



# Barclays PLC Fixed Income Investor Presentation

Q2 2018 Results Announcement

2 August 2018

# Strategy, Targets and Guidance

## Focused on profitability and returns and capital targets

### Q218 highlights

Double digit returns – Group 12.3%<sup>1</sup>

CET1 ratio of 13.0% and full regulatory deconsolidation of BAGL

59% Group cost: income ratio with 13% positive jaws<sup>1</sup>

### Group targets

RoTE<sup>2</sup>

>9% in 2019  
>10% in 2020

CET1 ratio<sup>3</sup>

c.13%

Costs

£13.6-13.9bn in 2019<sup>1</sup>  
Cost: income ratio <60%

<sup>1</sup> Excluding L&C | <sup>2</sup> Excluding L&C and based on a CET1 ratio of c.13% | <sup>3</sup> CET1 ratio is currently 160bps above the expected end point regulatory minimum level, within our end-state target range of 150-200bps. The management buffer incorporates any PRA buffer and will continue to be reviewed on a regular basis |

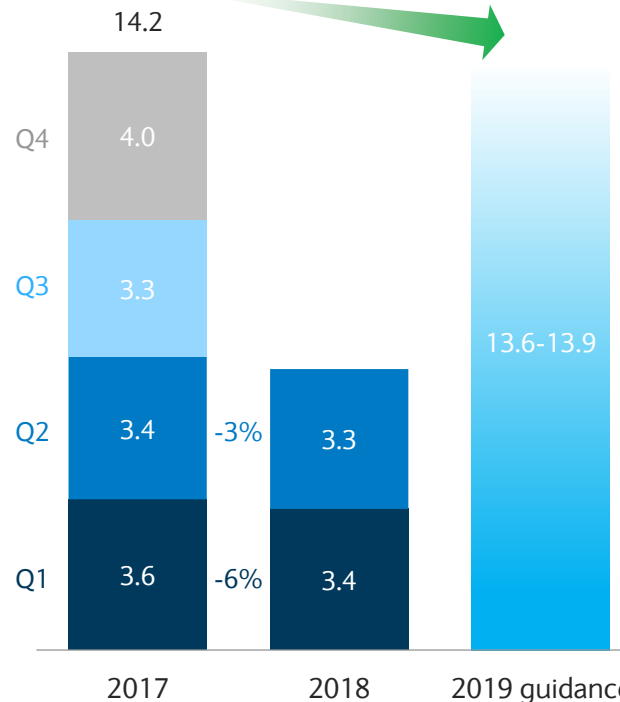
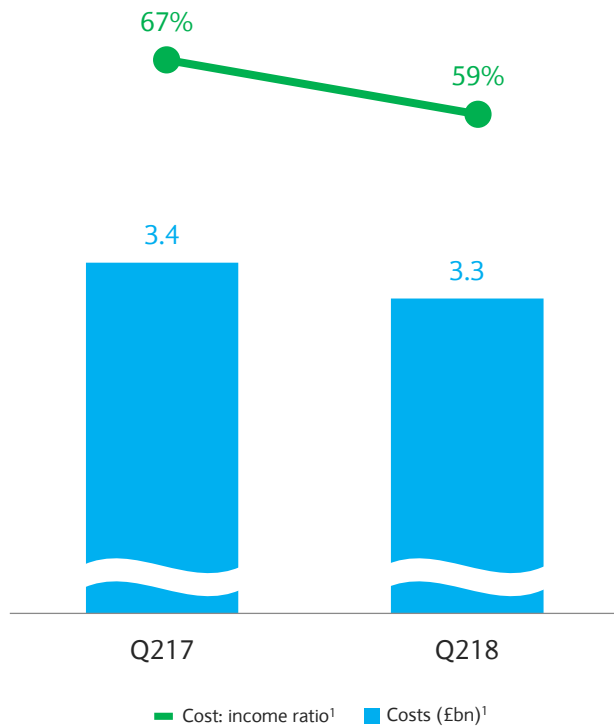
# Continued cost reduction towards 2019 guidance

*Improved operational efficiency creating capacity to invest in growth and digitisation*

Targeting cost: income ratio below 60%

Further absolute cost reduction to 2019 (£bn)<sup>1</sup>

BX generating significant operational leverage



- ❖ Process automation
  - Standardised front to back processes across the bank
  - Reduced duplication across businesses and functions
- ❖ Technology and digital
  - Digital transformation of the bank
  - Transition of data to the cloud
- ❖ Rightsizing our infrastructure
  - Branch optimisation
  - Reduction in high cost locations
- ❖ Supplier optimisation
  - Discipline on preferred suppliers
  - Insourcing of technology employees

<sup>1</sup> Costs exclude L&C |



# Performance

# Q218 Group highlights

*Double digit Group returns with positive jaws driving improved profitability*

## Financial performance<sup>1</sup>

**Income** ↑ 10%

£5.6bn<sup>2</sup> (Q217: £5.1bn)

**Costs** ↓ 3%

£3.3bn (Q217: £3.4bn)

**Cost: income ratio**

59%<sup>2</sup> (Q217: 67%)

**PBT** ↑ 44%

£2.0bn<sup>2</sup> (Q217: £1.4bn)

**RoTE**

12.3%

**CET1 ratio**

13.0%

- ❖ Group RoTE was 12.3% as PBT increased 44%
  - Double digit returns in BUK of 18.8% and BI of 12.2%
- ❖ Income growth of 10% and improved operating efficiency drove 13% positive jaws
  - Group cost: income ratio improved to 59%
- ❖ Impairment decreased 46% reflecting
  - Single name recoveries in wholesale banking
  - Improved macroeconomic forecasts in the US in Q118
  - Higher than expected seasonal repayment of certain US card balances
- ❖ CET1 ratio increased 30bps QoQ to 13.0%, in line with c.13% end-state target
  - Included 44bps from profits generated in Q218

<sup>1</sup> Financial performance and accompanying commentary excludes L&C (Group Q218: £81m; Group Q217: £715m) | <sup>2</sup> Including one-off gain of £155m from the settlement of receivables relating to the Lehman Brothers acquisition and a £53m gain on sale of a US card portfolio in Q218 |

# Q218 Barclays UK results

*RoTE of 18.8% with growth in customer balances and ongoing investment in digital banking*

## Financial performance<sup>1</sup>

**Income** ↑1%

£1.8bn (Q217: £1.8bn)

**Cost: income ratio**

53% (Q217: 54%)

**PBT** ↑5%

£0.7bn (Q217: £0.6bn)

**RoTE**

18.8% (Q217: 19.1%)

**NIM<sup>2</sup>**

3.22% (Q217: 3.70%)

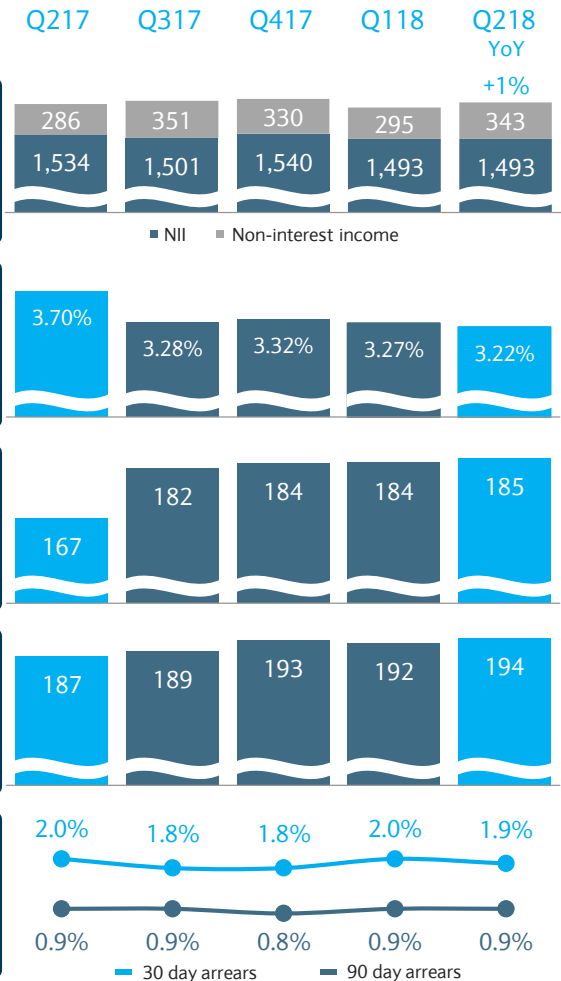
**LLR**

45bps (Q217: 52bps)

**RWAs** ↑£2.5bn

£75.0bn (Mar-18: £72.5bn)

- ❖ Stable income in a competitive market
  - NIM of 3.22%, including impact of mix shift given growth in secured lending
  - Recategorisation of certain treasury income also impacted NIM
  - Expect FY18 NIM to be at the lower end of 3.20-3.30% guidance range
- ❖ Net L&A increased 1% QoQ to £185bn
  - Continued mortgage growth, up £1.6bn QoQ and £5.9bn YoY
- ❖ Savings balances continued to increase, demonstrating franchise strength
- ❖ Risk remained well-controlled, reflecting prudent appetite, with impairment broadly flat
  - Stable underlying credit metrics, with improved UK cards 30 day and stable 90 day arrears QoQ and YoY
- ❖ Costs down 1%, despite continued investment in digitising the bank, generating slight positive jaws
- ❖ RWAs increased £2.5bn on Q118 largely reflecting regulatory methodology changes for ESHLA



<sup>1</sup> Financial performance and accompanying commentary excludes L&C | <sup>2</sup> Q317 onward affected by ESHLA integration on 1 July 2017. Net L&A at amortised cost | <sup>3</sup> Customer deposits at amortised cost

# Think digital, think Barclays UK

Building meaningful relationships with our 24 million customers



| Changing the shape of our business                                      |  |  |  |
|---|--|--|--|
| Delivering sustainable income generation through digital transformation |  | Investing in digital talent, cyber resilience and digital technology |  |
| Digital metrics   |  | H118 digital origination   |  |
| 10.3m   | Digitally active customers   | 32%  | Mortgages (£ switching)                              |
| 6.7m  | Active Mobile Banking users <sup>1</sup><br>#1 UK Banking App <sup>2</sup> | 60%  | Loans (£ lending)                                    |
| 4.7m  | Digital only customers <sup>3</sup>  | 66%  | Overdrafts (£ lending)                               |
| 85%   | Branch transactions available in virtual channel                           | 74%  | Cards (£ lending)                                    |
| >4.8m   | Customers took action to keep themselves digitally safe                    | 12%  | Digital current account growth (£ deposits vs. H117) |

<sup>1</sup> Includes UK card mobile active users | <sup>2</sup> Source: The Forrester Banking Wave™: European Mobile Apps Q218 | <sup>3</sup> Customers that exclusively use our digital channel in the last 3 months |



# Q218 Barclays International results

*Double digit returns with strong performance across CIB and CC&P*

## Financial performance<sup>1</sup>

**Income** ↑ **3%**

£3.7bn (Q217: £3.6bn)

**Impairment** ↓ **76%**

£68m (Q217: £279m)

**Cost: income ratio**

62% (Q217: 63%)

**PBT** ↑ **7%**

£1.3bn (Q217: £1.3bn)

**RoTE**

12.2% (Q217: 12.3%)

**LLR**

22bps (Q217: 54bps)

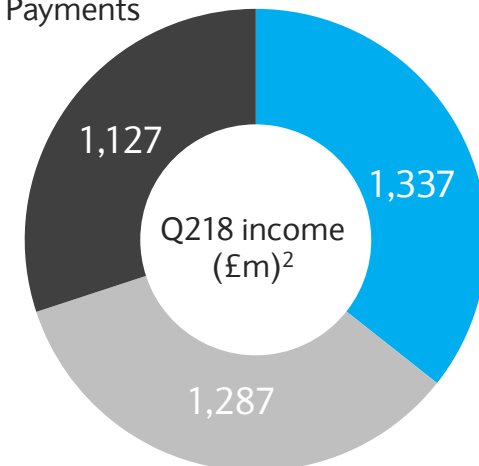
**RWAs** ↑ **£3.8bn**

£218.0bn (Mar-18: £214.2bn)

- ❖ Barclays International delivered a 12.2% RoTE as PBT increased 7%
- ❖ 6% depreciation of average USD against GBP was a headwind to profits and income, and a tailwind to impairment and costs
- ❖ Income increased 3% despite the currency headwind
  - Improved income in CIB reflecting continued strength in Markets
  - Income growth in CC&P driven by US Cards, including a £53m gain on sale of a US card portfolio
- ❖ Impairment decreased reflecting recoveries in CIB and impact of IFRS 9
- ❖ Delivered positive jaws, with a 1% increase in costs driven by investment and business growth in CC&P
- ❖ Increase in RWAs driven by CC&P

## Income balanced across businesses

Consumer, Cards  
& Payments



Markets

Banking

c.50% of income in USD

<sup>1</sup> Financial performance and accompanying commentary excludes L&C | <sup>2</sup> Excludes Other income of (£44m) |

# Q218 Barclays International: Corporate & Investment Bank results

## Continued strength in Markets and Banking fees

### Financial performance<sup>1</sup>

**Income** ↑ 1%

£2.6bn (Q217: £2.6bn)

**Impairment**

£23m release

(Q217: £1m release)

**Costs** ↑ 1%

£1.8bn (Q217: £1.8bn)

**PBT** ↓ 9%

£0.8bn (Q217: £0.9bn)

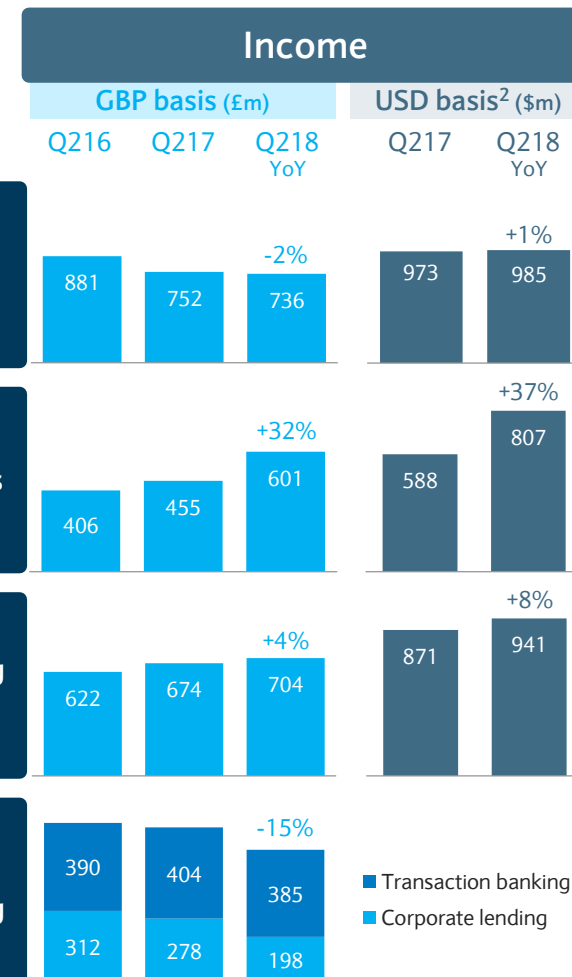
**RoTE**

9.1% (Q217: 11.1%)

**RWAs** ↓ £0.9bn

£180.4bn (Mar-18: £181.3bn)

- ❖ Markets income increased 11%, or 15% in USD
  - Equities increased 37% in USD driven by derivatives and equity financing
  - FICC increased 1% in USD on stable macro and credit performance
- ❖ Second highest quarter for Banking fee income in GBP<sup>3</sup>, increasing 4% or 8% in USD
  - Increased global banking fee share since FY17, ranked #6 globally, and #1 European bank in the US<sup>4</sup>
  - Joint bookrunner on 8/10 largest investment grade debt issuances in H118
- ❖ Corporate lending income impacted by redeployment of RWAs within CIB to improve returns, and negative fair value moves on hedges
- ❖ Net impairment release of £23m included single name recoveries
- ❖ Committed to improving returns through continued investment in technology
- ❖ PBT increased 3% excluding £109m one-off in Q217<sup>5</sup>



<sup>1</sup> Financial performance and accompanying commentary excludes L&C | <sup>2</sup> USD basis is calculated by translating GBP revenues by month for Q218 and Q217 using the corresponding GBP/USD FX rates | <sup>3</sup> Data pre-2014 was not restated following resegmentation | <sup>4</sup> Source: Dealogic | <sup>5</sup> £109m gain on sale of Barclays' share in Vocalink

# Q218 Barclays International: Consumer, Cards & Payments results

*Strong returns whilst investing in growth across CC&P businesses*

## Financial performance<sup>1</sup>

**Income** ↑ **8%**

£1.1bn (Q217: £1.0bn)

**Impairment** ↓ **68%**

£91m (Q217: £280m)

**Costs** ↑ **3%**

£0.5bn (Q217: £0.5bn)

**PBT** ↑ **51%**

£0.5bn (Q217: £0.3bn)

**RoTE**

28.9% (Q217: 19.4%)

**RWAs** ↑ **£4.7bn**

£37.6bn (Mar-18: £32.9bn)

❖ Income increased 8% reflecting continued underlying growth in US Cards and £53m gain on sale of a US card portfolio

❖ Underlying US Cards net receivables grew 6% YoY<sup>2</sup>, driven by continued strong growth in partnership balances

- American Airlines and JetBlue balances saw double digit growth
- Over 70% of partnership book is covered by agreements that last through 2022

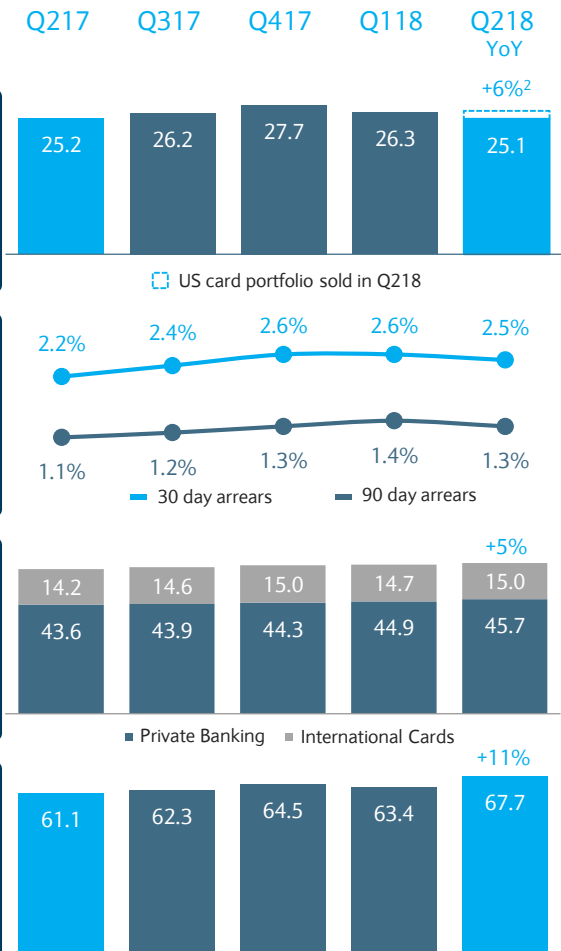
❖ Impairment decreased 68%

- Higher than expected seasonal repayment of certain US card balances

❖ Neutral underlying jaws<sup>3</sup>, as cost increase reflected investment and business growth

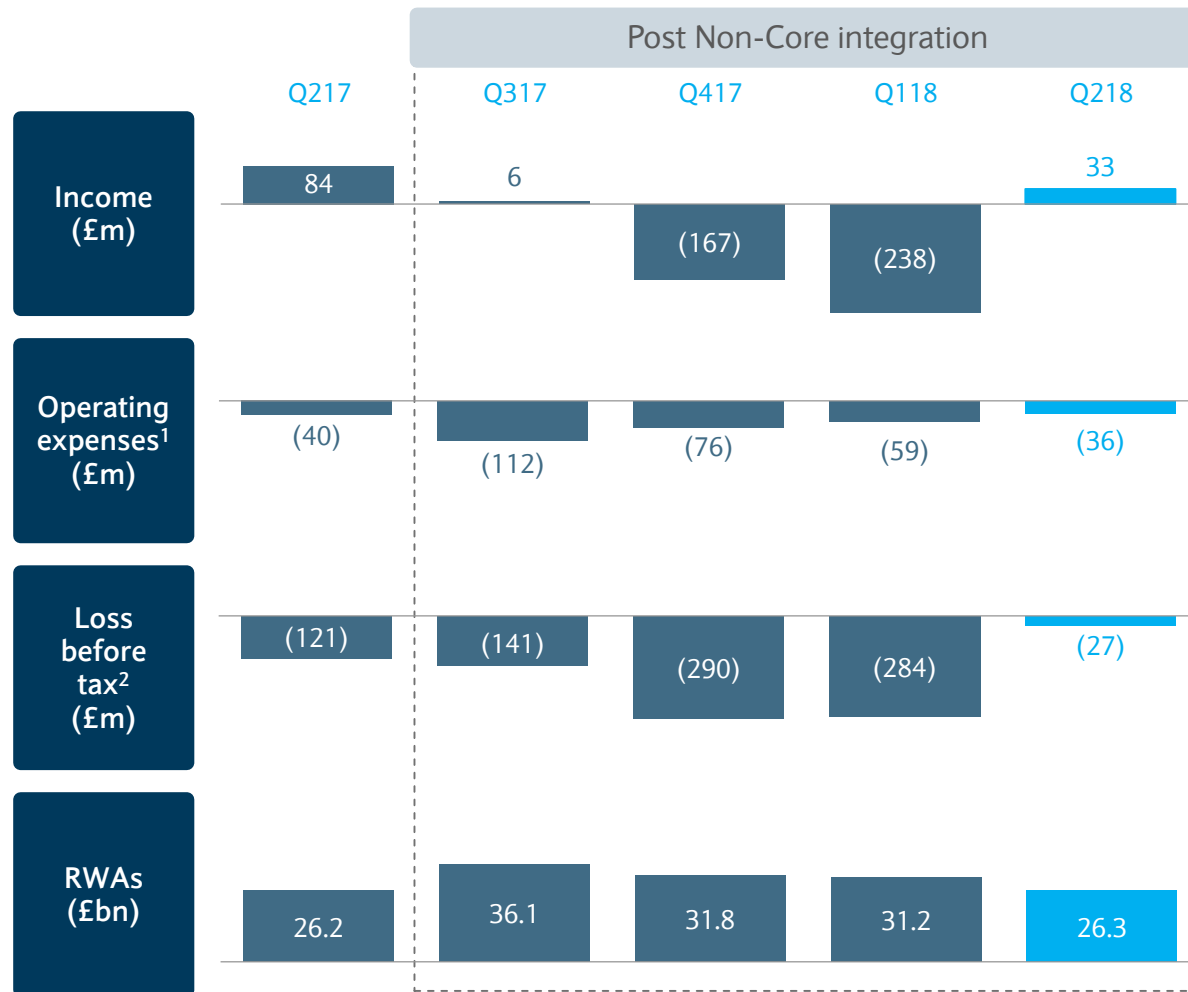
❖ Deposits increased by 5% YoY across both Private Banking and International Cards

❖ RWAs increased due to changes in operational risk RWA allocations



<sup>1</sup> Excluding L&C | <sup>2</sup> Excluding impact of \$1.5bn US card portfolio sale | <sup>3</sup> Excluding FX, litigation and conduct, and gain on sale of a US card portfolio | <sup>4</sup> Includes deposits from banks and customers at amortised cost |

# Head Office



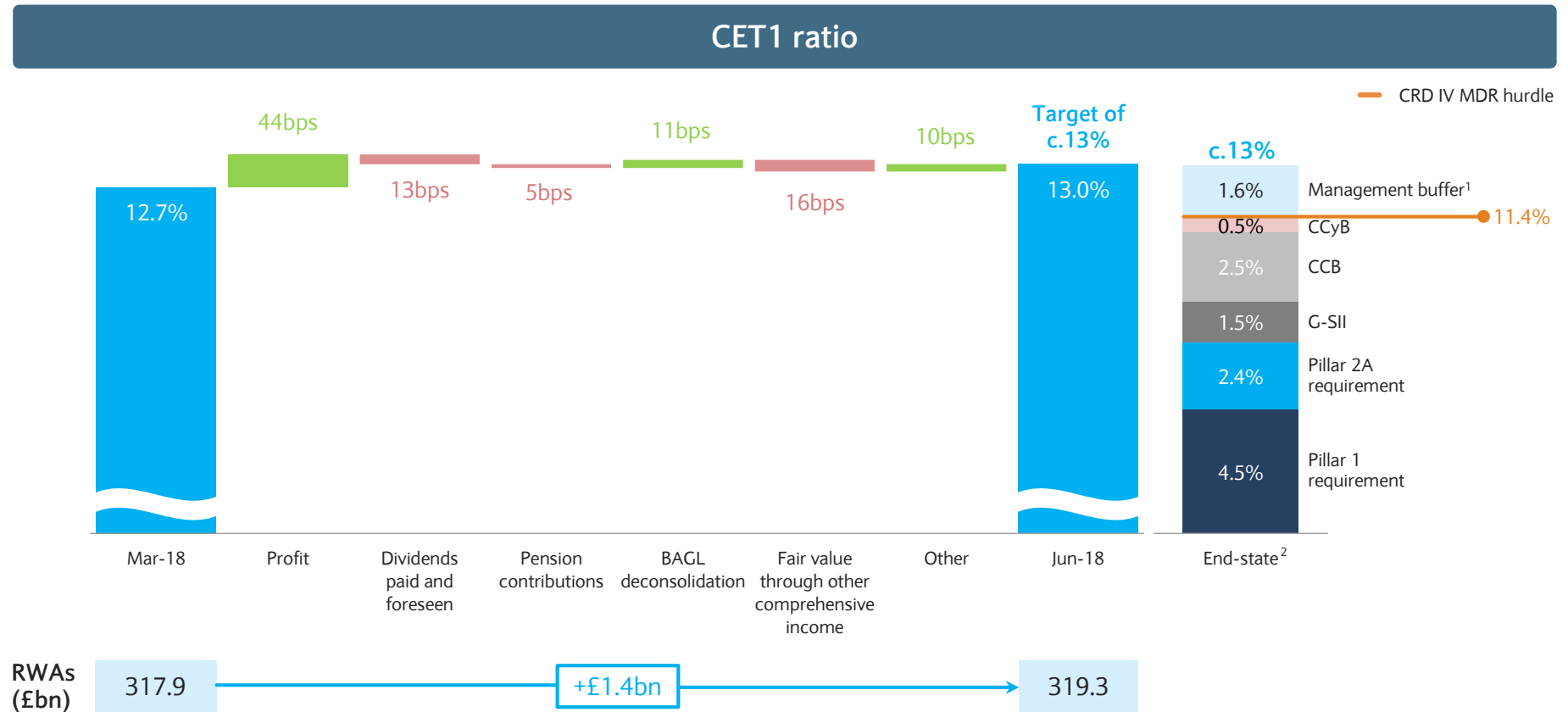
- ❖ Income included a one-off gain of £155m from settlement of receivables relating to Lehman Brothers acquisition and a £46m dividend from stake in BAGL
  - Excluding these, negative income reflected c.£90m impact from certain legacy capital instrument funding costs per quarter and a hedge accounting drag, expected to be £100-200m per year
  - Expect these two items to recur in coming quarters, but decline over time
- ❖ RWAs decreased primarily due to the regulatory deconsolidation of BAGL
- ❖ Period end allocated tangible equity was £3.6bn
  - Tangible equity is allocated to businesses at 13.0% (2017: 12.0%) of RWAs, adjusted for capital deductions
  - Head Office represents the difference between the Group's average tangible shareholders' equity and the amounts allocated to businesses

<sup>1</sup> Excluding L&C and UK bank levy | <sup>2</sup> Excluding L&C



# Capital & Leverage

# Capital accretion driven by strong profitability

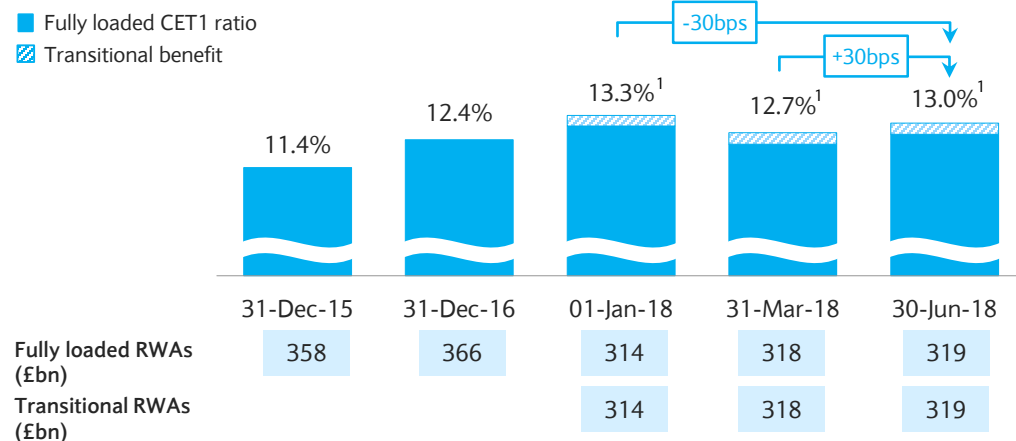


At our end-state target of c.13%

<sup>1</sup> CET1 ratio is currently 160bps above the expected end point regulatory minimum level, within our end-state target range. The management buffer incorporates any PRA buffer and will continue to be reviewed on a regular basis | <sup>2</sup> Refer to slide 16 for more detail

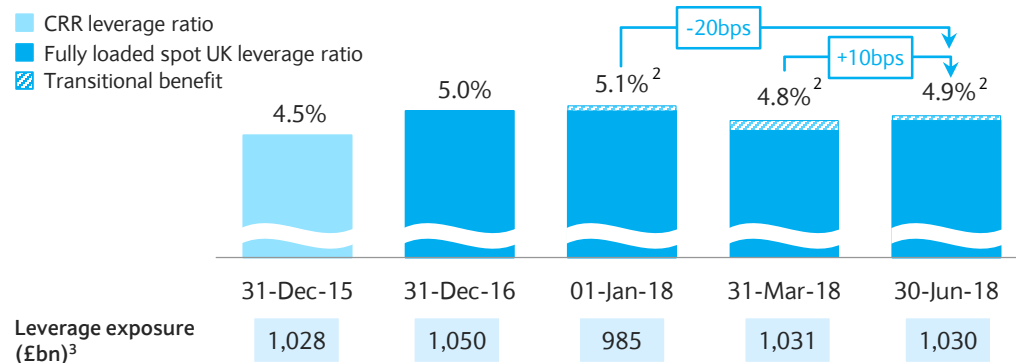
# Strong Group CET1 and leverage ratios

## Fully loaded and transitional CET1 ratio



- Transitional CET1 ratio increased by 30bps in the quarter to 13.0%
- Transitional CET1 ratio decreased by 30bps in the half to 13.0% positively impacted by:
  - 86bps of organic capital generation from profits
  - 11bps from BAGL deconsolidation
- More than offset by:
  - 61bps of litigation and conduct in Q1 relating to the settlement of RMBS with the US DoJ and additional PPI provision
  - 25bps from dividends paid and foreseen
  - 14bps relating to fair value through other comprehensive income reserve movements, largely seen in Q2
  - 5bps relating to employee share awards
  - 5bps of pension contributions in Q2
  - 17bps from RWA and other movements

## Fully loaded and transitional leverage ratio



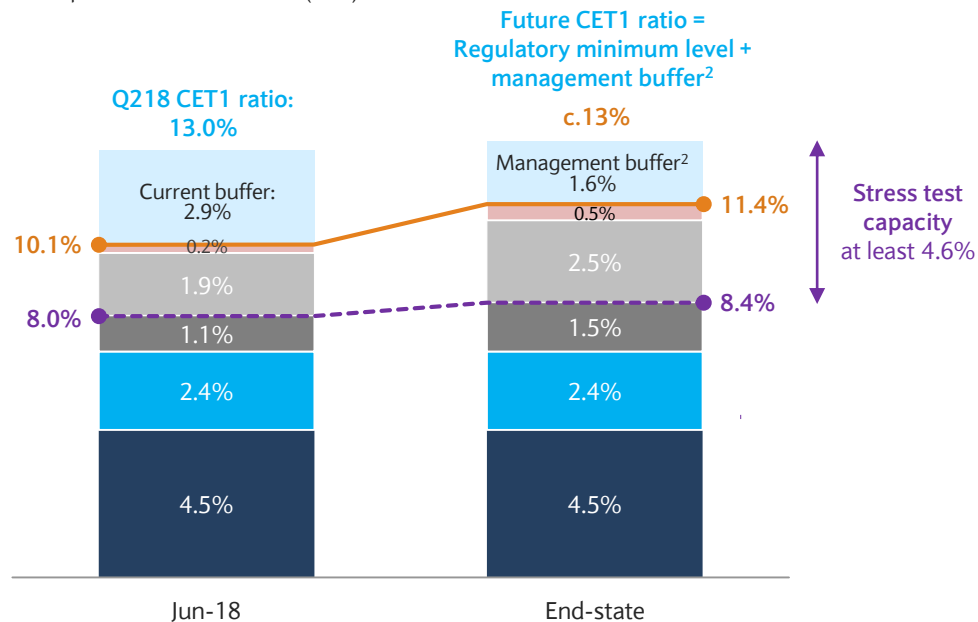
- Transitional spot UK leverage ratio increased by 10bps in the quarter to 4.9% driven by the increase in CET1 capital
- Transitional spot UK leverage ratio decreased by 20bps in the half driven by litigation and conduct charges in Q1
- We remain comfortably above the expected 4% UK leverage minimum requirement applicable from 2019
- Average transitional UK daily leverage ratio was 4.6% as at 30 June 2018

<sup>1</sup> Represents transitional CET1 ratios. Fully loaded CET1 ratio as at 01-Jan-18 was 12.9%, as at 31-Mar-18 was 12.2% and as at 30-Jun-18 was 12.6% | <sup>2</sup> Represents transitional leverage ratios. Fully loaded leverage ratio as at 01-Jan-18 was 5.0%, as at 31-Mar-18 was 4.6% and as at 30-Jun-18 was 4.8% | <sup>3</sup> Represents transitional UK leverage exposure. Fully loaded leverage exposures are materially the same as transitional leverage exposures |

# Managing Group capital position above mandatory distribution restrictions

## Illustrative evolution of minimum CET1 requirements and buffers

- 2017 Pillar 1 requirement
- 2017 Pillar 2A CET1 requirement
- G-SII buffer
- Capital Conservation Buffer (CCB)
- Countercyclical Buffer (CCyB)
- CRD IV Mandatory Distribution Restrictions (MDR) hurdle
- Maximum BoE stress test hurdle rate for 2018 tests<sup>1</sup>



### Distribution restrictions and management buffer

- End-state CET1 ratio expectation of c.13%
  - Assuming the introduction of a UK CCyB of 1% from November 2018 would translate to c.50bps for the Group, based on our UK exposures
  - This would result in a CRD IV MDR hurdle rate of 11.4%
- Maintaining our CET1 ratio comfortably above the mandatory distribution threshold remains a critical management objective
- Barclays' management buffer is 1.6% above our current end-state regulatory CET1 levels, providing a buffer above MDA restriction levels, intended to absorb fluctuations in the CET1 ratio, cover event risk and stress and to enable management actions to be taken in sufficient time to avoid mandatory distribution restrictions. This buffer will continue to be reviewed on a regular basis
- Distribution restrictions<sup>3</sup> apply if an institution fails to meet the CRD IV Combined Buffer Requirement (CBR), at which point the maximum distributable amount is calculated on a reducing scale
- Barclays' recovery plan actions are calibrated to take effect ahead of breaching the CBR
- In determining any proposed distributions to shareholders, the Board notes it will consider the expectation of servicing more senior securities
- As capital buffers and RWAs will evolve over time, the CET1 position will be managed to maintain a prudent buffer over future minimum levels, to guard against mandatory distribution restrictions pursuant to CRD IV

- Maintained robust capital buffers based on 30 June 2018 capital position:
  - Buffer to 30 June 2018 MDR hurdle: c.2.9% or c.£9bn
  - Buffer to 7% AT1 trigger event: c.5.6% or c.£18bn based on the fully loaded CET1 ratio of 12.6%, excluding transitional relief, in line with AT1 terms and conditions

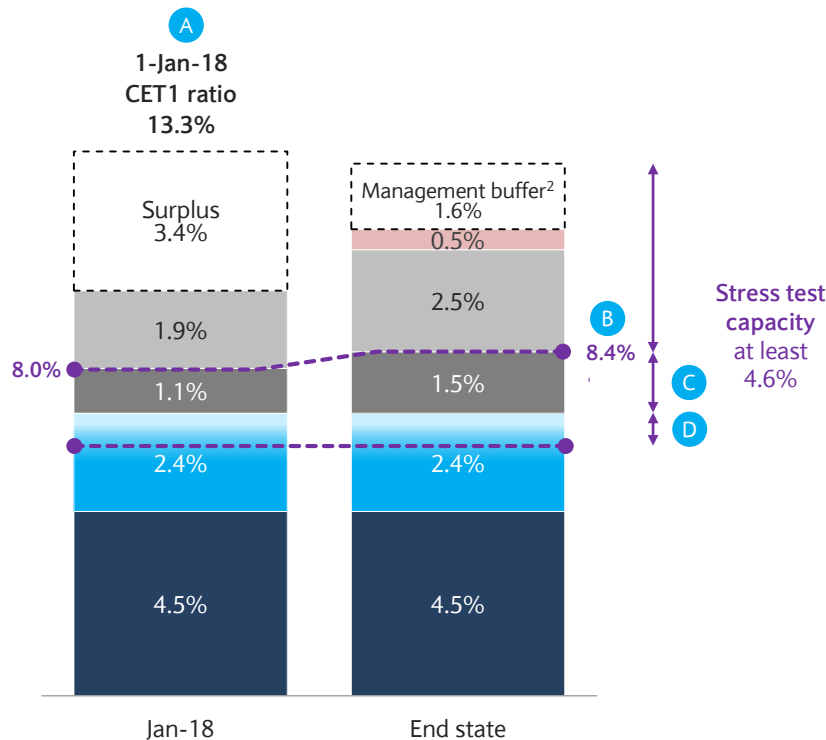
<sup>1</sup> Based on Barclays' understanding of "Stress testing the UK banking system: key elements of the 2018 stress test", published March 2018 | <sup>2</sup> CET1 ratio is currently 160bps above the expected end point regulatory minimum level, within our end state target range. The management buffer incorporates any PRA buffer and will continue to be reviewed on a regular basis | <sup>3</sup> As per CRD Art. 141, and subject to any changes under the proposed CRR2, restrictions on discretionary distributions would apply in case of a breach of the CBR as defined in CRD Art 128(6) |



# Managing capital position above stress test hurdles

## Barclays' expected hurdle rate for 2018 BoE stress test<sup>1</sup>

- 2017 P1 requirement
- 2017 P2A CET1 requirement
- G-SII buffer
- Capital Conservation Buffer (CCB)
- Countercyclical Buffer (CCyB)
- Maximum and indicative minimum BoE stress test hurdle rates for 2018 tests



### Stress tests

- Barclays' end-state stress buffer is expected to be at least c.4.6% when including the management buffer<sup>2</sup>, providing prudent headroom should future stress losses be higher than the average experienced to date

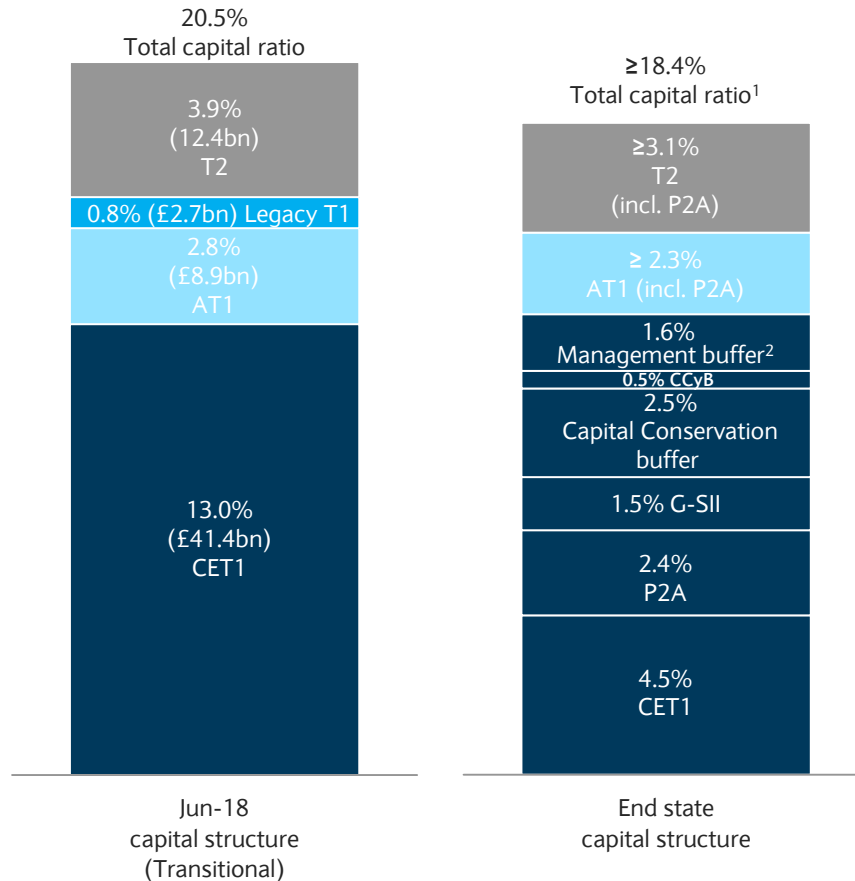
### Key changes vs. 2017

- A Improved capital positioning:** Barclays' CET1 ratio starting point for the stress test this year is 90bps higher than 2017 at 13.3%. The balance sheet was also further de-risked during 2017 and significant litigation and conduct items were resolved e.g. DoJ RMBS settlement
- B Revised hurdle rate framework:** The two static thresholds for G-SIIs in the prior two tests has been replaced with a single dynamic hurdle rate. A breach of the hurdle rate would require submission of a revised capital plan
- C IFRS 9 treatment:** The stress scenario has been kept the same as 2017 in order for the BoE to assess the impact of IFRS 9. The BoE has stated that the standard does not change the total amount of losses a bank would incur through a stress. They will make an adjustment to banks' hurdle rates to reflect any incremental drawdown as a result of the IFRS 9 impact subject to P1 and P2A requirements being met
- D Adjustments to P2A:** Previously, P2A had been maintained as a constant ratio of RWA throughout the period of the stress test. This year, the BoE is expected to reflect more closely the possible impact of the stress on the risks being captured in P2A. This would likely translate to a lower P2A percentage requirement and hence a lower threshold

<sup>1</sup> Based on Barclays' understanding of "Stress testing the UK banking system: key elements of the 2018 stress test", published March 2018 | <sup>2</sup> CET1 ratio is currently 160bps above the expected end point regulatory minimum level, within our end state target range. The management buffer incorporates any PRA buffer and will continue to be reviewed on a regular basis.

# Transition to CRD IV capital structure well established

## Illustrative evolution of CRD IV capital structure



## Well managed and balanced total capital structure

- BBPLC issued capital instruments are expected to qualify as MREL in line with their regulatory capital values until 1 January 2022<sup>3</sup>. Those that are outstanding beyond 1 January 2022 will no longer qualify as MREL but, depending on their individual characteristics, may continue to qualify as Tier 2 regulatory capital
- Aim is to manage our capital structure in an efficient manner:
  - Expect to continue to hold a surplus to 2.3% of AT1 through regular issuance over time
- The appropriate balance of Tier 2 will continue to be informed by relative pricing of Senior and Tier 2, investor appetite, maturity profile of the existing stack and MREL eligibility
- Legacy capital instruments maturing or callable post 2022 is modest and short-dated, with the majority of the tail maturing within 2022

## Pillar 2A requirement

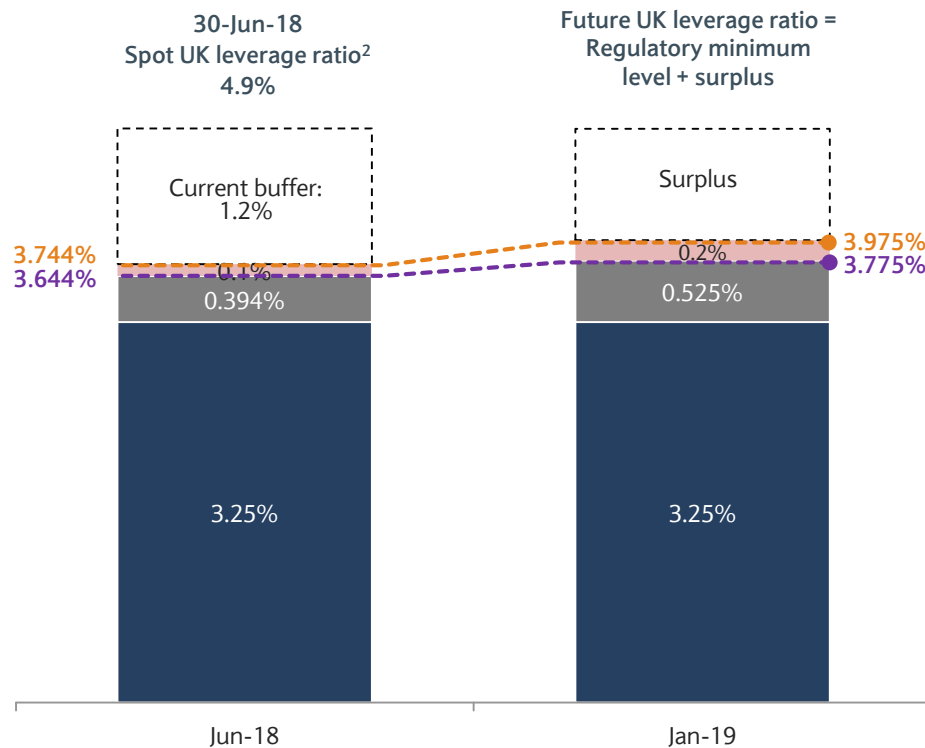
- Barclays' Pillar 2A requirement is set as part of a "Total Capital Requirement" (P1 + P2A) reviewed and prescribed at least annually by the PRA
- Barclays Group P2A requirement for 2018 is 4.3% and is split:
  - CET1 of 2.4% (assuming 56% of total P2A requirement)
  - AT1 of 0.8% (assuming 19% of total P2A requirement)
  - Tier 2 of 1.1% (assuming 25% of total P2A requirement)
- Basel Committee consultations and reviews of approaches to Pillar 1 and Pillar 2 risk might further impact the Pillar 2A requirement in the future

<sup>1</sup> Includes combined buffer requirement and management buffer | <sup>2</sup> CET1 ratio is currently 160bps above the expected end point regulatory minimum level, within our end state target range. The management buffer incorporates any PRA buffer and will continue to be reviewed on a regular basis | <sup>3</sup> Based on Barclays' understanding of the current BoE position |

# Managing evolving future Group minimum leverage requirements

## Illustrative evolution of minimum leverage requirements and buffers under the UK regime

- BoE minimum leverage requirement
- G-SII leverage buffer
- Countercyclical leverage buffer (CCLB)
- Maximum BoE stress test hurdle rate for 2018 tests<sup>1</sup>
- Regulatory minimum leverage requirement



### Leverage requirements

- Leverage continues to be a backstop requirement in determining the capital Barclays holds. Our business mix means RWAs remain our binding constraint
- The Group currently has one leverage requirement, as measured under the UK's PRA leverage regime. The requirement has to be met on a daily basis
- As at H118, spot UK leverage ratio was c.120bps above the 2018 requirement
- In terms of future regulatory requirements, we continue to monitor developments closely
- Under the BoE stress testing framework, we expect an adjustment to a banks' hurdle rates to reflect any incremental drawdown as a result of the IFRS 9 impact subject to P1 requirements being met

<sup>1</sup> Based on Barclays' understanding of "Stress testing the UK banking system: key elements of the 2018 stress test", published March 2018 | <sup>2</sup> Represents transitional ratio |

# Leverage requirements

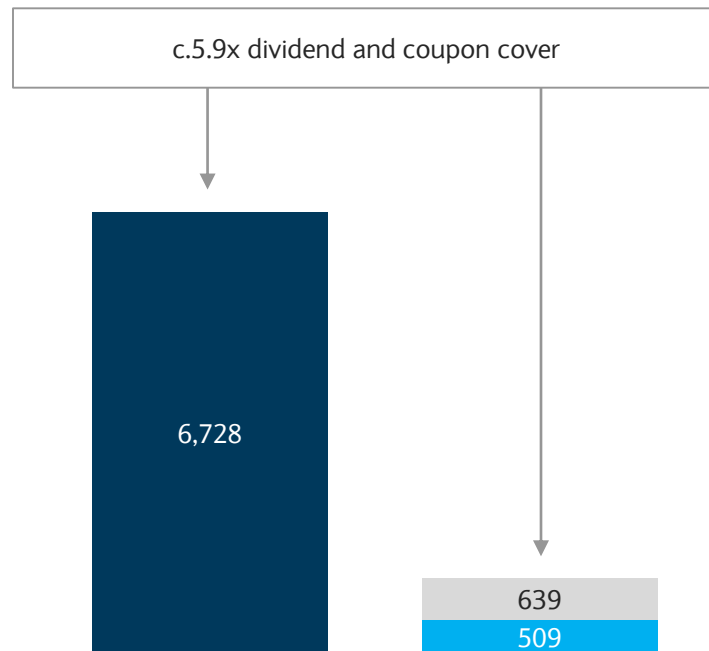
|            |  | Requirements   |                        |   | Disclosure obligations                            |  | Basis of preparation   |                        |
|------------|--|--|------------------------|---|---|--|--|------------------------|
|            |  | 30-Jun-18  | 01-Jan-19 <sup>1</sup> | 01-Jan-22   | FY17  | Q118 onwards   | Today  | 01-Jan-22 <sup>5</sup> |
| UK regime  | Pillar 1                                       | 3.25%  | 3.25%                  | FPC expected to review the UK leverage ratio framework <sup>3</sup> | 1. Spot basis<br><i>and</i><br>2. Monthly average | 1. Spot basis<br><i>and</i><br>2. Daily average <sup>4</sup> | Per CRR <sup>5</sup> less central bank exposure for leverage exposure against qualifying customer deposits |                        |
|            | G-SII  | 0.394%   | 0.525%                 |   |   |  |  |                        |
|            | CCyB   | 0.1%   | 0.2%                   |   |   |  |  |                        |
|            | Total  | 3.744%   | 3.975%                 |   |   |  |  |                        |
|            | <i>o/w stress test hurdle rate<sup>2</sup></i> | 3.644%   | 3.775%                 |   |   |  |  |                        |
|            | Composition requirements                       | >75% of Pillar 1 to be met by CET1; 100% of G-SII and CCyB to be met by CET1 |                        |   |   |  |  |                        |
| CRR regime | Pillar 1                                       | No requirements  | 3%                     | 3%  | Spot basis only for monitoring purposes           | Per CRR <sup>5</sup>   | Per CRR <sup>5</sup> less qualifying central bank exemption at discretion of local regulator <sup>6</sup>  |                        |
|            | G-SII  |  | -                      | 0.75%   |   |  |  |                        |
|            | Cash exemption                                 |  | -                      | TBD   |   |  |  |                        |
|            | Total  |  | 3%                     | ≥3.75%  |   |  |  |                        |
|            | Composition requirements                       |  | None specified         |   |   |  |  |                        |

<sup>1</sup> For CRR, this takes the European Commission's initial proposals from November 2016 | <sup>2</sup> Hurdle rate for Bank of England 2018 tests based on Barclays' understanding of "Stress testing the UK banking system: key elements of the 2018 stress test", published March 2018 | <sup>3</sup> Once there is further clarity on the finalised implementation of the leverage ratio requirement in EU law and how it might affect UK firms | <sup>4</sup> The average UK leverage ratio uses capital based on the last day of each month in the quarter and an exposure measure for each day in the quarter | <sup>5</sup> See Barclays PLC Pillar 3 Report Q2 2018 for full disclosure | <sup>6</sup> As proposed in the Dec-17 Basel 3 reforms ("Basel 4"), implementation date TBD |

# ADI position supports strong distribution capacity

## Distribution capacity as at 31 December 2017 (£m)

■ ADI   ■ Barclays PLC dividend payments   ■ Barclays PLC AT1 coupons



Barclays PLC 2017  
distributable items

## Distributable items

- Barclays PLC has significant Available Distributable Items (ADIs)<sup>1</sup> to cover dividends on ordinary shares and AT1 distributions
- Barclays has never missed an external discretionary interest payment on its capital instruments, including during the financial crisis
- Continue to manage ADIs as part of our capital planning, including planning for structural reform

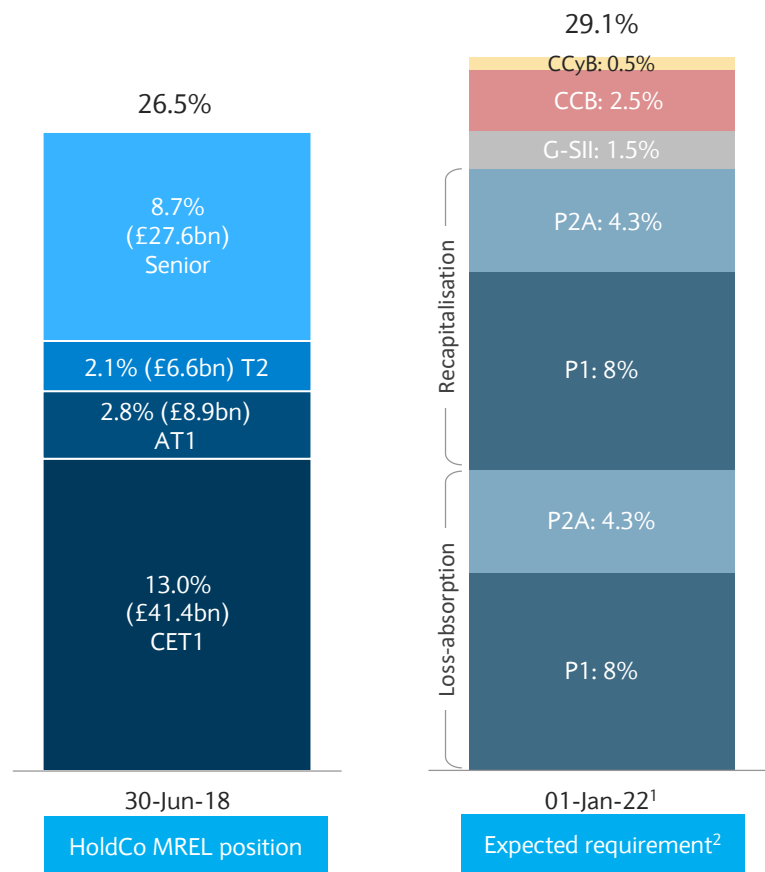
<sup>1</sup> Coupon payments on AT1s have to be paid from an institutions' ADIs (CRR Art 52(1)(l)). Should the level of ADIs be insufficient, coupons cannot be paid. The CRR does not provide for a particular method for the calculation of ADIs. In the absence of further regulatory guidance, Barclays PLC's distributable items are calculated consistently with the requirements of the UK Companies Act, as applicable to ordinary shares, and IFRS |



# MREL, Funding and Liquidity

# Transition to HoldCo funding model continues steadily

## HoldCo MREL position and requirement including requisite buffers



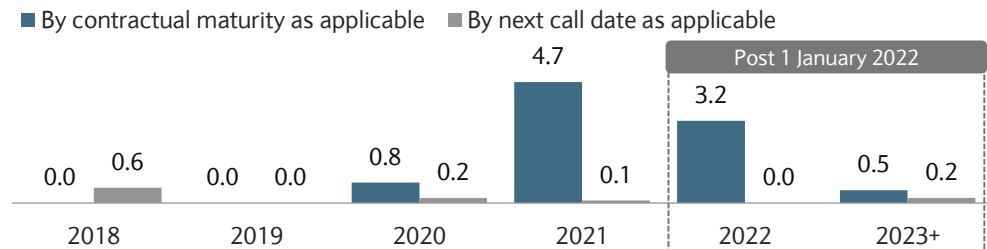
## Well advanced on HoldCo issuance plan

### 2018 issuance plan – currently expect c.£10bn equivalent issuance in 2018<sup>3</sup>

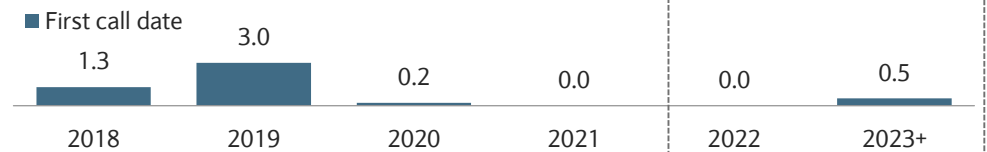
- Issued £6.2bn equivalent of MREL in H118, all in senior form, with maturities ranging from 6 to 15 years
- Subject to market conditions, expect to issue a total of c.£10bn equivalent in 2018<sup>3</sup> to meet MREL requirements and allow for an MREL management buffer
- MREL position of 29.2% as at June 2018 on a transitional basis i.e. including eligible OpCo instruments, compared to 26.5% on a HoldCo-only basis

## Legacy capital call and maturity profile

### BBPLC Tier 2 capital as at 30 June 2018<sup>4</sup>



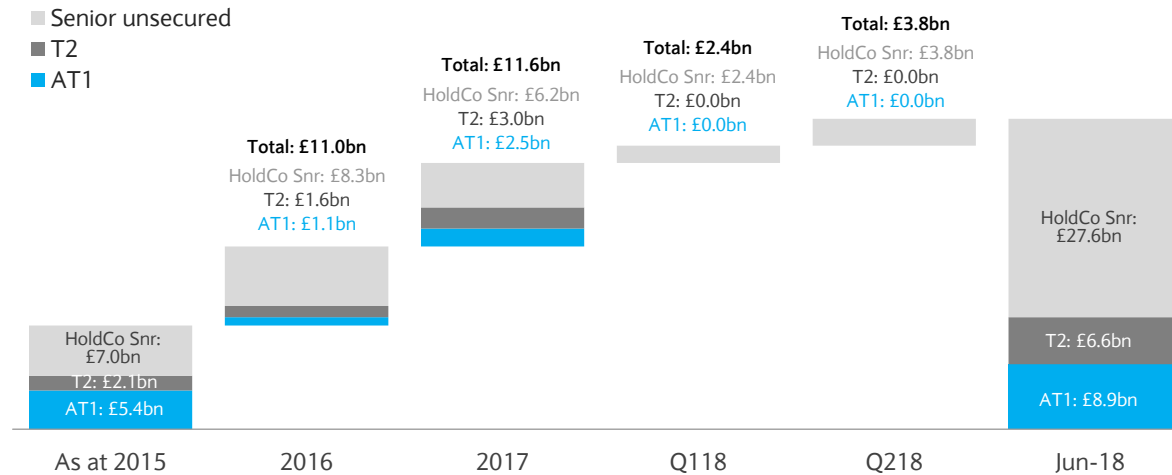
### BBPLC Tier 1 capital as at 30 June 2018<sup>4</sup>



<sup>1</sup> 2022 requirements subject to BoE review by end-2020 | <sup>2</sup> MREL expectation is based on current capital requirements, including the current published Pillar 2A, and is therefore subject to review | <sup>3</sup> Issuance plan subject to, amongst other considerations, market conditions and regulatory requirements which are subject to change and may differ from current expectations | <sup>4</sup> Prepared on a nominal basis which will not reconcile with regulatory or accounting bases due to adjustments

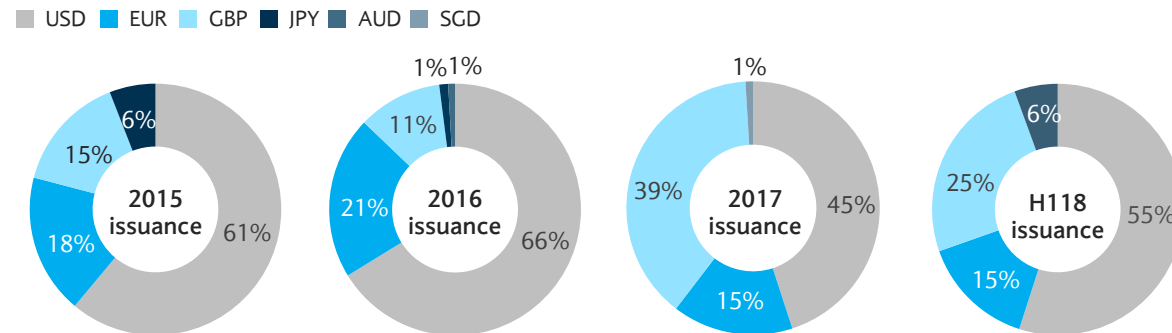
# Proactive transition to HoldCo capital and funding model

## HoldCo issuance by year<sup>1</sup>



- The Group has continued to make strong progress on its commitment to transition to a HoldCo capital and term funding model during the quarter
  - Successfully issued £3.8bn equivalent from the HoldCo
- Aim to retain a diversified funding profile at the HoldCo across currencies, maturities and markets

## Currency split of HoldCo issuance by period



## Q218 highlights

- Continued to diversify funding profile:
  - \$4.5bn senior issuance across three tranches, including both fixed and floating rate notes
  - A\$600m senior issuance, across three tranches, adding further diversification to investor base

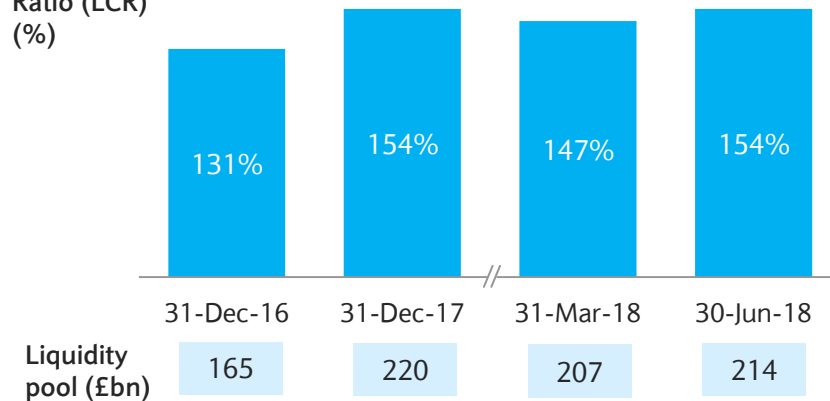
<sup>1</sup> Annual issuance balances based on FX rate on 30 June 2018 for debt accounted instruments and historical transaction rates for equity accounted instruments |



# High quality liquidity and funding position with a conservatively positioned liquidity pool and stable LDR

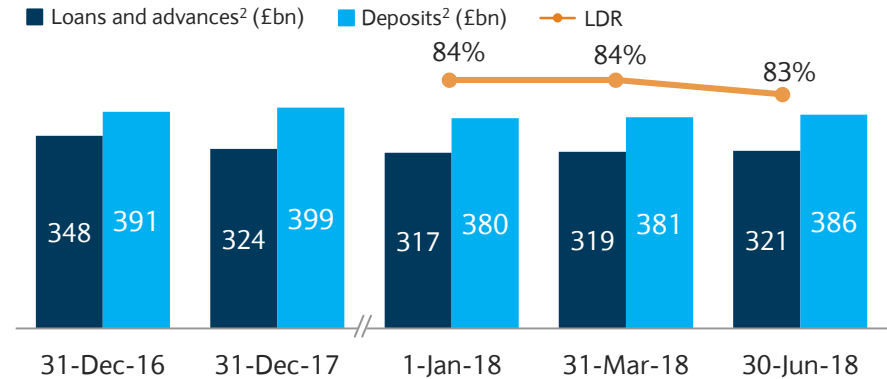
## Liquidity remains in prudential surplus

### Liquidity Coverage Ratio (LCR) (%)



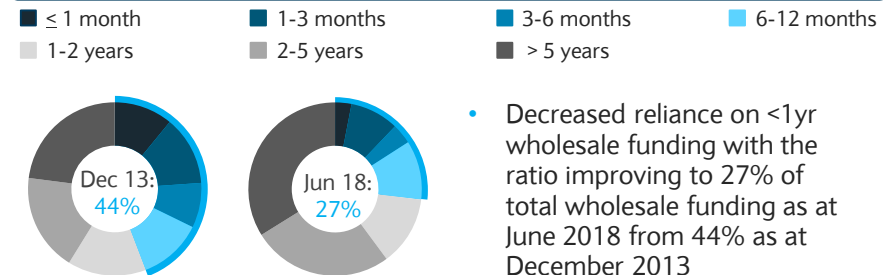
- Liquidity pool increased £7bn in the quarter to £214bn, whilst LCR increased to 154% from 147%, equivalent to a surplus of £73bn to the 100% requirement
- Increase was largely driven by deposit growth, lower loans and advances and lower Markets funding consumption
- Quality of the liquidity pool remains high, with the majority held in cash and deposits with central banks, and highly rated government bonds
- Liquidity pool continues to be conservatively positioned to meet the changing geopolitical and market environment, using cost efficient sources of funding
- NSFR continues to exceed expected future minimum requirements

## Loan: deposit ratio<sup>1</sup>



- Loan: deposit ratio of 83% as at 30 June 2018, with increase in loans and advances and deposits from 31 March 2018

## Decrease in reliance on <1yr wholesale funding



- Decreased reliance on <1yr wholesale funding with the ratio improving to 27% of total wholesale funding as at June 2018 from 44% as at December 2013

<sup>1</sup> Loan: deposit ratio is calculated as loans and advances at amortised cost divided by deposits at amortised cost. 31-Dec-16 and 31-Dec-17 comparatives have been restated based on this approach. Additionally, 1-Jan-18, 31-Mar-18 and 30-Jun-18 reflect the impact of IFRS 9 | <sup>2</sup> At amortised cost

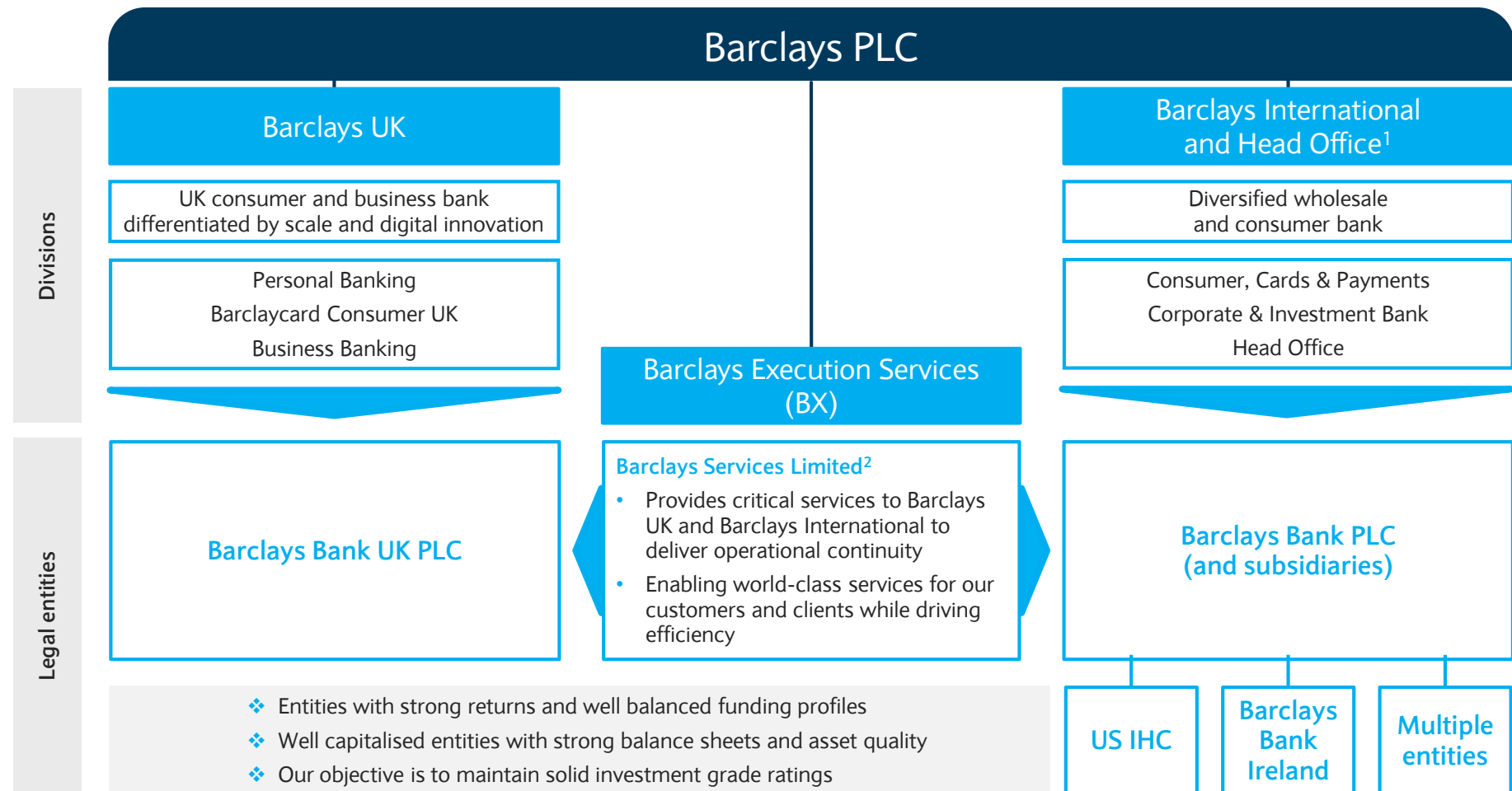
# Wholesale funding composition as at 30 June 2018<sup>1</sup>

| As at 30 June 2018 (£bn)                             | <1 month   | 1-3 months  | 3-6 months  | 6-12 months | Total <1 year | 1-2 years   | 2-3 years   | 3-4 years   | 4-5 years   | >5 years    | Total        |
|--|------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <b>Barclays PLC (the Parent company)</b>             |            |             |             |             |               |             |             |             |             |             |              |
| Senior unsecured (public benchmark)                  | -          | 0.1         | -           | -           | 0.1           | 2.3         | 2.8         | 2.7         | 2.4         | 16.8        | 27.1         |
| Senior unsecured (privately placed)                  | -          | 0.1         | -           | -           | 0.1           | -           | 0.1         | 0.1         | -           | 0.5         | 0.8          |
| Subordinated liabilities                             | -          | -           | -           | -           | -             | -           | -           | -           | -           | 6.6         | 6.6          |
| <b>Barclays Bank PLC (including subsidiaries)</b>    |            |             |             |             |               |             |             |             |             |             |              |
| Certificates of deposit and commercial paper         | 0.9        | 8.9         | 3.2         | 8.5         | 21.5          | 1.1         | 0.8         | 0.5         | 0.3         | -           | 24.2         |
| Asset backed commercial paper                        | 2.6        | 3.0         | 0.8         | -           | 6.4           | -           | -           | -           | -           | -           | 6.4          |
| Senior unsecured (public benchmark)                  | -          | -           | -           | 1.5         | 1.5           | 1.8         | 2.8         | 0.1         | -           | 0.8         | 7.0          |
| Senior unsecured (privately placed) <sup>2</sup>     | 0.5        | 0.8         | 1.2         | 5.8         | 8.3           | 8.3         | 6.7         | 1.8         | 4.1         | 16.9        | 46.1         |
| Covered bonds  | -          | -           | -           | -           | -             | -           | -           | -           | -           | 0.2         | 0.2          |
| Asset backed securities                              | -          | -           | 0.4         | 0.3         | 0.7           | 2.0         | -           | -           | 0.6         | 1.6         | 4.9          |
| Subordinated liabilities                             | -          | -           | -           | -           | -             | -           | 5.6         | 1.3         | 2.2         | 4.4         | 13.5         |
| Other  | 0.1        | -           | -           | -           | 0.1           | -           | 0.1         | -           | -           | 1.2         | 1.4          |
| <b>Barclays Bank UK PLC (including subsidiaries)</b> |            |             |             |             |               |             |             |             |             |             |              |
| Certificates of deposit and commercial paper         | 0.4        | 0.5         | -           | 0.2         | 1.1           | -           | -           | -           | -           | -           | 1.1          |
| Covered bonds  | -          | -           | -           | -           | -             | 2.8         | 1.0         | 2.3         | 1.3         | 1.0         | 8.4          |
| Asset backed securities                              | -          | -           | -           | -           | -             | 0.8         | -           | -           | -           | -           | 0.8          |
| <b>Total</b>   | <b>4.5</b> | <b>13.4</b> | <b>5.6</b>  | <b>16.3</b> | <b>39.8</b>   | <b>19.1</b> | <b>19.9</b> | <b>8.8</b>  | <b>10.9</b> | <b>50.0</b> | <b>148.5</b> |
| <b>Total as at 31 December 2017</b>                  | <b>7.2</b> | <b>14.9</b> | <b>12.5</b> | <b>10.3</b> | <b>44.9</b>   | <b>18.7</b> | <b>12.0</b> | <b>13.6</b> | <b>13.5</b> | <b>41.0</b> | <b>143.7</b> |

<sup>1</sup>The composition of wholesale funds comprises of the balance sheet reported financial liabilities at fair value, debt securities in issue and subordinated liabilities. It does not include participation in the central bank facilities reported within repurchase agreements and other similar secured borrowing. Term funding comprises of public benchmark and privately placed senior unsecured notes, covered bonds, asset backed securities (ABS) and subordinated debt where the original maturity of the instrument is more than 1 year <sup>2</sup> Includes structured notes of £35.5bn, of which £5.4bn matures within 1 year from 30 June 2018 |

# Divisions and Legal Entities

# Simplified business divisions, aligned to legal entity construct



<sup>1</sup> The Head Office division (excluding Barclays Execution Services) materially remains in Barclays Bank PLC and incorporates re-integrated Non-Core assets and businesses and the residual holding in BAGL (Full regulatory deconsolidation effective 30 June 2018 |

<sup>2</sup> Rated "A" (stable outlook) by S&P, in line with the Group Credit Profile |

# Deposit and wholesale funding sources of Barclays Bank UK PLC and Barclays Bank PLC

## Barclays PLC

|   |   | Barclays Bank UK PLC   |     |     | Barclays Bank PLC (and subsidiaries)  |   |                  |
|---|---|--|-----|-----|---|---|------------------|
| External funding sources <sup>1</sup> (£bn) as at 30-Jun-18 | Deposit funding                         | – Personal Banking   | 153 | 194 | – Corporate and Investment Bank   | 130   | 192 <sup>2</sup> |
|   |   | – Business Banking   | 41  |     | – Consumer, Cards and Payments  | 61  |                  |
|   | Operational funding (externally issued) | – Commercial paper   | 1   | 1   | – Certificates of deposit, commercial paper and asset-backed commercial paper | 31  | 60               |
|   |   | – Senior unsecured debt ≤3 year                                    | -   |     | – Senior unsecured debt ≤3 year   | 29  |                  |
|   | Term funding                            | – Secured funding (e.g. covered bonds and asset-backed securities) | 9   | 9   | – Secured funding (e.g. asset-backed securities)                              | 5   | 44               |
|   |   |  |     |     |   | – Residual outstanding BBPLC externally issued debt capital and term senior unsecured debt (including structured notes) |                  |

### Internal MREL

Both entities receive internal funding of equity, debt capital and term senior unsecured debt downstreamed from Barclays PLC

Allocation to entities broadly determined by RWA size

### YTD legal entity public funding highlights

£1.25bn 5-year covered bond<sup>3</sup>

\$650m 2-year issuance from Gracechurch cards securitisation programme

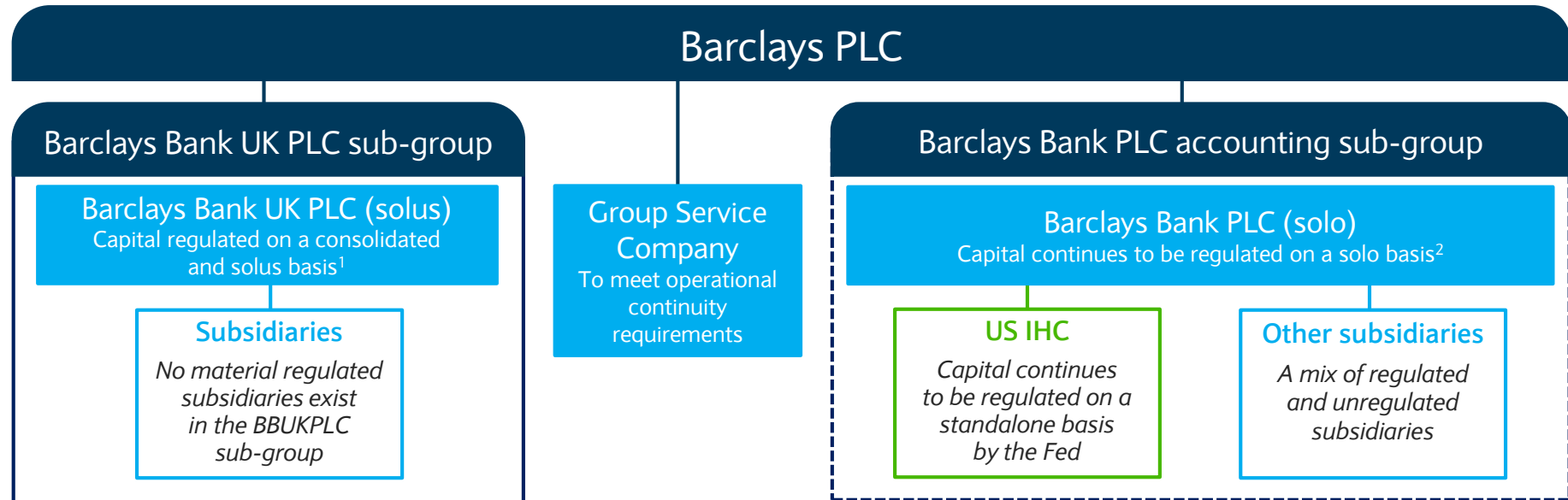
\$2bn 3-year senior unsecured fixed rate note

\$1bn 3-year senior unsecured floating rate note

<sup>1</sup> Excludes participation in the Bank of England's Term Funding Scheme and other central bank facilities | <sup>2</sup> Includes £1bn for Head Office | <sup>3</sup> Covered bond issued pre ring-fencing and was transferred to Barclays Bank UK PLC via the Barclays ring-fenced transfer scheme on 1 April 2018 |

# Group expects to accommodate all legal entity capital requirements within current Group CET1 guidance of c.13%

— Accounting and regulated sub-group — — Accounting sub-group



## BBUKPLC (solus) H118 capital metrics

|                     |       |
|---------------------|-------|
| CET1 ratio          | 14.1% |
| Tier 1 ratio        | 16.8% |
| Total capital ratio | 21.2% |
| CRR leverage ratio  | 5.1%  |

## BBPLC (solo) H118 capital metrics

|                     |       |
|---------------------|-------|
| CET1 ratio          | 13.0% |
| Tier 1 ratio        | 17.6% |
| Total capital ratio | 21.9% |
| CRR leverage ratio  | 4.1%  |

<sup>1</sup> Regulation on a consolidated basis to become effective on 1-Jan-19 | <sup>2</sup> Barclays Bank PLC (solo) contains additional relatively small entities that are brought into scope for regulatory solo requirements |

# P&L bridge from Barclays UK division to Barclays Bank UK PLC (BBUKPLC) legal entity

| H118 (£m)                                      | 1           |                                    |                            |                           | 2     |         | 3             |  | 4 |  |
|--|-------------|------------------------------------|----------------------------|---------------------------|-------|---------|---------------|--|---|--|
|  | Barclays UK | Removal of BUK B Group Q118 impact | Head Office within BBUKPLC | BX Service Company margin | Other |         | BBUKPLC Group |  |   |  |
| Total income                                   | 3,624       | (1,788)                            | (44)                       | -                         | 51    | 1,843   |               |  |   |  |
| Credit impairment charges and other provisions | (415)       | 201                                | -                          | -                         | 1     | (213)   |               |  |   |  |
| Operating expenses                             | (2,387)     | 1,416                              | (7)                        | (37)                      | (46)  | (1,061) |               |  |   |  |
| Other net income                               | 4           | 1                                  | -                          | -                         | (5)   | -       |               |  |   |  |
| Profit before tax                              | 826         | (170)                              | (51)                       | (37)                      | 1     | 569     |               |  |   |  |

## Reconciling items

- 1 Prior to the transfer of the Barclays UK banking business on 1 April 2018, the majority of the business results, including litigation and conduct, were reported within the BBPLC legal entity rather than BBUKPLC
- 2 Head Office sub-segmental results, as reported in BBUKPLC accounts. Includes hedge arrangements that were in place for the Barclays UK business that were terminated and re-established at a legal entity level when the business was transferred to BBUKPLC. The impact of re-establishing these hedging relationships has no impact at the Barclays PLC Group level
- 3 BBUKPLC pays BX (the Service Company) for services that it receives. The payment includes a margin that is paid over and above the direct cost of the services. The margin is recognised within the legal entity financial results but not in the business results of the Barclays PLC Group where it is eliminated on consolidation
- 4 Other includes
  - BBUKPLC Q118 P&L, pre-ring fencing on 1 April 2018
  - Intra group transactions which net to nil on consolidation at the Barclays PLC Group level

# P&L bridge from Barclays International division to Barclays Bank PLC (BBPLC) legal entity

| H118 (£m)                                      | 1                      |                          |                           |       | 2 | 3 | 4           |
|--|------------------------|--------------------------|---------------------------|-------|---|---|-------------|
|  | Barclays International | Head Office within BBPLC | BX Service Company margin | Other |   |   | BBPLC Group |
| Total income                                   | 7,515                  | (257)                    | -                         | (5)   |   |   | 7,253       |
| Credit impairment charges and other provisions | (161)                  | 5                        | -                         | -     |   |   | (156)       |
| Operating expenses                             | (4,668)                | (1,622)                  | (87)                      | (7)   |   |   | (6,384)     |
| Other net income                               | 24                     | (13)                     | -                         | 1     |   |   | 12          |
| Profit before tax                              | 2,710                  | (1,887)                  | (87)                      | (11)  |   |   | 725         |

## Reconciling items

- 1 Head Office sub-segmental results, as reported in BBPLC accounts
  - This is materially the same as the Head Office division as reported in Barclays PLC accounts, including, amongst other items, certain legacy capital instrument funding costs in income and the £1.4bn settlement charge with the US DoJ relating to RMBS within operating expenses
  - Also includes other Head Office reconciling items exclusive to BBPLC, which are primarily offset at a Barclays PLC Group level, and underlying hedge accounting effects
- 2 BBPLC pays BX (the Service Company) for services that it receives. The payment includes a margin that is paid over and above the direct cost of the services. The margin is recognised within BBPLC results, but not in the Barclays International business results of the Barclays PLC Group where it is eliminated on consolidation
- 3 Primarily relates to intra group transactions which net to nil on consolidation at the Barclays PLC Group level
- 4 The £725m PBT does not include a £47m loss in respect of discontinued operations (net of tax). This primarily reflects Barclays UK and Head Office business transferred to BBUKPLC on 1 April 2018, including any BX margin relating to Barclays UK businesses in BBPLC during Q118



# Preparation for Brexit

*Plans in place to expand Barclays Bank Ireland (BBI) in advance of March 2019 to support activity with European clients*

Allows passported activity for EEA-domiciled clients post Brexit

Expect to be operational by March 2019, with majority of existing positions expected to migrate in 2019

Wholly owned subsidiary of BBPLC and will operate a branch network across Europe

Expected to primarily consist of Corporate, Investment and Private Banking activity and the Barclaycard business in Germany<sup>1</sup>

Diversified, well balanced funding sources and strong liquidity ratios. MREL and capital provided from within the Group

Anticipate CET1 and CRR leverage ratios to be broadly in line with those of BBPLC and the Group

Regulated by both the Central Bank of Ireland and as a significant institution, by the ECB and rated in line with BBPLC<sup>2</sup>

To provide a sense of size, using December 2017 numbers, the EEA-domiciled clients and assumed migrated business would result in the following pro-forma financial metrics:

| BBI as at 31 December 2017 <sup>3</sup>   | £ bn |
|---|------|
| Total external assets   | 170  |
| Total assets<br><i>Including internal transactions with Group entities</i>                      | 224  |
| Derivatives / total assets and liabilities<br><i>Including internal derivative transactions</i> | 56%  |
| Funded balance sheet<br><i>Excluding trading book gross-ups</i>                                 | 43   |
| Shareholders' equity  | 5    |
| PBT<br><i>If transfer occurred on 1 January 2017</i>  | 0.4  |

<sup>1</sup> The entity is also expected to incorporate an Italian mortgage portfolio | <sup>2</sup> BBI is rated A / RWP / F1 at Fitch, and A / Stable / A-1 at S&P | <sup>3</sup> Refer to the Important Notices for the basis of preparation and the key assumptions related to the illustrative financial information contained herein |



# Asset Quality

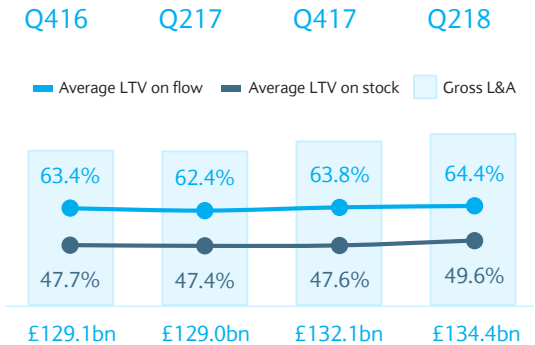
# Prudently managing credit risk in both the UK and US

Conservatively positioned in the UK in the face of Brexit and the consumer credit cycle in the US

## Bias to grow secured lending in the UK

- ❖ Low LTV mortgage book  
*<50% average LTV on stock as at Q218*
- ❖ Small proportion of buy-to-let lending  
*12% of total mortgage book*
- ❖ Growing mortgage book without impacting the risk profile  
*£5.5bn increase since Q217*

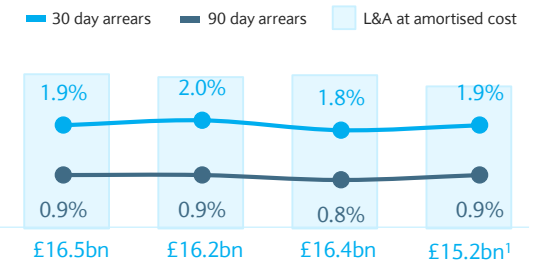
## UK mortgage balance growth and low LTVs



## Conservatively managing UK unsecured lending

- ❖ Balances decreasing slightly due to reduced back-book balance growth activity
- ❖ Stable delinquency rates underlining prudent approach to risk management
- ❖ Headline 0% Balance Transfer length reduced in line with strategy  
*c.90% of 0% BTs have a duration of <24 mths*

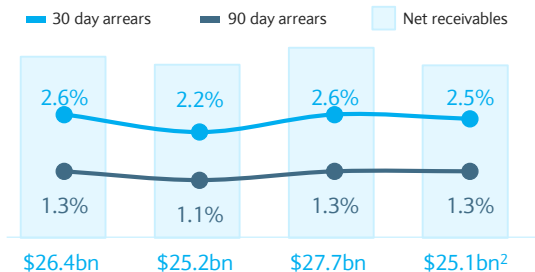
## UK cards balances stable with low arrears rates



## Improving the mix of the US Cards book to increase prime component

- ❖ 10% balance growth objective realistic within risk appetite
- ❖ Growing book in prime partnership portfolios
- ❖ Sale of higher risk assets in 2017 lowered 30 and 90 day arrears rates

## Underlying US Cards balances increasing with low arrears rates



<sup>1</sup> Reduction driven by implementation of IFRS 9 on 01-Jan-18 | <sup>2</sup> Reduction driven by sale of a US Card portfolio in Q218 |

# Impairment

## Q218 impairment

- 1 In the UK, underlying credit metrics were broadly stable and economic conditions steady, resulting in steady impairment charges in BUK
- 2 Material improvement in CC&P reflecting higher than expected seasonal repayment of certain US card balances
- 3 Further single-name recoveries in CIB in Q2, following material recoveries in Q1, which are not expected to recur in coming quarters

### Retail L&A

|                                  | Barclays UK     | Barclays International | Group <sup>1</sup> |
|----------------------------------|-----------------|------------------------|--------------------|
| As at 30.06.18                   |                 |                        |                    |
| As at 31.03.18                   |                 |                        |                    |
| Total gross exposure (£bn)       | 161.1<br>159.3  | 30.7<br>29.3           | 200.2<br>197.3     |
| Total impairment allowance (£bn) | 2.7<br>2.7      | 2.6<br>2.6             | 5.8<br>5.7         |
| Total coverage ratio (%)         | 1.7%<br>1.7%    | 8.6%<br>8.8%           | 2.9%<br>2.9%       |
| Loan impairment charge (£m)      | 1<br>180<br>180 | 2<br>88<br>251         | 268<br>440         |
| LLR (bps)                        | 45<br>46        | 115<br>348             | 54<br>90           |

### Wholesale L&A










|                                  | Barclays UK   | Barclays International | Group <sup>1</sup> |
|----------------------------------|---------------|------------------------|--------------------|
| As at 30.06.18                   |               |                        |                    |
| As at 31.03.18                   |               |                        |                    |
| Total gross exposure (£bn)       | 28.8<br>28.3  | 98.3<br>91.7           | 127.6<br>128.7     |
| Total impairment allowance (£bn) | 0.2<br>0.2    | 0.9<br>1.0             | 1.2<br>1.3         |
| Total coverage ratio (%)         | 0.8%<br>0.8%  | 0.9%<br>1.1%           | 0.9%<br>1.0%       |
| Loan impairment charge (£m)      | 1<br>34<br>21 | 3<br>(19)<br>(158)     | 15<br>(153)        |
| LLR (bps)                        | 47<br>30      | (8)<br>(70)            | 5<br>(48)          |

<sup>1</sup> Group also includes Head Office |





# Credit Ratings

# Ratings remain a key strategic priority

| Current Senior Long and Short Term ratings         | Standard & Poor's   | Fitch  | Moody's   |   |
|--|---|--|---|---|
| Barclays PLC<br><i>HoldCo</i>                      | <br><b>BBB</b><br>Stable<br><b>A-2</b> | <br><b>A</b><br>Stable<br><b>F1</b> | <br><b>Baa3</b><br>Stable<br><b>P-3</b>            | <p><b>Confirmed ratings of Barclays PLC, BBPLC and BBUKPLC</b></p> <p>Rating agencies finalised their ratings for the holding company, ring-fenced bank and non ring-fenced bank following the implementation of ring-fencing</p> <ul style="list-style-type: none"> <li>• <b>S&amp;P</b> assigned ratings of A / A-1 to BBUKPLC, in line with BBPLC. The ratings are aligned as a result of their “core” designation to the Group. Barclays PLC continues to be rated BBB / A-2</li> <li>• <b>Fitch</b> assigned ratings of A / F1 to BBUKPLC in line with BBPLC. Both were placed on Rating Watch Positive (RWP), in anticipation that they will both be upgraded to A+ once internal MREL is downstreamed on a subordinated basis. Barclays PLC continues to be rated A / F1</li> <li>• <b>Moody's</b> assigned ratings of A1<sup>1</sup> / P-1 to BBUKPLC. They downgraded both BBPLC and Barclays PLC by one notch in April 2018 to A2 / P-1 and Baa3 / P-3, respectively, via the removal of the previous 1 notch uplift for business diversification</li> </ul> <p><b>Rating priorities</b></p> <ul style="list-style-type: none"> <li>• Barclays' objective is to maintain solid investment grade ratings</li> <li>• Focus on execution of strategy to support credit fundamentals and ratings profile over time</li> </ul> |
| Barclays Bank PLC (BBPLC)<br><i>OpCo, NRRFB</i>    | <br><b>A</b><br>Stable<br><b>A-1</b>   | <br><b>A</b><br>RWP<br><b>F1</b>    | <br><b>A2</b><br>Stable<br><b>P-1</b>              |   |
|  | <p>Resolution<br/>counterparty rating<br/>A+ / A-1</p>  | <p>Derivative<br/>counterparty rating<br/>A RWP (dcr)</p>  | <p>Counterparty<br/>risk assessment<br/>A2 / P-1 (cr)</p>   |   |
| Barclays Bank UK PLC (BBUKPLC)<br><i>OpCo, RFB</i> | <br><b>A</b><br>Stable<br><b>A-1</b>  | <br><b>A</b><br>RWP<br><b>F1</b>   | <br><b>A1<sup>1</sup></b><br>Stable<br><b>P-1</b> |   |
|  |   | <p>Derivative<br/>counterparty rating<br/>A RWP (dcr)</p>  | <p>Counterparty<br/>risk assessment<br/>Aa2 / P-1 (cr)</p>  |   |

<sup>1</sup> Deposit rating |

# Barclays rating composition for senior debt

|  | Fitch                         |           |                       | Moody's               |                            |         | Standard & Poor's |                 |   |        |      |   |
|--|-------------------------------|-----------|-----------------------|-----------------------|----------------------------|---------|-------------------|-----------------|---|--------|------|---|
|  | BPLC                          | BBPLC     | BBUKPLC               | BPLC                  | BBPLC                      | BBUKPLC | BPLC              | BBPLC           | BBUKPLC                                   |        |      |   |
| Stand-alone rating  | Viability Rating <sup>1</sup> | a         | a                     | a                     | Baseline Credit Assessment | baa3    | baa3              | a3              | Stand-Alone Credit Profile                | bbb+   |      |   |
|  | Operating environment         | aa to a+  |                       |                       | Macro profile              | Strong+ | Strong+           | Strong+         | Anchor                                    | bbb+   |      |   |
|  | Company profile               | a to bbb+ |                       |                       | Financial profile          | baa2    | baa2              | a3              | Business position                         | 0      |      |   |
|  | Management & Strategy         | a+ to a-  |                       |                       | Qualitative                | -1      | -1                | 0               | Capital and earnings                      | 0      |      |   |
|  | Risk appetite                 | a+ to a-  |                       |                       | – Opacity and complexity   | -1      | -1                | 0               | Risk position                             | 0      |      |   |
|  | Financial profile             | a+ to bbb |                       |                       | – Diversification          | 0       | 0                 | 0               | Funding and liquidity                     | 0      |      |   |
| Notching          | Qualifying Junior Debt        |           |                       |                       | Loss Given Failure (LGF)   |         | +3                | +1              | Additional Loss Absorbing Capacity (ALAC) | +2     | +2   |   |
|  | Government Support            |           |                       |                       | Government Support         |         | +1                | +1              | Group status                              | Core   | Core |   |
|  |                               |           |                       |                       |                            |         |                   |                 | Structural subordination                  | -1     |      |   |
|  |                               |           |                       |                       |                            |         |                   |                 | Government support                        |        |      |   |
| Total notching   | 0                             | 0         | 0                     | Total notching        | 0                          | +4      | +2                | Total notching  | -1  | +2     | +2   |   |
| Liability ratings  | Rating                        | A         | A                     | A                     | Rating                     | Baa3    | A2                | A1 <sup>2</sup> | Rating                                    | BBB    | A    | A |
|  | Outlook                       | STABLE    | RATING WATCH POSITIVE | RATING WATCH POSITIVE | Outlook                    | STABLE  | STABLE            | STABLE          | Outlook                                   | STABLE |      |   |

<sup>1</sup> The component parts relate to Barclays PLC consolidated | <sup>2</sup> Deposit rating |

# Barclays rating composition for subordinated debt

|                    | Fitch            |                      |        |         |        |     |     | Moody's                    |   |        |         |        |     |          | Standard & Poor's          |                           |                |     |         |     |      |     |    |
|--------------------|------------------|----------------------|--------|---------|--------|-----|-----|----------------------------|---|--------|---------|--------|-----|----------|----------------------------|---------------------------|----------------|-----|---------|-----|------|-----|----|
| Stand-alone rating | Viability Rating | a                    |        | a       |        |     |     | Baseline Credit Assessment | baa3  |        | baa3    |        |     |          | Stand-Alone Credit Profile | bbb+                      |                |     |         |     |      |     |    |
| Notching           | +                | BPLC                 |        | BBPLC   |        |     |     |                            | BPLC  |        | BBPLC   |        |     |          |                            |                           | BPLC           |     | BBPLC   |     |      |     |    |
|                    |                  | T2                   | AT1    | T2 Coco | LT2    | UT2 | T1  |                            | T2  | AT1    | T2 Coco | LT2    | UT2 | T1 (cum) | T1 (non-cum)               |                           | T2             | AT1 | T2 Coco | LT2 | UT2  | T1  |    |
|                    |                  |                      |        |         |        |     |     | LGF                        | -1  |        |         | -1     | -1  | -1       | -1                         | Contractual subordination | -1             | -1  | -1      | -1  | -1   | -1  |    |
|                    |                  | Loss severity        | -1     | -2      | -2     | -1  | -1  | -2                         | Coupon skip risk (cum)                        |        |         |        |     | -1       | -1                         | Bail-in feature           | -1             | -1  | -1      | -1  | -1   | -1  |    |
|                    |                  |                      |        |         |        |     |     | Coupon skip risk (non-cum) |   |        |         |        |     |          | -2                         | Buffer to trigger         |                | -1  | -1      |     |      |     |    |
|                    |                  | Non-performance risk |        | -3      | -2     |     | -2  | -2/-3                      | Model based outcome with legacy T1 rating cap |        | -3      |        |     |          |                            | Coupon skip risk          |                | -2  |         |     | -1   | -2  |    |
|                    |                  | Total notching       | -1     | -5      | -4     | -1  | -3  | -4/-5                      | Total notching                                | -1     | -3      |        | -1  | -2       | -2                         | -3                        | Total notching | -3  | -6      | -3  | -2   | -3  | -4 |
| Liability ratings  | =                | Rating               | A-     | BB+     | BBB-   | A-  | BBB | BBB/BB+                    | Rating  | Ba1    | Ba3     | n/a    | Ba1 | Ba2      | Ba2                        | Ba3                       | Rating         | BB+ | B+      | BB+ | BBB- | BB+ | BB |
|                    |                  | Outlook              | STABLE |         | STABLE |     |     |                            | Outlook                                       | STABLE |         | STABLE |     |          |                            | Outlook                   | STABLE         |     |         |     |      |     |    |





# Appendix

## Litigation & conduct and other items

| Litigation & conduct (£m)  | Q218        | Q217         |                             |
|--|-------------|--------------|-----------------------------|
| PPI  | -           | (700)        | Barclays UK                 |
| Other  | (81)        | (15)         | Group (across divisions)    |
| <b>Total</b>   | <b>(81)</b> | <b>(715)</b> |                             |
| Other items of interest (£m)   |             |              |                             |
| Income   |             |              |                             |
| Settlement of receivables relating to Lehman Brothers acquisition                              | 155         | -            | Head Office                 |
| Gain on sale of a US card portfolio  | 53          | -            | Consumer, Cards & Payments  |
| Operating expenses   |             |              |                             |
| Structural reform costs  | (7)         | (106)        | Group (across divisions)    |
| Effect of change in compensation awards introduced in Q416                                     | (7)         | (49)         | Group (across divisions)    |
| Other net income/(expenses)  |             |              |                             |
| Gain on sale of Barclays' share in VocaLink  | -           | 109          | Corporate & Investment Bank |
| Gain on sale of a joint venture in Japan   | -           | 76           | Consumer, Cards & Payments  |
| (Recycling of currency translation reserve losses on sale of Barclays Bank Egypt)/gain on sale | -           | (180)/189    | Head Office/Non-Core        |
| Discontinued operation – Africa Banking  |             |              |                             |
| – Impairment of Barclays' holding in BAGL (pre-tax)  | -           | (206)        |                             |
| – Loss on sale of 33.7% of BAGL's issued share capital   | -           | (1,435)      |                             |
| Africa sell down effects   | -           | (1,641)      |                             |

## Q218 Group results

| Three months ended (£m)                         | Jun-18       | Jun-17         | % change |
|---|--------------|----------------|----------|
| Income  | 5,576        | 5,058          | 10%      |
| Impairment                                      | (283)        | (527)          | 46%      |
| – Operating expenses (excluding L&C)            | (3,310)      | (3,398)        | 3%       |
| – Litigation and conduct                        | (81)         | (715)          | 89%      |
| Operating expenses                              | (3,391)      | (4,113)        | 18%      |
| Other net (expenses)/income                     | (7)          | 241            |          |
| <b>PBT</b>                                      | <b>1,895</b> | <b>659</b>     |          |
| Tax charge                                      | (433)        | (305)          | (42%)    |
| <b>Profit after tax – continuing operations</b> | <b>1,462</b> | <b>354</b>     |          |
| Loss after tax – discontinued operation         | -            | (1,537)        |          |
| NCI – continuing operations                     | (55)         | (59)           | 7%       |
| NCI – discontinued operation                    | -            | 3              |          |
| Other equity instrument holders                 | (175)        | (162)          | (8%)     |
| <b>Attributable profit/(loss)</b>               | <b>1,232</b> | <b>(1,401)</b> |          |
| <b>Performance measures</b>                     |              |                |          |
| Basic earnings/(loss) per share                 | 7.5p         | (8.0p)         |          |
| RoTE  | 11.8%        | (11.0%)        |          |
| Cost: income ratio                              | 61%          | 81%            |          |
| LLR   | 35bps        | 49bps          |          |
| <b>Balance sheet (£bn)</b>                      |              |                |          |
| RWAs  | 319.3        | 327.4          |          |

| Excluding L&C – Three months ended (£m) | Jun-18       | Jun-17       | % change   |
|---|--------------|--------------|------------|
| <b>PBT</b>                              | <b>1,976</b> | <b>1,374</b> | <b>44%</b> |
| <b>Attributable profit / (loss)</b>     | <b>1,291</b> | <b>(698)</b> |            |
| <b>Performance measures</b>             |              |              |            |
| Basic earnings/(loss) per share         | 7.8p         | (3.8p)       |            |
| RoTE                                    | 12.3%        | (5.3%)       |            |
| Cost: income ratio                      | 59%          | 67%          |            |

# Q218 Barclays UK results

| Business performance                 |         |         |          |
|--------------------------------------|---------|---------|----------|
| Three months ended (£m)              | Jun-18  | Jun-17  | % change |
| – Personal Banking                   | 1,015   | 1,033   | (2%)     |
| – Barclaycard Consumer UK            | 504     | 495     | 2%       |
| – Business Banking                   | 317     | 292     | 9%       |
| Income                               | 1,836   | 1,820   | 1%       |
| – Personal Banking                   | (49)    | (60)    | 18%      |
| – Barclaycard Consumer UK            | (139)   | (149)   | 7%       |
| – Business Banking                   | (26)    | (11)    |          |
| Impairment                           | (214)   | (220)   | 3%       |
| – Operating expenses (excluding L&C) | (968)   | (974)   | 1%       |
| – Litigation and conduct             | (3)     | (699)   |          |
| Operating expenses                   | (971)   | (1,673) | 42%      |
| Profit/(loss) before tax             | 656     | (74)    |          |
| Attributable profit/(loss)           | 464     | (285)   |          |
| Performance measures                 |         |         |          |
| RoTE                                 | 18.8%   | (12.7%) |          |
| Average allocated tangible equity    | £10.1bn | £8.7bn  |          |
| Cost: income ratio                   | 53%     | 92%     |          |
| LLR                                  | 45bps   | 52bps   |          |
| NIM                                  | 3.22%   | 3.70%   |          |
| Balance sheet (£bn)                  |         |         |          |
| L&A to customers <sup>1</sup>        | 185.3   | 166.6   |          |
| Customer deposits <sup>1</sup>       | 194.3   | 187.4   |          |
| RWAs                                 | 75.0    | 66.1    |          |

| Excluding L&C – Three months ended (£m) | Jun-18 | Jun-17 | % change |
|---|--------|--------|----------|
| PBT                                     | 659    | 625    | 5%       |
| Attributable profit                     | 465    | 406    | 15%      |
| Performance measures                    |        |        |          |
| RoTE                                    | 18.8%  | 19.1%  |          |
| Cost: income ratio                      | 53%    | 54%    |          |
| Income (£m) – Three months ended        |        |        |          |
| NII                                     | 1,493  | 1,534  | (3%)     |
| Non-interest income                     | 343    | 286    | 20%      |
| Total income                            | 1,836  | 1,820  | 1%       |

<sup>1</sup> At amortised cost |

# Q218 Barclays International results

| Business performance                 |         |         |          |
|--------------------------------------|---------|---------|----------|
| Three months ended (£m)              | Jun-18  | Jun-17  | % change |
| – CIB                                | 2,580   | 2,564   | 1%       |
| – CC&P                               | 1,127   | 1,046   | 8%       |
| Income                               | 3,707   | 3,610   | 3%       |
| – CIB                                | 23      | 1       |          |
| – CC&P                               | (91)    | (280)   | 68%      |
| Impairment                           | (68)    | (279)   | 76%      |
| – Operating expenses (excluding L&C) | (2,306) | (2,276) | (1%)     |
| – Litigation and conduct             | (47)    | 4       |          |
| Operating expenses                   | (2,353) | (2,272) | (4%)     |
| Other net income                     | 11      | 202     | (95%)    |
| PBT                                  | 1,297   | 1,261   | 3%       |
| Attributable profit                  | 890     | 819     | 9%       |
| Performance measures                 |         |         |          |
| RoTE                                 | 11.8%   | 12.4%   |          |
| Average allocated tangible equity    | £31.4bn | £27.4bn |          |
| Cost: income ratio                   | 63%     | 63%     |          |
| LLR                                  | 22bps   | 54bps   |          |
| NIM                                  | 4.03%   | 4.07%   |          |
| Balance sheet (£bn)                  |         |         |          |
| RWAs                                 | 218.0   | 212.2   |          |

| Excluding L&C – Three months ended (£m) | Jun-18 | Jun-17 | % change |
|---|--------|--------|----------|
| PBT                                     | 1,344  | 1,257  | 7%       |
| Attributable profit                     | 924    | 816    | 13%      |
| Performance measures                    |        |        |          |
| RoTE                                    | 12.2%  | 12.3%  |          |
| Cost: income ratio                      | 62%    | 63%    |          |

# Q218 Barclays International: Corporate & Investment Bank and Consumer, Cards & Payments results

| CIB Business performance |            |            |                    |                    |
|--------------------------|------------|------------|--------------------|--------------------|
| Three months ended (£m)  | Jun-18     | Jun-17     | % change GBP basis | % change USD basis |
| –FICC                    | 736        | 752        | (2%)               | 1%                 |
| –Equities                | 601        | 455        | 32%                | 37%                |
| Markets                  | 1,337      | 1,207      | 11%                | 15%                |
| –Banking fees            | 704        | 674        | 4%                 | 8%                 |
| –Corporate lending       | 198        | 278        | (29%)              |                    |
| –Transaction banking     | 385        | 404        | (5%)               |                    |
| Banking                  | 1,287      | 1,356      | (5%)               |                    |
| Income <sup>1</sup>      | 2,580      | 2,564      | 1%                 |                    |
| Impairment               | 23         | 1          |                    |                    |
| Operating expenses       | (1,773)    | (1,756)    | (1%)               |                    |
| Other net income         | 5          | 116        | (96%)              |                    |
| <b>PBT</b>               | <b>835</b> | <b>925</b> | <b>(10%)</b>       |                    |
| Performance measures     |            |            |                    |                    |
| RoTE                     | 9.1%       | 11.1%      |                    |                    |
| Balance sheet (£bn)      |            |            |                    |                    |
| RWAs                     | 180.4      | 178.9      |                    |                    |

| Excluding L&C – Three months ended (£m) | Jun-18     | Jun-17     | % change    |
|---|------------|------------|-------------|
| <b>PBT</b>                              | <b>835</b> | <b>921</b> | <b>(9%)</b> |
| Performance measures                    |            |            |             |
| RoTE                                    | 9.1%       | 11.1%      |             |

<sup>1</sup> Includes Other income of Q218: (£44m); Q217: £1m |

| CC&P Business performance               |            |            |            |
|---|------------|------------|------------|
| Three months ended (£m)                 | Jun-18     | Jun-17     | % change   |
| Income                                  | 1,127      | 1,046      | 8%         |
| Impairment                              | (91)       | (280)      | 68%        |
| Operating expenses                      | (580)      | (516)      | (12%)      |
| Other net income                        | 6          | 86         | (93%)      |
| <b>PBT</b>                              | <b>462</b> | <b>336</b> | <b>38%</b> |
| Performance measures                    |            |            |            |
| RoTE                                    | 26.2%      | 19.4%      |            |
| Balance sheet (£bn)                     |            |            |            |
| RWAs                                    | 37.6       | 33.3       |            |
| Excluding L&C – Three months ended (£m) |            |            |            |
| <b>PBT</b>                              | <b>509</b> | <b>336</b> | <b>51%</b> |
| Performance measures                    |            |            |            |
| RoTE                                    | 28.9%      | 19.4%      |            |

## Head Office and Non-Core results

| Head Office Business performance     |             |              |
|--------------------------------------|-------------|--------------|
| Three months ended (£m)              | Jun-18      | Jun-17       |
| Income                               | 33          | 84           |
| Impairment                           | (1)         | (1)          |
| – Operating expenses (excluding L&C) | (36)        | (40)         |
| – Litigation and conduct             | (31)        | (1)          |
| Operating expenses                   | (67)        | (41)         |
| Other net expenses                   | (23)        | (164)        |
| <b>LBT</b>                           | <b>(58)</b> | <b>(122)</b> |
| Performance measures (£bn)           |             |              |
| Average allocated tangible equity    | 2.0         | 8.8          |
| Balance sheet (£bn)                  |             |              |
| RWAs                                 | 26.3        | 26.2         |

| Excluding L&C – Three months ended (£m) | Jun-18      | Jun-17       |
|---|-------------|--------------|
| <b>LBT</b>                              | <b>(27)</b> | <b>(121)</b> |
| <b>Attributable loss</b>                | <b>(98)</b> | <b>(174)</b> |

| Non-Core Business performance        |          |              |
|--------------------------------------|----------|--------------|
| Three months ended (£m)              | Jun-18   | Jun-17       |
| Income                               | -        | (456)        |
| Impairment                           | -        | (27)         |
| – Operating expenses (excluding L&C) | -        | (108)        |
| – Litigation and conduct             | -        | (19)         |
| Operating expenses                   | -        | (127)        |
| Other net income                     | -        | 204          |
| <b>LBT</b>                           | <b>-</b> | <b>(406)</b> |
| Balance sheet (£bn)                  |          |              |
| RWAs                                 | -        | 22.8         |

- The Non-Core segment was closed on 1 July 2017 with the residual assets and liabilities reintegrated into Barclays UK, Barclays International and Head Office

# Income and margins

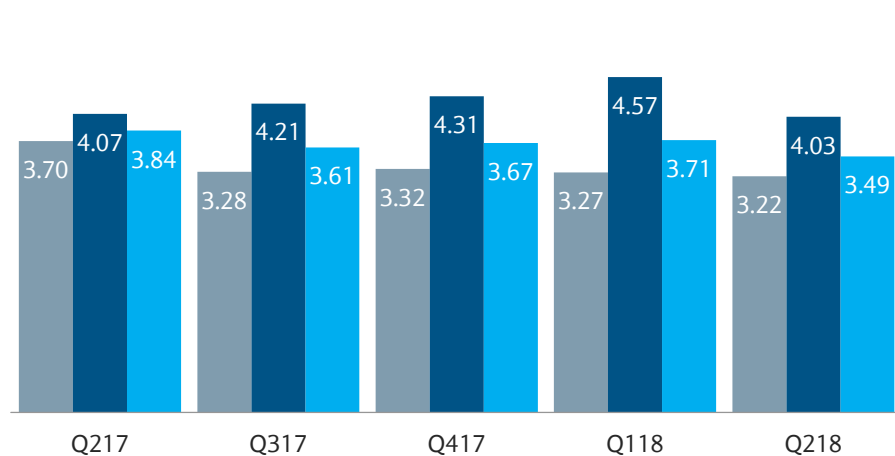
| NII (£m) – Three months ended         | Jun-18 | Jun-17 | % change |
|---------------------------------------|--------|--------|----------|
| – Barclays UK                         | 1,493  | 1,534  | (3%)     |
| – Barclays International <sup>1</sup> | 962    | 1,064  | (10%)    |
| – Other <sup>2</sup>                  | (265)  | (19)   |          |
| Total NII                             | 2,190  | 2,579  | (15%)    |
| Non-interest income                   | 3,386  | 2,479  | 37%      |
| Total Group income                    | 5,576  | 5,058  | 10%      |

## Q218 performance metrics

- Combined Barclays UK and Barclays International<sup>1</sup> NIM decreased to 349bps
  - Barclays UK NIM declined to 322bps, including the impact from the inclusion of ESHLA portfolio
  - Barclays International<sup>1</sup> NIM declined to 403bps including the recategorisation of certain treasury income following ring-fencing (from NII to non-interest income)

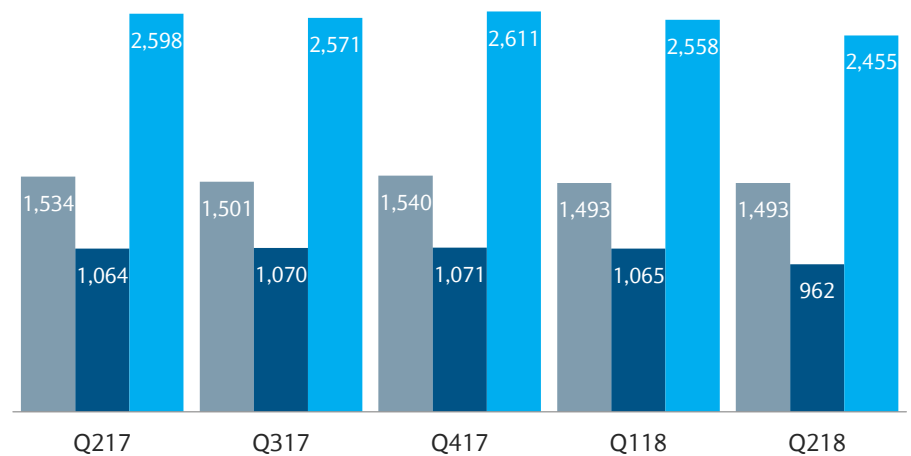
## NIM (%)

■ Barclays UK ■ Barclays International<sup>1</sup> ■ Combined



## NII (£m)

■ Barclays UK ■ Barclays International<sup>1</sup> ■ Combined



<sup>1</sup> Barclays International margins include interest earning lending balances within the investment banking business | <sup>2</sup> Other includes Head Office and non-lending related investment banking balances. Barclays Non-Core is included in the comparative period |



# Interest rate sensitivity

## Illustrative sensitivity of Group NII to a 100bps parallel upward shift in interest rates<sup>1</sup>

| Change in NII (£m)                              |        |         |
|---|--------|---------|
| Year 1  | Year 2 | Year 3  |
| <i>Assuming higher pass-through on deposits</i> |        |         |
| c.200   | c.550  | c.900   |
| <i>Assuming lower pass-through on deposits</i>  |        |         |
| c.500   | c.900  | c.1,250 |

### Reconciling items

- This analysis is based on the modelled performance of the consumer and corporate banking book, and includes the impact of both the product and equity structural hedges
- It assumes an instantaneous +100bps parallel shift in interest rate curves
- The NII sensitivity is calculated using a constant balance sheet i.e. maturing business is reinvested at a consistent tenor and margin
- However, it is assumed that a material proportion of balances deemed to be potentially rate sensitive immediately leave the bank following the rate shock
  - The estimated NII change is highly sensitive to this assumption from Year 1
- The sensitivity scenarios illustrated assume a higher and a lower pass through of rate rises to deposit pricing. Neither of these scenarios necessarily reflect pricing decisions that would be made in the event of rate rises
- The majority of the increased benefits in Years 2 and 3 can be attributed to the income from structural hedges becoming incrementally larger over the 3 year period, as the balances are rolled into hedges at higher rates
- The sensitivities illustrated do not represent a forecast of the effect of a change in interest rates on Group NII

<sup>1</sup> This sensitivity is provided for illustrative purposes only and is based on a number of assumptions regarding variables which are subject to change. This sensitivity is not a forecast of interest rate expectations, and Barclays' pricing decisions in the event of an interest rate change may differ from the assumptions underlying this sensitivity. Accordingly, in the event of an interest rate change the actual impact on Group NII may differ from that presented in this analysis |

# UK approach to resolution

## Illustrative UK resolution loss allocation waterfall assuming multiple OpCos<sup>1</sup>

### OpCo waterfall

- STEP 1**
- Total OpCo losses are allocated to OpCo investors in accordance with the OpCo creditor hierarchy
  - Each class of instrument should rank *pari passu* irrespective of holder, therefore PD/LGD of external and internal instruments of the same class are expected to be the same<sup>2</sup>

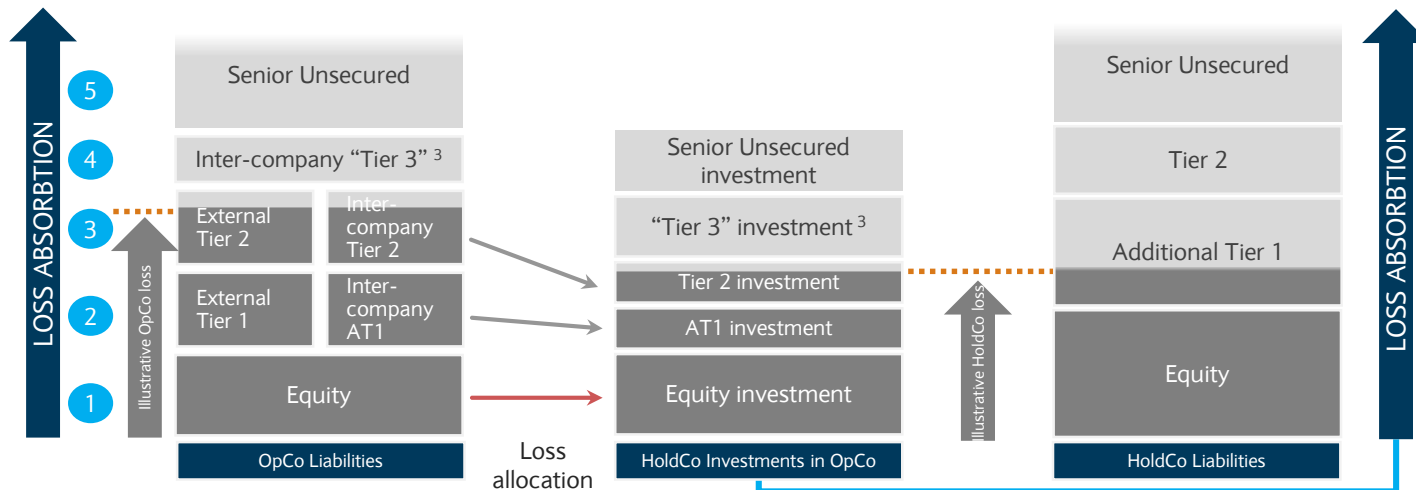
### Intercompany investments

- STEP 2**
- Losses are transmitted to HoldCo through write-down of its intercompany investments in line with the OpCo's creditor hierarchy
  - The HoldCo's investments are impaired and/or written down to reflect the losses on each of the intercompany investments

### HoldCo waterfall

- STEP 3**
- The loss on HoldCo's investment from step 2 is allocated to the HoldCo's investors in accordance with the HoldCo creditor hierarchy
  - The HoldCo creditor hierarchy remains intact

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



<sup>1</sup> Illustrative example based on Barclays expectations of the creditor hierarchy in a possible resolution scenario to demonstrate so-called "single-point-of-entry" in the UK in a situation where a HoldCo has more than one subsidiary, based on the assumptions that follow. This illustration assumes the loss absorption and recapitalisation required exceeds the failing OpCo's equity capacity. This illustration also assumes that losses occur at the OpCo, rather than the HoldCo, and that no additional incremental losses arise at the HoldCo, whether due to losses occurring or stability actions taken elsewhere in the Group or arising directly at the HoldCo for additional Group capitalisation. Each layer absorbs losses to the extent of its capacity, following which any recapitalisation of the entity requires write-down/conversion of more senior layers in accordance with the creditor hierarchy. In a situation where all losses can be absorbed within equity, existing shareholders would be diluted but not wiped out, and more senior layers of the hierarchy would be written down to recapitalise the failing firm <sup>2</sup> Point of non-viability (PONV) power implemented in the UK in accordance with Article 59 of the Bank Recovery and Resolution Directive. The Bank of England has consulted on its proposals for internal MREL, including the requirement for contractual PONV triggers in internal MREL instruments, and has released its updated statement of policy in June 2018. There remains some uncertainty as to the intended interaction of such contractual triggers with the statutory PONV power. The illustration on this slide assumes that the PONV trigger for internal and external OpCo instruments of the same ranking is equivalent, whether via contractual or statutory mechanisms, such that the "pari passu" principle is respected in resolution <sup>3</sup> Barclays MREL requirements are not yet finalised. The current BoE statement of policy remains subject to change, including as a result of final international guidance from the FSB on internal TLAC, and implementation of the final European requirements, both of which may impact the BoE's position on MREL | The illustration on this slide is subject to and should be read in conjunction with applicable regulation and supporting guidance from time to time published by the regulatory authorities. The implementation of an actual resolution exercise may operate differently and/or have differing consequences to those described in the above illustration.

# Abbreviations

|         |   |
|---------|---|
| AP      | Attributable Profit                         |
| AT1     | Additional Tier 1                           |
| BAGL    | Barclays Africa Group Limited               |
| BBI     | Barclays Bank Ireland                       |
| BBPLC   | Barclays Bank PLC                           |
| BBUKPLC | Barclays Bank UK PLC                        |
| BI      | Barclays International                      |
| BoE     | Bank of England                             |
| BT      | Balance Transfers                           |
| BUK     | Barclays UK                                 |
| BX      | Barclays Execution Services                 |
| CBR     | Combined Buffer Requirement                 |
| CC&P    | Consumer, Cards & Payments                  |
| CCB     | Capital Conservation Buffer                 |
| CCyB    | Countercyclical Buffer                      |
| CET1    | Common Equity Tier 1                        |
| CIB     | Corporate & Investment Bank                 |
| CRD IV  | Common Requirement Directive IV             |
| cr      | Counterparty Rating                         |
| CRR     | Capital Requirements Regulation             |
| CTR     | Currency Translation Reserve                |
| dcr     | Derivative Counterparty Rating              |
| ECB     | European Central Bank                       |
| EEA     | European Economic Area                      |
| EPS     | Basic Earnings per Share                    |
| ESHLA   | Education, Social Housing & Local Authority |
| FICC    | Fixed Income, Currencies and Commodities    |
| FV      | Fair Value                                  |
| G-SIB   | Global Systemically Important Banks         |

|      |  |
|------|--|
| HO   | Head Office  |
| L&A  | Loans and Advances   |
| L&C  | Litigation & Conduct                                       |
| LBT  | Loss Before Tax  |
| LDR  | Loan: Deposit Ratio  |
| LLR  | Loan Loss Rate   |
| LTV  | Loan to Value  |
| MDA  | Maximum Distributable Amount                               |
| MDR  | Mandatory Distribution Restrictions                        |
| MREL | Minimum Requirement for own funds and Eligible Liabilities |
| NCI  | Non-Controlling Interests                                  |
| NII  | Net Interest Income  |
| NIM  | Net Interest Margin  |
| NRFB | Non-Ring-Fenced Bank                                       |
| NSFR | Net Stable Funding Ratio                                   |
| P&L  | Profit and Loss  |
| P1   | Pillar 1   |
| P2A  | Pillar 2A  |
| PBT  | Profit Before Tax  |
| PPI  | Payment Protection Insurance                               |
| PRA  | Prudential Regulation Authority                            |
| QoQ  | Quarter-on-Quarter movement                                |
| RFB  | Ring-Fenced Bank   |
| RMBS | Residential Mortgage-Backed Securities                     |
| RoTE | Return on average Tangible Equity                          |
| RWAs | Risk Weighted Assets                                       |
| RWP  | Ratings Watch Positive                                     |
| SRP  | Structural Reform Programme                                |

|        |                                 |
|--------|---------------------------------|
| TNAV   | Tangible Net Asset Value        |
| US DoJ | US Department of Justice        |
| US IHC | US Intermediate Holding Company |
| YoY    | Year-on-Year movement           |
| YTD    | Year to Date                    |

|     |     |                      |
|-----|-----|----------------------|
| £   | GBP | Great British Pound  |
| \$  | USD | United States Dollar |
| A\$ | AUD | Australian Dollar    |

## Contact – Debt Investor Relations Team

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James Cranstoun

+44 (0)20 7773 1630

[james.cranstoun@barclays.com](mailto:james.cranstoun@barclays.com)

Dan Colvin

+44 (0)20 7116 6533

[daniel.colvin@barclays.com](mailto:daniel.colvin@barclays.com)

# Disclaimer

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## Important Notice

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The information set out on slide 33 (the "Illustrative Financial Information") is for illustrative purposes only and is subject to change. The Illustrative Financial Information, including indications of total assets, revenue, funding, balance sheet estimations and ratios has been compiled on a pro forma basis as if the following activities, customers and clients ("In-Scope Business") were comprised in the businesses of Barclays Bank Ireland ("BBle") as at 31 December 2017:

- i. all regulated activity of all existing European branches and client base of Barclays Bank PLC ("BBPLC") as at 31 December 2017; and
- ii. all European clients of BBPLC who were located within the EEA (excluding the UK) as at 31 December 2017.

The Illustrative Financial Information represents a modelled view including estimates based on Barclays' current planning assumptions for the business and operating model for BBle, and is presented to show the possible effect of the proposed business transfers as if they had occurred on 31 December 2017. In addition to this, certain of the Illustrative Financial Information has been sourced from the BBle 2017 statutory accounts, management accounts of BBle up to 31 December 2017 and also the general ledger. The Illustrative Financial Information has not been independently verified. While Barclays' plans for an expanded BBle in response to the UK's withdrawal from the EU are well progressed, they remain subject to regulatory approval, Court approval and management discretion, and so are subject to changes which may be significant. Among other variables, the actual amount of In-Scope Business that may ultimately transfer to and/or continue to trade with BBle in the future may differ significantly from the assumptions used in producing the Illustrative Financial Information. The Illustrative Financial Information is therefore provided for illustrative purposes only and is not a forecast of present or future financial condition or performance of BBPLC or BBle. Whilst all reasonable care has been taken in providing the Illustrative Financial Information no responsibility or liability is or will be accepted by Barclays PLC and any of its subsidiaries, affiliates or associated companies or any of their respective officers, employees or agents in relation to the adequacy, accuracy, completeness of reasonableness of the Illustrative Financial Information or for any action taken in reliance upon that information by any party whether customer, client, counterparty, investor or otherwise. Nothing in the relevant slide should be taken as (or is) a representation or warranty, express or implied, as to any of the matters presented.

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