US Consumer Bank

Investor Update: 20th February 2024

Barclays US Consumer Bank today

20+ years of expertise in US cards

#9 US card issuer[1]
A leading issuer in US partner cards market[1,3]

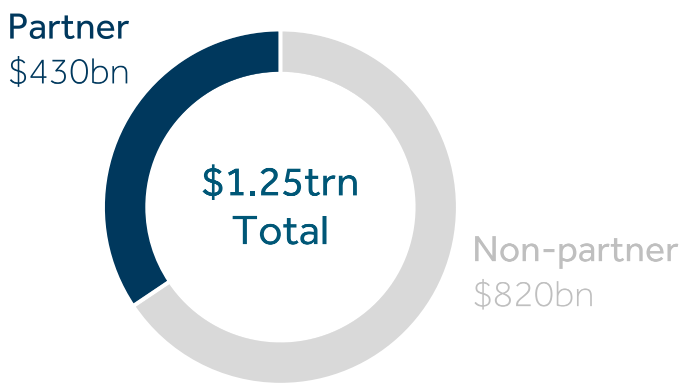
20 client partners
c.20m customer accounts

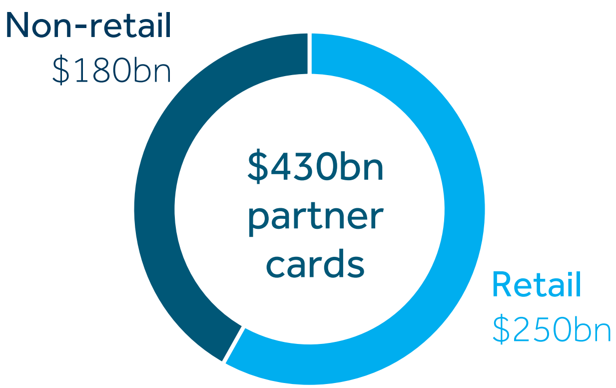
Prime book[2]: Average customer FICO **c.750**

Core strengths

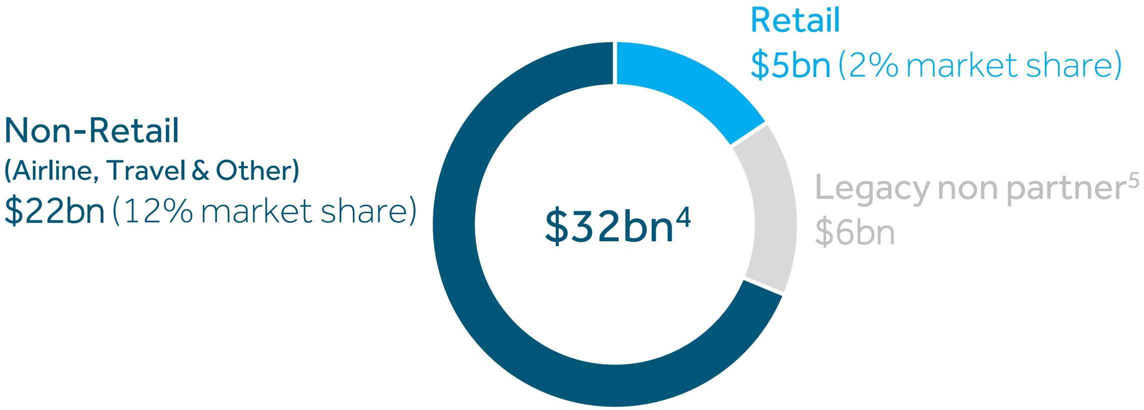
1. Deep partnership card expertise
2. Strong risk management
3. Track record of profitable growth
4. Synergies with Barclays Investment Bank

US Cards Market[3]





Barclays US Consumer Bank



Significant growth opportunity, particularly in Retail

[1] Ranking based on Q323 End Net Receivables reported by peers. | [2] Based on open accounts | [3] Source: Gate One Consultancy Group as at Q323 | [4] Ending net receivables in 2023 | [5] Stopped acquiring non-partnership branded card accounts in 2019 |

Our ability to succeed in the attractive US partner market

3rd
largest card market globally[1]

5%
balances CAGR over past 10 years

>80%[3]
of US cardholders use rewards cards

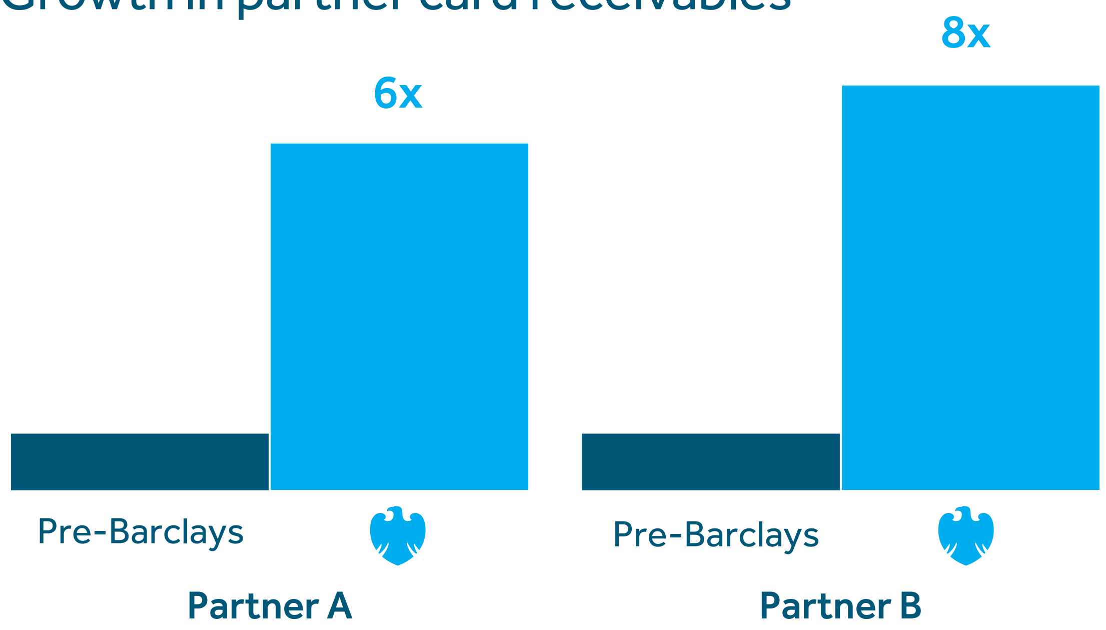
>200m[4]
customers we can access through our partners

Specialised capabilities required to compete in partner card market

Why partners choose Barclays

- Track record of growing partner programmes
- Partnership focus (no own brand distractions)
- Platform designed for seamless partner integration

Growth in partner card receivables[2]



With 20 leading US brands as our partners

Financial performance 2021-23

Key Metrics[1]	2021	2022	2023
RoTE	17%	13%	4%
End Net Receivables ($bn)	22	29	32
Income (£bn)	1.8	2.6	3.3
Net interest margin (%)	7.6%	9.7%	10.9%
Cost: Income ratio (%)	60%	58%	51%
Loan Loss Rate (bps)[2]	116	237	514
RWA (£bn)	17.1	23.9	24.8

[1] All metrics shown on IFRS basis | [2] LLR calculated as Impairment charge / Average Gross Loans and Advances. Gross Loans and Advances in addition to ENR includes Loans and Advances to banks, Debt securities, recovery book, and accrued interest. For 2023 Gross Loans and Advances for USCB was £28bn |

Focus areas

RoTE

- Long track record of growth and returns
- Target 2026 RoTE (including IRB) is in line with Group target, mid-teens thereafter

Impairment

- Long track record of prudent risk management
- Reserve rebuild in 2023 from COVID lows
- Trend towards long run average annual LLR of c.400 bps[1]

Capital headwind

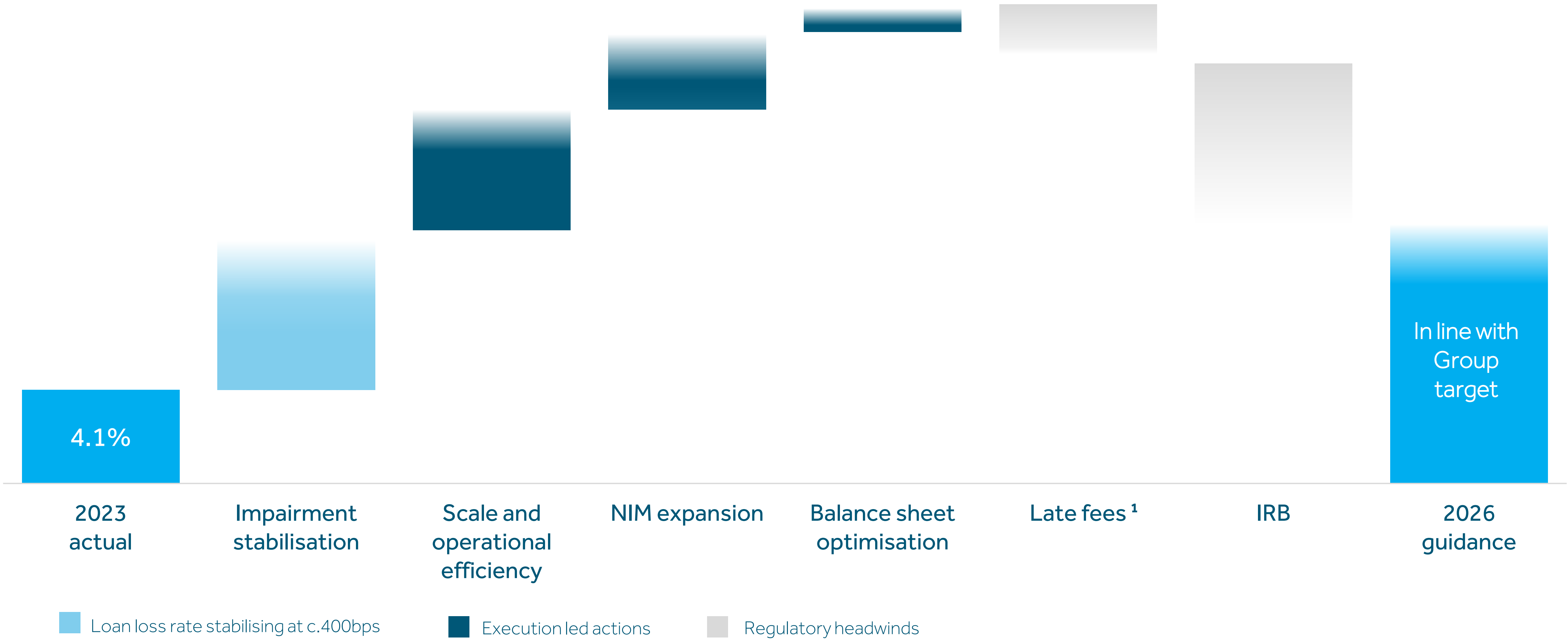
IRB model introduction in H224

- c.£16bn IRB RWA increase in H224, pre-mitigating actions
- US-based card issuers impacted by adoption of Basel 3.1 in 2025

[1] Long run average annual loan loss rate based on period from 2011-2023 |

Path to delivering RoTE in line with Group target by 2026

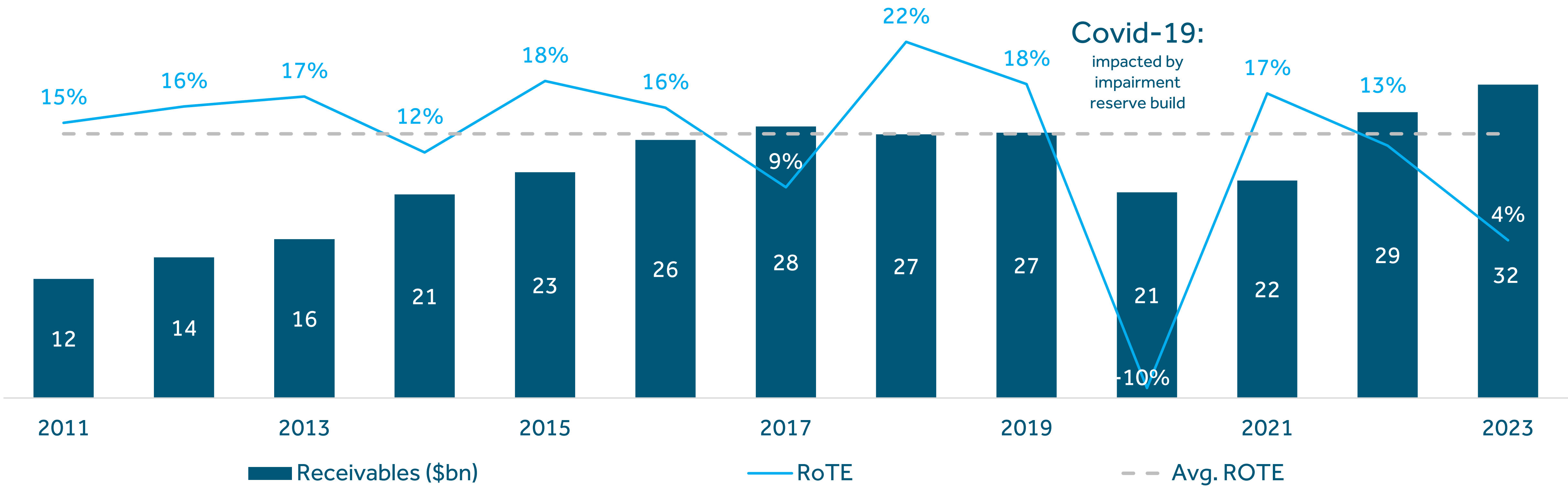
Improving RoTE whilst absorbing regulatory headwinds



[1] Estimated impact of proposed regulation in US capping late fees | Note: Chart not to scale |

Long track record of growth and returns

c.8.5% receivables CAGR[1], and c.400bps average LLR[1]

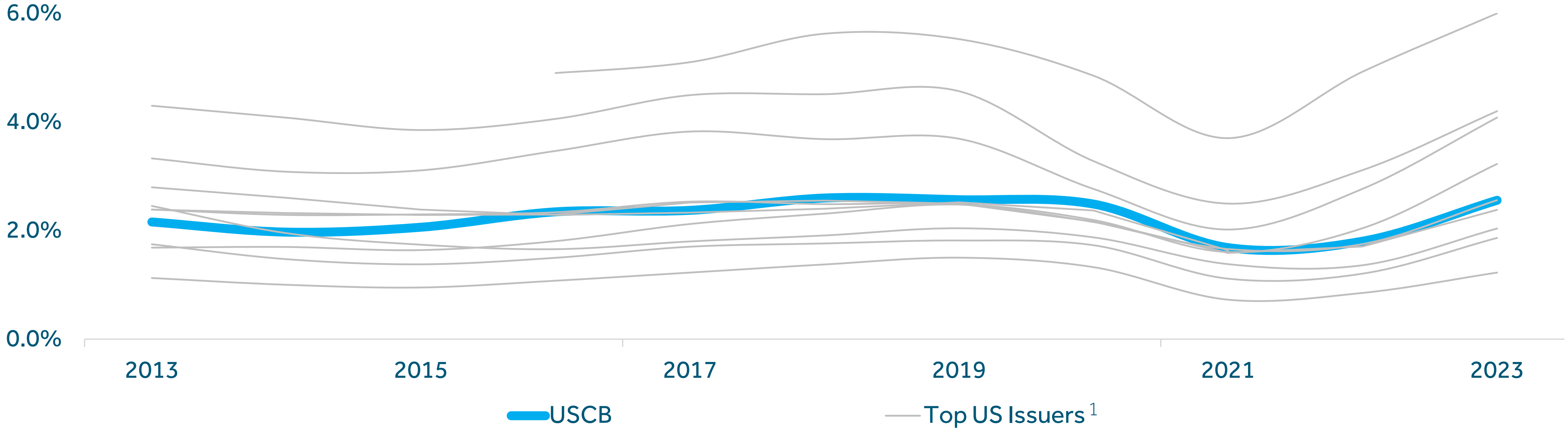


Origination incurs "J-curve" effects which dampens in-year RoTE
Impact was significant post Covid-19 but will reduce with scale and more stable growth

[1] Average figures based on period between 2011-2023 |

Delinquency rates consistently well-positioned among leading US card issuers

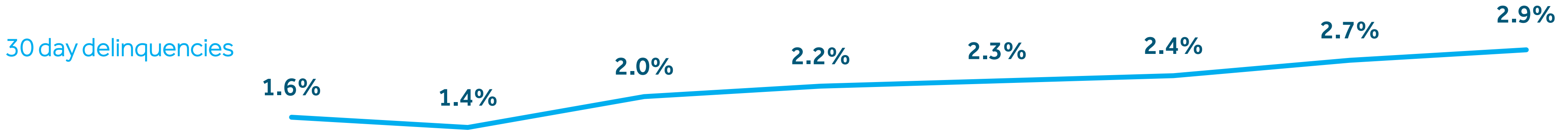
USCB 30 day delinquency rates vs peers



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
LLR (bps)[2]	268	260	307	372	507	316	366	859	116	237	514
Avg. FICO[3]	740	742	740	738	740	744	748	752	758	757	756

[1] Each line represents one of the other top-10 largest US issuers, by receivables - data sourced from annual reports | [2] LLR calculated as Impairment charge / Average Gross Loans and Advances. Gross Loans and Advances in addition to ENR includes Loans and Advances to banks, Debt securities, recovery book, and accrued interest. For 2023 Gross Loans and Advances for USCB was £28bn. Note: 2013-2017 figures are before the adoption of IFRS 9 and so may not be directly comparable to the 2018-2023 figures | [3] Includes only open accounts, does not include Business Card or Personal Loan accounts |

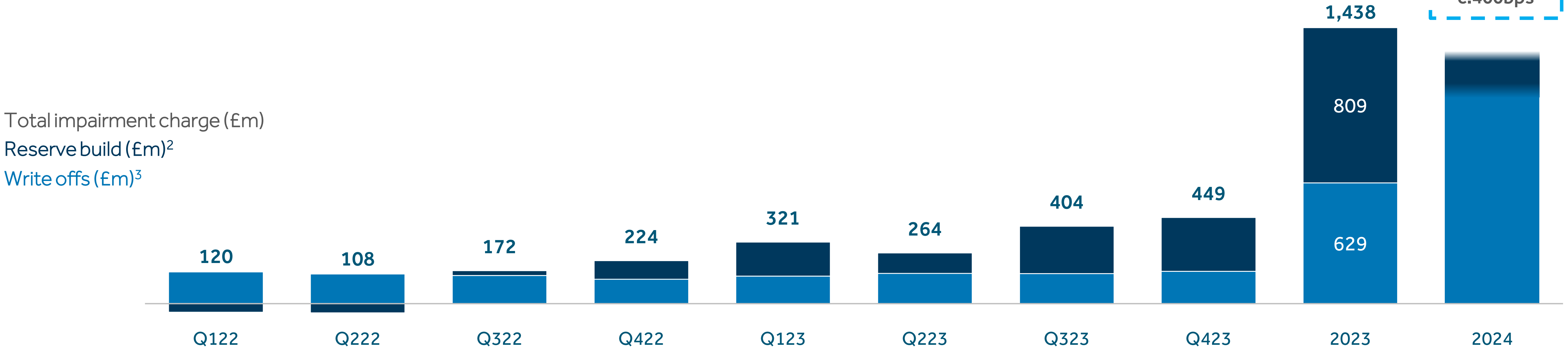
Higher delinquencies in US cards driving impairment reserve build



Loan loss rate (bps)[1]

Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	2023
259	179	257	337	515	411	582	636	514

Forecast LLR to trend towards long term average of c.400bps



Total coverage ratio

	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423
IFRS9	10.5%	8.4%	8.3%	8.1%	8.9%	9.0%	9.7%	10.2%
CECL (implemented 1 Jan 2023)[4]					8.4%	8.3%	8.7%	8.2%

[1] LLR calculated as Impairment charge / Average Gross Loans and Advances. Gross Loans and Advances in addition to ENR includes Loans and Advances to banks, Debt securities, recovery book, and accrued interest. For 2023 Gross Loans and Advances for USCB was £28bn | [2] Expected Credit Loss in anticipation of future write-offs | [3] Typically 12 months after charge-off which occurs six months after an account misses their first payment | [4] Represents impairment reserve based on lifetime expected losses as a percentage of end net receivables | Note: This slide reflects US Consumer Bank financial results with the exception of the coverage ratios which are US Cards financials |

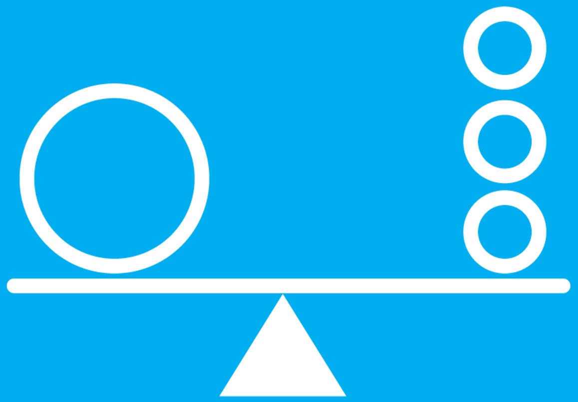
Journey to Simpler, Better and More balanced

Simpler

Investing in digitisation to deliver operational efficiencies and enhanced customer experience

Better

More balanced



Scale and diversify by growing existing partnerships and winning new partners

Improve NIM by optimising pricing and credit mix, whilst reducing funding costs

Selective risk transfer to optimise use of balance sheet

Simpler: path to improving operational efficiency

Investing in digitisation and automation

Better digital experience for customers, reducing workflow into operations

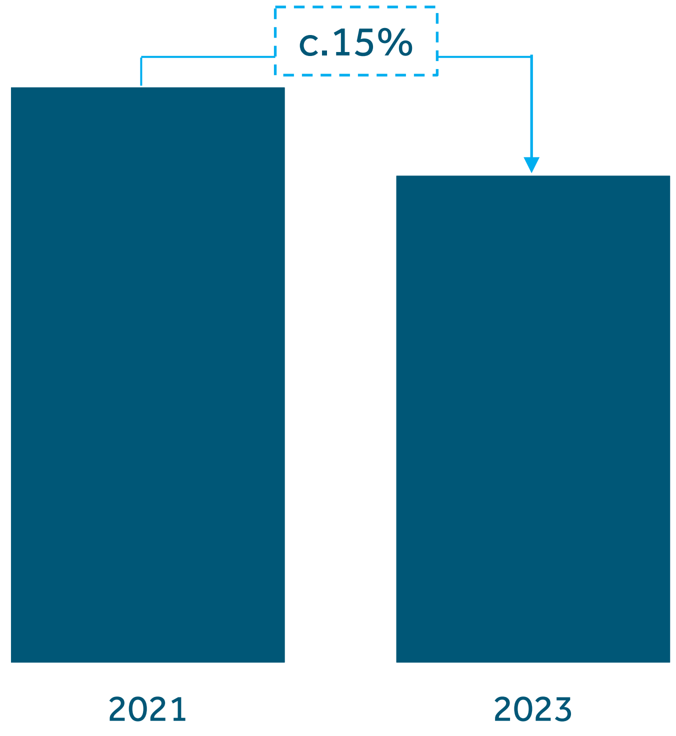
- Enhanced rewards tracking & redemption
- Intuitive, 100% digital merchant disputes

Improved tools and automation will increase operational productivity

- AI Digital Assistants
- Simpler, more modern operations platforms

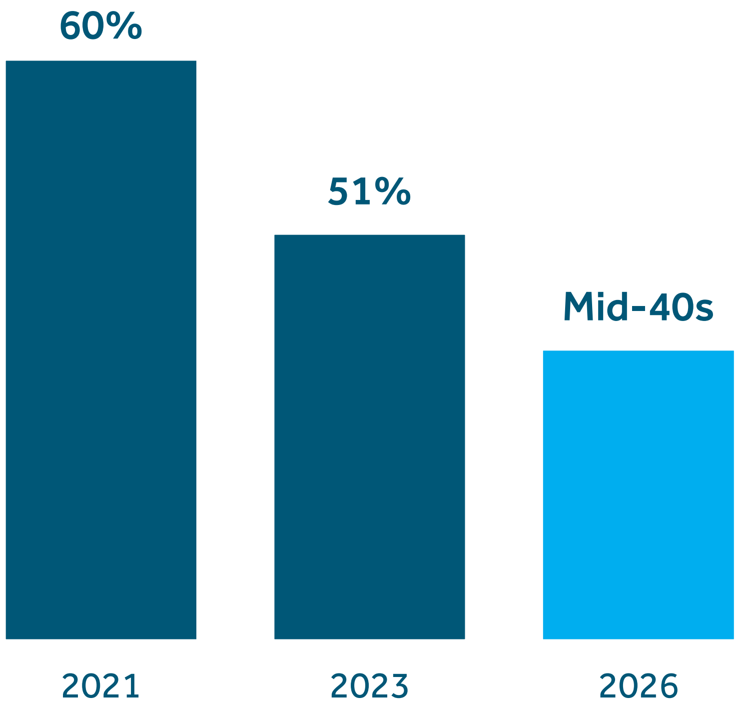
Leverage from scale and investments driving down unit costs

Cost per average active account[1]



Combined with margin uplifts, drives down CIR

Cost-income ratio



[1] Total operating expenses divided by average number of active accounts. Period declines based in USD |

Better and More balanced portfolio to drive increased margins

Grow balances and diversify towards retail

- Grow balances from $32bn to c.$40bn by 2026
- Increase retail as % of portfolio from c.15% to c.20% by 2026
- Rebalance FICO mix to optimise risk-adjusted returns

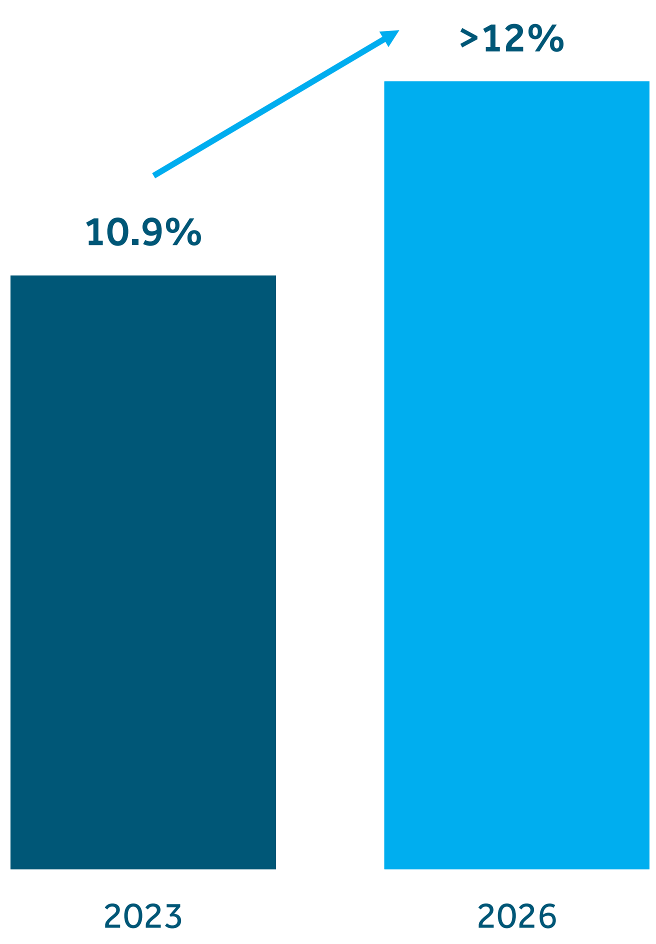
Optimise pricing

- Adapt pricing to accommodate industry-wide late fee legislation

Reduce funding costs through retail deposit growth

- Increase core deposits from c.60% of funding today to above 75% by 2026
- Maintain 100% branchless model

Net Interest Margin[1]

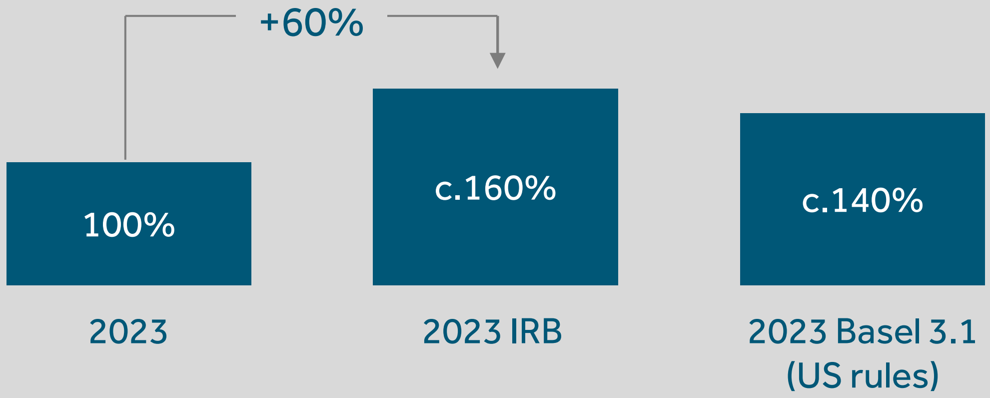


[1] Annualised net interest income (NII) divided by sum of average customer assets |

More balanced: plan to absorb and reduce IRB impacts

Impact

RWA Density (pre-mitigating actions)[1]



- **Approach:** more conservative modelling for unutilised credit lines and to reflect unexpected losses in line with 2009 Global Financial Crisis
- **RWA impact:** c.£16bn increase in H224 across c.85% of portfolio
- **US-based card issuers:** increases in credit and operational risk expected in 2025 under proposed Basel 3.1 rules in the US

Our response

- Management of credit lines and business models based on new IRB requirements
- Execute selective risk transfers

As a result of these actions RWA density in 2026 expected to be c.145%, more in line with US Basel 3.1 impacts

[1] RWA divided by net receivables |

Today's financials and 2026 targets

Key Metrics[1]	2021	2022	2023	2026 Targets
RoTE	17%	13%	4%	In line with Group
End Net Receivables ($bn)	22	29	32	c.$40bn (c.£31bn)[2]
Net interest margin	7.6%	9.7%	10.9%	>12%
Cost: Income ratio (%)	60%	58%	51%	Mid-40s %
Loan Loss Rate (bps)[2]	116	237	514	c.400bps
RWA (£bn)	17.1	23.9	24.8	c.£45bn incl. c.£16bn IRB impact in H224

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