Barclays PLC FY 2025 Results

17 February 2026

Analyst Sell Side Meeting transcript

(amended in places to improve accuracy and readability)

Anna Cross, Group Finance Director

Good morning. It's not long since I last saw most of you. So, what I'm going to do is I'm going to briefly cover a few additional themes, and then we'll open for Q&A.

AI dominated all of last week. Let me start here. So, when it comes to lending, our customers and clients are open to borrowing from institutions they don't bank with. But experience tells us that they approach deposits very, very differently. Specifically, they want to deposit money with institutions that they trust. And for us, the primary banking relationship is key, and that's our focus.

Within Barclays UK, around 90% of our deposit holders have a current account. And more than 80% of our retail deposit holders have been with us for over five years, despite open banking being in place since 2018. In Barclays UK, about 81% of our deposit balances are within the insured limit, and that's in contrast to more than 92% in USCB, where we do act as more of a disruptor in the US market and therefore, do not hold primary banking relationships. So how do we maintain deposits in the UK?

Well, it starts with the app, which we are refreshing this year to provide more personalised support. Secondly, we provide savings products that are attractive whilst commercially priced. And we've said this many times, but we don't price to attract hot money. Despite industry-wide prompts encouraging savers to do more with their money, less than 35% of the UK savings market is in higher fixed rate accounts. Third, we are making it easier for customers with excess cash to access appropriate investments in Private Banking and Wealth Management, all within the same app and the launch of Premier Wealth Management in 2026 will expand and improve on the products available to Barclays UK customers, including planning and advice.

Finally, the key hurdle for any automated platform [would be that it also needs] to overcome KYC, so that's know your customer and authentication challenges without compromising customer security. We also recognise that savings is not an advice sale in the UK in regulatory terms. So, whilst we are building AI-driven personalised prompts and nudges, it is the customer ultimately

that makes the decision. Everything that I've said is also true for corporates, which is why capability improvements such as iPortal are so important to us.

Moving on to USCB. We showed portfolio movements from the [American Airlines] exit and Best Egg acquisition in Q2 on Slide 96 of the investor update presentation. Let me use this opportunity just to outline the moving parts. So as a baseline, you should expect around £950 million of income and around 12.5% NIM in Q1.

The exit of AA will lead to a circa $0.4 billion gain on sale in Q2, and will reduce receivables by circa 20%. That's relevant for the full year expected loan loss rate of circa 550 basis points and NIM of more than 13%, including a H2 NIM approaching 14%. Annualised income from Best Egg of circa $700 million will replace the majority of the lost income from AA. Best Eggs' originate to distribute model means that the income is mostly fee-based with no material impact on either NIM or loan loss rate. This is why on a go-forward basis, we are guiding to income CAGR in this division. As a reminder, we will recognize $525 million of goodwill from Best Egg. So, bear that in mind as you are modelling your TNAV. As we look to consensus, we think that TNAV is broadly in the right place with most movements from here reflecting profits, dividends and buybacks.

Moving on to the other hot topic, which is the structural hedge. As we disclosed a week ago, 45% of the hedge income growth will be allocated outside of Barclays UK in 2026 versus 25% last year, and this change in mix will continue beyond 2026. To be absolutely clear, this is not a choice that we have made. It's not a tactical choice, but it's a mechanical output.

It reflects three things. Firstly, the structural hedge that we disclose is not a single hedge, but a collection of multiple hedges. [Second, Barclays UK has a shorter duration product hedge due to its deposit mix, given the higher proportion of managed rate savings than the rest of the Group].Third, the UK receives a lower proportion from the equity hedge, which has the longest duration given that it has only around 1/4 of group RWAs versus 55% in the Investment Bank, for instance. As a result, the UK structural hedges repriced faster and are repricing faster onto higher rates than the rest of the group, which is starting to catch up now. So, hedge income support remains significant for Barclays UK, but income growth is becoming more meaningful elsewhere in the group.

Lastly, before closing, you would have heard Venkat last week announced a £500 share grant to all full-time employees outside of managing directors. To help you with the modelling, this equates to circa £50 million operating costs booked in Q1 in Head Office, very similar to last year. With that, I am happy to take your questions.

Aditi Vittal, Exane BNP Paribas

So just a question here about the Investment Bank RWAs. How should we sort of think about the trajectory of the Investment Bank RWAs given that the prior guidance of 50% for the group by 2026 has been pushed due to the timing of the regulatory impact. But by 2028, you'll have a couple of additional years of organic RWA growth from other divisions. So, sort of if Investment Bank RWAs are flattish, could that not mean that the IB is less than 50% of the group or by stability in Investment Bank RWAs, should we think about some very modest low single-digit growth and optionality depending on the environment?

Anna Cross

Thank you very much for that. So, what we're saying simplistically here is that we do expect RWAs in the Investment Bank to remain around circa £200 million. As you've seen over the last few quarters, they have been slightly below that, slightly above that in various quarters, but think of that as where we expect them to be over the next three years. The circa 50% reflects, I guess, it could be either slightly above or slightly below that. We're just giving you sort of a circa number. We do expect growth for the UK businesses whilst holding that flat. Obviously, the point here that we're reflecting on that's somewhat out of our control is the regulatory timing. So, what we're telling you now is no different to what we told you last time really and don't expect the mechanics or the strategy underpinning it [to be any different].

Amit Goel, Mediobanca

So, two for me. One, I guess one of your peers are talking about reinvestment of the equity hedge in gilts. Just curious what you're thinking there, whether you could do that to get a bit more income?

Secondly, just in terms of the inorganic kind of growth strategy, obviously, there's potentially a lot of capital build. Obviously, there's the distribution piece. We saw, I think [Barclays] name was at least in the press on the Evelyn Partners potential transaction. So how are you thinking about the inorganic capital deployment? And within that, is that also part of getting the Investment Bank down to the kind of 50% that you now target for 2028 in terms of RWA consumption?

Anna Cross

Thank you for that, Amit. I will let Dan Fairclough, our Group Treasurer, pick the first one up and then I'll come to inorganic.

Dan Fairclough, Group Treasurer

Yes. We've obviously got a different set of options available to us in relation to leverage compared to some of our retail-focused peers. So, we will generally deploy available leverage balance sheet into the Investment Bank, in particular into Financing and the returns there, we would expect to be significantly higher than us kind of using it in the structural hedge and getting a little bit of deal pickup versus swaps. So, for us, you should expect us to continue to use swaps, and that's what our numbers have been based on.

Anna Cross

So, Amit, let me just cover off the last point you made first. We are not relying on inorganic to get to that circa 50%. We believe that, that is a continuation of the organic progress that we've made thus far. You've seen us make a number of small acquisitions over the last few years, Kensington, Tesco and now Best Egg, which completes in Q2. And I guess they all have a few things in common. First is that they are deliberately furthering our strategy. So, they're either giving us a bulk volume like Tesco did in unsecured, which was something that we really wanted or they're giving us a degree of capability or both. So, think of them as having to really, really lock into the strategy that we've laid out for you.

The second thing is that for us, price is very important. Why is it important? Because we've got a very, very strict capital hierarchy. Firstly, regulation, you can see we're operating at the top end. But distributions are very important to us, very important to our shareholders, whether they be dividends or share buybacks. We don't want to disturb that. And that means that we are focused on anything that we buy adding to the division that it sits within. So, is it RoTE accretive or ROIC accretive, if that's more relevant given the nature of the business? Or if I look at it from a Group perspective, is it EPS accretive? And actually, how do I compare that to the RoTE of a share buyback. So, we're considering those factors as we look at any acquisition.

And then the third point is how do we blend it into the organisation. Now we've spoken in the past about the ease of integration. The reason that's important is because we don't want it to distract us. But equally, the harder the integration is, the sort of harder you need to stare at your synergies candidly because it can put some risk into the process. So, we'd be very mindful of that. But what do we mean by blend? Really, how does it enhance what we are doing organically. That's really important to us. Think about how Kensington has added to our mortgage journey. Think about how Tesco has allowed us not only to lean into unsecured lending, but also deploy a more sophisticated range of deposit pricing in the U.K. and think about how we expect to take Best Egg into other partners in the US. So it's really that point around how can you sit it on top of your

existing organic strategy and really push the growth. So, things that we are looking for, we'll have to tick those three things off. And if we're not picking them up, then for one or many of those reasons, then we've backed off. But it would be over and above our existing organic strategy.

Nicolas Payen, Kepler Cheuvreux

Two questions on the UK, please. The first one will be on the fee income. I think you're guiding for flat fee income in 2026. So just wondering what is driving this flat guidance and why no growth in 2026? And what kind of growth should we expect from 2027 onwards?

And then on costs, you're guiding for sequential cost decrease over the next two years. Just wondering how we should think about it? Is it a linear trajectory? Or what is the pace of efficiency savings versus investments?

Anna Cross

Thank you. So, we do expect some fee growth in the UK, but that's largely under construction now. So, I'm not anticipating in 2026, which is why we are guiding you to a broadly flat position of circa £250 million each quarter, about £1 billion over the year. It's not entirely flat because there's a degree of seasonality that comes from kind of interchange and spend. But think of that as a bit of a baseline from which we will build. So the fee-based products will not only hang off the relaunched app, but it will also come from some of the 'Premier' focus that Venkat talked about on [FY25 Results / Progress and Targets Update] Day last week.

In terms of costs, we are expecting sequential cost reduction. I wouldn't expect it to be entirely linear though, because clearly, there's a greater fall off that we expect in 2027 just because of Tesco. Think about BUK costs coming or cost savings coming in sort of two flavours. The first is the level that relates more generally to the group, which is coming from IT transformation. So that will build through the plan period. And actually, much of it will extend beyond the plan period in terms of what we're doing. So, platform simplification, AI deployment, change delivery, so really underpinning those more structural cost changes in the IT stack. BUK has done a lot so far, but it's been much more operational kind of customer journey-led product simplification. So, this is a bit of a shift in focus towards technology. Second thing then comes from Tesco. In 2027, I expect not to have the £100 million of integration costs that we've currently got. And also, we expect to see around £100 million of synergy costs coming through. So, there'll be a bit more of a step change then and then continuing from thereafter.

Michael Christodoulou, Berenberg

Just a quick one for me. At the beginning of the remarks, you mentioned UK is more of an incumbent in terms of AI, while in the US, it's more of a disruptor. So, if we're thinking further down the line, which one of the two parts is the most sustainable in that regard. You're thinking being in the US as a disruptor makes sense, would that open risks for the UK from potential disruptors? And how would you react to that?

Anna Cross

Good question. Thank you. We do think of ourselves on either side of the Atlantic, certainly in retail terms as different things. And originally started as the card business in the US, but now what you've seen is us adding a digital savings platform and now digital unsecured lending. So, pulling that together and being very partner-focused with a broad representation. So, it's not a bricks-and-mortar business. Interestingly, and I don't think we talk about this so much, bigger than Chase in the UK. It's a substantial business. And we do see opportunities to grow it with that sort of framework in mind. So very digitally led.

In the UK, we start from a very different place. In UK Corporate or in Barclays UK, you're talking about very, very strong primary banking relationships, which, as you say, is where I started this discussion. So, you're really trying to bring your customer or your client into your ecosystem and do as much for them as possible. That's very different from the kind of disruptive mindset. We see our strategy from here as being very much a continuation of that.

That said, in the UK, it's really important that the app and the pricing are as good as those of our competitors and indeed our customer service. We've made a lot of progress over the last few years. We're now pretty much top of the large banks in terms of customer service, but we don't recognise that as the standard that we need to get to because of some of the disruptors around us. I think of it as remaining true to being a disruptor in the US and in the UK using the disruptive elements around you to make your primary relationship better and better and better.

Edward Firth, KBW

I have two, I guess, related questions about Barclays UK NII, and I guess the first one was, I don't want to get too tied up in the detail, but your Slide 16 shows the sort of progression of the margin. The overall margin was up 4 basis points. But if I look at your blocks, the hedge is 6 basis points of positive and then you say the product margin was a further positive. So I'm just trying to work out what's going on? What's the negative that brings the margin back down there to get you just to sort of a net 4 basis points? Because I thought it could be the mix, but actually, you're growing

unsecured really strongly, much more strongly than mortgages. So, if anything, the mix I have thought would be a tailwind. So I guess that's my first question.

Then sort of related to that, can I ask you about your target of revenue of NII of £8.1-8.3 billion. And it's a similar question I've got actually for every single UK bank. So, you're not alone in this. But the bottom end of that £8.1 billion is basically flatlining revenue from Q4, which if I hear management talk, everybody is going on and on about the hedge and all the billions of money that's coming through, and that just sort of contrasts somewhat with flatlining on Q4. And yet, I'm seeing the same from everybody. Lloyds is telling us similar; NatWest is telling us similar. So I'm just trying to understand, I get the sort of - we can all do the math on the sort of rate cuts and the £100 million mortgage, but that is not enough to offset the whatever it is, £550 million, £600 million you're supposed to be coming through on the hedge. So, is there something else going on that we're not really focusing on? Is it like deposit pricing pressure or something that you're expecting next year? Or are you just giving us a lowball number so we can like set the fireworks off next year when you smash it? Does that make sense?

Anna Cross

It does make sense. Thank you for that. So, Ed, I mean, we can come back to you with the math on each part of that block. But the way I think about it is on the structural hedge, you're getting income, but obviously no offsetting asset balances. As you get the other growth coming through, you're going to be getting some income, but quite a big move in the denominator as well. I suspect it's got something to do with that, but let's work through that math with you.

In terms of Barclays UK, the way I think about it is - so you can take Q4 and flatline it. There's a bit of seasonality in Q4. So, I'd be a little bit aware of that. But the way I think about it is start with the overall, which is £7.7 billion and add on the hedge, okay? So the hedge for BUK on a full year basis is going to be about £550 million, okay? So that's the math thus far.

Then on top of that, what we're telling you is that there are some sort of transitory mortgage pressures industry-wide in the first half that we think is worth about £100 million to us. So, take that off. That's going to get you very firmly into our range. We're giving you a range simply because of some of the things that you're calling out, which is the deposit pressure or the deposit margin. So, we do expect to see lending growth, but also we have seen pretty intense deposit competition. So, in the math that we're giving you, we're broadly offsetting those two things. Now some of that deposit mechanism, again, is one or two base rate rises depending on the individual business, the individual bank assumptions. But there's also just this kind of ongoing quite intense

deposit pressure in the UK that we see and it's been there since pretty much the season of last year.

Edward Firth

Do you think that deposit competition is related to the hedge, i.e., that as this hedge is coming through banks are sharing that with deposit customers? Or do you think it's independent of that? So I mean, if we didn't have the hedge, do you think that deposit -- I know you can't answer, but I'd just be interested in your opinion as to whether the two are related or actually without the hedge, we have falling revenues.

Anna Cross

It's a good question. I mean you need to ask who has the hedge. So, there's not actually that many hedges of that scale in the UK, three, maybe four. And actually, a lot of the deposit competition is coming from outside of that group, particularly in the sort of challengers that we've been talking about or the disruptors that we've talked about. So, I don't think that they are necessarily connected. But certainly, as a larger bank with more deposit stability, whether or not you include the hedge, you're probably less inclined to leave that deposit competition. Dan, you might want to add.

Dan Fairclough

I would agree with that. I think the real source of competition is obviously the challenger banks, in particular, in the sort of 1-year fixed kind of product set. So yes, I think it's not related to the hedge. I think if you asked the question on the asset side, then that's probably got a little bit more [in the hedge]. The mortgage market continues to be pretty competitive too.

Perlie Mong, Bank of America

I'll start with costs. I think probably back end of last year, you were still expecting 2026 costs to be flat to maybe down a little. I think that is no longer the expectation. Is it just front-loading some investments? And if so, sort of what? Because I suppose the question is more broadly because if I think about £17.7 billion, 2025, modest growth to 2028 is quite an ambitious target. So, it would be very interested to hear how you're thinking about the investment piece. And do you see any risk of maybe having to increase investments maybe like you have done in 2025, which is good for the business, but just wondering how you're thinking about it. So that's one.

And number two is on USCB, the £950 million guidance for next quarter, it's almost£100 million down from Q4. So, I understand £45 million has some sort of one-off in that is to do with the accounting change. But the other £50 million feels like quite a big drop, and we haven't seen that

seasonality in the last three years. And also, you're now guiding to high single-digit CAGR in that business. So, I would be interested to hear where is that growth going to come from more tangibly.

Anna Cross

So if you look at our cost flight path, you will determine that I think most of the increase in costs this year comes from Best Egg. So, if you think about the roll-off of the matters that we said we expected to be a bit more one-off this year. So think Motor Finance, think some of the one-offs that we took in the fourth quarter, particularly in Barclays UK, a bit of inflation, a bit of investment, that would have taken us to broadly flat, and then you've now got the Best Egg cost. So, I think that's a big difference in 2026. More broadly, sort of as we go out to 2028, really, what we're saying, is that we're expecting about £2 billion of efficiency saves. We are expecting the roll-off of costs that won't exist in 2028. So, by that, I mean Motor Finance and the Tesco things that I talked about before. So, say that's another £2.3 billion.

Then going the other direction, you've got a lump of inflation. That's been running at sort of £400 million a year. So say that takes us £1.2 billion of your capacity. That leaves me with a little bit more than £1 billion to invest. And that's really the simple math of how I see it as being sort of broadly flat, if that makes sense. Because that's the sort of increase in run rate of investments that we're talking to you about.

If I just move on to USCB, I think there's probably three things going on in there. The first is the £45 million that you called out, which was the Non-NII one-off. The second thing is there has been a bit of a deterioration in the US dollar rate. And so just from sort of Q4 into Q1, we're seeing some weakening in the dollar and clearly, that's going to translate into slightly lower income levels. And I think we feel that the Q4 was particularly strong as a holiday matter. So, there's nothing beyond that in there. So maybe a tiny bit more seasonality than we would ordinarily see.

The growth across the plan, we see is coming from a couple of things. The first is obviously continued growth in the balances organically. We've made really good progress both in renewing our partners but also growing those partners through time. Onboarding General Motors, obviously, we'll see a full year of that, and it continued to grow in its balances, which is progressing nicely. The other thing I would say is we typically assume at some point through the plan of sort of partner X, it won't be big, I think, between £2 billion and £4 billion across the three-year position. That's roughly what we do across any three-year plan. And then finally, you do have the benefits of Best Egg obviously coming through. So coming on at around £700 million, but obviously, our intention thereafter is to grow it. What we would expect to see probably sooner than cost

synergies is revenue synergies in terms of funding costs. So those are probably the moving parts in terms of USCB.

Alvaro Serrano, Morgan Stanley

My questions are more on the AI sort of CapEx cycle and if you could help us think through it. So, some of the plans in the US of the hyperscalers have humongous sort of numbers behind on the CapEx side, which, I mean, it looks good for business, issuance, etc, presumably deal logic suggests that year-to-date, things are going very, very well. But on the other side, we see a lot of the banks offloading data centre risk and some of these numbers, the share price reaction questioning if it's a good use of money. How are you thinking about it from an underwriting perspective? Are you just intermediating, issuing, helping them issuing the bonds? Or how much risk are you taking from a credit perspective? Or how are you thinking about it?

And potentially on the other side, more as you think further down the line as well on the underwriting risk, how do you think about AI affecting the underwriting risk more broadly? I'm thinking also here on the retail side, the risk of disruption sort of efficiencies and ultimately would lead to job losses. Can you help us think through it because that's also doing the round.

Anna Cross

So let me start with sort of AI / software just as an Investment Bank matter. I mean we don't think of this as differently to other sectors really. So, expect us - and I think it's Slide 100 in the deck, expect us to deal with this type of credit with the same degree of rigor, even though it's had clearly a huge strategic focus, there is a massive sort of build in funding in the US. From our perspective, we would maintain the same kind of concentration limits, the same kind of sector diversification requirements as we would have anywhere else, both in terms of the sector and the counterparties involved. Expect us to deal with parties that are relatively larger and more established, etc. So just a continuation of that really. If we had significant concentrations, you would see it in our disclosures, and you can see that actually it's subsumed within a much larger bucket, the name which I've completely forgotten, but we will come back to you. So it's not an outsized position for us.

That said, given the activities over the last sort of four to six weeks, we are extremely focused on it and extremely focused on the levels of risk. And obviously, here, we use SRT as we use elsewhere in other sectors. So, nothing to call out if there were, then we would have done so.

In terms of underwriting on personal, we've had some really interesting questions on the road on this actually as to whether or not we should be expecting more of a white-collar recession versus

a blue-collar recession, particularly in the US. But we see no movement in credit thus far. We're obviously very watchful as we always are, both in the UK and in the US. It feels a bit early to call the shape of the impact from many of our competitors and many firms across the industry, they're not really talking about headcount reduction. They're really talking about the spending that they're undertaking and perhaps technology efficiency. So, we will watch it very, very carefully. We're also very mindful that AI and sort of data more generally can bring us huge benefits on the underwriting side just because of our ability to ingest data and process that data. That's actually the fundamental basis of Best Egg. So, we do see opportunities to learn here. I think it's on both sides of that particular argument, Alvaro, but very, very watchful.

Jason Napier, UBS

If we could stick with Best Egg for a moment. You spoke about bringing the data sort of expertise to other partners or perhaps I was thinking more RWA efficiency gains and so on. So, if you could just talk a little bit about what that might mean and if there are consequences for post Basel IRB RWA density, perhaps where you think that might land once all that's done.

Secondly, in the strategy slides, there's quite a lot of talk about the huge growth you've seen in Prime balances and there's interest in the market as to what's happening to margins there. So, if you wouldn't mind just sort of repeating what's happened to balances and revenues, where they live and how you're seeing things evolve in that part of the Investment Bank, that would be great.

Anna Cross

Best Egg comes from two things really. The first is our desire to be this more sort of rounded consumer disruptor, if you like, in the US. So really looking for a capability around unsecured loans. We were doing some unsecured lending with some of our partners, but it was really quite limited. So really, if you like, purchasing a capability that we really lacked. So it's partly about the products there, but equally about the capital-light model.

Now unsecured loans are lower in capital anyway, even under IRB than cards because obviously, it's fully drawn. There's no undrawn element to it. So, it's an inherently more capital-efficient product even if you keep it on your balance sheet. But obviously, the nature of Best Egg is it's a largely originated securitised model. So, from that perspective, we are really mindful of the impact of IRB and potentially the regulatory divergence that we have versus some of our US peers. And therefore, the strategy for this business was both to diversify and to look for more capital-light streams of revenue. And if you recall, way back in 2024, we did that very early trade in terms of securitising the credit card balances.

So, I expect us to lean on both things on both the diversification and the capital-light nature of it. We expect to bring cards and savings and Best Egg to our partners. Sort of simultaneously, if you like, so a much fuller relationship for them. We do expect to securitise much of what we are doing in the US. And that's also very attractive because it means that we're originating consumer lending for our markets business, which gives benefits there also. So, it's quite a fulsome integrated strategy if that makes sense.

Jason Napier

Can I just check in the previous strategy, I think [RWA density went to 160%, and we thought we might mitigate it to 140%]. Did you update that objective in this plan?

Anna Cross

No, we did not. So, the only thing that we've said is that at this point in time, we still expect £16 billion to be roughly the right number. We are well progressed with that model, and we do expect to have it approved and implemented in 2027. So, we're getting ever closer to something that has always been on the edges of the plan. But hopefully, we'll get it behind us. So that's how we're thinking about Best Egg.

On Prime, we've seen about 60% growth in balances over the last couple of years. That's, I think, an expansion of the industry, some improvement in our reach in that industry, particularly as we've sort of taken some balances on in Asia. Obviously, as we talk about Financing, we're talking about Prime and Fixed Income Financing. So Prime sits in Equities, Fixed Income Financing sits in FICC. And then what we do is we give you a different, if you like, perspective of that disclosure rather than a FICC equity split, we give you an Intermediation vs Financing split. So the financing number that we give you is FICC and Prime. Typically, we would expect margins in FICC to be narrower, wider in Prime. And actually, those margins have compressed over time but have been relatively stable towards the second half of the year.

Sheel Shah, JPMorgan

I've got two questions, please. First, on the Investment Banking business. You've done a review of the loan book, so 60% of that is done, and you've seen a 150 basis points pickup in income over RWAs. Firstly, can I ask how much of that pickup is due to maybe more penetration on the income side versus the recycling on the RWA side? And secondly, on the remaining 40% how much of a benefit should we expect? Are we thinking that the low-hanging fruit is already done and we're going to be squeezing harder? Or should it be a sort of a symmetrical benefit there?

And then secondly, on UK corporates, a lot of these banks in the UK are targeting this segment. Can I ask how asset spreads are looking in this market, particularly as market share gains is a story for a lot of the banks here?

Anna Cross

So the answer is it's a bit of a combination, and we haven't split that out because essentially, what we are doing here is we recognise that two things were true, and they're drawn from, if you like, our historic strength in Fixed Income across Barclays very, very widely. So we're very good at DCM, very good at Lending, probably not as disciplined as we should have been around the returns on that Lending and very focused on getting the initial piece of debt, the RCF and then assuming that we would get subsequent Banking fees to go with us with that, and that would complete the client returns. Clearly, that's quite difficult for us to control. It didn't always happen, which is one of the reasons we pushed more discipline into that business.

So, it's not only about reviewing the returns of those loans as they come up for renewal, but also saying what happens then? Either the returns have to improve or we have to broaden the relationship out into Transaction banking. So it's actually a combination of the we see it as one single discussion with the client, which is why we haven't separated it. But we have seen considerable growth in deposit balances. I want to say our dollar deposits are up by about 140%. And that reflects the particular focus we had on, if you like, our US or US nexus clients. So, they might be UK businesses operating in the US, we might have some dollar debt with them. We also want to have some dollar deposits. So, I would say a combination of the two.

The remaining 40%, don't think of it as low-hanging fruit. Think of it as literally the things that came up for renewal during that period. Roughly, the loans have a three-year average life. So, there's no reason to expect that the remaining year will be different to the first two is the way I would think about it.

In terms of UK Corporate Banking, so what we haven't seen there is a compression in asset spreads. And from our perspective, it's really because we were coming from way behind. So, we are still considerably below our natural market share in that business. So, our loan-to-deposit ratio is 34%. If you look at our peers, it's going to be anywhere between 55% and 80%. So, we're coming from a really different position. And all we've done is created an expectation that we would lend with the regional teams and improve the process.

Now clearly, we would expect to see some momentum there also coming from the fact that we're consolidating everything onto one platform from five in the shape of Portal. But as I look, I'm really

happy to see the growth. They've grown their income in the fourth quarter by 18% from lending. We've seen about 100 basis point pickup in market share.

I'm really happy about that, but I'm just as focused on the RoTE, which means there's two things that matter. The first is the default grade. The second is the margin. And neither of those two things are moving relative to the portfolio. So, this is not an expansion driven by pricing and risk. It's an expansion driven by capability and willingness to lend with clients we already have in the door. And indeed, going out and getting new clients. So, we've got, I think, more than 1,100 new clients in just two years. So, the business has some momentum now that it has not had for years. And actually, as I look sort of further out in the plan, one of the areas where I think probably consensus and our expectations are a little bit departing is probably the corporate business.

Rob Noble, Deutsche Bank

Thanks for your comments on AI within the deposit book. There's an awful lot of first, as you say, from the challenger banks for the deposits, a lot of term deposit compression, instant access savings compression. AI is kind of building the tech there, even though we've had open banking for ages, it only seems to just be impacting the market. What are the sort of the chances that, that level of deposit spread compression persists forever? And the NII actually comes out at £8.1 billion and flat lines because it's just expensive to run in the deposit market, and this just gets perpetually chipped away by technology.

And then secondly, kind of on AI as well, just what impact you see it having in the wealth market, given that's a bit of a focus last week and kind of looking at the reaction that the market has had and investors had to NatWest Evelyn. Does that make you question the reaction that people have had, does that make you question any acquisitions in wealth now?

Anna Cross

Thank you, Rob. Well, Vim Maru was reminding me yesterday that the first such platform was launched by Bradford and Bingley some time ago. So, this kind of approach has been out there for some time. We've obviously seen it become more sophisticated. But customers are moving their deposits around now. It's pretty much a friction-free market because we're nearly all optimising our deposits on our app, and it's pretty easy to do. That said, we are not seeing a significantly higher level of term deposits than we saw immediately post crisis. So there seems to be a sort of natural level, if you like. That said, we can't rely on that, which is why we're investing so much in the app because actually, what you want to do is bring your customers into your environment and for them to find everything that they need there so that they don't need to go. And obviously, that means that you know them better because you have the primary banking relationship, you can

give them the kind of nudges that it's much more difficult to do on a sort of open banking basis. So we think that's the way to address this. Clearly, we are also assuming that deposit margin pressure does not ease. So that was back to the question from Ed. So we're not assuming that we find out of this by the end of the year and that there's any difference in the margin pressure in this business.

You then need to think about what happens sort of if rates continue to go lower, then you make less and less money out of deposits anyway and you start to make more and more out of assets. That's why it's really important for NII longevity, that there is some diversification within NII. We're very, very focused as an industry, I guess, as a sort of investor group at the moment on the margins within deposits. But we have to grow NII from assets now because the rate cycle will tell you that in low rates, you make more in assets, less in deposits. That will come. And so for those challengers, that is quite a challenge to the model. You can't just be a deposit taker. What do you do with those deposits? How are you going to lend them. So, we do think about it through the cycle, we do think about it on a more holistic basis and technology is really, really important, not only engaging the customer on the deposit side, but also ensuring that we are lending to them and deepening that relationship.

In terms of wealth and AI, it depends on what you mean about wealth. So, there's a huge continuum here around how people think about their wealth and how they place it. So, if you go from our Private Banking business, -it's very high touch, very human-led. If you remember that slide that Venkat had, it was the one that's over on the left-hand side, and we would probably see that persisting. So, if you're looking at a Private Banking model, it's going to be predominantly human-led. If you're at the other end where you are an execution-only model like Smart Investor, now renamed Direct Investing, I think, that has to be execution only, completely digital, etc. Then wealth is somewhere in the middle. So, you are going to want to have your customers dealing with you digitally, getting digital prompts. And that's why that advice guidance boundary piece of work that the government is doing is so important because at the moment, the boundary to receiving advice is quite a high one. I give you advice, you pay me. That's what RDR requires. But actually, in advice guidance, it becomes a bit more like people like Rob, looks at things like this. So it's much more prompting guiding. In that kind of environment, you would expect AI to be much more relevant, the kind of nudges and understanding that you have of our customers. That's why we think this link between our 'Premier' and our 'Affluent' customers and that digital link from the app back to the point I made about you get in the app and you stay in that ecosystem and extending that all the way over into wealth, we think is really important. That does not exist in the UK at this point in time. That doesn't exist. So, you can come at it in a couple of ways. You can either buy a

predominantly adviser-led wealth business and sort of try and push it right to left or you can go the other way. And obviously, that's what we're trying to do.

Canberk Benning, Citi

So in the Investment Bank, you're only assuming a flat market share. I'm just wondering what assumptions are underlying this across FICC and Equities? And how do you see the competition playing out versus US peers?

Then the second question is on the US Consumer Bank. How much underlying NIM improvement do you think there's left to go? Because I think you mentioned that there's going to be a NIM improvement to 14% post the AA exiting the portfolio in Q2 2026. And how much of that is an underlying NIM improvement versus just AA coming out of the portfolio?

And then a secondary question to that, just on US cards. Any sort of update to commentary on the APR cap? What sort of solution do you think will appeal to the Trump administration over this 10% cap?

Anna Cross

So, we have a planning assumption of flat share. And for us, the number that we give you is basically the top 9 Investment Banks and our share of that combined revenue. It's a pretty rough indication because it includes things and territories that we do not operate in. So, there are times when we would expect to outperform and times that we wouldn't. So, we're not in commodities. We're largely not in Asian equities. So, it's a bit of a broad brush and it's a planning assumption. Basically, what we're saying on markets in particular, is that we've made really good progress. We expect to continue to make progress in our focused businesses and Financing in particular. So I won't give you a split between FICC and Equities, but think of us leaning on European rates, Securitised Products, Equity Derivatives and also continuing in Financing. So, they are the businesses that we're going to continue with there. So more of the same really. The market share is an output, and it tends to just move around because it's such a rough measure. You do get coalition data, which is much, much more specific, but it tends to come out with a huge lag, which is why we rarely report it out to you.

On USCB, the simple answer is before we take AA out in Q1, we expect our NIM to be 12.5%. Then it goes to sort of 13% in the second quarter because we're taking AA out relatively late, and then it goes to 14% when it's fully out. So, I would say roughly 12.5% beforehand, roughly 1.5% impact of taking AA out. And if you remember back to our original Investor Day [in February 2024], we did say that we expected to be at a NIM of greater than 12% [in 2026]. So, we're broadly where we

expect it to be and this extra pop, if you like, in the NIM is because of the portfolio change that we didn't plan for. I do expect it to continue to grow just because our strategy around more retail deposits doesn't change. Our strategy around continuing to rebalance the portfolio between retail and travel doesn't change. You're not going to see the same kind of step changes, but I would expect it to continue to sort of move on.

And then finally, on the APR cap. Firstly, well done, everyone. We got nearly all the way around the table without someone asking that question. It's a little quiet. From our perspective, we share the broader views of the industry that affordability is really important. It's important in any form of lending, whether that be unsecured or secured. So it's the right focus. It may not be the right way of going about it because actually what it would do is lead to a withdrawal of credit in the US. So, we might expect there to be further discussions around things that really sort of lean into affordability in the US. Maybe some of the things that have been on the table and come off like late fees, etc. So, we're just sort of watchful and waiting for that. In the meantime, the best thing that we can do is drive the profitability of the business and do what we've done with Best Egg, which is diversify it. So retrospectively, Best Egg looks better and better.

Chris Hallam, Goldman Sachs

Two questions. One, just quickly on some numbers you may or may not be able to give us, but just the average current account balances. And those are, I guess, period end. So how different do they look like on a sort of intra-month average versus end of the month just as people have been paid? And how much lower would the median be than the average on this?

And then secondly, you've talked about AT1 costs being sort of a hurdle rate for returns on the leveraged balance sheets in FICC Financing and in Prime. Do you think about that across customer relationships? Obviously, let's say, an institution using repo and prime, do you aggregate the two to think about the hurdle? Or do you think about it specifically within FICC on one side, Prime on the other? And then your AT1s are just, it's a very low hurdle rate right now, right? AT1, let's say, 5% to 6%. So that's obviously not the hurdle rate you think about managing the group towards. So how much would you sort of be willing perhaps to work on that AT1 hurdle rate compromising your group return, but maintaining market share, etc, within the financing businesses?

Anna Cross

Why don't I start off on that? I'm not going to be able to give you all the numbers that you want but let me help you think about it. And then I will invite Dan to make some comments on AT1 costs.

So, remember, there are two types of current accounts that we think about in the Group, and they actually move differently. So, in retail, customers get paid at the beginning of the month. And then typically, what happens is they start paying their bills, their mortgages, etc, balances drop off quite quickly. So, you get an intra-month loan.

Corporates are exactly the opposite. So pre-Barclays UK, when we used to have something called Personal and Corporate Bank (PCB), which some of you will remember, the current account balances were actually relatively stable because you have these two waves going in opposite directions. That makes sense. You're right, in retail, there is that intra-month dip, but there is the opposite in Corporate. And to a lesser extent, Business Banking, it's not quite extreme. But we don't disclose the sort of top to bottom drop in either of those. And obviously, they sit in different legal entities. Dan, why don't you talk about AT1 costs, and then I'll pick up how we think about the financing relationship.

Dan Fairclough

Yes. I mean exactly right. We do look at the AT1 cost, and we use it as a hurdle rate for the returns we would expect to get in the Financing business. We don't really think about it on a coupon level. We would always need to have the total capital level anyway. So, the way we think about it really is the spread differential between AT1 and Tier 2 because we weren't issuing more AT1 than we need, we would be issuing Tier 2 instead. So that's the way that we think about it.

In terms of sort of analysing the hurdle return for the business, just from a simplicity perspective, I think about it is that we should be clearing that return in our lowest returning bits of the complex. So extremely liquid fixed income where you've got the very highest quality government securities, that's generally the lowest margin business. We should be returning more than the cost of AT1 in that business and it's extremely liquid. So we've got a high degree of confidence that we can move it around. We would expect that the client return is obviously higher than that because if we're dealing with a client, they'll be dealing across multiple products and they are clearly profitable, then we are comfortable overall.

Anna Cross

And the last thing I would say is we do think about the clients as a single client across both platforms. So, as we deal with them, as we look at them, as we risk manage them, we are looking at them across Fixed Income Financing and Prime together. And that's really important if you like, the strategy of that part of the franchise.

So, I think that probably brings us to the end. Thank you very much for coming in. Really appreciate your time. Really appreciate your interest in Barclays. We will see you in an expectingly short period of time because this is the shortest quarter. So, we'll see you at Q1 very, very soon. And until then, stay well. Thank you.

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