FitchRatings

Banks
Universal Commercial Banks
United Kingdom

Barclays plc

Key Rating Drivers

Diversified Banking Group: Barclays plc's (Barclays) ratings reflect the group's strong franchises in UK retail banking, in UK and US credit cards, and in corporate and investment banking (CIB). These franchises have increasingly allowed the group to benefit from earnings diversification by product and geography. The ratings also factor in the group's sizeable trading and capital market businesses, which can result in earnings volatility. Barclays' ratings are underpinned by adequate capitalisation and a strong funding and liquidity profile.

Two Main Operating Companies: The Viability Ratings (VRs) of Barclays' main operating banks, Barclays Bank plc (BBplc) and Barclays Bank UK plc (BBUK), include ordinary support from the group. BBUK, a domestically-focused retail and SME bank, has solid asset quality and stable funding dominated by granular deposits. BBplc, the larger bank by balance-sheet size, houses the CIB and the international cards and payments businesses.

Operating Companies Uplift: BBplc's and BBUK's Long-Term IDRs and long-term senior debt ratings are one notch above their respective VRs and one notch above Barclays' Long-Term IDR. This is because of sufficiently large buffers of junior debt, which can protect both banks' external senior unsecured creditors from default in the event of failure.

Resilient Asset Quality: Barclays' asset quality has proven resilient, with the gross impaired (Stage 3) loan ratio deteriorating only slightly to 2.1% at end-March 2024 (end-2022: 2%), despite a contraction of the loan book. We expect loan impairment charges (LICs) to remain structurally higher at Barclays than at many UK and European peers given the exposure to credit card lending in the UK and the US.

However, loan impairment allowances (79% at end-March 2024) and conservative underwriting standards in domestic mortgage lending and corporate lending, including the longstanding use of risk-transfer transactions, should ensure loan losses are manageable, and we expect the impaired loan ratio to remain below 2.5% through 2025.

Gradual Improvement in Profitability: Barclays generated an operating profit of 1.9% of risk-weighted assets (RWAs) in 2023 (2022: 2.1%), despite GBP1 billion of restructuring costs. We expect the operating profit/RWAs ratio to increase from 2024, as the bank executes on strategic initiatives to grow revenues and reduce costs and as income on structural interest rate hedges increases. This is despite the impact of heightened loan impairment charges, which we expect to persist in a higher-for-longer interest rate environment.

Adequate Capitalisation: Barclays' 13%-14% common equity Tier 1 (CET1) ratio target is adequate for its rating, and we expect the group to remain within its target range in 2024 and 2025. Barclays' internal capital generation should strengthen further as profitability improves, adding to the group's ability to maintain capital flexibility despite its commitment to increase returns to shareholders.

Strong Liquidity: Barclays' funding profile is stable and diversified, underpinned by a strong UK retail franchise funding BBUK, and good market access to fund wholesale operations in BBplc. We expect the group's Fitch-calculated loans/deposits ratio to remain fairly stable, at about 65%, in 2024 and 2025 (end-1Q24: 63.4%). Funding and liquidity are conservatively managed at the main operating companies, BBUK and BBplc, with large liquidity portfolios at the latter supporting a sound 12-month average liquidity coverage ratio of 152% at end-1Q24.

Holdco VR Equalised with Operating Companies': Barclays' VR is equalised with that of its main operating companies. This reflects moderate Fitch-calculated common equity double leverage (end-2023: 111%) and Fitch's expectation that liquidity at the holding company will continue to be managed prudently.

Ratings

Foreign Currency	
Long-Term IDR	A
Short-Term IDR	F1
Viability Rating	a
Government Support Rating	ns
Sovereign Risk (United Kingdom)	
Long-Term Foreign-Currency IDR	AA-
Long-Term Local-Currency IDR	AA-
Country Ceiling	AAA
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (January 2024)
Bank Rating Criteria (March 2024)

Related Research

Large European Banks Quarterly Credit Tracker (June 2024)
Fitch Affirms Barclays at 'A'; Outlook Stable (June 2024)
Global Economic Outlook (June 2024)
Fitch Revises the United Kingdom's Outlook to Stable; Affirms at 'AA-' (March 2024)
Major UK Banks: Strong Profitability Will Continue to Provide Buffer Against Risks (February 2024)
DM100 Banks Tracker (July 2024)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Barclays' ratings are primarily sensitive to a sharp deterioration in asset quality, particularly if this occurs in combination with weakened internal capital generation that results in capital erosion. Its ratings would likely be downgraded if its gross impaired loan ratio exceeded 3% for a sustained period, or if the group's CET1 ratio fell below 13% without a clear path to swiftly restoring it. The ratings would also come under additional pressure if profitability weakened and we no longer expected the group to generate an operating profit/RWAs ratio above 1.5% on a sustained basis.

An increase in risk appetite to strengthen profitability would also weigh on the ratings, particularly if this occurred during a period of weaker economic prospects for the main economies the group operates in. This could be indicated by a significant increase in RWAs allocated to investment banking activities and towards higher-risk credit exposures or signs of risk control failures.

BBUK's and BBplc's VRs would come under pressure if the subsidiaries' financial profiles weakened and we believed that ordinary support from the group was not available to offset these weaknesses. BBUK's ratings could withstand a one-notch downgrade of Barclays' ratings provided that BBUK's financial profile at that point was far stronger than that of the rest of the group.

The one-notch uplift applied to the IDRs of BBplc and BBUK is also sensitive to Barclays' maintenance of a clear and credible role as the resolution entity for the group.

Barclays' ratings are also sensitive to holdco double leverage exceeding 120%, without a clear path to reducing it below that threshold.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of Barclays' ratings in the near term is unlikely and would require a more diversified business profile, in line with higher-rated peers, and evidence that the bank is able to generate strong risk-adjusted operating profitability through the economic cycle. Maintaining an operating profit/RWAs ratio well above 2% through a full economic cycle could result in upwards pressure on ratings if the bank also demonstrates effective risk control and improved asset quality while maintaining its CET1 ratio at the higher end of its 13%-14% target.

BBUK's and BBplc's VRs are closely correlated with Barclays' VR. They could be upgraded if Barclays' financial profile strengthened materially.

Other Debt and Issuer Ratings

Debt Rating Classes

Rating level	Barclays plc	Barclays Bank UK plc	Barclays Bank plc	Barclays Capital Inc.
Senior unsecured	A/F1	A+/F1	A+/F1	F1
Senior secured (GCMTN)	n.a.	n.a.	A+/F1	n.a.
Tier 2 subordinated debt	BBB+	n.a.	BBB+	n.a.
Legacy upper Tier 2 debt	n.a.	n.a.	BBB	n.a.
Additional Tier 1 notes, preference shares	BBB-	n.a.	BBB-	n.a.

Source: Fitch Ratings

Senior unsecured debt ratings are aligned with the respective issuer's IDRs. The ratings of BBplc's global collateralised medium-term note (GCMTN) programme and notes under the programme are aligned with BBplc's senior unsecured debt ratings. This is because the terms of the notes do not allow for a one-notch uplift of the ratings due to the wide range of eligible collateral used.

Barclays' and BBplc's Tier 2 ratings are two notches below their respective VRs, reflecting this class of debt's low recovery prospects. BBplc's legacy upper Tier 2 instruments are rated lower, at three notches below the VR, due to incremental non-performance risk in addition to poor recovery prospects.

Additional Tier 1 instruments and preference shares with no constraints on coupon omission are rated four notches below the relevant VRs. The issues are notched down twice for loss severity, reflecting their deep subordination and poor recoveries as the instruments can be converted into equity or written down well ahead of resolution. In addition, they are notched down twice for high non-performance risk due to fully discretionary coupon omission. The rating of these instruments is supported by our expectation that the group will maintain at least a 100bp capital buffer over capital requirements that would trigger coupon omission on the bonds.

Issuer Ratings

Rating level	Barclays plc	Barclays Bank UK plc	Barclays Bank plc	Barclays Bank Ireland plc	Barclays Capital Inc.
Long-Term IDR/Outlook	A/Stable	A+/Stable	A+/Stable	A+/Stable	A+/Stable
Short-Term IDR	F1	F1	F1	F1	F1
Viability Rating	a	a	a	n.a.	n.a.
Shareholder Support Rating (SSR)	n.a.	a	n.a.	a+	a+
Government Support Rating (GSR)	ns[a]	n.a.	ns	n.a.	n.a.
Derivative Counterparty Rating	n.a.	A+(dcr)	A+(dcr)	A+(dcr)	A+(dcr)

[a] ns = 'no support'
Source: Fitch Ratings

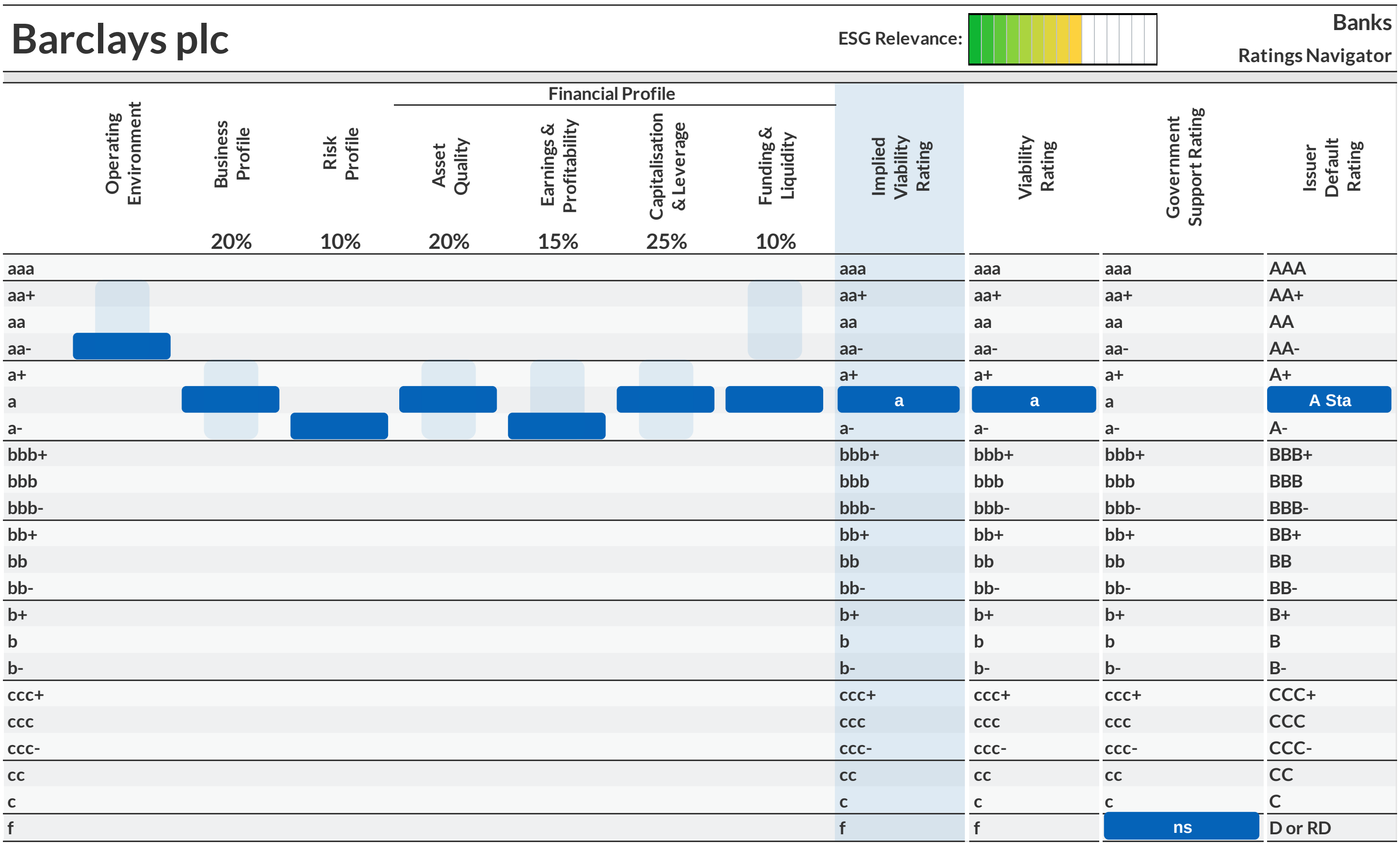
BBUK's Shareholder Support Rating (SSR) of 'a' reflects our view of an extremely high probability of shareholder support from Barclays, and indirectly from BBplc if needed, given the ring-fenced bank's strategic role in the group and reputational considerations. We believe that support would be manageable, despite its size, as we expect capital support to be moderate compared with the size of the group.

Barclays Bank Ireland plc's (BBI) and Barclays Capital Inc.'s (BCI) SSRs of 'a+' and their Long-and Short-Term IDRs of 'A+' and 'F1', respectively, are equalised with those of their intermediate parent, BBplc, which reflects our view of an extremely high likelihood that the subsidiaries would be supported if needed. Their Long-Term IDRs are equalised with BBplc's IDR rather than its VR because we expect sufficient internal loss-absorbing buffers to protect the subsidiaries' senior creditors if the group fails.

Fitch views the businesses conducted by BCI and BBI as core to the group and in particular to CIB client relationships and strategy, which provides a strong incentive for BBplc to support them. BBI and BCI are highly integrated with BBplc in management, governance and common group risk policies. Regulatory requirements mean that capital and liquidity are not fully fungible, but balance sheet and funding integration is significant.

The Derivative Counterparty Ratings (DCRs) of BBUK and BBplc are at the same level as their Long-Term IDRs because derivative counterparties in the UK have no definitive preferential status over other senior obligations in a resolution. The DCRs for BBI and BCI are also equalised with their respective Long-Term IDRs.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The 'a' funding & liquidity score of Barclays is below the 'aa' category implied score due to the following adjustment reason: historical and future metrics (negative).

Company Summary and Key Qualitative Factors

Business Profile

Diversified Business Profile with Large Investment Banking Subsector

Barclays' business profile benefits from a diversified business model across consumer, CIB activities and from good geographic diversification with a focus on the UK and the US.

Barclays' large CIB subsector has historically been biased towards debt sales and trading and capital markets activities, but earnings from equities and fixed-income financing have increased over recent years, improving earnings diversification. The performance of the investment banking subsector has improved materially since 2020, helped by market volatility and central bank support, with income peaking in 2022. Despite this improvement, we expect earnings from CIB activities to be inherently more volatile.

The group typically ranks ahead of European peers in CIB activities and in key subsectors, including in debt capital markets. Retrenchment of some European peers has also continued to support Barclays' market share, and the investment banking franchise is diversified and - despite its skew towards debt capital markets - is not reliant on a single product line or region, supporting performance in the division.

UK ring-fenced activities are housed in BBUK, which is one of the large UK domestic banks, with strong market shares across mortgages, current accounts, small business lending, credit cards and payments.

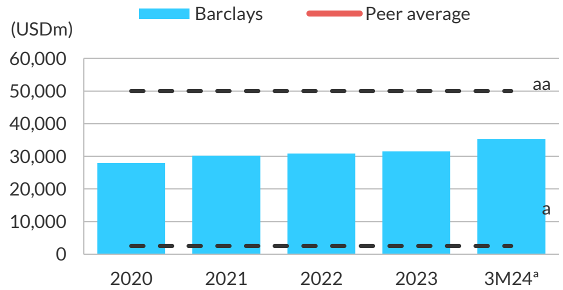
The international credit card business held in BBplc's US Consumer Bank subsector is concentrated in the US. The group is also one of the leading payments providers in the UK and targets further payments growth focused on businesses in the UK and Europe.

Strategy Focused on Diversified Income Streams

Barclays' strategy has focused on strengthening the group's returns through investment and digitisation, and the bank has been gaining market share in targeted growth areas. The bank's medium-term targets include a return on tangible equity of above 10% by 2024 and above 12% by 2026 (2023: 9%, excluding structural cost action ROTE in 4Q23 was 10.6%), a cost-income ratio target in the high 50s by 2026 (2023: 63%, including 4Q23 structural cost actions), and a CET1 ratio of 13%–14% (end-2023: 13.8%) despite capital distribution targets of at least GBP10 billion over 2024-2026.

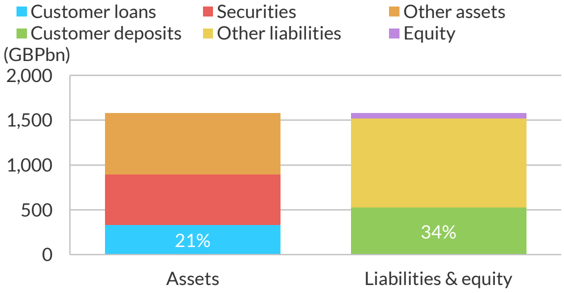
The group has a good record in controlling credit risk, which has been evidenced by limited defaults in recent years. The group also has a good record of managing regulatory ratios through periods of weak and volatile earnings. Operating income has held up well helped by higher interest rates, US card growth and resilient asset quality, but we expect business growth to slow down given the challenging operating environment in Barclays's core markets.

Total Operating Income



[a] Annualised
Source: Fitch Ratings, Fitch Solutions, banks

Balance Sheet
End-Mar 2024



Source: Fitch Ratings, Fitch Solutions, Barclays

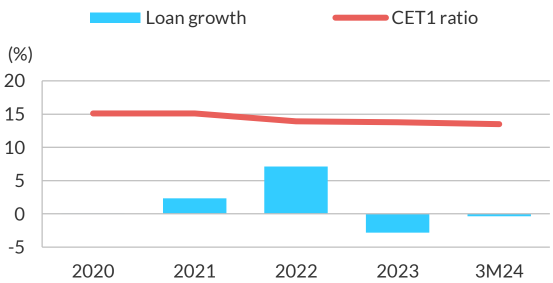
Risk Profile

Moderate Appetite for Credit Risk; Material Trading Activities Give Rise to Market Risk Exposures

Despite the group's material CIB activities, we view Barclays' risk appetite as moderate, supported by overall conservative underwriting standards and risk limits, robust and centralised risk controls, and modest growth rates. Risk appetite benefits from pre-Covid 19 pandemic de-risking in the corporate and unsecured retail books, the longstanding use of risk transfers to mitigate the risk of losses from higher-risk exposures, and relatively low retail mortgage book loan-to-values. This should support through-the-cycle loan performance.

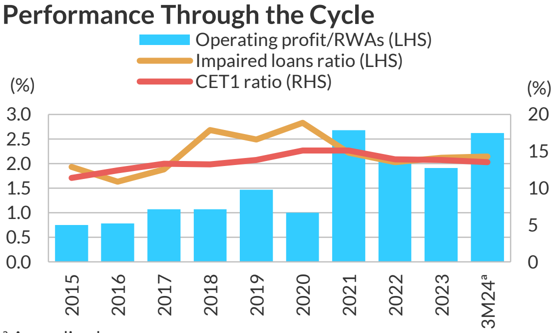
Traded market risk arises from the group's CIB activities and is material, although well managed. The maximum management value at risk (95%, one day) of GBP60 million in 2023 (2022: GBP73 million) places Barclays among peers with more substantial market-risk exposure. The year-on-year (yoy) reduction was driven by lower market volatility and credit spread levels in 2023. Non-traded interest-rate risk is generated by personal banking and commercial banking, credit cards and treasury. Exposure to interest rate risk is mitigated by hedging activity.

Loan Growth



Source: Fitch Ratings, Fitch Solutions, Barclays

Performance Through the Cycle



[a] Annualised
Source: Fitch Ratings, Fitch Solutions, Barclays

Financial Profile

Asset Quality

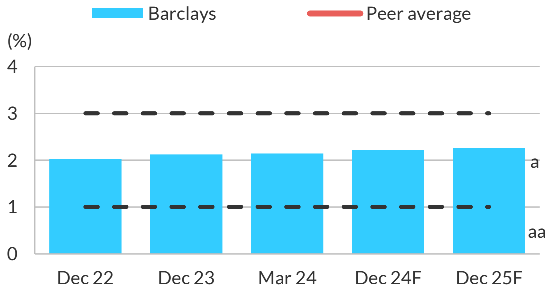
Barclays' loan book is well-diversified and its quality benefits from a large proportion of residential mortgage loans, which at end-1Q24 accounted for about half of the group's loan book. Customer loans also include some riskier subsectors, including UK credit cards and unsecured consumer loans (5.5% of the loan book) and US credit cards (6.5%). These drive Barclays' guidance for a loan loss rate of 50bp-60bp through the cycle, which is higher than for many peers.

Barclays' corporate lending exposures are well-diversified by sector and geographically, with about half of its corporate lending outside the UK, with a large proportion in the US and in western European countries. Barclays has a sound franchise in leveraged finance, which can lead to sizeable underwriting positions and results in sizeable hold positions related to these transactions.

The bank's direct exposure to commercial real estate is moderate at GBP15.8 billion at end-2023, and exposure to the US office subsector is modest at about GBP0.5 billion. Barclays has for a long time used risk transfers to manage the credit risk in its lending activities by selling first-loss tranches of parts of its loan book. This provides some protection in case of credit losses and has provided RWA relief.

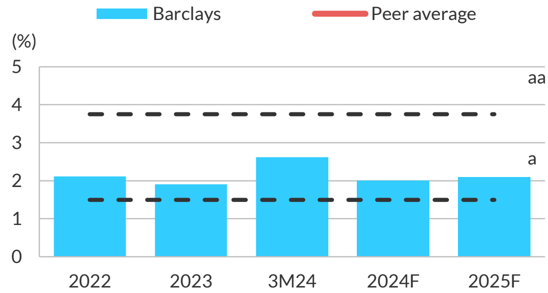
We expect Barclays' asset quality to remain resilient over the next two years and expect its gross impaired loan ratio to remain below 2.5% through 2025. We expect LICs to remain higher than at most peers, but close to the bank's through-the-cycle guidance of 50bp-60bp in 2024 and 2025.

Impaired Loans/Gross Loans



F- Forecast
Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



F- Forecast
Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

Barclays generated an operating profit/RWAs of 2.6% in 1Q24 (2023: 1.9%, 1Q23: 3.1%), with the yoy decline due to lower markets income and RWA inflation, with costs broadly flat as efficiency savings were offset by inflation and the UK bank levy. The gross yield on the structural interest rate hedging programme increased to 1.8% in 1Q24 (2023: 1.5%, 2022: 0.9%), offsetting margin pressure in mortgages and deposits.

The structural hedging programme is designed to reduce the impact of the volatility of short-term interest movements on rate insensitive balance-sheet positions (the group's equity and certain customer balances such as current accounts) and has amplified the net interest margin expansion since swap rates started to rise in late 2020. The structural hedge portfolio has a three-year average duration and the group receives fixed swap rates.

The interest margin benefit from the structural hedges will continue to increase as a larger proportion of maturing hedges are gradually replaced at significantly higher swap rates, but will start to diminish when replacement swap rates decline below maturing swap rates or if banks are forced to rapidly increase interest rates on current accounts. However, the still subdued UK housing market is also curtailing mortgage lending volumes and fuelling competition among mortgage lenders. This competition, alongside elevated swap rates, is putting downward pressure on margins on new mortgage loans written.

We expect a gradual improvement in operating profit/RWAs from 2024 as the bank focuses on revenue growth and cost savings in line with its recent strategy update. However, we also expect LICs to continue to act as a drag on operating profit given the acquisition of the Tesco portfolios, expected to be completed in 2H24, and pressure on consumers in a higher for longer interest rate environment.

Capitalisation and Leverage

Barclays' CET1 ratio has remained within its 13%-14% target range since 2022, which we expect to continue. This provides 100bp-200bp headroom above the consolidated 12% CET1 ratio minimum buffer requirements, which is higher than most of its peers. At end-1Q24, the consolidated CET1 ratio stood at 13.5%, resulting in a 150bp buffer, which is at the lower end of its European peers.

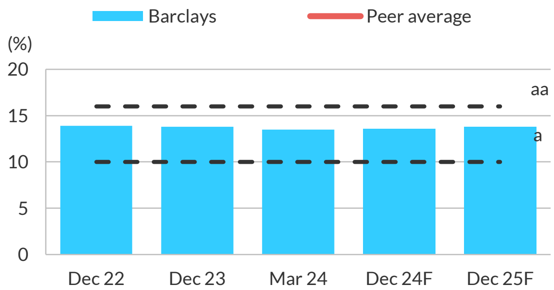
The CET1 ratio declined 30bp, to 13.5%, in 1Q24, driven by RWA growth from increased activities in the investment bank and model-change driven increases in RWA in UK activities, which, together with capital distributions to shareholders, more than offset internal capital generation.

Barclays expects further RWA increases from its US credit card portfolio moving to internal ratings-based models in 2H24, but the overall impact from regulatory changes, including the application of final Basel 3 rules, should be easily manageable as the group expects overall RWA increases to remain at the lower end of the 5-10% guidance it has given. In addition, the application of final Basel 3 rules should result in lower Pillar 2A requirements as an increasing proportion of risks will be covered under Pillar 1.

Barclays' UK leverage ratio, which unlike the EU leverage ratio excludes claims to the central bank, stood at 4.9% at end-1Q24 (4% including central bank claims), comparable with peers' but lower than that of most large non-European banks.

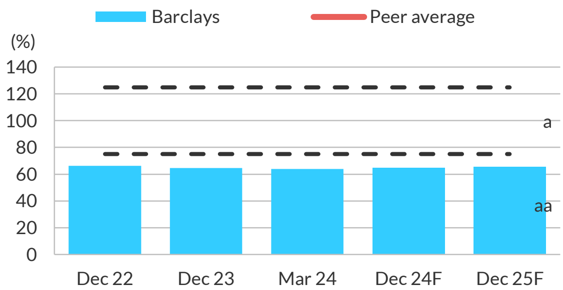
In addition to consolidated prudential capital requirements, Barclays also has to meet minimum capital requirements for its legal entities, including BBUK, BBPLC, the US intermediate holding company and Barclays Bank Ireland. The group manages legal entity capital ratios to allow for sufficient flexibility to allow for business growth, distribute capital and maintain sufficient headroom to meet stress test scenarios for the legal entities.

CET1 Ratio



F- Forecast
Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



F- Forecast
Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

Barclays' funding profile is well-matched and diversified, benefitting from a strong UK retail deposit franchise in the ring-fenced bank, and good wholesale funding access at the holding company and at BBplc.

Overall utilisation of wholesale funding is significant and the group is an active issuer, including holdco debt that qualifies for the group's minimum requirements for own funds and eligible liabilities (MREL). The group expects to issue around GBP12 billion of MREL-eligible debt in 2024 (around GBP5.4 billion issued in 1Q24). At end-1Q24, the group had holding-company MREL instruments, including CET1 capital, equivalent to 33.4% of RWAs (CET1 capital: 13.5%), above its end-1Q24 requirements of 30.1%.

Customer deposits in BBUK declined by about 7% yoy at end-March 2024, but its Fitch-calculated loans/deposit ratio at 85% remained well below its pre-pandemic level (96.5% at end-2019), helped by a modest decline in lending volumes. The majority of customer deposits at BBUK relate to retail deposits, but they also include business banking and a small portion of wealth management deposits. BBUK's funding sources also include wholesale funding, including MREL-eligible liabilities downstreamed from the holding company and a small portion of wholesale funding issued directly by BBUK.

BBplc's funding also includes sizeable customer deposits, including deposits from corporates, from its private banking franchise and from its cards and payments businesses, which accounted for about 43% of funding at end-2023. BBplc issues MREL-eligible instruments to Barclays plc and is an issuer of structured notes and of unsecured and secured wholesale funding. BBplc maintains a large portfolio of liquid assets, which has supported its liquidity coverage ratio reaching 152% at end-March 2024 (NSFR: 109%).

Additional Notes on Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's *Bank Rating Criteria*. They are based on a combination of Fitch's macro-economic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category. Light-blue columns represent Fitch's forecasts.

Peer average includes UBS Group AG (VR: a), The Goldman Sachs Group, Inc. (a), Morgan Stanley (a+), BNP Paribas SA (a+), Societe Generale S.A. (a-), HSBC Holdings plc (a+), JPMorgan Chase & Co. (aa-), Bank of America Corporation (aa-), Citigroup Inc. (a). Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report.

Financials

Financial Statements

	31 Mar 24		31 Dec 23	31 Dec 22	31 Dec 21
	3 months - 1st quarter	3 months - 1st quarter	Year end	Year end	Year end
	(USDm)	(GBPm)	(GBPm)	(GBPm)	(GBPm)
	Unaudited	Unaudited	Audited - unqualified	Audited – unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	3,860	3,072	12,709	10,603	8,093
Net fees and commissions	n.a.	n.a.	6,529	6,599	7,674
Other operating income	4,892	3,893	6,131	7,834	6,433
Total operating income	8,752	6,965	25,369	25,036	22,200
Operating costs	5,246	4,175	16,931	16,730	14,439
Pre-impairment operating profit	3,506	2,790	8,438	8,306	7,761
Loan and other impairment charges	645	513	1,881	1,220	-653
Operating profit	2,861	2,277	6,557	7,086	8,414
Other non-operating items (net)	n.a.	n.a.	n.a.	-74	n.a.
Tax	584	465	1,234	1,039	1,188
Net income	2,277	1,812	5,323	5,973	7,226
Other comprehensive income	-1,067	-849	1,056	-4,361	-2,218
Fitch comprehensive income	1,210	963	6,379	1,612	5,008
Summary balance sheet					
Assets					
Gross loans	424,477	337,798	339,009	348,869	325,664
- of which impaired	9,092	7,235	7,191	7,086	7,235
Loan loss allowances	7,220	5,746	5,721	5,592	5,742
Net loans	417,257	332,052	333,288	343,277	319,922
Interbank	10,645	8,471	9,459	10,015	9,698
Derivatives	315,242	250,869	256,836	302,380	262,572
Other securities and earning assets	708,191	563,577	464,906	419,982	398,104
Total earning assets	1,451,334	1,154,969	1,064,489	1,075,654	990,296
Cash and due from banks	315,742	251,267	224,634	256,351	238,592
Other assets	214,730	170,882	188,364	181,694	155,397
Total assets	1,981,807	1,577,118	1,477,487	1,513,699	1,384,285
Liabilities					
Customer deposits	664,483	528,794	524,317	525,803	501,614
Interbank and other short-term funding	83,404	66,373	285,341	260,814	243,477
Other long-term funding	559,168	444,985	175,580	182,122	164,918
Trading liabilities and derivatives	391,765	311,766	308,713	362,544	311,052
Total funding and derivatives	1,698,821	1,351,918	1,293,951	1,331,283	1,221,061
Other liabilities	192,084	152,860	111,672	113,128	92,658
Preference shares and hybrid capital	16,639	13,241	13,914	14,279	13,601
Total equity	74,264	59,099	57,950	55,009	56,965
Total liabilities and equity	1,981,807	1,577,118	1,477,487	1,513,699	1,384,285
Exchange rate		USD1 = GBP0.795798	USD1 = GBP0.789827	USD1 = GBP0.828638	USD1 = GBP0.74438

Source: Fitch Ratings, Fitch Solutions, Barclays

Key Ratios

	31 Mar 24	31 Dec 23	31 Dec 22	31 Dec 21
Ratios (%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	2.6	1.9	2.1	2.7
Net interest income/average earning assets	1.1	1.1	1.0	0.8
Non-interest expense/gross revenue	59.9	66.7	66.8	65.8
Net income/average equity	12.5	9.5	10.6	12.9
Asset quality				
Impaired loans ratio	2.1	2.1	2.0	2.2
Growth in gross loans	-0.4	-2.8	7.1	2.3
Loan loss allowances/impaired loans	79.4	79.6	78.9	79.4
Loan impairment charges/average gross loans	0.6	0.5	0.3	0.0
Capitalisation				
Common equity Tier 1 ratio	13.5	13.8	13.9	15.1
Fully loaded common equity Tier 1 ratio	13.4	13.7	13.7	14.7
Tangible common equity/tangible assets	2.9	3.3	3.0	3.5
Basel leverage ratio	4.0	4.3	4.3	4.3
Net impaired loans/common equity Tier 1	3.2	3.1	3.2	3.1
Funding and liquidity				
Gross loans/customer deposits	63.9	64.7	66.4	64.9
Liquidity coverage ratio	163.0	161.0	165.0	168.0
Customer deposits/total non-equity funding	47.1	49.6	49.8	51.3
Net stable funding ratio	136.0	138.0	137.0	n.a.

Source: Fitch Ratings, Fitch Solutions, Barclays

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a or a-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	ns
Government ability to support D-SIBs	
Sovereign Rating	AA-/ Stable
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Positive
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Negative
Government propensity to support bank	
Systemic importance	Neutral
Liability structure	Neutral
Ownership	Neutral

The colours indicate the weighting of each KRD in the assessment.
Higher influence Moderate influence Lower influence

Barclays' and BBplc's GSRs of no support (ns) reflect Fitch's view that senior creditors of the bank and the holdco cannot rely on extraordinary support from the sovereign in the event that Barclays or BBplc become non-viable. In our opinion, the UK has implemented legislation and regulations to provide a framework that is likely to require senior creditors to participate in losses for resolving even large banking groups.

BBplc's GSR is based on government support because we believe that its role as the non-ringfenced bank and its size mean that shareholder support from Barclays, and indirectly from BBUK, is unlikely.

Environmental, Social and Governance Considerations

FitchRatings **Barclays plc**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

				ESG Relevance to Credit Rating
Barclays plc has 5 ESG potential rating drivers Barclays plc has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating. Governance is minimally relevant to the rating and is not currently a driver.	key driver	0	issues	5
	driver	0	issues	4
	potential driver	5	issues	3
	not a rating driver	4	issues	2
		5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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