage exposure and lower tier 1 capital, largely due to litigation and conduct charges, including the settlement relating to RMBS
- We remain comfortably above the expected 4% UK leverage minimum requirement applicable from 2019
- The average UK daily leverage ratio<sup>3</sup> was 4.6% as at 31-Mar-18

<sup>1</sup>Subject to regulatory approval | <sup>2</sup>31-Dec-15 on CRR basis. 31-Dec-16, 31-Dec-17, 01-Jan-18 and 31-Mar-18 on spot UK basis | <sup>3</sup>The average UK leverage ratio uses capital based on the last day of each month in the quarter and an exposure measure for each day in the quarter |

# Managing capital position above mandatory distribution restrictions...

## Illustrative evolution of minimum CET1 requirements and buffers

- Minimum CRD IV CET1 requirement
- 2017 Pillar 2A CET1 requirement
- G-SIB buffer
- Capital Conservation Buffer (CCB)
- Countercyclical Buffer (CCyB)
- CRDIV Mandatory Distribution Restrictions (MDR) hurdle



### Distribution restrictions and management buffer

- End-state CET1 ratio expectation of c.13%
  - Assuming the introduction of a UK Countercyclical Buffer of 1% from November 2018 would translate to c.50bps for the Group, based on our UK exposures
  - This would result in a CRD IV MDR hurdle rate of 11.4%
- Maintaining our CET1 ratio comfortably above the mandatory distribution threshold remains a critical management objective
- Currently, Barclays targets a management buffer of 1.5-2.0%<sup>1</sup> above regulatory CET1 levels, providing a prudent buffer above MDA restriction levels, intended to absorb fluctuations in the CET1 ratio, cover event risk and stress and to enable management actions to be taken in sufficient time to avoid mandatory distribution restrictions
- Distribution restrictions<sup>2</sup> apply if an institution fails to meet the CRD IV Combined Buffer Requirement (CBR), at which point the maximum distributable amount is calculated on a reducing scale
- Barclays' recovery plan actions are calibrated to take effect ahead of breaching the CBR
- In determining any proposed distributions to shareholders, the Board notes it will consider the expectation of servicing more senior securities
- As capital buffers and RWAs will evolve over time, the CET1 position will be managed to maintain a prudent buffer over future minimum levels, to guard against mandatory distribution restrictions pursuant to CRD IV

- Maintained robust capital buffers based on 31 March 2018 capital position:

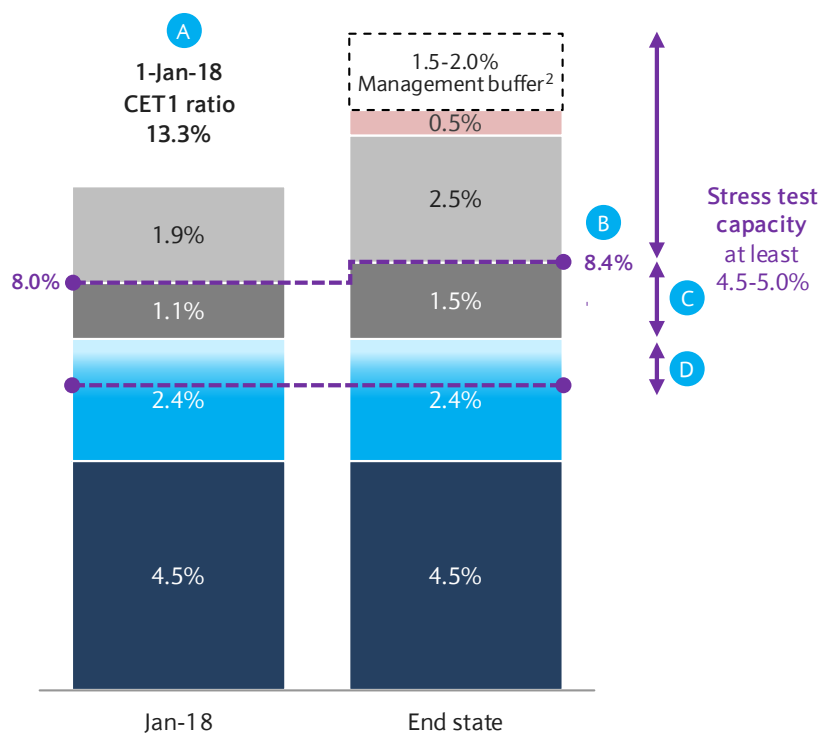
- Buffer to 31 March 2018 MDR hurdle: c.2.8% or c.£9bn
- Buffer to 7% AT1 trigger event: c.5.2% or c.£17bn based on the fully loaded CET1 ratio<sup>3</sup>, excluding transitional relief, in line with AT1 terms and conditions

<sup>1</sup> Incorporates any PRA buffer | <sup>2</sup> As per CRD Art. 141, and subject to any changes under the proposed CRR2, restrictions on discretionary distributions would apply in case of a breach of the CBR as defined in CRD Art 128(6) | <sup>3</sup> For further information on the relevant ratio for AT1 securities refer to Barclays Pillar 3 Report Q1 2018

# ...and above stress test hurdles

## Barclays' expected hurdle rate for 2018 BoE stress test<sup>1</sup>

- Minimum CRD IV CET1 requirement
- 2017 Pillar 2A CET1 requirement
- G-SIB buffer
- Capital Conservation Buffer (CCB)
- Countercyclical Buffer (CCyB)
- Maximum and indicative minimum BoE stress test hurdle rate for 2018 tests<sup>1</sup>



### Stress tests

- Barclays' end state stress buffer is expected to be at least c.4.5-5.0% when including the management buffer<sup>2</sup>, providing prudent headroom should future stress losses be higher than the average experienced to date

### Key changes vs. 2017

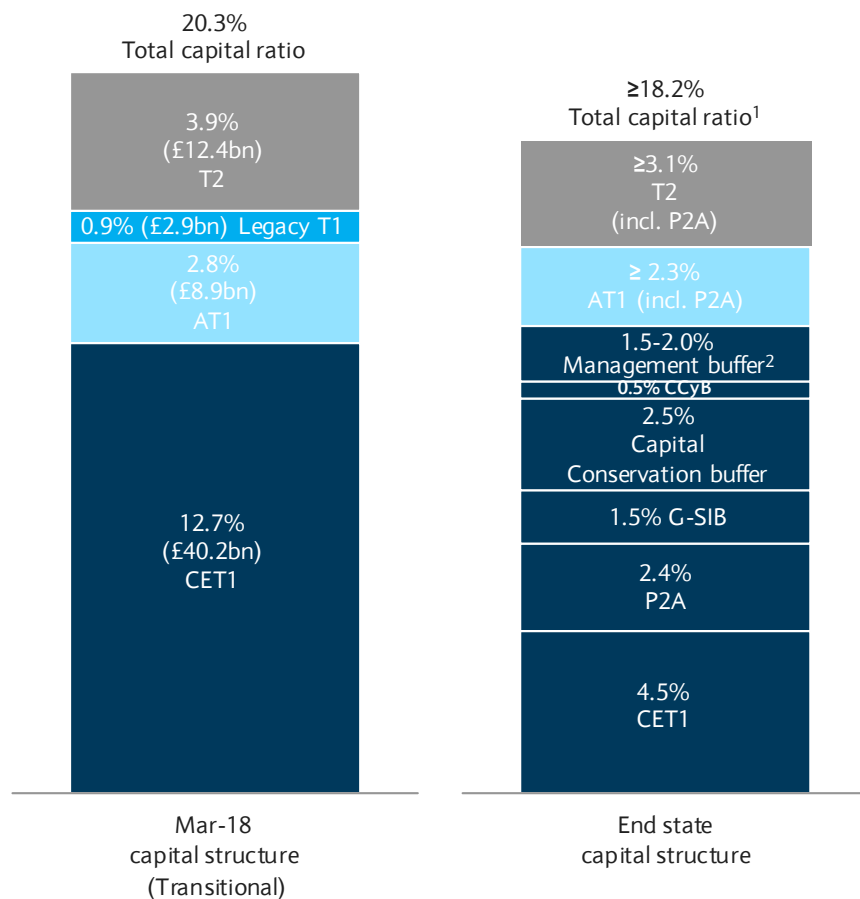
- A Improved capital positioning:** Barclays' CET1 starting point for the stress test this year is 90bps higher. The balance sheet was also further de-risked during 2017 and significant conduct and litigation items were resolved e.g. DoJ RMBS settlement
- B Revised hurdle rate framework:** The two static thresholds for G-SIBs in the prior two tests has been replaced with a single dynamic hurdle rate. A breach of the hurdle rate would require submission of a revised capital plan
- C IFRS 9 treatment:** The stress scenario has been kept the same as 2017 in order for the BoE to assess the impact of IFRS 9. The BoE has stated that the standard does not change the total amount of losses a bank would incur through a stress and will make an adjustment to a bank's hurdle rate to reflect any incremental drawdown as a result of the IFRS 9 impact subject to P1 and P2A requirements being met
- D Adjustments to P2A:** Previously, P2A had been maintained as a constant ratio throughout the period of the stress test. This year, the BoE is expected to treat P2A as a dynamic ratio, by maintaining any fixed component as a constant amount (rather than a constant ratio). Therefore, an increase in RWAs under stress, as occurred in previous stress tests, would translate to a lower P2A percentage requirement and hence a lower threshold

<sup>1</sup> Based on Barclays' understanding of "Stress testing the UK banking system: key elements of the 2018 stress test", published March 2018 | <sup>2</sup> Incorporates any PRA buffer |



# Transition to CRD IV capital structure well established

## Illustrative evolution of CRD IV capital structure



## Well managed and balanced total capital structure

- Transitional total capital ratio<sup>3</sup> decreased to 20.3% (Dec-17: 21.5%), while the fully loaded total capital ratio decreased to 19.4% (Dec-17: 20.7%)
- OpCo capital instruments are expected to qualify as MREL in line with their regulatory capital values until 1 January 2022, based on Barclays' understanding of the current BoE position
  - Those that are outstanding beyond 1 January 2022 will no longer qualify as MREL but, depending on their individual characteristics, may continue to qualify as Tier 2 regulatory capital
- Aim is to manage our capital structure in an efficient manner:
  - Expect to continue to hold a surplus to 2.3% of AT1 through regular issuance over time
  - The appropriate balance of Tier 2 will continue to be informed by relative pricing of Senior and Tier 2, investor appetite, maturity profile of the existing stack and MREL eligibility

## Pillar 2A requirement

- Barclays' Pillar 2A requirement is set as part of a "Total Capital Requirement" (Pillar 1 + P2A) reviewed and prescribed at least annually by the PRA
- Barclays Group P2A requirement for 2018 is 4.3% and is split:
  - CET1 of 2.4% (assuming 56% of total P2A requirement)
  - AT1 of 0.8% (assuming 19% of total P2A requirement)
  - Tier 2 of 1.1% (assuming 25% of total P2A requirement)
- Basel Committee consultations and reviews of approaches to Pillar 1 and Pillar 2 risk might further impact the Pillar 2A requirement in the future

<sup>1</sup> Includes combined buffer requirement and management buffer | <sup>2</sup> Incorporates any PRA buffer | <sup>3</sup> Transitional AT1 and T2 capital are calculated applying the grandfathering of CRR non-compliant capital instruments

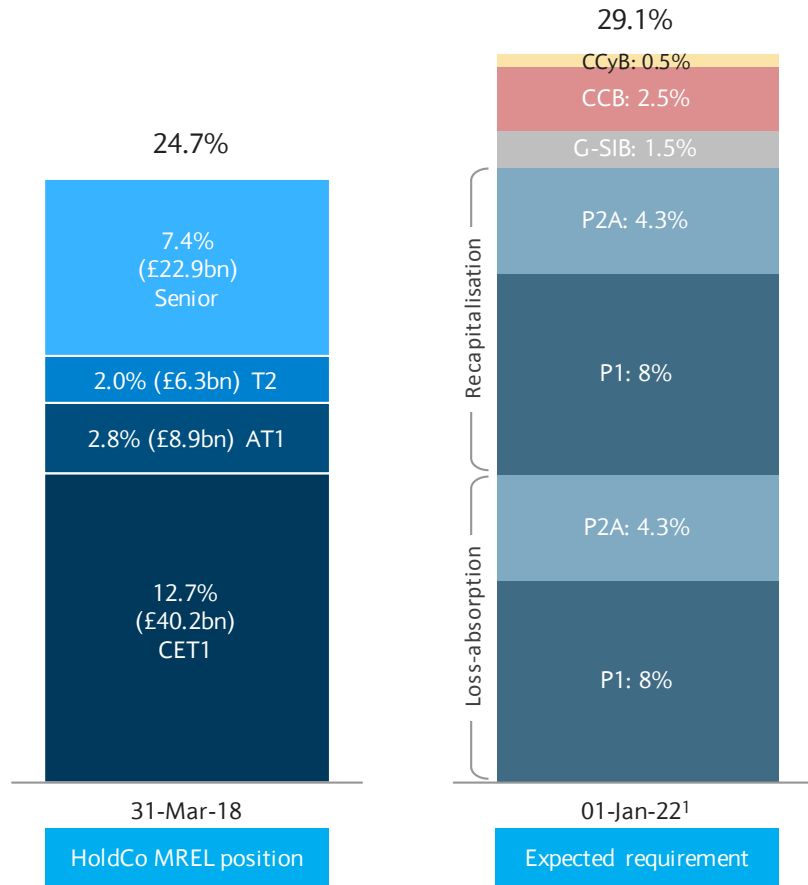
# Leverage requirements

		Requirements			Disclosure obligations		Basis of preparation	
		01-Jan-18	01-Jan-19	01-Jan-22	FY17	Q118 onwards	Today	01-Jan-22 <sup>3</sup>
UK regime	Pillar 1	3.25%	3.25%	FPC expected to review the UK leverage ratio framework during 2018	1. Spot basis <i>and</i> 2. Monthly average	1. Spot basis <i>and</i> 2. Daily average <sup>2</sup>	Per CRR <sup>3</sup> less central bank exposure for leverage exposure against qualifying customer deposits	
	G-SIB	0.394%	0.525%					
	CCyB	-	0.2%					
	Total	<b>3.644%</b>	<b>3.975%</b>					
	<i>o/w stress test hurdle rate<sup>1</sup></i>	3.644%	3.775%					
	Composition requirements	>75% of Pillar 1 to be met by CET1; 100% of G-SIB and CCyB to be met by CET1						
CRR regime	Pillar 1	No requirements	3%	3%	Spot basis only for monitoring purposes	Per CRR <sup>3</sup>	Per CRR <sup>3</sup> less qualifying central bank exemption at discretion of local regulator <sup>4</sup>	
	G-SIB		-	0.75%				
	Cash exemption		-	TBD				
	Total		3%	≥3.75%				
	Composition requirements		None specified					

<sup>1</sup> Hurdle rate for Bank of England 2018 tests based on Barclays' understanding of "Stress testing the UK banking system: key elements of the 2018 stress test", published March 2018 | <sup>2</sup> The average UK leverage ratio uses capital based on the last day of each month in the quarter and an exposure measure for each day in the quarter | <sup>3</sup> See Barclays PLC Pillar 3 Report Q1 2018 for full disclosure | <sup>4</sup> As proposed in the Dec-17 Basel 3 reforms ("Basel 4"), implementation date TBD |

# MREL issuance remains on track

## HoldCo MREL position and requirement including requisite buffers



## Well advanced on HoldCo issuance plan

### 2018 issuance plan – currently expect c.£10bn equivalent issuance in 2018<sup>2</sup>

- Issued £2.4bn equivalent of MREL in Q118, all in senior form, with maturities / call dates ranging from 7 to 15 years
- Subject to market conditions, expect to issue a total of c.£10bn equivalent in 2018<sup>2</sup> to meet MREL requirements and allow for a prudent MREL management buffer
- MREL position of 27.5% as at March 2018 on a transitional basis i.e. including eligible OpCo instruments, compared to 24.7% on a HoldCo-only basis

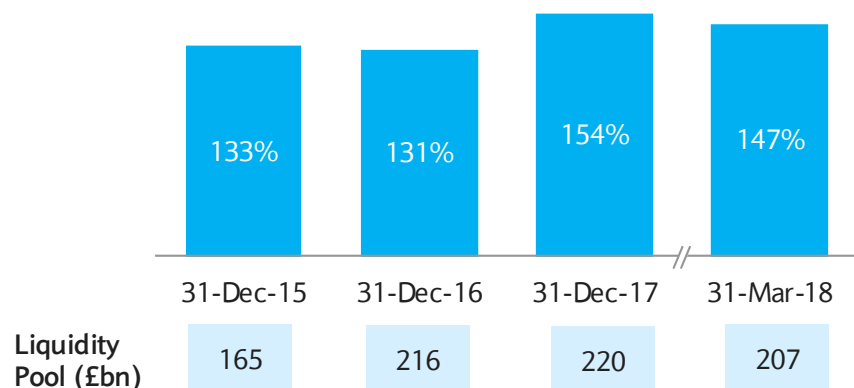
### Requirements

- Barclays' indicative MREL including CRD IV buffers is currently expected to be 29.1% of RWAs from 1 January 2022<sup>1</sup> comprising:
  - Loss absorption and recapitalisation amounts
  - Regulatory buffers including a 1.5% G-SIB buffer, 2.5% Capital Conservation Buffer and c.0.5% from the planned introduction of a 1% Countercyclical Buffer for the UK

<sup>1</sup> 2022 requirements subject to BoE review by end-2020 | <sup>2</sup> Issuance plan subject to, amongst other considerations, market conditions and regulatory requirements which are subject to change and may differ from current expectations |

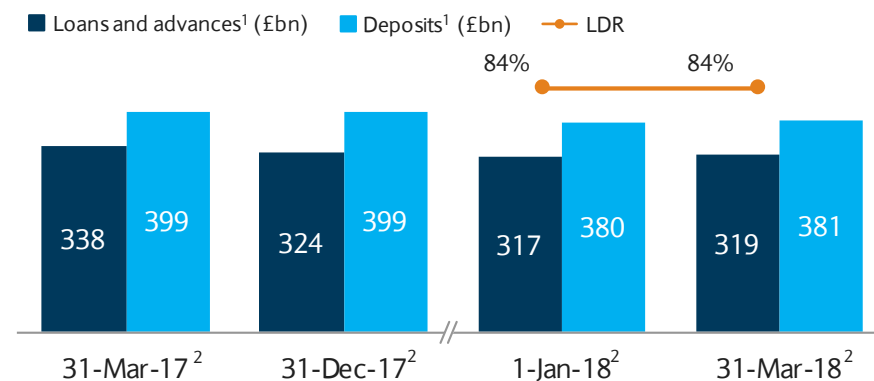
# High quality liquidity and funding position with a conservatively positioned liquidity pool and stable LDR

## LCR remains in prudential surplus



- Liquidity pool decreased £13bn in the quarter to £207bn, whilst LCR decreased to 147% from 154%, equivalent to a surplus of £65bn to the 100% requirement
- Decrease was largely driven by the deployment of funding to support business growth
- Quality of the liquidity pool remains high, with the majority held in cash and deposits with central banks, and highly rated government bonds
- Liquidity pool continues to be conservatively positioned to meet the changing geopolitical and market environment, using cost efficient sources of funding without consuming UK leverage due to the cash exemption
- NSFR continues to exceed expected future minimum requirements

## Loan: deposit ratio



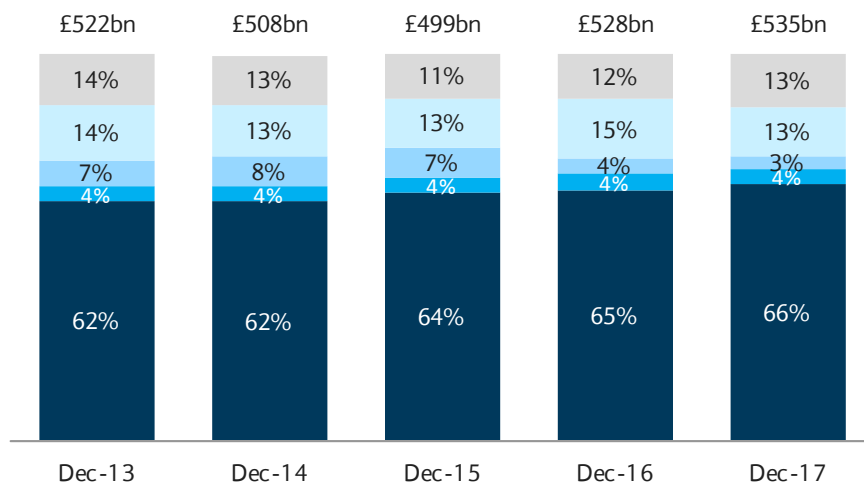
- Loan: deposit ratio of 84% as at 31-Mar-2018, with broadly stable loans and advances and deposits from 1-Jan-18
- In 2018, the basis of preparation, post IFRS 9 adoption, was updated to reflect Group loans and advances and Group deposits at amortised cost

<sup>1</sup> At amortised cost | <sup>2</sup> Loan: deposit ratio is calculated as loans and advances at amortised cost divided by deposits at amortised cost. 31-Mar-17 and 31-Dec-17 comparatives have been restated based on this approach. Additionally, 1-Jan-18 and 31-Mar-18 reflect the impact of IFRS 9

# Robust group funding profile

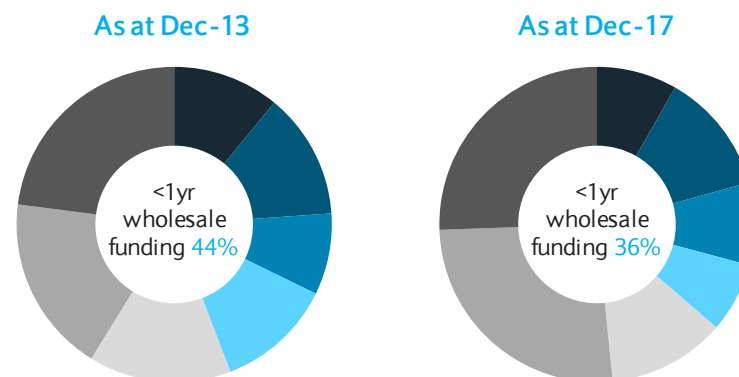
## Conservative and stable funding profile (£bn)

■ Customer deposits    
 ■ Sub. Debt<sup>1</sup>    
 ■ Secured term funding  
■ CD, CP and other deposits    
 ■ Unsecured term funding



## Decrease in reliance on <1yr wholesale funding

■ ≤ 1 month    
 ■ 1-3 months    
 ■ 3-6 months    
 ■ 6-12 months  
■ 1-2 years    
 ■ 2-5 years    
 ■ > 5 years



- Wholesale funding outstanding excluding repurchase agreements was £157bn<sup>2</sup> as at Dec-17, diversified across currencies, notably in USD, EUR and GBP
- Decreased reliance on <1yr wholesale funding with the ratio improving to 36% of total wholesale funding as at Dec-17 from 44% as at Dec-13
- If credit spreads remain at current levels, the weighted average cost of new wholesale funding will be lower than the cost of maturing securities, many of which were issued at wide spreads post the crisis

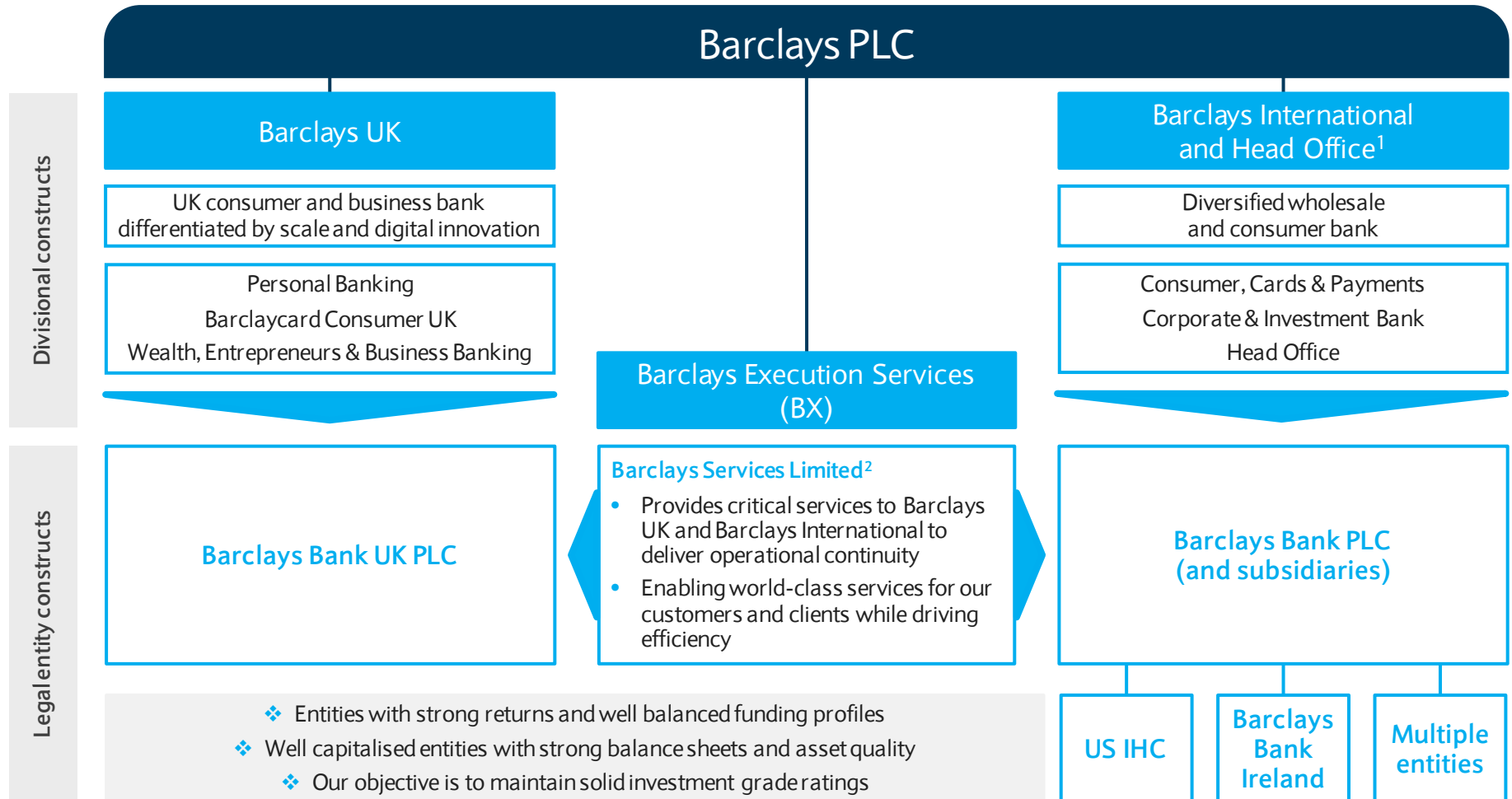
<sup>1</sup> Excludes AT1 capital and preference shares | <sup>2</sup> Relates to disclosures at FY17, pre-IFRS 9 adoption |

# Wholesale funding composition as at 31 December 2017<sup>1</sup>

As at 31 December 2017 (£bn)	<1 month	1-3 months	3-6 months	6-12 months	Total <1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
<b>Barclays PLC (the Parent company)</b>											
Senior unsecured (public benchmark)	-	0.7	-	0.1	0.8	1.5	1.0	4.2	4.0	9.6	21.1
Senior unsecured (privately placed)	-	-	-	0.1	0.1	-	-	0.2	-	0.5	0.8
Subordinated liabilities	-	-	-	-	-	-	1.1	-	-	5.4	6.5
<b>Barclays Bank PLC (including subsidiaries)</b>											
Deposits from banks	5.4	4.7	0.7	0.6	11.4	0.1	0.1	0.3	-	-	11.9
Certificates of deposit and commercial paper	2.4	8.1	7.1	7.0	24.6	1.2	0.8	0.6	0.4	0.1	27.7
Asset backed commercial paper	1.9	4.1	0.4	-	6.4	-	-	-	-	-	6.4
Senior unsecured (public benchmark)	-	-	-	-	-	2.5	0.6	0.6	-	1.1	4.8
Senior unsecured (privately placed) <sup>2</sup>	0.5	0.9	3.6	2.9	7.9	9.9	6.7	1.8	3.1	14.6	44.0
Covered bonds	-	1.0	-	-	1.0	1.8	1.0	1.0	2.4	1.3	8.5
Asset backed securities	-	-	0.6	0.2	0.8	1.7	1.0	-	0.1	1.8	5.4
Subordinated liabilities	2.3	0.1	0.8	-	3.2	0.1	0.8	5.2	3.5	4.5	17.3
Other <sup>3</sup>	0.5	-	0.1	0.4	1.0	0.2	0.2	0.3	-	1.3	3.0
<b>Total</b>	<b>13.0</b>	<b>19.6</b>	<b>13.3</b>	<b>11.3</b>	<b>57.2</b>	<b>19.0</b>	<b>13.3</b>	<b>14.2</b>	<b>13.5</b>	<b>40.2</b>	<b>157.4</b>
Total as at 31 December 2016	16.6	17.3	16.4	20.0	70.3	14.3	14.4	8.6	14.1	36.1	157.8

<sup>1</sup> The composition of wholesale funds comprises the balance sheet reported deposits from banks, financial liabilities at fair value, debt securities in issue and subordinated liabilities, excluding cash collateral and settlement balances. It does not include participation in central bank facilities reported within repurchase agreements and other similar secured borrowing. Term funding maturities comprise public benchmark and privately placed senior unsecured notes, covered bonds, asset-backed securities (ABS) and subordinated debt where the original maturity of the instrument was more than 1 year | <sup>2</sup> Includes structured notes of £33.4bn, £7.2bn of which mature within 1 year from 31-Dec-17 | <sup>3</sup> Primarily comprised of fair value deposits £1.7bn

# Simplified business divisions, aligned to legal entity construct



<sup>1</sup> The Head Office division (excluding Barclays Execution Services) materially remains in Barclays Bank PLC and incorporates re-integrated Non-Core assets and businesses and the residual holding in BAGL (sell down to 14.9% in 2017, resulting in proportional regulatory consolidation. Full regulatory deconsolidation expected by the end of 2018, subject to regulatory approval) | <sup>2</sup> Rated "A" (stable outlook) by S&P, in line with the Group Credit Profile

# Preparation for Brexit

*Plans in place to serve EU clients post Brexit*

## Brexit preparation:

Plans in place to expand Barclays Bank Ireland (BBI) in advance of March 2019 to support activity with European clients

- Continue to provide existing services to our clients through an expanded BBI
- Expected to be subject to the full prudential regulatory regime of the Central Bank of Ireland and the ECB, and to be able to conduct passported activity with clients throughout Europe
- Plan to achieve operational readiness by March 2019
- Will remain a wholly owned subsidiary of BBPLC
- <10% of Group RWAs and a similar proportion of FY17 Group revenues are either in the EU or EU-related
- Well capitalised entity with a balanced funding profile, and asset and liability mix across European businesses of Barclays International
- Capital requirements anticipated to be broadly comparable to BBPLC
- Currently rated A / A-1 with stable outlook, and designated “core” to BBPLC, by S&P



# 2017 P&L bridge from Barclays PLC consolidated to pro forma Barclays Bank PLC post ring-fencing

FY17 (£m)	BPLC consolidated	BPLC to BBPLC differences	BBPLC consolidated	Less pro forma BBUKPLC	Pro forma BBPLC
Total income	21,076	(139)	20,937	(7,087)	13,850
Credit impairment charges and other provision	(2,336)	-	(2,336)	783	(1,553)
Net operating income	18,740	(139)	18,601	(6,304)	12,297
Operating expenses	(15,456)	(233)	(15,689)	5,011	(10,678)
Other net income	257	(3)	254	5	259
Profit before tax	3,541	(375)	3,166	(1,288)	1,878
Tax charge	(2,240)	115	(2,125)	566	(1,559)
Profit after tax in respect of continuing operations	1,301	(260)	1,041	(722)	319
Loss after tax in respect of discontinued operations	(2,195)	-	(2,195)	-	(2,195)
Loss after tax	(894)	(260)	(1,154)	(722)	(1,876)

## UK ring-fencing within Barclays effected

- The differences between BPLC consolidated and BBPLC consolidated primarily relates to cash flow hedging at BPLC, not included in BBPLC and Barclays Execution Services (BX) margin in BBPLC, eliminated on consolidation in BPLC
  - The BX margin primarily represents four months of margin on costs recharged to BBPLC since BX was established on 1 September 2017
- In order to effect ring-fencing, we transferred businesses from BBPLC to BBUKPLC, which are materially those businesses that currently comprise the Barclays UK division together with certain related Treasury operations
- Those businesses which currently comprise the Barclays International and Head Office (excluding BX) divisions materially remained in BBPLC
- The illustrative unaudited pro forma P&Ls of BBUKPLC and BBPLC for 2017 are presented to show the possible effect of the business transfers to BBUKPLC as if they had occurred on 1 January 2017

The pro formas represent a hypothetical situation and is not necessarily indicative of the financial position of these entities following the transfer |

# 2017 Breakdown of pro forma BBUKPLC and BBPLC P&Ls post ring-fencing

FY17 (£m)	Pro forma BBUKPLC	o/w Barclays UK division	o/w Head Office division and other consolidation adjustments	Pro forma BBPLC	o/w Barclays Int'l division	o/w H117 Non-Core division <sup>1</sup>	o/w Head Office division and other consolidation adjustments
Total income	7,087	7,383	(296)	13,850	14,382	(530)	(2)
Credit impairment charges and other provision	(783)	(783)	-	(1,553)	(1,506)	(30)	(17)
Net operating income	6,304	6,600	(296)	12,297	12,876	(560)	(19)
Operating expenses	(5,011)	(4,848)	(163)	(10,678)	(9,855)	(284)	(539)
Other net income	(5)	(5)	-	259	254	197	(192)
Profit/(loss) before tax	1,288	1,747	(459)	1,878	3,275	(647)	(750)
Tax charge	(566)			(1,559)			
Profit after tax in respect of continuing operations	722			319			
Loss after tax in respect of discontinued operations	-			(2,195)			
Profit/(loss) after tax	722			(1,876)			

## Differences between divisional and legal entity financials

- There is no financial impact at the consolidated Barclays Group level as a result of UK ring-fencing
- There are certain differences in the financial results of the BBUKPLC and BBPLC legal entities when compared to the operating divisions, which primarily relate to the Head Office division
  - Pro forma BBUKPLC includes the Barclays UK division, the related BX margin for four months from September to December 2017 and the impact of BBUKPLC establishing new hedges with BBPLC on inception. The latter variance represents the P&L difference between market rates as at 1 January 2017 and the prevailing rates at the time the hedges were originally established
  - Pro forma BBPLC reflects the Barclays International division and the Non-Core division for the first six months of 2017. In addition, it includes the related BX margin for four months from September to December 2017, the net income from Treasury operations, the impact of BBUKPLC establishing new hedges with BBPLC upon inception, the costs associated with Non-Core assets and businesses which were integrated into Head Office from 1 July 2017, litigation and conduct costs, and the recycling of the currency translation reserve to the income statement on the sale of Barclays Bank Egypt

The pro formas represent a hypothetical situation and is not necessarily indicative of the financial position of these entities following the transfer | <sup>1</sup> The P&L impact of the Non-Core division for the first six months of 2017 have remained fully in BBPLC on the basis that the component related to BBUKPLC is expected to be immaterial |

# 2017 Balance Sheet bridge to pro forma BBUKPLC and BBPLC post ring-fencing

FY17 (£m)	BPLC consolidated	BPLC to BBPLC differences	BBPLC consolidated	o/w pro forma BBUKPLC <sup>1</sup>	o/w pro forma BBPLC <sup>1</sup>
<b>Assets</b>					
Cash, balances at central banks and financial investments	229,998	1	229,999	40,426	189,573
Reverse repurchase agreements, similar secured lending and trading portfolio assets	126,306	(5)	126,301	-	128,238
Financial assets designated at fair value	116,281	1	116,282	7,193	109,089
Derivative financial instruments	237,669	318	237,987	2,136	245,781
Loans and advances	401,215	547	401,762	194,759	213,800
Goodwill and intangible assets	7,849	(2,964)	4,885	3,538	1,347
Other assets	13,930	(1,803)	12,127	2,187	10,041
<b>Total assets</b>	<b>1,133,248</b>	<b>(3,905)</b>	<b>1,129,343</b>	<b>250,239</b>	<b>897,869</b>
<b>Liabilities</b>					
Deposits from banks and customer accounts	466,844	488	467,332	193,401	280,728
Repurchase agreements and other similar secured borrowing	40,338	-	40,338	10,537	31,738
Trading portfolio liabilities	37,351	1	37,352	2,425	34,927
Financial liabilities designated at fair value	173,718	-	173,718	-	173,718
Derivative financial instruments	238,345	-	238,345	8,364	239,911
Debt securities in issue and subordinated liabilities	97,140	(3,561)	93,579	15,507	78,072
Other liabilities	13,496	(551)	12,945	4,118	8,928
<b>Total liabilities</b>	<b>1,067,232</b>	<b>(3,623)</b>	<b>1,063,609</b>	<b>234,352</b>	<b>848,022</b>
<b>Total equity</b>	<b>66,016</b>	<b>(282)</b>	<b>65,734</b>	<b>15,887</b>	<b>49,847</b>

## Balance sheets of BBUKPLC and BBPLC

- The differences between BPLC consolidated and BBPLC consolidated primarily relate to intangible assets, property, plant and equipment and debt securities in issue, downstreamed to Barclays Services Limited
- The pro forma balance sheet of BBUKPLC and BBPLC as at 31 December 2017 are presented to show the possible effect of the business transfers as if they had occurred on 31 December 2017

The pro formas represent a hypothetical situation and is not necessarily indicative of the financial position of these entities following the transfer | <sup>1</sup> Pro forma asset and liability balances of BBUKPLC and BBPLC do not equal BBPLC consolidated primarily due to expected short-term intercompany transactions between the two legal entities |

# Ratings remain a key strategic priority

Current Senior Long and Short Term ratings	Fitch	Moody's	Standard and Poor's
Barclays PLC (BPLC) <i>HoldCo</i>	A Stable F1	Baa3 Stable P-3	BBB Stable A-2
Barclays Bank PLC (BBPLC) <i>OpCo, NRFB</i>	A RWP F1  Derivative counterparty rating A RWP (dcr)	A2 Stable P-1  Counterparty Risk assessment A2 / P-1 (cr)	A Stable A-1
Barclays Bank UK PLC (BBUKPLC) <i>OpCo, RFB</i>	A RWP F1  Derivative counterparty rating A RWP (dcr)	A1 <sup>1</sup> Stable P-1  Counterparty Risk assessment Aa2 / P-1 (cr)	A Stable A-1

## Confirmed ratings of BPLC, BBPLC and BBUKPLC

Rating agencies have now finalised their ratings for the holding company, ring-fenced bank and non ring-fenced bank

- Fitch assigned ratings of A / F1 to BBUKPLC in line with BBPLC. Both were placed on Rating Watch Positive (RWP), in anticipation that they will both be upgraded to A+ once internal MREL is downstreamed on a subordinated basis. BPLC continues to be rated A / F1
- Moody's assigned ratings of A1<sup>1</sup> / P-1 to BBUKPLC. They downgraded both BBPLC and BPLC by one notch in April 2018 to A2 / P-1 and Baa3 / P-1, respectively, via the removal of the previous 1 notch uplift for business diversification
- S&P assigned ratings of A / A-1 to BBUKPLC, in line with BBPLC. The ratings are aligned as a result of their "core" designation to the Group. BPLC continues to be rated BBB / A-2

## Rating priorities

- Barclays' objective is to maintain solid investment grade ratings
- Focus on execution of strategy to support credit fundamentals and ratings profile over time

<sup>1</sup> Deposit rating |

# Disclaimer

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## Important Notice

The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments, or any advice or recommendation with respect to such securities or other financial instruments.

## 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 or relating to the Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, structural reform, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets and the impact of any regulatory deconsolidation resulting from the 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, IFRS 9 impacts 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 including the implementation of IFRS 9, 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, 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 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 2017), which are available on the SEC's website at [www.sec.gov](http://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.