

# Fixed Income Investor Presentation

H1 2013 Results

# Strategy and results update

# Barclays overview

## A global universal bank

### Major global financial services provider

- 3 main businesses:
  - Retail, Business Banking and Barclaycard
  - Corporate and Investment Banking
  - Wealth & Investment Management
- Over 300 years of history and expertise in banking
- Headquartered in the UK
- Operates in over 50 countries, across Europe, Americas, Asia and Africa
- Serves c.50m customers globally
- Employs c.140,000 people
- Listed on London and New York stock exchanges
- Rated A/A2/A/AA (S&P, Moody's, Fitch, DBRS).

<sup>1</sup> Fully loaded (FL) Common Equity Tier 1 (CET1) ratio calculated based on CRD IV text published in June 2013

<sup>2</sup> Fully loaded (FL) CRD IV leverage ratio calculated based on CRD IV text published in June 2013

<sup>3</sup> Net Stable Funding Ratio (NSFR)

<sup>4</sup> Liquidity Coverage Ratio (LCR) based on Basel standards published in January 2013

<sup>5</sup> Excluding liquidity pool

## Key financial metrics as at 30 June 2013

Total assets	£1.5tr
Core Tier 1 ratio (Basel 2.5)	11.1%
FL CET1 ratio (CRD IV) <sup>1</sup>	8.1%
FL CRD IV leverage ratio <sup>2</sup>	2.5%
Liquidity pool	£138bn
NSFR (Basel 3) <sup>3</sup>	105%
LCR (Basel 3) <sup>4</sup>	111%
Loan to Deposit ratio	102%
< 1 year wholesale funding	£93bn
Wholesale funding WAM <sup>5</sup>	61mths

# H1 2013 results highlights

“Our first half results demonstrate the strength of our business. We saw good momentum in our performance and – five months on – the execution of our Transform plan is progressing well” (A. Jenkins, CEO)

## Highlights

Six months ended - June	2013 (£m)	2012 (£m)	Change (%)
Adjusted <sup>1</sup> income	15,071	15,492	(3)
Impairment charges and other provisions	(1,631)	(1,710)	(5)
Adjusted net operating income	13,440	13,782	(2)
Operating expenses excl. CTA Transform	(9,141)	(9,520)	(4)
Costs to achieve (CTA) Transform	(640)	-	
Adjusted operating expenses	(9,781)	(9,520)	3
Adjusted profit before tax <sup>1</sup>	3,591	4,339	(17)
Statutory profit before tax	1,677	871	93

- Adjusted income down 3%, with income growth across the majority of businesses offset by cost of funding deposit growth across the Group
- Credit impairment charges and other provisions down 5%, reflecting improvements in Corporate Banking and Africa RBB, partially offset by other businesses
- Adjusted operating expenses (excl. CTA Transform) decreased 4%, as a result of tight cost control management. Underlying (excl. CTA Transform) Cost:Income ratio of 61%
- Liquidity pool of £138bn (2012: £150bn), comfortably above internal and regulatory minimum requirements
- CT1 ratio improved 30bps to 11.1% (2012: 10.8%). CRD IV fully loaded CET1 estimated at 8.1% (2012: 8.2%)<sup>2</sup>
- Stable RWAs result from reduction in legacy assets, offset by foreign currency movements.

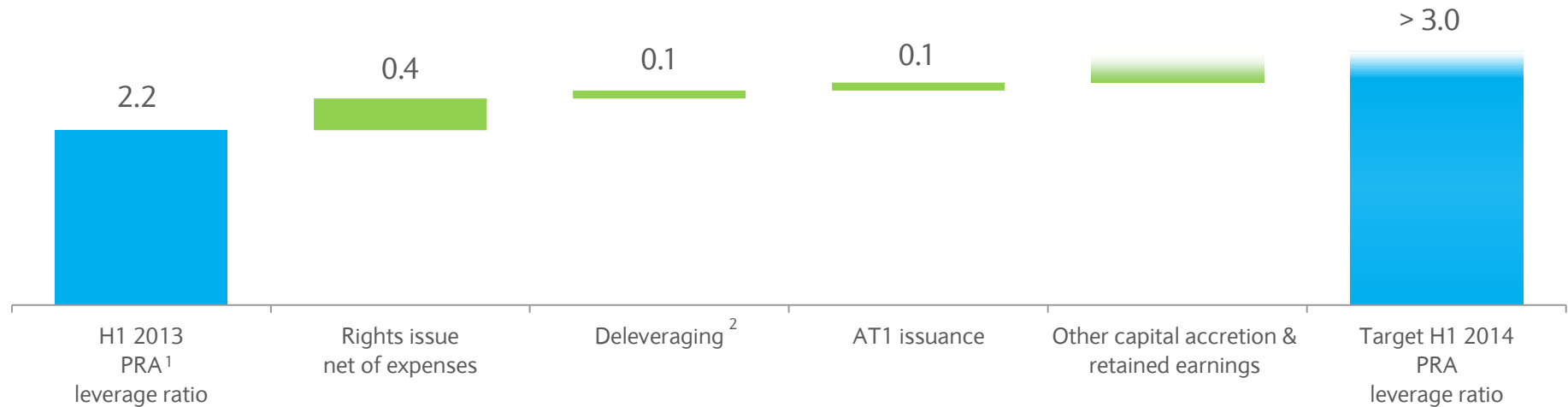
<sup>1</sup> See slide 33 for adjusting items

<sup>2</sup> For detail on CRD IV assumptions, please refer to slides 11 to 13

# Barclays Leverage Plan

Delivery of 3% PRA leverage ratio by June 2014

Leverage ratios (%)



The Leverage Plan agreed with the PRA to meet 3% target by 30 June 2014 comprise capital or capital equivalent actions of £12.8bn:

- Underwritten rights issue to raise £5.8bn (net of expenses)
- Reduction of leverage exposure – £65-80bn (£2-2.5bn capital equivalent)
  - Already identified management actions with low execution risk
  - No material impact on revenue or profit before tax expected
  - Continue to support lending to customers and clients.
- Issuance of up to £2bn of CRD IV qualifying Additional Tier 1 securities
- Retention of earnings (supported by conduct provisions taken in H1 2013) and other forms of capital accretion.

<sup>1</sup> Prudential Regulation Authority

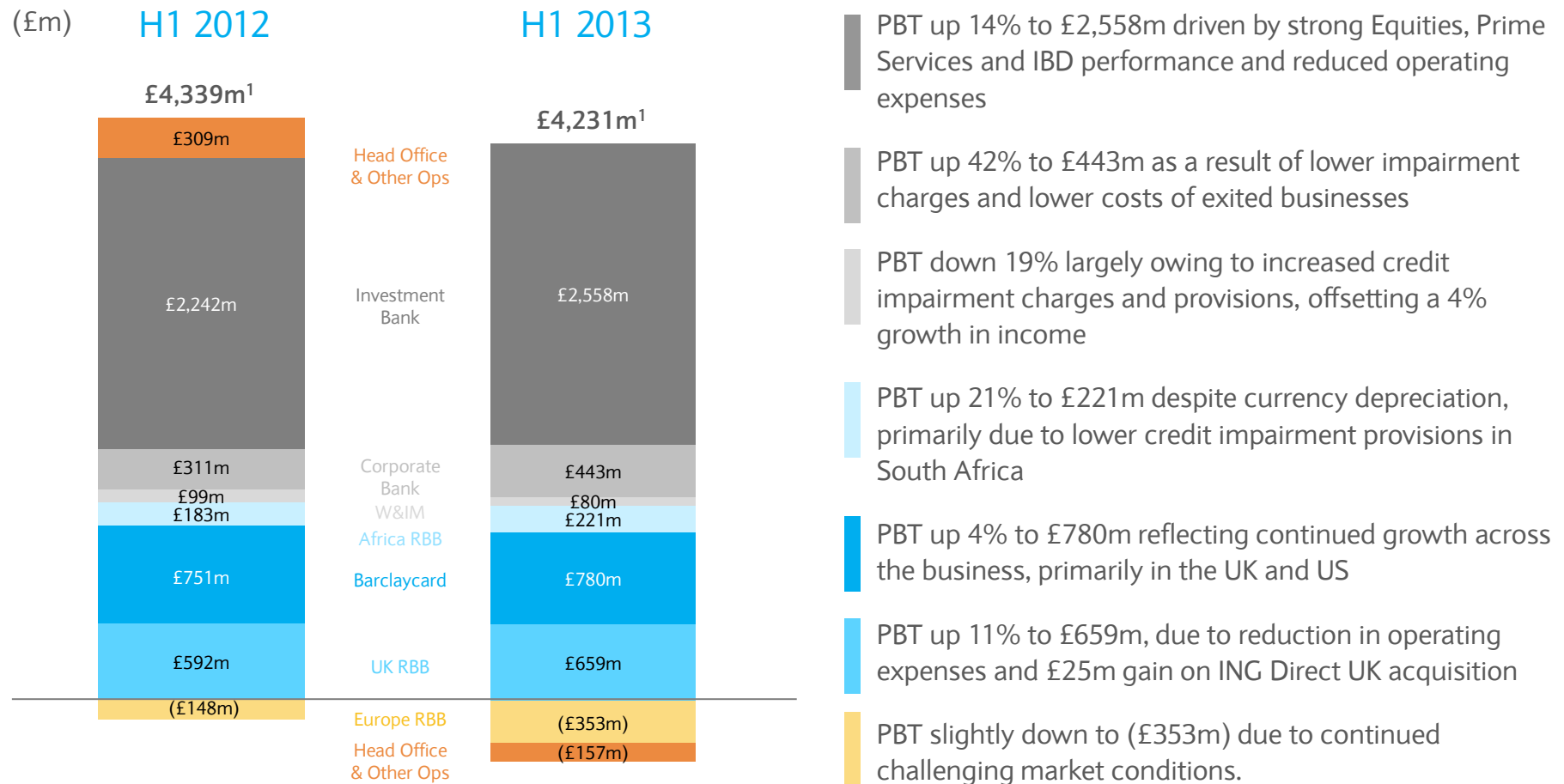
<sup>2</sup> Reflects already identified, low execution risk management actions; £2.0-2.5bn capital equivalent

# Revised Transform financial commitments

	Original 2015 Targets		Revised Targets	Dates
Return on Equity	> CoE	➤	> CoE in 2016	2016
Operating Expenses	£16.8bn	➤	£16.8bn	2015
Cost:Income Ratio	mid-50s	➤	mid-50s	2015
Pro forma B3 RWAs	£440bn	➤	£440bn	2015
Core Capital Ratio	Transitional >10.5%	➤	Fully loaded >10.5%	Early 2015
Dividend Payout Ratio	30%	➤	40-50%	From 2014

# Diversified profit distribution across the Group

Composition of adjusted profit before tax (excl. CTA) demonstrates the diversification benefits inherent in the universal banking model



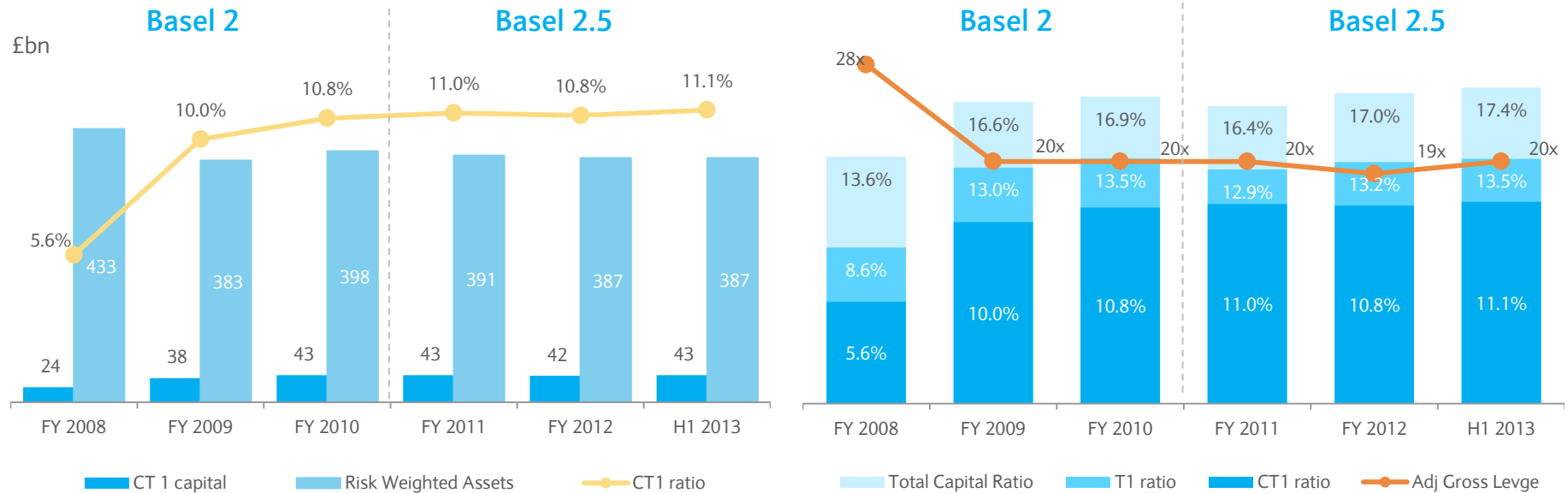
<sup>1</sup> Adjusted PBT excluding £640m of cost to achieve Transform in H1 2013

# Capital & leverage



# Capital and leverage ratios over time

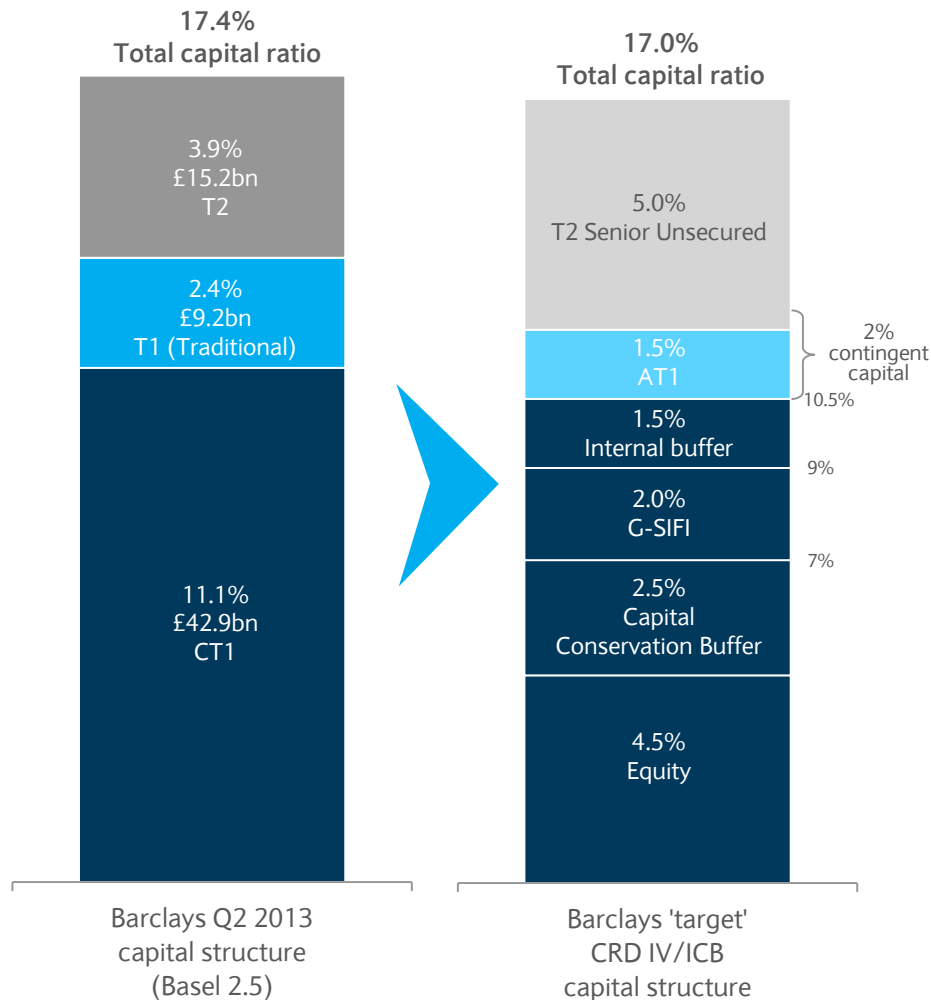
Our financial strength continues to serve us well in the current environment and remains a core component of our strategy going forward



- CT1 ratio has improved significantly since 2008, despite stricter capital and RWA definitions, to reach 11.1% at end of June 2013
- CT1 capital increased c.£1.2bn in H1 2013 driven by exercise of warrants and earnings, partially offset by conduct costs
- RWA stable during the first half of the year at £387bn, reflecting a reduction in Exit Quadrant businesses, but offset by FX movements.
- Barclays also continued to improve its overall capital position, as total capital ratio increased by 30bps during H1 2013 to 17.4%
- Barclays has deleveraged since 2008, as the Bank strengthens its capital position and tightly manages its balance sheet
- Barclays estimates its current CRD IV leverage ratios at 3.1% and 2.5% on a transitional and fully loaded bases respectively.

# End-state capital structure

Our target capital structure embraces upcoming CRD IV requirements and ICB<sup>1</sup> proposals



- Capital plans delivering PRA adjusted 7% fully loaded CET1 ratio by December 2013
- Fully loaded CRD IV CET1 ratio of 10.5% expected to be achieved in early 2015
- Target capital structure anticipates:
  - Expected 9.0% minimum CET1 ratio requirement under CRD IV, excluding counter-cyclical buffer, for G-SIFI<sup>2</sup> banks
  - 1.5% CET1 'internal capital management buffer'
  - 1.5% Additional Tier 1 (AT1) ratio, being the minimum CRD IV requirement
  - 5% Tier 2 (T2)/senior unsecured debt capital to meet ICB 17% PLAC<sup>3</sup> proposal.
- Significant role of contingent capital (currently targeting 2% of RWA) in efficiently achieving our capital goal:
  - AT1 CoCos expected to count towards leverage ratio requirements (1.5% of RWA)
  - T2 CoCos strengthen our capital position (0.5% of RWA).
- Successful issuance of US\$4bn Contingent Capital Notes (CCNs) across two transactions (in November 2012 and April 2013), contributing to the 0.5% T2 layer.

<sup>1</sup> Independent Commission on Banking <sup>2</sup> Global Systemically Important Financial Institution <sup>3</sup> Primary Loss Absorbing Capacity

# Estimated capital and RWAs

Barclays continues to manage its business to absorb the impact of changing regulation on capital and RWA

(£bn)	30 June 2013	
CT1 Capital (FSA 2009 definition)	42.9	
RWAs (Basel 2.5)	387.2	
CT1 Ratio (Basel 2.5)	11.1%	
	<b>CET1 Transitional<sup>1</sup></b>	<b>CET1 Fully-loaded<sup>1</sup></b>
CRD IV impact on CT1 Capital:		
<i>Adjustments not impacted by transitional provisions</i>		
Conversion from securitisation deductions to RWA	0.8	0.8
Prudential Value Adjustments (PVA)	(2.1)	(2.1)
Other	(0.2)	(0.2)
<i>Adjustments impacted by transitional provisions</i>		
Goodwill and intangibles	6.1	-
EL > impairment	0.4	(1.0)
Deferred tax assets deduction	(0.4)	(1.9)
Excess minority interest	(0.2)	(0.6)
Debit Valuation Adjustment (DVA)	(0.1)	(0.3)
Gains on available for sale equity and debt	-	0.5
Non-significant holdings in Financial Institutions	(0.5)	(2.5)
Mitigation of non-significant holdings in Financial Institutions	0.5	2.5
<b>CET1 Capital</b>	<b>47.2</b>	<b>38.1</b>
CRD IV impact on RWA:		
Credit Valuation Adjustment (CVA)		32.2
Securitisation		19.0
Central counterparty clearing		21.7
Other		11.4
<b>Gross impact</b>		<b>84.3</b>
<b>RWAs (CRD IV)</b>		<b>471.5</b>
<b>CET1 Ratio</b>	<b>10.0%</b>	<b>8.1%</b>

<sup>1</sup> Estimated CET1 ratios subject to finalisation of regulation and market conditions

# Estimated CRD IV Capital and RWAs – notes

## Estimated Capital Ratios are based on/subject to the following:

### CRD IV, models and waivers

- We have estimated our CRD IV CET1 ratio, capital resources, RWAs and leverage based on the final CRD IV text assuming the rules applied as at 30 June 2013 on both a transitional and fully loaded basis. The final impact of CRD IV is dependent on technical standards to be finalised by the European Banking Authority (EBA) and on the final UK implementation of the rules
- The impacts assume that all material items in the Internal Model Method application to the PRA are approved and existing waivers, where such discretion is available under CRD IV, will continue.

### Capital Resources

- Transitional CET1 capital is based on application of the CRD IV transitional provisions and the PRA (formerly the FSA) guidance on their application. In line with this guidance, adjustments for own shares and interim losses are assumed to transition in at 100%. Other deductions (including goodwill and intangibles, expected losses over impairment and DVA) transition in at 20% in year 1 (except for AFS debt and equity gains which are 0% in the first year), 40% in year 2, 60% in year 3, 80% in year 4 with the full impact in subsequent years. For the purpose of 30 June 2013 disclosures, the PRA have requested that banks assume 2013 is year 1 of transition. However, our disclosures of CRD IV impacts in previous announcements have reflected 2014 as the first year of application in line with the actual CRD IV implementation date
- The PVA deduction is shown as fully deducted from CET1 upon adoption of CRD IV. PVA is subject to a technical standard being drafted by the EBA and therefore the impact is currently based on methodology agreed with the PRA. The PVA deduction as at 30 June 2013 is £2.1bn gross of tax (December 2012: £1.5bn gross of tax, £1.2bn net of tax), with the increase principally reflecting methodology changes during 2013
- As at 30 June 2013, net long non-significant holdings in financial entities were £9.3bn. This exceeds 10% of CET1 capital resources, which would result in a deduction from CET1 of £2.5bn in the absence of identified management actions to eliminate this deduction. The EBA consultation on Technical Standards for Own funds – Part III identifies potential changes to the calculation that are not reflected in the estimate, including the treatment of tranche positions as indirect holdings, the use of notional values for synthetic exposures and the widening of the scope of eligible entities to include Barclays defined pension benefit funds. Depending on the final implementation and further clarification on the application of the proposals, these changes would potentially have a material impact on the calculation of the non-significant holdings deduction
- The impact of changes in the calculation of allowable minority interest may be different pending the finalisation of the EBA's technical standards on own funds, particularly regarding the treatment of non-financial holding companies and the equivalence of overseas regulatory regimes. The estimated CRD IV numbers calculate the full impact and transitional capital base on the assumption that the Group's holding companies will be deemed eligible and their surplus capital due to minority interests consolidated in accordance with CRD IV rules. Our estimated CRD IV fully loaded CET1 capital base includes £1.7bn of minority interests relating to Absa.

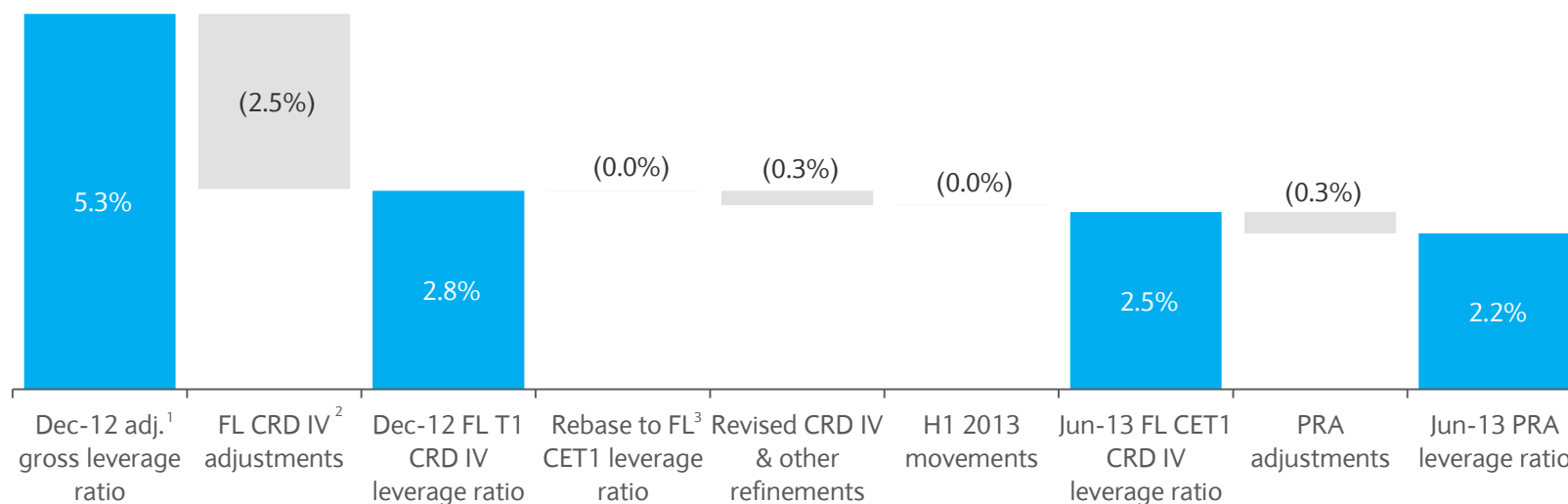
# Estimated CRD IV Capital and RWAs – notes

Estimated Capital Ratios are based on/subject to the following:

## RWAs

- It is assumed that corporates, pension funds and sovereigns that meet the eligibility conditions are exempt from CVA volatility charges
- It is assumed all Central Clearing Counterparties (CCPs) will be deemed to be 'Qualifying'. The final determination of Qualifying status will be made by the European Securities and Markets Authority (ESMA)
- The estimated RWA increase from CRD IV includes 1250% risk weighting of securitisation positions while estimated capital includes an add back of 50/50 securitisations deducted under the current rules
- Estimated RWAs for definition of default assume that national discretion over 180 days definition of default remains for UK retail mortgages
- 'Other' CRD IV impacts to RWAs include adjustments for withdrawal of national discretion of definition of default relating to non UK mortgage retail portfolios, Deferred Tax Assets, Significant Holdings in financial institutions, other counterparty credit risk and other items
- RWAs are sensitive to market conditions. The estimated impact on RWAs for all periods reflects market conditions as at 30 June 2013.

# CRD IV / PRA leverage ratios



£bn (rounded numbers for presentation purposes)

T1 / CET1 capital	51.6	(11.6)	40.0	(0.2)	(2.5)	0.8	38.1	(4.1)	34.0
Leverage exposure	975	438	1,413	-	85	61	1,559	-	1,559

- We will continue to manage our balance sheet on average basis in order to reduce both volatility and absolute level of our adjusted gross leverage
- Additional focus on optimising the business for fully-loaded CRD IV requirements.

<sup>1</sup> Pre-restatement published on 16 April 2013

<sup>2</sup> FL: fully loaded

<sup>3</sup> Relates to Absa minority interest excluded from CET1 CRD IV leverage ratio

# Liquidity & funding

# Balance sheet wholesale funding<sup>1</sup>

While the balance sheet totals £1.5tn, wholesale funding requirements are limited to £217bn as a consequence of its structure

(£bn)

Trading portfolio assets	259	=	259	Repurchase agreements
Reverse repurchase agreements				
Reverse repurchase agreements	59	=	59	Trading portfolio liabilities
Derivative financial instruments	401	>	394	Derivative financial instruments
Liquidity pool	138	>	93	< 1 year wholesale debt
Other unencumbered assets	136	<	181	> 1 year wholesale debt and equity

- Trading portfolio assets and reverse repurchase agreements largely funded in wholesale markets by repurchase agreements and trading portfolio liabilities
- The majority of the reverse repurchase agreements are matched by repurchase agreements<sup>2</sup>. The remainder of reverse repurchase agreements are used to settle trading portfolio assets
- Derivative assets and liabilities are largely matched
- Liquidity pool is funded by wholesale debt, the majority of which matures in less than one year
- Decreasing reliance on wholesale funding (£217bn as at 30 June 2013).

<sup>1</sup> Figures on this slide exclude Absa

<sup>2</sup> As at 30 June 2013, 80% (31 December 2012) of matched book activity was secured against highly liquid assets, limited to government bonds, US agency securities, and US agency mortgage-backed securities. Includes collateral swaps



# Liquidity pool

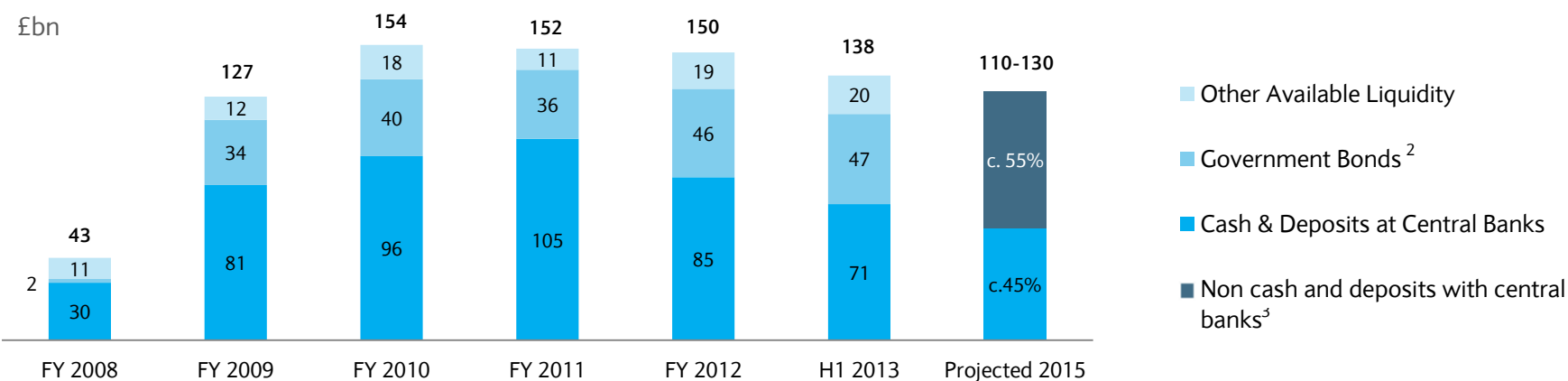
Barclays efficiently maintains a strong and high-quality liquidity pool consisting of unencumbered assets

- £138bn liquidity pool, with 86% held in cash, deposits with central banks and high quality government bonds
- Although not a requirement, the pool exceeds wholesale funding maturing in less than one year
- £14bn surplus against both 1-month Barclays specific stress test and anticipated LCR.

## 2013-2015 strategy:

- Right-size liquidity pool, in context of prevailing market conditions, without altering our Liquidity Risk Appetite (LRA)
  - Optimise pool composition while maintaining conservative approach and investing only in very high quality assets
- Expect to reduce liquidity cost to less than £300m by 2015, excluding benefits from reduced funding cost in slide 18.

	Barclays specific 1 month	Basel 3 – LCR <sup>1</sup> 1 month	Basel 3 – NSFR 1 year
30.06.2013	111%	111%	105%
31.12.2012	129%	126%	104%



<sup>1</sup> January 2013 revised text

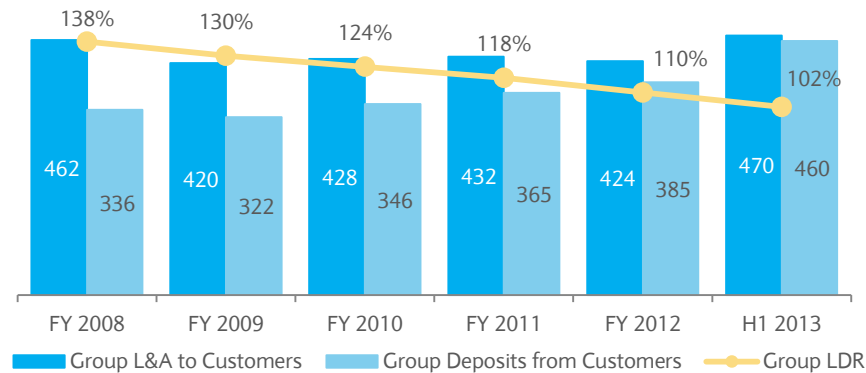
<sup>2</sup> in 2011, 2012 and 2013, over 80% from the UK, the US, Japan, France, Germany, Denmark, Switzerland and the Netherlands

<sup>3</sup> Government bonds and other highly liquid and unencumbered assets

# Funding

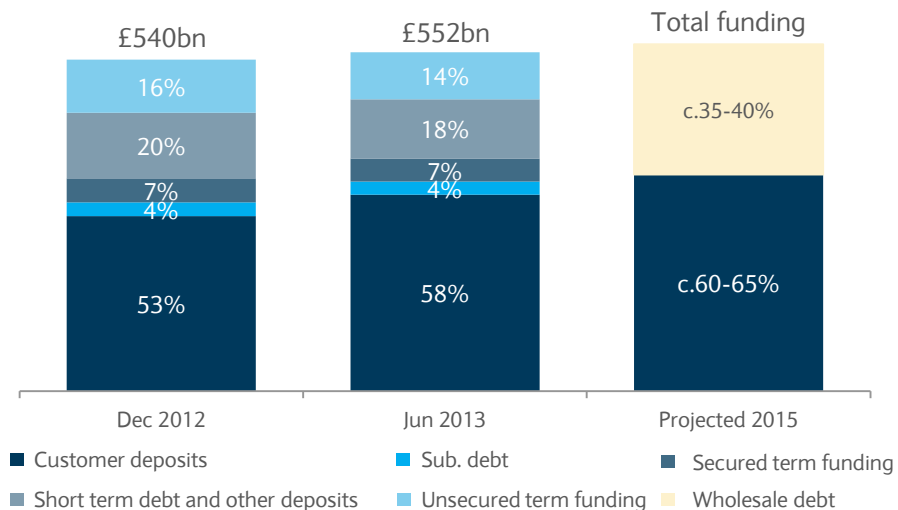
Diverse funding sources, across customer deposits and wholesale debt, provide protection against unexpected fluctuations

£bn



- Group Loan to Deposit Ratio (LDR) has improved to 102% as at 30 June 2013
- LDR improvement in H1 2013 driven by ING Direct UK acquisition and additional deposit taking, while continuing lending to customers
- Total funding increased as deposit growth exceeded reduction in wholesale funding.

## 2011-2015 total funding (excl. Absa)



## 2013-2015 strategy

- Group LDR of c.103-107% ratio targeted by 2015
- Optimisation of balance sheet funding through:
  - Substitution of unsecured with secured debt
  - Optimisation of term structure
  - Refinancing at lower market spreads
  - Replacement of wholesale debt with customer deposits.
- Improved risk profile: more stable and diverse sources of funds
- Lower senior funding cost: projected annual savings of £400- 450m by 2015.

# Wholesale funding

Despite reduced requirements for wholesale funding, Barclays maintains access to a variety of secured and unsecured funding sources across multiple currencies and maturities

## 2013

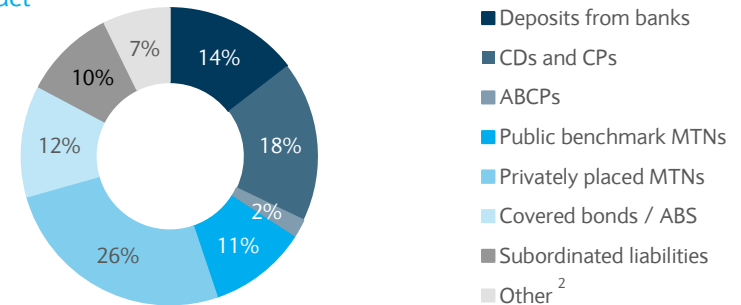
- Total wholesale funding of £217bn as at 30 June 2013 (2012: £240bn):
  - £93bn matures in less than one year (2012: £102bn)
  - £30bn matures within one month (2012: £29bn)
- £7bn of term funding maturities for remaining of 2013
- US\$1bn contingent capital issuance in April 2013, in conjunction with liability management exercise targeting Tier 2 securities.

## 2013-2015 strategy

- Reduction in wholesale funding requirements, due to increased deposit taking and legacy asset run-off
- Growing usage of secured funding, while maintaining customer L&A encumbrance levels below 25% (H1 2013: 14%)
- Continued participation in Bank of England's FLS
- Continued support to a viable and scalable contingent capital market
- Stabilisation of WAM (excl. liquidity pool) at c.54-57 months
- Commitment to public benchmark issue.

## Diverse wholesale funding base<sup>1</sup> (as at 30 June 2013)

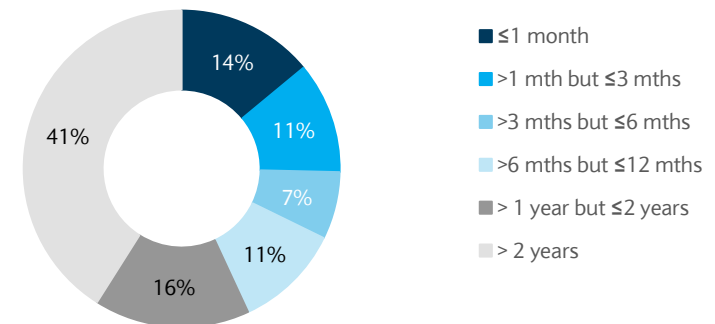
### By Product



### By Currency

	USD	EUR	GBP	Others
As at 30 June 2013	36%	34%	21%	9%
As at 31 December 2013	31%	38%	22%	9%

### By remaining maturity: WAM excl. liquidity pool ≥ 61 months

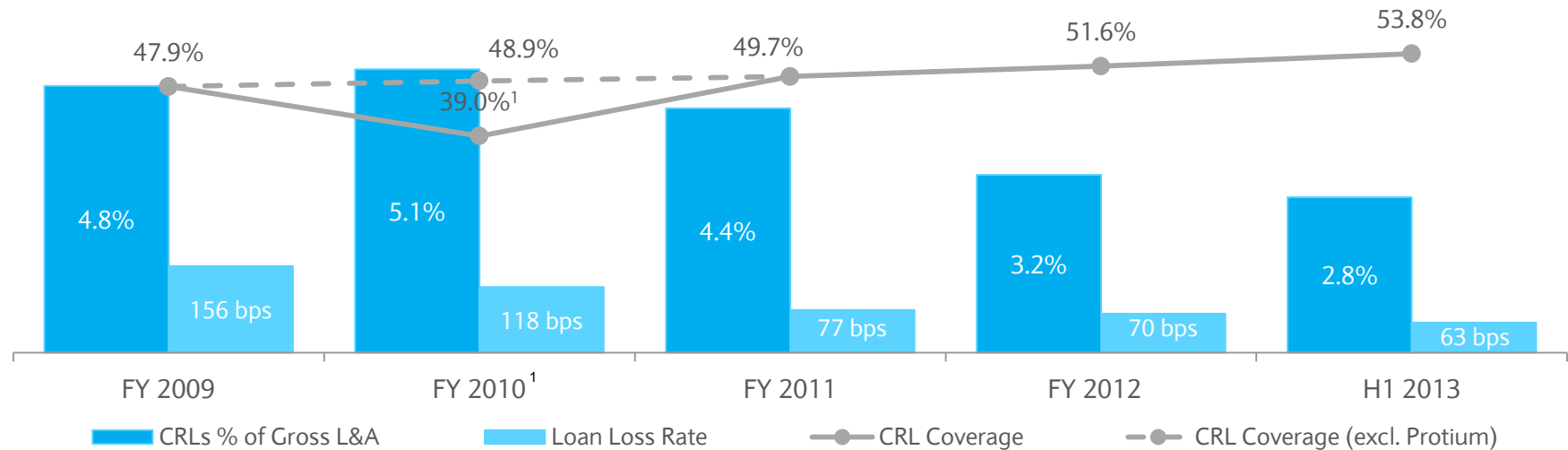


<sup>1</sup> As defined in p.59 of Barclays PLC – 2013 Interim Results Announcement, 30 June 2013, see also slide 46 <sup>2</sup> Including gold repo (£7.4bn) and fair valued deposits (£5.7bn)

# Asset quality

# Strong asset quality

Despite a challenging macroeconomic environment, retail and wholesale portfolios continue to perform well, as evidenced by limited Credit Risk Loans (CRLs) and declining loan loss rates



Continuous reduction in CRL balances reflecting Barclays conservative approach to credit risk management

- CRL balances decreased by 3% in H1 2013 reflecting improvements in both the wholesale and retail portfolios
- CRL coverage strengthened further to 53.8%
- Loan Loss Rate continued to improve, due to the improved impairment performance coupled with an expansion in loan balances.

Definitions:

- CRLs consist of impaired loans, accruing past due 90 days or more and impaired or restructured loans

$$\text{Loan loss rate} = \frac{\text{annualised impairment charge}}{\text{gross loans \& advances}}$$

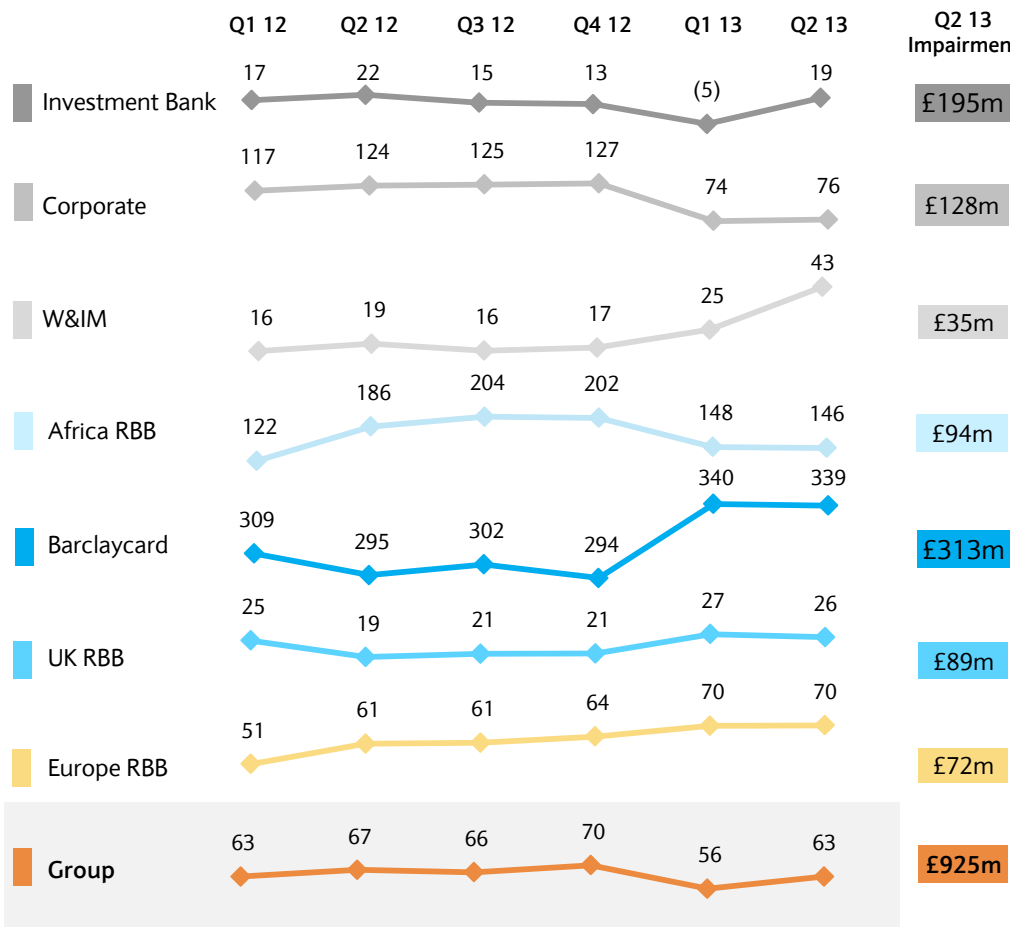
$$\text{CRL coverage} = \frac{\text{impairment allowance}}{\text{Credit Risk Loans}}$$

<sup>1</sup> FY 10 CRLs include £7,560m loan to Protium, with associated £532m impairment charge

# Impairments well contained

Reduction in credit impairment charges in H1 2013 reflects improvements in Corporate Banking and Africa RBB, partially offset by increases in other businesses

## Loan loss rate (bps)<sup>1</sup>



<sup>1</sup> annualised

### Q2 13 Impairment

£195m

£128m

£35m

£94m

£313m

£89m

£72m

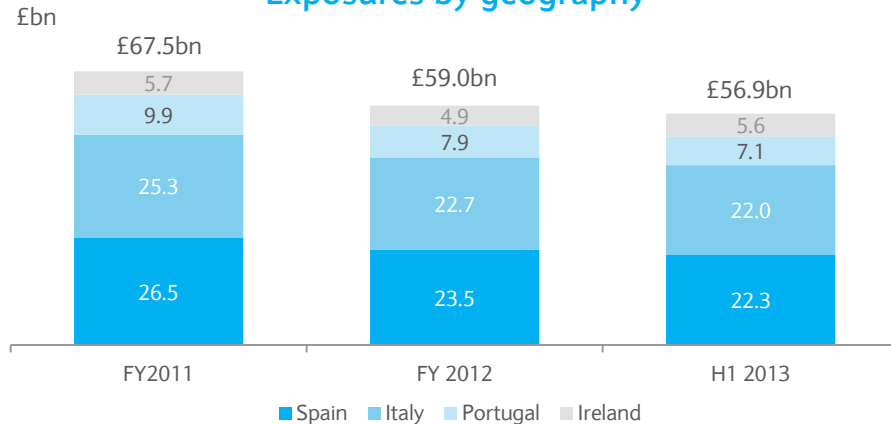
£925m

- Stable loan loss rate (LLR) trend at group level reflecting Barclays' well managed and conservative risk profile
- Group LLRs remain significantly below longer term average of 91bps
- Improved performance in wholesale lending in H1 2013 reflects lower charges in Corporate Banking in Europe despite the challenging nature of the economic conditions in that region
- Higher charges in retail businesses principally reflects
  - Increase in South Africa Card portfolios in Barclaycard, including the impact of portfolio acquisitions. Barclaycard LLRs in the UK and US trending at low levels
  - Increased impairments in UK RBB principally due to the non-recurrence of provision releases in 2012.
- Increase in the IB in Q2 2013 reflects a charge against a single name exposure, partially offset by a number of releases.

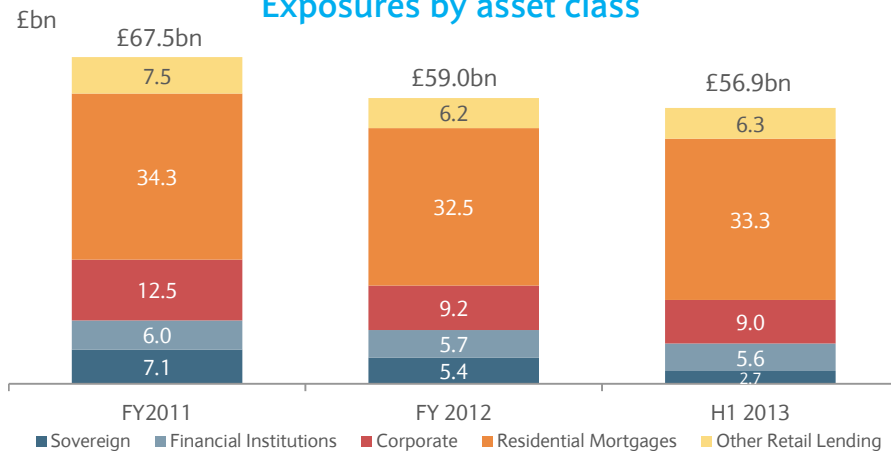
# Reduced exposure to the Eurozone periphery

Barclays continues to manage down its direct exposures to the Eurozone periphery, while reducing redenomination risk in Spain and Portugal

## Exposures by geography



## Exposures by asset class

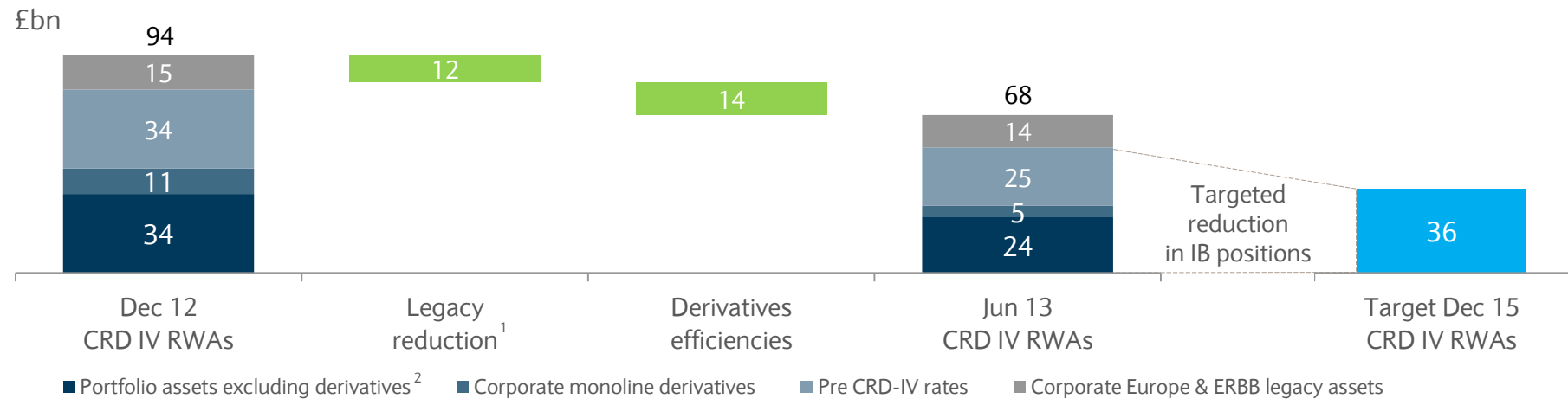


- Active management of exposure to Eurozone periphery countries
- Exposure to Spain, Italy, Portugal and Ireland reduced to £56.9bn over H1 2013, as sovereign exposures decreased by 50% to £2.7bn
- Barclays repaid €1.2bn of funding raised through the ECB's 3 year LTRO in H1 2013, leaving €7bn outstanding as at 30 June 2013
- Spain and Portugal local net funding mismatches stable over H1 2013
  - Spain; €1.8bn funding surplus (2012: €2.3bn)
  - Portugal: €4.4bn funding gap (2012: €4.1bn)
  - Italy: €13.6bn funding gap (2012: €11.8bn)<sup>1</sup>.

<sup>1</sup> Redenomination risk significantly lower in Italy where we also have collateral available to support additional secured funding should the risk increase

# Exit Quadrant

With a good track record in reducing legacy assets, we now focus on reducing our expanded Exit Quadrant portfolios



- As a result of the strategic review, the scope of assets targeted for active run-down was expanded to £94bn on an estimated CRD IV basis to include businesses that have become uneconomic and erode current returns
- We target a reduction of the legacy positions in the Investment Bank to £36bn of estimated CRD IV RWAs by December 2015
- Between 2008 and 2012, Barclays successfully managed down legacy assets, reducing the CME portfolio by c.80% based on total assets
- In H1 2013, Exit Quadrant businesses CRD IV RWAs in the Investment Bank declined by £24bn driven by £10bn of legacy asset reductions and £14bn of derivatives optimisation.

<sup>1</sup> £10bn of the legacy reduction relates to the Investment Bank <sup>2</sup> Portfolio assets include credit market exposures and additional legacy assets



# Credit ratings

# Rating and outlook changes

Despite re-rating of sector by all main rating agencies in the last 18 months, Barclays' rating remains strong and in line with peers'

	Barclays Bank plc	
	1 Jan 2012	31 Jul 2013
<b>Standard &amp; Poor's</b>		
Long Term	A+ (Stable)	A (Stable)
Short Term	A-1	A-1
Stand-Alone Credit Profile (SACP)	a-	bbb+
<b>Moody's</b>		
Long Term	Aa3 (Negative)	A2 (Negative)
Short Term	P-1	P-1
Bank Financial Strength Ratio (BFSR)	c (Stable)	c (Stable)
<b>Fitch</b>		
Long Term	A (Stable)	A (Stable)
Short Term	F1	F1
Visibility Rating	a	a
<b>DBRS</b>		
Long Term	AA High (Stable)	AA (Negative)
Short Term	R-1 High (Stable)	R-1 High (Negative)

- Barclays' ratings and outlooks have been adversely impacted by:
  - Global economic slowdown and prolonged crisis in the Eurozone area
  - Credit rating agency reassessments of risks inherent with large and complex capital market operations.
- Current ratings reflect Barclays' "strong franchise", "historically low earnings volatility relative to peers", "diverse revenue streams", "strong asset quality relative to peers" and "sound financial profile"
- Opposite table reflects S&P one-notch downgrade of BBPLC's long-term and SACP ratings on 2 July 2013 resulting from its view of increased risk for some large Europe-based banks operating in investment banking. BBPLC's short-term rating of A-1 was affirmed
- Barclays Leverage Plan viewed as "credit positive" for bondholders.

# Credit rating management

Barclays prudently manages the impact of credit ratings on the Group's funding and liquidity positions

- Provision of relevant information to credit rating agencies so they take informed and independent views of Barclays' credit worthiness
- Potential outflows related to a multiple-notch credit downgrade are included in the Liquidity Risk Appetite (LRA)
- Barclays reserves for potential rating action in its liquidity pool
- The below table shows contractual collateral requirements and contingent obligations following potential future one and two notch long-term and associated short-term simultaneous downgrades across all credit rating agencies<sup>1</sup>
- The S&P downgrade on 2 July 2013 did not have a significant impact on Barclays contractual exposure.

Contractual credit rating downgrade exposure (as at 30 June 2013)

	One-notch	Two-notch
Total cumulative cash outflow	£bn	£bn
Securitisation derivatives	7	9
Contingent liabilities	6	6
Derivatives margining	--	1
Liquidity facilities	1	1
<b>Total</b>	<b>14</b>	<b>17</b>

<sup>1</sup>These numbers do not include the potential liquidity impact from loss of unsecured funding, such as from money market funds or loss of secured funding capacity

# Summary

## Business Model

A major global financial services provider with strong customer focus and client franchise  
Diversified businesses, in multiple geographies, delivering resilient underlying earnings

## Capital

Solid capital position with clear plan to deliver fully loaded CRD IV CET1 ratio in excess of 10.5% by December 2015  
Making good progress in delivery of RWA optimisation plans, to offset the impact of new regulation and grow selected businesses

## Leverage

Acceleration of actions to deliver a PRA-defined leverage ratio of 3% by June 2014, with no material impact on our revenue  
Rights issue included in leverage plans would result in a 123bps increase in our estimated CET1 ratios

## Liquidity & Funding

Diversified funding base, combining customer deposits and wholesale funding, in multiple currencies and different maturities  
Sound liquidity position, already compliant with anticipated CRD IV requirements – Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR)

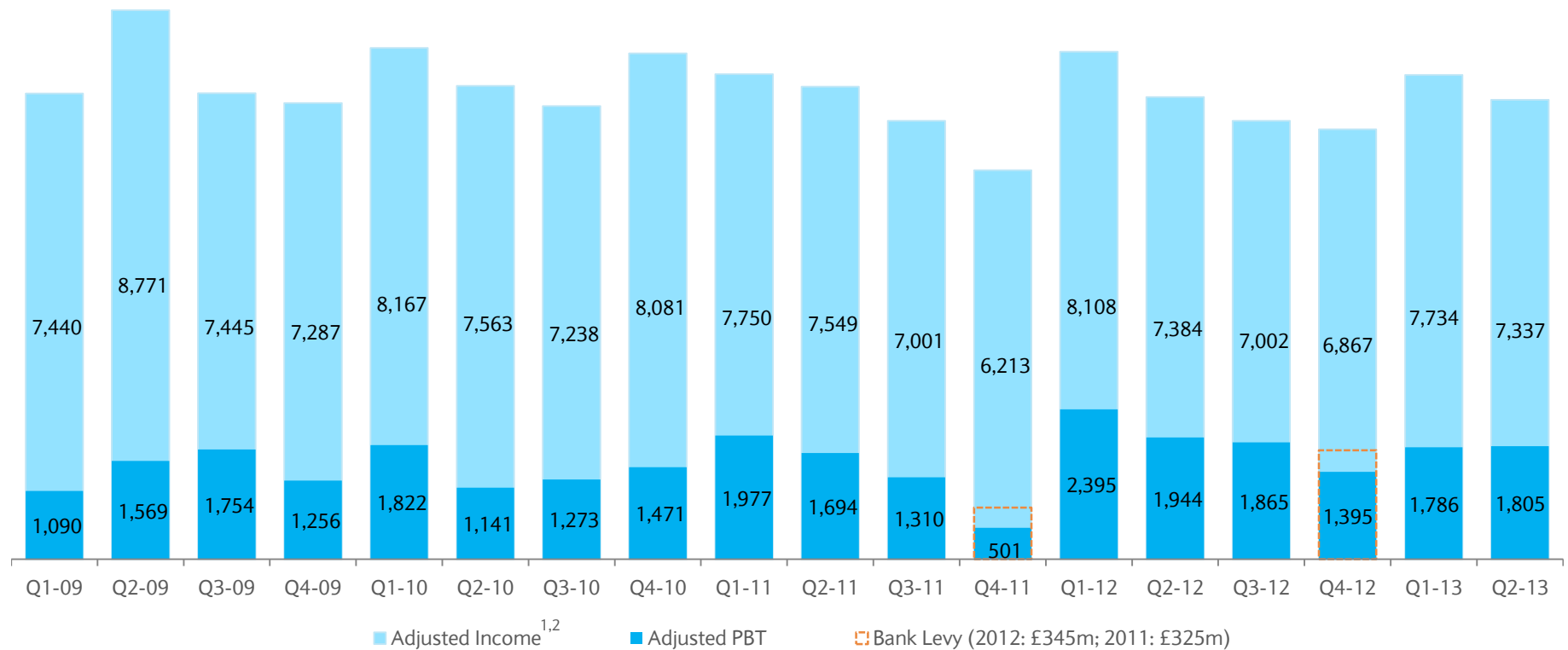
## Regulation

Strengthening financial position and processes to maximise business stability and continuity  
Proactive and practical approach to managing regulatory changes, including structural reform

# Appendix

# Resilient performance

£m



<sup>1</sup> Net of insurance claims 2011 <sup>2</sup> Please see slide 33 for adjusting items and respective quarterly reports for further details

# Net interest income

Six months ended – June	2013 (£m)	2012 (£m)
Customer assets	3,506	3,320
Customer liabilities	1,599	1,571
Total customer income <sup>1</sup>	5,105	4,891
Product structural hedge	433	487
Equity structural hedge	149	154
Other	(59)	(24)
Total non-customer income <sup>1</sup>	523	617
Total RBB, Barclaycard, Corporate Banking and Wealth and Investment Management	5,628	5,508
Investment Bank	86	364
Head Office and Other Operations	(137)	257
<b>Group net interest income</b>	<b>5,577</b>	<b>6,129</b>

<sup>1</sup> Includes RBB, Barclaycard, Corporate Banking and Wealth and Investment Management

# Net interest margins and volumes

Six months ended – June 2013	UK RBB	Europe RBB	Africa RBB	Barclay-card	Corporate Banking	Wealth and IM	Total <sup>1</sup>	Total interest income <sup>1</sup> (£m)
Net interest margin (%):	1.27	0.81	3.11	8.36	1.23	1.08	1.77	5,628
<i>Of which customer margin (%)</i>	<i>1.03</i>	<i>0.45</i>	<i>2.94</i>	<i>8.61</i>	<i>1.14</i>	<i>0.94</i>	<i>1.60</i>	<i>5,105</i>
Average customer assets (£m)	132,778	40,129	28,925	35,984	67,168	22,145	327,129	
Average customer liabilities (£m)	124,312	14,124	18,722	3,226	95,875	58,436	314,695	

Six months ended – June 2012								
Net interest margin (%):	1.38	0.78	3.23	8.99	1.27	1.25	1.86	5,508
<i>Of which customer margin (%)</i>	<i>1.03</i>	<i>0.46</i>	<i>3.01</i>	<i>9.71</i>	<i>1.15</i>	<i>0.98</i>	<i>1.66</i>	<i>4,891</i>
Average customer assets (£m)	122,343	41,207	32,386	32,832	69,768	19,137	317,673	
Average customer liabilities (£m)	110,540	15,523	19,783	n/m	83,357	48,264	277,467	

<sup>1</sup> Includes RBB, Barclaycard, Corporate Banking and Wealth and Investment Management



## Adjusting items to profit before tax<sup>1</sup>

Six months ended – June	2013 (£m)	2012 (£m)	Change (%)
Statutory profit before tax	1,677 <sup>1</sup>	871	
Own credit (gain)/charge	(86)	2,945	
Gain on disposal of BlackRock investment	-	(227)	
Provision for PPI redress	1,350	300	
Provision for interest rate hedging products redress	650	450	
<b>Adjusted profit before tax</b>	<b>3,591<sup>1</sup></b>	<b>4,339</b>	<b>(17)</b>

<sup>1</sup> Includes costs to achieve Transform of £640m

# Adjusted profit before tax by cluster<sup>1</sup>

Six months ended – June	2013 (£m)	2012 (£m)	Change (%)
UK RBB	632	592	7
Europe RBB	(709)	(148)	
Africa RBB	212	183	16
Barclaycard	775	751	3
Investment Bank	2,389	2,242	7
Corporate Banking	402	311	29
Wealth and Investment Management	47	99	(53)
Head Office and Other Operations	(157)	309	
<b>Group</b>	<b>3,591</b>	<b>4,339</b>	<b>(17)</b>

<sup>1</sup> Includes costs to achieve Transform of £640m

# Impact of costs to achieve Transform

Adjusted performance measures by business, excluding costs to achieve Transform	Six months ended – June			
	Costs to achieve Transform (£m)	Profit before tax (£m)	Return on average equity (%)	Cost:Income ratio (%)
UK RBB	(27)	659	12.7	63
Europe RBB	(356)	(353)	(25.6)	120
Africa RBB	(9)	221	3.6	68
Barclaycard	(5)	780	19.5	41
Investment Bank	(169)	2,558	16.5	58
Corporate Banking	(41)	443	7.8	55
Wealth and Investment Management	(33)	80	4.5	87
Head Office and Other Operations	-	(157)	(2.2)	(18)
<b>Group excluding costs to achieve Transform</b>	<b>(640)</b>	<b>4,231</b>	<b>9.5</b>	<b>61</b>

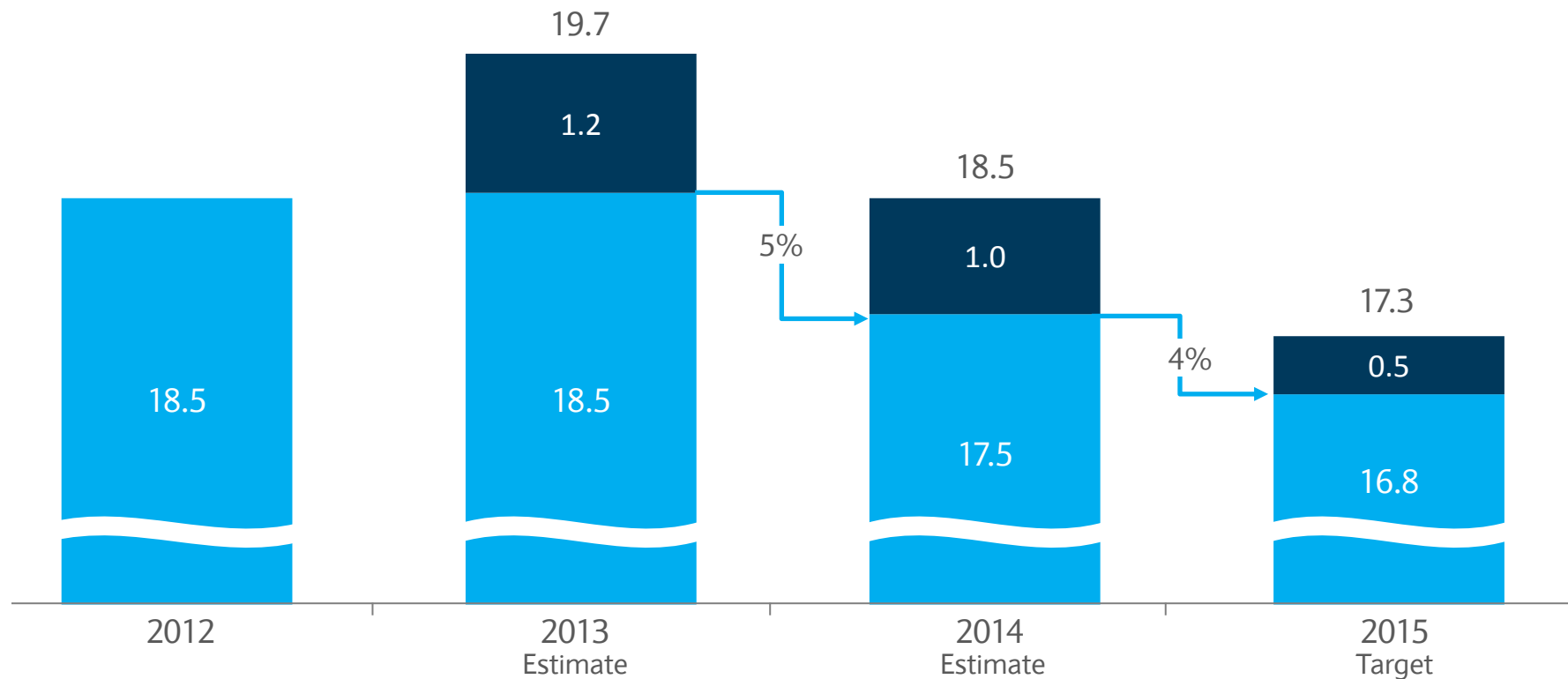
# Transform – costs update

Over the next 3 years, results will be affected by 'cost to achieve' charges, delivering benefits to cost base and customer proposition beyond 2015

(£bn)

## Adjusted operating expenses

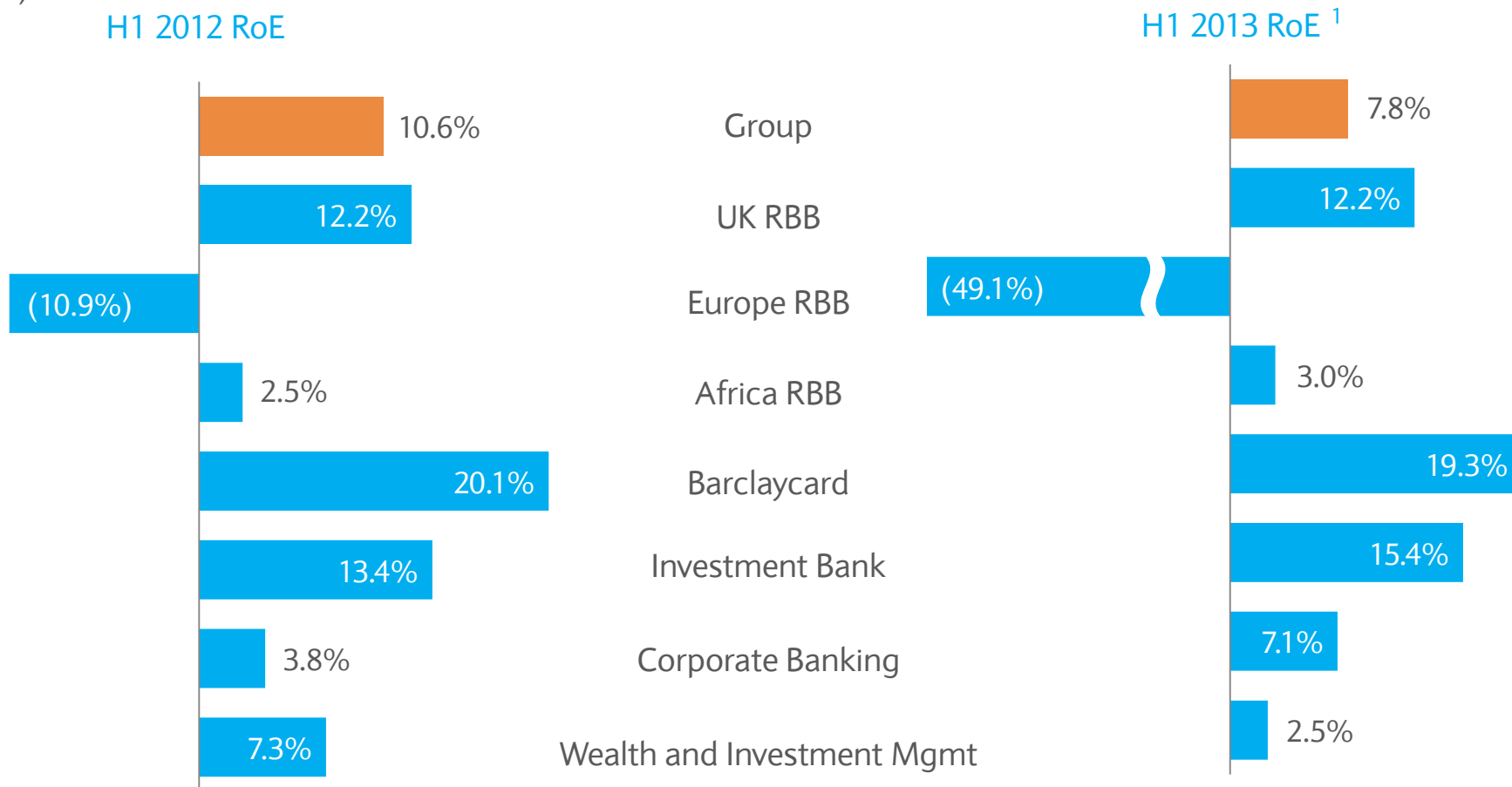
- Cost to achieve
- Operating expenses



# Adjusted Return on Equity (RoE)

RoE improvements in three of seven businesses, with the Investment Bank achieving 15.4% and Barclaycard 19.3%

(%)



<sup>1</sup> Includes effect of costs to achieve – for RoE excluding costs to achieve, see slide 35

# Movements in CRD IV and PRA leverage ratios

(£bn)	FY 12 Pillar 3	Revised CRD IV & other refinements	FY 12 revised estimate <sup>1</sup>	H1 13 movements	H1 13 RA
Derivative financial assets	469	-	469	(66)	403
Reverse repurchase agreements and other similar secured lending	177	-	177	46	223
Loans & advances and other assets	844	(2)	842	65	907
<b>Total assets (IFRS balance sheet)</b>	<b>1,490</b>	<b>(2)</b>	<b>1,488</b>	<b>45</b>	<b>1,533</b>
<i>Derivatives netting adjustment</i>	<i>(390)</i>	<i>-</i>	<i>(390)</i>	<i>66</i>	<i>(324)</i>
<i>Potential future exposure (PFE) add-on</i>	<i>161</i>	<i>126</i>	<i>287</i>	<i>21</i>	<i>308</i>
<i>SFT adjustments</i>	<i>(5)</i>	<i>(53)</i>	<i>(58)</i>	<i>(72)</i>	<i>(130)</i>
<i>Undrawn commitments</i>	<i>179</i>	<i>8</i>	<i>187</i>	<i>3</i>	<i>190</i>
<i>Regulatory deductions and other adjustments</i>	<i>(22)</i>	<i>6</i>	<i>(16)</i>	<i>(2)</i>	<i>(18)</i>
<b>CRD IV exposure measure adjustments</b>	<b>(77)</b>	<b>87</b>	<b>10</b>	<b>16</b>	<b>26</b>
Fully loaded CRD IV leverage exposure measure	1,413	85	1,498	61	1,559
CRD IV fully loaded Tier 1 capital	40.0	(2.5)	37.5	0.8	38.3
<b>CRD IV fully loaded leverage</b>	<b>2.8%</b>		<b>2.5%</b>		<b>2.5%</b>
CRD IV fully loaded CET1 capital	39.8	(2.5)	37.3	0.8	38.1
<i>Additional Prudential Value Adjustment</i>					<i>(2.1)</i>
<i>Other valuation adjustments</i>					<i>(2.0)</i>
<b>PRA CET1 adjustments</b>					<b>(4.1)</b>
PRA adjusted fully loaded CET 1 capital					34.0
<b>PRA leverage ratio</b>					<b>2.2%</b>
<b>CET1 capital gap to 3% PRA leverage target</b>					<b>12.8</b>
<b>Leverage exposure gap to 3% PRA leverage target</b>					<b>427</b>

<sup>1</sup> Represents revised estimate of leverage incorporating changes following the issuance of the final CRD IV text in June 2013, including updates to methodology arising from changes in the text and other refinements to the calculations, applied as at 31 December 2012

# Notes on exposure measure adjustments

- **Derivatives netting adjustment:** Regulatory netting applied across asset and liability mark-to-market derivative positions, pursuant to legally enforceable bi-lateral netting agreements and otherwise meeting the requirements set out in CRD IV
- **Potential Future Exposure (PFE) add-on:** Regulatory add on for potential future credit exposure on both exchange traded and OTC derivative contracts, calculated by assigning a standardised percentage (based on underlying risk category and residual trade maturity) to the gross notional value of each contract. PFE measure recognises some netting benefits where legally enforceable bi-lateral netting agreements are in place, but these are floored at 40% of gross PFE by netting set, regardless of whether a positive or negative mark-to market exists at the individual trade level. Identified low risk management actions to reduce PFE add-ons are expected through improved application of existing legal netting agreements and further data quality enhancements
- **Securities Financing Transactions (SFT) adjustments:** under CRD IV the IFRS exposure measure for SFTs (e.g. repo/reverse repo) is replaced with the Financial Collateral Comprehensive Method (FCCM) measure. FCCM is calculated as exposure less collateral, taking into account legally enforceable master netting agreements, with standardised adjustments to both sides of the trade for volatility and currency mismatches. Identified low risk management actions to reduce SFT leverage exposure under CRD IV are expected through improvements in the application of collateral and enhanced trade and counterparty data
- **Undrawn Commitments:** Regulatory add on relating to off balance sheet undrawn commitments based on a credit conversion factor of 10% for unconditionally cancellable commitments and 100% for other commitments. The rules specify additional relief to be applied to trade finance related undrawn commitments which are medium/low risk (20%) and medium risk (50%). For Barclays, this relief is not estimated to be material.

## RWAs by Business

Risk weighted assets were broadly flat; increase in business activity offset by currency movements, methodology and model changes

As at	30 Jun 13 (£m)	31 Dec 12 (£m)
UK RBB	43,609	39,088
Europe RBB	16,733	15,795
Africa RBB	25,492	24,532
Barclaycard	38,801	37,836
Investment Bank	168,842	177,884
Corporate Banking	73,120	70,858
Wealth and Investment Management	16,979	16,054
Head Office and Other Operations	3,654	5,326
<b>Total RWAs</b>	<b>387,230</b>	<b>387,373</b>



## Stable exposure to the Eurozone periphery<sup>1</sup>

As at 30 June 2013	Spain (£m)	Italy (£m)	Portugal (£m)	Ireland (£m)	Total (£m)
Sovereign	292	1,967	388	26	2,673
Corporate	4,976	1,489	1,357	1,144	8,966
Residential mortgages	13,546	16,034	3,595	108	33,283
Financial institutions	1,028	390	30	4,194	5,639
Other retail lending	2,436	2,072	1,720	114	6,342
<b>Total<sup>1</sup></b>	<b>22,278</b>	<b>21,952</b>	<b>7,090</b>	<b>5,586</b>	<b>56,906</b>
Total as at 31 December 2012	23,463	22,725	7,900	4,928	59,016

<sup>1</sup> Total net on-balance sheet exposure as at 30 Jun 2013 for Cyprus and Greece was £207m and £69m respectively

# Spanish exposures

## Retail

- Average balance weighted marked to market LTV of 65.7%
- 0.7% of home loans greater than 90 days in arrears<sup>1</sup>.

## Corporate

- £3.1bn net lending to corporates and £1.0bn impairment providing 58% coverage on £1.7bn CRLs
- This includes £1.7bn net lending to property and construction with £0.7bn impairment providing CRL coverage of 61%.

## Sovereign

- Sovereign holdings of £0.3bn largely consist of holdings in government bonds held at fair value through profit and loss

## Redenomination

- Local net funding surplus decreased from €2.3bn to €1.8bn during H1 2013 driven by partial repayment of the LTRO

## Gross mortgage exposure by location of outstanding balances<sup>2</sup>



<sup>1</sup> Greater than 90 days in arrears exclude recovery balances <sup>2</sup> As at 31 December 2012

# Portuguese exposures

## Retail

- Average balance weighted LTVs of 79.7%
- 0.4% of home loans greater than 90 days in arrears<sup>1</sup>

## Corporate

- £1.1bn net lending to corporates and £0.3bn impairment providing 58% coverage on £0.5bn CRLs
- This includes £0.3bn net lending to property and construction

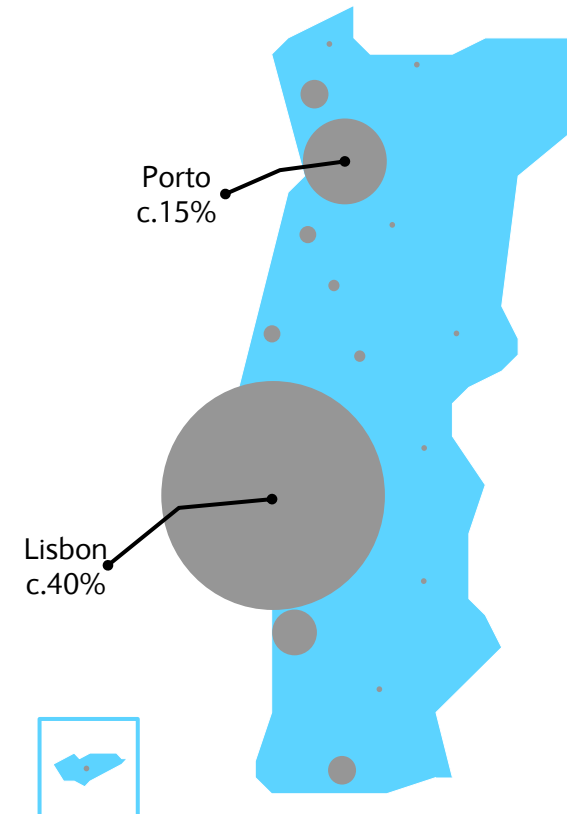
## Sovereign

- Sovereign holdings of £0.4bn largely consist of AFS government bonds. No impairment and £5m (December 2012: £4m loss) cumulative fair value gain held in the AFS reserve

## Redenomination

- Local net funding mismatch increased from €4.1bn to €4.4bn during H1 2013 driven by partial repayment of the LTRO

## Gross mortgage exposure by location of outstanding balances<sup>2</sup>



<sup>1</sup> Greater than 90 days in arrears exclude recovery balances      <sup>2</sup>As at 31 December 2012

# Italian exposures

## Retail

- Average valuation weighted marked to market LTVs of 46.6%
- 1.0% of home loans greater than 90 days in arrears<sup>1</sup>

## Corporate

- £1bn net lending to corporates focused on large corporate clients with very limited exposure to property sector
- Balances in early warning lists broadly stable, excluding the inclusion of a single counterparty

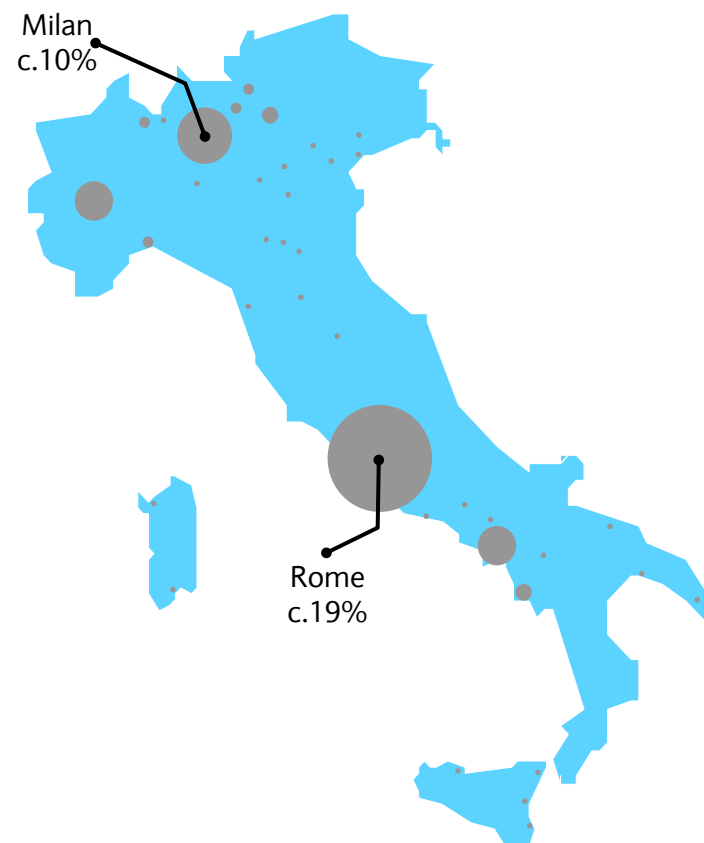
## Sovereign

- Sovereign holdings of £1.2bn largely consist of government bonds held at fair value through profit and loss and AFS government bonds with a £14m cumulative fair value gain in the AFS reserve

## Redenomination

- Local net funding mismatch increased from €11.8bn to €13.6bn during H1 2013

## Gross mortgage exposure by location of outstanding balances<sup>2</sup>



<sup>1</sup> Greater than 90 days in arrears exclude recovery balances      <sup>2</sup> As at 31 December 2012

# Liquidity & funding management framework

Barclays has developed a dynamic liquidity framework and a diversified funding base, while maintaining protection against unexpected fluctuations

## Liquidity risk framework

- Liquidity framework meets the Prudential Regulation Authority (PRA) standards
- Liquidity framework ensures that sufficient financial resources of appropriate quality are maintained
- Barclays manages its liquidity pool at Group level and allocates costs to businesses based on their liquidity risk appetite
- Barclays has established the Liquidity Risk Appetite (LRA) providing a Group-wide perspective
- LRA is measured with reference to the liquidity pool as a percentage of anticipated stressed net outflows for each of the following three scenarios:
  - a Barclays-specific stress event (1 month)
  - a market-wide stress event (3 months)
  - a combination of the two (1 month)
- Under normal market conditions, the liquidity pool must exceed 100% of anticipated outflows
- Since June 2010, Barclays reports its liquidity against PRA's Individual Liquidity Guidance (ILG)

## Funding structure

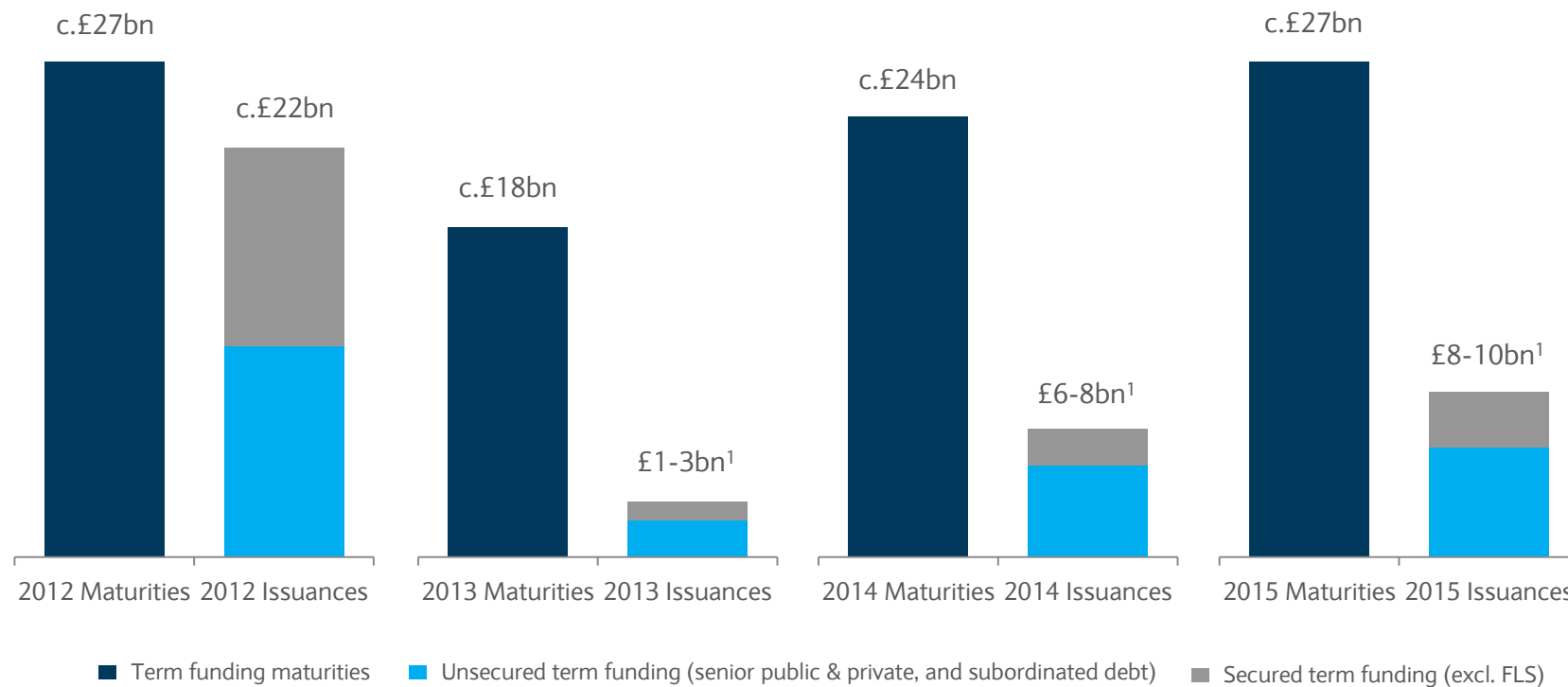
- Barclays maintains access to a variety of alternative funding sources (deposits, secured and unsecured debt capital markets), in order to:
  - Avoid over reliance on any particular funding source
  - Optimise the use of its high quality assets and low level of encumbrance
  - Minimise cost of funding
- Retail and Business Banking, Corporate Banking and Wealth & Investment Management activities largely funded by customer deposits, with remainder covered by secured funding
- Investment Bank activities primarily funded through wholesale markets
- Absa funding position separately managed due to local currency and funding requirements
- Barclays prudently manages its liabilities, while aligning its interests with investors'

# Wholesale funding composition

As at 30 June 2013	≤1 month (£bn)	>1 month but ≤3 months (£bn)	>3 months but ≤6 months (£bn)	>6 months but ≤12 months (£bn)	Total ≤1 year (£bn)	>1 year but ≤2 years (£bn)	>2 years (£bn)	Total (£bn)
Deposits from banks	16.0	5.2	1.7	0.8	23.7	6.0	1.8	31.5
Certificates of deposit and commercial paper	6.5	13.0	9.5	6.0	35.0	1.8	1.2	38.0
Asset backed commercial paper	2.9	1.6	-	-	4.5	-	-	4.5
Senior unsecured MTNs (public benchmark)	-	0.5	-	6.1	6.6	4.7	11.8	23.1
Senior unsecured MTNs (private placement)	0.8	2.5	2.3	6.9	12.5	11.2	32.1	55.8
Covered bonds / ABS	-	0.1	0.1	1.3	1.5	9.3	15.5	26.3
Subordinated liabilities	-	-	0.1	-	0.1	0.2	21.3	21.6
Other	4.1	1.7	1.2	2.4	9.4	1.2	5.1	15.7
<b>Total</b>	<b>30.3</b>	<b>24.6</b>	<b>14.9</b>	<b>23.5</b>	<b>93.3</b>	<b>34.4</b>	<b>88.8</b>	<b>216.5</b>
<i>Of which secured</i>	<i>5.1</i>	<i>3.3</i>	<i>1.3</i>	<i>2.5</i>	<i>12.2</i>	<i>9.9</i>	<i>16.0</i>	<i>38.1</i>
<i>Of which unsecured</i>	<i>25.2</i>	<i>21.3</i>	<i>13.6</i>	<i>21.0</i>	<i>81.1</i>	<i>24.5</i>	<i>72.8</i>	<i>178.4</i>
<b>Total as at 31 December 2012</b>	<b>29.4</b>	<b>39.4</b>	<b>17.5</b>	<b>15.4</b>	<b>101.7</b>	<b>28.3</b>	<b>109.7</b>	<b>239.7</b>
<i>Of which secured</i>	<i>5.9</i>	<i>4.0</i>	<i>2.4</i>	<i>1.3</i>	<i>13.6</i>	<i>5.2</i>	<i>21.6</i>	<i>40.4</i>
<i>Of which unsecured</i>	<i>23.5</i>	<i>35.4</i>	<i>15.1</i>	<i>14.1</i>	<i>88.1</i>	<i>23.1</i>	<i>88.1</i>	<i>199.3</i>

# Term funding plans<sup>1</sup>

- Commitment to maintain access to a diversified funding base, across different products and multiple currencies
- Reduced funding requirements due:
  - Higher than expected deposit growth
  - Run down of legacy assets
  - Pre-funding of 2013 requirements in 2012.



<sup>1</sup> Projections based on market conditions prevailing at end of June 2013, net of buy backs

# Unsecured medium-term notes and subordinated liabilities

Barclays is a major Medium-Term Notes (MTNs) issuer, with private and public MTNs and subordinated liabilities representing c.46% of its total wholesale funding, or £100.5bn, as at 30 June 2013

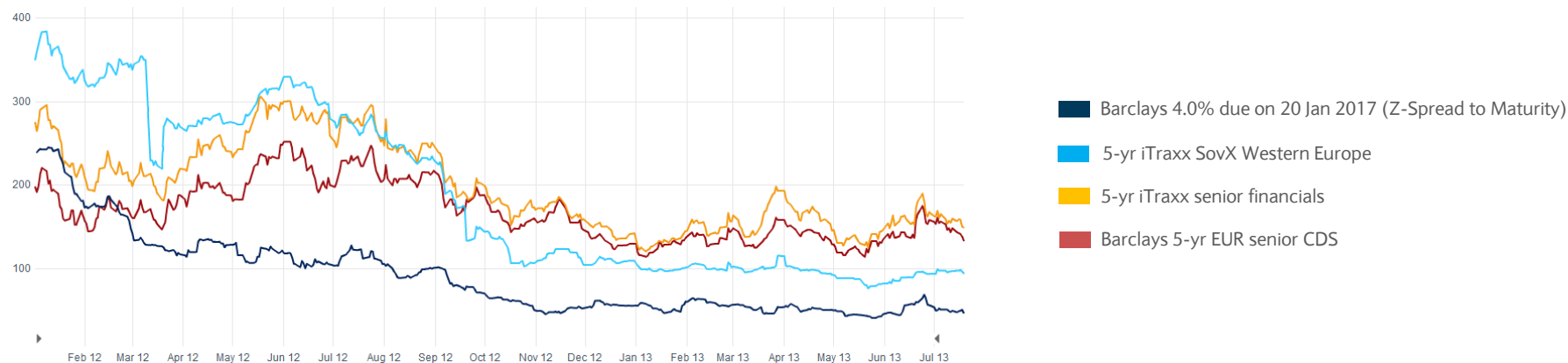
## Senior

- MTN programme is an important component of Barclays diversified wholesale funding base
- Barclays is committed to continue issuing MTNs, even though its wholesale funding needs are decreasing
- At end of June 2013, senior MTNs outstanding amounted to £78.9bn
- 56% of MTNs mature in more than 2 years.

## Subordinated

- Subordinated liabilities represent an important component of Barclays diversified wholesale funding base
- Barclays is committed to continue issuing subordinated liabilities, even though its wholesale funding needs are decreasing
- At 30 June 2013, outstanding subordinated liabilities amounted to £21.6bn
- In April, Barclays issued a further US\$1.0bn of Tier 2 contingent capital notes and repurchased existing Tier 2 instruments for a similar amount, as a step in transitioning towards its end state CRD IV capital structure.

### Barclays' senior unsecured spreads



Source: Barclays Live –



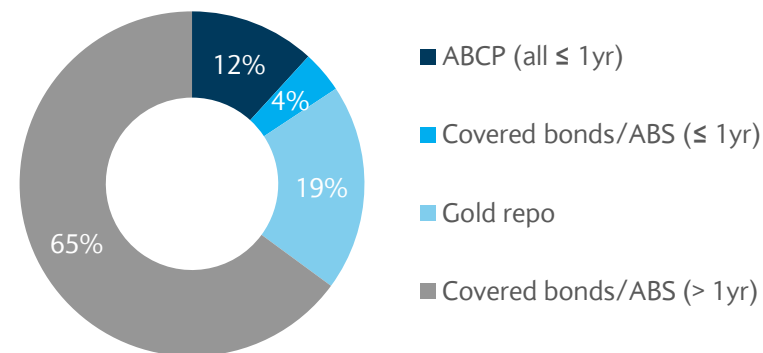
# Secured funding

High-quality assets and contained encumbrance levels allow Barclays to maintain access to secured funding

## Highlights

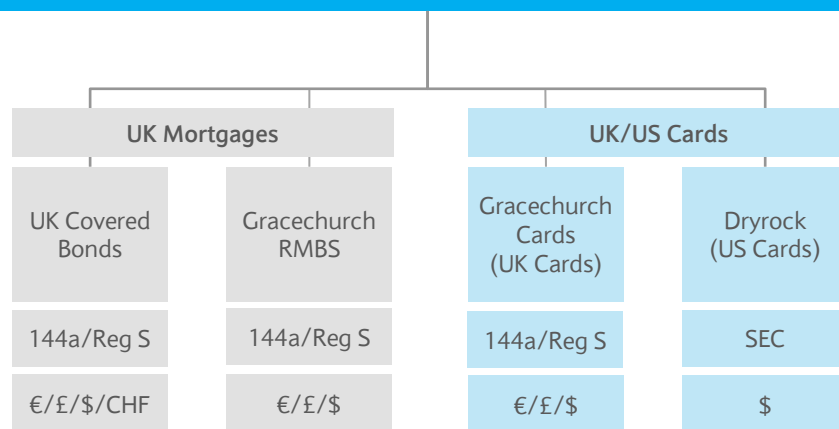
- Secured term funding backed by prime assets, including residential mortgages, credit cards and corporate loans, with focus on highly rated term issuance
- Barclays remain committed to the BoE Funding for Lending Scheme (FLS). In H1 2013, an estimated £42bn of FLS eligible gross new lending to UK households and businesses was made
- First securitisation programme backed by US domiciled credit card receivables registered with SEC in Q4 2012
- Prudent customer L&A encumbrance level of 14%.

## Wholesale secured funding

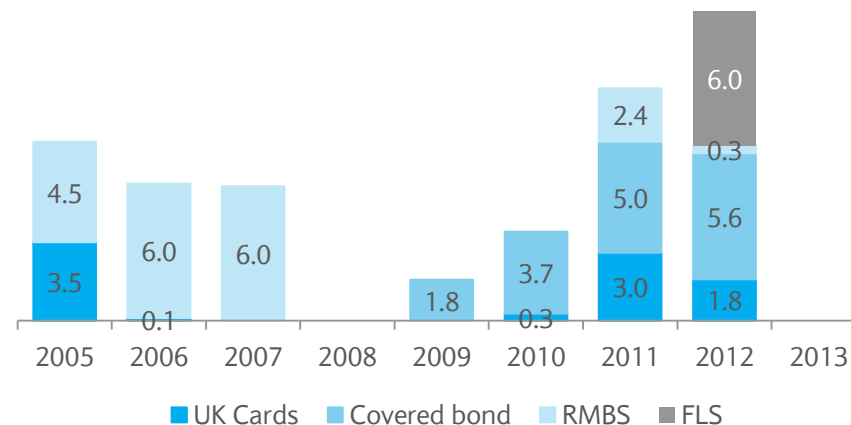


Total: £38.1bn (excluding Absa)

## Public secured funding platforms



## 2005-2013 Public secured term funding issuance as at H1 2013 (£bn)



Additional information on secured funding, including monthly reports, available on [Barclays.com](http://Barclays.com)

# Contingent Capital Notes (CCNs)

Barclays sees significant value in contingent capital notes and has issued US\$4.0bn of this subordinated debt as the Group transitions to its end-state CRD IV / ICB capital structure

## Strategy

- Build a 2% CCN layer, comprising 1.5% of Additional Tier 1 and 0.5% of Tier 2 in end-state capital structure
- Support development of a stable and viable contingent capital market, that is required to efficiently transition banks' capital position to CRD IV compliant structures.

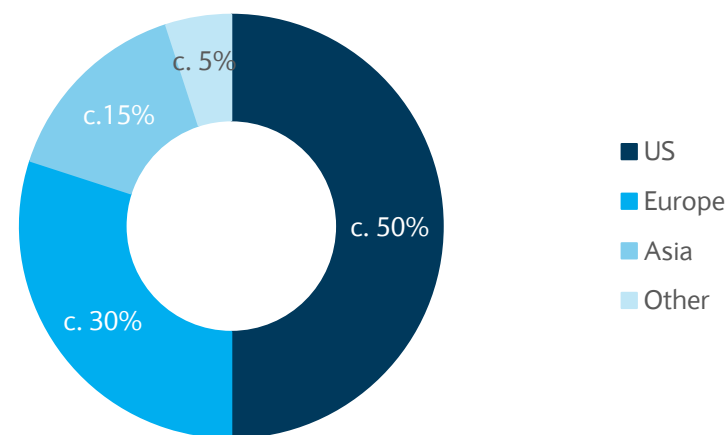
## Key features

Terms of the April 2013 trade were similar to the previous CCN issuance but, in addition, included acknowledgement of a prospective statutory UK bank resolution bail-in power

- Subordinated USD-denominated Tier 2 instruments
- Permanent write-down feature when Barclays PLC's CT1 / transitional CET1 (post-CRD IV implementation) falls below 7% (trigger event)
- 100% benefit towards the Group's nominal loss absorbing capital requirements
- SEC registered
- Listed on London Stock Exchange
- BB+<sup>1</sup> / BBB- rating from S&P and Fitch respectively.

	US\$4.0bn of CCNs raised through two global trades		Distribution	
	Pricing	Maturity	Orderbook	Accounts
US\$3.0bn raised in November 2012	7.625% (ms+600bp)	10-year bullet	> US\$17bn	>600
US\$1.0bn raised in April 2013	7.750% (ms+683bp)	10NC5	>US\$3.5bn	>240

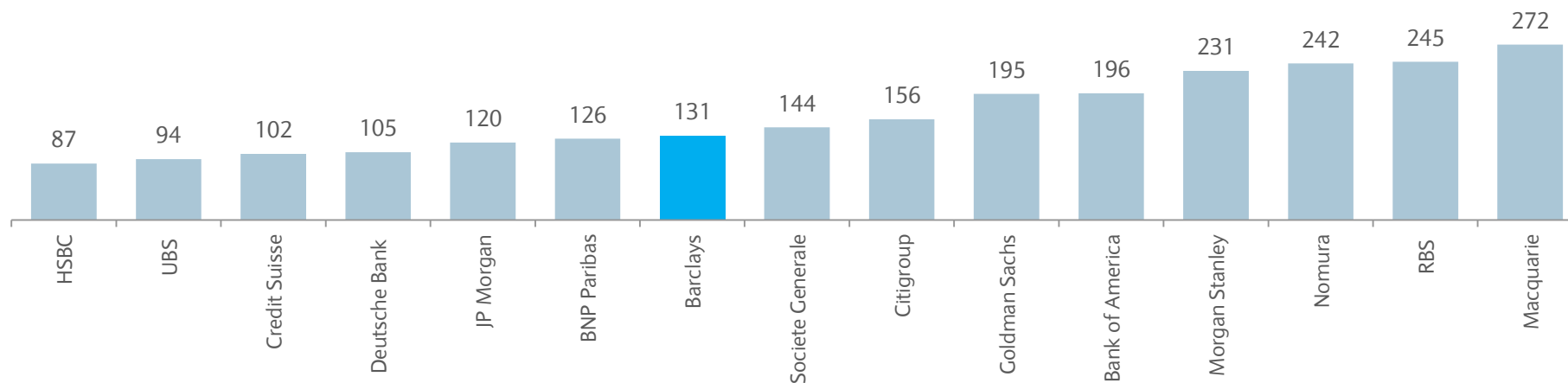
## Combined allocation by geography



<sup>1</sup> Pre the downgrade on 2 July 2013, S&P rated the securities BBB- (see slide 27 for more information on the S&P downgrade)

# Barclays funding cost

5-year USD Z-spread (as at 30 June 2013)<sup>1</sup>



5-year CDS vs. iTraxx



<sup>1</sup> Exact maturities of bonds included in comparison may differ somewhat due to which spreads are not fully comparable

# UK banking reform

Barclays backs initiatives to improve stability of the UK banking system and support a sustainable economy, however, requires alignment with international regulation and careful consideration of implementation costs

Proactively thinking about structural reforms / ring-fenced structure recommended by ICB<sup>1</sup> and HM Treasury



## Retail ring-fence

- Objective: “isolate banking activities where continuous provision of service is vital to the economy and to a bank’s customers”
- Ring-fenced entity would essentially take deposits from and provide payment services to individuals and SMEs, and would not be permitted to provide certain services such as complex derivatives
- Ring-fenced bank would be subject to capital and liquidity requirements on a standalone basis
- Even though Barclays anticipates the size of its ring-fenced bank to be relatively small (c.10% of its balance sheet), it is supportive of a ring-fenced structure that offers sufficient flexibility to maintain diversification benefits inherent to the universal banking model.

## Transitioning to an ICB compliant capital structure

- ICB recommends large UK banks hold Primary Loss-Absorbing Capacity (PLAC) of at least 17%, consisting of capital and long-term bail-in-able senior unsecured debt
- Barclays end-state capital structure embraces ICB proposals and CRD IV, with a 17% total capital ratio and a minimum CET1 ratio of 10.5%.

## Strengthening our processes to maximise business continuity in a resolution scenario

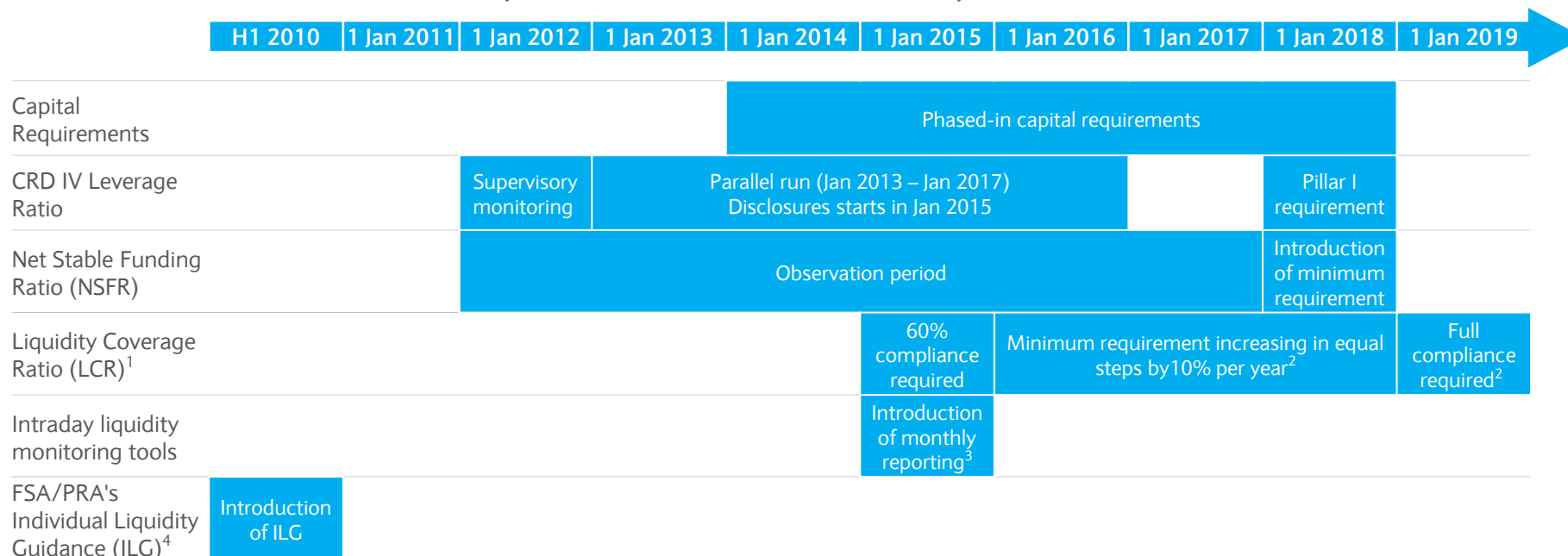
- Barclays continue to work with the authorities to help them achieve their goals in a way that minimises impacts for all our stakeholders.

<sup>1</sup> Independent Commission of Banking, established in June 2010 to consider reforms to the UK banking sector <sup>2</sup> Parliamentary Commission on Banking Standards, appointed to conduct pre-legislative scrutiny of the FSA Banking Reform Bill before going through Parliament. On 19 June 2013, the PCBS published its final report on the UK Banking sector. Recommendations include: (i) a new “senior” persons regime to ensure full accountability for decisions made; (ii) reforms to the remuneration of senior management and other influential bank staff to better align risk and reward; and (iii) sanctions and enforcement, including a new criminal offence of reckless misconduct. The UK Government published its response to the PCBS’s report on 8 July 2013, in which it endorses the report’s principal findings and commits to implementing a number of its recommendations.

# Basel 3

## Regulatory Timeline

Initial timeframe mentioned below is delayed in the EU – alternative dates have yet to be communicated



## Main requirements

- Capital: minimum of 4.5% CET1 + 1.5% AT1 + 2% T2. In addition, banks are subject to a countercyclical buffer of 0-2.5%, a capital conservation buffer of 2.5% (outside periods of stress) and a SIFI buffer of up to 2.5% (2% for Barclays) to be satisfied with CET1
- CRD IV Leverage: Minimum requirement still to be determined
- NSFR: available amount of stable funding to exceed required amount of stable funding, over a stress 1-year period (NSFR > 100%)
- LCR: stock of unencumbered high quality liquid assets to exceed net stressed cash outflow over 30 days (LCR > 100%).

<sup>1</sup> As per "Basel III: the Liquidity Coverage Ratio and liquidity risk monitoring tools", January 2013

<sup>2</sup> CRD IV requires a phase-in implementation of the LCR in Europe. Full compliance under CRD IV is required by 1 Jan 2018 therefore, the increase in from 2017 to 2018 is 20% rather than 10%.

<sup>3</sup> As per "Monitoring tools for intraday liquidity management", April 2013 <sup>4</sup> Short-term liquidity stress test, broadly comparable to the LCR under Basel 3

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# Legal disclaimers

## Important notice

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This document is an advertisement and does not constitute a prospectus or a prospectus equivalent document and is for information purposes only and does not constitute or form part of any offer or invitation to sell, or an invitation to induce an offer or issue, or any solicitation of any offer to acquire any securities of Barclays, in any jurisdiction in which such an offer or solicitation is unlawful. You should not subscribe or purchase any securities except on the basis of the information in the prospectus, which is to be published in due course.

Notice to US investors and ADS holders. In the United States, the rights issue will be made pursuant to a U.S. prospectus that Barclays expects to file with the US Securities and Exchange Commission (the “SEC”) in September 2013. The U.S. prospectus will describe, among other things, how ADS holders will be able to participate in the rights issue. Barclays has filed a registration statement on Form F-3 (including a base prospectus) (Registration No. 333-173886) with the SEC relating to its ordinary shares and for the offering to which this document relates. Before you invest, you should read the base prospectus in that registration statement, as it may be amended from time to time, the U.S. prospectus (when it is filed) and other documents Barclays has filed, and will file, with the SEC for more complete information about Barclays and the rights issue. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov) or by accessing Barclays website at [www.barclays.com](http://www.barclays.com). Alternatively, copies of the base prospectus and, when available, the U.S. prospectus may be obtained by contacting Barclays, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717, telephone (888) 603-5847 or e-mail a request to [barclaysprospectus@broadridge.com](mailto:barclaysprospectus@broadridge.com).

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## Forward-looking Statements

This document 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 certain of the Barclays Group's (the "Group") plans and its current goals and expectations relating to its future financial condition and performance.

Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results 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," "expect," "estimate," "projected," "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, impairments, charges, business strategy, capital ratios, leverage, payment of dividends, including dividend pay-out ratios, projected levels of growth in the banking and financial markets, projected costs, original and revised commitments and targets in connection with the Transform programme, deleveraging actions (including the Leverage Plan), estimates of capital expenditures, and plans and objectives for future operations 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, including, but not limited to, U.K. domestic, 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, particularly as it may affect the timing and cost of planned capital raisings, the policies and actions of governmental and regulatory authorities (including, among others, requirements regarding capital and Group structures, regulatory approval for any dividend it proposes, and the potential for one or more countries exiting the Eurozone), changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards ("IFRS") applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS and prudential capital rules, the outcome of current and future legal proceedings, future levels of conduct provisions, the success of future acquisitions and other strategic transactions and the impact of competition, a number of which factors are beyond the Group's control. As a result of these uncertain events and circumstances, 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 such forward-looking statements. The list above is not exhaustive and there are other factors that may cause the Group's actual results to differ materially from the forward-looking statements contained in this document. Additional risks and factors are identified in Barclays filings with the SEC, including in the Barclays PLC and Barclays Bank PLC Annual Report on Form 20-F for the fiscal year ended 31 December 2012, which is available on the SEC's website at <http://www.sec.gov>. **You are also advised to read carefully the additional risks and other factors that will be identified in the applicable U.K. prospectus and the applicable U.S. prospectus before making any investment decision in the rights issue.**

Any forward-looking statements made herein speak only as of the date they are made. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc (the "LSE") or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Barclays' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. 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 LSE and/or has filed or may file with the SEC.

Nothing in this document is intended, or is to be construed as a profit forecast or to be interpreted to mean that earnings per Barclays share for the current or future financial years will necessarily match or exceed the historical published earnings per Barclays share.



# Legal disclaimers

## Certain non-IFRS measures

This document includes certain non-IFRS measures. These non-IFRS measures are important to understanding the background of, and rationale for, the rights Issue as well as the Group's capital and leverage position in light of the implementation of CRD IV and requirements of the Prudential Regulation Authority ("PRA"). The CRD IV-based measures have been calculated on the basis of the Group's current interpretation of CRD IV. These regulatory measurements are not yet in force and are not yet required to be disclosed by the Group and, as such, represent non-IFRS measures. Measures presented on a "transitional" basis are calculated by taking into account the FSA's statement on CRD IV transitional provisions in October 2012, assuming they were applied as at 30 June 2013. Measures presented on a "fully loaded" basis are calculated without applying CRD IV transitional provisions and assume that the phase-in of the transitional provisions is complete and all of CRD IV applied in the form that the Group currently expects it to apply. The final impact of CRD IV is dependent on technical standards to be finalised by the European Banking Authority and on the final UK implementation of the rules. The Group's interpretation of CRD IV and the basis of the Group's calculation of CRD IV-based measures may be different from those of other financial institutions. This document includes the following CRD IV-based metrics, which are described in more detail in this document and in the Group's announcement (Barclays PLC Announces Leverage Plan) dated 30 July 2013.

- CRD IV CET1 capital on a transitional and fully loaded basis. See the "Estimated Impact of CRD IV – Capital and RWAs" table in this document for a reconciliation of CRD IV CET1 capital to Core Tier 1 capital, which is calculated on the basis that currently applies to the Group under applicable regulatory requirements.
- CRD IV risk weighted assets ("RWAs") on a transitional and fully loaded basis. See the "Estimated Impact of CRD IV – Capital and RWAs" table in this document for a reconciliation of CRD IV RWAs to RWAs as calculated on the basis that currently applies to the Group under applicable regulatory requirements.
- CRD IV CET1 ratio on a transitional and fully loaded basis, which represents CRD IV CET1 capital divided by CRD IV RWAs. See the "Estimated Impact of CRD IV – Capital and RWAs" table in this document for a reconciliation of the components of the CRD IV CET1 ratio to the respective components of Core Tier 1 ratio, as calculated on the basis that currently applies to the Group under applicable regulatory requirements.
- CRD IV leverage exposure on a fully loaded basis. CRD IV leverage exposure makes certain adjustments to Total assets under IFRS in accordance with the Group's interpretation of CRD IV requirements. See the "Movements in CRD IV and PRA leverage ratios" table in this document for a reconciliation of CRD IV leverage exposure to Total assets under IFRS.
- CRD IV leverage ratio on a fully loaded basis, which represents CRD IV CET1 capital divided by CRD IV leverage exposure. See the "Estimated Impact of CRD IV – Capital and RWAs" table in this document for a reconciliation of CRD IV CET1 capital to Core Tier 1 capital, and see the "Movements in CRD IV and PRA leverage ratios" table in this document for a reconciliation of CRD IV leverage exposure to Total assets.

With respect to the metrics reflecting the PRA adjustments – PRA-adjusted fully loaded CET1 capital and PRA leverage ratio – included in this document, these metrics apply the PRA adjustments to the Group's fully loaded CRD IV CET1 capital and CRD IV leverage ratio, respectively. Reconciliations of the PRA-adjusted fully loaded CET1 capital to the Group's CRD IV CET1 capital on a fully loaded basis and of the PRA leverage ratio to the Group's CRD IV leverage ratio are shown in the table entitled "Movements in CRD IV and PRA leverage ratios" in this document.

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## Certain non-IFRS measures (continued)

This document includes certain non-IFRS measures in connection with the Group's results for the half-year ended 30 June 2013. Barclays management believes that the non-IFRS measures included in this document provide valuable information to readers of its financial statements because they enable the reader to identify a more consistent basis for comparing the business' performance between financial periods, and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management. However, any non-IFRS measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Key non-IFRS measures included in this document, and the most directly comparable IFRS measures are described below. Quantitative reconciliations of these measures to the relevant IFRS measures are included in Exhibit 99.1 of the Group's Form 6-K filed with the SEC on 30 July 2013 (File No. 001-09246, Film No. 13996454) with respect to the Group's half-year results, and such quantitative reconciliations are incorporated by reference into this document. Exhibit 99.1 to the Form 6-K is available at <http://www.sec.gov/Archives/edgar/data/312069/000119312513310377/d574282dex991.htm>.

- Adjusted profit/(loss) before tax is the non-IFRS equivalent of profit/(loss) before tax as it excludes the impact of own credit; gains on debt buy-backs; impairment and disposal of the investment in BlackRock, Inc.; the provision for Payment Protection Insurance redress payments and claims management costs ("PPI redress"); the provision for interest rate hedging products redress and claims management costs (interest rate hedging products redress); goodwill impairments; and gains and losses on acquisitions and disposals. The regulatory penalties relating to the industry-wide investigation into the setting of interbank offered rates have not been excluded from adjusted measures. A reconciliation of IFRS and Adjusted profit/(loss) before tax is presented on slide 14 of this document.
- Adjusted attributable profit represents adjusted profit/(loss) after tax less profit attributable to non-controlling interests. The comparable IFRS measure is profit attributable to equity holders of the parent.
- Adjusted income and total income/(expense) net of insurance claims on an adjusted basis represents total income/(expense) net of insurance claims excluding the impact of own credit and gains on debt buy-backs.
- Adjusted operating expenses represents operating expenses excluding the provision for PPI redress, provision for interest rate hedging product redress and goodwill impairment.
- Adjusted cost: income ratio represents Cost:Income ratio excluding the impact of own credit, gains on debt buy-backs, gain on disposal of strategic investment in BlackRock, Inc., the provision for PPI redress, provision for interest rate hedging product redress, and goodwill impairment. The comparable IFRS measure is cost: income ratio, which represents operating expenses to income net of insurance claims.
- Adjusted basic earnings per share represents adjusted profit attributable to equity holders of the parent divided by the basic weighted average number of shares in issue. The comparable IFRS measure is basic earnings per share, which represents profit after tax and non-controlling interests, divided by the basic weighted average number of shares in issue.
- Adjusted return on average shareholders equity represents adjusted profit attributable to equity holders of the parent divided by average equity. The comparable IFRS measure is return on average shareholders equity, which represents profit after tax and non-controlling interests, divided by average equity.
- Adjusted return on average tangible shareholders equity represents adjusted profit attributable to equity holders of the parent divided by average tangible equity. The comparable IFRS measure is return on average tangible shareholders equity, which represents profit after tax and non-controlling interests, divided by average tangible equity.

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## Certain non-IFRS measures (continued)

Adjusted return on average risk weighted assets represents adjusted profit after tax, divided by average risk weighted assets. The comparable IFRS measure is return on average risk weighted assets, which represents profit after tax divided by average risk weighted assets.

Adjusted gross leverage is a non-IFRS measure representing the multiple of adjusted total tangible assets over total qualifying Tier 1 capital. Adjusted total tangible assets are total assets adjusted to allow for derivative counterparty netting where the Group has a legally enforceable master netting agreement, assets under management on the balance sheet, settlement balances and cash collateral on derivative liabilities, goodwill and intangible assets. This measure has been presented as it provides for a metric used by management in assessing balance sheet leverage. Barclays management believes that disclosing a measure of balance sheet leverage provides useful information to readers of Barclays financial statements as a key measure of stability, which is consistent with the views of investors. The comparable IFRS measure is the ratio of total assets to total shareholders equity.