Barclays Q3 2026 Results

22 October 2026

Q&A transcript (amended in places to improve accuracy and readability)

Jonathan Pierce, Jefferies

Hello, good morning, both. Hope you're well.

I've got two questions. One on capital, one on cost please. On capital, the Pillar 2A drop, 59 bps in [Common Equity Tier 1 capital] terms, think its about 105 basis points in total capital terms, it's huge. Mathematically it's equivalent to about £50 billion of RWAs moving into Pillar 1, not the £8 to £15 billion that you're flagging for Basel 3.1.

So I just think we need a bit more colour on this. Is there something else going on here? Is this actually part of a much broader review of Pillar 2A and not just Basel 3.1? And maybe as a supplementary to that, if you do land at 11.6%, which is what we're seeing in the slides this morning, it's very similar to where Lloyds and NatWest are at the moment, and they're targeting a 13% [Common Equity Tier 1] ratio. So I know you're going to tell me we've got to wait for full year, but any insights into how you're thinking about this? Would you need to operate a little bit above or a slightly higher buffer than those other two banks, maybe 13.5%? It would be helpful for some colour on that please.

Secondly on costs, thanks so much for the absolute cost guidance for 2027. I think that's really helpful. I'm afraid I'm going to ask about 2028 and I'll keep it very simple. Are we still okay to rely on the bridge, the absolute cost bridge that you gave us with full year results 2025? So that slide 66 that gave us a cost number in effect for 2028 and if not, how should we think about 2028? Is it another year of run the bank costs broadly flat like in 2027 and then the delta is investments? How should we think about 2028 costs please? Thank you.

Anna Cross, Group Finance Director

Okay Jonathan let me take both of those.

So let me start with Pillar 2A. What we're saying is that we're expecting a reduction in our MDA (Maximum Distributable Amount threshold) of 59 basis points and essentially where this comes from is we have an annual process around Pillar 2A that includes Basel but it will include other things. So you're right to say that the Basel component is part of it but that is an annual normal process and is an ongoing piece of work. The second thing I would say is that Basel is a big complex change and so you have some quite mechanical offsets and then you have some that are sort of a lot more complex than that.

So I think it reflects both of those factors Jonathan so quite difficult to read from the outside but as I step back from it what it tells me is that we are well capitalised now in Pillar 2A for the capital environment that we're going to go into number one and number two it gives us more capital flexibility as we go forward in the plan because we had not anticipated this Pillar 2A reduction.

The other thing that I would say in response to your question, I mean, obviously, we will talk about the range within which we expect to operate at the full year, but you should expect us to operate an appropriate buffer to the MDA, as we do now, so don't expect that to change.

To go to your second question, what we said at full year remains intact, specifically that you should expect modest cost growth [from 2025 to 2028] and you should expect positive [cost: income] jaws. What we're trying to highlight for you today is that in this phase of the plan, there is an increased intensity of investment, but we are also highlighting an increased efficiency, so that efficiency is up commensurately so that we can contain costs and make those two things true. So that's how we think about it. Venkat, anything you'd like to you'd want to add?

C.S. Venkatakrishnan, Group Chief Executive

Yeah, let me add on both, Jonathan.

First of all, on capital, I think, as we've made clear, in our planning up to now, we had taken into account what we thought would be the increases coming from the Basel process that's due to us in early January. And that's, as we said, 30 to 55 basis points. We had not, in our planning process, as Anna just said, taken into account what this Pillar 2A adjustment offset would be next year. So, of course, net-net, this is a tailwind, as you point out.

And then, on the efficiency side, just to add context to Anna's answer, what I would say is we have been investing in technology. We continue deeply to invest in technology, simplifying our processes, modernising our infrastructure. And I would expect this to yield results over time. And as we have clarity on it, we will share it with you.

Anna Cross

Thank you, Jonathan. Can we have the next question, please?

Alvaro Serrano, Morgan Stanley

Thanks for taking my questions. First one is on the Investment Bank. Obviously, FICC, you've called out, Venkat I think somewhat "disappointing" is the word you used. You've also explained that the intermediation sort of activity was slower in the second half of the quarter. Is there something you could sort of help us when we think about going forward? Is there any sort of particularly sort of bad marks in the quarter that should bounce back or is it a reasonable run rate? Obviously, considering seasonality from here. Maybe a bit of colour on that, in particular the FICC number, but maybe broader IB activity.

And related to that, Anna, you mentioned that you were, leaning a bit more in with clients and increasing the RWAs to take advantage of opportunities. Going forward, Would you be more open to give the division a bit more balance sheet and RWA growth? Thank you.

C.S. Venkatakrishnan

Yeah. Hey, Alvaro. Thank you.

Look, there's nothing particular to call out. I think this was one of those quarters where in parts of Fixed Income, in Rates, European rates particularly, and parts of Credit, the intermediation was just a little weaker.

You know, we still think we've got a very good, strong client franchise. We see that in the engagement and the numbers. It was just one of those things where it was just sort of weaker for a period. So, nothing particular to call out. I mean, of course, we are giving this attention to try to understand how to improve it.

I would say also there are other parts of Fixed Income, like Securitised Products, in which we've been investing a lot, which have done very well. So this is not a general Fixed Income story, it's parts of it. Our franchise continues to be strong and we'll do better. Anna?

Anna Cross

Yeah, let me just add to that before I go into RWAs.

So I completely agree with Venkat. The things I would add is what we're really pleased with Alvaro is the areas that we've been investing in have done really well. So if you look at our performance in equities, if you look at our performance in M&A, if you look at our performance in ECM, they have benched very well with the US Peer group, and that would not always have been the case. And it's really reflective of the investments that we've made.

And I think, that diversification of income, particularly as we look forward into the fourth quarter, is important. As for leaning in on clients, the RWAs in the Investment Bank have been broadly flat since 2022, actually well before the plan that we're about to complete started even, and they've moved between about £195 billion and about £205 billion. The thing that we've pulled out that's perhaps a little bit different is we are nearing the end of the three-year review of our Investment Banking loan portfolio, so you are seeing us lean in a little bit more there in terms of UK lending, and whilst outside of our target, that's completely consistent with our view of the UK, so that's the only thing I would specifically call out, Alvaro, but thank you for the question.

C.S. Venkatakrishnan

Yeah, and Alvaro, if I may just sort of pick up where Anna left off.

Now we're 11 quarters into the 3-year plan, when you look at the Investment Bank, it has delivered exactly what we wanted it to deliver, outperforming in some respects, and puts us in a very good position. I mean, go back 11 quarters, we said we'd do three things. We said we'd increase the revenues in the Investment Bank, we'd keep capital flat, which Anna has just said we've done for five years, and we'd improve profitability. And nobody thought we could do all three.

And here we are, profitability is approaching group levels at RoTE, revenues have gone up. The areas in which we've invested in, as Anna has said, Equity Capital Markets, M&A, and Equities generally and in Financing. The structural improvements in stable revenue streams and in Financing, return per unit RWA, all of that has worked. And we continue to maintain our ranks in spite of others investing more. And the overall thing about RWAs or capital in the Investment Bank is we've always said it's a proportional game. And that proportion is affected in part by what we do in the IB and part by what happens elsewhere.

But in the IB, we stuck to our guns. £200 billion of RWAs has been the average over five years and the variation has been minimal, £5 billion this way or that way. So this is playing out as advertised, as desired, and it puts us in a good spot continuing forward.

Anna Cross

Next question please, thank you Alvaro?

Chris Cant, Autonomous

Good morning. Thanks for taking the question. I just wanted to come back on capital, please.

Appreciating that the greater than £15 billion capital return guidance you gave for 2026 was open-ended, but I do think that was an area that somewhat disappointed the market in terms of the relative level of ambition on capital return versus the plan for 2024 to 2026.

Given that you've been able to accelerate your investment plans because of the revenue surprises this year, so you're getting done what you hoped to get done but more rapidly, and given that you've now got confirmation on Pillar 2, which I think was foreseeable in terms of quantum, but it's not something you had banked in the plan. Now you can bank that. Will you consider revisiting that greater than £15 billion capital return aspiration? Because I think the reason you left it open-ended was you wanted to leave slack in the plan for either potential M&A or potential accelerations in your investment plans. But in terms of M&A, given performance of the shares year-to-date, your acquisition currencies may be a bit softer than you would like, I would assume, and in terms of the investment you've already been able to accelerate that. So is that something you'll consider revisiting alongside reconsidering the 13 to 14% [CET1 capital target] range? Thank you.

Anna Cross

So thanks, Chris, for the question. So let me just recap on what we said at full year '25.

The first was that we were planning at the top end of our range because we had clarity on Pillar 1 but we didn't have clarity on Pillar 2 and other regulatory changes like, for example, IRB. We are clearly in a different position now, so we do have that Pillar 2 clarity. We're very keen to get through Basel 3.1 implementation at the end of the year before we give further consideration to this point with you. The second thing that we called out was that we were very clear that if you took the capital generation in the plan and the investments and the distributions in the plan, the capital generation was clearly bigger than the other two. And we said very deliberately that that gave us flex in order to either return that excess to shareholders or alternatively invest it in the business. But that was a very, very high bar.

That remains exactly the same. And our capital hierarchy is very clear. Starts with regulatory, follows with shareholder distributions, thirdly, investment in the business. So all of that remains as was. The only new piece here is the Pillar 2A. So we will come back at the year end, Chris, and we will talk about the range within which we operate.

You can see the focus that we have on returning capital to shareholders through the actions that we have taken in distributions in this plan alone, but specifically in this year. We're at [£10.7 billion] now, including the planned dividend that we have for the full year. And that's before we've done a full year buyback.

So I'm not going to be pressed for an answer now, but we are clearly considering these matters and we will come back to you. Thank you.

Guy Stebbings, BNP Paribas

Hi, morning. I want to come back on capital and costs, please.

On capital, just in terms of the P2A guidance, it's clearly very specific to the start of next year, where the RWA range is still a little bit wide. So I just wondered if you could maybe narrow that range at all, or whether the fact that the Pillar 2A benefit is coming in, a bit better than most of us anticipated, whether that implies the RWA headwinds might be a little bit towards the upper end of that range at all?

And then on the costs, thanks for all the new disclosure and guidance, but I also want to come back on the 2028 costs. I mean, before Q2 and the extra structural cost actions, consensus have been assuming a 2028 cost number sub £18.4 billion. If we use slide 9 in terms of the sort of building blocks, I'm just trying to understand whether it's sort of realistic to assume that efficiencies can more than offset the business growth and investments from the £18.4 billion we start from in 2027? Thank you.

Anna Cross

Thank you, Guy. I'll take the first one and I'll start on the second one and then invite Venkat to add.

So we've given you a Pillar 1 range, if you like, an RWA range, just because reflecting on what I said before, Basel 3.1 is a big and complex change, and that range reflects the degree of mitigation that we will be able to implement as we go through that transition. It doesn't relate to any specific FRTB point or anything. It's more broadly an implementation range, given its complexity.

So we are being cautious at this stage. That's why we're saying we will speak to you at the full year. So I wouldn't narrow that range for you at this point.

On your second point, recognising 2028 costs, but also recognising that consensus for 2028 is very wide. What we would reiterate here is we do expect modest cost growth [from 2025 to 2028]. We do expect the cost: income ratio in 2028 to be in the low 50s. All of that remains intact. And what we're trying to help you here with is to understand that the way we are managing our costs is not by constraining investments, but by driving the operational efficiency of the bank in order to bring the run the bank cost down and create operating leverage.

So that is our focus. You should assume that that is going to continue into 2028.

C.S. Venkatakrishnan

Yeah, absolutely. That is our focus. We think that the promise of technology and our implementation of the technology is being realised.

We think more will be realised and we are going to drive hard at that realisation. So know that there is a great ambition and focus and discipline to bring to cost and cost efficiency what you have seen in other parts of this plan in the last three years, which is business growth, customer service, capital discipline, revenue growth.

Anna Cross

Okay. Thank you so much for that.

Robert Noble, Deutsche Bank

Morning, another one on capital, I'm afraid. So just the opposite question. The USCB moving to IRB, I think you say there's only going to be a minimal Pillar 2A change there. Why is that one smaller than the offsetting benefit that you get from Basel? Or is that something that could come down over time as well?

And then the leverage ratio as well. Should I expect the common equity tier one component of the leverage ratio to come down? And could that potentially be binding you from going too low relative to 13%?

And then lastly, just on the outlook with rates at the moment, do you give us any colour on what you think the rate curve will do to the UK business specifically? I presume we shouldn't just reprice our hedges to higher rates. What do you think are the main potential offsets within the UK business from a higher rate environment?

Anna Cross

Okay. Thanks Rob.

Look, in terms of capital and Pillar 2A with IRB, you might recall that in Q1 2025, the increase associated with this was about 0.1% of MDA. So we do expect it to be modest. And the reason I say that is this is much more [business as usual], we're used to implementing these models. It's not the kind of big complex change that we see with Basel. So I definitely wouldn't scale them to try and get another meaningful Pillar 2A offset here. That's certainly not what we're expecting. We might see something modest. To be clear, we've got nothing in the plan. And so hopefully that's clear.

So just on the BUK and the rates curve. Okay, so I'm going to answer your question by going in a different direction to start with. So bear with me. I think the thing that that is most prevalent in the market at the moment is obviously competition around deposits.

And we think that that comes not from the structural hedge directly, but it's actually coming from the fact that there has been strong lending in the sector you see pay down of TFSME, you also see some deposit takers who are not loan makers in this part of the sector and what that's doing is putting a bit of funding pressure into this area and that's manifesting in two ways. One is more covered bond issuance and the second is intense competition around term deposits. So that's what we believe is happening. We would see that as being not transitory given what I've just described.

So what does it mean for us? Well we're in a slightly different position because clearly what we are doing here is we have we have a different funding reality. This business has a loan to deposit ratio of 90%. It has an LCR, last time we reported it, of about 167 so it has really good liquidity levels, but we will lean in because we see the relationship and the ongoing relationship of deposits being really important here. But that means we can be more selective, if you like, more disciplined, and of course, from our perspective, we have a very, very powerful structural hedge.

So what you are seeing at the moment is that we're able to balance these things in a few ways. So firstly, our focus on deposits is not just on term deposits, it's actually more broadly across the relationship. And you can see that in the growth in our premier current accounts, that's really important. Secondly, as we approach the fixed term market, we're approaching it through the lens of relationships.

So about 90% of our growth year-to-date in ISAs is from premier. So we're being able to be very, very disciplined there. And also that’s allowing us to balance the margin impact on the business as a whole. And that’s why you are seeing a broadly stable NIM, moving around a little bit, but we are able to contain that point. So I wouldn't drop the upside in the structural hedge straight through to the bottom of your calculation. There will be some offsets here and it's coming from increased funding costs which are prevalent across the industry, but for those banks who have more liquidity and who have that more powerful structural hedge, they will fare better in this environment.

On the leverage ratio, I mean no, not really is the easy answer to that question.

Perlie Mong, Bank of America

Hello. Good morning. So, just picking up a little bit more on the UK, maybe. So, thank you for the colour you've given just now, but if I look at slide 6, it does look like there's continual mix shift between savings accounts and time deposits, and that's consistent with sector data we have seen. And I think in the last few weeks and months, we have

maybe seen more competitors coming in, Morgan Stanley and Raisin, and also [National Savings and Investments] maybe stepping up a little bit more as well. So, what are you seeing in terms of the front-end trend, in terms of the deposit market? And I think you said that an increase in hedge in October would reduce the product margin next quarter. So, what is the underlying product margin you're expecting, excluding that effect? So, that's number one.

And the second question is on the USCB I think the higher benchmark rate is maybe a £20 million headwind in non-NII I suppose even if we were to add it back, total income is still a little bit below where Q1 was, and I think at the time you said that it wouldn't be a bad guide to use Q1 as a guide for the rest of the year. So what are the moving parts there, and how should we think about that line going forward?

Anna Cross

Okay, Perlie. So what you see in Barclays UK is that clearly there is growth in time deposits, but current accounts are absolutely flat and have been for some considerable time. And actually, there's a slide in the back of the deck. It's in the appendix that you can have a look at there.

So I think what you're seeing is intense competition, as I said, in terms of fixed-term deposits, but somewhat churn within fixed-term deposits as opposed to migration out of current accounts. In terms of product margin, we're not guiding to NIM at all. And all we were calling out is that flight path or that chart is actually quite difficult to interpret because to the extent that we increase the size of the structural hedge, that means that that income is coming out of product margin and going into the structural hedge bucket.

That's the only thing we're warning you about, net nil impact on margin.

I would remind everybody, though, that particularly given the new disclosure that we've given you today, our deposit story is much broader than BUK, particularly across the UK. And you can see that in the strength of our corporate deposits. And equally, you can see there the stability that we have in the underlying operational accounts, or current accounts if you like, within corporate. So very, very similar story there.

An ongoing increase in deposits, but real stability in the core. Your second question, which is about the roughly £20 million headwind. I mean, what we said at the beginning of the year was we expected to build back by the end of the year to broadly the same sort of level as we saw in Q1. The only difference that we are calling out is in relation to the sold prices on Best Egg. Everything else remains the same.

So we've got good underlying organic growth in cards. They're growing at about 6%, exactly the same as we're seeing in the UK, actually. Best Egg originations were $2 billion in the quarter.

We said it would be $7 billion over the year. So all of that loan origination, the NIM is at 13.7%, deposits are up by 15% year-on-year, so all of those factors are playing out exactly as we said. And impairments are very well behaved, actually, I mean they're flat, despite the fact that [American Airlines] has left the platform, and we would have expected that to have about a 30 basis point impact. So, the only thing we are calling out that is different, Perlie, is that £20 million, so hopefully that gives you a good guide.

Thank you, Perlie.

Chris Hallam, Goldman Sachs

Good morning, everybody. Thank you for the question. So, within Financing in the IB, is it possible to provide the split of growth or of revenues between Equities and Fixed Income? You mentioned on Slide 29, I think it is, that 90% of the equities growth year-to-date has come via prime and derivatives. Therefore, it seems as though Fixed Income Financing must have been particularly weak in Q3 and I'm wondering how much of that would have been the conditions you flagged in late September versus a proactive decision if at all to reallocate capital between Fixed Income and Equities?

And then mindful of the group revenue target for this year, would you be able to tell us whether those conditions persisted into November and how we should think about Fixed Income seasonality to trend in Q4 this year versus the typical patterns we can see from prior years?

The second question, the small box you have on Slide 10, I think that's probably one of the clearest call-outs we've had in the sector on the tangible benefits of AI-enabled savings and it feels like the opportunities there basically shifted higher probably between February and July, which partly explains the additional SCAs. So looking ahead, is the annual efficiency opportunity you see now in 2028 also greater than perhaps it was earlier this year?

Anna Cross

Okay, Chris, I'm going to start, then I'm going to hand to Venkat and then I'll pick up on Slide 10, and I'm sure he'll have something to say as well.

I think like most participants in the industry, most of the growth in Financing has come from Prime. We've also seen a very strong performance in Derivatives, in Equity, so I wouldn't attribute all of the growth to Prime. This really isn't a capital matter. This is a Prime and Fixed Income Financing, are leverage-heavy, not capital-heavy. So capital would not be in consideration here. Venkat, do you want to talk about that?

C.S. Venkatakrishnan

So, Chris, I mean, the way I think about it is, this is about a couple of things.

First of all, Financing revenues grow because of relationships, because that's really, really important. You have to get on somebody's Financing platform. As we said, 98 of our top 100 clients have a Financing relationship with us. That Financing relationship is strong both in Equities and in Fixed Income. We've been one of the top best income financiers forever and ever. And we continue to retain that market position. So that's structural. You know, capability, the relationship with the client, and for us, differentiating is we look at it as one. So the client has one offering which they receive from us, as opposed to different salespeople coming in with different offerings. That's structural.

Then cyclically or seasonally, what you get is what's happening in the equity markets, what's happening in proportions of the equity markets. You know, over time, people have called out what's been happening in semiconductor stocks, what's been happening in Asian equities. And those are things that seasonally come up and down. And in Fixed Income, it is levels of rates and types of spreads. And therefore, what are people trying to borrow and lend?

So what I would expect coming into the fall, it's very hard to say. You know, equity market volatility can certainly come both ways in terms of how people want to borrow.

And I think in Fixed Income, what you've got is greater interest because of some greater spread volatility than you've seen in a long, long time, which should, coming off the low base it has had, increase interest, and rates are higher, and that should help. But these are very crude ways to describe it.

Anna Cross

Okay. So let me start on Slide 10, and then I'll ask Venkat to comment.

I mean, what you see here is that we've got pretty good cadence, Chris, going, where we've been spending typically around £300 million, getting about £700 million back. That's because the gross efficiencies that we are targeting relate in part to people actions over the last couple of years, but also sort of more general process improvements, et cetera, which have fewer costs associated with them.

I think more specifically to your question, look, the changes that we're making in the third and fourth quarters of this year are sizable in terms of the impact. They relate both to the simplification of the organisation and to some of the impacts that we're starting to see from AI so I would say that they are very large in comparison to what we've previously undertaken.

So I wouldn't necessarily expect that to repeat, nor indeed the SCAs, as you can see in our cost disclosures. But I think what we are seeing is that the technology opportunities here continue to indicate that there are further things that we can do to make the organisation much, much more efficient. And Venkat, you might want to pick up on that.

C.S. Venkatakrishnan

Yeah, I think there's a confluence of a couple of things happening here.

One is what Anna just said. The technology opportunity set has increased and its capability has increased. Second is, what do you have to do to harness that? To harness that, you have to build the infrastructures to improve your processes, modern technology frameworks, simplified processes. Now that requires perseverance and investment, which we've been putting in.

And given the capital generation which we've had, given the success of the plan so far, that has given us both the capability and the will to make those investments. So what you're seeing is technology being able to deliver more. AI sits on top of this technology. You've seen the capability financially and otherwise to make the investment and the will to do it in a sustained way.

So we've presented today what we've done for 2026 and we'll continue to persevere hard at this over the next few years.

Jason Napier, UBS

Good morning, thanks for taking my questions. I guess the first one for Venkat, I think Barclays is executing really energetically on strategy through restructuring and the acquisitions that you've made and I'm not sure the market is giving you much credit for that.

And so I wondered whether you could start off by commenting on the sort of recent news flow and the tone of that news flow around capital allocations and [Total Return Swaps] in the [Investment Bank]. The share price has proven reactive to that sort of coverage. As CEO and as a risk professional, how do you think about risk in that business, the forecastability of earnings, and how do you talk to the market about those sorts of factors, please?

And then secondly, one for Anna, just coming back to Slide 9, and I want to say thank you for the absolute cost guide. I think that is helpful given some of the questions we were getting. But focusing on Slide 9, your numbers for business growth, inflation, and investments are nearly 8% of starting costs. So two things. Number one, are we to think that those are the sorts of numbers that are required or might be normal for the bank?

There's £1.4 billion in total. And then secondly, just in really high-level terms, what are the sort of areas that are absorbing that kind of money in 2027, please? Thanks a lot.

C.S. Venkatakrishnan

Hey, Jason, thank you, very, very good questions. Let me begin with the first one. And thank you for recognising the effort we've been putting in into what you call energetic execution and disciplined execution. Appreciate your few words.

So there's a philosophy here, there's an approach, there's an attitude. There's a process by which we carry it out. And then there is what I would call, noise in the market. Our philosophy is clear on execution, on making these plans, we've laid it out for the last three years, we laid it out in February for the next three years, and we're telling you what we are doing, whether it's on revenue, whether it's on business, whether it's on capital, whether it's on costs, whether it's on investment.

And, we will do our very best to continue to carry it forth in that disciplined and hopefully predictable way. And when it comes to risk and whether it's regulatory aspects or otherwise, we take this really, really seriously.

I said earlier today on a TV interview that for 10 years at Barclays, I've been Chief Risk Officer, Head of Markets Division for a brief period, and CEO. In this entire period, I have laid great stock on the importance of following the capital rules in letter and in spirit, and in being very prudently capitalised. And we aim to do so, and we are careful about what we do in these matters.

Anna has spoken earlier about these [Total Return Swaps], both in terms of our approach and the quantum involved. And so what I will say to you is our commitment is to continue disciplined execution, careful stewardship of the company's resources, including capital and liquidity. And we've been very clear, even on capital, that you've seen the flow of the CET1, the capitalisation ratio, over the last number of quarters, coming to the level where it has, staying at the level where it has, because we said our most important thing is to be well-capitalised and well-provided for in capital and liquidity. So continue to expect to see that disciplined execution, energetic execution, as you say, and prudent stewardship of our resources.

Anna Cross

Okay. Thank you, Venkat. So let me take everybody back to Slide 9. So the numbers that you're talking about, Jason, include business growth and inflation.

And I just want to be very clear about what we put in there. That also includes investment, [business as usual] investment, in our ongoing businesses. So all of the benefits that you

are seeing coming through in Premier, in Corporate, in Equities, et cetera, et cetera, are all contained within that number. We think that is a cost of doing business, and therefore we're giving you a very fulsome run-the-bank cost here that includes inflation, includes that [business as usual] investment, includes the cost of acquisitions also, and I genuinely think that you can't separate that from efficiency, because by growing the bank, you have the opportunity to create operating leverage.

It's not just through SCAs, as I mentioned before, it's actually about process improvement and the kind of volume benefits that you get or reducing marginal cost benefits that you get when you start pushing more volume through an existing platform. I will contrast that from the investments on the right-hand side that relate to future fee growth, so think Wealth, think Transaction Banking, and think some of the technology changes that Venkat called out at the full year. I would really urge you to take them together. And the way we think about it is this is at least a neutral run the bank cost.

Our objective here, because the intensity of investment has gone up, the intensity of efficiency has to go up. So expect us to be pushing that collection, if you like, on the of things that are bridged by the arrow very hard. That's what we're saying.

Andrew Coombs, Citi

Good morning. Thank you for taking my questions. Just a couple of follow ups, please.

Firstly, on the hedge allocation, I think at the start of this year, you expected 55% of the hedge to be allocated to Barclays UK. That's now increased to 70%. So [I am] intrigued on why the allocation has changed so abruptly over the course of the year and is 70% a good guide for the allocation going forward as well, please?

And then the second question, a much broader question, and it's a follow-on from many of the ones you've already been asked, but you've reiterated the £31.5 billion revenue guide. If you take nine months annualised, it gets you to about £31.5 billion, but usually you do see seasonality in the Investment Bank in Q4. So can you just talk through the puts and takes on that revenue guide, and what's giving you the confidence to reiterate it, please? Thank you.

Anna Cross

Okay, thanks, Andy. So I think the disclosure that we have given you, so earlier in the year, it was actually about the growth in the structural hedge income. That confused everybody. So what we've done now is we have reverted to a much simpler table of income allocation, so not growth in income, but income itself, which is why you are seeing that movement from 55% to 70%. You are still seeing the allocation going down to

BUK. That doesn't mean to say that it will go down in absolute terms. Of course, it won't be.

But it's just that the structural hedge income is growing faster outside BUK. That's in part because of the equity structural hedge, but it's also because the tenors of deposit relationships outside of BUK are actually longer. And that really speaks to the strengths in our corporate deposit book. So that's what's going on there. So apologies, but hopefully now clearer.

To your second question, look, the simple answer is year-to-date income growth is up 8%. £31.5 billion is 8% year-on-year growth. That's a simple answer, but let me try and be a bit more helpful. We still see a path to circa £31.5 billion, although it's clear that Q3 income was weaker than we would have expected it to be or planned to be. But here's how I think about the building blocks, and those building blocks reflect the diversity of income across the group and our strategy and the natural momentum that we've got in this business.

So, let me start with the most certain, which is NII. So, NII has been about £200 million up each quarter year to date. We expect that to continue. What I should have said is to reach around £31.5 billion, Q4 needs to be £500 million up. So, £200 million of it, we believe, relates to NII.

The second part to this, I would call out is Financing. Financing has been on average about £150 million up year to date. The third piece actually relates to something we talked about earlier, which is really the strength in our Investment Banking business. We have very good line of sight to the M&A pipeline. We have good line of sight to the capital markets pipeline, obviously that one is much more influenced by the uncertainty in the environment and therefore there's a bit more uncertainty there about when things will complete.

But M&A is much more certain. And then finally that brings us to Markets, which is the thing that we've been focused on here today. But again, I'd just remind you we've had very good momentum in Markets all year. FICC Intermediation specifically has been weaker in Q3.

So that's how we think about it. We continue to work towards that number, Andy. But just to be really clear, our North Star for this year is RoTE and for that RoTE to be greater than 12%. So that is the number that we are most focused on.

Okay, thank you. Next question, please?

Amit Goel, Mediobanca

Hi, thanks, guys. So just circling back to some of the previous comments and the implied kind of guidance. So I guess just basically on the back of the cost guide or the implied for

2028, so we talked about modest cost growth and still sticking to the low 50s% cost: income ratio.

So when I'm doing that, I'm kind of getting to a revenue expectation of, or guide of around £36 billion, plus that's about 5% above consensus. So I guess my first question's really what's driving that or where you see the delta versus the consensus on that.

And then secondly if that is correct, then I guess that kind of points more to a RoTE of, I guess, closer to 16% versus the greater than 14% target and the kind of 15% that consensus has got. So just basically curious what your thoughts are there and if that is consistent and essentially do you expect to materially beat your RoTE guidance or am I missing something there?

Anna Cross

Okay, let me take that. So I'm not going to comment on consensus numbers for 2028. I'll just take you back to the guidance that we gave you at the beginning of the year, which remains intact, which is between 2025 to 2028, we expect a greater than 5% revenue CAGR between those years. We expect the cost: income ratio to be in the low 50s%, and we've given you some guidance around absolutes and that we expect modest growth.

And then the final point is that the RoTE guidance is greater than 14%. Beyond that, I don't think we're in a position to guide further. But hopefully you can see from the momentum in the business and the confidence that we're putting around our cost plans and intentions that we are very focused on meeting those points of guidance. Thank you.

Edward Firth, KBW

Yeah, thanks so much. Good morning everybody. I just have two questions.

One was on credit. I noticed that your stage three coverage is down quite a bit and it seems to be driven by rest of world corporate loans where non-performing loans are up quite a lot in the quarter. I wonder if you could tell us something about what are you seeing there? Is that a specific one-off or is that like a trend? And it's interesting you're not taking any additional provisions against that so I just wondered why that might be or what might the drivers be of that. So that's my first question.

And the second question is you're delivering very well on the strategy, arguably ahead in places, but you're still the cheapest bank in Europe and probably the world. And I'm just trying to work out, is that something that sort of burns internally? Because after 10 years, time is not going to heal that, I don't think. So should we expect as you come to the full year, is there things you can do to try and address that? Is that something you want to address? And I guess related to that, is there any intrinsic reason why a bank shouldn't

bid for Barclays? Is there anything in there that stops people taking advantage of that cheap price. Thanks very much.

Anna Cross

Okay, so I will start and then I'm going to hand to Venkat for that lengthy question. So Ed, I looked at the same piece of disclosure actually and it's quite difficult to read because actually what the table shows is the full year picture at the bottom and then the Q3 position at the top and that movement in stage three is actually MFS so it's from the full year to now it's not actually a Q2 to Q3 movement but appreciate that the disclosure doesn't necessarily make that intuitively clear so there is nothing beyond that that I would call out to you. It's just MFS.

C.S. Venkatakrishnan

Thank you. You've given me the toughest question of the day so far. Look, first of all, thank you for what you're saying about the fundamental performance of the bank, which of course I agree with and I share.

I think we are operating well and I'm very gratified by it. I would not be human if I said that I was more gratified with the way the stock market was valuing us a few months ago than I am today. There are lots of factors that go into this. At a simple level, we control a lot of the inputs and those are the inputs which we manage and I hope we get the right output.

I think our strategy is now three years old, approximately, and for the first two and a half years, the outputs, I think, recognised the inputs. And the inputs are as you say, earnings are growing up, et cetera, et cetera. I personally have the greatest conviction in our ability to achieve our targets, our will to execute in a disciplined and energetic manner. And having studied mathematics for a lot of my life, in the fundamental value that will come out of that, in the net present value of an ownership stake in Barclays.

And so if I look at it that way, I do think that the fundamentals and reason will prevail. And they have for a long, long time. And I don't think I should let six months affect us, there's a lot going on in the world.

But I think when I look at the stock, and I look at what should affect stock prices and something I've spent a good part of my life studying. It's important for management teams to control the inputs, to run a company well, to produce the returns for the shareholders, and then the shareholders will eventually, I think, value it appropriately.

Anna Cross

Okay, thank you Ed.

Benjamin Toms, RBC

Good morning, both. Thanks for taking my questions. I'm sorry if I've missed this already, but how much did your structural hedge notional grow by in October? I think you called it out. And I think when we spoke in Q3, the expectation was that the notional would remain flattish to the year end, and current accounts have been flat in Q3. So I'm just wondering what assumptions have changed. I know [Daniel Fairclough] departed the bank in the quarter, so I'm wondering whether you have a new Head of Treasury who is looking at things a bit differently in respect of operating with a strict caterpillar in an elevated rate environment?

And then secondly, given the swap rates are elevated, can you give us some more colour on what you're seeing at the front end on the mortgage pipeline? And banks, think about spreads holistically. Do you think you can grow mortgage spreads in the current higher rate environment to partially offset lower deposit spreads if competition remains intense? Thank you.

Anna Cross

OK, Ben, we didn't call it out. You can see it's been broadly stable at the quarter end. To the extent that we change the hedge notional, that means that we have more confidence in the stability of interest insensitive balances.

The caterpillar remains strict, is the way I would describe it.

But to your second question on swap rates and mortgages. Look, when swap rates move around, we can see price volatility in mortgages. We've certainly seen that through the quarter and continuing. I think what we are seeing is that the market has swung a little bit towards remortgage, certainly in the current environment, so we're seeing good demand there. That is good for us because everybody forgets that before we bought Kensington, everybody saw us as a very vanilla remortgage bank. And we have very, very good levels of retention. Our retention is around 80%, so very pleased with that.

C.S. Venkatakrishnan

Part of that is the investments we've made in the technology for remortgaging. So, your time went from 45 minutes to get to 15 minutes to get the application approved. These little things go a long way.

Anna Cross

Yeah, absolutely.

So I think, in terms of mortgage spread, there's going to be a little bit of a mix thing here happening, I would call out. Your question's a good one, though. And rather than talking about mortgage spread specifically, if I refer back to the answer I gave before, funding costs in retail banking have gone up. That is certainly true, just because that growth in lending, the reduction of TFSME and, the other participants that I called out, and you're seeing that in fixed-term deposits, that's going to have to come out somewhere, but it's not something that I would call out right now.

Alberto Antoni, Intesa Sanpaolo

Good morning. Thank you for taking my questions. I have two on the Investment Banking. Sorry for coming back on this one. You mentioned the lower level of activity of clients. I was wondering if, also, you add some own proprietary trading that adds some kind of impact or the market making activity sometimes that the definition is a bit blurred and there perhaps you had some position in your books that given the fact that the rates and spreads moved away to date may have had an impact on your performance this quarter and if that's the case could you please just give us a bit of a colour around that.

And secondly on Financing, on the market activity I see of course that very good part of your equity story is you're increasing that component which tends to be more stable and so that's very much a good development and I was wondering if you see room for continuing increasing in that part of the business also perhaps gaining in market share at the expense of the other banks or do you feel that you've now reached the market share you're comfortable with and it will be difficult gaining market share going forward? And also, if there are any specific risks that you see in Financing? Thank you.

C.S. Venkatakrishnan

Yeah. Thank you, Alberto.

First of all, on Fixed Income, there is nothing to call out. This is a client driven business with risk management limits. You can see our VaR numbers. We run all the desks very prudently, aim to do so. And so there's really nothing to call out here.

Second on Financing, one of the things we've said here is that 98 of our top 100 clients have Financing relationships with us. And I've also said that what we aim to do is to do this with our very, very biggest clients, and to do more of it with them.

The risks in this business are always client selection. There are names of prominent funds every now and then. There was one in this last quarter, which can cause anxiety for banks if they deal with them. I'm happy to say we didn't deal with the one that was mentioned. But client selection is important.

And then, being watchful of volatility in the markets is important. But having said all of that, as I said, we focus on the larger clients with whom we have the deeper relationships. And I would look to gain share by doing more with them, rather than expanding the universe of clients beyond what I think is prudent.

Nicholas Payen, Kepler Cheuvreux

Yes, morning, thanks for taking my question. Just one on Financing, and just one on the UK corporate lending growth, please. On Financing, coming back on that topic, what constraints are the growth in Prime Financing versus Fixed Income Financing? And between those two, which offered the best return after funding, liquidity and balancing costs, please?

And then on the UK corporate lending growth, as you deploy more and more deposits into lending, what do you see as a bottleneck here? Is it demand from corporate pricing, the credit appetite, or even your platform? Thank you very much.

Anna Cross

Okay, why don't I start? I'm sure Venkat will add. So on Financing growth, I think the simple point here is that Fixed Income Financing, Venkat has always called Barclays, the house that Fixed Income built, we have always had a much stronger market share in Fixed Income Financing than we have in Prime. What we've been able to do is grow Prime alongside Fixed Income Financing and really leverage clients across both parts of that business, as Venkat said, running it as a single face to the client. So I think our ranking on Prime is still below what it would be in Fixed Income Financing. That's probably the simple answer, but I'll let Venkat add.

On UK corporate lending, the way I think about this is we are the largest bank for corporate deposits in the UK. Now, we make that somewhat difficult to understand because it's across three different divisions, but we brought that together for you today. We also have the lowest loan to deposit ratio. That tells you that we have very strong relationships and a real opportunity here to grow across business banking, across International Corporate Banking and UKCB across all three of those stripes.

So I wouldn't say, there's no there's no liquidity constraint here. It's really about growing those relationships and being open to lend to those clients, which we have been. And

we've built capability. We've now got about 45% of our corporate banking clients on iPortal. That will be 100% by the end of the year. And that means that they can bring their relationship much more holistically together. So, the growth that you've seen in our lending is even before that technology really starts to take hold. Venkat, anything you'd want to add on Financing and Prime?

C.S. Venkatakrishnan

Yeah, just working backwards on the corporate lending. What you've seen over the last three years is we've actually removed bottlenecks, with technological investment in iPortal is one of them. And then the capital in the balance sheet, we've lent to this business as the other. So the focus is really strong and for all the other reasons Anna said that we're confident in this area and you know we are the largest corporate bank in the UK.

Second on Financing, just the thing to add is that we view the relationship with the client holistically. We do Fixed Income and Equities with both and that's partly our working with the largest clients. So, there's not a competitive element between capital allocation between the two of them. It is actually a combined and holistic coverage. And that is the basis of that franchise which is the strong client relationship.

Listen, thank you everybody. Thanks for your time. Thanks for your attention. Thanks for your tough questions and your encouraging words. Anna and I always find this call a pleasure. Thank you.

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