US Liquidity Coverage Ratio

Barclays Consolidated Intermediate Holding Company

For the quarterly period ended June 30, 2020

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Overview

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

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

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

US Liquidity Coverage Ratio

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

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

IHC LCR ($millions)	
	Quarterly Average Weighted Amount as of June 30, 2020
HQLA	17,275
Net Outflows	9,673
LCR	181%[1]

[1] The average of the liquidity coverage ratios as calculated under § 249.10(b) for the quarterly period as of June 30, 2020.

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

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

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

The following table details the Consolidated Barclays IHC LCR for the quarterly period ended June 30, 2020.

2Q20 Liquidity Coverage Ratio Disclosure

	03/31/2020 to 6/30/2020 In Millions of U.S Dollars	Average Unweighted Amount	Average Weighted Amount
	HIGH-QUALITY LIQUID ASSETS		
1	**Total eligible high-quality liquid assets (HQLA), of which:**	**17,278**	**17,275**
2	Eligible Level 1 liquid assets	17,256	17,256
3	Eligible level 2A liquid assets	23	19
4	Eligible level 2B liquid assets	0	0
	CASH OUTFLOW AMOUNTS		
5	**Deposit outflow from retail customers and counterparties, of which:**	**24,469**	**3,154**
6	Stable retail deposit outflow	0	0
7	Other retail funding	16,796	1,680
8	Brokered deposit outflow	7,673	1,474
9	**Unsecured wholesale funding outflow, of which:**	**2,763**	**2,756**
10	Operational deposit outflow	0	0
11	Non-operational funding outflow (incl Wholesale free credits)	2,763	2,756
12	Unsecured debt outflow	0	0
13	**Secured wholesale funding and asset exchange outflow, of which:**	**138,219**	**24,969**
14	**Additional outflow requirements, of which:**	**2,411**	**1,353**
15	Outflow related to derivative exposures and other collateral requirements	2,149	1,092
16	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	261	261
17	**Other contractual funding obligation outflow**	**4,003**	**100**
18	**Other contingent funding obligations outflow**	**0**	**0**
19	TOTAL CASH OUTFLOW	**171,863**	**32,312**
	CASH INFLOW AMOUNTS		
20	**Secured lending and asset exchange cash inflow**	**140,980**	**18,076**
21	**Retail cash inflow**	**224**	**114**
22	**Unsecured wholesale cash inflow**	**2,229**	**2,267**
23	**Other cash inflows, of which:**	**3,015**	**3,044**
24	Net derivative cash inflow	673	673
25	Securities cash inflow	0	0
26	Broker-dealer segregated account inflow	2,342	2,342
27	Other cash inflow	0	0
28	TOTAL CASH INFLOW	**146,448**	**23,489**
			Average Amount[1]
29	HQLA AMOUNT		17,275
30	TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING THE MATURITY MISMATCH ADD-ON		9,420
31	MATURITY MISMATCH ADD-ON		253
32	TOTAL NET CASH OUTFLOW AMOUNT		9,673
32	LIQUIDITY COVERAGE RATIO (%)		181%

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

Barclays IHC has consistently demonstrated a strong LCR since required to maintain a 100% minimum, with a 2Q20 average of 181%. Secured financing in BCI is the primary driver of the IHC's LCR. The average 2Q20 secured financing stress is 71% of the $9.7bn total IHC weighted net cash outflow. HQLA has averaged $17.3bn for the quarter, well above the minimum requirement with respect to the total net cash outflows. BBDE also contributes to volatility from deposits outflow and fluctuation in reserve balances. Because BBDE is an IDI subsidiary of the IHC with a minimum LCR requirement, surplus HQLA in excess of its standalone requirement is not transferable to non-bank affiliates and it is excluded from the IHC HQLA.

The 2Q20 average LCR of 181% increased 36% from the 1Q20 average of 144%. This is primarily driven by an increase in Level 1 HQLA assets from client driven market activities net of increased outflows from increased secured financing stress.

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

High Quality Liquid Assets

The IHC's average HQLA for 2Q20 is $17.3bn, an increase of $3.2bn from the prior quarter average of $14.1bn. The composition of HQLA is mainly Level 1, as it includes US Treasury holdings in the bank's liquidity pool as well as central bank reserves. The stressed and notional balances are largely equivalent since Level 1 HQLA does not receive a haircut.

HQLA ($millions)		
	Quarterly Average Unweighted Amount as of June 30, 2020	Quarterly Average Weighted Amount as of June 30, 2020
Level 1	17,256	17,256
Level 2A	23	19
Level 2B	-	-
Total HQLA	**17,278**	**17,275**

Funding Sources

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

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

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

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

Unsecured LCR Outflows and Inflows ($millions)		
Outflows	**Quarterly Average Unweighted Amount as of June 30, 2020**	**Quarterly Average Weighted Amount as of June 30, 2020**
Deposit outflow from retail customers and counterparties, of which:	24,469	3,154
Other retail funding outflow	*16,796*	*1,680*
Brokered deposit outflow	*7,673*	*1,474*
Unsecured wholesale funding outflow, of which:	2,763	2,756
Non-operational funding outflow (incl. Wholesale free credits)	*2,763*	*2,756*
Inflows		
Retail cash inflow	224	114
Unsecured wholesale cash inflow	2,229	2,267

Currency and Derivative Exposure

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

The US LCR is calculated and reported on a consolidated basis in a common currency, USD. The majority of assets and liabilities in the IHC are USD denominated, however currency exposure may arise when assets and liabilities are not matched in the same currency. When this occurs, Treasury rebalances these currencies as necessary.

Liquidity Management

The efficient management of liquidity is essential to retain the confidence of the financial markets. LCR is an indicator of an entity's ability to meet liquidity needs over a 30-day period of significant liquidity stress. Barclays Treasury continuously monitors its internally developed stress tests as well as the LCR to maintain adherence to internal limits and external regulatory requirements.

Barclays' management of funding and liquidity in the US is bound by limits that support the LRA. The LRA is set by the board of Barclays in line with Barclays' Enterprise Risk Management Framework (ERMF). Treasury actively manages funding and liquidity within the limit framework, leveraging early warning indicators (EWIs), targets, and triggers to keep US-based legal entities, branches, and businesses within the established risk appetite.

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

Note on forward-looking statements:

This disclosure contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to Barclays PLC and its subsidiaries (together the "Barclays 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.
- Forward-looking statements can be made in writing but may also be made verbally by members of the management of the Barclays Group in connection with this document.
- Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Group's future financial position, future results, dividend payments, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures (the "Future Performance").
- By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The forward-looking statements speak only as at the date on which they are made and such statements may be affected by influences and factors which are beyond the Barclays Group's control. As a result, the Barclays Group's actual Future Performance may differ materially from the statements or guidance set forth in the forward looking-statements.
- Subject to the Barclays Group's obligations under the applicable law and regulations of any relevant jurisdiction (including, without limitation, the UK and the US) in relation to disclosure and on-going information, the Barclays Group undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
- The reader should, however, consult any additional disclosures that Barclays or Barclays PLC has made or may make in documents it has published or may publish via the Regulatory News Service of the London Stock Exchange and/or has filed or may file with the US Securities and Exchange Commission (the "SEC") (including, without limitation, Barclays PLC's Annual Report on Form 20-F for the fiscal year ended 31 December 2018), which are available on the SEC's website, www.sec.gov.