



# Barclays PLC

2014 Q1 Interim Management Statement

6 May 2014



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# Performance highlights

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## Income

- Resilient performance across the traditional banking franchises despite FX headwinds, partially offset by significant weakness in FICC income
- Increase in net interest income driven by volume growth with steady net interest margin

## Costs

- Strategic cost management programme starting to provide a material benefit across all businesses
- Lowest level of quarterly operating expenses since 2009<sup>1</sup>
- On track to better the £17.5bn guidance for 2014<sup>1</sup>

## Returns

- Group adjusted profit before tax down 5%
- Higher adjusted profit before tax and return on equity (excl. CTA) across all businesses outside the Investment Bank

## Balance sheet

- Continued progress on balance sheet and capital management
  - CRD IV fully loaded CET1 increased 37bps to 9.6%
  - PRA leverage ratio increased 16bps to 3.1%
  - TNAV increased 1p to 284p

<sup>1</sup> Excluding costs to achieve Transform |

# Steady performance by traditional banking franchises, offset by weakness in FICC

Three months ended – March (£m)	2013	2014
Income	7,734	6,650
Impairment	(706)	(548)
Operating expenses <sup>1</sup>	(4,782)	(4,195)
Costs to achieve Transform (CTA)	(514)	(240)
<b>Adjusted profit before tax</b>	<b>1,786</b>	<b>1,693</b>
Adjusting item		
- Own credit	(251)	119
Statutory profit before tax	1,535	1,812
Statutory attributable profit	839	965
Adjusted financial performance measures	Dec-13	Mar-14
Fully loaded CRD IV CET1 ratio	9.3%	9.6%
Estimated PRA leverage ratio	3.0%	3.1%
Net tangible asset value per share	283p	284p

## Financial Performance

- Income reflected growth in UK Retail and Barclaycard, offsetting weaker FICC performance
  - Net interest margin was flat at 179bps, with a stable contribution from structural hedges
- Continued strong credit risk management led to 22% improvement in impairment and loan loss rate of 45bps
- Operating expenses reduced materially reflecting sustainable savings from the Transform cost programme
- On track to deliver costs below our £17.5bn target for 2014, excluding costs to achieve Transform
- Excluding CTA, adjusted PBT improved year on year across all businesses except for the Investment Bank
- Capital position continued to strengthen with CET1 of 9.6%
- PRA leverage ratio reached 3.1%, ahead of the June 2014 PRA expectation of 3.0%
- TNAV increased 1p to 284p with increase in equity offset by increase in shares issued

<sup>1</sup> Excluding costs to achieve Transform |

# Continued strong financial fundamentals, providing a platform for long-term sustainable returns

(£bn)		Dec-13	Mar-14
Balance Sheet	Leverage exposure <sup>1</sup>	1,365	1,326
	Total IFRS assets	1,346	1,362
	Derivatives	355	333
	Loans and advances to customers	432	462
	Wholesale funding	186	186
	Customer deposits	429	457
	Loan to deposit ratio	101%	101%
CRD IV Capital <sup>2</sup>	Fully loaded CET1 capital	40.4	41.4
	Fully loaded T1 capital	42.7	43.7
	Risk weighted assets	436	429
		Mar-13	Mar-14
Adjusted Returns	Return on equity	7.6% <sup>3</sup>	6.4% <sup>3</sup>
	Return on tangible equity	9.0%	7.5%

- Key balance sheet and capital measures continued to trend in the right direction
- Capital and leverage positions improved while maintaining a robust funding profile and liquidity metrics
- Estimated PRA leverage exposure reduced by a further £39bn
- IFRS balance sheet rose slightly due to seasonal increase in settlement balances
- RWAs decreased by £6bn to £429bn
- Funding remained stable at 101% loan to deposit ratio
- Fully loaded CRDIV CET1 capital increased £1bn to £41.4bn due to retained earnings
- Return on equity decreased to 6.4% reflecting a year on year increase in share capital following the 2013 rights issue

<sup>1</sup> Leverage exposure calculation reflects Barclays current understanding of the regulatory requirements and guidance, and their application in the industry | <sup>2</sup> Dec-13 and March-14 estimates based on our interpretation of the final CRD IV text and latest EBA technical standards | <sup>3</sup> Includes costs to achieve Transform. Excluding costs to achieve, Group adjusted return on average equity would have been 7.7% |

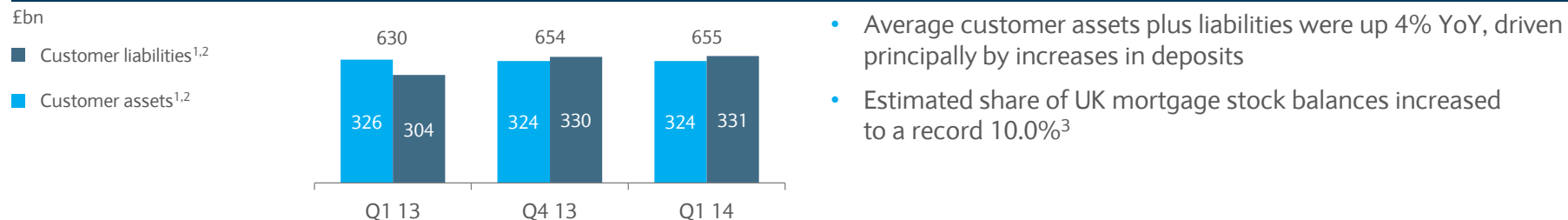
# Well positioned for future minimum anticipated requirements

		Barclays Mar-14	Regulatory benchmark	Date required	Exceeds target	
Capital	Fully-loaded CET1 ratio <sup>1</sup>	9.6%	10.4% <sup>2</sup>	2019	On Track	Targeting fully-loaded CET1 ratio of >10.5% in 2015
Leverage	CRD IV leverage ratio <sup>1</sup>	3.3%	3% <sup>3</sup>	2018	✓	<ul style="list-style-type: none"> <li>Barclays already meets a number of future regulatory minimum requirements as they are known today</li> </ul>
	PRA leverage ratio <sup>4</sup>	3.1%	3%	Jun-2014	✓	
Liquidity	Liquidity Coverage Ratio (LCR) <sup>5</sup>	103%	100%	2018	✓	<ul style="list-style-type: none"> <li>Continue to anticipate regulatory change where possible</li> </ul>

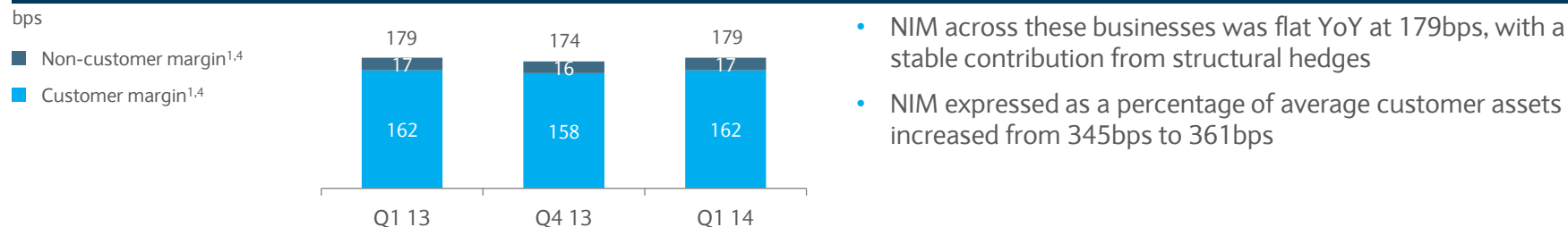
<sup>1</sup> FL CET1 ratio and estimated CRD IV leverage ratio based on our interpretation of the final CRD IV text and latest EBA technical standards | <sup>2</sup> Expected FL CET1 ratio benchmark excludes sectoral and Countercyclical buffers, and is based on the expected minimum for a 2% G-SIFI bank, but includes the Pillar 2A requirement for 2014. However, Pillar 2A is subject to at least annual review and may be different in 2019 | <sup>3</sup> 3% represents the current Basel 3 proposal. There is currently no proposed minimum in the CRD IV text as published on 26 June 2013. Banks are required to report their leverage ratio for supervisory review purposes from 2014 onwards and from 2015, banks are required to publish their leverage ratios in Pillar 3 disclosures, with the expectation that a binding Pillar 1 requirement will be introduced across the EU from 2018 | <sup>4</sup> Estimated PRA leverage ratio based on PRA adjusted FL CET1 capital and CRD IV and PRA qualifying T1 capital over PRA adjusted leverage exposure as defined in the PRA supervisory statement SS3/13 | <sup>5</sup> Estimated Liquidity Coverage Ratio (LCR) based on CRD IV rules, as implemented by the EBA |

# Net interest income - driven by volume growth

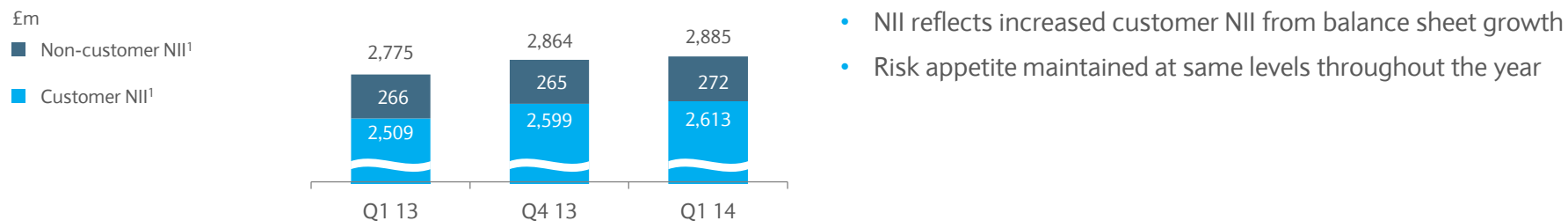
## Customer assets and liabilities



## NIM was stable...



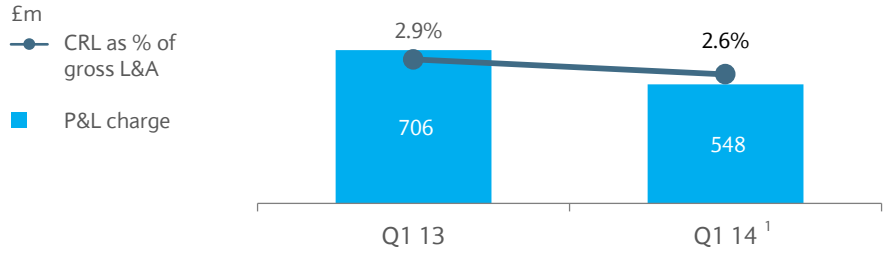
## ...increasing NII



<sup>1</sup> For RBB businesses, Barclaycard, Corporate Banking and Wealth & IM | <sup>2</sup> Average balances | <sup>3</sup> Source: Bank of England | <sup>4</sup> Using customer assets and liabilities as the denominator |

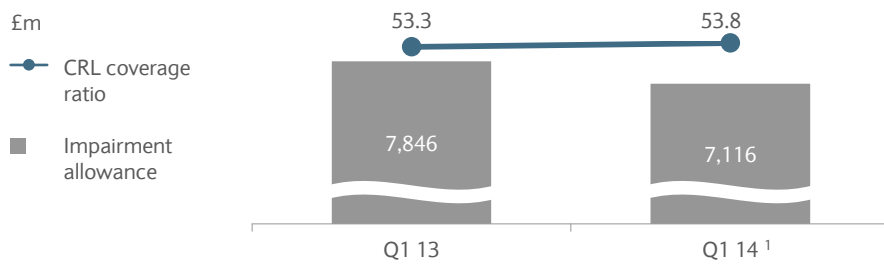
# Asset quality trends remain favourable

## Impairment charge and CRLs



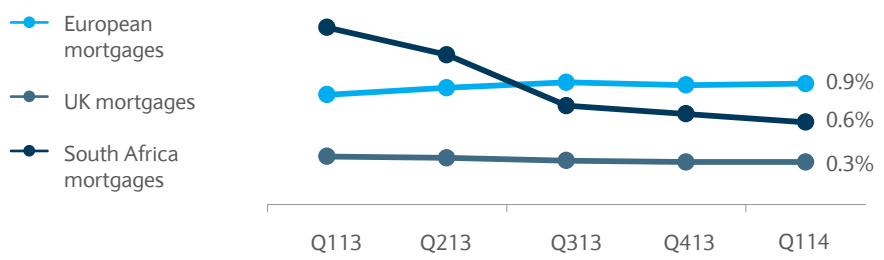
- Annualised loan loss rate of 45bps, down from peak of 156bps in 2009
- Impairment in Corporate Banking down 40% to £78m
- Retail impairment improved in Africa RBB by 48%, or 33% on a constant currency basis

## CRL coverage ratio



- Loan growth in retail and card businesses has not been to the detriment of asset quality
- Impairment allowances have fallen, but coverage ratios continue to remain stable

## 90-day delinquency trends

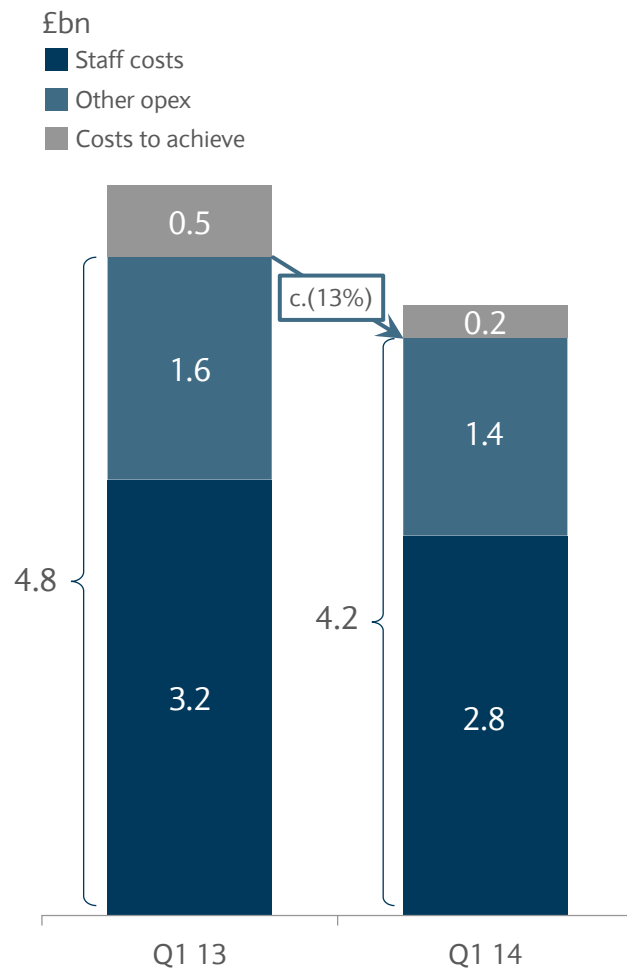


- Both UK and European mortgage delinquency rates remain stable, reflecting low risk/high quality mortgage books
- South Africa mortgage delinquency trends improved significantly over recent years

<sup>1</sup> Restated to reflect the impact of IFRS10



# On track to better 2014 cost guidance of £17.5bn



Operating expenses progress (£m)					
	Q113 operating expenses <sup>1</sup>	Q114 operating expenses <sup>1</sup>	Net decrease YoY	CTA spend to date	Anticipated savings from CTA spend to date
UK RBB	704	676	28	206	Savings in relation to the Q1 1,700 FTE reduction from branch rationalisation will phase in from Q214
Barclaycard	496	447	49	62	Savings related to insourcing of customer services, automation, and increased customer digital experience to deliver reductions throughout 2014
Corporate	422	379	43	120	Savings from Exit Quadrant business exits in Europe and UAE and related 700 FTE reduction to deliver saves throughout 2014 and 15
Africa RBB	474	402	72	35	Savings from CTA spend on re-shaping the branch network and supporting digitalisation is expected to deliver benefits throughout 2014
Europe RBB	215	185	30	406	Savings from the reduction of 1,600 FTEs and 500 distribution points will continue to phase in during 2014
Wealth	400	363	37	180	Savings related to reducing the global cost to serve in Wealth by de-risking and streamlining processes
IB	2,054	1,722	332	411	Savings related to FO restructure and MD/Director level restructuring expected from Q214 onwards
<b>Group<sup>2</sup></b>	<b>4,782</b>	<b>4,195</b>	<b>587</b>	<b>1,449</b>	

<sup>1</sup> Excluding costs to achieve Transform | <sup>2</sup> Includes Head Office costs of £17m and £21m in Q113 and Q114, respectively, and £29m of CTA spend to date |

# UK RBB – improving income and cost efficiency

Three months ended - March	2013 (£m)	2014 (£m)
Income	1,067	1,145
Impairment	(89)	(80)
Operating expenses <sup>1</sup>	(704)	(676)
Costs to achieve Transform	-	(31)
<b>Adjusted profit before tax</b>	<b>299</b>	<b>360</b>
Adjusted financial performance measures		
Return on average tangible equity <sup>2</sup>	19.2%	21.0%
Return on average equity <sup>2</sup>	11.0%	12.4%
Cost: income ratio	66%	62%
Loan Loss Rate	27bps	23bps
Net Interest Margin	128bps	132bps
Customer NIM <sup>3</sup>	103bps	111bps
	Dec-13	Mar-14
Customer assets <sup>4</sup>	£136.1bn	£137.3bn
Customer liabilities <sup>4</sup>	£133.0bn	£134.2bn

## Financial Performance

- Continued growth in income of 7% driven by strong growth in balances YoY
- NII increased 12% driven by growth in average balances
- NIM improved 4bps and remains well placed for margin expansion
- Credit impairment improved 10%, with LLR of 23bps
- Operating expenses were down 4%, reflecting
  - FTE reductions of 1,700 and the closure of three operating sites
  - Lowest operating expenses since 2011<sup>1</sup>
- Continues to generate strong return on equity
- Loans and advances were £137.8bn, up 1% since December 2013
  - Mortgage balances increased to £123.9bn, taking UK stock share to a record 10.0%<sup>5</sup>
- Gross mortgage lending was strong, with 39% growth YoY

<sup>1</sup> Excluding costs to achieve Transform | <sup>2</sup> 2013 comparative has been revised for the impact of calculating returns on an estimated fully loaded CRD IV basis | <sup>3</sup> Excluding non-customer income/structural hedge contribution from NII | <sup>4</sup> Average balances | <sup>5</sup> Source: Bank of England |

# Barclaycard – continued growth with strong returns

Three months ended - March	2013 (£m)	2014 (£m)
Income	1,153	1,184
Impairment	(303)	(311)
Operating expenses <sup>1</sup>	(496)	(447)
Costs to achieve Transform	-	(13)
<b>Adjusted profit before tax</b>	<b>363</b>	<b>423</b>
Adjusted financial performance measures		
Return on average tangible equity <sup>2</sup>	22.5%	23.5%
Return on average equity <sup>2</sup>	17.0%	18.6%
Cost: income ratio	43%	39%
Loan Loss Rate	340bps	333bps
Net Interest Margin	849bps	819bps
	Dec-13	Mar-14
Customer assets <sup>3</sup>	£36.6bn	£37.2bn
Customer liabilities <sup>3</sup>	£4.4bn	£4.8bn

## Financial Performance

- Continued growth in UK and International businesses
- Income grew by 3% from business growth
  - Value of payments processed up 6% from Q1 2013
  - Number of customers up 9% from Q1 2013
- NIM decreased due to strong YoY growth in customer liabilities, but grew 12bps from Q4 2013
- Impairment increased 3%, while LLR reduced 7bps from improved delinquency rates in UK and US
- Operating expenses fell 10% leading to strong positive jaws
- Profit growth of 17% reflected continued net lending growth and improved efficiency

<sup>1</sup> Excluding costs to achieve Transform | <sup>2</sup> 2013 comparative has been revised for the impact of calculating returns on an estimated fully loaded CRD IV basis | <sup>3</sup> Average balances |

# Corporate – turnaround continues with significant increase in profitability

Three months ended - March	2013 (£m)	2014 (£m)
Income	772	722
Impairment	(130)	(78)
Operating expenses <sup>1</sup>	(422)	(379)
Costs to achieve Transform	(37)	(6)
<b>Adjusted profit before tax</b>	<b>183</b>	<b>260</b>

Adjusted financial performance measures		
Return on average tangible equity <sup>2</sup>	5.1%	7.3%
Return on average equity <sup>2</sup>	4.9%	7.0%
Cost: income ratio	59%	53%
Loan loss ratio	74bps	46bps
Net interest margin	123bps	124bps
	<b>Dec-13</b>	<b>Mar-14</b>
Customer assets <sup>3</sup>	£66.1bn	£66.6bn
Customer liabilities <sup>3</sup>	£99.0bn	£100.6bn

## Financial Performance

- Improved UK income performance offset by £58m reduction in the fair value loan portfolio
- Impairment improved by 40%, from reduction in Spanish exposure, while UK charges remained low
- Operating expenses reduced by 16%, reflecting rationalisation of geographic footprint and efficiencies in the UK business
- Adjusted PBT increased 42%, despite fair value loan movements, reflecting lower costs and improved impairment
- Despite increased PBT, returns remained low due to drag from Exit Quadrant assets but cost savings starting to come through

<sup>1</sup> Excluding costs to achieve Transform | <sup>2</sup> 2013 comparative has been revised for the impact of calculating returns on an estimated fully loaded CRD IV basis | <sup>3</sup> Average balances |

# Africa, Europe RBB, Wealth – turnaround or repositioning plans underway

Africa RBB: Three months ended - March	2013 (£m)	2014 (£m)
Income	668	567
Impairment	(114)	(59)
Operating expenses <sup>1</sup>	(474)	(402)
Costs to achieve Transform	-	(9)
<b>Adjusted profit before tax</b>	<b>81</b>	<b>101</b>

Europe RBB: Three months ended - March	2013 (£m)	2014 (£m)
Income	176	146
Impairment charges	(70)	(49)
Operating expenses <sup>1</sup>	(215)	(185)
Costs to achieve Transform	(356)	(3)
<b>Adjusted loss before tax</b>	<b>(462)</b>	<b>(88)</b>

Wealth: Three months ended - March	2013 (£m)	2014 (£m)
Income	469	451
Impairment charges	(14)	(17)
Operating expenses <sup>1</sup>	(400)	(363)
Costs to achieve Transform	-	(22)
<b>Adjusted profit before tax</b>	<b>60</b>	<b>51</b>

<sup>1</sup> Excluding costs to achieve Transform |

## Performance reflecting strong market positions across Africa

- Rand depreciation of 30% year on year materially impacted results
- Income was up 9% in constant currency terms, driven by increased rates and revenue growth in South Africa (SA)
- Impairment improved 48%, from lower SA home loans charges
- Operating expenses reflected inflationary pressures in SA
- Profit before tax was up 25% despite a depreciation in the Rand

## Significant European restructuring underway

- Lower income in line with asset reductions and product offering rationalisation
- Impairment improved by 30% mainly due to better Spanish mortgage portfolio collections
- Operating expenses reflected positive impact of reductions in FTE and distribution points, and lower costs to achieve Transform

## Refreshed Wealth strategy simplifying the business

- Strategic refresh underway to streamline target markets and client propositions
- Lower income more than offset by cost savings from restructuring
- Costs to achieve Transform of £22m relating to the strategy refresh, in addition to £158m in 2013

# Investment Bank – continued tough FICC environment

Three months ended - March	2013 (£m)	2014 (£m)
FICC	2,073	1,230
Equities and Prime Services	706	674
Investment Banking	557	555
Principal Investments	9	8
Exit Quadrant	118	23
Income	3,463	2,490
Impairment release	14	46
Operating expenses <sup>1</sup>	(2,054)	(1,722)
Costs to achieve Transform	(116)	(149)
<b>Profit before tax</b>	<b>1,315</b>	<b>668</b>
Adjusted financial performance measures		
Return on average tangible equity <sup>2</sup>	11.0%	4.9%
Return on average equity <sup>2</sup>	10.7%	4.7%
Comp: income ratio	41%	46%
	Dec-13	Mar-14
CRDIV RWAs	£221.6bn	£218.9bn

## Financial Performance

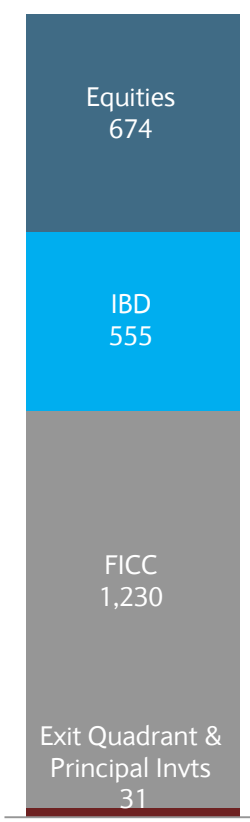
- Total income declined 28% driven primarily by a 41% reduction in FICC and further decline in Exit Quadrant assets
- Macro and Credit weaknesses reflected:
  - Challenging trading conditions against the better relative performance against peers in Q1 2013
  - Subdued client activity
  - Some underperformance against peers in Q1 2014
  - Impact of changes in business mix during Q1 2014 in light of the ongoing strategic review in the Investment Bank
- Investment Banking income was flat, while Equities and Prime Services was down 5%
- Operating expenses were down 14%, reflecting compensation cost reduction of 20% and benefits from Transform
- Costs to achieve Transform of £149m primarily from business redundancies across Europe, Asia and America
- Non-performance costs at lowest level since 2009<sup>1</sup>
- RWAs continued to be tightly managed, with continuing risk reduction partially offset by increased operational risk RWAs and further model changes
- Returns reflect significant drag from Exit Quadrant assets and remain below satisfactory levels

<sup>1</sup> Excluding costs to achieve Transform | <sup>2</sup> 2013 comparative has been revised for the impact of calculating returns on an estimated fully loaded CRD IV basis |

# Investment Bank – quarterly income trend

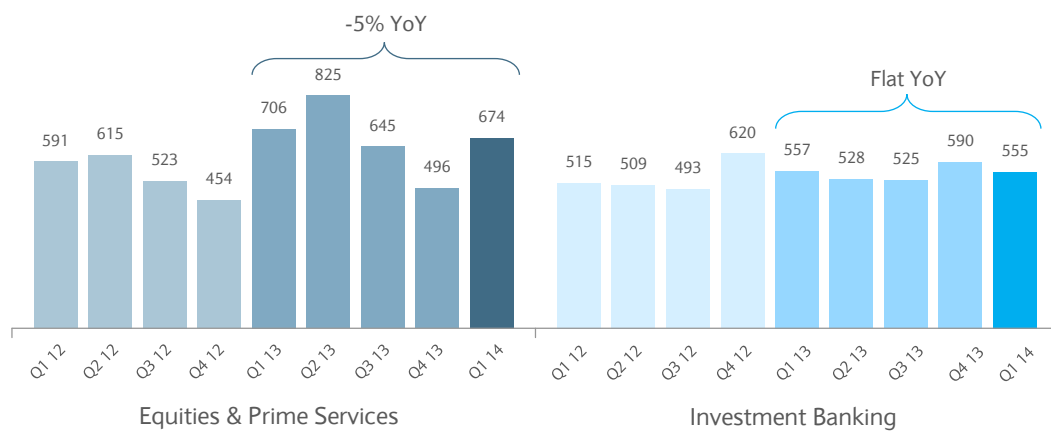
## Q114 Business Mix

(£m)



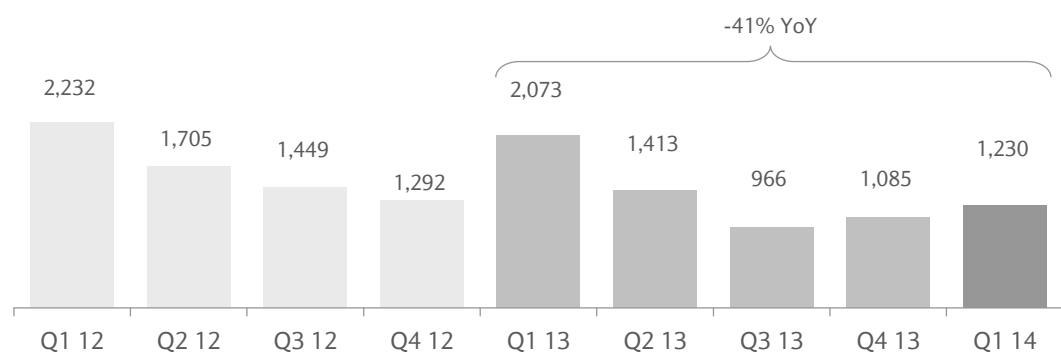
Income

## Equity and Investment Banking (£m)



- Equities and Prime Services income decreased 5% YoY with declines in cash equities and equity derivatives as prior year benefitted from market rallies
- Investment Banking income remained in line as a significant increase in financial advisory activity was offset by a decline in activity in equity and debt underwriting

## FICC (£m)



- FICC income fell 41% YoY:
  - Macro businesses continue to be affected by challenging trading conditions, in particular in Rates and FX
  - Subdued client activity
  - Some underperformance against peers in Q1 2014
  - Impact of changes in business mix during Q1 2014 in light of the ongoing strategic review in the Investment Bank
- FICC income +13% vs. Q4 driven by an increase in trading volumes, across credit and securitised products

# Conclusion

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Focus on balance sheet optimisation, cost reduction and returns

Capital and leverage ratios strengthened

Cost programme delivering results

Strength in traditional banking franchises



# Legal Disclaimer

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## 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 certain of Barclays PLC and its subsidiaries (Group) plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results 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 regarding the Group’s future financial position, income growth, assets, impairment charges and provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs, original and revised commitments and targets in connection with the Transform Programme, deleveraging actions, estimates of capital expenditures and plans and objectives for future operations 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 (IFRS), 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, United States, 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 the Group; the potential for one or more countries exiting the Eurozone; implementation of the Transform Programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group’s control. As a result, the Group’s actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, and expectations set forth in the Group’s forward-looking statements. Additional risks and factors are identified in our filings with the US Securities and Exchange Commission (SEC) including our Annual Report on Form 20-F for the fiscal year ended 31 December 2013 which is available on the SEC’s website at <http://www.sec.gov>.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc (the LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Barclays’ expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the SEC.



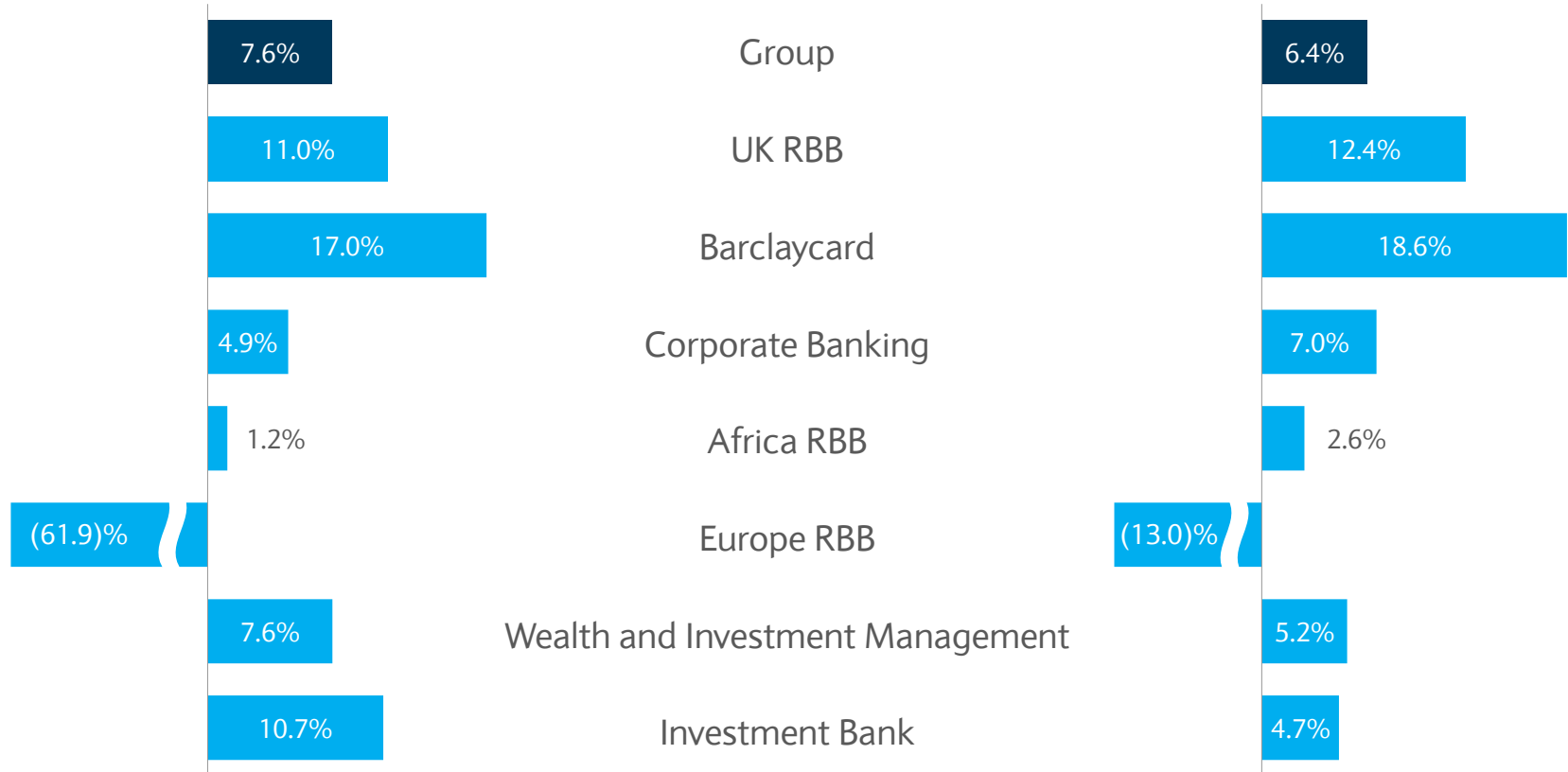
# Appendix

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# Adjusted Return on Average Equity (RoE)

RoE<sup>1</sup> – Three months ended – March 2013

RoE<sup>2</sup> – Three months ended – March 2014



<sup>1</sup> 2013 comparative has been revised for the impact of calculating returns on an estimated fully loaded CRD IV basis | <sup>2</sup> Includes costs to achieve Transform. Excluding costs to achieve Transform, Group adjusted return on average equity would have been 7.7% |

# Impact of costs to achieve Transform

Adjusted performance measures by business, excluding costs to achieve Transform	Three months ended – March 2014			
	Costs to achieve Transform (£m)	Profit before tax (£m)	Return on average equity <sup>1</sup> (%)	Cost: income ratio (%)
UK RBB	31	391	13.5	59
Barclaycard	13	436	19.2	38
Corporate Banking	6	266	7.1	52
Africa RBB	9	110	3.5	71
Europe RBB	3	(85)	(12.6)	127
Wealth and Investment Management	22	73	8.1	80
Investment Bank	149	817	6.3	69
Head Office and Other Operations	7	(75)	(0.3)	
<b>Group excluding costs to achieve Transform</b>	<b>240</b>	<b>1,933</b>	<b>7.7</b>	<b>63</b>

<sup>1</sup> Return on average equity for Head Office and Other Operations represents the dilution for the Group |

## Broad contribution by diverse businesses

Three months ended – March (£m)	Income		Profit Before Tax	
	2013	2014	2013	2014
UK RBB	1,067	1,145	299	360
Barclaycard	1,153	1,184	363	423
Corporate Banking	772	722	183	260
Africa RBB	668	567	81	101
Europe RBB	176	146	(462)	(88)
Wealth and Investment Management	469	451	60	51
Investment Bank	3,463	2,490	1,315	668
Head Office and Other Operations	(34)	(55)	(53)	(82)
<b>Group<sup>1</sup></b>	<b>7,734</b>	<b>6,650</b>	<b>1,786</b>	<b>1,693</b>

<sup>1</sup> Adjusted basis, excluding £119m own credit gain |

# Net interest margins and volumes

	UK RBB	Barclay-card	Corporate Banking	Africa RBB	Europe RBB	Wealth and IM	Total <sup>1</sup>
Three months ended – March 2014							
Net interest margin (%)	1.32	8.19	1.24	3.39	0.77	1.06	1.79
<i>Of which customer margin (%)</i>	<i>1.11</i>	<i>8.39</i>	<i>1.12</i>	<i>2.91</i>	<i>0.42</i>	<i>0.99</i>	<i>1.62</i>
Three months ended – December 2013							
Net interest margin (%)	1.32	8.07	1.13	3.25	0.77	1.02	1.74
<i>Of which customer margin (%)</i>	<i>1.10</i>	<i>8.17</i>	<i>1.06</i>	<i>2.95</i>	<i>0.42</i>	<i>0.97</i>	<i>1.58</i>
Three months ended – March 2013							
Net interest margin (%)	1.28	8.49	1.23	3.03	0.81	1.11	1.79
<i>Of which customer margin (%)</i>	<i>1.03</i>	<i>8.77</i>	<i>1.11</i>	<i>2.85</i>	<i>0.44</i>	<i>0.97</i>	<i>1.62</i>

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

# Analysis of Net Interest Income

Three months ended – March (£m)	2013	2014
Customer assets	1,723	1,788
Customer liabilities	786	825
Total RBB, Corporate Banking and Wealth & IM customer income	2,509	2,613
Product structural hedge	220	191
Equity structural hedge	72	103
Other	(26)	(22)
Total RBB, Corporate Banking and Wealth & IM non-customer income	266	272
<b>Total RBB, Corporate Banking and Wealth &amp; IM net interest income</b>	<b>2,775</b>	<b>2,885</b>
Investment Bank	57	261
Head Office and Other Operations	45	(48)
<b>Group net interest income</b>	<b>2,877</b>	<b>3,098</b>
Other income	4,857	3,552
<b>Total income<sup>1</sup></b>	<b>7,734</b>	<b>6,650</b>

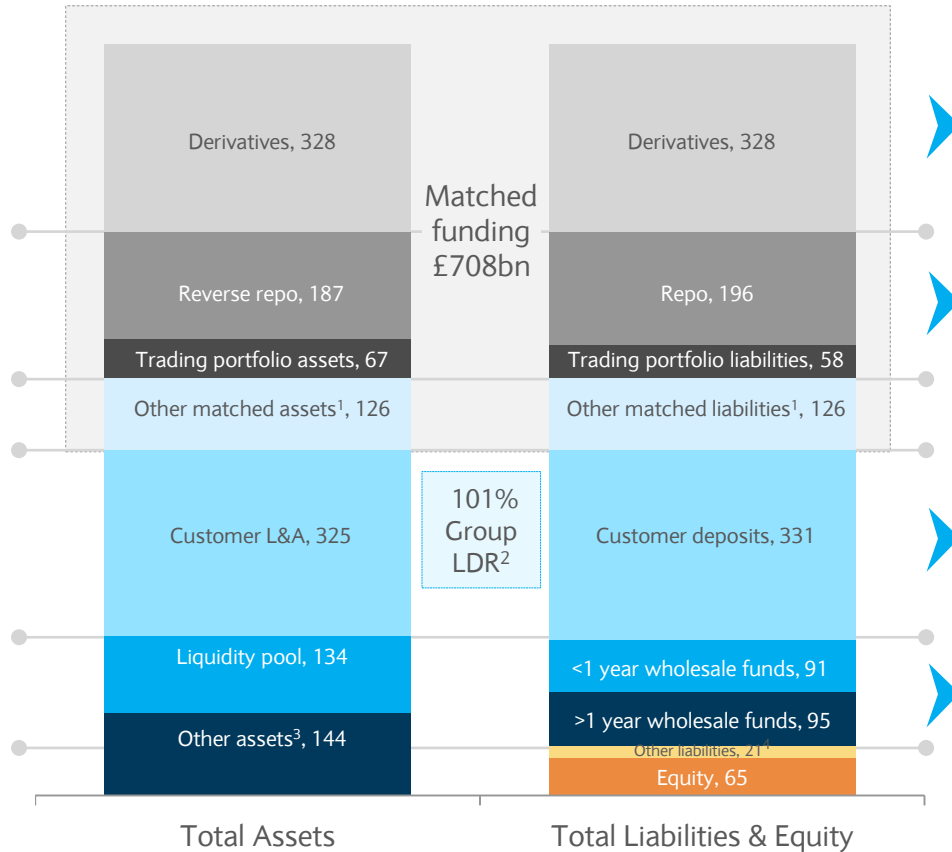
<sup>1</sup>Total contribution to Group net interest income from structured hedges was £0.4bn (2013: £0.4bn) |

# Balance sheet funding

Total balance sheet as at 31 March 14 of £1.3tn (excl. BAGL<sup>5</sup>)

Highlights

(£bn)



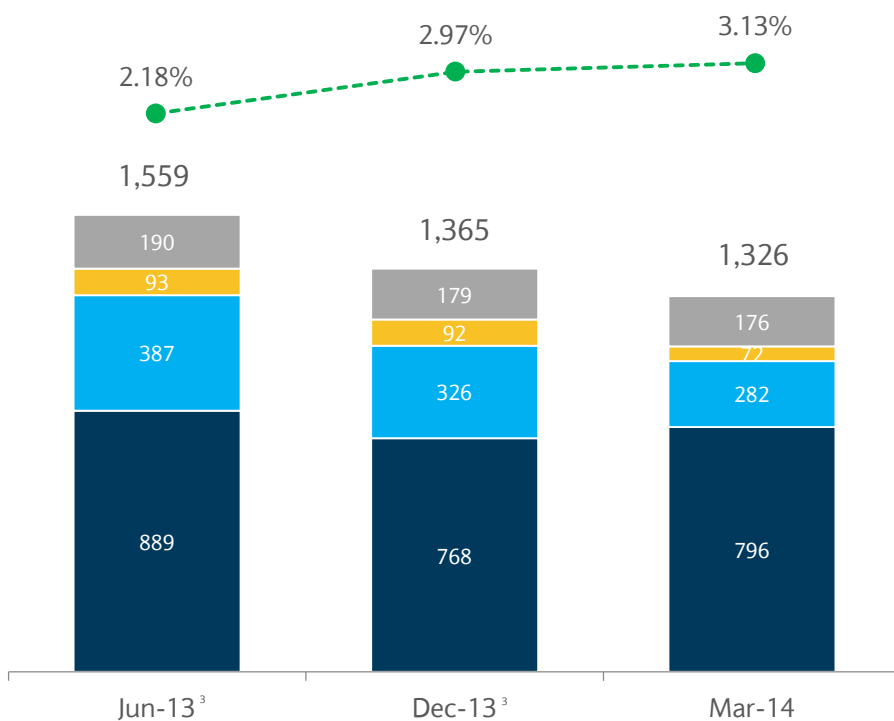
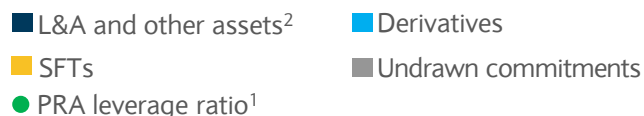
- Derivative assets and liabilities largely matched
- Trading portfolio assets and reverse repurchase agreements are largely funded in wholesale markets by repurchase agreements and trading portfolio liabilities
- RBB, Corporate and Wealth & Investment Management customer L&A largely funded by customer deposits
- Decreasing reliance on wholesale funding (£186bn as at 31 March 2013, down £54bn since 2012)
- Liquidity pool predominantly funded through wholesale markets and well in excess of short-term wholesale funds

<sup>1</sup> Matched cash collateral and settlement balances | <sup>2</sup> The Group Loan to Deposit Ratio (LDR) includes BAGL, cash collateral and settlement balances | <sup>3</sup> Including L&A to banks, financial assets at fair value, AFS securities (excl. liquidity pool), unencumbered trading portfolio assets, and excess derivative assets | <sup>4</sup> Including excess cash collateral and settlement balances | <sup>5</sup> Barclays Africa Group Limited |



# Continued strengthening of our leverage ratio

## PRA leverage exposure<sup>1</sup> (£bn)



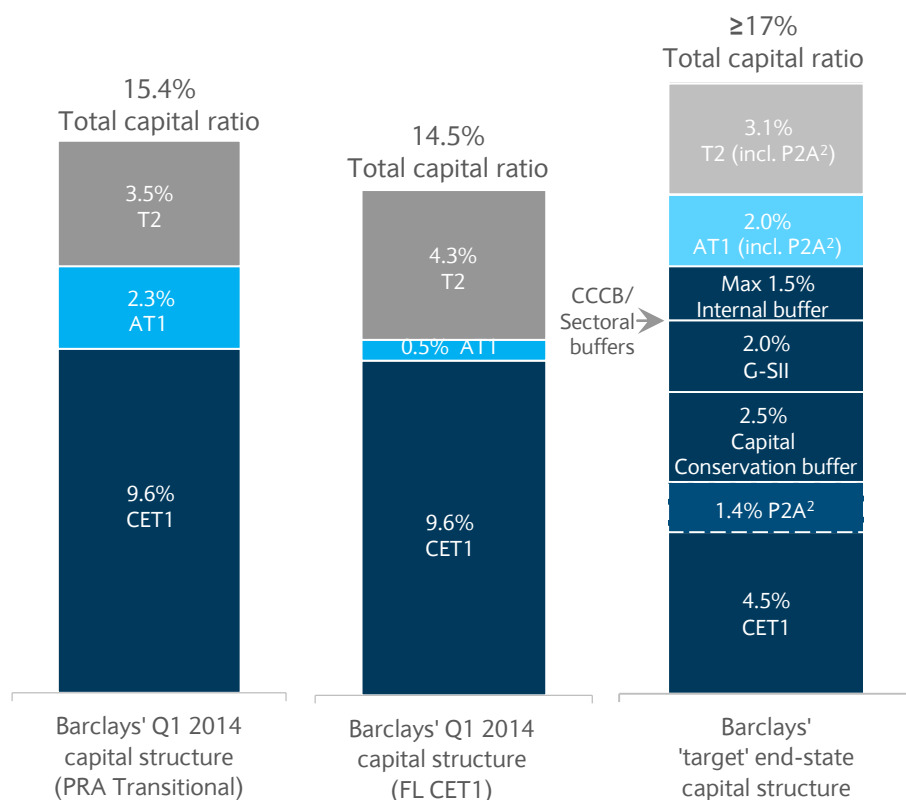
## Highlights

- Estimated PRA leverage ratio improved further as a result of regulatory capital accretion and additional deleveraging
- As at 31 March 2014, the ratio was 3.1%, now exceeding the PRA's expected leverage ratio of 3% by June 2014
- We continue to make good progress on deleveraging, reducing expected PRA leverage exposure by £39bn, including:
  - £20bn reduction in SFT exposures primarily from collateral and netting optimisations
  - £17bn reduction in PFE on derivatives from trade compression
  - £26bn reduction in PFE driven by a change to the basis of preparation<sup>4</sup>, offset by a £33bn increase in settlement balances due to increased trading activity
- Recent Basel proposals estimated to decrease the leverage ratio by c.20bps<sup>5</sup> before management actions

<sup>1</sup> Estimates based on current CRD IV and PRA guidance | <sup>2</sup> Loans and advances and other assets net of regulatory adjustments, including the PRA adjustment to CRD IV leverage exposure | <sup>3</sup> Jun-13 leverage exposure has not been restated for IAS 32. Dec-13 has been restated for IAS 32, resulting in a £2bn increase in the estimated PRA leverage exposure | <sup>4</sup> Change in basis of preparation relating to sold options and mark-to-market resets, reflecting our latest understanding of the application of the CRR rules | <sup>5</sup> Based on initial high level impact analysis |

# Transitioning towards our 'target' end-state capital structure

## Evolution of capital structure



## Fully loaded CRD IV capital position

- Fully loaded (FL) CRD IV CET1 ratio increased by 37bps to 9.6%, demonstrating good progress towards our 10.5% target in 2015
- The ratio was well in excess of the 7% PRA regulatory target<sup>1</sup>
- We expect to build towards a FL CET1 ratio of 11.5-12% in end-state<sup>2</sup>
- In 2013, we started building our CRD IV-compliant AT1 layer, via the issuance of £2.1bn securities (c.50bps of Q1 2014 RWAs)
- We continue to build towards our end-state capital structure which assumes PLAC of at least ICB's 17% recommendation; final requirements subject to PRA discretion

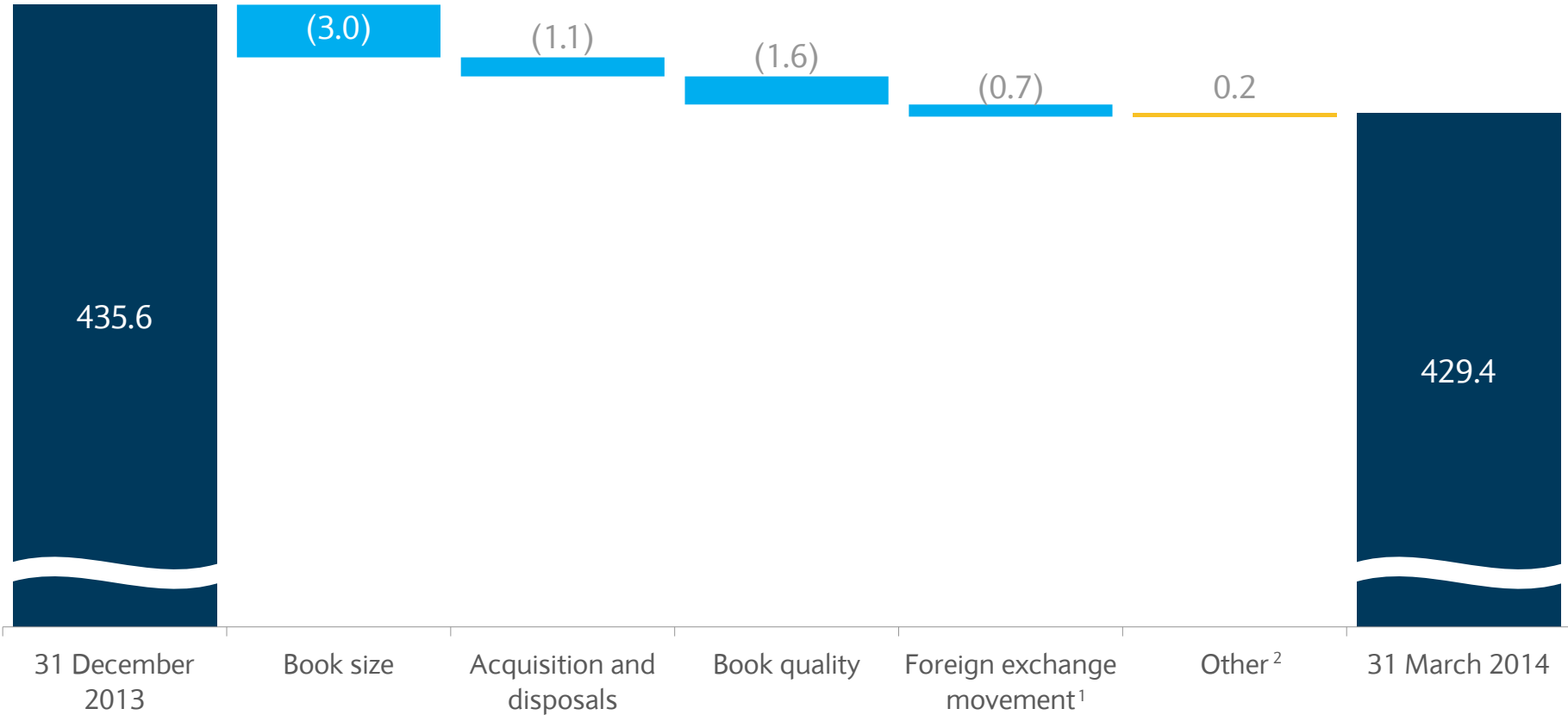
## Pillar 2A guidance

- As per PS7/13<sup>3</sup>, PRA expects UK banks to meet Pillar 2A by 1 January 2015, with
  - at least 56% CET1
  - no more than 44% in AT1
  - at most 25% in T2 capital
- Individual capital guidance determining Pillar 2A will be set and communicated at least annually, and will vary accordingly
- 2.5% Barclays Pillar 2A for 2014<sup>4</sup>:
  - CET1 of 1.4% (assuming 56%)
  - AT1 of 0.5% (assuming 19%)
  - T2 of 0.6% (assuming 25%)

<sup>1</sup> Being the higher of 7% PRA expectation and CRD IV capital requirements <sup>2</sup> Pillar 2A requirements for 2014 held constant out to end-state for illustrative purposes. The PRA buffer is assumed to be below the CBR of 4.5% in end-state albeit this might not be the case. CCCB, other systemic and sectoral buffer assumed to be zero <sup>3</sup> The PRA intends to consult on its Pillar 2 proposal during 2014. The EBA is also developing guidelines on Pillar 2 capital which are likely to affect how the PRA approaches Pillar 2 <sup>4</sup> The Pillar 2 requirement is a point in time assessment made at least annually, by the PRA, to reflect idiosyncratic risks not fully covered under Pillar 1. It is expected to vary over time in accordance with individual capital guidance. The PRA has stated (in CP5/13) that capital that firms use to meet their minimum requirements (Pillar 1 and Pillar 2A) cannot be counted towards meeting buffers

# Continued progress on RWAs

CRD IV RWAs (£bn)



<sup>1</sup> Foreign exchange movement does not include movements for IMM, Modelled Market Risk of Exit Quadrant | <sup>2</sup> Includes net effect of methodology, policy and model updates |

## RWAs by Business

(£bn)	December 2013	March 2014
UK RBB	44.1	44.0
Barclaycard	40.5	41.2
Corporate Banking	70.5	67.9
Africa RBB	22.8	21.9
Europe RBB	16.2	15.8
Wealth and Investment Management	17.3	17.2
Investment Bank	221.6	218.9
Head Office and Other Operations	2.5	2.5
<b>Group</b>	<b>435.6</b>	<b>429.4</b>

# Capital Resources<sup>1</sup>

(£m)		31 December 2013	31 March 2014
Shareholders' equity (excluding non controlling interests) per the balance sheet		55,385	56,393
Less: Other equity instruments (recognised as AT1 capital)		(2,063)	(2,063)
Adjustment to retained earnings for foreseeable dividends		(640)	(411)
Minority interests (amount allowed in consolidated CET1)		1,238	1,178
Other regulatory adjustments and deductions	Additional value adjustments	(2,479)	(2,550)
	Goodwill and intangible assets <sup>3</sup>	(7,618)	(7,692)
	Deferred tax assets that rely on future profitability excluding temporary differences	(1,045)	(1,123)
	Fair value reserves related to gains or losses on cash flow hedges <sup>3</sup>	(270)	(555)
	Negative amounts resulting from the calculation of expected loss amounts	(2,106)	(2,070)
	Gains or losses on liabilities at fair value resulting from own credit <sup>3</sup>	600	512
	Other regulatory adjustments	(119)	(170)
Direct and indirect holdings by an institution of own CET1 instruments		(496)	(37)
Fully loaded Common Equity Tier 1 capital		40,387	41,412
Regulatory adjustments relating to unrealised gains <sup>3</sup>		(180)	(395)
PRA Transitional Common Equity Tier 1 capital		40,207	41,017
CRD IV RWAs		£435.6bn	£429.4bn
Fully Loaded Common Equity Tier 1 ratio <sup>2</sup>		9.3%	9.6%
PRA Transitional Common Equity Tier 1 ratio <sup>2,4</sup>		9.2%	9.6%

<sup>1</sup> The new capital requirements regulation and capital requirements directive implemented Basel 3 within the EU (collectively known as CRD IV) on 1 January 2014. This makes the PRA transitional capital ratios the legally binding capital metrics for Barclays going forward | <sup>2</sup> Estimated CET1 ratios subject to finalisation of regulation and market conditions | <sup>3</sup> The capital impacts of these items are net of tax | <sup>4</sup> The transitional CET1 ratio according to the FSA October 2012 transitional statement would be 11.7% |

# Estimated CRD IV Capital and RWAs – notes

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

CRD IV as implemented by the Prudential Regulation Authority

The new Capital Requirements Regulation and amended Capital Requirements Directive have implemented Basel 3 within the EU (collectively known as CRD IV) with effect from 1 January 2014. This makes the PRA transitional capital ratios the legally binding capital metrics for Barclays going forward. However, rules and guidance are still subject to change as certain aspects of CRD IV are dependent on final technical standards and clarifications to be issued by the EBA and adopted by the European Commission and the PRA. All capital, RWA and leverage calculations reflect Barclays' interpretation of the current rules.

## Capital Resources

- The PRA has announced the acceleration of transitional provisions relating to CET1 deductions and filters so the fully loaded requirements are applicable from 1 January 2014, with the exception of unrealised gains on available for sale debt and equity
- Following the issuance of the EBA's final draft technical standard, a deduction has been recognised for foreseeable dividends. As at March 2014, this represents an accrual based on a 40% payout ratio applied to adjusted profits, and the coupons on other equity accounted instruments
- Grandfathering limits on capital instruments, previously qualifying as Tier 1 and Tier 2, are unchanged under the PRA transitional rules
- The Prudential Valuation Adjustment (PVA) is shown as fully deducted from CET1 upon adoption of CRD IV. PVA is subject to a technical standard being drafted by the EBA and the impact is currently based on methodology agreed with the PRA. The PVA deduction as at 31 March 2014 was £2.550bn
- As a result of the application of the EBA's final draft technical standard, PRA guidance and management actions taken during 2013, net long non-significant holdings in financial entities amount to £3.4bn and are below the 10% CET1 threshold that would require a capital deduction

# Estimated CRD IV Capital and RWAs – notes

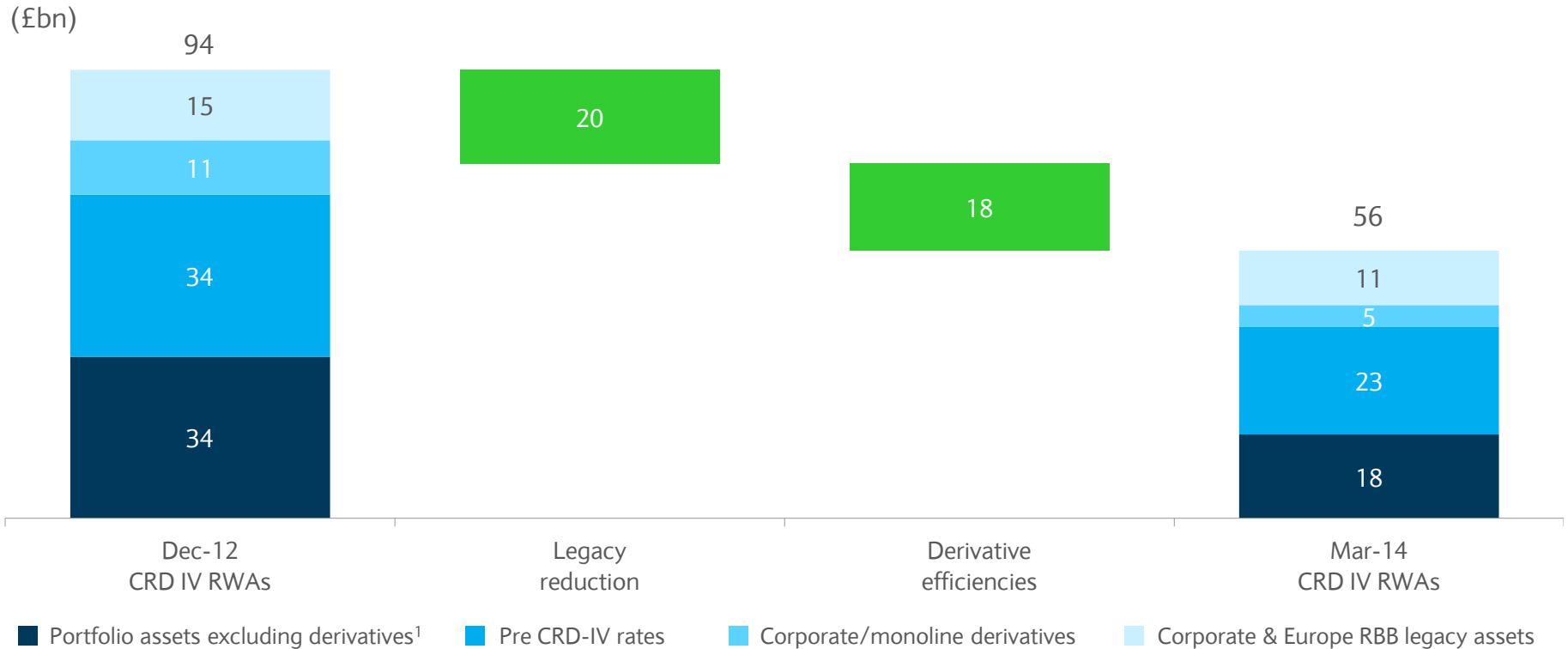
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Estimated Capital Ratios are based on/subject to the following:

## RWAs

- The PRA has confirmed Barclays model approvals under CRD IV, with certain provisions reflecting relevant changes to the rules and guidance; the impact of which has been reflected in our CRD IV disclosures where applicable. Barclays' models are subject to continuous monitoring, update and regulatory review, which may result in future changes to CRD IV capital requirements
- It is assumed that corporates, pension funds and sovereigns that meet the eligibility conditions are exempt from CVA volatility charges
- Under CRD IV rules, all Central Clearing Counterparties (CCPs) are deemed to be 'Qualifying' on a transitional basis. The final determination of Qualifying status will be made by the European Securities and Markets Authority (ESMA)
- RWAs include 1250% risk weighting of securitisation positions that were previously deducted from Core Tier 1 and Tier 2 capital. The RWA increases are reflected in Credit Risk, Counterparty Credit Risk and Market Risk
- Securitisation RWAs include the impact of CRD IV on applying either standardised or advanced methods for securitisation exposures dependent on the character of the underlying assets.

# Continued reduction in legacy assets, we now focus on reducing our Exit Quadrant portfolios



- Since December 2012, Exit Quadrant CRD IV RWAs declined by £38bn driven by £20bn of legacy asset reductions and £18bn of derivatives efficiencies

<sup>1</sup> Portfolio assets include credit market exposures and additional legacy assets |