Barclays PLC Q2 2026 Results

Fixed Income Conference Call Speech

Anna Cross, Group Finance Director

Dan Fairclough, Group Treasurer

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1. Good afternoon and welcome to the H1 2026 fixed income investor call. I'm joined by Dan Fairclough, our Group Treasurer.

2. Let me begin with a brief overview of our financial performance.

Slide 3: Group Q226 performance against financial targets

3. Q2 was another strong quarter, with a Group Return on Tangible Equity of 16.1%.

4. All three UK businesses delivered RoTE above 20%, with consistent volume and revenue growth.

5. Investments we have made allowed us to again monetise strong Markets and Banking wallets in the Investment Bank, where RoTE increased nearly 4% versus last year to 16%.

6. While the US Consumer Bank delivered 10.5% RoTE excluding the American Airlines gain on sale.

7. Given the momentum and breadth of our progress, we are upgrading the Group income target to circa £31.5 billion in 2026.

8. And we remain confident in delivering Group RoTE greater than 12% in 2026, having achieved 14.8% in H1.

9. We are using additional capacity from stronger H1 profitability to structurally improve Barclays' returns.

10. We therefore anticipate taking additional cost actions later in 2026 to create greater cost flexibility from 2027.

11. These plans increase our confidence in delivering 2028 RoTE greater than 14%, and accelerate our progress towards an all-weather RoTE beyond 2028.

12. These actions will not disrupt the Group's distribution plans or financial targets in 2026, including the high-50s cost: income target.

Slide 4: Q226 LLR of 51bps; through the cycle guidance of 50-60bps

13. Moving to slide 4 on credit quality.

14. The Q2 Group impairment charge of £571 million equated to a loan loss rate of 51 basis points.

15. Consumer and corporate balance sheets remain robust and borrowers are behaving rationally.

16. As an accounting matter, consensus unemployment expectations increased as we anticipated, consuming the Post Model Adjustments that we recognised last quarter in Barclays UK and US Consumer Bank.

17. We retained the £68 million PMA in the Investment Bank, recognising downside bias due to global macro uncertainty.

18. For 2026, we continue to expect a Group loan loss rate around the top of the 50 to 60 basis point range.

Slide 5: UK economic trends conducive to banks' balance sheet growth

19. Before handing over to Dan, let me cover the economic trends in the UK.

20. Whilst Barclays benefits from diversification, with 40% of income generated in the US, the UK is our home market.

21. The UK economy has been growing, in nominal and real terms and at a faster rate than the eurozone.

22. This has supported real wage growth, rising house prices and stable employment.

23. Declining investment since the late-2000s meant that UK corporate debt to GDP had

fallen to a multi-decade low.

24. Corporates have had the capacity to invest, but not the confidence.

25. This seems to be changing.

26. The majority of corporates we survey tell us they are gaining confidence in their prospects.

27. Firms plan to increase investment in the next 12 months, including in technology.

28. This is broad based, across sectors and regions, with overall UK corporate lending up 9% in the past year.

29. As you can see from our results for several quarters, Barclays is helping foster UK growth, not just benefitting from it.

30. I'll now hand over to Dan for the balance sheet highlights.

Dan Fairclough, Group Treasurer

Slide 7: Robust capital position with 14.3% CET1 ratio (14.0% pro-forma)

31. Thanks Anna.

32. Let me begin first with capital on slide 7.

33. We ended the quarter with a CET1 ratio of 14.3%, generating 115 basis points of capital from profits year to date.

34. Pro-forma for the £1 billion buyback, the CET1 ratio was 14.0%, consistent with our intention to operate around the top of our 13-14% CET1 range, pending regulatory clarity.

35. Attributable profit growth should continue to drive strong capital generation and EPS momentum, which we amplify through share buybacks.

Slide 8: Guidance on regulatory driven RWA inflation

36. Looking ahead, guidance for regulatory RWA inflation in 2027 remains unchanged at £19 to £26 billion.

37. This includes Basel 3.1 changes on the 1st of January and implementation of IRB in US Consumer Bank, which we now expect in H2 2027.

38. Group Pillar 2A requirements are expected to reduce following each of these events, and we will provide further guidance as we get clarity.

39. On the broader regulatory landscape, we note the recent Financial Stability Report but believe more can be done to drive UK growth.

40. Proposed changes would reduce Barclays Tier 1 leverage requirements modestly, by 8bps, supporting its position as a backstop measure.

41. We continue to work closely with the Bank of England to promote international alignment and competitiveness of the UK financial services sector.

Slide 9: Operating with a prudent buffer to each tier of capital requirements

42. Moving up the capital stack, on slide 9, we show our Tier 1 and total capital requirements as a proportion of RWAs.

43. We continue to target a prudent buffer against each of these requirements, which helps us manage any RWA and FX movements, as well as our issuance and redemption profiles.

44. Our Tier 1 ratio is 18.0% and Total Capital ratio is 20.3%, maintaining healthy headroom above our 14.6% and 17.8% respective regulatory requirements.

45. Within these ratios, we had an AT1 component of 3.6%.

46. As stated at the full year results, we had a more limited issuance requirement for AT1 and Tier 2, given our lighter redemption profile.

47. I am pleased to report that our planned 2026 capital issuance is now complete, following our inaugural $1 billion Australian Dollar AT1 and £750 million Sterling Tier 2, both priced this quarter.

Slide 10: MREL position well established

48. Turning now to slide 10, credit market conditions have been strong in the first half of the year, and we have completed our £10 billion MREL issuance plan against this supportive backdrop.

49. Looking forward, we may look at some pre-funding of 2027 volumes, subject to market conditions.

50. Finally, at the operating company level, we recently issued our first publicly placed Barclays Bank PLC senior since 2020, with a €3 billion Euro offering.

51. This was a good example of ensuring our funding sources remain active and diverse.

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Slide 11: Prudently managed LCR supported by a highly liquid balance sheet

52. Onto the next slide on liquidity.

53. Our average LCR of 158% is £117 billion in excess of our regulatory requirements.

54. Our average net stable funding ratio was 136% and the loan to deposit ratio was 75%, both demonstrating a continued robust liquidity position.

Slide 12: Diverse and growing deposit base

55. On slide 12, you can see that our deposit base increased by 1% across customer segments.

56. This quarter, we saw continued growth in International Corporate Bank deposits as we strategically target growth across the UK and US.

57. Elsewhere, our deposit base continues to demonstrate a high level of stability as a source of funding, with diversification between customer segments, geographies and currencies.

58. A significant proportion also benefits from long-standing operational relationships and deposit insurance.

Slide 13: Structural hedge expected to deliver income growth beyond 2028

59. Turning to slide 13.

60. Structural hedge income growth is predictable and benefits all divisions, accounting for circa 45% of Q2 Group NII.

61. It will drive around half of the planned Group income growth from 2025 to 2028 and remain a meaningful tailwind beyond.

62. As a planning matter, these expectations are based on a 3.5% reinvestment yield.

63. Swap rates were above this level again in Q2 at 4.3%, further supporting NII in future years.

Slide 14: Targeting Barclays PLC to be "A" composite across all indices over time

64. Finally, a quick word on credit ratings.

65. Our target remains for Barclays PLC senior to qualify as single A composite across all indices. This would require an upgrade from either Moody's or S&P.

66. We believe the outcomes of our strategic plan and consistent execution to date support this objective, particularly in terms of increased profitability and greater capital generation.

67. We will continue to engage with all credit rating agencies on this topic.

68. With that, I'll hand back to Anna.

Anna Cross, Group Finance Director

69. Thank you for your continued support of Barclays and our broader franchise.

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