

BARCLAYS PLC
Form 6-K
April 26, 2018

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

April 26, 2018

Barclays PLC

Q1 2018 Results Announcement

Indicate by check mark whether the registrant files or will file annual reports under cover of

Form 20-F or Form 40-F.

Form 20-F X

Form 40-F

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM S-8 (NO. 333-153723, 333-167232, 333-173899, 333-183110, 333-195098 AND 333-216361) AND FORM F-3 (333-223156) OF BARCLAYS PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

Barclays PLC

1

The Report comprises the following:

- Exhibit 99.1 Results of Barclays PLC Group as of, and for the three months ended, 31 March 2018.
- Exhibit 99.2 A table setting forth the issued share capital of Barclays PLC and the Barclays PLC Group's total shareholders' equity, indebtedness and contingent liabilities as at 31 December 2017, the most recent reported statement of position, and updated for any significant or material items since that reporting date.

Barclays PLC

2

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

BARCLAYS PLC

(Registrant)

Date: April 26, 2018

By: /s/ Garth Wright

Name: Garth Wright

Title: Assistant Secretary

Barclays PLC

3

Exhibit 99.1

Barclays PLC

This exhibit includes portions from the previously published Results Announcement of Barclays PLC relating to the three months ended 31 March 2018, as amended in part to comply with the requirements of Regulation G and Item 10(e) of Regulation S-K promulgated by the US Securities and Exchange Commission (SEC), including the reconciliation of certain financial information to comparable measures prepared in accordance with International Financial Reporting Standards (IFRS). The purpose of this document is to provide such additional disclosure as required by Regulation G and Regulation S-K item 10(e), to delete certain information not in compliance with SEC regulations and to include reconciliations of certain non-IFRS figures to the most directly equivalent IFRS figures for the periods presented. This document does not update or otherwise supplement the information contained in the previously published Results Announcement. Any reference to a website in this document is made for informational purposes only, and information found at such websites is not incorporated by reference into this document.

An audit opinion has not been rendered in respect of this document.

Barclays PLC

4

Notes

The terms Barclays or Group refer to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the three months ended 31 March 2018 to the corresponding three months of 2017 and balance sheet analysis as at 31 March 2018 with comparatives relating to 31 December 2017 and 31 March 2017. The abbreviations £m and £bn represent millions and thousands of millions of Pounds Sterling respectively; the abbreviations \$m and \$bn represent millions and thousands of millions of US Dollars respectively; and the abbreviations m and bn represent millions and thousands of millions of Euros respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at home.barclays/results.

The information in this announcement, which was approved by the Board of Directors on 25 April 2018, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017, which included certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC) and which contained an unqualified audit report under Section 495 of the Companies Act 2006 (which did not make any statements under Section 498 of the Companies Act 2006) have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

Barclays is a frequent issuer in the debt capital markets and regularly meets with investors via formal road-shows and other ad hoc meetings. Consistent with its usual practice, Barclays expects that from time to time over the coming quarter it will meet with investors globally to discuss these results and other matters relating to the Group.

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. Refer to pages 33-41 for further information and calculations of non-IFRS performance measures included throughout this document, and the most directly comparable IFRS measures.

Key non-IFRS measures included in this document, and the most directly comparable IFRS measures, are:

Attributable profit excluding litigation and conduct represents attributable profit excluding litigation and conduct charges. The comparable IFRS measure is attributable profit. A reconciliation to IFRS is provided on pages 35-37;

Average allocated equity represents the average shareholders' equity that is allocated to the businesses. The comparable IFRS measure is average equity. A reconciliation is provided on page 39;

Average allocated tangible equity is calculated as the average of the previous month's period end allocated tangible equity and the current month's period end allocated tangible equity. The average allocated tangible equity for the quarter/year is the average of the monthly averages within that quarter/year. Period end allocated tangible equity is calculated as 13.0% (2017: 12.0%) of weighted assets for each business, adjusted for capital deductions, excluding goodwill and intangible assets, reflecting the assumptions the Group uses for capital planning purposes. The comparable IFRS measure is average equity. A reconciliation is provided on page 39;

Average tangible shareholders' equity is calculated as the average of the previous month's period end tangible equity and the current month's period end tangible equity. Period end tangible shareholders' equity excludes goodwill and intangible assets. The average tangible shareholders' equity for the quarter/year is the average of the monthly averages within that quarter/year. The comparable IFRS measure is average equity. A reconciliation is provided on page 39;

Basic earnings per share excluding litigation and conduct is calculated by dividing statutory profit after tax attributable to ordinary shareholders excluding litigation and conduct charges, including an adjustment for the tax credit in reserves in respect of other equity instruments, by the basic weighted average number of shares. The comparable IFRS measure is basic earnings per share. A reconciliation to IFRS is provided on page 35;

Cost: income ratio excluding litigation and conduct represents operating expenses excluding litigation and conduct charges, divided by total income. The comparable IFRS measure is cost: income ratio. A reconciliation to IFRS is provided on pages 35-37;

Operating expenses excluding litigation and conduct represents operating expenses excluding litigation and conduct charges. The comparable IFRS measure is operating expenses. A reconciliation to IFRS is provided on pages 35-37;

Edgar Filing: BARCLAYS PLC - Form 6-K

Profit before tax excluding litigation and conduct represents profit before tax excluding litigation and conduct charges. The comparable IFRS measure is profit before tax. A reconciliation to IFRS is provided on page 35-37;

Return on average allocated equity represents the return on shareholders' equity that is allocated to the businesses. The comparable IFRS measure is return on equity. A reconciliation is provided on page 40;

Return on average allocated tangible equity is calculated as the annualised statutory profit after tax attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average allocated tangible equity. The comparable IFRS measure is return on equity. A reconciliation is provided on page 40;

Notes

Return on average allocated tangible equity excluding litigation and conduct is calculated as the annualised statutory profit after tax attributable to ordinary shareholders excluding litigation and conduct charges, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average allocated tangible equity. The comparable IFRS measure is return on equity. A reconciliation is provided on page 41;

Return on average tangible shareholders' equity is calculated as the annualised statutory profit after tax attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average tangible shareholders' equity. The comparable IFRS measure is return on equity. A reconciliation is provided on page 40; and

Tangible net asset value per share is calculated by dividing shareholders' equity, excluding non-controlling interests and other equity instruments, less goodwill and intangible assets, by the number of issued ordinary shares. The components of the calculation have been included on page 38.

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', 'achieve' or other words of similar meaning. 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, structural reform, 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 and the impact of any regulatory deconsolidation resulting from the sell down of the Group's interest in Barclays Africa Group Limited, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers, IFRS 9 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. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards including the implementation of IFRS 9, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, US, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implications of the exercise by the United Kingdom of Article 50 of the Treaty of Lisbon and the disruption that may result in the UK and globally from the withdrawal of the United Kingdom from the European Union and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and 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 2017), which are available on the SEC's website at www.sec.gov.

Subject to our obligations under the applicable laws and regulations of the United Kingdom and the United States 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.

Performance Highlights

Barclays Group results for the three months ended

	31.03.18 £m	31.03.17 £m	% Change
Total income	5,358	5,823	(8)
Credit impairment charges and other provisions	(288)	(527)	45
Net operating income	5,070	5,296	(4)
Operating expenses excluding litigation and conduct	(3,364)	(3,591)	6
Litigation and conduct ¹	(1,961)	(28)	
Operating expenses	(5,325)	(3,619)	(47)
Other net income	19	5	
(Loss)/profit before tax	(236)	1,682	
Tax charge	(304)	(473)	36
(Loss)/profit after tax in respect of continuing operations	(540)	1,209	
Loss after tax in respect of discontinued operation	-	(658)	
Non-controlling interests in respect of continuing operations	(53)	(79)	33
Non-controlling interests in respect of discontinued operation	-	(143)	
Other equity instrument holders ²	(171)	(139)	(23)
Attributable (loss)/profit	(764)	190	

Performance measures

Return on average shareholders' equity	(5.5%)	1.6%
Return on average tangible shareholders' equity	(6.5%)	1.8%
Average shareholders' equity (£bn)	52.0	58.5
Average tangible shareholders' equity (£bn)	44.2	49.4
Cost: income ratio	99%	62%
Loan loss rate (bps)	36	47
Basic (loss)/earnings per share ²	(4.2p)	1.3p
Basic (loss)/earnings per share in respect of continuing operations ²	(4.2p)	6.1p

Performance measures excluding litigation and conduct¹

Profit before tax	1,725	1,710	1
Attributable profit	1,166	209	
Return on average shareholders' equity	9.3%	1.7%	
Return on average tangible shareholders' equity	11.0%	2.0%	
Cost: income ratio	63%	62%	
Basic earnings per share ²	7.1p	1.5p	

Balance sheet and capital management³

	As at 31.03.18	As at 31.12.17	As at 31.03.17
Net asset value per share	296p	322p	341p
Tangible net asset value per share	251p	276p	292p
Common equity tier 1 ratio	12.7%	13.3%	12.5%
Common equity tier 1 capital (£bn)	40.2	41.6	44.9
Risk weighted assets (£bn)	317.9	313.0	360.9
Average UK leverage ratio ⁴	4.6%	4.9%	4.6%
Average tier 1 capital ⁴ (£bn)	50.0	51.2	52.3
Average UK leverage exposure ⁴ (£bn)	1,090	1,045	1,130

Funding and liquidity

Group liquidity pool (£bn)	207	220	185
CRD IV liquidity coverage ratio	147%	154%	140%
Loan: deposit ratio ⁵	84%	81%	85%

¹ Refer to pages 33-37 for further information and calculations of performance measures excluding litigation and conduct.

²

Edgar Filing: BARCLAYS PLC - Form 6-K

The profit after tax attributable to other equity instrument holders of £171m (Q117: £139m) is offset by a tax credit recorded in reserves of £46m (Q117: £38m). The net amount of £125m (Q117: £101m), along with non-controlling interests, is deducted from profit after tax in order to calculate earnings per share and return on average tangible shareholders' equity.

- 3 *Capital, RWAs and leverage measures are calculated applying the IFRS 9 transitional arrangements under Article 473a of the CRR. For more information refer to page 19 and the Barclays PLC Pillar 3 Report Q1 2018, located at home.barclays/results.*
- 4 *The average UK leverage ratio uses capital based on the last day of each month in the quarter and an exposure measure based on each day in the quarter. The comparatives for the average UK leverage exposure were calculated based on the last day of each month in the quarter. Both exclude qualifying central bank claims from the leverage exposure. The UK leverage ratio was 4.8% (December 2017: 5.1%).*
- 5 *Loan: deposit ratio is calculated as loans and advances at amortised cost divided by deposits at amortised cost. Comparatives have been restated based on this approach.*

Group Performance Review

Group performance

RoE was negative 5.5% (Q117: positive 1.6%) and loss per share was 4.2p (Q117: earnings per share of 1.3p)

RoTE was 11.0% (Q117: 2.0%) and earnings per share was 7.1p (Q117: 1.5p), excluding litigation and conduct

Loss before tax of £236m (Q117: profit of £1,682m) included litigation and conduct charges of £1,961m (Q117: £28m), principally reflecting the £1.4bn settlement relating to RMBS and additional charges of £400m relating to PPI. Excluding these items, profit before tax increased 1% to £1,725m driven by a 45% decrease in credit impairment charges and a 6% reduction in operating expenses, partially offset by an 8% reduction in income. The 12% depreciation of average USD against GBP adversely impacted profits and income, and positively affected credit impairment charges and operating expenses

Total income decreased to £5,358m (Q117: £5,823m) driven by a £330m decrease in Barclays International, primarily due to the non-recurrence of a £192m gain relating to an asset sale in US Cards and a £74m valuation gain on Barclays preference shares in Visa Inc. in Q117, and a £156m decrease in Head Office

Credit impairment charges decreased 45% to £288m primarily reflecting single name recoveries in wholesale and the improved macroeconomic forecasts in the US. Impairment declined 73% in Barclays International and increased 13% in Barclays UK. The Group loan loss rate decreased 11bps to 36bps

The cost: income ratio was 99% (Q117: 62%)

Operating expenses of £5,325m (Q117: £3,619m) included litigation and conduct charges of £1,961m (Q117: £28m), excluding which, Group operating expenses decreased to £3,364m. This was driven by a 6% reduction in Barclays International and the non-recurrence of costs associated with the former Non-Core division. The cost: income ratio, excluding litigation and conduct, was 63% (Q117: 62%)

Barclays UK

RoE was negative 0.8% (Q117: positive 14.1%)

RoTE declined to negative 1.1% (Q117: positive 21.6%) due to additional charges of £400m (Q117: £nil) relating to PPI. Excluding litigation and conduct charges, RoTE was 15.7% (Q117: 21.5%) as profit before tax decreased 17% to £581m

Total income decreased 3% to £1,788m reflecting the non-recurrence of a valuation gain on Barclays preference shares in Visa Inc. in Q117 and customer remediation provisions

Edgar Filing: BARCLAYS PLC - Form 6-K

Personal Banking income decreased 6% to £889m driven by the non-recurrence of the Visa gain and a customer remediation provision

Barclaycard Consumer UK income increased 6% to £527m

Wealth, Entrepreneurs & Business Banking (WEBB) income decreased 7% to £372m driven by a customer remediation provision

Net interest margin decreased 42bps to 3.27% reflecting the integration of the Education, Social Housing and Local Authority (ESHLA) portfolio

Credit impairment charges increased 13% to £201m driven by increased impairment in Personal Banking and a single name case in WEBB, however 30 and 90 day arrears rates in UK cards remained flat at 2.0% (Q117: 2.0%) and 0.9% (Q117: 0.9%), respectively

Operating expenses increased to £1,416m, resulting in a cost: income ratio of 79% (Q117: 52%)

Operating expenses excluding litigation and conduct increased to £1,005m due to continued investment in digitising the bank, resulting in a cost: income ratio of 56% (Q117: 52%)

RWAs increased to £72.5bn (December 2017: £70.9bn) predominantly as a result of IFRS 9 implementation and asset transfers in preparation for structural reform

Group Performance Review

Barclays International

RoE was 12.8% (Q117: 11.3%). CIB RoE was 12.9% (Q117: 7.8%) and Consumer, Cards and Payments RoE was 12.6% (Q117: 26.6%)

Profit before tax increased 4% to £1,413m resulting in a RoTE of 13.4% (Q117: 12.5%), reflecting double digit returns in both CIB and Consumer, Cards and Payments of 13.0% (Q117: 8.2%) and 15.6% (Q117: 36.4%), respectively

The 12% depreciation of average USD against GBP adversely impacted profits and income, and positively affected credit impairment charges and operating expenses

Total income decreased 8% to £3,808m

CIB income increased 1% to £2,799m as Markets income increased 8% to £1,459m, partially offset by a decrease in Banking income of 4% to £1,337m

FICC income decreased 2% to £869m as a strong performance in foreign exchange was offset by a decline in credit

Equities income increased 28% to £590m reflecting an improved performance in derivatives as a result of increased client activity and market volatility, and a strong performance in equity financing

Banking fee income decreased 6% to £683m from a strong Q117. Global fee share increased across all products compared to Q417 and FY17

Corporate lending declined 11% to £240m driven by the reallocation of RWAs within CIB and lower lending balances due to the realignment of clients between Barclays UK and Barclays International in preparation for structural reform, partially offset by lower losses on fair value hedges

Transaction banking increased 4% to £414m driven by higher average deposit balances

Consumer, Cards and Payments income decreased 26% to £1,009m driven by the non-recurrence of a £192m gain relating to an asset sale in US Cards and a £74m valuation gain on Barclays preference shares in Visa Inc. in Q117. Excluding these items, income declined 7% reflecting the impact of repositioning the US Cards portfolio towards a lower risk mix, partially offset by underlying growth in US Cards

Edgar Filing: BARCLAYS PLC - Form 6-K

Credit impairment charges decreased 73% to £93m

CIB credit impairment charges decreased to a release of £159m (Q117: charge of £51m) primarily due to write-backs and updated macroeconomic forecasts

Consumer, Cards and Payments credit impairment charges decreased 15% to £252m due to the impact of repositioning the US Cards portfolio towards a lower risk mix and the improved macroeconomic forecasts in the US, partially offset by increased delinquency rates in US Cards. 30 and 90 day arrears rates within US Cards increased to 2.6% (Q117: 2.3%) and 1.4% (Q117: 1.2%), respectively

Operating expenses decreased 5% to £2,315m

CIB operating expenses decreased 8% to £1,786m driven by the reduction of restructuring and structural reform costs, and the reduced impact of the change in compensation awards introduced in Q416

Consumer, Cards and Payments operating expenses increased 4% to £529m reflecting continued growth and investment

RWAs increased to £214.2bn (December 2017: £210.3bn) due to increased trading activity

Head Office

Loss before tax was £1,819m (Q117: £141m)

Total income reduced to an expense of £238m (Q117: expense of £82m) reflecting certain legacy capital instrument funding costs now charged to Head Office of £88m in Q118, hedge accounting and an increased net expense from treasury operations

Operating expenses increased to £1,594m (Q117: £59m) reflecting an increase in litigation and conduct charges, including the settlement relating to RMBS, and costs associated with former Non-Core assets and businesses which were integrated on 1 July 2017. Excluding litigation and conduct charges, operating expenses were £59m (Q117: £49m)

RWAs decreased to £31.2bn (December 2017: £31.8bn)

Group Performance Review

Group capital and leverage

The CET1 ratio decreased to 12.7% (December 2017: 13.3%) due to a decrease in CET1 capital of £1.3bn to £40.2bn and an increase in RWAs of £4.9bn to £317.9bn

Organic capital generation from profits of £1.3bn were more than offset by litigation and conduct charges, including £1.4bn from the settlement relating to RMBS and additional charges of £0.4bn relating to PPI

The implementation of IFRS 9 on 1 January 2018 resulted in a net increase in CET1 capital as the £2.2bn decrease in shareholders equity on initial adoption was more than offset by the application of transitional relief of £1.3bn and the removal of the £1.2bn excess of expected loss over impairment capital deduction

The increase in RWAs was principally due to business growth in investment banking businesses, offset by the depreciation of period end USD against GBP

The average UK leverage ratio decreased to 4.6% (December 2017: 4.9%) primarily driven by increased exposures due to securities financing transactions and trading portfolio assets trading activity, as well as the decrease in capital

Net asset value per share decreased to 296p (December 2017: 322p)

Tangible net asset value per share decreased to 251p (December 2017: 276p) primarily due to the impact of the implementation of IFRS 9, litigation and conduct charges in the quarter, and adverse movements across the currency translation and cash flow hedging reserves

Group funding and liquidity

The Group continued to maintain surpluses to its internal and regulatory requirements. The liquidity pool decreased to £207bn (December 2017: £220bn) driven largely by the deployment of funding to support business growth. The liquidity coverage ratio decreased to 147% (December 2017: 154%), equivalent to a surplus of £65bn (December 2017: £75bn) to the 100% requirement

Wholesale funding outstanding excluding repurchase agreements was £147bn (December 2017: £144bn). The Group issued £2.4bn equivalent of term senior unsecured debt from Barclays PLC and £2.1bn from Barclays Bank PLC (BBPLC). In the same period, £0.7bn of Barclays PLC senior unsecured debt and £2.2bn of BBPLC subordinated debt were either called or matured

Other matters

Edgar Filing: BARCLAYS PLC - Form 6-K

In Q118 Barclays reached a settlement with the US Department of Justice (DoJ) to resolve the civil complaint brought by the DoJ in December 2016 relating to Residential Mortgage-Backed Securities (RMBS) sold by Barclays between 2005 and 2007. Barclays has agreed to pay a civil monetary penalty of \$2,000m (£1,420m), which was recognised in Q118

Additional charges of £400m (Q117: £nil) relating to PPI were recognised mainly as a result of continued higher complaints flow in Q118. The remaining PPI provision as at 31 March 2018 was £1.7bn (December 2017: £1.6bn) to cover claims through to the deadline of 29 August 2019. Management views its current PPI provision as appropriate, but will continue to closely monitor complaint trends and the associated provision adequacy

Structural reform

On 9 March 2018 Barclays was granted approval from the Prudential Regulation Authority (PRA) and the High Court of Justice of England and Wales to implement the ring-fencing of Barclays day-to-day banking services using a legal process called a Ring-Fencing Transfer Scheme (the Scheme) under Part VII of the Financial Services Markets Act 2000. Barclays implemented the Scheme and established BBUKPLC on 1 April 2018

IFRS 9 Financial Instruments

Barclays adopted IFRS 9 Financial Instruments from 1 January 2018, replacing IAS 39 Financial Instruments: Recognition and Measurement. As a result, shareholders' equity decreased by £2.2bn post-tax, equating to a reduction in tangible net asset value of 13p per share as at 31 March 2018. Barclays elected to apply transitional arrangements, as outlined in Capital Requirements Regulation (CRR) Article 473a. For further detail, please refer to the Barclays PLC IFRS 9 Transition Note that can be found at home.barclays/results

IFRS 9 requires the recognition of impairment earlier in the lifecycle of a product having considered forward-looking information. As a result, measurement involves more complex judgement with impairment likely to be more volatile as the economic outlook changes. Management continues to closely monitor observed trends

Quarterly Results Summary

Barclays Group

	Q118	Q417	Q317	Q217 ¹	Q117 ¹	Q416 ¹	Q316 ¹	Q216 ¹
	£m	£m	£m	£m	£m	£m	£m	£m
Income statement information								
Net interest income	2,188	2,272	2,475	2,579	2,519	2,523	2,796	2,530
Net fee, commission and other income	3,170	2,750	2,698	2,479	3,304	2,469	2,650	3,442
Total income	5,358	5,022	5,173	5,058	5,823	4,992	5,446	5,972
Credit impairment charges and other provisions	(288)	(573)	(709)	(527)	(527)	(653)	(789)	(488)
Net operating income	5,070	4,449	4,464	4,531	5,296	4,339	4,657	5,484
Operating expenses excluding UK bank levy and litigation and conduct	(3,364)	(3,621)	(3,274)	(3,398)	(3,591)	(3,812)	(3,581)	(3,425)
UK bank levy	-	(365)	-	-	-	(410)	-	-
Litigation and conduct ²	(1,961)	(383)	(81)	(715)	(28)	(97)	(741)	(447)
Operating expenses	(5,325)	(4,369)	(3,355)	(4,113)	(3,619)	(4,319)	(4,322)	(3,872)
Other net income/(expenses)	19	13	(2)	241	5	310	502	(342)
(Loss)/profit before tax	(236)	93	1,107	659	1,682	330	837	1,270
Tax (charge)/credit	(304)	(1,138)	(324)	(305)	(473)	50	(328)	(467)
(Loss)/profit after tax in respect of continuing operations	(540)	(1,045)	783	354	1,209	380	509	803
(Loss)/profit after tax in respect of discontinued operation	-	-	-	(1,537)	(658)	71	209	145
Attributable to:								
Ordinary equity holders of the parent	(764)	(1,294)	583	(1,401)	190	99	414	677
Other equity instrument holders	171	181	157	162	139	139	110	104
Non-controlling interests in respect of continuing operations	53	68	43	59	79	90	70	92
Non-controlling interests in respect of discontinued operation	-	-	-	(3)	143	123	124	75
Balance sheet information								
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Total assets	1,142.2	1,133.2	1,149.3	1,135.3	1,203.8	1,213.1	1,324.0	1,351.3
Risk weighted assets	317.9	313.0	324.3	327.4	360.9	365.6	373.4	366.3
Average UK leverage exposure	1,089.9	1,044.6	1,035.1	1,092.2	1,130.4	1,137.3	n/a	n/a
Performance measures								
Return on average shareholders' equity	(5.5%)	(8.9%)	4.4%	(9.4%)	1.6%	1.0%	3.1%	5.0%
Return on average tangible shareholders' equity	(6.5%)	(10.3%)	5.1%	(11.0%)	1.8%	1.1%	3.6%	5.8%
Average shareholders' equity (£bn)	52.0	55.9	56.6	57.5	58.5	58.0	58.2	56.9
Average tangible shareholders' equity (£bn)	44.2	48.1	48.9	49.3	49.4	48.9	49.4	48.3
Cost: income ratio	99%	87%	65%	81%	62%	87%	79%	65%
Loan loss rate (bps)	36	56	66	49	47	58	66	41
Basic (loss)/earnings per share	(4.2p)	(7.3p)	3.7p	(8.0p)	1.3p	0.8p	2.6p	4.2p
Basic (loss)/earnings per share in respect of continuing operations	(4.2p)	(7.3p)	3.7p	1.0p	6.1p	1.1p	2.1p	3.8p
Performance measures excluding litigation and conduct²								
	£m	£m	£m	£m	£m	£m	£m	£m
Profit before tax	1,725	476	1,188	1,374	1,710	427	1,578	1,717
Attributable profit/(loss)	1,166	(943)	660	(698)	209	151	1,140	1,124
Return on average shareholders' equity	9.3%	(6.4%)	5.0%	(4.5%)	1.7%	1.3%	8.0%	8.1%
Return on average tangible shareholders' equity	11.0%	(7.4%)	5.7%	(5.3%)	2.0%	1.6%	9.5%	9.5%
Cost: income ratio	63%	79%	63%	67%	62%	85%	66%	57%
Basic earnings/(loss) per share	7.1p	(5.3p)	4.1p	(3.8p)	1.5p	1.1p	6.9p	6.8p

Edgar Filing: BARCLAYS PLC - Form 6-K

- 1 Results include Barclays Non-Core and the Africa Banking discontinued operation; refer to pages 31-32 for further detail.*
- 2 Refer to pages 33-37 for further information and calculations of performance measures excluding litigation and conduct.*

Barclays PLC

11

Quarterly Results Summary

Barclays UK

	Q118	Q417	Q317	Q217	Q117	Q416	Q316	Q216
	£m	£m	£m	£m	£m	£m	£m	£m
Income statement information								
Net interest income	1,493	1,540	1,501	1,534	1,511	1,502	1,569	1,476
Net fee, commission and other income	295	330	351	286	330	326	374	467
Total income	1,788	1,870	1,852	1,820	1,841	1,828	1,943	1,943
Credit impairment charges and other provisions	(201)	(184)	(201)	(220)	(178)	(180)	(350)	(220)
Net operating income	1,587	1,686	1,651	1,600	1,663	1,648	1,593	1,723
Operating expenses excluding UK bank levy and litigation and conduct	(1,005)	(1,117)	(980)	(974)	(959)	(989)	(904)	(947)
UK bank levy	-	(59)	-	-	-	(48)	-	-
Litigation and conduct ¹	(411)	(53)	(11)	(699)	4	(28)	(614)	(399)
Operating expenses	(1,416)	(1,229)	(991)	(1,673)	(955)	(1,065)	(1,518)	(1,346)
Other net (expenses)/income	(1)	(5)	1	(1)	-	-	-	(1)
Profit/(loss) before tax	170	452	661	(74)	708	583	75	376
Attributable (loss)/profit	(38)	245	423	(285)	470	383	(163)	141
Balance sheet information								
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Loans and advances to customers at amortised cost	184.3	183.8	182.2	166.6	164.5	166.4	166.6	166.0
Total assets	235.2	237.4	230.4	203.4	203.0	209.6	209.1	204.6
Customer deposits at amortised cost	192.0	193.4	189.3	187.4	184.4	189.0	185.5	181.7
Loan: deposit ratio ²	96%	95%	97%	89%	90%	89%	91%	92%
Risk weighted assets	72.5	70.9	70.0	66.1	66.3	67.5	67.4	67.1
Performance measures								
Return on average allocated equity	(0.8%)	7.8%	12.3%	(8.2%)	14.1%	11.8%	(4.7%)	4.4%
Return on average allocated tangible equity	(1.1%)	10.7%	18.4%	(12.7%)	21.6%	18.2%	(7.1%)	6.6%
Average allocated equity (£bn)	13.4	13.1	14.0	13.5	13.6	13.2	13.3	13.5
Average allocated tangible equity (£bn)	9.8	9.6	9.4	8.7	8.9	8.6	8.7	9.0
Cost: income ratio	79%	66%	54%	92%	52%	58%	78%	69%
Loan loss rate (bps)	43	39	43	52	43	42	82	52
Net interest margin	3.27%	3.32%	3.28%	3.70%	3.69%	3.56%	3.72%	3.56%
Performance measures excluding litigation and conduct¹								
	£m	£m	£m	£m	£m	£m	£m	£m
Profit before tax	581	505	672	625	704	611	689	775
Attributable profit	373	282	431	406	467	380	464	551
Return on average allocated equity	11.5%	9.0%	12.6%	12.3%	14.0%	11.7%	14.2%	16.6%
Return on average allocated tangible equity	15.7%	12.3%	18.7%	19.1%	21.5%	18.0%	21.6%	24.9%
Cost: income ratio	56%	63%	53%	54%	52%	57%	47%	49%

¹ Refer to pages 33-37 for further information and calculations of performance measures excluding litigation and conduct.

² Loan: deposit ratio is calculated as loans and advances to customers at amortised cost and loans and advances to banks at amortised cost of £0.4bn (Q417: £0.5bn), divided by customer deposits at amortised cost and deposits from banks at amortised cost of £nil (Q417: £nil). Comparatives have been restated to include loans and advances to banks at amortised cost and deposits from banks at amortised cost.

Barclays PLC

12

Quarterly Results by Business

Analysis of Barclays UK

	Q118	Q417	Q317	Q217	Q117	Q416	Q316	Q216
	£m	£m	£m	£m	£m	£m	£m	£m
Analysis of total income								
Personal Banking	889	1,020	926	933	944	934	970	1,068
Barclaycard Consumer UK	527	445	539	495	498	507	561	463
Wealth, Entrepreneurs & Business Banking	372	405	387	392	399	387	412	412
Total income	1,788	1,870	1,852	1,820	1,841	1,828	1,943	1,943
Analysis of credit impairment (charges)/releases and other provisions								
Personal Banking	(76)	(56)	(60)	(56)	(50)	(50)	(47)	(44)
Barclaycard Consumer UK	(113)	(124)	(145)	(149)	(123)	(118)	(291)	(169)
Wealth, Entrepreneurs & Business Banking	(12)	(4)	4	(15)	(5)	(12)	(12)	(7)
Total credit impairment charges and other provisions	(201)	(184)	(201)	(220)	(178)	(180)	(350)	(220)
Analysis of loans and advances to customers at amortised cost	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Personal Banking	140.5	139.8	138.4	136.5	134.4	135.0	135.3	134.7
Barclaycard Consumer UK	15.2	16.4	16.3	16.2	16.1	16.5	16.2	16.2
Wealth, Entrepreneurs & Business Banking	28.6	27.6	27.5	13.9	14.0	14.9	15.1	15.1
Total loans and advances to customers at amortised cost	184.3	183.8	182.2	166.6	164.5	166.4	166.6	166.0
Analysis of customer deposits at amortised cost								
Personal Banking	141.4	141.1	140.1	138.5	137.3	139.3	137.2	134.8
Barclaycard Consumer UK	-	-	-	-	-	-	-	-
Wealth, Entrepreneurs & Business Banking	50.6	52.3	49.2	48.9	47.1	49.7	48.3	46.9
Total customer deposits at amortised cost	192.0	193.4	189.3	187.4	184.4	189.0	185.5	181.7

Quarterly Results by Business

Barclays International

	Q118	Q417	Q317	Q217	Q117	Q416	Q316	Q216
	£m	£m	£m	£m	£m	£m	£m	£m
Income statement information								
Net interest income	1,013	987	1,148	1,060	1,112	1,046	1,355	1,001
Net trading income	1,416	935	815	1,039	1,182	1,131	1,074	1,130
Net fee, commission and other income	1,379	1,397	1,352	1,511	1,844	1,415	1,422	1,908
Total income	3,808	3,319	3,315	3,610	4,138	3,592	3,851	4,039
Credit impairment charges and other provisions	(93)	(386)	(495)	(279)	(346)	(426)	(420)	(240)
Net operating income	3,715	2,933	2,820	3,331	3,792	3,166	3,431	3,799
Operating expenses excluding UK bank levy and litigation and conduct	(2,300)	(2,428)	(2,182)	(2,276)	(2,435)	(2,497)	(2,337)	(2,074)
UK bank levy	-	(265)	-	-	-	(284)	-	-
Litigation and conduct ¹	(15)	(255)	(5)	4	(13)	(17)	(17)	(10)
Operating expenses	(2,315)	(2,948)	(2,187)	(2,272)	(2,448)	(2,798)	(2,354)	(2,084)
Other net income	13	21	19	202	12	5	8	11
Profit before tax	1,413	6	652	1,261	1,356	373	1,085	1,726
Attributable profit/(loss)	973	(1,168)	359	819	837	43	623	1,171

	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Balance sheet information								
Loans and advances at amortised cost ²	117.5	126.8	134.4	135.2	145.5	153.7	152.7	149.4
Trading portfolio assets	114.9	113.0	91.2	83.3	83.0	73.2	73.8	68.1
Derivative financial instrument assets	214.1	236.2	242.8	108.4	105.3	156.2	155.6	181.4
Derivative financial instrument liabilities	210.8	237.8	242.9	116.8	112.8	160.6	160.5	187.5
Reverse repurchase agreements and other similar secured lending	0.4	12.4	15.5	17.2	17.6	13.4	17.3	19.7
Financial assets at fair value through the income statement	150.6	104.1	103.7	94.1	81.3	62.3	72.0	68.3
Total assets	866.6	856.1	867.1	681.6	677.2	648.5	681.9	679.9
Deposits at amortised cost ²	167.2	187.3	191.9	192.0	189.4	184.7	175.7	175.0
Loan: deposit ratio ³	70%	68%	70%	70%	77%	83%	87%	85%
Risk weighted assets	214.2	210.3	218.2	212.2	214.3	212.7	214.6	209.3

Performance measures								
Return on average allocated equity	12.8%	(15.1%)	5.0%	11.2%	11.3%	0.9%	9.0%	17.4%
Return on average allocated tangible equity	13.4%	(15.9%)	5.4%	12.4%	12.5%	1.0%	10.0%	19.2%
Average allocated equity (£bn)	31.4	29.9	31.5	30.1	30.5	29.5	28.4	27.4
Average allocated tangible equity (£bn)	30.1	28.5	28.9	27.4	27.7	26.6	25.7	24.8
Cost: income ratio	61%	89%	66%	63%	59%	78%	61%	52%
Loan loss rate (bps)	31	76	88	54	62	78	71	41
Net interest margin	4.57%	4.31%	4.21%	4.07%	4.06%	3.91%	4.21%	3.92%

Performance measures excluding litigation and conduct¹

	£m	£m	£m	£m	£m	£m	£m	£m
Profit before tax	1,428	261	657	1,257	1,369	390	1,102	1,736
Attributable profit/(loss)	985	(918)	363	816	846	57	640	1,181
Return on average allocated equity	13.0%	(11.8%)	5.0%	11.2%	11.4%	1.1%	9.3%	17.5%
Return on average allocated tangible equity	13.6%	(12.4%)	5.5%	12.3%	12.6%	1.2%	10.3%	19.3%
Cost: income ratio	60%	81%	66%	63%	59%	77%	61%	51%

¹ Refer to pages 33-37 for further information and calculations of performance measures excluding litigation and conduct.

Edgar Filing: BARCLAYS PLC - Form 6-K

Loans and advances at amortised cost have been restated to exclude cash collateral and settlement balances. Deposits at amortised cost have been restated to include deposits from banks and customers at amortised cost, and exclude cash collateral and settlement balances.

- 3 *Loan: deposit ratio is calculated as loans and advances at amortised cost divided by deposits at amortised cost. Comparatives have been restated based on this approach.*

Quarterly Results by Business

Analysis of Barclays International

Corporate and Investment Bank

	Q118	Q417	Q317	Q217	Q117	Q416	Q316	Q216
	£m	£m	£m	£m	£m	£m	£m	£m
Income statement information								
FICC ¹	869	607	627	752	889	766	947	881
Equities	590	362	350	455	462	410	461	406
Markets	1,459	969	977	1,207	1,351	1,176	1,408	1,287
Banking fees	683	605	607	674	726	650	644	622
Corporate lending	240	269	277	278	269	303	284	312
Transaction banking	414	408	419	404	398	401	458	390
Banking	1,337	1,282	1,303	1,356	1,393	1,354	1,386	1,324
Other	3	1	-	1	38	1	1	-
Total income	2,799	2,252	2,280	2,564	2,782	2,531	2,795	2,611
Credit impairment releases/(charges) and other provisions	159	(127)	(36)	1	(51)	(90)	(38)	(37)
Operating expenses	(1,786)	(2,384)	(1,661)	(1,756)	(1,941)	(2,287)	(1,872)	(1,665)
Other net income	3	7	10	116	-	1	-	-
Profit/(loss) before tax	1,175	(252)	593	925	790	155	885	909
Balance sheet information	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Loans and advances at amortised cost ²	81.3	88.2	95.4	96.7	106.8	114.0	115.9	114.0
Deposits at amortised cost ²	107.6	128.0	133.4	134.1	131.0	134.0	126.7	127.4
Risk weighted assets	181.3	176.2	185.2	178.9	180.6	178.6	182.5	178.4
Performance measures								
Return on average allocated equity	12.9%	(19.9%)	5.7%	10.6%	7.8%	(1.1%)	8.7%	9.0%
Return on average allocated tangible equity	13.0%	(20.2%)	5.9%	11.1%	8.2%	(1.2%)	9.2%	9.5%
Average allocated equity (£bn)	25.9	24.7	25.8	24.4	24.8	24.0	23.3	22.7
Average allocated tangible equity (£bn)	25.6	24.3	24.8	23.3	23.5	22.6	21.9	21.3

Consumer, Cards and Payments

	£m	£m	£m	£m	£m	£m	£m	£m
Income statement information								
Total income	1,009	1,067	1,035	1,046	1,356	1,061	1,056	1,428
Credit impairment charges and other provisions	(252)	(259)	(459)	(280)	(295)	(336)	(382)	(203)
Operating expenses	(529)	(564)	(526)	(516)	(507)	(511)	(482)	(419)
Other net income	10	14	9	86	12	4	8	11
Profit before tax	238	258	59	336	566	218	200	817
Balance sheet information	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Loans and advances at amortised cost ²	36.2	38.6	39.0	38.5	38.7	39.7	36.8	35.4
Deposits at amortised cost ²	59.6	59.3	58.5	57.9	58.4	50.7	49.0	47.6
Risk weighted assets	32.9	34.1	33.0	33.3	33.7	34.1	32.1	30.9
Performance measures								
Return on average allocated equity	12.6%	7.1%	1.6%	14.1%	26.6%	9.6%	10.8%	57.6%
Return on average allocated tangible equity	15.6%	8.9%	2.2%	19.4%	36.4%	13.2%	14.8%	77.9%

Edgar Filing: BARCLAYS PLC - Form 6-K

Average allocated equity (£bn)	5.5	5.3	5.7	5.7	5.7	5.5	5.1	4.7
Average allocated tangible equity (£bn)	4.5	4.2	4.2	4.1	4.2	4.0	3.7	3.5

- 1 Fixed income, currencies and commodities (FICC) is composed of Credit and Macro income which were previously reported separately.
- 2 Loans and advances at amortised cost have been restated to exclude cash collateral and settlement balances. Deposits at amortised cost have been restated to include deposits from banks and customers at amortised cost, and exclude cash collateral and settlement balances.

Barclays PLC

15

Quarterly Results by Business

Head Office

	Q118	Q417	Q317	Q217	Q117	Q416	Q316	Q216
	£m	£m	£m	£m	£m	£m	£m	£m
Income statement information								
Net interest income	(318)	(254)	(174)	108	(115)	29	(206)	14
Net fee, commission and other income ¹	80	87	180	(24)	33	(38)	17	320
Total income	(238)	(167)	6	84	(82)	(9)	(189)	334
Credit impairment releases/(charges) and other provisions	6	(3)	(13)	(1)	-	-	1	(2)
Net operating (expenses)/income	(232)	(170)	(7)	83	(82)	(9)	(188)	332
Operating expenses excluding UK bank levy and litigation and conduct	(59)	(76)	(112)	(40)	(49)	15	(29)	(36)
UK bank levy	-	(41)	-	-	-	(2)	-	-
Litigation and conduct ²	(1,535)	(75)	(65)	(1)	(10)	(1)	(8)	(11)
Operating expenses	(1,594)	(192)	(177)	(41)	(59)	12	(37)	(47)
Other net income/(expenses)	7	(3)	(22)	(164)	-	159	(4)	(28)
(Loss)/profit before tax	(1,819)	(365)	(206)	(122)	(141)	162	(229)	257
Attributable (loss)/profit	(1,699)	(371)	(199)	(175)	(123)	223	(203)	182
Balance sheet information								
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Total assets	40.4	39.7	51.7	17.3	74.5	75.2	73.3	87.7
Risk weighted assets ³	31.2	31.8	36.1	26.2	52.9	53.3	47.5	43.2
Performance measures								
Average allocated equity (£bn)	7.2	12.8	11.1	9.5	9.2	8.8	8.8	8.0
Average allocated tangible equity (£bn)	4.3	10.0	10.5	8.8	7.6	7.2	7.4	6.6
Performance measures excluding litigation and conduct²								
	£m	£m	£m	£m	£m	£m	£m	£m
(Loss)/profit before tax	(284)	(290)	(141)	(121)	(131)	163	(221)	268
Attributable (loss)/profit	(192)	(307)	(134)	(174)	(116)	224	(195)	189

¹ Following the early adoption of the own credit provisions of IFRS 9 on 1 January 2017, own credit, which was previously reported in net fee, commission and other income, is recognised within other comprehensive income from Q117.

² Refer to pages 33-37 for further information and calculations of performance measures excluding litigation and conduct.

³ Includes Africa Banking RWAs of £6.4bn (December 2017: £6.4bn).

Performance Management

Margins and balances

	Three months ended 31.03.18			Three months ended 31.03.17		
	Net interest income	Average customer assets	Net interest margin	Net interest income	Average customer assets	Net interest margin
	£m	£m	%	£m	£m	%
Barclays UK	1,493	185,351	3.27	1,511	166,065	3.69
Barclays International ¹	1,065	94,530	4.57	1,121	112,060	4.06
Total Barclays UK and Barclays International	2,558	279,881	3.71	2,632	278,125	3.84
Other ²	(370)			(113)		
Total Barclays Group³	2,188			2,519		

¹ Barclays International margins include interest earning lending balances within the investment banking business.

² Other includes Head Office and non-interest earning lending balances within the investment banking business. Barclays Non-Core is included in the comparative period.

³ Group net interest income includes net structural hedge contributions of £0.2bn (Q117: £0.4bn).

Quarterly analysis for Barclays UK and Barclays International

	Net interest income	Average customer assets	Net interest margin
	£m	£m	%
Barclays UK	1,540	184,058	3.32
Barclays International ¹	1,071	98,500	4.31
Total Barclays UK and Barclays International	2,611	282,558	3.67
Three months ended 31.12.17			
Barclays UK	1,501	181,419	3.28
Barclays International ¹	1,070	100,828	4.21
Total Barclays UK and Barclays International	2,571	282,247	3.61
Three months ended 30.09.17			
Barclays UK	1,534	166,345	3.70
Barclays International ¹	1,064	104,899	4.07
Total Barclays UK and Barclays International	2,598	271,244	3.84
Three months ended 30.06.17			
Barclays UK	1,511	166,065	3.69
Barclays International ¹	1,121	112,060	4.06
Total Barclays UK and Barclays International	2,632	278,125	3.84

¹ Barclays International margins include interest earning lending balances within the investment banking business.

Barclays PLC

17

Credit Risk

Financial instruments subject to impairment

	Gross exposure ²	As at 31.03.18 Impairment allowance ²	Net exposure	Gross exposure ²	As at 01.01.18 ¹ Impairment allowance ²	Net exposure
	£m	£m	£m	£m	£m	£m
Home loans	147,514	468	147,046	146,973	464	146,509
Cards, unsecured loans and other retail lending	56,548	5,279	51,269	58,792	5,266	53,526
Corporate loans	121,928	1,158	120,770	118,525	1,378	117,147
Loans and advances at amortised cost	325,990	6,905	319,085	324,290	7,108	317,182
Off-balance sheet loan commitments and financial guarantee contracts	331,720	252	331,468	334,573	420	334,153
Total	657,710	7,157	650,553	658,863	7,528	651,335

¹ Comparatives are as at 1 January 2018 to reflect the adoption of IFRS 9 from this date.

² Excludes gross exposure of £63.7bn (1 January 2018: £53.2bn) and impairment allowance of £4m (1 January 2018: £3m) on financial assets at fair value through other comprehensive income.

Analysis of loans and advances at amortised cost and off-balance sheet exposures

	As at 31.03.18				Three months ended 31.03.18	
	Gross exposure	Impairment allowance	Net exposure	Coverage ratio	Impairment charge ¹	Loan loss rate
	£m	£m	£m	%	£m	bps
Barclays UK	159,349	2,709	156,640	1.7	180	46
Barclays International	29,277	2,583	26,694	8.8	251	348
Head Office	8,626	362	8,264	4.2	9	42
Total Group retail	197,252	5,654	191,598	2.9	440	90
Barclays UK	28,279	231	28,048	0.8	21	30
Barclays International	91,722	964	90,758	1.1	(158)	(70)
Head Office	8,737	56	8,681	0.6	(16)	(74)
Total Group wholesale	128,738	1,251	127,487	1.0	(153)	(48)
Total loans and advances at amortised cost	325,990	6,905	319,085	2.1	287	36
Off-balance sheet loan commitments and financial guarantee contracts	331,720	252	331,468	0.1		
Total	657,710	7,157	650,553	1.1		

	As at 01.01.18 ²			
	Gross exposure	Impairment allowance	Net exposure	Coverage ratio
	£m	£m	£m	%

Edgar Filing: BARCLAYS PLC - Form 6-K

Barclays UK	158,787	2,594	156,193	1.6
Barclays International	30,944	2,676	28,268	8.6
Head Office	9,046	364	8,682	4.0
Total Group retail	198,777	5,634	193,143	2.8
Barclays UK	27,807	227	27,580	0.8
Barclays International	88,804	1,182	87,622	1.3
Head Office	8,902	65	8,837	0.7
Total Group wholesale	125,513	1,474	124,039	1.2
Total loans and advances at amortised cost	324,290	7,108	317,182	2.2
Off-balance sheet loan commitments and financial guarantee contracts	334,573	420	334,153	0.1
Total	658,863	7,528	651,335	1.1

- 1 Includes impairment charges on loans and advances at amortised cost, and off-balance sheet loan commitments and financial guarantee contracts. Excludes impairment charge of £1m on financial assets at fair value through other comprehensive income.
- 2 Comparatives are as at 1 January 2018 to reflect the adoption of IFRS 9 from this date.

Barclays PLC

18

Treasury and Capital Risk

Capital ratios

	As at 31.03.18	As at 31.12.17
CET1 ^{1,3}	12.7%	13.3%
Tier 1 (T1)	16.4%	17.2%
Total capital	20.3%	21.5%

Capital resources

	£m	£m
Total equity excluding non-controlling interests per the balance sheet	59,519	63,905
Less: other equity instruments (recognised as additional tier 1 (AT1) capital)	(8,941)	(8,941)
Adjustment to retained earnings for foreseeable dividends	(664)	(392)

Other regulatory adjustments and deductions:

Additional value adjustments (PVA)	(1,365)	(1,385)
Goodwill and intangible assets	(7,858)	(7,908)
Deferred tax assets that rely on future profitability excluding temporary differences	(525)	(593)
Fair value reserves related to gains or losses on cash flow hedges	(709)	(1,161)
Excess of expected losses over impairment	-	(1,239)
Gains or losses on liabilities at fair value resulting from own credit	120	83
Defined benefit pension fund assets	(565)	(732)
Direct and indirect holdings by an institution of own CET1 instruments	(50)	(50)
Adjustment under IFRS 9 transitional arrangements	1,314	-
Other regulatory adjustments	(30)	(22)
CET1 capital³	40,246	41,565

AT1 capital²

Capital instruments and related share premium accounts	8,941	8,941
Qualifying AT1 capital (including minority interests) issued by subsidiaries	3,053	3,538
Other regulatory adjustments and deductions	(130)	(130)
AT1 capital	11,864	12,349

T1 capital^{1,3}

52,110	53,914
---------------	---------------

Tier 2 (T2) capital²

Capital instruments and related share premium accounts	6,293	6,472
Qualifying T2 capital (including minority interests) issued by subsidiaries	6,253	7,040
Credit risk adjustments (excess of impairment over expected losses)	143	-
Other regulatory adjustments and deductions	(251)	(251)
Total regulatory capital	64,548	67,175

Total RWAs^{1,3}

317,946	313,033
----------------	----------------

1 CET1 capital and RWAs are calculated applying the IFRS 9 transitional arrangements under Article 473a of the CRR. For more information refer to the Barclays PLC Pillar 3 Report Q1 2018, located at home.barclays/results.

2 AT1 and T2 capital are calculated applying the grandfathering of CRR non-compliant capital instruments. For further information on the relevant ratio for AT1 securities refer to Barclays PLC Pillar 3 Report Q1 2018.

3 Fully loaded CET1 capital and RWAs are calculated without the application of the IFRS 9 transitional arrangements under Article 473a of the CRR. On a fully loaded basis, the CET1 ratio is 12.2%, CET1 capital is £38,932m and RWAs are £317,970m.

Barclays PLC

19

Treasury and Capital Risk

Movement in CET1 capital

Three months
ended
31.03.18

	£m
Opening CET1 capital	41,565
Effects of changes in accounting policies	(2,150)
Loss for the period attributable to equity holders	(593)
Own credit relating to derivative liabilities	(19)
Dividends paid and foreseen	(397)
Decrease in retained regulatory capital generated from earnings	(1,009)
Net impact of share schemes	(330)
Fair value through other comprehensive income reserve	64
Currency translation reserve	(602)
Other reserves	23
Decrease in other qualifying reserves	(845)
Pension re-measurements within reserves	(165)
Defined benefit pension fund asset deduction	167
Net impact of pensions	2
Additional value adjustments (PVA)	20
Goodwill and intangible assets	50
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	68
Excess of expected loss over impairment	1,239
Adjustment under IFRS 9 transitional arrangements	1,314
Other regulatory adjustments	(8)
Increase in regulatory capital due to adjustments and deductions	2,683
Closing CET1 capital	40,246

CET1 capital decreased £1.3bn to £40.2bn due to the following significant movements:

A £0.6bn loss for the period attributable to equity holders as organic capital generation from profits of £1.3bn was more than offset by litigation and conduct charges, which included a £1.4bn settlement relating to RMBS

A £0.4bn decrease due to dividends paid and foreseen

A £0.3bn decrease largely due to the purchase of share awards

A £0.6bn decrease in the currency translation reserve driven by the depreciation of period end USD against GBP

Edgar Filing: BARCLAYS PLC - Form 6-K

The implementation of IFRS 9 resulted in a net increase in CET1 capital as the initial decrease in shareholders' equity of £2.2bn on implementation was more than offset by the transitional relief of £1.3bn and the removal of £1.2bn of regulatory deduction for the excess of expected loss over impairment.

The UK Retirement Fund, which is the Group's main pension scheme, was in an IAS 19 surplus position of £0.7bn (December 2017: £1.0bn). As a surplus position is deducted from capital, and as no deficit reduction contributions were made in the quarter, there was no impact from pensions on the CET1 ratio in the quarter.

Treasury and Capital Risk

Risk weighted assets (RWAs) by risk type and business

	Credit risk		Counterparty credit risk				Market risk		Operational risk	Total RWAs
	Std	IRB	Std	IRB	Settlement risk	CVA	Std	IMA		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31.03.18										
Barclays UK	3,245	57,113	-	-	-	-	-	-	12,167	72,525
Barclays International	47,546	71,889	17,818	16,999	72	2,491	16,117	13,583	27,708	214,223
Head Office ¹	2,827	8,995	109	506	-	230	102	1,644	16,785	31,198
Barclays Group	53,618	137,997	17,927	17,505	72	2,721	16,219	15,227	56,660	317,946
As at 31.12.17										
Barclays UK	3,811	54,955	-	-	-	-	-	-	12,167	70,933
Barclays International	49,058	69,520	17,000	17,243	101	2,776	13,313	13,547	27,708	210,266
Head Office ¹	2,907	9,766	65	633	-	225	88	1,365	16,785	31,834
Barclays Group	55,776	134,241	17,065	17,876	101	3,001	13,401	14,912	56,660	313,033

¹ Includes Africa Banking RWAs.

Movement analysis of RWAs

	Credit risk	Counterparty credit risk	Market risk	Operational risk	Total RWAs
	£bn	£bn	£bn	£bn	£bn
Three months ended 31.03.18					
Opening RWAs	190.0	38.0	28.3	56.7	313.0
Book size	3.9	1.2	2.8	-	7.9
Acquisitions and disposals	-	-	-	-	-
Book quality	(0.7)	(0.2)	-	-	(0.9)
Model updates	(0.6)	-	-	-	(0.6)
Methodology and policy	0.9	(0.7)	0.3	-	0.5
Foreign exchange movements ¹	(1.9)	-	-	-	(1.9)
Closing RWAs	191.6	38.3	31.4	56.7	317.9

¹ Foreign exchange movement does not include foreign exchange for counterparty credit risk or market risk.
RWAs increased £4.9bn to £317.9bn:

Book size increased RWAs £7.9bn primarily as a result of business growth, and increased derivatives portfolio and securities financing transaction trading activity in investment banking businesses

Edgar Filing: BARCLAYS PLC - Form 6-K

Foreign exchange movements decreased RWAs £1.9bn primarily due to the depreciation of period end USD against GBP

Barclays PLC

21

Treasury and Capital Risk

Leverage ratio and exposures

Barclays is subject to a UK leverage ratio requirement that is implemented on a phased basis, with a transitional requirement of 3.6% as at 31 March 2018; this comprises the 3.25% minimum requirement, a transitional G-SII additional leverage ratio buffer (G-SII ALRB) of 0.39% and a countercyclical leverage ratio buffer (CCLB) which is currently nil. Although the leverage ratio is expressed in terms of tier 1 capital, 75% of the minimum requirement, equating to 2.4375%, needs to be met with CET1 capital. In addition, the G-SII ALRB and CCLB must be covered solely with CET1 capital. The CET1 capital held against the 0.39% transitional G-SII ALRB was £4.1bn. The fully loaded UK leverage requirement is expected to be 4.0%.

From Q118, following the end of the transitional period, Barclays is required to disclose an average UK leverage ratio which is based on capital on the last day of each month in the quarter and an exposure measure for each day in the quarter. During the transitional period, the exposure measure was based on the last day of each month in the quarter. Barclays is also required to disclose a UK leverage ratio based on capital and exposure on the last day of the quarter. Both approaches exclude qualifying claims on central banks from the leverage exposures.

	As at 31.03.18 £bn	As at 31.12.17 £bn
Leverage ratios		
Average tier 1 capital ¹	50.0	51.2
Average UK leverage exposure ^{2,3}	1,090	1,045
Average UK leverage ratio	4.6%	4.9%
UK leverage ratio	4.8%	5.1%
CET1 capital	40.2	41.6
AT1 capital	8.8	8.8
Tier 1 capital¹	49.1	50.4
Leverage exposure		
Accounting assets		
Derivative financial instruments	215	238
Derivative cash collateral	52	53
Securities financing transactions	128	113
Loans and advances and other assets	747	729
Total IFRS assets	1,142	1,133
Regulatory consolidation adjustments	8	8
Derivatives adjustments		
Derivatives netting	(195)	(217)
Adjustments to cash collateral	(34)	(42)
Net written credit protection	18	14
Potential future exposure (PFE) on derivatives	121	120
Total derivatives adjustments	(90)	(125)
Securities financing transactions (SFTs) adjustments	20	19
Regulatory deductions and other adjustments	(10)	(13)
Weighted off-balance sheet commitments	101	103
Qualifying central bank claims	(140)	(140)

UK leverage exposure³

1,031

985

- 1 The tier 1 capital is calculated in line with the PRA Handbook, which excludes grandfathered AT1 instruments allowed under CRR.*
- 2 The average UK leverage exposure as at 31 December 2017 was calculated based on the last day of each month in the quarter.*
- 3 Capital and leverage measures are calculated applying the IFRS 9 transitional arrangements under Article 473a of the CRR. For more information refer to the Barclays PLC Pillar 3 Report Q1 2018, located at home.barclays/results.*

Barclays PLC

22

Treasury and Capital Risk

The average UK leverage ratio decreased to 4.6% (December 2017: 4.9%) partially driven by the change to the daily exposure measure. Average UK leverage exposures increased due to higher trading activity in SFTs and trading portfolio assets. Tier 1 capital decreased, primarily due to settlement of litigation and conduct charges.

The UK leverage ratio decreased to 4.8% (December 2017: 5.1%) due to a decrease in the tier 1 capital to £49.1bn (December 2017: £50.4bn) primarily driven by £2.0bn of litigation and conduct charges and an increase in UK leverage exposure to £1,031bn (December 2017: £985bn).

Loans and advances and other assets increased £18bn to £747bn primarily driven by a £11bn increase in holdings of government securities and a £10bn increase in settlement balances, offset by a £14bn decrease in cash and balances at central banks held as part of the Group liquidity pool

SFTs increased £15bn to £128bn primarily driven by matched book trading activity

Net derivative leverage exposures, excluding net written credit protection and PFE on derivatives, increased £6bn to £38bn primarily driven by reduced collateral netting

The difference between the average UK leverage ratio and the UK leverage ratio was primarily driven by lower SFTs, trading portfolio assets and settlement exposures at quarter end.

Barclays is also required to disclose a CRR leverage ratio. This is included in the additional Barclays regulatory disclosures, prepared in accordance with European Banking Authority (EBA) guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (see Barclays PLC Pillar 3 Report Q1 2018), which will be disclosed on 26 April 2018, available at home.barclays/results.

Treasury and Capital Risk

Minimum requirement for own funds and eligible liabilities (MREL)

Under the Bank of England's statement of policy on MREL, the Bank of England will set MREL for UK Global Systemically Important Banks (G-SIBs) as necessary to implement the total loss-absorbing capacity (TLAC) standard. Institution or group-specific MREL requirements will depend on the preferred resolution strategy for that institution or group.