Barclays PLC
Q1 2017 MREL Information¹
28 April 2017

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Manageable MREL requirements through proactive issuance

**HoldCo MREL position and requirements including requisite buffers**

- **2019 requirement based on 6% of Mar-17 leverage exposure + 0.5% G-SIB buffer**
- **2022 requirements subject to BoE review by end-2020 including the recapitalisation of P2A**
  - **28.0%**
    - CCB: 2.5%
    - G-SIB: 1.5%
  - **24.0%**
    - CCB: 2.5%
    - G-SIB: 1.5%

**HoldCo MREL position**

- **Mar-17**
  - 21.6% (12.5% (£44.9bn) CET1, 2.1% (£7.7bn) AT1, 6.0% (£21.6bn) Senior)

**Well advanced on 2017** HoldCo issuance plan

- In Q117 the BoE communicated our non-binding indicative MREL requirements at the consolidated Group level for 2019 to 2022 which were in line with our initial expected requirements published on announcement of FY16 results.
- Barclays’ non-binding indicative MREL is currently expected to be (prior to the application of any applicable regulatory buffers):
  - 6% of leverage exposure from 1 January 2019;
  - 20% of RWAs from 1 January 2020; and
  - 24% of RWAs from 1 January 2022.
- Our indicative MREL issuance for 2017 is c.£10bn of which we have already issued c.£6.3bn equivalent. The residual issuance is expected to comprise of a combination of senior, Tier 2 and AT1.
- Incremental HoldCo requirements to 1 January 2022 expected to be met largely through refinancing outstanding OpCo debt and capital instruments. OpCo debt and capital instruments of c.£26bn are maturing or callable by 1 January 2022.
- Our indicative MREL position for 2017 is 25.6% as at Mar-17 on a transitional basis, including eligible OpCo instruments, compared to 21.6% on a HoldCo basis.

**Assumptions for calculating HoldCo MREL position and incremental HoldCo requirements as follows:**

- All OpCo instruments have been excluded. However, most subordinated instruments are expected to be eligible, in line with their regulatory capital value, until 1 January 2022 if still outstanding.
- Includes refinancing of HoldCo senior unsecured debt maturing within the respective periods.
- Does not include refinancing of HoldCo capital with first call dates during the respective periods, of which £1.2bn until 1 January 2019, £3.5bn until 1 January 2020 and £5.4bn until 1 January 2022.
- RWAs of £361bn and CET1 capital of £44.9bn kept constant as at 31 March 2017.
- 2019 issuance requirement based on Mar-17 CRR leverage exposure of £1,197bn.
- All new MREL issuance over 2017 to 2022 is assumed to have maturities beyond 1 January 2022.
- Counter cyclical buffer of 0% assumed.

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1 Issuance plan subject to, amongst other things, market conditions and regulatory requirements which are subject to change and may differ from current expectations.
2 Represents the difference between the applicable expected requirement, subject to assumptions described on the slide, and the 31 March 2017 HoldCo MREL position. Actual issuance may differ.
3 Aggregated Tier 1 and Tier 2 capital instruments, and public and private senior unsecured debt, excluding structured notes.
Evolving CRD IV capital structure transitioning to HoldCo over time

Illustrative evolution of CRD IV capital structure

Mar-17 capital structure (PRA transitional)

- 19.6% Total capital ratio
  - 3.8% (£13.6bn) T2
  - 1.2% (£4.4bn) Legacy T1
  - 2.1% (£7.7bn) AT1
  - 12.5% (£44.9bn) CET1

End-state capital structure

- $\geq 17.5\%$ Total capital ratio
  - $\geq 3\%$ T2 (incl. P2A)
  - $\geq 2.3\%$ AT1 (incl. P2A)
  - 1.5-2% Management buffer
  - 2.5% Capital Conservation buffer
  - 1.5% G-SIB
  - 2.3% P2A
  - 4.5% CET1

Well managed and balanced total capital structure

- Transitional total capital ratio remained stable at 19.6% (Dec-16: 19.6%), while the fully loaded total capital ratio increased 14bps to 18.7% (Dec-16: 18.5%)
- Currently most OpCo capital is expected to be eligible CRD IV capital during and, to the extent outstanding, after the grandfathering period. It is also mostly expected to qualify as MREL until 1 January 2022 based on our understanding of the current Bank of England position
- We aim to manage our capital structure in an efficient manner:
  - Expect to build towards at least 2.3% of AT1 in end-state through regular issuance over time
  - The appropriate balance of Tier 2 will be informed by relative pricing of Tier 2 and senior unsecured debt and investor appetite

Pillar 2A requirement

- Barclays’ 2017 Pillar 2A requirement as per the PRA’s Individual Capital Guidance (ICG) is c.4.0%. The ICG is subject to at least annual review. This is split:
  - CET1 of 2.3% (assuming 56% of total P2A requirement)
  - AT1 of 0.8% (assuming 19% of total P2A requirement)
  - T2 of 1.0% (assuming 25% of total P2A requirement)
- Basel Committee consultations and reviews of approaches to Pillar 1 and Pillar 2 risk might further impact the Pillar 2A requirement in the future
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- regulatory capital, leverage, liquidity and resolution is based on Barclays’ interpretation of applicable rules and regulations as currently in force and implemented in the UK, including, but not limited to, the BRD, CRD IV and CRR texts and any applicable delegated acts, implementing acts or technical standards. All such regulatory requirements are subject to change;
- MREL is based on Barclays understanding of the Bank of England’s policy statement on “The minimum requirement for own funds and eligible liabilities (MREL) – buffers and Threshold Conditions” (PS30/16) published on 8 November 2016 and the non-binding indicative MREL requirements communicated to Barclays by the Bank of England. Binding future MREL requirements remain subject to change including at the conclusion of the transitional period, as determined by the Bank of England, taking into account a number of factors as described in the policy statement and as a result of the finalisation of international and European MREL/TLAC requirements;
- structural reform plans, including illustrations of Barclays business divisions in preparation for regulatory ring-fencing, are subject to internal and regulatory approvals and may change.
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