



Barclays PLC Q3 2023 Results

Analyst and Investor Conference Call Speech

C.S. Venkatakrishnan, Barclays Group Chief Executive

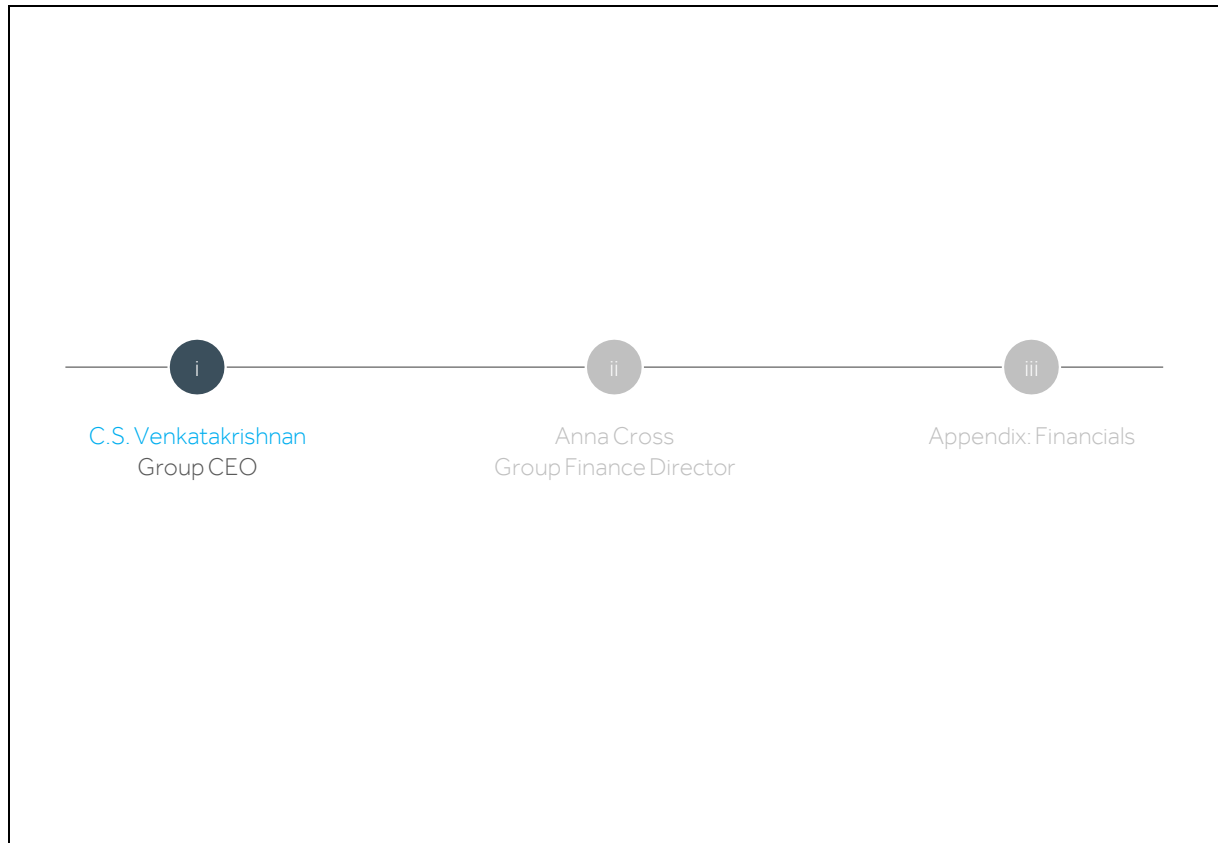
Anna Cross, Barclays Group Finance Director

Barclays PLC

Q3 2023 Results Presentation

24 October 2023





Good morning. Thank you for joining Anna and me on today's third quarter results call.

Q323 themes

| Income Statement | | |
|------------------|--------|----------|
| | Q323 | Q323 YTD |
| Income | £6.3bn | £19.8bn |
| CIR | 63% | 61% |
| LLR | 42bps | 43bps |
| PBT | £1.9bn | £6.4bn |
| RoTE | 11.0% | 12.5% |
| EPS | 8.3p | 28.2p |
| Capital | | |
| CET1 ratio | 14.0% | |

- Delivered Q323 RoTE of 11.0%
- Mixed market activity and competitive environment for UK retail deposits
- Evaluating material structural cost actions to help drive future returns
- Ongoing prudent risk management and credit performance in-line with our expectations
- Maintained strong capital position

Against a background of mixed market activity and a competitive environment for UK retail deposits, the Group generated income of £6.3 billion in the quarter, down modestly year-on-year¹, excluding last year's impact from the over-issuance of securities.

Our Profit Before Tax was £1.9 billion, with Earnings Per Share of 8.3 pence.

We maintained a strong capital position with our CET1 ratio at 14%, up around 20 basis points on the second quarter and at the top of our target range.

In this context, we delivered a third quarter Return on Tangible Equity of 11%, taking us to 12.5% for the year-to-date and we continue to target above 10% for the full year.

We are managing credit well, with a year-to-date loan loss rate of 43 basis points, versus our through the cycle guidance of 50 – 60 basis points.

Costs reduced by 4% in Q3 year-on-year¹, excluding over-issuance costs last year, and in Q4 we will continue to drive further efficiencies and greater productivity for the bank.

We expect this to continue to contribute to delivering enhanced returns for shareholders.

We will update you on these and other actions alongside our full year results in February.

Now turning to the business highlights.

We continued to grow our US cards business, with end net receivables up 11% year-on-year at \$30 billion.



And we announced a new partnership with Microsoft and Mastercard to issue Xbox's first ever co-branded card in the US.

The integration of our UK wealth business and our Private Bank is also progressing well.

We grew client assets and liabilities to nearly £180 billion and invested assets to around £105 billion, with this business making nearly £900 million of income in the year-to-date, and generating attractive returns.

In investment banking, we led some prominent transactions in this quarter including the ARM IPO in the US.

However, in the mixed market environment we had pockets of underperformance relative to US peers.

In part, this has reflected our business composition. We performed well in Equity Capital Markets, which is a smaller business for us relative to others.

We were also selective on leverage finance deals as a risk management matter, which has affected our Debt Capital Markets performance.

We continue to be cautious about the market backdrop, but are confident in the potential of our business.

And as an example, we are acting as sole financial advisor to Capri in their \$8.5 billion acquisition by Tapestry, announced in the third quarter and expected to close in 2024.

In Markets, this was our second highest Q3 income print in a decade, with income up 4% quarter-on-quarter, better than the US peer average.

However, income was down 13%¹, against a record Q3 last year, on a comparable basis, in which we supported clients through extreme volatility in gilts in our home UK market.

This quarter, we did not benefit to the same extent as our US peers did from the volatility in US rates.

As we have said previously, investment in our combined fixed income and equity financing business delivers stability to our overall Markets income.

Over the past four years, our ranking in equity prime brokerage has moved up from 7th rank to joint 5th, complementing our existing strength in fixed income financing where we rank joint 1st globally for the first half of 2023.

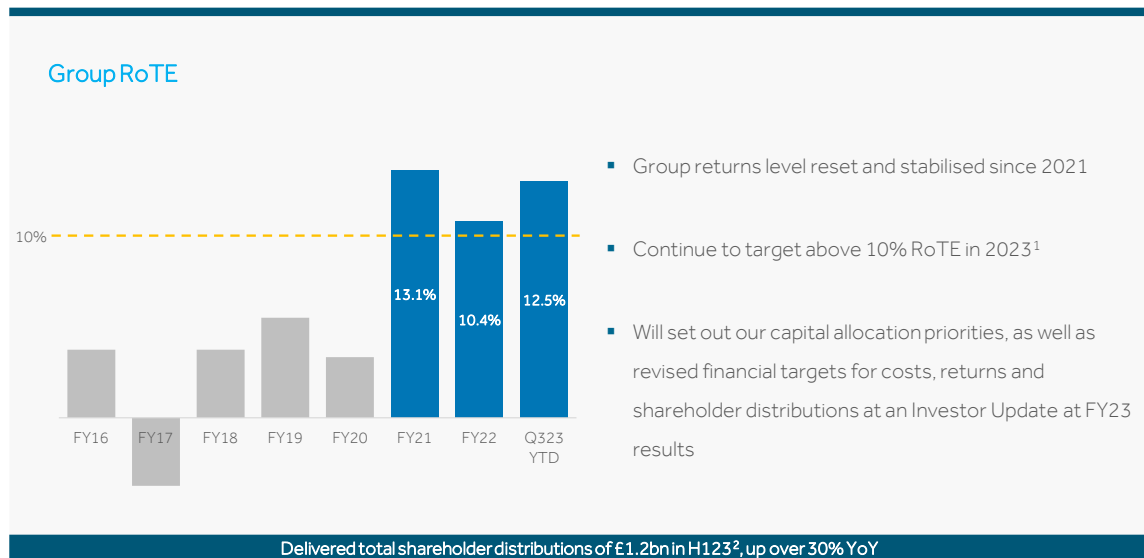
Turning now to Barclays UK, we delivered a RoTE above 20% for the quarter.

Both income and expenses were broadly stable, generating a cost income ratio of 56% and we intend to improve this over time as we continue to transform the business digitally.

There has been an impact on our deposits and margins from retail customers seeking a higher return on their savings, which Anna will cover in more detail.

However, at the Group level, deposits were up £7 billion quarter on quarter, demonstrating the strength of our diversified deposit and funding base.

Reset level of Group returns in the last three years



¹ The Group is evaluating actions to reduce structural costs to help drive future returns, which may result in material additional charges in Q423, target excludes any such structural cost actions | Note: Period covering Q221 to Q322 were impacted by the over-issuance of securities under Barclays Bank PLC's US shelf registration statements on Form F-3 filed with the US Securities and Exchange Commission in 2018 and 2019. Please refer to the Barclays PLC Q3 2023 Results Announcement for the period ended 30 September 2023 for details. This matter will be referred to as the "Over-issuance of Securities" hereafter | ² Includes 2.7p dividend per share and announced share buyback of £750m |

Our performance over the past three years compared to the previous five, shows that we have reset and stabilised Group returns, providing a solid foundation on which to build even further.

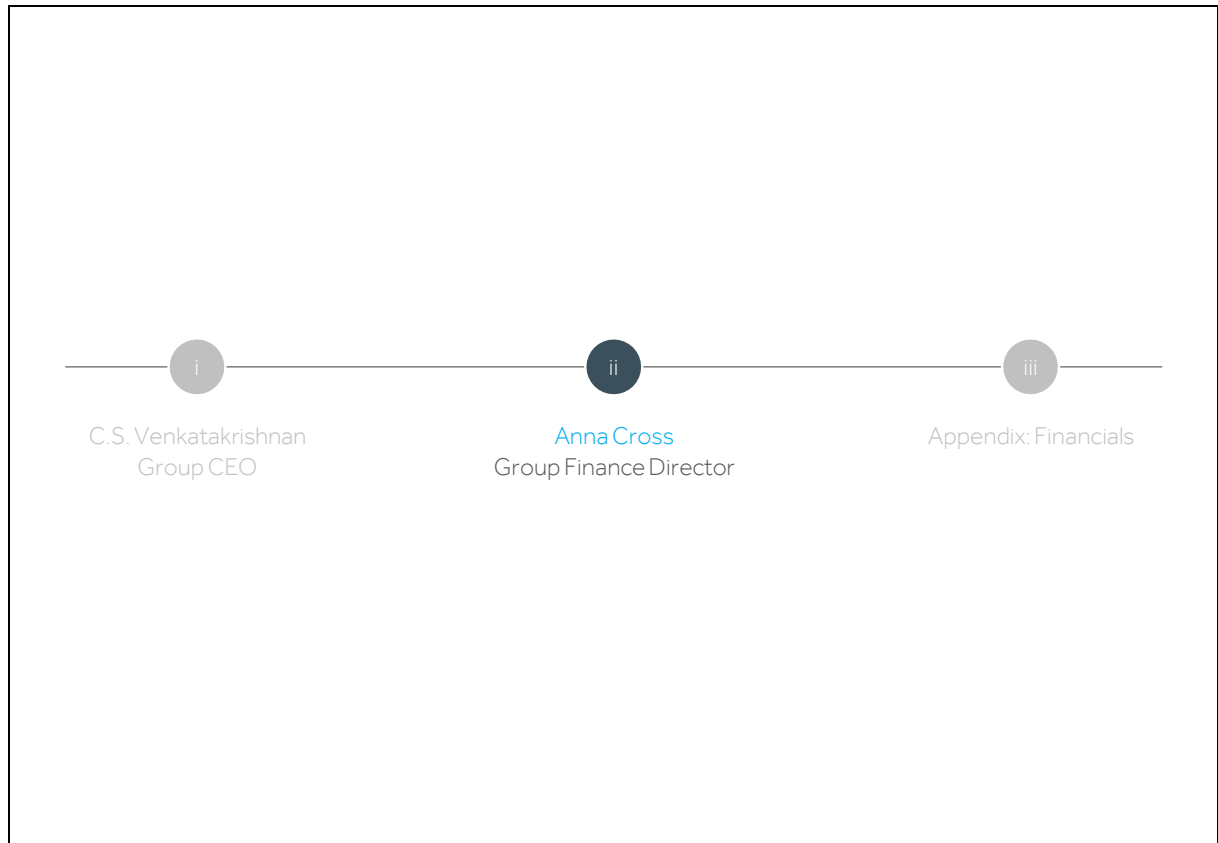
Anna and I look forward to providing an Investor Update in February alongside our full year results, where we will talk more about our plan to deliver further value to our shareholders.

This will include setting out our capital allocation priorities, as well as revised financial targets for costs, returns and shareholder distributions.

We have just completed the £750 million buyback announced at the half year, taking total shareholder distributions to around £1.2 billion so far this year including dividends and buybacks.

This is up over 30% on the first half of last year and reflects our commitment to returning capital to shareholders.

Thank you for listening and I'll pass it onto Anna now.



Thank you, Venkat, and good morning, everyone.

Turning now to slide 6.

Performance highlights

| | Targets and guidance | Q323 | Q323 YTD |
|-----------------------------------------------|---------------------------------------|-------|----------|
| RoTE | >10% in 2023 ¹ | 11.0% | 12.5% |
| Cost: income ratio | Low 60s % in 2023 ¹ | 63% | 61% |
| Loan loss rate | 50-60bps through the cycle | 42bps | 43bps |
| CET1 ratio | 13-14% | 14.0% | |
| Average Liquidity Coverage Ratio ² | >100% regulatory minimum ³ | 159% | |

¹ The Group is evaluating actions to reduce structural costs to help drive future returns, which may result in material additional charges in Q423, target excludes any such structural cost actions | ² Trailing average of the last 12 spot month end LCR ratios |

³ Liquidity Coverage Ratio >100% is a regulatory minimum, not a Barclays target |

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Return on tangible equity for the third quarter was 11%, which takes us to 12.5% for the year to date.

The cost income ratio was 63% in Q3, and 61% for the nine months, in-line with our low 60's guidance for the full year.

We continued to see limited signs of credit stress, as the loan loss rate for the quarter was 42 basis points, and 43 for the nine months.

And we have maintained strong capital and liquidity positions.

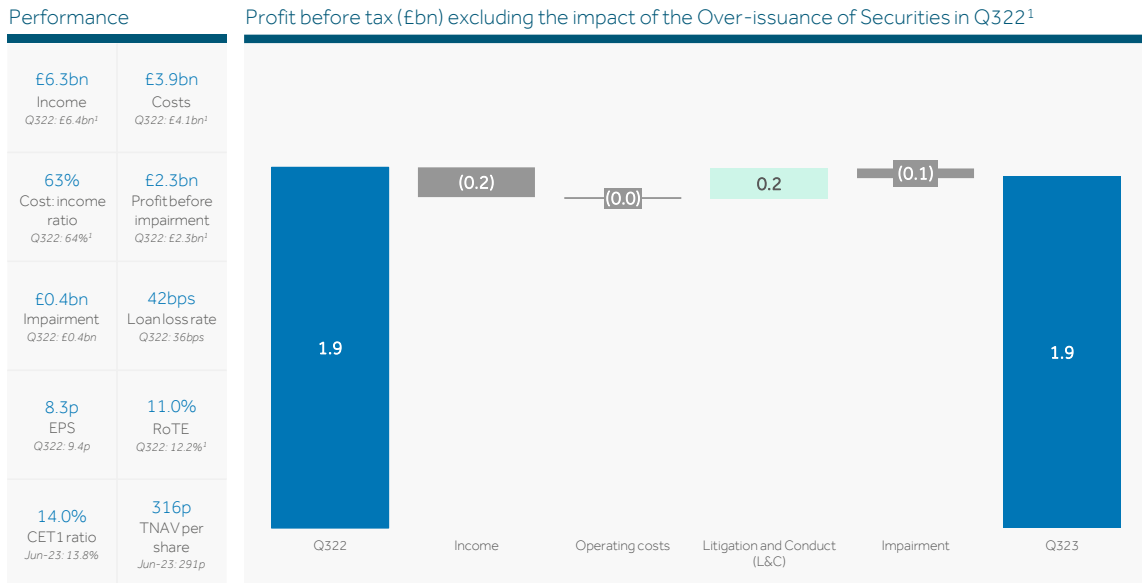
As you just heard from Venkat, we will update you with revised financial targets at an Investor Update alongside our full year results.

As part of this update, we are evaluating actions to reduce structural costs, which may result in material additional charges in Q4, impacting this year's statutory performance.

Excluding any such charges, we continue to target a RoTE above 10% for the full year.

Focusing now on Q3, starting on slide 7.

Q323: Group RoTE of 11.0% with profit before tax of £1.9bn



¹ Excludes the impact of the Over-issuance of Securities (Q322 financial impacts: Equities income reduction of £466m, litigation and conduct reduction of £503m) | Note: Charts may not sum due to rounding |

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There was no impact from the over-issuance of securities this quarter, but given the largely offsetting impacts to income and costs in Q3 last year, I will again use the adjusted numbers for the prior period¹.

Group profit before tax was around £50 million lower at £1.9 billion, with income down 2% and costs down 4% year-on-year.

Within total costs, operating costs were stable, and there were no litigation and conduct charges this quarter, compared to £164 million in Q3 last year.

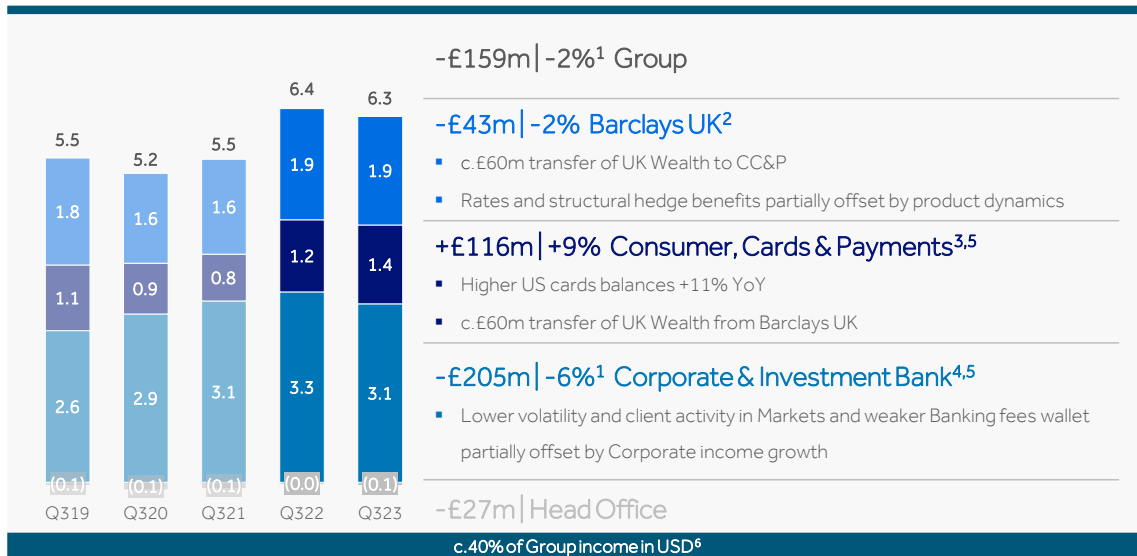
Impairment charges were up £52 million to £433 million, with the charge and business mix as we expected, largely driven by growth in US cards.

TNAV increased 25 pence to 316 pence, reflecting our profits, and positive cash flow hedge reserve movements broadly offsetting last quarter's downward move.

As usual, I will now cover the three key drivers of our returns, namely income, costs and credit risk management. Starting on slide 8.

Q323 Group income down 2%¹ YoY

Group income (€bn) excluding the impact of the Over-issuance of Securities in Q322¹



¹ Excludes the impact of the Over-issuance of Securities (Q322 financial impacts: Equities income reduction of €466m) | ² Barclays UK (BUK) | ³ Consumer, Cards & Payments (CC&P) | ⁴ Corporate & Investment Bank (CIB) | ⁵ Including the impact of FX | ⁶ Based on an average of FY21, FY22 and H123 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 |

Group income was down 2% at €6.3 billion.

The 8% stronger Sterling / US dollar rate in Q3 year-on-year reduced our reported income, around 40% of which is in dollars.

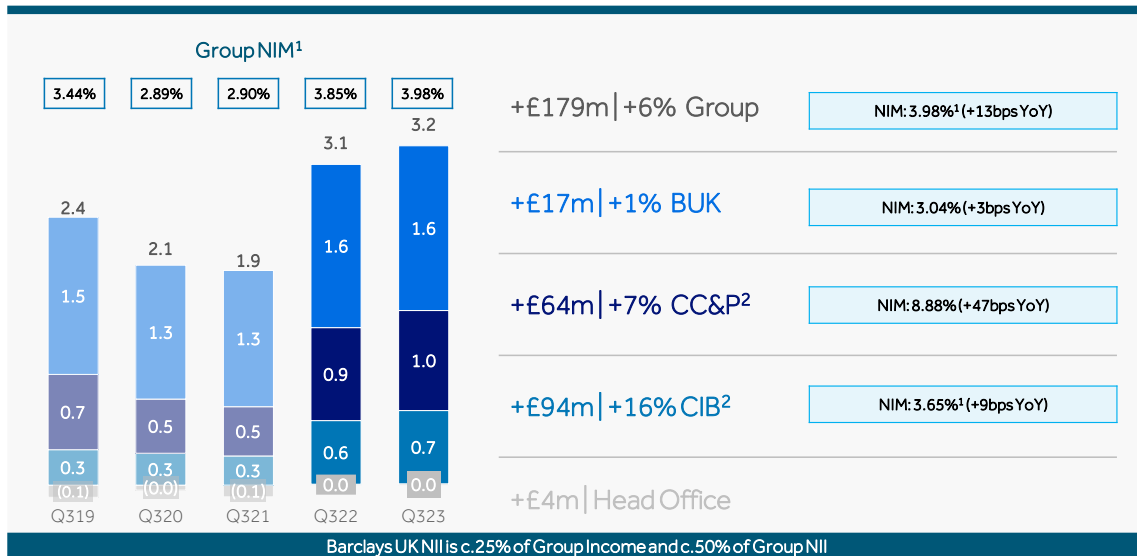
CIB income fell 6%, with lower activity in the investment bank, partially offset by corporate income growth year-on-year.

Consumer Cards & Payments income was up 9%, driven by growth in US cards receivables, and the UK wealth business transfer from Barclays UK in Q2.

Excluding the transfer, CC&P income was up 5%, and Barclays UK income was up 1%.

Q323 Group NII of £3.2bn; NIM¹ of 3.98%

Group net interest income (£bn)



¹ Excludes NII from Markets within Barclays International and Head Office including Hedge Accounting (Q323: £223m) | ² Including the impact of FX |

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Net interest income across the bank grew by £179 million or 6% year-on-year, driving a 13 basis points increase in Group NIM to 3.98%.

Barclays UK contributed around half of Group NII this quarter, with approximately 20% from CIB and 30% from CC&P, mostly US cards and the Private Bank.

BUK NII was £17 million higher year-on-year, with NIM of 304 basis points, below where we anticipated at Q2, which I will come back to when I cover Barclays UK.

CC&P NII increased by £64 million mainly from US cards balance growth, partially offset by private client deposit migration to our higher yielding products.

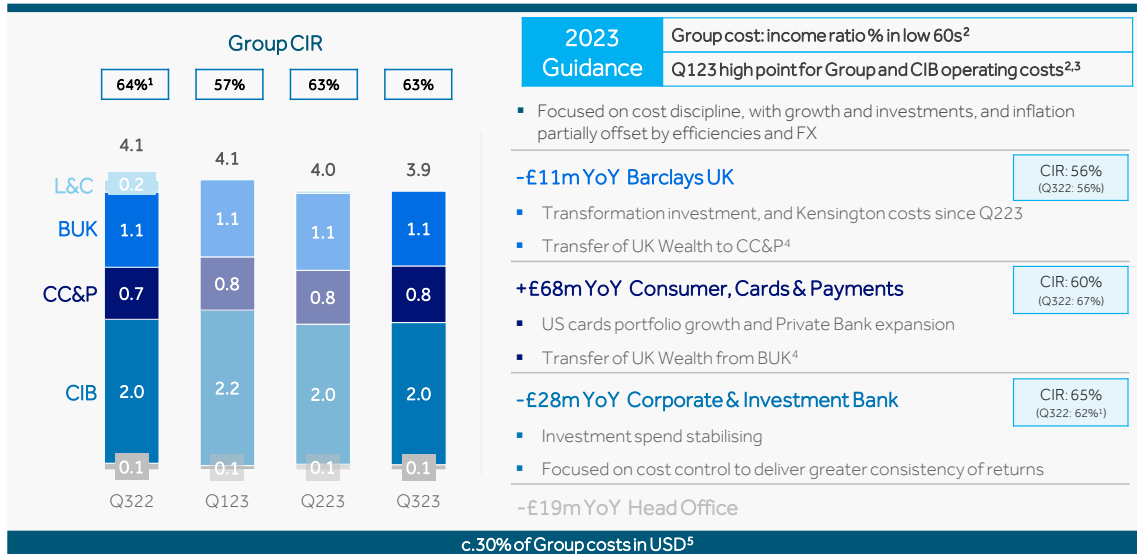
This generated NIM of c.8.9% in Q3, which was up from c.8.3% at Q2 and included a small one-off increase in the Private Bank, so we would expect NIM to step back a little in Q4.

CIB NII increased £94 million year-on-year, which included an improvement of 9 basis points to 3.65% in NIM driven by the benefit of rate rises in Transaction Banking.

Moving onto costs on slide 10.

Delivered Q323 operating costs below Q123 high point, as guided

Group operating expenses (£bn) excluding the impact of the Over-issuance of Securities in Q322¹



¹ Excludes the impact of the Over-issuance of Securities (Q322 financial impacts: CIB litigation and conduct reduction of £505m) | ² The Group is evaluating actions to reduce structural costs to help drive future returns, which may result in material additional charges in Q423, target excludes any such structural cost actions. Operating costs exclude litigation and conduct and UK bank levy | ³ Group operating cost guidance is based on an average USD/GBP FX rate of 1.23 for Q223-Q423 | ⁴ For further details please refer to slide 27 | ⁵ Based on an average of FY21, FY22 and H123 costs. 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 are delivering our operating cost guidance, with costs in Q2 and Q3 of around £4 billion, below the Q1 high point.

The cost income ratio improved year-on-year to 63%, consistent with Q2.

Barclays UK cost income ratio was 56%, with total costs flat year-on-year, as we progressed our digital transformation and rationalisation of the physical footprint and headcount.

Consumer Cards & Payments operating costs increased by 9%, broadly in-line with income, as we invested to grow US cards and our Private Bank.

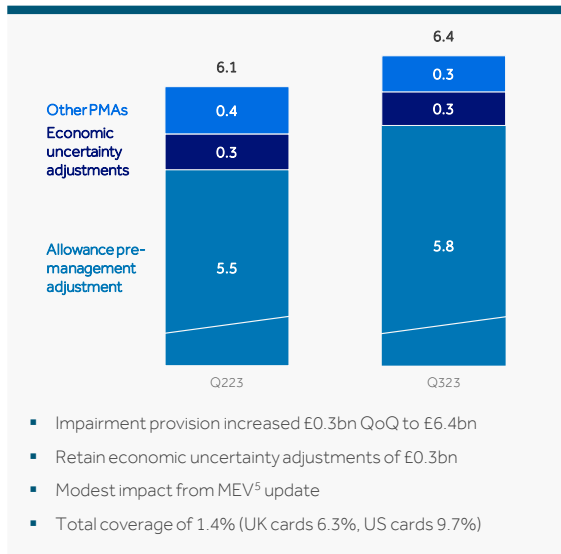
CIB operating costs were stable year-on-year and below the Q1 level, as guided.

As we said, we are evaluating actions to reduce structural costs across the Group, and will give more detail at our Investor Update.

Moving onto credit on slide 11.

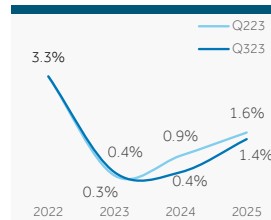
Well provisioned balance sheet

Balance sheet provisions for ECL¹ (£bn)

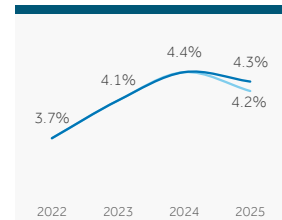


Macro assumptions used for impairment modelling

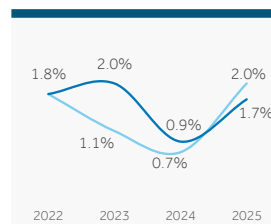
UK GDP²



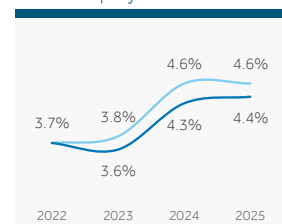
UK unemployment³



US GDP²



US unemployment⁴



¹ Expected credit losses | ² Average Real GDP seasonally adjusted change in year | ³ Average UK unemployment rate 16-year+ | ⁴ Average US civilian unemployment rate 16-year+ | ⁵ Macroeconomic Variable | Note: Charts may not sum due to rounding |

We are seeing the benefit of our long-standing, prudent approach to provisioning.

Both in terms of credit decisions we have taken in the past – reflected in our balance sheet provision and coverage ratios – as well as the credit protection we have in the CIB.

The impairment allowance increased by £0.3 billion to £6.4 billion.

This was primarily driven by our US cards portfolio, in line with our expectations.

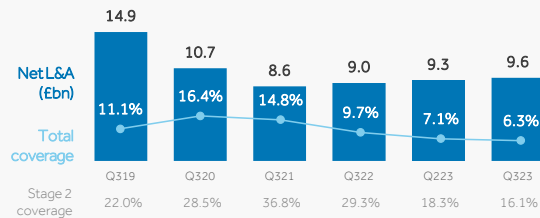
We updated the macro-economic variables from Q2, resulting in a modest impact on expected credit losses.

We maintained robust coverage ratios of 1.4% for the Group, and 8.6% for our card portfolios in aggregate, which I'll cover in more detail on the next slide, starting with UK cards.

Long-term prudent risk positioning in our credit card portfolios

UK cards

- Balances c.35% lower vs. FY19 with strong and stable credit quality
- Repayment rates remain elevated across the risk spectrum
- Q323 balances up £0.3bn QoQ; interest earning lending stable



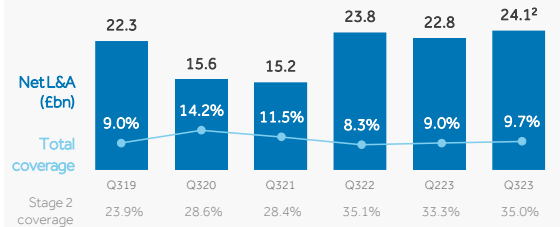
Stage 2 coverage

Stable and historically low arrears rates



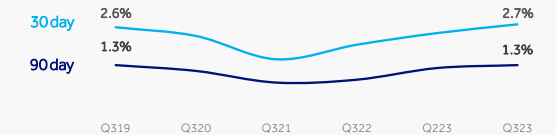
US cards

- Controlled portfolio growth with improved risk mix
- 12% of outstandings <660 FICO¹ score (FY19: 14%)



Stage 2 coverage

Arrears rates now in line with the pre-pandemic experience



¹ The FICO Score is used by lenders to help make accurate, reliable, and fast credit risk decisions across the customer lifecycle. A FICO score >660 is defined as "Prime+", which includes "Prime" and "Superprime" | ² Net L&A (\$bn): 29.4 |

We continue to see conservative customer behaviour across our UK portfolios, and credit performance remains benign.

Customers are being disciplined about building unsecured balances, with UK card repayment rates high across the credit spectrum.

Although we have grown balances modestly over the past year, interest earning lending balances (IELs) have decreased, impacting NIM, but benefiting credit performance.

We do expect IELs to grow in 2024, as our more recent customer acquisition activity begins to mature.

30-day arrears rates remain stable and low relative to historic levels.

The nature of our US cards proposition is different. As a reminder, we are the partner card issuer for around 20 clients' rewards programmes, including some of the biggest brands in the US.

Given our historic skew to travel and airlines, this is a high credit quality portfolio.

Our risk mix has improved since the end of 2019, with 88% of the book above a 660 FICO, compared to 86% at the end of 2019, including the addition of the GAP portfolio in 2022.

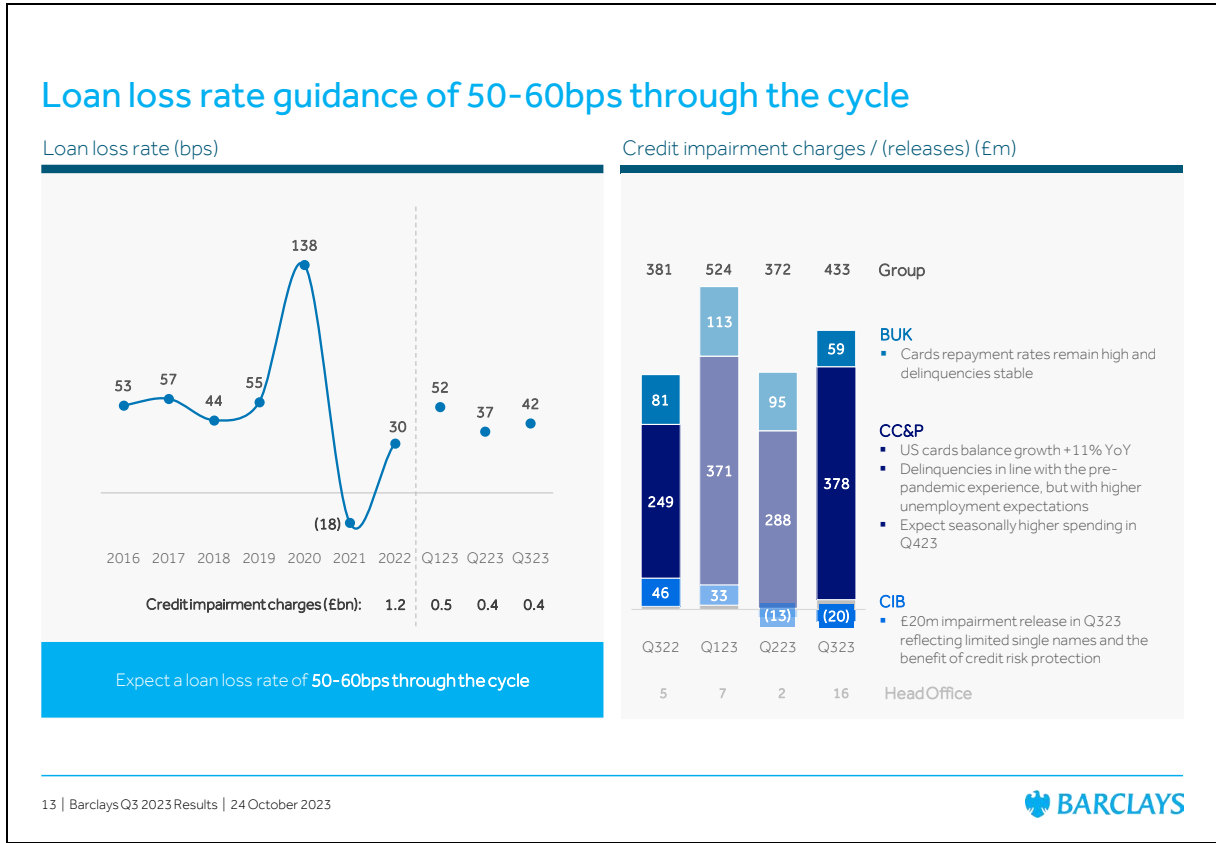
On the chart, you can see that 30-day arrears rates are now in line with our pre-pandemic experience at 2.7%, as we expected.



Our impairment coverage also increased to 9.7%, with stage 2 now at 35%, reflecting our expectation of higher unemployment from September's low level of 3.8% to a peak of 4.4% by Q3 2024.

This would of course result in increased arrears, which are reflected in our balance sheet provisioning.

Moving onto the impairment charge on slide 13.



The impairment charge of £433 million was up around £50 million year-on-year, giving a loan loss rate of 42 basis points.

Most of the Q3 charge was driven by growth in US card balances, continued seasoning of the GAP book in line with expectations, and the increase in arrears that I mentioned.

Our guidance of 50-60 basis points through the cycle, is higher than the year-to-date experience.

We are mindful that Q4 usually sees a higher charge, in part reflecting seasonality and our expectations of US cards growth over the holiday season.

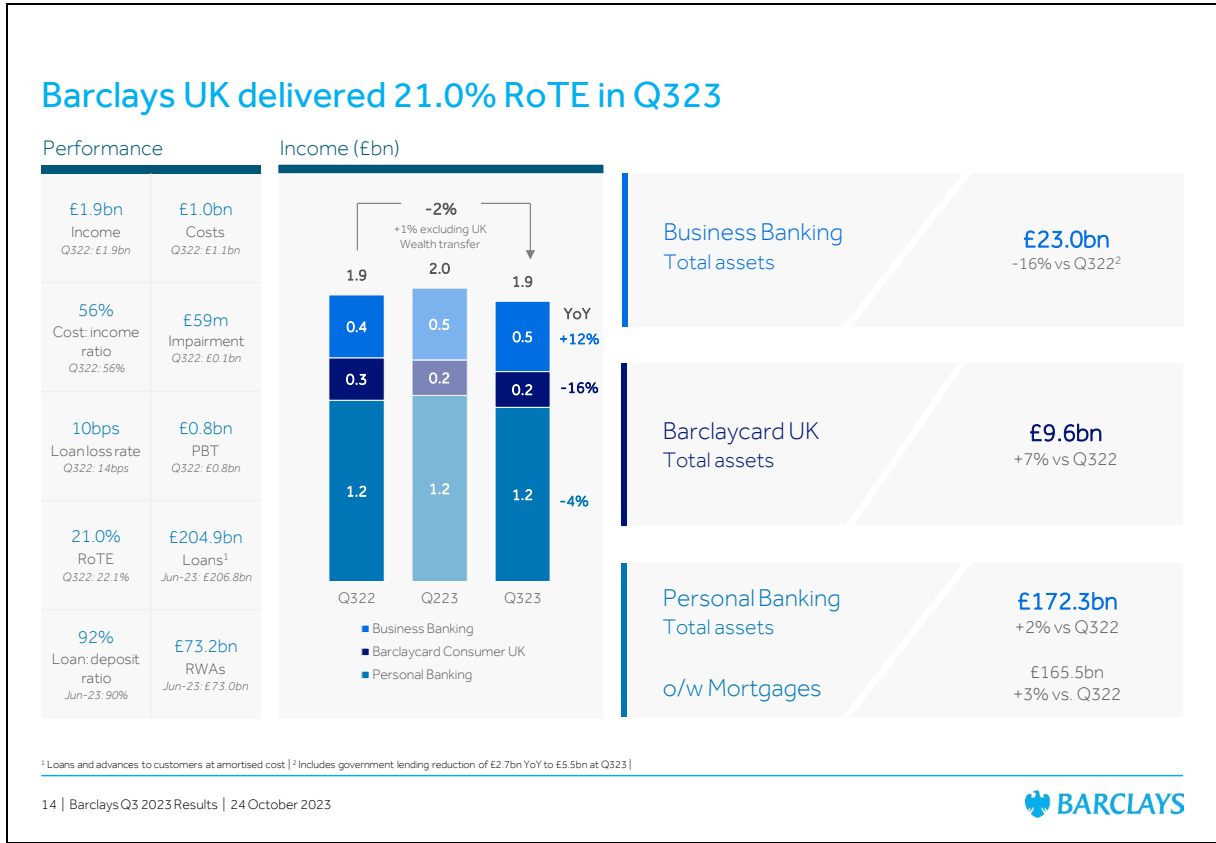
This generally leads to higher balances and some build in impairment under IFRS9, where increased utilisation, even by customers who are making timely payments, can trigger stage two migration.

The Barclays UK charge was £59 million, with a loan loss rate of 10 basis points, and this has been below 30 now for nearly three years.

Even though our customers are experiencing affordability pressures, this is not translating into credit stress as they manage their finances proactively.

The CIB had a small release, and we are seeing no real observed credit deterioration, with our synthetic credit protection also working well.

Moving now to the business performance, starting with Barclays UK on slide 14.



Profits were stable year-on-year with RoTE of 21% for the quarter.

Excluding the UK wealth transfer, income was up 1%.

Costs were broadly stable as our transformation plan progressed, resulting in a cost to income ratio of 56% for the quarter.

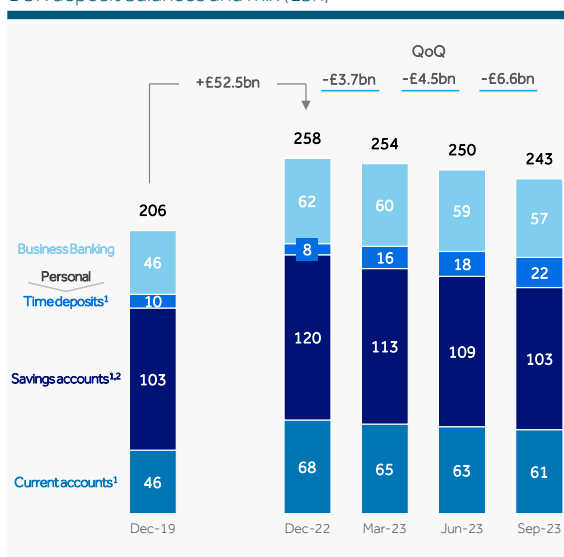
Loan growth remained muted, reflecting customer caution in the current macro-economic environment and our prudent risk positioning.

The reduction in Business Banking assets was driven primarily by repayment of government-backed loan schemes of €2.7 billion.

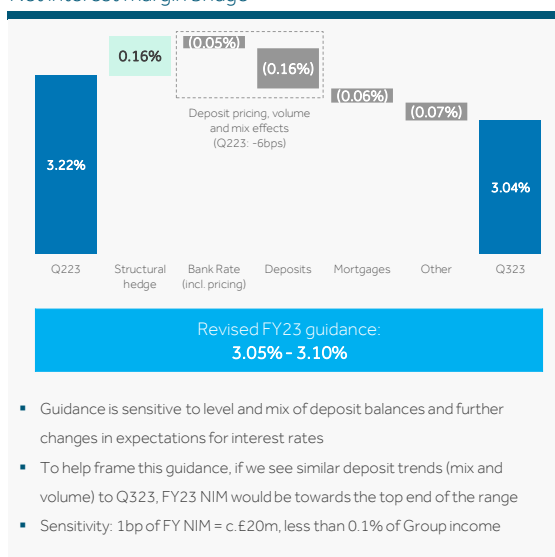
Mortgage balances were stable in the quarter at €166 billion, with remortgaging still contributing most of the activity.

Barclays UK deposit mix and FY23 NIM guidance

BUK deposit balances and mix (Ebn)



Net interest margin bridge



¹ Includes Wealth balances | ² Personal Savings Accounts, including Everyday Saver, Blue Rewards Saver and Rainy Day Saver | Note: Charts may not sum due to rounding |

Now looking at BUK NIM, which was 304 basis points.

As a reminder, BUK NII is around 25% of Group income, and one basis point of NIM equates to around £20 million of NII annualised, or less than 0.1% of Group income.

At Q2 we said that we expected NIM to step down in Q3 and then to stabilise into Q4.

Most of the moving parts played out as expected in Q3, with structural hedge tailwinds continuing and mortgage margin pressure somewhat easing.

The impact of base rates was also in line, given pass-through rates have increased.

However, the step down in NIM in Q3 was larger than expected, with deposit balance and mix trends more pronounced.

Average balances quarter-on-quarter actually contributed a larger deposit effect, than the period end balances we have shown on the slide.

When combined with pricing effects, this reduced NIM by a net 21 basis points, compared to a net 6 basis points in Q2.

You can see that we grew deposits during the pandemic by £53 billion to £258 billion by the end of 2022, as customers built up cash with us in their current and instant access accounts.



We anticipated that these balances would fall as customers managed their finances proactively, paying down debt and locking in higher yields on their residual savings.

Our current account moves appear in-line with the latest Bank of England industry data, but intense competitive pricing meant we did not capture as much of the flow into higher rate products.

We emphasised at Q2 how sensitive guidance is to the level and mix of deposits, and this remains the case.

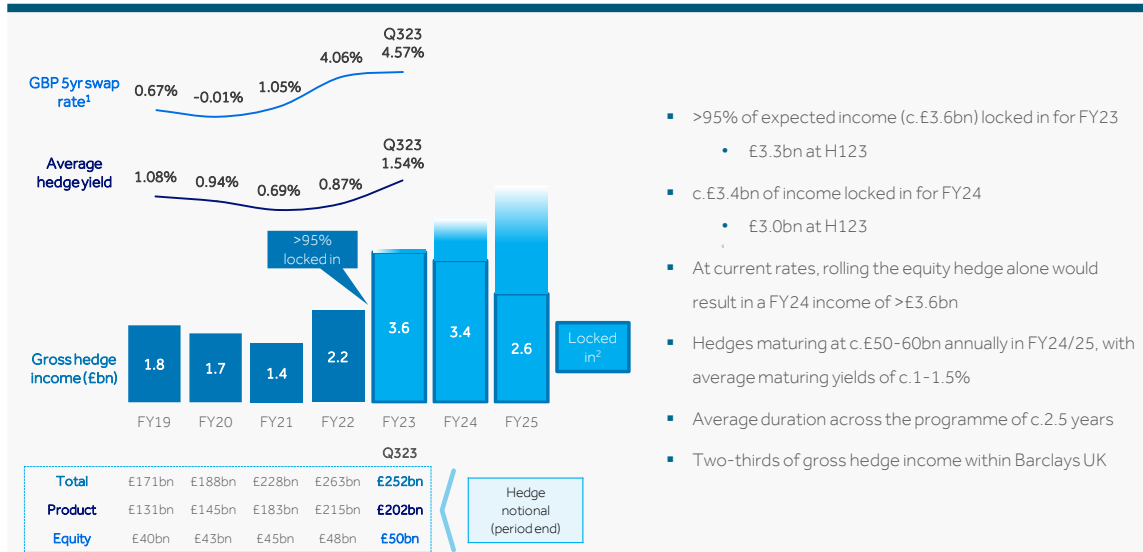
We now guide to a range of 305 to 310 basis points for the full year.

To help frame this, if we see similar trends in Q4 as we did in Q3, both in terms of mix and volume, full year NIM would be towards the top end of this range.

Turning now to structural hedge income, two-thirds of which accrues to Barclays UK.

Structural hedge income continuing to grow

Another quarter of locking in future gross hedge income



¹ UK Pound Sterling SONIA OIS Zero 5 Year Point (Refinitiv: GBPOIS5YZ=R) | ² Refers to the impact to Nil of hedges that have already been executed |

Slide 16 illustrates the importance of the hedge to the level and visibility of our future net interest income.

The hedge is designed to reduce volatility in NII, so in an environment where rates are peaking and eventually start to fall, it will help to stabilise NIM.

It also provides a high degree of certainty to future NII.

The chart shows that 95% of 2023 gross hedge income is already locked in.

And the next two years' portions of locked in NII have increased by £300-400 million per year since H1, as we rolled a further quarter of hedge maturities.

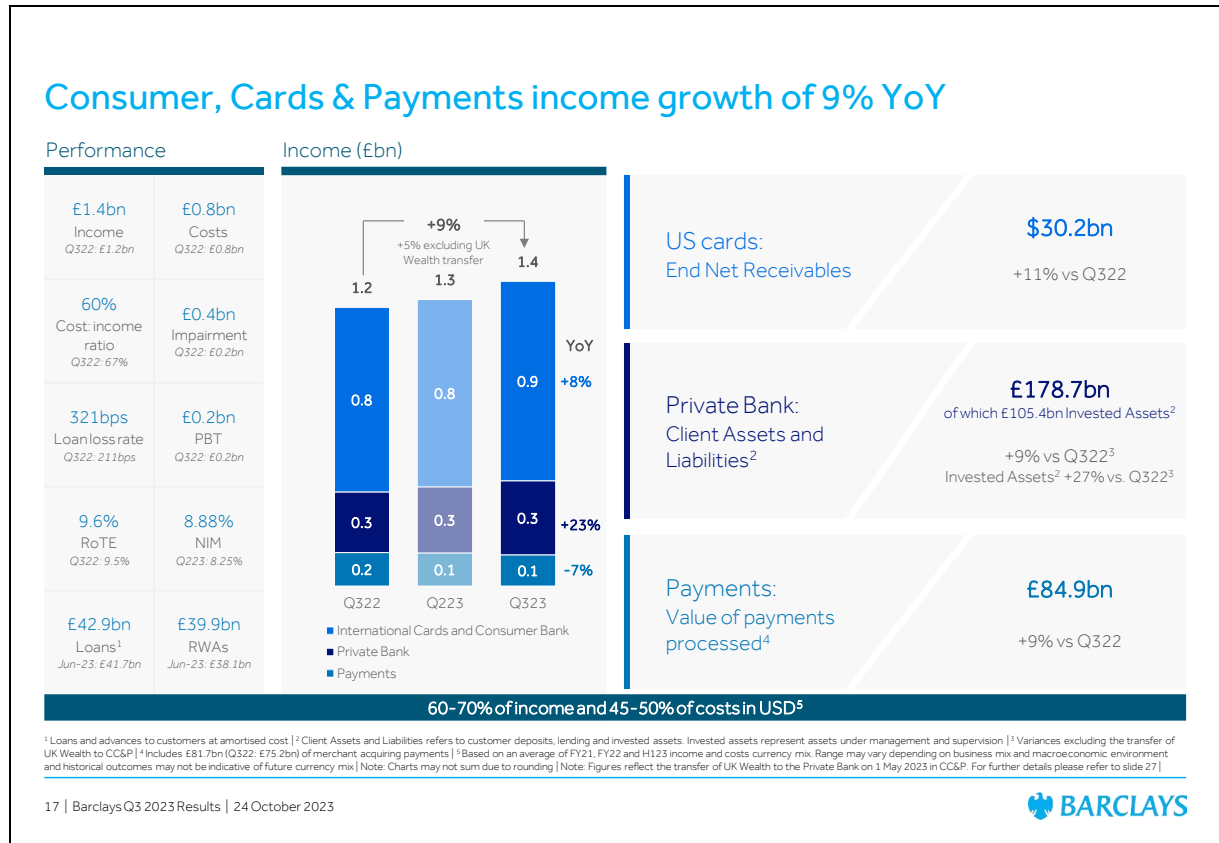
Notional hedge balances reduced by £4 billion in Q3 to £252 billion.

Given the trends we are seeing in retail deposits, we expect the notional balance to continue to reduce more or less in line with lower hedgeable deposits.

Swap rates currently at around 4.5%, mean reinvestment rates remain well above maturing yields of around 1-1.5% for the next two years.

And with £50 to 60 billion of hedges maturing annually over this period, we expect the reinvestment effect to outweigh notional hedge declines.

Turning now to Consumer Cards and Payments on slide 17.



Growth in our US card balances and the UK wealth transfer drove a 9% increase in CC&P income, partially offset by FX.

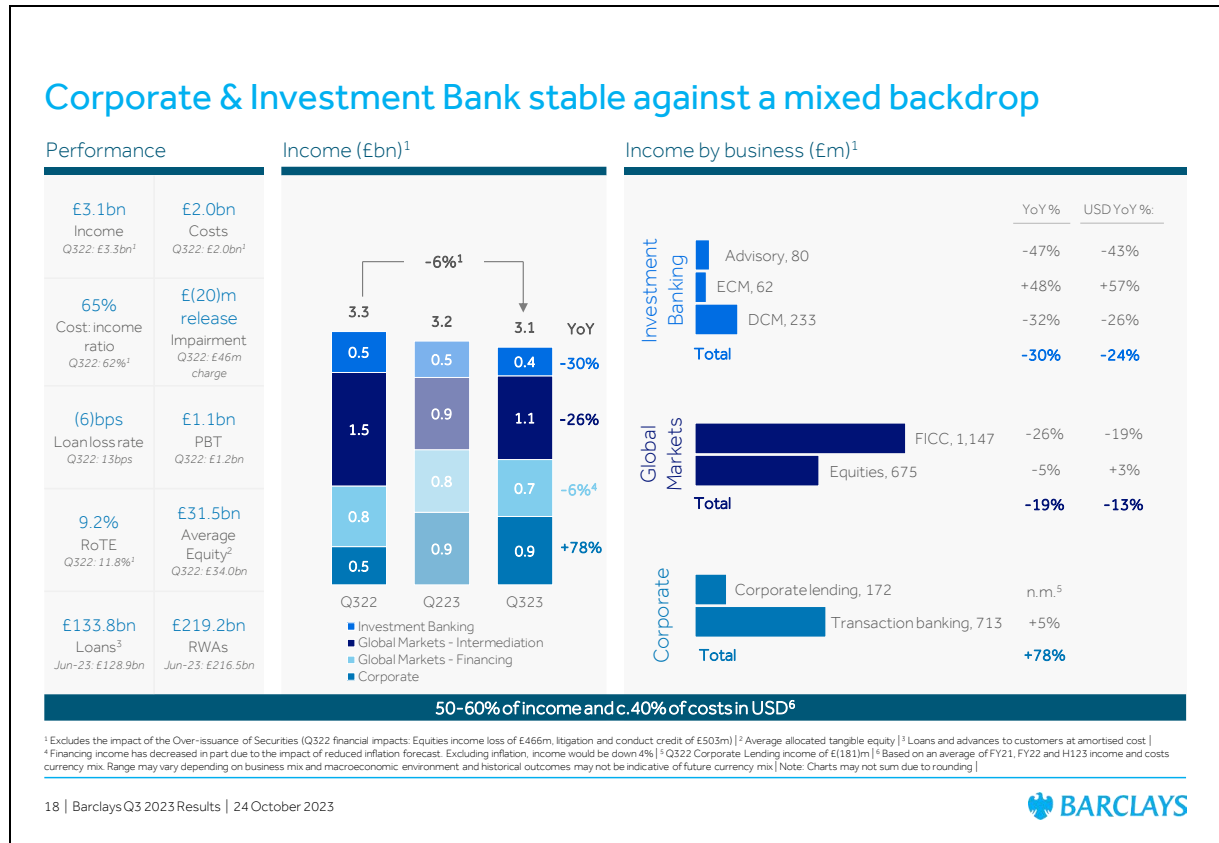
We grew US Cards balances by 11% year-on-year to \$30 billion.

In the Private Bank total invested assets were €105 billion, up 27% excluding UK Wealth, as clients moved deposits to money market funds and other investments with us.

Payments income was modestly down year-on-year, as consumers adjusted their spending to lower value essential items, which have lower margins, offsetting the 9% increase in payments processed.

RoTE was 9.6% reflecting both higher income and operating costs year-on-year, as we grow these businesses.

Moving onto the CIB.



CIB income fell 6% year-on-year in Sterling terms, in part reflecting the stronger Sterling / US dollar rate.

The more stable elements of our CIB income performed as we expected.

In Markets, the relative stability from our combined fixed income and equity financing business was visible again, compared to the downward move in intermediation.

And Corporate delivered strong year-on-year income growth, reflecting higher rates in Transaction Banking and the non-repeat of leverage finance marks this time last year in Corporate Lending.

As you heard from Venkat, Markets was down 13% in dollars versus a record third quarter in 2022.

FICC fell 19% in dollars as we benefitted less from US rates volatility, compared to gilt volatility in the UK this time last year.

Fixed income financing income reduced due to a normalisation of inflation linked benefits, as we have mentioned previously.

And we are smaller in securitised products, which was an area of strength for some of our peers.

Equities was up 3% in dollars, as derivatives and cash performance was partially offset by equity financing, as client balances continued to grow, albeit as spreads tightened.

Banking fees were down 24% year-on-year, with a better performance in ECM not sufficient to offset weaker DCM and Advisory, given the relative scale of those businesses for us.

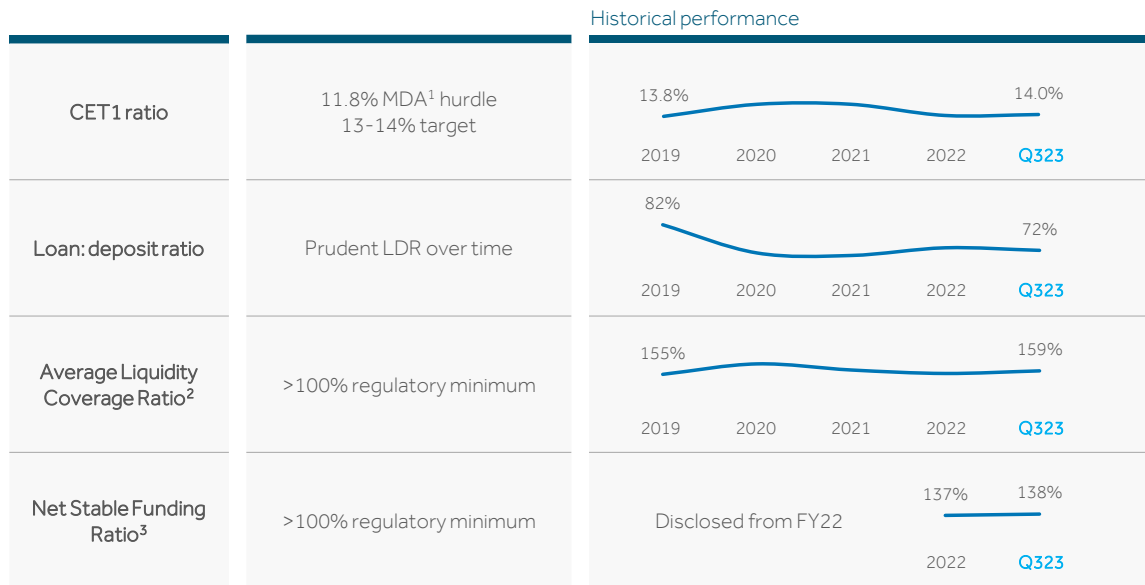


Combined with stable costs and a small impairment release, RoTE was 9.2% which, even in a mixed quarter like this one, does not reflect the potential of our franchise.

CIB RWAs were relatively stable, with the increase to £219 billion on Q2 largely driven by FX.

Turning now to capital, funding and liquidity, starting on slide 19.

Consistent capital and liquidity over time



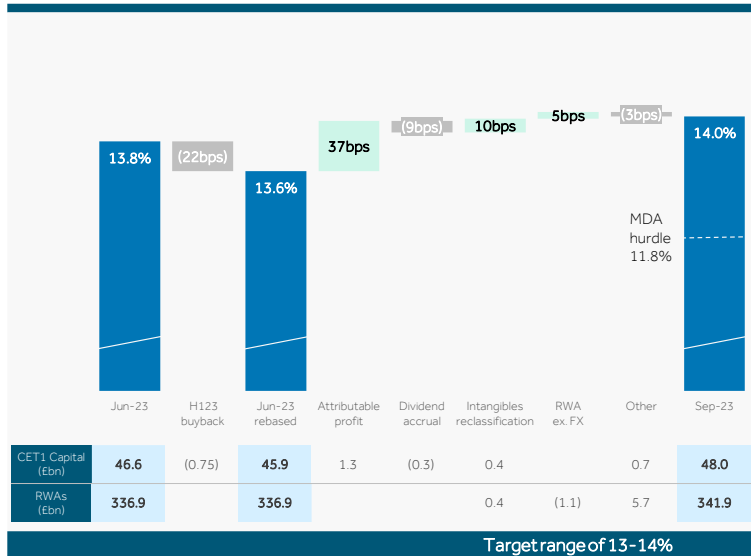
¹ Maximum distributable amount | ² Trailing average of the last 12 spot month end LCR ratios | ³ Trailing average of the last four spot quarter end ratios

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 these metrics in more detail, starting with capital on slide 20.

Strong CET1 ratio with significant headroom to MDA

Q323 CET1 ratio movements



Key messages

- Target RoTE of >10% translates to >c. 150bps of annual CET1 ratio accretion
 - Generated c. 130bps Q323 YTD
- UK countercyclical buffer (CCyB): increased to 2%, added c. 40bps to MDA in Q323
- Basel 3.1: continue to plan at lower end of 5-10% RWA inflation on 1-Jul-25

Note: The fully loaded CET1 ratio was 13.9% as at 30 September 2023 (13.8% as at 30 June 2023)

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Our CET1 ratio increased around 20 basis points to 14%.

Attributable profit generated 37 basis points, totalling 128 basis points over the last three quarters.

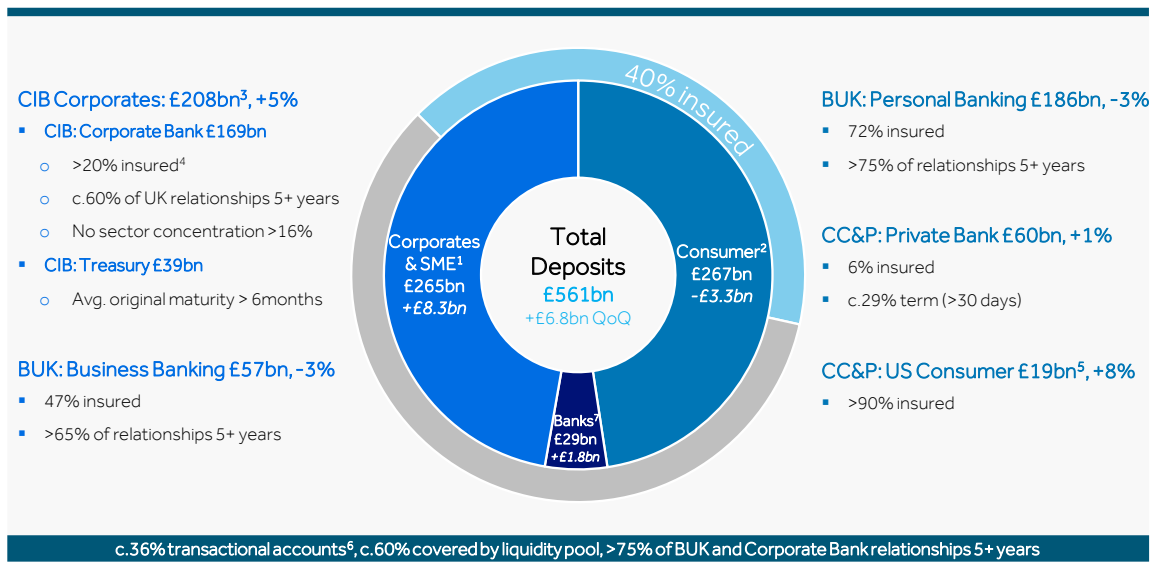
As we indicated previously, our MDA hurdle increased to 11.8% from the increase in the UK countercyclical buffer, and we continue to operate with ample headroom.

Whilst Basel 3.1 remains at proposal stage, we continue to guide to the day 1 RWA impact to be at the lower end of the 5-10% range.

This reflects what we see from all the proposals across the jurisdictions we operate in, including the US.

As a reminder, the PRA's rules remain the most relevant on a group consolidated basis.

Diverse and stable franchise deposit base



¹ Comprises Corporate & Investment Bank and Barclays UK Business Banking | ² Comprises Barclays UK Personal Banking and Consumer, Cards & Payments | ³ Excludes CIB deposits from banks | ⁴ Relates to FSCS deposits Barclays pay insurance on | ⁵ Includes £3bn of Retail Certificates of Deposit | ⁶ Includes current accounts for BUK Personal Banking, BUK Business Banking, and BUK Wealth customers, and operational accounts for Corporate Bank and Private Bank | ⁷ Includes Commercial banks and Non-commercial banks such as Central Banks. £22bn booked in Treasury, remainder in Corporate Bank and Investment Bank | Note: Chart may not sum due to rounding |

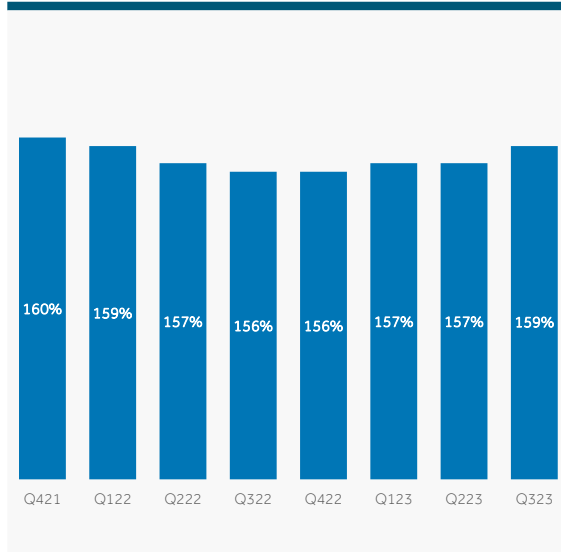
Our total deposit position remained stable, as we have a diverse deposit franchise across consumer, UK and international corporate customers.

Within that, the decline in BUK deposits that we discussed earlier was more than offset this quarter by inflows from global corporates.

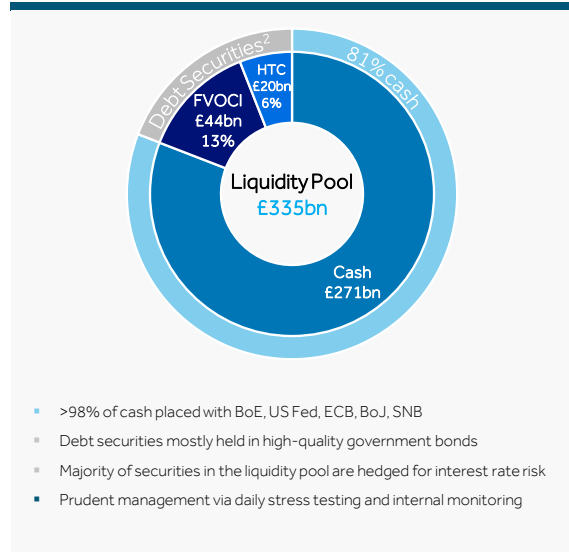
And this places us in a strong position to manage seasonal fluctuations that we often see around year-end from balances held for financial sector clients.

Prudently managed LCR supported by a highly liquid balance sheet

Average LCR¹



81% of Liquidity Pool held in cash



¹ Trailing average of the last 12 spot month end LCR ratios | ² A further £38bn of Debt Securities are encumbered via repurchase agreements, of which £26bn are FVOCI and £12bn are Hold to Collect (HTC) | Note: Chart may not sum due to rounding |

Our LCR of 159% represents a surplus of £116 billion above our minimum regulatory requirements.

We continue to be comfortable with our liquidity position, and we have demonstrated its robustness throughout the market disruption earlier this year.

Outlook

| | |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Costs | Targeting a cost:income ratio percentage in the low 60s in 2023 , investing for growth whilst progressing towards the Group's medium-term target of below 60%. Separately, the Group is evaluating actions to reduce structural costs to help drive future returns, which may result in material additional charges in Q4/23 |
| Returns | Targeting RoTE of greater than 10% in 2023 , excluding any such structural cost actions |
| Impairment | Expect an LLR of 50-60bps through the cycle |
| Barclays UK NIM | Now expected to be 3.05% - 3.10% in 2023 . Guidance is sensitive to level and mix of deposit balances and further changes in expectations for interest rates |
| Capital | Expect to continue to operate within the CET1 ratio target range of 13-14% |
| Capital returns | Capital distribution policy incorporates a progressive ordinary dividend, supplemented with share buybacks as appropriate |

So, concluding with our outlook.

We are evaluating actions to reduce structural costs to help drive future returns, which may result in material additional charges in Q4, impacting this year's statutory performance.

Excluding any such structural cost actions, we continue to target RoTE above 10% in 2023 and a cost income ratio in the low 60s.

Our Loan Loss Rate guidance remains 50-60 basis points. This is higher than the year-to-date experience, allowing for some potential seasonality in US cards in Q4.

As of now, we are not seeing anything that concerns us, and we would view the guidance as a through the cycle range.

Our CET1 ratio was at the top end of our target range, and strong capital generation in the year to date supports our commitment to return capital to shareholders.

We will provide more details at an Investor Update at our full year results in February, including our capital allocation priorities and revised financial targets.

Thank you for listening. We will now take your questions, and as usual please limit yourself to two per person, so we get round to everybody.

Footnotes

¹ Excludes the impact of the Over-issuance of Securities (Q322 financial impacts: Equities income reduction of £466m, litigation and conduct reduction of £503m)

Disclaimer

Important Notice

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

Information relating to:

- regulatory capital, leverage, liquidity and resolution is based on Barclays' interpretation of applicable rules and regulations as currently in force and implemented in the UK, including, but not limited to, CRD IV (as amended by CRD V applicable as at the reporting date) and CRR (as amended by CRR II applicable as at the reporting date) texts and any applicable delegated acts, implementing acts or technical standards and as such rules and regulations form part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended. All such regulatory requirements are subject to change and disclosures made by the Group will be subject to any resulting changes as at the applicable reporting date;
- MREL is based on Barclays' understanding of the Bank of England's policy statement on "The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)" published in December 2021, updating the Bank of England's June 2018 policy statement, and its MREL requirements communicated to Barclays by the Bank of England. Binding future MREL requirements remain subject to change as determined by the Bank of England, taking into account a number of factors as described in the policy, along with international developments. The Pillar 2A requirement is also subject to at least annual review;
- future regulatory capital, liquidity, funding and/or MREL, including forward-looking illustrations, are provided for illustrative purposes only and are not forecasts of Barclays' results of operations or capital position or otherwise. Illustrations regarding the capital flight path, end-state capital evolution and expectations and MREL build are based on certain assumptions applicable at the date of publication only which cannot be assured and are subject to change.

Important information

In preparing the ESG information in this results presentation we have:

(i) made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. This is for example the case in relation to financed emissions, portfolio alignment, classification of environmental and social financing, operational emissions and measurement of climate risk

(ii) used ESG and climate data, models and methodologies that we consider to be appropriate and suitable for these purposes as at the date on which they were deployed. However, these data, models and methodologies are subject to future risks and uncertainties and may change over time. They are not of the same standard as those available in the context of other financial information, nor subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. There is an inability to rely on historical data as a strong indicator of future trajectories, in the case of climate change and its evolution. Outputs of models, processed data and methodologies will also be affected by underlying data quality which can be hard to assess or challenges in accessing data on a timely basis

(iii) continued (and will continue) to review and develop our approach to data, models and methodologies in line with market principles and standards as this subject area matures. The data, models and methodologies used and the judgements estimates or assumptions made are rapidly evolving and this may directly or indirectly affect the metrics, data points and targets contained in the climate and sustainability content within this presentation and the Barclays PLC Annual Report. Further development of accounting and/or reporting standards could impact (potentially materially) the performance metrics, data points and targets contained in this presentation and the Barclays PLC Annual Report. In future reports we may present some or all of the information for this reporting period using updated or more granular data or improved models, methodologies, market practices or standards or recalibrated performance against targets on the basis of updated data. Such re-presented, updated or recalibrated information may result in different outcomes than those included in this presentation and the Barclays PLC Annual Report. It is important for readers and users of this report to be aware that direct like-for-like comparisons of each piece of information disclosed may not always be possible from one reporting period to another. Where information is re-presented, recalibrated or updated from time to time, our principles based approach to reporting financed emissions data (see page 87) sets out when information in respect of a prior year will be identified and explained

Information provided in climate and sustainability disclosures

What is important to our investors and stakeholders evolves over time and we aim to anticipate and respond to these changes. Disclosure expectations in relation to climate change and sustainability matters are particularly fast moving and differ in some ways from more traditional areas of reporting in the level of detail and forward-looking nature of the information involved and the consideration of impacts on the environment and other persons. We have

adapted our approach in relation to disclosure of such matters. Our disclosures take into account the wider context relevant to these topics, including evolving stakeholder views, and longer time-frames for assessing potential risks and impacts having regard to international long-term climate and nature-based policy goals. Our climate and sustainability-related disclosures are subject to more uncertainty than disclosures relating to other subjects given market challenges in relation to data reliability, consistency and timeliness, and in relation to the use of estimates and assumptions and the application and development of methodologies. These factors mean disclosures may be amended, updated, and recalculated in future as market practice and data quality and availability develops.

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This presentation 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. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Group (including during management presentations) in connection with this presentation. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, income levels, costs, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including dividend policy and share buybacks), return on tangible equity, projected levels of growth in banking and financial markets, industry trends, any commitments and targets (including environmental, social and governance (ESG) commitments and targets), business strategy, plans and objectives for future operations and other statements that are not historical or current facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulation and the interpretation thereof, changes in International Financial Reporting Standards and other accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; the policies and actions of governmental and regulatory authorities; the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents and similar events beyond the Group's control; the impact of competition; capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions, including inflation; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; higher or lower asset valuations; changes in credit ratings of any entity within the Group or any securities issued by it; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the Russia-Ukraine war on European and global macroeconomic conditions, political stability and financial markets; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union (EU), the effects of the EU-UK Trade and Cooperation Agreement and any disruption that may subsequently result in the UK and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Group's reputation, business or operations; the Group's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the Group's control. As a result, the Group's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in Barclays PLC's filings with the US Securities and Exchange Commission (SEC) (including, without limitation, Barclays PLC's Annual Report on Form 20-F for the financial year ended 31 December 2022 and Interim Results Announcement for the six months ended 30 June 2023 filed on Form 6-K), which are available on the SEC's website at www.sec.gov.

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

Non-IFRS Performance Measures

Barclays' management believes that the non-IFRS performance measures included in this 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. Non-IFRS performance measures are defined and reconciliations are available on our results announcement for the period ended 30 June 2023.