Barclays PLC FY 2023 Results

C.S. Venkatakrishnan, Group Chief Executive

Anna Cross, Group Finance Director

Welcome to our full year 2023 results presentation and investor update.

I'll start with the performance highlights before handing over to Anna to take you through the financials.

Delivering against guidance

Achieved guidance across metrics

10.6%[1]
RoTE (target: >10%)

63%[1]
CIR (guidance: low 60s%)

46bps
Loan loss rate[2] (guidance: 50-60bps through the cycle)

3.13%
FY23 Barclays UK NIM (guidance: 3.05-3.10%)

Strong balance sheet and earnings

13.8%
CET1 ratio (target: 13-14%)

331p
TNAV per share (up 36p YoY)

32.4p[1]
EPS (up 1.6p YoY)

Enabled increased shareholder distributions

8.0p
FY23 dividend per share (up 0.75p YoY)

£1.75bn
Share buybacks
£1.0bn announced at FY23
£0.75bn announced at H123

£3.0bn
Total capital distribution for the year[3] (up c.37% vs 2022)

[1] Excludes Q423 structural cost actions of £927m | [2] Loan Loss Rate (LLR) | [3] Refers to the total capital distributions announced in relation to 2023 and includes the share buyback of up to £1.0bn announced at FY23 results |

We delivered on our targets in 2023. Together with our consistently strong capital position throughout the year, this enabled us to deliver a material increase in shareholder distributions.

Excluding Q4 structural cost actions, Return on Tangible Equity was 10.6 percent for 2023, in line with our target of above 10 percent.

On the same basis, our cost income ratio was 63 percent, in line with our low 60's guidance for the full year.

As well as being accretive to future returns, the structural cost actions did not limit our ability to deliver a 37 percent year-on-year increase in total distributions to £3 billion.

This £3 billion included a total dividend of 8 pence per share, with the full year dividend of 5.3 pence announced today.

As well as a full year buyback of £1 billion, which we expect to start in the coming days, on top of £750 million at the half year.

Tangible book value per share increased by 36 pence year on year to 331 pence.

Our CET1 ratio was 13.8 percent, towards the top of our target range which you'll recall is 13 to 14 percent.

Overall, we view this performance as a strong foundation on which to build towards our revised financial targets over the next three years.

Anna, over to you.

Thank you, Venkat, and good morning everyone.

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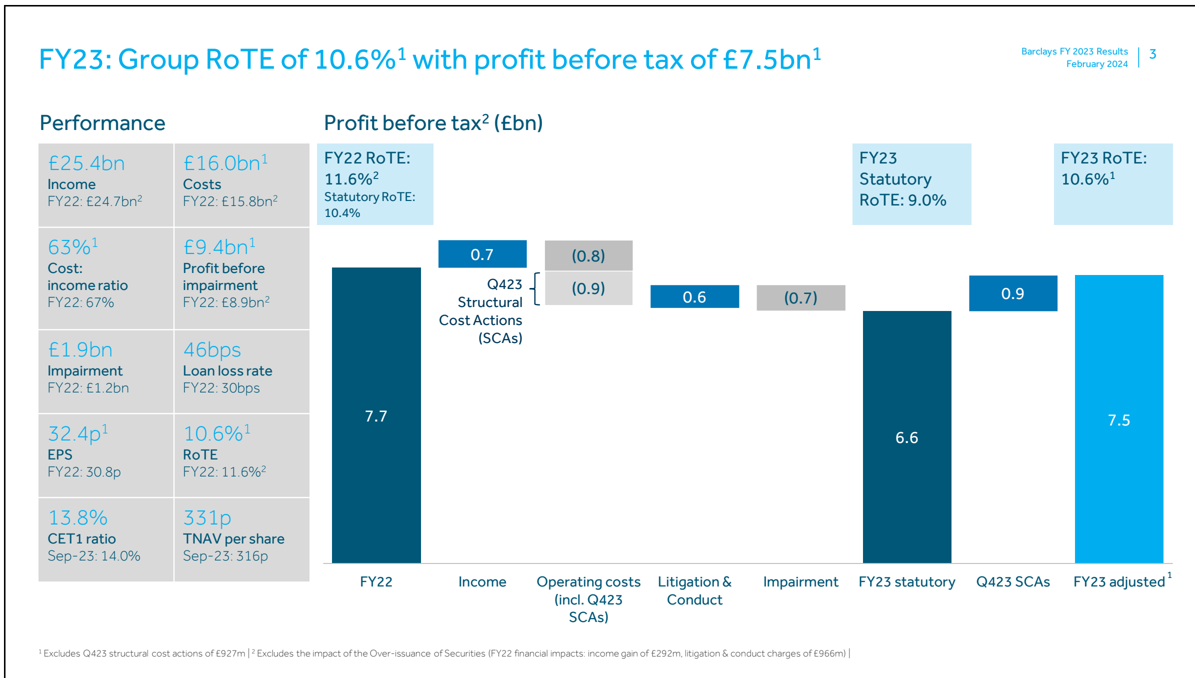

On a statutory basis, RoTE was 9 percent for full year 2023.

This included the £0.9 billion of structural cost actions taken in Q4.

Given the materiality of the Q4 charge over and above normal annual cost actions, I will exclude it from the financial performance metrics.

On this basis, 2023 Return on Tangible Equity was 10.6 percent.

I would note that there was no impact from the over-issuance of securities this year, but given the material impacts to income and costs in 2022, I will also use adjusted numbers as comparators.

Group profit before tax was £7.5 billion, down 3 percent year on year.

And income increased by £0.7 billion, while costs were £0.2 billion higher, excluding the Q4 cost actions.

Within costs, litigation and conduct charges were small this year at just £37 million, compared to around £0.6 billion in 2022.

Operating costs, which exclude L&C, were up by £0.8 billion.

Impairment charges were up £0.7 billion to £1.9 billion, representing a loan loss rate of 46 basis points, better than our through the cycle guidance of 50 to 60 basis points.

As usual, I will now cover the three key drivers of our returns, namely income, costs and credit risk management.

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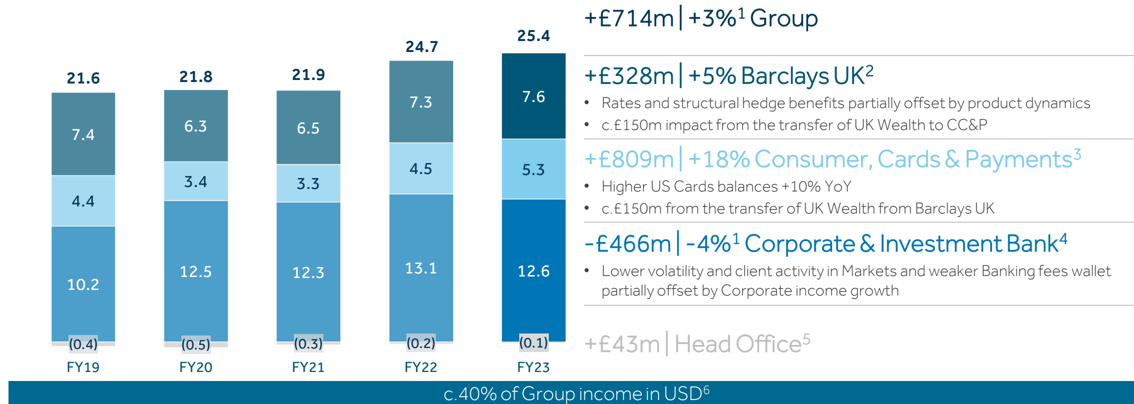
FY23 Group income up 3%[1] YoY

Group income excluding the impact of the Over-issuance of Securities[1] (£bn)



c.40% of Group income in USD[6]

[1] Excludes the income impact of the Over-issuance of Securities (FY22 financial impacts: Equities, within CIB, included income gain of £292m) | [2] Barclays UK (BUK) | [3] Consumer, Cards & Payments (CC&P) | [4] Corporate & Investment Bank (CIB) | [5] Head Office (HO) |
[6] Based on an average of FY21, FY22 and FY23 income. Percentage may vary depending on business mix and macroeconomic environment and historical outcomes may not be indicative of future currency mix | Note: Charts may not sum due to rounding |

We saw a continuation of the year-to-date income trends through the fourth quarter, resulting in total income up 3 percent at £25.4 billion for the year.

Barclays UK income was up 5 percent, with growth in net interest income from rate increases outweighing lower UK cards income, and the transfer of UK Wealth in Q2.

Consumer Cards and Payments income grew strongly, up 18 percent, driven by higher margins and balance growth in both US cards and the private bank.

Corporate and Investment Bank income was down 4 percent as lower volatility in Markets and a record low Banking wallet impacted the industry.

This outweighed the tailwind from interest rates in the Corporate Bank.

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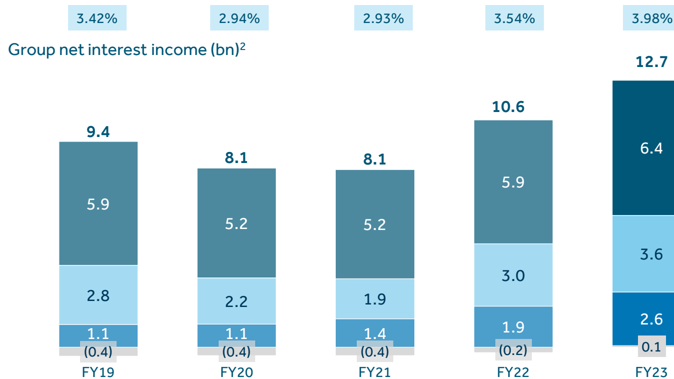
FY23 Group NII of £12.7bn; up 20% YoY

NII is half of Group income, of which BUK is half of Group NII



+£2,137m | +20% Group
- NIM: 3.98%[1] (+44bps YoY)

+£538m | +9% BUK
- NIM: 3.13% (+27bps YoY)

+£667m | +22% CC&P
- NIM: 8.50% (+90bps YoY)

+£602m | +31% CIB
- NIM: 3.65%[1] (+44bps YoY)

2024 Group NII guidance (excluding Investment Bank and Head Office): c.£10.7bn (2023: £11.0bn)[3]

[1] Excludes NII from Markets within Barclays International and Head Office including hedge accounting (FY23: £641m) | [2] Balancing figure in chart relates to Head Office | [3] Group NII guidance is based on the new business segmentation |

On the next slide you can see net interest income across the bank grew by £2.1 billion or 20 percent year-on-year, driving a 44 basis points increase in Group NIM to 3.98 percent.

The biggest contributors to NII growth were CC&P and CIB, together adding £1.3 billion, with around one quarter of the total NII growth coming from BUK.

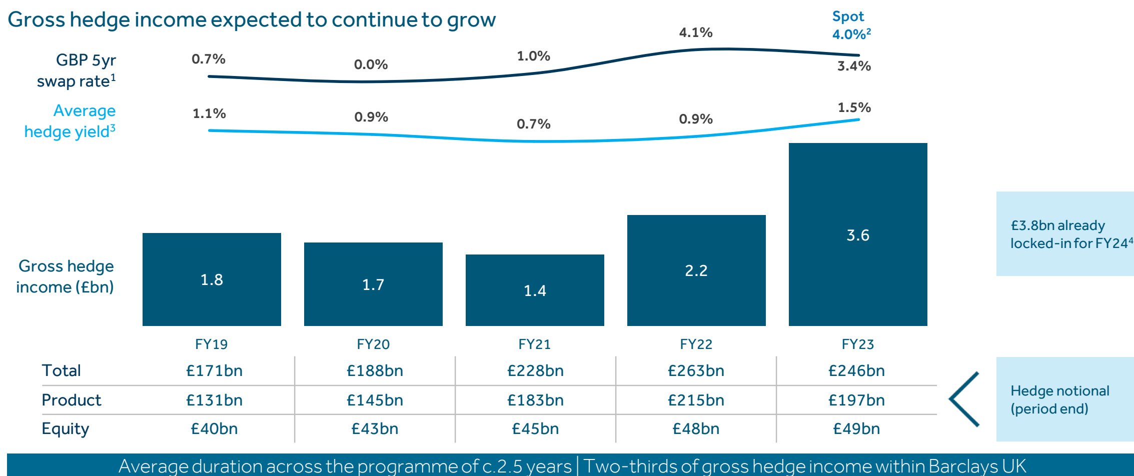
Going forward, whilst we will still report net interest margin, we will guide to Group NII excluding the Investment Bank and Head Office.

This is expected to be about £0.3 billion lower in 2024 at around £10.7 billion. BUK is expected to be approximately £6.1 billion of this, excluding the impact of the Tesco Bank acquisition, which I will touch on shortly.

The benefits from the structural hedge are expected to be offset by continued product margin pressures, particularly in BUK.

Turning now to the structural hedge in more detail.

Meaningful structural hedge income uplift YoY



	FY19	FY20	FY21	FY22	FY23
Total	£171bn	£188bn	£228bn	£263bn	£246bn
Product	£131bn	£145bn	£183bn	£215bn	£197bn
Equity	£40bn	£43bn	£45bn	£48bn	£49bn

Average duration across the programme of c.2.5 years | Two-thirds of gross hedge income within Barclays UK

[1] UK Pound Sterling SONIA OIS Zero 5 Year Point (Refinitiv: GBPOIS5YZ=R) | [2] Based on spot price of UK Pound Sterling SONIA OIS Zero 5 Year Point (Refinitiv: GBPOIS5YZ=R) as at the end of day on 16 February 2024 | [3] Gross hedge income divided by period end hedge notional | [4] Refers to the impact to NII of hedges that have already been executed |

The structural hedge is designed to reduce volatility in NII and manage interest rate risk.

As rates have risen, this has dampened the growth in our NII, but in a falling rate environment we will see the benefit from the protection that it gives us.

It generated £3.6 billion in gross hedge income in 2023, up from £2.2 billion in the prior year.

It also provides a high degree of confidence in the net interest income growth assumed in our forward plan.

To illustrate this, £3.8 billion of gross hedge income is already locked in for 2024 from hedge reinvestment through 2023, and this will continue to build.

Given trends in retail deposits, we do expect the notional balance to reduce in 2024 at a broadly similar rate to Q4 2023, before stabilising in 2025.

We have approximately £170bn of hedges maturing over the next three years, and we expect to roll around three-quarters of them over that period.

And reinvestment rates remain well above the average maturing yields of around 1.5 percent over the next three years.

So we expect the reinvestment to outweigh notional hedge declines.

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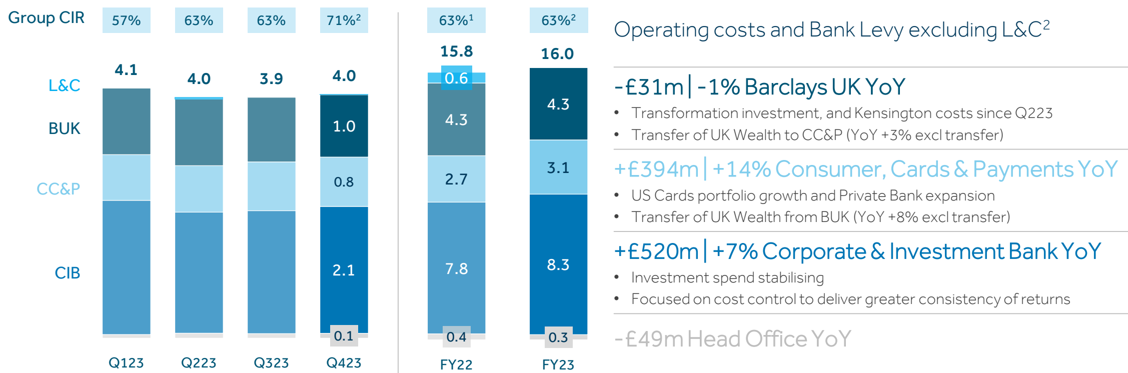
Costs remained well managed despite inflationary headwinds

Group operating expenses excluding the impact of the Over-issuance of Securities[1] and Q423 structural cost actions[2] (£bn)



Achieved Group cost: income ratio guidance of low 60s%[2] | Achieved guidance of Q123 high point for Group and CIB operating costs[3]

[1] Excludes the impact of the Over-issuance of Securities (FY22 financial impacts: income gain of £292m, litigation & conduct charges of £966m) | [2] Excludes the impact of Q423 structural cost actions of £927m | [3] Group operating cost guidance excludes bank levy, litigation and conduct and Q423 structural cost actions. Group operating cost guidance is based on an average USD/GBP FX rate of 1.23 for Q223-Q423 | Note: c.30% of Group operating expenses in USD. Based on an average of FY21, FY22 and FY23 costs. Percentage may vary depending on business mix and macroeconomic environment and historical outcomes may not be indicative of future currency mix |

As guided, quarterly costs throughout the year remained below the Q1 high point.

This excluded the Q4 bank levy of £180 million, which was flat year on year.

The cost to income ratio for the year was 63 percent, excluding Q4 structural cost actions.

Group costs of £16 billion were up £0.2 billion year on year.

Operating costs increased to support business growth and enhance resilience and controls.

For instance, partner-focused spend to drive balance growth in US cards and Kensington mortgages in BUK, as well as technology investments to support Markets within the CIB.

The impact of inflation was more than offset by efficiency savings.

Looking at the £927 million of Q4 structural cost actions in more detail on the next slide.

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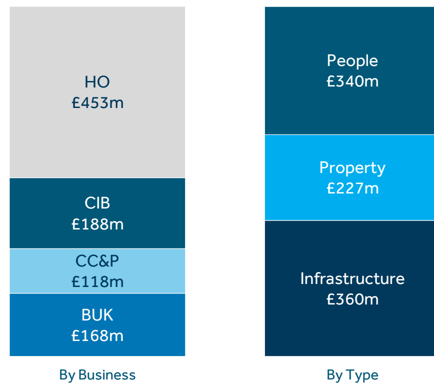
Q423 structural cost actions to improve future returns

Q423 Structural Cost Actions of £927m



Expect savings of c.£500m in 2024, with a payback of <2 years

£340m People

- Rightsizing headcount
  - £79m BUK, £71m CC&P, £188m CIB

£227m Property

- BUK branch footprint rationalisation (£88m)
- Canary Wharf office lease exit in HO (£139m)

£360m Infrastructure

- Write down of intangible assets of c.£350m which do not impact capital
  - Mainly related to Payments merchant acquiring business and German consumer finance business, largely in HO

These were across three main categories – people, property and infrastructure.

Around half was in Head Office and relates to our merhcant acquiring and German consumer finance businesses, as well as a Canary Wharf office lease exit.

A large proportion of this Head Office charge is goodwill and intangible write-downs, which have no impact on capital.

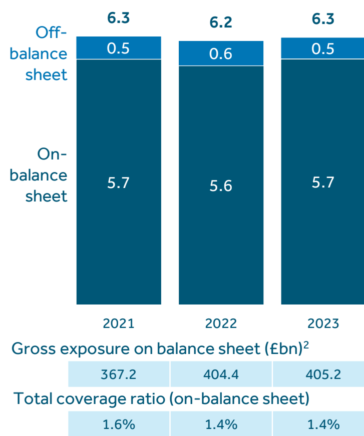
The other charges are spread across the businesses.

We expect the overall payback to be just under two years, with around half the cost savings landing in 2024.

You'll hear later how these cost actions are a key pillar in our plans to improve efficiency and drive a more productive cost base going forward.

LLR of 46bps; maintaining through the cycle guidance of 50-60bps

Balance sheet provisions for ECL[1] (£bn)



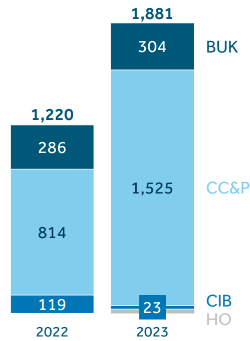
Gross exposure on balance sheet (£bn)[2]

2021	2022	2023
367.2	404.4	405.2

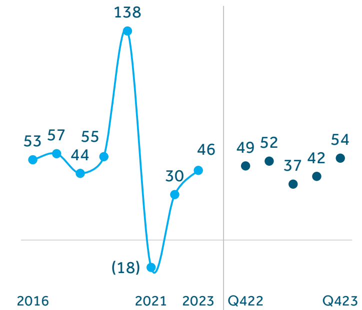
Total coverage ratio (on-balance sheet)

2021	2022	2023
1.6%	1.4%	1.4%

Credit impairment charges (£m)



Loan loss rate (bps)



[1] Expected credit losses | [2] Includes debt securities | Note: Charts may not sum due to rounding |

The impairment allowance was broadly stable at £6.3 billion, and we maintained our balance sheet coverage at 1.4 percent.

The total impairment charge for 2023 of £1.9 billion was up around £0.7 billion year-on-year.

The full year loan loss rate of 46 basis points was below our through the cycle guidance.

As we expected, this included a higher Q4 loan loss rate of 54 basis points driven by an increase in US cards.

US cards was also the largest component of the full year charge of £1.5 billion in CC&P.

The full year Barclays UK charge was around £300 million, with a loan loss rate of 14 basis points.

We continue to see conservative consumer behaviours across our UK portfolios.

We expect the loan loss rate in BUK to increase over the next three years as we grow unsecured lending.

I'll go into more detail on the US cards impairment on the next slide.

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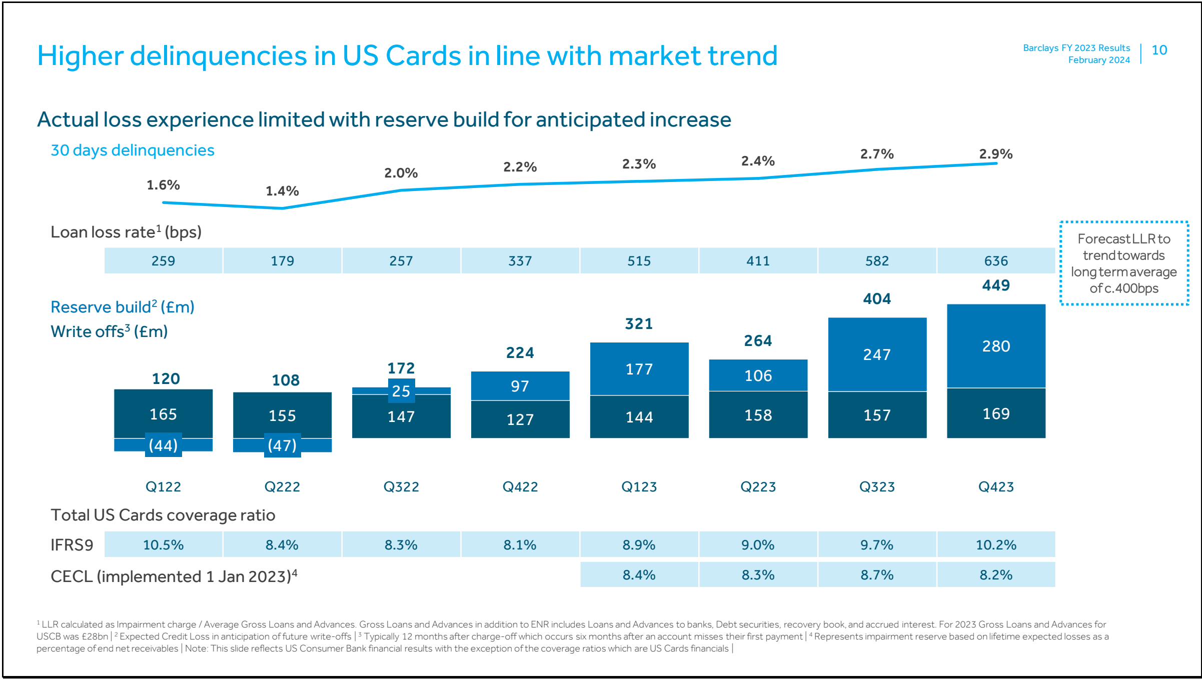


Our US cards portfolio credit trends are in line with the broader industry.

The US Consumer Bank loan loss rate is elevated compared to recent periods, as we build our impairment reserves, because of an increase in delinquencies.

Write-offs are low, but we expect them to increase during 2024, which is why we are building the reserve now.

As a result, our US Cards coverage ratio stands at 10.2 percent on an IFRS 9 basis.

And when calculated on a US accounting basis, the CECL coverage ratio of 8.2 percent is in line with our US cards peers.

The portfolio remains high quality, with 88 percent of the book above a 660 FICO.

We do expect the impairment charge to remain elevated through the first half of 2024, and to reduce in the second half.

And overall, we'd expect the charge for 2024 to be below the 2023 level, and we are guiding to 400 basis points loan loss rate through the cycle.

A brief word on Q4 Group performance on the next slide, before I take you through the businesses.

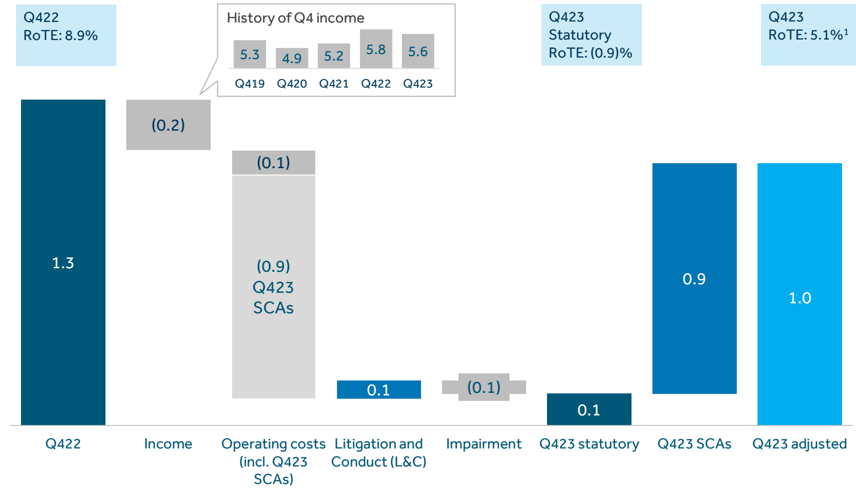
![BARCLAYS]

Q423 income of £5.6bn with profit before tax of £1.0bn[1]

Performance

£5.6bn Income Q422: £5.8bn	£4.0bn[1] Costs Q422: £4.0bn
71%[1] Cost: income ratio Q422: 69%	£1.6bn[1] Profit before impairment Q422: £1.8bn
£0.6bn Impairment Q422: £0.5bn	54bps Loan loss rate Q422: 49bps
4.2p[1] EPS Q422: 6.5p	5.1%[1] RoTE Q422: 8.9%
13.8% CET1 ratio Sep-23: 14.0%	331p TNAV per share Sep-23: 316p

Profit before tax (£bn)



[1] Excludes impact of Q423 structural cost actions of £927m | Note: Charts may not sum due to rounding |

Profit before tax excluding Q4 structural cost actions was £1 billion, down £0.3 billion.

Income was down £0.2 billion year on year at £5.6 billion, the second best Q4 in the last five years, after 2022.

This was driven by a reduction in non-NII, partially offset by an increase in NII, whilst operating costs were broadly stable.

Impairment was around £50 million higher at £0.6 billion, with the higher Q4 charge in CC&P from US cards partially offset by a lower Barclays UK charge.

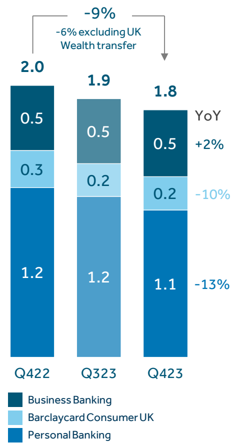
Moving now to the business performance, starting with Barclays UK.

Barclays UK delivered 19.7%[1] RoTE in Q423

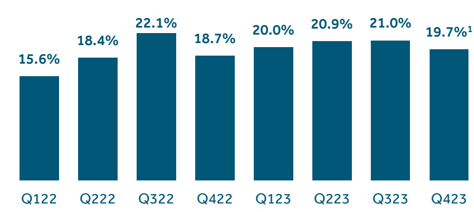
Performance

£1.8bn Income Q422: £2.0bn	£1.0bn[1] Costs Q422: £1.1bn
57%[1] Cost: income ratio Q422: 58%	£37m Impairment Q422: £0.2bn
7bps Loan loss rate Q422: 27bps	£0.7bn[1] PBT Q422: £0.7bn
19.7%[1] RoTE Q422: 18.7%	£202.8bn Loans[2] Sep-23: £204.9bn
92% Loan: deposit ratio Sep-23: 92%	£73.5bn RWAs Sep-23: £73.2bn

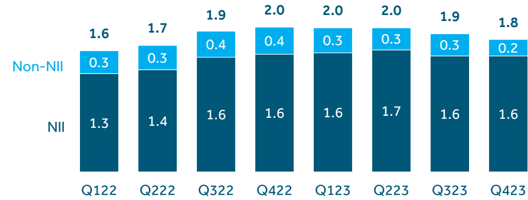
Income (£bn)



RoTE: consistent profitability



Income by type (£bn)



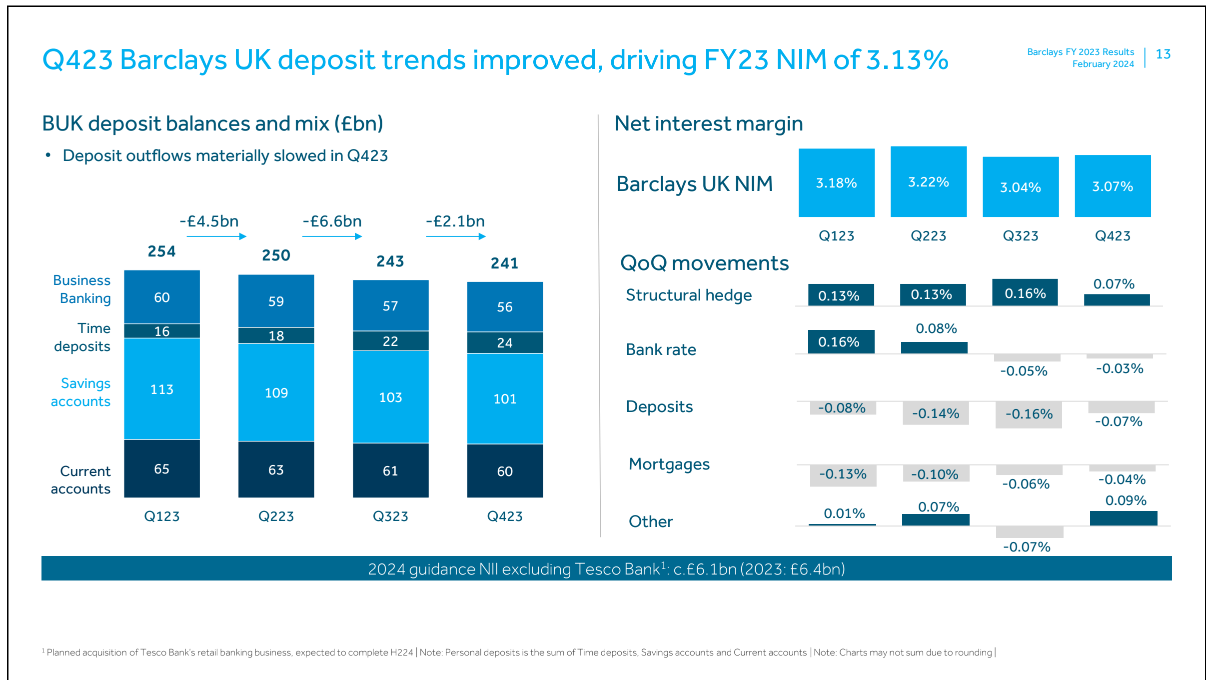
[1] Excludes Q423 structural cost actions of £168m | [2] Loans and advances to customers at amortised cost | Note: Charts may not sum due to rounding |

RoTE was 19.7 percent in Q4 and has been consistently around 20 percent every quarter this year.

Total income was £1.8 billion, with net interest income stable at £1.6 billion and a £0.2 billion reduction in non-NII year on year.

This reflected the transfer of the UK Wealth business in Q2 and a number of one-offs.

We would expect Non-NII to revert to a run-rate greater than £250 million per quarter going forward.



The NII generated a NIM in BUK of 307 basis points for Q4 and 313 for the full year.

We said at Q3 that our 305 to 310 basis points guidance was sensitive to the level and mix of deposits, and the deposit trends that we saw in Q3 slowed materially in Q4.

Deposits were down £2.1 billion, compared to the reduction of £6.6 billion in Q3, as the pace of deposit outflows and migration to higher rate savings slowed.

The other NIM drivers played out broadly as we expected and you can see these on the chart on the right hand side.

The structural hedge continued to be a tailwind to NIM, although a more modest 7 basis points in Q4, due to lower swap rates and a reduced hedge roll in the quarter.

Bank rate effects turned negative in H2 reflecting pass-through to pricing, and mortgage churn continued to ease.

We also saw a positive contribution from Treasury in the Other category, as we flagged earlier in the year.

Looking forward to 2024, we are guiding to NII for Barclays UK of c.£6.1 billion compared to £6.4 billion in 2023.

We will have a building tailwind from the hedge roll. However, in the short term, consistent with our industry expectations, we expect this to be more than offset by some further reduction in deposits, but at a slower rate than 2023, and a net reduction in mortgage balances.

This excludes the impact of the Tesco Bank acquisition, which I will summarise on the next slide.

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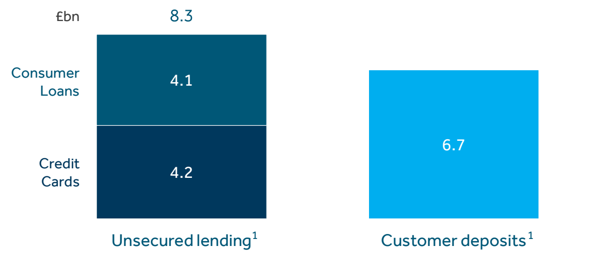
Acquisition of Tesco Bank Retail Banking



c.£85m 2023 adjusted operating profit[2]	c.£600m consideration payable[3]	c.£8bn RWA growth[4]
2,800 employees	c.£960m Tesco Bank TNAV[5]	c.(30)bps Group CET1 ratio effect

- Expected completion H224 with initial annualised NII of c.£400m
- Initial integration costs but broadly neutral to Group cost: income ratio
- Risk profile consistent with Barclays UK unsecured portfolios
- Increased impairment post-acquisition from IFRS9 recognition in year one
- Accretive to Group RoTE post integration

[1] Gross unsecured loans and advances at amortised cost and deposits at amortised cost. Tesco Bank information | [2] Tesco Bank retail businesses adjusted operating profit for the twelve months ended February 2023 based on Tesco's management accounts and an estimated allocation of income and expenses between the acquired business and activities retained by Tesco Bank. It includes the estimated impact of transitional service arrangements but excludes the full impact of payments to be made under the strategic partnership agreement. Under the terms of the strategic partnership with Tesco for Barclays UK to market and distribute credit cards, unsecured personal loans and deposits using the Tesco brand, Barclays UK expects to pay Tesco royalty, new account and Clubcard participation fees of approximately £50 million per annum in total | [3] The exact consideration payable will depend on movements in the tangible net assets and expected credit loss allowance up to completion of the transaction | [4] Relates to RWA effect on day 1 | [5] Tangible net asset value definition consistent with Barclays Results Announcement Non-IFRS measures calculation | Note: Please see the regulatory news service at https://home.barclays/investor-relations/investor-news/ for the full details of the announcement. Figures included for Tesco based on Tesco's management accounts |

The acquisition accelerates our intention to grow unsecured lending in Barclays UK, which we will discuss in more detail later.

The transaction involves the acquisition of c.£8.3 billion of unsecured lending balances, roughly half credit card receivables and half unsecured personal loans, and approximately £6.7 billion of customer deposits. This will result in c.£8 billion of RWAs on completion, which is expected to be in H2.

Given the uncertainty around this timing, our 2024 guidance does not include the impact of the acquisition, though it is reflected in our 2026 plans we are announcing today.

Once completed, we estimate initially generating NII of around £400 million annualised, and growing from that level.

As we complete the integration, costs will be somewhat elevated, but this should be broadly neutral to the Group cost: income ratio.

As usual following a portfolio acquisition, we also anticipate elevated impairment initially under IFRS 9, but again expect this to normalise.

As a result, we forecast a slightly reduced BUK RoTE in 2024, but once integrated, the business will have an attractive RoTE profile, accretive to the Group RoTE over time.

Turning now to Consumer, Cards and Payments.

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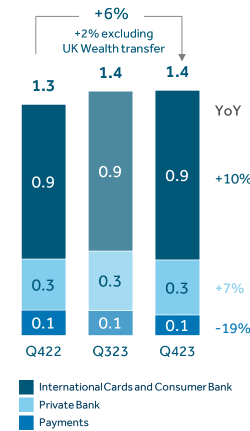
CC&P Q423 RoTE decline driven by impairment build

Performance

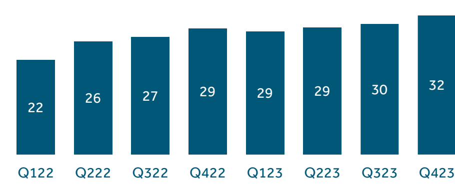
£1.4bn Income Q422: £1.3bn	£0.8bn[1] Costs Q422: £0.8bn
60%[1] Cost: income ratio Q422: 60%	£0.5bn Impairment Q422: £0.3bn
449bps Loan loss rate Q422: 245bps	£0.1bn[1] PBT Q422: £0.2bn
2.6%[1] RoTE Q422: 13.0%	8.44% NIM Q323: 8.88%
£39.0bn Loans[2] Sep-23: £42.9bn	£42.3bn RWAs Sep-23: £39.9bn

Income (£bn)

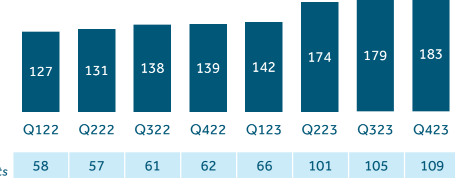


International Cards and Consumer Bank
Private Bank
Payments

US Cards end net receivables ($bn): seasonal growth in Q423



Private Bank client assets and liabilities[3] (£bn): growth primarily driven by invested assets



	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423
Of which: invested assets	58	57	61	62	66	101	105	109

60-70% of income and 45-50% of costs in USD[4]

[1] Excludes Q4 structural cost actions of £118m | [2] Loans and advances to customers at amortised cost | [3] Client Assets and Liabilities refers to customer deposits, lending and invested assets. Invested assets represent assets under management and supervision | [4] Based on an average of FY21, FY22 and FY23 income and costs currency mix. Range may vary depending on business mix and macroeconomic environment and historical outcomes may not be indicative of future currency mix | Note: Charts may not sum due to rounding | Note: Figures reflect the transfer of UK Wealth to the Private Bank in CC&P on 1 May 2023 | Note: Charts may not sum due to rounding |

Continued growth in US cards receivables and Private Bank client balances drove a £0.1 billion increase in CC&P total income year on year.

US cards balances grew to just over $32 billion, up $2 billion in Q4, reflecting seasonally higher year-end spend.

Client Assets & Liabilities in the Private Bank grew by £4bn in the quarter to around £183 billion, with most of the growth being in invested assets.

This is a positive trend for the future, but the initial growth is in Assets Under Supervision, which does attract lower fees.

CC&P RoTE was 2.6 percent, reflecting the impairment build in US cards that I have just talked about.

This will be the last time we report the CC&P segment, as we start to disclose our US Consumer Bank and Private Bank & Wealth Management businesses separately.

Moving onto the CIB.

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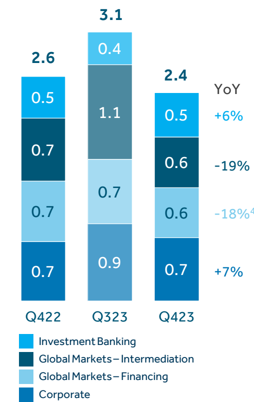
CIB Q423 RoTE decline driven by lower income

Performance

£2.4bn Income Q422: £2.6bn	£2.1bn[1] Costs Q422: £2.0bn
87%[1] Cost: income ratio Q422: 77%	£23m Impairment Q422: £41m
7bps Loan loss rate Q422: 13bps	£0.3bn[1] PBT Q422: £0.6bn
1.0%[1] RoTE Q422: 5.4%	£31.6bn Average Equity[2] Q422: £33.7bn
£134.1bn Loans[3] Sep-23: £133.8bn	£216.8bn RWAs Sep-23: £219.2bn

Income (£bn)



Income by business (£m)

		YoY %	USD YoY %
Investment Banking	Advisory, 171	-13%	-7%
	ECM, 38	-5%	+2%
	DCM, 301	+24%	+31%
	Total	**+6%**	**+13%**
Global Markets	FICC, 724	-26%	-22%
	Equities, 431	-2%	+3%
	Total	**-18%**	**-14%**
Corporate	Corporate lending, 40	n.m.[5]	
	Transaction banking, 685	-15%	
	Total	**+7%**	

50-60% of income and c.40% of costs in USD[6]

[1] Excludes Q4 structural cost actions of £188m | [2] Average allocated tangible equity | [3] Loans and advances to customers at amortised cost | [4] Financing income has decreased in part due to the impact of reduced inflation forecast. Excluding inflation, income would be down 7% | [5] Q422 Corporate Lending income of £(128)m | [6] Based on an average of FY21, FY22 and FY23 income and costs currency mix. Range may vary depending on business mix and macroeconomic environment and historical outcomes may not be indicative of future currency mix |

CIB income of £2.4 billion was impacted by lower year on year Global Markets income.

The Q4 market environment had lower volatility in Markets and subdued industry activity for Banking.

Investment Banking performed relatively well in this context, up 13 percent in US Dollars, and up 36 percent on Q3, with DCM outperforming the market and offsetting continued lower activity in ECM and M&A.

We maintained our Banking market share in 2023, whilst we repositioned the business in a record low year for the industry wallet.

Markets income was down 14 percent in US Dollars against a record Q4 comparator for us, while our business mix also affected us.

Corporate Lending income was materially down on Q3 at £40 million, primarily due to leverage finance marks of £85 million.

Underlying corporate lending performance was stable.

Transaction Banking deposits were also stable, while income fell slightly versus Q3.

Whilst deposit migration continued, this was at a slower pace than earlier in the year, and as a result, we are now again rolling a portion of the structural hedge related to Corporate deposits.

Looking at Markets in detail on the next slide.

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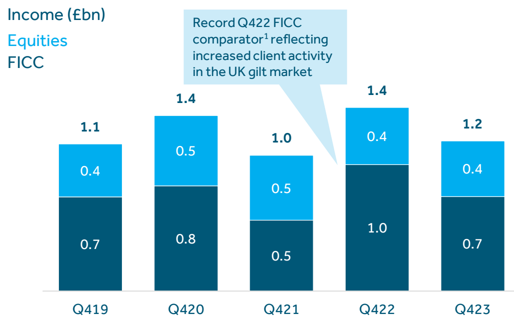
CIB income impacted by lower Global Markets income

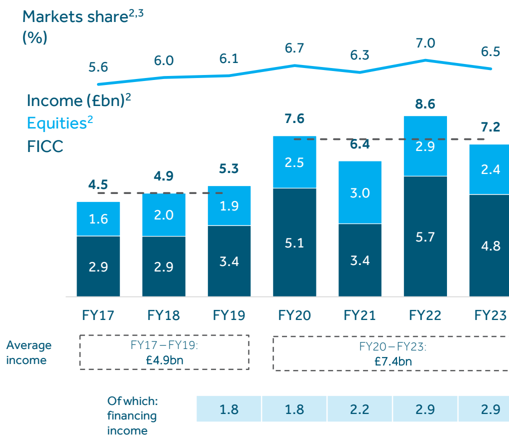
Low income in Q423 against a record Q422 FICC comparator[1]



FICC

- Industry slow-down in Rates and Credit
- Market rebound in Securitised Products, where Barclays has a smaller scale

Market share gains driving higher annual income



[1] On a comparable basis, period covering Q114-Q423. Pre 2014 data was not restated following re-segmentation in Q116 | [2] Barclays results excludes the impact of the Over-issuance of Securities | [3] Global Markets share based on Barclays' calculations using Peer reported financials. Top 10 Peers includes Barclays and; US Peers: Bank of America, Citi, Goldman Sachs, JP. Morgan, Morgan Stanley. European Peers: BNP Paribas, Credit Suisse, Deutsche Bank, UBS | Note: Charts may not sum due to rounding |

There were several factors driving our relative performance in Markets this quarter.

Similar to Q3, both our business mix and the record comparator contributed to FICC income being down 22 percent year on year in US Dollars.

Lower volatility in UK gilts compared to Q4 2022, and an industry-wide slowdown in rates and credit, impacted Barclays more than US peers.

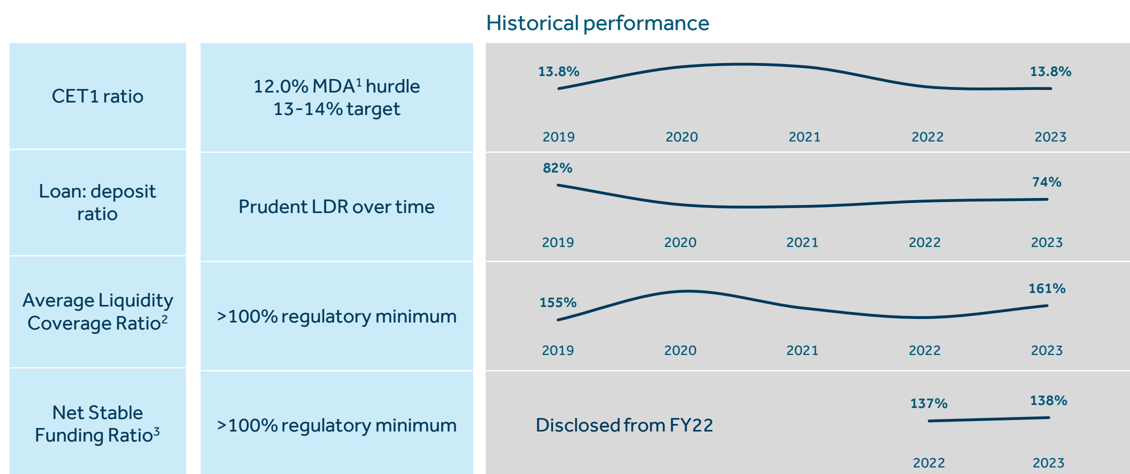
Conversely, the market rebounded in securitised products, where we currently lack scale.

Equities performed broadly in line with peers, up 3 percent in US Dollars year on year.

Looking at longer term trends in Markets, over the last four years, our share and income have been consistently higher than in the previous three.

And our income now includes a greater proportion of financing, which, as we have said before, provides greater stability to our overall Markets income.

Consistent capital and liquidity over time



[1] Maximum distributable amount | [2] Trailing average of the last 12 spot month end LCR ratios | [3] Trailing average of the last four spot quarter end ratios |

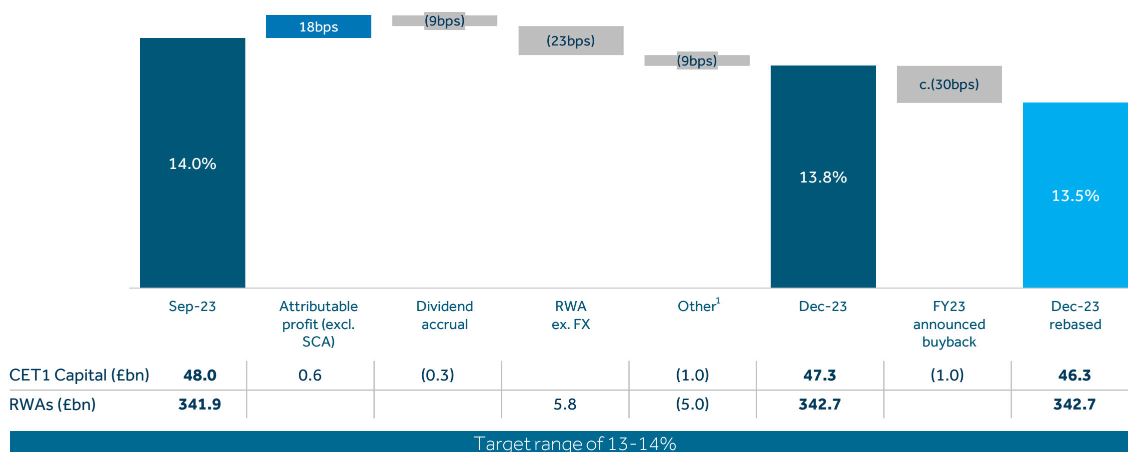
Turning now to the capital, funding and liquidity metrics on the next slide.

We continue to maintain a well-capitalised and liquid balance sheet, with diverse sources of funding and a significant excess of deposits over loans.

Looking at capital in more detail.

Strong CET1 ratio towards upper end of 13-14% target range

Q423 CET1 ratio movements



	Sep-23	Attributable profit (excl. SCA)	Dividend accrual	RWA ex. FX	Other[1]	Dec-23	FY23 announced buyback	Dec-23 rebased
CET1 Capital (£bn)	**48.0**	0.6	(0.3)		(1.0)	**47.3**	(1.0)	**46.3**
RWAs (£bn)	**341.9**			5.8	(5.0)	**342.7**		**342.7**

[1] Including £(0.7)bn attributable profit impact of SCAs, of which £0.3bn of goodwill and intangibles write off are capital neutral | Note: The fully loaded CET1 ratio was 13.7% as at 31 December 2023 (13.9% as at 30 September 2023) |

We finished the year with a CET 1 ratio of 13.8 percent.

The announced £1 billion share buyback, would take this to 13.5 percent, in the middle of our target range.

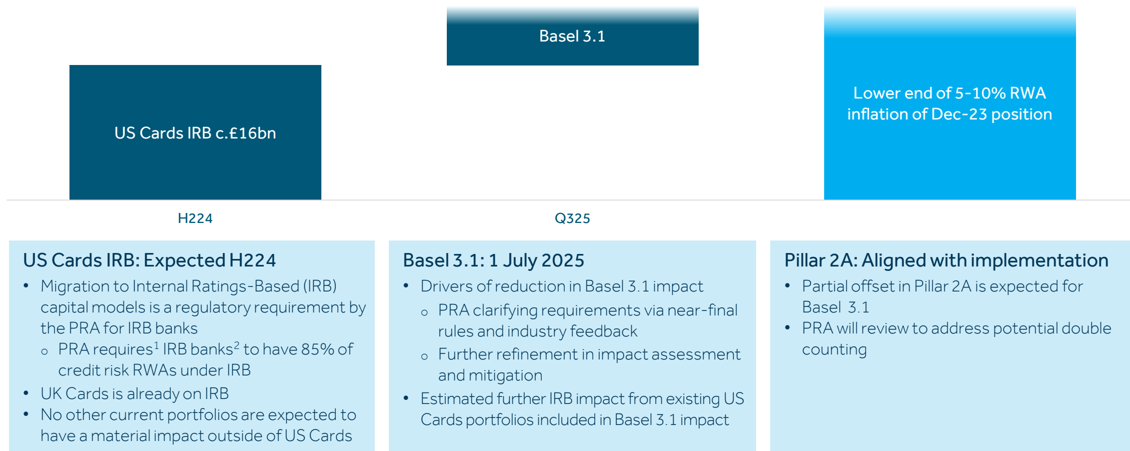
We generated 18 basis points of capital from earnings in Q4 – and just under 150 basis points over the year, both of which exclude a c.20 basis points impact of Q423 structural cost actions.

Excluding the reduction due to FX, the c.£6 billion increase in RWAs reduced capital in Q4 by 23 basis points.

We will say more about our RWA flightpath over the next three years later, but I want to address the two main headwinds here.

Revised guidance on regulatory driven RWA inflation

Overall impact still expected at lower end of 5-10% of Group RWAs, with changed mix of drivers



[1] Supervisory Statement 11/13 | [2] Barclays seeks permission from its regulators to use modelled approaches where possible, to enable risk differentiation

The first is a move of our US cards portfolio to an internal rating based, or IRB, model.

We continue to make significant progress towards at least 85 percent of credit risk RWAs being IRB, which is the level required by the PRA for IRB banks.

This move results in an expected increase in RWAs of c.£16bn from H2 2024.

We don't expect any further material impact from model migrations from current portfolios beyond US cards.

The second headwind is Basel 3.1, which we have quantified publicly for some time.

The PRA's recent policy paper was constructive and we have also worked through some refinements and mitigations.

Furthermore, our previous Basel 3.1 guidance included an element for US Cards RWAs which has been superseded by the IRB migration.

The aggregate impact of these factors means a materially lower expected impact from Basel 3.1 on implementation.

Given this lower estimate, the total effect of the two headwinds is broadly aligned to the previously guided day one impact of Basel 3.1, towards the lower end of 5-10 percent of Group RWAs.

Furthermore, as more risks are captured in Pillar 1, we would expect some offsets to our Pillar 2A requirements.

US Cards portfolio IRB migration

Aside from US Cards, no material impact in current portfolios from model migration expected

Context

The key difference between IRB and standardised is the model now captures unused credit lines more conservatively

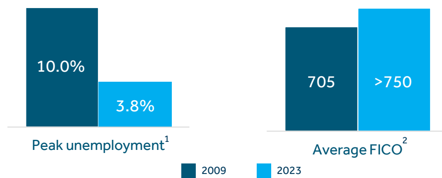
RWA impact includes a higher estimate of unexpected loss based on the Global Financial Crisis in 2009

Impact

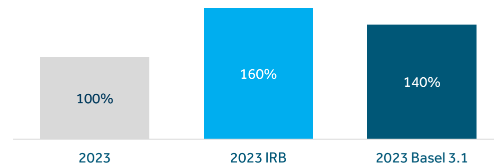
RWA impact c.£16bn in H224

Impact directionally consistent with current draft US Basel endgame treatment – adoption expected in 2025

Model inputs based on 2009 financial crisis experience vs 2023 experience



RWA / End net receivables



Mitigating actions include management of credit lines and business models and execution of selective risk transfers

[1] Source: U.S. Bureau of labour statistics | [2] 2009 includes open and closed accounts |

On this slide we are illustrating the drivers of the RWA increase from implementing IRB for US cards.

When applied to US cards, our IRB models generate a greater risk weight density versus standardised models. The key driver is that the models include 2009 financial crisis stress loss assumptions, despite current and expected experience being materially less adverse.

Under the US Basel 3 endgame treatment, we expect our peers in the US to also experience a capital increase, although noting that these rules are yet to be finalised.

There will be further details on planned mitigation in the US Consumer Bank presentation later on.

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A strong foundation to improve financial performance going forward

10.6%[1]
RoTE (target: >10%)

63%[1]
CIR (guidance: low 60s%)

46bps
LLR (guidance: 50-60bps through the cycle)

3.13%
FY23 Barclays UK NIM
(guidance: 3.05-3.10%)

13.8%
CET1 ratio
(target: 13-14%)

331p
TNAV per share
(up 36p YoY)

32.4p[1]
EPS
(up 1.6p YoY)

8.0p
FY23 dividend per share
(up 0.75p YoY)

£1.75bn
Share buybacks
£1.0bn announced at FY23
£0.75bn announced at H123

£3.0bn
Total capital distribution for the year[2]
(up c.37% vs 2022)

[1] Excludes Q423 structural cost actions of £927m | [2] Refers to the total capital distributions announced in relation to 2023 and includes the share buyback of up to £1.0bn announced at FY23 results |

So to summarise, we delivered on our financial targets in 2023.

This, along with our strong capital position, enabled us to deliver a material increase in distributions to shareholders.

It also represents a strong foundation on which to improve over on over the next three years.

I will now open the Q&A. Given time constraints, please can I ask you limit yourself to a maximum of two questions per person and stick to the full year results topics. If you could also please introduce yourself as usual.

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Barclays' management believes that the non-IFRS performance measures included in this presentation 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 presentation are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Refer to the appendix of the Barclays PLC Results Announcement for financial year ended 31 December 2023, which is available at Barclays.com, for further information and calculations of non-IFRS performance measures included throughout this presentation, and the most directly comparable IFRS measures.

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