Barclays PLC FY 2025 Results

Fixed Income Conference Call Speech

Anna Cross, Group Finance Director

Daniel Fairclough, Group Treasurer

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1. Good afternoon and welcome to the Full Year 2025 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 in 2025 and key areas of the progress and targets update announced this morning.

Slide 3: We achieved our 2025 financial guidance

3. Barclays achieved all financial targets and guidance in 2025.

4. We generated a Return on Tangible Equity of 11.3%.

5. Top line income grew by 9% year on year to £29.1 billion and we achieved our NII guidance for the Group and for Barclays UK.

6. Our cost income ratio once again improved year on year, to 61%.

7. And the Group loan loss rate of 52 basis points was comfortably within the 50 to 60 basis points through-the-cycle guidance.

8. Finally, we remained well-capitalised, ending the year at the top of our 13-14% target range, after accounting for today's buyback.

9. This positions us well to deliver against our 2026 targets and provides a solid foundation for future progress.

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Slide 4: Barclays – a journey to sustainably higher returns

10. Taking a step back, since 2021, Barclays has been on a journey to sustainably higher returns.

11. So far, this has been through stabilising the bank's financial profile and exercising capital discipline...

12. ... keeping RWAs stable in the Investment Bank and building on its strongest areas...

13. ...while prioritising growth in our highest returning UK businesses.

14. Alongside this, we have simplified our processes to drive efficiency and exited non-strategic businesses.

15. Year by year we are improving the profit signature of the Group.

16. And by delivering stronger financial results, we create capacity to invest to secure sustainably higher returns, which extends beyond 2028.

Slide 5: Our plan remains constructive for fixed income investors

17. We believe that our plan continues to be constructive for fixed income investors and slide 5 provides the highlights.

18. Looking forward, we are confident in delivering Group RoTE greater than 12% in 2026...

19. ...building to more than 14% in 2028.

20. Stable income streams in the retail and corporate businesses will materially drive income over the next three years.

21. This is supported by the structural hedge, which will drive circa 50% of total income growth.

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22. We expect modest cost growth supported by planned efficiency savings and normalisation of the elevated cost base in 2025.

23. This combination will deliver positive jaws in every year of the plan, as we have done in the last three, yielding a low 50s Group cost income ratio in 2028.

24. Meanwhile, the Group has operated around the through the cycle loan loss range of 50-60 basis points for the past decade, and this range remains appropriate going forwards.

25. Our strong risk management position is supported by our risk transfer capabilities, where we executed our first UK consumer loan securitisation in Q425.

26. We will continue to grow in our home market.

27. So far, we have deployed £20 billion of the £30 billion planned business growth RWAs over the three years to 2026.

28. We expect this momentum to continue, enabling more than 5% loan growth annually to 2028.

29. And we will continue to maintain broadly stable Investment Bank RWAs, at around £200 billion.

30. As a result, we expect Investment Bank RWAs as a percentage of the Group to fall to circa 50% by 2028.

31. This is later than the initial target of 2026, as it reflects the postponement of previously anticipated regulatory changes.

Slide 6: Strong capital generation supporting unchanged capital priorities

32. And finally, a word on our capital priorities.

33. Stronger returns will drive capital generation of more than 230 basis points in 2028, an improvement of more than 30% over the next three years.

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34. And we continue to exercise disciplined capital allocation.

35. First, by holding a prudent level of regulatory capital, which remains our top priority.

36. As you have seen, we have been operating around the top of the 13-14% target range, ahead of the expected regulatory developments, which Dan will cover shortly.

37. Second, by distributing capital to shareholders.

38. Third, we will maintain capacity for selective investments to support structurally higher returns beyond 2028.

39. Given the strength of capital generation, this capacity does exceed the level of investment set out in the plan today.

40. I'll now hand over to Dan for detail on the full year performance.

Daniel Fairclough, Group Treasurer

Slide 8: Robust capital position with 14.3% CET1 ratio (14.0% rebased)

41. Thanks Anna.

42. Let me begin first with capital on slide 8.

43. We ended the year with a CET1 ratio of 14.3%, generating 173 basis points of capital from profits.

44. Given this strong capital position, we have announced a £1 billion share buyback and an £800 million final dividend, equivalent to 5.6 pence per share.

45. Adjusted for the buyback announcement, the CET1 ratio is 14%.

Slide 9: Guidance on regulatory driven RWA inflation

46. Looking ahead, we continue to expect between £19 and £26 billion of regulatory RWA inflation.

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47. Within this, the circa £16 billion effect of IRB migration in the US Consumer Bank remains our best estimate.

48. Around £5 billion of this will now happen with the implementation of Basel 3.1 on the 1st of January 2027, with the remainder anticipated later that year.

49. In addition, we continue to expect a Basel 3.1 day 1 impact of £3 to 10 billion of RWAs. We expect to provide further guidance later in the year as we work through the final rules.

50. We are likely to use the option available to implement some elements of FRTB later, on the 1st of January 2028, which may defer a small amount of this impact.

51. We expect a reduction in the Group Pillar 2A requirement following each of these changes.

52. We have been operating around the top of our 13-14% CET1 range, with the returns and distributions in the plan announced today based on this level.

53. Post implementation, we will consider where we operate across the range.

54. On the broader regulatory landscape, in the UK, we welcome the constructive tone in the recent FPC review around bank capital requirements, and the considerations of other major jurisdictions.

55. However, it is important to emphasise that the FPC's reduced system-wide benchmark for Tier 1 capital does not affect the industry's current capital requirements, or operating levels in itself.

56. Instead, the review represents the start of a process of engagement.

57. We will continue to work closely with the Bank of England, with a view to promoting international alignment and the competitiveness of our business, and of the UK financial services sector.

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Slide 10: Operating with a prudent buffer to each tier of capital requirements

58. Moving up the capital stack, on slide 10, we show our Tier 1 and total capital requirements as a proportion of RWAs.

59. 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.

60. Our Tier 1 ratio is 17.9%, maintaining a healthy headroom above our 14.6% regulatory requirement.

61. Within this ratio, we had an AT1 component of 3.6%.

62. Looking ahead, we expect to maintain robust ratios across all tiers, and have a light capital redemption profile this year, including no AT1 calls.

Slide 11: MREL position well established

63. Turning now to slide 11, we issued £16 billion of MREL in 2025, with an MREL ratio of 35.8%.

64. In 2026, we expect to issue £10 billion, with a skew towards Senior, reflecting more limited requirements for AT1 and Tier 2.

65. This target is lower than last year given pre-funding in 2025 and the maturity profile throughout 2026.

66. We have continued to seek currency diversification where it makes sense.

67. We have also extended our weighted average life at historically tight spreads.

68. This included a non-call 10 Euro AT1 and a non-call 20 dollar Senior, with both seeing strong investor demand.

69. This can be helpful in reducing the sensitivity to credit spreads and our go forward annual issuance requirements.

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Slide 12: Prudently managed LCR supported by a highly liquid balance sheet

70. Onto the next slide on liquidity.

71. Our average LCR of 170% represents £131 billion in excess of our regulatory requirements.

72. Our average net stable funding ratio was 135% and the loan to deposit ratio was 73%, both demonstrating a continued robust liquidity position.

Slide 13: Diverse and stable franchise deposit base of £586bn

73. On slide 13, you can see that our deposit base increased by £25 billion across customer segments.

74. We saw strong corporate growth, driven by the development of our US Dollar offering in the International Corporate Bank, and an improved market share in the UK Corporate Bank.

75. Retail deposits also grew, both across our UK businesses, as well in the US Consumer Bank, reflecting the ambition to build core deposits as a percentage of total funding.

76. Our deposit base continues to demonstrate a high level of diversification between customer segments, geographies and currencies.

77. A significant proportion also benefits from long-standing operational relationships and deposit insurance, reflecting its stability as a source of funding.

Slide 14: Gross structural hedge income expected to grow beyond 2028

78. Stable deposits across the Group led to the full reinvestment of maturing structural hedges throughout 2025, compared to our prior planning assumption of 90%.

79. We also reinvested these hedges at interest rates of circa 3.8%, higher than the 3.5% assumption.

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80. As a result, gross structural hedge income increased £1.2 billion to £5.9 billion, contributing 46% of 2025 Group NII, excluding the Investment Bank and Head Office.

81. Looking forward, we have already locked in £6.4 billion of gross structural hedge income in 2026, and £17 billion over the next three years.

82. This income will build materially and predictably, as we fully reinvest maturing hedges at higher yields.

83. The increase in the average hedge duration to 3.5 years reduces the quantum of maturing hedges to circa £35 billion per year, from around £50 billion in recent years.

84. This slows the pace of structural hedge income growth but therefore prolongs the expected positive effect until at least 2029.

Slide 15: Developing use cases for digital assets

85. Turning to slide 15, another area of focus in recent months has been digital assets, which are gaining significant traction within traditional financial services and present an exciting opportunity for Barclays.

86. Venkat talked this morning about our ambition to leverage digital technology to better serve our clients.

87. We are playing a leading role in the UK industry innovation and are well placed to bridge developments in the technology space between the US and the UK.

88. We are developing the tokenisation of our own deposits, which will lead to quicker and more straightforward transactions for our clients.

89. Over time, we expect this to enable the tokenisation of other assets, in particular across our capital markets businesses.

90. In this space, we are participating in the Sterling Tokenised Deposits - or GBTD - pilot phase.

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91. This is focused on connecting traditional and tokenised deposits in the UK, and overlaying new functionality, such as programmability.

92. The GBTD will allow us to test both retail use cases, such as remortgages, and wholesale use cases, such as corporate bond issuance and investment.

93. We are also exploring our role in the stablecoin value chain and use cases for clients.

94. Here, Barclays is working with other leading GSIB's to investigate potential benefits and implications of jointly issuing a 1:1 reserve-backed form of digital money.

95. We are actively engaged with authorities in core jurisdictions to foster innovation, while ensuring key risks are mitigated.

96. Digital assets present the opportunity to significantly transform key activities within the financial services industry for our clients, and we are excited to drive this transformation.

Slide 16: Targeting Barclays PLC to be "A" composite across all indices over time

97. Finally, a quick word on credit ratings.

98. 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.

99. We believe the outcomes of our strategic plan, and the targets announced this morning, support this objective in terms of increased profitability, greater capital generation and a continued rebalancing of the Group.

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

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

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Anna Cross, Group Finance Director

102. Thank you, Dan.

103. To summarise, these targets represent a realistic ambition of what we expect to achieve in the next three years and is underpinned by our robust capital and liquidity positions.

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- MREL reported as at 31 December 2025 is based on Barclays' understanding of the Bank of England's statement of policy on "The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)" published in December 2021, and its MREL requirements communicated to Barclays by the Bank of England. In July 2025, the Bank of England published amendments to the December 2021 MREL statement of policy, which took effect on 1 January 2026. 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 amended statement of policy, along with international developments;
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