Good morning.

I’m pleased to present to you today the second set of results since Antony and I updated you on the strategic direction for Barclays on 8th May. Since then, we’ve made good progress on the targets we set out. Highlights for this quarter include:

- Increased pre-tax profits both year-to-date and for the quarter;
- Lower costs ex CTA for the third consecutive quarter and indeed the lowest cost quarter for five years;
- A steady improvement in capital and leverage;
- A double digit return on equity ex CTA in our Core business;
- Continued shrinkage of Non-Core; and
- An improvement in the book value of the company.

Within these results, our traditional corporate and consumer businesses, had a strong quarter which helped offset income weakness in our Investment Bank. You’ll recall that at the heart of the Group’s strategy is a more balanced Barclays, less reliant on investment banking, delivering sustainable returns. And we can now start to see the benefits of that approach, with profits up for the third quarter compared to the prior year, as we continue to transition the Group.
So this morning I’ll take you through an overview of our financial results. I’ll then provide an update on how we’re performing against our 2016 commitments, including the performance of our Core businesses and, finally, I’ll cover progress on Non-Core. I’ll comment on the performance over the first 9 months of the year, except when looking at the Investment Bank and capital and balance sheet metrics, where I will refer mainly to the quarter.

The next slide shows a summary of the Group financials.

Slide 4: Summary Group financials

We’ve increased Group adjusted profit before tax by 5% to £4.9 billion. Our statutory profit before tax for the first nine months of £3.7 billion was up 31%, and attributable profit of £1.5 billion was up from £1.2 billion last year.

Impairment improved by 32% to £1.6 billion. We’ve continued to make steady progress on reducing operating expenses and the total Group adjusted cost base fell by 7% to £13.2 billion, and that compares to income which was down 7%, giving us positive jaws, when excluding CTA. The cost reduction came despite increased CTA charges, which were £826 million in the year to September, and litigation and conduct charges, which almost doubled.

You’ll have seen that we also took a provision of £500 million in Q3 for on-going FX investigations, which we have adjusted for, due to its size. As we have now nearly completed all the redress required under the IRHP programme, we are closing out the issue, and are able to release £160m of this provision. Separately, in Q3 we increased our provision for PPI by £170m, reflecting our best estimates for future redress and costs.
Other adjustments we’ve taken are for a loss of £364 million in relation to our Spanish business given its anticipated disposal, as well as a gain on Lehman acquisition assets, amounting to £461 million, as legal decisions and cash receipts reinforce our confidence in ultimate recoveries.

After tax and minorities, including AT1 coupons, adjusted attributable profit was £2.6 billion, and that generated an adjusted EPS of 16.1 pence.

**Slide 5: Transform financial commitments**

On 8th May, Antony set out clear 2016 targets against which we will track the progress of our plan. These are shown on this slide, and I want to update you on our progress towards these in more detail.

First, Group level targets on capital, leverage and dividend.

**Slide 6: Strengthening key financial metrics**

We continue to have a sharp focus on our balance sheet, and this slide shows further improvement in Q3 in terms of tangible net asset value, leverage and funding and liquidity. TNAV increased by 8 pence in Q3 to 287 pence; about half of which was a reversal of the foreign currency movements that reduced TNAV in Q2. We also made good progress on improving our regulatory capital, despite the headwinds from the additional provisions taken in Q3.

**Slide 7: Progressive strengthening of capital and leverage ratios**
CET1 capital has increased to £42 billion with RWAs remaining broadly stable at £413 billion as the reduction in Non-Core was matched by a modest increase in our Core businesses. As a result, Group CET1 ratio has improved to 10.2%. Based on current RWA levels we anticipate about 20 bps of capital accretion as a result of completing the sale of our business in Spain, which would result in a 10.4% CET1 ratio.

Estimated BCBS leverage exposure reduced to £1.3 trillion, giving a leverage ratio of 3.5% at 30th September.

We’ve absorbed the increases in leverage exposure under the BCBS proposals and still boosted our leverage ratio.

We have declared a 1 pence dividend for the quarter and reiterate our guidance for a 40% pay-out level as we also accrete and build capital.

Let me now turn to Core performance and ROE.

Slide 8: Core business performing well

ROE in our Core businesses, the Barclays of the future, stands at 10.5% year to date which demonstrates the better balance of earnings and returns across the Group where, good results from PCB, Africa Banking and Barclaycard offset the Investment Bank weakness in the quarter.

So how is the Barclays of the future looking?

The Core business performed well, in aggregate, over the nine months, and generated an adjusted PBT of £5.6 billion. We saw steady improvements in impairment and operating expenses. However this did not completely offset the effects of an income decline in the IB.

We increased profits in PCB by 18% and in Barclaycard by 21% and Africa Banking profits
were up 11% on a constant currency basis. Investment Bank performance was partly impacted by the effects of transitioning the business and profits for the nine months were £1.3 billion.

On costs, the significant progress we made in H1 continued in the third quarter and total operating expenses for the Core over nine months were down 7% to £11 billion excluding CTA. Impairment in our Core businesses improved by 12%, driven by PCB and Africa.

Core attributable profit was £3.2 billion, and that generated a Core EPS contribution of 20 pence.

Slide 9: Core customer assets and NIM growth driving NII

Core income growth outside the IB has come from positive movement in our Net Interest Income, as both Net Interest Margin and customer assets increased. You can see the quarterly overall NIM progression for PCB, Barclaycard and Africa Banking on this slide. There are some quarterly fluctuations but NIM reached 416 bps in Q3 and for the year to date increased by 6 bps to 409 bps, reflecting our attractive mix of retail and corporate – in both secured and unsecured lending. Average customer assets increased by about 2% to £278 billion.

Altogether, this led to an increase in Net Interest Income from these businesses of 4% to £8.5 billion, and £9.1 billion for the Group overall.

Slide 10: Continued strong asset quality
Our Core businesses are characterised by strong asset quality, and as you see on this slide impairment reduced by 12% to £1.4 billion, with an impairment release in the IB and lower charges across all other businesses year on year. We continue to see stable credit risk metrics and we expect conditions to remain broadly stable in the near term.

We do anticipate a modest increase in the impairment run rate in Q4, but our expectations are for 2014 full year impairment for the Group to be slightly below guidance provided at the 2014 Interim Results.

Turning now to Core costs.

**Slide 11: Good momentum in cost reduction programme**

This is an area where I’m particularly pleased with our performance. It’s a critical aspect of our strategic plan to achieve sustainable and higher returns.

We’ve driven Core costs down 7% excluding CTA, across most businesses year on year and work is continuing to drive further reductions next year. Core costs ex CTA have been falling every quarter since Q4 2013, reaching £3.6 billion in Q3. As at the half year, we have broken out litigation and conduct charges within total operating expenses, to help you understand our underlying cost base more clearly.

As I said at the start, we remain on track for our 2016 target of adjusted costs in the Core businesses below £14.5 billion.

I want to now take you through each of our Core businesses in turn, starting with Personal and Corporate Banking.

**Slide 12: PCB: Strong performance driven by higher margins and reduced cost**
We view the creation of PCB, which combines our retail, corporate and wealth businesses, as a crucial move in our strategic realignment. This is our largest division with PBT of £2.3 billion and the most allocated capital at around £17 billion.

We believe we can grow income while still reducing costs – with positive jaws delivering an increase in returns from the current 12.5% ROE and 16.7% ROTE. We continued to steadily increase our share of mortgage stock to 10.1%, as we have done for 23 of the last 24 quarters. Users of our mobile banking and Pingit payments apps broadly doubled year on year, so we now have 3.3 million users of mobile banking and 1.9 million of Pingit.

Overall, PCB income increased slightly to £6.6 billion. That was driven by NII from savings and mortgages, partially offset by lower fee income. Impairment was down 21%, with some releases and recoveries in corporate lending. We reduced total operating costs by 6%, reflecting headcount and other savings which more than offset the higher CTA. In Q3, PCB achieved its lowest quarterly cost excluding CTA, since the fourth quarter of 2012.

Now, Barclaycard.

**Slide 13: Barclaycard: Strong business growth and returns**

Here we have a market leading payments business, not just in the UK but internationally. It has a strong record of innovation and generates an attractive ROE. We’ve seen encouraging growth across all Barclaycard businesses and geographies and we increased income by 6% to £3.2 billion, with some headwind from year-on-year US dollar weakness. Total costs were held flat, while investing in the business for growth. We grew our customer base by 2.4 million and increased payments processed by 9% to £190 billion. Balances also grew, with total loans reaching £34.8 billion, up 15% year-on-year. Despite a
larger portfolio, impairments were down 1%. Overall Barclaycard increased PBT by 21% to £1.1 billion, with an ROE of 18.5%. We continue to see opportunities for further growth in this business.

Let me now turn to Africa Banking.

**Slide 14: Africa Banking: Income growth and good credit performance**

This is best viewed on a constant currency basis, with PBT up by 11% on a constant Rand basis. The improvement was driven by 8% income growth. We also saw an 11% reduction in credit impairment charges. We invested in Africa over the nine months, with increased spend on key initiatives, in addition to higher staff costs. ROE for Africa Banking was 9.6%, reflecting the goodwill we hold on the Group balance sheet. Return on tangible equity was 13.2%. Sterling results for Africa Banking were impacted by Rand depreciation, but the underlying view is encouraging.

Let me turn now to the Investment Bank.

**Slide 15: Investment Bank: Challenging quarter, but repositioning underway**

Performance in the third quarter, compared to Q3 2013, shows a decline of 10% in income, driven by Investment Banking fees and Equities. This partly reflects headwinds from foreign currency movements. On a US dollar basis income was down 5%. There will always be seasonality and some volatility in quarterly IB numbers even with the new business mix.
While this quarter’s income was weaker than expected, there were several factors that influenced the outturn. You can see on this slide that Banking income was down 4%, driven mostly by reductions in DCM and Advisory, with ECM broadly in line. In DCM we had a strong prior year performance, generating a difficult comparator, and during this quarter we reduced our participation in certain transactions in light of the US regulatory guidelines around leverage finance. When we look at year to date, I am encouraged nonetheless that the IB is having a record year in M&A and ECM and we have broadly maintained our rankings for YTD overall fee share of #2 in the UK and #6 for the US, of course, our key markets.

Turning to Markets, income overall in Q3 reduced 13% compared to the third quarter of 2013, with Equities down 25%, following a strong first half. The Q3 Equities performance was negatively impacted by clients who temporarily suspended or reduced activity as a result of the Dark Pool allegations. The effect of this has been more significant than we initially anticipated and impacted trading beyond our LX platform. These client concerns are understandable. We have been working hard to address them and are making steady progress in bringing clients back on-line. The majority of these clients are now back trading with us and we expect to be closer to more normal run rates during Q4. Our Macro business performed well in Q3, largely driven by an upswing in FX volatility late in the quarter.

Excluding CTA, IB costs were down 7% year to date, and within this, non-compensation costs were down 8%, despite increased litigation and conduct – which reflects the good progress we are making in our cost savings programme. Total compensation costs reduced 6% ex CTA, despite a headwind of around £150 million from the introduction of
role-based pay. Combined with the drag from bonus deferrals, this hides some of the effect coming from this year’s IB headcount reductions, but it also means we are well placed for cost reductions next year.

As a result, PBT for the nine months down 38% to £1.3 billion. RWAs in the IB have remained broadly stable at £128 billion.

Although we are disappointed with revenues this quarter in the IB, this reflects the factors I’ve mentioned.

But let me be clear – we are committed to our strategy of managing the IB, and all of our businesses for that matter, for sustainable, higher returns and we will optimise costs and capital to achieve this.

Now Non-Core, which I want to take you through in some detail.

**Slide 16: Barclays Non-Core: Continues shrinkage and capital return**

Barclays Non-Core made further progress in the quarter and reported declines in income, impairment and costs. That resulted in a decrease in the loss before tax from £965 million to £648 million. RWAs fell by £29 billion over the nine months, and average allocated equity reduced by £3.6 billion [year-on-year] to £13.8 billion. As a result of reduced losses and lower allocated capital, the Non-Core drag on Group ROE was 4.2% for the 9 months to 30th September, compared to 6.7% for the prior year.

We agreed the sale of our Spanish businesses during Q3, a significant transaction, which we expect to complete around year end. We’ve already reflected in Q3 the majority of the losses involved as an adjusting item but the RWAs will not be released until completion,
adding about 20 bps to our CET1 ratio, as I mentioned earlier. We expect about £100 million of further losses on completion, as a result of currency translation.

Non-Core income fell 44% compared to the first 9 months of 2013 with a significant decline in Businesses and in Securities and Loans income. These income declines are well within our expectations and were offset somewhat by the 77% reduction in impairment. Looking to 2015, I expect Non-Core income will continue to come off quickly and will be at significantly lower levels.

Non-Core costs were down 26% to £1.5 billion with a significant reduction in CTA. Excluding CTA, costs reduced by 16% to £1.3 billion. Of the remaining cost base, approximately half relates to retail operations. The cost base reduction naturally lags the income decline, but around £240 million of the cost on an annualised basis will drop out with the Spain disposal. As we’ve said before, we expect to keep the returns drag to between the tramlines of 3 and 6%.

**Slide 17: Barclays Non-Core: Progress on RWAs and leverage reductions**

Reducing the capital tied up in Non-Core and returning it to the Core is as important as managing the operating losses, and we continue to make good progress on this.

Since the start of the year, we have reduced Non-Core RWAs by £29 billion to £81 billion, and that was mostly driven by sales and pay downs. In Q3 we reduced RWAs in Non-Core by over £6 billion as well as our priority shifting towards business disposals. RWA reductions came from derivative optimisation and legacy asset sell down, with further reductions of investment banking positions.
Leverage exposure in Non-Core was also reduced, with the BCBS measure down by about £68 billion to around £317 billion, primarily driven by lower SFTs and derivative exposures.

In terms of the interim guidance for 2014 that I gave in May, we are well on track to meet the 2014 target of £80 billion for RWAs, excluding [impact of Spain disposal], and £300 billion target for Leverage Exposure.

I'll now turn to cover costs at the Group level.

Slide 18: Operating expenses significantly reduced

Our costs are down for the third successive quarter at just below £4 billion excluding CTA, and in Q3 we've delivered the lowest quarterly cost for five years. We have reduced total headcount by 8,000 over the course of this year. We remain on track for our full year target of around £17 billion, although the final number will be impacted by Q4 FX rates, and we are seeing some headwinds from a strengthening Rand.

Overall CTA charges are coming in slightly less than our original estimates, with £826 million spent over the nine months across the Group. We now estimate total CTA for the year of around £1.3 billion, versus earlier guidance of £1.6 billion with £200 million deferred to 2015 and £100 million being saved within Transform, as we reach our targets without this additional investment.

Slide 19: Balance, resilience and progress

So the Group as a whole is on track with the Transform programme, and underlying performance remains good. Legacy issues continue to impact our business, and the sector
as a whole. The Investment Bank is proceeding with a major transition and we have been clear that repositioning this business would take time, although we already have a much better balance to the Group.

And, to remind you highlights for this quarter include:

- Increased pre-tax profits both year-to-date and for the quarter;
- Lower costs ex CTA for the third consecutive quarter;
- A steady improvement in capital and leverage;
- A double digit return on equity ex CTA in our Core business;
- Continued shrinkage of Non-Core; and
- Improvement in the book value of the company.

Thank you. Now why don’t we move to questions.
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