Morgan Stanley European Financials Conference

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Transcript of fireside chat with Anna Cross

(amended in places to improve accuracy and readability)

Alvaro Serrano, Morgan Stanley

Thanks everyone for coming to this session with Barclays. I'm delighted to welcome Anna Cross, CFO of Barclays. Thanks for joining one more year.

Before we kick off, we've got a polling question that I'll read out.

"What do you think is needed to close the gap between the 0.8x trading multiple and the tangible book value”:

(1) Barclays Group demonstrate it can reach over 12% RoTE in '26;

(2) management deliver on the over £10 billion ‘24 to ‘26 total distribution;

(3) U.K. income continues to beat expectations;

(4) investment bank demonstrates resilience and profitability in line with Group targets; and

(5) U.S. consumer bank delivers growth to offset post-American Airlines.

So, it’s a bit of 12% [RoTE] and Investment Bank showing resilience, which I'm sure we'll touch on.

So, with that, maybe we can start with a broader question. It's the first year of the strategic plan. You've met all the targets. Your stock price has nicely rewarded that; I'm sure you've noticed. What would be your take on the progress so far? And what are you focused most on the next two years of the plan?

Anna Cross, Group Finance Director

Sure. And thank you for having us here. I'm surprised you didn't have number (6), which was "all of the above." That would have been a good answer.

But we're really encouraged by what we've done in 2024. As you said, we met our targets. But actually, when you put 2024 in the context of a three-year plan, we feel like we've made some meaningful steps. So, we've deployed £13 billion of the £30 billion that we want to deploy in the

UK. We've delivered a third of the Group income growth. We've delivered a third of the investment banking growth that we want to achieve. And really important, underpinning it all, we've delivered £1 billion of gross efficiency saves. So, it feels like not only the financial outputs, but the component parts, really are there.

I think the other thing is, this is a continuation of progress that's been happening from before we did the strategic plan. So, it's actually the fifth consecutive year of TNAV growth for Barclays and 30% EPS growth in the year, and that's really a sense of momentum that's come from even before the strategy.

So, where are we [going] from here? Well, this is just quarter-in, quarter-out execution [and] prioritisation on our part. And we've given some interim targets for 2025. So, we do expect to see progression in '25, both in terms of our cost/income ratio, to 61%; our RoTE to around 11% – so, see that as a stepping stone to the greater-than-12% that we want to do in '26; and really importantly, obviously, UK NII at around £7.4 billion for the BUK business and around £12.2 billion for the Group as a whole.

So, we've given some interim targets which hopefully give you a sense of the progress we think we're making.

Alvaro Serrano

Great. You've just touched on the UK income trajectory, which it continues to progress quite nicely, and there's more to go on the structural hedge, as you've laid out many times. But how do you see the assets and deposit trends evolving, the volumes? We hear quite cautious views – and we had Lloyds and NatWest before – especially at the beginning of the year, we heard quite cautious views on the economy. But you continue [to be] quite optimistic on volume growth. Can you elaborate on that maybe?

Anna Cross

Sure. I mean, our desire to grow in the UK sort of precedes 2024 and, indeed, the change of government, but I'll pick that up in a minute.

And really, we are constructive about the UK, not least because the areas that we are leaning into are ones where, actually we've either ceded market share or we have a lower than a natural market share. So, we're not reliant on the market to pick up in order to achieve our plans. And indeed, in 2024, I expected the businesses to go backwards before they went forwards. And actually, what we saw was good momentum in both deposits and assets by the time we exited Q4.

And as we look at the current environment, you've got a mortgage market which is pretty constructive. That's underpinned by real wage growth in the UK. It's underpinned by positive HPI. It's underpinned by real demand for housing. So, we're seeing that coming through in the data.

Very importantly I think for the wider real economy, the majority of what we see happening in terms of mortgage growth is actually house purchase. And that's important because you bring first-time buyers into the market, and then you get secondary sort of economic growth that goes from that house purchase market. And it's also good for us, because one of the strategic planks that we have is to really sort of broaden out our range within the mortgage market. So, we did 15% of our flow in higher-loan-to-value last year, versus 9% the year before. So, sort of leaning into that house purchase market is a key part of what we're doing.

And then when I get to consumer spending, there's clearly a degree of conservatism out there still. We see that in higher-than-normal repayments in cards. But in January/February, we see discretionary spending growth outstripping essential spending growth. That's very positive for the economy. We saw UK card spending growth exceeding debit cards – so, credit exceeding debit card growth – in Q4 for the first time in quite a while. So, as we look at the high-frequency data, that would tell you that actually the economy is performing pretty well.

So, we're pretty constructive. We see opportunities for growth. The environment is very stable, politically very stable. We've got a strong and certain regulatory outcome. And all of that helps in terms of economic activity.

Alvaro Serrano

Great. In the UK as well, you've now consolidated Tesco Bank. What does it bring to the table from a strategic point of view? This is a bank that is expected to generate £400 million NII this year; you've already been clear on that. Are there funding benefits that you bring to the table? How can you scale the business?

Anna Cross

I mean, there are probably three big ones. The first, I would say is, when you think of Barclays over the last 10, 20 years, you think of a single brand. Actually, what Tesco brings for us is another piece of a broader multi-brand strategy that allows us to approach the markets with a degree of sophistication and diversification that we've not really had. And you see that in mortgages, with Kensington. Cards is exactly the same. So, now we're operating not only Barclaycard, but Amazon, Avios, and now Tesco. So, see it within that framework.

Then, the second thing is, it gives us the opportunity to really scale. So, you've got 20 million Tesco Clubcard customers to whom we can now speak directly, which is great, but also the opportunity to take the capability of Tesco back into the Barclays organisation.

So, the best example I can think of is that we've not done open-market unsecured lending in Barclays for a long time, not since just after the GFC. We do open-market cards, we do open-market mortgages, but we've only offered unsecured personal lending to our own current customers. Tesco has a very good, sophisticated capability around that. So, you're bringing that back into the Barclays environment, a little bit like we did with the capability on Kensington. So, that's really exciting for us, to actually scale both sides of the businesses by blending the capability.

And then, the last thing is obviously synergies. So, there are definitely funding synergies in terms of the way we can use our deposit base, not only to grow what Tesco is doing in its own deposit franchise, but actually harness the lower cost of deposit funding that we have across BUK as a whole. But equally, obviously, there's the cost journey to go on.

Now, our primary objective is to integrate Tesco and integrate it very well. It's a complex business. You've got daily digital interactions. It's a live book, with employees also. So, integrate it well is our objective. So, we expect that to be our main focus in '25 and into '26.

But if you think about Tesco just from the outside-in, it's got a 90% cost/income ratio. So, very, very high costs. We would expect that any unsecured business would run at a relatively low cost/income ratio. And I mean not just lower than Barclays, but lower than Barclays UK. And if you think about what we're trying to achieve with our US cards business, which has got a cost/income ratio of 49% now, we are getting that to the mid-40s as part of our plan. Tesco should be similar. So, there's some big cost opportunities here, too.

Alvaro Serrano

Thank you. One of the other sources of growth is the Investment Bank, of course. Where have you taken share as part of the strategic plan? And where do you think there's more space for you to grow?

Anna Cross

Sure. I mean, the Investment Bank plan is obviously very different to the UK plan, but it's similar in its sort of thought process, which is about being more balanced. So, that's what we're trying to do here. We're trying to, within the waterfront that we have, which we judged as part of our

strategy to be complete and the one that we want to go with, rebalancing or balancing the areas of growth within the plan.

So, in Markets, that meant leaning into parts of Equities, like equity derivatives. We see that as important because it sits alongside what is an already very successful prime book, doing securitised products, trading against the financing that we already do.

And within European Rates, that is quite similar to our story in cards. We've actually lost market share, and we think we've got the right and the capability and the talent and the technology to get that back. So, they are areas that we're leaning into.

As I look at '24, I would say we did well in securitised products. We did very well in equity derivatives. We talked about European Rates through the year as lagging our expectations. I think quite a lot of that was around the market generally last year. That picked up in the third and fourth quarters, and our performance also improved.

The other thing within Markets is Financing and, again, getting that to be more balanced. Because in Financing, the two parts, you've got Fixed Income Financing, which was always, like, #1 and #2 for Barclays – a real Lehman heritage. Adding to that [is] prime, so, we've gone from #12 to #5 in prime and growing those two together. So, our financing business in US dollars in the fourth quarter was 34% up, year on year. So, we've got some real balanced momentum in that business.

And then in Investment Banking, similar sort of story. A real DCM heritage, trying to broaden out the business into more ECM and M&A. Actually, M&A, year on year, our share was flat. In the context of a rising market, we were quite happy with that because we brought on much of the talent – a lot more talent in '23. So, it was early for that kind of growth.

ECM was very good. So, we grew our market share by 100 basis points over the year. And across fees, as a whole, we grew our market share by 30 basis points. So, we're now at 3.3%. We need to get [back to the 2019 level of] 4%.

So, there's more to do. They have to keep grinding that out quarter by quarter. And it won't go up every quarter – it's a lumpy business – but over time, they should be headed in the right direction.

But important for them also is the International Corporate Bank. It's more stable, it's the ballast to their business. And what we really feel is that our business was leading with fees and not really deepening that relationship into the ICB. So, we've seen a lot more of that happening within the US; particularly on US deposits, which are strategically really important for our business. We saw

US dollar deposits grow by 90% last year, and that's off the back of strong growth the year before. I hope we'll continue to see that momentum and see that continue to grow into cash, trade, FX for those clients as we try and broaden that relationship.

Alvaro Serrano

Great. Within the fee business, specifically, maybe a bit of color where we are in the cycle. In 2024, obviously, we saw a recovery in both ECM and M&A after two difficult years. How much room do you see for growth when you compare it to historically? And how's your pipeline looking at the moment?

Anna Cross

Well, I would contrast how the market might play out and the way we plan. So, the way we plan, whether it's in the Investment Bank or in Barclays UK, we're trying to use really realistic assumptions for our businesses. So, we had a lot of discussions on the day of results because our assumption for the current year is an $80 billion banking wallet. Actually, as we look at Dealogic in Q1, that's broadly what it would say in terms of the full year, but that's clearly down from where it was around six weeks ago. And there's quite a lot of market discussion around the uncertainty in the US environment, and clearly that's weighing on the market as a whole. We can all see that in Dealogic data.

But from our part, we are planning to these levels. That's what we do to put tension into the system. I want the Investment Bank to meet its targets because it's structurally changing its productivity and its profitability, not because the banking wallet is outsized, because that won't always be the case.

But then if you look at what that means elsewhere in the Investment Bank complex, you'd expect that degree of volatility to bring some opportunities to Markets, because typically these two businesses somewhat offset one another. Volatility is great for Markets, not for Banking, and vice versa. I just think we're seeing perhaps a slightly different environment from what people expected.

Alvaro Serrano

Great. Can you talk to us [about] how you're managing RWAs in the division as well, which was – whether you're still confident about the 50% target you laid out for 2026? And is that the ultimate objective for the proportion of the IB within the Group?

Anna Cross

So, the IB RWAs have been flat for three years now. So, they'd been flat for two years before we announced our strategy, and it goes back to that point around we're happy with the waterfront that we have. We think the business has enough capital to grow and continue to grow.

So, really, that 50% is through keeping the IB flat and by growing the UK. And no, 50% is not the final destination. It's what we realistically think we can get to in 2026, and that reflects both our expectations about the IB business and, indeed, UK growth.

But when I think about the IB, we're focused on improving productivity, specifically within Banking, and that comes from a few things. It comes from that sort of Treasury Coverage model that I talked about before. So, really deepening the relationship into areas of Banking which are less capital-heavy; so, cash, trade, FX, et cetera. And in doing so, we've really changed the focus of the bankers internally. So, with our 800 top clients last year, they now all have a lead treasury banker. That's really important. And that's what's leading to that growth in deposits that we see.

The second is just disciplined capital stewardship. Really, really focused client returns, really focused sector returns analysis. And when those facilities come up for renewal, we are asking ourselves very, very difficult questions as to whether or not those client returns are at or above our expectations and, if they're not, what needs to be true to get them there. And if we don't believe we can, then ultimately having a difficult conversation with that client.

Now, those conversations have been happening. You can see that because the amount of capital deployed in Investment Banking has gone down through the year. So, you can really see that happening, and their revenue over RWAs is growing.

And then, the third one is that increased share in Advisory and ECM. It's similar in Markets. So, in Markets, the Financing business is capital-light. It's leverage-heavy, but it's capital-light. So, growing that disproportionately is clearly part of our plan.

But also, when we set out the three focused businesses that we have, we've already deployed the capital and the technology that we need within those businesses in order to get them to grow. So, it's not that they need additional capital.

And then, I think when you step back from markets as a whole and think about the technology journey that we and others are on, or the regulatory journey that we face, really it's less about static capital, more about the velocity of capital. And that's what the technology lends itself to. That is what the development of regulation would speak to also. You don't want illiquid risk. You want to be able to move that capital on. So, that's a real focus within Markets.

Alvaro Serrano

Maybe turning to US cards. There are a few moving parts, but maybe we can start with how you see the business post the sale of the American Airlines portfolio. How do you see the inorganic sort of growth, like GM, and the organic pipeline to achieve the end net receivables balances target in 2026? It feels like a lot of growth coming.

Anna Cross

Absolutely. This is quite a unique business. It's a very specialised consumer credit business. And in thinking about it, we sort of face two directions. The first is we look at the clients. We've got 20 very large clients. And the way I think about this is we're essentially providing consumer finance to our IB clients.

And so, in making the decision around American [Airlines] – and we chose not to bid – it was really around the fact that, taking on the totality of those balances would have put such single-client concentration risk into our cards portfolio in the US, we didn't believe that was the right business decision to make. So, that's why we didn't pursue it.

Then when I think about the opportunities around organic growth – so, look at the consumers – I mean, most of the growth that we've achieved since we bought this portfolio has been organic, and over 80% of it was deemed to be organic in the balance of the plan.

And the nature of these partnerships is that they're sort of locked up for a number of years. So, again, over 80% of our partnerships are locked up out to 2029. So, it feels like organically we've got a really good basis for growth. But equally, about $40 billion of balances come to market every year. So, we've got the opportunity to win partnerships, as we did with GM, and really focus on that growth.

There's clearly a challenge in the plan from having lost volume, somewhat mitigated by both the acquisition of GM and the fact that American [Airlines], because it's such a super-prime book, [is] a relatively low risk-adjusted return. But we do think that we can drive additional volume into this business just because of its specialised nature and it's good at what it does.

Alvaro Serrano

All right. You achieved, in the division, 9.1% RoTE in 2024, versus 4% RoTE the previous year, in '23. You continue to target above 12% RoTE for 2026. But I thought it was curious that you're not only reiterating the guidance post AA, but you're even calling for mid-teens RoTE [for] longer term in this business. Maybe you can elaborate on some of the moving parts and how you're planning to get there.

Anna Cross

Sure. So, when we did our strategy update last year and our Investor Update, prior to that, as you can imagine, we did a lot of peer benchmarking for all of our businesses. And what really struck me with our US cards business was that the opportunities lay in many lines across the P&L.

So, as we compared it to our peers, the NIM is lower. Why is that? It's, in part, our own risk appetite, but it was also the skew of our business towards that super-prime, travel-type portfolio.

The second is our funding costs were higher. Now, I would expect our funding costs to be higher than someone running a domestic bank in the US, but I wouldn't expect it to be higher than specialised card companies in the US.

And the third thing was the cost per account, the efficiency. So, the plan speaks to all of those.

So, if I look at the US cards partner market, 60% of it is retail; 40% is travel. We have a very low market share in retail, low single digits. We've got an 11% share in [travel]. We have to rebalance that. That is again about being more balanced as a bank.

And the good thing about that is you get a better risk-adjusted margin. So, that's what GM is about. Expect to see us not completely changing our risk appetite, because it's important to us, but pivoting away to having more retail in the book to improve the margin.

We're very focused on funding costs. So, we've revamped our deposit structures within the US, and we launched a tier deposit product in Q3. And in Q4, that alone brought in an additional $2 billion of deposits. So, it somewhat surprised or exceeded our expectations. We expect to continue to do that, and that will lower the cost of funding for this business.

We also repriced the entirety of the book last year in the third and fourth quarters. That takes a while to work its way through to NIM, because customers have to start purchasing on the new T&Cs to do that. So, in NIM, there's a lot going on, but most of those actions have already taken place.

Costs is a longer-term exercise. We made some meaningful progress last year. So, the amount of inbound calls that we've got has gone down by 6%. We've increased the proportion of digital interactions we have by 13%. All of this is really important. And again, it speaks to that changing mix. Because if I've got an airline flyer and you've got a high balance, I'm really happy to speak to you. Lower balances, the client doesn't want to speak to you and it's not really efficient for us to handle them manually either.

But when I look at that business, 93% of what it does, it does digitally. That's actually really low for a retail business. When I compare that to the UK, that's more like 99%, and our German cards business, before we sold it, was around 98%, 99%. So, there's a long way to go in terms of driving that.

And then, finally, just capital. This is a capital-heavy business. It will be even more so after we go to advanced status in the US. So, the kind of transaction that we did with Blackstone in the first quarter of last year, we're still very focused on. That was a bit of a test-and-learn, both in terms of our capability to construct that type of SRT, but also to test the investor appetite. And we've had a lot of incoming since then. So, we feel like the investor appetite is there for us to really optimise the capital within that business.

So, hopefully, you get a sense from that, Alvaro, that it's a plan of many parts. It's not overly reliant on any one of them. So, we do believe that we can get to 12% in 2026. '26 has two offsetting impacts within it, though. We'll have a gain on sale, and we'll have the loss of American [Airlines]. But beyond that, just by rebuilding the volume and executing the plan, this business should get back to where it was pre-COVID, which is mid-teens.

Alvaro Serrano

Very clear. Maybe a couple of more questions from me, and then we can open it [for Q&A]. One of them on costs. One thing that was appreciated, I think, in the plan – and you delivered in 2024 – was the renewed sense of cost discipline. Can you walk us through what remains on that front? And I would note it in the context that, for example, what caught my attention, costs in the IB increased 2% last year and performance comp was up 6.6%. So, there's definitely something happening within the weeds of the costs. But can you talk us through it and what remains to be delivered?

Anna Cross

Yes. So, efficiency is a really key part of the plan, and it is efficiency. Costs is an output. So, that's how we think about it.

And I would see that sort of twofold. Every single one of the businesses has got a cost/income ratio target which is lower than where they are now and gets progressively lower as the plan continues. So, that efficiency drive is everywhere in the plan. And just to go back to that $80 billion assumption, we are deliberately creating tension in the plan across all of the businesses by having very realistic income assumptions. So, I want the businesses to get to CIR, their CIR targets, by changing the structural cost base of those businesses, not by overly relying on

income. Because that will not always be true. There'll be pockets where, clearly, we'll step back just because of the market.

So, our objective here is to deliver a gross efficiency save every single year: £2 billion over the plan; we delivered £1 billion last year. We're expecting £500 million this year, £500 million next year. And what happens to that is it then gives us air cover or room, if you like, to invest in the businesses and drive that efficiency further. So, it becomes positive and reinforcing.

A good example of that is what we did in our credit cards business in the UK. So, that uplift in acquisition year on year has got nothing to do with risk or pricing and everything to do with the investment in digitisation behind the customer journey. So, it's a real efficiency focus.

So, in 2024, a lot of the cost reductions came from people and property. In 2025 and '26, it gets a bit harder, because we're really focused on those end-to-end client and customer journeys all the way through the bank. And that's true of everybody, but it's probably disproportionately so within BUK and the Investment Bank, who are the two divisions which even by the end of 2026 we don't think will be top-quartile in their efficiency. And so, they will have more to go.

But in the IB, which you specifically asked about, we'd invested in the IB a lot coming up to that Investor Update. So, in Markets, over the previous two years we'd invested a lot in technology. We invested a lot in the IB talent pool. Now is the time to monetise that. So, those are the conversations that we're having internally, the resources are there. They need to leverage those into higher income. So, that's really what we're focused on.

And what was notable to me last year and the conversation I have with them every quarter is quarterly jaws. So, three out of four quarters last year, we got positive jaws in the IB. I cannot remember the last time we had positive jaws in the IB. Now, it won't happen every quarter. As you know, their business can be lumpy. So, you won't always achieve that. But more often than not, they need to achieve it.

Alvaro Serrano

Great. One last one, as I said, for me, we've touched on deregulation in previous sessions as well. A lot of talk in the US definitely on the issue. But how does that affect you, any change in the US? And what would you like to see in Europe and the UK?

Anna Cross

It's fair to say that we've got quite used to operating in different regulatory environments. I mean, we are uniquely blessed, I think, by having a UK ring fence, a US ring fence, and a European

post-Brexit bank in Barclays. So, that whole kind of European, UK, US regulation is something that we navigate expertly.

I think what's been good in the UK is we've got a recognition, I think that, that delay in timing reflects the PRA being thoughtful about how the international environment might develop. We've got a date, we've got a framework. We don't have yet clarity on the Pillar 2 offsets, but we've got the Pillar 1 position. And for Barclays, that's between £3 billion and £10 billion. I mean, it's not an enormous number in the context of our overall RWA stack. And that's across the bank; that's everything from the IB to the UK.

We will have to wait and see what happens in the US. We've clearly seen some speeches, some rumors, but we need to see the regulation played out in words, and then we can react to it. And hopefully, the UK regulator will be thoughtful.

But we see a very constructive dialogue from the regulators here about trying to be joined up as an international matter. We think that's important not only for banks, but also for investors and also for clients. I mean, if you're a client and you're booking in the US and in the UK and in Europe and you've got a different capital treatment or pricing in each jurisdiction, that's not great either. So, for the banking system as a whole, we think it's really important.

And we see other regulatory change in the UK, as well. The discussions that they're having around mortgage affordability. All of these things we see as sort of positive signs.

The US, we will just have to let play out and do what we need to do in terms of the profitability of our own businesses that are US-based; so, US cards and the IB. That makes everything that we're doing in the plan even more important.

Alvaro Serrano

Great. With that, why don't we open it up for questions? Who wants to ask the first question?

Omar? Here in the front.

Audience Participant

Hi, Anna. Can I ask you about just the last topic that you were talking about, which is sort of regulation? And I guess there's this kind of push now to make sure the pendulum swings back to where it's sort of supposed to be. I think there's this kind of broad acknowledgment that it's perhaps gone too far. There was a paper yesterday that was out from UK Finance that looks a bit like a bank’s sort of wish list of things, because one of them was taking away the bank levy and the corporate surcharge, which feels like a 10-year ambition, rather than something that will

happen in the next year. But there are other interesting proposals, like removing gilts from leverage ratio calculation and a similar discussion in the US around the SLR. And I think different people have different views around how meaningful that is. Do you think that's meaningful of what actual regulation changes you think we can probably expect to see in the next sort of one to two years?

Anna Cross

Thanks, Omar. It's a good question. So, I'd contrast here regulatory certainty and pockets of regulation that might actually stimulate growth more generally in the UK, which is clearly where most of these thought processes have come from.

So, I think the most important thing is that we have certainty of regulation, whether that be Basel or whether that be consumer duty. Both of those are really important to, not only the way we operate, but the way the broader market operates within the UK.

There are lots of specific ideas, whether that's mortgages, whether it's gilts, whether it's tax. Some of those are the purview of the chancellor, as opposed to the regulator. So, I won't comment on any of them specifically, but I would say they all speak to UK growth and the ability of banks to underpin that UK growth. And I think that's really important, because there is a connectivity here between what the government is trying to do in terms of grow the economy, whether that be housing, whether that be infrastructure, or whether that be the transition economy. I think banks generally have a role to play in all of those. And so, to the extent that the regulatory environment can facilitate that, I think we would all welcome it.

But it feels like there's quite a few things in the ether at the moment. They haven't quite come to fruition. So, I won't comment on anything specifically, but I think the general trend and that supportive nature to UK growth, I think, is very welcome.

Alvaro Serrano

Great. Here in the front.

Audience Participant

Thank you. So, the quality of your disclosure has improved dramatically over the last couple of years, both at a Group level and by division, which allows us to benchmark your performance as it evolves along the plan. The one area where perhaps I could do with more insight, please, is how much balance sheet risk do you run within the Investment Bank in order to generate those returns. Any commentary around market risk or outsized credit risk, which perhaps you did in the past and don't do now or which you're happy to do now, would be quite helpful. Because

inevitably, in Investment Banking, there will be a quarter eventually when something goes wrong, and it would be really helpful to understand how you think about the balance sheet that you're putting at risk to generate those returns, please.

Anna Cross

Thank you, Ian. Ian is also a great source of future disclosures. So, watch this space.

So, generally speaking, the things that I would point you to would be look at the VaR disclosures. So, we already do that. You can see that last year, in '24, the VaR was below '23. So, we're driving additional revenue through the Markets business, not by taking additional risk. And it speaks to what I was talking to Alvaro about before, which is velocity, the velocity of capital. So, using that capital intraday, as opposed to having a large inventory. We don't have that kind of balance sheet within Barclays, and it's not our trading strategy.

So, VaR was down year on year. It was a bit more elevated in the fourth quarter, just because of the amount of volatility we saw around the US election. But generally speaking, you should look to that. And indeed, the market risk RWAs. And they will move around with FX, but we will always tell you what that impact is.

Sometimes we talk about loss days. We had three trading loss days last year; we had seven the year before. You can see from our disclosures that, that's coming down over time. And when we measure and report loss days to you, that's on a VaR basis. That doesn't include any of the fees. So, we're quite puritan, if you like, by the way we reflect that.

But our general approach within the IB, generally, is to manage our risk very carefully, and you can imagine we're doing that in the current environment also. And we don't, as I say, carry big inventory. So, we're very focused on that risk management.

Audience Participant

A quick follow-up. Can I take that one stage further and assume that in a market where there is a clear trend of tighter credit spreads or rising equity prices or whatever, that that would be a market that you would typically underperform peers because you're not carrying the big inventory risk, which would give incremental gearing. But then you should outperform when those trends are not there? Is that how we should think about it? Or is that exaggerating the point?

Anna Cross

Potentially. A little bit.

Audience Participant

Thank you.

Alvaro Serrano

Great. Any last question? Sorry, I didn't see there in the back.

Audience Participant

One question on your US consumer credit card business. Are you seeing any shift in sentiment given the current political uncertainty?

Anna Cross

So, the cards business actually has been very resilient. So, we're not seeing any significant changes to it right now, and I wouldn't expect to. Because if you look at our credit profile, only 12% of the book's FICO is 660 or below. So, we are relatively prime in the US space. We don't have auto lending. We don't have student loans.

If I were looking for signs, I would say that repayment levels remain very high, a bit like the UK. So, there's a degree of consumer confidence in there. So, that's how it's manifesting itself with us. So, purchases still at good levels, but customers are repaying relatively quickly. So, I think that speaks to a degree of uncertainty, but we're not seeing it in credit.

Alvaro Serrano

Great. Is there any last questions? It looks like we're running towards the end of the slot.

Great. I think we'll finish here. Thanks very much, Anna, for a very interesting conversation. Thank you, Anna.

Anna Cross

Thank you. Thank you, Alvaro.

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