



US Liquidity Coverage Ratio

Barclays Consolidated
Intermediate Holding Company
For the quarterly period ended June 29, 2018

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Overview

Barclays is a transatlantic consumer and wholesale bank, offering an integrated set of products and services across retail banking, wealth management, corporate banking and investment banking. We serve individuals, small and large businesses, corporations, institutions and governments. Barclays operates through two principal business divisions: Barclays UK and Barclays International. Our dual home markets in the UK and US anchor our business in the two most important global financial centers and two of the most resilient western economies.

Barclays' US subsidiaries and non-branch businesses are organized under an Intermediate Holding Company (IHC), Barclays US LLC (BUSLLC), in order to meet the legal requirements established by Regulation YY of the Board of Governors of the Federal Reserve System (the Board). The IHC became operational on July 1, 2016 and its key operating subsidiaries include Barclays Capital Inc. (BCI) and Barclays Bank Delaware (BBDE). Barclays Group US Inc. (BGUS) is a bank holding company that holds all of the IHC's subsidiaries. BCI is our Securities and Exchange Commission (SEC) registered securities broker-dealer and Commodity Futures Trading Commission (CFTC) registered Futures Commission Merchant (FCM), and operates key investment banking and capital markets businesses within Barclays' Corporate and Investment Bank Business Offering. BBDE is our US Insured Depository Institution (IDI) regulated by the FDIC, and operates our US Cards business within Barclays' Cards Payments and Business Offering.

The IHC has been subject to the US Liquidity Coverage Ratio (LCR) minimum requirement of 100% as of April 1, 2017.

US Liquidity Coverage Ratio

The LCR is a quantitative liquidity requirement implemented by the Board, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) (collectively, the US Bank Regulators). It requires each subject company to maintain high-quality liquid assets (HQLA) sufficient to meet its projected total net cash outflows over a 30 calendar-day period of significant stress. The calculation of projected total net cash outflows for the LCR is also required to incorporate the difference between the peak day and 30-day cumulative net cash outflow, or a maturity mismatch add-on. The LCR is calculated by dividing HQLA by the total net cash outflows, with a regulatory minimum requirement of 100%.

The HQLA is comprised of Level 1, 2A, and 2B Assets with associated haircuts that are prescribed by the US Bank Regulators. Level 1 Assets include Central Bank reserves, US Treasuries, Agencies, and some Sovereigns and are not subject to a haircut. Level 2A Assets include debt guaranteed by a U.S. government sponsored entity, as well as other Sovereigns, and have a 15% haircut. Level 2B Assets receive a 50% haircut and encompass investment grade debt and Russell 1000 equities. Level 2A and 2B Assets may not comprise more than 40% of the entire buffer, and Level 2B Assets may not comprise more than 15% of the entire buffer. The assets in the buffer must be unencumbered and under Treasury control. Furthermore, under the LCR rule, the excess amount of HQLA held by BBDE as an IDI subsidiary subject to a minimum LCR requirement is not transferrable to non-bank affiliates and must be excluded from the consolidated IHC's HQLA.

IHC LCR (\$millions)	
	Quarterly Average Weighted Amount as of June 29, 2018
HQLA	16,513
Net Outflows	11,594
LCR	143% ¹

¹ The average of the liquidity coverage ratios as calculated under § 249.10(b) for the quarterly period as of June 29, 2018.

The table below summarizes the primary categories of net cash outflows in the LCR calculation. Inflow and outflow products are prescribed per the LCR mapping, and are attributed with explicit weightings largely based on underlying asset quality and counterparty information. Inflows are capped at 75% of total outflows. Additionally, secured lending transactions where the asset has been rehypothecated for greater than 30 days receive a 0% inflow weighting in the calculation.

LCR Weighting			
Deposit Funding	<i>Minimum</i>	3%	Stable deposits, fully insured by the FDIC
	<i>Maximum</i>	40%	Partially insured, non-retail deposit, non-brokered
Unsecured wholesale funding	<i>Minimum</i>	5%	Operational deposits, fully insured by the FDIC
	<i>Maximum</i>	100%	Financial, non-operational
Secured wholesale funding/lending	<i>Minimum</i>	0%	Secured by Level 1 liquid assets, including US Treasuries, Agencies, and Sovereigns.
	<i>Maximum</i>	100%	Secured by Non-HQLA assets

The Board has implemented public disclosure requirements for the LCR to promote market discipline by providing the public with comparable liquidity information about covered companies. The requirement to disclose applies to all depository institution holding companies and covered nonbank financial companies that are subject to the LCR. The disclosure requires a quantitative and qualitative summary on a quarterly basis.

The following table details the Consolidated Barclays IHC LCR for the quarterly period ended June 29, 2018.

Consolidated IHC Liquidity Coverage Ratio

04/02/2018 to 06/29/2018		Average	Average
In Millions of US Dollars		Unweighted	Weighted
		Amount	Amount
HIGH-QUALITY LIQUID ASSETS			
1	Total eligible high-quality liquid assets (HQLA), of which:	16,553	16,513
2	Eligible Level 1 liquid assets	16,288	16,288
3	Eligible level 2A liquid assets	265	226
4	Eligible level 2B liquid assets	0	0
CASH OUTFLOW AMOUNTS			
5	Deposit outflow from retail customers and counterparties, of which:	23,993	3,344
6	Stable retail deposit outflow	0	0
7	Other retail funding	13,208	1,321
8	Brokered deposit outflow	10,786	2,024
9	Unsecured wholesale funding outflow, of which:	3,204	3,203
10	Operational deposit outflow	0	0
11	Non-operational funding outflow (incl Wholesale free credits)	3,204	3,203
12	Unsecured debt outflow	0	0
13	Secured wholesale funding and asset exchange outflow, of which:	149,275	31,379
14	Additional outflow requirements, of which:	1,625	400
15	Outflow related to derivative exposures and other collateral requirements	1,625	400
16	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	0	0
17	Other contractual funding obligation outflow	231	231
18	Other contingent funding obligations outflow	0	0
19	TOTAL CASH OUTFLOW	178,328	38,556
CASH INFLOW AMOUNTS			
20	Secured lending and asset exchange cash inflow	150,265	23,464
21	Retail cash inflow	164	82
22	Unsecured wholesale cash inflow	2,582	2,580
23	Other cash inflows, of which:	1,124	1,124
24	Net derivative cash inflow	18	18
25	Securities cash inflow	1	1
26	Broker-dealer segregated account inflow	1,105	1,105
27	Other cash inflow	0	0
28	TOTAL CASH INFLOW	154,134	27,249
		Average Amount ¹	
29	HQLA AMOUNT		16,513
30	TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING THE MATURITY MISMATCH ADD-ON		11,312
31	MATURITY MISMATCH ADD-ON		282
32	TOTAL NET CASH OUTFLOW AMOUNT		11,594
33	LIQUIDITY COVERAGE RATIO (%)		143%

¹ The amounts reported in this column may not equal the calculation of those amounts using component amounts reported in rows 1-28 due to technical factors such as the application of the level 2 liquid asset caps, the total inflow cap, and for depository institution holding companies subject to subpart G, the application of the modification to total net cash outflows.

Barclays IHC has consistently demonstrated a strong LCR in the period following required compliance to the regulatory minimum, with a 2Q18 average of 143%. The broker-dealer secured funding and lending activity in BCI is the primary driver of the IHC's LCR. The average 2Q18 secured activity in BCI is \$7.9bn of the \$11.6bn total IHC weighted net cash outflow amount. HQLA has averaged \$16.5bn for the quarter, well above the minimum requirement with respect to the total net cash outflows. BBDE also contributes to volatility from deposits outflow and fluctuation in reserve balances. Because BBDE is an IDI subsidiary of the IHC with a minimum LCR requirement, surplus HQLA in excess of its standalone requirement is not transferable to non-bank affiliates and it is excluded from the IHC HQLA.

The average LCR will fluctuate from period to period due to changes in HQLA and ongoing business activity.

High Quality Liquid Assets

The IHC's average HQLA for 2Q18 is \$16.5bn. The composition of HQLA is mainly Level 1, as it includes US Treasury holdings in the bank's liquidity pool as well as central bank reserves. The stressed and notional balances are largely equivalent since Level 1 HQLA does not receive a haircut.

HQLA (\$millions)		
	Quarterly Average Unweighted Amount as of June 29, 2018	Quarterly Average Weighted Amount as of June 29, 2018
Level 1	16,288	16,288
Level 2A	265	226
Level 2B	-	-
Total HQLA	16,553	16,513

Funding Sources

The IHC maintains a funding profile that is diversified across a range of funding types and tenors. The IHC closely manages its short and long term liquidity needs and risks in the normal course of business and under different stress scenarios. The primary sources of funding for the IHC are secured funding transactions, senior and subordinated unsecured debt, retail and brokered deposits, a credit card securitization program, and shareholders' equity.

Secured funding transactions are mainly collateralized by HQLA securities. The primary usages of secured funding in the IHC are securities borrowing transactions and the funding of the firm's portfolio of investment securities.

Retail and brokered deposit products provide a stable source of funding for the IHC's credit card business operating in BBDE. Additional long-term funding for the bank entity is provided through a credit card securitization program.

Additional unsecured funding needs for the IHC are met through debt and equity issued to the IHC's parent, Barclays Bank PLC (BBPLC). These sources are used to support the cash needs of the IHC's businesses and fund the IHC's liquidity buffer.

Potential liquidity risks associated with the IHC's sources of funding are monitored and mitigated by the IHC's HQLA liquidity buffer. These risks are managed as part of Barclays Liquidity Risk Appetite (LRA), which accounts for potential liquidity needs under a range of stress scenarios and over different time horizons.

Unsecured LCR Outflows and Inflows (\$millions)		
Outflows	Quarterly Average Unweighted Amount as of June 29, 2018	Quarterly Average Weighted Amount as of June 29, 2018
Deposit outflow from retail customers and counterparties, of which:	23,993	3,344
<i>Other retail funding outflow</i>	13,208	1,321
<i>Brokered deposit outflow</i>	10,786	2,024
Unsecured wholesale funding outflow, of which:	3,204	3,203
<i>Non-operational funding outflow (incl Wholesale free credits)</i>	3,204	3,203
Inflows	Quarterly Average Unweighted Amount as of June 29, 2018	Quarterly Average Weighted Amount as of June 29, 2018
Retail cash inflow	164	82
Unsecured wholesale cash inflow	2,582	2,580

Currency and Derivative Exposure

The IHC has limited principal exposure to derivatives instruments, as a majority of principal derivatives are booked in entities outside of the IHC. BCI holds direct membership with multiple US clearinghouses and provides agency clearing services for OTC cleared derivatives and exchange traded derivatives, including US listed equity options. Collateral calls on BCI arise from initial and variation margin requirements calculated by the clearinghouses. Although BCI may be required to post initial or variation margin, Treasury maintains sufficient liquidity to manage the impact to the IHC LCR.

The US LCR is calculated and reported on a consolidated basis in a common currency, USD. The IHC seeks to fund assets in the same currency and monitors the potential risk from foreign currency mismatches.

Liquidity Management

Barclays Treasury manages funding and liquidity on a day-to-day basis with the Treasury Committee acting as the principal governing body. The efficient management of liquidity is essential to retain the confidence of the financial markets. Treasury has the primary responsibility for managing liquidity risk within the risk appetite in line with Barclays' Enterprise Risk Management Framework (ERMF). The Board of Barclays sets the LRA based on the internal liquidity risk model and external regulatory requirements. The LRA is represented as the level of risk Barclays chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. Treasury manages to the LCR regulatory requirement of 100% and internal limits and targets.

The Treasury Risk function is responsible for the governance of the liquidity risk mandate defined by the Barclays board. Barclays' comprehensive control framework for managing liquidity risk is designed to deliver the appropriate term and structure of funding consistent with the LRA.

Note on forward-looking statements:

This disclosure contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve', or other words of similar meaning. These statements and estimates are based on the current assumptions, beliefs and expectations of Barclays' management. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances.

Subject to obligations under applicable law and regulation, Barclays undertakes no obligations to update publicly or review any forward-looking statements, whether as a result of new information or otherwise.

The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has published or may publish via the Regulatory News Service of the London Stock Exchange and/or has filed or may file with the US Securities and Exchange Commission.