# Barclays PLC
## Fixed Income Investor Presentation
### Q3 2014 Interim Management Statement

30 October 2014

# Performance Overview

# 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) |
| – *Litigation and conduct* | | *(164)* | *(309)* |
| – *Costs to achieve Transform (CTA)* | | *(741)* | *(826)* |
| **Adjusted profit before tax** | | **4,717** | **4,939** |
| Tax | | (1,505) | (1,630) |
| NCI and other equity interests | | (629) | (721) |
| **Adjusted attributable profit** | | **2,583** | **2,588** |
| Adjustments | – *Own credit* | *(125)* | *96* |
| Adjustments | – *Provisions for PPI and IRHP redress* | *(2,000)* | *(910)* |
| Adjustments | – *Gain on US Lehman acquisition assets* | *259* | *461* |
| Adjustments | – *Provision for ongoing investigations into Foreign Exchange* | – | *(500)* |
| Adjustments | – *Loss on announced sale of the Spanish business* | – | *(364)* |
| **Statutory profit before tax** | | **2,851** | **3,722** |
| **Statutory attributable profit** | | **1,182** | **1,505** |
| Return on average equity[1] | | 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

[1] Based on adjusted attributable profit, also taking into account tax credit on AT1 coupons |

# Strengthening key financial metrics

| (£bn) | | Jun-14 | Sep-14 |
|---|---|---|---|
| Balance Sheet | Total assets | 1,315 | 1,366 |
| | BCBS leverage exposure[1] | 1,353 | 1,324 |
| | BCBS leverage ratio[1] | 3.4% | 3.5% |
| CRD IV Capital | Fully loaded CET1 ratio[2] | 9.9% | 10.2% |
| | Fully loaded CET1 capital | 40.8 | 42.0 |
| | Fully loaded T1 capital | 45.4 | 46.6 |
| | Risk weighted assets | 411 | 413 |
| Liquidity | Liquidity Coverage Ratio[3] | 107% | 115% |
| | Net Stable Funding Ratio[3] | 98% | –[4] |
| Funding | Loan to deposit ratio[5] | 92% | 90% |
| | Wholesale funding[6] | 179 | 178 |

## Highlights

- Key balance sheet metrics continues to strengthen
- Fully loaded capital metrics showed steady progress with fully loaded CRD IV CET ratio at 10.2% and BCBS leverage ratio at 3.5%
- Liquidity pool increased to £146bn, comprising 85% cash and deposits with central banks and high quality government bonds
- LCR was above 100% requirement with a surplus of £20bn
- Funding profile remained conservative with Loan to Deposit Ratio of 90% in retail and corporate businesses
- Wholesale funding outstanding was £178bn, of which £85bn matures in <1 year

| [1]Estimates based on current understanding of the BCBS 270 standards and the requirements contained in the European Commission delegated act | [2] Based on our interpretation of the final CRD IV text and latest EBA technical standards | [3] Based on CRD IV rules, as implemented by the EBA | [4] Calculated biannually | [5] LDR calculated for PCB, Africa Banking, Barclaycard and Non-Core retail | [6] Excludes repurchase agreements

# 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) |
| – *Litigation and conduct* | *(104)* | *(194)* |
| – *Costs to achieve Transform (CTA)* | *(306)* | *(655)* |
| Adjusted profit before tax | 5,682 | 5,587 |
| Tax | (1,666) | (1,774) |
| NCI and other equity interests | (537) | (587) |
| Adjusted attributable profit | 3,479 | 3,226 |
| **Adjusted financial performance measures** | | |
| Average allocated equity[1] | £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 |
| | Jun-14 | Sep-14 |
| CRD IV RWAs | £324bn | £332bn |
| BCBS leverage exposure[2] | 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

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

# 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) |
| – *Costs to achieve Transform (CTA)* | *(435)* | *(171)* |
| Loss before tax | (965) | (648) |
| Tax | 161 | 144 |
| NCI and other equity interests | (92) | (134) |
| Attributable profit / (loss) | (896) | (638) |
| **Financial performance measures** | | |
| Average allocated equity[1] | £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) |
| | Jun-14 | Sep-14 |
| CRD IV RWAs | £87bn | £81bn |
| BCBS leverage exposure[2] | c.£385bn | £317bn |

## Highlights

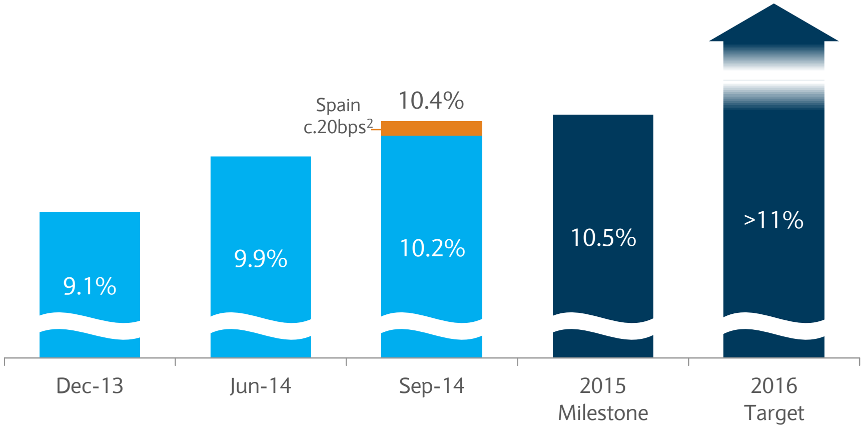
- Loss before tax reduced by 33% to £648m as improvements in impairments and costs were partially offset by significant declines in income due to sales and paydowns of securities and loans and reduced investment banking activity
- 2013 CTA spend reflects restructuring in Europe, with the subsequent savings 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

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

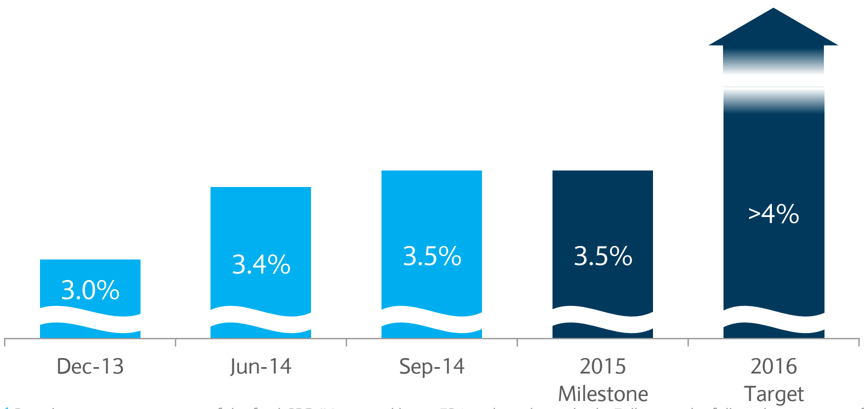
# Capital & Leverage

# Progressive strengthening of capital and leverage ratios

## Fully loaded CRD IV CET1 ratio[1]




## Estimated BCBS leverage ratio[3]



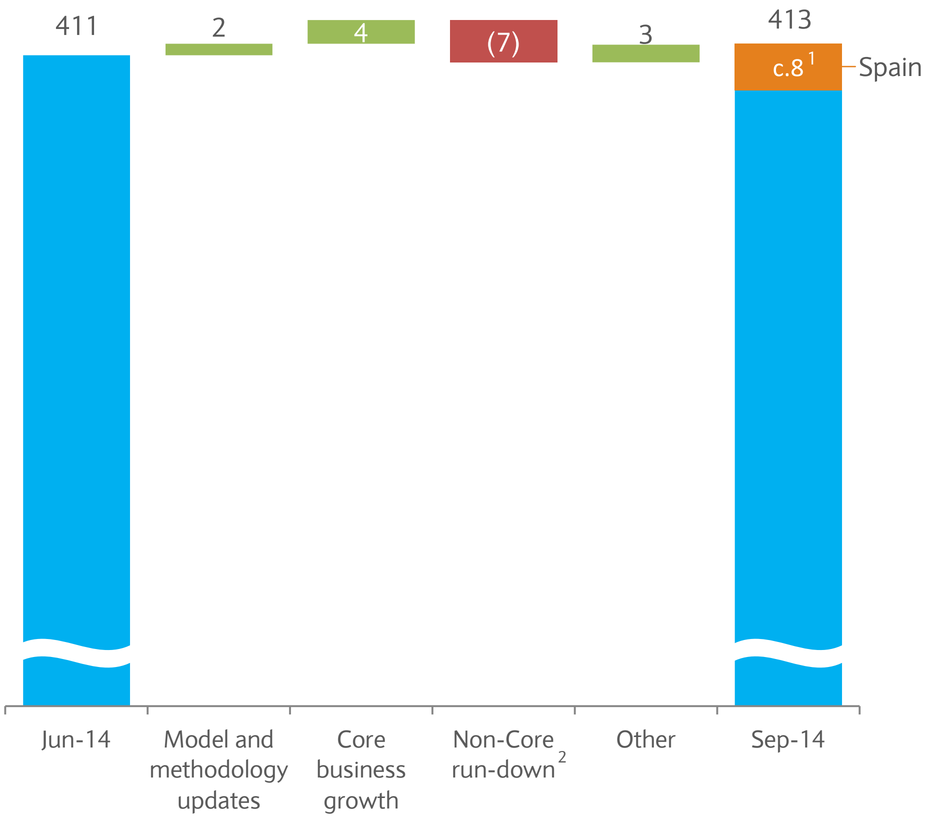

## Highlights

- Continue to show good progress on our CRD IV CET1 ratio and estimated BCBS leverage ratio towards 2016 targets
- 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[2], 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%
- Confident that our planned trajectory of capital and leverage positions us well to meet future regulatory requirements

[1] 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% | [2] Estimate as announced on 1 September 2014, subject to valuation upon completion of the sale | [3] Estimates based on current understanding of the BCBS 270 standards and the requirements contained in the European Commission delegated act |

# RWAs: Well managed to support business growth and returns

## RWAs (£bn)



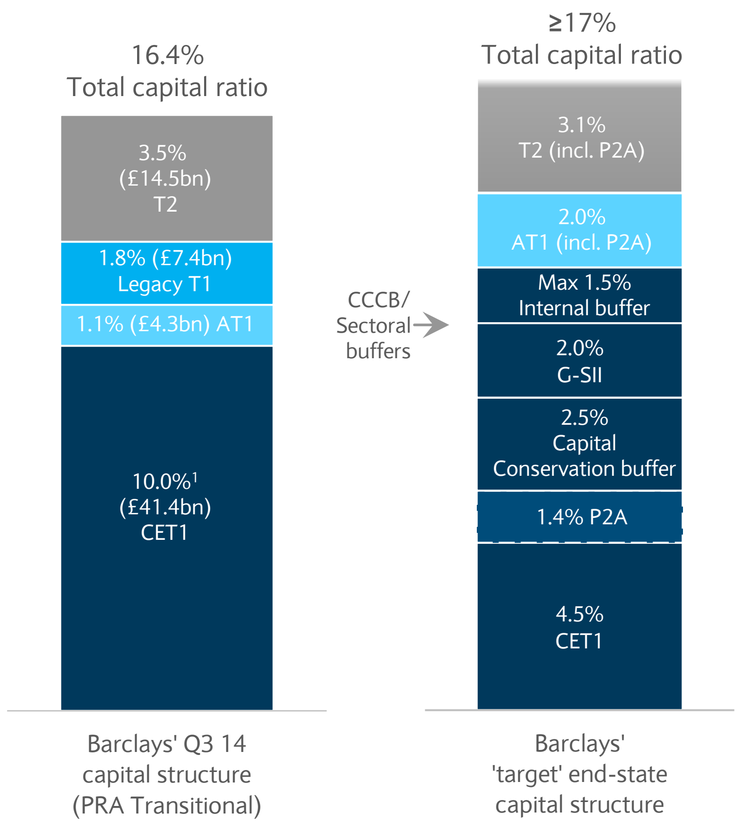

## Highlights

- 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[1]
- As Non-Core is run-down, and capital released is allocated to the Core Businesses, the mix of RWAs is expected to change

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

# 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[2]
- Robust buffers to contingent capital triggers[3]
  - AT1 contingent capital: 320bps or £13.1bn
  - T2 contingent capital: 510bps or £21.1bn[4]
- As we build CET1 capital over the transitional period, we expect reaching a range of 11.5-12% in end-state[5]
- 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

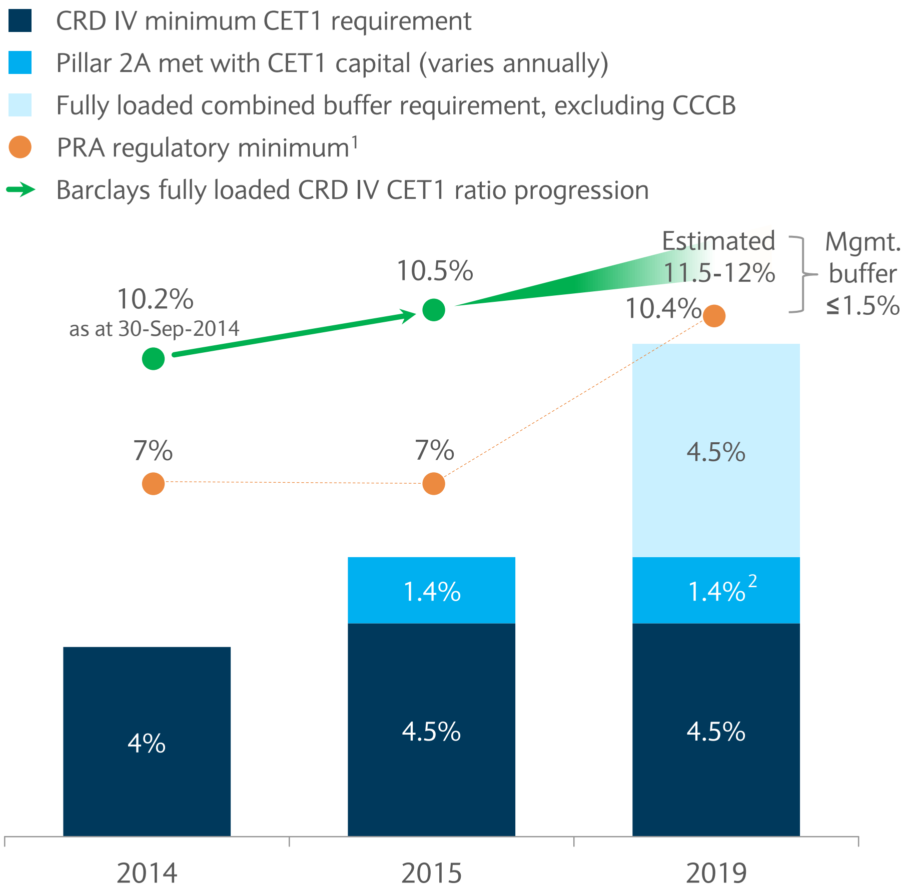
## Pillar 2A guidance

- As per PS7/13[6], PRA expects UK banks to meet Pillar 2A by 1 January 2015. Barclays Pillar 2A requirement for 2014 is 2.5%[7]
  - 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

[1] Difference to fully loaded ratio of 10.2% arises from a regulatory adjustment relating to unrealised gains | [2] Being the higher of 7% PRA expectation and CRD IV capital requirements | [3] CRD IV rules on mandatory distribution restrictions apply from 1 January 2016 onwards based on transitional CET1 requirements | [4] Based on the CRD IV CET1 transitional (FSA October 2012 statement) the ratio was 12.1% as at 30 September 2014 | [5] 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 | [6] 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 | [7] 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 |

# Progressive implementation of CET1 requirements

## Regulatory targets, excluding internal buffer




## Key assumptions in this illustration

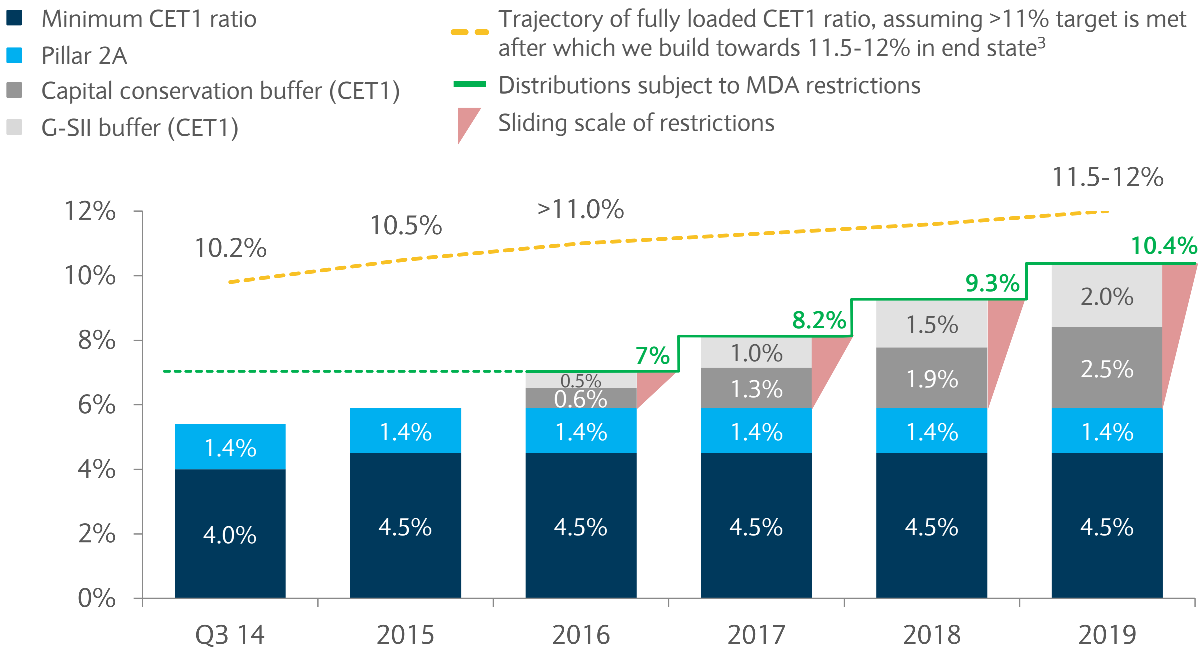
- CET1 minimum requirements per PRA implementation of Capital Requirements Regulation (CRR)
- Pillar 2A met with CET1 capital for 2014 is 1.4% of RWAs; subject to at least annual review[2], we hold it constant in 2019 for illustration purposes
- Combined buffer requirement (and associated rules for mandatory 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[3]
- 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%

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

# We intend to manage our CET1 capital ratio to mitigate against the risk of mandatory distribution restrictions

## CET1 requirements[1] (as at 1 January except Q3 14)




## Estimated buffers[1] (fully loaded CET1 ratio vs. AT1 7% trigger and vs. MDA restrictions)

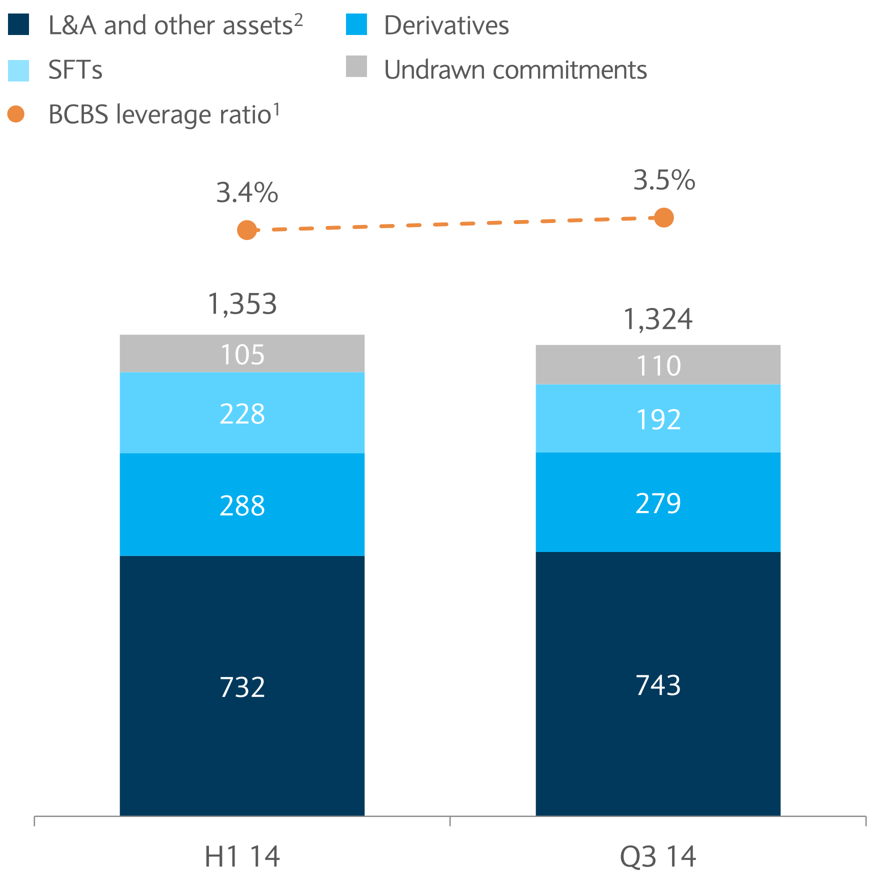
| | Q3 14 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|
| To AT1 7% trigger | c.£13bn | c.£14bn | > £16bn | c.£17bn | c.£18bn | c.£18-20bn |
| To MDA restriction | n/a | n/a | > £16bn | c.£12bn | c.£9bn | c.£4-6bn |

- Mandatory restrictions to discretionary distributions[2] will apply to all European banks, under CRD IV, from 1 January 2016 (Art. 162.2 of CRD)
- As outlined in Art. 141 of CRD, mandatory distribution restrictions apply if an institution fails to meet the combined buffer requirement (CBR)[3] at which point a Maximum Distributable Amount (MDA) is calculated on a reducing scale
- CBR is phased in from 2016. In end state, we intend to hold an internal management buffer of up to 150bps above CBR providing prudent headroom to the MDA restriction point
- Until 1 January 2017, the assumed effective floor for mandatory restrictions on interest payment will be the AT1 7% fully loaded CET1 trigger, stepping up to 10.4% by 2019 when the CRD IV transitional rules are fully phased in
- Barclays expects to have full discretion in the allocation of permitted distributions within the MDA

[1] This analysis is presented for illustrative purposes only and is not a forecast of Barclays' results of operations or capital position or otherwise. The analysis is based on certain assumptions (including meeting the >11% CET1 ratio target in 2016, straight line progression towards 11.5-12% in end-state, and that the P2A requirement for 2014 is constant out to 2019 which may not be the case as the requirement is subject to at least annual review) which cannot be assured and are subject to change | [2] Dividends on ordinary shares, interest payments in respect of AT1 securities and variable compensation | [3] As per Art. 128(6) of CRD: total CET1 capital required to meet the requirement for the capital conservation buffer, as well as an institution specific countercyclical buffer (CCCB), G-SII buffer, O-SII buffer and systemic risk buffer as applicable. For Barclays this is currently the 2.5% Capital Conservation Buffer and 2% G-SII buffer while the CCCB and other systemic risk and sectoral buffers are assumed to be zero |

# Steady progression on leverage ratio

## BCBS leverage exposure[1] (£bn)




## Highlights

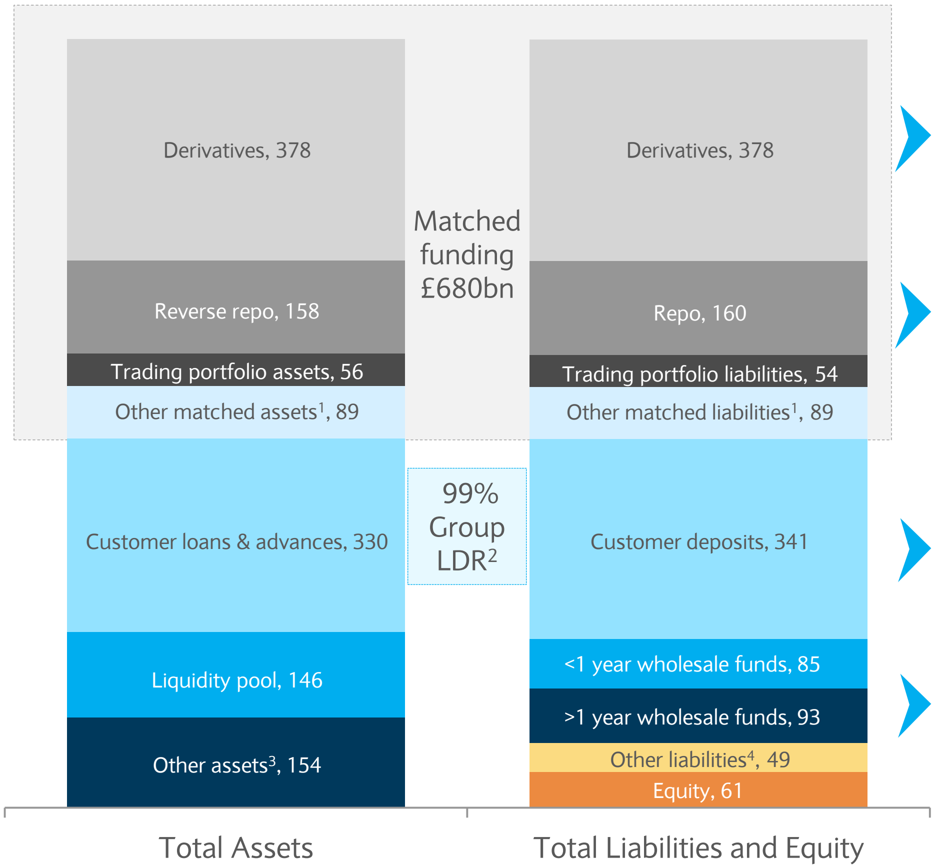
- Estimated BCBS leverage ratio improved further as a result of regulatory capital accretion and additional deleveraging
- Continue to make good progress on deleveraging, reducing expected BCBS leverage exposure by £29bn, including:
  - IFRS reverse repurchase agreements decreased £14bn to £158bn and Securities Financing Transactions (SFT) adjustments reduced £22bn to £34bn due to lower match book trading and optmisations
  - 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

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

# Liquidity & Funding

# Balance sheet is conservatively funded

## Balance sheet structure - £1.3tn (excl. BAGL), 30 Sep 14 (£bn)



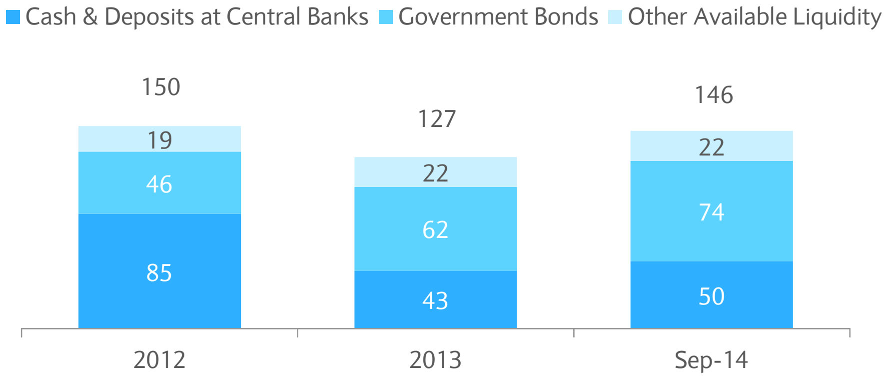

## Highlights

- 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
- Customer loans and advances largely funded by customer deposits
- LDR for PCB, Barclaycard and Africa Banking broadly unchanged at 90%[5]
- Decreasing reliance on wholesale funding (£178bn as at 30 September 2014, down £62bn since 31 December 2012)
- Liquidity pool predominantly funded through wholesale markets, and well in excess of short-term funding requirements

[1] Matched cash collateral and settlement balances | [2] The Group Loan to Deposit Ratio (LDR) includes BAGL, cash collateral and settlement balances | [3] Including L&A to banks, financial assets at fair value, AFS securities (excluding liquidity pool), unencumbered trading portfolio assets, and excess derivative assets | [4] Including excess cash collateral and settlement balances | [5] Also includes the Non-core (retail) deposits |

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

## High quality liquidity pool (£bn)




## Estimated CRD IV/Basel 3 liquidity ratios[1]

| Metric | Jun-14 | Sep-14 | Expected 100% requirement date |
|---|---|---|---|
| LCR[2] | 107% | 115% | 1 January 2018 |
| NSFR[3] | 98% | – | 1 January 2018 |

## Surplus to 30-day Barclays-specific LRA[4]

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

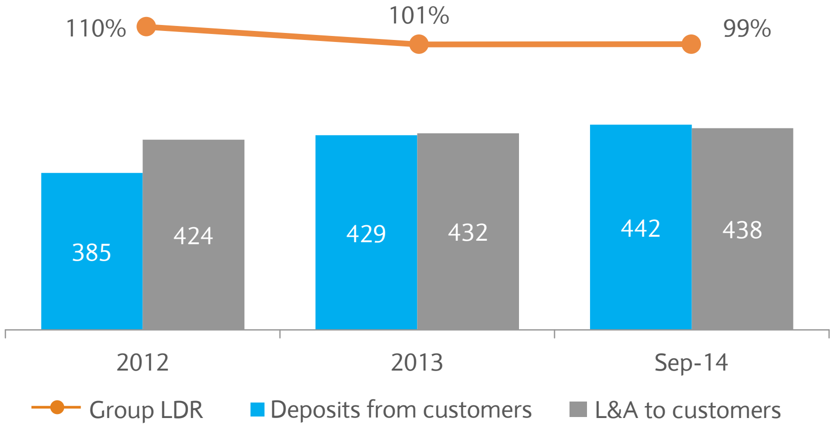
## Key messages

- 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[1]:
  - 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

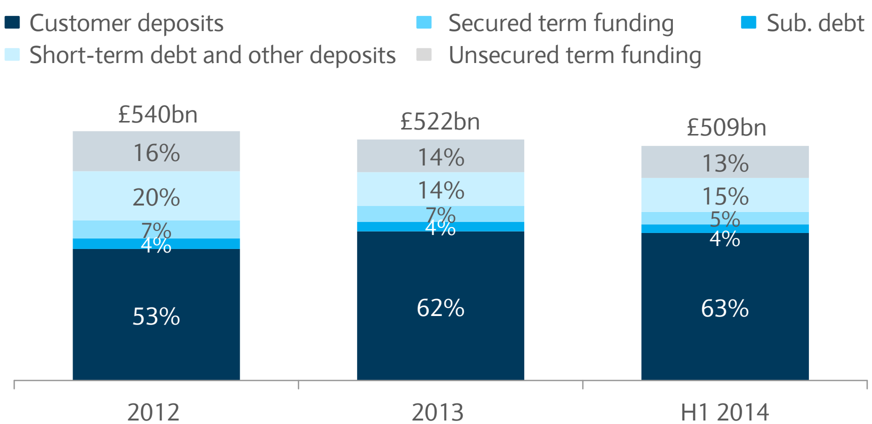
[1] Includes a number of assumptions which are subject to change prior to the implementation of the CRD IV liquidity requirements | [2] LCR estimated based on CRD IV rules as implemented by the EBA | [3] Disclosed on a semi-annual basis. Estimated based on our interpretation of the Basel Consultation 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 | [4] 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)




## Total funding (excluding BAGL)




[1] LDR for PCB, Barclaycard and Africa Banking also includes the Non-Core (retail) deposits

## Key messages

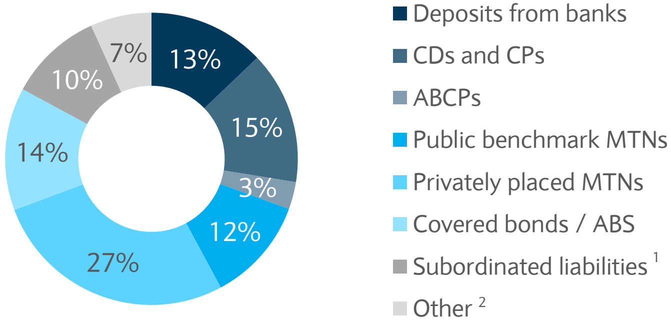
- Group Loan to Deposit Ratio (LDR) and the LDR for PCB, Barclaycard and Africa Banking broadly unchanged at 99% and 90% respectively[1]
- Excess customer deposits in PCB, Barclaycard and Africa Banking are predominantly used to fund the liquidity buffer requirements for these businesses, making them 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)

## 2014 Funding Plan

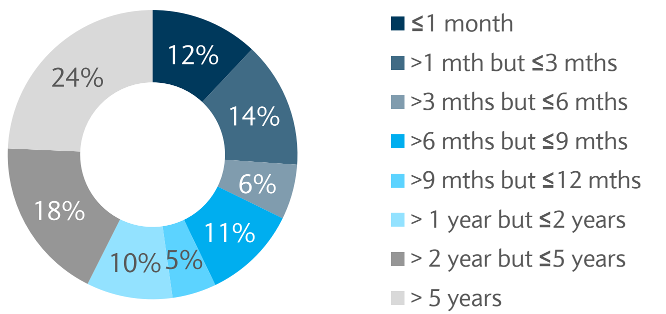
- £4bn of term funding maturing in the remainder of 2014. A further £23bn matures in 2015
- We intend to maintain access to diverse wholesale funding, through different products, currencies, maturities and channels
- We will continue to look for issuance opportunities across public and private unsecured, 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

# Continue to access diverse wholesale funding sources across multiple products, currencies and maturities

## Wholesale funding by product (as at 30 June 2014)




## By remaining maturity[1]: WAM net of liquidity pool ≥80 months




| By currency[1] | USD | EUR | GBP | Others |
|---|---|---|---|---|
| As at 30 June 2014 | 35% | 36% | 18% | 11% |
| As at 31 December 2013 | 35% | 36% | 19% | 10% |

## Key Messages

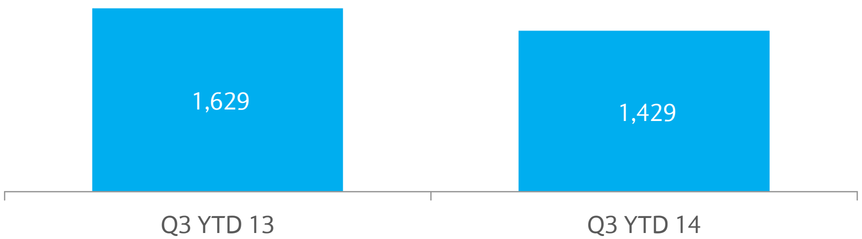
- Overall stock of wholesale funding continues to fall as we de-lever the balance sheet, with total wholesale funding (excluding repurchase agreements) of £178bn as at 30 September 2014, a reduction of £62bn since 2012 (31 December 2013: £186bn)
  - £85bn matures in less than one year, while £21bn matures within one month (31 December 2013: £82bn and £20bn respectively)
- £4bn of term funding (net of early redemptions) issued in Q3 2014, taking total net issuance to £14bn in 2014. Q3 2014 activity includes:
  - c.£1.6bn across senior unsecured and a Tier 2 deal issued by Barclays PLC
  - £1.5bn of Covered bonds, as well as c.£1.2bn US and UK credit card backed securities, issued by Barclays Bank PLC
- We have £4bn of term funding maturing in the remainder of this year. We expect to look for issuance opportunities across unsecured, secured and capital and still be materially below overall maturities for the year of £23bn

[1] Given different accounting treatments, AT1 capital is not included in outstanding subordinated liabilities, while T2 contingent capital notes are included | [2] Primarily comprised of fair valued deposits (£4bn) and secured financing of physical gold (£5bn) |

# Asset quality

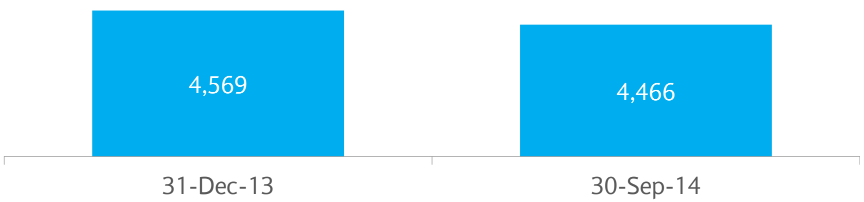
# Continued strong asset quality

## Impairment charge (£m)



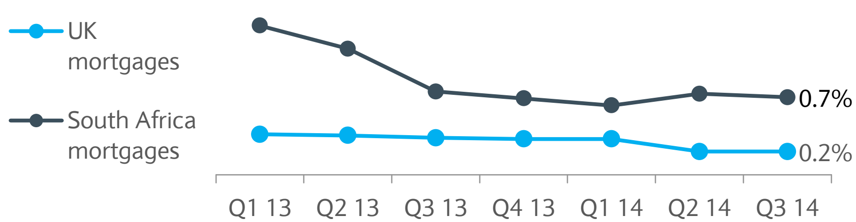

- Impairment continued to benefit from strong asset quality with Core impairment falling 12% to £1.4bn, with an impairment release in the Investment Bank and lower charges across all other businesses year-on-year
- PCB benefitted from the improving economic environment in the UK
- Africa Banking saw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

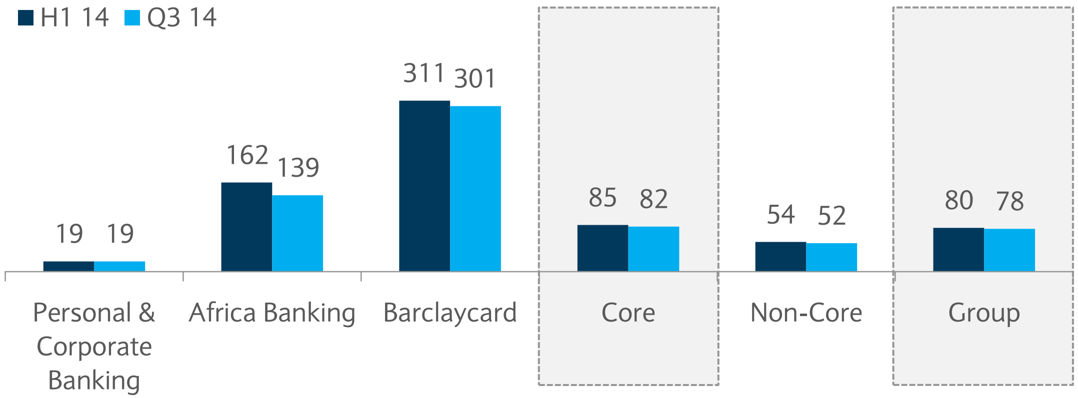
## 90-day delinquency trends



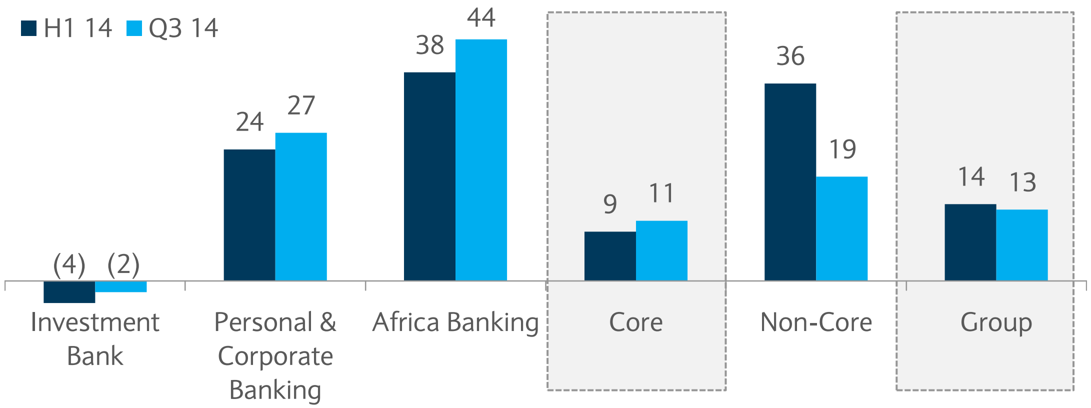

- UK mortgage delinquency rates remained broadly stable, reflecting high quality mortgage books
- South African mortgage delinquency reflected continuing improvement in the Home Loans portfolio, as action taken in prior years benefitted the quality of the overall portfolio

# Group impairment improved 32%, with positive trends across businesses

## Retail loan loss rate (bps)[1]




## Wholesale loan loss rate (bps)[1]




[1] Annualised |

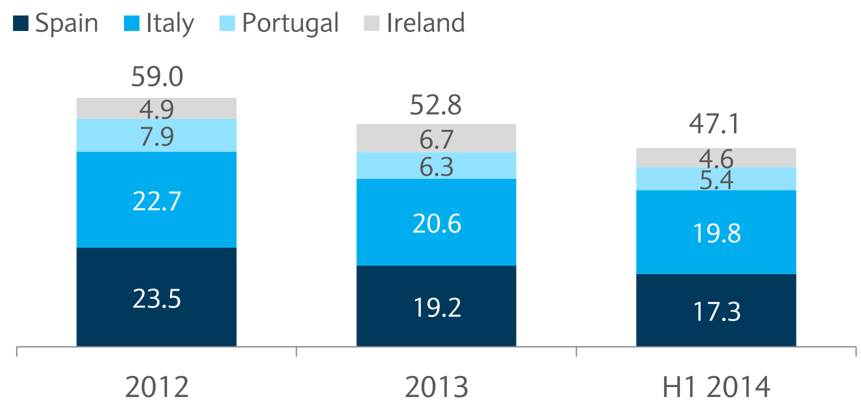
## Highlights

- Declining Loan Loss Rate (LLR) trend across the Group reflecting Barclays' well-managed and conservative risk profile
- The Group annualised LLR of 43bps remains significantly below the longer term average of 90bps
- Group impairment charges improved 32% year-on-year to £1.6bn (30 September 2013: £2.4bn), principally reflecting lower charges in Personal & Corporate Banking, Africa Banking and Non-Core
- Group LLRs declining in both retail and wholesale in line with improving macro economic conditions

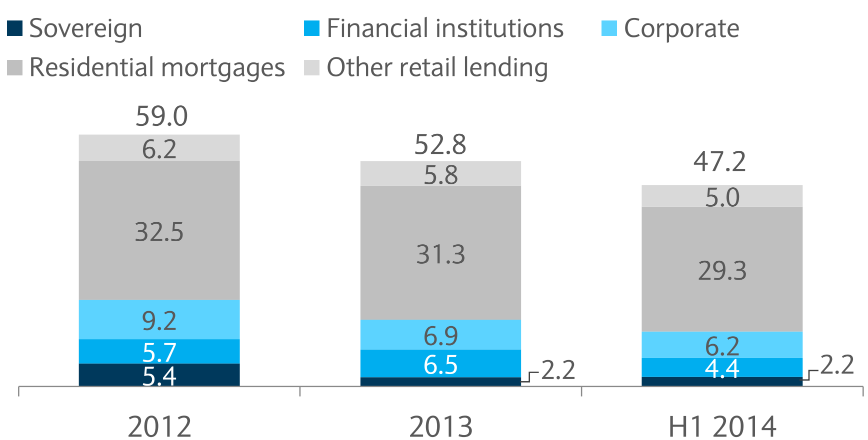
$$\text{LLR} = \frac{\text{Annualised impairment charge}}{\text{Gross loans and advances}}$$

# Reduced exposure to Eurozone periphery[1]

## Exposures by geography (£bn)




## Exposures by asset class (£bn)



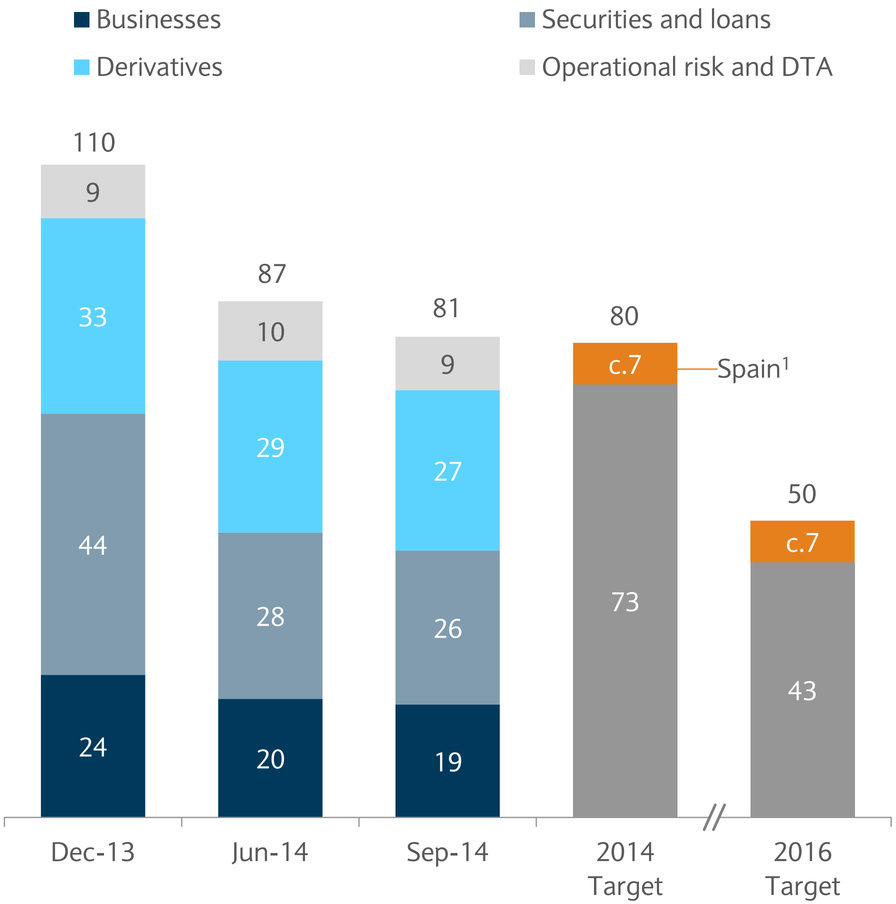

## Key Messages

- Active management of exposure to Eurozone periphery countries
- Exposure to Spain, Italy, Portugal and Ireland reduced further, down 11% to £47.1bn in H1 2014 as financial institution exposures decreased to £4.4bn and residential mortgage exposure decreased to £29.3bn
- Barclays repaid €3bn of funding raised through the ECB's three year LTRO during 2013, leaving €5bn outstanding as at 30 June 2014 (31 December 2012: €8bn)
- Local net funding mismatches remained stable
  - Spain: €2.4bn funding surplus
  - Portugal: €2.6bn funding gap
  - Italy: €10.8bn funding gap[2]
- Completion of the disposal of the Spanish businesses expected around year end
- We continue to  explore options to exit our other European retail and corporate exposures or materially reduce the capital they consume

[1] As at H1 2014 | [2] Redenomination risk significantly lower in Italy where we also have collateral available to support additional secured funding should the risk increase

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

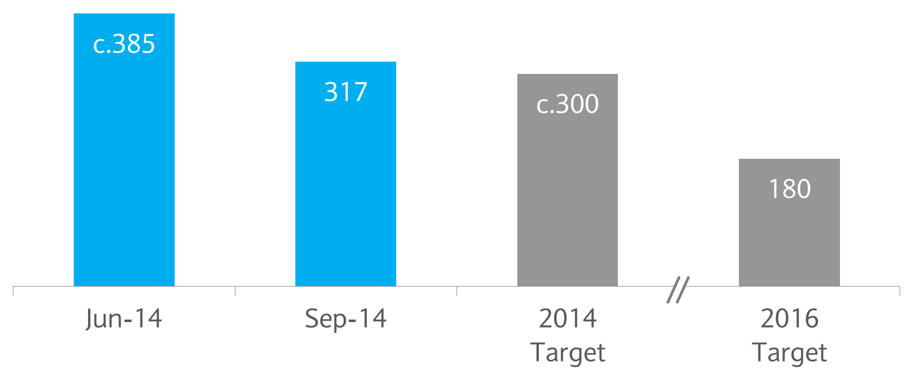
## RWA reduction (£bn)




## 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[2] (£bn)




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

# Credit ratings

# Barclays' credit ratings remain strong and in line with peers'

| | As at 30 September 2014 | |
|---|---|---|
| | Barclays PLC | Barclays Bank PLC |
| **Standard & Poor's** | | |
| Long Term | A- (Negative) | A (Negative) |
| Short Term | A-2 | A-1 |
| Stand-Alone Credit Profile (SACP) | n/a | bbb+ |
| **Moody's** | | |
| Long Term | A3 (Negative) | A2 (Negative) |
| Short Term | P-2 | P-1 |
| Bank Financial Strength (BFS) | n/a | C- (Stable) |
| **Fitch** | | |
| Long Term | A (Stable) | A (Stable) |
| Short Term | F1 | F1 |
| Viability Rating | a | a |
| **DBRS** | | |
| Long Term | n/a | AA low (Stable) |
| Short Term | n/a | R-1 middle (Stable) |

## Key Messages

- Current ratings reflect Barclays' "strong franchise", "diverse revenue streams", "good asset quality relative to peers", "historically less volatile earnings than peers" and "sounds financial profile"
- 8 May strategy updated viewed as rating positive, albeit that execution risk balances long term benefits to ratings currently
- Negative outlooks from S&P and Moody's reflect the expected removal of sovereign support notches for all UK banks. How many notches and over what period of time is currently unclear
- On a standalone basis Barclays S&P (SACP) and Moody's (BFS) outlooks are stable

# Barclays manages and reserves for potential rating actions in the liquidity pool

| Contractual credit rating downgrade exposure (as at 31 December 2013) | | |
|---|---|---|
| Total cumulative cash outflow (£bn) | One-notch | Two-notch |
| Securitisation derivatives | 7 | 8 |
| Contingent liabilities | 6 | 6 |
| Derivatives margining | - | 1 |
| Liquidity facilities | 1 | 2 |
| Total | 14 | 17 |

- Potential outflows related to a multiple-notch credit downgrade are included in the Liquidity Risk Appetite (LRA)
- The table on the right hand side shows contractual collateral requirements and contingent obligations following potential future one and two notch long-term and associated short-term simultaneous downgrades across all credit rating agencies[1]

[1] These numbers do not include the potential liquidity impact from loss of unsecured funding, such as from money market funds or loss of secured funding capacity |

# Summary

| | |
|---|---|
| **Business model** | • Diversified international bank focused on delivering improved and more sustainable returns<br>• Concentrating on our high growth opportunities where we have competitive advantage, eliminating marginal businesses and sharpening our focus on costs |
| **Capital** | • Strengthened capital position with fully loaded CRD IV CET1 ratio of 10.2% as at 30 September 2014 with a plan to deliver a ratio of greater than 11% in 2016<br>• Building on good track record in reducing RWAs as we run-down Barclays Non-Core and reinvest in Core businesses outside of the Investment Bank |
| **Leverage** | • Estimated BCBS leverage ratio of 3.5% as at 30 September 2014. Aim to deliver a ratio of greater than 4% in 2016 with flexibility to adapt to higher requirements in end-state if required<br>• Planned reduction in leverage exposure by 2016 mainly through reduction in Barclays Non-Core and the Core Investment Bank |
| **Liquidity & funding** | • Diversified funding base, combining customer deposits and wholesale funding, in multiple currencies and different maturities<br>• Robust liquidity position, well positioned to meet anticipated future regulatory requirements |
| **Regulation** | • Proactive and practical approach to managing regulatory changes<br>• Established track record of adapting to regulatory change |

# Appendix - Strategy

# Repositioning and simplifying Barclays

- Rightsizing and focusing the Investment Bank
- Establishing a dedicated Non-Core unit and a new Personal & Corporate Banking business
- Allocating capital to growth businesses
- Delivering a structurally lower cost base
- Generating higher and more sustainable returns

# 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%) |

# Reorganising to a simpler, focused and balanced structure

## Barclays Group[1]

| Personal & Corporate Banking | Barclaycard | Africa Banking | Investment Bank | Barclays Non-Core (BNC) |
|---|---|---|---|---|
| PBT £2,257m<br>RWAs £120.0bn | PBT £1,126m<br>RWAs £38.6bn | PBT £756m<br>RWAs £37.9bn | PBT £1,342m<br>RWAs £127.9bn | LBT £648m<br>RWAs £81.0bn |

### Adjusted results[2]

| | | | |
|---|---|---|---|
| Income | £18.7bn | Risk weighted assets (RWA) | £332bn |
| Impairment | (£1.4bn) | Average allocated equity | £41bn |
| Operating expenses | (£11.7bn) | Return on average equity (RoE) | 10.5% |
| Profit before tax | £5.6bn | Return on tangible equity (RoTE) | 12.8% |

| | |
|---|---|
| RoE drag | (4.2%) |

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

# Core Investment Bank: Building on competitive advantages

## Core Investment Bank

**FY 2013**[1]

RWAs: c.£120bn

Leverage exposure: c.£490bn

**Markets**

### Global Equities
- Cash Equities
- Equity Derivatives
- Equity Prime

### Global Credit
- Credit Products
- Securitised Products
- Municipals

### Right-sized Macro
- Foreign Exchange
- Rates

Fixed income secondary trading to be standard, cleared and collateralised, short term and executed on the electronic flow platform where relevant

**Banking**

ECM

DCM

Advisory

Origination led

- Build on leading positions in our home markets of the UK and the US, where we are already well positioned
- Exit those products with low returns under new regulatory rules
- Structurally lower the cost base through infrastructure efficiencies and refining the client proposition
- Improve capital efficiency of Markets businesses

## Non-core Investment Bank

RWAs: c.£90bn

Leverage exposure: c.£340bn

### Markets
- Exit Quadrant Assets
- Most physical commodities
- Certain Emerging Markets products
- Capital intensive Macro transactions

### Principal Businesses
- Investments
- Credit

### Banking
- Front-to-back efficiency driven headcount reductions

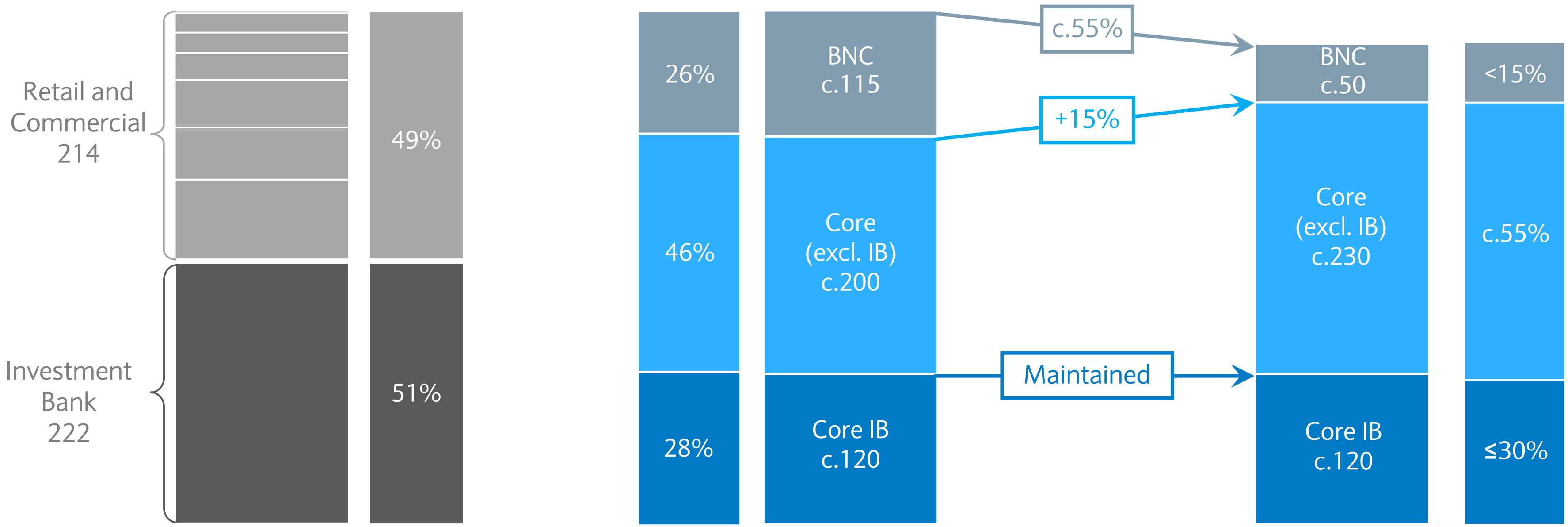
[1] CRD IV basis |



Preliminary numbers as presented at the Group Strategy Update on 8th May

# Reducing and reallocating RWAs to drive growth and returns

| 2013 pre-resegmentation (£bn) | 2013 post-resegmentation estimate (£bn) | 2016 guidance (£bn) |
|---|---|---|
| Leverage exposure £1.4tn | £1.4tn | c.£1.1tn[1] |
| RWAs £436bn | £436bn | c.£400bn |




**The Core Investment Bank will represent no more than 30% of the Group's RWAs**

[1] 2016 leverage exposure estimated on the basis of calculation methodology set out in BCBS Jan-14 proposals. All other regulatory metrics calculated on a CRD IV basis

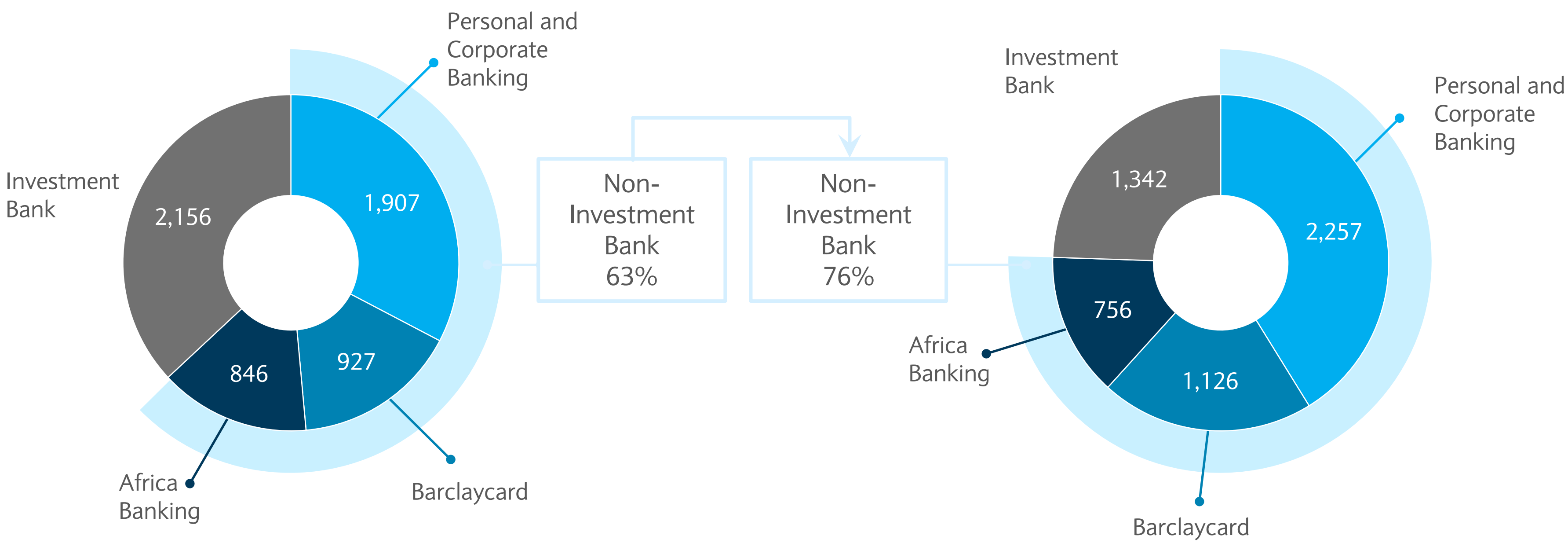


Preliminary numbers as presented at the Group Strategy Update on 8th May

# Evolving balance of the Core business

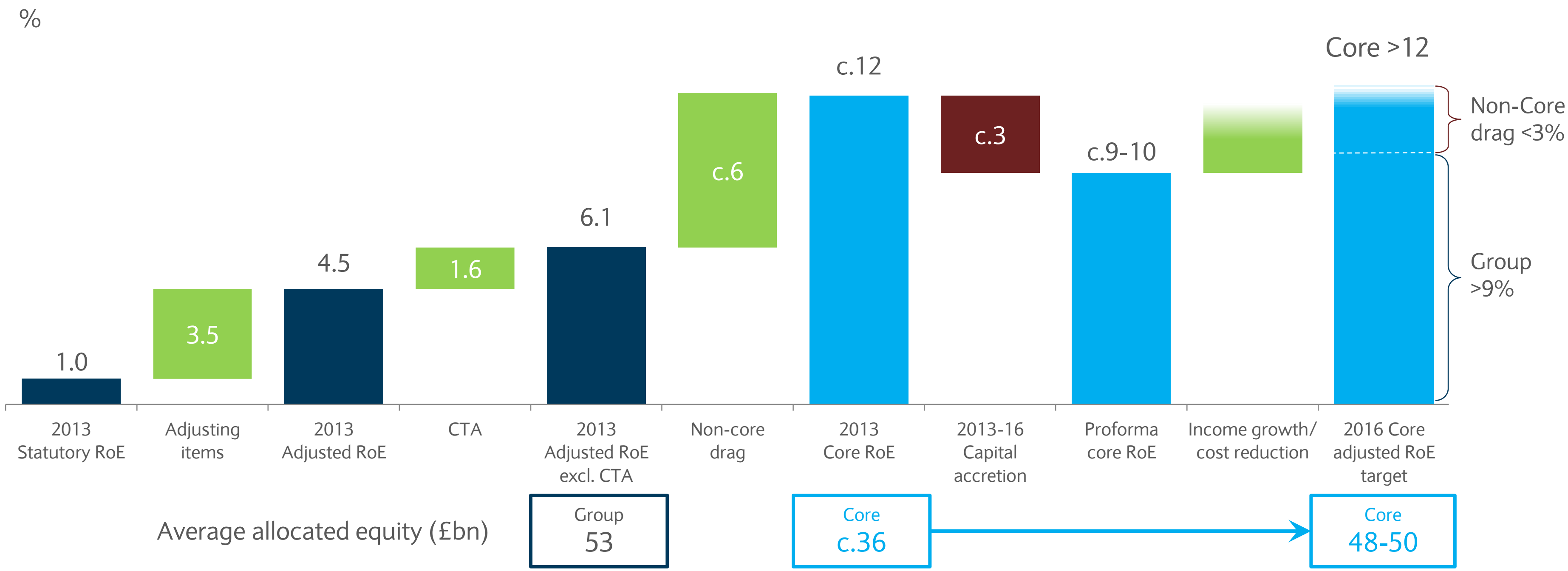
Profit before tax of Core business: Q3 YTD 13[1]

Profit before tax of Core business: Q3 YTD 14




[1] Excluding Head Office |

# Core businesses expected to maintain average adjusted RoE >12% on a much higher equity base




Core businesses estimated to deliver adjusted RoE excluding CTA of >12% by 2016, achieved through:

- Net Core cost savings of greater than £1.7bn
- Growth in our retail and corporate franchises and selected IB businesses
- Continuous optimisation of Core Investment Bank RWAs

Returns target takes into account increase in the total equity base to meet CET1 and leverage ratio targets

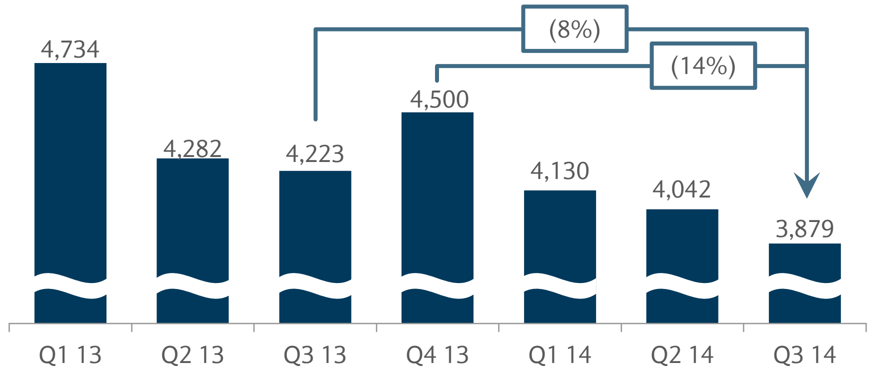
These plans will reduce the RoE drag from Barclays Non-Core from c.6% to <3% in 2016, of which c.50bps is Europe retail



Preliminary numbers as presented at the Group Strategy Update on 8th May

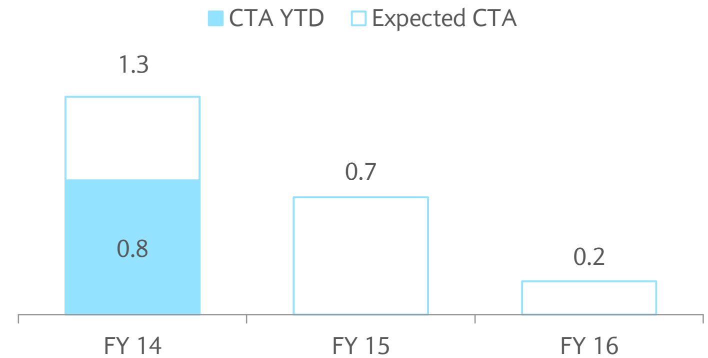
# Operating expenses significantly reduced

## Operating expenses[1] progress (£m)




| | 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 outlook (£bn)

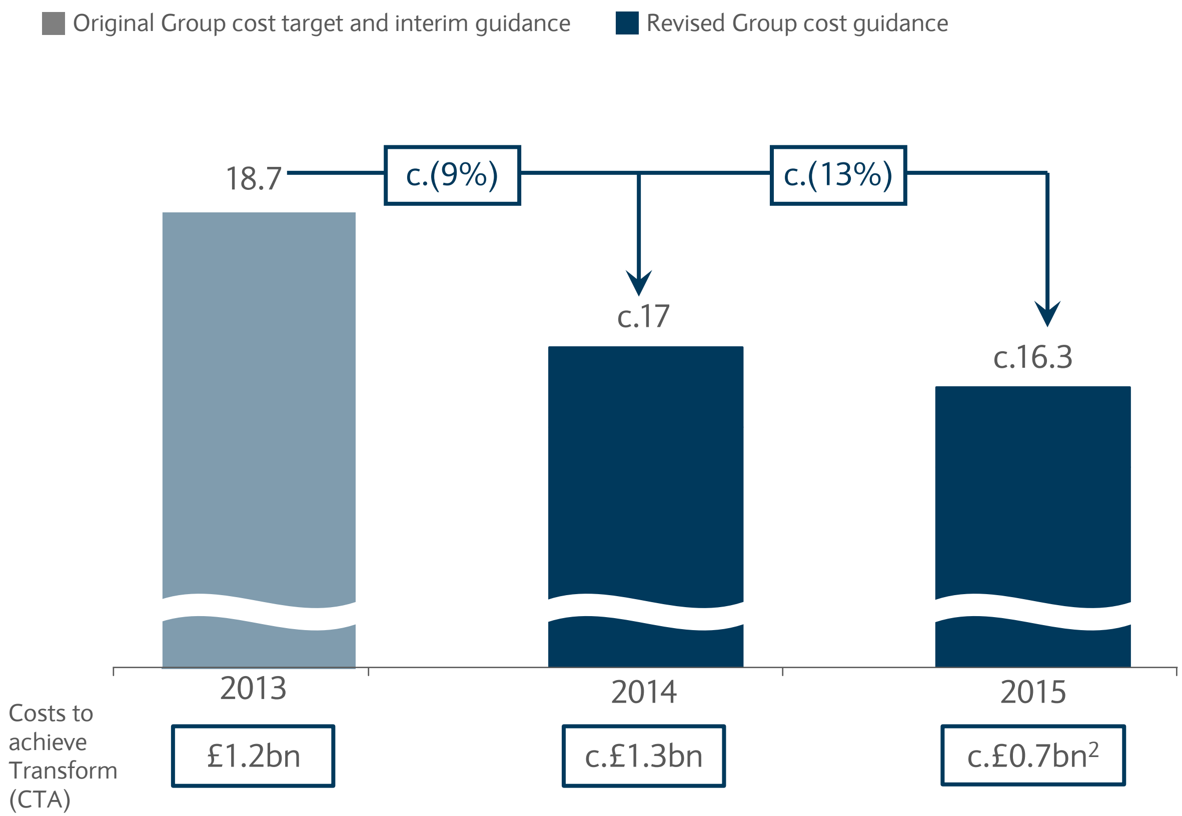



| | CTA spend to date | Savings initiatives from CTA |
|---|---|---|
| Personal and Corporate Banking | 589 | • 2,600 FTE reduction from increased customers' self-serve and assisted service<br>• Increased digitalisation and automation, including New Client Service operations, and streamlining of wealth business model |
| Barclaycard | 117 | • Savings from operational enhancements including restructuring and site consolidation, along with improved technical capabilities through automation and digitisation |
| Africa Banking | 54 | • Savings from rationalisation of branch footprint and integrating technology across Africa |
| Investment Bank | 542 | • Front Office restructuring of c.800 FTE, plus additional infrastructure savings |
| Core[2] | 1,326 | |
| Non-Core | 709 | • Business exits, branch rationalisation in Europe and other efficiency savings |

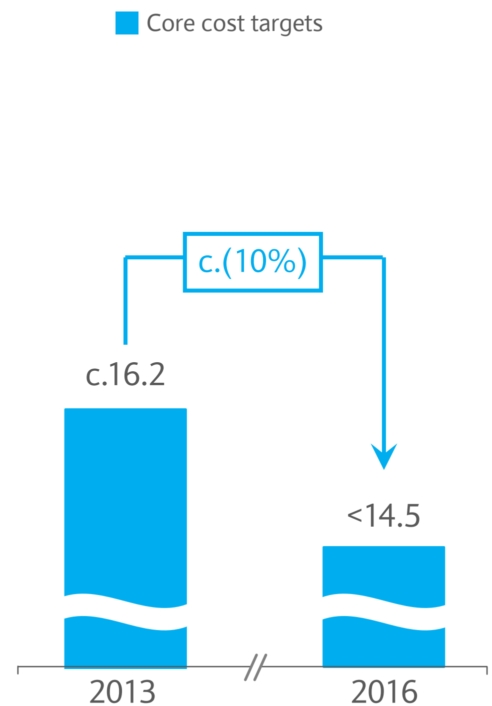
[1] Excluding litigation and conduct costs, CTA, and UK Bank Levy | [2] Includes £24m of Head Office CTA spend to date |

# Group Cost targets

## Group cost guidance[1] (£bn)




## Core cost targets[1] (£bn)




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

# Appendix - Data

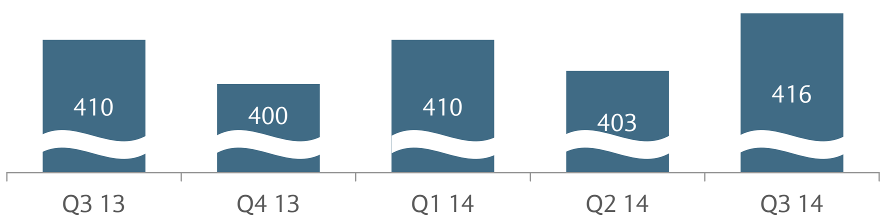
# Core customer assets and NIM growth driving NII

## 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[1] | 19,414 | 18,682 |

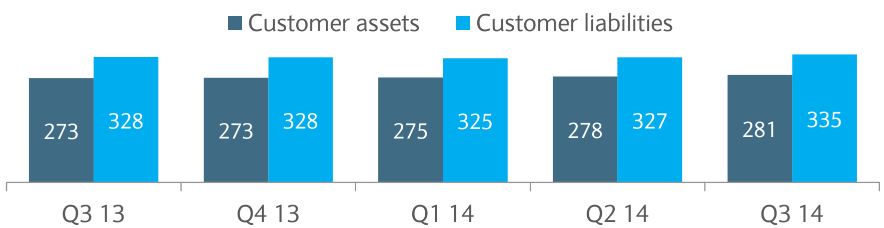
- Steady performance in PCB and Barclaycard income
  - PCB grew NII 6.6% driven by improved savings margins and mortgage income growth, partially offset by decline in fee income
  - Barclaycard grew NII 8.3% driven by volume growth
- Africa Banking income was up 8% excluding currency impact, with NII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

## Net interest margin[2,3] (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[2] (£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

[1] Includes Head Office income | [2] For Personal and Corporate Banking, Barclaycard and Africa Banking | [3] Using customer assets as the denominator |

# Capital resources[1]

| (£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[2] | (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[2] | (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[2] | 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[2] | | (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[3] | | 9.8% | 10.0% |

[1] 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 | [2] The capital impacts of these items are net of tax | [3] 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[1]

| (£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 |
| **Total IFRS assets** | **1,315** | **1,366** |
| Derivatives netting | (298) | (345) |
| Adjustments to cash collateral | (31) | (42) |
| Net written credit protection | 29 | 28 |
| Potential Future Exposure on derivatives | 195 | 195 |
| **Total derivatives adjustments** | **(105)** | **(164)** |
| **Securities financing transactions adjustments** | **56** | **34** |
| **Regulatory deductions and other adjustments** | **(18)** | **(22)** |
| **Weighted off balance sheet commitments** | **105** | **110** |
| Total fully loaded leverage exposure | 1,353 | 1,324 |
| 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 |
| Fully loaded leverage ratio | 3.4% | 3.5% |

[1] Estimates based on current understanding of the BCBS 270 standards and the requirements contained in the European Commission delegated act |

# Wholesale funding composition as at H1 14[1]

| As at 30 June 2014 (£bn) | ≤1 month | >1 month but ≤3 months | >3 months but ≤6 months | >6 months but ≤12 months | *>9 months but ≤12 months* | Total ≤1 year | >1 year but ≤2 years | >2 years but ≤5 years | >5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Deposits from banks | 10.0 | 6.8 | 1.0 | 4.6 | 0.1 | 22.5 | 0.3 | 0.2 | - | 23.0 |
| Certificates of deposit and commercial paper | 2.4 | 8.8 | 6.4 | 3.7 | 3.0 | 24.3 | 0.5 | 1.1 | 0.4 | 26.3 |
| Asset backed commercial paper | 2.8 | 2.5 | 0.1 | - | - | 5.4 | - | - | - | 5.4 |
| Senior unsecured MTNs (public benchmark) | 1.5 | 0.1 | 0.1 | 2.0 | 0.6 | 4.3 | 2.6 | 7.6 | 6.2 | 20.7 |
| Senior unsecured MTNs (private placement) | 1.3 | 2.4 | 2.5 | 4.1 | 3.1 | 13.4 | 7.8 | 15.5 | 11.9 | 48.6 |
| Covered bonds / ABS | - | 3.2 | 0.2 | 4.0 | 1.7 | 9.1 | 3.8 | 4.1 | 7.3 | 24.3 |
| Subordinated liabilities | - | - | - | 0.1 | - | 0.1 | - | 2.8 | 15.6 | 18.5 |
| Other[2] | 3.5 | 1.4 | 0.7 | 0.5 | 0.3 | 6.4 | 2.2 | 1.4 | 2.1 | 12.1 |
| Total | 21.5 | 25.2 | 11.0 | 19.0 | 8.8 | 85.5 | 17.2 | 32.7 | 43.5 | 178.9 |
| *Of which secured* | 5.0 | 6.7 | 0.9 | 4.5 | 1.9 | 19.0 | 4.2 | 4.4 | 7.4 | 35.0 |
| *Of which unsecured* | 16.5 | 18.5 | 10.1 | 14.5 | 6.9 | 66.5 | 13.0 | 28.3 | 36.1 | 143.9 |
| Total as at 31 December 2013 | 20.3 | 24.0 | 15.5 | 15.9 | 6.3 | 82.0 | 27.1 | 33.8 | 42.6 | 185.5 |
| *Of which secured* | 4.6 | 3.7 | 1.4 | 3.5 | 0.7 | 13.9 | 7.3 | 6.5 | 7.2 | 34.9 |
| *Of which unsecured* | 15.7 | 20.3 | 14.1 | 12.4 | 5.6 | 68.1 | 19.8 | 27.3 | 35.4 | 150.6 |

[1] The composition of wholesale funds comprises the balance sheet reported deposits from banks, financial liabilities at fair value, debt securities in issue and subordinated liabilities, excluding cash collateral and settlement balances. It does not include collateral swaps, including participation in the Bank of England's Funding for Lending Scheme. Included within deposits from banks are £4bn of liabilities drawn in the European Central Bank's 3 year LTRO. | [2] Primarily comprised of fair value deposits £4bn and secured financing of physical gold £5bn |

# Reduced exposure to the Eurozone

| As at 30 June 2014 (£m) | Spain | Italy | Portugal | Ireland | Total |
|---|---|---|---|---|---|
| Sovereign | 134 | 1,898 | 165 | 30 | 2,227 |
| Financial institutions | 753 | 681 | 43 | 2,972 | 4,449 |
| Corporate | 2,736 | 1,377 | 653 | 1,394 | 6,160 |
| Residential mortgages | 11,710 | 14,284 | 3,187 | 92 | 29,273 |
| Other retail lending | 1,984 | 1,592 | 1,370 | 88 | 5,034 |
| Total[1] | 17,317 | 19,832 | 5,418 | 4,576 | 47,143 |
| Total as at 31 December 2013 | 19,245 | 20,628 | 6,262 | 6,658 | 52,793 |

[1] Total net on-balance sheet exposure as at 30 June 2014 for Cyprus and Greece was £223m (2013: £175m) and £74m respectively (2013: £82m)

# In line with the European Bank Recovery & Resolution Directive the UK Banking Act will include a statutory bail-in power

## Overview

- Statutory bail-in of debt is a key part of the regulatory response to the financial crisis aimed at avoiding the bail-out of failing financial institutions with tax payer funds
- **European Bank Recovery and Resolution Directive ("BRRD"):** a European-wide framework for the recovery and resolution of credit institutions and investment firms:
  - statutory "bail-in" power in respect of eligible liabilities, to be implemented in home state legislation by no later than 1 January 2016 (Article 130)
  - requirement for eligible liabilities governed by non-EEA laws to include a contractual recognition by creditors that they are bound by any exercise of the statutory bail-in power (Article 55).
- **UK Banking Act:** in anticipation of the BRRD, the UK Banking Act was amended in 2013 to introduce a "bail-in option" available to the UK resolution authority, enabling it recapitalise a failed institution by allocating losses to its shareholders and unsecured creditors by writing down and/or converting their claims to equity:
  - certain liabilities excluded from scope, such as insured deposits, secured liabilities (Section 48B(8))
  - powers to be exercised broadly in a manner that respects the hierarchy of claims in liquidation
  - principle that at least senior creditors should receive no less favourable treatment than they would have received in an insolvency.
- UK bail-in powers are currently the subject of consultation, however they are expected to be implemented at least by 1 Jan 2015, ahead of BRRD timeline.

## Considerations for Bondholders

- The BRRD introduces seniority of deposits from natural persons and SMEs over wholesale liabilities
- The scope of the UK bail-in power extends to include all outstanding unsecured wholesale liabilities of original tenor greater than 7 days
- Liabilities issued prior to the introduction of the statutory bail-in power, including those issued under non-EEA governing laws, are not 'excluded liabilities' (i.e. all outstanding instruments with an original tenor greater than 7 days may be subject to bail-in upon its introduction irrespective of issuance date)
- Guiding principle is that the ordinary creditor hierarchy should be respected and that creditors holding eligible liabilities of equal rank should be treated equally
- In light of Article 55 of the BRRD, and as requested by the PRA, Barclays has begun the process of including in the terms of its wholesale term debt securities, governed by non-EEA laws, a provision acknowledging the scope of the UK bail-in power
- Note, the inclusion of such an acknowledgement is not intended to change the ranking or treatment of such non-EEA law governed instruments relative to EEA law governed instruments in respect of a UK bail-in, rather it clarifies that all such instruments should be treated equally in the event of a UK bail-in.

# CRD IV - Regulatory timeline

## Timeframe based on Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) published in June

| | H1 2010 | 1 Jan 2011 | 1 Jan 2012 | 1 Jan 2013 | 1 Jan 2014 | 1 Jan 2015 | 1 Jan 2016 | 1 Jan 2017 | 1 Jan 2018 | 1 Jan 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Capital requirements | | | | | Phased-in capital requirements | | | | | |
| CRD IV leverage ratio[1] | | | Supervisory monitoring | Parallel run (Jan 2014 – Jan 2017) Public disclosures starts in Jan 2015 | | | | | Binding requirement | |
| Net Stable Funding Ratio (NSFR) | | | Observation period | | | | | | Introduction of minimum requirement | |
| Liquidity Coverage Ratio (LCR)[2] | | | | | | 60% compliance required | Phase in to full compliance | | Full compliance required | |
| Intraday liquidity monitoring tools[3] | | | | | | Introduction of monthly reporting | | | | |
| FSA/PRA's Individual Liquidity Guidance (ILG)[4] | Introduction of ILG | | | | | | | | | |

## Fully phased-in main requirements

- Capital: minimum of 4.5% CET1 + 1.5% AT1 + 2% T2 (Art. 92 of CRR). Banks are also subject to capital buffers, including a capital conservation buffer of 2.5%, a countercyclical buffer of 0-2.5% (outside periods of stress) and a G-SII buffer of up to 2.5% (2% for Barclays) to be satisfied with CET1
- CRD IV Leverage: minimum requirement still to be determined, but currently expected to be at 3%
- NSFR: available amount of stable funding to exceed required amount of stable funding, over a stress 1-year period (NSFR > 100%)
- LCR: stock of unencumbered high quality liquid assets to exceed net stressed cash outflow over 30 days (LCR > 100%).

[1] Basel Committee is currently consulting on revisions to the leverage ratio framework including disclosure; please note that large UK banks have been requested to publicly disclose the ratio since 1 Jan 2013 | [2] Estimated LCR on a CRDIV basis as implemented by the EBA. Note that CRDIV requires full compliance by 1 Jan 2018 with a phased implementation in the preceding years. LCR compliance of 60% in 2015 increases by 10% in 2016 & 2017 with a further 20% increase in 2018 | [3] As per "Monitoring tools for intraday liquidity management", April 2013 | [4] Short-term liquidity stress test, broadly comparable to the LCR under Basel 3; as per its August 2013 announcement, the PRA has relaxed the ILG requirements for major UK banks to approximate 80% LCR |

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# Disclaimer

## 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.

# Disclaimer (continued)

Barclays has filed a registration statement (including a prospectus) and has filed, or will file, a prospectus supplement with the U.S. Securities and Exchange Commission ("SEC") for the offering of securities to which this document relates. Before you invest, you should read the prospectus in that registration statement, the prospectus supplement relating to the offering of the Securities (when filed) and other documents that Barclays will file with the SEC. You may get these documents for free by searching the SEC online database (EDGAR®) at www.sec.gov. Alternatively, you may obtain a copy of the prospectus from Barclays Capital Inc. by calling 1-888-603-5847.

### Certain non-IFRS Measures

Barclays management believes that the non-International Financial Reporting Standards (non-IFRS) measures included in this document provide valuable information to readers of its financial statements because they enable the reader to identify a more consistent basis for comparing the business' performance between financial periods, and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management. However, any non-IFRS measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. As management reviews the adjusting items described below at a Group level, segmental results are presented excluding these items in accordance with IFRS 8; "Operating Segments". Statutory and adjusted performance is reconciled at a Group level only. Key non-IFRS measures included in this document and the most directly comparable IFRS measures are described below. Quantitative reconciliations of these measures to the relevant IFRS measures are included in Exhibit 99.1 of the Barclays Form 6-K filed with the SEC on October 30, 2014 (Film No. 141182511) (the "October 30 Form 6-K") (http://www.sec.gov/Archives/edgar/data/312069/000119312514388991/d810869dex991.htm), and such quantitative reconciliations are incorporated by reference into this document.

- Adjusted profit before tax is the non-IFRS equivalent of profit before tax as it excludes the impact of own credit; provisions for Payment Protection Insurance and claims management costs (PPI) and interest rate hedging redress; gain on US Lehman acquisition assets; provision for ongoing regulatory investigations into Foreign Exchange; loss on announced sale of the Spanish business; and goodwill impairment. A reconciliation to IFRS is presented on page 4 of the October 30 Form 6-K;

- Adjusted profit after tax represents profit after tax excluding the post-tax impact of own credit; provisions for PPI and interest rate hedging redress; the gain on US Lehman acquisition assets; provision for ongoing regulatory investigations into Foreign Exchange; loss on announced sale of the Spanish business; and goodwill impairment. A reconciliation to IFRS is presented on page 4 of the October 30 Form 6-K;

- Adjusted attributable profit represents adjusted profit after tax less profit attributable to non-controlling interests. The comparable IFRS measure is attributable profit;

# Disclaimer (continued)

- Adjusted income and adjusted total income net of insurance claims represents total income net of insurance claims excluding the impact of own credit; and the gain on US Lehman acquisition assets. A reconciliation to IFRS is presented on page 17 of the October 30 Form 6-K;
- Adjusted net operating income represents net operating income excluding the impact of own credit; and gain on US Lehman acquisition assets. A reconciliation to IFRS is presented on page 17 of the October 30 Form 6-K;
- Adjusted total operating expenses represents operating expenses excluding the provisions for PPI and interest rate hedging redress; provision for ongoing regulatory investigations into Foreign Exchange; and goodwill impairment. A reconciliation to IFRS is presented on page 17 of the October 30 Form 6-K;
- Adjusted litigation and conduct represents litigation and conduct excluding the provisions for PPI and interest rate hedging redress; and the provision for ongoing regulatory investigations into Foreign Exchange. A reconciliation to IFRS is presented on page 17 of the October 30 Form 6-K;
- Adjusted cost: income ratio represents cost: income ratio excluding the impact of own credit; the provisions for PPI and interest rate hedging redress; gain on US Lehman acquisition assets; and provision for ongoing regulatory investigations into Foreign Exchange. The comparable IFRS measure is cost: income ratio, which represents operating expenses to income net of insurance claims. A reconciliation to IFRS is presented on page 17 of the October 30 Form 6-K;
- Adjusted basic earnings per share represents adjusted attributable profit (see page 21 of the October 30 Form 6-K) divided by the basic weighted average number of shares in issue. The comparable IFRS measure is basic earnings per share, which represents profit after tax and non-controlling interests, divided by the basic weighted average number of shares in issue;
- Adjusted return on average shareholders' equity represents adjusted attributable profit (see page 21 of the October 30 Form 6-K) divided by adjusted average equity, excluding non-controlling interests. The comparable IFRS measure is return on average shareholder's equity, which represents profit attributable to equity holders of the parent divided by average equity, excluding non-controlling interests;
- Adjusted return on average tangible shareholders' equity represents adjusted attributable profit (see page 21 of the October 30 Form 6-K) divided by average adjusted tangible equity, excluding non-controlling interests. The comparable IFRS measure is return on average tangible shareholders' equity, which represents profit after tax and non-controlling interests, divided by average tangible equity (see page 21 of the October 30 Form 6-K);
- Barclays Core results are non-IFRS measures because they represent the sum of five Operating Segments, each of which is prepared in accordance with IFRS 8; "Operating Segments": Personal and Corporate Banking, Barclaycard, Africa Banking, Investment Bank and Head Office. A reconciliation to is provided on pages 18 and 19 of the October 30 Form 6-K;

# Disclaimer (continued)

- ‘Constant Currency Basis’ excludes the impact of foreign currency conversion to GBP when comparing financial results in two different financial periods. ZAR has been translated into GBP at prior-year average exchange rates to eliminate the impact of movement in exchange rates between the comparable periods;
- Liquidity Coverage Ratio (LCR) is calculated according to the Commission Delegated Regulation of October 2014 that supplements Regulation (EU) 575/2013 (CRDIV) published by the European Commission in June 2013. The metric is a ratio that is not yet fully implemented in local regulations and, as such, represents a non-IFRS measure
- Estimated Net Stable Funding Ratio (NSFR) is calculated according to the definition and methodology detailed in the standard provided by the Basel Committee on Banking Supervision. The original guidelines released in December 2010 (‘Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring’, December 2010) were revised in January 2014 (‘Basel III: The Net Stable Funding Ratio’, January 2014). The metric is a regulatory ratio that is not yet finalised in local regulations and, as such, represents a non-IFRS measure. This definition and the methodology used to calculate this metric is subject to further revisions ahead of the implementation date and Barclays’ interpretation of this calculation may not be consistent with that of other financial institutions;
- Transitional CET1 ratio according to FSA October 2012. This measure is calculated by taking into account the statement of the Financial Services Authority, the predecessor of the Prudential Regulation Authority, on CRD IV transitional provisions in October 2012, assuming such provisions were applied as at 1 January 2014. This ratio is used as the relevant measure starting 1 January 2014 for purposes of determining whether the automatic write-down trigger (specified as a Transitional CET1 ratio according to FSA October 2012 of less than 7.00%) has occurred under the terms of the Contingent Capital Notes issued by Barclays Bank PLC on November 21, 2012 (CUSIP: 06740L8C2) and April 10, 2013 (CUSIP: 06739FHK0). Please refer to page 26 of the October 30 6-K for a reconciliation of this measure to CRD IV CET1 ratio;
- Estimated BCBS 270 leverage exposure makes certain adjustments to Total assets under IFRS in accordance with Barclays’ understanding of the latest requirements that are expected to be included in the revised CRD IV text and guidance from regulators. The “Estimated Leverage” table on page 28 of the October 30 6-K shows a reconciliation of BCBS 270 leverage exposure to total assets under IFRS;
- Estimated BCBS 270 leverage ratio represents CRD IV Tier 1 capital divided by BCBS 270 leverage exposure. See the “Estimated Leverage” table on page 28 of the October 30 6-K for a reconciliation of BCBS 270 leverage exposure to Total assets under IFRS;
- The CRD IV fully loaded CET1 and estimated BCBS 270 leverage ratios excluding the impact of the announced sale of the Spanish business are non-IFRS measures as these metrics exclude the impact of the risk weighted assets associated with the Spanish business.