



# Barclays PLC Fixed Income Investor Call

H1 2015 Results Announcement

29 July 2015



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Barclays Group Finance Director

# Summary Group financials: H1 adjusted PBT up 11%

Six months ended – June (£m)	2014	2015	% change
Income	13,332	12,982	(3%)
Impairment	(1,086)	(973)	10%
Total operating expenses	(8,877)	(8,262)	7%
– Costs to achieve (CTA)	(494)	(316)	36%
– Litigation and conduct	(211)	(134)	36%
<b>Adjusted profit before tax</b>	<b>3,349</b>	<b>3,729</b>	<b>11%</b>
Tax	(1,109)	(1,077)	3%
NCI and other equity interests	(480)	(497)	(4%)
<b>Adjusted attributable profit</b>	<b>1,760</b>	<b>2,155</b>	<b>22%</b>
Adjustments	– Own credit	52	410
	– Gain on US Lehman acquisition assets	–	496
	– Gain on valuation of a component of the defined retirement benefit liability	–	429
	– Provisions for ongoing investigations and litigation primarily relating to Foreign Exchange	–	(800)
	– Provisions for UK customer redress	(900)	(1,032)
	– Loss on sale of Spanish business	–	(118)
<b>Statutory profit before tax</b>	<b>2,501</b>	<b>3,114</b>	<b>25%</b>
<b>Statutory attributable profit</b>	<b>1,126</b>	<b>1,611</b>	<b>43%</b>
Basic earnings per share <sup>1</sup>	10.9p	13.1p	
Return on average shareholders' equity <sup>1</sup>	6.5%	7.7%	
Dividend per share	2.0p	2.0p	

## H1 financial performance<sup>2</sup>

- Group PBT increased 11% to £3.7bn reflecting improvements in all Core operating businesses
- Income decreased 3% to £13.0bn due to Non-Core run-down
  - Core income increased 2%, primarily driven by Barclaycard
- Impairment improved 10% to £1.0bn; loan loss rate reduced 5bps to 40bps
- Costs fell by 7% to £8.3bn primarily driven by savings from strategic cost programmes, especially in Non-Core and the Investment Bank
  - CTA and litigation and conduct charges also reduced
  - Excluding CTA, total Group cost base was £7.9bn
- Attributable profit was £2.2bn, resulting in RoE of 7.7% and EPS of 13.1p
  - Core RoE was 11.1%, with dilution on Group RoE from Non-Core of 3.4%
- Further provision of £850m for UK customer redress made in Q215
  - £600m for PPI and £250m for Packaged Bank Accounts
- Gain of £496m recognised in Q215 on the Lehman settlement
- Statutory PBT increased 25% to £3.1bn, after conduct provisions and other adjusting items
- Dividend of 1p declared for Q215
  - 6.5p dividend planned for FY15, flat on FY14

<sup>1</sup> EPS and RoE calculations are based on adjusted attributable profit, also taking into account tax credits on AT1 coupons | <sup>2</sup> Adjusted metrics unless stated otherwise |

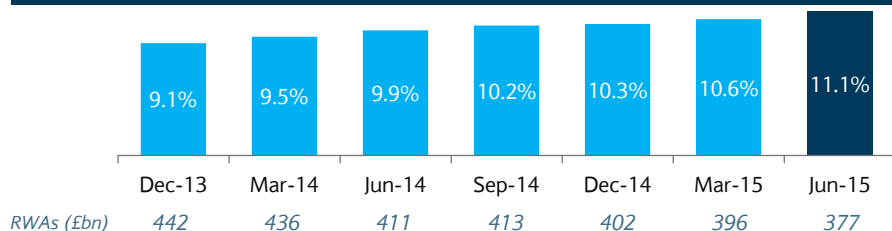


Dan Hodge

Barclays Group Treasurer

# Strengthening key financial metrics

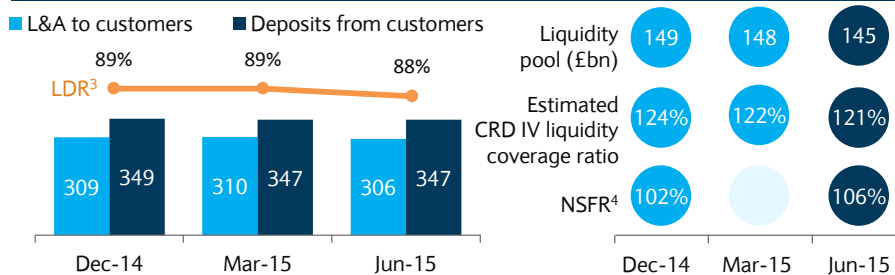
## Fully Loaded CET1 ratio<sup>1</sup>



## Leverage ratio<sup>2</sup>



## Liquidity and funding



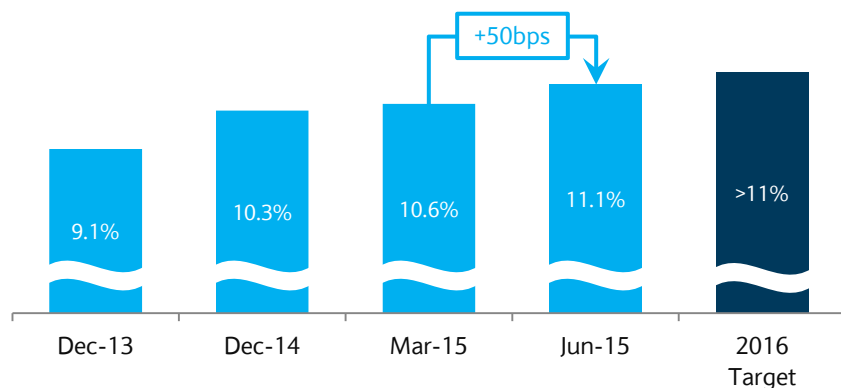
## Highlights

- Progressive strengthening of key balance sheet metrics
- RWAs reduced to £377bn, improving the CET1 ratio to 11.1%
- Leverage exposure decreased by £116bn to £1,139bn (Mar 2015: £1,255bn), driving an increase in the leverage ratio to 4.1%
- Liquidity position remains robust with liquidity pool of £145bn and LCR of 121%
- Funding profile remains conservative and well diversified
- Overall funding requirements expected to reduce further as Non-Core is run down
- Continued proactive transition in Q2 towards holding company capital and funding model:
  - Raised \$1bn of senior unsecured debt at Barclays PLC which was used to subscribe for senior unsecured debt at Barclays Bank PLC
- In H1 15, we issued £6bn of term debt, of which £5bn was public. This includes \$4bn of senior unsecured debt issued by Barclays PLC, a £1bn covered bond from Barclays Bank PLC, and \$1bn from the Dryrock programme in Delaware

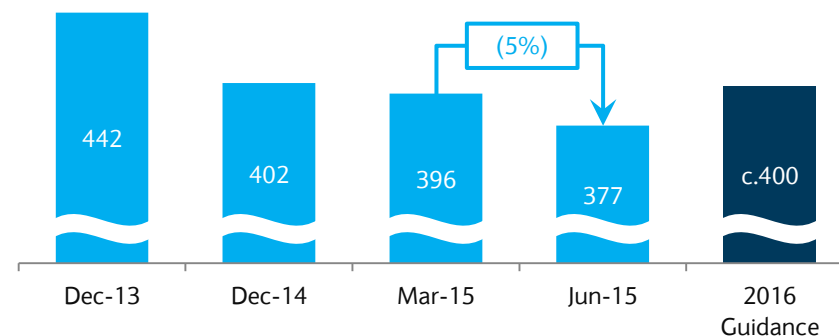
<sup>1</sup> Based on Barclays interpretation of the final CRD IV text and latest EBA technical standards | <sup>2</sup> Jun-15 and Mar-15 based on end-point CRR definition of Tier 1 capital for the numerator and the CRR definition of leverage exposure as adopted by the European Union delegated act. This is broadly consistent with the BCBS 270 definition, which was the basis of Jun-14, Sep-14 and Dec-14 comparatives. Dec-13 and Mar-14 not comparable to the estimates as of Jun-14 onwards due to different basis of preparation: estimated ratio and T1 capital based on PRA leverage ratio calculated as fully loaded CRD IV T1 capital adjusted for certain PRA defined deductions, and a PRA adjusted leverage exposure measure. | <sup>3</sup> Loan: deposit ratio for PCB, Barclaycard, Africa Banking and Non-Core retail | <sup>4</sup> NSFR based on the final guidelines published by the BCBS in October 2014. NSFR disclosed semi-annually

# Continued strengthening of CET1 ratio

Fully loaded (FL) CRD IV CET1 ratio progression<sup>1</sup>



RWA reduction (£bn)<sup>1</sup>

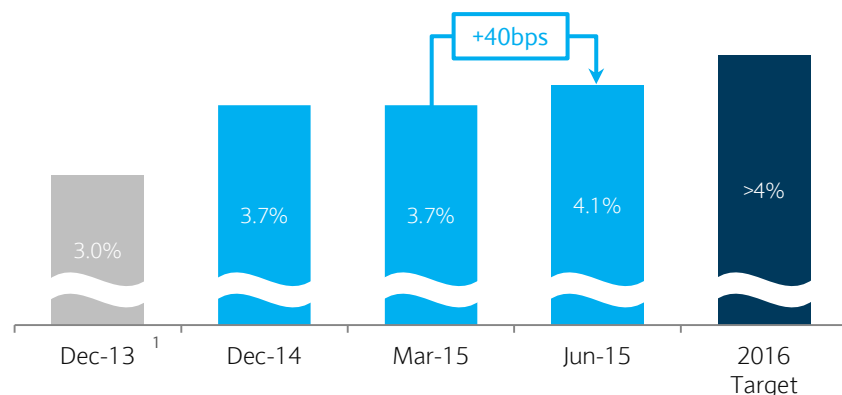


- FL CRD IV CET1 ratio grew 50bps in Q2 2015 to 11.1% (Mar 2015: 10.6%), already meeting the end 2016 target
- FL CRD IV CET1 capital increased by £0.2bn to £42.0bn in Q2, driven by £1.2bn profit for the quarter, less £900m for own credit and dividends and a net £100m reduction for reserves and regulatory adjustments
- While we expect to continue to grow our CET1 ratio over time, we expect to stay around 11% throughout the rest of 2015
- Confident that our planned trajectory positions us well to meet expected future regulatory requirements
- RWAs reduced by £19bn to £377bn in Q2 (Mar 15: £396bn), mainly driven by an £8bn reduction in Non-Core to £57bn, and foreign exchange impacts (which were broadly hedged for CET1 ratio)
- The reduction in Non-Core was primarily a result of reductions in fixed income financing activities, derivatives compressions, and disposals

<sup>1</sup> Based on Barclays interpretation of the final CRD IV text and latest EBA technical standards. Following the full implementation of CRD IV reporting in 2014, the previously reported 31 December 2013 RWAs were revised by £6.9bn to £442bn and fully loaded CET1 ratio by (0.2%) to 9.1% |

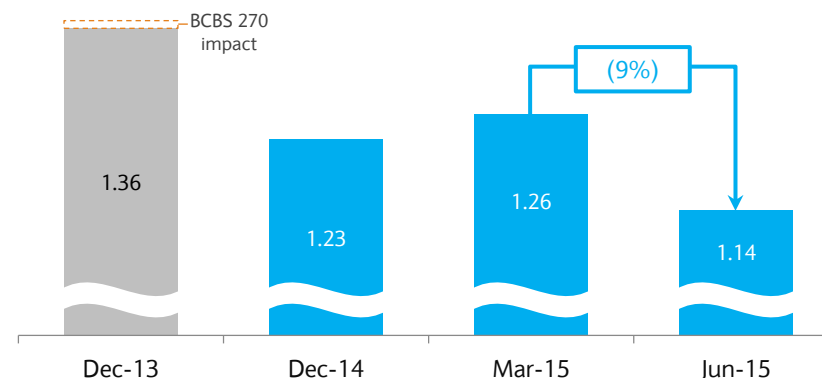
# Leverage ratio strengthened further towards target

Leverage ratio progression<sup>1</sup>



- Leverage ratio grew by 40bps to 4.1% (Mar 2015: 3.7%), already meeting our 2016 target
- The 40bps quarterly improvement was primarily driven by a £116bn reduction in leverage exposure and fully loaded tier 1 capital growth of £0.2bn
- Leverage ratio already in excess of expected 2019 regulatory minimum requirement of 3.7%

Leverage exposure (£trn)<sup>1</sup>



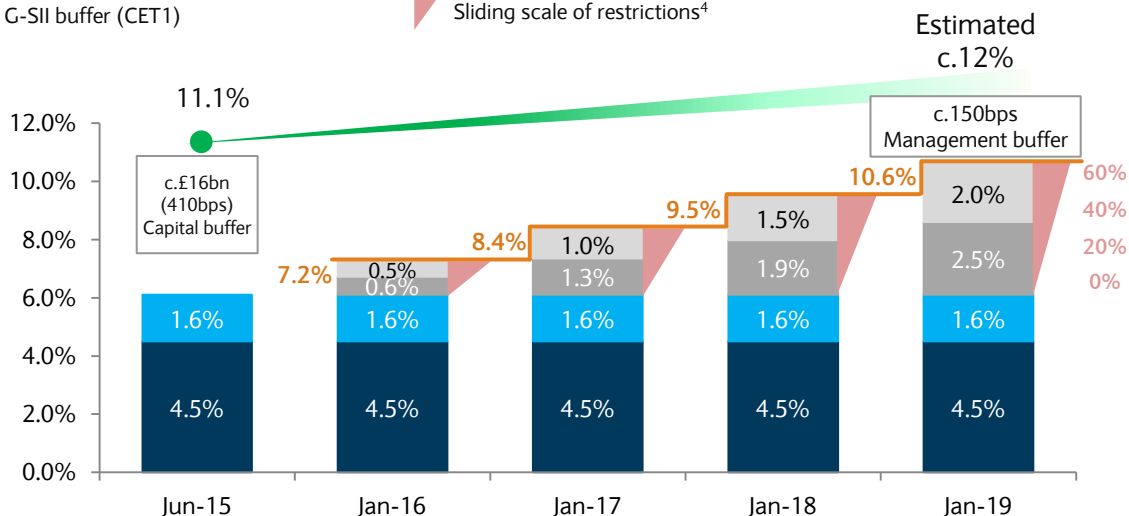
- Leverage exposure decreased by £116bn in Q2 2015, primarily driven by reductions in Barclays Non-Core
- The £70bn reduction in Barclays Non-Core was mainly a result of an accelerated reduction in fixed income financing activities and reductions in derivatives exposures
- Leverage exposure in our Core businesses decreased by £46bn to £973bn, primarily driven by reductions in derivatives exposure and trading portfolio assets due to a reduction in trading activity, portfolio optimisations and FX movements

<sup>1</sup> Jun-15 and Mar-15 based on fully loaded CRR definition of Tier 1 capital for the numerator and the CRR definition of leverage exposure as adopted by the relevant European Union delegated act. This is broadly consistent with the BCBS 270 definition, which was the basis of the Dec-14 comparative. Dec-13 is not comparable to the estimates as of Jun-14 onwards due to different basis of preparation: estimated ratio and T1 capital based on PRA leverage ratio calculated as fully loaded CRD IV T1 capital adjusted for certain PRA defined deductions, and a PRA adjusted leverage exposure measure. |

# Significant management focus on maintaining robust capital buffers above future mandatory distribution restrictions

## CET1 requirements<sup>1</sup> (as at 1 January except H1)

- Minimum CRD IV requirement
- Pillar 2A
- Capital conservation buffer (CET1)
- G-SII buffer (CET1)
- Trajectory of fully loaded CET1 ratio, assuming >11% target by 2016 is met after which we build towards c.12% in end state
- Mandatory distribution restriction level<sup>3</sup>
- Sliding scale of restrictions<sup>4</sup>



## Estimated buffers<sup>1,2</sup> (vs. AT1 7% trigger and 1 January MDA restrictions)

To AT1 7% trigger	c.£16bn	c.£17bn	c.£18bn	c.£19bn	c.£20bn
To MDA restriction	n/a	c.£16bn	c.£13bn	c.£9bn	c.£6bn

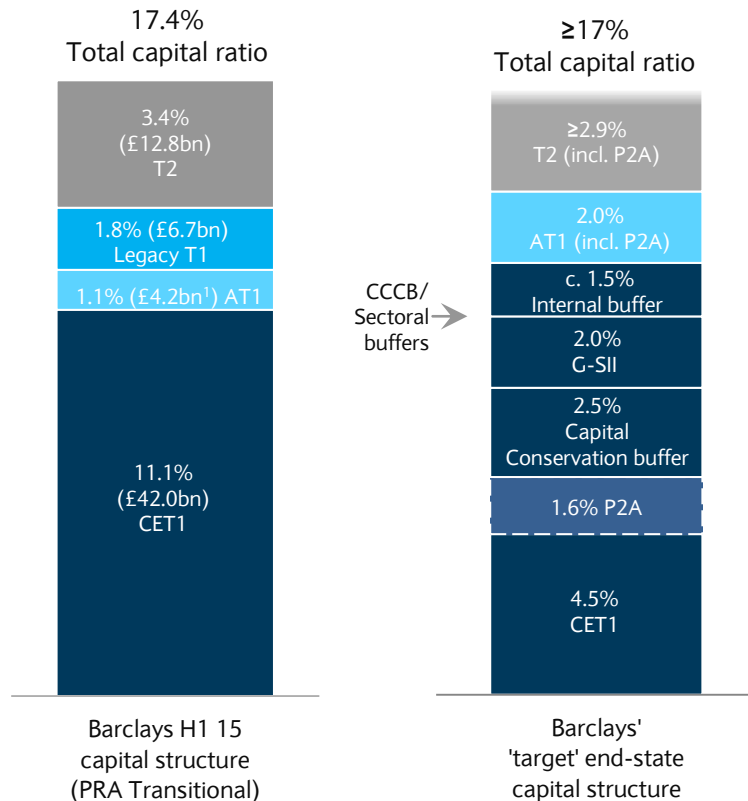
- Maintained robust capital buffers above minimum CET1 requirements and Contingent Capital triggers:
  - AT1 securities and PRA 7% expectation: c.410bps or £16bn
  - T2 contingent capital: c.570bps or £21bn<sup>5</sup>
- Expect to build towards c.12% in end-state, including an internal management buffer of c.150bps above the current regulatory expectation of 10.6% in 2019<sup>6</sup>
- The internal management buffer is critical to guard against mandatory distribution restrictions<sup>3</sup>, which are applicable from 1 Jan 2016 on a phased-in basis under CRD IV
- The internal management buffer, which is intended to absorb fluctuations in the CET1 ratio, is recalibrated frequently
- The 'target' end-state CET1 ratio could be revised in case of changes to minimum CET1 requirement or internal reassessment
- In addition to the internal management buffer, Barclays recovery plan actions are calibrated to take effect ahead of breaching the CBR (Combined Buffer Requirement)

<sup>1</sup> This analysis is presented for illustrative purposes only and is not a forecast of Barclays' results of operations or capital position or otherwise. The analysis is based on certain assumptions, which cannot be assured and are subject to change, including: straight line progress towards meeting our CET1 ratio targets; constant RWAs of £400bn as per 2016 guidance from 1 Jan 2016 onwards; holding constant the P2A at 2015 level (which may not be the case as the requirement is subject to at least annual review); and CET1 resources not required to meet any shortfall to the AT1 or T2 components of the minimum capital requirement. Proposals in the FSB Consultative Document on the "Adequacy of loss-absorbing capacity of global systemically important banks in resolution", published 10 Nov 2014 not considered. While not impacting mandatory distribution restrictions, this does not take into account any potential PRA buffer expectations <sup>2</sup> Buffers (except Jun-15) calculated assuming straightline CET1 growth to 1 Jan 2019 expectation <sup>3</sup> CRD IV rules on mandatory distribution restrictions apply from 1 January 2016 onwards based on transitional CET1 requirements. As per CRD Art. 141, restrictions on distributions (dividends and other payments in respect of ordinary shares, payments on AT1 securities and variable compensation) would apply in case of a breach of the Combined Buffer Requirement as defined in CRD Art 128(6) <sup>4</sup> Calculated as profits multiplied by an MDA factor, both as defined in CRD Art. 141, and the PRA rule book implementing CRD IV <sup>5</sup> Based on the CRD IV CET1 transitional (FSA October 2012 statement) the ratio was 12.7% as at 30 June 2015 based on £47.9bn of transitional CRD IV CET1 capital and £377bn of RWAs <sup>6</sup> Barclays current regulatory target is to meet a FL CRD IV CET1 ratio of 9% by 2019, plus a Pillar 2A add-on (currently 1.6%). Pillar 2A requirements for 2015 held constant out to end-state for illustrative purposes. The PRA buffer is assumed to be below the combined buffer requirement of 4.5% in end-state albeit this might not be the case. CCCB, other systemic and sectoral buffer assumed to be zero



# Continued progress on the transition towards end-state capital structure

## Evolution of capital structure



## Fully loaded CRD IV capital position

- Transitional and fully loaded total capital ratios increased by 60bps to 17.4% (Mar 15: 16.8%), and 60bps to 16.2% (Mar 15: 15.6%) respectively, primarily reflecting CET1 ratio progress
- We continue to transition towards our end-state capital structure which currently assumes at least 17% of total capital
- We aim to manage our capital structure in an efficient manner:
  - Expect to build an additional 90bps of AT1 to reach 2% in end-state through balanced issuance over time
  - Quantum of Tier 2 capital in end-state to maintain a total capital ratio of at least 17% will be informed by TLAC and MREL rules, as well as relative pricing of Tier 2 and senior unsecured debt

## Pillar 2A requirement<sup>2</sup>

- Barclays 2015 Pillar 2A requirement as per the PRA's Individual Capital Guidance (ICG) is 2.8%. The ICG is subject to at least annual review
  - CET1 of 1.6% (assuming 56% of total P2A requirement)
  - AT1 of 0.5% (assuming 19% of total P2A requirement)
  - T2 of 0.7% (assuming 25% of total P2A requirement)
- The PRA consultation on the Pillar 2 framework (CP1/15), and Basel Committee consultations and reviews of approaches to Pillar 1 and Pillar 2 risk might further impact the Pillar 2A requirement in the future

<sup>1</sup> Net of other regulatory adjustments and deductions relating to AT1s of £130m | <sup>2</sup> Point in time assessment made at least annually, by the PRA, to reflect idiosyncratic risks not fully captured under Pillar 1 |

# Refinancing out of Holding Company supports achieving future Total Loss Absorbing Capacity (TLAC)<sup>1</sup> requirements

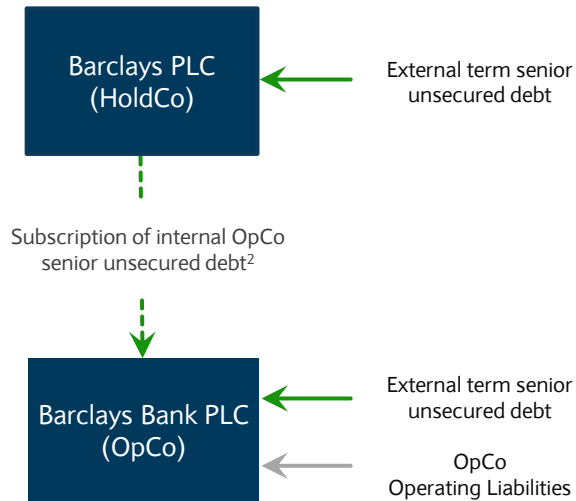
(£bn)	Jun-15
<b>PRA transitional Common Equity Tier 1 capital</b>	<b>42</b>
<b>PRA transitional Additional Tier 1 regulatory capital</b>	<b>11</b>
<i>Barclays PLC (HoldCo)</i>	4
<i>Barclays Bank PLC (OpCo)</i>	7
<b>PRA transitional Tier 2 regulatory capital</b>	<b>13</b>
<i>Barclays PLC (HoldCo)</i>	1
<i>Barclays Bank PLC (OpCo)</i>	12
<b>PRA transitional total regulatory capital</b>	<b>66</b>
Barclays PLC (HoldCo) vanilla term senior unsecured debt <sup>2</sup>	5
Barclays Bank PLC (OpCo) vanilla term senior unsecured debt <sup>3</sup>	22
<b>Total term vanilla senior unsecured debt</b>	<b>93</b>
RWAs	377
Leverage exposure	1,139
<b>Proxy risk-weighted TLAC ratio</b>	<b>~ 25%</b>
<b>Proxy leverage based TLAC ratio</b>	<b>~ 8%</b>

- Proactive transition towards a HoldCo funding and capital model positions us well to meet potential future TLAC requirements
- While requirements remain to be set, Barclays' current expectation is a multi-year conformance period
- Expect TLAC conformance to be achieved primarily through refinancing OpCo term senior unsecured debt out of the HoldCo
- Based on Barclays current interpretation of TLAC requirements, our proxy TLAC ratio is 25%<sup>4</sup> assuming that all Barclays Bank PLC vanilla term senior unsecured debt is refinanced from HoldCo and in the future, subordinated to OpCo operating liabilities
  - Around half of our OpCo vanilla term senior unsecured debt matures before 2019<sup>5</sup> and could therefore be refinanced at HoldCo
  - Further flexibility to meet future requirements through partially refinancing our £33bn of OpCo structured notes into vanilla HoldCo senior unsecured term debt
- We currently do not intend to use HoldCo senior unsecured debt proceeds to subscribe for OpCo liabilities on a subordinated basis until required to do so by end state TLAC requirements
- The future TLAC-ratio should further benefit from CET1 capital growth and further debt issuance towards end-state expectations
- As TLAC rules are finalised, and as we approach implementation date, we will assess the appropriate composition and quantum of our future TLAC stack
- Further clarity on MREL requirements expected from the Bank of England in Q315 and final rules on TLAC from the FSB in Q415

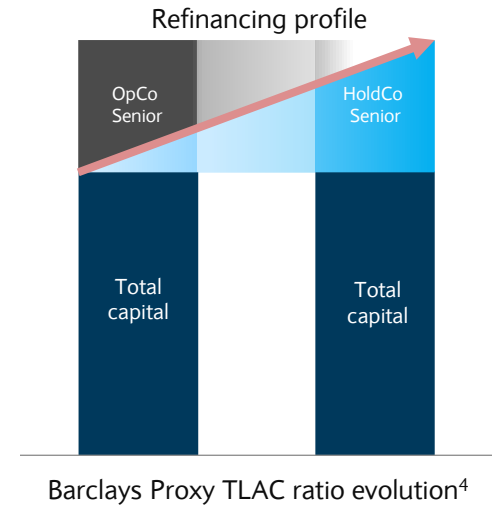
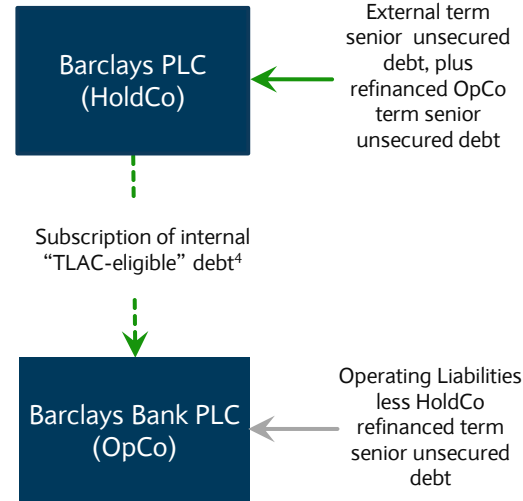
<sup>1</sup> For illustrative purposes only reflecting Barclays' interpretation of the FSB Consultative Document on "Adequacy of loss-absorbing capacity of global systemically important banks in resolution", published 10 November 2014, including certain assumptions on the inclusion or exclusion of certain liabilities where further regulatory guidance is necessary. Evolving regulation, including the implementation of MREL beginning 1 Jan 2016 and any subsequent regulatory policy interpretations, may require a change to the current approach. <sup>2</sup> Barclays PLC issued term senior unsecured debt assumed to qualify for consolidated TLAC purposes. <sup>3</sup> Comprise all outstanding Barclays Bank PLC issued public and private vanilla term senior unsecured debt, regardless of residual maturity. This excludes £33bn of notes issued under the structured notes programmes. <sup>4</sup> Including the 4.5% combined buffer requirement which needs to be met in CET1. The combined buffer requirement comprises a 2% G-SII buffer and 2.5% capital conservation buffer on a fully phased in basis. <sup>5</sup> Please see maturity profile of outstanding OpCo term senior unsecured debt on slide 19.

# Managing the risk profile of Holding Company term senior unsecured debt today and in end-state

## Managing HoldCo term senior debt credit profile in transition<sup>1</sup>



## Delivering robust credit profile for HoldCo term senior unsecured investors in end-state<sup>3</sup>



- We are currently using senior proceeds raised by Barclays PLC to subscribe for senior unsecured debt in Barclays Bank PLC
- In a resolution scenario today, this should result in *pari passu* treatment between internally and externally issued OpCo senior unsecured debt<sup>1</sup>
- Senior HoldCo investors should also be supported by OpCo capital and subordinated debt in current state

- As we transition towards a HoldCo capital and term funding model, quantum of HoldCo term senior unsecured debt increases materially over time while outstanding OpCo term senior unsecured debt materially reduces
- If HoldCo term senior unsecured debt proceeds are used to subscribe for TLAC-eligible debt in an OpCo in end-state, the structural subordination that would arise for HoldCo creditors should be mitigated by the increasing balance of term senior unsecured debt at the HoldCo and commensurate reducing balance of term senior unsecured debt at the OpCo

<sup>1</sup> Barclays' expectations of the creditor hierarchy in a resolution scenario; assumes internal subordination not imposed during transition | <sup>2</sup> HoldCo investments can be viewed in Barclays PLC parent company balance sheet, on slide 17 | <sup>3</sup> Assumes that most or all of the term non-structured senior unsecured funding currently outstanding at Barclays Bank PLC has been refinanced out of Barclays PLC | <sup>4</sup> Barclays' Proxy TLAC ratio as illustrated on slide 10 reflecting Barclays' interpretation of the FSB Consultative Document on "Adequacy of loss-absorbing capacity of global systemically important banks in resolution", published 10 November 2014, including certain assumptions on the inclusion or exclusion of certain liabilities where further regulatory guidance is necessary. Evolving regulation, including the implementation of MREL beginning 1 Jan 2016 and any subsequent regulatory policy interpretations, may require a change to the current approach

# Progressing with plans for structural reform

## Evolving group structure

### Barclays PLC

#### UK ring-fenced bank

- Newly established material UK bank
- Barclays' provider of retail and corporate products to UK customers
- Substantial presence in the UK market with over 16 million customers

#### Barclays Bank PLC & international entities

- Existing banking entities
- International diversified business model, including international retail products, investment banking and corporate products
- Will include Barclays Bank PLC, Barclays Africa and US IHC

- Key strategic priority throughout Barclays Group
- Continuous dialogue with key regulators to evolve plans
- Maintaining financial robustness of all parts of the group critical in our planning
- Does not signify a change to capital allocation strategy
- We expect to be able to share more detail on our plans towards year end subject to our ongoing discussions with regulators

## Implications for bondholders

### Barclays PLC (HoldCo)

- Progressive issuer of AT1 and Tier 2 capital
- Expect material increase in term senior unsecured funding over time as Barclays Bank PLC term senior unsecured debt is refinanced out of the HoldCo
- Diversification post structural reform retained at Barclays PLC

### Barclays Bank PLC and other current and future operating subsidiaries

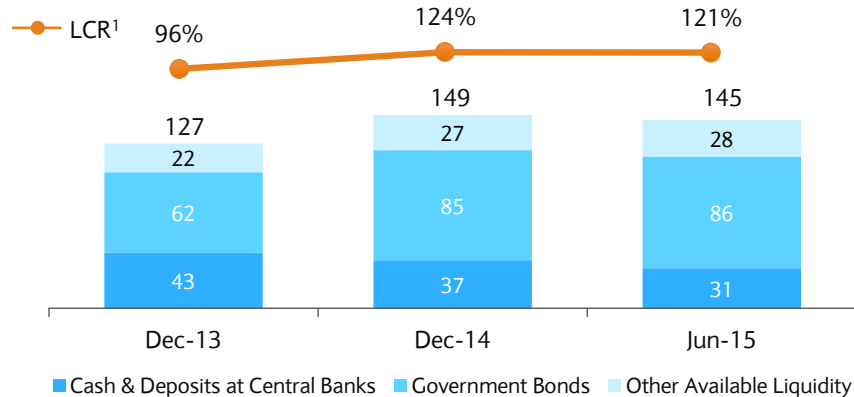
- Capital and term senior unsecured funding needs expected to be met largely through internal TLAC
- Secured funding to be issued out of the operating subsidiary holding the relevant assets
- Barclays Bank PLC will continue to issue short-term wholesale funding (e.g. CDs, CPs and ABCPs)

### Areas of uncertainty

- Location of issuance of structured notes dependant on final rules around TLAC-eligibility
- Potential for some external issuance of capital and term senior unsecured debt in local markets to meet local funding and regulatory requirements

# Maintaining a robust liquidity position and well diversified funding profile

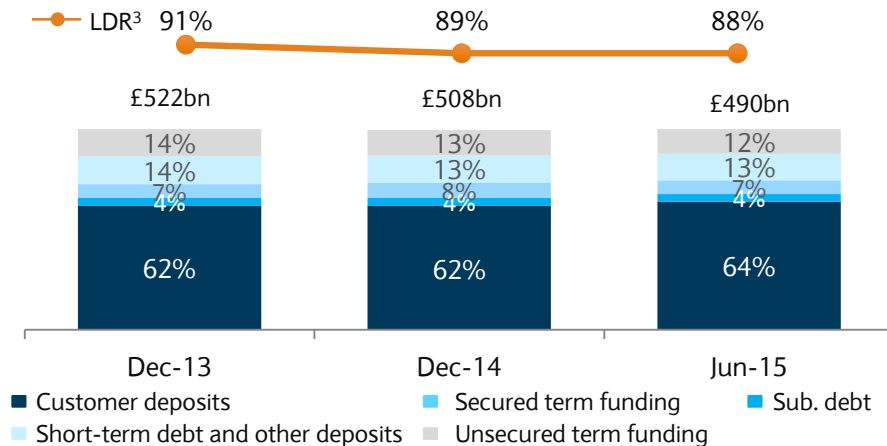
## High quality liquidity pool (£bn)



## Liquidity – key messages

- Stable liquidity position with the Group liquidity pool at £145bn, providing a surplus to internal and external minimum requirements
- Quality of the pool remains high:
  - 80% held in cash, deposits with central banks and high quality government bonds
  - 93% of government bonds are securities issued by UK, US, Japanese, French, German, Danish, Swiss and Dutch sovereigns
- Even though not a regulatory requirement, the size of our liquidity pool is £77bn above wholesale debt maturing in less than a year

## Total funding (excluding BAGL)



## Funding – key messages

- Group Loan to Deposit Ratio (LDR) and the LDR for the retail businesses stable at 98% and 88% respectively<sup>1</sup>
- Stable NSFR at 106% (Dec 14: 102%)
- Overall funding requirements for the Group reducing as Non-Core assets are run down
- Continue to guide £10-15bn of gross issuance in 2015 across public and private senior unsecured, secured and subordinated debt, of which £6bn had been issued at 30 June 2015. This is materially below term maturities of £23bn in 2015, of which £9bn remaining this year
- We expect to be a measured issuer of AT1 and T2 over the next few years
- We intend to maintain access to diverse sources of wholesale funding, through different products, currencies, maturities and channels

<sup>1</sup> LCR estimated based on the EU delegated act | <sup>2</sup> Estimated based on the final BCBS rules published in October 2014 | <sup>3</sup> LDR for PCB, Barclaycard, Africa Banking and Non-Core retail

# Summary<sup>1</sup>



<sup>1</sup> Figures as at Jun-15 unless otherwise stated



Q&A



# Appendix



# Barclays PLC parent company accounts

## Barclays PLC parent company balance sheet

### Balance sheet

	Notes	FY 14 £m	H1 15 £m
<b>Assets</b>			
Investment in subsidiary		33,743	34,303
Loans and advances to subsidiary		2,866	5,318
Derivative financial instrument		313	194
Other assets		174	184
<b>Total assets</b>		<b>37,096</b>	<b>39,999</b>
<b>Liabilities</b>			
Deposits from banks		528	519
Subordinated liabilities		810	800
Debt securities in issue		2,056	4,518
Other liabilities		10	-
<b>Total liabilities</b>		<b>3,404</b>	<b>5,837</b>
<b>Shareholders' equity</b>			
Called up share capital		4,125	4,193
Share premium account		16,684	17,330
Other equity instruments		4,326	4,326
Capital redemption reserve		394	394
Retained earnings		8,163	7,919
<b>Total shareholders' equity</b>		<b>33,692</b>	<b>34,162</b>
<b>Total liabilities and shareholders' equity</b>		<b>37,096</b>	<b>39,999</b>

## Notes

- Barclays PLC is the holding company of the Barclays Group
- The HoldCo's primary assets currently are its investments in, and loans and advances made to, its sole subsidiary, Barclays Bank PLC, the operating company
- As Barclays is committed to issuing most capital and term senior unsecured debt out of the HoldCo going forward, the HoldCo balance sheet is expected to increase

### Notes to the parent company balance sheet

#### Investment in subsidiary

The investment in subsidiary of £34,303m (2014: £33,743m) represents investments made into Barclays Bank PLC, including £4,326m (2014: £4,326m) of AT1 securities

#### Loans and advances to subsidiary and debt securities in issue

During H1 2015, Barclays PLC issued \$4bn of Fixed Rate Senior Notes, accounted for as debt securities in issue. The proceeds raised through these transactions were used to make \$4bn of Fixed Rate Senior Loans to Barclays Bank PLC, with a ranking corresponding to the notes issued by Barclays PLC

# Recent industry-wide credit rating agency (CRA) actions reflect evolving bank resolution frameworks

Ratings <sup>1</sup>	S&P	Moody's	Fitch
Standalone rating	bbb+	Baa2	a
<b>Barclays PLC (B PLC - HoldCo)</b>			
Senior long-term	BBB / Stable	Baa3 / Stable	A / Stable
Senior short-term	A-2	P-3	F1
Tier 2	BB+	Baa3	A-
AT1	B+	n/a	BB+
<b>Barclays Bank PLC (BB PLC - OpCo)</b>			
Senior long-term	A- / Stable	A2 / Stable	A / Stable
Senior short-term	A-2	P-1	F1
T2 CoCos	BB+	-	BBB-
UT2	BB+	Ba1	BBB
LT2	BBB-	Baa3/Ba1	A-
Tier 1	BB	Ba1/Ba2	BBB-/BB+
<b>Rating action YTD 2015 – Industry wide</b>	<ul style="list-style-type: none"> <li>Actions taken on certain UK, German, Austrian and Swiss non-operating holding companies and operating companies following reassessment of government support and review of “Additional Loss Absorbing Capacity” (ALAC)</li> </ul>	<ul style="list-style-type: none"> <li>Bank rating actions globally following implementation of new bank rating methodology and reassessment of the likelihood of sovereign support</li> </ul>	<ul style="list-style-type: none"> <li>Actions taken on banks in the EU, global systemically important banks in the US and Switzerland, and on banks in Hong Kong on 19 May 2015</li> </ul>
<b>Rating action YTD 2015 – Barclays specific</b>	<p><b>B PLC:</b></p> <ul style="list-style-type: none"> <li><b>3 Feb 2015:</b> long-term senior rating downgraded by two notches to BBB due to removal of government support</li> <li><b>9 June 2015:</b> AT1 securities upgraded by one notch to B+</li> </ul> <p><b>BB PLC:</b></p> <ul style="list-style-type: none"> <li><b>9 June 2015:</b> senior long- and short-term ratings downgraded by one notch to A-/A-2 due to removal of government support, partially offset by ALAC</li> </ul>	<p><b>B PLC:</b></p> <ul style="list-style-type: none"> <li><b>28 May 2015:</b> long-term senior rating downgraded by three notches to Baa3 and short-term by one notch to P-3 due to removal of sovereign support</li> <li><b>28 May 2015:</b> subordinate ratings upgraded by one notch to Baa3 due to application of “loss given failure” analysis</li> </ul> <p><b>BB PLC:</b></p> <ul style="list-style-type: none"> <li><b>17 Mar 2015:</b> senior ratings affirmed and outlook changed to Stable</li> </ul>	<p><b>B PLC and BB PLC:</b></p> <ul style="list-style-type: none"> <li><b>19 May 2015:</b> long- and short-term senior ratings affirmed as Barclays standalone credit rating was rated at the previous Sovereign Support Floor and therefore did not benefit from sovereign support uplift</li> </ul>

- Barclays carries a stable outlook with S&P, Moody's and Fitch
- Recent industry-wide CRA announcements were driven by evolving resolution frameworks which involved:
  - The reassessment of the likelihood of sovereign support for senior creditors resulting in downward pressure on senior credit ratings
  - Rating methodology updates and changes to reflect cushion of junior debt that would absorb losses ahead of senior bank creditors that partially or fully offset sovereign support notch removal
- There was no impact on Barclays' standalone credit ratings
- Action on bank HoldCos more punitive:
  - No uplift for loss absorbing capacity provided to senior creditors to offset sovereign support notch removal, and/or
  - Expected increase in thickness of the senior layer which will benefit LGD over time not taken into account
- As implementation of bank resolution frameworks are progressing at different paces across jurisdictions, timelines for CRA action differ

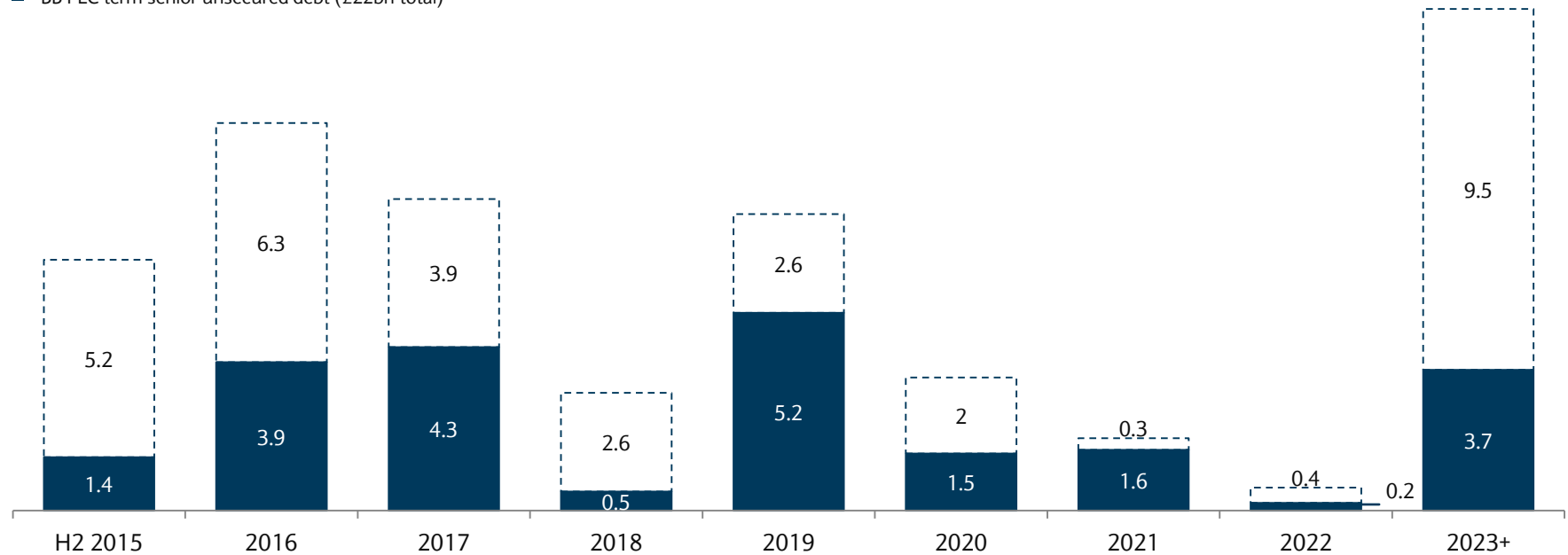
<sup>1</sup> Definitions of securities classes for comparison purposes and not necessarily in line with the respective CRA's own definitions |

# OpCo senior unsecured debt maturity profile

- Expect to refinance £22bn of OpCo vanilla term unsecured debt out of the HoldCo over time, around half of which matures by 1 Jan 2019
- Additional flexibility to meet future TLAC-requirement through partial refinancing of OpCo structured notes out of the HoldCo in TLAC-eligible form
- Annual HoldCo senior debt issuance expected to be below combined OpCo term vanilla and structured senior unsecured debt maturities

□ BB PLC structured notes (£33bn total)

■ BB PLC term senior unsecured debt (£22bn total)



# Disclaimer

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## Important Notice

The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments, or any advice or recommendation with respect to such securities or other financial instruments.

## Forward-looking Statements

This presentation contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Group. 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 sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges and provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs or savings, original and revised commitments and targets in connection with the strategic cost Programme and the Group Strategy Update, run-down of assets and businesses within Barclays Non-Core, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, US, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implementation of the strategic cost Programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in our filings with the SEC (including, without limitation, our Annual Report on Form 20-F for the fiscal year ended 31 December 2014), which are available on the SEC's website at <http://www.sec.gov>.

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