US Liquidity Coverage Ratio

Barclays Consolidated Intermediate Holding Company

For the quarterly period ended December 31, 2018

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Overview

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

Barclays' US subsidiaries and non-branch businesses are organized under an Intermediate Holding Company (IHC), Barclays US LLC (BUSLLC), in order to meet the legal requirements established by Regulation YY of the Board of Governors of the Federal Reserve System (the Board). The IHC became operational on July 1, 2016 and its key operating subsidiaries include Barclays Capital Inc. (BCI) and Barclays Bank Delaware (BBDE). Barclays Group US Inc. (BGUS) is a bank holding company that holds all of the IHC's subsidiaries. BCI is our Securities and Exchange Commission (SEC) registered securities broker-dealer and Commodity Futures Trading Commission (CFTC) registered Futures Commission Merchant (FCM), and operates key investment banking and capital markets businesses within Barclays' Corporate and Investment Bank Business Offering. BBDE is our US Insured Depository Institution (IDI) regulated by the FDIC, and operates our US 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 Dec. 31, 2018
HQLA	17,378
Net Outflows	11,940
LCR	146%[1]

[1] The average of the liquidity coverage ratios as calculated under § 249.10(b) for the quarterly period as of December 31, 2018.

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

LCR Weighting			
Deposit Funding	*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 December 31, 2018.

	Consolidated IHC Liquidity Coverage Ratio		
	10/01/2018 to 12/31/2018 **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:**	**17,459**	**17,378**
2	Eligible Level 1 liquid assets	16,921	16,921
3	Eligible level 2A liquid assets	538	457
4	Eligible level 2B liquid assets	0	0
	CASH OUTFLOW AMOUNTS		
5	**Deposit outflow from retail customers and counterparties, of which:**	**22,680**	**2,863**
6	Stable retail deposit outflow	0	0
7	Other retail funding	13,943	1,394
8	Brokered deposit outflow	8,737	1,469
9	**Unsecured wholesale funding outflow, of which:**	**3,545**	**3,536**
10	Operational deposit outflow	0	0
11	Non-operational funding outflow (incl Wholesale free credits)	3,545	3,536
12	Unsecured debt outflow	0	0
13	**Secured wholesale funding and asset exchange outflow, of which:**	**123,629**	**31,893**
14	**Additional outflow requirements, of which:**	**1,694**	**390**
15	Outflow related to derivative exposures and other collateral requirements	1,694	390
16	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	0	0
17	**Other contractual funding obligation outflow**	**197**	**197**
18	**Other contingent funding obligations outflow**	**0**	**0**
19	TOTAL CASH OUTFLOW	**151,745**	**38,879**
	CASH INFLOW AMOUNTS		
20	**Secured lending and asset exchange cash inflow**	**124,721**	**24,568**
21	**Retail cash inflow**	**160**	**80**
22	**Unsecured wholesale cash inflow**	**1,365**	**1,360**
23	**Other cash inflows, of which:**	**1,258**	**1,258**
24	Net derivative cash inflow	16	16
25	Securities cash inflow	1	1
26	Broker-dealer segregated account inflow	1,241	1,241
27	Other cash inflow	0	0
28	TOTAL CASH INFLOW	**127,503**	**27,266**
			Average Amount[1]
29	HQLA AMOUNT		**17,378**
30	TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING THE MATURITY MISMATCH ADD-ON		**11,615**
31	MATURITY MISMATCH ADD-ON		**325**
32	TOTAL NET CASH OUTFLOW AMOUNT		**11,940**
33	LIQUIDITY COVERAGE RATIO (%)		**146%**

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 4Q18 average of 146%. Secured financing in BCI is the primary driver of the IHC's LCR. The average 4Q18 secured financing in BCI is $7.3bn of the $11.9bn total IHC weighted net cash outflow. HQLA has averaged $17.4bn 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 4Q18 average LCR of 146% increased 7% from the 3Q18 average of 139%. This is primarily driven by an increase in Level 1 HQLA assets from incremental funding into the entity and a reduction in secured financing stress. This was partially offset by a reduction in inflows from some consolidation of intercompany flows.

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 4Q18 is $17.4bn, $0.9bn higher than the prior quarter average of $16.5bn. The composition of HQLA is mainly Level 1, as it includes US Treasury holdings in the bank's liquidity pool as well as central bank reserves. The stressed and notional balances are largely equivalent since Level 1 HQLA does not receive a haircut.

HQLA ($millions)	Quarterly Average Unweighted Amount as of Dec. 31, 2018	Quarterly Average Weighted Amount as of Dec. 31, 2018
Level 1	16,921	16,921
Level 2A	538	457
Level 2B	-	-
Total HQLA	**17,459**	**17,378**

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 Dec. 31, 2018**	**Quarterly Average Weighted Amount as of Dec. 31, 2018**
Deposit outflow from retail customers and counterparties, of which:	22,680	2,863
Other retail funding outflow	*13,943*	*1,394*
Brokered deposit outflow	*8,737*	*1,469*
Unsecured wholesale funding outflow, of which:	3,545	3,536
Non-operational funding outflow (incl. Wholesale free credits)	*3,545*	*3,536*
Inflows		
Retail cash inflow	160	80
Unsecured wholesale cash inflow	1,365	1,360

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

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

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