Barclays plc

Full Rating Report

Ratings

Barclays Bank plc

Long-Term IDR	A
Short-Term IDR	F1
Viability Rating	a
Support Rating	5
Support Rating Floor	NF

Barclays plc

Long-Term IDR	A
Short-Term IDR	F1
Viability Rating	a
Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Foreign-Currency Long-Term IDR	AA
Local-Currency Long-Term IDR	AA

Outlooks

Long-Term IDRs	Stable
Sovereign Foreign-Currency Long-Term IDR	Negative

Financial Data

Barclays plc

	Sep 16	Dec 15
Total assets (USDbn)	1,716	1,659
Total assets (GBPbn)	1,324	1,120
Total equity (GBPm)	60,693	56,419
Operating profit/RWA (%)	0.9	0.8
Return on equity (%)	5.4	1.1
Cost/income (%)	71	81
Non-performing loan ratio (%)	1.6	1.9
Fitch Core Capital/risk-weighted assets (%)	14.1	13.3
Common equity Tier 1 ratio (fully loaded) (%)	11.6	11.4
CRD IV leverage (%)	4.2	4.5
Loans/deposits (%)	96.7	96.6
Liquidity coverage ratio (%)	125	133

Related Research

2017 Outlook: Global Trading and Universal Banks (December 2016)

Barclays Bank plc – Ratings Navigator (January 2017)

Analysts

Claudia Nelson
+44 20 3530 1191
claudia.nelson@fitchratings.com

Ioana Sima
+44 20 3530 1736
ioana.sima@fitchratings.com

Key Rating Drivers

Ratings Equalised: The ratings for Barclays plc (the holding company) and Barclays Bank plc (the operating company) are analysed on a consolidated basis and equalised as their Viability Ratings (VRs) are driven by the same factors. The VRs and Issuer Default Ratings (IDRs) of the entities are equalised because of the lack of holding company double leverage and as yet insufficient junior debt buffer to protect the operating company's senior debt.

Company Profile Drives VR: The group's balanced business model and sound franchises in domestic retail, credit card and corporate banking underpin the VR, but the upside is limited by sizeable capital markets activities. Barclays Non-Core (BNC) and its associated tail risk are gradually diminishing.

Organisational Changes Underway: The group's business mix and legal structure are evolving, with large parts (operations in Africa, BNC) earmarked for sale and UK ring-fencing underway. The bank has also set up an intermediate holding company (IHC) in the US in July 2016 and is required to ring-fence domestic activities in the UK by 2019. Increased subsidiarisation leads to reduced fungibility of capital and liquidity, and also constrains the VR.

Modest Profitability: The group's core businesses benefit from continued healthy performance in UK and US credit cards, stable revenues in domestic retail and the appreciation of the US dollar against sterling. However, recurring provisions for conduct and litigation, structural reform implementation expenses and losses related to the run-down of BNC result in only modest statutory profitability and impede meaningful internal capital generation.

Capitalisation Targets: Barclays' capital trajectory foresees further strengthening of its capital ratios, towards a target of 100bp-150bp above fully loaded common equity Tier 1 (CET1) ratio requirements. We expect this to be achieved through the run-down of BNC and regulatory deconsolidation of the African subsidiary. The 11.6% CET1 and 4.2% leverage ratios at end-3Q16 are broadly in line with European global trading and universal bank (GTUB) peers.

Asset Quality Still Solid: A high share of unsecured lending in the UK and the US exposes Barclays to some loan-quality deterioration if the economic environment worsens, but the group's moderate risk appetite and its reducing footprint in countries with weaker asset quality should mitigate this. Impaired loans have been reducing for years and are low.

MREL Requirements: The minimum requirement for own funds and eligible liabilities (MREL) of currently 28% of risk-weighted assets (RWAs) by 2022, including CRD IV buffers, means that Barclays will need to continue to be an active issuer of eligible debt over the coming years.

Stable Outlook: Fitch Ratings expects the disposals to be capital-accretive and sufficient to mitigate expected losses and possibly large additional conduct charges.

Rating Sensitivities

Performance and Capitalisation: Barclays' and Barclays Bank's ratings are primarily sensitive to progress in meeting performance and capital targets. Failure to reduce exposure according to plan, resulting in a prolonged drag on capital and earnings, could put the ratings under pressure. The upside for Barclays Bank's VR is limited in the medium term.

Structural Reform: Barclays plans to transfer domestic retail and SME portfolios to a new legal entity in 1H18, in preparation for meeting UK ring-fencing requirements. The creation of separately capitalised and ring-fenced legal entities within the group could result in rating differentiation, but we expect this to be small, if any.

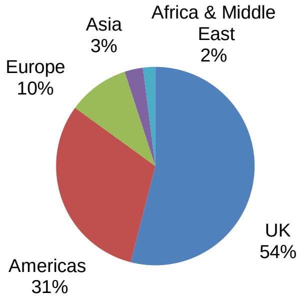
Operating Environment

Barclays is domiciled in the United Kingdom (AA/Negative), which is also the hub for its retail operations. However, a sizeable proportion of its income, especially in credit cards and investment banking, is generated in the United States (AAA/Stable). Other jurisdictions have a decreasing importance as Barclays has and will continue to reduce its presence in Africa, continental Europe and Asia.

The UK economic environment has become more uncertain following the vote to leave the EU, with an expected slowdown in GDP growth (Fitch estimates that GDP growth will fall to 1.2% and 1% in 2017 and 2018 from an estimated 2% for 2016), combined with a possible lower demand for credit, higher unemployment and inflation, uncertainty around real-estate prices and pressure on affordability. While these issues could challenge banks' profitability, we expect the sector to be able to manage moderate negative shocks due to strong balance-sheet fundamentals. The UK operating environment does not constrain the bank's VR.

The US economy is growing faster and has higher growth forecasts than most of the developed world, supported by an anticipated policy shift towards tax cuts, protectionism and deregulation under the new administration.

Income by Geography
(9M16, excl Africa Banking)



Source: Barclays

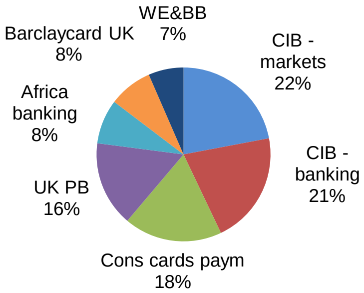
Company Profile

Barclays' existing franchises and more focused strategy to be a "transatlantic corporate consumer and investment bank" should allow it to remain a strong competitor in the UK retail and corporate/SME business, and an effective competitor within its reduced capital markets business in the US and the UK. The considerable weight of the investment bank in the business mix acts as a constraint to the rating, because we view its earnings as more volatile and subject to regulatory headwinds.

Strong and Relatively Diversified Franchise

Barclays enjoys high market shares among retail and small business customers as one of the four UK high street banks. In addition, it has a leading franchise in the provision of UK credit cards, where it competes across all sectors of the market, including near prime. Risk-adjusted returns in this business are very high despite intensifying competition and its record is strong.

Income by Business
(9M16, excl BNC and HO)



Source: Barclays

The bank also maintains sizeable capital markets and corporate lending businesses, Corporate and Investment Banking (CIB). Sales and trading revenues account for about half of the CIB division's total income. Barclays has focused in recent years on less capital-intensive and complex products, such as standard fixed-income, cash equities, equity derivatives and prime services. Despite retreating from certain businesses, Barclays maintains good franchises in the US, the UK and Europe. About 22% of CIB's revenues relate to underwriting and advisory fees.

Barclays' credit card businesses outside the UK include businesses in the US, Germany, Norway, Sweden and Denmark. The US franchise is growing quickly, with card balances increasing to about GBP19.5bn at end-1H16, from GBP16.7bn at end-2015. Barclays aims to expand its international credit card business further, mainly organically, but it has also made targeted portfolio acquisitions. Cooperation with branded partners and investments in payment technology should help maintain growth momentum. The bank has exited its credit card businesses in Portugal and Spain, and those in South Africa are up for sale.

Organisational Changes Underway

Fitch's assessment of Barclays' company profile factors in its complex group structure with a large number of legal entities across several jurisdictions. The group's structure is evolving as Barclays set up an IHC in the US in July 2016 and plans to set up a new bank to contain ring-fenced UK activities by 2019.

Related Criteria

Global Bank Rating Criteria (November 2016)

Barclays' Core Divisions

9M16	B UK	BC & I
Gross loans	166.6	233.7
Total assets	209.1	681.9
Customer deposits	185.5	224.1
RWAs	67.4	214.6

Source: Barclays

The IHC, Barclays US LLC, is the holding company for Barclays Capital, the broker-dealer, and Barclays Bank Delaware, which holds the US credit cards business. Some of its US business, however, such as OTC equity, credit and macro derivatives, continues to be booked in Barclays Bank plc London, and US loan-originated activity and portfolio management loans and hedges are booked in US branches.

Barclays started reporting divisional results according to its expected ring-fencing structure as part of their end-2015 results. Barclays UK (BUK), which contains the group's domestic retail (personal banking, mortgages), credit card, wealth, entrepreneurs and business banking (including SMEs, corporates with turnover of up to GBP6.5m), is set to be transferred to the regulatory ring-fence by 2019. As a division it represents about a third of the group's core income and 20% of core RWAs. Barclays International includes businesses set to remain outside the regulatory ring-fence, such as lending to large corporates, investment banking businesses, merchant banking and the international credit card businesses. It represents 66% of core income and 65% of core RWAs.

The creation of separately capitalised and ring-fenced legal entities within the group could result in rating differentiation, but we expect this to be small, if any. Fitch expects to incorporate such considerations into the ratings once we have sufficient and credible information to form an opinion around the creditworthiness of the ring-fenced and non-ring-fenced entities separately, and of any impact on the group in light of the planned changes.

Divesting Non-Core and Africa

Barclays Africa Group Limited (BAGL) and BNC are earmarked for sale. BNC accounted for GBP44bn of RWAs at end-9M16, including businesses, securities and derivatives that are no longer considered strategic to the group. Operations in Africa are grouped under the South Africa-incorporated BAGL, in which Barclays now holds a 50.1% stake. Its RWAs were about GBP40bn at end-9M16. Barclays expects to be able to reduce its stake to a non-controlling, non-consolidated position over the next two years.

Management and Strategy

Fitch's assessment of the bank's management and strategy considers its achievement in building capital and reshaping its business, but we note difficulty in meeting longer-term profitability goals, in light of higher capital requirements and recurring costs related to misconduct.

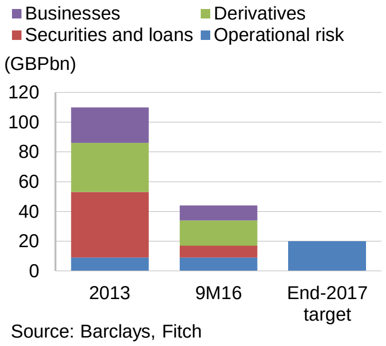
The bank has seen material top management turnover over the past three years, which is not dissimilar to other GTUB peers. A new chairman of the board was appointed in 2015, after his predecessor had held the role since 2012. The chief executive was appointed in December 2015. Although most division heads are relatively new in their roles, second-tier management has been reasonably stable.

The most recent change in leadership triggered some fine-tuning of the group's strategy, as Barclays announced additional restructuring measures with the goal of becoming increasingly focused on its consumer and CIB businesses in the core markets of the UK and the US. BAGL was put up for sale and further international businesses were allocated to BNC. Core businesses were reaffirmed and continue to include a scaled-back investment bank. The group aspires to be a top-tier full-service investment bank in the UK and the US, with selective Asian and regional presences to support the global franchise.

Financial targets include managing the BNC towards about GBP20bn of RWAs by end-2017, a cost/income ratio below 60% in the long term (from 64% on an adjusted basis in 2015; 81% based on statutory results) and a CET1 ratio target of 100bp-150bp above fully loaded requirements. The group no longer communicates an absolute return target (previously: 11%-12% return on equity), but aims to reduce the gap between group and core returns as BNC shrinks.

BNC RWA Reduction

(End-9M16 RWAs: GBP44bn)



Source: Barclays, Fitch

Risk Appetite

Moderate Risk Appetite

Barclays has reduced its risk appetite since 2013, particularly around capital markets businesses, continental European and Asian operations, lower-yielding UK businesses and more recently towards Africa. The group has a good record in managing and controlling credit and market risk, and has also taken measures to ensure that its business is undertaken in a way to minimise litigation and regulatory risks. However, exposure to conduct risk remains high, particularly legacy conduct, as demonstrated by recurring sizeable fines and customer redress costs.

Conservative Underwriting Standards in Retail and Corporate Lending

We consider Barclays' underwriting standards in its retail and corporate lending conservative and growth is being undertaken in a controlled manner. The quality of the UK mortgage portfolio reflects the bank's cautious underwriting policies and its decision to target affluent lower-risk customers. Loan/value (LTV) ratios are generally low and mortgages with LTVs of above 85% account for only a moderate percentage of new lending. In addition, affordability is a key determinant for lending decisions, including for buy-to-let mortgages. Underwriting criteria for lending to SMEs have proven adequate.

Barclays' expected exit from its African businesses should be moderately positive for its risk profile. Other emerging markets' exposure is declining following the bank's decision to transfer some emerging market portfolios to BNC.

The investment bank's underwriting standards appear adequate. The recent under-performance of the oil and gas sector has triggered some impairment charges, but risk appetite seems well-managed with the use of granular limits and stress tests. The bank has not incurred significant losses or limit breaches in recent years.

Moderate Growth Ambitions

Broadly stable loan balances in BUK reflect limited growth ambitions in markets where Barclays already has high market shares, including for Barclaycard UK.

US credit card lending has been growing rapidly, as the group is expanding strongly through cooperation with branded partners targeting lower-risk customers as well as through the group's own brand. The group is also growing inorganically by acquiring portfolios. Growth in its credit card business should be viewed in light of its strong cards franchise, good performance record, access to good client data and the benign economic environment in the UK, the US, Germany and the Nordics.

Loan growth in 2016 was partly distorted by the reclassification of part of the EHSLA portfolio (in BNC) as held to maturity and the appreciation of foreign currencies, especially the euro and the US dollar against sterling.

Material but Reducing Traded Market Risk

As a globally operating banking group active in securities businesses, Barclays is exposed to complex financial instruments, but the exposure to market risk has reduced over the years. Traded market risk exposure arises primarily in CIB, where the group's trading activities are concentrated, and in BNC, which holds non-strategic trading assets held for disposal, including its non-standard derivatives book. BAGL also undertakes some trading activity on behalf of clients. Market and counterparty risk-related RWAs accounted for 20% of the group RWAs at end-9M16.

Fitch Stressed VaR/FCC

	latest	2015
Credit Suisse	6.0	6.7
Goldman Sachs	5.2	6.3
Morgan Stanley	4.0	4.8
BNP Paribas	3.4	3.4
Deutsche Bank	3.3	4.2
Barclays	**2.6**	**3.5**
UBS	2.0	3.2
Citigroup	1.9	2.6
Société Générale	1.8	1.8
J.P. Morgan	1.7	1.6
HSBC	1.4	1.5
Bank of America	1.1	1.8

Source: Banks' disclosure, Fitch

The group measures and manages traded market risk through a variety of tools, which include value-at-risk (VaR; historical simulation, 95% confidence interval for management VaR, one-day holding period) and stress testing. VaR is complemented by measures to capture tail risk more accurately and the bank uses stress-testing and scenario analyses to evaluate the impact of more extreme events on its trading portfolios.

Traded market risk exposure has declined over recent years, as indicated by several risk metrics. The bank's average daily VaR fell to GBP20m in 1H16 (2015: GBP17m) from GBP57m in 2011. Maximum overall VaR declined to GBP29m (2015: GBP25m; 2014: GBP36m), a fraction of the GBP88m reported in 2011.

Barclays trading revenue loss days have also been falling (46 days in 2015 compared with 54 days in 2014) and, with the exception of one day, losses have not exceeded GBP20m. The group navigated the volatility around the Brexit vote fairly well and did not incur significant losses around the referendum date. Increased client activity benefitted trading revenues.

Reduced market risk exposure relative to capital is demonstrated by Barclays' Fitch stressed VaR (the scaled-up sum of the high VaRs reported for each risk factor) as a proportion of Fitch Core Capital (FCC), which declined to 2.6% in 1H16 (see table on Page 4 for comparison to 2015 and ranking among its GTUB peers).

Non-traded market risk resides mainly in Treasury and is generated by mostly by personal banking and commercial banking, credit cards and treasury. Barclays' largely hedges non-traded interest-rate risk and calculates residual earnings at risk. Interest income sensitivity to a shift in interest rates is measured by the bank using the annual earnings at risk methodology, which excludes any management action and makes use of certain assumptions to the movements in curves. According to this methodology, at end1H16 the bank stood to gain about GBP113m from a +50bp parallel shift in interest rate forward curves and to lose GBP238m in case of a negative shift, floored at zero. At end-2015, the group estimated that a +100bp shift in interest rates would decrease equity by 3.99% and a -100bp (floored at 0%) shift would increase equity by 2.12%, which is less than in 2014.

Barclays also measures some non-traded market risks in the available for sale (AFS) portfolio in the liquidity pool using a non-traded market risk VaR measure, which reflects the volatility to capital driven by the AFS exposure in the banking book. In 1H16, daily 95% VaR values ranged from GBP35m to GPB46m, which is acceptable for the size of Barclays' equity. The measure remained stable as increased asset swap volatility was offset by a reduction in AFS exposures. In 2Q16, volatility fell due to a reclassification of UK gilts as held to maturity.

Non-traded foreign-currency risk arises from exposure to banking assets and liabilities denominated in currencies other than the pound. Open positions are small but the bank is exposed to a net funding deficit in Italy and in Portugal. In addition, the group's investments in overseas subsidiaries and branches expose the bank's capital to foreign-currency risk – principally the US dollar, the euro and the South African rand. These changes are captured in the currency translation reserve, which then results in movements in CET1 capital.

Conduct Risk Exposure Remains Material

The biggest impact from conduct risk has come from redress for products sold to UK retail customers, of which GBP8.4bn is against mis-selling payment protection insurance, GBP1.5bn is for interest-rate hedging, with smaller amounts for packaged bank accounts (GBP0.3m) and pricing foreign-exchange transactions (GBP0.3m).

The remaining main investigations reflect Barclays' activities in capital markets and are materially in line with peers' exposure to conduct risk. The most immediate risk in our view is the investigation of the RMBS Working Group of the Financial Fraud Enforcement Task Force into Barclays' RMBS dealings between 2005 and 2007, which for peers has resulted in multibillion dollar fines and customer relief penalties. Unlike some European peers, Barclays did not agree a settlement with the US Department of Justice (DoJ) in late 2016. As a consequence, the DoJ is suing Barclays and two former executives. We expect the outcome to be costly and we include assumptions around conduct provisions in our assessment of Barclays' capitalisation.

Other investigations and lawsuits include disclosure obligations in connection with Barclays' capital raisings in June and November 2008, manipulating electricity markets, benchmarks (LIBOR, EURIBOR, ISDAfix), gold markets, fraud related to alternative trading systems, facilitating money transfers by a terrorist organisation and breaching contracts. Civil litigation cases following settlements with regulators are continuing. Most of the lawsuits relate to misconduct before the financial crisis and are likely to take several years to resolve.

At end-1H16, Barclays had GBP2.78n on-balance-sheet provisions for UK and other customer redress, and only GBP0.47bn for legal, competition and regulatory matters. Our assessment is that further provisions will remain manageable.

Sound Risk Governance and Management Framework

Barclays' risk governance and management systems are well-established, and there are robust controls. The group's risk functions are involved in the annual medium-term planning process, which sets out the group's objectives. A board risk committee reviews the bank's risk profile and approves its control framework, while a financial risk committee monitors the risk profile in respect of risk appetite and considers issues escalated by risk heads and business risk divisions. Additional committees ensure that all risks are adequately covered, controlled and monitored. The group has a clearly defined process to ensure appropriate model approval and all models operating in the group treat risks consistently.

There is a comprehensive set of limits, including stress limits, and the bank has a good record in managing financial risks, even throughout stress periods. Participating in regulatory stress tests has strengthened the group's stress-testing capacity.

- Our figure for impaired loans in the analysis and in the spreads reflects credit risk loans (CRLs). These include loans with an individually identified impairment allowance and all retail loans that have been passed to legal recovery. CRLs also include accruing past due 90 days or more and impaired and restructured loans. CRLs include some performing loans which have individual impairment allowances raised against them.
- The bank also reports potential problem loans (PPLs), which are defined as loans that are complying with repayment terms but where serious doubt exists as to the ability of the borrower to continue to comply with these terms. We do not include these in impaired loans.

Financial Profile

Asset Quality

High-Quality Loan Book, some Cyclical Deterioration Expected

The quality of Barclays' loans is generally sound, with low levels of impairments, low concentrations and controlled exposure to higher-risk sectors. Impaired and other problem loans have continued to decline since 2010, underpinned by a benign economic environment and low interest rates in the UK and the US, its main markets.

Barclays Asset Quality

	9M16	2015	2014	2013	2012
Gross loans and advances (GBPm)	423,961	404,138	433,222	441,485	432,095
Gross impaired loans (GBPm)	n.a.	14,653	17,869	25,158	24,470
O/w past due <90 days (GBPm)	n.a.	7,574	9,485	12,705	10,865
O/w individually assessed (GBPm)	n.a.	3,398	3,934	5,950	6,410
Credit risk loans (CRLs) (GBPm)	6,739	7,817	9,338	13,298	15,025
Potential problem loans (PPLs) (GBPm)	1,666	2,050	1,491	1,808	1,860
Impairment allowance	4,525	4,921	5,455	7,258	7,799
Gross impaired loans/gross loans (%)	n.a.	3.63	4.12	5.70	5.66
Credit risk/gross loans (%)	1.59	1.93	2.16	3.01	3.48
CRLs+PPLs/gross loans (%)	1.93	2.44	2.50	3.42	3.91
Impaired allowance/gross imp. loans (%)	n.a.	33.58	30.53	28.85	31.9
Impaired allowance/CRLs+PPLs (%)	53.8	49.87	50.37	48.05	46.2

Note: At end-9M16 gross customer loans estimated as net customer loans and total group impairment allowance, as allowance for customer loans is not disclosed; PPLs as at end-1H16. Source: Barclays, Fitch

The high share of unsecured lending exposes Barclays to some loan-quality deterioration if the credit cycle turns. The uncertainties around Brexit, coupled with high consumer indebtedness in the UK have increased the likelihood of this happening, in our view. However, we expect the group's moderate risk appetite, diversified and seasoned loan book, along with its reducing footprint in countries with weaker asset quality to help maintain adequate overall loan-quality metrics. Total loans account just under a third of all assets.

Stable Performance in UK Mortgage Book, Cards Well Managed

The group's retail lending portfolio primarily consists of residential mortgage lending, largely in the UK, and a small business lending portfolio. UK residential mortgages (GBP132bn at end-1H16) have performed strongly benefiting from low LTVs with an average balance-weighted LTV of 47% at end-1H16, on a declining trend due to domestic property price appreciation. Only 2.1% of mortgages had LTVs above 85% and just 0.2% were in negative equity.

LTVs on new mortgage lending are moderate, with an average balance-weighted LTV of 63% and 8.7% mortgages with LTVs above 85%. Over 90-day arrears, including repossessions, was 0.2% and the annualised gross charge-off rate was a modest 0.3%, which is stable from end-2015.

About 31% of the owner-occupied UK mortgages are interest-only. Barclays is managing the credit and conduct risks inherent in these higher-risk products and asset quality has remained sound. Buy-to-let home loans comprised a relatively low 9% (2014: 8%) of the UK home loan portfolio at end-1H16, with an average balance-weighted LTV of 51.7% and only 0.1% were more than 90 days in arrears.

Unsecured retail lending to consumers (GBP53.5bn at end-1H16) is concentrated in Barclays' domestic credit card and personal loan book and in the US credit cards book. Gross annualised charge-off rates for cards (4.3% in the UK, 4.4% in the US) are higher than in other portfolios but adequately remunerated. As market leader in the UK, Barclays continues to offer 0% balance transfers.

Material Corporate and Wholesale Exposure

Corporate loans are generally diversified by industry and are of good quality overall, though impairments tend to be lumpier. Commercial real estate lending in the UK was GBP12.3bn at end-1H16 and has been performing well. LTVs are moderate, with about 70% of the portfolio having LTVs of less than 75%.

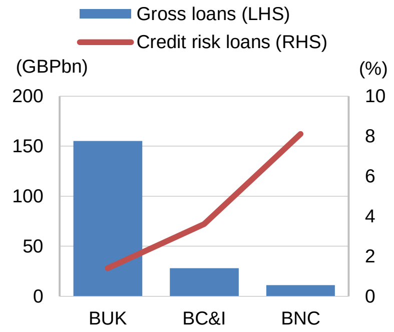
Barclays' oil and gas exposure caused a rise in credit impairment losses of GBP88m in 1H16. Credit exposures to the sector amounted to about GBP18.2bn, on and off the balance sheet. Exposure is mainly to oil majors, but also to weaker-quality exposure to exploration and production, which is collateralised through reserve-based lending structures. Exposure to commodities traders is mainly in the form of collateralised derivative exposure, while physical commodities trading is in BNC.

Barclays is an important participant and has good market share in leveraged finance. We believe the bank has adequate risk controls and that asset quality should remain fairly stable.

Decreasing Exposure Outside Core Markets

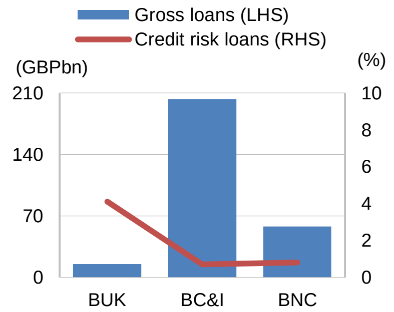
The group has reduced its net on-balance-sheet exposures to peripheral Europe over several years. The bank retains a GBP10bn mortgage book in Italy, which is performing well (90-day arrears of 1.2% and average LTV of 61%). Any deterioration would be manageable, given the small size of the book, in Fitch's view. Barclays' exposure to Africa (total assets of GBP61bn at end-1H16), including the South African mortgage portfolio, corporate loans and credit cards, is now classified as held for sale.

Retail Loan Quality



Source: Barclays

Wholesale Loan Quality



Source: Barclays

Asset Quality UK Peers

(%)	BARC	HSBC	RBS	Lloyds
NPL ratio	1.6	2.4	3.8	2.0
NPL Coverage	67.2	40.5	49.0	44.0
Unreserved NPLs/FCC	4.2	13.1	18.7	17.3
LICs/av. gross loans	1.1	1.0	1.9	n.a.

Source: Banks' financials at end-9M16 (1H16 for Lloyds), Fitch

Significant Counterparty Risk

The group has a large exposure towards derivatives, securities financing activities and securitisations, which add significant counterparty risk. CRD IV post-credit risk-mitigation exposure at default was GBP95.9bn at end-2015, 23% lower than at end-2014, predominantly to corporates (about GBP54bn) and to institutions and governments.

Barclays has reduced the scale of derivative trading activity and the risk in the derivative book, with the number of contracts down 14% at end-2015 from end-2014 and more business being executed through central counterparties. We expect further reductions in the non-core derivative book (which amounted to GBP253bn of assets, GBP243bn of liabilities and GBP17bn of RWAs at end-9M16), but the core book will remain large. Derivative assets and liabilities increased 23% and 25%, respectively, in 1H16 due to an appreciation of major currencies against sterling.

Securities financing is significant. Assets forming collateral to the secured financing consist of liquid securities (government bonds, US agency securities and US agency mortgage-backed securities) and less-liquid securities, and are held largely in trading assets and reverse repos.

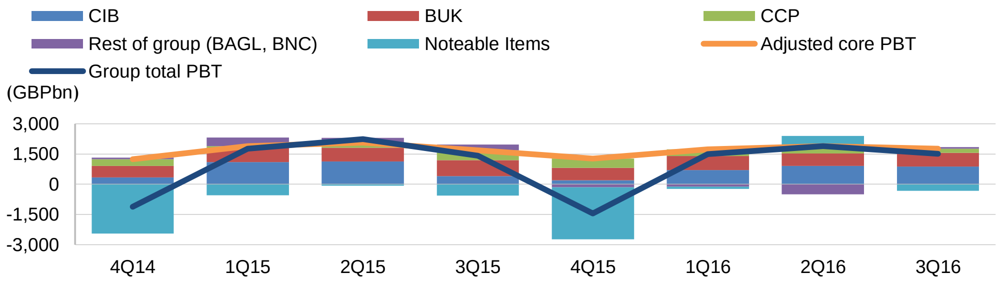
Volatility from ESHLA Portfolio Declining

The group held a non-core portfolio of long-dated fixed-rate loans extended to education, social housing and local authorities (ESHLA) of GBP16.2bn at end-2015. In 1H16, Barclays reclassified GBP8.1bn as held to maturity as it restructured the LOBO (lender option/borrower option) on these loans. The remainder are classified as Level 3 fair valued assets and give rise to volatility in the income statement related to the pricing of the hedging structure. The portfolio is of good quality and we do not expect loan impairments. The reclassification of part of the portfolio to held to maturity led to a decline of 40% of Level 3 "non-asset-backed loans". Level 3 assets represent a moderate 4% of fair valued assets.

Earnings and Profitability

Underlying Performance Dented by Conduct Costs and Non-Core

Barclays' Pre-tax Profit



Restated; Adjusted pre-tax profit excludes noteable items: Own credit, PPI and other charges, provisions for litigation, gains/losses on business sales where known and UK bank levy (booked in 4Q)
Source: Barclays, Fitch

Barclays' profitability is modest for its rating level. A satisfactory underlying performance by the group's core businesses is regularly dragged down by losses related to the non-core unit and charges for previous misconduct. Net of these, return on tangible equity was just 4.4% in 9M16 and -0.7% in 2015, with results benefiting in the latter part of 2016 from the depreciation of the pound on its US earnings.

We expect that substantial non-core related losses will be a feature of full-year results for 2016 and to a lesser extent 2017. Management has guided towards negative income of GBP800m-GBP900m in BNC for 2016, excluding fair value movements on the ESHLA portfolio (GBP436m loss in 9M16). Operating expenses (GBP1.4bn incurred by end-9M16) are expected to decline to GBP400m-GBP500m in 2017. Further litigation expenses are possible as the group works through its legacy cases.

Margin Pressure Offset by Cards Growth and Lower Funding Costs

Barclays' net interest income increased in 9M16 to 372bp in BUK and 512bp in Barclays International (excluding the investment bank), supported by business growth, lower domestic funding costs from retail deposits and from liability management exercises. In the medium term, we expect some pressure on domestic net interest margin (NIM) if base rates remain lower for longer or business volumes suffer from uncertainties around Brexit.

BUK's NIM could fall to between 350bp and 360bp in 2017, if base rates remain unchanged, or fall to 340bp-350bp if base rates are reduced to 10bp, according to management. NIM sensitivity to base-rate changes is managed with the help of an interest-rate hedge.

Diversified Non-Interest Income; Resilient Investment Bank Performance

The bank's large and fairly diversified non-interest income benefitted in 2016 from resilient investment banking fees, increased trading volumes in the second part of the year and from having a high proportion of earnings in US dollars during a time of a weaker pound. In the domestic credit cards business, a cap on interchange fees introduced in December 2015 contributed to a slight decline in fee income in 9M16 yoy.

Investment banking revenues have shrunk since Barclays started restructuring its businesses but the CIB unit performed relatively well in 9M16, driven by both Markets, where net revenue increased 4% yoy, and Banking, where banking fees increased 7% yoy. However, corporate lending was significantly dented by reduced income from hedges, while transaction banking income was stable.

Fees and commissions in the investment bank benefitted from high debt underwriting and financial advisory revenue. Trading performed particularly well in 9M16 in the fixed-income credit flow business and in rates, boosted by market volatility around the UK referendum.

Unsecured Portfolio more Vulnerable to Loan Impairment Charges

The group saw a rise in loan impairment charges in the core businesses in 9M16, by 49% yoy, reflecting a review of the impairment models used for UK and US cards (GBP320m in 3Q16), charges related to exposures to the oil and gas industry in CIB, portfolio growth and some deterioration in arrears levels in US cards. In the medium term, higher loan impairment charges could put pressure on risk-adjusted margins especially in the unsecured book, which we view as more vulnerable to a deterioration of the economic environment in the UK or to increases in base rates in the US.

Cost Reductions Offset by Conduct and Structural Reform

Barclays continues to focus on improving cost efficiency through strategic cost-cutting programmes, which include reductions in real-estate footprint, headcount management and an increased reliance on digitalisation. Excluding the impact of a stronger dollar, the core operating cost target of GBP12.8bn for 2016 appears to be achievable. This excludes Africa Banking, litigation, non-core operating expenses and other notable items.

In the medium term, overall operating costs are inflated by structural reform implementation costs. Management has previously guided to structural reform implementation costs of about GBP1bn, of which GBP100m in 2015, GBP400m in 2016 and the remainder in 2017.

Provisions for the mis-selling of payment protection insurance (PPI) products and other SME/personal lending mistakes, have cost domestic retail businesses GBP8.4bn since 2011, of which GBP1bn was in 9M16. There is scope for these costs to reduce given the Financial Conduct Authority's intention to limit PPI claim submissions until June 2019. However, we expect further substantial conduct charges as the group resolves its outstanding legacy cases, especially the RMBS investigation, for which we understand that very little or no provisions were set aside by 9M16, but also other regulatory and civil litigations.

Capital Requirements

	(%)
CET1 capital	4.5
Pillar 2A	2.3
CCB	2.5
CyB	0.0
G-SIB buffer	1.5
Total CET1 requirements	**10.8**
AT1 (incl. pillar 2A)	2.2
Tier 2	3.0
Total capital	**16.0**
Bail-in debt	12.0
MREL (2022, incl buffers)	**28.0**

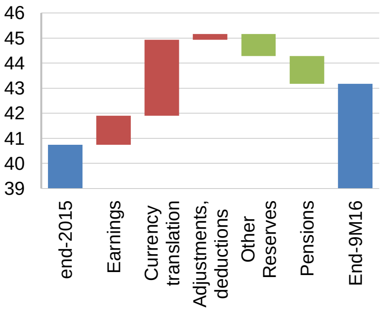
Source: Fitch

Capital Ratios
(Fully loaded, end-9M16)

	(%)
FCC/RWA (End-Jun 16)	14.0
CET1 ratio	11.6
Tier 1 ratio	13.4
Total capital ratio	17.7
CRD IV leverage	4.2
Unreserved impaired loans/FCC	4.4
Internal capital generation	2.6

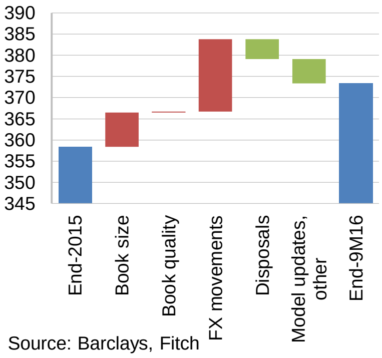
Source: Fitch, Barclays

Movements in CET1
(During 9M16, GBPbn)



Source: Barclays, Fitch

Movements in RWA
(During 9M16, GBPbn)



Source: Barclays, Fitch

Capitalisation and Leverage

We consider Barclays' CET1 ratio of 11.6% and leverage ratio of 4.2% at end-9M16 to be commensurate with the bank's risk profile and in line with European GTUB peers. The group's capital planning foresees further strengthening of the CET1 ratio to 100bp-150bp above fully loaded regulatory requirements (currently 10.8%, based known requirements including the revised G-SIB buffer of 1.5%).

We expect Barclays to achieve this primarily through deleveraging (planned run-down of BNC and deconsolidation of BAGL), although internal capital generation is challenged by costs associated with restructuring, business sales and litigation. The reduction in the dividend until end-2017 should also support this.

Internal capital generation in 9M16 was affected by modest profits and the negative impact of its defined UK pensions on CET1 capital, driven by a fall in the discount rate for the pension liabilities. RWAs increased, mainly due to the appreciation of the euro, the US dollar and the rand against the pound. The CET1 ratio is broadly hedged against the euro and the US dollar, but not against the rand.

Barclays' fully loaded CRD IV leverage ratio decreased to 4.2% in 9M16, from 4.5%, but remains well above requirements and is in line with European GTUB peers. The leverage ratio exposure was affected by higher loans and advances, increased reverse repurchase agreements due to higher matched book trading, higher securities financing transaction adjustments due to a change in treatment of securities pre-positioned for covered bonds facilities and the appreciation of the US dollar, euro and rand against the pound. This was partly offset by a GBP3.8bn increase in Tier 1 capital, which includes an AT1 issuance of USD1.5bn. Barclays is required by the PRA to calculate and disclose the average leverage ratio, which was 4.2% at end-9M16

Under UK rules, Barclays has to maintain a 3.525% leverage ratio (fully loaded), limiting the use of AT1 instruments to 25% of capital for its calculation. This requirement is calculated by the initial ratio of 3% in line with the level endorsed by the Basel Committee on Banking Supervision, and individual firm add-ons for systemic risk and counter-cyclical buffer requirements, at 35% of the relevant CET1 buffer rates.

Funding and Liquidity

Sound Structural Liquidity

Barclays' well-matched and diversified funding profile benefits from the group's domestic retail franchise to fund retail assets and good market access to fund wholesale operations. The group's loan/deposit ratio (LDR) of 85% (overall) and 90% in Barclays UK are healthy.

Barclays' funding structure is evolving because of the group's resolution planning and structural changes required around ring-fencing. The funding and liquidity of the group's South African operations are already largely managed on a local basis given local foreign-currency regulations and we do not expect the deconsolidation to have a material impact on group liquidity. The bank repaid outstanding (off-balance-sheet) funds for the UK government's Funding for Lending scheme in 2016.

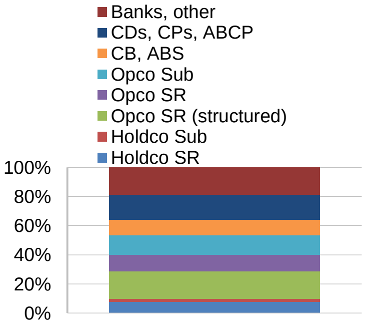
Material Wholesale Funding Needs; High MREL

Despite the declining financing needs in the investment bank, the bank's still large core wholesale operations, and the group's high MREL requirements equivalent to 28% of RWAs by 2022, including CRD IV buffers, as indicated by the Bank of England, mean that Barclays will remain an active issuer of MREL eligible wholesale debt over the next years. Barclays is yet to receive its institution-specific MREL requirement.

The UK's approach to resolution planning means that Barclays is required to use structural subordination, involving the issuance of external MREL through the holding company, to meet requirements. Externally raised funds are downstreamed as corresponding instruments to the operating company and as a result we cannot be certain whether creditors of the operating company would benefit from any protection from the holding company debt in resolution. We expect that Barclays will render holding company funds junior to external operating company liabilities once internal MREL requirements are known and the future shape of the group materialises.

At 1H16, the group had about GBP29bn senior unsecured debt outstanding, of which GBP12bn was issued from the holding company and GBP17.6bn from the operating company, which the bank plans to replace with holding company debt when it matures. GBP11.6bn matures before end-2019.

Wholesale Funding
(End-1H16: GBP 154bn)



Source: Barclays; Fitch

Ring-Fencing

According to preliminary information made public, the UK ring-fenced bank will be mainly funded by customer deposits, but also by through secured funding (ABS and covered bonds) and internal TLAC from the holding company. It will also be present in the short-term CD or CP market.

The non-ring-fenced bank, BB plc, will be funded by deposits from mid and large corporates, international wealth customers and Delaware deposits (the entity that houses the US credit card business), short-term funding in the form of CPs and CDs, secured funding, some residual externally issued Tier 2, senior unsecured and structured notes. It will also receive internal TLAC downstreamed from the holding company.

Ample Liquidity and Sound Liquidity Management

Liquidity is ample, with a liquidity coverage ratio (LCR) at 125% and an available liquidity pool of GBP157bn, which is well above requirements. The group's portfolio of liquid assets (according to its internal classification and excluding BAGL) was GBP157bn at end-9M16. Most of these consisted of cash, deposits with central banks and high-quality government bonds, and equalled 2.4x the wholesale debt maturing in less than one year.

The group's liquidity is managed carefully and liquidity risk appetite is defined clearly. Barclays' liquidity management includes a series of internal stress tests, assuming bank-specific, market-wide and combined stress scenarios. The stress tests assume outflows of customer deposits, no rollovers of unsecured wholesale debt and secured debt with less-liquid collateral and a widening of haircuts.

Holding Company

Barclays' ratings are equalised with those of Barclays Bank and reflect its role as the bank holding company and the absence of double leverage. Barclays' IDR could be rated lower if common equity double leverage increased above 120% or if the role of the holding company changed, both of which we do not expect.

Barclays Bank's IDR could be upgraded above its VR if the quantum of debt issued by the holding company and Barclays Bank's external qualifying junior debt were sufficient and structurally subordinated to other senior creditors of Barclays Bank.

Subordinated Debt Ratings

Subordinated debt and other hybrid capital issued by Barclays Bank and Barclays are all notched down from their respective VRs, in accordance with Fitch's assessment of each instrument's respective non-performance and relative loss severity risk profiles, which vary considerably.

Subordinated lower Tier 2 debt is rated one notch below the VR for loss severity, reflecting below-average recoveries. Upper Tier 2 instruments are rated three notches below the VR, including one notch for loss severity and two notches for incremental non-performance risk, reflecting cumulative coupon deferral.

High trigger contingent capital Tier 2 notes are rated four notches below the VR. The notes are notched down twice for loss severity, reflecting loss absorption if the bank breaches a 7% CRD IV transitional (FSA October 2012 statement) CET1 ratio. In addition, they are notched down twice for non-performance risk.

Barclays' high-trigger contingent capital Tier 1 instruments and preference shares with no constraints on coupon omission are rated five notches below the VR. The issues are notched down twice for loss severity, reflecting poor recoveries as the instruments can be converted to equity or written down well ahead of resolution. In addition, they are notched down three times for very high non-performance risk, reflecting fully discretionary coupon omission.

Other legacy Tier 1 securities are rated four notches below the VR, comprising two notches for higher-than-average loss severity, and two further notches for non-performance risk, reflecting partly discretionary coupon omission.

Peer Group Analysis

	Barclays plc		BNP Paribas		Credit Suisse Group		Deutsche Bank		HSBC		Société Générale		UBS Group	
	a		a+		a-		a-/RWN		aa-		a		a	
Current Viability Rating	**Sep 16**	**Dec 15**	**Sep 16**	**Dec 15**	**Sep 16**	**Dec 15**	**Sep 16**	**Dec 15**	**Sep 16**	**Dec 15**	**Sep 16**	**Dec 15**	**Sep 16**	**Dec 15**
Asset quality (%)														
Impaired loans/gross loans	1.6	1.9	5.8[a]	5.9	0.8	0.7	1.8	1.9	2.4	2.5	6.7[a]	6.1	0.4	0.4
Impaired loan coverage	67.2	63.0	64.0[a]	63.5	37.6	43.9	60.6	61.7	41.3	40.2	62.4[a]	63.0	60.9	56.2
LICs/average gross loans	0.6	0.5	0.4	0.5	0.1	0.1	0.3	0.2	0.3	0.4	0.5	0.6	0.0	0.0
Net charge-offs/average gross loans	n.a.	0.4	n.a.	n.a.	0.0	0.1	0.4	0.3	0.3[a]	0.4	n.a.	n.a.	n.a.	n.a.
Earnings & profitability (%)														
Operating RoRWA	0.9	0.8	1.7	1.6	0.0	0.4	0.6	-0.1	2.1	1.7	1.7	1.5	2.0	2.2
Net RoE	5.4	1.1	9.0	7.6	-0.3	-6.6	1.2	-10.0	5.7	8.4	8.7	7.9	6.4	11.5
Net RoA	0.3	0.1	0.4	0.3	0.0	-0.3	0.0	-0.4	0.4	0.6	0.4	0.3	0.4	0.6
Cost/income ratio	71.1[a]	81.0	68.8[a]	68.7	100.1	94.7	90.8	98.7	63.7	64.9	67.2[a]	69.6	84.8	84.5
Capitalisation & leverage (%)														
Fitch Core Capital/RWAs	14.1	13.3	13.3	11.6	13.5	13.0	12.3	12.1	14.7	12.5	11.2[a]	11.8	18.3	20.4
CET1 ratio (phased-in)	11.6	11.4	11.6	11.0	14.1	14.3	12.6	13.2	13.9	11.9	11.4	10.9	16.9	19.0
CET1 ratio (fully loaded)	11.6	11.6	10.1	10.1	12.0	12.0	11.1	11.1	13.9	13.9	11.4	11.4	14.0	14.0
CRDIV/Basel III leverage ratio	4.2	4.2	4.0	4.0	4.6	4.6	3.5	3.5	5.3	5.3	4.1	4.1	4.4	4.4
Unreserved impaired loans/FCC	4.2	6.1	20.0[a]	20.6	3.9	2.9	6.3	6.5	9.5	10.3	24.4[a]	21.4	1.0	1.2
Funding & liquidity (%)														
Loans/customer deposits	96.7	96.6	93.0	101.2	79.8	79.9	79.1	76.5	68.6	72.4	104.2	111.5	74.2	80.1
Customer deposits/total funding	56.4	58.3	53.2	55.0	53.6	52.2	61.2	64.0	69.6	72.9	37.0	41.2	62.1	60.6
Liquidity coverage ratio	125.0	125.0	127.0	127.0	163.0	163.0	122.0	122.0	n.a.	n.a.	144.0	144.0	124.0	124.0

[a] As at end-1H16
Source: Banks, Fitch

Barclays plc
Income Statement

	30 Sep 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
	9 Months - 3rd Quarter	Year End	Year End	Year End
	GBPm	GBPm	GBPm	GBPm
	Unaudited	:ed - Unqualified	\udited - Unqualified	l - Unqualified
1. Interest Income on Loans	n.a.	14,732.0	14,677.0	15,613.0
2. Other Interest Income	n.a.	2,469.0	2,686.0	2,702.0
3. Dividend Income	n.a.	8.0	9.0	14.0
4. Gross Interest and Dividend Income	**n.a.**	**17,209.0**	**17,372.0**	**18,329.0**
5. Interest Expense on Customer Deposits	n.a.	930.0	1,473.0	2,656.0
6. Other Interest Expense	n.a.	3,713.0	3,810.0	4,059.0
7. Total Interest Expense	**n.a.**	**4,643.0**	**5,283.0**	**6,715.0**
8. Net Interest Income	**n.a.**	**12,566.0**	**12,089.0**	**11,614.0**
9. Net Gains (Losses) on Trading and Derivatives	n.a.	3,193.0	4,232.0	6,773.0
10. Net Gains (Losses) on Other Securities	n.a.	892.0	1,086.0	463.0
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	238.0	233.0	203.0
12. Net Insurance Income	n.a.	176.0	189.0	223.0
13. Net Fees and Commissions	n.a.	7,892.0	8,174.0	8,731.0
14. Other Operating Income	15,924.0	67.0	186.0	148.0
15. Total Non-Interest Operating Income	**15,924.0**	**12,458.0**	**14,100.0**	**16,541.0**
16. Personnel Expenses	n.a.	9,960.0	11,005.0	12,155.0
17. Other Operating Expenses	12,019.0	10,309.0	9,252.0	9,589.0
18. Total Non-Interest Expenses	**12,019.0**	**20,269.0**	**20,257.0**	**21,744.0**
19. Equity-accounted Profit/ Loss - Operating	180.0	47.0	36.0	(56.0)
20. Pre-Impairment Operating Profit	**4,085.0**	**4,802.0**	**5,968.0**	**6,355.0**
21. Loan Impairment Charge	1,720.0	2,109.0	2,200.0	3,045.0
22. Securities and Other Credit Impairment Charges	n.a.	5.0	(32.0)	26.0
23. Operating Profit	**2,365.0**	**2,688.0**	**3,800.0**	**3,284.0**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	(637.0)	(471.0)	6.0
25. Non-recurring Income	615.0	0.0	160.0	n.a.
26. Non-recurring Expense	0.0	408.0	332.0	228.0
27. Change in Fair Value of Own Debt	(80.0)	430.0	34.0	(220.0)
28. Other Non-operating Income and Expenses	n.a.	0.0	(935.0)	26.0
29. Pre-tax Profit	**2,900.0**	**2,073.0**	**2,256.0**	**2,868.0**
30. Tax expense	1,043.0	1,450.0	1,411.0	1,571.0
31. Profit/Loss from Discontinued Operations	520.0	0.0	0.0	n.a.
32. Net Income	**2,377.0**	**623.0**	**845.0**	**1,297.0**
33. Change in Value of AFS Investments	n.a.	(251.0)	413.0	(382.0)
34. Revaluation of Fixed Assets	n.a.	0.0	0.0	n.a.
35. Currency Translation Differences	n.a.	(476.0)	486.0	(1,767.0)
36. Remaining OCI Gains/(losses)	n.a.	341.0	1,703.0	(2,442.0)
37. Fitch Comprehensive Income	**2,377.0**	**237.0**	**3,447.0**	**(3,294.0)**
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	672.0	769.0	757.0
39. Memo: Net Income after Allocation to Non-controlling Interests	2,377.0	(49.0)	76.0	540.0
40. Memo: Common Dividends Relating to the Period	1,221.0	1,633.0	1,688.0	1,672.0
41. Memo: Preferred Dividends Related to the Period	n.a.	0.0	0.0	n.a.
Exchange rate	USD1 = GBP0.771	SD1 = GBP0.674{	USD1 = GBP0.64070	D1 = GBP0.607

Barclays plc
Balance Sheet

	30 Sep 2016 9 Months - 3rd Quarter GBPm	31 Dec 2015 Year End GBPm	31 Dec 2014 Year End GBPm	31 Dec 2013 Year End GBPm
Assets				
A. Loans				
1. Residential Mortgage Loans	n.a.	155,863.0	166,974.0	179,527.0
2. Other Mortgage Loans	n.a.	0.0	0.0	n.a.
3. Other Consumer/ Retail Loans	n.a.	67,840.0	69,022.0	70,378.0
4. Corporate & Commercial Loans	n.a.	180,435.0	197,226.0	191,580.0
5. Other Loans	423,961.0	0.0	0.0	n.a.
6. Less: Reserves for Impaired Loans	4,525.0	4,921.0	5,455.0	7,248.0
7. Net Loans	**419,436.0**	**399,217.0**	**427,767.0**	**434,237.0**
8. Gross Loans	**423,961.0**	**404,138.0**	**433,222.0**	**441,485.0**
9. Memo: Impaired Loans included above	6,739.0	7,817.0	9,338.0	13,298.0
10. Memo: Loans at Fair Value included above	n.a.	0.0	0.0	n.a.
B. Other Earning Assets				
1. Loans and Advances to Banks	50,884.0	42,360.0	43,321.0	40,704.0
2. Reverse Repos and Cash Collateral	17,444.0	77,700.0	136,989.0	192,102.0
3. Trading Securities and at FV through Income	174,574.0	104,665.0	147,781.0	166,714.0
4. Derivatives	409,858.0	327,709.0	439,909.0	350,300.0
5. Available for Sale Securities	68,756.0	90,267.0	86,066.0	91,756.0
6. Held to Maturity Securities	n.a.	0.0	0.0	n.a.
7. Equity Investments in Associates	n.a.	573.0	711.0	653.0
8. Other Securities	n.a.	0.0	0.0	n.a.
9. Total Securities	**670,632.0**	**600,914.0**	**811,456.0**	**801,525.0**
10. Memo: Government Securities included Above	n.a.	96,537.0	106,292.0	112,613.0
11. Memo: Total Securities Pledged	n.a.	0.0	0.0	n.a.
12. Investments in Property	n.a.	0.0	0.0	n.a.
13. Insurance Assets	n.a.	0.0	0.0	n.a.
14. Other Earning Assets	n.a.	0.0	0.0	n.a.
15. Total Earning Assets	**1,140,952.0**	**1,042,491.0**	**1,282,544.0**	**1,276,466.0**
C. Non-Earning Assets				
1. Cash and Due From Banks	91,984.0	49,711.0	39,695.0	45,687.0
2. Memo: Mandatory Reserves included above	n.a.	0.0	0.0	n.a.
3. Foreclosed Real Estate	n.a.	0.0	0.0	n.a.
4. Fixed Assets	n.a.	3,468.0	3,786.0	4,216.0
5. Goodwill	n.a.	4,605.0	4,887.0	4,878.0
6. Other Intangibles	7,517.0	3,617.0	3,293.0	2,807.0
7. Current Tax Assets	n.a.	415.0	334.0	219.0
8. Deferred Tax Assets	n.a.	4,495.0	4,130.0	4,807.0
9. Discontinued Operations	72,301.0	7,364.0	15,574.0	495.0
10. Other Assets	11,282.0	3,846.0	3,663.0	4,053.0
11. Total Assets	**1,324,036.0**	**1,120,012.0**	**1,357,906.0**	**1,343,628.0**
Liabilities and Equity				
D. Interest-Bearing Liabilities				
1. Customer Deposits - Current	438,510.0	418,242.0	427,704.0	431,998.0
2. Customer Deposits - Savings	n.a.	0.0	0.0	n.a.
3. Customer Deposits - Term	n.a.	0.0	0.0	n.a.
4. Total Customer Deposits	**438,510.0**	**418,242.0**	**427,704.0**	**431,998.0**
5. Deposits from Banks	65,378.0	48,093.0	59,567.0	56,974.0
6. Repos and Cash Collateral	23,098.0	75,873.0	129,902.0	202,054.0
7. Commercial Paper and Short-term Borrowings	n.a.	28,726.0	44,734.0	47,156.0
8. Total Money Market and Short-term Funding	**526,986.0**	**570,934.0**	**661,907.0**	**738,182.0**
9. Senior Unsecured Debt (original maturity > 1 year)	57,815.0	28,124.0	41,365.0	39,537.0
10. Subordinated Borrowing	18,357.0	16,219.0	15,513.0	15,568.0
11. Covered Bonds	12,482.0	12,300.0	0.0	n.a.
12. Other Long-term Funding	n.a.	0.0	0.0	n.a.
13. Total LT Funding (original maturity > 1 year)	**88,654.0**	**56,643.0**	**56,878.0**	**55,105.0**
14. Derivatives	404,421.0	324,252.0	439,320.0	347,118.0
15. Trading Liabilities	147,103.0	74,874.0	96,673.0	112,954.0
16. Total Funding	**1,167,164.0**	**1,026,703.0**	**1,254,778.0**	**1,253,359.0**
E. Non-Interest Bearing Liabilities				
1. Fair Value Portion of Debt	n.a.	0.0	0.0	n.a.
2. Credit impairment reserves	n.a.	0.0	0.0	n.a.
3. Reserves for Pensions and Other	n.a.	4,565.0	5,709.0	5,844.0
4. Current Tax Liabilities	n.a.	903.0	1,021.0	1,042.0
5. Deferred Tax Liabilities	n.a.	122.0	262.0	373.0
6. Other Deferred Liabilities	n.a.	0.0	0.0	n.a.
7. Discontinued Operations	66,917.0	5,997.0	13,115.0	n.a.
8. Insurance Liabilities	n.a.	2,569.0	2,766.0	2,799.0
9. Other Liabilities	14,587.0	8,041.0	8,657.0	10,135.0
10. Total Liabilities	**1,248,668.0**	**1,048,900.0**	**1,286,308.0**	**1,273,552.0**
F. Hybrid Capital				
1. Pref. Shares and Hybrid Capital accounted for as Debt	5,248.0	5,248.0	5,640.0	6,127.0
2. Pref. Shares and Hybrid Capital accounted for as Equity	9,427.0	9,445.0	8,462.0	8,416.0
G. Equity				
1. Common Equity	52,099.0	53,550.0	53,448.0	54,043.0
2. Non-controlling Interest	3,206.0	1,914.0	2,251.0	2,211.0
3. Securities Revaluation Reserves	17.0	317.0	562.0	148.0
4. Foreign Exchange Revaluation Reserves	2,414.0	(623.0)	(582.0)	(1,142.0)
5. Fixed Asset Revaluations and Other Accumulated OCI	2,957.0	1,261.0	1,817.0	273.0
6. Total Equity	**60,693.0**	**56,419.0**	**57,496.0**	**55,533.0**
7. Total Liabilities and Equity	**1,324,036.0**	**1,120,012.0**	**1,357,906.0**	**1,343,628.0**
8. Memo: Fitch Core Capital	52,625.0	47,521.0	48,717.0	46,413.0

Barclays plc
Summary Analytics

	30 Sep 2016 9 Months - 3rd Quarter	31 Dec 2015 Year End	31 Dec 2014 Year End	31 Dec 2013 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	n.a.	3.41	3.28	3.44
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	0.21	0.33	0.62
3. Interest Income/ Average Earning Assets	n.a.	1.43	1.36	1.33
4. Interest Expense/ Average Interest-bearing Liabilities	n.a.	0.40	0.42	0.48
5. Net Interest Income/ Average Earning Assets	n.a.	1.05	0.95	0.84
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	n.a.	0.87	0.77	0.62
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	n.a.	1.05	0.95	0.84
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	n.a.	49.78	53.84	58.75
2. Non-Interest Expense/ Gross Revenues	n.a.	81.00	77.35	77.23
3. Non-Interest Expense/ Average Assets	1.27	1.60	1.50	1.48
4. Pre-impairment Op. Profit/ Average Equity	9.21	8.09	10.21	11.77
5. Pre-impairment Op. Profit/ Average Total Assets	0.43	0.38	0.44	0.43
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	42.11	44.02	36.33	48.32
7. Operating Profit/ Average Equity	5.33	4.53	6.50	6.08
8. Operating Profit/ Average Total Assets	0.25	0.21	0.28	0.22
9. Operating Profit / Risk Weighted Assets	0.85	0.75	0.95	0.74
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	5.36	1.05	1.45	2.40
2. Net Income/ Average Total Assets	0.25	0.05	0.06	0.09
3. Fitch Comprehensive Income/ Average Total Equity	5.36	0.40	5.90	(6.10)
4. Fitch Comprehensive Income/ Average Total Assets	0.25	0.02	0.26	(0.22)
5. Taxes/ Pre-tax Profit	35.97	69.95	62.54	54.78
6. Net Income/ Risk Weighted Assets	0.85	0.17	0.21	0.29
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	14.09	13.26	12.12	10.49
2. Tangible Common Equity/ Tangible Assets	3.99	4.26	3.56	3.49
3. Tier 1 Regulatory Capital Ratio	14.80	14.70	13.00	15.70
4. Total Regulatory Capital Ratio	18.80	18.60	16.50	19.90
5. Common Equity Tier 1 Capital Ratio	11.60	11.40	10.20	13.20
6. Equity/ Total Assets	4.58	5.04	4.23	4.13
7. Cash Dividends Paid & Declared/ Net Income	51.37	262.12	199.76	128.91
8. Internal Capital Generation	2.54	(1.79)	(1.47)	(0.68)
E. Loan Quality				
1. Growth of Total Assets	18.22	(17.52)	1.06	(9.72)
2. Growth of Gross Loans	4.91	(6.71)	(1.87)	2.27
3. Impaired Loans/ Gross Loans	1.59	1.93	2.16	3.01
4. Reserves for Impaired Loans/ Gross Loans	1.07	1.22	1.26	1.64
5. Reserves for Impaired Loans/ Impaired Loans	67.15	62.95	58.42	54.50
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	4.21	6.09	7.97	13.04
7. Impaired Loans less Reserves for Impaired Loans/ Equity	3.65	5.13	6.75	10.89
8. Loan Impairment Charges/ Average Gross Loans	0.55	0.49	0.49	0.67
9. Net Charge-offs/ Average Gross Loans	n.a.	0.43	0.63	0.69
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Ass	1.59	1.93	2.16	3.01
F. Funding and Liquidity				
1. Loans/ Customer Deposits	96.68	96.63	101.29	102.20
2. Interbank Assets/ Interbank Liabilities	77.83	88.08	72.73	71.44
3. Customer Deposits/ Total Funding (excluding derivatives)	56.41	58.32	51.56	46.92
4. Liquidity Coverage Ratio	125.00	133.00	124.00	96.00
5. Net Stable Funding Ratio	n.a.	106.00	102.00	94.00

Barclays plc
Reference Data

	30 Sep 2016 9 Months - 3rd Quarter GBPm	31 Dec 2015 Year End GBPm	31 Dec 2014 Year End GBPm	31 Dec 2013 Year End GBPm
A. Off-Balance Sheet Items				
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	0.0	0.0	n.a.
2. Other off-balance sheet exposure to securitizations	n.a.	0.0	0.0	n.a.
3. Guarantees	n.a.	20,621.0	21,324.0	21,184.0
4. Acceptances and documentary credits reported off-balance sheet	n.a.	845.0	1,091.0	780.0
5. Committed Credit Lines	n.a.	281,369.0	276,315.0	254,855.0
7. Other Off-Balance Sheet items	n.a.	93.0	0.0	19,936.0
8. Total Assets under Management	n.a.	0.0	1,656,636.0	n.a.
B. Average Balance Sheet				
Average Loans	414,295.8	431,896.8	447,345.0	453,360.0
Average Earning Assets	1,121,998.3	1,199,901.6	1,276,586.0	1,381,871.2
Average Assets	1,261,051.5	1,265,515.0	1,348,822.2	1,473,130.6
Average Managed Securitized Assets (OBS)	n.a.	0.0	0.0	n.a.
Average Interest-Bearing Liabilities	1,123,555.5	1,172,131.8	1,254,300.0	1,386,783.8
Average Common equity	53,343.5	55,014.6	54,076.0	48,456.8
Average Equity	59,247.0	59,349.2	58,428.2	54,000.2
Average Customer Deposits	428,339.5	434,834.4	440,470.4	431,525.0
C. Maturities				
Asset Maturities:				
Loans & Advances < 3 months	n.a.	105,454.0	123,815.0	126,399.0
Loans & Advances 3 - 12 Months	n.a.	33,351.0	25,366.0	22,967.0
Loans and Advances 1 - 5 Years	n.a.	103,641.0	108,616.0	103,044.0
Loans & Advances > 5 years	n.a.	156,771.0	169,970.0	181,827.0
Debt Securities < 3 Months	n.a.	0.0	0.0	n.a.
Debt Securities 3 - 12 Months	n.a.	0.0	0.0	n.a.
Debt Securities 1 - 5 Years	n.a.	0.0	0.0	n.a.
Debt Securities > 5 Years	n.a.	0.0	0.0	n.a.
Loans & Advances to Banks < 3 Months	n.a.	37,904.0	38,223.0	37,107.0
Loans & Advances to Banks 3 - 12 Months	n.a.	2,788.0	4,405.0	2,099.0
Loans & Advances to Banks 1 - 5 Years	n.a.	1,622.0	657.0	774.0
Loans & Advances to Banks > 5 Years	n.a.	46.0	36.0	724.0
Liability Maturities:				
Retail Deposits < 3 months	n.a.	393,035.0	404,075.0	400,677.0
Retail Deposits 3 - 12 Months	n.a.	17,162.0	15,971.0	20,944.0
Retail Deposits 1 - 5 Years	n.a.	5,411.0	5,921.0	7,260.0
Retail Deposits > 5 Years	n.a.	2,634.0	1,737.0	3,117.0
Other Deposits < 3 Months	n.a.	0.0	0.0	n.a.
Other Deposits 3 - 12 Months	n.a.	0.0	0.0	n.a.
Other Deposits 1 - 5 Years	n.a.	0.0	0.0	n.a.
Other Deposits > 5 Years	n.a.	0.0	0.0	n.a.
Deposits from Banks < 3 Months	n.a.	45,450.0	57,310.0	49,776.0
Deposits from Banks 3 - 12 Months	n.a.	2,230.0	1,843.0	2,276.0
Deposits from Banks 1 - 5 Years	n.a.	173.0	351.0	4,906.0
Deposits from Banks > 5 Years	n.a.	240.0	63.0	16.0
Senior Debt Maturing < 3 months	n.a.	14,320.0	19,085.0	22,305.0
Senior Debt Maturing 3-12 Months	n.a.	14,406.0	25,649.0	24,851.0
Senior Debt Maturing 1- 5 Years	n.a.	27,998.0	28,478.0	26,841.0
Senior Debt Maturing > 5 Years	n.a.	12,426.0	12,887.0	12,696.0
Total Senior Debt on Balance Sheet	n.a.	69,150.0	86,099.0	86,693.0
Fair Value Portion of Senior Debt	n.a.	0.0	0.0	n.a.
Subordinated Debt Maturing < 3 months	n.a.	2.0	235.0	327.0
Subordinated Debt Maturing 3-12 Months	n.a.	37.0	63.0	197.0
Subordinated Debt Maturing 1- 5 Year	n.a.	6,442.0	3,243.0	3,512.0
Subordinated Debt Maturing > 5 Years	n.a.	9,738.0	11,972.0	11,532.0
Total Subordinated Debt on Balance Sheet	18,357.0	16,219.0	15,513.0	15,568.0
Fair Value Portion of Subordinated Debt	n.a.	0.0	0.0	n.a.
D. Risk Weighted Assets				
1. Risk Weighted Assets	373,386.0	358,376.0	401,900.0	442,471.0
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk W	n.a.	n.a.	n.a.	n.a.
3. Fitch Core Capital Adjusted Risk Weighted Assets	373,386.0	358,376.0	401,900.0	442,471.0
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	0.0	0.0	n.a.
5. Fitch Adjusted Risk Weighted Assets	373,386.0	358,376.0	401,900.0	442,471.0
E. Equity Reconciliation				
1. Equity	60,693.0	56,419.0	57,496.0	55,533.0
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	9,427.0	9,445.0	8,462.0	8,416.0
3. Add: Other Adjustments	n.a.	0.0	0.0	n.a.
4. Published Equity	n.a.	65,864.0	65,958.0	63,949.0
F. Fitch Core Capital Reconciliation				
1. Total Equity as reported (including non-controlling interests)	60,693.0	56,419.0	57,496.0	55,533.0
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	72.0	226.0	716.0	806.0
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.0	0.0
4. Goodwill	0.0	4,605.0	4,887.0	4,878.0
5. Other intangibles	7,517.0	3,617.0	3,293.0	2,807.0
6. Deferred tax assets deduction	623.0	902.0	1,315.0	1,235.0
7. Net asset value of insurance subsidiaries	0.0	0.0	0.0	0.0
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.0	1,006.0
9. Fitch Core Capital	**52,625.0**	**47,521.0**	**48,717.0**	**46,413.0**

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.