

Progressive Corp.

August '23: Adverse PYD Returns After a Brief Respite

PGR's 97.2% combined ratio in August (> 96% or better annual target) largely stems from higher catastrophe losses; ~50% related to Hurricane Idalia and the balance severe weather.

After a July respite, in August PGR reported **unfavorable PYD** of \$73mn (vs. \$85mn estimate) or 1.6 pts on the loss ratio (vs. our 1.8 pt estimate). This follows 3.1 pts, 4.6 pts, 4.6 pts, 3.4 pts, 3.5 pts and 6.5 pts of unfavorable PYD in June, May, April, March, Feb., Jan., respectively. This follows July's modest favorable PYD (of \$28.5mn). We are estimating unfavorable PYD pts on the loss ratio of 1.3% in Sept., 0.9% in Oct., 0.6% in Nov. and 0.3% in Dec.

Expense ratio of 16.5%, while historically low, is no longer a "new" low like we saw in the preceding months (July expense ratio of 15.4%, following 16.0% (a record low at the time) in June '23 and 16.3% in May '23). We anticipate seeing PGR return to its pre-pandemic expense ratio of nearly 20% only when pricing is adequate and it can organically grow statutory surplus.

PGR's **underlying loss ratio** of 74.6% (vs. our estimated 76.7%) worsened sequentially from 72.5% in July '23. PGR took \$113.7mn of actuarial adverse adjustments, or 2.5pts.

PGR reported **catastrophe losses** of \$207mn (vs our \$79.5mn estimate); ~50% related to Hurricane Idalia and the balance severe weather. PGR's FL market share in combined homeowners and auto physical damage was 9.7% as of 2022 and we assume industry Hurricane Idalia losses to be in the low single digit billions. We are assuming PGR exhausted its aggregate reinsurance cover. Given elevated catastrophe losses during 1H23, PGR was \$40-\$50mn below the annual aggregate retention threshold, according to PGR's 2Q 10Q. The same filing mentioned PGR's expectations to exceed its aggregate retention thresholds in 3Q23. Once exceeded, it has coverage up to \$100mn for non-named storm property losses/\$85mn named events.

Personal auto PIF shrunk 0.6% sequentially (Aug '23 vs. July '23), worse than the previous -0.1% sequential print (July '23 vs. June '23). On an annualized basis, that would imply PIF compression of 7.2% although we do not expect monthly trend to be constant over 12 months; in fact, it should continue to decelerate by month. On a y/y basis, PGR recognized +12.6% personal auto PIF growth, down from +14.0% in July y/y.

We consider PGR's lower advertising spend and pricing increases as deliberate attempts to reduce PIF and in turn improve capital adequacy. Especially coming out of elevated catastrophe losses and adverse PYD during YTD August 2023 (\$1.6bn and \$1.155bn respectively).

Barclays Capital Inc. and/or one of its affiliates does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Please see analyst certifications and important disclosures beginning on page 10.

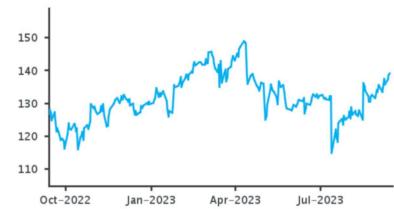
Completed: 15-Sep-23, 16:39 GMT Released: 15-Sep-23, 16:44 GMT Restricted - External

| CORE

PGR	UNDERWEIGHT
	Unchanged
U.S. Insurance/Non-Life	POSITIVE
	Unchanged
Price Target	USD 109.00
	Unchanged
Price (14-Sep-23)	USD 139.57
Potential Upside/Downside	-21.9%
Market Cap (USD mn)	81662
Shares Outstanding (mn)	585.10
Free Float (%)	99.71
52 Wk Avg Daily Volume (mn)	2.6
Dividend Yield (%)	0.29
Return on Equity TTM (%)	10.92
Current BVPS (USD)	27.71

Source: Bloomberg

Price Performance	Exchange-NYSE
52 Week range	USD 149.87-110.04



Source: IDC

[Link to Barclays Live for interactive charting](#)

U.S. Insurance/Non-Life

Tracy Benguigui

+1 212 526 1561

tracy.benguigui@barclays.com

BCI, US

Alex Barenklau

+1 212 526 1021

alexander.barenklau@barclays.com

BCI, US

Julia Gul

+1 212 526 9132

julia.gul@barclays.com

BCI, US

PGR's pre-tax net investment income this month was \$168mn vs. our \$161mn estimate, reflecting a ~3.3% pre-tax annualized book yield.

August operating EPS of \$0.35 missed our \$0.43 estimate due to higher catastrophe losses and expense ratio vs. our estimates.

PGR: Quarterly and Annual EPS (USD)

FY Dec	2022	2023			2024			Change y/y	
	Actual	Old	New	Cons	Old	New	Cons	2023	2024
Q1	1.12A	0.65A	0.65A	0.75A	1.62E	1.63E	1.95E	-42%	151%
Q2	1.03A	0.32A	0.32A	0.57A	1.43E	1.43E	1.71E	-69%	347%
Q3	0.49A	1.82E	1.66E	1.68E	1.36E	1.37E	1.64E	239%	-17%
Q4	1.25A	1.61E	1.48E	2.08E	1.37E	1.39E	2.17E	18%	-6%
Year	3.90A	4.41E	4.12E	4.83E	5.78E	5.82E	7.58E	6%	41%
P/E	35.8		33.9			24.0			

Consensus numbers are from Bloomberg received on 15-Sep-2023; 12:50 GMT

Source: Barclays Research

U.S. Insurance/Non-Life						POSITIVE	
Progressive Corp. (PGR)							UNDERWEIGHT
Income statement (\$mn)	2022A	2023E	2024E	2025E	CAGR	Price (14-Sep-2023)	USD 139.57
Net premiums earned	49,241	56,443	59,562	64,458	9.4%	Price Target	USD 109.00
Net investment income (NII)	1,260	1,930	2,334	2,608	27.4%	Why UNDERWEIGHT?	
Underwriting income	1,342	613	1,425	2,418	21.7%	Our call on PGR takes a longer term view. PGR may need to hold more capital to support an evolving business mix, which could lower ROEs. Likewise, we struggle to see how PGR could return to its historical PIF growth rate, as the company cut rates early during the pandemic and is now playing catch up, which is proving tough to gain approval from regulators.	
Operating income	2,287	2,418	3,413	4,473	25.1%		
Net income	566	2,540	3,413	4,473	99.1%		
Effective tax rate (%)	35.6	20.4	21.0	21.0	-16.2%		
Combined ratio (%)	95.8	97.4	96.1	94.7	-0.4%		
Combined ratio (ex cats & py development) (%)	91.9	91.9	94.4	93.0	0.4%		
Per share data (\$)	2022A	2023E	2024E	2025E	CAGR		
EPS (adj)	3.90	4.12	5.82	7.63	25.1%		
EPS (reported)	0.97	4.34	5.84	7.66	99.4%		
DPS	0.40	0.20	2.65	2.65	87.8%		
BVPS	26.32	30.30	33.35	33.79	8.7%		
BVPS (ex AOCI)	30.79	34.82	37.88	38.32	7.6%		
Diluted shares (mn)	587	587	587	587	0.0%		
Balance sheet and capital return (\$mn)	2022A	2023E	2024E	2025E	CAGR		
Total investments	53,548	62,775	67,422	67,992	8.3%		
Common shareholders' equity (ex AOCI)	18,012	20,373	22,134	22,378	7.5%		
Share buybacks	63	62	104	132	27.7%		
Dividends paid	234	117	1,549	1,546	87.7%		
Balance sheet and capital return metrics	2022A	2023E	2024E	2025E	Average		
Debt leverage (%)	25.7	24.8	23.3	23.1	24.2		
Financial leverage (%)	27.6	26.6	25.0	24.8	26.0		
Total capital return as a % of op. earnings	13.0	7.4	48.4	37.5	26.6		
Valuation metrics	2022A	2023E	2024E	2025E	Average		
P/BV (ex AOCI) (x)	4.53	4.01	3.68	3.64	3.97		
P/E (adj) (x)	35.8	33.9	24.0	18.3	28.0		
Dividend yield (%)	0.3	0.1	1.9	1.9	1.1		
ROE (%)	3.1	12.8	15.2	15.8	11.7		

Note: FY End Dec
Source: Company data, Bloomberg, Barclays Research

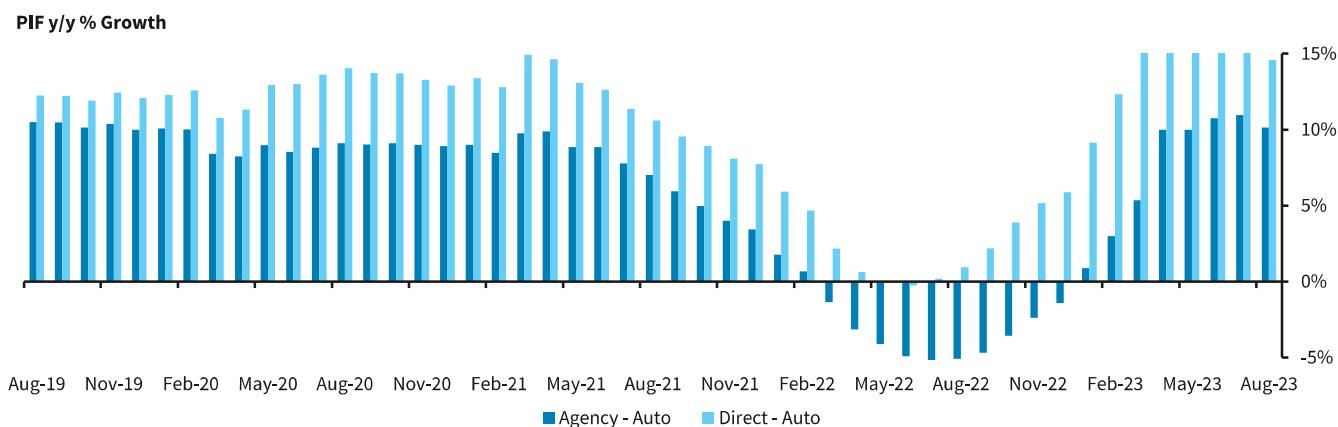


PIF Growth Spotlight

Personal Auto PIF Declined by 115k M/M

Personal auto PIF was down 115k (August '23 vs. July '23), worse than the previous decline of 15k sequential print (July '23 vs. June '23). On a y/y basis, PGR reported personal auto PIF growth of +12.6% in August (below our estimate of +13.2% y/y), with auto agency PIF +10.1% (vs. our +10.8%) and auto direct +14.6% (vs. our 15.1%).

FIGURE 1. PIF growth y/y in August with agent (+10.1%) and direct (+14.6%)



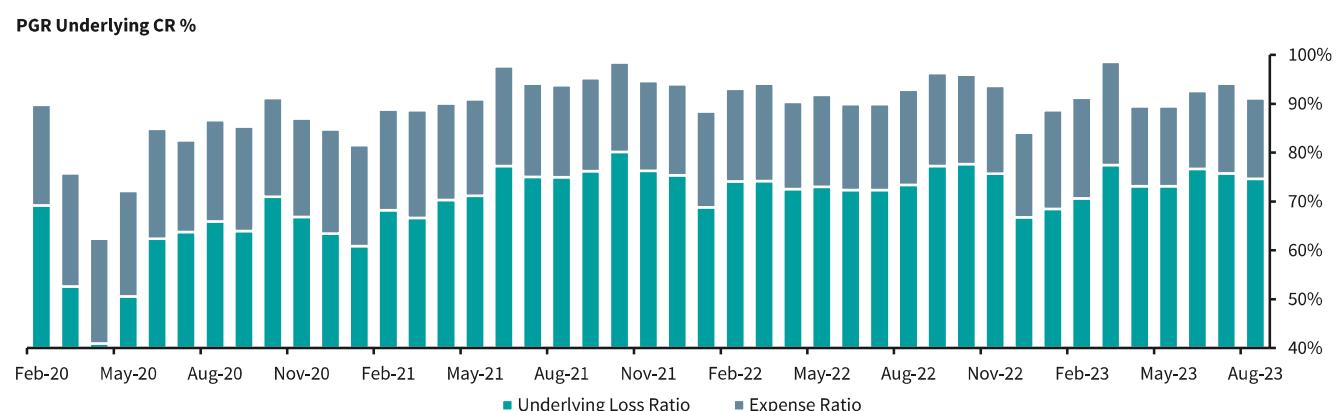
Source: Barclays Research, Company Data

Underlying combined ratio - Lower expense ratio is less sustainable over the long term

PGR's underlying combined ratio of 91.1% in August deteriorated from 87.9% in July and was slightly better than 92.6% in June driven by a worse underlying loss ratio of 74.6% (vs. 72.5% in July) and a higher expense ratio (16.5% in August vs. 15.4% in July and 16.0% in June).

The construction of PGR's underlying combined ratio is different than pre-pandemic. To recap, PGR's pre-pandemic underlying loss ratio stood at ~68% and expense ratio ran just north of 20%. We think a reversion to this pre-pandemic composition would be positive for the stock.

FIGURE 2. August '23 underlying loss ratio of 74.6% (vs. 76.7% Barclays) and expense ratio of 16.5% (vs. 15.8% Barclays)

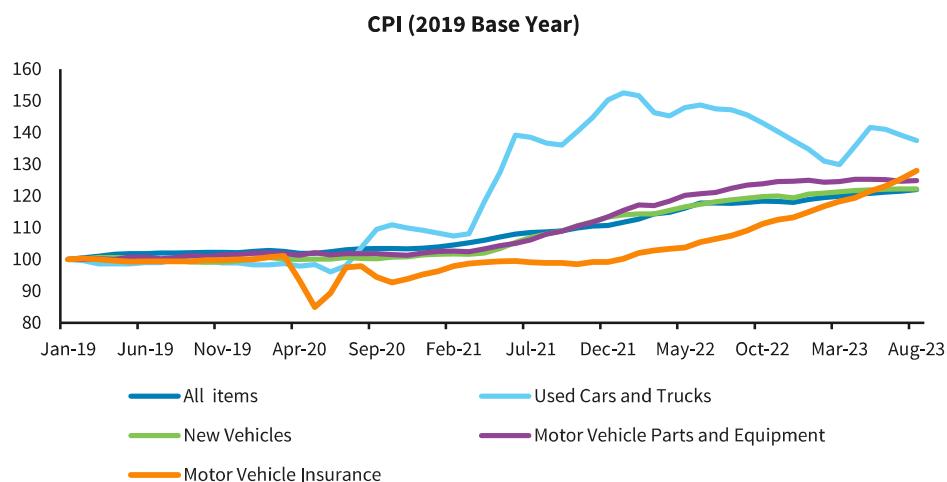


Source: Barclays Research, Company Data

Inflation: Focus on Absolute Levels

Motor insurance pricing remains subdued relative to used car pricing using a 2019 base year (see Figure 3). Specifically, used car & truck pricing is up 37.4% vs. motor insurance pricing at 28.0% since Jan. '19. Compounded auto pricing during that period has not caught up – not anywhere close. There is still significant rate catch-up needed to see that inflection point.

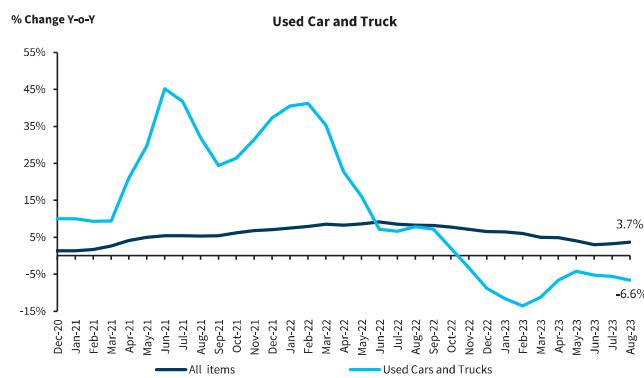
FIGURE 3. CPI Indexed to January '19



Source: Barclays Research, U.S. Bureau of Labor Statistics

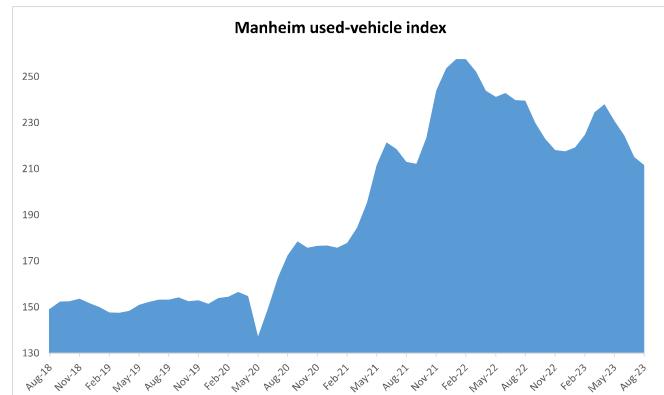
Manheim pricing was +0.2% m/m and -7.7% y/y. More importantly, if we compare August '23 to August '19, Manheim pricing is still up 37.6%.

FIGURE 4. CPI: Used Car and Truck (-6.6% y/y in August '23)



Source: Barclays Research, U.S. Bureau of Labor Statistics

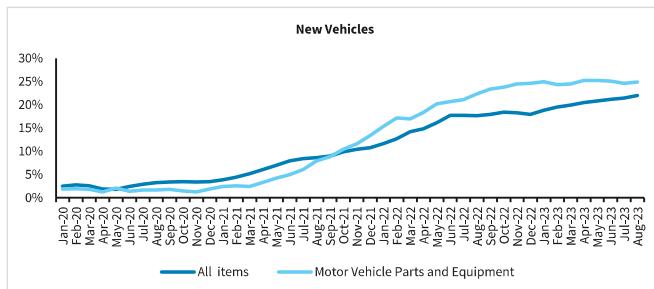
FIGURE 5. Manheim Used Car Prices (-7.7% y/y in August '23)



Source: Barclays Research, Bloomberg, Manheim

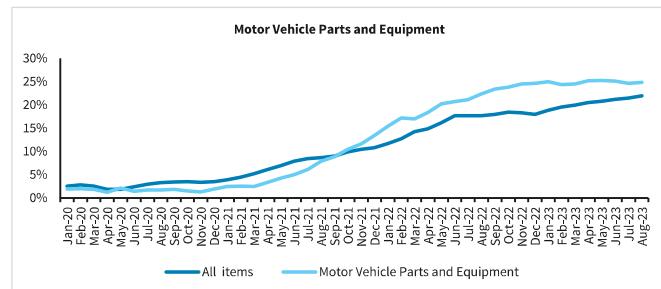
The new vehicle CPI index rose 2.9% y/y in August (down compared to the 3.5% increase in July) and Motor Vehicle Parts and Equipment CPI index rose 2.0% y/y (vs. 2.9% in June). However, comparing August '23 vs. Jan '19, new vehicles and car parts rose 22.2% and 24.9%, respectively.

FIGURE 6. CPI % Change (Y-o-Y): New Vehicles



Source: Barclays Research, U.S. Bureau of Labor Statistics

FIGURE 7. CPI % Change (Y-o-Y): Motor Vehicle Parts and Equipment

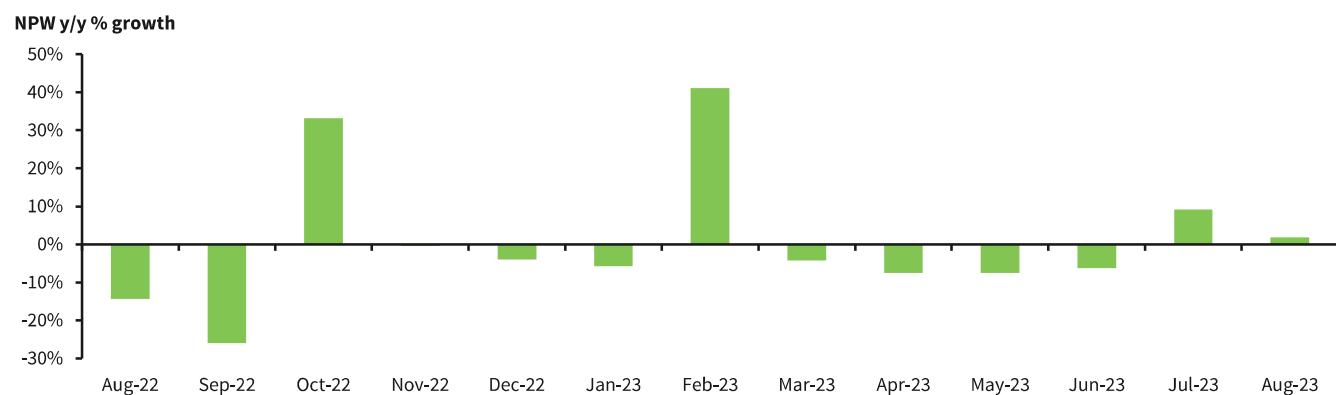


Source: Barclays Research, U.S. Bureau of Labor Statistics

Commercial NPW Increased 2% (y/y)

Reported commercial premium growth was 1.9% in August '23.

FIGURE 8. Commercial NPW growth (monthly)



Source: Barclays Research, Company Data

Valuation

Our PT of \$109 (unchanged) is based on 16.5x (unchanged) our '24E EPS of \$5.82 (up from \$5.78) and 3.2x (unchanged) '24E BVPS (ex AOCI) of \$37.88 (down from \$38.11).

Model Updates:

We have slightly raised our expense ratio and our catastrophe loss estimates. We have lowered our personal auto PIF estimates slightly. Lastly, we have raised our NII estimates slightly.

Updated Operating EPS: We revise '23E from \$4.41 to \$4.12 and '24E from \$5.78 to \$5.82.

Variance Tables – August '23

FIGURE 9. Variance Analysis - August '23

Summary Details		M/M		Y/Y		Barclays Est.	
(in \$mn, except per share)	August '23A	July '23	% Change	August '22	% Change	August '23	% Var.
Net premiums written	\$4,744	\$5,951	-20%	\$4,081	16%	\$4,897	-3%
Net investment income	\$168	\$160	5%	\$101	67%	\$161	4%
Combined Ratio	97.2%	90.6%	660 bps	93.6%	360 bps	96.0%	115 bps
Combined Ratio ex cats and PYD	91.1%	87.9%	322 bps	92.9%	(175 bps)	92.5%	(138 bps)
Operating EPS	\$0.35	\$0.90	-61%	\$0.44	-19%	\$0.43	-18%
Book value per share (ex. AOCL)	\$33.07	\$32.84	0.7%	\$30.89	7%	\$33.17	0%

NPW by Segment		M/M		Y/Y		Barclays Est.	
(in \$mn, except per share)	August '23A	July '23	% Change	August '22	% Change	August '23	% Var.
Personal lines-agent	\$1,710	\$2,184	-22%	\$1,474	16%	\$1,837	-6.9%
Personal lines-direct	\$2,099	\$2,701	-22%	\$1,717	22%	\$2,148	-2.3%
Total Personal Lines	\$3,809	\$4,885	-22%	\$3,191	19.4%	\$3,985	-4.4%
Commercial Business & Other	\$683	\$825	-17%	\$670	2%	\$670	2%
Property	\$252	\$241	4%	\$220	14%	\$242	4%
Total Written Premiums	\$4,744	\$5,951	-20%	\$4,081	16%	\$4,897	-3%

CR by Segment		M/M		Y/Y		Barclays Est.	
(in \$mn, except per share)	August '23A	July '23	% Change	August '22	% Change	August '23	% Var.
Total Personal Lines	93.7%	90.5%	320 bps	93.5%	20 bps	94.8%	(108 bps)
Commercial Business & Other	113.3%	92.3%	2100 bps	92.4%	2090 bps	98.8%	1450 bps
Property	98.0%	84.9%	1310 bps	91.3%	670 bps	109.0%	(1100 bps)

Source: Barclays Research estimates, Company Data

Model Summary

FIGURE 10. Model Summary (pg. 1)

(\$ in mn, except per share data)	2019	2020	2021	2022	2023E	2024E	2025E
Net premiums written	37,578	40,569	46,405	51,081	58,512	61,836	67,589
Revenues:							
Net premiums earned	36,192	39,262	44,369	49,241	56,443	59,562	64,458
Investment income	1,042	937	861	1,260	1,930	2,334	2,608
Total net realized gains (losses) on securities	1,029	1,630	1,509	(1,912)	155	-	-
Fees and other revenues	564	604	692	722	855	893	967
Service revenues	195	226	271	299	320	357	387
Total revenues	39,022	42,658	47,702	49,611	59,702	63,147	68,420
Expenses:							
Losses and loss adjustment expenses	25,471	25,122	33,628	38,123	45,286	46,160	47,831
Total underwriting expenses	7,998	8,843	9,368	9,777	10,544	11,977	14,209
Policyholder credit expense	-	1,077	-	-	-	-	-
Investment expenses	25	20	26	24	27	33	35
Service expenses	179	206	253	297	337	328	355
Interest expense	190	217	219	244	268	276	276
Total expenses	33,862	35,485	43,492	48,689	56,462	58,773	62,705
Underwriting Income	2,724	5,297	1,374	1,342	613	1,425	2,418
Income before income taxes	5,160	7,173	4,210	922	3,241	4,374	5,715
Provision for income taxes	1,180	1,469	859	329	662	918	1,200
Other comp (income) loss att. to NCI	(10)	-	-	-	-	-	-
Net income	3,970	5,705	3,351	593	2,578	3,455	4,515
Less: Preferred stock dividends	27	27	27	27	38	42	42
Net income to common shareholders	3,943	5,678	3,324	566	2,540	3,413	4,473
ATX total net realized gains (losses) on sec	813	1,288	1,192	(1,496)	123	-	-
Other	-	-	-	(225)	-	-	-
Operating income to common shareholders	3,130	4,390	2,132	2,287	2,418	3,413	4,473
Operating EPS	\$5.33	\$7.47	\$3.63	\$3.90	\$4.12	\$5.82	\$7.63
Net EPS	\$6.72	\$9.66	\$5.66	\$0.97	\$4.34	\$5.84	\$7.66
Net Written Premiums (y/y %)	15.2%	8.0%	14.4%	10.1%	14.5%	5.7%	9.3%
Net Earned Premiums (y/y %)	17.0%	8.5%	13.0%	11.0%	14.6%	5.5%	8.2%

Source: Barclays Research estimates, Company Data

FIGURE 11. Model Summary (pg. 2)

(\$ in mn, except per share data)	2019	2020	2021	2022	2023E	2024E	2025E
<u>Underwriting Margins</u>							
Loss and LAE ratio	70.4%	64.0%	75.8%	77.4%	80.2%	77.5%	74.2%
Expense ratio	20.5%	21.0%	19.6%	18.4%	17.2%	18.6%	20.5%
Combined ratio	90.9%	85.0%	95.3%	95.8%	97.4%	96.1%	94.7%
Catastrophes pretax	552	880	1,310	1,643	1,754	854	933
Cat pts	1.5%	2.2%	3.0%	3.3%	3.1%	1.4%	1.4%
PYD pretax (negative is unfavorable PYD)	(232)	(195)	5	(282)	(1,363)	(175)	(183)
PYD pts (negative is unfavorable)	-0.6%	-0.5%	0.0%	-0.6%	-2.4%	-0.3%	-0.3%
Underlying loss ratio	68.2%	61.2%	72.8%	73.5%	74.7%	75.8%	72.5%
Underlying combined ratio	88.8%	82.2%	92.4%	91.9%	91.9%	94.4%	93.0%
<u>Share information</u>							
Shares beginning period	583.2	584.6	585.2	584.4	584.9	585.1	584.4
Shares issued	3	2	2	1	1	-	-
Shares Repurchased	1	1	2	1	0	1	1
Common Shares Outstanding, end of period	584.6	585.2	584.4	584.9	585.1	584.4	584.0
Weighted average shares - basic	583.8	584.9	584.7	584.6	585.1	584.7	584.5
Dilution	3.1	2.5	2.3	2.3	2.1	2.1	2.1
Weighted average shares - diluted	586.9	587.4	587.0	586.9	587.2	586.8	586.6
<u>Shareholders' equity and returns</u>							
Common shareholders' equity ex AOCI	12,612	15,613	17,697	18,012	20,373	22,134	22,378
Average common shareholders' equity ex AOCI	11,423	14,113	16,655	17,854	19,192	21,254	22,256
Book Value Per Share to common ex AOCI	\$21.57	\$26.68	\$30.28	\$30.79	\$34.82	\$37.88	\$38.32
Operating return on avg. common SHE ex AOCI	27.4%	31.1%	12.8%	12.8%	12.6%	16.1%	20.1%
Trailling twelve month average ROCE (as reported)	31.3%	35.6%	18.5%	3.1%	12.8%	15.2%	15.8%

Source: Barclays Research estimates, Company Data

Analyst(s) Certification(s):

I, Tracy Benguigui, hereby certify (1) that the views expressed in this research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures:

Barclays Research is produced by the Investment Bank of Barclays Bank PLC and its affiliates (collectively and each individually, "Barclays"). All authors contributing to this research report are Research Analysts unless otherwise indicated. The publication date at the top of the report reflects the local time where the report was produced and may differ from the release date provided in GMT.

Availability of Disclosures:

Where any companies are the subject of this research report, for current important disclosures regarding those companies please refer to <https://publicresearch.barclays.com> or alternatively send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 13th Floor, New York, NY 10019 or call +1-212-526-1072.

The analysts responsible for preparing this research report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities, the profitability and revenues of the Markets business and the potential interest of the firm's investing clients in research with respect to the asset class covered by the analyst.

Analysts regularly conduct site visits to view the material operations of covered companies, but Barclays policy prohibits them from accepting payment or reimbursement by any covered company of their travel expenses for such visits.

Barclays Research Department produces various types of research including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of Barclays Research may differ from those contained in other types of Barclays Research, whether as a result of differing time horizons, methodologies, or otherwise.

In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to

<https://publicresearch.barcap.com/S/RD.htm>. In order to access Barclays Research Conflict Management Policy Statement, please refer to:

<https://publicresearch.barcap.com/S/CM.htm>.

Primary Stocks (Ticker, Date, Price)

Progressive Corp. (PGR, 14-Sep-2023, USD 139.57), Underweight/Positive, CD/CE/J/K/M

Unless otherwise indicated, prices are sourced from Bloomberg and reflect the closing price in the relevant trading market, which may not be the last available closing price at the time of publication.

Disclosure Legend:

A: Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of the issuer in the previous 12 months.

B: An employee or non-executive director of Barclays PLC is a director of this issuer.

CD: Barclays Bank PLC and/or an affiliate is a market-maker in debt securities issued by this issuer.

CE: Barclays Bank PLC and/or an affiliate is a market-maker in equity securities issued by this issuer.

CH: Barclays Bank PLC and/or its group companies makes, or will make, a market in the securities (as defined under paragraph 16.2 (k) of the HK SFC Code of Conduct) in respect of this issuer.

D: Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

E: Barclays Bank PLC and/or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer within the next 3 months.

FA: Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with US regulations.

FB: Barclays Bank PLC and/or an affiliate beneficially owns a long position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

FC: Barclays Bank PLC and/or an affiliate beneficially owns a short position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

FD: Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with South Korean regulations.

FE: Barclays Bank PLC and/or its group companies has financial interests in relation to this issuer and such interests aggregate to an amount equal to or more than 1% of this issuer's market capitalization, as calculated in accordance with HK regulations.

GD: One of the Research Analysts on the fundamental credit coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

GE: One of the Research Analysts on the fundamental equity coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

H: This issuer beneficially owns more than 5% of any class of common equity securities of Barclays PLC.

I: Barclays Bank PLC and/or an affiliate is party to an agreement with this issuer for the provision of financial services to Barclays Bank PLC and/or an affiliate.

J: Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities of this issuer and/or in any related derivatives.

K: Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation (including compensation for brokerage services, if applicable) from this issuer within the past 12 months.

L: This issuer is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

M: This issuer is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

N: This issuer is, or during the past 12 months has been, a non-investment banking client (non-securities related services) of Barclays Bank PLC and/or an affiliate.

O: Not in use.

P: A partner, director or officer of Barclays Capital Canada Inc. has, during the preceding 12 months, provided services to the subject company for remuneration, other than normal course investment advisory or trade execution services.

Q: Barclays Bank PLC and/or an affiliate is a Corporate Broker to this issuer.

R: Barclays Capital Canada Inc. and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

S: This issuer is a Corporate Broker to Barclays PLC.

T: Barclays Bank PLC and/or an affiliate is providing investor engagement services to this issuer.

U: The equity securities of this Canadian issuer include subordinate voting restricted shares.

V: The equity securities of this Canadian issuer include non-voting restricted shares.

Risk Disclosure(s)

Master limited partnerships (MLPs) are pass-through entities structured as publicly listed partnerships. For tax purposes, distributions to MLP unit holders may be treated as a return of principal. Investors should consult their own tax advisors before investing in MLP units.

Disclosure(s) regarding Information Sources

Copyright © (2023) Sustainalytics. Sustainalytics retains ownership and all intellectual property rights in its proprietary information and data that may be included in this report. Any Sustainalytics' information and data included herein may not be copied or redistributed, is intended for informational purposes only, does not constitute investment advice and is not warranted to be complete, timely and accurate. Sustainalytics' information and data is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>

Bloomberg® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively “Bloomberg”) and the Bloomberg Indices are trademarks of Bloomberg. Bloomberg or Bloomberg’s licensors own all proprietary rights in the Bloomberg Indices. Bloomberg does not approve or endorse this material, or guarantee the accuracy or completeness of any information herein, or make any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, Bloomberg shall have no liability or responsibility for injury or damages arising in connection therewith.

Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the “industry coverage universe”).

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the “industry coverage universe”:

U.S. Insurance/Non-Life

AIG, Inc. (AIG)

Allstate Corp. (ALL)

Arch Capital Group Ltd. (ACGL)

Chubb Limited (CB)

Fidelis Insurance Holdings Limited (FIHL)

James River Group Holdings (JRV)

Lemonade, Inc. (LMND)

Palomar Holdings, Inc. (PLMR)

Progressive Corp. (PGR)

Root Inc. (ROOT)

Ryan Specialty Holdings (RYAN)

Skyward Specialty Insurance Group, Inc. (SKWD)

The Hartford Financial Services Group, Inc. (HIG) The Travelers Companies, Inc. (TRV)

Distribution of Ratings:

Barclays Equity Research has 1786 companies under coverage.

49% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 47% of companies with this rating are investment banking clients of the Firm; 68% of the issuers with this rating have received financial services from the Firm.

34% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 43% of companies with this rating are investment banking clients of the Firm; 66% of the issuers with this rating have received financial services from the Firm.

15% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 28% of companies with this rating are investment banking clients of the Firm; 53% of the issuers with this rating have received financial services from the Firm.

Guide to the Barclays Research Price Target:

Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

Types of investment recommendations produced by Barclays Equity Research:

In addition to any ratings assigned under Barclays' formal rating systems, this publication may contain investment recommendations in the form of trade ideas, thematic screens, scorecards or portfolio recommendations that have been produced by analysts within Equity Research. Any such investment recommendations shall remain open until they are subsequently amended, rebalanced or closed in a future research report.

Barclays may also re-distribute equity research reports produced by third-party research providers that contain recommendations that differ from and/or conflict with those published by Barclays' Equity Research Department.

Disclosure of other investment recommendations produced by Barclays Equity Research:

Barclays Equity Research may have published other investment recommendations in respect of the same securities/instruments recommended in this research report during the preceding 12 months. To view all investment recommendations published by Barclays Equity Research in the preceding 12 months please refer to <https://live.barcap.com/go/research/Recommendations>.

Legal entities involved in producing Barclays Research:

Barclays Bank PLC (Barclays, UK)

Barclays Capital Inc. (BCI, US)

Barclays Bank Ireland PLC, Frankfurt Branch (BBI, Frankfurt)

Barclays Bank Ireland PLC, Paris Branch (BBI, Paris)

Barclays Bank Ireland PLC, Milan Branch (BBI, Milan)

Barclays Securities Japan Limited (BSJL, Japan)

Barclays Bank PLC, Hong Kong Branch (Barclays Bank, Hong Kong)

Barclays Capital Canada Inc. (BCCI, Canada)

Barclays Bank Mexico, S.A. (BBMX, Mexico)

Barclays Capital Casa de Bolsa, S.A. de C.V. (BCCB, Mexico)

Barclays Securities (India) Private Limited (BSIPL, India)

Barclays Bank PLC, India Branch (Barclays Bank, India)

Barclays Bank PLC, Singapore Branch (Barclays Bank, Singapore)

Barclays Bank PLC, DIFC Branch (Barclays Bank, DIFC)

Progressive Corp. (PGR / PGR)

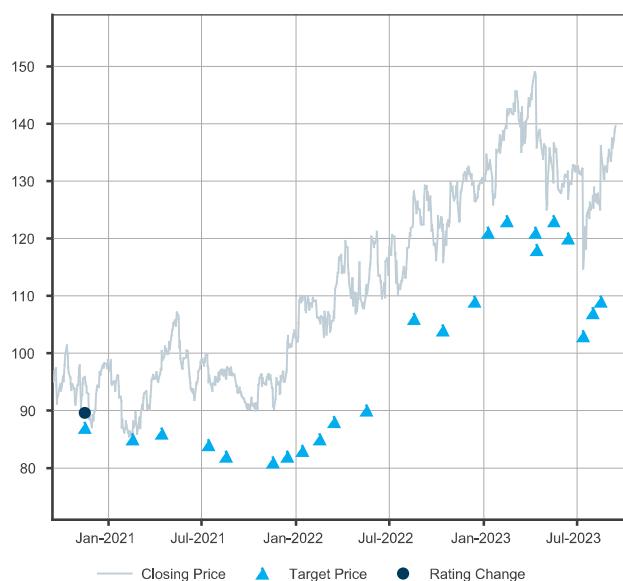
Stock Rating: **UNDERWEIGHT**

Industry View: **POSITIVE**

Closing Price: **USD 139.57** (14-Sep-2023)

Rating and Price Target Chart - USD (as of 14-Sep-2023)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
16-Aug-2023	125.05		109.00
01-Aug-2023	125.98		107.00
13-Jul-2023	132.11		103.00
14-Jun-2023	131.68		120.00
17-May-2023	129.76		123.00
14-Apr-2023	138.21		118.00
11-Apr-2023	149.00		121.00
15-Feb-2023	139.27		123.00
09-Jan-2023	134.61		121.00
14-Dec-2022	126.58		109.00
13-Oct-2022	121.40		104.00
18-Aug-2022	122.49		106.00
18-May-2022	111.19		90.00
16-Mar-2022	107.31		88.00
16-Feb-2022	105.78		85.00
13-Jan-2022	109.85		83.00
15-Dec-2021	97.14		82.00
17-Nov-2021	90.73		81.00
18-Aug-2021	95.57		82.00
15-Jul-2021	94.95		84.00
15-Apr-2021	100.40		86.00

17-Feb-2021	86.25		85.00
16-Nov-2020	95.90	Underweight	87.00

Source: Bloomberg, Barclays Research

*This is the closing price referenced in the publication, which may not be the last available closing price at the time of publication.

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

CD: Barclays Bank PLC and/or an affiliate is a market-maker in debt securities issued by Progressive Corp..

CE: Barclays Bank PLC and/or an affiliate is a market-maker in equity securities issued by Progressive Corp..

J: Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities by Progressive Corp. and/or in any related derivatives.

K: Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation (including compensation for brokerage services, if applicable) from Progressive Corp. within the past 12 months.

M: Progressive Corp. is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

Valuation Methodology: Our \$109 PT is based on 16.5x EPS and 3.2x BVPS (ex AOCI) on 2024E.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: The primary risks to our thesis are if PGR can improve PIF growth back to double-digit levels while producing underlying loss ratios <70% on a sustainable basis. This would require loss cost trends abating, that is outside our base case. Next, PGR may be uniquely positioned to make a digital breakthrough within the small commercial lines market (\$120bn premiums/TAM) if it can successfully leverage its multivariate pricing model it is known for on the personal auto side.

Disclaimer:

This publication has been produced by Barclays Research Department in the Investment Bank of Barclays Bank PLC and/or one or more of its affiliates (collectively and each individually, "Barclays").

It has been prepared for institutional investors and not for retail investors. It has been distributed by one or more Barclays affiliated legal entities listed below or by an independent and non-affiliated third-party entity (as may be communicated to you by such third-party entity in its communications with you). It is provided for information purposes only, and Barclays makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. To the extent that this publication states on the front page that it is intended for institutional investors and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors under U.S. FINRA Rule 2242, it is an "institutional debt research report" and distribution to retail investors is strictly prohibited. Barclays also distributes such institutional debt research reports to various issuers, media, regulatory and academic organisations for their own internal informational news gathering, regulatory or academic purposes and not for the purpose of making investment decisions regarding any debt securities. Media organisations are prohibited from re-publishing any opinion or recommendation concerning a debt issuer or debt security contained in any Barclays institutional debt research report. Any such recipients that do not want to continue receiving Barclays institutional debt research reports should contact debtresearch@barclays.com. Unless clients have agreed to receive "institutional debt research reports" as required by US FINRA Rule 2242, they will not receive any such reports that may be co-authored by non-debt research analysts. Eligible clients may get access to such cross asset reports by contacting debtresearch@barclays.com. Barclays will not treat unauthorized recipients of this report as its clients and accepts no liability for use by them of the contents which may not be suitable for their personal use. Prices shown are indicative and Barclays is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall Barclays, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

Other than disclosures relating to Barclays, the information contained in this publication has been obtained from sources that Barclays Research believes to be reliable, but Barclays does not represent or warrant that it is accurate or complete. Appearances by Third-Party Speakers: Any views or opinions expressed by third-party speakers during this event are solely those of the speaker and do not represent the views or opinions of Barclays. Barclays is not responsible for, and makes no warranties whatsoever as to, the information or opinions contained in any written, electronic, audio or video presentations by any third-party speakers at the event ("Third-Party Content"). Any such Third-Party Content has not been adopted or endorsed by Barclays and does not represent the views or opinions of Barclays. Third-Party Content is provided for information purposes only and has not been independently verified by Barclays for its accuracy or completeness.

The views in this publication are solely and exclusively those of the authoring analyst(s) and are subject to change, and Barclays Research has no obligation to update its opinions or the information in this publication. Unless otherwise disclosed herein, the analysts who authored this report have not received any compensation from the subject companies in the past 12 months. If this publication contains recommendations, they are general recommendations that were prepared independently of any other interests, including those of Barclays and/or its affiliates, and/or the subject companies. This publication does not contain personal investment recommendations or investment advice or take into account the individual financial circumstances or investment objectives of the clients who receive it. Barclays is not a fiduciary to any recipient of this publication. The securities and other investments discussed herein may not be suitable for all investors and may not be available for purchase in all jurisdictions. The United States imposed sanctions on certain Chinese companies (<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/chinese-military-companies-sanctions>), which may restrict U.S. persons from purchasing securities issued by those companies. Investors must independently evaluate the merits and risks of the investments discussed herein, including any sanctions restrictions that may apply, consult any independent advisors they believe necessary, and exercise independent judgment with regard to any investment decision. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The

information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results. The information provided does not constitute a financial benchmark and should not be used as a submission or contribution of input data for the purposes of determining a financial benchmark.

This publication is not investment company sales literature as defined by Section 270.24(b) of the US Investment Company Act of 1940, nor is it intended to constitute an offer, promotion or recommendation of, and should not be viewed as marketing (including, without limitation, for the purposes of the UK Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) or AIFMD (Directive 2011/61)) or pre-marketing (including, without limitation, for the purposes of Directive (EU) 2019/1160) of the securities, products or issuers that are the subject of this report.

Third Party Distribution: Any views expressed in this communication are solely those of Barclays and have not been adopted or endorsed by any third party distributor.

United Kingdom: This document is being distributed (1) only by or with the approval of an authorised person (Barclays Bank PLC) or (2) to, and is directed at (a) persons in the United Kingdom having professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (b) high net worth companies, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (c) other persons to whom it may otherwise lawfully be communicated (all such persons being "Relevant Persons"). Any investment or investment activity to which this communication relates is only available to and will only be engaged in with Relevant Persons. Any other persons who receive this communication should not rely on or act upon it. Barclays Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange.

European Economic Area ("EEA"): This material is being distributed to any "Authorised User" located in a Restricted EEA Country by Barclays Bank Ireland PLC. The Restricted EEA Countries are Austria, Bulgaria, Estonia, Finland, Hungary, Iceland, Liechtenstein, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovakia and Slovenia. For any other "Authorised User" located in a country of the European Economic Area, this material is being distributed by Barclays Bank PLC. Barclays Bank Ireland PLC is a bank authorised by the Central Bank of Ireland whose registered office is at 1 Molesworth Street, Dublin 2, Ireland. Barclays Bank PLC is not registered in France with the Autorité des marchés financiers or the Autorité de contrôle prudentiel. Authorised User means each individual associated with the Client who is notified by the Client to Barclays and authorised to use the Research Services. The Restricted EEA Countries will be amended if required.

Finland: Notwithstanding Finland's status as a Restricted EEA Country, Research Services may also be provided by Barclays Bank PLC where permitted by the terms of its cross-border license.

Americas: The Investment Bank of Barclays Bank PLC undertakes U.S. securities business in the name of its wholly owned subsidiary Barclays Capital Inc., a FINRA and SIPC member. Barclays Capital Inc., a U.S. registered broker/dealer, is distributing this material in the United States and, in connection therewith accepts responsibility for its contents. Any U.S. person wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Barclays Capital Inc. in the U.S. at 745 Seventh Avenue, New York, New York 10019.

Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.

This material is distributed in Canada by Barclays Capital Canada Inc., a registered investment dealer, a Dealer Member of IIROC (www.iroc.ca), and a Member of the Canadian Investor Protection Fund (CIPF).

This material is distributed in Mexico by Barclays Bank Mexico, S.A. and/or Barclays Capital Casa de Bolsa, S.A. de C.V. This material is distributed in the Cayman Islands and in the Bahamas by Barclays Capital Inc., which it is not licensed or registered to conduct and does not conduct business in, from or within those jurisdictions and has not filed this material with any regulatory body in those jurisdictions.

Japan: This material is being distributed to institutional investors in Japan by Barclays Securities Japan Limited. Barclays Securities Japan Limited is a joint-stock company incorporated in Japan with registered office of 6-10-1 Roppongi, Minato-ku, Tokyo 106-6131, Japan. It is a subsidiary of Barclays Bank PLC and a registered financial instruments firm regulated by the Financial Services Agency of Japan. Registered Number: Kanto Zaimukyokucho (kinsho) No. 143.

Asia Pacific (excluding Japan): Barclays Bank PLC, Hong Kong Branch is distributing this material in Hong Kong as an authorised institution regulated by the Hong Kong Monetary Authority. Registered Office: 41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

All Indian securities-related research and other equity research produced by Barclays' Investment Bank are distributed in India by Barclays Securities (India) Private Limited (BSIPL). BSIPL is a company incorporated under the Companies Act, 1956 having CIN U67120MH2006PTC161063. BSIPL is registered and regulated by the Securities and Exchange Board of India (SEBI) as a Research Analyst: INH000001519; Portfolio Manager INP000002585; Stock Broker INZ000269539 (member of NSE and BSE); Depository Participant with the National Securities & Depositories Limited (NSDL): DP ID: IN-DP-NSDL-299-2008; Investment Adviser: INA000000391. BSIPL is also registered as a Mutual Fund Advisor having AMFI ARN No. 53308. The registered office of BSIPL is at 208, Ceejay House, Shivasagar Estate, Dr. A. Besant Road, Worli, Mumbai – 400 018, India. Telephone No: +91 22 67196363. Fax number: +91 22 67196399. Any other reports produced by Barclays' Investment Bank are distributed in India by Barclays Bank PLC, India Branch, an associate of BSIPL in India that is registered with Reserve Bank of India (RBI) as a Banking Company under the provisions of The Banking Regulation Act, 1949 (Regn No BOM43) and registered with SEBI as Merchant Banker (Regn No INM000002129) and also as Banker to the Issue (Regn No INB100000950). Barclays Investments and Loans (India) Limited, registered with RBI as Non Banking Financial Company (Regn No RBI Cor-07-00258), and Barclays Wealth Trustees (India) Private Limited, registered with Registrar of Companies (CIN U93000MH2008PTC188438), are associates of BSIPL in India that are not authorised to distribute any reports produced by Barclays' Investment Bank.

This material is distributed in Singapore by the Singapore Branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this material, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is 10 Marina Boulevard, #23-01 Marina Bay Financial Centre Tower 2, Singapore 018983.

This material, where distributed to persons in Australia, is produced or provided by Barclays Bank PLC.

This communication is directed at persons who are a "Wholesale Client" as defined by the Australian Corporations Act 2001.

Please note that the Australian Securities and Investments Commission (ASIC) has provided certain exemptions to Barclays Bank PLC (BBPLC) under paragraph 911A(2)(l) of the Corporations Act 2001 from the requirement to hold an Australian financial services licence (AFSL) in respect of financial

services provided to Australian Wholesale Clients, on the basis that BBPLC is authorised by the Prudential Regulation Authority of the United Kingdom (PRA) and regulated by the Financial Conduct Authority (FCA) of the United Kingdom and the PRA under United Kingdom laws. The United Kingdom has laws which differ from Australian laws. To the extent that this communication involves the provision of financial services by BBPLC to Australian Wholesale Clients, BBPLC relies on the relevant exemption from the requirement to hold an AFSL. Accordingly, BBPLC does not hold an AFSL.

This communication may be distributed to you by either: (i) Barclays Bank PLC directly or (ii) Barrenjoey Markets Pty Limited (ACN 636 976 059, "Barrenjoey"), the holder of Australian Financial Services Licence (AFSL) 521800, a non-affiliated third party distributor, where clearly identified to you by Barrenjoey. Barrenjoey is not an agent of Barclays Bank PLC.

This material, where distributed in New Zealand, is produced or provided by Barclays Bank PLC. Barclays Bank PLC is not registered, filed with or approved by any New Zealand regulatory authority. This material is not provided under or in accordance with the Financial Markets Conduct Act of 2013 ("FMCA"), and is not a disclosure document or "financial advice" under the FMCA. This material is distributed to you by either: (i) Barclays Bank PLC directly or (ii) Barrenjoey Markets Pty Limited ("Barrenjoey"), a non-affiliated third party distributor, where clearly identified to you by Barrenjoey. Barrenjoey is not an agent of Barclays Bank PLC. This material may only be distributed to "wholesale investors" that meet the "investment business", "investment activity", "large", or "government agency" criteria specified in Schedule 1 of the FMCA.

Middle East: Nothing herein should be considered investment advice as defined in the Israeli Regulation of Investment Advisory, Investment Marketing and Portfolio Management Law, 1995 ("Advisory Law"). This document is being made to eligible clients (as defined under the Advisory Law) only. Barclays Israeli branch previously held an investment marketing license with the Israel Securities Authority but it cancelled such license on 30/11/2014 as it solely provides its services to eligible clients pursuant to available exemptions under the Advisory Law, therefore a license with the Israel Securities Authority is not required. Accordingly, Barclays does not maintain an insurance coverage pursuant to the Advisory Law.

This material is distributed in the United Arab Emirates (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC. Barclays Bank PLC in the Dubai International Financial Centre (Registered No. 0060) is regulated by the Dubai Financial Services Authority (DFSA). Principal place of business in the Dubai International Financial Centre: The Gate Village, Building 4, Level 4, PO Box 506504, Dubai, United Arab Emirates. Barclays Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority. Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi). This material does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE (including the Dubai International Financial Centre) and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, the Dubai Financial Services Authority or any other relevant licensing authority or governmental agency in the UAE. The content of this report has not been approved by or filed with the UAE Central Bank or Dubai Financial Services Authority. Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

Russia: This material is not intended for investors who are not Qualified Investors according to the laws of the Russian Federation as it might contain information about or description of the features of financial instruments not admitted for public offering and/or circulation in the Russian Federation and thus not eligible for non-Qualified Investors. If you are not a Qualified Investor according to the laws of the Russian Federation, please dispose of any copy of this material in your possession.

Environmental, Social, and Governance ('ESG') Related Research: There is currently no globally accepted framework or definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, an 'ESG', 'green', 'sustainable', 'climate-friendly' or an equivalent company, investment, strategy or consideration or what precise attributes are required to be eligible to be categorised by such terms. This means there are different ways to evaluate a company or an investment and so different values may be placed on certain ESG credentials as well as adverse ESG-related impacts of companies and ESG controversies. The evolving nature of ESG considerations, models and methodologies means it can be challenging to definitively and universally classify a company or investment under an ESG label and there may be areas where such companies and investments could improve or where adverse ESG-related impacts or ESG controversies exist. The evolving nature of sustainable finance related regulations and the development of jurisdiction-specific regulatory criteria also means that there is likely to be a degree of divergence as to the interpretation of such terms in the market. We expect industry guidance, market practice, and regulations in this field to continue to evolve. Any references to 'sustainable', 'sustainability', 'green', 'social', 'ESG', 'ESG considerations', 'ESG factors', 'ESG issues' or other similar or related terms in this document are as used in our public disclosures and not to any jurisdiction-specific regulatory definition or other interpretation of these terms unless specified otherwise.

IRS Circular 230 Prepared Materials Disclaimer: Barclays does not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

© Copyright Barclays Bank PLC (2023). All rights reserved. No part of this publication may be reproduced or redistributed in any manner without the prior written permission of Barclays. Barclays Bank PLC is registered in England No. 1026167. Registered office 1 Churchill Place, London, E14 5HP. Additional information regarding this publication will be furnished upon request.