



# Barclays PLC

Q3 2014 Interim Management Statement

30 October 2014



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## Balance, resilience and progress

Increased pre-tax profits both year-to-date and year-on-year for the quarter

Costs excluding CTA down for third consecutive quarter, on track for full year target of c.£17bn

Building capital: CET1 ratio 10.2% (10.4% including Spanish disposal); leverage ratio 3.5%

Core business performed well with PBT of £5.6bn and RoE of 10.5% (12% ex-CTA)

Non-Core continued to shrink and return capital; Spanish disposal on track

TNAV increased to 287p

# Summary Group financials: Good Core results and Non-Core progress

Nine months ended – September (£m)		2013	2014
Income		21,257	19,710
Impairment		(2,353)	(1,595)
Total operating expenses		(14,144)	(13,186)
– <i>Litigation and conduct</i>		(164)	(309)
– <i>Costs to achieve Transform (CTA)</i>		(741)	(826)
<b>Adjusted profit before tax</b>		<b>4,717</b>	<b>4,939</b>
Tax		(1,505)	(1,630)
NCI and other equity interests		(629)	(721)
<b>Adjusted attributable profit</b>		<b>2,583</b>	<b>2,588</b>
Adjustments	– <i>Own credit</i>	(125)	96
	– <i>Provisions for PPI and IRHP redress</i>	(2,000)	(910)
	– <i>Gain on US Lehman acquisition assets</i>	259	461
	– <i>Provision for ongoing investigations into Foreign Exchange</i>	–	(500)
	– <i>Loss on announced sale of the Spanish business</i>	–	(364)
<b>Statutory profit before tax</b>		<b>2,851</b>	<b>3,722</b>
<b>Statutory attributable profit</b>		<b>1,182</b>	<b>1,505</b>
Basic EPS <sup>1</sup>		19.0p	16.1p
Return on average equity <sup>1</sup>		6.6%	6.3%

## Financial performance

- Adjusted profit increased by 5% to £4.9bn as improvements in PCB and Barclaycard were partly offset by reduced income in the Investment Bank and currency movements in Africa Banking
- Adjusted income decreased 7% while impairment reduced by 32% due to continued strong credit risk management, resulting in a 4% decrease in net operating income to £18.1bn
- Steady progress on operating expenses with total Group cost base falling by 7% to £13.2bn
- Group headcount reduction of c.8,000 (gross) since December 2013
- Adjusted attributable profit was £2.6bn, resulting in EPS of 16.1p
- Group RoE fell to 6.3%, including costs to achieve Transform, while Core RoE was 10.5%
- Barclays Non-Core loss before tax reduced by 33% to £648m, and RoE drag fell to 4.2%
- Statutory profit before tax was £3.7bn, up 31%
- Q3 2014 adjusting items include additional PPI provision of £170m and IRHP provision release of £160m

<sup>1</sup> EPS and RoE calculations are based on adjusted attributable profit, also taking into account tax credit on AT1 coupons |

## 2016 Transform financial commitments

Group	1	Capital	CRD IV FL CET1 ratio >11.0%
	2	Leverage	Leverage ratio >4.0%
	3	Dividend	Payout ratio 40-50%
Barclays Core	4	Returns	Adjusted RoE >12%
	5	Cost	Adjusted operating expenses <£14.5bn
Barclays Non-Core	6	Returns	Drag on adjusted RoE <(3%)

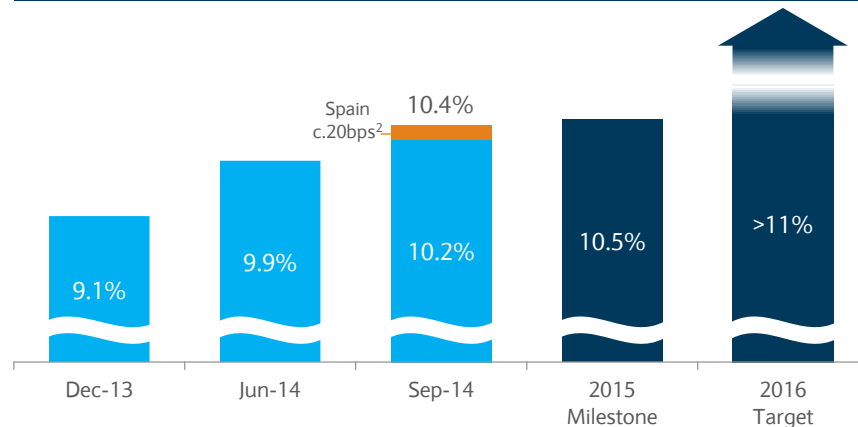
## Strengthening key financial metrics

As at:		Jun-14	Sep-14		Highlights
Asset value	Net tangible asset value	279p	287p	✓	<ul style="list-style-type: none"> <li>TNAV increased due to reversal of Q2 currency moves and increase in retained earnings</li> <li>LCR was above 100% requirement with a surplus of £20bn</li> <li>Liquidity pool increased to £146bn, comprising 85% cash and deposits with central banks and high quality government bonds</li> <li>Funding profile remained conservative with Loan to Deposit Ratio of 90% in retail and corporate businesses</li> <li>Wholesale funding outstanding was £178bn, of which £85bn matures in &lt;1 year</li> <li>Loan loss rate improved to 43bps, reflecting lower impairments in most businesses</li> </ul>
Capital / Leverage	Fully-loaded CET1 ratio <sup>1</sup>	9.9%	10.2%	✓	
	BCBS leverage ratio <sup>2</sup>	3.4%	3.5%	✓	
Liquidity	Liquidity coverage ratio <sup>3</sup>	107%	115%	✓	
	Liquidity pool	£134bn	£146bn	✓	
Funding	Loan to Deposit Ratio <sup>4</sup>	92%	90%	✓	
	Wholesale funding <sup>5</sup>	£179bn	£178bn	✓	
Credit risk	Loan loss rate	45bps	43bps	✓	

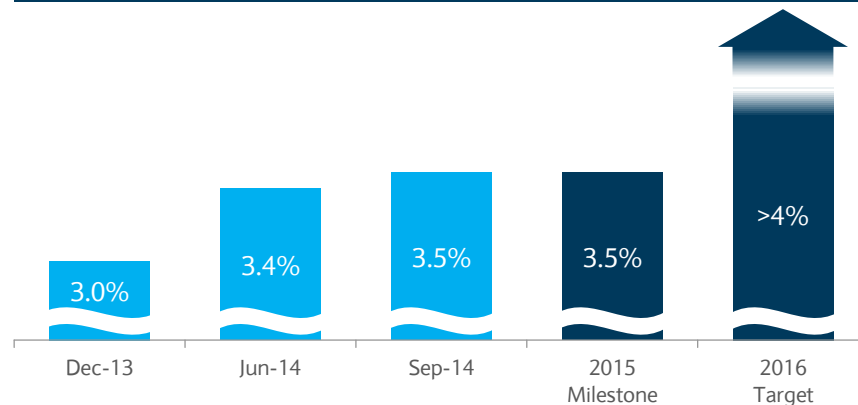
<sup>1</sup> Based on our interpretation of the final CRD IV text and latest EBA technical standards | <sup>2</sup> Estimates based on current understanding of the BCBS 270 standards and the requirements contained in the European Commission delegated act | <sup>3</sup> Based on CRD IV rules, as implemented by the EBA | <sup>4</sup> LDR calculated for PCB, Africa Banking, Barclaycard and Non-Core retail | <sup>5</sup> Excludes repurchase agreements |

# Progressive strengthening of capital and leverage ratios

## Fully loaded CRD IV CET1 ratio<sup>1</sup>



## Estimated BCBS leverage ratio<sup>3</sup>



## Highlights

- Fully loaded CRDIV CET1 capital strengthened in Q3 by £1.3bn to £42bn. Excluding the loss on the announced sale of the Spanish business, profits in the period generated £0.8bn of CET1 capital
- RWAs remained broadly flat at £413bn
- Fully loaded CRD IV CET1 ratio reached 10.2% at the end of September 2014, and would have been 10.4% with benefit of the Spain transaction<sup>2</sup>, representing good progress towards our 2016 target of >11%
- The estimated Basel Committee on Banking Supervision (BCBS) 270 leverage exposure decreased to £1,324bn (June 2014: £1,353bn) primarily driven by a reduction in reverse repurchase agreements and derivative exposures
- Leverage ratio increased to 3.5%

<sup>1</sup> Based on our interpretation of the final CRD IV text and latest EBA technical standards. Following the full implementation of CRD IV reporting in 2014, the previously reported 31 December 2013 RWAs have been revised by £6.9bn to £442bn and fully loaded CET1 ratio revised by (0.2%) to 9.1% | <sup>2</sup> Estimate as announced on 1 September 2014, subject to valuation upon completion of the sale | <sup>3</sup> Estimates based on current understanding of the BCBS 270 standards and the requirements contained in the European Commission delegated act |

# Core business performing well

Nine months ended – September (£m)	2013	2014
Income	19,414	18,682
Impairment	(1,629)	(1,429)
Total operating expenses	(12,174)	(11,719)
– <i>Litigation and conduct</i>	(104)	(194)
– <i>Costs to achieve Transform (CTA)</i>	(306)	(655)
<b>Adjusted profit before tax</b>	<b>5,682</b>	<b>5,587</b>
Tax	(1,666)	(1,774)
NCI and other equity interests	(537)	(587)
<b>Adjusted attributable profit</b>	<b>3,479</b>	<b>3,226</b>
<b>Adjusted financial performance measures</b>		
Average allocated equity <sup>1</sup>	£35bn	£41bn
Return on average tangible equity	16.9%	12.8%
Return on average equity	13.3%	10.5%
Cost : income ratio	63%	63%
Basic EPS contribution	25.6p	20.0p
	<b>Jun-14</b>	<b>Sep-14</b>
CRD IV RWAs	£324bn	£332bn
BCBS leverage exposure <sup>2</sup>	c.£970bn	£1,007bn

## Financial performance

- Good overall performance with PBT broadly in line at £5.6bn:
  - PCB and Barclaycard profits up 18% and 21% respectively; and
  - Africa Banking profits up 11% on a constant currency basis; which helped offset
  - Investment Bank profits down 38%
- Income fell 4% to £18.7bn, reflecting lower Investment Bank income and a weaker Rand which reduced Africa Banking income
- Net Interest Income (NII) for PCB, Barclaycard and Africa Banking increased 3.7% to £8.5bn reflecting growth in lending and margin
- Continued strong credit quality led to a 12% improvement in impairment
- Cost discipline continued with operating expenses down 4% to £11.7bn with positive jaws across all businesses excluding CTA
- Core attributable profit was £3.2bn with Core EPS of 20p
- Core RoE was 10.5% (12% excluding CTA) on average allocated equity of £41bn

<sup>1</sup> Average allocated equity for preceding nine months | <sup>2</sup> Estimates based on current understanding of the BCBS 270 standards and the requirements contained in the European Commission delegated act |



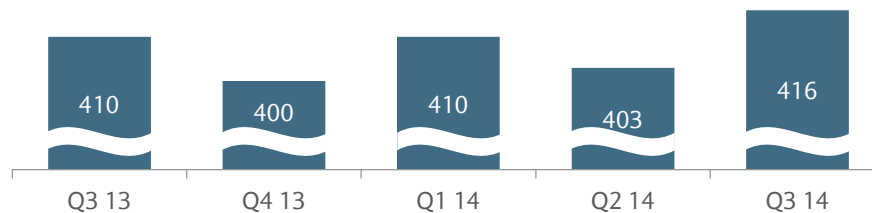
# Core customer assets and NIM growth driving NII

## Core income

Nine months ended – September (£m)	2013	2014
Personal and Corporate Banking	6,557	6,597
Barclaycard	3,069	3,247
Africa Banking	3,059	2,701
Investment Bank	6,814	5,922
Total Core Income <sup>1</sup>	19,414	18,682

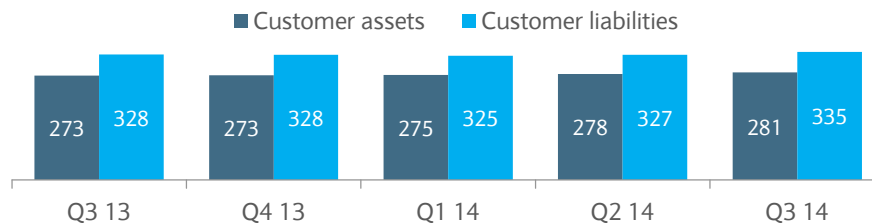
- Steady performance in PCB and Barclaycard income
  - PCB grew NII 6.6% driven by improved savings margins and mortgage income growth, partially offset by decline in fee income
  - Barclaycard grew NII 8.3% driven by volume growth
- Africa Banking income was up 8% excluding currency impact, with NII up 10% on the same basis

## Net interest margin<sup>2,3</sup> (bps)



- NIM increased from 403 to 416bps QoQ, measured across PCB, Barclaycard and Africa Banking
  - YTD NIM of 409bps
- NII for these businesses grew 5.8% to £2.9bn QoQ, reflecting modest growth in both NIM and customer assets

## Average customer assets and liabilities<sup>2</sup> (£bn)

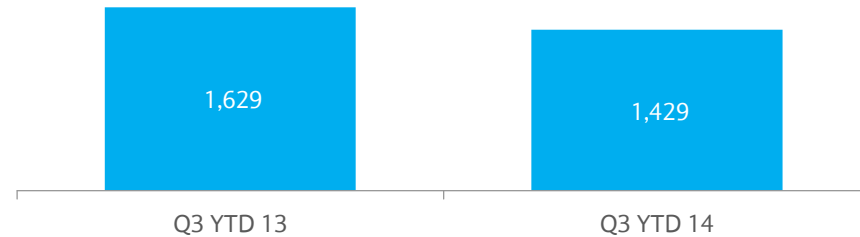


- Average customer assets increased 1.3% to £281bn QoQ, with growth in PCB, Barclaycard and Africa Banking
- Average customer assets for nine months ended September 2014 was £278bn

<sup>1</sup> Includes Head Office income | <sup>2</sup> For Personal and Corporate Banking, Barclaycard and Africa Banking | <sup>3</sup> Using customer assets as the denominator

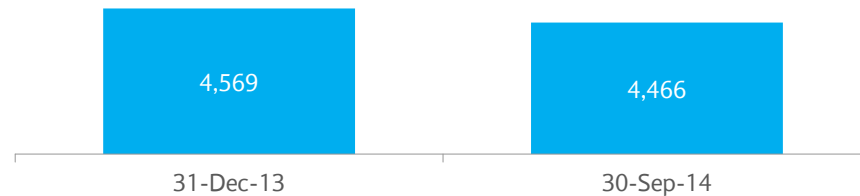
# Continued strong asset quality

## Impairment charge (£m)



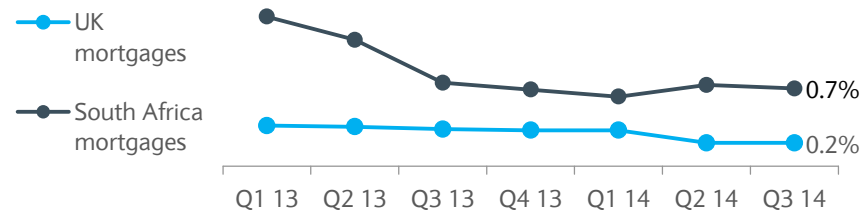
- Impairment continued to benefit from strong asset quality with Core impairment falling 12% to £1.4bn, with an impairment release in the Investment Bank and lower charges across all other businesses year-on-year
- PCB benefitted from the improving economic environment in the UK
- Africa Banking saw improvements in the South African mortgage portfolio

## Impairment allowance (£m)



- Impairment allowances have fallen by 2% reflecting lower balances in the wholesale portfolios in part due to releases and recoveries in the period
- The CRL coverage ratio has remained broadly unchanged reflecting stable credit metrics

## 90-day delinquency trends

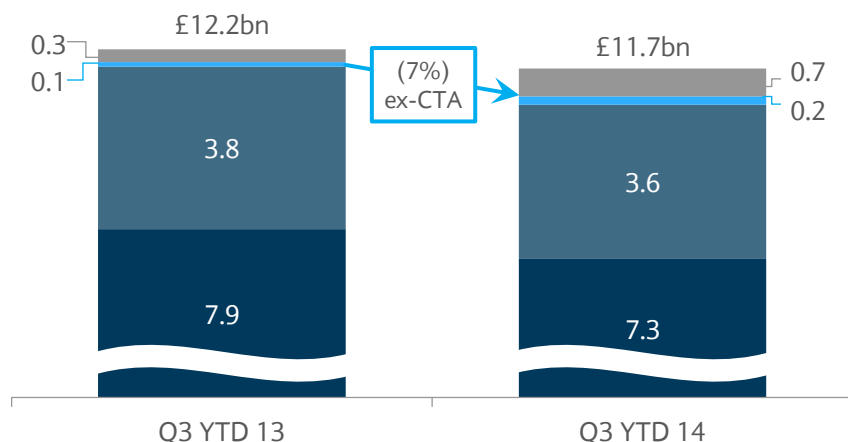


- UK mortgage delinquency rates remained broadly stable, reflecting high quality mortgage books
- South African mortgage delinquency reflected continuing improvement in the Home Loans portfolio, as action taken in prior years benefitted the quality of the overall portfolio

# Good momentum in cost reduction programme

## Core operating expenses (£bn)

■ Staff costs ■ Other operating costs ■ Litigation and conduct ■ Costs to achieve Transform



## Highlights

- Significant cost reductions from Transform programme, bringing sustainable benefits
- Core costs ex-CTA down 7%, across all businesses year-on-year, with further savings expected through to 2016
- Decline driven by restructuring across PCB, Barclaycard and the Investment Bank, and Africa Banking benefitting from currency movements
- Savings partially offset by increased cost of litigation and conduct charges
- Net headcount reduced 5,700 in the Core since the full year, driven by voluntary redundancies through the branch rationalisation in PCB and front office restructuring in the Investment Bank

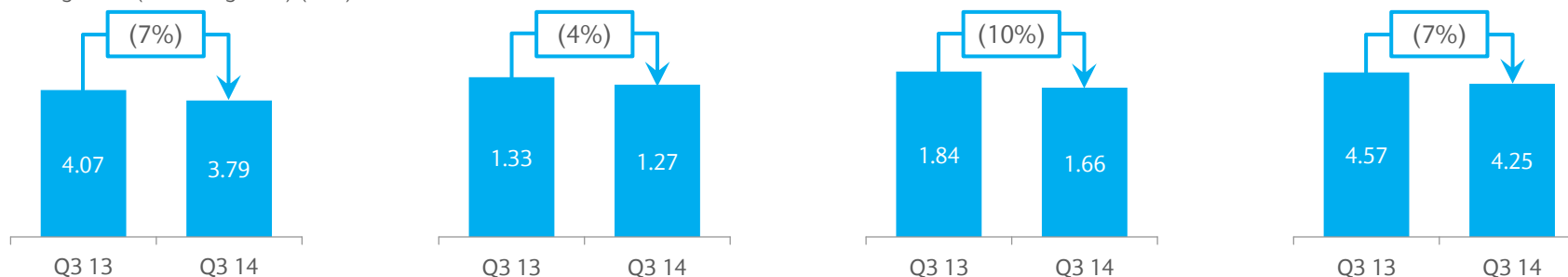
## Personal and Corporate Banking

## Barclaycard

## Africa Banking<sup>1</sup>

## Investment Bank

■ Operating costs (excluding CTA) (£bn)



<sup>1</sup> Africa Banking operating expenses were up 9% on a constant currency basis, due to local inflationary pressures and investment |

# PCB: Strong performance driven by higher margins and reduced cost

Nine months ended – September (£m)	2013	2014
Income	6,557	6,597
Impairment	(451)	(359)
Total operating expenses	(4,237)	(3,991)
– <i>Costs to achieve Transform</i>	(165)	(205)
<b>Profit before tax</b>	<b>1,907</b>	<b>2,257</b>
Financial performance measures		
Average allocated equity	£17.3bn	£17.3bn
Return on average tangible equity	14.1%	16.7%
Return on average equity	10.8%	12.5%
Cost : income ratio	65%	60%
Loan loss rate	28bps	22bps
Net interest margin	2.91%	2.99%
	Jun-14	Sep-14
Loans and advances to customers	£216.7bn	£215.7bn
Customer deposits	£298.3bn	£295.9bn
CRD IV RWAs	£117.9bn	£120.0bn

## Financial performance

- PBT increased by 18% to £2.3bn
- Total income increased 1% to £6.6bn driven by improved savings margins and mortgage income growth, partially offset by lower fee income
- Net interest margin improved by 8bps to 299bps driven primarily by personal savings, partially offset by lower corporate banking lending margins
- Credit impairment charges improved 21% due to the improving economic environment in the UK
  - Corporate banking benefitted from higher levels of provision releases and recoveries in the UK
- Costs fell by 6%, primarily driven by headcount reductions
- Positive jaws contributed to an increased RoE of 12.5%, while RoTE improved to 16.7%
- Growing numbers of digital channel users across multiple platforms:
  - Mobile banking users grown to over 3.3m in two years
  - Pingit handled over £400m in payments YTD
  - Business Instant Lending – an automated lending process – showed a CIR of c.20%
  - The new ‘Homeowner’ app had over 100k downloads
- Consistent quarterly balance sheet growth resulting in mortgage market share increasing to 10.1%<sup>1</sup>

<sup>1</sup> Source: Bank of England lending statistics (August 2014) and Barclays estimates |

# Barclaycard: Strong business growth and returns

Nine months ended – September (£m)	2013	2014
Income	3,069	3,247
Impairment	(830)	(821)
Total operating expenses	(1,340)	(1,339)
– <i>Costs to achieve Transform</i>	(11)	(68)
<b>Profit before tax</b>	<b>927</b>	<b>1,126</b>
Financial performance measures		
Average allocated equity	£5.3bn	£5.8bn
Return on average tangible equity	21.2%	23.0%
Return on average equity	16.5%	18.5%
Cost : income ratio	44%	41%
Loan loss rate	347bps	301bps
Net interest margin	9.04%	8.98%
	Jun-14	Sep-14
Loans and advances to customers	£33.2bn	£34.8bn
Customer deposits	£5.9bn	£6.5bn
CRD IV RWAs	£37.7bn	£38.6bn

## Financial performance

- Encouraging growth across all businesses and geographies with income up by 6%, despite USD depreciation
  - UK income increased by 7% reflecting net lending growth and lower funding costs
  - Significant expansion in the US, with the value of payments processed up by 22% to £27bn
- NII increased by 8.3% to £2.3bn driven by volume growth
- Impairment was flat, with impact of volume growth offset by LLR reduction of 46bps from improved UK and US delinquency rates
- Costs were flat with the impact of volume growth and higher costs to achieve Transform offset by USD depreciation, VAT refunds and improved efficiencies
- Profit before tax improved 21% to £1.1bn, while RoE increased to 18.5%
- Consumer customer base grew by 2.4m to 28.3m. Processing of payments increased by 9% to £190bn
- Balances grew with total loans reaching £34.8bn, up 15% year-on-year

# Africa Banking: Income growth and good credit performance

Nine months ended <sup>1</sup> – September (£m)	2013	2014	Constant currency
Income	3,059	2,701	3,297
Impairment	(375)	(270)	(332)
Total operating expenses	(1,846)	(1,683)	(2,038)
– <i>Costs to achieve Transform</i>	(11)	(28)	(34)
<b>Profit before tax</b>	<b>846</b>	<b>756</b>	<b>936</b>
Financial performance measures			
Average allocated equity <sup>2</sup>	£4.5bn	£3.8bn	
Return on average tangible equity <sup>2</sup>	13.3%	13.2%	
Return on average equity <sup>2</sup>	9.6%	9.6%	
Cost : income ratio	60%	62%	
Loan loss rate	130bps	97bps	
Net interest margin	5.78%	5.96%	
	Jun-14	Sep-14	
Loans and advances to customers	£33.8bn	£34.5bn	£34.8bn
Customer deposits	£33.2bn	£33.4bn	£33.6bn
CRD IV RWAs	£36.5bn	£37.9bn	

## Financial performance

### Constant currency basis

- PBT increased by 11%, driven by 8% income growth and a 11% reduction in credit impairment charges
  - NII benefitted from strong growth in Corporate and Investment Banking loans and a wider margin due to higher interest rates in South Africa
- Impairment reduced 11% driven by South Africa mortgages, partially offset by an increase in the card portfolio
- Costs were up 10% due to increased spend on key initiatives in addition to higher staff costs and inflation

### Sterling basis

- RoE was stable at 9.6% while RoTE was 13.2%

<sup>1</sup> Africa Banking business unit performance based on BAGL results, including Egypt and Zimbabwe | <sup>2</sup> Barclays share of the statutory equity of the BAGL entity (together with that of the Barclays Egypt and Zimbabwe businesses which remain outside the BAGL corporate entity), as well as the Barclays' goodwill on acquisition of these businesses. The tangible equity for RoTE uses the same basis but excludes both the Barclays' goodwill on acquisition and the goodwill and intangibles held within the BAGL statutory equity |

# Investment Bank: Challenging quarter, but repositioning underway

Nine months ended – September (£m)	2013	2014
– Banking	1,846	1,890
– Markets	4,988	4,012
– Other	(20)	20
<b>Income</b>	<b>6,814</b>	<b>5,922</b>
Impairment release	28	21
Total operating expenses	(4,686)	(4,601)
– Costs to achieve Transform	(120)	(352)
<b>Profit before tax</b>	<b>2,156</b>	<b>1,342</b>

## Financial performance measures

Average allocated equity <sup>1</sup>	£16.2bn	£15.3bn
Return on average tangible equity	11.8%	5.1%
Return on average equity	11.4%	4.9%
Cost : income ratio	69%	78%
	<b>Jun-14</b>	<b>Sep-14</b>
CRD IV RWAs	£123.9bn	£127.9bn

Q3 13	Q3 14	Sterling reporter	USD reporter <sup>2</sup>
568	547	(4%)	2%
1,289	1,120	(13%)	(8%)
(6)	(2)		
<b>1,851</b>	<b>1,665</b>	<b>(10%)</b>	<b>(5%)</b>

## Financial performance

### Q3 14 vs. Q3 13

- Income fell 10%; 5% on USD basis
- Banking decreased 4% driven by a £116m decline in Investment Banking fee income partially offset by Lending income
- Markets income decreased 13%
  - Credit down 17% to £255m
  - Equities down 25% to £395m
  - Macro up 3% to £470m

### YTD 14 vs. YTD 13

- Income decreased 13%; 6% on USD basis
- Operating expenses decreased 2% to £4.6bn despite £0.2bn increase in costs to achieve Transform
- RoE was 4.9% (or 7% excluding CTA)
- YTD highlights
  - Record equity underwriting income
  - Highest ever Americas M&A<sup>3</sup> position at #3
  - 14<sup>th</sup> consecutive year ranked in Top 5 in Institutional Investor's All-America Research team survey

<sup>1</sup> Average allocated equity for preceding nine months | <sup>2</sup> USD change represents monthly spot rate conversion of GBP results | <sup>3</sup> Source: Dealogic

# Barclays Non-Core: Continued shrinkage and capital return

Nine months ended – September (£m)	2013	2014
Income	1,843	1,028
Impairment	(724)	(166)
Total operating expenses	(1,970)	(1,467)
– <i>Costs to achieve Transform (CTA)</i>	(435)	(171)
<b>Loss before tax</b>	<b>(965)</b>	<b>(648)</b>
Tax	161	144
NCI and other equity interests	(92)	(134)
<b>Attributable profit / (loss)</b>	<b>(896)</b>	<b>(638)</b>
<b>Financial performance measures</b>		
Average allocated equity <sup>1</sup>	£17bn	£14bn
Return on average tangible equity drag	(9.2%)	(5.4%)
Return on average equity drag	(6.7%)	(4.2%)
Basic EPS contribution	(6.6p)	(3.9p)

## Highlights

- Loss before tax reduced by 33% to £648m as improvements in impairments and costs were partially offset by significant declines in income due to sales and paydowns of securities and loans and reduced investment banking activity
- 2013 CTA spend reflects restructuring in Europe, with the subsequent savings flowing through 2014 operating expenses
- The income and costs relating to Spain will exit on completion, with a c.£250m reduction in annualised income, offset by c.£240m saving in gross costs
- Average allocated equity reduced by £3.6bn to £13.8bn
- Reduced loss and lower allocated equity reduced drag on Group RoE to 4.2%, well within the 6% to 3% drag guidance

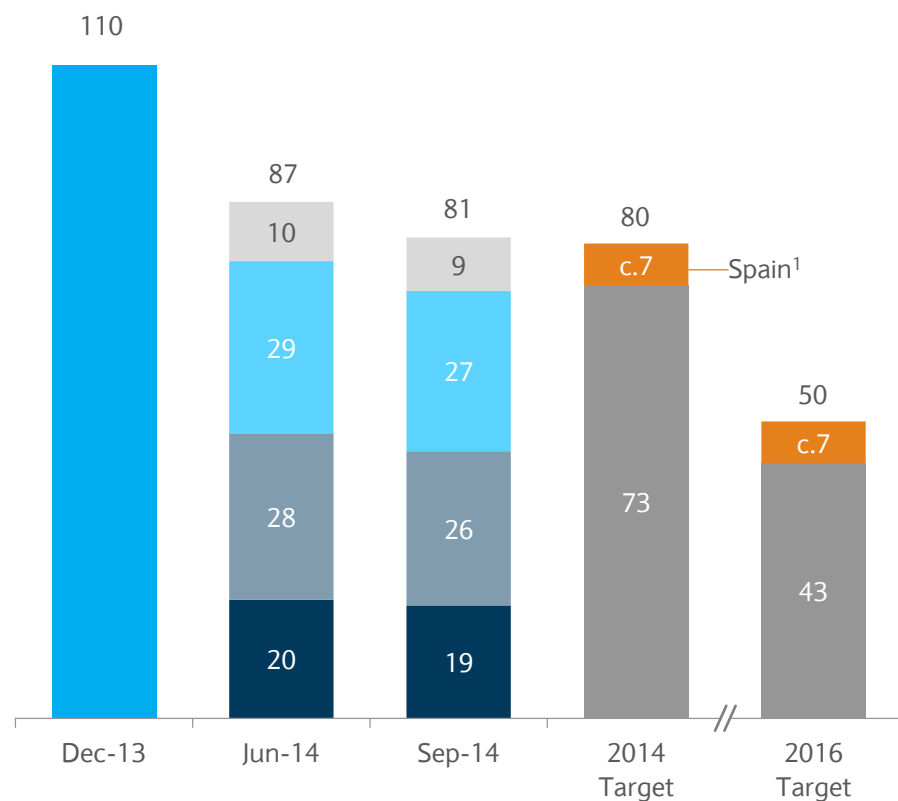
<sup>1</sup> Average allocated equity for preceding nine months |



# Barclays Non-Core: Progress on RWAs and leverage reductions

## RWA reduction (£bn)

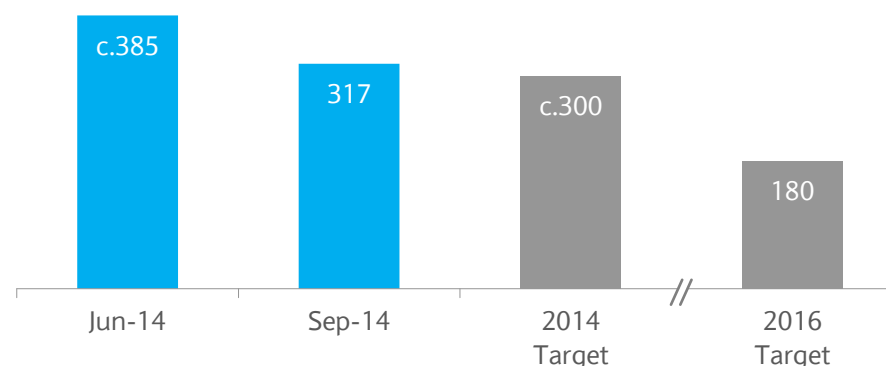
- Businesses
- Securities and loans
- Derivatives
- Operational risk and DTA



## Highlights

- RWA reductions since the year end have concentrated in securities and loans sales and paydowns
- RWAs reduced by £6bn in Q3 2014 mainly driven by derivative optimisation and legacy asset sell down, with further reductions of investment banking positions
- On completion of the sale of the Spanish business, a further reduction of c.£7bn RWAs in Non-Core will be recognised
- Leverage exposure also reduced, with the BCBS measure down to £317bn, driven principally by lower SFTs and derivative exposures

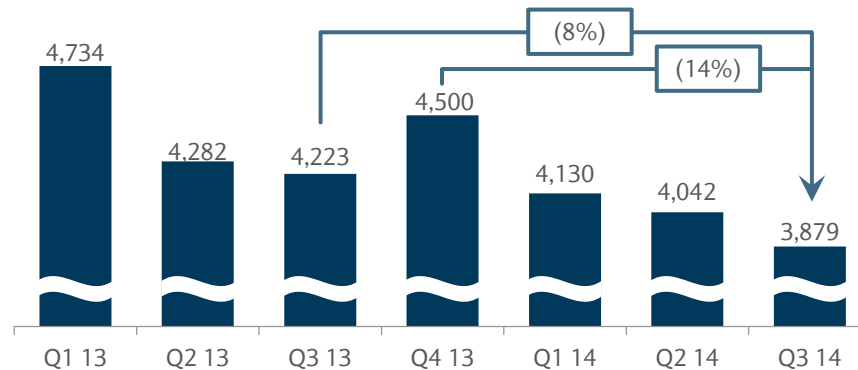
## BCBS leverage exposure and targets<sup>2</sup> (£bn)



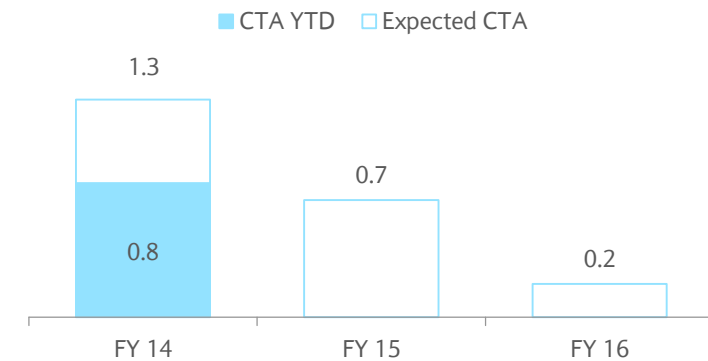
<sup>1</sup> Portion of Spain within Barclays Non-Core. Estimate as announced on 1 September 2014, subject to valuation upon completion of the sale | <sup>2</sup> Estimates based on current understanding of the BCBS 270 standards and the requirements contained in the European Commission delegated act |

# Operating expenses significantly reduced

## Operating expenses<sup>1</sup> progress (£m)



## CTA outlook (£bn)



	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14
Litigation & Conduct Costs	48	77	39	277	65	146	98
Costs to Achieve	514	126	101	468	240	254	332

	CTA spend to date	Savings initiatives from CTA
Personal and Corporate Banking	589	<ul style="list-style-type: none"> <li>2,600 FTE reduction from increased customers' self-serve and assisted service</li> <li>Increased digitalisation and automation, including New Client Service operations, and streamlining of wealth business model</li> </ul>
Barclaycard	117	<ul style="list-style-type: none"> <li>Savings from operational enhancements including restructuring and site consolidation, along with improved technical capabilities through automation and digitisation</li> </ul>
Africa Banking	54	<ul style="list-style-type: none"> <li>Savings from rationalisation of branch footprint and integrating technology across Africa</li> </ul>
Investment Bank	542	<ul style="list-style-type: none"> <li>Front Office restructuring of c.800 FTE, plus additional infrastructure savings</li> </ul>
Core <sup>2</sup>	1,326	
Non-Core	709	<ul style="list-style-type: none"> <li>Business exits, branch rationalisation in Europe and other efficiency savings</li> </ul>

<sup>1</sup> Excluding litigation and conduct costs, CTA, and UK Bank Levy | <sup>2</sup> Includes £24m of Head Office CTA spend to date |

## Balance, resilience and progress

Increased pre-tax profits both year-to-date and year-on-year for the quarter

Costs excluding CTA down for third consecutive quarter, on track for full year target of c.£17bn

Building capital: CET1 ratio 10.2% (10.4% including Spanish disposal); leverage ratio 3.5%

Core business performed well with PBT of £5.6bn and RoE of 10.5% (12% ex-CTA)

Non-Core continued to shrink and return capital; Spanish disposal on track

TNAV increased to 287p

# Legal Disclaimer

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## Important Notice

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

## 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 the Group's 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 or savings, original and revised commitments and targets in connection with the Transform Programme and Group Strategy Update, run-down of assets and businesses within Barclays Non-Core, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers 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, US, 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; the impact of EU and US sanctions on Russia; the 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 SEC including our Annual Report on Form 20-F for the fiscal year ended 31 December 2013, which are available on the SEC's website at <http://www.sec.gov>.

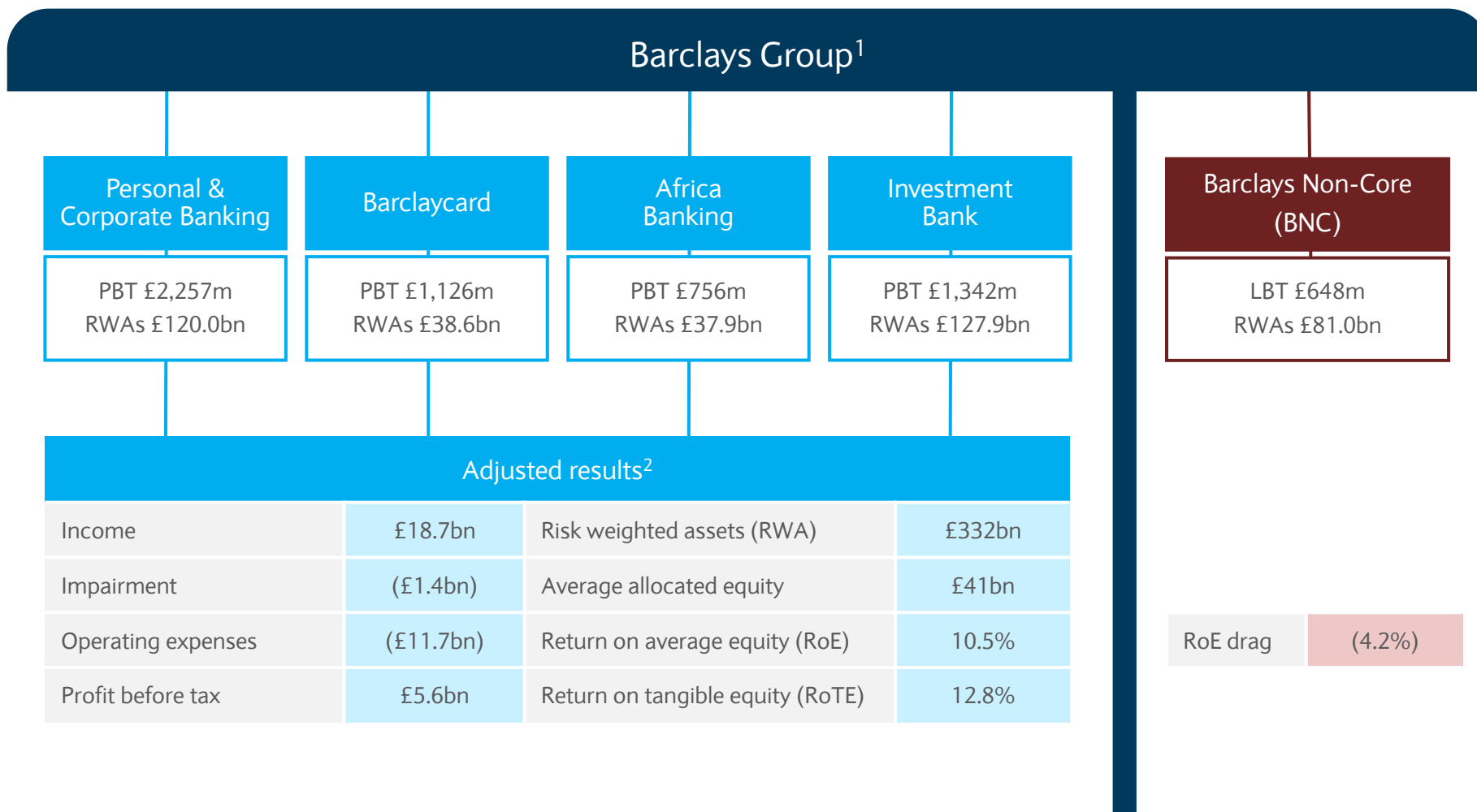
Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London 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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# Reorganising to a simpler, focused and balanced structure

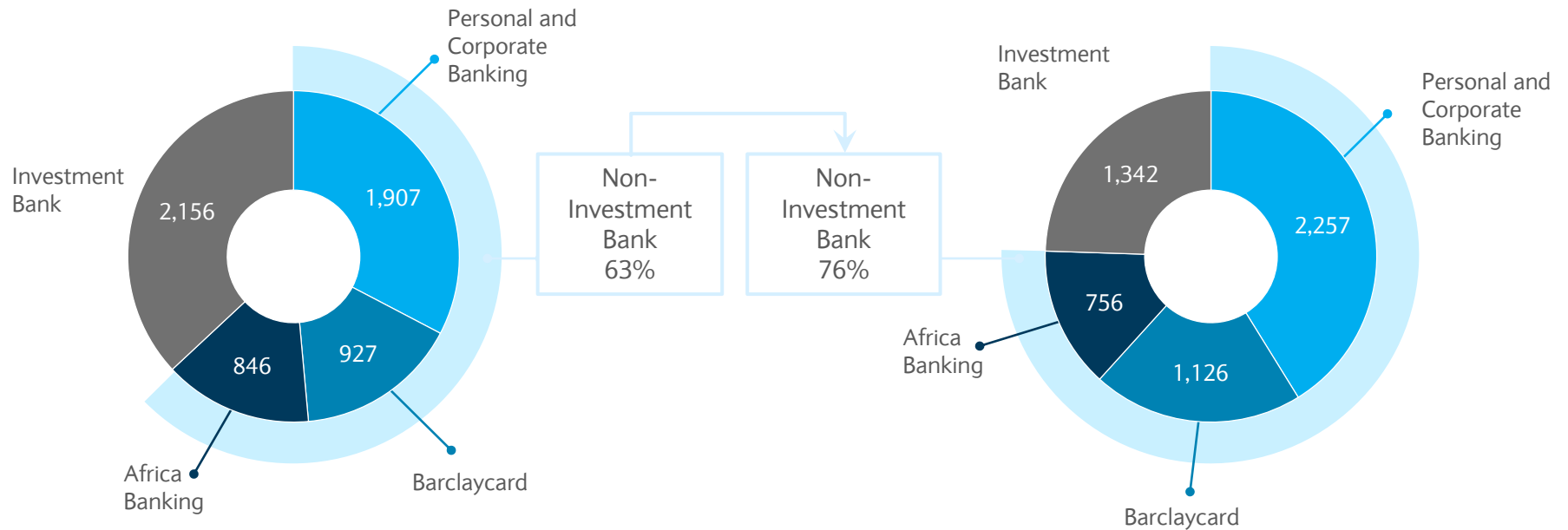


<sup>1</sup> All figures for nine months ended September 2014 | <sup>2</sup> Includes Head Office as part of Core, representing £7.5bn RWAs and £106m profit before tax |

# Evolving balance of the Core business

Profit before tax of Core business: Q3 YTD 13<sup>1</sup>

Profit before tax of Core business: Q3 YTD 14<sup>1</sup>



<sup>1</sup> Excluding Head Office |

## Diverse and balanced business mix

Nine months ended – September (£m)	Income		Profit Before Tax	
	2013	2014	2013	2014
Personal and Corporate Banking	6,557	6,597	1,907	2,257
Barclaycard	3,069	3,247	927	1,126
Africa Banking	3,059	2,701	846	756
Investment Bank	6,814	5,922	2,156	1,342
Head Office	(85)	215	(154)	106
<b>Total Core</b>	<b>19,414</b>	<b>18,682</b>	<b>5,682</b>	<b>5,587</b>
Barclays Non-Core	1,843	1,028	(965)	(648)
<b>Group<sup>1</sup></b>	<b>21,257</b>	<b>19,710</b>	<b>4,717</b>	<b>4,939</b>

<sup>1</sup> Group presented on an adjusted basis |

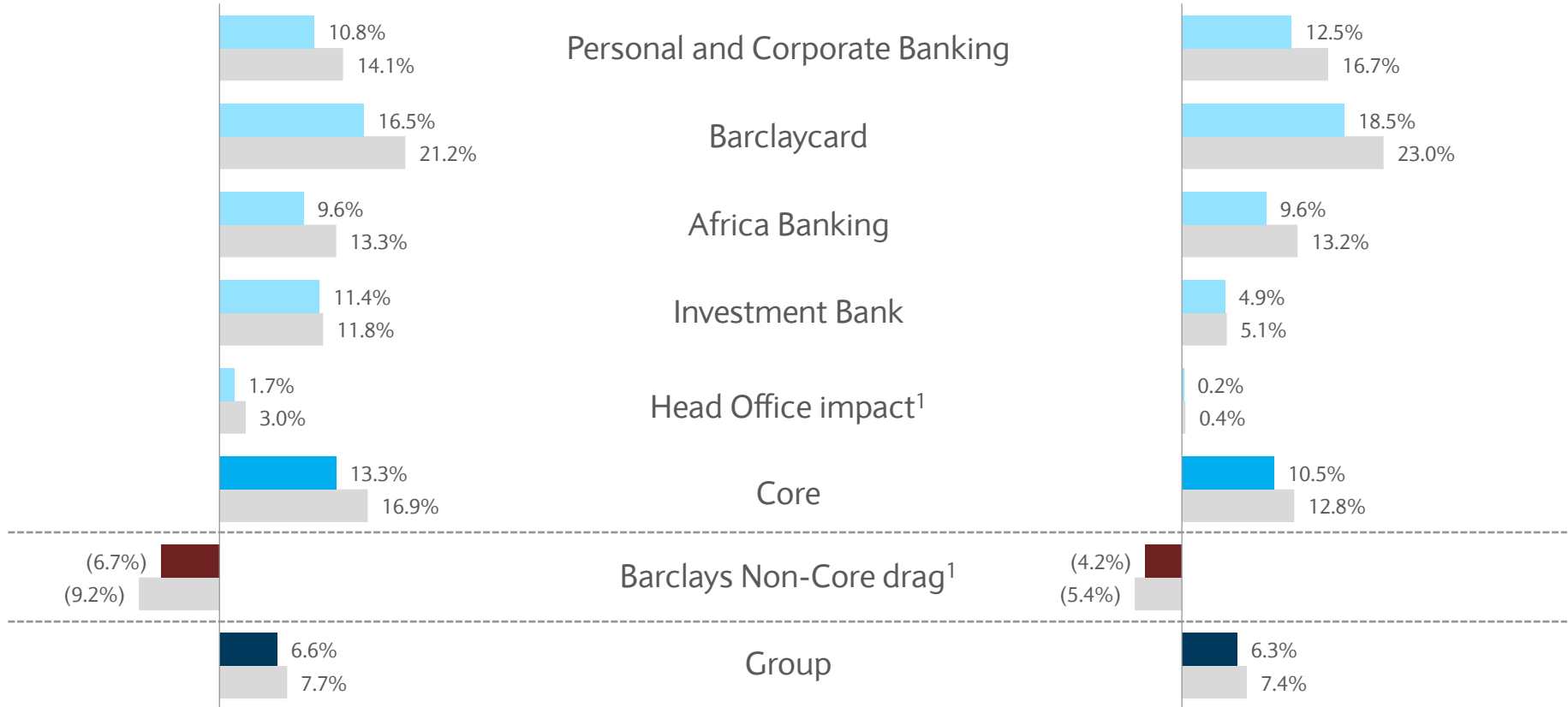


# Adjusted Return on Average Equity (RoE)

RoE and RoTE – Nine months ended – September 2013

RoE and RoTE – Nine months ended – September 2014

■ RoTE



<sup>1</sup> RoE and RoTE for Barclays Non-Core and Head Office represents the impact on the Group and the impact on the Core respectively. This does not represent the RoE and RoTE of the divisions |

# Impact of costs to achieve Transform

Adjusted performance measures by business	Nine months ended – September 2014			
	Costs to achieve Transform (£m)	Profit before tax <sup>1</sup> (£m)	Return on average equity <sup>1,2</sup> (%)	Cost : income ratio <sup>1</sup> (%)
Personal and Corporate Banking	205	2,462	13.8%	57%
Barclaycard	68	1,194	19.6%	39%
Africa Banking	28	784	10.3%	61%
Investment Bank	352	1,694	7.0%	72%
Head Office	2	108	0.2%	–
<b>Total Core</b>	<b>655</b>	<b>6,242</b>	<b>12.0%</b>	<b>59%</b>
Barclays Non-Core	171	(477)	(4.2%)	126%
<b>Group</b>	<b>826</b>	<b>5,765</b>	<b>7.8%</b>	<b>63%</b>

<sup>1</sup> Excluding CTA | <sup>2</sup> RoE and RoTE for Barclays Non-Core and Head Office represents the impact on the Group and the impact on the Core respectively. This does not represent the RoE and RoTE of the divisions |

# Net interest margins and balances<sup>1</sup>

	Nine months ended – September 2013			Nine months ended – September 2014		
	Net interest income (£m)	Average customer assets (£m)	Net interest margin (%)	Net interest income (£m)	Average customer assets (£m)	Net interest margin (%)
Personal and Corporate Banking	4,390	201,655	2.91	4,679	209,284	2.99
Barclaycard	2,112	31,224	9.04	2,287	34,050	8.98
Africa Banking	1,707	39,482	5.78	1,547	34,720	5.96
Total Personal and Corporate Banking, Barclaycard and Africa Banking	8,209	272,361	4.03	8,513	278,054	4.09
Group	8,493			9,126		

<sup>1</sup> Margins are calculated as net interest income over average customer assets |

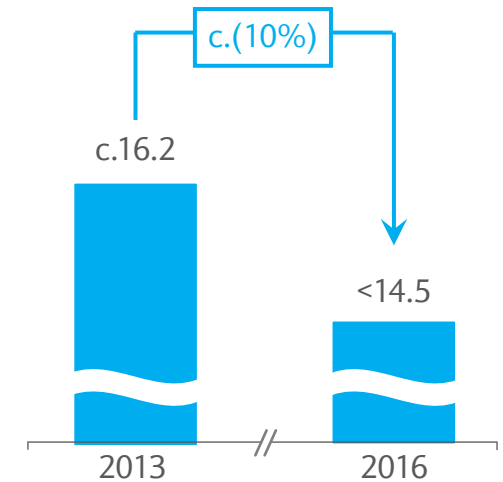
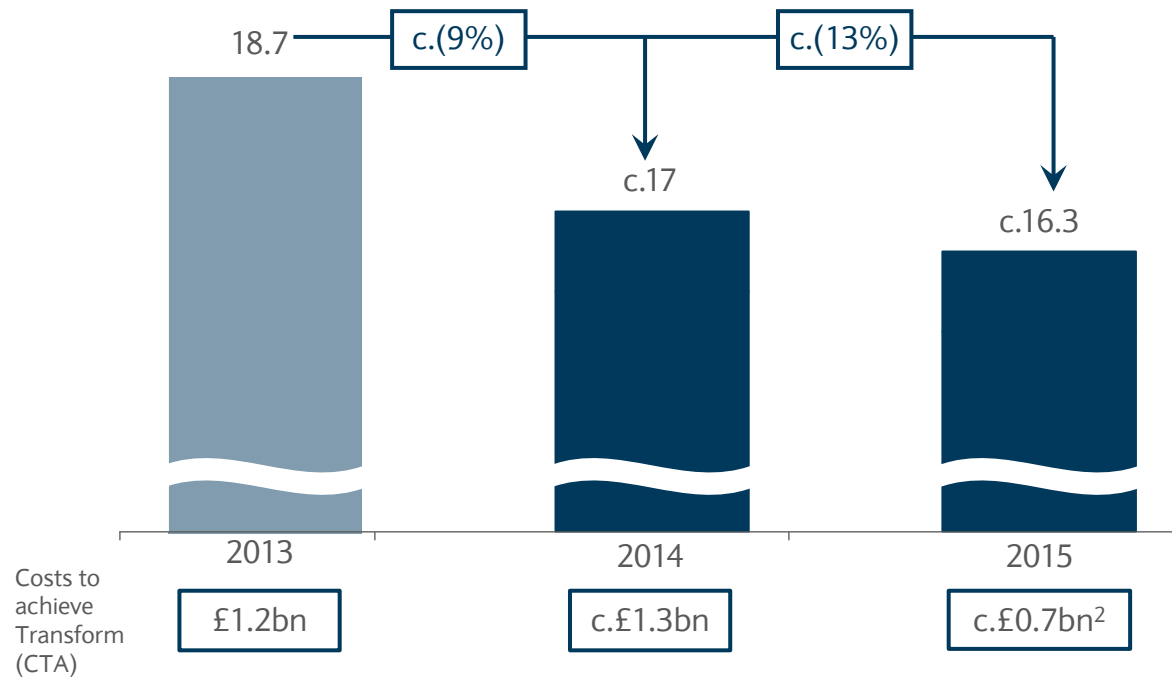
# Group Cost targets

## Group cost guidance<sup>1</sup> (£bn)

## Core cost targets<sup>1</sup> (£bn)

■ Original Group cost target and interim guidance   ■ Revised Group cost guidance

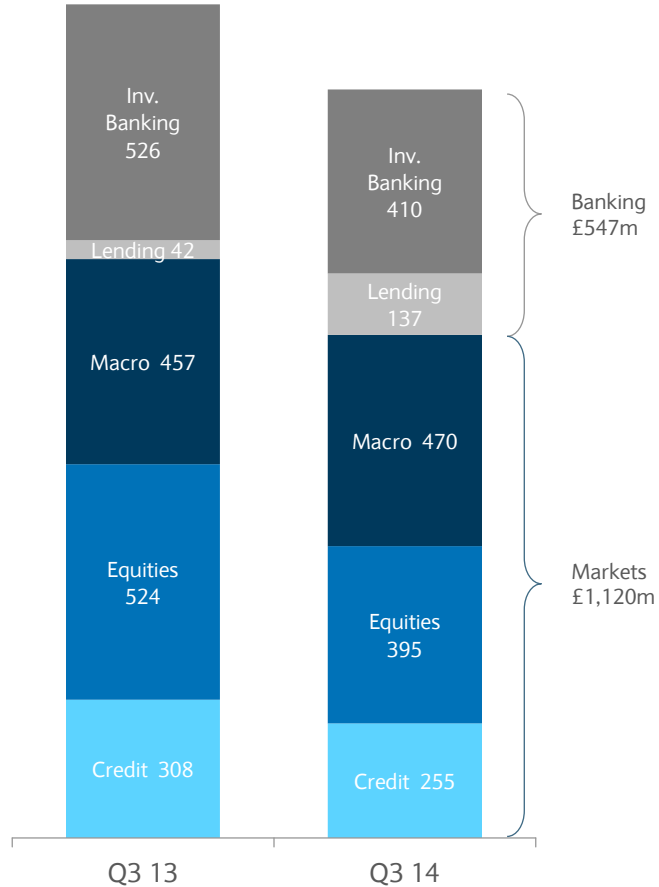
■ Core cost targets



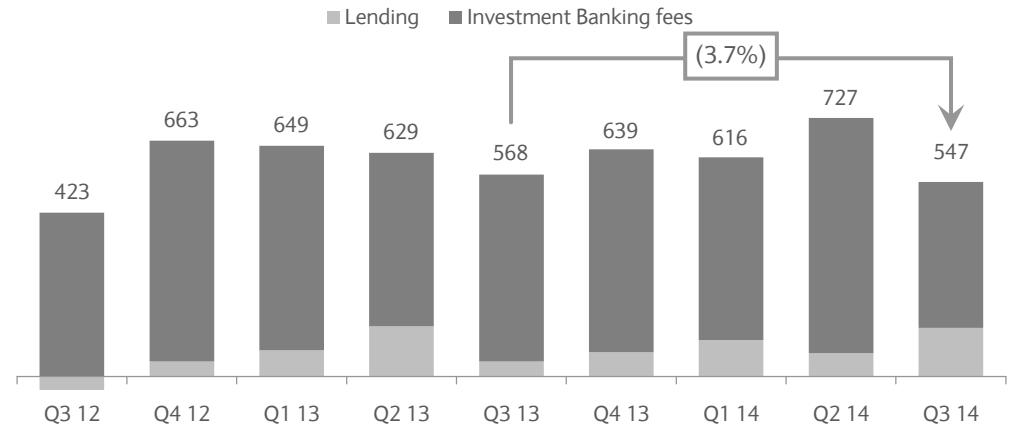
<sup>1</sup> Excludes provisions for PPI and IRHP redress, goodwill impairment and CTA | <sup>2</sup> £200m of CTA expected in 2016 across both Core and Non-Core |

# Investment Bank: Quarterly progression

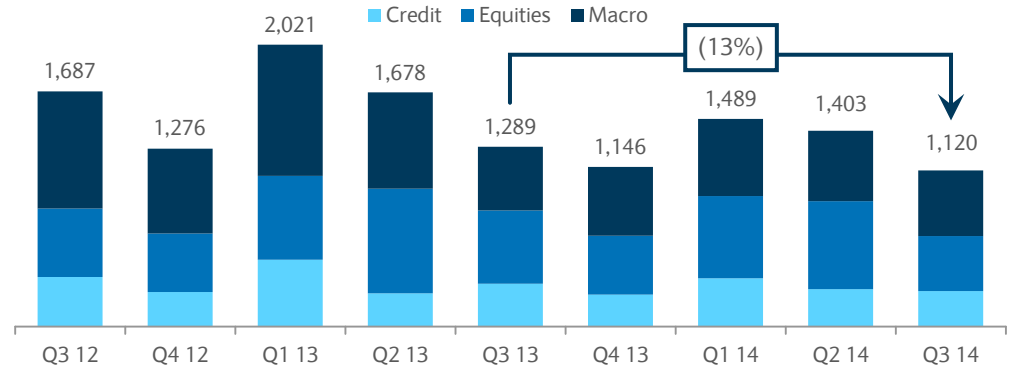
## Q3 on Q3 change in income (£m)



## Banking (£m)



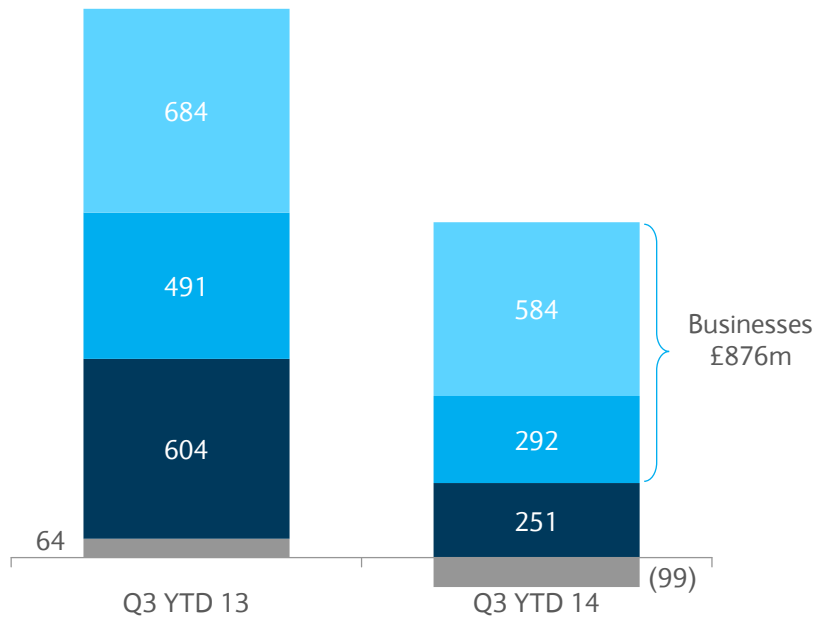
## Markets (£m)



# Barclays Non-Core: Income and cost on track

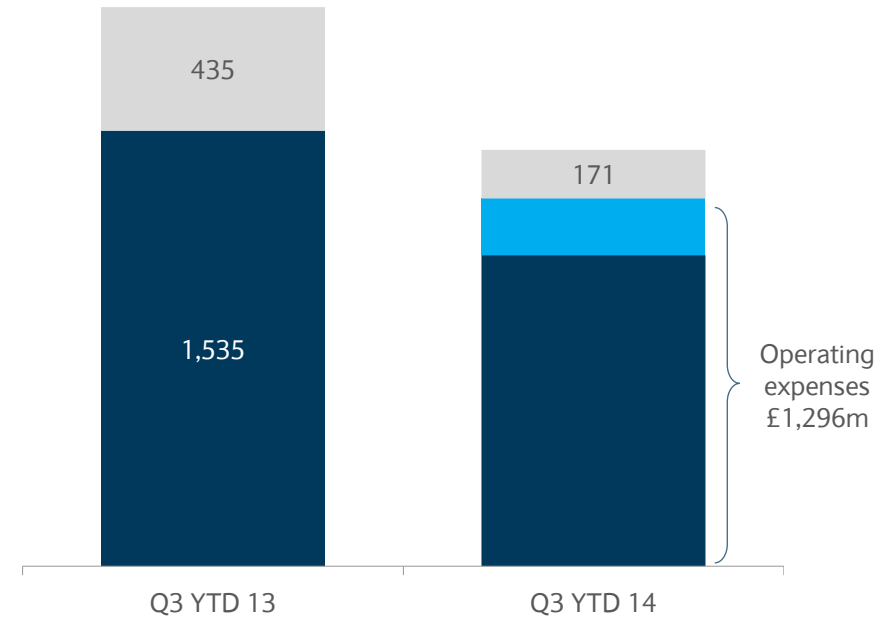
## Non-Core adjusted income splits (£m)

- Businesses: retail
- Businesses: non-retail
- Securities and loans
- Derivatives



## Non-Core costs (£m)

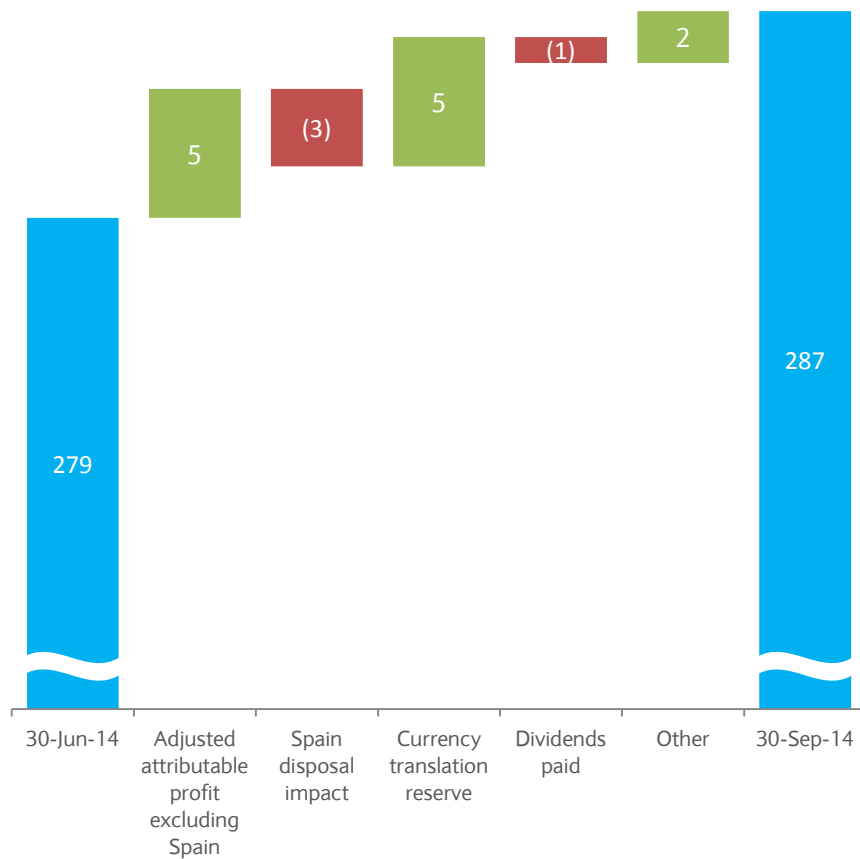
- Operating expenses
- Cost to achieve
- Spain operating expenses



RoE drag will track between 6% and 3% between now and the 2016 target of <3%

# TNAV: Continued growth driven by attributable profit

## Tangible net asset value (pence per share)



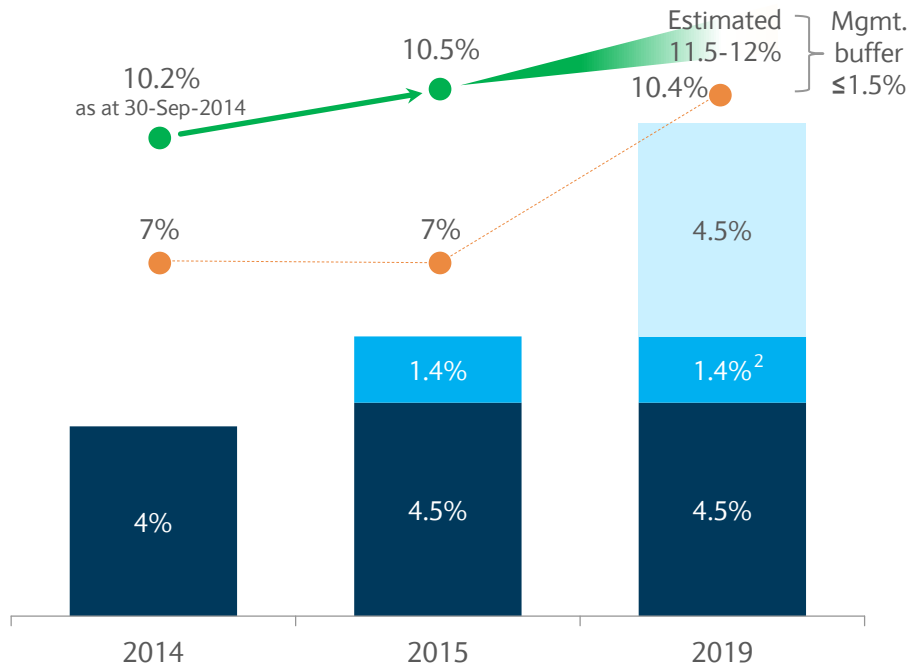
## Highlights

- TNAV increased 8p over the past three months to 287p
- Attributable profit over the quarter of £811m, excluding the impact of the Spain disposal, generated a TNAV per share improvement of 5p
- The loss on Spain disposal reduced TNAV per share by 3p
- The depreciation of GBP against USD led to a £783m increase in the currency translation reserve and a 5p improvement in TNAV per share – a reversal of adverse Q2 movements
- The 1p per share interim dividend paid in the quarter reduced TNAV per share by the same amount

# Progressive implementation of CET1 requirements

## Regulatory targets, excluding internal buffer

- CRD IV minimum CET1 requirement
- Pillar 2A met with CET1 capital (varies annually)
- Fully loaded combined buffer requirement, excluding CCCB
- PRA regulatory minimum<sup>1</sup>
- Barclays fully loaded CRD IV CET1 ratio progression



## Key assumptions in this illustration

- CET1 minimum requirements per PRA implementation of Capital Requirements Regulation (CRR)
- Pillar 2A met with CET1 capital for 2014 is 1.4% of RWAs; subject to at least annual review<sup>2</sup>, we hold it constant in 2019 for illustration purposes
- Combined buffer requirement (and associated rules for mandatory distribution restrictions), consisting of 2.5% capital conservation buffer and 2% G-SII buffer, transitions in from 1 January 2016 at 25% per annum
- In 2019, we have assumed that the PRA buffer will be less than 4.5% combined buffer requirement; however, this may not be the case
- Countercyclical (CCCB), other systemic and sectoral buffers are currently assumed to be zero<sup>3</sup>
- Internal management buffer, currently 1.5%, will be recalibrated over time and may be less than 1.5% by 2019

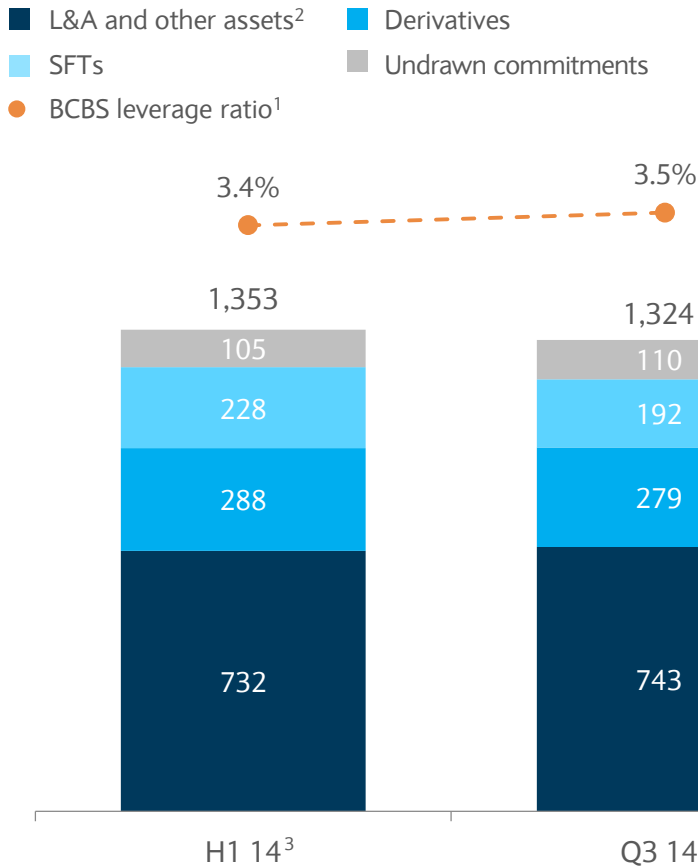
**Note:** during 2014, the PRA will refresh its “PRA buffer” following its stress testing exercise. In 2015, the combined CRD IV minimum requirements, Pillar 2A and PRA buffer may be greater than 7.0%

<sup>1</sup> Being the higher of 7% PRA expectation and CRD IV capital requirements | <sup>2</sup> Held constant for illustration | <sup>3</sup> These buffers could be applied at the Group level, or at a legal entity, sub-consolidated or portfolio level |



# Steady progression on leverage ratio

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



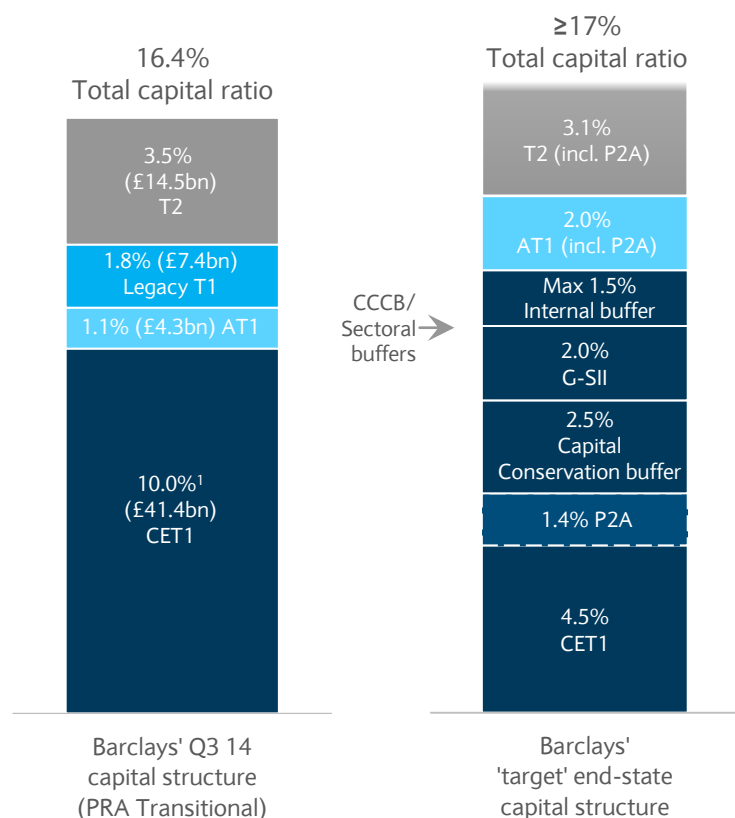
## Highlights

- Estimated BCBS leverage ratio improved further as a result of regulatory capital accretion and additional deleveraging
- Continue to make good progress on deleveraging, reducing expected BCBS leverage exposure by £29bn, including:
  - IFRS reverse repurchase agreements decreased £14bn to £158bn and Securities Financing Transactions (SFT) adjustments reduced £22bn to £34bn due to lower match book trading and optimisations
  - IFRS derivatives increased £50bn to £383bn, which was broadly offset by a £47bn increase in allowable netting to £345bn. Eligible cash collateral netting increased £11bn to £42bn, driven by business activity and optimisations

<sup>1</sup> Estimates based on current understanding of the BCBS 270 standards and the requirements contained in the European Commission delegated act | <sup>2</sup> Loans and advances and other assets net of regulatory deductions and other adjustments |

# Continued progress on the transition towards our 'target' end-state capital structure

## Evolution of capital structure



## Fully loaded CRD IV capital position

- Fully loaded CRD IV CET1 ratio at 10.2% on track to meet our target of > 11% in 2016. The ratio was well in excess of the 7% PRA regulatory target<sup>2</sup>
- Robust buffers to contingent capital triggers<sup>3</sup>
  - AT1 contingent capital: 320bps or £13.1bn
  - T2 contingent capital: 510bps or £21.1bn<sup>4</sup>
- As we build CET1 capital over the transitional period, we expect reaching a range of 11.5-12% in end-state<sup>5</sup>
- Continued transition towards our end-state capital through issuance of most of our CRD IV and PRA compliant capital and term senior unsecured debt out of Barclays PLC
- Fully loaded total capital ratio increased to 15.4% (30 June 2014: 15.0%) and transitional total capital ratio increased to 16.4% (30 June 2014: 16.0%)
- Further clarity required on Total Loss Absorbing Capacity (TLAC) quantum and composition. In the interim, we continue to build towards our target end-state capital structure which assumes at least 17% of total capital; final requirements subject to PRA discretion

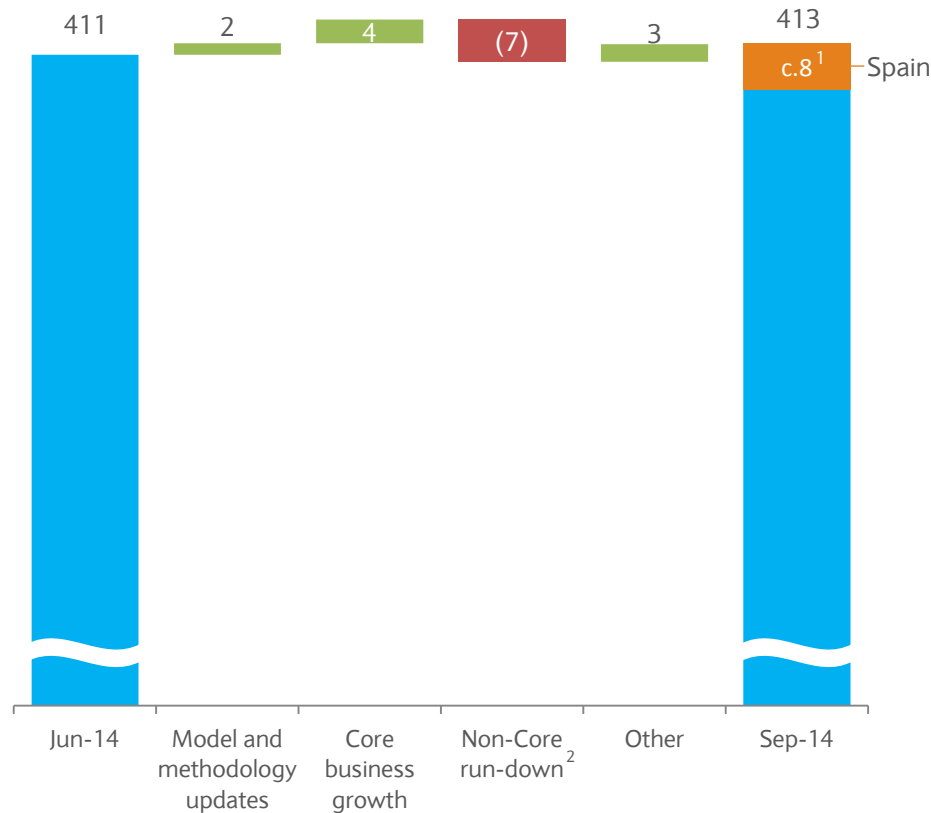
## Pillar 2A guidance

- As per PS7/13<sup>6</sup>, PRA expects UK banks to meet Pillar 2A by 1 January 2015. Barclays Pillar 2A requirement for 2014 is 2.5%<sup>7</sup>
  - CET1 of 1.4% (assuming 56%)
  - AT1 of 0.5% (assuming 19%)
  - T2 of 0.6% (assuming 25%)
- Individual capital guidance determining Pillar 2A will be set and communicated at least annually, and will vary accordingly

<sup>1</sup> Difference to fully loaded ratio of 10.2% arises from a regulatory adjustment relating to unrealised gains | <sup>2</sup> Being the higher of 7% PRA expectation and CRD IV capital requirements | <sup>3</sup> CRD IV rules on mandatory distribution restrictions apply from 1 January 2016 onwards based on transitional CET1 requirements | <sup>4</sup> Based on the CRD IV CET1 transitional (FSA October 2012 statement) the ratio was 12.1% as at 30 September 2014 | <sup>5</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>6</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>7</sup> Point in time assessment made at least annually, by the PRA, to reflect idiosyncratic risks not fully covered under Pillar 1. 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 |

# RWAs: Well managed to support business growth and returns

RWAs (£bn)



Highlights

- RWAs were up marginally on the quarter as reductions in Non-Core were offset by growth in Core businesses, and model and methodology driven movements
- Underlying reductions in Non-Core mainly driven by derivative optimisation and legacy asset sell down, with further reductions of investment banking positions
- Model changes mainly impacted Non-Core and the Core Investment Bank driven by a number of smaller model adjustments
- Upon completion of the sale of the Spanish businesses, RWAs are expected to decrease by a further £8bn<sup>1</sup>
- As Non-Core is run-down, and capital released is allocated to the Core Businesses, the mix of RWAs is expected to change

<sup>1</sup> Estimate as announced on 1 September 2014, subject to valuation upon completion of the sale | <sup>2</sup> Net of model and methodology driven movements |

# Capital resources<sup>1</sup>

(£m)		30 June 2014	30 September 2014
Shareholders' equity (excluding non controlling interests) per the balance sheet		58,068	59,571
Less: other equity instruments (recognised as AT1 capital)		(4,326)	(4,317)
Adjustment to retained earnings for foreseeable dividends		(596)	(787)
Minority interests (amount allowed in consolidated CET1)		1,171	1,182
Other regulatory adjustments and deductions	Additional value adjustments	(2,492)	(2,641)
	Goodwill and intangible assets <sup>2</sup>	(7,828)	(7,953)
	Deferred tax assets that rely on future profitability excluding temporary differences	(1,062)	(945)
	Fair value reserves related to gains or losses on cash flow hedges <sup>2</sup>	(532)	(617)
	Negative amounts resulting from the calculation of expected loss amounts	(2,036)	(1,914)
	Gains or losses on liabilities at fair value resulting from own credit <sup>2</sup>	612	581
	Other regulatory adjustments	(172)	(88)
Direct and indirect holdings by an institution of own CET1 instruments		(25)	(27)
Fully loaded Common Equity Tier 1 capital		40,782	42,045
Regulatory adjustments relating to unrealised gains <sup>2</sup>		(513)	(604)
PRA Transitional Common Equity Tier 1 capital		40,269	41,441
CRD IV RWAs		410,987	412,892
Fully Loaded Common Equity Tier 1 ratio		9.9%	10.2%
PRA Transitional Common Equity Tier 1 ratio <sup>3</sup>		9.8%	10.0%

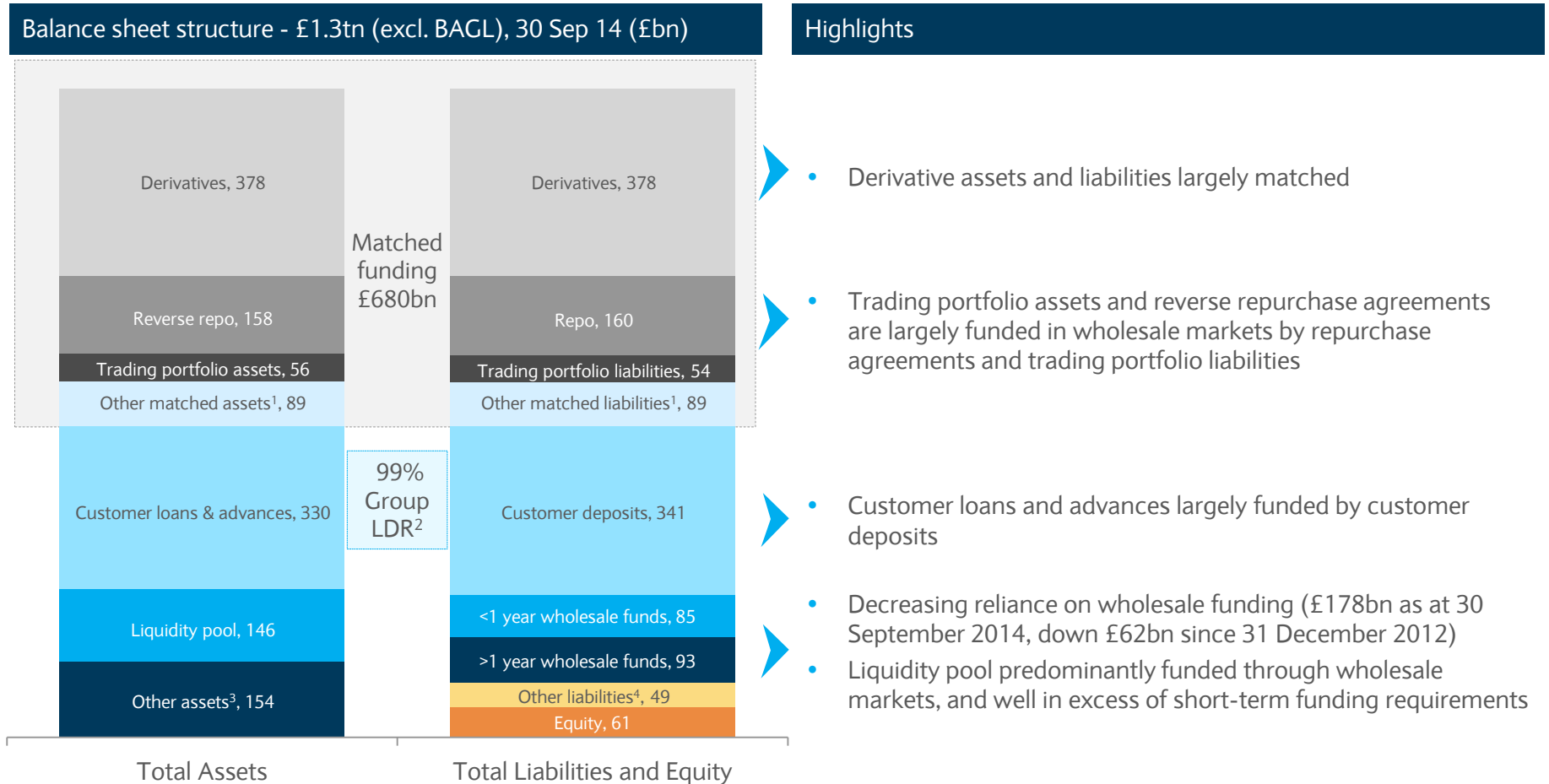
<sup>1</sup> The Capital Requirements Regulation and Capital Requirements Directive implemented Basel 3 within the EU (collectively known as CRD IV) on 1 January 2014. The rules are supplemented by Regulatory Technical Standards and the PRA's rulebook, including the implementation of transitional rules | <sup>2</sup> The capital impacts of these items are net of tax | <sup>3</sup> The CRD IV CET1 ratio (FSA October 2012 transitional statement) as applicable to Barclays' Tier 2 Contingent Capital Notes was 12.1% based on £50bn of transitional CRD IV CET1 capital and £413bn RWAs |

# Estimated leverage exposure<sup>1</sup>

(£bn)	BCBS 270 Leverage exposure	
	30 June 2014	30 September 2014
Derivative financial instruments	333	383
Cash collateral	60	60
Reverse repurchase agreements	172	158
Loans and advances and other assets	750	765
<b>Total IFRS assets</b>	<b>1,315</b>	<b>1,366</b>
Derivatives netting	(298)	(345)
Adjustments to cash collateral	(31)	(42)
Net written credit protection	29	28
Potential Future Exposure on derivatives	195	195
<b>Total derivatives adjustments</b>	<b>(105)</b>	<b>(164)</b>
Securities financing transactions adjustments	56	34
Regulatory deductions and other adjustments	(18)	(22)
Weighted off balance sheet commitments	105	110
<b>Total fully loaded leverage exposure</b>	<b>1,353</b>	<b>1,324</b>
CRD IV Common Equity Tier 1 capital	40.8	42.0
CRD IV Additional Tier 1 capital	4.6	4.6
CRD IV Tier 1 capital	45.4	46.6
<b>Fully loaded leverage ratio</b>	<b>3.4%</b>	<b>3.5%</b>

<sup>1</sup> Estimates based on current understanding of the BCBS 270 standards and the requirements contained in the European Commission delegated act |

# Balance sheet is conservatively funded

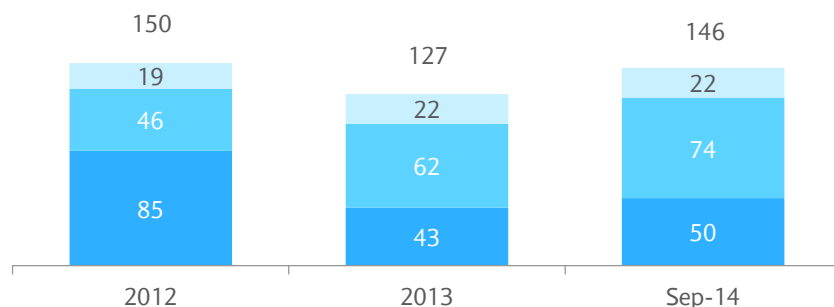


<sup>1</sup> Matched cash collateral and settlement balances | <sup>2</sup> The Group Loan to Deposit Ratio (LDR) includes BAGL, cash collateral and settlement balances | <sup>3</sup> Including L&A to banks, financial assets at fair value, AFS securities (excluding liquidity pool), unencumbered trading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

# Maintaining a robust liquidity position, with pool well in excess of internal and external minimum requirements

## High quality liquidity pool (£bn)

■ Cash & Deposits at Central Banks ■ Government Bonds ■ Other Available Liquidity



## Estimated CRD IV/Basel 3 liquidity ratios<sup>1</sup>

Metric	Jun-14	Sep-14	Expected 100% requirement date
LCR <sup>2</sup>	107%	115%	1 January 2018
NSFR <sup>3</sup>	98%	–	1 January 2018

## Surplus to 30-day Barclays-specific LRA<sup>4</sup>

	2013	Jun-14
LRA	104%	107%
Buffer	£5bn	£9bn

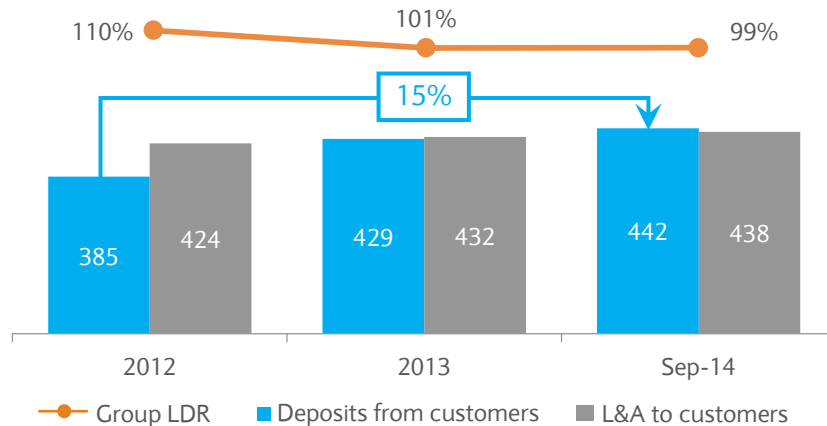
## Key messages

- Further strengthened liquidity position with the Group Liquidity pool up by £12bn to £146bn, building a larger surplus to the internal Liquidity Risk Appetite
- Quality of the pool remains high despite on-going optimisation of its composition:
  - 85% held in cash, deposits with central banks and high quality government bonds
  - Over 86% of government bonds are securities issued by UK, US, Japanese, French, German, Danish, Swiss and Dutch sovereigns
- Even though not a regulatory requirement, our liquidity pool exceeds wholesale debt maturing in less than a year
- Additional significant sources of contingent funding in the form of high quality assets pre-positioned with central banks globally
- Continued strengthening of estimated CRD IV/Basel 3 liquidity ratios<sup>1</sup>:
  - Estimated LCR in excess of 100% expectation in January 2018 based on both the CRD IV rules as implemented by the EBA and the Basel Standards
  - Rules on the NSFR are still evolving and subject to consultation. Expect to be in excess of 100% well ahead of the 2018 implementation timeline even if rules were to be implemented in current form

<sup>1</sup> Includes a number of assumptions which are subject to change prior to the implementation of the CRD IV liquidity requirements | <sup>2</sup> LCR estimated based on CRD IV rules as implemented by the EBA | <sup>3</sup> Disclosed on a semi-annual basis. Estimated based on our interpretation of the Basel Consultation Paper published in January 2014, including the requirement for 50% required stable funding against short-term reverse repos from non-banks. Without this interpretation of the requirement, which did not exist in the 2010 Basel publication, the NSFR as at 30 June 2014 would have been 113%. Further changes to the rules are expected prior to the Basel Committee's finalisation of the rules and implementation by local regulators ahead of the target 2018 compliance date | <sup>4</sup> Disclosed on a semi-annual basis |

# We maintain access to stable and diverse sources of funding, across customer deposits and wholesale debt

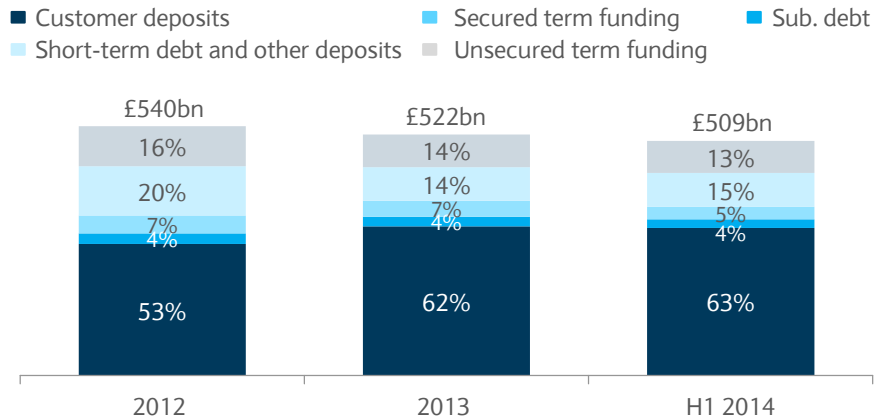
## Significant increase in deposit funding (£bn)



## Key messages

- Group Loan to Deposit Ratio (LDR) and the LDR for PCB, Barclaycard and Africa Banking broadly unchanged at 99% and 90% respectively<sup>1</sup>
- Excess customer deposits in PCB, Barclaycard and Africa Banking are predominantly used to fund the liquidity buffer requirements for these businesses, making them broadly self funded
- In line with the 2014 funding plan, the Group issued £4bn of term funding net of early redemptions during Q3 2014, taking total net issuance in 2014 to £14bn (excluding FLS)

## Total funding (excluding BAGL)



## 2014 Funding Plan

- £4bn of term funding maturing in the remainder of 2014. A further £23bn matures in 2015
- We intend to maintain access to diverse wholesale funding, through different products, currencies, maturities and channels
- We will continue to look for issuance opportunities across public and private unsecured, and secured transactions, and subordinated debt, although will still be materially below overall maturities for the year
- Secured debt issuance from established platforms expected to continue supporting unsecured issuances, contributing to the stability and diversity of our funding base

<sup>1</sup> LDR for PCB, Barclaycard and Africa Banking also includes the Non-Core (retail) deposits |