Barclays Q3 2025 Results

Analyst meeting transcript - 28 October 2025

(amended in places to improve accuracy and readability)

Anna Cross, Group Finance Director

Hello everybody. Thank you so much for joining us in the middle of what I know is a really busy day for all of you and for the market, so really appreciate you coming along. As always, let me start with some reflections on the key themes from our discussions on the road over the last few days. And also, given the announcement this morning, I'll outline how we think about the acquisition of Best Egg, both for the US Consumer Bank and more widely for the Group. But let me start first with the reflections on the Q3 results. So, whilst the absolute RoTE has clearly improved, we have had some questions on whether or not our capital discipline in relation to the IB has affected our relative performance. The simple answer is no, and actually we've seen good performance in some of the areas of the Investment Bank that are inherently more capital intensive.

Specifically in DCM, we grew our year-to-date share in Leverage Finance by about 20 basis points year-on-year, and we've participated in 13 of the top 20 global deals in the quarter. And then in FICC, we performed broadly in line with our peers despite not having commodities and with a smaller footprint in Securitised Products. And I think both of those two things were called out across the market in Q3. We did, however, call out areas where we do need to do better and they do overlap with our existing focus businesses that we talked to you about a few times now. That includes, Corporate M&A and ECM, both of those are capital light. And in Equity Derivatives, our limited presence in Asia and not having a captive retail and wealth offering, where activity has been strong across the market, was a relative headwind for us.

I think the other thing I would say is, capital discipline remains really important for us, and we do believe that there are further opportunities for capital efficiency within the IB complex. Broadly, there is nothing that happened in Q3 that undermines that strategy addressing some other specific items in the quarter. We hope our Private Credit disclosure has been useful. However, as we've got on the road, ABS Financing has also been a focus area given Tricolor. Our ABS franchise is market leading. It's mature and it's scaled and it's predominantly in the US, and a lot of what we said about risk management and how we manage risk in Private Credit is directly attributable to the ABS business. The risks from the business arises from the collateral that we fund but has not yet been distributed and we manage that in a number of ways.

First, we are protected from first losses via senior funding. Second, we have long running, very granular and high frequency credit performance data, and what that allows us to do is proactively and appropriately size the credit protection and adjust the collateral if we feel it is necessary. Thirdly, more than 80% of the consumer related exposures that are structured, are structured to double A or better and less than 3% is below single A.

So now moving on to the transaction that we announced this morning, as you know, we have a clear capital hierarchy and a high bar for investment. Best Egg meets that high bar by adding scale and capability at the right price, generating a return on investment that is comparable to the three highest returning UK businesses over time and being accretive to both the US Consumer Bank and Group RoTE from 2027. As a Group matter, our distribution commitments are unaffected. In fact, we expect a circa 6 basis point net release of capital across the sale of American Airlines and the acquisition of Best Egg.

So, what is it? Simplistically, it's a direct-to-consumer provider of US personal loans. This is a market that we already participate in, but we lacked the capability to do it at scale. It is an originate to distribute model and the loans are distributed through forward flow arrangements, sourcing consumer credit for alternative asset managers, and also through securitisations, transferring risk and retaining a modest vertical slice of the structure. We expect the acquisition to be accretive to USCB RoTE from 2027 and to support its mid-teens RoTE target in the medium term. And it does so in three ways.

First, it replaces the majority of the scale lost through the loss of the American Airlines business, and with the General Motors book acquisition, we will broadly replace all of the American Airlines income, and the income that we gain comes from higher quality origination and servicing fees through non-NII. And it therefore generates a higher RoTE.

Second, it improves USCB's capital efficiency. Best Egg loans are distributed to its funding partners and do not attract material credit risk RWAs, allowing us to grow in a capital efficient way. Whilst we expect to retain some personal loans, these attract a lower risk weight than for US cards, and this will continue to be the case post-AIRB.

Third, Best Egg offers synergies with the existing business. It expands our capabilities to originate personal loans directly to consumers beyond our existing offering. And these capabilities will help enhance our proposition for co-brand partners and customers. Moreover, we are able to leverage the capabilities and relationships in the Investment Bank, given the overlap between Best Egg's funding partners and our Investment Bank clients and SRT investors. As a final comment, I want to stress that Best Egg customers are prime, with an average FICO score of around 710 and

delinquency rates consistently below the peer average. And whilst we may retain some additional loans in the future, I would expect that the average FICO scores for those to be higher and to exceed 725. So with that, I'm happy to take your questions.

Perlie Mong, Bank of America

Starting with the Best Egg transaction, can you help us a bit on the cost and the impairment side of things? It's a day one integration cost and going forward, how would impairment flow through it? Presumably it's origination, so you don't have a lot of direct holding of the loan. So, does that mean impairment is also going to be quite low [versus revenues]?

Number two, I know the 2028 target is something that you would not want to talk too much about right now. With the Best Egg transaction, we have greater visibility as to how we can get to mid-teens for the business, and then the UK businesses, all three of them are easily making greater than 20%. And if the Investment Bank is greater than 12% Group guidance for 2026, mechanically I think we can get quite close to 14%. Is that aligned to the ambition that you have for the business going forward?

Anna Cross

Okay, thank you Perlie. Let me take those in order. So the structure of Best Egg will be about $11 billion of what we call managed balances. Only about $1 billion we expect to be on the balance sheet. So therefore, the RWA position is relatively low and the direct impact of impairment is relatively low. So that's really what creates the stability of these returns and the relatively high RoTE of the business. So, I'm not going to give you specific numbers now on impairment, but expect it to be a relatively small number just because of the nature of the business model.

As relates to costs, clearly, again we'll update you nearer to the time around our expectations on costs. A bit like what we did on Tesco. So, think no later than Q1, we'll give you a much fuller breakdown of what this is likely to look like. But we do expect some opportunities in the future to be able to generate cost synergies. In the immediate sort of short-term period we would expect to run this business somewhat standalone and then integrate it over time, a little bit like what we've done with the other smaller acquisitions. But I think what's really important here, and you can see it I guess from the numbers that we've given you, is that the RoTE of this business is extremely high. And even if you did it on an ROI basis, it remains high, and we expect to be able to grow that over time.

On your second question, clearly I'm not going to give you a target now, but just remind you that when we set out the targets, RoTE, distributions, and the way we expect to grow our RWAs, 2026 was the only ever supposed to be a point in time and, and a sort of near term target. What you should be gleaning from us is that we are gaining momentum in the business, that we're gaining confidence in the business, and that's really what's led us to not only upgrade for the current year, but give you an indication that we're going to come to you a year before the current targets expire. But our ambition is to keep growing the returns of the business and really important for me, not just the returns, but the consistency and the stability of those returns.

So more in February, I'm afraid. Thank you. Next question please.

Amit Goel, Mediobanca

Two questions from me. One again, just on Best Egg, but just more in terms of USCB capital allocation and growth plan. So, I guess this is presented very much as like a replacement for the American Airlines portfolio in combination with General Motors. You've got the same kind of receivables target and talking about the profitability. I'm just curious, if you'd retained the American Airlines portfolio for example, would you still have done this transaction? How are you thinking about allocation to the business going forwards, where profitability has been strong this quarter.

The second question is actually just a bit more specific, but just on the deposit business within BUK. Just curious what your thoughts are going into next year, because I think one of your peers was talking about slightly slower growth. So just curious, what you are expecting and whether that has any feed through to the hedge balance? Thank you.

Anna Cross

Let's just step back a little bit and think about what Best Egg does for USCB. It creates scale and capability, and they are the things that we've talked about sort of repeatedly when we talked about potential acquisitions. So, the loss of American Airlines clearly gave us a question on scale, but the question of capability is somewhat beyond American Airlines. Clearly it's capital light revenue, but I think, you know, this is digital first, [has] superior risk capability in an area adjacent to what we already do. In fact, we are in this business in a small way. So, it's first and foremost a capability purchase, and we've been talking to the business for nine months. That's really what attracted us. Actually, the sort of to-ing and fro-ing in terms of scale, is somewhat an output.

However, as you point out, we're essentially taking a relatively low risk adjusted margin, capital heavy source of revenue and replacing it with a capital light, high RoTE source of revenue. Growth from here, we clearly see growth in this particular business because there are potential revenue synergies there. I think that's not only from the Best Egg customers coming to us directly and us being able to sell cards and deposits to them. It's clearly in the opposite direction, being able to take that product into our full partner suite. We do it with about 10 partners at the moment to give you an idea, but it is small. And then there are clearly revenue synergies in respect to funding and also in securing our flow of ABS business, if you like, into the Investment Bank. So, all of these things are in our mind.

That said, the core business and our focus on improving the profitability of the core business in USCB remains. So this is in no way a substitute for all of the stuff that we have been doing for a number of quarters now, in which you're seeing in the Q3 results and we would expect to replicate. But if the essence of your question is, should we expect to see a series of these in the US? The answer to that is no. Because essentially this is about, as I said, firmly a capability purchase. And having got that capability, growth from here should be in scaling that business in a capital light way and in continuing to grow our US cards business very much in the way that you've seen us do it before, both organically and inorganically at the same kind of cadence.

Deposit businesses, particularly in BUK, I'd distinguish between deposit competition and trends, and the hedge. So, what we've seen in the hedge is clearly deposit stability, particularly in the hedgeable balances. So, the non-interest sensitive balances that we have, and that's allowed us to give you some guidance that we expect to roll a 100% of the hedge from here. That's what we've done for the last few quarters.

Contrast that with what we see as competition in the deposit market, which is really a churn in the fixed term deposit book, whether they be ISA or not, and that's really what we saw in Q2. We saw again in Q3, there were some very, very large maturities in the market in Q3 and therefore we saw some intense pricing. Actually we expect that to continue and that's included in the margin expectations that we've given you. Why do we expect it to continue? Well, in part, we can all speculate as to why there's some extra competition in this market. It may be because of concerns around ISAs, there's certainly TFSME (Term Funding Scheme with additional incentives for SMEs) funding coming up for renewal and maybe broader reflections on Quantitative Tightening. So, we see that sort of fixed term competition continuing and that's really why we said to you in the fourth quarter, expect that product margin element in the NII flight path that we gave you, remember it was very positive in Q3, we expect that to be broadly neutral in Q4. And that's because of what we observe in deposits and also the comments that are made on the earnings

call in respect to mortgages. Clearly going in the opposite direction to those headwinds, we've got the formation of IELs (Interest Earning Lending balances), we've also got the impact of Kensington. So, for us it's broadly neutral, but we do see those margin impacts in the wider market.

Elise Yu-Ge, KBW

Thank you for taking my questions. I've got a slightly out the picture question if that's okay. Stablecoins, just being something we've been talking about recently. I think Barclays has previously spoken about its use case in the wholesale market and I think one of your peers, Lloyds, has commented on the deposit usage in retail business. But the disclosure has been quite limited, I guess the topic's quite new. Just interested to hear your views on [what the direction of travel is], in terms of maybe costs or timeline or any regulatory challenges? Ultimately do you think it's going to make a material difference for Barclays and your clients?

Anna Cross

Dan's been very involved in this.

Dan Fairclough, Group Treasurer

I think it's obviously a very interesting topic for us to watch. I mean, at the moment, I think the stablecoin use case has primarily been crypto, off-ramp, on-ramp and some remittance activity. I think sort of take up more broadly across international payments with corporates has still been relatively limited, but I think that's where we see that it could have potential for further application. I think the use case in retail is much less clear. It's obviously something that we will we'll watch closely, but for a couple of reasons.

Firstly, I think the definition of stablecoin as money is still somewhat lacking, in confidence and security. Secondly, the use case in terms of the fact that retail domestic payments are already pretty straightforward to do. So I think the use case for retail is much less clear. So we'll watch this space really closely. As you know, there's been a press release on it, we're engaging with the other UK banks on testing some of these technologies. And we'll be testing use cases there, both in the wholesale space and also in the retail space. But the retail space, less stablecoin and more about adding features to the existing form of money. So we'll be testing those, so a lot to watch, I think.

Sanjena Dadawala, UBS

The first on the Private Bank, on NII, which was down in the quarter, with increase in deposit balances. So just thinking about going forward, if this is a start of a trend or if there are some one offs or things going on in the quarter in particular. The second on UKCB, the [income] expansion again on the trend, is that something which continues into the future or is there a deposit mix change driving that, which may slow down at some point?

Anna Cross

On the Private Bank, what we continue to see is our clients are very heavily engaged with us and optimising their positions, whether that be across deposits or indeed investments. As sophisticated investors, that's what we would expect them to do. And in that business, clearly we are keeping that within the ecosystem, both in deposits and investments. So, broadly happy with it, but it has somewhat eroded the NII in the quarter. We'd expect a broadly similar level of income I think as we head into Q4, but just a reflection, I guess, of the nature of the clients. Just to remind you, I mean, that is a very, very high RoTE business and it remains above the target of greater than 25% that we've given you for 2026.

So if I go into the UK Corporate Bank, we've seen really good income growth there, there's nothing in particular as a single matter I would call out. Just deposit growth and lending growth fundamentally coming through into that top line into the NII.

Alvaro Serrano, Morgan Stanley

On the US Consumer Bank, obviously very good performance in Q3 means we look at Best Egg with better eyes. I just wanted to understand better that improvement in performance, you called out improving in loan pricing and also in fees. The revenue share agreements, some of them were renegotiated. Can you maybe give us examples of how much the loan yields or loan spreads might have gone up or how you compare to competition? Something that would give us a better sense of how sustainable that is? I don't know if higher pricing might affect volume? Any examples of those two things that can help us get our head around that?

And the second question is on the Investment Bank, you touched on it already, the RWA efficiencies. There's more to go, but if we think about the next plan or going forward, is the philosophy still to keep RWAs flat in the business? And if that's the case, I don't know if you can

help us quantify those efficiencies in particular in [Global Markets], because I realise M&A and ECM don't really carry that much capital. Just to get a feeling of how much more room there is.

Anna Cross

So on USCB, I mean the improvement that you are seeing coming through does come in large part from pricing. So, to give you an idea, the year-on-year improvements in NIM, about half of that comes from the repricing that we did last year, and that repricing was completed by the end of 2024. But the way this works through into the NIM is that consumers have to repay and then draw down on the new terms and conditions for that to really feed through into the NIM. There has been wider repricing across the market. That came initially from the expectations of late fee reductions last year and has not yet reversed. The impact for us in terms of late fees was relatively small, as you can imagine, relative to some of our competitors. And therefore, we don't believe that it's creating any kind of NIM competitive pressure.

For some of our competition late fees would be more significant and therefore that might be more of a question. But on another level, one of the things that we established as we prepared for our strategy pre-February 2024, was we were not optimised for pricing, even on a like-for-like basis, even pre the loss of late fees. So, much of this has been a bit of an industry catch up and therefore has not really had a significant impact, in terms of competitive positioning. So, we remain comfortable where we are positioned and we do see it as sustainable in terms of the pricing.

I mean the other things that are directly impacting the NIM are the growth in retail deposits. Remember there's a 50 to 60 basis points differential there [versus wholesale lending] and also the general expansion towards retail balances. Now, clearly in the quarter, there's only been one month of General Motors. So revenue sharing arrangements, I'm not going to call any of them out. We never do as a partner matter and they do actually impact both the NIM line and the non-NII line. So that's why you're seeing some improvements there also, as well as there being just generally increased volumes. So, underlying your question, is this sustainable? The answer is yes, we do believe it is, which is why we said we expected NIM to be broadly stable from here. Just remember it is quite a seasonal business, so you get some lumps and bumps particularly in Non-NII. So we're happy with that general direction.

If I go onto the Investment Bank, what you've seen for the last six quarters is that the revenue over RWAs continues to improve. So, if you look year-over-year across those six quarters, you can see a step change each time and clearly what we were looking for at the beginning of the plan was the area where revenue over RWAs had declined markedly over time, [which] was really in the

Banking business. And that's where we see a lot of the improvements starting to come through in very, very good capital discipline in driving that Treasury Coverage model. So, you can see that in the International Corporate Bank balances that are growing, and the income there, but also really being focused in M&A and ECM and as I called out before, we do feel there's more to go in those businesses.

So in terms of the Banking business, you would expect there to be further road to travel in terms of this revenue over RWAs, because of the International Corporate Bank business continuing to perform. Just because we still have ambitions within ECM and M&A, that they remain a focus for us, but also just this kind of real discipline about the maturation of capital and really whether we continue to extend it to that client or not, or choose to put it elsewhere. So much more to go, I think tangibly within Banking.

But in the Markets business, clearly that was coming from a slightly different place. It wasn't a situation where we deployed more capital into that business and that it had largely maintained its revenue over RWAs. What you're seeing now is it continuing to improve because it is taking share, and in many instances we'd already given capital to those focus businesses and they're sort of growing into the capital and maturing into that capital. And then the other thing is obviously Financing, a very capital light business, continues to grow, particularly on the Prime side where the balances were 30% up year on year. So, I can't give you a specific target and indeed that's not how we're thinking about this business in particular, because we do think of it in terms of RoTE. So, it's a number of things to get there, but think of us as still feeling like there's room to go in terms of that revenue over RWAs.

Nicolas Payen, Kepler Cheuvreux

A couple of questions please. The first one, back to Best Egg. You mentioned that the returns for Best Egg are comparable to your three highest returning UK businesses. So essentially, we can assume at least 20%. I just wanted to put that into the context of your mid-teens RoTE targets post 2026. Is 20% something which is achievable over the long term?

Second one would be on the group income target of £30 billion for 2026. Consensus is actually above that level, at £30.4 billion. So, I just want you to know if you're comfortable with that level and should we think about £30 billion as a floor? Thank you.

Anna Cross

On Best Egg, I mean, you're right. If you sort of back solve, actually with a total investment, you're going to get to around the kind of level that you've talked about in time. Actually on a RoTE basis, it'll be much, much higher. We've given you the price, you've got a P/E ratio, so you can determine what the earnings are and the tangible equity is around $275 million. So, the RoTE is actually incredibly high in this business. When we say it's sort of in alignment with the UK [businesses], I'm being quite penal in that calculation because I'm including the goodwill essentially.

As for the entirety of the USCB targets, I would remain in my mid-teen zone. The bulk of the business is the cards business. This business, whilst adding capability and adding scale, it is relatively small, certainly at this point in time. Clearly something that we think we can scale, but the most important part of the USCB story remains the improvement in the RoTE of the core business. And that's clearly what we've focused on. That's what you saw in Q3.

As relates to, I think you're talking about the income expectations for 2026. Look back in 2024, when we talked to you, we said we expected income of around £30 billion and costs of around £17 billion. We said that if income was higher or lower, then cost would be higher or lower. You know, for us, RoTE is the north star, and that's really what we've been focused on, which is why we are not really giving you an absolute income target. That was an indication.

That said, you can see from the momentum that we've had, that the top line is higher than we expected it to be. That's why we've upgraded our Group NII [excluding IB and Head Office] expectation this year. Clearly, historically that's come over time from the rate environment that we're in, but it's also coming from the increasing confidence that we have from USCB and the progress that it's making. So, I'd call out that NII trajectory as being particularly strong. We clearly where we want to be in terms of UK lending momentum, and that's not going to stop at the end of 2025 or indeed 2026. Then the other thing I would just call out is the two businesses where, they've been somewhat of a drag on Group RoTE or earnings, are clearly now making progress. So, I would say the momentum is with us, but obviously we'll guide you more firmly in February.

Benjamin Toms, RBC

Firstly on Corporate lending, you mentioned it earlier about how good the performance has been, and that wasn't just a Barclays story, that's across the UK Corporate Bank. So I was hoping you

could unpick some of the drivers of why you think growth has been so good there and to what extent will the underlying continue into the end of this year and into next year.

Secondly, on building out the Investment Bank, I think you're looking to go back into Saudi Arabia. If you could just kind of give some colour about what the ambitions are there. You spoke earlier about how your performance was not so good versus peers because of lacking Equity Derivatives in Asia. To what extent you have appetite of kind of rectifying that, either inorganically or organically?

Anna Cross

On UK Corporate Bank, we are really pleased with the performance and clearly it's taken a while for us to get to this momentum. I think there's a couple of things really underpinning it. One is actually saying that you are open for business with your clients. I think that's really important, because about half of the new lending that we've done has come from existing clients. I think that gives the confidence to those clients, it gives a confidence to the regional teams that are dealing with them directly. So, that's a really important statement.

The other piece, however, that's made a real difference, and it's a bit like what we've done in mortgages or what we've done in cards, is there's an adjacent capability build that we've done here. That's not just digital, but actually the speed to the lending decision is markedly improved.

So that's a better client experience. But again, I said half of the lending was coming from existing clients. Well, the other half has clearly come from new clients. So, we have been acquiring clients 550 last year, more than 400 this year so far. But there's no particular concentration geographically or by sector or anything. It is just capability build and focus that's bringing that through. So very much the same risk. So, no change in our risk appetite again, like our strategy in cards. I think the other thing that I would call out, and it's in the back of the [Investor Presentation on slide 35] where we talk about the survey, about 43% of our clients say that they expect to make investment decisions beyond the budget. So, there is a slight hesitancy in the market, probably more in the mid-corporate area, not really holding us back, but clearly there are some thoughts from some of those clients there.

In terms of Saudi Arabia, I'm not going to make specific comments on Saudi Arabia here. I don't think you should see it as the harbinger of a substantial move eastward. So, I don't see us reestablishing the position that we exited in Asian Equities in the 2010s. Those comments were more of a reflection of the fact, in some quarters, our business focus will help us excel and in some

quarters it will be a relative headwind for us. So, it was a statement rather than a statement of ambition. But in terms of Saudi Arabia, nothing I would particularly add beyond what we've put in the press at this point in time.

Kian Abouhossein, JPMorgan

The first question, just coming back to Equity Derivatives in Asia, you mentioned, you don't have a retail business, but if I look at the largest players, they don't have a retail business either. These are the Americans who control the market. So, I'm just trying to understand, your position compared to your peer group really, which is mainly doing Chinese corporate offshore/onshore derivative business. That's where the money is rather than retail. Just want to understand what business do you think you're not doing, which leads to a weaker position.

The second question I have is on Financing, you've done a great job of growing Financing. Is there any leverage exposure limitations that you think of? In that context, is there any more detail you can give us on Financing in terms of segmentation? What is actually in the Financing book?

Anna Cross

Okay, let me start, and I might ask Dan to add to the leverage part of the question. On Equity Derivatives, we feel like there were comments out there in the market around Retail and Wealth, that was our broader understanding. Some of them do have Retail and Wealth businesses, so that's clearly helped their businesses. For us, I'll go back to what I said before, don't expect us to have a significant Asian Equities business. Equity Derivatives is one of the focus areas that we called out right at the beginning of the plan. An area where we felt we really wanted to build capability. It's one where we've monetised the market well, when there's been volatility, less so when there hasn't. And that's clearly something we are reflective of Kian, and an area that we, clearly given the Q3 results, need to keep working on. So that's how I'd characterise it.

On Financing, here we're talking about our Prime business and our Fixed Income Financing business, predominantly with hedge funds, that's what we're discussing here. The largest part of the growth is really coming through Prime, where our balances have been up significantly year-on-year. There is an Asian element to that growth. Clearly that's a wider margin than we would see on the other side of the business in Fixed Income Financing. And it's an area that we want to continue to grow. As you call out, it's RWA light, but it is leverage heavy. We are very thoughtful really about the interplay between AT1 and the returns on that business. But Dan, you might want to add.

Dan Fairclough

Yeah, just to add a little bit more flavour in the business. Obviously, leverage is the lifeblood for that business, but we've got the same focus on efficiency in that business as we do elsewhere on RWAs, so exactly the same principles apply. We're very focused on the return on leverage balance sheet versus the cost, particularly the cost of AT1. In terms of a bit of the flavour of the business, it's also quite consistent. It's very focused on the top clients. That's really where we spend most of our energies and time. It's just extremely high-quality liquid book serving that client base.

Sheel Shah, JPMorgan

Two questions please. First, coming back to Best Egg, because it isn't a bank and it's clearly being acquired by a bank. Would the rules have to change with regards to holding an equity slice, or a tranche of the securitisations? Could you speak to maybe how that works, for Barclays?

Then secondly, looking at the SRT book, I know you haven't given disclosure for the third quarter, but for the second quarter, it's declined about £7 billion. So, I'm just wondering, is that a timing issue or how should we think about that, and how does that tally with the capital efficiency in the Investment Bank?

Anna Cross

In terms of Best Egg, you're right, it's not a bank, it does become part of one as this transaction completes. There are implications of that in terms of its funding. Obviously creates some efficiencies. In terms of the regulatory requirements around the slice that it holds, I don't believe that they are significantly different, but we can revert. But I don't believe so, Dan may want to add to that.

So, from our perspective, given its business model and given the way we are already embedded in that business model in the Investment Bank, actually we see efficiencies here, because we have the pre-securitisation funding opportunity. We clearly have reduced securitisation costs because there are things that we will be doing in house. We have an ability also to have a flow of consumer credit into that ABS business. So, from our perspective, it's a net benefit in that particular part. Dan, SRT?

Dan Fairclough

There's a very consistent level of activity in SRT, so there's nothing I would call out. Maybe we can follow up with you afterwards on whether there's FX or amortisation. There are numbers, but the footprint has been very, very consistent.

Anna Cross

Again, that's sort of consistent with what we've said before. We do see that Colonnade program in particular as being a mature program and we manage it carefully in terms of its reinvestment cadence. So, I think it's probably in the detail rather than anything deliberate.

Canberk Benning, Citi

On Tricolor, could you elaborate on the nature of Barclays' exposure to Tricolor? Was it primarily warehouse lending, securitisation, or another form of structured finance? Just a comment on whether you think this is more of an idiosyncratic trend, or are you worried about broader trends in the market?

Then on the Investment Bank, you noted in the call last week that there will be differing trends in each quarter. So, this quarter was APAC performing particularly well. I was just wondering if you could elaborate or clarify the trends that you see going forward, and which parts of the Investment Bank have the most momentum?

Anna Cross

In Tricolor, clearly, we were lenders into that warehouse. We said on the call that it was a client for many years for the bank. It had been a client for 9 or 10 years. So we've been very reflective of really the indicators that had become apparent in that business that might have led us to discover that particular situation. Now clearly from our perspective, the first line of defence is the clients that you choose at the outset. Tricolor had clearly been a client for a long time and a good one for a long time. There are other clients that we have not onboarded. Then once those clients are onboarded, what monitoring do you do? And we've been reflective of a couple of things.

Firstly, what are the controls and, in particular the separation of controls within the vehicle itself. So, who's managing the collateral versus managing the business, and the independence of that is something that we've considered. Also, quite frankly, who are the advisors, the accountants, et

cetera for that business. So, we've looked across the rest of the businesses with those thoughts in mind, and there's nothing that we've seen that's concerned us. Clearly, we're watchful as we always are.

In terms of the broader trends on the Investment Bank, clearly what we've seen is a reawakening of the Banking market, particularly in the US. We've benefited from, as I mentioned in my prepared remarks, the resurgence within DCM, so that's a business that we are well geared to service. We feel like we've made good progress in terms of sponsors generally, but particularly in M&A.

The areas where we've been mindful of our relative performance, as I said, were corporates in M&A and ECM. Now in the quarter, we didn't participate in the largest deals. Again, that's something we are reflective of, but as I look forward into Q4 and beyond, really the ECM pipeline looks better, but we are very mindful of government shutdown in the US and the kind of impact that might have on the timing of transactions, so that's the only thing I would say. For the Markets business, it's very difficult to call a trend a quarter ahead and I won't attempt to do so.

Christopher Cant, Autonomous

On Best Egg, in terms of the financials here, you've given us the high single digit P/E of something like a £90 million bottom line. I think you've indicated that the ROIC (Return on Invested Capital) is going to be commensurate with the UK businesses, if I've understood you correctly. So, £90m [bottom line] versus your £800m investment seems to imply quite a meaningful amount of cost synergy that you expect to deliver over time. I'm just mindful of that implying potentially a step up in costs in USCB as we look into 2026. I'm just curious if you could give us an indication of the cost base that's attached to this. Appreciate you've sort of indicated the revenues are commensurate with the American Airlines book, but just in terms of the cost, that would be helpful, I think for our modelling.

Then in terms of the longer-term capital allocation question, it came up on the call last week. There's obviously market sensitivity around your 50% Investment Bank allocation target. I guess the $40 billion end net receivables target [in USCB], you weren't necessarily expecting quite so much of it to be servicing relationships when you set out the strategic plan. So, the $16 billion card IRB impact, it would just be scaling that down by $4-5 billion for the fact that, out of the $40 billion of targeted balances, over a quarter is now off-balance sheet and therefore presumably be not impacted at all by IRB.

Anna Cross

You're sort of broadly at the right sort of earnings level. I think as an ROI matter, what we're saying is in time you're right, we do expect to grow the earnings of this business, and I would say probably in the following order. Starting with funding synergies. Again, remember that's what we did in Tesco, they're the ones that normally come through first and I called those out before. Remember, this isn't a bank at the moment. So, there are clear funding synergies in terms of the pre-securitisation position, the cost of securitisation itself. Then you come to cost synergies, for a while we would expect to run this as a business in parallel and then incur the integration over time. So I wouldn't call out any particular integration chunks next year, but clearly, we'll update you on that. But funding is a key point.

And I also think those revenue synergies are going to come from a number of different places. So, as I said before, it's cross selling cards and deposits to customers who come to us via Best Egg. It's going in the opposite direction and extending the Best Egg capability across all of our partners into the cards business. It's also actually about our ability to create a forward flow of consumer business into our Investment Bank, so that's also important here. I think funding, revenue and costs will come in time, but we do have confidence that we can get this to high teens RoTE.

On the Investment Bank, clearly when we set that 50% [target] out, there was an expectation of timing of regulatory change, and that's clearly changed over time. That $16 billion was therefore related to a level of balances that was not $40 billion. So I think that's the first thing to remember, because we expected to go through AIRB actually in 2025, it seems like quite a long time ago, but I'm sure our original expectation was 2025, by which time the balances would not have been $40 billion. So, I wouldn't necessarily do the kind of scaling that that you're talking about here.

That said, you are right, we've replaced capital heavy balances with capital light balances. Although we'll retain a small portion of the loans, the AIRB treatment of loans is relatively much lower than it is for cards. So you're not really going to see a material step change there, both because of the nature of the change and also because of the quantum.

But the 50%, or the spirit behind the 50%, remains intact, which was about holding the Investment Bank [RWAs] flat. You should expect us to continue to do that and expect us to continue to grow the UK in particular. And it was really the UK growth that was driving that change. The regulatory change is timing and at the point where we have a better estimate of that $16 billion, we will of course come to you with it. But unfortunately, the quantum and the timing has some regulatory uncertainty around that.

Chris Hallam, Goldman Sachs

Just two questions, both on the US. First of all, you mentioned the shutdown, the impact that could have on Q4 revenues. Should we think about that just as, if the shutdowns still there on November 6th, accounts have gone stale, all the ECM has pushed into Q1. Is that the right way to think about it? Maybe also, does that differ for M&A versus ECM?

And then on the second side, I think the Federal Reserve has provided its proposals for the simplification or the increased transparency on CCAR. So just any initial thoughts you have with regards to either for yourselves or for your peers in the US.

Anna Cross

We would see a shutdown as a relative timing point, irrespective of the line in Banking that we're talking about, whether it's ECM or M&A. To the extent that they're strategically important to those clients, we'd still expect them to complete, they just might get pushed. So that's how we'd see it certainly at this point in time, given this length of delay.

In terms of CCAR, and I would say more broadly around the US regulatory emergence, what appears to be a general theme as transparency and coherence. By that I mean the way in which the various aspects of the regulations fit together, whether that be CCAR, whether that be GSIB, whether that be leverage, whether it be Basel. And actually the way the Fed is sort of stepping back and reflecting on those things as a coherent whole, we would welcome, and we remain hopeful that the FPC will take a similar approach.

James Invine, Rothschild & Co Redburn

I wanted to ask about the Financing Business, please. I mean, that's been working well for you. As Dan said earlier, you've been focused on the largest of the hedge funds. But, from what we can see, and I think disclosure across the industry isn't very good here, but from what we can see, your penetration into those very largest hedge funds is now approaching the kind of top three Financing firms to the big US banks. But where you have less penetration is in kind of the next rung down. Is there still a lot more scope, you think to increase penetration further and really kind of catch up or maybe even overtake the biggest players in the industry among that top group of hedge funds? Or are you going to have to start focusing more on the next rungs down?

Anna Cross

Our Financing business is working well and remember this comes in two parts. So, our Fixed Income Financing business, very much embedded in the heritage of Barclays and Lehman before it. It is typically number one or two in the market. So very, very well-established business. What we've been doing is growing Prime alongside that. We've gone from typically number seven or eight to joint number five. So, we've clearly made some progress there. As you note, our targeting has been with the larger of the hedge funds, that's deliberate, and it reflects both our business model and our view of risk. So by business model, what I mean is we run our Financing business as an integrated business.

So Fixed Income Financing and Prime are run under a single leadership. So when we approach a client, that's how we approach them, not as two individual businesses. We also run our technology that way. So, as we're looking at those clients, we look across their business in its totality, and we believe that gives us a better perspective of their risk. That lends itself to the largest global multi-strategy type funds, so that's really why you see that approach. But also, in terms of our own risk positioning, we do believe that, again, the first step in risk management is through the careful selection of clients, and therefore we choose to work with the larger, more capitalised, more liquid clients in the industry. That's really where we prefer to operate. That may mean that we give up a little margin along the way, but that certainly is a risk matter where we would want to operate. So, it's a deliberate strategy. So, from our perspective, we would want to grow as they do. Clearly, we do feel there's more for us to do there.

Thank you so much. Really appreciate you coming in again on a very busy day in the market. So, appreciate your time and questions, particularly on Best Egg. We will see you on the 10th of February, if not before. Thank you very much.

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