**Barclays PLC Q1 2026 Results**

**13 May 2026**

**Analyst Sell Side Meeting transcript**

**(amended in places to improve accuracy and readability)**

**Anna Cross, Group Finance Director**

Good morning everyone. I'm going to keep my opening remarks very brief and what I'm going to do is just emphasise some points of detail that hopefully, you will find useful as you update your models post Q1 results.

So let me begin with USCB. We completed the Best Egg acquisition on the 1st of May, following the American Airlines (AA) portfolio sale on the 24th of April, so they are both done. Given the moving parts, let me remind you about how we think about the income outlook from here and mix.

As I told you at Q1, the loss of AA will largely be offset by the addition of Best Egg and some business growth. So, the total income in Q1 provides a good starting point for the rest of the year, subject, of course, to FX.

Q2 is the notable exception for two reasons. First, income will include a circa $300 million gain on sale from AA booked in non-NII. And secondly, card balances will initially be lower, so they will fall before growing for the rest of the year.

As we told you in February, our target for this division is to deliver a high single-digit total income CAGR from 2025 to 2028. And we're guiding on a total income basis, given that the majority of Best Egg's income will be booked through non-NII. So you're going to see a switch. Looking specifically at the income mix for USCB, non-NII made up 16% of USCB income in Q1, and we expect that to increase to around 20% from H2 2026.

So whilst we're discussing modelling details for 2026, let me also briefly cover costs. As a reminder, we are accelerating some investments given greater confidence in productivity and efficiency opportunities.

In BUK, we expect investments to be weighted more towards H1 versus last year, resulting in higher year-on-year costs in Q2. Costs in the second half of 2026 will be lower than in H1 as efficiencies are delivered. And of course, we still expect lower costs in 2026 versus 2025 and a low 50s cost: income ratio for the year.

And in Private Banking and Wealth Management, we expect costs to build progressively quarter-by-quarter through 2026 to support greater productivity. Moving on to UK bank taxes, which is coming up in the press and in a number of sell-side reports.

As a reminder, the total tax rate for UK banks is already circa 46% with London the highest globally taxed financial centre. This is comprised of corporate income tax, bank levy, irrecoverable VAT,

property tax, national insurance contributions and the much-discussed banking surcharge. These items come through both tax and the cost line for UK banks. But to put things in perspective, the current 3% banking surcharge raises around £1 billion annually for the UK as a whole. As a Barclays specific matter, only our UK banking profits are subject to the surcharge. So, any potential increase would have a modest or a relatively modest impact for us. To give a sense of scale, a 1% increase would increase the amount we pay by around £35 million per year.

Ultimately, we see our commitment to deploy £30 billion of lending RWAs as a more impactful way to support UK growth and investment. And given the momentum that we are seeing, we remain confident in delivering that plan. Which is driven by our own actions and does not rely just on the macro backdrop. And businesses are telling us that they want to invest. For example, 78% of companies we surveyed at the end of March remain confident in their prospects and 69% expect only a moderate impact on investment plans from ongoing global uncertainty.

To finish, I want to emphasise the consistency of operational execution that I see across the group and in each one of our divisions. Nine quarters into the plan, we're delivering against all of our objectives with real momentum. We're raising the level and consistency of returns. We're increasing shareholder distributions, and we're rebalancing the group towards the highest returning divisions.

With that, I'm happy to take your questions.

**Michael Christodoulou, Berenberg**

I guess if we start maybe with UKCB. So I guess there, the loan growth has been picking up in recent quarters. But I guess the question becomes what's the margin that you expect going forward in that business? I mean there is some increase in terms of going back to your natural market share, but how tough is it to actually do that without compromising margin? And then a second one on that, what's the through-the-cycle cost of risk? I think it's 35 basis points [is] what you're expecting now. But I guess on a bigger book with a bigger push, maybe that should be going up?

And then a second one, maybe on the overall cost efficiencies. When those were issued, I guess, inflation expectations were arguably lower. Do you see any risk on that and whatever levers you would pull to maybe offset that?

**Anna Cross**

Okay. Thank you, Michael. Let me start with UKCB. So, our objective here is to lend more and it forms a really key part of our £30 billion commitment and the [>5%] CAGR in lending beyond that. As I look at the lending that's being put down there, Michael, I see no deterioration in margin, and no deterioration in the risk profile.

The thing that we look at is the delinquency grades, [there is] no change in that at all. And really, that's because of two reasons. The first is, clearly, we're coming from a situation where our loan-to-deposit ratio is so low. We have actively not lent to many of our clients in the past. And this is about really having a clear intention and determination to lend where appropriate. So roughly half of our lending is coming from new clients, half of it is coming from existing clients. And as those new clients come on

board, they're not meaningfully changing any of the kind of risk profile that we see and the portfolio margin remains static.

So what's driving that? Well, firstly, it's that intention and secondly, it's the capability that we are landing. So the thing that we've done so far is materially changed the loan process, and what that does is it gives both the client and the regional teams confidence in our ability and intent to lend. That's really improved the lending pipeline.

The other thing that we have actually seen is that as we engage with those clients more fully, what we're seeing is [that] they're getting to a higher number of products much faster than we would have expected. So the 2024 cohort, as I look at them now, are actually exhibiting the same number of products that would have taken previously four to five years to get to. So just that increased engagement with the client is really helpful.

All of this, of course, is before we land iPortal, so all of the technology is there. We expect to migrate the corporates through this year, and that really gives us the opportunity to digitally engage. And it's what really that gives us the confidence that we continue this kind of momentum.

Your second point on loan loss rate. So on the basis that we're not changing the portfolio mix in any meaningful way, we wouldn't expect to change that loan loss rate guidance. On cost efficiencies, we've gone through a period from 2024 to 2026 where we actually experienced fairly high levels of inflation because inflation reaches us typically on quite a lagged basis. If you think about our major stripes of cost: people, property, technology, you don't see an immediate inflationary transmission through to those costs, Michael, they tend to sort of lag a little. So actually, 2024 and 2025 were relatively high levels of inflation for us, 2024 in particular. So we'd expect inflation to come through on a lagged basis, and what we've done before is try to lean more into the growth efficiency targets that we have to try and manage that position. So at this point, I wouldn't change our targets. I would expect us to go harder after efficiencies to try and manage it wherever possible.

**Amit Goel, Mediobanca**

So I just wanted to actually follow up. I know you did comment a bit on the [Q126 Analyst] call on it, but the commentary on NII and consensus being light in 2027, I'm just kind of curious because, obviously, I think in terms of structural hedge modelling and rate assumptions, I think most analysts probably have the same, if not higher rate assumption and they've been modelling this now for a long time. And then, say, on USCB, you're saying it's a bit more of a shift to non-NII. So really just trying to understand a bit better where you think the disconnects are?

And then secondly, when I think about BUK in terms of profitability, if I just run with rate expectations, I get much higher profitability than the greater than 20% [RoTE]. I appreciate there's a greater than. So just trying to think how you think about that? Why then with the target you say greater than 20% [RoTE] and/or are you looking to redeploy more of the revenue into investment, et cetera, but just how you're thinking about that as well?

**Anna Cross**

Okay. So let me start with the first one. I'll just go back to what I said on the call. I think as we talk about NII, we tend to talk more heavily about the BUK and I think that's well understood, well modelled. And we've been disclosing it for a very long time, so it's something that's clearly understood by the market.

I think for the other businesses because they are newer, perhaps with less of a track record, and it's taking us a while perhaps to sort of really get a clear idea out there about what we think the possibilities of those businesses are.

Really outside of BUK, I would say all of the areas show some upside to consensus, but I would say notably the two that I called out, and actually, if you look at the sort of Q1 NII growth year-on-year, [UKCB] and USCB both showed quite substantial growth. That's coming not only from our lending, but it's also coming from deposits because as we bring on new clients, we're also bringing their deposits with them. So you've got quite a holistic rounded growth there and obviously, the opportunities that we've got going forward as we land iPortal.

On USCB, you're right about the change in mix. But we've seen very good organic growth in this business over time, I think 10% growth to the first quarter. And then you have to think about what we're layering on top of that, there will be new partners in time. As we bring those partners into play, we would expect to bring all of the products that we have across USCB to those partners, not only Best Egg, but the considerable growth that we've got in our deposit franchise. We feel that that's going really well in the US. So I think it's more of a holistic point also in USCB. So there's nothing I would call out in terms of a single factor. Just I think we probably have more confidence in those businesses than is yet reflected in consensus.

For BUK, look, the target is greater than [20% RoTE], we do expect to invest more in the business, but all of that is contained within the cost: income ratio guidance that we've already given you. If anything, what we are telling you is that we see opportunities to invest in that faster, which is why we're skewing the investment this quarter as we are, to try and bring things forward because we see really clear opportunities to take cost out of that business. We do expect to see lending continue to grow.

Obviously, we expect to see a normalisation of the loan loss rate, but we now think that, that will be around 30 basis points. So we've given you all the factors, and we're saying greater than 20% [RoTE], but it is a competitive market. We see that now. We see that at points through the cycle. So we're just mindful of that.

**Guy Stebbings, BNP Paribas**

The first question was on [Investment Bank] capital. There's been a lot of discussion around where some of your US peers are prepared to put more capital to work now given some of the regulatory changes. I know on the call, I think Venkat said that its landing broadly as expected, but I guess it's only now we're starting to see how people react and what the behaviours are. So does that worry you at all from a competitive dynamics and market share perspective, especially if we don't get any dramatic changes in the UK on that side, what do you think might happen?

And in terms of some of the stuff more in your own control, if you like, is there much more you can do in terms of recycling RWAs around the Investment Bank from an efficiency point of view? I know

you've done some pretty good stuff in the last couple of years, but I don't know if we're towards the end of that journey as it were. I guess I'm really trying to get a sense as to how difficult it will be to hold market share, grow market share whilst holding RWAs flat certainly from the outside, it looks like quite a challenging objective.

And the second question was around U.K. politics, which I appreciate you might try to dodge. But I guess it wasn't that long ago that Barclays talked about the UK political backdrop being the best it's been in a long, long time. Presumably, that informed the renewed push into the UK, particularly on the corporate side. So if we do see a meaningful shift to the higher taxes, be that personal, corporate, banking taxes, whatever it might be, could that change the strategy? Or frankly, is the bar just so high before you pivot from here?

**Anna Cross**

Okay. Thank you very much for that. So what Venkat was really getting at on the [Barclays Q126 Results] call was that if you go back over the last few quarters, it's not just in Q1 that we've seen a change in either capital or leverage deployed across the industry more broadly. It's actually been several quarters now. So probably more marked in the first quarter just because of the market environment that we saw in particular. So perhaps more of a step change there. So you're seeing both a seasonal step-up and you're also seeing, if you like, that volatility impact. But we've seen it sort of quarter in, quarter out for quite a few quarters now, and I'd encourage you to go back and look at that. It's certainly something that we are focused on.

From our perspective, we still think that there's more to go. And our choice here is to run the IB in a very, very disciplined way. So we did put more RWAs into the IB in the quarter. And we felt we did that in an appropriate way. You can see that our Markets results in particular, are broadly in the pack, if you look at them in dollars. FICC, you have to recall, has got no commodities in it. So ex commodities, we think that's a good performance. Equities was right in the middle of the pack. And we did so while still increasing our revenue over RWA, went up to 8% in the quarter. We had one loss day and the VAR was flat.

So across risk and across capital deployment, our choice is to be disciplined. Because fundamentally, our goal with this business is to get to a sustainably higher level of RoTE. So expect us to keep going down that route. We still think there's more to go on the optimisation of RWAs. Not least there's another year to go, because remember, at the beginning of the story, we said there was three years' worth of banking to work through. So we're only sort of two years and one quarter through that. So still a bit more to go there.

And we continue to learn. And obviously, in this kind of environment, capital moves quickly. The velocity of capital goes up. So your risk management needs to be very good. That's where the discipline comes in. But we remain confident that we can continue to do this. And of course, much of the areas of growth that we are focused on, we'd either put capital into already or are inherently capital-light.

And I'll just take you back to the sort of guidance that we gave you on the 10th of February [2026], we said that our market share would be broadly stable, and we are expected to see some growth in

[Investment] Banking. Now [Investment] Banking, remember, is capital light. So we're already mindful of this environment when we give you the targets that we have.

So expect RWAs to be broadly stable. Expect us to lean in and out depending on what the market opportunity is and to retain that very strict discipline, both around risk and around capital.

Let me move to UK politics. So when we announced our strategy in 2024, that was a year in the making. So we had concluded before the change of government that it was the right thing to lean into the UK. And we believe that deeply for a couple of reasons. The first is that we believe the Bank should be rebalanced. The Investment Bank has the right waterfront, and therefore, our choice is to grow, particularly in the UK. That's a more stable source of returns for us, that's the highest returning part of the business. So that drove our choice, but also, a reflection as we look at universal banks across the globe, the really successful ones are very strong in their home market. And we felt that we needed more emphasis there. So it was driven by that.

The political environment then changed and was then consistent with that. We would hope that whatever happens, the political environment is still geared towards growth. That's what the UK needs. It needs growth, it needs productivity. We believe that what we are doing is important as a part of that. And so we will continue that strategy. Of course, if the credit environment changed markedly, you would expect us to look at that, but the change in government alone would not be sufficient.

**Elise Yu Ge, KBW**

The first question is really me trying to understand Private Credit a bit more. And I appreciate you probably don't want to give us any specific numbers, so the question really is just on [a] strategy level. For example, [when it comes to Private Credit] do you have a target balance between your fee expectation and your balance sheet risk consumption? I guess, more specifically, what level of returns and your capital efficiency would determine whether you'll hold or distribute them? I guess that's my first question. If I can quickly throw in, are you seeing any meaningful changes right now in terms of changes in the lending discipline in Private Credit or risk management overall [for] Barclays and other banks, if that's okay.

And then the second one will be on income mix really. I know you've previously talked about more stable returns and higher quality income mix. So, reflecting on Q1, FICC was amazing. But I just wonder how sustainable that performance will be, and when you talk about shifting towards this more stable and capital-efficient return and income, where do you think we are now versus what you ultimately want to achieve by 2028?

**Anna Cross**

Okay. There's a lot there. So I will attempt to step through it. So for Private Credit, look, we've given you new disclosure, on Slide 45. So that's our entire NBFI stack. Private Credit is obviously part of that. It's a relatively small part, as you can see. Just to level set everybody, what we previously showed you was a number of £20 billion. That was the committed lines. Actually, as we've gone through Q1, we noted that most of our peer banks were disclosing drawn facilities. So that's a drawn facility, that £15 billion. That's the difference between the two, just so that everybody is clear.

Look, we don't have a target balance. We have grown, I would say, broadly in line with the market over time. As we've done so, we've remained very focused on larger managers, areas where we have clear look through to the collateral for that collateral to be, in our view, higher quality, higher EBITDA businesses. We have strict concentration limits by sector, by geography, et cetera, as you would expect us to. And really, the way we think about this, Elise, is no different to if we had a direct relationship with those corporates. So that's the kind of analysis and requirements that we have. So I wouldn't call out any specific numbers, but just to say that we would anticipate that it's no different other than obviously, you've got the benefit of that being in a pool of collateral.

But for us, no meaningful changes in our credit risk appetite other than the two things that Venkat called out, which don't specifically relate to that bucket. The first was more highly levered sub-investment-grade businesses. And really there, our reflection is less about Private Credit per se, more about the geopolitical instability, the risks of inflation that we've talked about, risks of higher rates, perhaps the impact of AI, we feel that those businesses, some of those businesses are perhaps a little bit more exposed. But again, it's not a meaningful part of our portfolio either in exposures or income.

And then around the sort of [Asset Backed Securities] business, smaller lenders where their financial control or the control environment is more generally less obvious to us from the outside. But they are the only two areas where we are taking a differential stance. There's nothing I would call out in terms of the industry more widely.

In terms of income mix, there are two things I would call out. The first is we've given you some ideas about how we expect this to shape over time. In that the sort of differential income CAGRs between the two sides of the business, if you like, the Investment Bank versus the lending side that we're more focused on. So we are, if you like, on one hand, diversifying our NII, that's really important because we have this considerable support for NII into 2029, maybe beyond, let's wait and see, from the structural hedge. But when the rate cycle does eventually turn, we want to ensure that we've got a reasonable proportion of our NII that's coming from lending. That's one of the reasons why we made the decision that we did.

So diversifying NII is really important and continuing to do that through our [>]5% CAGR [UK lending] target. Then leaning more meaningfully into fees in those businesses. So think about everything that we're doing with iPortal, think about the Premier focus that we have within the BUK, the link between Premier and Wealth in the PBWM business. All of those are designed to increase the fee pool on that side of the business. Again, more sustainable through-the-cycle revenue, very stable, et cetera. And we really feel that those investments will help us build that up.

On the [Investment Bank] side, this is more a story of Financing and the International Corporate Bank. Now the International Corporate Bank benefits from all of the technology that we're putting down in corporate. It's one set of technology. And the way I think about it is you're building it for your most sophisticated clients in the ICB and then everybody else gets the benefit of it. So we've done a good job in growing deposits in the ICB. We expect to follow that with increased levels of fees associated with our Treasury Coverage model facilitated by the iPortal implementation.

And then when you get into Financing, look, that's a business that's grown, the whole industry has grown. We've seen particularly in Q1, more revenue from Asia. That's basically our global clients seeking access to Asia. That's how we think about it. That's how we access that market. Typically, that business is very stable, given the nature of it, it's secured lending to hedge funds essentially. What we do see is that the income will go up and down with leverage in the system. Clearly, there's a lot of leverage in the system right now. But if you look back over the last few quarters, you can see just that continued progress. So we're confident in it. But all of this is designed to make the organisation higher returning, more stable and really goes back to Guy's question about how do you create an Investment Bank in particular, that has a higher, more sustainable RoTE and then elsewhere in the bank, make it less rate sensitive.

**Sheel Shah, JP Morgan.**

Two questions, please. First, on the structural hedge. It looks like there was a jump in the first quarter. Have you reassessed any of the assumptions you used to determine deposit stability and resilience in the business? And is there any way from the outside that we could try and think about how this could grow going forward? It seems quite challenging from the outside.

The second would be on the cards business, US cards business. We've seen the likes of Citi and JP talk about more of a platform approach in the cards business, and a lot more connectivity between the corporates and the cards business. You've spoken about iPortal several times today. Is that something that you can look into going towards more of a platform business? I know that you are looking to bring the full product suite to some of your card partners. But is there anything further you could do for greater connectivity between both businesses?

**Anna Cross**

Okay. I will take the second one, and I might invite Dan to make some comments on the first.

**Daniel Fairclough, Group Treasurer**

Yes. So there was about a £6 billion increase in the structural hedge balance, as you note. A little bit of that was equity, which is reasonably straightforward. The rest of it, about £5 billion of it was due to us looking at the stability of the deposits that we've got. So some of that is very granular and reactive to the data that we see coming through over time. But also, we do continue to look at the models that we use at a granular level across the book. So as we make model improvements, sometimes that changes the structural hedge balance. So it's a combination of refinements in the modelling and increased confidence in the stability that we're seeing.

**Anna Cross**

Yes. And I think it would be probably quite difficult to model from the outside, Sheel, just because it is a detailed review of the behaviour.

**Daniel Fairclough**

Look, obviously, this is switching balances that were previously unhedged to hedge. So it's about the stability of the income, not NII specifically.

**Anna Cross**

So Sheel, on your second question and the sort of connectivity or the platform nature of it. I wouldn't go as far as to say there's a role for iPortal here. But if there is, then we'll come back to you and give you the royalties for that. But there is very strong connectivity between our IB clients and the cards business. I mean that is really the way we think about this primarily or the way we've always thought about it primarily is we're providing consumer credit to many of our IB clients. So that's the start point. So you've got 20 clients, you might have 20 million customers, but you have 20 clients. So that strong connectivity is really important.

And of course, now we'll be potentially taking that to another set of clients because we will be securitising the Best Egg balances out of the Markets business into the market, obviously. When we talk about the connectivity in that business, we're really talking about how we link up the deposit business with the cards business with now Best Egg because we've only really gone live with one partner on deposits, which is AARP, but that has given us a meaningful growth in deposits. Now it probably should do given the nature of that specific client. But I think that's taught us a lot about how we can bring that to bear for a particular partner client. So we are excited about how we can then integrate Best Egg into that and sort of cross-sell in both directions. So it's more about the connectivity between the retail products as opposed to sort of into the broader corporate world.

**Alvaro Serrano, Morgan Stanley**

A couple of questions from me as well, please. One on Markets business, another one a follow-up on Private Credit. On the Markets business, in Financing obviously has been a big source of growth. To what extent the sort of the tighter credit standards in Private Credit could slow that down? And where I'm coming from is we've now had quite a good few quarters of very strong trading. With Financing, it may slow down, last year you had Liberation Day. Are we going to run into sort of pretty tough comps, and we're going to see year-on-year declines at some point? Just sort of general thoughts as we think about sort of the revenue outlook in that business, admittedly difficult to predict.

And the second question on Private Credit. We've seen another competitor in the UK that had issues with fraud in the quarter. When I've listened to you and if I've interpreted correctly and other banks, the explanation around Private Credit exposures were like, look, it's a diversified book, where there's concentration, we've got recourse to the sponsor, bulge bracket sponsors. The recourse doesn't seem to have worked in this case of your competitor and apparently, is a bulge bracket, so you raised a question about their underwriting capabilities despite this is bulge bracket. Can you sort of help us think through when you look at your book, why you think your recourse does work and why sort of that wouldn't happen to you?

**Anna Cross**

So if I just pick up Financing in particular, I mean, most of the growth in our Financing income is liquid financing. So not the structured financing that you see within that disclosure. So quite different.

So I take your point around tougher comps, Alvaro. We definitely saw at the end of this quarter, we saw more volatility. We are comping against a period of quite considerable volatility last year, but it's difficult to give you a forecast on that, nor would I give you a trading update. But just to say, the Financing business, in particular, more reliant on the demand from hedge funds for that liquid financing in terms of the growth that we've seen. And therefore, we would hope to see that continue. I'd just remind you that it does have slight seasonality of that business. So, it tends to be bigger in Q1 and Q2 than the back end of the year just because of when dividends are paid. So just remind yourself of that.

In terms of the second part of your question, we're speaking here specifically about Back leverage. From our perspective, we have very limited exposure here, not to the particular fund that was called out. And we are confident in the terms and conditions that we have and therefore, our recourse.

**Ben Toms, RBC**

Firstly, on UK mortgages. I feel like some of your peers have spoken a little bit more about customer mortgage journeys. Are you making any significant changes in that space? And specifically on mortgage tokenisation, when do you expect that to be a commercial reality for Barclays? And do you think that, that will come with higher spreads? And then secondly, when I look at my model, I find it difficult to not generate excess capital for Barclays, particularly when I get into 2028. Should we expect that you continue to be comfortable to run above the 14% [CET1 ratio] as we move through next year? Or as you start building excess capital, will we hear you talking more about more investments into the business?

**Anna Cross**

Okay. So I think it's too early to talk about tokenisation and what that might do within mortgages. Dan may have a view, I can ask him to add, but it feels like that's a little way off. Where we are very focused, however, is in the customer journey, both directly and via the broker. So we talked a lot about what we did last year and that new broker platform that's really helped us. It meant that March was definitely the highest applications we've ever seen. And we're also seeing much higher levels of retention because of some of the customer journey changes that we've made around people coming to maturity. But Dan, do you want to talk about tokenisation?

**Daniel Fairclough**

That specific use case you probably know is in the retail section of the regulated liability network. So it's something that the UK banks are collaborating on as a kind of proof of concept. I mean it's a long way away from it being a proper reality, but steps are being made on a proof-of-concept basis.

**Anna Cross**

Yes. I'd just remind you, it's such a competitive market that maintaining any kind of spread advantage is very difficult in mortgages.

In terms of capital, our position remains as it was in February. The capital generative capacity of the business is greater than is accounted for in both the distribution plans and the investment plans of the business that we've set out for you. So there is excess capital in the plan, if you like. What we've said is that we expect to run around the top end of our capital range until we have regulatory clarity. We will get that, we believe, in two chunks. The first will be the Basel implementation at the beginning of 2027, and then the second chunk will be IRB whenever that goes live. And again, we expect that to be in 2027. Until then, it's very difficult for us to say where in the range we will move.

I guess why did we keep that level of excess capital, in part because we do see that there are opportunities for us to invest further. That may come as a result of organic or inorganic opportunities. You've seen us do sort of small tuck-ins over time. We've also increased the amount of technology that we are spending. And in the current environment, you can imagine we and others are learning more all the time about what is possible. So we wanted to give ourselves the flexibility to do that whilst still just putting down a meaningful change in the distributed amount, both in terms of the dividend and the buyback. Of course, if we don't see the opportunity to do that, we will return it to shareholders. And we'll be very clear about what our intentions are. It's quite difficult to be clear sort of this far out because clearly, we're only one quarter into that new plan. But what you're calling out, which is the opportunity for increased investment or deployment of that capital is exactly what we talked about in February.

**Andrew Coombs, Citi**

A couple of questions, one on US consumer, one on the UK. On US consumer, thank you for the opening remarks and the comment around non-NII as a percentage of total revenues. I guess just to drill down into that, you talked about AA being broadly offset by Best Egg's $700 million. Best Egg's predominantly non-NII. Can you give us an idea of the split of the AA revenue mix that's dropping out just for our modelling purposes?

And then linked to that, you obviously talked about US consumer NII being too low for consensus. I'd argue part of that is because consensus has taken out the bulk of AA through the NII line. So perhaps I can just invite you to comment on consensus non-NII for US consumer as well.

And my second question on UK, completely different bit of strategy. Vim [Maru, CEO BUK] in April was in the press talking about actually potentially increasing branch numbers as opposed to cutting branch numbers, which obviously is a big step change, albeit consistent with what a couple of the peers have also said now. Do you think we're in a different environment now where the branch network is going to be more stable? And if so, what does that mean for cost opportunity going forward?

**Anna Cross**

Okay. So I'm not going to be drawn on the split of AA between non-NII and NII. We've tried to give you sort of firmer guidance about total income and tell you how it will be split in totality. There's just so many moving parts here, Andy. Clearly, as we get more into the pattern of Best Egg being underway, we'll be able to guide you more firmly. But at this point, what we're saying is that the total income is going to be replaced both by Best Egg, which will have a portion of NII in it, but largely non-NII and the growth in the portfolio, the organic growth in the portfolio. I actually think what's going on is, yes, there'll be a bit of loss of AA in the NII consensus gap, if you like. But I think there's also this piece around just the ongoing organic momentum of that business and the way it's coming through. So I'd really encourage you to think about it as a total income and use the split that we've given you to model it.

As I go to the second part of your question, when I got to Barclays in 2013, there were 1,800 branches, and there are now a little over 200. And we said a couple of years back that we weren't intending to close more. And what we need to think about here is the branch network is a retail network. It needs to reflect demographic changes in towns and cities that we operate in. It needs to reflect our regional strategy. And so it's a living, breathing thing. So when [Vim] talked about having more branches in February, it was a reflection of that. It was a reflection of the fact that we feel like we've been at a point of stability for a while. And now we see some opportunities to improve that network. And that's not only in opening a few new ones, but it's also in refurbishing the ones that we have because we think that alongside landing or relaunching the app at the end of the second quarter of this year, the interaction with our customers is both digital and human. We see opportunities for both. We think they're both equally important.

Of course, as a transactional matter, most of our customers want to use [a] phone. But for many, they also want at times to speak to somebody. And therefore, the types of technology that we have in branch, the types of meeting space, et cetera, et cetera, are all really important.

So expect us to see refurbished branches as well as putting down some new ones, and we'll talk to you about that as they occur. So it's more of an organic sort of reflection of what we see happening in towns and cities. You might actually see us relocate some. So we're in a particular street that's no longer where we want to be, we might want to be somewhere else. So it will morph over the next few years.

**Marina Shchukina, Head of Investor Relations**

[Can I just add one thing to be helpful Andy on AA. The only thing which is worth pointing out, and I think you're getting there, is the American Airlines income was more weighted towards non-NII given the high quality transaction book, so more of a weighting to fees versus NII relative to the rest of USCB.]

**Phillip Richards, Bloomberg Intelligence**

I'll stick to the two questions. And the first is back to the Private Credit again. And obviously, thanks for the extra disclosure. But on Slide 46, you bold the comment that capital values need to fall about

40% before you start getting exposed to unsecured risk. And I guess the question is are you trying to reassure us that you think maybe the perception of risk in the market is overdone with regards to your exposure. So, I guess the question is in terms of the risk you have as a bank overall, do you think the risk within Private Credit is greater given the share of the book overall within Private Credit? Is that the area that keeps you awake essentially, is that the biggest concern? Or do you think because of these positions, there's less risk?

And then secondly is on AI. And I guess the main question is no doubt in five years time, it's going to be a net benefit in terms of the cost line for the bank. But in the coming few years, do you think it's a positive or negative in terms of the cost as obviously big investment spend, hiring new employees with the experience, you're running two systems of the legacy? Or do you think the benefits coming through short term will offset that?

**Anna Cross**

Okay. Thank you. So we set out Page 46 in response to an investor request actually for us to just be really clear with the market how this type of Private Credit works. And essentially, what we're trying to do is highlight the point that you're making, which is we are senior here in the ranking. So you can see that our attachment point, if you like, is into the SPV. We have a low loan-to-value.

For us, in particular, what we're also calling out is the way we manage the credit. So in other words, we are very focused on managers who create a collateral pool of very high-quality corporate credit. So its EBITDA is typically higher than $200[m]. We retain revaluation rights in most cases. We are in a position where we can require more collateral to be put in and also approve that collateral.

So it's not just about our seniority, it's actually about the way we manage the collateral and how that collateral is managed dynamically. So that's the point that we are making there.

On AI, that is like the most difficult question to answer because on the one hand, as Ben was asking, there are clearly opportunities to invest here. And on the other hand, we see opportunities both to remove cost, remove complexity, but there are also opportunities here that are a little bit more intangible. So where you can improve customer service, you won't necessarily see a reduction in cost, but you see a meaningful change in customer service, which you would hope would then come through in terms of revenue. So I think it's very difficult for us to isolate a line of the P&L that this will not impact because in theory, it should improve your cost of risk, it should improve your revenue, it should improve your cost line.

I think we're at a point where it's very difficult to call out, which is one of the reasons that we didn't and didn't want to give a headline around it because there are as many opportunities to invest as to save certainly in the short term.

Overall, longer term, given that banks are very, very heavy users of technology, you would expect it to be a net benefit. But calling that at a point of time is quite difficult to do.

**Marina Shchukina**

[Worth just adding that all of the cost: income ratio targets that we gave you in February are intact and they incorporate all these investments in AI].

**Sachin Nayar, Goldman Sachs**

Just firstly, on the PBWM business I think you spoke about the cost increase at Q1 from accelerated investments and inflation, which is set to continue throughout the year. Are you able to provide any more colour on the phasing and cadence of these cost impacts throughout the year? And do you retain confidence in the cost income ratio targets of high 60s percentage for 2026?

And then secondly, on Best Egg, given it has completed recently, are there any synergy benefits that you've realised immediately? And any potential colour you could give on more medium-term synergy benefits, both on revenues and costs?

**Anna Cross**

Yes, sure. Thank you, Sachin. So on PBWM, what we're saying really is that you've seen a pickup in investment in this business. That's really coming through, I would say, in two meaningful areas. The first is the digital platform. The second is the wealth advisers that we're onboarding. And you'll see in Q2, the launch of that wealth advisory business very strongly linked to what Vim is doing with his premier banking opportunity in the UK. Expect that to continue.

We repeated our cost: income ratio. I remain confident in that, but we do expect to continue to invest in this business. And obviously, it's a very high RoTE business and one that we think has considerable opportunity to grow. So we think that's the right decision.

On Best Egg, well, I can't remember what the date is today, but we've had it for 12 days. So I wouldn't call out any synergies just yet. But I would expect them to come through on the income line first. That's what we saw in Tesco. That's what I'd expect to see here. They're going to come through on funding specifically. So if you think about the Best Egg model, they were having to raise wholesale funding in order to fund those portfolios prior to securitisation. Clearly, we're not going to have to do that. So we will be able to fund them in a different way. And then there will also be other synergies from the fact that we'll be handling our own securitisation. So they are the things that I would expect to come through sooner rather than later.

And then obviously, we will see revenue synergies coming from both being able to introduce Best Egg customers to cards and vice versa. And then over time, cost synergies. A bit like Tesco, the cost synergies will come later. We want to ensure that this business is operating very, very well. It is, of course, a fintech, so it's a bit more easy to integrate than some of the businesses we've done in the past. So you'll hear more about that in time. It is a high cost: income ratio business, as you would expect, because it's fee driven. And we gave you some guidance around the cost of being about $45 million a month.

Thank you so much, everybody. Good to see you. Thank you.

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