FitchRatings

Banks
Universal Commercial Banks
United Kingdom

Barclays plc

Ratings

Barclays plc	
Long-Term IDR	A/Negative
Short-Term IDR	F1
Viability Rating	a
Support Rating	5
Support Rating Floor	NF
Sovereign Risk	
Long-Term Foreign- and Local-Currency IDRs	AA-
Country Ceiling	AAA
Viability Rating	a
Outlooks	
Long-Term IDR	Negative
Sovereign Long-Term Foreign- and Local-Currency IDRs	Negative

Applicable Criteria

Bank Rating Criteria (February 2020)

Related Research

Fitch Affirms Barclays' Long-Term IDR at 'A'; off RWN; Outlook Negative (October 2020)

Large European Banks Quarterly Credit Tracker – 2Q20 (September 2020)

Fitch Ratings 2021 Outlook: Western European Banks (December 2020)

Global Economic Outlook (December 2020)

Analysts

Konstantin Yakimovich
+44 20 3530 1789
konstantin.yakimovich@fitchratings.com

Krista Davies
+44 20 3530 1579
krista.davies@fitchratings.com

Marc Ellsmore
+44 20 3530 1438
marc.ellsmore@fitchratings.com

Key Rating Drivers

Profitability Supports RWN Removal: Fitch Ratings has removed Barclays plc's Long-Term Issuer Default Rating (IDR) and Viability Rating (VR) from Ratings Watch Negative (RWN), reflecting our view that the group's resilient year-to-date earnings has helped reduce near-term risks to the ratings, and strengthened the group's rating headroom at the 'a' VR level under our baseline scenario. We also believe that government-support measures in the UK and US have helped to delay, and potentially reduce, the full negative economic impact of the pandemic.

Negative Outlook on Downside Risks: The Negative Outlook on the Long-Term IDR reflects continued downside risks from the economic consequences of the pandemic compared with our baseline expectations, in particular a greater-than-expected weakening of asset quality if the pace of economic recovery is slower than our forecasts.

Earnings Supported by Trading: Barclays has remained profitable in 2020 despite heightened impairments, lower interest rates and weaker lending revenue. The 9M20 operating profit/ risk-weighted assets (RWAs) ratio of 1.0% (9M19: 1.4%) benefitted from record trading earnings on pandemic-induced market volatility. We expect continued earnings pressure from above-average loan impairment charges (LICs) in 2021 as loans migrate into Stage 3, but believe that the group can deliver operating profit in excess of 1.5% of RWAs under more normalised LICs.

Strengthened Capital Buffers: Continued profitability, combined with the cancellation of dividends, strengthened the end-3Q20 common equity Tier 1 (CET1) ratio to 14.6% (+80bp on end-2019), including an estimated 75bp IFRS 9 transitional relief benefit. We believe that improved capital buffers and loan loss allowances built up to date, will, in our base case, allow the group to absorb the fallout from deteriorating asset quality, earnings pressure and likely RWA inflation, at the current rating level.

Resilient Asset Quality: Asset quality has benefitted from government support measures, with the end-3Q20 Stage 3 ratio a moderate 2.5% per Fitch calculations, stable on end-2019. The Stage 3 ratio will likely increase as government measures roll off, notably from Barclays' exposures to consumer loans, leveraged finance and industries that are vulnerable to the economic disruption. However, we expect Barclays' conservative risk appetite and routine use of risk transfer deals to mitigate credit losses.

Strong Liquidity: Barclays' funding structure is well-matched and diversified, supported by the group's UK retail franchise and good capital-market access, and benefitted from strong deposit inflows over 2020. Its end-3Q20 gross loans/customer deposits ratio was a healthy 71% (end-2019: 79%). Liquidity is comfortable, with the end-3Q20 liquidity coverage ratio (LCR) reaching 181% (end-2019: 160%), well above regulatory requirements.

Rating Sensitivities

Economic Impact of Pandemic: The most immediate sensitivity relates to the pace and extent of the economic recovery, and its impact on Barclays' financial profile. We would be likely to downgrade Barclays' and subsidiaries' ratings if the group's CET1 ratio, excluding the IFRS 9 transitional relief, looks set to fall towards 12% while asset-quality and profitability challenges persist from the pandemic shock to the economy. The ratings would also likely be downgraded if we no longer expect the group's operating profit/RWAs to rise above 1.5% by 2022.

The Outlook could be revised to Stable and the ratings affirmed if sharp deterioration in credit losses beyond our current expectations becomes less likely and if the group's revenue and capitalisation continue to demonstrate resilience in a challenging environment.

Issuer and Debt Ratings

Issuer Ratings

Rating level	Barclays plc	Barclays Bank UK PLC	Barclays Bank plc	Barclays Bank Ireland Plc	Barclays Capital Inc.
Long-Term IDR/Outlook	A/Negative	A+/Negative	A+/Negative	A+/Negative	A+/Negative
Short-Term IDR	F1	F1	F1	F1	F1
Viability Rating	a	a	a	n.a.	n.a.
Support Rating	5	1	5	1	1
Support Rating Floor	NF	n.a.	NF	n.a.	n.a.
Derivative Counterparty Rating	n.a.	A+(dcr)	A+(dcr)	A+(dcr)	A+(dcr)

Source: Fitch Ratings

The VRs of Barclays' two main operating banks, Barclays Bank plc (BBplc) and Barclays Bank UK PLC (BBUK), reflect their standalone credit profiles, which include the benefit of ordinary support from the group. BBUK operates a simple, domestically focused, retail and SME banking business model, has solid asset quality and stable funding dominated by granular deposits. BBplc is the larger operating bank by balance sheet and houses the CIB and the international cards and payments businesses.

The Long-Term IDRs and senior debt ratings of BBplc and BBUK are rated one notch above their respective VRs, and one notch above the holdco's 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.

BBUK's SR of '1' reflects our view of an extremely high probability of institutional support being made available from Barclays and indirectly from BBplc in case of need, given the ring-fenced bank's strategic role in the group and reputational considerations. Despite its size we believe that support would be manageable.

The Long- and Short-Term IDRs of Barclays Bank Ireland Plc (BBI) and Barclays Capital Inc. (BCI) are equalised with their parent, BBplc's IDRs, which reflects our view of an extremely high likelihood that the subsidiaries would be supported if needed. Their Long-Term IDRs are equalised with BBplc's IDR rather than its VR because we expect sufficient internal loss absorbing buffers to protect the subsidiaries' senior creditors if the group fails.

Fitch views the businesses conducted out of BCI and BBI as core to the group and in particular the CIB's client relationships and strategy, which provides a strong incentive for BBplc to support them. BBI and BCI are highly integrated with BBplc in management, governance and common group risk policies. Supervision and requirements mean that capital and liquidity of are not fully fungible, but balance sheet and funding integration is significant.

Debt Rating Classes

Rating level	Barclays plc	Barclays Bank UK PLC	Barclays Bank plc	Barclays Capital Inc.
Senior unsecured	A/F1	A+/F1	A+/F1	F1
Senior secured (GCMTN)	n.a.	n.a.	A+/F1	n.a.
Tier 2 subordinated debt	BBB+	n.a.	BBB+	n.a.
Legacy upper Tier 2 debt	n.a.	n.a.	BBB	n.a.
Additional Tier 1 notes, preference shares	BBB-	n.a.	BBB-	n.a.

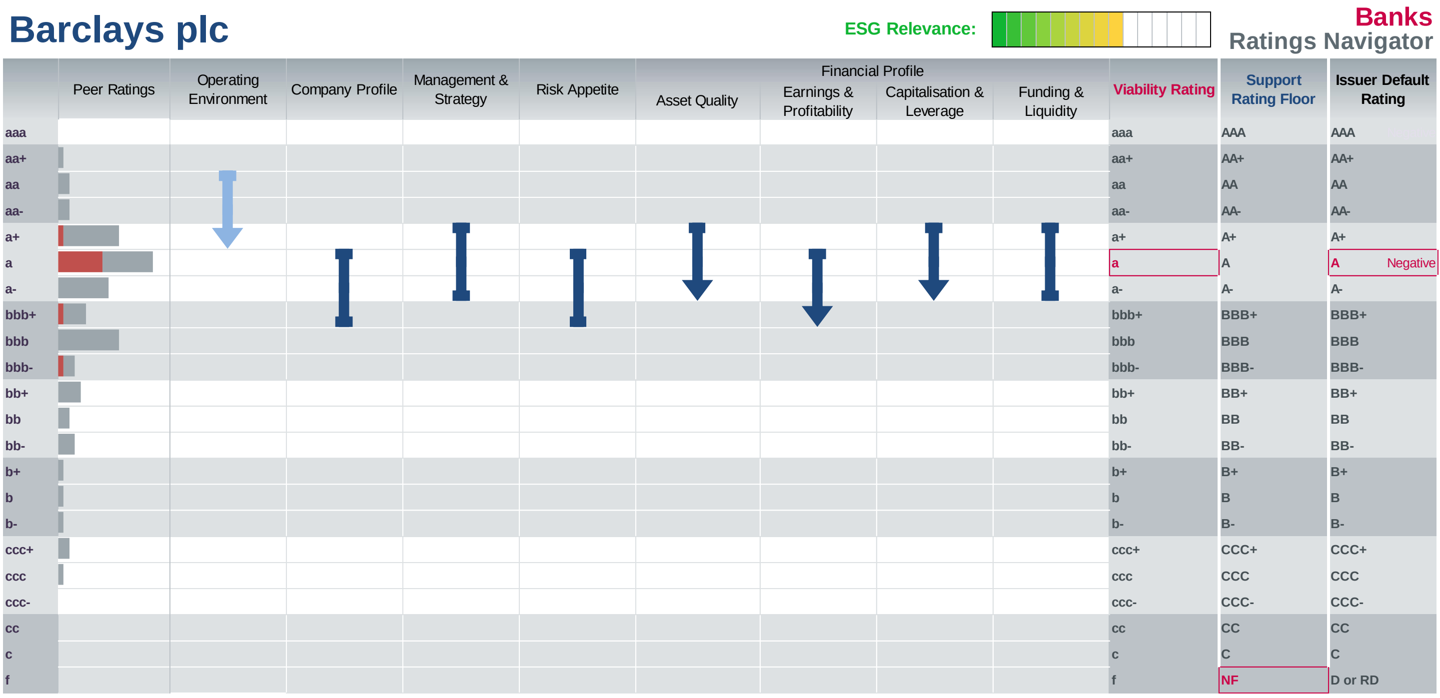
Source: Fitch Ratings

Senior unsecured debt is rated in line with the issuing entities' IDRs.

The long- and short-term debt ratings on BBplc's global collateralised medium-term note (GCMTN) programme and notes are at the same level as BBplc's senior unsecured debt because the terms of the notes issued do not allow for a one-notch uplift of the rating under Fitch's criteria.

Subordinated debt and other hybrid capital issued by Barclays and BBplc 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.

Ratings Navigator



Significant Changes

Barclays and Barclays Bank plc Removed from Rating Watch Negative

On 12 October 2020, Fitch removed Barclays' and BBplc's Long-Term IDRs from RWN, and affirmed the Long-Term IDRs of Barclays, BBplc and BBUK with a Negative Outlook. The rating action reflects our view that the group's resilient year-to-date performance has helped reduce near-term risks to the ratings and strengthened the group's rating headroom at the VR of 'a' level under our baseline scenario.

Continued profitability has supported the build-up of capital buffers and we believe that this, coupled with loan loss allowances built up, will, in our base case, allow the group to absorb the fallout from deteriorating asset quality, profitability challenges and likely inflation of RWAs at the current rating level. We also believe that government-support measures in the UK and US have helped to delay, and potentially reduce, the full negative economic impact of the pandemic. This has supported asset quality, although revised economic assumptions under IFRS 9 have driven significant loan inflows into Stage 2 – and allowed Barclays to build up capital buffers ahead of the expected roll-off of government measures from 4Q20.

The Negative Outlook on the Long-Term IDRs reflects continued downside risk to our expectations for how the pandemic will develop, in particular in case of a greater-than-expected weakening of asset quality, for example due to a materially slower pace of economic recovery than our forecasts suggest, which may also put Barclays' earnings and capitalisation under pressure.

UK Economic Outlook Reflects Pandemic Disruption, Likelihood of No-Deal Brexit

On 27 March 2020, Fitch downgraded the UK Long-Term IDR to 'AA-' with a Negative Outlook, and the Negative Outlook was maintained in our last review in October 2020. The negative rating actions reflected a significant of the weakening in the UK's public finances caused by the impact of the pandemic and the fiscal-loosening stance instigated before the scale of the crisis became apparent.

Bar Chart Legend

Bar Chart Legend			
Vertical bars – VR range of Rating Factor			
Bar Colors – Influence on final VR			
	Higher influence		
	Moderate influence		
	Lower influence		
Bar Arrows – Rating Factor Outlook			
⇧	Positive	⇩	Negative
⇳	Evolving	▫	Stable

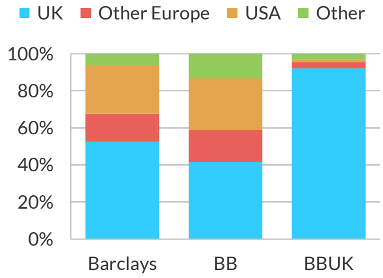
A further downgrade of the UK sovereign rating would result in a downgrade of the operating environment score of BBUK, which is capped by the sovereign rating to the 'a' range. A lower operating environment score would not on its own drive a downgrade of BBUK's ratings but it would reduce BBUK's rating headroom. Barclays' and BBplc's operating environment scores and ratings are less sensitive to a UK sovereign downgrade given their greater geographic diversification.

Measures implemented by the UK authorities in response to the pandemic include lowering the base rate by 65bp to 0.1%, and reducing banks' countercyclical capital buffer requirement for UK exposures to 0%. Banks' access to funding was reinforced by a new contingent term repo facility, a new term funding scheme with incentives for SME lending, and a US dollar swap line. Borrowers are supported through government-backed loans for commercial borrowers, as well as a corporate commercial paper financing facility. Retail borrowers benefit from the ability to apply for repayment holidays on their mortgage and other loans, and employment and income support under the Coronavirus Job Retention Scheme. Income support measures were originally due to run until end-3Q20 but have been extended to spring 2021. Similar measures intended to protect the private sector have been implemented in the US.

The Negative Outlook on the UK sovereign rating also considers uncertainty around the future UK-EU trade relationship, and its effect on the UK's economy and public finances. Fitch forecasts a sharp GDP contraction of 11.2% in 2020 due to the negative fallout of the coronavirus pandemic, followed by a subdued recovery of 4.1% in 2021. The forecasts now assume that UK-EU trade will be on World Trade Organization terms from January 2021, with a cumulative negative GDP effect of just over 2pp for 2021 and 2022 relative to a scenario where a UK-EU free trade agreement is reached. The economic outlook also remains sensitive to the how the economy recovers from the fallout of the pandemic.

UK and US Focus

Geographical exposure, end-1H20



Source: Fitch Ratings; Barclays

Subdued Recovery Forecast from 2021

		UK (%)	US (%)
Change in GDP	2020	-11.2	-3.5
	2021	4.1	4.5
	2022	3.6	3.5
Unemployment rate	2020	4.8	8.1
	2021	7.3	6.5
	2022	6.1	5.6

Source: Fitch Ratings, Global Economic Outlook December 2020

Company Summary and Key Qualitative Assessment Factors

Diversified Business Model with Large Investment Banking Segment

Barclays' company profile benefits from a diversified business model across consumer, corporate and investment banking activities, and from good geographic diversification with a focus on the UK and the US.

Barclays' large Corporate and Investment Bank (CIB) segment is biased towards debt sales, trading and capital markets activities. The CIB segment has in recent years been a source of earnings volatility and a relative underperformer (and restructuring focus), although market volatility has driven record 2020 trading income, mitigating pandemic-related earnings pressure in Barclays' other segments. Within this segment the group is also targeting transaction banking growth in Europe, from a small base.

The group typically ranks ahead of European peers in CIB activities and in key segments, such as debt capital markets, has grown in the last two years to get ahead of some of its US peers. Despite the skew towards debt markets, the investment banking franchise is diversified and is not reliant on a single product line or region, supporting strong year to date performance in the segment.

UK ringfenced activities are housed in BBUK, which is one of the largest UK domestic banks, with strong market shares across mortgages, current accounts, small business lending, credit cards, payments and merchant acquiring.

The international credit card business held in the Consumer, Cards & Payments (CC&P) segment is concentrated in the US. The group is also one of the leading payments providers in the UK, and targets further payments growth focused on businesses in the UK and Europe.

Good Execution Despite Disruption but Return Target May Taker Longer to Reach

Following the completion of its restructuring, Barclays' strategy has focused on strengthening the group's returns. Profitability was improving pre-crisis, although we expect that economic disruption from the pandemic will constrain further near-term improvements. The group withdrew its original 2020 guidance in response to the pandemic but its longer-term targets remain intact, including a return on tangible equity of above 10% (2019: 9%, excluding litigation and conduct costs), and cost-income ratio of below 60% (2019: 63% per bank reporting). However, achieving profitability targets is likely to take longer than originally expected given revenue headwinds from lower-for-longer interest rates.

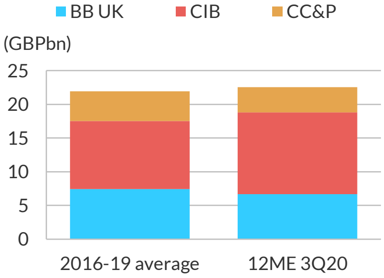
The group has a good track record in controlling credit risk, and this will be put to the test by the economic fallout of the pandemic. The group also has a good record of managing regulatory ratios through periods of weak and volatile earnings. Disruptions to performance relative to 2019 were driven particularly by heightened impairment charges, which we expect will remain elevated in the near term. Operating income has held up well so far, helped by record CIB revenue. Legacy conduct issues have also largely been resolved, meaning that litigation and conduct costs for 2020 are materially down on prior periods.

Moderate Appetite for Credit Risk; Material Traded Market Risk

We view Barclays' risk appetite as moderate, supported by overall conservative underwriting standards and risk limits, robust and centralised risk controls, and modest growth rates. Risk appetite benefits from pre-pandemic de-risking in the corporate and unsecured retail books, the use of a first loss programme to mitigate the risk of losses from higher-risk CIB exposures, and relatively low retail mortgage book loan/values (LTVs). This should support through-the-cycle loan performance.

Traded market risk arises from the group's CIB activities and is material, albeit well managed. The maximum management value at risk (VaR) (95%, one day) of GBP57 million in 1H20 (2019: GBP29 million) places Barclays among peers with more substantial market-risk exposure. Non-traded interest-rate risk is generated by personal banking and commercial banking, credit cards and treasury. Exposure to interest rate risk is mitigated by hedging activity. Conduct and regulatory risks remain inherent in Barclays' business model, but we believe legacy issues are now largely resolved.

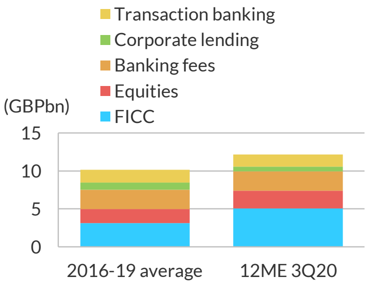
Income by Segment



Excl Head Office
Source: Fitch Ratings; Barclays

Diversified CIB Earnings

CIB income by product



Source: Fitch Ratings; Barclays

Market Risk

(GBPm)	1H20	2019
Regulatory VaR[a]	352	119
Stressed VaR[a]	481	355
Incremental risk charge	349	283
FVOCI book non-traded VaR[b]	n.a.	53
Interest rate risk RWAs	6.1	5.8

[a] 99%, 10-day holding, highest
[b] 95%, 1-day holding, highest
Source: Fitch Ratings, Barclays

Key Latest Developments

Resilient Asset Quality Benefits from Government Support Measures

Asset quality remains resilient, with the end-3Q20 Stage 3 loans ratio at a still-low 2.5%, helped by government measures to support borrowers, although the Stage 2 ratio grew 8pp over 2020 to 19% at end-3Q20. We expect Stage 3 inflows to pick up from 2021 as government support measures wind down, particularly in unsecured retail lending (14% of end-3Q20 gross loans), and in exposures to sectors which are vulnerable to the crisis. However, we believe government support to have structurally reduced the ultimate extent of asset quality deterioration. Non-loan assets form a significant three-quarters of the balance sheet, reflecting the size of the group's investment banking activities. In our view, the quality of non-loan assets is adequate.

Home loan exposures, of GBP158 billion at end-3Q20, are mainly to UK borrowers. The book grew by GBP3 billion over 9M20 despite lockdown disruptions, helped by the Covid-driven introduction of a UK stamp duty holiday until March 2021. Mortgage performance has been resilient to date, with low arrears and charge-off rates, and relatively low LTVs (end-1H20 average: 52%) should reduce loan losses in case of a drop in UK house prices. Barclays also has a small GBP6 billion mortgage book in Italy, which is running down and performing adequately.

The cards and unsecured retail loan book is focused on UK and US borrowers, as well as smaller franchises, notably Germany. Retail unsecured volumes declined over 2020 in line with reduced customer spending, with end-3Q20 gross exposures of GBP49 billion down 19% on end-2019; this is above year-to-date lows as spending increased in 3Q20 although further growth is sensitive to economic conditions. Performance metrics worsened in most of the unsecured books in 1H20, with further deterioration likely as government support winds down. The US cards portfolio is performing slightly worse than the UK book. Barclays has tightened US credit standards in recent years, targeting better-quality customers through partnership cards.

Wholesale loan exposures of GBP146 billion at end-3Q20 are diversified by industry. Underlying loan growth has been constrained due to the difficult operating environment although the book grew by 12% in 9M20 due to the provision of government-supported lending.

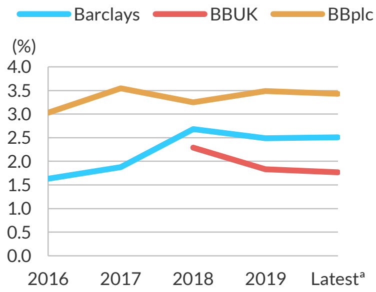
The wholesale portfolio is good-quality overall although the group is exposed to sectors that Fitch views as inherently vulnerable to a downturn. UK commercial real estate exposures, which we believe could also come under pressure because of Brexit, were GBP9 billion excluding government-backed schemes at end-1H20. Concentrations are well managed and risk controls appear strong, with higher-risk borrowers and sectors subject to more stringent controls around leverage, LTVs and debt service ratios. The group's exposure to sectors subject to enhanced management focus following the onset of the pandemic, including hospitality, retail, and oil and gas, totalled GBP21 billion at end-1H20, equivalent to 13% of the wholesale book and 46% of end-1H20 CET1 capital.

Barclays is also an important participant and has good market shares in leveraged loans, especially in the US. Fitch views this exposure as more vulnerable to changing economic conditions, which can pressure corporates' affordability, or to market disruptions, which can impact Barclays' ability to distribute exposures and the price at which it can do so.

Record CIB Earnings Support Probability

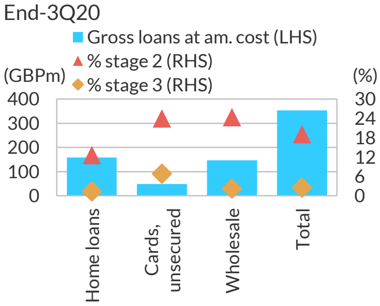
Barclays' 9M20 operating profit of GBP2.4 billion (9M19: GBP3.3 billion) was down due to a more than threefold increase in LICs, to GBP4.3 billion (mainly incurred in 1H20), and lower revenue from non-CIB activities. However, the group remained profitable, benefitting from wider bid/offer spreads and market volatility, which drove strong sales and trading income, and from high volumes of debt and equity issuance, which supported banking fees (particularly in debt capital markets). The operating profit/RWAs ratio of an adequate 1.0% (2016-2019 average: 1.1%) was also supported by a material drop in litigation and conduct costs – to GBP106 million compared with a 2016-2019 average of GBP1.7 billion – now that legacy conduct issues are largely resolved.

Impaired/Gross Loans Ratio



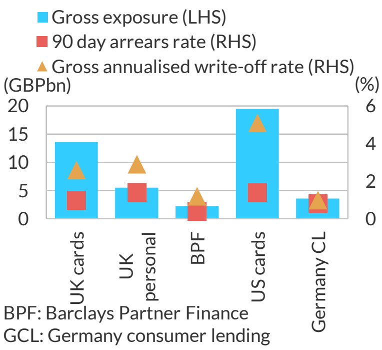
[a] Barclays: 3Q20; BB plc/ BB UK: 1H20
Source: Fitch Ratings; Barclays

Loan Quality by Segment
End-3Q20



Source: Fitch Ratings, Barclays

Retail Unsecured Loans
End-1H20

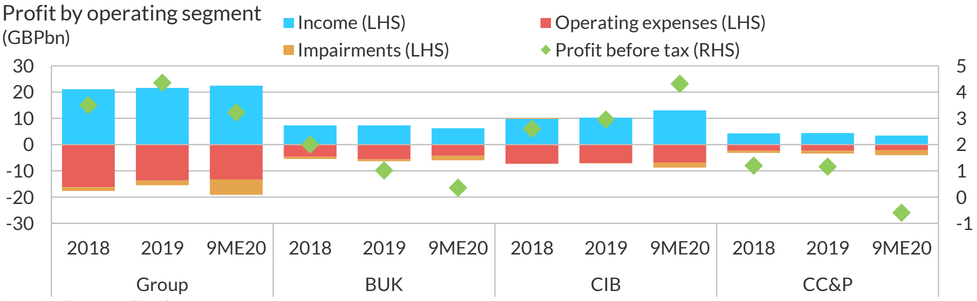


BPF: Barclays Partner Finance
GCL: Germany consumer lending
Source: Fitch Ratings; Barclays

Retail income in particular was constrained by lower credit card balances and a drop in base rates. Credit card spending had begun to recover with the easing of lockdown measures, which combined with deposit repricing support management's expectation for a full-year BBUK net interest margin at the top end of its 2.5%-2.6% guidance, although this is still at a lower level than in 2019 (3.1%).

CIB Resilience Supports Profitability

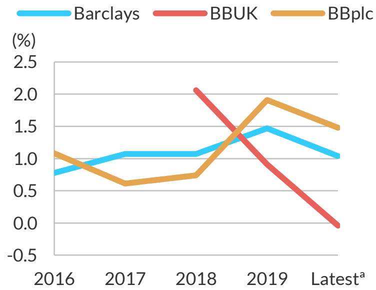
Profit by operating segment (GBPbn)



9ME20 is annualised
Source: Fitch Ratings; Barclays

Compared with other UK banks, we see Barclays as more exposed to pressure on borrower affordability because of its large unsecured loan book, although earnings should benefit relative to domestic peers from greater product and geographic diversification. Earnings are likely to remain under pressure in 2021 due to subdued lending volumes and continued above-average impairments. The risk of continued lending-related earnings pressure means that maintaining high capital markets earnings is a key driver for near-term performance.

Op Profit/RWAs Ratio



[a] Barclays: 3Q20; BB plc/ BB UK: 1H20
Source: Fitch; Barclays

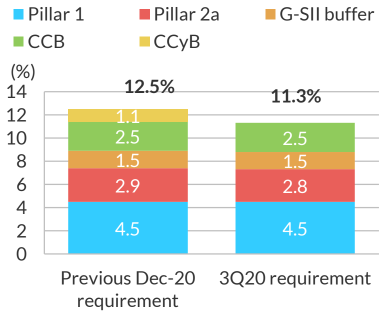
Resilient Earnings, Regulatory Forbearance Support Build-up of Capital Buffers

Barclays' capital buffers strengthened in 2020, supported by continued net profits, the cancellation of dividend payments and regulatory measures including IFRS 9 transitional relief. The end-3Q20 CET1 ratio was 14.6%, 80bp higher than end-2019. At the same time the minimum regulatory requirement has declined, to 11.3% at end-3Q20 compared to 12.5% at end-2019, leading to a 330bp buffer above the requirement.

The benefits of IFRS 9 transitional arrangements will reduce over time as loans migrate into Stage 3, and headwinds could also arise from 2021 due to RWA inflation. The fully loaded CET1 ratio, excluding the IFRS 9 transitional relief benefit, was 13.9% at end-3Q20. Management intends to maintain appropriate headroom above requirements and we do not expect the group's fully loaded CET1 ratio to fall significantly below 13% in the next 12 to 18 months, supported by likely continued organic generation of adequate amounts of capital.

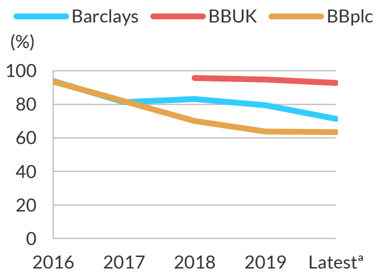
The end-3Q20 Basel leverage ratio of 4.2% is comparable to European Global Trading and Universal Banks but lower than most large European peers. We believe the bank has reasonable flexibility to manage these ratios through reduction in the denominator and issuance, if needed.

Reduced CET1 Requirement



Source: Fitch Ratings; Barclays

Loans/Deposits Ratio



[a] Barclays: 3Q20; BB plc/ BB UK: 1H20
Source: Fitch Ratings; Barclays

Diversified Funding, Sound Liquidity Management

Barclays' funding profile is well-matched and diversified, benefitting from a strong UK retail deposit franchise in the ring-fenced bank, and good wholesale funding access. The group's end-3Q20 loans/deposits ratio of 71% is unusually strong due to crisis-driven deposit inflows outpacing loan growth. We expect the ratio to return to the average (2016-2019 average per Fitch calculations: 84%) as operating conditions normalise. Customer deposits made up about half of funding, and their stickiness and low price-sensitivity benefits from the bank's strong retail and corporate franchise.

Overall reliance on wholesale funding is significant and the group is an active issuer of debt, including holding company debt that qualifies for Minimum Requirement for own funds and Eligible Liabilities (MREL), of which the group has issued GBP6.6 billion in 9M20. At end-3Q20, it had holding-company MREL instruments equivalent to 32.8% of RWAs, above expected January 2022 requirements of 29.9% (which remains subject to central bank review). Moderate near-term issuance needs and high liquidity holdings allow for potential delays in case of volatile funding markets, although market access has been good.

Funding and Liquidity

End-1H20	Barclays (end-3Q20)	BB	BB UK
Liquidity pool (GBPbn)	327	234	64
LCR (%)	181	166[a]	171

[a] Refers to the domestic liquidity sub-group only
Source: Fitch Ratings, Barclays

Summary Financials and Key Ratios

	30 Jun 20		31 Dec 19	31 Dec 18	31 Dec 17
	6 months - interim	6 months - interim	Year end	Year end	Year end
	(USDm)	(GBPm)	(GBPm)	(GBPm)	(GBPm)
	Reviewed - unqualified	Reviewed - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	5,182	4,223.0	9,483.0	9,153.0	9,893.0
Net fees and commissions	4,060	3,309.0	6,760.0	6,809.0	6,814.0
Other operating income	4,979	4,058.0	5,450.0	5,088.0	4,439.0
Total operating income	14,222	11,590.0	21,693.0	21,050.0	21,146.0
Operating costs	8,051	6,561.0	15,434.0	16,243.0	15,456.0
Pre-impairment operating profit	6,171	5,029.0	6,259.0	4,807.0	5,690.0
Loan and other impairment charges	4,587	3,738.0	1,912.0	1,468.0	2,336.0
Operating profit	1,584	1,291.0	4,347.0	3,339.0	3,354.0
Other non-operating items (net)	-23	-19.0	10.0	155.0	-2,008.0
Tax	139	113.0	1,003.0	911.0	2,240.0
Net income	1,422	1,159.0	3,354.0	2,583.0	-894.0
Other comprehensive income	3,545	2,889.0	-561.0	248.0	-498.0
Fitch comprehensive income	4,967	4,048.0	2,793.0	2,831.0	-1,392.0
Summary balance sheet					
Assets					
Gross loans	404,366	329,543.0	318,047.0	316,867.0	318,067.0
- Of which impaired	11,175	9,107.0	7,923.0	8,503.0	5,994.0
Loan loss allowances	10,996	8,961.0	6,308.0	6,770.0	4,652.0
Net loans	393,370	320,582.0	311,739.0	310,097.0	313,415.0
Interbank	12,286	10,013.0	9,624.0	10,575.0	10,633.0
Derivatives	377,021	307,258.0	229,236.0	222,538.0	237,669.0
Other securities and earning assets	485,988	396,062.0	334,896.0	315,464.0	379,504.0
Total earning assets	1,268,665	1,033,915.0	885,495.0	858,674.0	941,221.0
Cash and due from banks	404,186	329,397.0	150,258.0	177,069.0	171,082.0
Other assets	26,756	21,805.0	104,476.0	97,540.0	20,945.0
Total assets	1,699,607	1,385,117.0	1,140,229.0	1,133,283.0	1,133,248.0
Liabilities					
Customer deposits	551,587	449,523.0	400,385.0	380,672.0	390,996.0
Interbank and other short-term funding	44,829	36,534.0	183,992.0	202,910.0	247,325.0
Other long-term funding	423,720	345,316.0	143,781.0	145,972.0	135,512.0
Trading liabilities and derivatives	441,121	359,497.0	266,120.0	257,525.0	275,696.0
Total funding	1,461,257	1,190,870.0	994,278.0	987,079.0	1,049,529.0
Other liabilities	153,020	124,706.0	79,988.0	78,903.0	13,512.0
Preference shares and hybrid capital	14,836	12,091.0	12,394.0	14,374.0	15,242.0
Total equity	70,494	57,450.0	53,569.0	52,927.0	54,965.0
Total liabilities and equity	1,699,607	1,385,117.0	1,140,229.0	1,133,283.0	1,133,248.0
Exchange rate		USD1 = GBP0.814,963	USD1 = GBP0.7,6211	USD1 = GBP0.7,8768	USD1 = GBP0.7,4011

Source: Fitch Ratings, Fitch Solutions, Barclays plc

Summary Financials and Key Ratios

	30 Jun 20	31 Dec 19	31 Dec 18	31 Dec 17
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	0.8	1.5	1.1	1.1
Net interest income/average earning assets	0.8	1.0	1.0	1.0
Non-interest expense/gross revenue	56.5	71.4	77.4	73.3
Net income/average equity	4.1	6.1	4.9	-1.5
Asset quality				
Impaired loans ratio	2.8	2.5	2.7	1.9
Growth in gross loans	3.6	0.4	-0.4	-20.0
Loan loss allowances/impaired loans	98.4	79.6	79.6	77.6
Loan impairment charges/average gross loans	1.9	0.6	0.5	0.6
Capitalisation				
Common equity Tier 1 ratio	14.2	13.8	13.2	13.3
Fully loaded common equity Tier 1 ratio	n.a.	13.5	12.8	13.3
Fitch Core Capital ratio	n.a.	15.3	14.2	14.8
Tangible common equity/tangible assets	3.5	4.0	4.0	4.1
Basel leverage ratio	n.a.	4.5	4.3	4.5
Net impaired loans/common equity Tier 1	0.3	4.0	4.2	3.2
Net impaired loans/Fitch Core Capital	n.a.	3.6	3.9	2.9
Funding and liquidity				
Loans/customer deposits	73.3	79.4	83.2	81.4
Liquidity coverage ratio	186.0	160.0	169.0	154.0
Customer deposits/funding	50.2	51.5	48.7	47.3
Net stable funding ratio	n.a.	n.a.	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, Barclays plc

No Ratings Uplift from Sovereign Support

Support Rating Floor			Value
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)			A or A-
Actual country D-SIB SRF			NF
Support Rating Floor:			**NF**
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system relative to economy			✓
Size of potential problem	✓		
Structure of banking system			✓
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)	✓		
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in			✓
Track record of banking sector support		✓	
Government statements of support			✓
Sovereign propensity to support bank			
Systemic importance		✓	
Liability structure of bank		✓	
Ownership		✓	
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

Barclays' and BBplc's Support Ratings (SRs) and Support Rating Floors reflect Fitch's view that senior creditors of the bank and the holding company cannot rely on extraordinary support from the sovereign in the event that Barclays or BBplc become non-viable. In our opinion, the UK has implemented legislation and regulations to provide a framework that is likely to require senior creditors to participate in losses for resolving even large banking groups. BBplc's SR is based on sovereign support because we believe that its role as the non-ring-fenced bank and its size mean that institutional support from Barclays and, indirectly from BBUK, is unlikely.

Environmental, Social and Governance Considerations

The highest level of ESG credit relevance is a score of '3'. ESG issues are credit neutral or have only a minimal credit impact on Barclays and other group entities either due to their nature or the way in which they are being managed. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

FitchRatings **Barclays plc**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Barclays plc has 5 ESG potential rating drivers

- Barclays plc has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Management & Strategy; Risk Appetite; Asset Quality	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Company Profile; Management & Strategy; Risk Appetite	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Company Profile; Financial Profile	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Priniciples for Responsible Investing (PRI) and the Sustainability Accounting Standards Board(SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

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.