Barclays PLC

Barclays Yankee Bank Credit Forum

September 2015

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Agenda

1. Ongoing regulatory and market developments

2. Implications of structural reform and resolution frameworks in the UK

3. Barclays approach to USD market

Managing through evolving regulation and markets

Regulatory developments

- Creation of credible resolution frameworks globally
- Structural reform
- Recalibration of risk-weights
- Regulatory stress testing

Market developments

- Impacts of prolonged quantitative easing
- Reduced ability for banks to support debt capital markets
- Concentrations within the financial industry
- Transfer of businesses and services away from the banking sector
- Persistent low interest-rate environment

Changes to banks business models

Key expected structural and regulatory reform timelines[1]

2015 | 2016 | 2017 | 2018 | 2019

1st Jan 2016
MREL implementation

1st Jul 2016
Establish IHC structure

BIS

2017
Standard Credit Risk Floors

Interest Rate Risk in the Banking Book

Banking Book Standardised

Standardised Operational Risk

Leverage review

BIS

2017/18
Fundamental review of the trading book

1st Jan 2019
Ring-fencing in the UK

FSB

Financial Stability Board

1st Jan 2019
TLAC phase in

[1] Current expectation of potential implementation timelines. Regulatory developments might result in changes to these expectations

Progressing with plans for structural reform

Evolving group structure

Barclays PLC

UK ring-fenced bank

- Newly established material UK bank
- Barclays' provider of retail and some corporate products to UK customers
- Substantial presence in the UK market with over 16 million customers

Barclays Bank PLC & international entities

- Existing banking entities
- International diversified business model, including international retail products, investment banking and corporate products
- Will include Barclays Bank PLC, Barclays Africa and US IHC

- Key strategic priority throughout Barclays Group
- Continuous dialogue with key regulators to evolve plans
- Maintaining financial robustness of all parts of the group critical in our planning
- Does not signify a change to capital allocation strategy
- We expect to be able to share more detail on our plans towards year end subject to our ongoing discussions with regulators

Implications for bondholders

Barclays PLC (HoldCo)

- Progressive issuer of AT1 and Tier 2 capital
- Expect material increase in term senior unsecured funding over time as Barclays Bank PLC term senior unsecured debt is refinanced out of the HoldCo
- Diversification post structural reform retained at Barclays PLC

Barclays Bank PLC and other current and future operating subsidiaries

- Capital and term senior unsecured funding needs expected to be met largely through internal TLAC
- Secured funding to be issued out of the operating subsidiary holding the relevant assets
- Barclays Bank PLC will continue to issue short-term wholesale funding (e.g. CDs, CPs and ABCPs)

Areas of uncertainty

- Location of issuance of structured notes dependant on final rules around TLAC-eligibility
- Potential for some external issuance of capital and term senior unsecured debt in local markets to meet local funding and regulatory requirements

UK approach to resolution[1]

Illustrative UK resolution waterfall[1]

OpCo waterfall

STEP 1

- Total OpCo losses are allocated to OpCo investors in accordance with the OpCo creditor hierarchy
- Each class of instrument should rank pari passu irrespective of holder, therefore LGD of external and internal instruments of the same class are expected to be the same

Intercompany investments

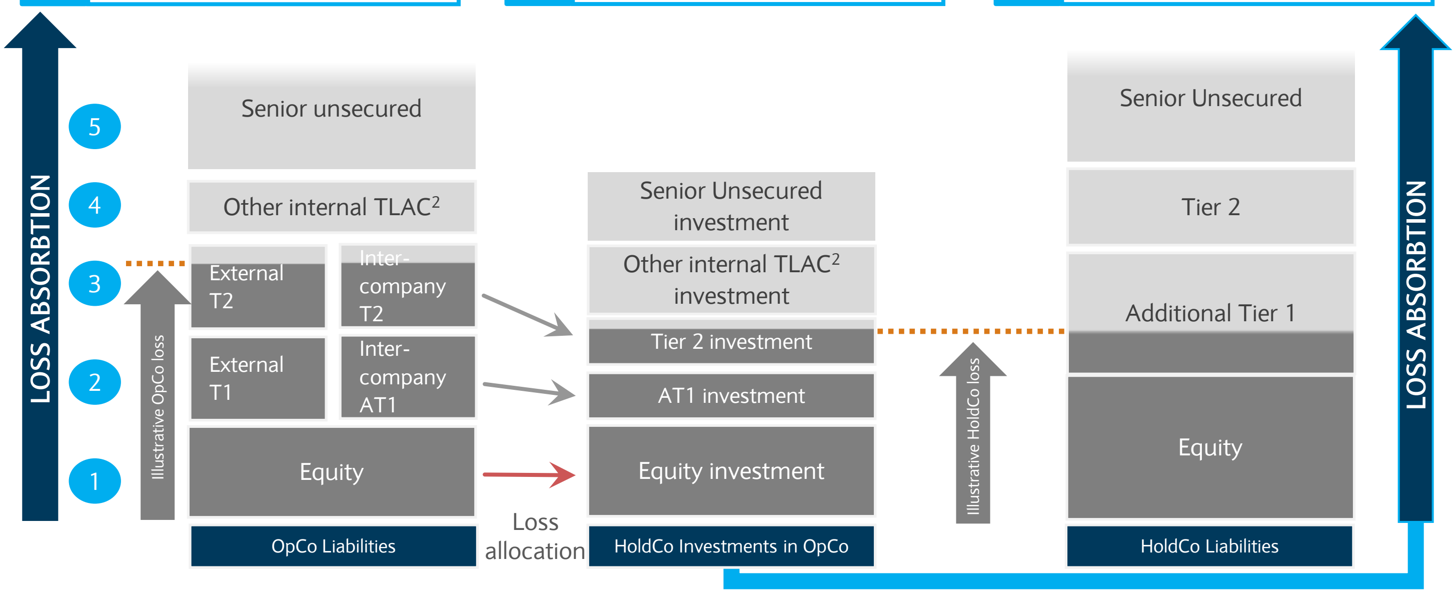
STEP 2

- Losses are transmitted to HoldCo through write-down of its intercompany investments in line with the OpCo's creditor hierarchy
- The HoldCo's investments are impaired by aggregating the losses on each of the intercompany investments

HoldCo waterfall

STEP 3

- The loss on HoldCo's investment from step 2 is allocated to the HoldCo's investors in accordance with the HoldCo creditor hierarchy
- The HoldCo creditor hierarchy remains intact

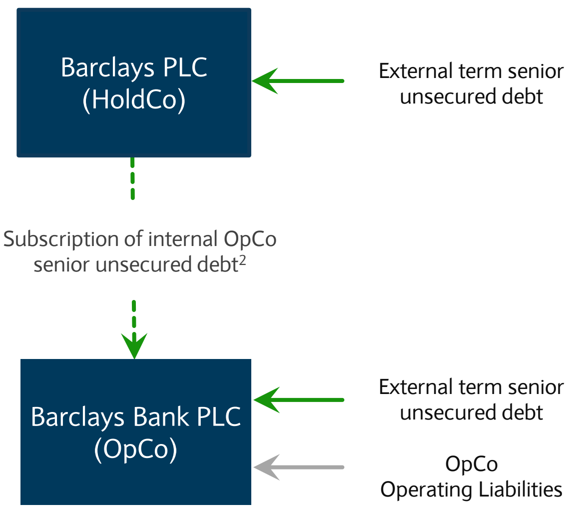


- BRRD PONV write-down powers ensures OpCo regulatory capital (external and internal) is written down after equity[3]
- The illustrative loss shows that external and internal OpCo investments of the same rank in resolution should have the same LGD. However, step 3 illustrates that the LGD for an OpCo instrument class could be different to that of the same class at the HoldCo where the diversification of a banking group is retained
- External loss absorbing capacity at OpCo provides support to HoldCo and its creditors
- Important for UK HoldCo investors to understand nature of intercompany arrangements

[1] Illustrative example based on Barclays expectations of the creditor hierarchy in a resolution scenario to demonstrate so-called "single-point-of-entry" in the UK in a situation where a HoldCo has more than one subsidiary. The illustrative loss-absorption and recapitalisation of OpCo assumes that losses occur at the OpCo and that no additional incremental losses arise at the HoldCo | [2] Total loss absorbing capacity (TLAC) as proposed in the FSB Consultative Document on the adequacy of loss-absorbing capacity of global systemically important banks in resolution dated 10 November 2014 I [3] Point of non-viability power implemented in the UK in accordance with Article 59 of the Bank Recovery and Resolution Directive

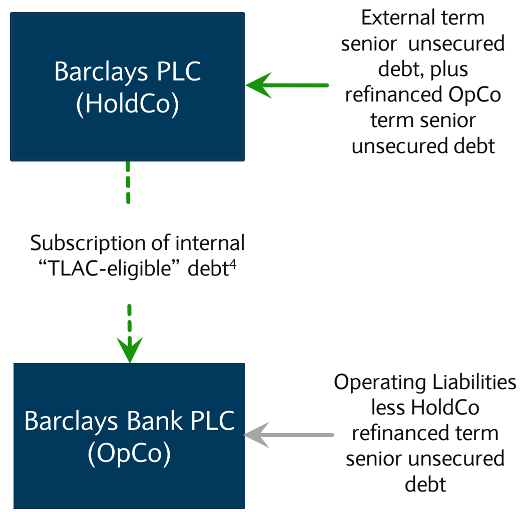
Managing the risk profile of Holding Company term senior unsecured debt today and in end-state

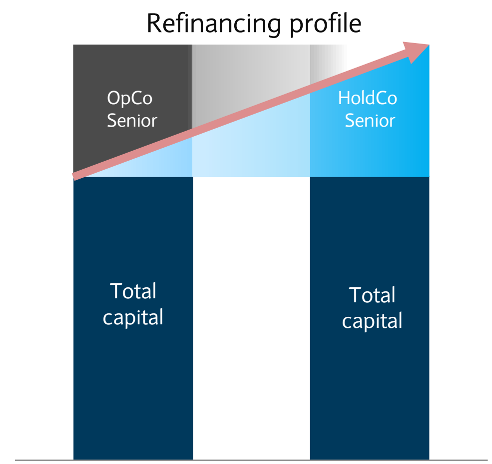
Managing HoldCo term senior debt credit profile in transition[1]



- We are currently using senior proceeds raised by Barclays PLC to subscribe for senior unsecured debt in Barclays Bank PLC
- In a resolution scenario today, this should result in *pari passu* treatment between internally and externally issued OpCo senior unsecured debt[1]
- Senior HoldCo investors should also be supported by OpCo capital and subordinated debt in current state

Delivering robust credit profile for HoldCo term senior unsecured investors in end-state[3]





Barclays Proxy TLAC ratio evolution[4]

- As we transition towards a HoldCo capital and term funding model, quantum of HoldCo term senior unsecured debt increases materially over time while outstanding OpCo term senior unsecured debt materially reduces
- If HoldCo term senior unsecured debt proceeds are used to subscribe for TLAC-eligible debt in an OpCo in end-state, the structural subordination that would arise for HoldCo creditors should be progressively mitigated by the increasing balance of term senior unsecured debt at the HoldCo and commensurate reducing balance of term senior unsecured debt at the OpCo

[1] Barclays' expectations of the creditor hierarchy in a resolution scenario; assumes internal subordination not imposed during transition | [2] HoldCo investments can be viewed in Barclays PLC parent company balance sheet, on slide 17 | [3] Assumes that most or all of the term non-structured senior unsecured funding currently outstanding at Barclays Bank PLC has been refinanced out of Barclays PLC | [4] Barclays' Proxy TLAC ratio as illustrated on slide 10 reflecting Barclays' interpretation of the FSB Consultative Document on "Adequacy of loss-absorbing capacity of global systemically important banks in resolution", published 10 November 2014, including certain assumptions on the inclusion or exclusion of certain liabilities where further regulatory guidance is necessary. Evolving regulation, including the implementation of MREL beginning 1 Jan 2016 and any subsequent regulatory policy interpretations, may require a change to the current approach

Yankee market of significant importance to Barclays

US – a home market for Barclays

- Barclays first accessed the Yankee market with a SEC registered capital transaction in the early 1980s
- USD accounts for c.40% of Barclays outstanding wholesale funding
- Expect to remain active in the USD market for our HoldCo capital and funding needs, and for secured funding

Barclays Yankee firsts

- T2 CoCo in 2012 ($3bn of BACR 7.625% 2022)
- AT1 in 2013 ($2bn of BACR 8.25% perp/2018)
- 30 year benchmark trade, out of the HoldCo ($1.5bn of BACR 5.25% 2045)
  - Well received by investors pricing at T+235bps, 15bps inside initial price thoughts
  - This followed $6bn of total senior unsecured USD trades via the HoldCo executed in November 2014, March 2015 and June 2015

Barclays USD funding platforms

- Barclays PLC US SEC-registered Shelf
- Barclays Bank PLC US SEC-registered Shelf
- Barclays Dryrock Credit Card Securitization Platform
- Barclays Global Commercial Paper Programme
- Barclays Bank PLC New York Branch Certificate of Deposit Programme
- Barclays Bank Delaware Certificate of Deposit Programme

Wholesale funding[1]	USD	EUR	GBP	Others
As at 30 June 2015	39%	31%	17%	13%
As at 31 December 2014	35%	32%	25%	8%

2015 USD-transactions

Senior unsecured

- August: US$1.5bn 5.25% 30 year
- June: US$1bn 2.875% 5 year
- March: US$2bn 3.65% 10 year
- March: US$1bn 2% 3 year

Senior secured

- June: $500m Dryrock credit card securitisation
- March: $500m Dryrock credit card securitisation

[1] Given different accounting treatments, AT1 capital is not included in outstanding subordinated liabilities, while T2 contingent capital notes are not included

Demonstrating further strengthening of Barclays already solid credit proposition

Strategy driving simpler, focused and balanced Group structure

- Diversified international bank focused on delivering more sustainable and improved returns
- Focused on high growth businesses where we have competitive advantage, eliminating marginal or declining businesses

Core businesses performing well and BNC reducing

- Core businesses delivered adjusted Return on Equity (RoE) of 11.1% and positive cost to income jaws
- BNC reduced significantly, releasing £4.4bn of period-end equity year-on-year with Group RoE dilution reduced to 3.2%

Capital and leverage ratios continue to improve

- Solid CET1 ratio of 11.1% and good track record of managing RWAs as we run-down Barclays Non-Core (BNC) and reinvest in core businesses
- Leverage ratio of 4.1%. Additional planned reductions in leverage exposure mainly through reductions in BNC

Robust liquidity position and well diversified funding profile

- Robust liquidity position with 121% Liquidity Coverage Ratio (LCR)
- Diversified funding base, combining customer deposits and wholesale funding, in multiple currencies, formats and tenors

Regulation

- Progressing plans on structural reform
- Proactive and practical approach to managing regulatory changes
- Established track record of adapting to regulatory developments

[1] Figures as at Jun-15 unless otherwise stated

Q&A

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