Barclays plc

Full Rating Report

Ratings

Barclays plc

Long-Term IDR	A/Rating Watch Negative
Short-Term IDR	F1
Viability Rating	a
Support Rating	5
Support Rating Floor	NF

Barclays Bank plc

Long-Term IDR	A+/Rating Watch Negative
Short-Term IDR	F1
Viability Rating	a
Support Rating	5
Support Rating Floor	NF

Barclays Bank UK plc

Long-Term IDR	A+/Rating Watch Negative
Short-Term IDR	F1
Viability Rating	a
Support Rating	1

Sovereign Risk

United Kingdom Long-Term IDR	AA/Rating Watch Negative

Financial Data

Barclays plc

	2018	2017
Total assets (USDbn)	1,439	1,531
Total assets (GBPbn)	1,133	1,133
Total equity (GBPbn)	52.9	55.0
Operating profit/RWA (%)	1.1	1.1
Return on equity (%)	4.5	-1.5
Cost/income (%)	77.4	73.3
Non-performing loan ratio (%)	2.6	1.9
Fitch Core Capital/risk-weighted assets (%)	14.2	14.8
Common equity Tier 1 ratio (fully loaded) (%)	13.2	13.3
Loans/deposits (%)	84.7	82.3
Liquidity coverage ratio (%)	169.0	154.0

Source: Fitch Ratings, Fitch Solutions

Related Research

Fitch Places Long-Term IDRs of 19 UK Banking Groups on RWN (March 2019)

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Key Rating Drivers

Holdco VR and IDR: Barclays plc's (Barclays) Viability Rating (VR) and Issuer Default Rating (IDR) reflect our view of the consolidated group. Fitch Ratings expects that progress made with the group's restructuring and resolving legacy conduct matters will allow for a normalisation of earnings and maintenance of capital in line with targets and peers. Ratings also reflect modest levels of double leverage and our expectation that liquidity is managed prudently at the holding company.

Opco IDRs Above VRs: The VRs of the two main operating banks, Barclays Bank (BB) and Barclays Bank UK (BBUK), reflect their standalone credit profiles, and the benefit of ordinary support on capital, management and operational systems. The IDRs are notched up once from the respective VRs due to ample junior debt buffers, which protect senior creditors at both entities from default in case of failure.

Diversified Operations: The group's business model is relatively diversified, with strong franchises in retail, commercial banking and selected investment banking businesses in the UK and the US. A high share of capital markets businesses, which we regard as more volatile, weighs on our assessment of company profile and risk appetite.

Modest Earnings, Improving: The group's earnings should benefit from lower losses from non-strategic businesses, non-recurrence of ring-fencing set-up costs and fewer other one-off costs. Conversely, we see potential challenges from risks to the domestic economy from Brexit, slowing global growth, and a turning credit cycle.

Sound Capitalisation: Barclays' reported common equity Tier 1 (CET1) and leverage ratios are comparable to Global Trading and Universal Bank (GTUB) peers, and in line with management targets. We view Barclays' capitalisation as resilient, and less at risk from large one-off charges.

NPLs at Cyclical Lows: Loan quality is sound, with low concentrations and controlled exposure to high-risk sectors. Loan quality benefits from low interest rates and unemployment in the group's key markets. Some deterioration can be expected if the economic environment worsens and borrower affordability is pressured.

Diversified Funding: Barclays' funding profile is well-matched and diversified. It benefits from the group's UK retail franchise to fund retail assets and good market access to fund wholesale operations. Loss-absorbing debt issuance is on track to meet requirements.

Ample Liquidity: Liquidity is comfortable with a liquidity coverage ratio (LCR) of 169% at end-2018, and a large liquidity pool covering 4.9x wholesale funding due within one year.

Rating Sensitivities

RWN Reflects Brexit Uncertainty: The Rating Watch Negative on the Long-Term IDRs of Barclays and its subsidiaries' reflects the uncertainty over the outcome of Brexit. A disruptive no-deal Brexit would likely result in a negative action on Barclays and its subsidiaries' IDRs, most likely with Negative Outlooks being assigned.

Performance and Capitalisation: Ratings are also sensitive to progress in meeting stated performance targets and maintaining targeted capital ratios. Ratings could be downgraded if the group increases its risk appetite to achieve profitability targets. Upside for group's VR is limited in the medium term.

Junior Debt Buffer: The ratings of BB and BBUK are sensitive to the amount of qualifying junior and internal subordinated debt, and could be downgraded if it falls below around 9% of risk-weighted assets (RWAs) for BB and 10% for BBUK.

Operating Environment

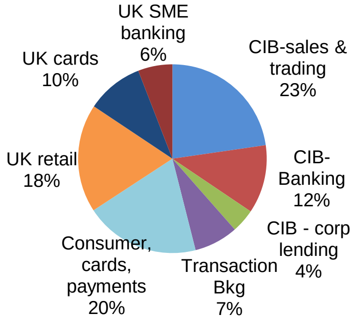
Barclays is domiciled in the United Kingdom (AA/Rating Watch Negative), which is also the hub for its retail operations. However, a large proportion of its income, especially in credit cards and investment banking, is generated in the US (AAA/Stable). Other jurisdictions have a relatively low importance although its global investment banking operations gives rise to exposures to other parts of the world.

The UK economic environment has slowed as extended Brexit uncertainty has started taking its toll on consumer confidence and business investment. This follows weakening prospects for the global economy, and a weakening outlook for the eurozone, the UK's main trading partner. Fitch expects GDP growth to slow to 1.2% in 2019, after 1.4% in 2018.

We also see heightened downside risks to economic forecasts from a disruptive no-deal Brexit, where the UK leaves the EU without a withdrawal agreement in place, which would lead to substantial disruption to UK economic and trade prospects. A no-deal Brexit would also give rise to downside risks for banks, mostly because it would put pressure on their ability to execute their strategies and on their earnings, asset quality and funding profiles.

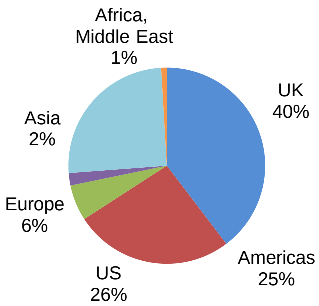
In the US, Barclays' second-largest market, underlying economic momentum looks more resilient. This is the case despite a downward revision of Fitch's economic forecasts in 1Q19 on the basis of weaker-than-expected external demand, the incoming data and a small drag from the six-week government shut-down. US economic growth remains supported by robust household income growth, expanding business investment and federal fiscal easing.

Income by Business



Note: GBP21.6 bn in 2018, excluding head office and other CIB.
Source: Fitch Ratings, Barclays

Income by Geography



Note: GBP21.1 bn in 2018.
Source: Fitch Ratings, Barclays

Company Profile

Barclays' VR is underpinned by strong franchises in domestic retail, cards, SME and corporate banking, and a diversified business model. However, its high share of capital markets businesses (sales and trading, underwriting and advisory), which we regard as more volatile, caps our company profile assessment.

Strong Domestic Franchise; Retail and SME Operations Ring-fenced

In its domestic market, Barclays enjoys high market shares among retail and small business customers. In addition, it has a leading franchise in the provision of UK credit cards, where it competes across all sectors of the market, and is one of the largest merchant acquirers in the UK and Europe.

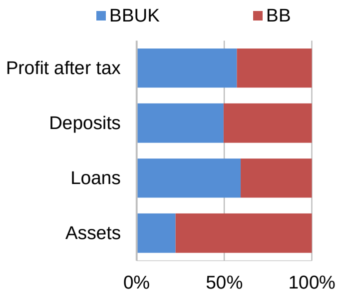
Barclays' international credit card business is mainly focused on the US where card balances have increased to about GBP22 billion at end-2018. However, the US franchise remains small, in a much larger market than the UK, ranking ninth by credit card receivables. Barclays' card business is also present in Germany (GBP3.5 billion gross loans and advances) and in Norway, Sweden and Denmark via a joint venture with Swedbank.

Large Capital Markets Business; Moderate Franchise behind US Peers

The bank's large capital markets and corporate lending businesses are grouped in its Corporate and Investment Bank (CIB) unit. Sales and trading revenues account for about half of the CIB division's total income.

According to 2018 Coalition league tables, the bank ranked as the seventh investment bank globally, and fourth to ninth across fixed-income, currency and commodity (FICC) sales and trading, equity sales and trading and investment banking in EMEA and the Americas. The bank has been able to claim small market share increases, particularly in equity sales and trading in 2018, helped by marginally increased leverage and RWA allocation, people and technology investments, and European peers' weakness.

Relative Weight of Opcos



Note: Based on financial accounts, disregarding any consolidation effects
Source: Fitch Ratings, Barclays

Legal Entity Restructuring Completed

Changes to the group's legal entity and governance structure, undertaken as a result of ring-fencing regulation in the UK, and requirements to set up an intermediate holding company (IHC) in the US are now completed. The domestic retail, card and SME businesses have been transferred to BBUK in April 2018, from BB. A service company, Barclays Services Limited (BX), provides technology, operations and functional services to businesses across the group.

BBUK houses around a fifth of the cumulative assets in BBUK and BB, and from April to end-December 2018 generated 57% of the cumulative attributable profits of the two entities. The bank operates a simple, domestically focused, retail and SME banking business model, has solid asset quality and stable funding dominated by granular deposits.

BB is the larger operating bank by balance sheet and continues to house the CIB and the Consumer, Cards and Payments (CCP) divisions. Fitch rates BB and BBUK at the same level despite the former's more volatile business model and reliance on wholesale funding. This is because we see continued capital support between the two entities, as well as benefits of common management, strategy and systems.

The IHC, Barclays US LLC, is the holding company for Barclays Capital, the broker-dealer and Barclays Bank Delaware, which holds the US credit cards business. However, some of the US business, such as OTC equity, credit and macro derivatives, continues to be booked in Barclays Bank plc London, and US loan-originated activity and portfolio management loans and hedges are booked in US branches

Brexit Preparations Underway

In the context of Brexit contingency planning, the group has prepared the Irish subsidiary of BB, Barclays Bank Ireland (BBI), to become the main hub for its EU operations – mainly CIB and international cards. In 1Q19, the group obtained court approval to move up to EUR190 billion of assets from BB in case there is a disruptive no deal Brexit, and has reassigned its European branches to this entity. We see preparations as advanced, but some loss of business cannot be ruled out if customers are not willing to move and transact with BBI.

Management and Strategy

Strong Management; Coordination Continues post Ring-Fencing

Management has a high degree of depth and experience, but turnover has been relatively high over several years as the bank underwent business and organisational changes. Several of Barclays' management board members and divisional heads were appointed under the current chief executive officer (CEO), Jes Staley, who joined the bank in December 2015. Others have been with the bank since the previous CEO took over in 2012, or as longer standing employees of the bank. Internal and external appointments have shown depth of management resources good access to talent.

Most recent management changes announced in 1Q19, mainly concerning BB, highlight challenges in the CIB to achieve targeted returns, in our view. They also indicate an intention to drive synergies between the group's UK and US cards and payments businesses, despite the legal entity separation through ring-fencing requirements. Changes include the departure of the head of the CIB, addition of a layer of coordination between UK and US cards and payment businesses and the appointment of a new CEO for BBUK.

Succession planning for the supervisory board chairman is in place, and a new chairman will take over in May 2019. Overall, we view the board effectiveness as strong.

Since ring-fencing has become effective, the group runs separate management and governance structures for Barclays plc, Barclays Bank and Barclays Bank UK. We expect that top-down coordination and significant interconnectedness will remain between the operating companies, so we view the different entities' management and strategy as strongly linked.

Related Criteria

Global Bank Rating Criteria (October 2018)

Profitability Remains Management's Main Challenge

Fitch sees improving the group's sluggish profitability after many years of restructuring as management's main challenge. Management targets returns on tangible equity of 9% in 2019 and 10% in 2020 (excluding litigation and conduct). Progress appeared on track at end-2018 but challenges remain, given potential economic and market headwinds and strong competition.

Like its GTUB peers, Barclays has had to adjust its business mix and strategy post crisis, which has resulted in a reduction in the size of its investment bank and in group's global reach and complexity. Barclays now sees itself as a transatlantic consumer and wholesale bank with global reach. It remains committed to the investment bank despite its lagging returns, and more recently pressure from an activist investor.

Over the past years, the group has executed well on its restructuring, which included large-scale business reductions (particularly of the scale and scope of the CIB, the controlling stake in Barclays Africa Group Limited (BAGL) and other smaller international businesses). In 2018, it implemented ring-fencing requirements by moving its domestic retail and SME businesses to a different legal entity. Throughout its restructuring, the group maintained strong capital ratios while absorbing high charges relating to business exits and resolving past conduct matters.

Risk Appetite

Moderate Risk Appetite

The group has a good record of managing and controlling credit and market risk. Like its peers, it has reduced its capital markets risk appetite since the crisis and has strengthened controls. Conduct and regulatory risks remain inherent in Barclays' business model, but we expect legacy issues to be largely resolved and less meaningful on the bank's earnings. Barclays' risk governance and management systems are well-established, and there are robust controls in place.

Conservative Mortgage and Corporate Underwriting; Riskier Cards

Barclays' underwriting standards in retail and corporate lending are conservative, while credit card lending is inherently riskier but well managed and remunerated. Since the Brexit referendum, domestic retail lending has been focused on mortgages rather than unsecured loans. The group has undertaken pro-active de-risking of its wholesale credit exposure ahead of a cyclical economic slow-down and Brexit-related uncertainty.

The quality of the UK mortgage portfolio reflects the bank's cautious lending criteria and its decision to target affluent lower-risk customers. The book's average loan-to-value (LTV), and new lending LTVs are low, despite an increase in 2018. Affordability is a key determinant for lending decisions. SME loans are mostly secured.

The UK cards portfolio is mature and mostly targeted at prime customers, although the bank has some exposure to near prime. Gross annualised charge-off rates for cards are higher but are well remunerated. US credit card lending has been growing, and Barclays' challenger position in the US market makes it more susceptible to pricing concessions. In this business Barclays targets good credit quality customers through its choice of branded partners, a sale of lower-credit quality portfolio in 2017 and the focus on higher FICO-score customers in organic growth

Wholesale lending standards appear strong, with a high share of corporate loans to large UK and international corporates. Barclays remains a significant underwriter of leveraged loans but we view the exposure as well managed. Emerging markets exposure dropped following the sale of most of its share in BAGL, though some exposure to APAC and Latin America will remain given its global investment banking reach, as well as the residual investment in BAGL.

Material Traded Market Risk

Barclays' traded market risk remains substantial in the CIB, where the group's trading activities are concentrated. Trading and investment income represented 24% of the group's total income in 2018. The regulatory trading book comprised 42% of the end-2018 balance-sheet assets.

The group's market risk measurement and management is advanced. Disclosed or Fitch-calculated traded market-risk measures such as average management value at risk (VaR) (95%, one day) of GBP21 million in 2018 (2017: GBP19 million) place Barclays among peers with more substantial market-risk exposure, although these remain below historic levels. Fitch's calculated stressed VaR measure (10-day, 99% confidence, assuming a stress factor of 5 times) of GBP1.8 billion in 2018 represents 4% of the group's CET1 capital.

Non-traded interest-rate risk is mostly generated by personal banking and commercial banking, credit cards and treasury. Interest income sensitivity to a shift in interest rates is measured by the bank using the annual earnings at risk methodology, which assumes a one-year horizon, constant balance sheet and makes customer behavioural assumptions. According to this methodology, at end-2018 the bank stood to gain about GBP213 million (2017: GBP76 million) from a +100bp parallel shift in interest-rate forward curves and to lose GBP108 million (2017: GBP83 million) in case of a negative 25bp shift, floored at zero. Modelled sensitivities increased in 2018 as hedges matured.

Barclays also measures some non-traded market risks in the liquidity book using a non-traded VaR measure, which indicates the risk to capital from price volatility in this portfolio. In 2018, daily 95% VaR values ranged from GBP32 million to GPB61 million, which is acceptable for the size of Barclays' equity.

Non-traded foreign-currency risk arises from the group's investments in overseas subsidiaries and branches, which expose the bank's capital to foreign-currency risk – principally the US dollar and the euro. The group's CET1 ratio is hedged against movements in these currencies. Structural currency exposure after economic hedges was GBP11.8 billion at end-2018.

Conduct Risk Remains Material; Large Issues Resolved

Operational risk is significant for Barclays given its complex operations. The bank has a strong focus on resolving legacy conduct matters, strengthening operational resilience and building cyber security.

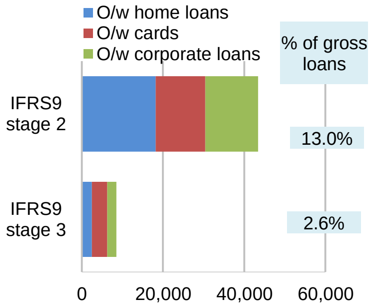
Conduct risk has historically been a significant source of losses, and although material legacy issues are largely resolved, it is likely to continue to result in ongoing – although lower – expenses for the group. In 2018, GBP2.2 billion provisions for litigation and conduct included GBP1.4 billion charges resulting from a settlement with the US Department of Justice over RMBS dealings between 2005 and 2007, and GBP400 million provisions for mis-selling payment protection insurance to UK customers.

We expect limited additional risk from payment protection insurance because the bank's existing provisions (GBP888 million at end-2018) provide a reasonable cushion against additional claims until the August 2019 deadline. The bank has set aside GBP9.6 billion for such customer redress since 2011.

Barclays is facing legal action in relation to a loan to the state of Qatar, and having paid for advisory services from a Qatari state-owned investment company at the time when it raised capital from related entities during the financial crisis. The UK Serious Fraud Office's claims in relation to this have been dismissed. However, charges could arise from a civil action that seeks GBP1.5 billion in damages, or from regulatory investigations.

Other ongoing disclosed investigations and lawsuits include manipulating benchmark rates, foreign exchange, derivatives and commodities markets, violating trade sanctions, and others.

Loans in Stages 2 and 3
(GBPm at End-2018)



Source: Fitch Ratings, Barclays

UK Home Loans	2018	2017
Gross loans (GBPbn)	136.5	132.1
Interest-only (%)	26	28
Buy To Let (%)	12	11
90DPD (%)	0.1	0.1
Recovery (%)	0.2	0.3
Avg. LTV[a] (%)	48.9	47.6
Avg. LTV[a] (new lending) (%)	65.4	63.8
> 90% LTV (%)	0.8	1.0
>90% LTV new lending (%)	1.8	2.1

[a] Balance-weighted
Source: Fitch Ratings, Barclays

These may take several years to resolve and result in additional costs.

Financial Profile

Asset Quality

High-Quality Loan Book, some Cyclical Deterioration Expected

Barclays' loan quality is generally sound, with low levels of impairments, low concentrations and controlled exposure to higher-risk sectors. Fitch believes that its IFRS 9 Stage 3 loans (2.6% of loans at amortised costs at end-2018) and credit losses (49bp of gross loans) are at a cyclical low. These are underpinned by a benign economic environment and low interest rates in the group's key markets, the UK and the US. Some loan-quality deterioration can be expected if the economic environment worsens and borrower affordability is pressured. Overall, we expect the group's moderate risk appetite, and a reduced footprint in countries with weaker asset quality, to help maintain adequate overall loan-quality metrics.

Barclays' domestic retail lending portfolio consisting of residential mortgage lending, credit cards, personal loans and small business are housed in BBUK. BBUK has an overall sound asset quality, little exposure to cyclical or distressed sectors but high correlation with UK economic indicators, particularly unemployment and house prices.

Conservative UK Mortgage Book

Residential mortgages in the UK (GBP136.5 billion at end-2018) have performed strongly, benefiting from low interest rates, strong house-price appreciation over the past years, and Barclays' conservative risk appetite in this product. These have resulted in moderate average LTVs (49% balance weighted), low arrears rates (0.1% more than 90 days past due) and low charge-off rates (0.3% annualised gross charge-off rate in 2018). The resilience of this portfolio is echoed by the 2018 Bank of England stress test results. These show cumulative five-year impairment charge rates on the mortgage portfolio were projected at 90bp of average gross exposure, at the lower end of peers.

About 26% of the owner-occupied UK mortgages are interest-only, which we view as higher risk. This is mitigated by the book's low average LTVs (39% balance weighted) and Barclays' requirement that customers have a repayment strategy when the principal is due. Buy-to-let home loans comprise a low 12% of the UK home loan portfolio, and associated performance metrics are strong (balance-weighted LTV of 55%, 90 days arrears rate of 0.1% at end-2018).

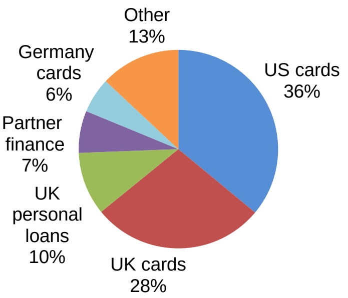
The bank also has a small GBP7.9 billion mortgage book in Italy, which it is running down. Performance metrics are reasonable with 90-day arrears of 1.4% and average LTV of 62%.

Higher-Risk Unsecured Retail Book; Well Performing in Benign Environment

Barclays' unsecured retail lending portfolio (of GBP55 billion at end-2018) comprises credit card lending in the US (GBP22.2 billion), the UK (GBP 17.3 billion), and smaller franchises, for example in Germany, as well as other unsecured lending. We view this book as higher risk than its other retail assets, while also offering higher margins.

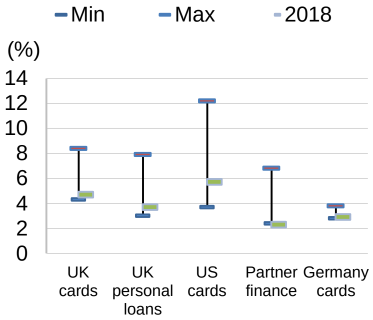
The UK cards portfolio is seasoned and diverse owing to a long-standing market presence across the entire spectrum of borrowers. Charge-off rates (4.7% annualised gross charge off rate in 2018) and arrears rates (1.8% more than 30 days past due at end-2018) remain below historical levels having been supported by low unemployment. However, in the stress scenario of the 2018 Bank of England Stress Test, domestic non–mortgage lending to individuals was projected to generate GBP10 billion impairment charges over five years, equivalent to a high 36% of average gross balances, highlighting a strong sensitivity to economic indicators in this portfolio.

Cards and Unsecured Loans
(GBP62bn loans and advances at end-2018)



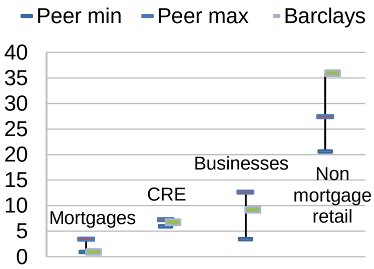
Source: Fitch Ratings, Barclays

Card Charge-Off Rates
(Gross Charge-off rates, 2010-2018)



Source: Fitch Ratings, Barclays

Stressed LICs in UK Lending
(Cumulative 5-year impairment charge rates (%) in 2018 stress scenario)



Source: Fitch Ratings, Bank of England stress test

The US cards portfolio is performing slightly worse than Barclaycard UK, based on measures such as delinquency, charge-offs and loan-loss rates. As a challenger bank in a much larger US market, Barclays' US cards have a higher risk profile than that of US GTUBs. However, increasing the share of prime customers has been on management's agenda via actions such as sales of a subprime portfolio and focus on growing prime partnership cards.

Corporate Exposure Well Diversified

Corporate loans (GBP119.7 billion) are generally diversified by industry and are of good quality with 72% of corporate exposure classified as 'strong' or with probability of default of less than 0.06% at end-2018. However, impairments in the corporate book tend to be lumpier.

Barclays is an important participant and has good market shares in leveraged loans, especially in the US. Fitch regards this exposure as more vulnerable to rising interest rates, which can pressure corporates' affordability, or to market disruptions, which can impact Barclays' ability and the price at which it can exit exposures.

The group is also exposed to sectors that could come under pressure because of Brexit, a cyclical downturn or structural issues such as commercial real estate, retail trade, oil and gas. However, overall, we view concentrations as well managed and risk controls as strong.

Large Non-Loan Assets

Barclays' credit risk is spread across assets, with loans representing only around one third of the balance sheet. Debt securities of GBP55.5 billion, excluding trading assets, were investment-grade at end-2018. Other significant credit-risk exposures are cash collateral and settlement balances, reverse repurchase agreements and other secured financing transactions and derivatives. These tend to be to high credit-quality counterparties, and in the case of secured financing transactions and derivatives are typically collateralised and subject to enforceable netting agreements. IFRS derivative assets relate largely to over-the-counter contracts. A total of 95% of the balance-sheet value is to counterparties rated as 'strong' on the bank's internal scale.

Counterparty credit-risk exposure post credit-risk mitigation was GBP96 billion at end-2018, predominantly in Barclays International and to corporates (about GBP60 billion).

Earnings and Profitability

Earnings Improvement Expected; Economic Slowdown is Main Risk

The bank's net income improved to GBP2.372 billion in 2018, after a net loss of 0.9 billion in 2017, but remains at the lower end of peers. Barclays targets a return on tangible equity of over 9% in 2019, and over 10% in 2020, excluding any conduct charges, compared with an 8.5% equivalent measure in 2018.

Lower transformation related charges, such as losses associated with selling businesses and legal entity restructuring costs, which have been a recurring feature of the last years' results, should be supportive of these targets. Conversantly, we see risks to the domestic economy from Brexit, slowing global growth, and a turning credit cycle as the main risks that could prevent the bank from achieving them.

We think that underlying revenue growth will be difficult to achieve in 2019 amid recently difficult market conditions for the investment bank, slowing global growth outlook and uncertainty around Brexit. Nevertheless, the bank should be able to lower legacy funding costs by redeeming expensive legacy instruments. CCP should also continue to grow in revenue. A positive correlation with US dollar strength against the British pound can also benefit translated revenue if the domestic currency depreciates further under a domestic stress.

An absolute cost base reduction to the targeted GBP13.6 billion-GBP13.9 billion in 2019 from GBP14.0 billion in 2018 before conduct and litigation, appears within reach, and we expect management to strive for the lower end if the revenue environment continues to be difficult. Over time, a cost/income ratio of below 60%, from 77% in 2018, is more challenging to reach as it would require further efficiency gains through the service company and better revenue generation. The risk of outsized conduct and litigation expenses has reduced after the bank has resolved or materially provisioned large outstanding issues.

Further earnings pressures, if Brexit turns out to be particularly disruptive and impacts credit demand, affordability and banks' borrowing costs, are difficult to predict as negotiations over the terms of Brexit are still ongoing. Compared with other UK banks, we see Barclays as more exposed to pressure on borrower affordability because of its large unsecured loan book. However, a more diversified business in terms of sources of revenue and of funding, and positive earnings sensitivity to US dollar appreciation, should be an advantage in a domestic stress scenario, compared with smaller, less diversified local banks.

2018 Divisional Results Show CIB Still Lagging

Barclays' earnings in 2018 were driven by the moderate results in the CIB, stable performance of the domestic retail-focused Barclays UK division, continued strong performance in the international CCP division and a heavy loss in the head office (HO), mainly due to litigation being booked here.

In our view, Barclays has not yet been able to achieve a sustainable improvement in CIB's earnings, despite a recent increase in market share. Higher sensitivity to market conditions, strong competition mainly from US peers, high capital requirements and high overheads continue to challenge this division's returns profile.

Sales and trading revenue remains biased towards FICC where the trading environment remains difficult. However, we note a strong increase in equities sales and trading in 2018, following higher investments in this division. Sales and trading revenue developments in 2018 (0% decline in FICC, 25% increase in equities yoy) compared favourably with European GTUB peers. Banking fees declined slightly in 2018 but the bank claims continued strong industry ranking. Income from corporate lending decreased yoy, but we expect returns to have strengthened, following a resource reallocation away from lower returning clients.

The CIB's results benefitted from loan impairment recoveries on single-name exposures, which we do not expect would reoccur, although we do not expect loan impairments to become a big earnings driver in CIB.

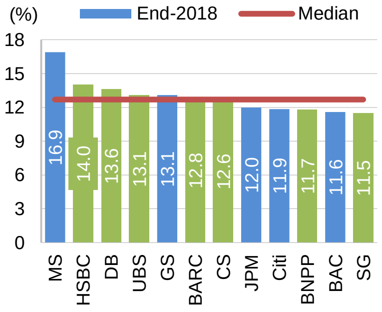
Barclays UK showed stable revenue, 5% lower expenses, mainly due to lower conduct provisions, and higher loan impairment charges, which included a management adjustment to IFRS 9 model implied loan impairment charges. The division is subject to margin pressure because of low domestic interest rates, competition and a focus on secured over unsecured lending in new production. Its net interest margin has decreased by 26bp to 323bp in 2018, which included the impact from integrating a portfolio previously classified as non-core.

Barclays Divisional Results

	Group		CIB		BUK		CCP		HO	
GBPbn	**FY18**	**FY17**	**FY18**	**FY17**	**FY18**	**FY17**	**FY18**	**FY17**	**FY18**	**FY17**
Total income	21.1	21.1	9.8	9.9	7.4	7.4	4.3	4.5	-0.3	-0.2
Operating expenses	-16.2	-15.5	-7.3	-7.7	-4.6	-4.8	-2.3	-2.1	-2.0	-0.5
O/w litigation and conduct	-2.2	-1.2	-0.1	-0.3	-0.5	-0.8	-0.1	0.0	-1.6	-0.2
Credit impairment charges and other provisions	-1.5	-2.3	0.2	-0.2	-0.8	-0.8	-0.8	-1.3	0.0	0.0
Other net income	0.1	0.3	0.0	0.1	0.0	0.0	0.0	0.1	0.0	-0.2
Profit before tax	3.5	3.5	2.6	2.1	2.0	1.7	1.2	1.2	-2.2	-0.8
Pre-tax RoRWA (%)	1.1	1.1	1.5	1.2	2.6	2.5	3.0	3.6	-8.6	-2.6
Pre-tax RoRWA ex litigation (%)	1.8	1.5	1.6	1.3	3.2	3.5	3.1	3.6	-2.5	-2.1
Cost income ratio (%)	77	73	75	78	62	66	54	47	n.a.	n.a.
LICs/pre-imp profit (%)	30	40	-6	9	30	31	41	51	n.a.	n.a.

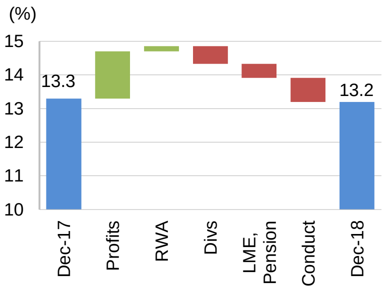
Source: Fitch Ratings, Barclays

CET1 Ratio: GTUB Peers
(Fully-loaded)



Source: Fitch Ratings, banks

Movements in CET1 Ratio



Note: including IFRS9 transitional relief.
Source: Fitch Ratings, Barclays

Capital Ratios
(Fully loaded, end-2018)

	2018	2017
FCC/RWA	14.2	14.8
CET1 ratio (IFRS9 transitional)	13.2	13.3
CET1 ratio (IFRS9 fully loaded)	12.8	13.3
CRR leverage	4.3	4.5
UK leverage ratio	5.1	5.1
Average UK leverage ratio	4.5	4.9

Source: Fitch Ratings, Barclays

Capital Requirements

RWA-based	(%)
CET1 capital	4.5
Pillar 2A	2.7
CCB	2.5
CCyB	0.5
G-SIB buffer	1.5
Total CET1 requirements	**11.7**
AT1 (including pillar 2A)	2.4
Tier 2	3.2
Total capital	**17.3**

Source: Fitch Ratings

Profitability moderated in Consumer Cards & Payments, but is still strong relative to the other divisions. Income declined because of non-recurrence of two one-off gains, but volume growth continues to support underlying earnings. Impairment charges also decreased, because of non-recurrence of an impairment charge related to a portfolio sale, as well as the impact of improved macroeconomic forecasts on IFRS 9 models, which we expect will reverse.

Head Office was heavy loss-making because of the Department of Justice litigation being booked here. Excluding this, loss before tax of GBP640 million includes the drag from a legacy capital instrument and hedge accounting, which the bank expects will decrease over time. It also includes GBP140 million relating to a capital neutral pension charge.

Capitalisation and Leverage

Barclays' reported CET1 ratio of 13.2% and Fitch Core Capital (FCC) ratio of 14.2% are broadly comparable to global GTUB peers, although at the lower end of domestic peers', and in line with management targets. We view Barclays' capitalisation as resilient given lower risk on large one-off charges threatening to offset underlying profit generation and capital ratios.

Our ratings for Barclays Bank plc and Barclays Bank UK plc assume potential for ordinary capital support despite ring-fencing requirements. This is because capital allocation decisions continue to be made at the group level. In addition, both entities are well-capitalised and excess capital is fungible between them. At end-2018, Barclays Bank UK plc had a CET1 ratio of 14.2% and Capital Requirements Regulation (CRR) leverage ratio of 4.9%. Barclays Bank plc (solo, excluding the US IHC, BBI and other subsidiaries) had a CET1 ratio of 13.5% and CRR leverage ratio of 4%.

CET1 ratio in line with targets

Barclays' regulatory capitalisation dropped in 1Q18 due to the payment of a large conduct fine. However, by the end of the year it had recovered close to the end-2017 level, and in line with the guidance of around 13%, helped by reasonable profit generation.

During its restructuring, the group has been able to absorb large restructuring charges while remaining broadly on track with capital targets. We expect the bank to mostly rely on profit generation to manage its regulatory CET1 ratio.

Management intends to return excess capital to shareholders as ordinary and special dividends or share buy-backs, which it indicated would typically be announced at the end of the year. From 2018 profits, management recommended a dividend of 6.5p per share, up from 3p per share in 2017. The pay-out amounts to GBP768 million, a moderate 33% of net income.

The CET1 target of about 13% is sized about 150bp above the group's dividend and additional Tier 1 (AT1) coupon distribution relevant capital requirements, and with a view of minimising the risk of breaching minima in regulatory stress tests. The distribution relevant CET1 requirements of 11.7% at end-2018 include a Pillar 2A requirement of 2.7%, global systemically important bank (G-SIB) buffer of 1.5% and a countercyclical buffer of 1% on UK exposures.

During the 2018 Bank of England stress test, the group's 4.4% draw-down from the end-2017 CET1 ratio in the adverse scenario benefitted from transitional relief from full IFRS 9 implementation. Without this, the drawdown compared with the fully loaded CET1 ratio as of end-2017 would have been a higher 6.5%. Mitigating the draw-down is a simulated conversion of the bank's AT1s, which added back 2.1% (phased-in) and 2.3% (fully loaded) to the low-point CET1 ratio. This highlights a higher vulnerability of these instruments in a stress scenario compared with other local peers where no AT1 conversion occurred.

Leverage Ratio Commensurate with GTUB peers

Barclays' leverage ratios were 5.1% (UK leverage ratio), 4.5% (average UK leverage ratio) or 4.3% (under CRR rules) at end-2018, above requirements and broadly in line with European

GTUB peers. We believe the bank has reasonable flexibility to manage these ratios through both AT1 issuances, as well as reduction in the denominator if needed. The CRR and average UK leverage ratios ticked down throughout the year as the bank increased leverage exposure allocated to securities financing transactions as part of a strategy to increase CIB returns.

At end-2018, Barclays had AT1 qualifying instruments equivalent to 0.83% of CRR leverage exposure or 2.4% of fully loaded RWAs. Barclays is incentivised to issue such instruments because of their allowance in capital, including Pillar 2A requirements (in total: 2.4% of RWA), as well as stress testing, leverage and other capital optimisation considerations. Management has indicated that it is likely to hold a buffer above the 2.4% allowable by capital requirements.

The UK leverage exposure calculation rules are more lenient than under CRR as the denominator excludes qualifying central bank claims. Barclays is subject to a UK leverage ratio requirement of 4% (fully loaded) which includes G-SIB and countercyclical buffer add-ons.

Well Positioned for MREL Requirements

Barclays is subject to Minimum Requirement for own funds and Eligible Liabilities (MREL) requirements that are being phased in from 1 January 2019 to 1 January 2022. Indicative Bank of England MREL requirement for 2022 was 30% of RWAs (twice Pillar 1 and Pillar 2A requirements, to which CET1 buffer requirements are added). The bank is well positioned to meet these requirements as at end-2018 it had holding-company MREL instruments equivalent to 28.1% of RWA, and expects to remain an active issuer to replace upcoming maturities and the shortfall to 2022 requirements.

Funding and Liquidity

The group's funding profile is well-matched and diversified. It benefits from the group's UK retail franchise to fund retail assets and good market access to fund wholesale operations. The group's loan/deposit ratio of 85% at end-2018 is healthy.

Customer deposits made up 46% of total funding (excluding hybrids) at end-2018, and their stickiness and price-sensitivity benefits from the bank's strong retail and corporate franchise. GBP172 billion of deposits (44%) are insured in the UK. Deposits are equally split between Barclays Bank UK and Barclays Bank, with domestic retail and SME deposits ring-fenced in the former, while the latter includes larger corporate deposits, private banking and deposits attracted by the international card businesses.

Wholesale funding needs are significant and the group is an active issuer of wholesale debt, including holding company debt that qualifies for MREL requirements. Reliance on short-term wholesale funding is low with 30% of wholesale liabilities due within one year at end-2018. These are well covered (4.9 times) by the liquidity reserve.

During 2018, the group raised GBP12.2 billion of holding company senior debt and AT1, pre-financing some of its 2019 needs ahead of the more turbulent funding conditions around Brexit. In 2019, it targets a lower GBP8 billion of MREL eligible instruments issuance, of which GBP2.25 billion were raised in 1Q19.

Among the group's main operating banks, Barclays Bank is significantly more reliant on wholesale funding, mainly though legacy term senior debt and capital instruments as well as shorter term senior and money-market instruments. The availability of ordinary funding support through internal funding mitigates this weakness in its funding profile, in our view.

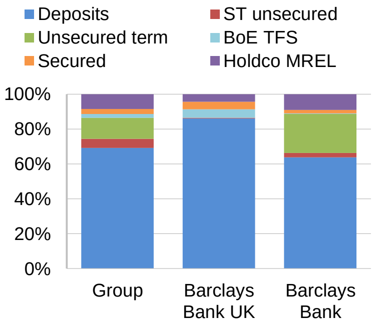
Barclays Bank UK has some funding diversification through covered bonds and card-receivables-backed securities, low amounts of money market funding and GBP11 billion of the group's GBP12 billion drawings of the Bank of England's Term Funding Scheme. Both entities receive significant internal AT1, Tier 2 and subordinated senior debt from the holding company, which insures they comply with internal MREL requirements.

Funding and Liquidity

(End-2018)	B	BB	BB UK
Loans/deposits (%)	85	71	97
Deposits/ funding (incl. hybrids, %)	45	30	85
Liquidity pool (GBPbn)	227	182	45
LCR (%)	169	147	164

Note: Consolidated metrics, except LCR for BB which refers to the domestic liquidity sub-group only, including Barclays Capital Securities Limited
Source: Fitch Ratings, Barclays

Funding Split



Note: excluding equity. Source: Fitch Ratings, Barclays

Ample Liquidity and Sound Liquidity Management

Liquidity is ample, with a liquidity coverage ratio of 169% at end-2018 and a CRR eligible liquidity pool of GBP217 billion, which are well above requirements, and conservatively positioned ahead of any Brexit disruptions. The group's total liquidity pool of GBP227 billion also includes liquidity that is trapped, mainly in the US IHC, and not available elsewhere in the group.

The total liquidity pool is of good quality, largely consisting of cash and deposits with central banks (80%) and high-quality government bonds. A total of 90% of the total liquidity pool (GBP204 billion) is located at Barclays Bank and Barclays Bank UK, with the residual predominantly in the US IHC as excess above local requirements.

The group's liquidity is carefully managed, in our view, and liquidity risk appetite is clearly defined. Barclays' liquidity management includes a series of internal stress tests, assuming bank-specific, market-wide and combined stress scenarios. Barclays Bank and Barclays Bank UK manage separate liquidity pools since ring-fencing requirements were implemented.

Subsidiaries' IDRs and Junior Debt Buffer Uplift

The Long-Term IDRs of BB and BBUK are rated one notch above the banks' respective VRs, and one notch above the holdco IDR. This is because of sufficiently large buffers of internal and external junior debt, which can protect both banks' external senior unsecured creditors from default in case of failure.

If the group enters resolution, Fitch's view of the regulatory intervention point and post-resolution capital needs suggests a buffer of qualifying junior and internal MREL-eligible debt of at least about 9% of RWAs in the case of BB and about 10% of RWAs in the case of BBUK could be required to restore their viability without hitting external senior creditors. We believe that the group is committed to maintaining subordinated liability buffers at or above these requirements, given that internal MREL requirements are applicable to both entities.

Barclays Bank Ireland

BBI's ratings are equalised with BB's Long-Term IDR because the parent has placed a significant buffer of internal debt subordinated to external senior creditors and of qualifying junior debt at BBI. We view the buffer as sustainable and sufficient to recapitalise BBI in case of need, without imposing losses on external senior creditors.

Subordinated Debt Ratings

Subordinated debt and other hybrid capital issued by BB and Barclays are all notched down from their respective VRs, in accordance with Fitch's assessment of each instrument's respective non-performance and relative loss severity risk profiles, which vary considerably.

Barclays' and BB's subordinated lower Tier 2 debt is rated one notch below the VRs for loss severity, reflecting below-average recoveries. BB's upper Tier 2 instruments are rated three notches below the VR, comprising one notch for loss severity and two notches for incremental non-performance risk. This reflects cumulative coupon deferral.

The high trigger contingent capital Tier 2 issued by BB is rated four notches below the VR of Barclays as its terms reference group capitalisation and dividend payments. The notes are notched down twice for loss severity and twice for non-performance risk.

High-trigger contingent capital Tier 1 instruments and preference shares with no constraints on coupon omission are rated five notches below the VRs. The issues are notched down twice for loss severity, reflecting poor recoveries as the instruments can be converted to equity or written down well ahead of resolution. In addition, they are notched down three times for very high non-performance risk due to fully discretionary coupon omission.

Other legacy Tier 1 securities of BB are rated four notches below the VR, comprising two notches for higher-than-average loss severity, and two further notches for non-performance risk due to partly discretionary coupon omission.

Derivative Counterparty Ratings

The Derivative Counterparty Ratings are at the same level as their Long-Term IDRs. This is because derivative counterparties have no definitive preferential status over other senior obligations in a resolution scenario in the UK.

Short-Term IDR

Barclays' Short-Term IDR of 'F1'corresponds to the Long-Term IDR of 'A'. The Short-Term IDRs of 'F1' of BB and BBUK are the lower option mapping to an 'A+' Long-Term IDR since the debt buffers that benefit the Long-Term IDRs do not confer any liquidity enhancements for the banks.

Peer Financial Data – European GTUBs

	Barclays plc		BNP Paribas		Credit Suisse Group		Deutsche Bank		HSBC		Societe Generale		UBS Group	
Current Viability Rating	a		a+		a-		bbb+		aa-		a		a+	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Structural indicators														
Total assets (USDbn)	1,439	1,531	2,338	2,351	784	816	1,544	1,769	2,558	2,522	1,500	1,529	958	938
Total equity (USDbn)	67	74	112	119	45	43	73	76	170	174	64	66	53	53
Fitch Core Capital (USDbn)	56	63	92	97	38	36	59	62	137	146	48	49	40	40
Net income (USDbn)	3	-1	9	10	2	-1	0	-1	15	12	5	4	5	1
Asset quality														
Impaired loans/gross loans (%)	2.6	1.9	4.3	5.0	0.8	0.8	2.3	1.7	1.4	1.6	4.1	5.0	0.7	0.3
Loan loss allowances impaired loans (%)	79.6	77.6	70.9	65.8	41.2	41.8	45.1	55.9	64.6	48.4	64.2	60.7	33.6	61.3
Loan impairment charges/average gross loans (%)	0.5	0.6	0.3	0.4	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.2	0.0	0.0
Growth of gross loans (%)	1.4	-20.0	5.0	1.9	3.0	1.1	-0.3	-1.9	2.1	11.6	3.8	-0.3	-1.9	4.3
Earnings & profitability														
Operating profit/RWAs (%)	1.1	1.1	1.5	1.7	1.2	0.7	0.3	0.3	2.4	2.0	1.7	1.4	2.1	2.2
Return on equity (%)	4.5	-1.5	8.2	8.4	4.7	-2.2	0.5	-1.2	8.5	7.0	8.3	5.8	8.6	2.1
Return on assets (%)	0.2	-0.1	0.4	0.4	0.3	-0.1	0.0	-0.1	0.6	0.5	0.4	0.3	0.5	0.1
Cost/income ratio (%)	77.4	73.3	71.9	69.3	82.6	90.8	94.0	95.0	62.9	67.9	71.1	74.3	81.5	82.1
Capitalisation & leverage														
Fitch Core Capital/RWAs (%)	14.2	14.8	12.4	12.6	13.1	12.8	14.8	15.0	15.8	16.7	11.6	12.2	15.2	16.5
CET1 ratio (fully-loaded) (%)	12.8	13.3	11.8	11.8	12.6	12.8	13.6	14.0	0.0	14.5	10.9	11.4	12.9	13.8
Basel III leverage ratio (fully-loaded) (%)	4.3	4.5	4.5	4.6	5.2	5.2	4.3	3.8	5.5	5.6	4.2	4.3	5.1	4.7
Impaired loans less loan loss allowances/FCC (%)	3.9	2.9	12.4	16.0	3.5	3.5	10.0	6.0	3.5	5.5	15.2	19.7	3.8	1.1
Funding & liquidity														
Loans/customer deposits (%)	84.7	82.3	99.1	98.2	79.3	77.5	83.9	83.8	72.7	71.1	108.3	105.7	76.5	78.3
Customer deposits/total funding (%)	44.8	46.8	57.6	58.5	55.5	53.6	56.0	52.0	69.9	69.9	44.7	46.0	55.2	59.5
Liquidity coverage ratio (%)	169.0	154.0	132.0	121.0	184.0	185.0	145.0	140.0	154.0	142.0	129.0	124.0	136.0	143.0

Source: Fitch Ratings

Barclays plc
Income Statement

	31 Dec 2018		31 Dec 2017	31 Dec 2016	31 Dec 2015
	Year End USDm Audited - Unqualified	Year End GBPm Audited - Unqualified	Year End GBPm Audited - Unqualified	Year End GBPm Audited - Unqualified	Year End GBPm Audited - Unqualified
1. Interest Income on Loans	15327	12073	12069	12958	14732
2. Other Interest Income	3133	2468	1562	1583	2469
3. Dividend Income	116	91	48	8	8
4. Gross Interest and Dividend Income	**18576**	**14632**	**13679**	**14549**	**17209**
5. Interest Expense on Customer Deposits	2856	2250	1493	1514	930
6. Other Interest Expense	4099	3229	2293	2490	3713
7. Total Interest Expense	**6956**	**5479**	**3786**	**4004**	**4643**
8. Net Interest Income	**11620**	**9153**	**9893**	**10545**	**12566**
9. Net Fees and Commissions	8644	6809	6814	6768	7892
10. Net Gains (Losses) on Trading and Derivatives	5797	4566	3500	2803	3193
11. Net Gains (Losses) on Assets and Liabilities at FV	287	226	338	158	238
12. Net Gains (Losses) on Other Securities	340	268	475	1158	892
13. Net Insurance Income	n.a.	n.a.	n.a.	n.a.	176
14. Other Operating Income	-52	-41	56	54	67
15. Total Non-Interest Operating Income	**15016**	**11828**	**11183**	**10941**	**12458**
16. Total Operating Income	**26636**	**20981**	**21076**	**21486**	**25024**
17. Personnel Expenses	10955	8629	8560	9423	9960
18. Other Operating Expenses	9655	7605	6896	6915	10309
19. Total Non-Interest Expenses	**20610**	**16234**	**15456**	**16338**	**20269**
20. Equity-accounted Profit/ Loss - Operating	88	69	70	70	47
21. Pre-Impairment Operating Profit	**6114**	**4816**	**5690**	**5218**	**4802**
22. Loan Impairment Charge	2019	1590	2320	2343	2109
23. Securities and Other Credit Impairment Charges	-155	-122	16	30	5
24. Operating Profit	**4250**	**3348**	**3354**	**2845**	**2688**
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	n.a.	n.a.	-637
26. Goodwill Impairment	n.a.	n.a.	n.a.	n.a.	n.a.
27. Non-recurring Income	197	155	187	420	n.a.
28. Non-recurring Expense	11	9	0	0	408
29. Change in Fair Value of Own Debt	0	0	0	-35	430
30. Other Non-operating Income and Expenses	n.a.	n.a.	n.a.	n.a.	n.a.
31. Pre-tax Profit	**4436**	**3494**	**3541**	**3230**	**2073**
32. Tax expense	1424	1122	2240	993	1450
33. Profit/Loss from Discontinued Operations	0	0	-2195	591	n.a.
34. Net Income	**3011**	**2372**	**-894**	**2828**	**623**
35. Change in Value of AFS Investments	-287	-226	449	-387	-251
36. Revaluation of Fixed Assets	n.a.	n.a.	n.a.	n.a.	n.a.
37. Currency Translation Differences	1059	834	-1337	3024	-476
38. Remaining OCI Gains/(losses)	-457	-360	390	1351	341
39. Fitch Comprehensive Income	**3326**	**2620**	**-1392**	**6816**	**237**
40. Memo: Profit Allocation to Non-controlling Interests	287	226	389	748	672
41. Memo: Net Income after Allocation to Non-controlling Interests	2724	2146	-1283	2080	-49
42. Memo: Common Dividends Relating to the Period	1262	994	924	1332	1633
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	n.a.	n.a.	n.a.
Exchange rate		USD1 = GBP0.78768	USD1 = GBP0.74011	USD1 = GBP0.8129	USD1 = GBP0.6748

Barclays plc
Balance Sheet

		31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	Year End	Year End	Year End	Year End	Year End
	USDm	GBPm	GBPm	GBPm	GBPm
Assets					
A. Loans					
1. Residential Mortgage Loans	190,793	150,284	147,002	144,765	155,863
2. Other Mortgage Loans	n.a.	n.a.	n.a.	n.a.	n.a.
3. Other Consumer/ Retail Loans	71,642	56,431	55,767	57,808	67,840
4. Corporate & Commercial Loans	147,122	115,885	115,298	194,831	180,435
5. Other Loans	n.a.	n.a.	n.a.	n.a.	n.a.
6. Less: Loan Loss Allowances	8,594	6,769	4,652	4,620	4,921
7. Net Loans	**400,964**	**315,831**	**313,415**	**392,784**	**399,217**
8. Gross Loans	**409,557**	**322,600**	**318,067**	**397,404**	**404,138**
9. Memo: Impaired Loans included above	10,795	8,503	5,994	6,491	7,817
10. Memo: Specific Loan Loss Allowances	n.a.	n.a.	n.a.	n.a.	n.a.
B. Other Earning Assets					
1. Loans and Advances to Banks	13,426	10,575	10,633	44,718	42,360
2. Reverse Repos and Securities Borrowing	252,096	198,571	189,754	76,616	77,700
3. Derivatives	282,523	222,538	237,669	346,626	327,709
4. Trading Securities and at FV through Income	171,128	134,794	130,001	95,686	104,665
5. Securities at FV through OCI / Available for Sal	67,053	52,816	53,806	58,141	90,267
6. Securities at Amortised Cost / Held to Maturity	n.a.	n.a.	5,109	5,176	n.a.
7. Other Securities	n.a.	n.a.	n.a.	n.a.	n.a.
8. Total Securities	**238,180**	**187,610**	**188,916**	**159,003**	**194,932**
9. Memo: Government Securities included Above	97,306	76,646	69,981	64,852	96,537
10. Memo: Total Securities Pledged	n.a.	n.a.	n.a.	n.a.	n.a.
11. Equity Investments in Associates	967	762	718	684	573
12. Investments in Property	11	9	116	81	n.a.
13. Insurance Assets	n.a.	n.a.	n.a.	n.a.	n.a.
14. Other Earning Assets	n.a.	n.a.	n.a.	n.a.	n.a.
15. Total Earning Assets	**1,188,168**	**935,896**	**941,221**	**1,020,512**	**1,042,491**
C. Non-Earning Assets					
1. Cash and Due From Banks	224,798	177,069	171,082	102,353	49,711
2. Memo: Mandatory Reserves included above	n.a.	n.a.	n.a.	n.a.	n.a.
3. Foreclosed Assets	n.a.	n.a.	n.a.	n.a.	n.a.
4. Fixed Assets	3,207	2,526	2,456	2,744	3,468
5. Goodwill	4,960	3,907	3,899	3,917	4,605
6. Other Intangibles	5,162	4,066	3,950	3,809	3,617
7. Current Tax Assets	1,013	798	482	561	415
8. Deferred Tax Assets	4,860	3,828	3,457	4,869	4,495
9. Discontinued Operations	0	0	1,193	71,454	7,364
10. Other Assets	6,593	5,193	5,508	2,907	3,846
11. Total Assets	**1,438,761**	**1,133,283**	**1,133,248**	**1,213,126**	**1,120,012**
Liabilities and Equity					
D. Interest-Bearing Liabilities					
1. Total Customer Deposits	483,283	380,672	386,548	423,178	418,242
2. Deposits from Banks	17,984	14,166	12,153	48,850	48,093
3. Repos and Securities Lending	285,121	224,584	235,172	75,470	75,873
4. Commercial Paper and Short-term Borrowings	n.a.	n.a.	n.a.	41,240	28,726
5. Customer Deposits and Short-term Funding	**786,388**	**619,422**	**633,873**	**588,738**	**570,934**
6. Senior Unsecured Debt	163,690	128,935	115,877	34,692	28,124
7. Subordinated Borrowing	21,629	17,037	19,635	18,888	16,219
8. Covered Bonds	n.a.	n.a.	n.a.	n.a.	12,300
9. Other Long-term Funding	n.a.	n.a.	n.a.	n.a.	n.a.
10. Total LT Funding	**185,319**	**145,972**	**135,512**	**53,580**	**56,643**
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	n.a.	n.a.	n.a.
12. Trading Liabilities	88,339	69,583	41,815	75,008	74,874
13. Total Funding	**1,060,046**	**834,977**	**811,200**	**717,326**	**702,451**
14. Derivatives	278,848	219,643	238,345	340,487	324,252
15. Total Funding and Derivatives	**1,338,894**	**1,054,620**	**1,049,545**	**1,057,813**	**1,026,703**
E. Non-Interest Bearing Liabilities					
1. Fair Value Portion of Debt	n.a.	n.a.	n.a.	n.a.	n.a.
2. Credit impairment reserves	n.a.	n.a.	n.a.	n.a.	n.a.
3. Reserves for Pensions and Other	3,767	2,967	3,855	4,524	4,565
4. Current Tax Liabilities	797	628	586	737	903
5. Deferred Tax Liabilities	65	51	44	29	122
6. Other Deferred Liabilities	n.a.	n.a.	n.a.	n.a.	n.a.
7. Discontinued Operations	n.a.	n.a.	0	65,292	5,997
8. Insurance Liabilities	23	18	31	52	2,569
9. Other Liabilities	9,773	7,698	8,980	8,819	8,041
10. Total Liabilities	**1,353,319**	**1,065,982**	**1,063,041**	**1,137,266**	**1,048,900**
F. Hybrid Capital					
1. Pref. Shares and Hybrid Capital accounted for a	4,471	3,522	4,191	4,495	5,248
2. Pref. Shares and Hybrid Capital accounted for a	13,777	10,852	11,051	9,419	9,445
G. Equity					
1. Common Equity	61,743	48,634	50,385	53,342	53,550
2. Non-controlling Interest	4	3	1	3,522	1,914
3. Securities Revaluation Reserves	(328)	(258)	364	(74)	317
4. Foreign Exchange Revaluation Reserves	4,936	3,888	3,054	3,051	(623)
5. Fixed Asset Revaluations and Other Accumulate	838	660	1,161	2,105	1,261
6. Total Equity	**67,194**	**52,927**	**54,965**	**61,946**	**56,419**
7. Memo: Equity plus Pref. Shares and Hybrid Cap	80,971	63,779	66,016	71,365	65,864
8. Total Liabilities and Equity	**1,438,761**	**1,133,283**	**1,133,248**	**1,213,126**	**1,120,012**
9. Memo: Fitch Core Capital	56,246	44,304	46,437	52,064	47,521

Exchange rate USD1 = GBP0.7USD1 = GBP0.7USD1 = GBP0.8USD1 = GBP0.6748

Summary Analytics

	31 Dec 2018 Year End	31 Dec 2017 Year End	31 Dec 2016 Year End	31 Dec 2015 Year End
A. Interest Ratios				
1. Interest Income/ Average Earning Assets	1.5	1.4	1.3	1.4
2. Interest Income on Loans/ Average Gross Loans	3.7	3.2	3.2	3.4
3. Interest Expense on Customer Deposits/ Average Customer Deposits	0.6	0.4	0.4	0.2
4. Interest Expense/ Average Interest-bearing Liabilities	0.5	0.4	0.4	0.4
5. Net Interest Income/ Average Earning Assets	1.0	1.0	1.0	1.1
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.8	0.8	0.7	0.9
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.0	1.0	1.0	1.1
B. Other Operating Profitability Ratios				
1. Operating Profit/ Risk Weighted Assets	1.1	1.1	0.8	0.8
2. Non-Interest Expense/ Gross Revenues	77.4	73.3	76.0	81.0
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	30.5	41.1	45.5	44.0
4. Operating Profit/ Average Total Assets	0.3	0.3	0.2	0.2
5. Non-Interest Income/ Gross Revenues	56.4	53.1	50.9	49.8
6. Non-Interest Expense/ Average Total Assets	1.4	1.3	1.3	1.6
7. Pre-impairment Op. Profit/ Average Equity	9.2	9.8	8.7	8.1
8. Pre-impairment Op. Profit/ Average Total Assets	0.4	0.5	0.4	0.4
9. Operating Profit/ Average Equity	6.4	5.8	4.8	4.5
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	4.5	(1.5)	4.7	1.1
2. Net Income/ Average Total Assets	0.2	(0.1)	0.2	0.1
3. Fitch Comprehensive Income/ Average Total Equity	5.0	(2.4)	11.4	0.4
4. Fitch Comprehensive Income/ Average Total Assets	0.2	(0.1)	0.5	0.0
5. Taxes/ Pre-tax Profit	32.1	63.3	30.7	70.0
6. Net Income/ Risk Weighted Assets	0.8	(0.3)	0.8	0.2
D. Capitalization				
1. FCC/ FCC-Adjusted Risk Weighted Assets	14.2	14.8	14.2	13.3
2. Tangible Common Equity/ Tangible Assets	4.0	4.1	4.5	4.3
3. Equity/ Total Assets	4.7	4.9	5.1	5.0
4. Basel Leverage Ratio	4.3	4.5	4.6	4.5
5. Common Equity Tier 1 Capital Ratio	13.2	13.3	12.4	11.4
6. Fully Loaded Common Equity Tier 1 Capital Ratio	12.8	13.3	12.4	n.a.
7. Tier 1 Capital Ratio	17.0	17.2	15.6	14.7
8. Total Capital Ratio	20.7	21.5	19.6	18.6
9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital	3.9	2.9	3.6	6.1
10. Impaired Loans less Loan Loss Allowances/ Equity	3.3	2.4	3.0	5.1
11. Cash Dividends Paid & Declared/ Net Income	41.9	(103.4)	47.1	262.1
12. Risk Weighted Assets/ Total Assets	27.5	27.6	30.1	32.0
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	27.6	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	72.5	n.a.	n.a.
E. Loan Quality				
1. Impaired Loans/ Gross Loans	2.6	1.9	1.6	1.9
2. Growth of Gross Loans	1.4	(20.0)	(1.7)	(6.7)
3. Loan Loss Allowances/ Impaired Loans	79.6	77.6	71.2	63.0
4. Loan Impairment Charges/ Average Gross Loans	0.5	0.6	0.6	0.5
5. Growth of Total Assets	0.0	(6.6)	8.3	(17.5)
6. Loan Loss Allowances/ Gross Loans	2.1	1.5	1.2	1.2
7. Net Charge-offs/ Average Gross Loans	0.5	0.5	0.4	0.4
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.6	1.9	1.6	1.9
F. Funding and Liquidity				
1. Loans/ Customer Deposits	84.7	82.3	93.9	96.6
2. Liquidity Coverage Ratio	169.0	154.0	131.0	133.0
3. Customer Deposits/ Total Funding (including Pref. Shares & Hybrids)	44.8	46.8	57.9	58.3
4. Interbank Assets/ Interbank Liabilities	74.7	87.5	91.5	88.1
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	106.0
6. Growth of Total Customer Deposits	(1.5)	(8.7)	1.2	(2.2)

Barclays plc
Reference Data

	Year End USDm	31 Dec 2018 Year End GBPm	31 Dec 2017 Year End GBPm	31 Dec 2016 Year End GBPm	31 Dec 2015 Year End GBPm
A. Off-Balance Sheet Items					
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	n.a.	n.a.	n.a.
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	n.a.	n.a.	n.a.
3. Guarantees	n.a.	n.a.	n.a.	n.a.	20,621
4. Acceptances and documentary credits reported off-balance sheet	2,210	1,741	812	1,005	845
5. Committed Credit Lines	n.a.	n.a.	n.a.	n.a.	281,369
6. Other Contingent Liabilities	25,776	20,303	19,012	19,939	n.a.
7. Other Off-Balance Sheet items	409,407	322,482	314,761	302,681	93
8. Total Assets under Management	n.a.	n.a.	n.a.	n.a.	n.a.
B. Average Balance Sheet					
1. Average Loans	413,884	326,008	380,734	410,917	431,897
2. Average Earning Assets	1,215,640	957,535	972,397	1,101,701	1,199,902
3. Average Total Assets	1,454,671	1,145,816	1,166,947	1,251,466	1,265,515
4. Average Managed Securitized Assets (OBS)	n.a.	n.a.	n.a.	n.a.	n.a.
5. Average Interest-Bearing Liabilities	1,355,053	1,067,348	1,055,481	1,110,407	1,172,132
6. Average Common equity	61,724	48,618	51,828	53,343	55,015
7. Average Equity	66,758	52,584	58,181	59,787	59,349
8. Average Customer Deposits	486,413	383,138	428,472	427,307	434,834
C. Maturities					
Asset Maturities:					
Loans & Advances < 3 months	16,634	13,102	28,754	112,922	105,454
Loans & Advances 3 - 12 Months	25,932	20,426	23,062	22,077	33,351
Loans and Advances 1 - 5 Years	116,163	91,499	101,903	99,704	103,641
Loans & Advances > 5 years	242,235	190,804	159,696	158,081	156,771
Liability Maturities:					
Retail Deposits < 3 months	455,553	358,830	365,314	404,044	393,035
Retail Deposits 3 - 12 Months	18,016	14,191	15,726	12,856	17,162
Retail Deposits 1 - 5 Years	8,323	6,556	4,586	5,141	5,411
Retail Deposits > 5 Years	1,390	1,095	922	1,137	2,634
Senior Debt Maturing < 3 months	18,796	14,805	18,027	16,758	14,320
Senior Debt Maturing 3-12 Months	23,845	18,782	15,064	24,482	14,406
Senior Debt Maturing 1- 5 Years	33,288	26,220	24,838	20,421	27,998
Senior Debt Maturing > 5 Years	28,538	22,479	15,385	14,271	12,426
Total Senior Debt on Balance Sheet	**104,466**	**82,286**	**73,314**	**75,932**	**69,150**
Subordinated Debt Maturing < 3 months	388	306	2,402	8	2
Subordinated Debt Maturing 3-12 Months	156	123	821	1,317	37
Subordinated Debt Maturing 1- 5 Year	11,938	9,403	10,767	10,773	6,442
Subordinated Debt Maturing > 5 Years	9,147	7,205	5,645	6,790	9,738
Total Subordinated Debt on Balance Sheet	**21,629**	**17,037**	**19,635**	**18,888**	**16,219**
D. Risk Weighted Assets					
1. Risk Weighted Assets	395,973	311,900	313,033	365,649	358,376
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.	n.a.
3. Fitch Core Capital Adjusted Risk Weighted Assets	**395,973**	**311,900**	**313,033**	**365,649**	**358,376**
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.	n.a.
5. Fitch Adjusted Risk Weighted Assets	**395,973**	**311,900**	**313,033**	**365,649**	**358,376**
E. Fitch Core Capital Reconciliation					
1. Total Equity as reported (including non-controlling interests)	67,194	52,927	54,965	61,946	56,419
2. Fair-value adjustments relating to own credit risk on debt issued	(154)	(121)	(83)	(86)	226
3. Non-loss-absorbing non-controlling interests	0	0	0	0	0
4. Goodwill	4,960	3,907	3,899	4,914	4,605
5. Other intangibles	5,162	4,066	3,950	4,379	3,617
6. Deferred tax assets deduction	672	529	596	503	902
7. Net asset value of insurance subsidiaries	0	0	0	0	0
8. First loss tranches of off-balance sheet securitizations	0	0	0	0	0
9. Fund for general banking risks if not already included and readily convertible into equity	0	0	0	0	0
10. Fitch Core Capital	**56,246**	**44,304**	**46,437**	**52,064**	**47,521**
Exchange Rate		USD1 = GBP0.78	USD1 = GBP0.74	USD1 = GBP0.81	USD1 = GBP0.6748

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.