

# Barclays PLC

## 2013 Q1 Interim Management Statement



24 April 2013

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Group Finance Director



# Adjusted financial highlights

Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Income	7,734	8,108	(5)
Impairment charges	(706)	(784)	(10)
Net operating income	7,028	7,324	(4)
Operating expenses excluding costs to achieve Transform	(4,782)	(4,965)	(4)
Costs to achieve Transform	(514)	-	
Adjusted profit before tax <sup>1</sup>	1,786	2,395	(25)
Statutory profit before tax	1,535	(525)	

<sup>1</sup> Adjusted profit before tax in this and subsequent slides includes: share of post-tax results of associates and joint ventures; profit or loss on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions

# Adjusting items to PBT

Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Profit/(loss) before tax	1,535 <sup>1</sup>	(525)	
Own credit charge	251	2,620	
Provision for PPI redress	-	300	
Adjusted profit before tax	1,786 <sup>1</sup>	2,395	(25)

<sup>1</sup> After charging costs to achieve Transform of £514m

# Adjusted performance measures

Three months ended – March	2013	2012
Return on average shareholders' equity	7.6%	12.4%
Return on average tangible shareholders' equity	9.0%	14.6%
Return on average risk weighted assets	1.2%	1.8%
Cost: income ratio <sup>1</sup>	68%	61%
Basic earnings per share	8.1p	13.2p
Dividend per share	1.0p	1.0p
Core Tier 1 Ratio	11.0%	10.8% <sup>2</sup>

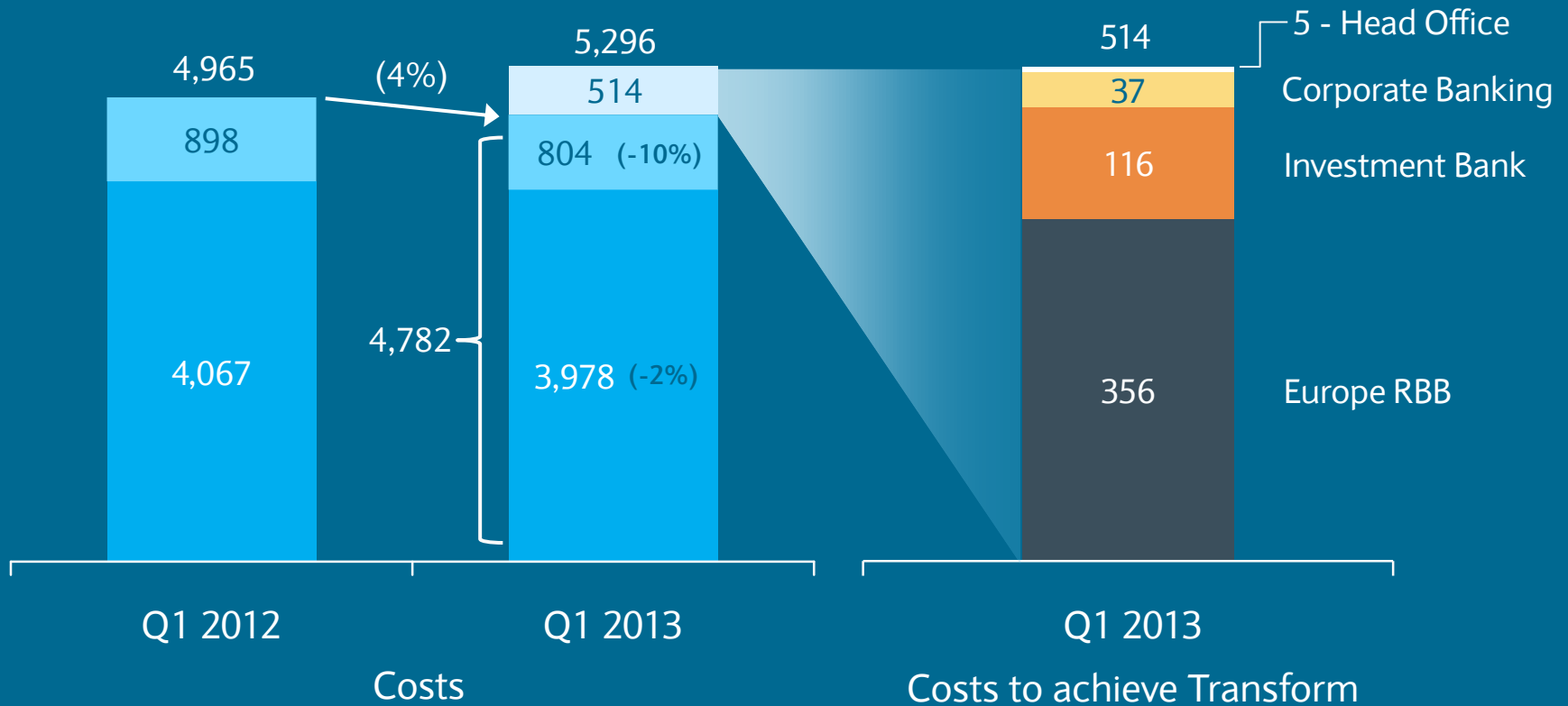
<sup>1</sup> For the three months ended March 2013, cost: income ratio would have been 61.8% excluding costs to achieve Transform of £514m

<sup>2</sup> As at 31 December 2012

# Cost analysis

(£m)

- Non-performance costs
- Performance costs
- Costs to achieve Transform



# UK Retail and Business Banking

Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Income	1,067	1,066	-
Impairment charges	(89)	(76)	17
Net operating income	978	990	(1)
Operating expenses (excl. costs to achieve Transform and provision for PPI redress)	(704)	(757)	(7)
Costs to achieve Transform	-	-	
Adjusted profit before tax	299	232	29
Adjusted return on average equity	11.3%	9.6%	
Adjusted cost: income ratio	66%	71%	

# Europe Retail and Business Banking

Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Income	176	188	(6)
Impairment charges	(70)	(54)	30
Net operating income	106	134	(21)
Operating expenses (excl. costs to achieve Transform)	(215)	(209)	3
Costs to achieve Transform	(356)	-	
Loss before tax	(462)	(72)	
Return on average equity	(67.1%)	(10.7%)	
Cost: income ratio	324%	111%	



# Africa Retail and Business Banking

Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Income	668	764	(13)
Impairment charges	(114)	(106)	8
Net operating income	554	658	(16)
Operating expenses (excl. costs to achieve Transform)	(474)	(528)	(10)
Costs to achieve Transform	-	-	
Profit before tax	81	132	(39)
Return on average equity	1.6%	4.6%	
Cost: income ratio	71%	69%	

The average ZAR/GBP exchange rate for the three months ended 31 March 2013 was 13.87, an increase of 12% versus the rate for the three months ended 31 March 2012, which was 12.17

# Barclaycard

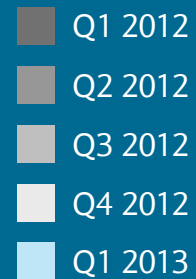
Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Income	1,153	1,033	12
Impairment charges	(303)	(250)	21
Net operating income	850	783	9
Operating expenses (excl. costs to achieve Transform)	(496)	(445)	11
Costs to achieve Transform	-	-	
Profit before tax	363	347	5
Return on average equity	17.9%	17.8%	
Cost: income ratio	43%	43%	

# Investment Bank

Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Income	3,463	3,436	1
Impairment charges	14	(81)	
Net operating income	3,477	3,355	4
Operating expenses (excl. costs to achieve Transform)	(2,054)	(2,195)	(6)
Costs to achieve Transform	(116)	-	
Profit before tax	1,315	1,182	11
Return on average equity	16.3%	13.8%	
Cost: income ratio	63%	64%	
Compensation: income ratio	41%	43%	

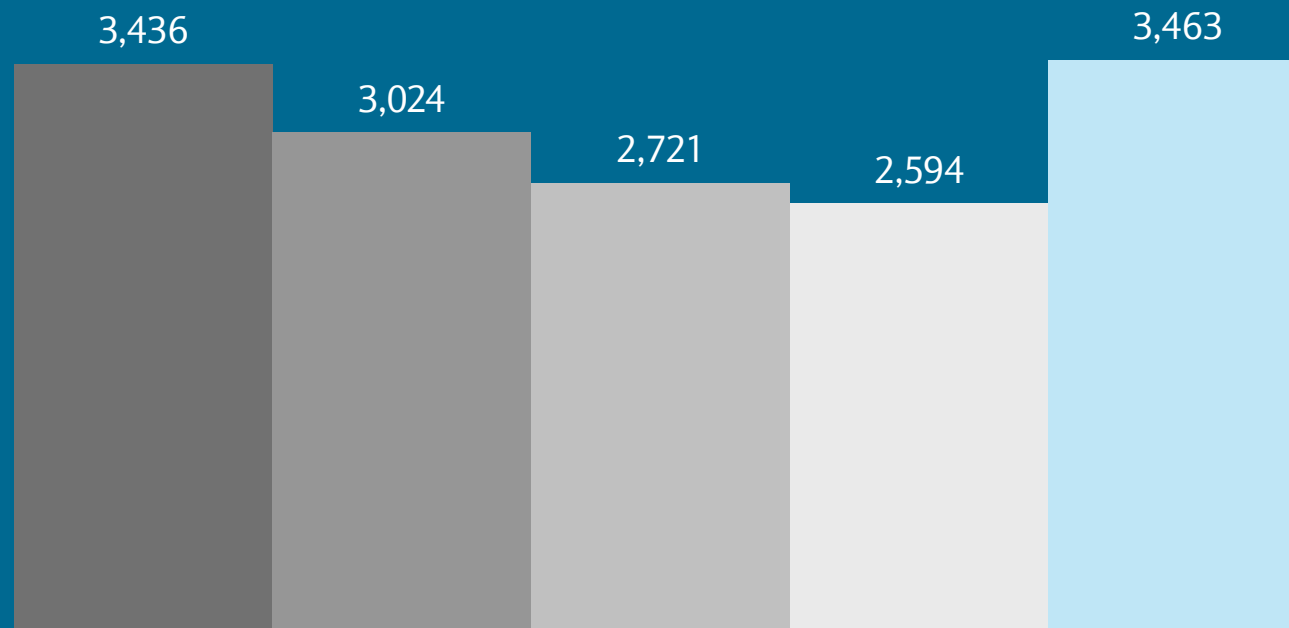
# Investment Bank quarterly income

(£m) Total Income



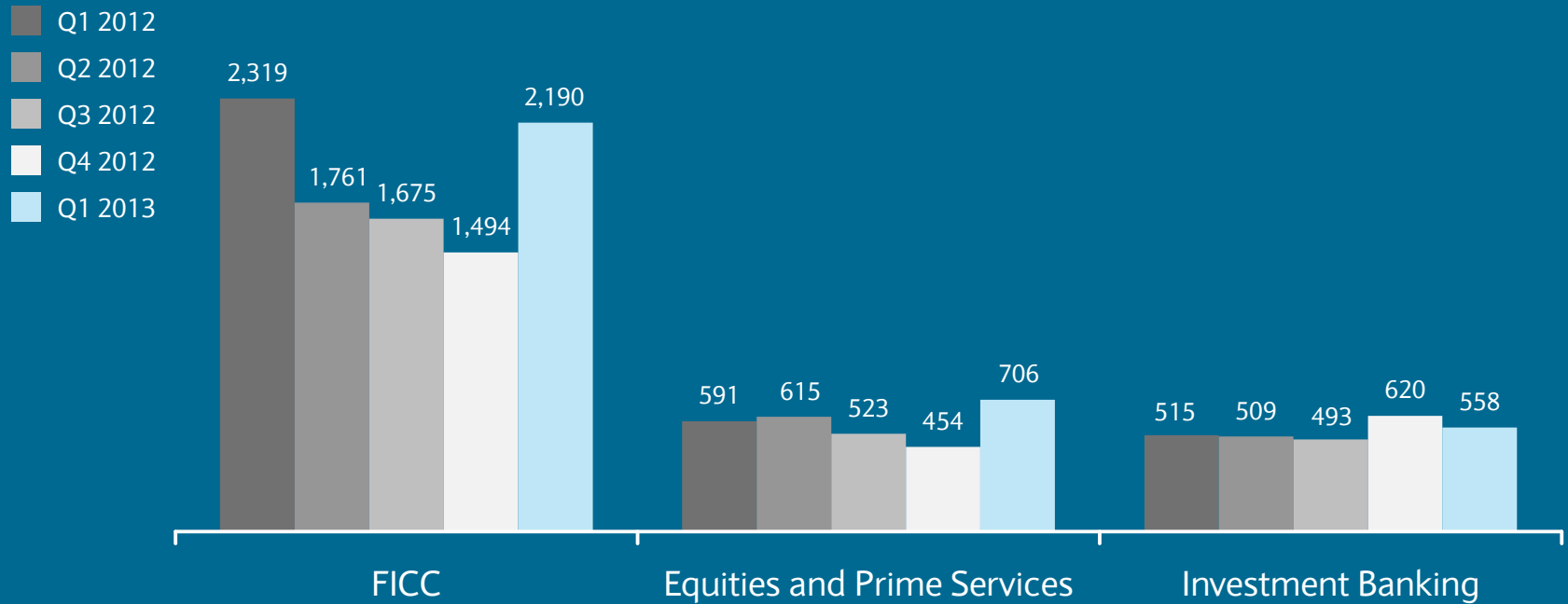
## Total income

- Q1 2013 vs Q1 2012 up 1%
- Q1 2013 vs Q4 2012 up 34%



# Investment Bank quarterly income

(£m)



Q1 13 v Q1 12	(6%)	19%	8%
Q1 13 v Q4 12	47%	56%	(10%)

# Corporate Banking

Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Income	772	849	(9)
Impairment charges	(130)	(208)	(38)
Net operating income	642	641	-
Operating expenses (excl. costs to achieve Transform)	(422)	(437)	(3)
Costs to achieve Transform	(37)	-	
Profit before tax	183	203	(10)
<b>Adjusted profit/(loss) before tax by geographic segment</b>			
UK	269	250	8
Europe	(114)	(79)	44
Rest of the World <sup>1</sup>	28	32	(13)

<sup>1</sup> Post restatement – now includes additional African corporate business

# Wealth and Investment Management

Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Income	469	452	4
Impairment charges	(14)	(7)	100
Net operating income	455	445	2
Operating expenses (excl. costs to achieve Transform)	(400)	(395)	1
Costs to achieve Transform	-	-	
Profit before tax	60	50	20
Return on average equity	7.9%	7.0%	
Cost: income ratio	85%	87%	

# Head Office and Other Operations

Three months ended – March	2013 (£m)	2012 (£m)
Income (excl. own credit)	(34)	317
Impairment charges	-	(2)
Net operating income	(34)	315
Operating expenses (excl. costs to achieve Transform)	(17)	1
Costs to achieve Transform	(5)	-
Adjusted (loss)/profit before tax	(53)	321



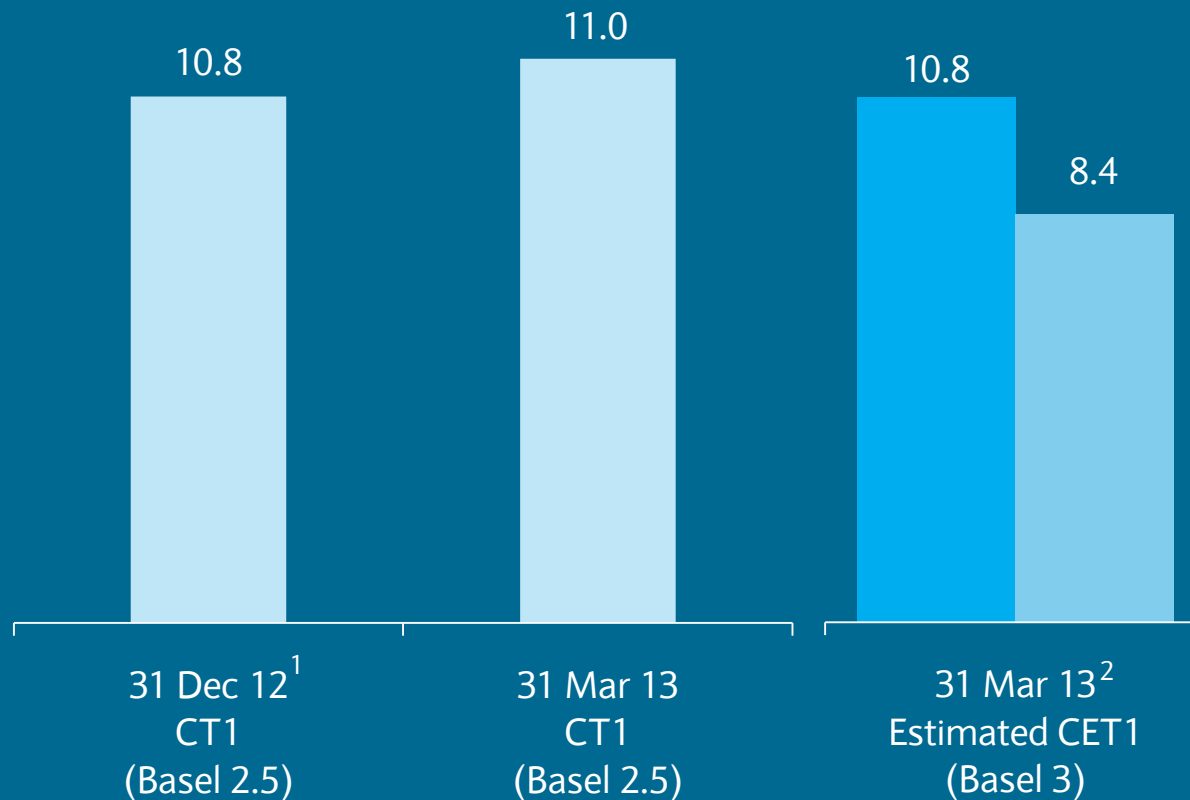
# Capital, liquidity and funding

As at	31 Mar 2013	31 Dec 2012
Core Tier 1 ratio	11.0%	10.8%
Risk weighted assets	£398bn	£387bn
Adjusted gross leverage	20x	19x
Adjusted gross leverage excluding the liquidity pool	17x	16x
Group liquidity pool	£141bn	£150bn

# Estimated Core Capital ratios

(%)

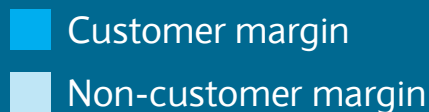
Reported ratio    Transitional CRD IV ratio    Fully loaded CRD IV ratio



<sup>1</sup> Includes effect of IFRS changes on 1 Jan 2013

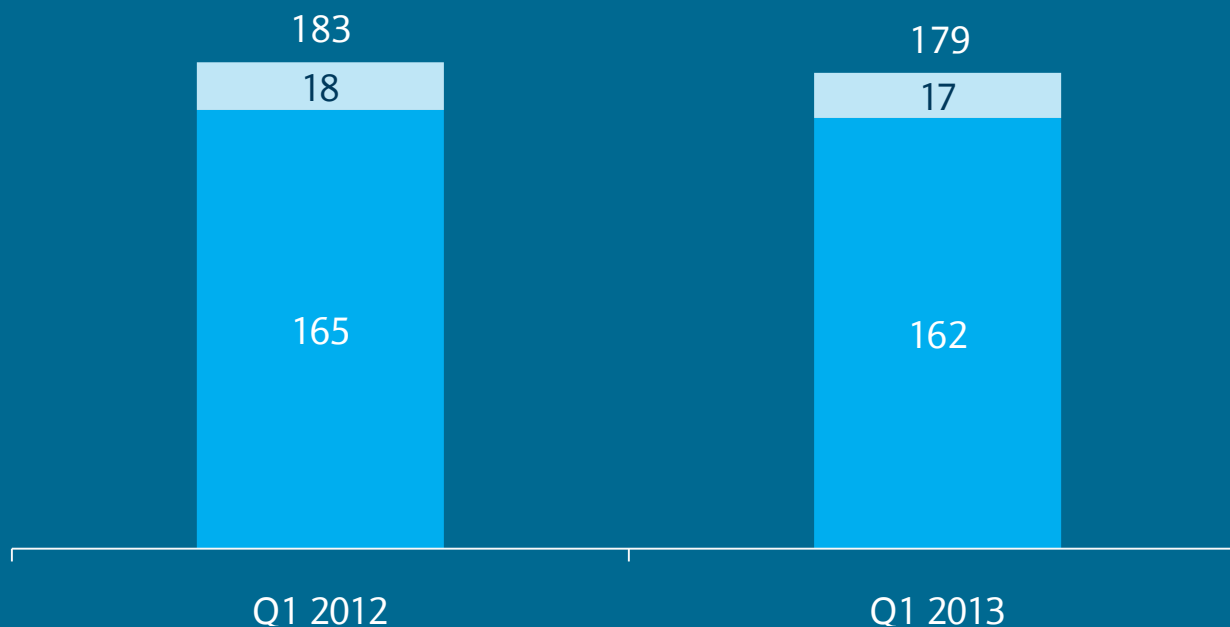
<sup>2</sup> For details and basis of calculation, see slides 30-32

# Net Interest Margin



Basis points

£m	Q1 2012 <sup>1</sup>	Q1 2013 <sup>1</sup>
Non-customer income	272	266
Customer income	2,449	2,509
Average customer assets	321,832	326,340
Average customer liabilities	276,649	303,840



<sup>1</sup> Numbers refer to retail businesses, Barclaycard, Corporate Banking and Wealth and Investment Management. Total contribution from structural hedges was £391m (2012: £437m)

# Summary

- Adjusted profit before tax down 25%
  - But up 6% excluding restructuring and non-recurring hedge gain
- Income down 5%, with operating expenses down 4% excluding restructuring
- Impairment improved 10%
- Capital, liquidity and funding remain strong

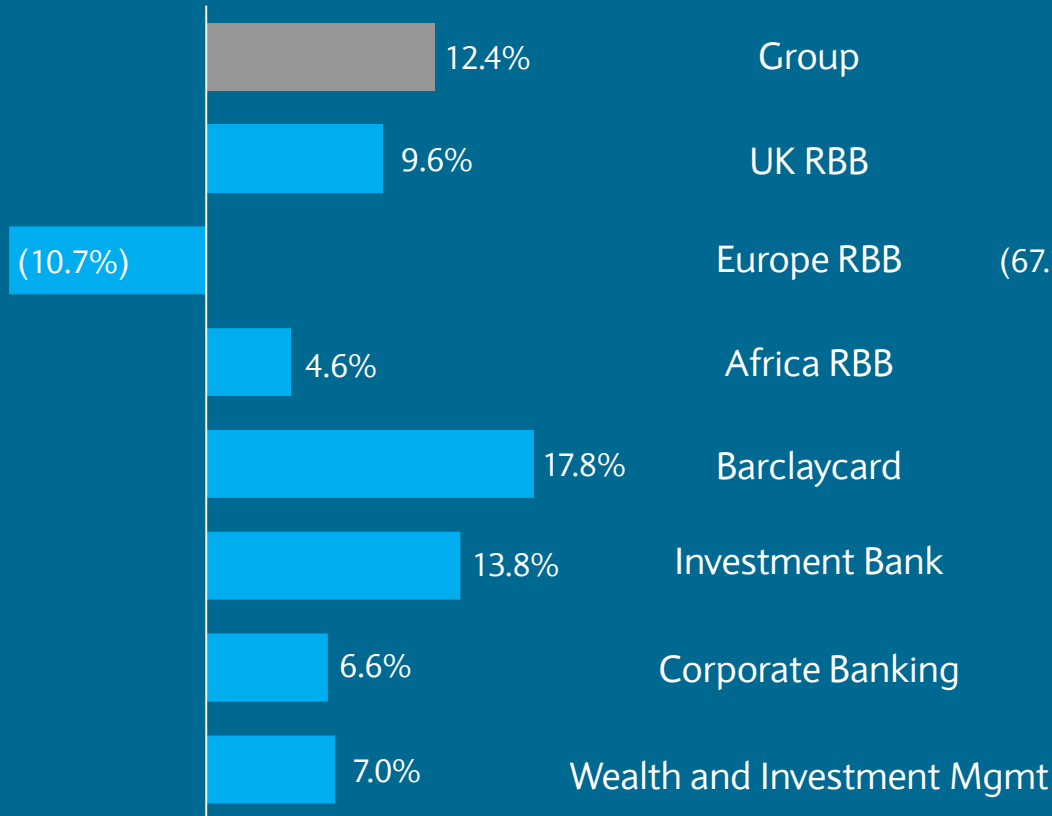
# Appendix

## 2013 Q1 Interim Management Statement

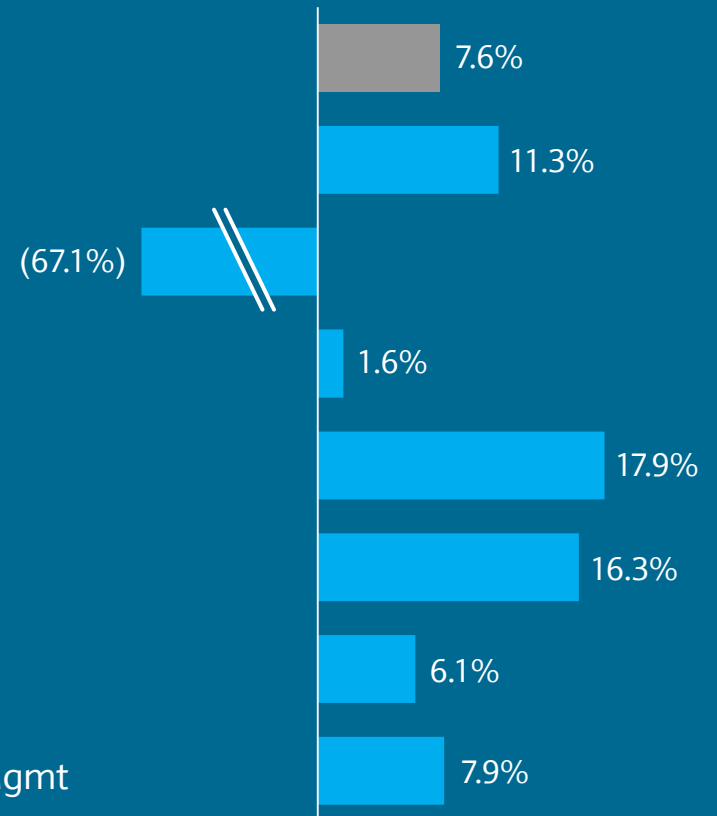
# Adjusted return on equity (RoE)

(%)

Q1 2012 RoE



Q1 2013 RoE<sup>1</sup>



<sup>1</sup> Includes effect of costs to achieve – for RoE excluding costs to achieve, see next slide

# Impact of costs to achieve

Additional adjusted performance measures by business excluding costs to achieve Transform	Three month ended 31.03.13			
	Costs to achieve Transform (£m)	Profit before tax (£m)	Return on average equity (%)	Cost: income ratio (%)
UK RBB	-	299	11.3	66
Europe RBB	(356)	(106)	(16.0)	122
Africa RBB	-	81	1.6	71
Barclaycard	-	363	17.9	43
Investment Bank	(116)	1,431	17.9	59
Corporate Banking	(37)	220	7.5	55
Wealth and Investment Management	-	60	7.9	85
Head Office and Other Operations	(5)	(48)	(1.7)	n/a
Group excluding costs to achieve Transform	(514)	2,300	10.6	62

# Net interest income

Three months ended – March	2013 (£m)	2012 (£m)	Change (%)
Customer assets	1,723	1,632	6
Customer liabilities	786	817	(4)
Total <sup>1</sup>	2,509	2,449	2
Product structural hedge	220	244	(10)
Equity structural hedge	138	148	(7)
Other	(92)	(120)	(23)
Total <sup>1</sup>	266	272	(2)
Total retail businesses, Corporate Banking and Wealth and Investment Management	2,775	2,721	2
Investment Bank	57	100	(43)
Head Office and Other Operations	45	47	(4)
Group net interest income	2,877	2,868	0

<sup>1</sup> Includes retail businesses, Barclaycard, Corporate Banking, and Wealth and Investment Management



# Net interest margins and volumes

As at 31 Mar 2013	UK RBB	Europe RBB	Africa RBB	Barclay-card	Corporate Banking	Wealth and IM	Total <sup>1</sup>	Total interest income <sup>1</sup> (£m)
Net interest margin (%):	1.28	0.81	3.03	8.49	1.23	1.11	1.79	2,775
<i>Of which customer margin (%)</i>	<i>1.03</i>	<i>0.44</i>	<i>2.85</i>	<i>8.77</i>	<i>1.12</i>	<i>0.97</i>	<i>1.62</i>	<i>2,509</i>
Average customer assets (£m)	130,546	40,494	30,451	35,887	66,741	22,221	326,340	n/a
Average customer liabilities (£m)	118,721	14,307	18,925	2,822	93,423	55,642	303,840	n/a

As at 31 Mar 2012								
Net interest margin (%):	1.34	0.80	3.07	8.74	1.30	1.25	1.83	2,721
<i>Of which customer margin (%)</i>	<i>0.98</i>	<i>0.44</i>	<i>2.98</i>	<i>9.53</i>	<i>1.26</i>	<i>0.95</i>	<i>1.65</i>	<i>2,449</i>
Average customer assets (£m)	121,898	41,956	33,212	32,844	73,008	18,914	321,832	n/a
Average customer liabilities (£m)	109,879	15,730	20,238	-	83,515	47,287	276,649	n/a

<sup>1</sup> Includes retail businesses, Barclaycard, Corporate Banking, and Wealth and Investment Management

# Balance Sheet summary

	31 Mar 13 (£bn)	31 Dec 12 (£bn)
Total assets	1,596	1,488
Including		
Derivative financial instruments	461	469
Loans and advances to customers	457	424
Total Liabilities	1,535	1,428
Including		
Derivative financial instruments	454	463
Customer accounts	438	385
Shareholders' equity	61	60
Including		
Shareholders' equity excl. Non-Controlling Interests (NCI)	52	51

# Calculation of adjusted gross leverage

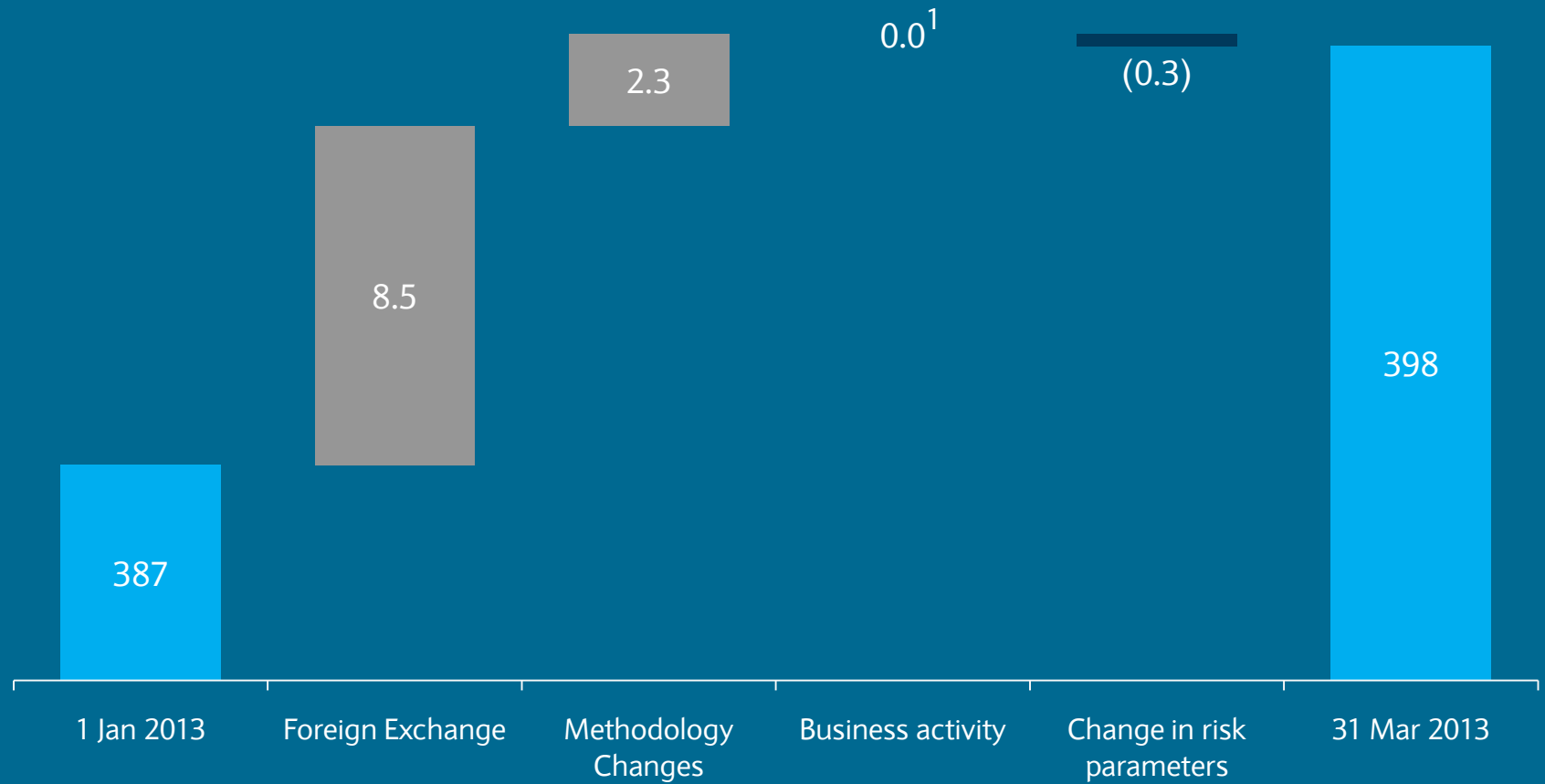
As at	31 Mar 13 (£bn)	31 Dec 12 (£bn)
Total assets	1,596	1,488
Counterparty netting	(378)	(388)
Collateral on derivatives	(47)	(47)
Net settlement balances and cash collateral	(95)	(72)
Goodwill and intangible assets	(8)	(8)
Customer assets held under investment contracts	(2)	(2)
Adjusted total tangible assets	1,066	973
Total qualifying Tier 1 capital	53	51
Adjusted gross leverage	20x	19x
Adjusted gross leverage (excl. liquidity pool)	17x	16x
Ratio of total assets to shareholders' equity	26x	25x
Ratio of total assets to shareholders' equity (excl. liquidity pool)	24x	22x

# RWAs by business

As at	31 Mar 13 (£m)	31 Dec 12 (£m)
UK RBB	42,613	39,088
Europe RBB	16,358	15,795
Africa RBB	24,929	24,532
Barclaycard	39,021	37,836
Investment Bank	181,922	177,884
Corporate Banking	72,731	70,858
Wealth and Investment Management	17,092	16,054
Head Office and Other Operations	3,188	5,326
<b>Total RWAs</b>	<b>397,854</b>	<b>387,373</b>

# RWA bridge

(£bn)



<sup>1</sup> Net effect, with some decrease in the Investment Bank offset by increases, notably in UK RBB

# Capital resources

As at	31 Mar 13 (£m)	31 Dec 12 (£m)
Shareholders' equity (excl. NCIs)	52,140	50,615
Qualifying NCIs	2,370	2,450
Regulatory adjustments and deductions:		
Goodwill and intangible assets	(7,623)	(7,622)
Own credit cumulative loss/(gain)	1,034	804
Defined benefit pension adjustment <sup>1</sup>	496	49
Unrealised (gains)/losses on AFS debt securities	(475)	(417)
Unrealised gains on AFS equity (recognised as Tier 2 capital)	(136)	(110)
Cash flow hedging reserve	(1,963)	(2,099)
50% excess of expected losses over impairment <sup>1</sup>	(798)	(648)
50% of securitisation positions	(897)	(997)
Other regulatory adjustments	(372)	(303)
Core Tier 1 Capital	43,776	41,722
Risk Weighted Assets (RWAs)	397,854	387,373
Core Tier 1 ratio	11.0%	10.8%

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

# Estimated CRD IV capital and RWAs

	31 Mar 2013	
CT1 Capital (FSA 2009 definition)	43.8	
RWAs (Basel 2.5)	397.9	
CT1 Ratio (Basel 2.5)	11.0%	
	CET1 Transitional	CET1 Fully-loaded
CRD IV impact on CT1 Capital:		
<i>Adjustments not impacted by transitional provisions</i>		
Conversion from securitisation deductions to RWA	0.9	0.9
Prudential Value Adjustments (PVA)	(1.2)	(1.2)
Other	(0.2)	(0.2)
<i>Adjustments impacted by transitional provisions</i>		
Goodwill and intangibles	7.6	-
EL > impairment	0.8	(1.0)
Deferred tax assets (losses)	(0.1)	(1.4)
Excess minority interest	-	(0.8)
Debit Valuation Adjustment (DVA)	-	(0.3)
Pensions	-	(0.5)
Gains on AFS equity and debt	-	0.7
Non-significant holdings in Financial Institutions	-	(4.5)
Mitigation of non-significant holdings in Financial Institutions	-	4.5
<b>CET1 Capital</b>	<b>51.6</b>	<b>40.0</b>
CRD IV impact on RWA:		
Credit Valuation Adjustment (CVA)		29.9
Securitisation		22.3
Central Counterparty Clearing		12.6
Other		15.0
Gross impact		79.8
<b>RWAs (CRD IV)</b>		<b>477.7</b>
<b>CET1 Ratio</b>	<b>10.8%</b>	<b>8.4%</b>

# Estimated CRD IV capital and RWAs – Notes

Estimated Capital Ratios are based on / subject to the following:

## *CRD IV, models and waivers*

- We have estimated our CRD IV Common Equity Tier 1 (CET1) ratio, capital resources and RWAs assuming the rules were applied as at 31 March 2013 on both a transitional and fully loaded basis, using a consistent basis to the reported 2012 year end position. We are currently reviewing the CRD IV rules approved by the European Parliament on 16 April 2013 and will provide an updated view on the estimated impact in our half year results announcement
- There are also certain aspects of the calculation that are dependent on technical standards to be issued by the European Banking Authority (EBA) or that are subject to implementation. The calculations assume that all items in the Internal Model Method application to the Prudential Regulation Authority (PRA) are approved, and existing waivers, where such discretion is available under CRD IV, will continue

## *Capital Resources*

- Transitional Common Equity Tier 1 (CET1) capital is based on CRD IV transitional provisions and FSA guidance dated 26 October 2012. In line with this guidance, the deduction for deferred tax is assumed to transition in at 10% in 2013 and adjustments for own shares and interim losses are assumed to transition in at 100% in 2013. Other deductions are assumed to transition in at 0% in 2013, 20% in 2014, 40% in 2015, etc.
- The PVA deduction is shown as fully deducted from CET1 on adoption of CRD IV. It is currently based on methodology agreed with the FSA in 2012 and is subject to final rules to be agreed by the EBA
- The final CRD IV rules include the implementation of a capital deduction for financial holdings greater than 10% of CET1 with a restriction on netting, where the maturity of the hedging instrument is less than one year. If applied at 31 March 2013 this would result in a capital deduction on a fully loaded basis of approximately £4.5bn at CET1 level and a further deduction of approximately £1.6bn at Total capital level. However, to avoid a misleading ratio, we have taken account of management actions that would fully mitigate the impact on capital deductions
- Excess minority interest has been calculated on a CRD IV basis and included in our full impact capital resources on the assumption that supervisory regimes outside the EU that are implementing Basel 3 and are currently considered equivalent supervisory and regulatory regimes, will continue to be considered equivalent regimes under CRD IV



# Estimated CRD IV capital and RWAs – Notes

Estimated Capital Ratios are based on / subject to the following:

## RWAs

- EU corporates, pension funds and sovereigns are assumed to be exempt from CVA volatility charge. As at 31 March 2013, EU exemptions reduced RWAs by approximately £8bn. The final CRD IV rules allow for the exemption of corporates, pension funds and sovereigns globally where trading with an EU bank, however, more analysis is required to identify those entities that will fall under the exemption
- All Central counterparties (CCPs) are assumed to be “Qualifying”. CCPs (including non-EU) will be required to apply by September 2013 to the European Securities and Markets Authority, who will make the final determination on eligibility
- The estimated RWA increase from Basel 3 includes 1250% risk weighting of securitisation positions while estimated capital resources includes add back of Basel 2 50/50 securitisation deductions
- Estimated RWAs for definition of default assume that national discretion over 180 days definition of default remains for UK retail mortgages
- “Other” CRD IV impact to RWAs include adjustments for withdrawal of national discretion of definition of default relating to non UK mortgage retail portfolios (£1.5bn), Deferred Tax Assets (£2.1bn), Material Holdings (£2.4bn), other counterparty credit risk (£1.4bn) and other items
- RWAs are sensitive to market conditions. The estimated impact on RWAs for all periods reflects market conditions as at 31 March 2013

# Barclays credit market exposures

As at	Three months ended 31 Mar 13				
	31 Mar 13 (£m)	31 Dec 12 <sup>1</sup> (£m)	FV gains/ (losses) (£m)	Imp. (charge) /release (£m)	Total gains/ (losses) (£m)
ABS CDO Super Senior	991	922	72	-	72
US sub-prime and Alt-A	661	700	43	-	43
Commercial real estate loans and properties	2,722	2,727	4	-	4
Commercial Mortgage Backed Securities	276	254	15	-	15
Leveraged Finance	3,191	3,544	(12)	-	(12)
Monoline protection on CLO and other	445	591	(11)	-	(11)
CLO and other assets	116	109	2	-	2
<b>Total</b>	<b>8,402</b>	<b>8,847</b>	<b>113</b>	<b>-</b>	<b>113</b>

<sup>1</sup> The comparatives have been restated to reflect the implementation of IFRS10 consolidated financial statements

# Stable exposure to the Eurozone periphery

As at 31 Mar 2013	Spain (£m)	Italy (£m)	Portugal (£m)	Ireland (£m)
Sovereign	1,816	2,247	661	31
Corporate	4,033	1,660	1,587	1,208
Residential mortgages	13,587	15,847	3,591	108
Financial institutions	1,719	346	21	4,149
Other retail lending	2,592	2,123	1,776	96
Total <sup>1</sup>	23,747	22,223	7,636	5,592
Total as at 31 Dec 2012	23,463	22,725	7,900	4,928

<sup>1</sup> Total net on-balance sheet exposure as at 31 March 2013 for Greece and Cyprus was £27m and £177m respectively

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