



# Barclays PLC

Q2 2020 Results

29 July 2020



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Jes Staley

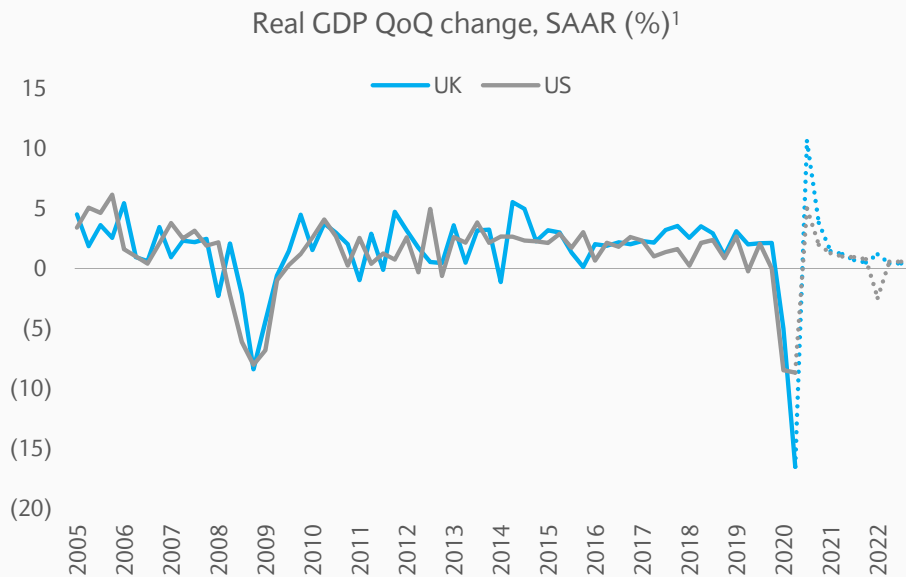
Barclays Group Chief Executive

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# COVID-19 lockdowns have caused unprecedented economic disruption met with bold policy actions

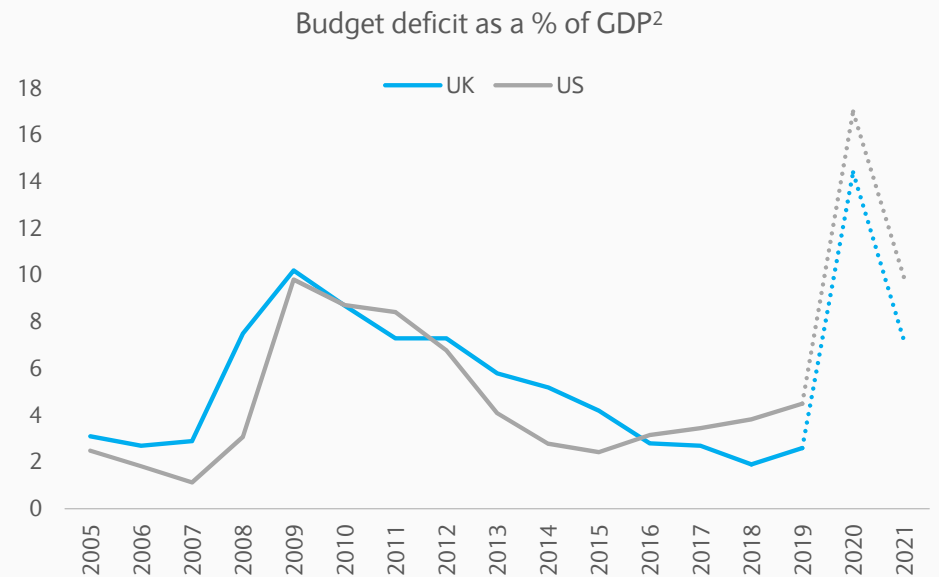
## Our main markets saw severe GDP contractions

- UK and US GDP forecast to trough in Q220, significantly lower than the 2008/09 financial crisis
- Significant rebound expected as restrictions ease but a return to pre-COVID GDP levels is only expected by the end of 2022



## With ambitious support measures quickly put in place

- Largest economic stimulus packages in history, with £530bn in the UK and \$2.7trn in the US, including loan guarantees
- BoE and the Fed have also cut base rates to 0.1% and 0-0.25%, and expanded asset purchase programmes



Barclays is committed to supporting customers, business and the economy through the pandemic

Source: Historical data from Haver Analytics | <sup>1</sup> GDP forecasts from modelled MEVs | <sup>2</sup> Budget deficit forecasts from Barclays Economics Research team |

# Remained open for business during the COVID-19 pandemic helping support the economy

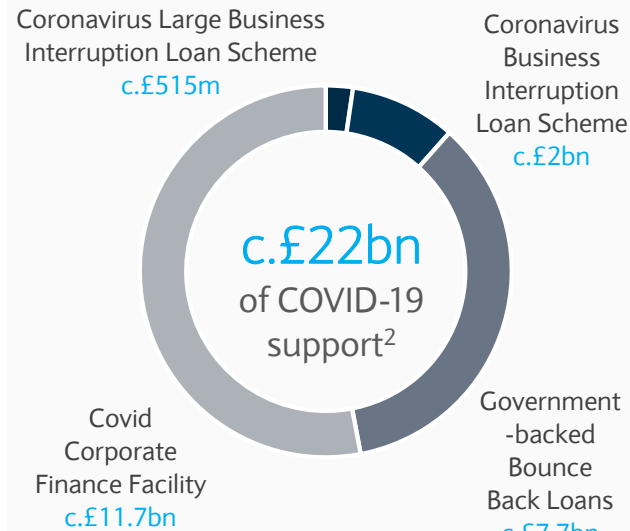
## Supporting customers

Supported customers in financial need with payment holidays and fee waivers



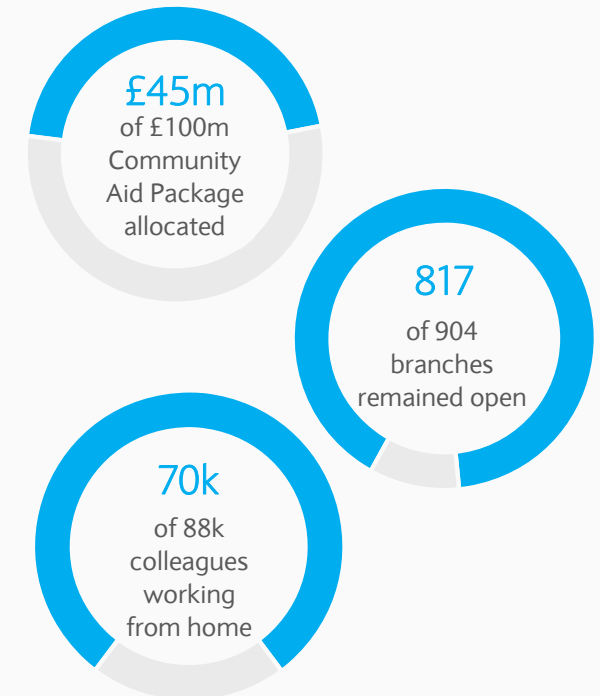
## Supporting businesses

Delivered UK Government support measures for small businesses, large corporates and institutional clients



## Supporting our communities and colleagues

Used our reach to support everyone in the community and helped colleagues to serve customers, clients, and their communities safely<sup>1</sup>



<sup>1</sup> Payment holiday data as at 22<sup>nd</sup> July 2020 | <sup>2</sup> Business lending and commercial paper issuance data as at 27<sup>th</sup> July 2020 |

# Resilient performance in H120 reflecting the Group's diversified business model

Resilient operating performance delivered Group PBT of £1.3bn

Income increased 8%, driven by a particularly strong performance in CIB (+31%)

Positive jaws of 12%, resulting in cost: income ratio of 57%

CET1 ratio of 14.2% despite higher impairment and RWAs

TNAV per share increased 22p to 284p

Group LCR of 186% and liquidity pool of £298bn, representing 22% of the Group's balance sheet

## H120 Financial highlights

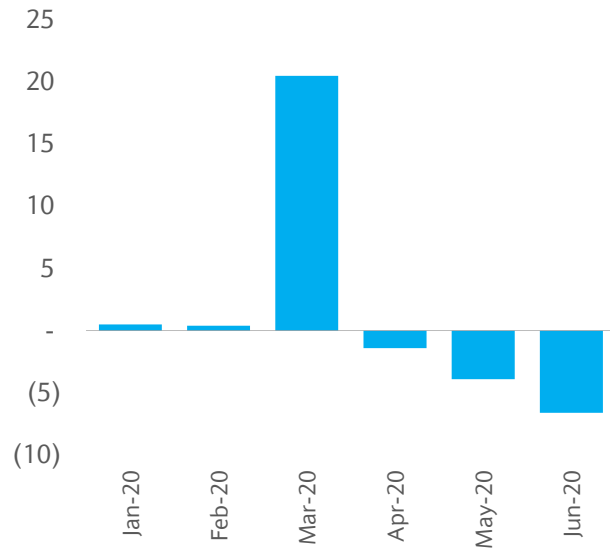
£11.6bn	Income
57%	Cost: income ratio
£3.7bn	Impairment
£1.3bn	PBT
14.2%	CET1 ratio
284p	TNAV/share
186%	LCR

# Corporate and Investment Bank drivers

## Lending

Provided support to customers via Revolving Credit Facilities (RCFs) in March. They have started to repay in Q2 as government-backed schemes became operational and capital markets reopened

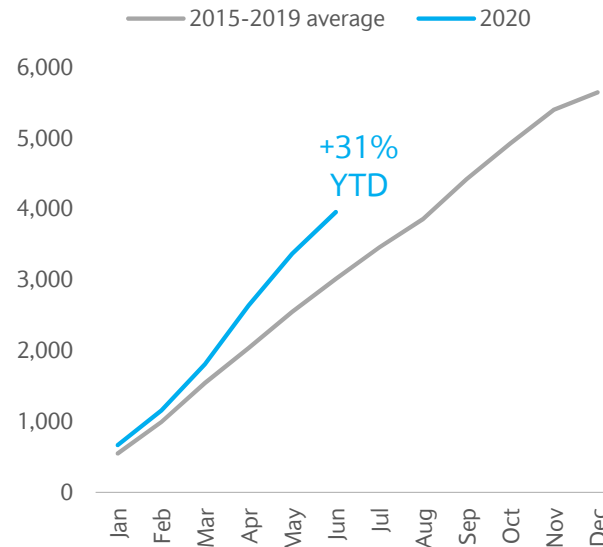
RCF Drawdown/(Paydown) (£bn)



## Banking

Investment grade bond issuance saw record levels in Q2 and Barclays benefitted given our strong DCM franchise<sup>1</sup>

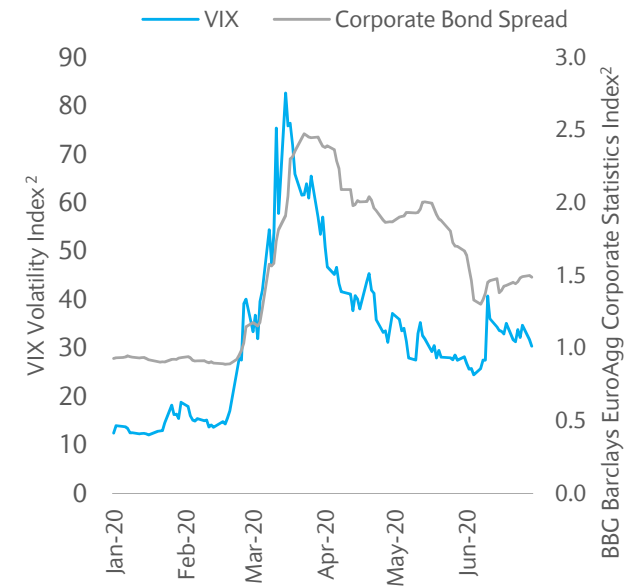
Global Investment Grade issuance (\$bn)



## Markets

Volatility spiked in March and remained at elevated levels throughout Q2, providing a supportive backdrop for the Markets business to capture wider bid/offer spreads

VIX and Corporate Bond Spread

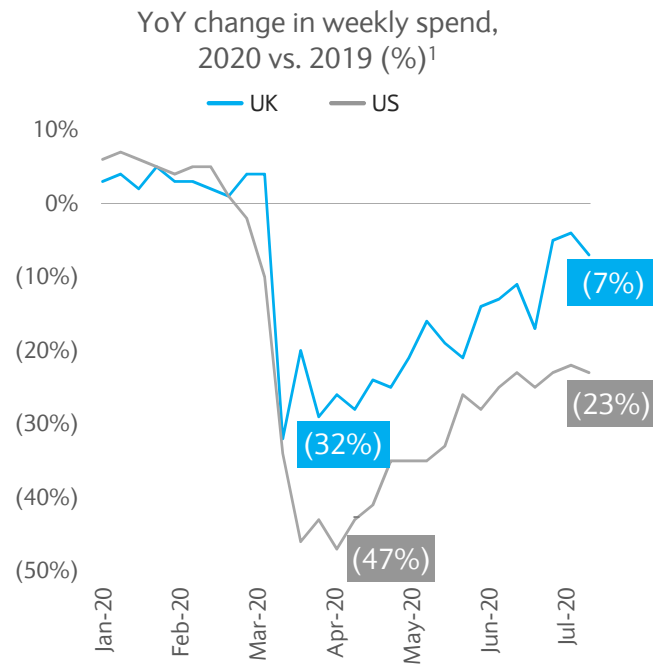


<sup>1</sup> Excluding self-led issuance; source: Dealogic | <sup>2</sup> Source: Bloomberg

# Consumer business drivers

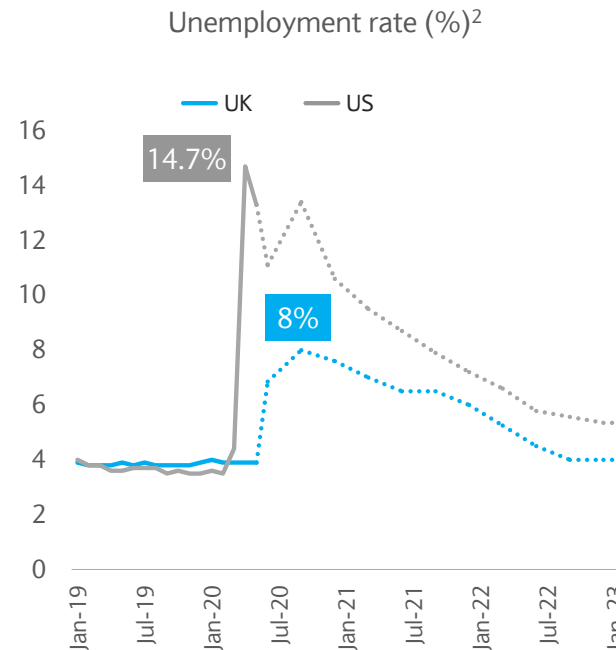
## Consumer spending<sup>1</sup>

Customer spend levels in the UK and US reduced dramatically as lockdowns came into force, but have started to recover as restrictions ease



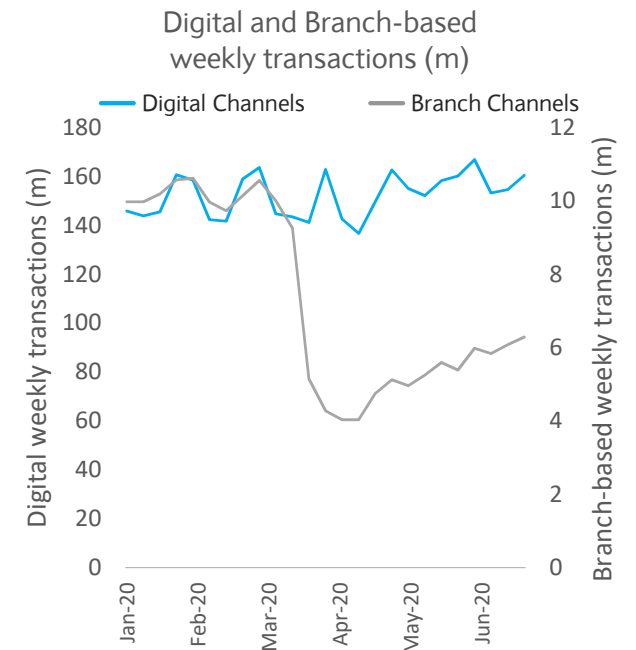
## Unemployment

Remain cautious on the economic outlook and factor a more gradual reduction in UK and US unemployment in our impairment provisioning



## Digital engagement

Continued to serve customers throughout the pandemic through our digital channels, resulting in an increase in digital engagement in Barclays UK



<sup>1</sup> UK spend data based on Barclays debit and credit card transactions in the UK; US spend data based on US Cards spend | <sup>2</sup> Unemployment data from ONS (UK) and Federal Bank of St Louis (US); forecast data from Barclays' baseline macroeconomic variables

# Diversification is a key strength of Barclays

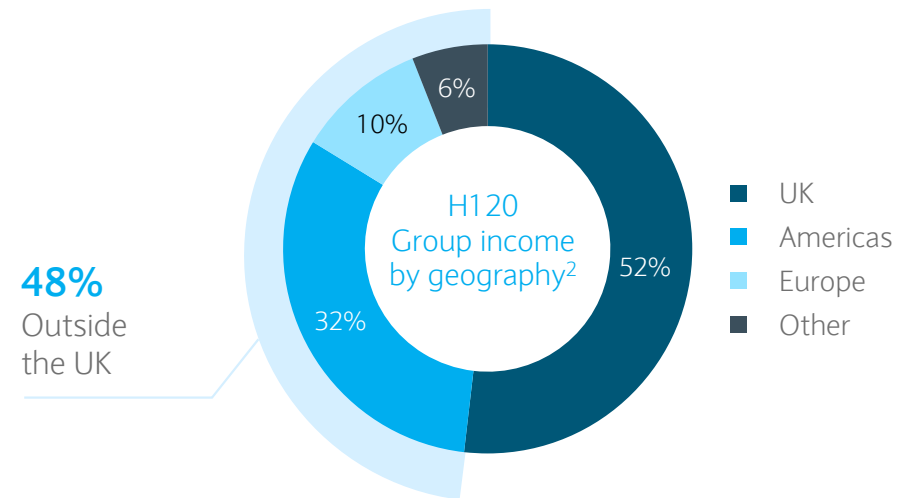
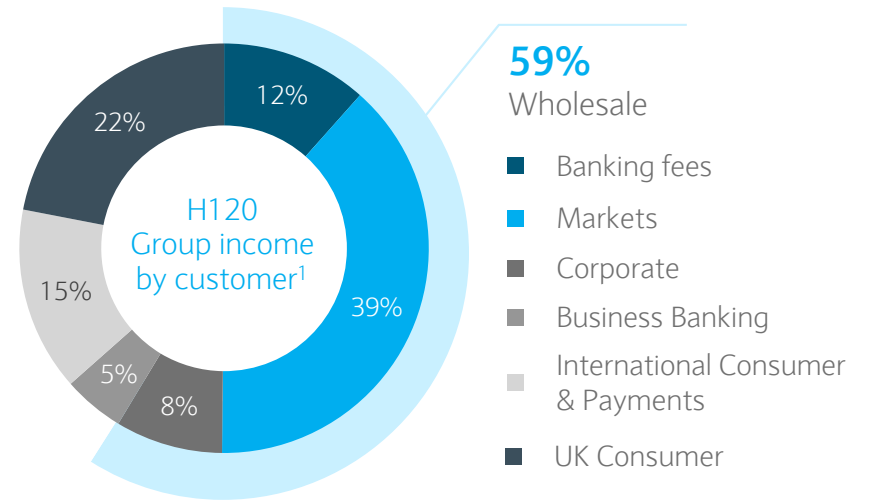
Resilient performance in H120, despite severe global macro-economic downturns

Strong CIB performance more than offset income headwinds in the consumer businesses

Appropriate level of provisioning, while maintaining a robust capital position

Allowed Barclays to help our customers and clients through the crisis and play our part in supporting the economy

Barclays will be in a strong position to support the recovery and generate attractive returns in the future



<sup>1</sup> Excludes negative income from Head Office | <sup>2</sup> Based on location of office where transactions recorded | Note: Charts may not sum due to rounding





Tushar Morzaria

Barclays Group Finance Director

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# H120 Group highlights

*Despite the impacts of the pandemic, Barclays delivered H120 Group PBT of £1.3bn*

## Financial performance

### Income

£11.6bn H119: £10.8bn

### Costs

£6.6bn H119: £6.9bn

### Cost: income ratio

57% H119: 64%

### Impairment

£3.7bn H119: £0.9bn

### PBT

£1.3bn H119: £3.0bn

### RoTE

2.9% H119: 9.1%

### EPS

4.0p H119: 12.1p

### CET1 ratio

14.2% Dec-19: 13.8%

### TNAV per share

284p Dec-19: 262p

### Liquidity coverage ratio

186% Dec-19: 160%

### Loan: deposit ratio

76% Dec-19: 82%

- Pre-provision profits increased 27% to £5.0bn, highlighting the benefits of Barclays' diversified business model
- Income increased 8%, reflecting a 31% increase in CIB income, driven by a standout performance in Markets, more than offsetting income headwinds in BUK and CC&P
- Costs decreased 4%, delivering positive cost: income jaws of 12% and improved cost: income ratio of 57%
- Impairment increased to £3.7bn primarily reflecting £0.6bn in respect of single name wholesale loan charges and £2.4bn impact from revised IFRS 9 scenarios (including a prolonged period of heightened UK and US unemployment), partially offset by the estimated impact of central bank, government and other support measures, and lower balances in UK and US cards
  - Impairment coverage ratios across all portfolios have increased
- Generated a RoTE of 2.9% and EPS of 4.0p
- CET1 ratio increased to 14.2%, up 40bps from FY19 reflecting profits, increased IFRS 9 transitional relief and cancellation of the FY19 dividend payment, partially offset by higher RWAs
- TNAV increased 22p to 284p reflecting profits and favourable reserve movements
- Liquidity position remained of high quality and prudently positioned following a significant increase in deposits, resulting in a liquidity pool of £298bn and LCR of 186%
- LDR reduced to 76% reflecting material deposit growth, partially offset by net drawdowns of Revolving Credit Facilities (RCFs) and increased lending through government loan schemes

# Q220 Group highlights

*Barclays remained profitable in the second quarter supported by a strong balance sheet*

## Financial performance

### Income

£5.3bn Q219: £5.5bn

### Costs

£3.3bn Q219: £3.6bn

### Cost: income ratio

62% Q219: 64%

### Impairment

£1.6bn Q219: £0.5bn

### PBT

£0.4bn Q219: £1.5bn

### RoTE

0.7% Q219: 9.0%

### EPS

0.5p Q219: 6.0p

### CET1 ratio

14.2% Mar-20: 13.1%

### TNAV per share

284p Mar-20: 284p

### Liquidity coverage ratio

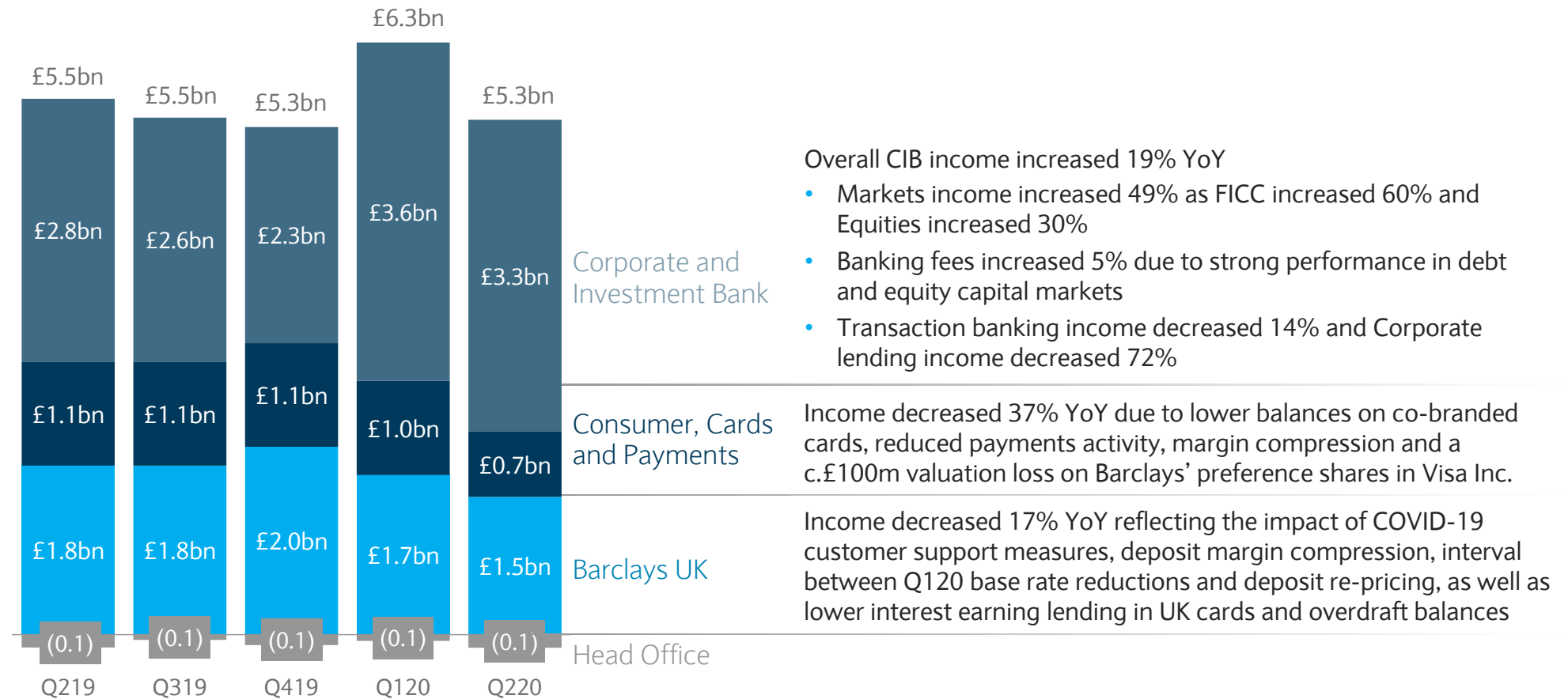
186% Mar-20: 155%

### Loan: deposit ratio

76% Mar-20: 79%

- Pre-provision profits were broadly stable at £2.0bn
- Income decreased 4% as continued strong performance in CIB, particularly in Markets, was offset by income headwinds in BUK and CC&P
- Costs decreased 6%, delivering positive cost : income jaws of 2% and a cost: income ratio of 62%
- Credit impairment charges increased £1.1bn to £1.6bn, largely reflecting the impact from revised IFRS 9 scenarios (including a prolonged period of heightened UK and US unemployment), partially offset by the estimated impact of central bank, government and other support measures, and lower balances in UK and US cards
- CET1 ratio of 14.2%, up 110bps from Q120 primarily driven by profits, net of credit impairment charges not subject to IFRS 9 transitional relief (following the implementation of 100% relief in the quarter), alongside other smaller capital tailwinds
  - RWAs reduced £6.6bn from Q120 to £319.0bn, as pro-cyclical RWA inflation was more than offset by management actions and lower loan demand
- TNAV remained stable at 284p

# Income decreased 4% YoY in Q220, as strong performance in CIB was offset by income headwinds in BUK and CC&P

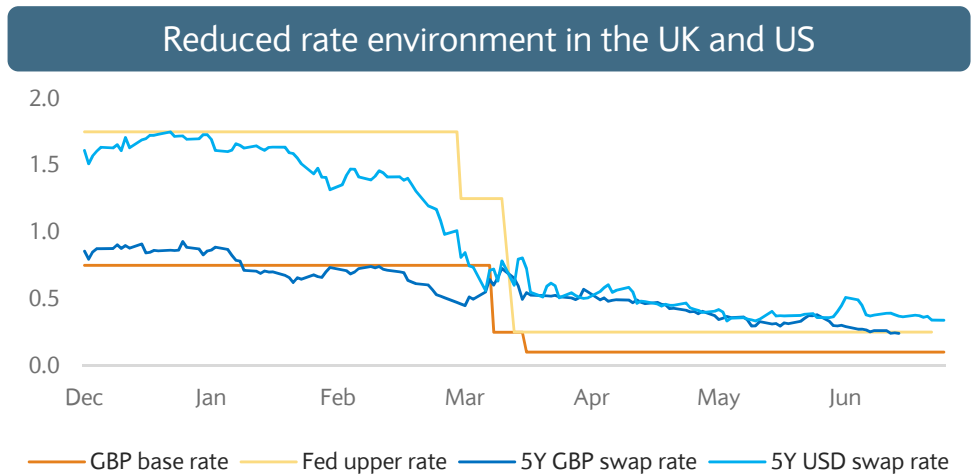
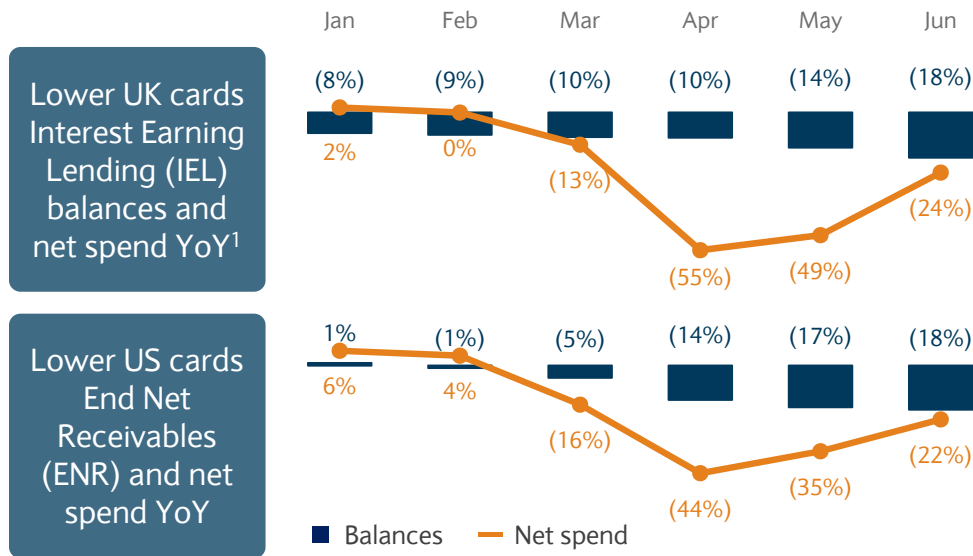


**BUK and CC&P income performance was challenged in Q2, but is expected to recover gradually in H2**

Note: Charts may not sum due to rounding |

# Income in BUK and CC&P expected to gradually recover from Q220 levels

- Balances in UK and US cards likely to continue to be lower year on year in H2, driven by
  - Reduced spend volumes year on year, despite recovering from the low point in April during Q2
  - Actions taken to limit risk in response to COVID-19
  - No longer originating own brand cards in the US
- Effect of low rate environment likely to be less significant in H2 relative to Q2 due to deposit re-pricing taking effect from Q3 onwards
  - Expect continued lower structural hedge income across both product and equity structural hedges driven by maturing hedges rolling off and being reinvested at lower rates
- FY20 BUK income headwinds, excluding the impact of lower IEL balances remain
  - c.£250m from the lower rate environment (c.£125m in Q2)
  - c.£150m from the removal of certain fees and lower balances in overdrafts from HCCR (c.£50m in Q2)
  - c.£100m impact of COVID-19 customer support actions excluding government loan schemes (c.£70m in Q2)

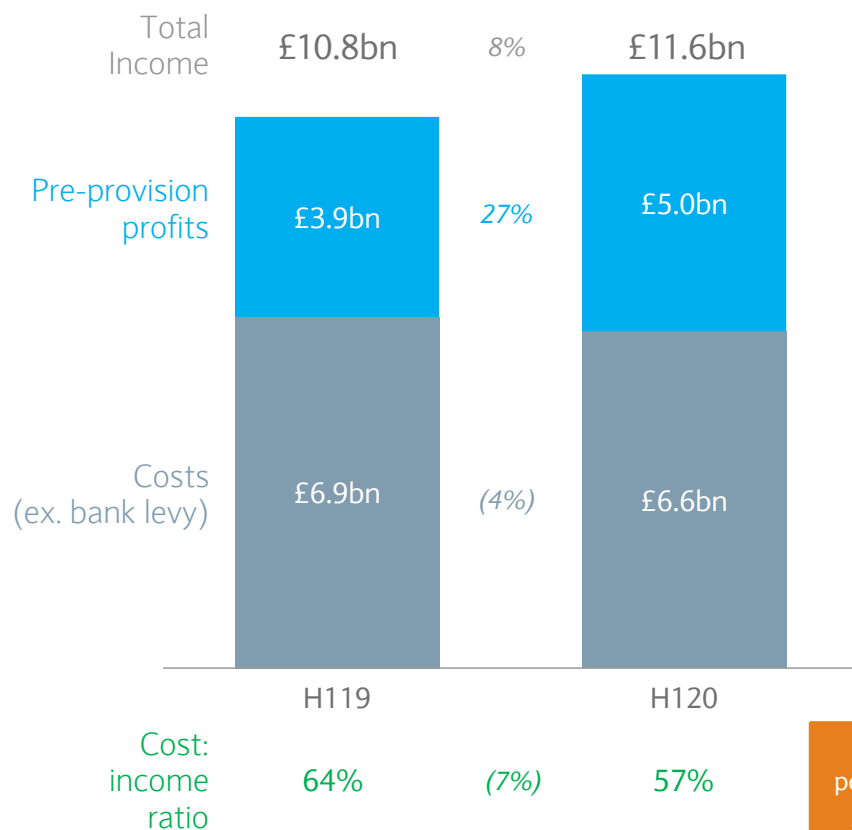


<sup>1</sup> Barclaycard consumer UK cards turnover by value excluding balance transfers |

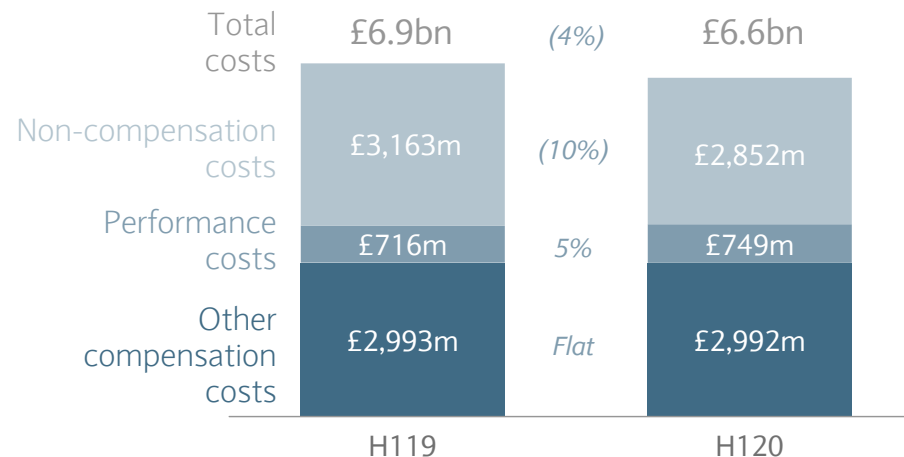
# Continued focus on cost discipline, but short-term headwinds remain from spend on COVID-19 initiatives

Cost: income ratio of 57% in H120

Costs of £6.6bn in H120



12% positive jaws

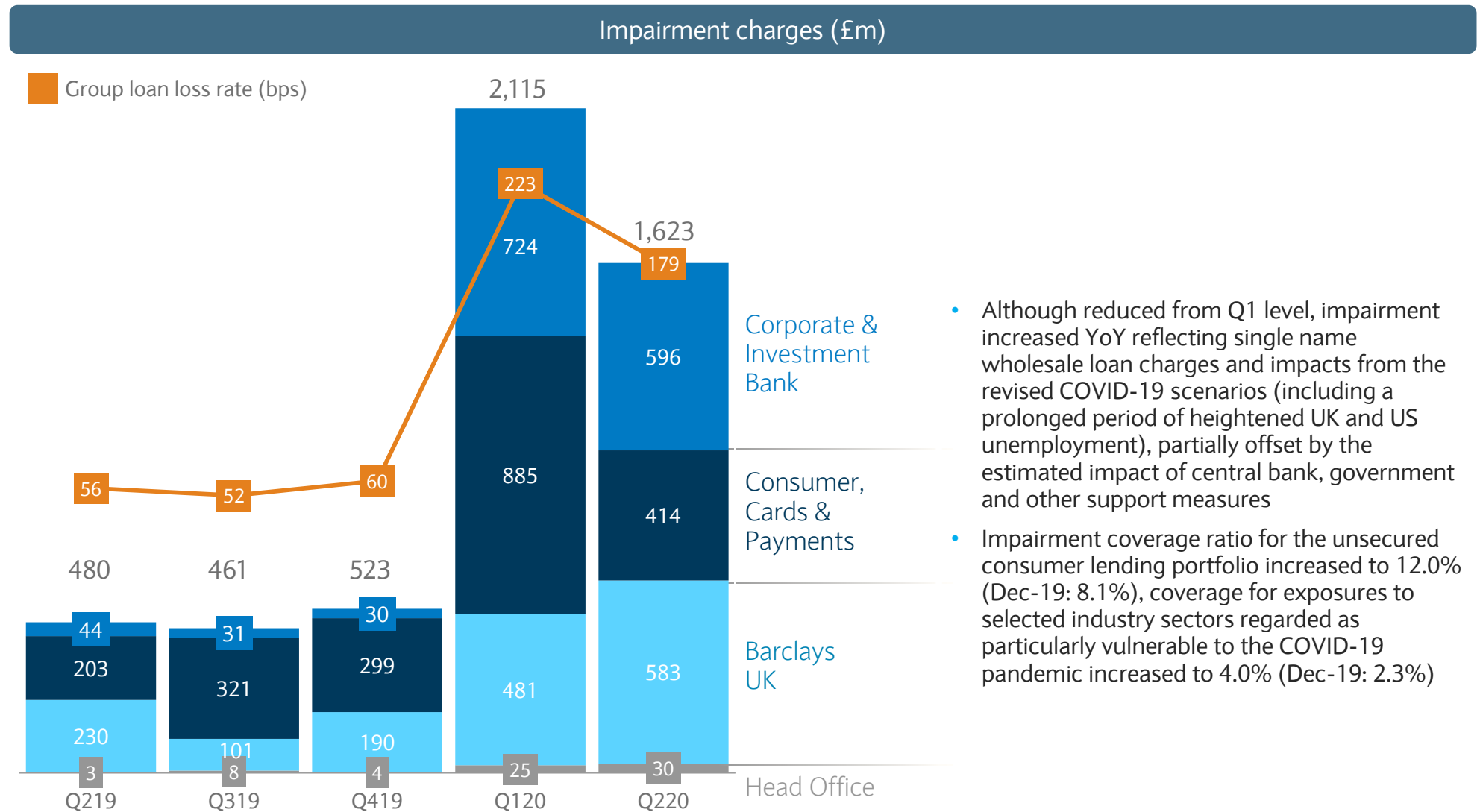


- Short-term headwinds exist from spend on COVID-19 initiatives as we continue to support customers, businesses, communities and colleagues. As a result, short-term cost flexibility in the consumer businesses remain limited
- FY20 costs will also be predicated on income performance
- UK bank levy in Q420 will drive higher total operating expenses

Targeting cost: income ratio below 60% over time<sup>1</sup>

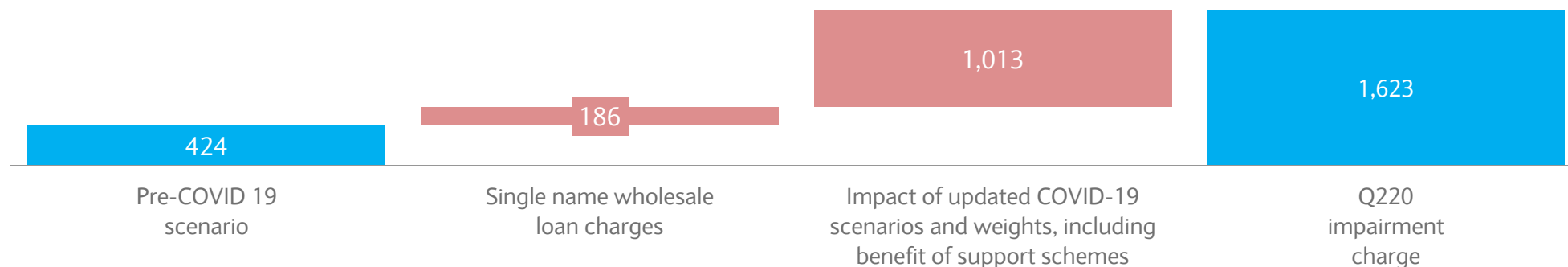
<sup>1</sup> Excluding L&C |

# Increased impairment charges in Q120 and Q220 have resulted in higher coverage ratios across portfolios



# Q220 impairment charge driven by updated economic forecasts and expectation of a slower recovery

Components of Q220 impairment charge (£m)



Baseline scenario macroeconomic variables (MEVs)

		Mar-20 MEVs			Jun-20 MEVs			5-year average
		2020	2021	2022	2020	2021	2022	
UK GDP	Annual growth	(8.0%)	6.3%	1.3%	(8.7%)	6.1%	2.9%	5.4%
UK unemployment	Quarterly average	6.7%	4.5%	3.7%	6.6%	6.5%	4.4%	4.9%
US GDP	Annual growth	(6.4%)	4.4%	3.2%	(4.2%)	4.4%	(0.3%)	3.3%
US unemployment	Quarterly average	12.9%	7.5%	3.8%	9.3%	7.6%	5.5%	6.3%

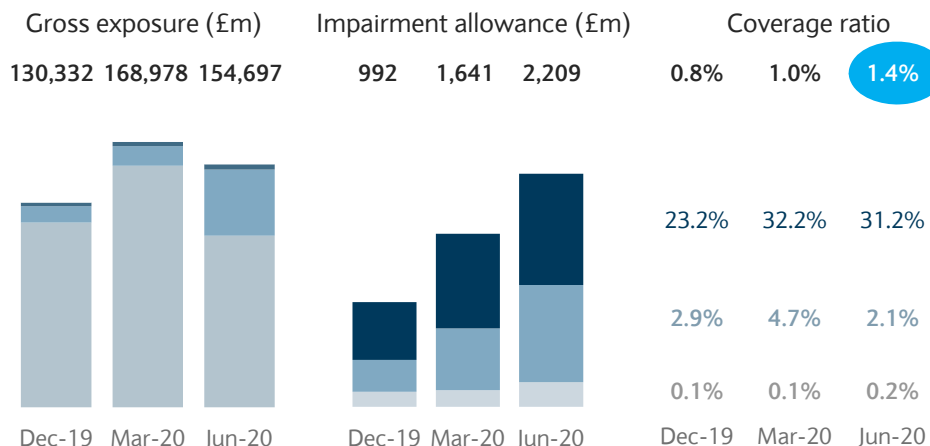
- Since the Q120 impairment charge, UK and US macroeconomic variables have been revised and new IFRS 9 scenarios generated
  - The Jun-20 baseline scenario now assumes a longer period of recovery in both economies than as at Mar-20
  - The unemployment rate in the UK and US, which is the key economic variable for unsecured lending impairment, is now expected to be heightened for a prolonged period
  - Assumptions around the benefit of support schemes are largely reflected in these variables



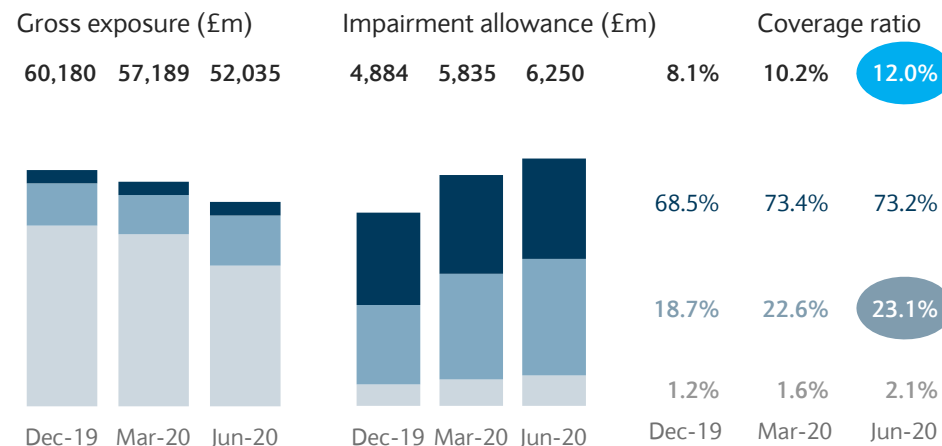
# Q220 impairment coverage ratios

Increased impairment coverage across all portfolios with the stage 2 unsecured coverage ratio of 23.1%

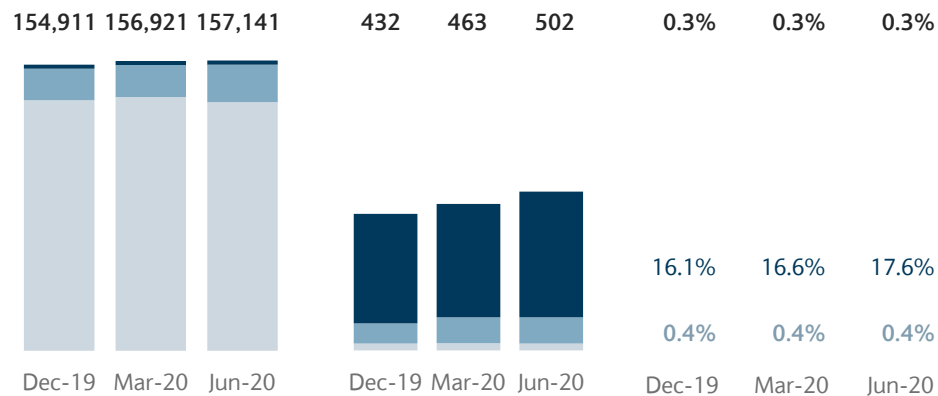
## Wholesale loans



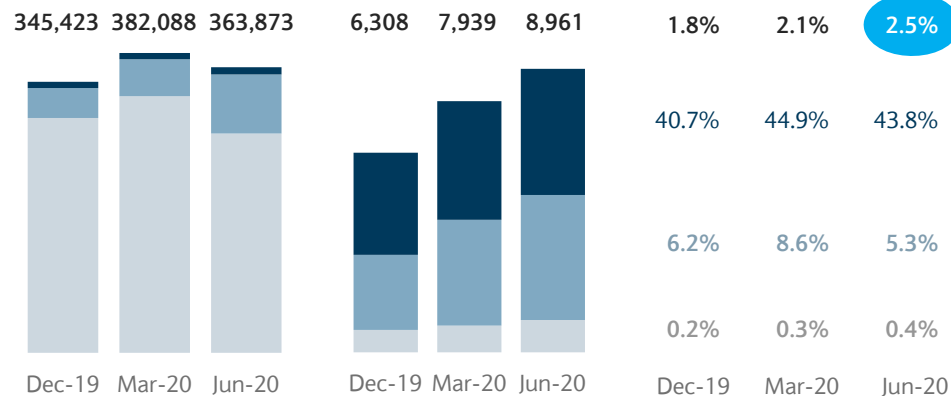
## Credit cards, unsecured loans and other retail lending



## Home loans



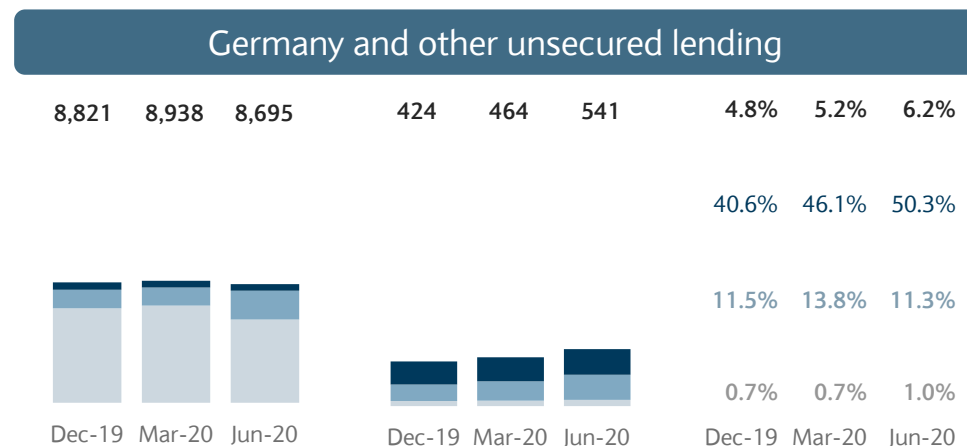
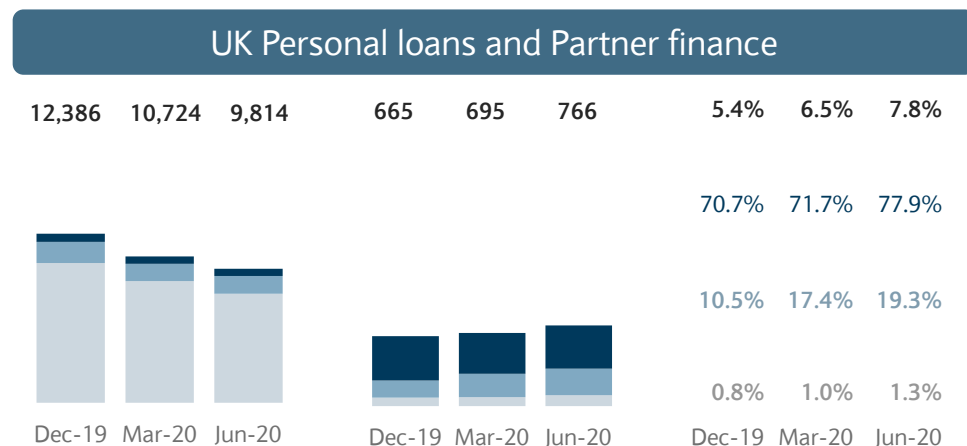
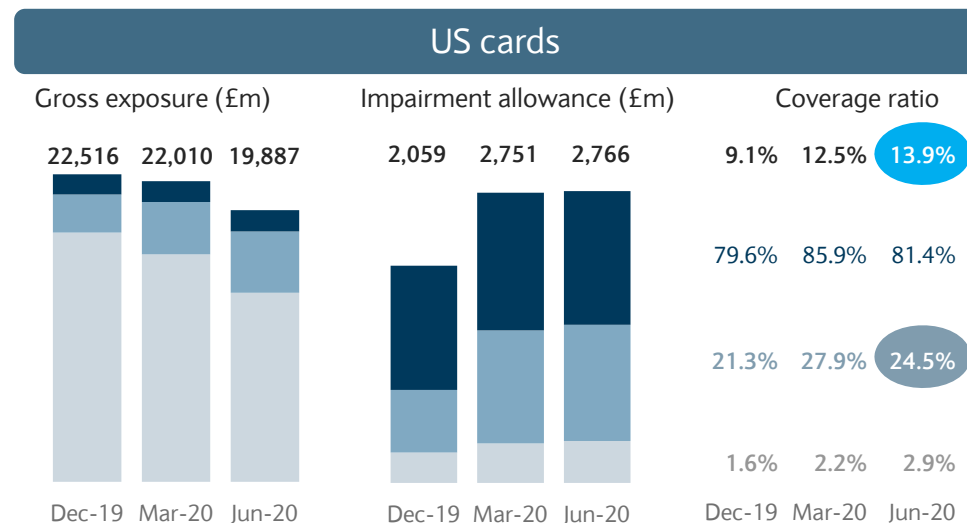
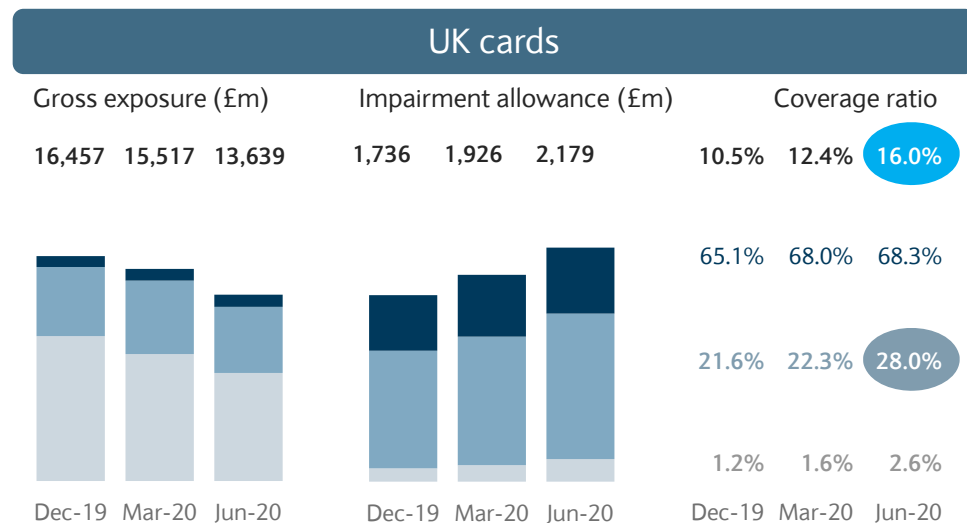
## Total loans



Stage 1 Stage 2 Stage 3

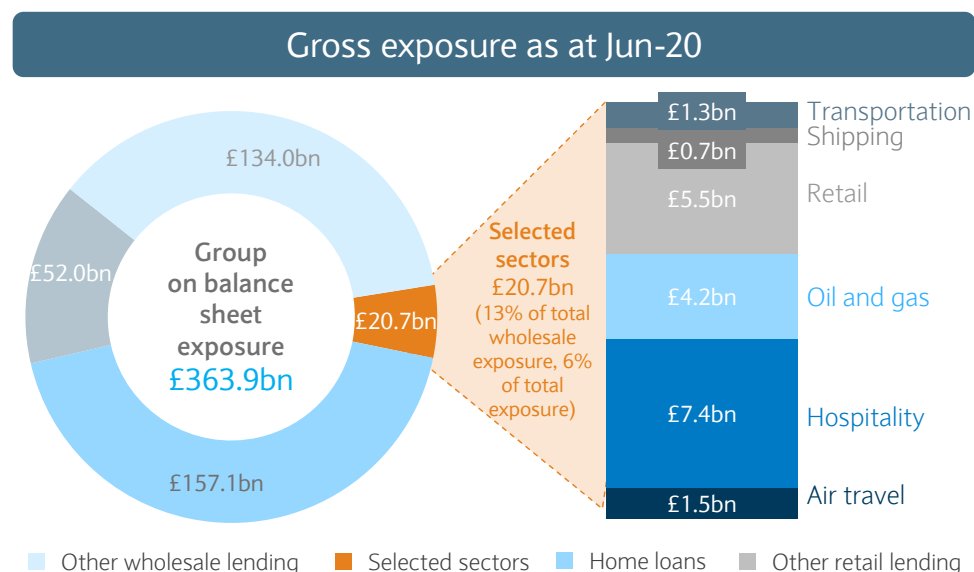
# Q220 impairment coverage ratios for credit cards, unsecured loans and other retail lending

UK and US cards stage 2 coverage ratios increased to 28% and 24.5% respectively



■ Stage 1 ■ Stage 2 ■ Stage 3

# Exposure to selected sectors vulnerable to the current environment only 13% of total wholesale exposure

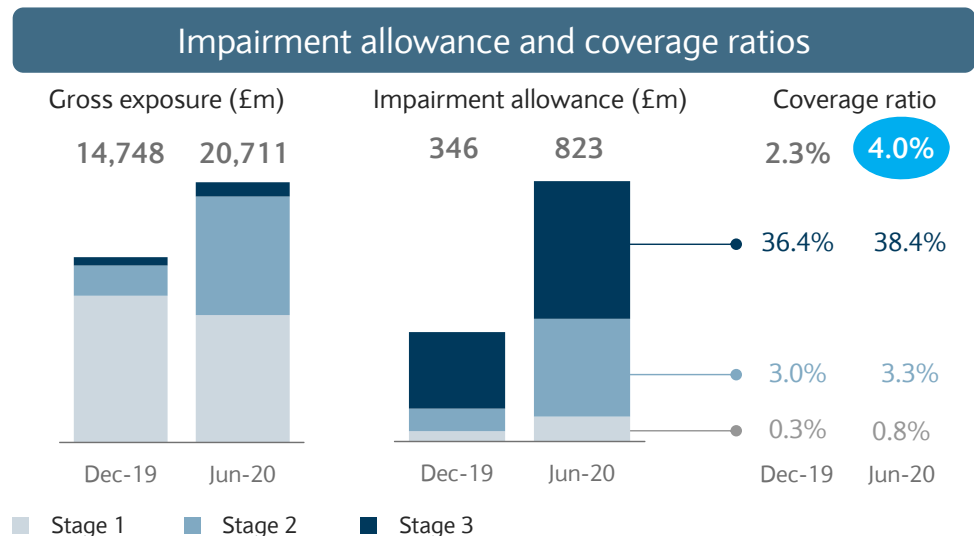


- Our exposure to higher risk sectors as a result of the COVID-19 pandemic totalled £20.7bn
- Majority of exposure (>65%) is to clients internally rated as Investment Grade or have a Strong Default Grade classification. Non-investment grade exposure is typically senior and lightly drawn
- Well diversified portfolio across sector and geography
- Government stimulus and support measures expected to partly mitigate the impact on higher risk sectors
- Active identification and management of high risk sectors has been in place following the Brexit referendum with actions taken to enhance lending criteria and reduce risk profile
- >25% synthetic protection provided by risk mitigation trades
- Covenants in place based on leverage, LTVs, and debt service ratios for clients in high risk sectors

**Retailers** – top names are typically consumer staples or secured against premises/subject to asset-backed loans

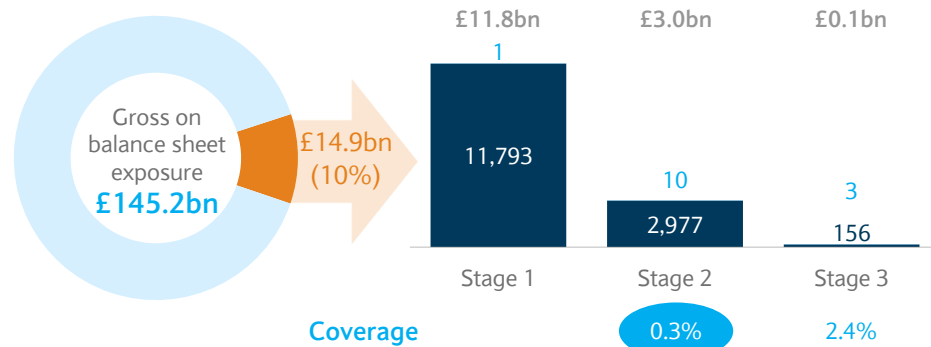
**Airlines** – tenor of lending typically less than 24 months, focused on top tier airlines in the UK and US

**Oil & Gas** – exposure well balanced with no large concentration either by activity or geography

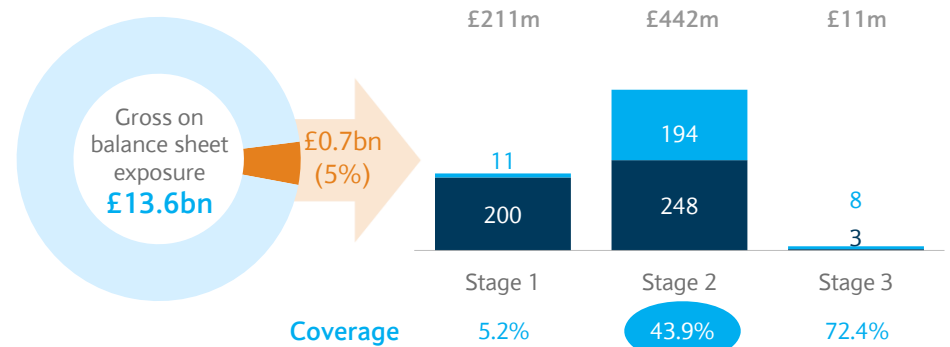


# Balances on payment holidays across portfolios were well covered as at Jun-20

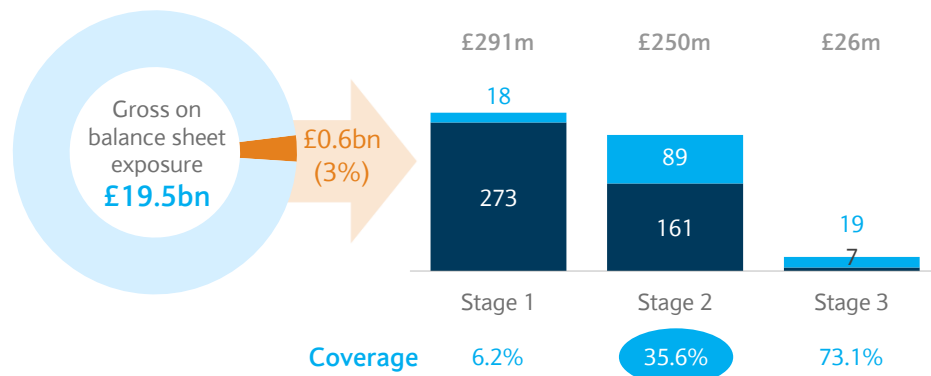
UK mortgages: The average current LTV of balances on active payment holidays is 57%



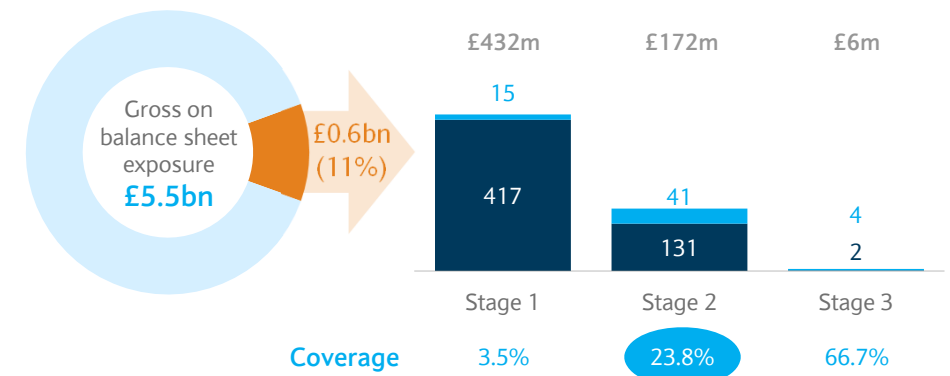
UK cards: Total net exposure on payment holidays of £451m



US Cards: Total net exposure on payment holidays of £441m

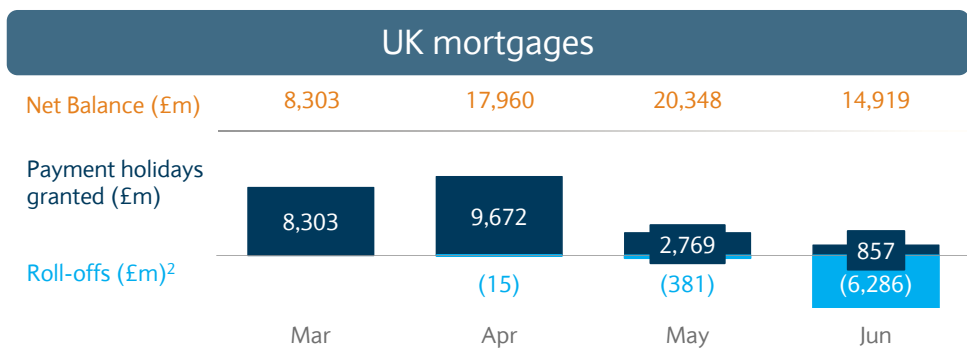


UK personal loans: 71% of gross exposure on payment holidays in stage 1

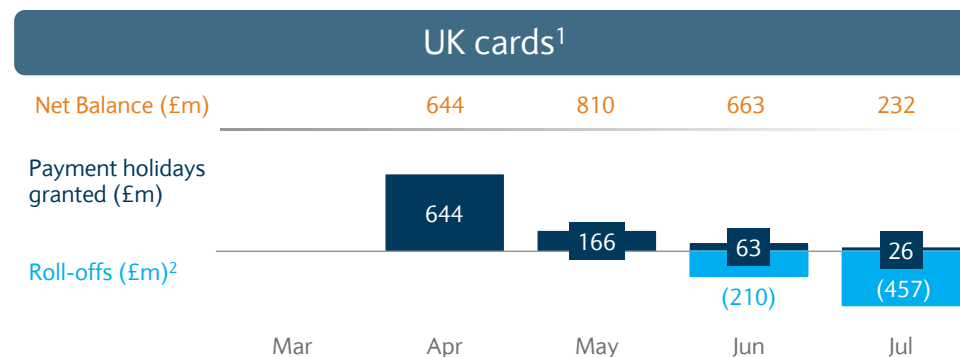


■ Payment holidays granted ■ Net exposure ■ Impairment allowance

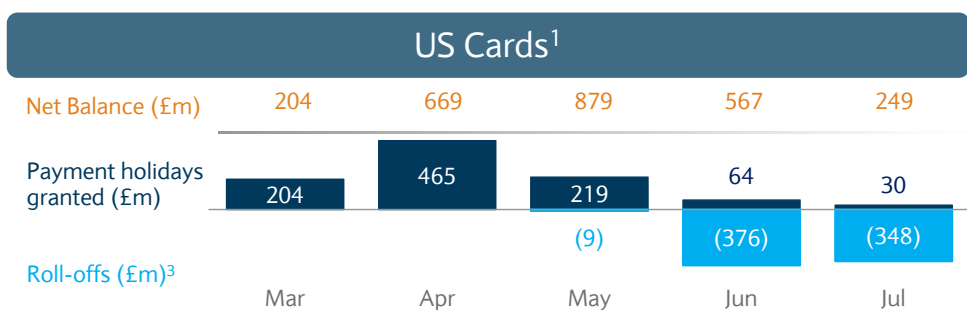
# Payment holidays granted continue to reduce and net balances are also reducing as customers roll off



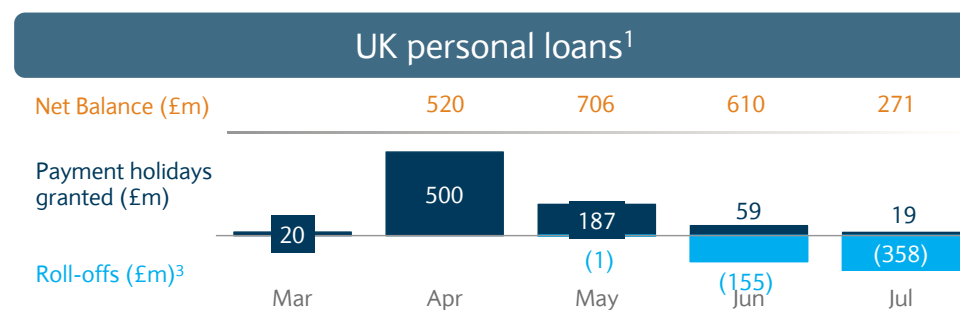
- Value of payment holidays granted to customers in June was 91% lower than granted in April
- July mortgage payment roll-offs do not occur until the end of the month



- Value of payment holidays granted to customers in July is 96% lower than granted in April. July net balances are 71% lower than the peak in May
- c.80% of June payment holiday roll offs have returned to making regular payments (where a payment has been due)<sup>3</sup>



- Value of payment holidays granted to customers in July is 93% lower than granted in April
- July net balances are 72% lower than the peak in May
- c.80% of payment holiday roll offs since May have returned to making regular payments (where a payment has been due)<sup>3</sup>



- Value of payment holidays granted to customers in July is 98% lower than granted in April. July net balances are 61% lower than the peak in May
- c.75% of payment holiday roll offs since May have returned to making regular payments (where a payment has been due)<sup>3</sup>

<sup>1</sup> July payment holidays data estimated as at 22<sup>nd</sup> July 2020 | <sup>2</sup> Mortgage roll offs represent accounts exiting the initial payment holiday where no further payment holiday has been applied prior to 30<sup>th</sup> June. Customers returning to contracted monthly payments or requesting other forms of support are included in the roll off numbers. | <sup>3</sup> Roll off month is the last month where no payment is due from the customer. June roll-offs are required to make their first payment in July and July roll offs will be required to make their first payment in August |

# Q220 Barclays UK

Loss before tax reflects the impacts of COVID-19 on impairment and income, with costs remaining controlled

## Financial performance

### Income

£1.5bn Q219: £1.8bn

### Costs

£1.0bn Q219: £1.1bn

### Cost: income ratio

70% Q219: 60%

### Impairment

£583m Q219: £230m

### LLR

111bps Q219: 47bps

### (LBT)/PBT

£(127)m Q219 £477m

### RoTE

(4.8)% Q219: 12.7%

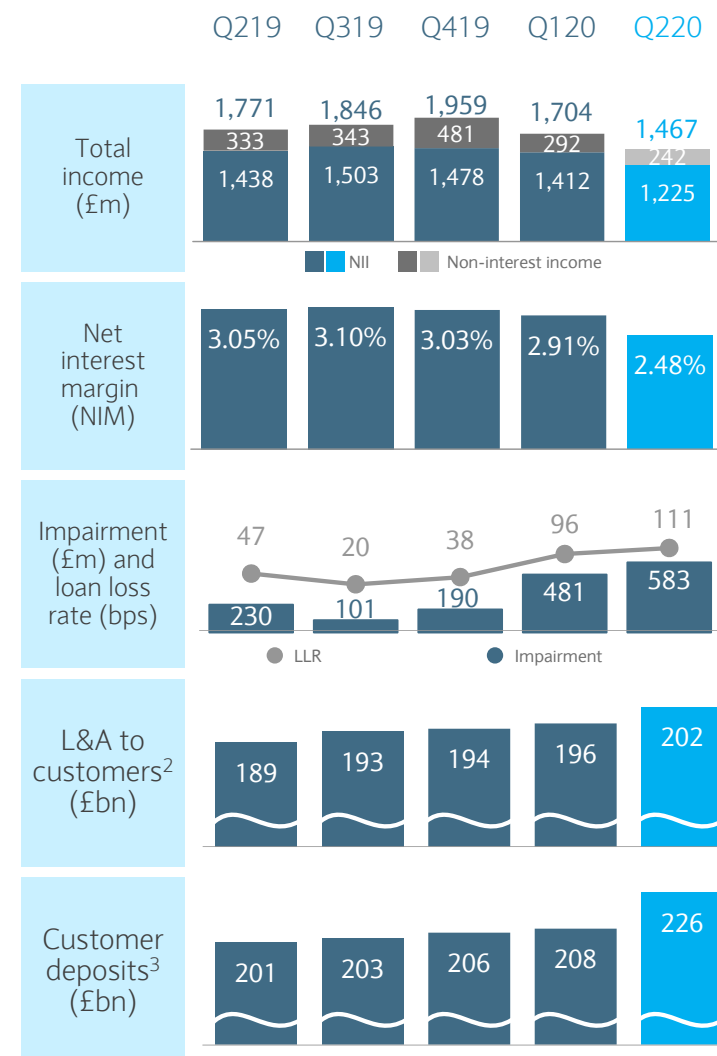
### Average equity<sup>1</sup>

£10.3bn Q219: £10.3bn

### RWAs

£77.9bn Mar-20: £77.7bn

- Income decreased 17% in a challenging operating environment
  - Impact of COVID-19 customer support measures, deposit margin compression, interval between Q120 base rate reductions and deposit re-pricing, as well as lower interest earning lending in UK cards and overdraft balances
- NIM declined 43bps QoQ to 2.48%
  - Maintain FY20 NIM guidance of 250-260bps
- Costs decreased to £1,024m as efficiency savings were partially offset by certain COVID-19-related costs
- Impairment charges increased to £583m reflecting forecast deterioration in macroeconomic variables in the COVID-19 scenarios, partially offset by the estimated impact of central bank, government and other support measures
- Net loans and advances (L&A)<sup>2</sup> increased 3% QoQ to £202bn predominantly through Bounce Back Loan Scheme (BBLs) and the Coronavirus Business Interruption Loan Scheme (CBILs) lending and the transfer of the Barclays Partner Finance from Barclays International
- Customer deposits<sup>3</sup> increased 9% QoQ to £226bn due to lower spending levels, the impact of payment holidays, as well as the deposit of BBLs and CBILs loan proceeds
- Loan: deposit ratio (LDR) of 92% reflects deposit growth and continued prudent approach to lending



<sup>1</sup> Average allocated tangible equity | <sup>2</sup> Loans and advances at amortised cost | <sup>3</sup> Customer deposits at amortised cost |

# Q220 Barclays International

Strong income growth offset by higher impairment resulting in RoTE of 5.6%

## Financial performance

### Income

£4.0bn Q219: £3.9bn

### Costs

£2.2bn Q219: £2.4bn

### Cost: income ratio

55% Q219: 63%

### Impairment

£1.0bn Q219: £0.2bn

### PBT

£0.8bn Q219: £1.2bn

### RoTE

5.6% Q219: 10.7%

### Average equity<sup>1</sup>

£33.5bn Q219: £31.1bn

### LLR

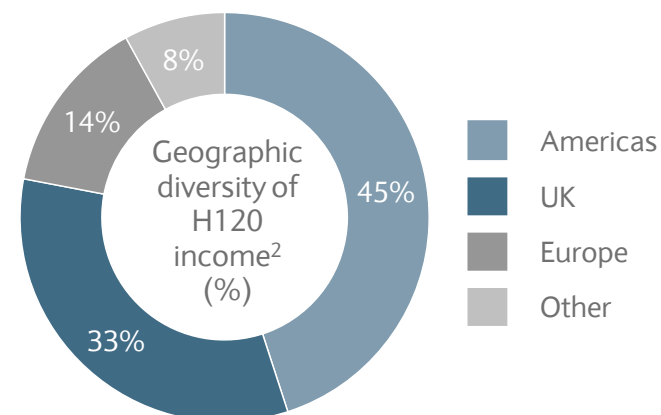
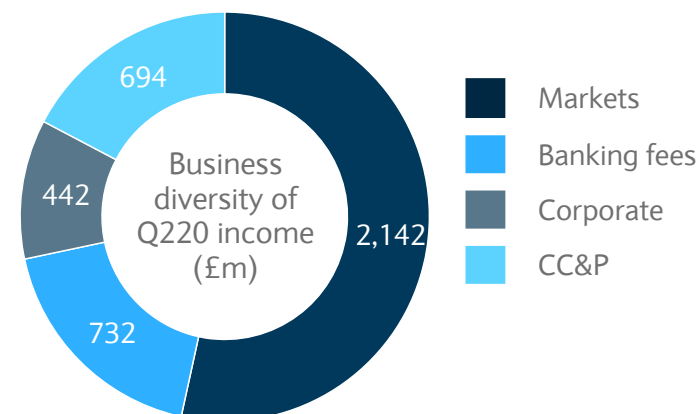
284bps Q219: 72bps

### RWAs

£231.2bn Mar-20: £237.9bn

- Income increased 3% to £4.0bn, reflecting strong performance in CIB
  - Income diversified by business and geography, with the US representing c.45% and the UK c.30% of income<sup>2</sup>
- Cost: income ratio decreased to 55%, due to cost efficiencies, discipline in the current environment and lower marketing spend due to the impacts of the COVID-19 pandemic
- Impairment charge increased to £1.0bn, reflecting single name wholesale loan charges and impacts from revised COVID-19 scenarios, partially offset by the estimated impact of central bank, government and other support measures
- RWAs decreased to £231.2bn due to reduced client activity QoQ, as well as lower CC&P balances, partially offset by a reduction in credit quality within CIB

## Income balanced across businesses and geographies



<sup>1</sup> Average allocated tangible equity | <sup>2</sup> BBPLC income, based on location of office where transactions were recorded |

# Q220 Barclays International: Corporate & Investment Bank

RoTE of 9.6% driven by strong income performance and positive jaws

## Financial performance

### Income

£3.3bn Q219: £2.8bn

### Costs

£1.7bn Q219: £1.9bn

### Cost: income ratio

51% Q219: 67%

### Impairment

£596m Q219: £44m

### PBT

£1.0bn Q219: £0.9bn

### RoTE

9.6% Q219: 9.2%

### Average equity<sup>1</sup>

£29.0bn Q219: £25.8bn

### Total assets

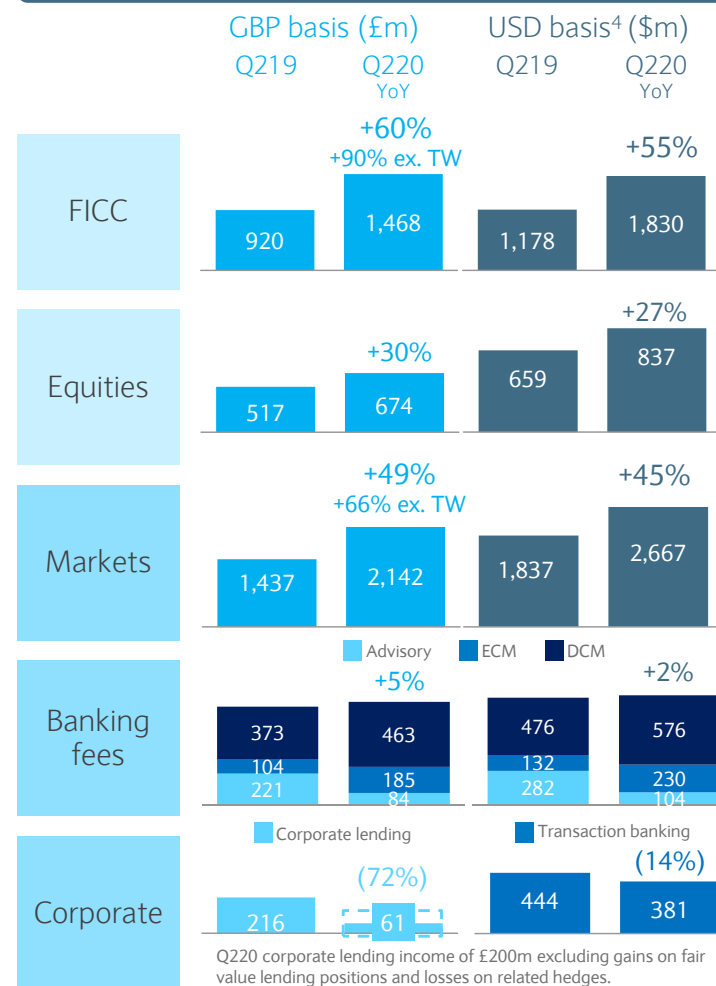
£1,010bn Mar-20: £1,083bn

### RWAs

£198.3bn Mar-20: £201.7bn

- Overall CIB income increased 19% to £3.3bn
- Markets income increased 49% (66% ex. Tradeweb), resulting in the best ever Q2 on a comparable basis<sup>2</sup>
  - FICC increased 60% (90% ex. Tradeweb), with particularly strong performance in credit, reflecting increased client activity and spread widening
  - Equities increased 30%, driven by cash equities and equity derivatives, due to higher levels of client activity and volatility
- Banking fees increased 5% due to strong performance in debt and equity capital markets, which had their best ever quarters in GBP on a comparable basis<sup>2</sup>, partially offset by reduced fee income in advisory which was impacted by a reduced fee pool<sup>3</sup>
- Corporate lending income decreased 72%, including the impact of c.£140m of gains on fair value lending positions, more than offset by c.£(280)m of losses on mark-to-market and carry costs on related hedges in Q220
- Transaction banking income decreased 14% as deposit balance growth was more than offset by margin compression
- Cost: income ratio decreased significantly to 51% reflecting cost efficiencies and discipline in the current environment
- Impairment increased to £596m reflecting single name wholesale loan charges and impacts from the revised COVID-19 scenarios, partially offset by the estimated impact of central bank, government and other support measures
- Total assets decreased to £1,010bn predominantly due to reduction in lending, derivative balances and cash collateral & settlements, partially offset by an increase in cash at central banks and securities within the liquidity pool

## Income



<sup>1</sup> Average allocated tangible equity | <sup>2</sup> Period covering Q114 – Q220. Pre 2014 financials not restated following re-segmentation in Q116 | <sup>3</sup> Data source: Dealogic for the period covering 1 April to 30 June 2020 | <sup>4</sup> USD basis is calculated by translating GBP revenues by month for Q220 and Q219 using the corresponding GBP/USD FX rates |



# Q220 Barclays International: Consumer, Cards & Payments

Loss before tax driven by subdued income performance reflecting the impact of COVID-19

## Financial performance

### Income

£0.7bn Q219: £1.1bn

### Costs

£0.5bn Q219: £0.6bn

### Cost: income ratio

74% Q219: 52%

### Impairment

£414m Q219: £203m

### LLR

455bps Q219: 180bps

### (LBT)/PBT

£(233)m Q219: £336m

### RoTE

(20.2)% Q219: 17.8%

### Average equity<sup>1</sup>

£4.5bn Q219: £5.3bn

### RWAs

£32.9bn Mar-20: £36.2bn

- Income decreased 37%, due to lower balances on co-branded cards, reduced payments activity and margin compression

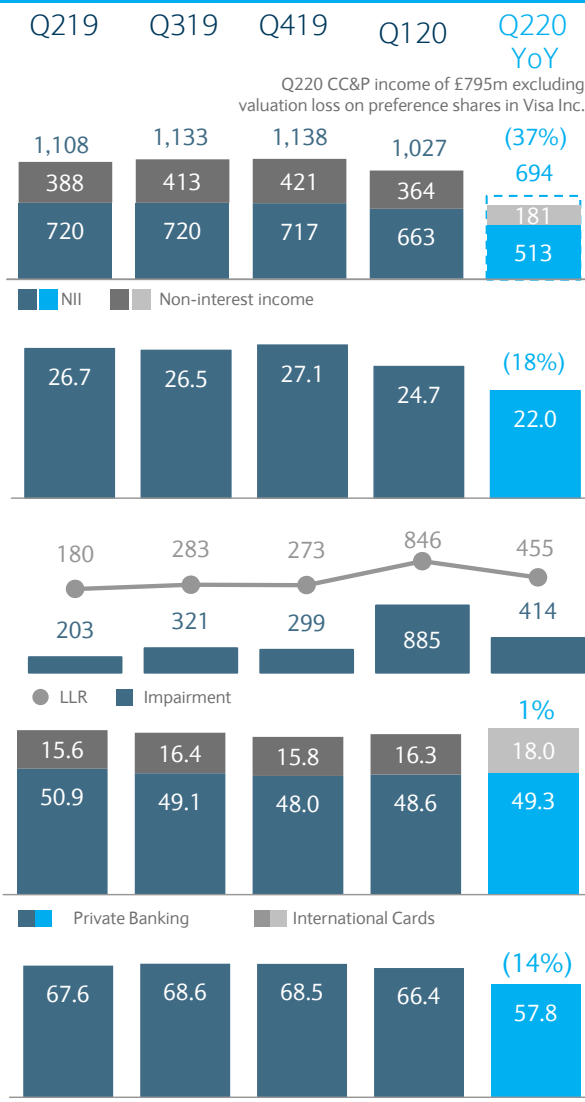
- Q220 included a c.£100m valuation loss on Barclays' preference shares in Visa Inc.

- Total US cards net receivables were down 18%, from lower spend, in line with the industry, following COVID-19 lockdown measures

- US consumer spending and UK payment volumes have seen signs of recovery in recent weeks as COVID-19 restrictions have eased

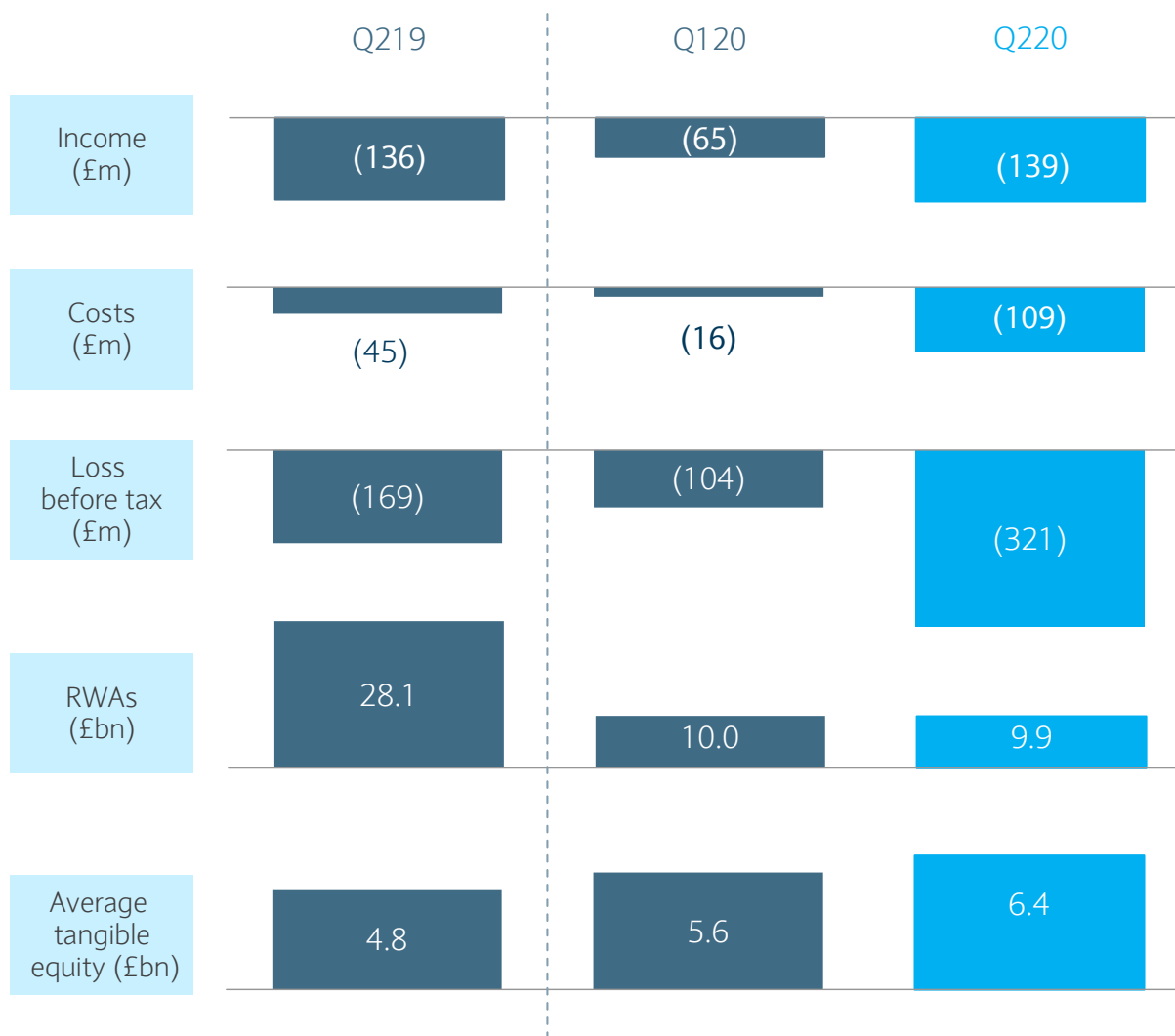
- Costs decreased 11%, reflecting cost efficiencies and lower marketing spend due to the impacts of COVID-19 on US card origination channels

- Impairment increased to £414m reflecting the impact from the revised COVID-19 scenarios, partially offset by the estimated impact of central bank, government and other support measures



<sup>1</sup> Average allocated tangible equity | <sup>2</sup> Includes deposits from banks and customers at amortised cost

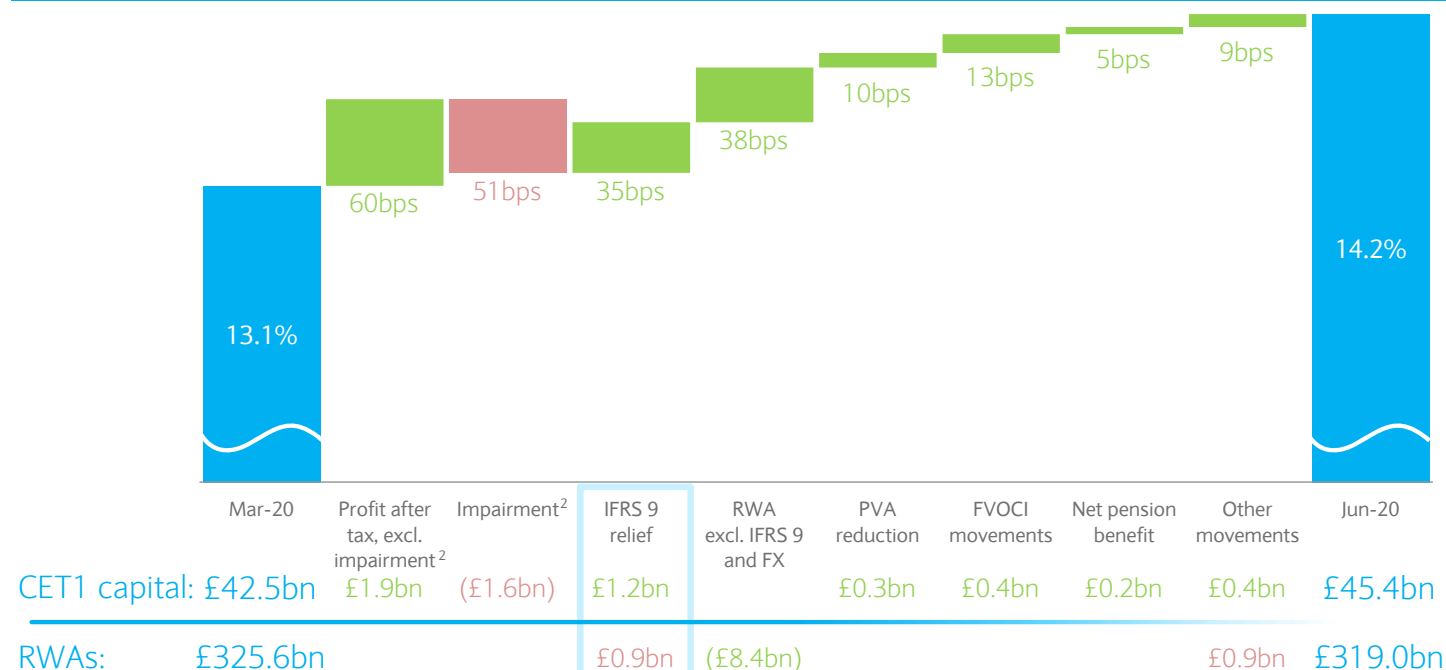
# Head Office



- Q220 negative income of £139m included:
  - c.£50m mark-to-market losses on legacy investments
  - c.£30m residual negative income impact from legacy capital instruments
  - Certain negative treasury items
  - Hedge accounting losses
  - Partially offset by a c.£40m Absa dividend received in Q220 (no further Absa dividend expected in 2020)
- Q220 costs increased to £109m, including:
  - £45m of COVID-19 Community Aid Package donations
  - Non-repeat of c.£40m provision release in Q120
  - H220 cost run rate expected to be lower than Q220
- Impairment increased £27m related to the Italian home loans portfolio
- Loss before tax includes a £40m fair value loss on an investment in other net income

# Q220 CET1 ratio<sup>1</sup> increased to 14.2%

Reflecting resilient profits, regulatory changes and reduced RWAs



CET1 ratio of 14.2% reflecting:

- 60bps of profit after tax, excluding impairment charges<sup>2</sup>
- 35bps of post-tax IFRS 9 transitional relief
- 38bps of RWA movements excluding IFRS 9 impact and FX
- 10bps of PVA reduction
- 13bps of FVOCI reserve movements
- 5bps net benefit from pensions
- 9bps from other movements

Partly offset by:

- 51bps of impairment charges<sup>2</sup>

### IFRS 9 transitional relief

- IFRS 9 transitional relief applies to stage 1 and 2 impairments, therefore migration into stage 3 would lead to CET1 ratio decline, all else equal
  - Total post-tax IFRS 9 transitional relief of £2.5bn, or c.75bps as at Jun-20

Jun-20      CET1 ratio trajectory

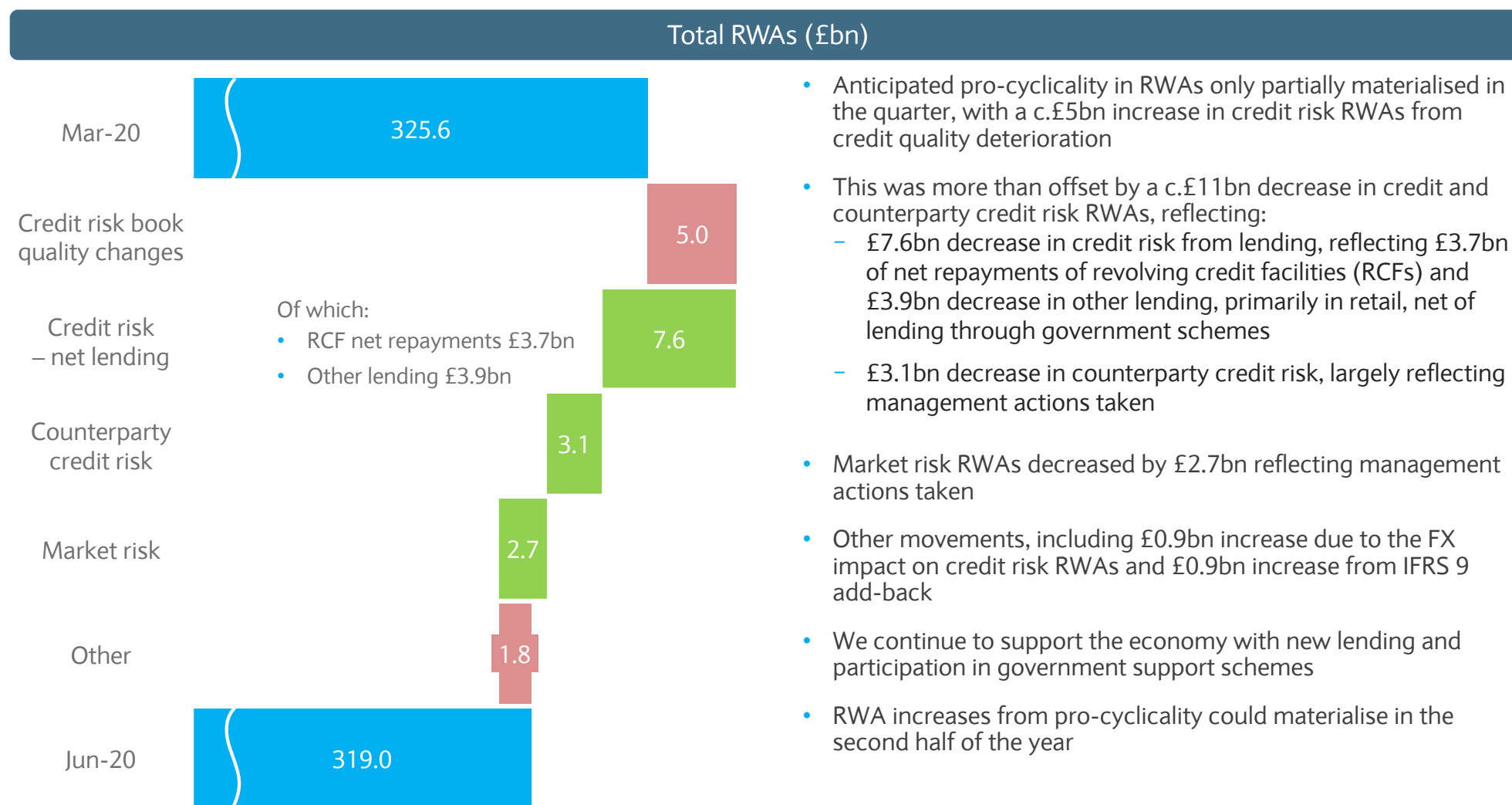
Jun-20 UK leverage ratios

- Spot: 5.2%
- Average: 4.7%

<sup>1</sup> CET1 ratio is currently 300bps above the MDA hurdle. The fully loaded CET1 ratio was 13.5% as at 30 June 2020 | <sup>2</sup> Represents pre-tax impairment charges.

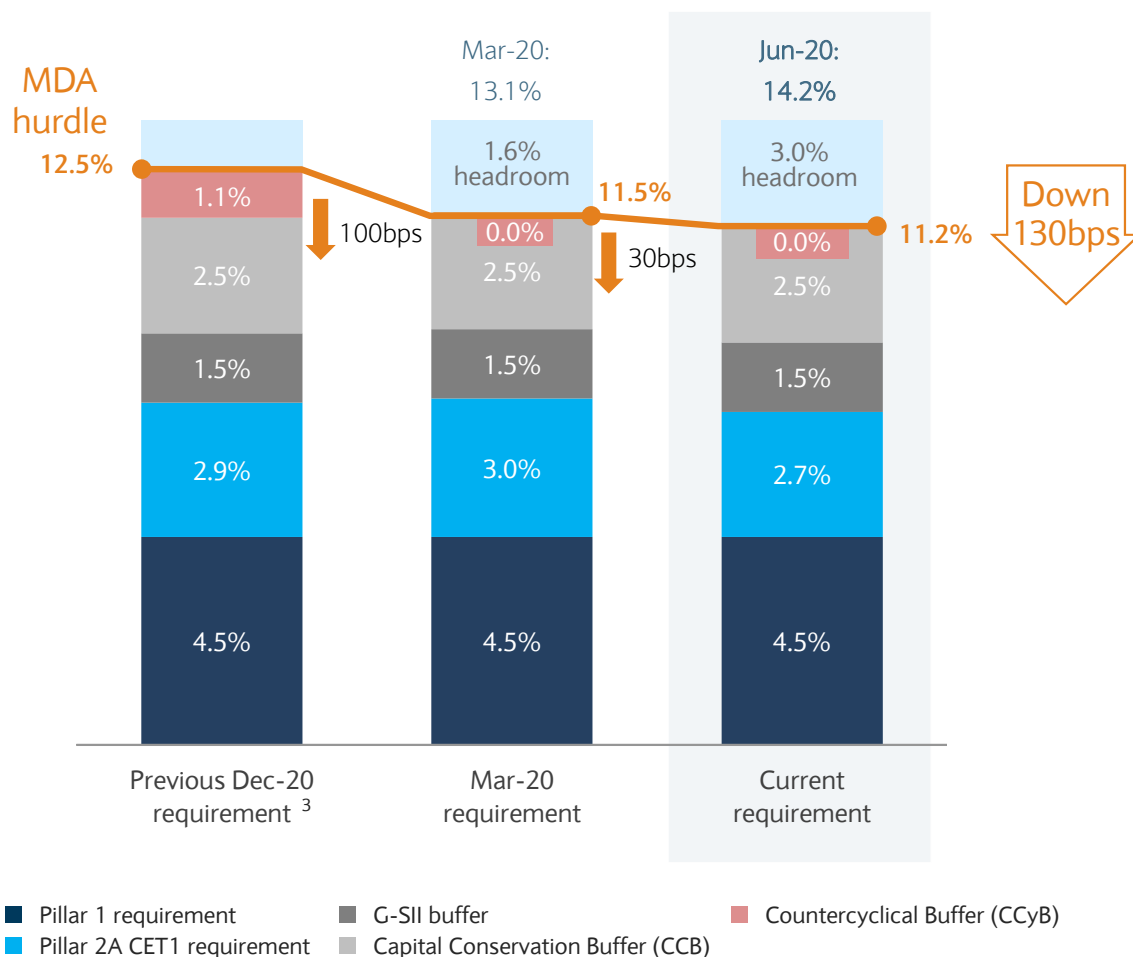
# RWAs decreased over Q220

RWAs reduced as anticipated pro-cyclical RWA inflation was more than offset by management actions and lower loan demand



# Continue to manage CET1 ratio<sup>1</sup> with appropriate headroom above MDA through the stress

Illustrative evolution of minimum CET1 requirements and buffers

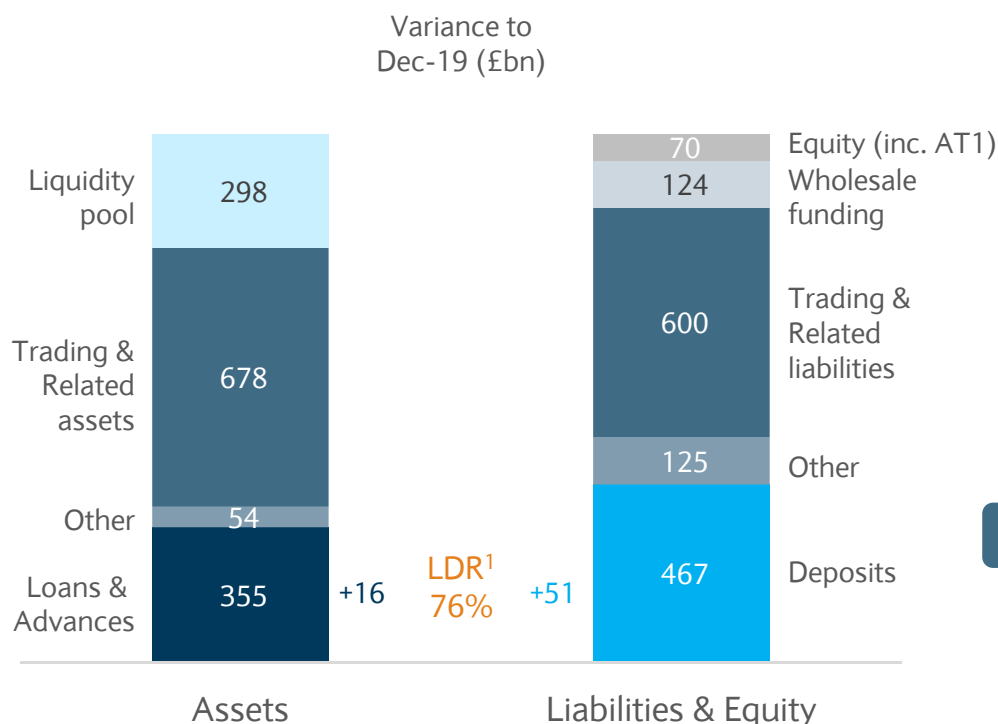


- Barclays intends to manage its capital position to enable it to support customers whilst maintaining appropriate headroom over the MDA hurdle, which is currently 11.2%<sup>2</sup>
- Headroom above MDA increased to 300bps as the regulators introduced further measures to preserve the flexibility banks needed to extend credit to the wider economy, whilst Barclays achieved strong capital accretion in Q220
- In H220 there may be headwinds to the Group's CET1 ratio from pro-cyclical effects on RWAs, and reduced benefit from transitional relief on IFRS 9 impairment. However, the Group's CET1 ratio will continue to be managed to maintain an appropriate headroom above the MDA hurdle

<sup>1</sup> CET1 ratio calculated applying the transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date | <sup>2</sup> Barclays' MDA hurdle at 11.2% reflecting the new Pillar 2A requirement as per the PRA's ICR effective from 23 July 2020. | <sup>3</sup> Previously expected Dec-20 requirement, following revision of the UK CCyB and Pillar 2A requirements by the PRA in December 2019. |

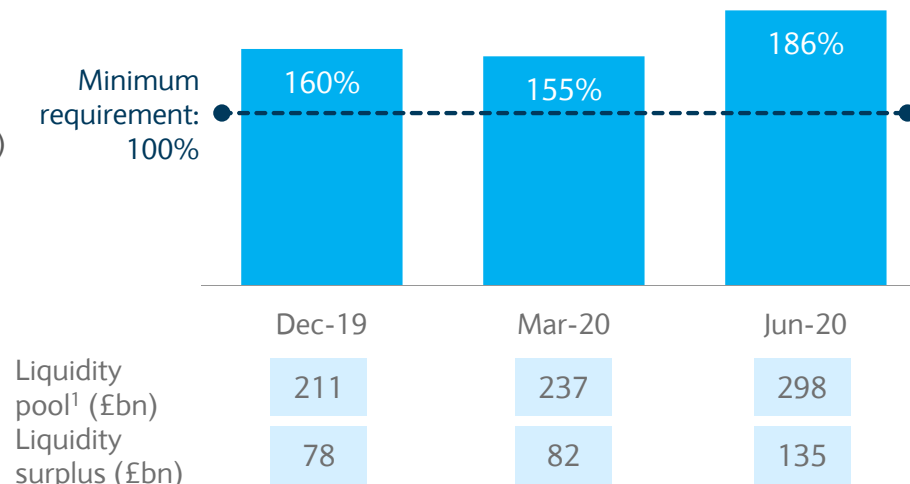
# High quality and conservatively positioned liquidity and funding position

## Balance sheet composition as at Jun-20 (£bn)

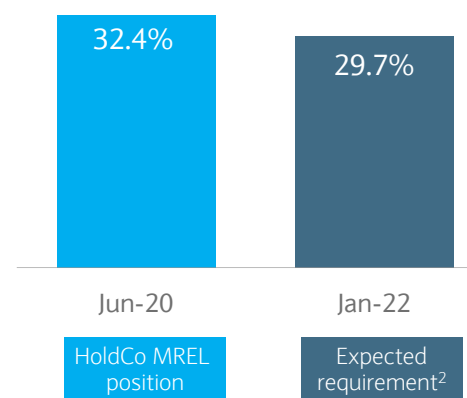


- Liquidity pool represents 22% of Group balance sheet
- Low reliance on wholesale funding, with strong and stable deposit base and other diversified sources of funding across the main operating divisions
- Trading related assets are largely matched by equivalent liabilities
- LDR decreased by 6% in H1 to 76%, reflecting £51bn growth in deposits and £16bn growth in L&A

## Group LCR significantly exceeding minimum requirement



## Well positioned for future MREL requirements

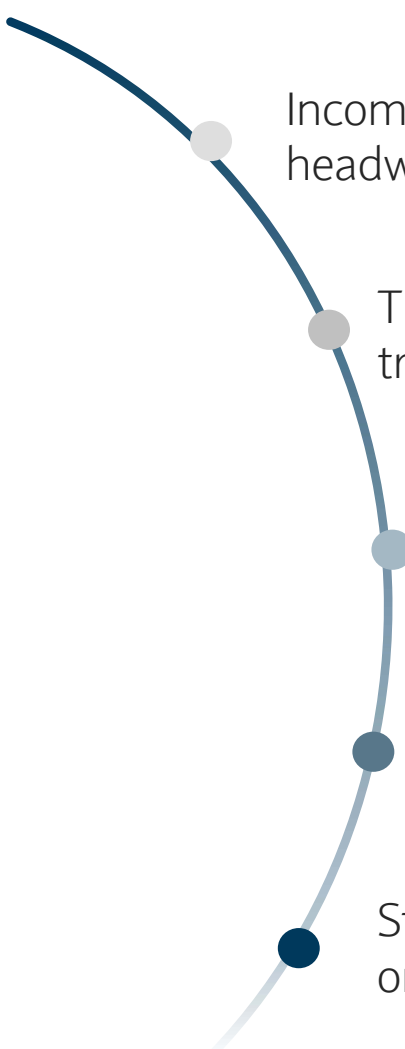


- Issued c.£5bn equivalent of MREL year to date
- Continue to expect c.£7-8bn of MREL issuance in 2020

<sup>1</sup> Loan: deposit ratio is calculated as loans and advances at amortised cost divided by deposits at amortised cost. | <sup>2</sup> 2022 requirements subject to BoE review by end-2020 |

# Outlook: Diversification delivering resilient performance

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Income in BUK and CC&P is expected to gradually recover from Q220 levels, but certain headwinds including from the low interest rate environment, are likely to persist into 2021

The CIB performance in the first half benefitted from increased issuance activity and trading volumes, with the franchise well positioned for the future

Continued focus on cost discipline, but short-term headwinds remain from spend on COVID-19 initiatives

Impairment in H220 expected to remain above the level experienced in recent years, but below the H120 impairment charge, assuming no change in macroeconomic forecasts

Strong capital position, although CET1 ratio may be impacted by procyclical effects on RWAs and reduced transitional relief on IFRS 9 impairment



# Appendix

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# Support for customers in the UK<sup>1</sup>

## Mortgages

- Mortgage payment holidays granted for **c.121,000 accounts**
- **12 month interest only** payments granted

## Personal loans and point of sale financing

- Repayment holidays granted for **c.106,000 personal loan and point of sale finance accounts**

## Overdrafts

- Continue to provide an interest free buffer as well as reduced and capped charges on overdrafts for **5.4 million customers**

## Credit cards

- Credit card repayment holidays granted for **c.157,000 accounts**
- Late payment and cash advance fees waived for **8 million customers**

## Vulnerable customers and key workers

- **817 branches** remain open, over 80% of the branch footprint
- **260,000 calls** handled per week during the peak of the crisis, significantly up due to COVID-19
- **NHS and key workers proactively identified** and moved to the front of the queue

<sup>1</sup> Payment holiday data as at 22<sup>nd</sup> July 2020. All other metrics as at 24<sup>th</sup> July 2020 |



# Support for businesses<sup>1</sup>

## Existing lending and withholding fees

- **£14bn three year lending fund** for UK SMEs
- **Over £50bn of lending limits** available to UK clients
- Free banking and overdraft fees waived for **650,000 UK SMEs**
- **12-month capital repayment holidays** for most loans over £25,000

## Supporting the UK Government's initiatives

- **c.249,000 Government-backed Bounce Back loans approved** with a value of c.£7.7bn, **c.8,900 Coronavirus Business Interruption Loan Scheme (CBILS) loans** approved with a value of c.£2bn, and **c.80 Coronavirus Large Business Interruption Loan Scheme (CLBILS) loans** approved with a value of c.£0.5bn
- **Central role in arranging c.£11.7bn of commercial paper issuance for clients through the Covid Corporate Financing Facility (CCFF)**
- Sole relationship bank supporting the UK Government with the **Coronavirus Job Retention Scheme** distributions to furloughed workers and **Self-employment Income Support Scheme**

## Helping business and institutions to access the global capital markets

- Led deals for **58 governments, government related clients and supranationals** around the world since the start of the crisis, **raising US\$198bn**. This includes deals for **13 European sovereigns, raising US\$84bn**
- **Underwrote US\$766bn of equity and debt new issuance** in Q2
- **In ECM supported 12 companies** in the UK during Q2 to **raise £4bn**

<sup>1</sup> Payment holiday data as at 22<sup>nd</sup> July 2020. Business lending and commercial paper issuance date as at 27<sup>th</sup> July 2020. All other metrics as at 24<sup>th</sup> July 2020 |



# Support for our communities and colleagues<sup>1</sup>

## Supporting communities

- **£45m of £100m Community Aid Package allocated to charities** (for charity partners primarily in the UK, US, and India)
- Extended **LifeSkills and Digital Eagles** programmes to support home schooling and fraud prevention

## Supporting colleagues

- **70,000 of 88,000 employees able to work from home**
- **3,000 of 4,000 UK call centre staff equipped with IT to work from home**
- **Moratorium on redundancy programmes** until September
- **Enhanced wellbeing** offering to help colleagues manage their physical and mental health
- **Paid leave or reduced hours for colleagues** caring for dependents, including children
- **Four weeks paid leave for UK staff volunteering** to support health or social care
- Used existing programmes to support any **Armed Forces Reservists** who were called up

<sup>1</sup> Metrics as at 24<sup>th</sup> July 2020 |

# Financial targets

*Group targets are subject to change depending on the evolution of the COVID-19 pandemic*

## Group RoTE

>10% over time<sup>1</sup>

## Cost efficiency

<60% cost: income ratio  
over time

## CET1 ratio

CET1 ratio managed to ensure  
appropriate headroom above the  
MDA hurdle<sup>2</sup>

## Capital distribution

The Board will decide on future  
dividend and capital returns policy at  
year-end 2020

Barclays' financial position remains robust and we remain committed to supporting the economy while protecting the interests of our stakeholders

<sup>1</sup> Excluding L&C | <sup>2</sup> Barclays' MDA reduced to 11.2% in July 2020, and is expected to fluctuate through the cycle given recent regulatory changes |

# ESG supporting society and our franchise

Five focus areas which encompass the underlying ESG factors most relevant to Barclays



## Select metrics<sup>1</sup>

### Financing facilitated in social and environmental segments (£bn)



against a target of £150bn by 2025

### Treasury green bond holding (£bn)



against a target of £4bn over time

### Females at Managing Director and Director level (%)



metric reflects % of women in senior leadership roles within Barclays

### Scope 1 and 2 carbon emission reduction against 2018 baseline

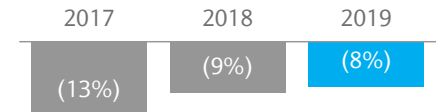
**(53%)<sup>Δ</sup>**

against a target of 80% by 2021 (market based)  
<sup>Δ</sup> 2019 data subject to limited assurance by KPMG

### Transactions subjected to environmental and social risk review

**523**

### Barclays UK complaints excluding PPI (% reduction in complaints)



We received a significant volume of PPI-related claims leading up to the FCA deadline of 29 August 2019. As such the underlying trend provides a more meaningful comparison

See [home.barclays/esg](https://home.barclays/esg) for data, disclosures and policy statements

<sup>1</sup> Green and Social financing volumes are reported in line with Barclays Impact Eligibility framework. Note that RCF are included on the basis of sustainability performance linked pricing mechanisms and not use of proceeds |

# Intend to play a leading role in the climate change agenda

*Size and scale to make a real difference in helping to accelerate the transition to a low-carbon economy*

## Net Zero by 2050

### Scope 1 and 2 : Net zero by 2030

Operational GHG emissions halved over last two years.

Member of RE100 initiative, committed to sourcing 100% renewable electricity by 2030. Currently at 60%, and targeting 90% by 2021.

### Scope 3: Net zero by 2050

Across all our financing activities – the GHG footprint of the business activities we finance around the world, across all sectors.

## Increased restrictions in sensitive energy sectors

### Coal

No finance to clients with more than 50% revenue from thermal coal as of 2020, 30% as of 2025, and 10% as of 2030

### Oil sands

Only finance clients with a plan to have lower emissions intensity than the level of the median global oil producer by the end of the decade

### Arctic

No financing for energy projects in the Arctic Circle

### Fracking

No financing for Europe/UK fracking, and strengthened due diligence for fracking in the rest of the world

**We will align all of our financing activities to the goals and timelines of the Paris Agreement**

# Interest rate sensitivity

## Illustrative sensitivity of Group NII to a 10bps and 25bps parallel downward shifts in interest rates<sup>1</sup>

Change in NII based on illustrative scenario (£m)

Commentary/assumptions

### 10bps downward parallel shift in interest rates

Year 1	Year 2	Year 3
c.(150)	c.(150)	c.(200)

### 25bps downward parallel shift in interest rates

Year 1	Year 2	Year 3
c.(400)	c.(500)	c.(600)

- This analysis is based on the modelled performance of the consumer and corporate banking book, and includes the impact of both the product and equity structural hedges
- It assumes an instantaneous parallel shift in interest rate curves
- The NII sensitivity is calculated using a constant balance sheet, i.e. maturing business is reinvested at a consistent tenor and margin
- The sensitivity scenario illustrated incorporates the increasingly limited ability to pass through rate cuts to deposit holders as rates trend lower. This scenario does not reflect pricing decisions that would be made in the event of rate falls and is provided for illustrative purposes only
- The sensitivities illustrated do not represent a forecast of the effect of a change in interest rates on Group NII
- Combined gross equity and product structural hedge contribution in H120 was £0.9bn

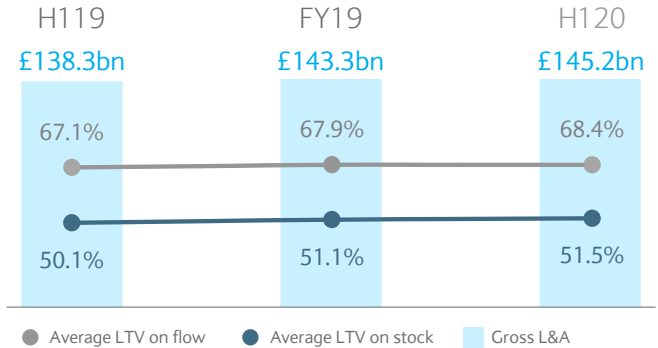
<sup>1</sup> This sensitivity is provided for illustrative purposes only and is based on a number of assumptions regarding variables which are subject to change. Such assumptions might also differ from those underlying the AEaR calculation in the Annual Report. This sensitivity is not a forecast of interest rate expectations, and Barclays' pricing decisions in the event of an interest rate change may differ from the assumptions underlying this sensitivity. Accordingly, in the event of an interest rate change the actual impact on Group NII may differ from that presented in this analysis. The model does not apply floors to shocked market rates. |

# Retail portfolios in the UK and US prudently positioned ahead of the crisis

### UK secured

- Focused on growing mortgage book within risk appetite
- c.50% average LTV of mortgage book stock
- Buy-to-Let mortgages represent only 14% of the book

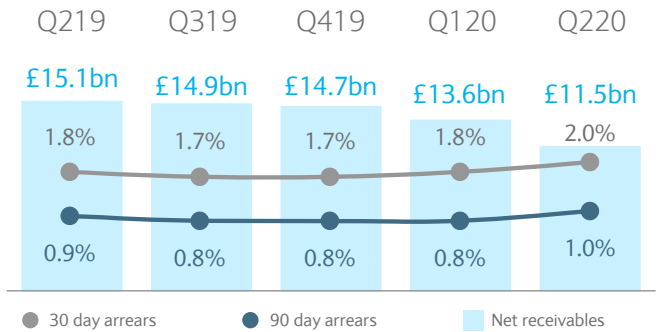
UK mortgage balance growth within risk appetite



### UK unsecured

- Early signs of credit deterioration following COVID-19 pandemic
- A suite of prudent risk actions taken, suspending proactive growth activity and reducing exposure/limits
- 0% BTs followed prudent lending criteria, with 96% of the balances having a duration of <24 months

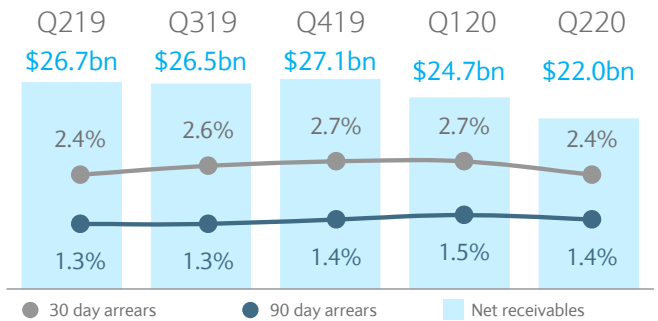
UK cards arrears rates increased marginally year-on-year



### US Cards

- Diversified portfolio across segments with good risk/return balance
- Continuing our focus to shift strategy to co-branded cards whilst scaling back our branded cards presence
- Delinquency trends remained stable, with stable arrears rates in recent years

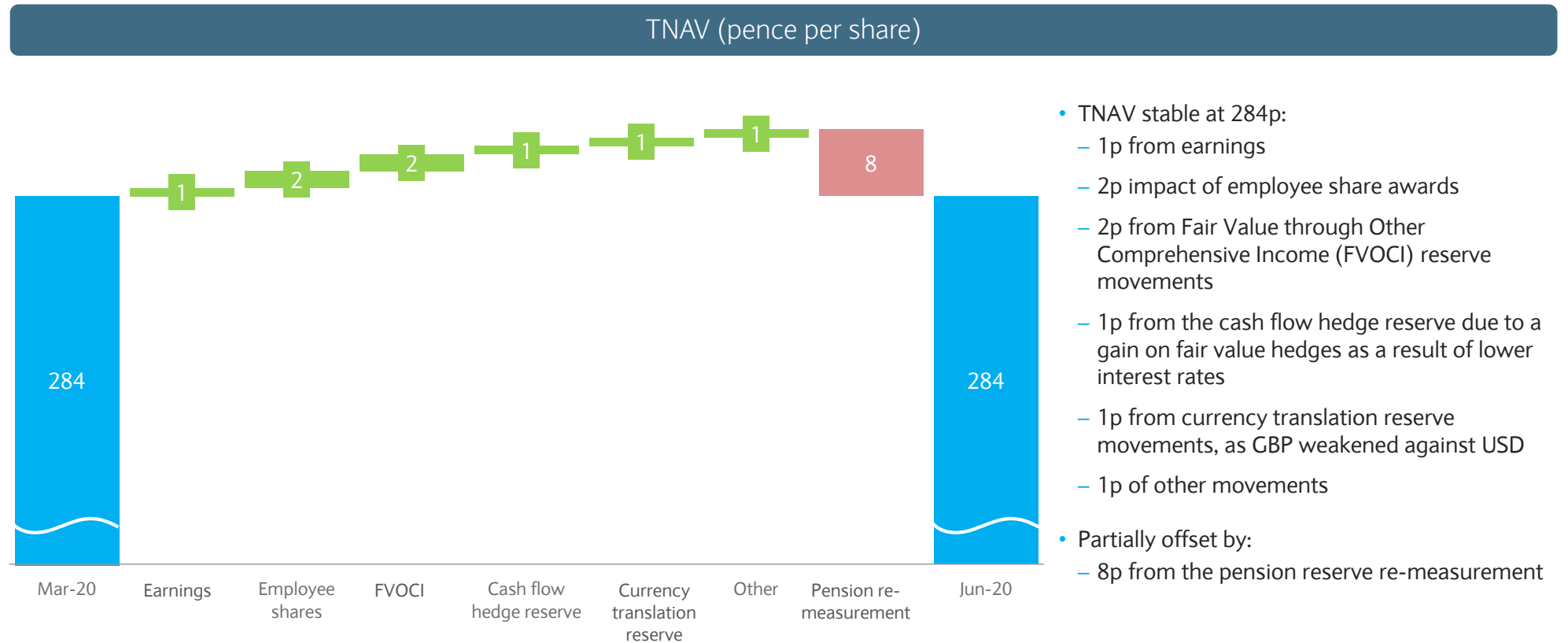
US Cards arrears rates remained broadly stable year-on-year





# Q220 TNAV movement

TNAV stable at 284p



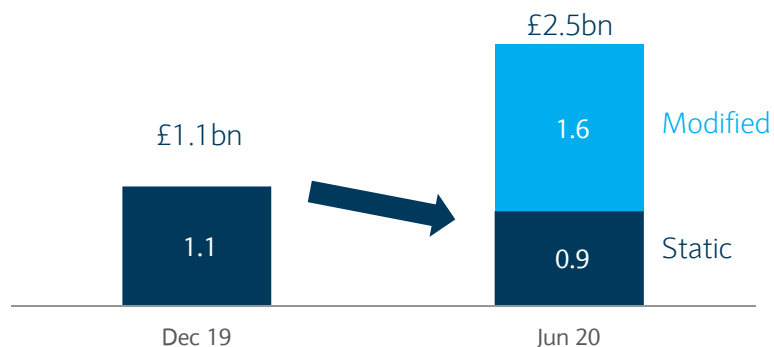
# Increase in IFRS 9 transitional relief, now at c.75bps

*Impairment migration to stage 3 would lead to capital impact as it is not eligible for transitional relief*

Constructive regulatory action gives greater relief for stage 1 and 2 impairments

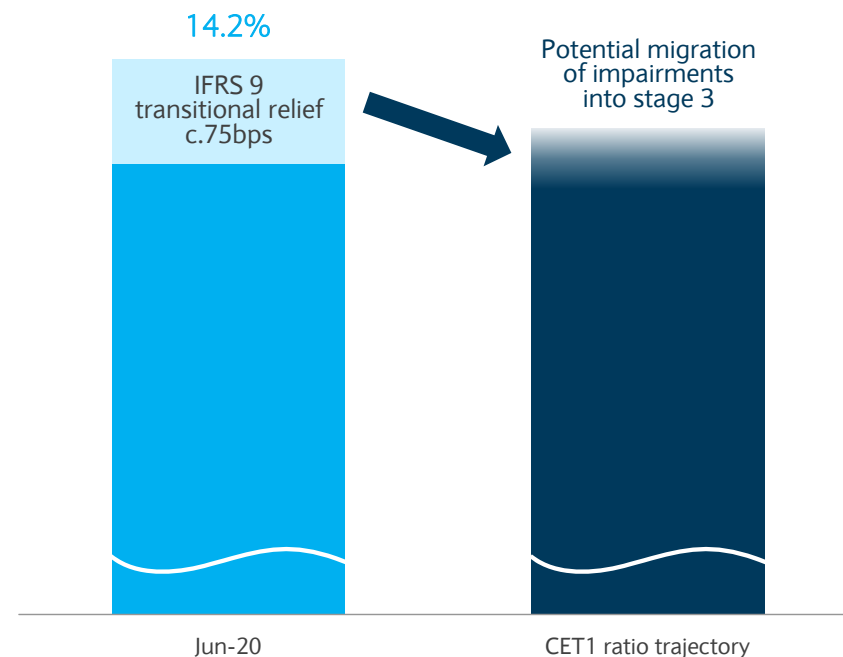
- 100% transitional relief for modified impairment post Dec-19 now applied until end-2021
- Transitional relief schedule for static component remains as before
- Total post-tax IFRS 9 transitional relief now stands at £2.5bn or c.75bps capital

IFRS 9 Transitional relief CET1 add-back (£bn)



Relief Schedule	Pre-2020	2020 onwards
2019	85%	
2020	70%	100%
2021	50%	100%
2022	25%	75%
2023		50%
2024		25%

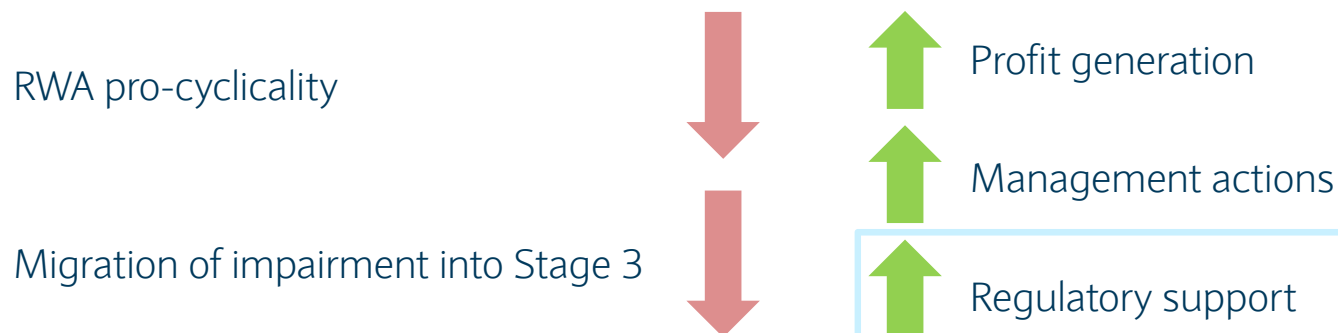
Prudently positioned CET1 ratio in the event of stage migration



- IFRS 9 transitional relief applies to stage 1 and 2 impairments
- Our capital planning allows for decline in CET1 ratio as we progress through the stress from a position of strength
- Transitional basis of capital remains the relevant measure for our capital adequacy assessment by regulators

# Well positioned to navigate headwinds to capital

## Drivers of CET1 ratio movements



Constructive regulatory action supporting our capital position, many in place for the medium term and beyond

### CET1 requirement

- Modification of Pillar 2A requirement<sup>1</sup>

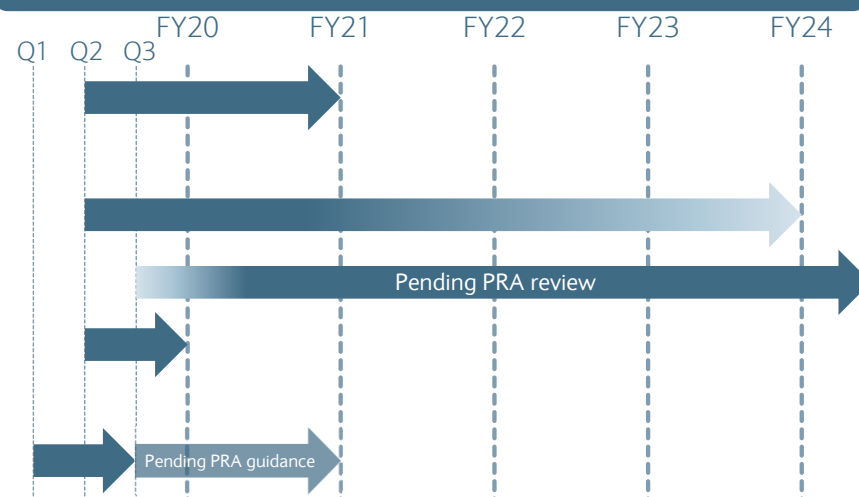
### CET1 capital

- IFRS 9 transitional relief on new Covid-19 related expected credit loss provisions<sup>2</sup>
- CRR software intangibles change (c.20bps expected benefit)<sup>3</sup>
- PVA<sup>4</sup>

### RWAs

- Market risk changes, including VaR back-testing<sup>2,5,6</sup>

## Expected timeline



<sup>1</sup> The Pillar 2A requirement will continue to move, given the changes outlined in the new methodology outlined in the 7 May 2020 statement by the PRA | <sup>2</sup> Measures outlined in Regulation (EU) 2020/873, effective on 27 June 2020, as part of the CRR II 'Quick Fix' package, and adopted in H1 2020 reporting | <sup>3</sup> As outlined in EBA Consultation Paper EBA/CP/2020/11 on 9 June 2020. As noted in the PRA statement on the CRR 'Quick Fix' package published on 30 June 2020, the PRA will require more information on the software intangibles change, which could result in further changes to the Pillar 2 requirement. | <sup>4</sup> Measures adopted as part of amendments to regulatory technical standard on Prudential Valuation. | <sup>5</sup> As per PRA guidance (30 March 2020) which allows the offset of market risk increases due COVID-19 related back testing exceptions against risks-not-in-VAR (RNIV); further guidance to be provided by the PRA prior to Q3 2020 | <sup>6</sup> Timeline refers to VaR back-testing. |

# 2020 pension update

## Capital benefit of £250m in Q2 due to UK Retirement Fund (UKRF) Trustee investment in Senior Notes

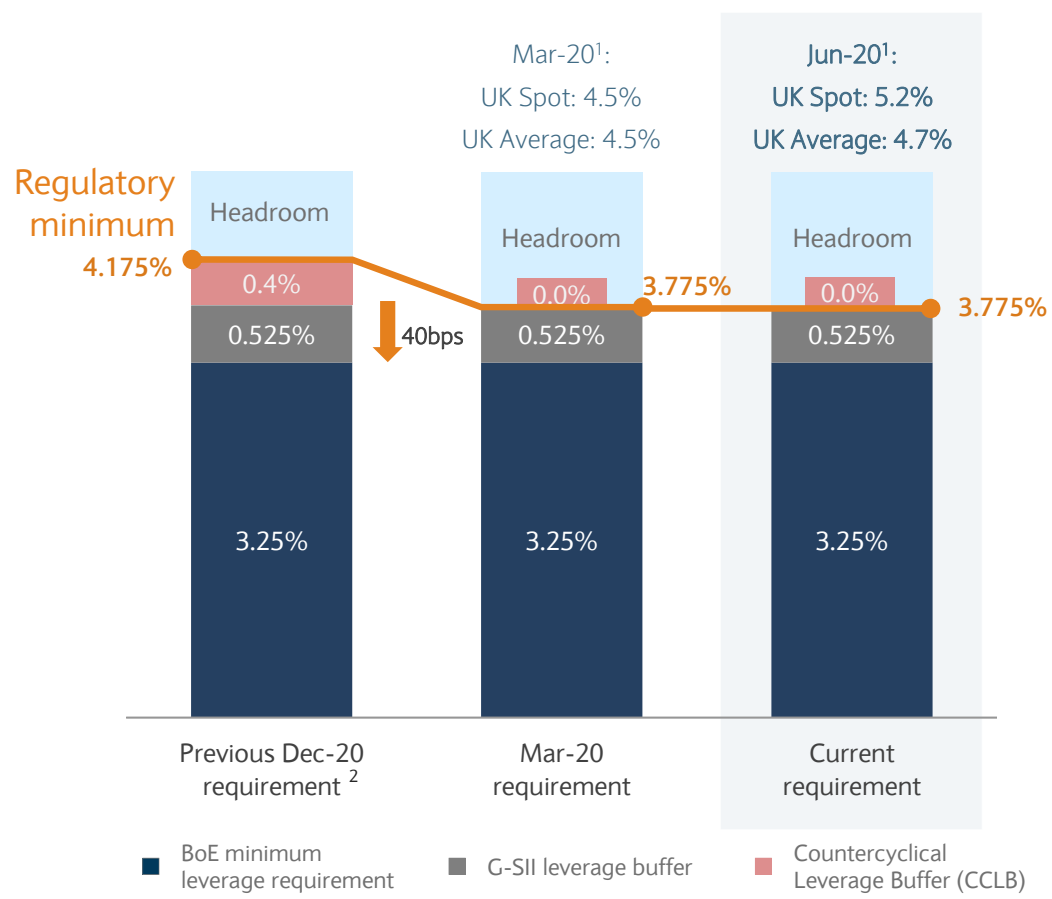
- As at 30 September 2019, the triennial valuation showed a funding deficit of £2.3bn with the difference to the IAS 19 surplus representing a different approach to setting the discount rate and a more conservative longevity assumption for funding
- The Bank asked the UKRF Trustee to consider an investment in a gilt backed note (similar to the issued note in December 2019) in order to manage the capital impact of 2020 contributions to the UKRF. The UKRF Trustee agreed and:
  - In June 2020, the Bank paid £500m to the UKRF as 2020 deficit contributions; and
  - In June 2020, the UKRF subscribed for non-transferrable listed senior fixed rate notes for £750m, backed by UK gilts (the Senior Notes). These Senior Notes entitle the UKRF to semi-annual coupon payments for five years, and full repayment of the subscription in cash in three equal tranches in 2023, 2024, and at final maturity in 2025.
- As a result of the investment in Senior Notes, the regulatory capital impact of the £500m deficit contribution paid on 12 June takes effect in 2023, 2024 and 2025 on maturity of the notes. The £250m additional investment by the UKRF in the Senior Notes has a positive capital impact in 2020 which is reduced equally in 2023, 2024 and 2025 on the maturity of the notes.
- As at 30 June 2020, the Group's IAS 19 pension surplus across all schemes was £2.5bn (December 2019: £1.8bn). The UK Retirement Fund (UKRF), which is the Group's main scheme, had an IAS 19 pension surplus of £2.8bn (December 2019: £2.1bn). The movement for the UKRF was driven by higher than assumed asset returns and lower expected long-term price inflation, partially offset by a decrease in the discount rate.

Capital impact of deficit reduction contributions (£bn)	2020	2021	2022	2023	2024	2025	2026	Sum 2020-26
Based on 2016 Triennial valuation	0.5	1.0	1.0	1.0	1.0	1.0	1.0	6.5
Based on 2019 Triennial valuation	0.5	0.7	0.3	0.3	0.5 (paid in Q419) <sup>1</sup>	-	-	2.3
Capital benefit of reduced contributions (pre-tax)	-	(0.3)	(0.7)	(0.7)	(0.5)	(1.0)	(1.0)	(4.2)
Investment in Senior Notes	(0.75)	-	-	0.25	0.25	0.25	-	-
Net capital impact (pre-tax)	(0.25)	0.7	0.3	0.55	0.75	0.25	-	2.3
Net capital impact (bps) – based on Jun-20 RWAs	(8)bps	22bps	9bps	17bps	24bps	8bps		

<sup>1</sup> £500m paid in Q419 relates to the unwind of the Gilt-backed notes issued as part of Heron. |

# Managing evolving future Group minimum leverage requirements

## Minimum leverage requirements and buffers under the UK regime



- Headroom to minimum leverage requirement increased to above 140bps in Q2, while the RWA based CET1 ratio remains our primary regulatory constraint
- The Group currently has one leverage requirement, as measured under the UK's PRA leverage regime. The requirement must be met on a daily basis, and is reflected in the daily average leverage exposure
- The Q2 leverage position included the benefit of netting of settlement balance assets and liabilities which was permitted by the PRA in advance of CRR II's timeline
- The UK leverage ratio now reflects the netting of settlement balance assets and liabilities, and we expect further tailwinds to be realised when the remaining CRR II changes come into effect in June 2021
- The CRR II leverage requirement, due to become binding from June 2021, will only be at 3%, as the G-SIB component will now not apply until 2023

<sup>1</sup> Leverage ratio calculated applying the transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date. This includes IFRS 9 transitional arrangements | <sup>2</sup> Previously expected Dec-20 requirement, following revision of the UK CCyB and Pillar 2A requirements by the PRA in December 2019.

# Barclays is set up to continue serving clients based in the European Union

*European Union subsidiary operational with a significant number of clients migrated*

- Barclays is well positioned to continue providing services in the European Union with minimal disruption ahead of the end of the Brexit transition period
- Barclays Europe, operating through Barclays Bank Ireland PLC (BBI), is now operational with nine branches across the European Union, and a significant number of relationships with EU based clients have now been migrated
- BBI obtained all regulatory authorisations and licences for its expanded activity in 2018 and is supervised by the Single Supervisory Mechanism of the ECB and the Central Bank of Ireland since 2019
- Barclays Europe fortifies the diversification of the Group's business, operating across Corporate, Investment and Private Banking as well as a credit card and consumer business in Germany<sup>1</sup>, with strategic investments to grow footprint
- Diversified, well balanced funding sources and strong liquidity ratios. MREL and capital provided from within the Group
- The entity reported strong financial profile as of H120 with credit ratings in line with its immediate parent BB PLC

## European footprint to service key markets



## Barclays Europe Key Jun-20 Ratios and Credit Ratings<sup>2</sup>

IFRS assets	€92.5bn	Barclays Bank Ireland PLC, as at 28 July 2020	
CET1 ratio <sup>3</sup>	13.3%	Fitch	A+ / RWN / F1
LCR	210%	S&P	A / Negative / A-1

<sup>1</sup> The activity also incorporates a legacy Italian mortgage portfolio | <sup>2</sup> The ratings are equalised to those of Barclays Bank PLC, the immediate parent of Barclays Bank Ireland PLC | <sup>3</sup> CET1 ratio calculated applying the transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date



# Financial results tables

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## Other items of interest – Q220 vs. prior year

Other items of interest (£m)	Q220	Q219	
Income			
Valuation loss on Barclays' preference shares in Visa Inc.	(101)	-	Consumer, Cards and Payments
Strategic investment gain relating to the IPO of Tradeweb	36	166	Corporate and Investment Bank (Markets)
Mark-to-market losses on legacy investments	(51)	-	Head Office
Costs			
COVID-19 Community Aid Package	(45)	-	Head Office
Other net income			
Fair value loss on investment	(40)	-	Head Office



# Q220 Group

Three months ended (£m)	Jun-20	Jun-19	% change
Income	5,338	5,538	(4%)
Impairment	(1,623)	(480)	>(200%)
– Operating costs	(3,310)	(3,501)	5%
– Litigation and conduct	(20)	(53)	62%
Total operating expenses	(3,330)	(3,554)	6%
Other net (expenses)/income	(26)	27	(196%)
<b>Profit before tax</b>	<b>359</b>	<b>1,531</b>	<b>(77%)</b>
Tax charge	(42)	(297)	86%
<b>Profit after tax</b>	<b>317</b>	<b>1,234</b>	<b>(74%)</b>
Non-controlling interests	(21)	(17)	(24%)
Other equity instrument holders	(206)	(183)	(13%)
<b>Attributable profit</b>	<b>90</b>	<b>1,034</b>	<b>(91%)</b>
<b>Performance measures</b>			
Basic earnings per share	0.5p	6.0p	
RoTE	0.7%	9.0%	
Cost: income ratio	62%	64%	
LLR	179bps	56bps	
<b>Balance sheet (£bn)</b>			
RWAs	319.0	319.1	

# Q220 Barclays UK

Three months ended (£m)	Jun-20	Jun-19	% change
– Personal Banking	826	946	(13%)
– Barclaycard Consumer UK	367	497	(26%)
– Business Banking	274	328	(16%)
<b>Income</b>	<b>1,467</b>	<b>1,771</b>	<b>(17%)</b>
– Personal Banking	(130)	(36)	>(200%)
– Barclaycard Consumer UK	(396)	(175)	(126%)
– Business Banking	(57)	(19)	(200%)
<b>Impairment charges</b>	<b>(583)</b>	<b>(230)</b>	<b>(153%)</b>
– Operating costs	(1,018)	(1,022)	-
– Litigation and conduct	(6)	(41)	85%
<b>Total operating expenses</b>	<b>(1,024)</b>	<b>(1,063)</b>	<b>4%</b>
Other net income/(expenses)	13	(1)	-
<b>(Loss)/profit before tax</b>	<b>(127)</b>	<b>477</b>	<b>(127%)</b>
<b>Attributable (loss)/profit</b>	<b>(123)</b>	<b>328</b>	<b>(138%)</b>
<b>Performance measures</b>			
RoTE	(4.8%)	12.7%	
Average allocated tangible equity	£10.3bn	£10.3bn	
Cost: income ratio	70%	60%	
LLR	111bps	47bps	
NIM	2.48%	3.05%	
<b>Balance sheet (£bn)</b>			
L&A to customers <sup>1</sup>	202.0	189.1	
Customer deposits <sup>1</sup>	225.7	200.9	
RWAs	77.9	76.2	

<sup>1</sup> At amortised cost |

# Q220 Barclays International

Three months ended (£m)	Jun-20	Jun-19	% change
– CIB	3,316	2,795	19%
– CC&P	694	1,108	(37%)
Income	4,010	3,903	3%
– CIB	(596)	(44)	>(200%)
– CC&P	(414)	(203)	(104%)
Impairment charges	(1,010)	(247)	>(200%)
– Operating costs	(2,186)	(2,435)	10%
– Litigation and conduct	(11)	(11)	-
Total operating expenses	(2,197)	(2,446)	10%
Other net income	4	13	(69%)
Profit before tax	807	1,223	(34%)
Attributable profit	468	832	(44%)
<b>Performance measures</b>			
RoTE	5.6%	10.7%	
Average allocated tangible equity	£33.5bn	£31.1bn	
Cost: income ratio	55%	63%	
LLR	284bps	72bps	
NIM	3.43%	3.91%	
<b>Balance sheet (£bn)</b>			
RWAs	231.2	214.8	

# Q220 Barclays International: Corporate & Investment Bank and Consumer, Cards & Payments

CIB business performance – three months ended (£m)	Jun-20	Jun-19	% change
–FICC	1,468	920	60%
–Equities	674	517	30%
Markets	2,142	1,437	49%
–Advisory	84	221	(62%)
–Equity capital markets	185	104	78%
–Debt capital markets	463	373	24%
Banking fees	732	698	5%
–Corporate lending	61	216	(72%)
–Transaction banking	381	444	(14%)
Corporate	442	660	(33%)
Total income	3,316	2,795	19%
Impairment charges	(596)	(44)	>(200%)
– Operating costs	(1,680)	(1,860)	10%
– Litigation and conduct	(3)	(7)	57%
Total operating expenses	(1,683)	(1,867)	10%
Other net income	3	3	-
Profit before tax	1,040	887	17%
<b>Performance measures</b>			
RoTE	9.6%	9.2%	
<b>Balance sheet (£bn)</b>			
RWAs	198.3	175.9	

CC&P business performance – three months ended (£m)	Jun-20	Jun-19	% change
Income	694	1,108	(37%)
Impairment	(414)	(203)	(104%)
– Operating costs	(506)	(575)	12%
– Litigation and conduct	(8)	(4)	(100%)
Total operating expenses	(514)	(579)	11%
Other net income	1	10	(90%)
(Loss)/profit before tax	(233)	336	(169%)
<b>Performance measures</b>			
RoTE	(20.2%)	17.8%	
<b>Balance sheet (£bn)</b>			
RWAs	32.9	38.9	

## Q220 Head Office

Three months ended (£m)	Jun-20	Jun-19	% change
Income	(139)	(136)	(2%)
Impairment charges	(30)	(3)	>(200%)
– <i>Operating costs</i>	(106)	(44)	(141%)
– <i>Litigation and conduct</i>	(3)	(1)	(200%)
Total operating expenses	(109)	(45)	(142%)
Other net (expenses)/income	(43)	15	>(200%)
<b>Loss before tax</b>	<b>(321)</b>	<b>(169)</b>	<b>(90%)</b>
<b>Performance measures (£bn)</b>			
Average allocated tangible equity	6.4	4.8	
<b>Balance sheet (£bn)</b>			
RWAs	9.9	28.1	

# Disclaimer

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## Important Notice

The terms Barclays or Group refer to Barclays PLC together with its subsidiaries. The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments, or any advice or recommendation with respect to such securities or other financial instruments. Information relating to:

- regulatory capital, leverage, liquidity and resolution is based on Barclays' interpretation of applicable rules and regulations as currently in force and implemented in the UK, including, but not limited to, CRD IV (as amended by CRD V applicable as at the reporting date) and CRR (as amended by CRR II applicable as at the reporting date) texts and any applicable delegated acts, implementing acts or technical standards. All such regulatory requirements are subject to change;
- MREL is based on Barclays' understanding of the Bank of England's policy statement on "The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)" published in June 2018, updating the Bank of England's November 2016 policy statement, and the non-binding indicative MREL requirements communicated to Barclays by the Bank of England. Binding future MREL requirements remain subject to change including at the conclusion of the transitional period, as determined by the Bank of England, taking into account a number of factors as described in the policy statement and as a result of the finalisation of international and European MREL/TLAC requirements;
- future regulatory capital, liquidity, funding and/or MREL, including forward-looking illustrations, are provided for illustrative purposes only and are not forecasts of Barclays' results of operations or capital position or otherwise. Illustrations regarding the capital flight path, end-state capital evolution and expectations and MREL build are based on certain assumptions applicable at the date of publication only which cannot be assured and are subject to change. The Bank of England will review the MREL calibration by the end of 2020, including setting Pillar 2A capital requirements, which may drive a different 1 January 2022 MREL requirement than currently proposed. The Pillar 2A requirement is subject to at least annual review.

## 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 the Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Group (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts 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. The forward-looking statements speak only as at the date on which they are made and such statements may be affected by changes in legislation, the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Group or any securities issued by such entities; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the exit by the UK from the European Union and the disruption that may subsequently result in the UK and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual financial position, future results, dividend payments, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures may differ materially from the statements or guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in our filings with the SEC (including, without limitation, our Annual Report on Form 20-F for the fiscal year ended 31 December 2019 and our 2020 Interim Results Announcement for the six months ended 30 June 2020 filed on Form 6-K), which are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

Subject to our obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, the UK and the US), in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Non-IFRS Performance Measures

Barclays management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses' 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 performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well.