Barclays PLC Q3 2026 Results

10 November 2026

Analyst Sell Side Meeting transcript

(amended in places to improve accuracy and readability)

Anna Cross, Group Finance Director

Good afternoon everyone, and thank you for joining. Before we start, I just want to introduce a couple of people. The first is Andrew Dickens sitting to my left, who is our interim Group Treasurer. I'm sure you'll have the opportunity to interact with Andrew over the coming quarters. And then at the same time, recognising that Marina is going off to pastures new, as you will know, she's going off to be Venkat's Chief of Staff. And so taking up her role we have Mathias Peters, who many of you will know from the Equity Sales side of the firm. So hopefully you will get to know my new colleagues [in the following] quarters.

Let me start with some of the themes from our conversations with investors on the road and indeed with many of you since results.

First, on costs. Whilst the clarity on the path to around £18.4 billion in 2027 has been welcomed, naturally focus has turned to 2028. To be clear, our guidance of modest cost growth is from 2025 to 2028. And the bridge we laid out at Q3 provides a good framework to think about 2028, distinguishing between running the bank and investing in the future.

First, is that our aim is to contain run-the-bank costs in 2027 through efficiency savings offsetting business growth and inflation. And second, we have laid out a path which accelerates planned investments in 2027.

Given that our north star is the cost income ratio, we retain flexibility in our cost base to support this, primarily through the business growth bucket. We called out £0.6bn of business growth in 2027 which includes performance costs and other spend which we can flex.

Looking nearer term, we confirmed that structural cost actions in Q4 will be around £300 million. When thinking about the divisional allocation of that, you should expect the split to be broadly in alignment with their share of Group costs. The one piece that I would call out is that we are continuing to invest to drive additional scale in UK Wealth within Private Banking and Wealth Management. These investments increased costs by 7% in Q3, and we continue to expect a similar increase in Q4.

The next point will be clarity on Bank taxes following the UK Budget, let me outline how we expect this to be reflected in the financial statements. The announced 3% increase in the UK banking surcharge will apply for 15 months from January 2027. Consistent with the sensitivity we gave you previously, we expect this to add around £100 million to the tax charge in 2027 and around £25 million in 2028.

In addition to that, we now expect an increase in the value of the UK Deferred Tax Assets (DTAs), which will provide an offsetting tax benefit of around £75 million in Q426, when the change is passed into law.

So, to understand the overall impact, you need to consider both effects. When calculating your effective tax rate in Q4 this year, in addition to the DTA revaluation benefit, I would also remind you that our annual bank levy is not tax deductible. We would expect the effective tax rate in Q4 to be higher than the Q3 YTD.

Finally, we recognise that the outlook on retail margins remains in focus. NII has not reached a ceiling in 2026, and we expect continued momentum into next year. As I stand here today, emerging consensus for 2027 Group and BUK NII looks broadly in the right place. But don't expect us to mark-to-market this that frequently as consensus is always moving.

We feel that our experience is differentiated to peers in at least two areas. First, the Group is broader than just Barclays UK, with momentum expected across all divisions. Second, we remain well positioned to manage deposit margin dynamics.

This is supported by our strong funding position reflected in both our BUK customer Loan to Deposit Ratio [LDR] of 92%, and our Liquidity Coverage Ratio [LCR] in the ring-fenced bank of 158%. Within Barclays UK, the building blocks for NII remain unchanged. The benefit from the structural hedge and lending growth will be partly offset by deposit margin dynamics.

In the near term, as I said at Q3 results, we expect the product margin bucket to be negative in Q4. This is due to a structural hedge top up in early October which increases hedge income but reduces product margin with no material net effect.

With that, I'm happy to take your questions. As ever, please give your name first, as this session is being transcribed.

Phil Richards, Bloomberg Intelligence

Phil Richards at Bloomberg Intelligence. Two questions. First one is on the 2028 RoTE target of over 14%. Consensus is different now, about 15%. So I guess we're trying to work out if the market is getting a bit too carried away with itself or do you think you've been too conservative? That's the first one. And then the second is just I guess more longer term looking at the Investment Bank overall. The RoTE over the last 12 months, 11%, is very low versus the rest of the divisions, of course now it's been the case for some time and I'm just [wondering] how you look at that in a broader view.

Anna Cross

Okay. So on the first, look, we've given you a target for 2028. That target is greater than 14%. So our targets are not capped and that reflects both our investment in the business and our ambition for the businesses. I'm not going to comment on consensus RoTE, but just to remind you that they are uncapped RoTE targets that we've given you.

The second question, [the Investment Bank] run rates over the last 12 months, roughly 11%, we remain very focused on reaching 12% for the current year. And our objective in the first stage of the plan and indeed in this stage has been to materially improve the RoTE of the Investment Bank on a structural basis. So in 2023, the RoTE of the Investment Bank was 7%. So over the last few years, we now expect that to have moved by five percentage points. Through all of the actions that we've been

taking and they remain in place, remain very much our focus: diversification of income, greater stability of income.

You can see consistent delivery of positive jaws within that business and good capital discipline. So all of those things remain and we're happy with its progress.

Thank you. Chris?

Chris Hallam, Goldman Sachs

Chris Hallam from Goldman Sachs. So two questions. First on data centres, I'm sure you saw the headline today from the PRA about thinking about exposure across UK banks. Just any data points or commentary you'd like to provide us on your data centre exposure and how you think about managing that risk. And then secondly, again on lending margins. So lending margins let's say have been competed down to relatively low levels in recent years in the UK. Clearly there's high demand for lending now. Are you seeing in the fourth quarter or as you look into next year, any kind of green shoots on lending margin that we should maybe think about in the context of the deposit margin dynamics which maybe the lending margin dynamics come later than the deposit margin headwinds?

Anna Cross

Okay. Thanks Chris. So on data centres, our exposure to an appetite for data centres has not materially changed over the last year. As we've been on the road, we've been discussing with people our exposure or our commitment to data centres, not drawn, but commitment is around £4.5 billion. That is flat year on year. So that's not the drawn amount. That's split roughly half and half between corporate exposure and exposure that would be sitting within our structured finance book within Markets and would have all of the associated benefits that you would expect from that: margining, rapid turnover, et cetera, et cetera. So it's fairly limited in terms of our exposure and as I say, not materially changed. And one of the things that we have also talked about on the road is our experience in Leveraged Finance. You will have seen that our results in Leveraged Finance have been somewhat lower than we've come to expect in terms of market share.

That is a direct reflection of how we see risk and return in that particular part of the market.

So that's your first one. On your second one on lending margins, look, we would expect there to be some correlation between lending margins and liability margins. And I spoke on the call about the fact that funding costs in the UK are going up and therefore to maintain margins across the sort of broader system, you would expect there to be some relief in lending margins. Fair to say we have not seen that yet. For our own part, we've obviously had some wider margin lending rolling off. We've spoken about that a lot in terms of mortgages. It's actually also true within corporate lending and I suspect probably also industry wide. So as you go forward from here, you're going to see a closer correlation between volume and income growth. So I would say nothing immediate, but logic would suggest Chris that that's the way that things will go.

But really the sort of roll-off of that higher margin proportion is largely behind us in mortgages. And then through the early part of 2027, I would expect us to be clear of that in corporate as well.

Okay. Kian?

Kian Abouhossein, JP Morgan

Yeah. On fixed income, you clearly highlighted there was nothing unusual happening in fixed income despite that you underperformed your peers quite significantly. Just trying to understand now that we've seen all the peers, can you talk a little bit more about sub-segments in fixed income, how do you rationalise geographically or by sub-segments in terms of business which impacted you. And then secondly, just on US Consumer, clearly we had the non-NII impact of £20 million that we discussed. And I just wanted to just see a little bit more how is the US Consumer business performing in light of the higher rate environment and how we should think about the P&L change in that sense.

Anna Cross

Okay. So we talked about FICC a bit on the day and as you can imagine quite a bit on the road. We do feel that the underperformance in FICC in the quarter reflects a more difficult market. There are elements of our mix that would certainly have exacerbated that. So I think most competitors talked about some pressure in Rates. Rates is a big business for us and one where we feel like there's still more to go for us to improve our performance there as we've talked about in the past. Equally, there are parts of the complex where they are either relatively small for us. So Securitised Products is doing well, but relatively small again. And then there were two or three of our competitors who called out a pretty good result in Commodities, which clearly is not part of ours either. I think having even adjusted for that mix, we still feel there's a degree of underperformance there, but certainly the shape of our business probably meant the result on a mix-adjusted basis was probably a little worse. So more to do there.

As I look at FICC in Q4, still early in the quarter, I would say it remains quite a difficult environment, but at the same time, many of the points of positioning that were more difficult for us in terms of the back end of Q3 have worked their way through. But it's early in the quarter, still quite a bit to go.

Just moving to non-NII and indeed the US Consumer [Bank] in general, I mean, we called out the impact of Best Egg and tried to contain that for you by giving you the £20 million number. If I step back and look at USCB more generally and the way it's performing in the context of high rates in the US, there's nothing there that surprises us. So we continue to see good ENR formation broadly in alignment with the industry. So cards growth on an organic basis is up about 6% [YoY].

We do not see any deterioration in credit. Our delinquencies were broadly flat Q on Q. And just to remind you that American [Airlines] is worth [around] 30bp [on delinquencies]. So had American [Airlines] remained with us, we would have expected around a 30bp decline across the full quarter. So really very good there. Nothing [of concern] that we can see. That probably reflects the relatively high [FICO] that we have across the business as a whole though. So we're not seeing more points of pressure here than elsewhere.

And then finally, the other thing that we talked about is in a rising rate environment, we tend to see a timing gap between the pricing of deposits, which price first and then cards which price second. Cards

price at the billing date. So it's no more than a month typically between the two. So it's not a big impact during the rising rate period.

The thing that we're obviously just mindful of is where we started, which is on Best Egg and really what happens to the APRs across lending products in the US generally and what happens from here. No real change yet, but very watchful of it.

Michael Christodoulou, Berenberg

Michael from Berenberg, just to continue from USCB higher level, I know you're talking a lot about the Samsung deal and the opportunity that comes from it. I know you don't really like to talk a lot about consensus, but what do you think about consensus expectations for the division, if we're thinking 2028 or even maybe further out, do you think we are really capturing the opportunity there or are we missing something as to how much more could come? And then the next one on the structural hedge. So we've been talking about deposit competition going up, pricing going up. Is it the right time arguably to increase the notional in October or is it something more that we're not seeing? Thank you.

Anna Cross

Okay. So let me just talk about USCB. I'm not going to talk about consensus, but let me help you think about how we think about this business. So it is a consumer bank, not a cards business. As we look at it, what we've been able to do is start with a very strong partner cards business, which is now more than 20 years old. It's growing very nicely. We continue to attract new partners. We've then added to that a digital deposit capability which has grown meaningfully over the last few years. And we've been able to grow deposits with some of our partners, notably AARP.

And now we have this digital capability in terms of unsecured lending. The opportunity really is for us to bring this together for our partners in a holistic way. The first one of those is Samsung. So we clearly have the card now. What you're going to see as we go into 2027 is the other products being added into there. And that will then give us a greater idea about how these things can work meaningfully better together. But we have the opportunity to not only expose our other partners to some of that technology, but the full suite of products.

And then on the structural hedge, when we consider the structural hedge, we are looking for rate insensitive balances. So by definition, we are excluding anything which we believe will be tempted away by the deposit competition that we are looking at. So term deposits, we're excluding a large proportion of the sight deposits. We're excluding a proportion of the current accounts also. And we are looking at the movement and the changes in those accounts at very, very granular levels and making decisions on a monthly basis. So if we take a decision to extend the hedge, then it's by very close analysis to how those deposits are changing over time and what we think the behavioral life of those deposits is. So it's not a direct reaction to how competitive we think the market is. Thank you. Jonathan?

Jonathan Pierce, Jefferies

Hello. Jonathan Pierce, two as well. First one, just on investment spend a little further out, if I look at your bridge back at the full year stage, the expectation was investment spend in 2028 would be about £400 million higher than 2025, excluding Best Egg, which was wrapped into that at the time. But looking at the bridge now, we're already £600 million ahead in 2027. So if I was to attempt to extrapolate the bridge into 2028, which I know you don't want to be too drawn on, is it right that the investment piece would actually be going backwards a little bit? It seems consistent with the comments you made earlier about front loading some of the investment spend. So would that £400 million increase next year actually be a £200 million negative in 2028? That'd be quite helpful. Next to the neutral run the bank costs, we can start to get confidence in mid £18 [billion] costs up to 2028.

The second question is on the deposit margin in the UK. There seems to be a bit of a difference in view out there amongst some of your peers as to what's really driving this move out of sight deposits since February or March, and in turn lifting the marginal cost of funding. How do you see it? Do you think this is deposit competition or is it a behavioural response to the big move up in one year swap rates and then in one year term rates since February? Obviously the former would be a bit more structural, maybe something to worry about. The latter always tends to be transitory reallocation of portfolio. So how are you seeing the market?

Anna Cross

Okay. So you were right to pick up on what I said before about front loading of investments. I wouldn't go as far as to say I would expect them to go negative, but we have definitely pulled forward investment spend that would otherwise have been stepping up more gradually. The other thing I would sort of modify slightly in your comments, Jonathan, would be we said that we expected the run the bank cost to be neutral to [lower]. So clearly that is our objective here to drive operating leverage. I'm not going to commit as to what that number will be in 2028, but if you think about those two things separately, we've pulled forward investment and think of our intent here in terms of running the bank costs to drive that as effectively as we can by essentially driving gross efficiencies and reducing the marginal cost of growing the bank. That's really what we're trying to do in order to get to the right shape, not only in 2027, but thereafter. That's a formula you should think about.

On the deposit market, we have a view, appreciate not everyone agrees, that we do think it is a funding driven matter. That's what we have observed. And we've observed that sort of through 2026 and it's coincidental with increased issuance of covered bonds. So from that perspective, we anticipated it. We are broadly in the middle of our range in terms of BUK and that range was driven by the anticipated change in deposit competition. And we expect that to somewhat continue.

Amit Goel, Mediobanca

Thank you. It's Amit Goel from Mediobanca. I've got two questions. One follows up a little bit on what Jonathan was asking on cost and one on FICC and revenues for Q4, maybe following up a little bit on what Kian was asking. So on the cost point, I guess when I look at the slides, I look at the bridge that was presented in February, it kind of pointed to a cost number of around £18.2 [billion] in 2028. And now the slides this quarter showing £18.4 [billion] for 2027. So just in terms of understanding that gap,

is that kind of business growth and performance pay and investment brought forward or is there other underlying inflation to think about? And then also within that, when we do that bridge to 2028, I think previously you suggested there was a greater than £2 billion target for efficiency saves and we're already by the end of 2027 at £1.9 [billion] or greater than £1.9 [billion] level. So are we expecting materially more efficiency saves to get that cost to be kind of flat to down? So that's on the cost piece. And then on the FICC point and into Q4 and basically full year revenue expectations in terms of the £31.5 billion, if I take what you just said about the FICC environment that you're seeing so far in the quarter, it looks like you do need the material step up or improvement in FICC in Q4 to get to £31.5 [billion]. So I'm just kind of curious how confident or comfortable you are that you will achieve and/or beat that level of revenue.

Anna Cross

Okay. Let me take them in turn. So just to orientate everybody, I mean, if we look at page 9, what we've done is we've given you a fairly broad bucket of costs which is business growth and inflation. So think of that as the marginal cost of business growth. Think of it as any kind of inflationary pressure. Performance costs would be in the former. It also includes what we would call BAU investment. So re-platforming the BUK app would be in that bucket, not in investments. Because in investments, what we're really focused on is things that will materially change the RoTE of the Group in the future. That's why we separate them out. Everything else may be investments, but it's a cost of doing business for the existing business that we have. So it contains a lot of activity related to that, which is why it's a sizable number in any year.

I'm just going to repeat what I said to Jonathan and in my opening remarks, we expect modest cost growth from 2025 to 2028. You should think about how we have somewhat accelerated the investments we talked about and that to the extent that we need to create a specific absolute cost shape, then we will be focused on the business growth part of it or the running the bank part of it in order to modify the number. That is quite different from where we've been as a firm historically. We would have pulled back on investments. That's what we're saying we're not doing here. We believe we have the confidence and the mechanisms to drive the running the bank costs lower to create the room for investments. So that's how we intend to manage it. But I'll just remind you that the firm guidance that we've given you for 2028 is actually in the cost income ratio, for that to be low 50s in 2028.

That is our north star, will remain our north star. What we try to do is give you an absolute number for 2027 to help with the moving parts given the additional SCAs. Just on your second question in relation to FICC, we talked about this again on the day. There are several factors that create that year on year step up in income that we expect in the fourth quarter.

NII clearly has considerable momentum across the Group, has been running around £200 million higher quarter on quarter for every quarter this year. We would expect that to continue and you get that from our NII guidance. We also have Financing momentum that we would expect to continue. Those two things are clearly more certain than capital markets activity. Then we come to capital markets. We have a very clear M&A pipeline, which is up year on year and gives us confidence. And clearly there's greater line of sight in M&A than there is elsewhere in banking. We have a good ECM pipeline, but it depends which deals complete. And because of the volatility in the market, there is a

degree of timing around that. And then finally it takes me to Markets. If you look at the environment right now, and I'm going to stress that we are early in the quarter, it's conducive for Equities, probably less conducive for FICC, but I'd just remind you what I said earlier, which is there are many aspects around our positioning in FICC in the second half of Q3 that are no longer the case in Q4.

Marina Shchukina, Group Chief of Staff

If I can just add one thing on your point on the gross efficiency savings. We have given you the disclosure on page 10 in terms of the efficiencies that we've been driving. And you're absolutely right, we did call out the expectations for greater than £2 billion of gross efficiency savings across the three years.

Alvaro Serrano, Morgan Stanley

Question one is a clarification. I think you said at the beginning you're comfortable with the NII consensus in terms of 2027 and 2028. Should we think about that as maybe, the UK is less good, but this is compensated by the other [businesses]? Did you mean to say that things are broadly going according to plan? What I'm thinking is there a question mark for US Consumer Bank given the higher rates?

And second, it's kind of follow up to the theme of the quarter around LCR. Over the next 12, 18 months, your LCR will be down to the level where you probably need to think about it. And if you're approaching that level presumably 130 or 140, whatever the level is, how do you think about the management actions available to you as CFO?, Would you think about deposit growth if that's possible? It might be more affordable than issuing more wholesale. Would you look at repricing the loans to slow down growth because of the marginal NII contribution? How would you think about it?

Anna Cross

Okay. So let me just clarify what I said. So I said the emerging consensus for 2027, I did not say 2027 and 2028. I said Group and the UK NII are fine. So that's the clarification. We've not made any comments on 2028 and specifically on the US Consumer Bank. I mean there we've been a bit more focused on total income overall, just because of the complexity that Best Egg brings in. But just to sort of reassure, as I said before, the growth in ENR is where we would have expected it to be. It's in alignment with the market at around 6%. You can see the strength in NIM and you will also recall that I just spoke about the impact of rising rates in US cards in that we're able to sort of adjust the pricing within a short period of time. So no specific concerns there.

In terms of the UK funding cost question and at what point do you feel that you have to sort of reassess your lending? I mean, the way we think about it is we price our lending from the marginal wholesale cost of funding anyway. And that is what I would have expected most UK banks to do. That's how funds transfer pricing works. So within the UK bank, they are not pricing to a blended deposit rate. They're pricing to a funds transfer pricing curve. That's the structure that we have in place now and we would expect to continue that. So the increase in deposit pricing does not necessarily have an impact on that pricing right now. Does that make sense? Because that's not how we're pricing the assets now.

That said, clearly as your funding optimal point becomes closer, you have to then think about how you're going to progress from here. And the answer is everything that you described below. But deposits is not just about term deposits. So you can see that we are growing particularly with our Premier customers in current accounts. That's really important to us. The health of the deposit franchise overall is something that we are very focused on. Then we have in the past, or we certainly have the capability within BUK to issue covered bonds. Clearly it's not something that we've done immediately, but it's something that we could consider in the future.

And then thirdly, thinking about the mix of your growth, so which products meet hurdle, which don't, there will always be a range in any environment. But again, that discipline is no different now than I would expect it to be in six months, 12 months, a year, whenever that optimal point is reached.

The answer is similar if you were to look to the other side of the business. So clearly BUK is within the ring-fence. It has its own ring-fence liquidity, but the discipline and the actions are no different over in the [UK] Corporate Bank. So if you look at the BBPLC LCR, it's slightly lower, but not meaningfully so, because BUK and the Group are broadly in alignment with one another. You can see the strength of the deposit franchise in UKCB. And again, it prices to a wholesale cost of funds, which is specific to that legal entity. So it would be higher than in BUK.

Chris Cant, Autonomous

It's Chris from Autonomous. One on corporate spreads please and then a couple of really geeky ones. So you mentioned corporate spread pressure washing through in the second half or first half of next year. One of your domestic peers indicated a protracted period of pressure there. They have a back book spread of something north of 1%. Is there just a level difference here in terms of how you're thinking about spread pressure washing through on corporate loans versus that particular peer? Because that seems to have been quite a negative impact for them in terms of consensus thinking on the NII projection.

And on the geeky ones, you mentioned a DTA write-up. I just wanted to understand how that works. Are you assuming you're basically offsetting the roughly £100 million directly next year or is that write-up assuming that the surcharge level is persistent through time? So are you assuming it doesn't last [long] basically to get £75 million write-up because it seems quite large in proportion.

And on cash flow hedge reserve, you had previously indicated that it would pull to par relatively quickly. Obviously it's ballooned massively over the last nine months and the move in Q3 in particular was certainly bigger than I was expecting. Are you still expecting that to pull to par by 2028? I don't see how on current swap projections you get anywhere close when it comes to that. Obviously it has an impact on RoTE delivery because it helps reduce TNAV. So just how you're thinking about that.

Anna Cross

So the point on corporate spreads may have something to do with the relative size of [the] back book. Remember this is a market which we perhaps said that we have been somewhat constrained in. So we have not been as active in the past and therefore any back book roll-off is by definition going to be

smaller, whereas we're now leaning into that business. So that's the only explanation I can give you about that relativity Chris.

On DTAs, we are not assuming that it stays for more than 15 months.

And then finally on the cash flow hedge reserve, I mean you're absolutely right. We've been assuming that this thing was pulled to par in 2028. Clearly it's gone in the opposite direction because of where the curve has gone. So it's going to take a longer time. It's difficult for us to determine exactly when. We will come back to you on the absolute impact of the cash flow hedge reserve in terms of pence on TNAV. But clearly what it's doing is it's suppressing the TNAV, it's flattering the RoTE, but it has no impact on regulatory capital or our ability to distribute. It kind of is what it is. What we're focused on is the things that we can control, which are the [attributable profit] we generate.

Chris Cant

In terms of rolling together with the regulatory capital, obviously you haven't baked into your capital planning the Pillar 2A reduction, which we now know. So combined, I mean when you've given the RoTE [targets in the] last two strategic planning cycles, you've had something there for headwind from cash flow hedge reserve, which was quite meaningful. The combination of presumably marking to market on the capital target at some point and this cash flow hedge, that's going to be quite meaningful on your RoTE target presumably. Is that something that you'll be updating at some point before we get through to 2028?

Anna Cross

So what we said is that we will come back to you at the full year to talk to you about how we are considering where in the range we will operate. In terms of the cash flow hedge reserve, I'm not going to make predictions about where that's going to go. I just remind you that our RoTE targets are uncapped.

Marina Shchukina

And we have included on page 52, just a little call out to remind you guys when you're doing your modelling, the 25bp movement in rates is about £1.2 billion [on the cash flow] hedge reserve, just so you're not forgetting.

Andrew Dickens, Interim Group Treasurer

Just to help you understand, the cash flow hedge reserve is driven by the net of our structural hedge and some of our mortgage hedging. So you can work out roughly what the rate sensitivity of the structural hedge is across product structural hedge. Mortgages we don't disclose. There's a net receive position in rates, which is a result of the structural hedge. So it will just play through over time based on where rates go. There is obviously an accrual factor, so that bleeds back over time as well, but that's the driver of the underlying rate exposure.

Ben Toms, RBC

[We've] just had a Budget, where the big decisions have been deferred. I think Barclays had a survey out yesterday which pointed to an expectation that corporates are ready to increase their spending post-Budget. How are you thinking about any change in momentum of corporate loan growth post-Budget? And given your strong liquidity talked about already, would you expect to grow faster than the system in respect of corporate lending?

And then secondly, you guided at Q3 that you would offer motor finance customers early assessment in some cases. Where are you drawing the line on where to make offers? Is it a Johnson type case or is there kind of a broader view there? And if the objective is to remove noise and protect downside risk, why not just offer everybody who is due payment under the existing scheme early assessment? Thank you.

Anna Cross

Okay. So Ben, what you're referring to is the sort of corporate sentiment review that we do. What we noted pre-Budget was an expected increase in demand for lending post-Budget when people saw the clarity and clearly that's what's now coming through. We feel really well positioned to pick that up both because of the breadth of our deposit platform in the UK. So we gave you new disclosure that showed you [on Page 28] what our deposit franchise looks like in the UK. It's very, very broad going obviously from SMEs in the UK all the way through to International Corporate Bank clients in the IB. And we've never brought that together before. So we are the largest deposit taker of corporates in the UK, but we have the lowest loan to deposit ratio. So we feel like we are positioned very well with those clients in order to facilitate that demand. We've been growing faster than the system anyway, and there's no reason why that shouldn't remain the case. That would certainly be our intention.

On your second point on Motor Finance, our objective is to, for the cases which we believe are aligned to something like Johnson, is to put those behind us as quickly as possible. That is our objective. This is a market that we are no longer in. We have a low market share. We want to get that cash in the hands of consumers as soon as possible and therefore we have defined the population before the final settlement and they are the ones that we will be reaching out to. Nothing really more complex than that around it.

Andrew Coombs, Citi

Just two follow ups. First is going back to US Consumer Bank. Previously, when adjusting for American Airlines and Best Egg, you gave us some guidance on the split of revenues between NII and non-NII income. Since then, we've obviously seen a few changes in the market, changes in securitisation, and costs. And actually, if we look at Q3 specifically, I mean the split of revenues is almost identical to a year ago, admittedly with the one off in NII, but I don't know if you could just give us some forward guidance of where you see the revenue split between NII and non-NII in the US Consumer Bank. Still the same as what you said previously, or you have slightly different expectations now.

Secondly, on the UK corporate deposit franchise, you've highlighted your loan to deposit ratio 29% overall, 38% on UKCB. You clearly don't need to be aggressive in deposit gathering to fund the loan

growth subject to LCR, which we can debate. And yet when you look at your deposit base in UK Corporate [Bank], all of the growth in the last two years is in term, up until this quarter where we're actually seeing a slight contraction in deposits. So is there any change in strategy on UK corporate book? Is it a case of, hey, we're not going to pay up for deposits anymore, we don't need to do so.

Anna Cross

So what we've done is we've given you some broad guidance on total income for US Consumer Bank and the exact split and the timing of the split, has been more difficult to determine as we've gone through this transition period. But essentially what we said was we would expect to build back to around Q1 total levels by Q4 with a different mix therein. But just noting that AA had a fairly high proportion of non-NII because it was a transactor book.

So, I think that's one of the things that perhaps has caught people a little bit by surprise in that the loss of income from AA was disproportionately non-NII versus perhaps expectations of that. The modification that we've given you now is that we've told you that there is a roughly £20 million per quarter headwind in Best Egg from these sold securitisation prices to the exterior. That's the only change that we have made to the income guidance that we've given you on USCB.

And then just in terms of corporate lending, there has been no change in strategy. You're just seeing us react and move in alignment with the industry more generally. I would just call out that clearly UKCB sits within BBPLC, so the non-ring-fenced bank, which for us is a very large and diverse group with multiple sources and uses of funding.

Robert Noble, Deutsche Bank

Just two questions please. One on the dividends. So, you've had an absolute dividend guide for a few years now. Would you consider moving to a payout ratio? What state does the Group need to be in for you to consider changing that to be a payout ratio similar to other UK banks?

And then just on rates, is there a point where the swap curve gets to where you think it's negative for the Group? And so, we've seen rates come down 25bp in the last couple of weeks. Do you see that as a good thing or a bad thing for your business?

Anna Cross

Yeah. Okay. So on dividends, you're right. We moved from £1.2 billion to £2 billion plans for the current year. Our preference has been for an absolute guide for distributions. I guess given the proportion that we have of buybacks within that mix really and reflecting the fact that we have a fundamentally different business mix and frankly a UK-US business. So, as we're talking to people on the other side of the Atlantic, they're going to have a different perspective of this, Rob. So, we're happy with what we've guided to so far. What we said in February was that we would continue to keep the dividend under review, but at this point in time our preference is for buybacks and our preference is for giving a sort of absolute or greater than absolute guidance for the total distributions.

In terms of the swap curve, whether that be up or down, there's no magic rate here. There's clearly benefits that come through higher rates, for example, in the structural hedge. There are clearly

benefits that come through higher rates, for example, in the way some of the Investment Bank businesses work. But equally, if rates got too high, then we might have some concerns around affordability led impairments, whether that be in corporates or in consumers. We're a long way from any of that right now. For us, what we would need to see would be meaningfully higher rates then feeding into unemployment, for example, for us to be concerned that rates were too high. We don't yet see that. So, at this point in time, I would say there's no Goldilocks rate, if that's what you're looking for, either up or down. Given the multiple effects that you see through the P&L, very difficult to give you straight answer.

Mathias Peters, Barclays Investor Relations

Again, probably worth mentioning our introductory comments that we think NII has not peaked in 2026.

Seamus Murphy, Carraighill

I was just looking at your comments on the structural hedge in the UK. And I think you said £195 billion [Q326 UK retail] deposits, I think, and I was just working out the numbers. I think [c.]70% [of the hedge] is allocated to the UK business. But if I work it out and I take off the current accounts as 100% hedged, then I work out 80% of the sight deposits are hedged. So I just wonder, that means that you're very, very hedged on your savings accounts, which is about 80%, which seems exceptionally high in the context of all the other European UK banks, if my thinking is correct. But in the contrary to that, your UK corporate business basically has only got a tiny hedge, but it's got £94 billion of current accounts. So I'm just trying to understand what is differential in terms of your modelling on that side. That's question number one.

I suppose the second question, which is kind of a different question in some sense, and I know it was asked on the Q3 call about your share price, because when we look at obviously Barclays, the share price is obviously, I don't want to say languishing, but certainly it's trading cheaper than its peers. And I was trying to think about why that might be the case. But then when I was looking at your business like relative to Lloyds or NatWest or your US franchise, I suppose one could argue that you're subscale in most markets that you operate in. And I'm just wondering; do you think that's a fair assessment in terms of why your share price may be trading and whether scale matters in banking? And coming back to the discussions you may have at the Board level or otherwise amongst the executives in the context of you can't consolidate your way out of this mature stock where it is.

And the idea that Barclays is a target basically in that context or whether you would put yourselves up for sale.

Anna Cross

So just starting with the structural hedge, but I'm not going to make any comments on specific product mixes, but we don't hedge all the current accounts. As I said before, we are looking for the elements of any deposit portfolio which is rate insensitive. So, there would be a large proportion potentially of sight deposits which is in that category. I'll also remind you that with different types of products, we do hedge across different tenors. So, to the extent that we have very, very good line of

sight to a length of relationship, we would typically have an element of that hedge which is on a longer, let's say seven-year tenor, whereas we might have some that's shorter. So, it's the construct within the hedge as well. Andrew, anything you would want to add?

Andrew Dickens, Interim Group Treasurer

I think that's the key point. I mean obviously this is an income allocation, the notional allocation that we've disclosed. There's an element obviously of equity there and as Anna said, I think the tenor mix, we've disclosed an average weighted average life, but that is a broad range of tenors. And so there's no one-size-fits-all hedge.

Anna Cross

Yeah. And I think it's an important distinction here. Remember the equity structural hedge at the same time is clearly driving an increased level of income into all of the businesses. And that's why you see this changing skew towards the IB.

To your second question, look, as ever, I'm going to say the share price is an output. It's an output of the consistency of results that we deliver, and that is our objective here. When we started off at the beginning of 2024, we had three main targets. They were to have a RoTE that was greater than 12%, to move the Investment Bank RWAs down through holding the Investment Bank [RWAs] flat and growing the UK and to distribute at least £10 billion. Now the Investment Bank RWAs percentage is going to be a little different because of the timing of IRB, but we have held the Investment Bank [RWAs] flat and you can see we're at £28 billion RWA deployment at the end of the third quarter.

So all of the targets that we have set out, we feel like we are delivering, but it's only three years. And actually our view is that Barclays needs to continue to generate not only high returns, but returns which are consistently and predictably higher. And that's not a three-year journey. So hopefully the market will increasingly reward that as it has done over the last three years. To the point that you made around subscale, I think there's a difference between being the largest in the market and subscale.

So, BUK is not the largest retail and business bank in the UK, but it's by no means subscale. The Investment Bank is not the largest Investment Bank, but it's by no means subscale in any of the markets that we choose to compete within. The business where we are clearly subscale is [Private Bank and Wealth Management] and that's a business that we've chosen to grow organically as opposed to inorganically. So, we are very clear in our minds about that distinction and where we feel that there are gaps in our proposition. Clearly, they are the ones that we seek to fill in over time.

Thank you very much folks. Looking forward to seeing you in February, if not in December for drinks. Thank you.

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