Barclays PLC Q3 2015 Results

Analyst call Q&A transcript (amended in places to improve readability only)

Michael Helsby, Bank of America Merrill Lynch
Morning, everyone. I’ve got two questions, if that’s all right, Tushar. Firstly, one on your slide 17 and then one on costs. So on slide 17, when you originally disclosed your 2016 targets, you had an average equity of £48 billion to £50 billion in your ROE target. And clearly your slide looks like it’s gone up today. You’re already at £47 billion and Non-Core’s running off quicker. Can you just tell us what the new range is, embedded in your 11% ROE? So that’s question one.

And then secondly, just on IB costs, as you mentioned in your remarks, they’re up ex-CTA and conduct, by 1%. You’ve not flexed them at all, quarter on quarter, when I’d have hoped that you would’ve done. Can you just tell us how much cost, ex-CTA, you expect to take out next year in your IB to drive towards that underlying £14.5 billion of Core costs? And of that reduction, how much is coming from either mechanical or lower deferrals and legal costs that you’ve talked about previously?

And then actually, you’ve got a significant amount of conduct still in your above the line costs. So of your £14.5 billion for next year, underlying, can you give us an idea of how much conduct you’re including in that as well? Thank you.

Tushar Morzaria
Yes, thanks Michael. I’ll take the questions in the order you asked them. Your first question around the equity base on which we’re striking our ROE guidance, you’re right to point out that we’ve been releasing capital out of Non-Core ahead of where we thought we would be and that’s been pleasing progress. We’re not going to give you precise guidance on what the equity base will be.
Part of this, Michael, as you’ll probably no doubt get from our guidance, is we’re trying to take you through to an exit rate from 2016 and give ourselves the flexibility to accelerate where we can. So to put it bluntly, if we can release more capital quicker, we’d absolutely do that, but not to give precise guidance because it does make it a little bit more difficult for our Non-Core unit then to transact when they lose that information advantage.

I would say though, the ability to recycle capital into productive use has been pretty good. We’ve managed to keep our ROE in the Core business at reasonable levels and grow places like our Corporate bank and our Barclaycard business very nicely with that additional capital. So I think we’re still confident and able to do that into next year.

In terms of IB costs, yes, you’re right to point out that they’ve been broadly flat quarter on quarter, and I’m looking here at the Core Op Ex line at about £1.3 billion. We do continue to see that reduce. You can see that we’re still spending CTA of a further £94 million in this quarter, and you’ll see the benefits of that come through in subsequent quarters, as you’re probably familiar by now.

There’s obviously a slight delayed effect in the way those cost [savings] come through. The CTA charge gets incurred earlier and the cost reduction a little bit later. There is a little bit of an FX effect going on here; the costs get inflated a little bit, but obviously we get that benefit on the income line as well, so we’re quite comfortable with that.

Into next year – we’re not going to call out specifically the role of deferrals. You could probably actually, Michael, work that out, you probably have already for yourselves, just using our disclosures from the full year. And obviously once we assign the bonus pool for this year we’ll give you the disclosures again so you can see the roll-off into 2016 and beyond.

Conduct and litigation is at an elevated level. Obviously it’s very hard for us to predict, as it is for anyone else. We’re quite conservative in our estimates and we’re not really assuming much of a drop-off at all, and assuming that it’ll carry on at the elevated levels that we’ve seen. So I won’t give you a precise number, Michael, but suffice to assume we’re not assuming much of a decline there.
Michael Helsby
Okay. I’m sorry, just the one thing you missed out there, are you able to give us an idea of in your IB for next year how much of the cost reduction to get to your £14.5 billion run rate is coming from that division?

Tushar Morzaria
Yes, again, we’re not calling that out specifically – we haven’t in the past and won’t do so for next year. You would expect though that the IB cost journey will continue. And to maybe help frame it a little bit more, if you look at somewhere like Barclaycard, you would expect cost to probably increase in Barclaycard. So as that goes up, obviously the other divisions need to pick up that slack and the IB will be a very important part of that.

Michael Helsby
And you still feel confident you can do that?

Tushar Morzaria
Yes.

Michael Helsby
Good. Okay, thank you.

Tushar Morzaria
Thanks, Michael. Can we have the next question, Operator?

Jonathan Pearce, BNP Paribas
Morning, I’ve got two. The first is on RWAs and the second is on Non-Core income. On the RWAs, I was hoping you might be able to give us a bit more granularity about what you see coming in the future from the various regulatory proposals that are out there. Some of your peers are starting to give a bit more detail on this, Deutsche Bank most notably again today. Are you thinking that these various proposals that are in the pipeline at the moment are still absorbable in the context of ongoing management of RWAs, so the sort of £400 billion Group
RWA number you’ve talked about - £120 billion in the Investment Bank? So a bit of an update on that would be the first question please.

The second one is really on Non-Core income. Accepting that the income statement for Non-Core into 2017 will be affected by rundown, disposals, so on and so forth, can you give us a feel for what the ongoing income level at that period of time will be? You’ve obviously broken down again the income for Q3 on slide 13, I think there’s about £193 million negative on securities and derivatives and £199 million positive on businesses. What of those three blocks will be left as we go into 2017 on an ongoing basis, please?

Tushar Morzaria

Okay, yes – thanks, Jonathan. So, on your first question on risk-weighted asset inflation, the kind of things we see on the horizon, they’re a little bit further out but we’re hoping to get the rules set straight soon. I’d wrap them up into probably, euphemistically, ‘Basel 4’. So the review of the Trading Book, whether it’s a move to standardised credit risk weights at a particular calibration point, moving to standardised operational risk, maybe even mortgage floors or something like that.

Our objective is to absolutely absorb that within the guidance of RWAs that we have provided. Now, we don’t have the full rules set yet so I can’t give you a precise estimate of, for example, what the review of the Trading Book will do for us. We’re hoping to get a rule set perhaps before the end of this year, and that will allow us to calculate that properly and share with you our plans around that. Something like standardised credit risk weights is obviously much easier to calculate, we just need to know what the calibration point is, and actually even operational risk is relatively straightforward once we know what the framework is.

But we feel from everything that we’ve seen so far, we will strive, and feel confident that we can absorb that within our existing RWA guidance. And even in the Investment Bank, we’ve guided to the Investment Bank utilizing no more than c.£120 billion of RWAs – there’s obviously some FX rates that will bounce that around a bit. More importantly though, no more than 30% of Group RWAs, and that’s where we’re running, roughly speaking, the Investment Bank, and that’s where we intend to continue to run it.
In Non-Core income, we won’t give precise guidance, but you would expect the business income to drop off as obviously we sell the businesses. And we are intending to sell those businesses as quickly as we can, obviously paying regard to our capital position. What’s then left will be the marked-to-market volatility, if you like, on derivatives and associated funding costs, and likewise in the securities and loans portfolio. My guess is that it’ll be a net negative, but we’ll try and manage that to reasonable levels. And of course what we’re really axed to do is shrink that portfolio as quickly as possible, and the revised guidance gives us more, if you like, capacity to do acceleration where we see it’s the sensible thing to do given our capital levels.

Jonathan Pearce
Okay, thank you.

Tushar Morzaria
Could we have the next question please, Operator.

Manus Costello, Autonomous
Good morning. I just wanted to follow up on Non-Core actually, please. I have two questions – this is the first one: on the cost line, Jonathan was asking about revenues but you’ve obviously given guidance today on costs. I just want to get to grips with whether your exit rate guidance should be extrapolated into 2017? Because, if so, then it looks like consensus is too low on cost for 2017, and this worry around stranded costs in Non-Core seems to be increasing with this guidance – I wonder if you could calm my fears over that.

And my second question is about the ESHLA Portfolio. How much capital are you now holding against that portfolio, because you’ve obviously got a very big PVA deduction now and I assume there are RWAs associated with it as well? It must be sucking up a lot of capital and it must be close to the point where you could think about selling it?

Tushar Morzaria
I’ll do my best, Manus, to allay your fears. On cost for Non-Core beyond 2016, absolutely you’d expect us to continue to drive that down. We’re just giving you a waypoint of an exit rate, if
you like. As we close 2016 and go into 2017 that won’t be where we expect to be as we go further into 2017. And our objective here is to move the drag that Non-Core will exhibit, both through how much capital is tied up in there, and how much residual cost is there, to as minimal a level as possible, and I guess as we get closer to the end-point of Non-Core we’ll give you more specific guidance around that.

Manus Costello
Just to be clear, this doesn’t account for anything additional going into Non-Core? If you were to decide to put additional stuff into Non-Core it would be a whole revised set of income [numbers].

Tushar Morzaria
Yes, absolutely. This is, if you like, like-for-like.

In terms of your ESHLA question, yes, it’s actually a very high quality credit book. It’s a very low risk weighted asset [book], so most of the capital is coming from the PVA deduction, and impairments are literally zero on that book. Now, your question about are these a level that we could just exit the portfolio – you’d expect me not to answer that directly: that will put our Non-Core team in a significant information disadvantage when they’re discussing this with a counterparty, so I won’t answer that. But, suffice to say, it’s a super high-quality book, as a credit matter. It’s really a PVA issue, and we’re obviously very axed to wind it down as sensibly as we can.

Manus Costello
Just so we can understand, what actually drove the increased deduction, because it’s pretty material? You said the model changed, but what was it?

Tushar Morzaria
Right, so what PVA is; it’s a regulatory measure of the uncertainty around the potential value of the book as opposed from an accounting reserve that we would otherwise take. Spreads widened quite considerably during the summer as a general matter, and particularly in some of the related markets there, so we’re just reflecting that in PVA.
Manus Costello
Got it, okay. Thank you.

Chris Manners, Morgan Stanley
Good morning, Tushar. I have two questions for you. The first one was on capital, and I know you’re targeting 12.1% CET1 ratio, just over 12%. I know that some other banks are targeting higher numbers, Deutsche this morning mentioned 12.5%. Assuming that the 12% is the right number and you’re confident about that and you’re going to get to that 12% really pretty soon sitting at 11.1%, what do you do with anything you have above 12%? Is that actually a surplus capital question? Are you talking about doing specials and buybacks like Lloyds if you get to that level, or would you feel more comfortable getting to sort of 13% plus before we start talking about special dividends?

And the second question was just on PCB. Obviously the margin has been flat or down sequentially for the last four or five quarters in a row. It would be interesting just to hear a little bit more from you about the competitive environment in the UK retail and commercial space. Thank you.

Tushar Morzaria
Thanks, Chris. Yes, on capital we’ve always talked about 150 basis points above our end-state, fully phased-in, based on minimum MDA restriction requirements, if you like – at the moment that calibrates to over 12%. It may vary over time so I wouldn’t lock into just 12% being a permanent end-state point of capital. You know, Pillar 2A may go up or down, G-SIFI surcharges may move.

I think the other thing that’s really important is also the stress testing within the Prudential toolkit, and as that develops further through the PRA consultation paper and beyond, I think that we’ll pay obviously more and more attention to how that affects our calibration of end state capital requirements. So, we’ll continue to talk about how we see that play out, but for now, at 150 basis points above our fully phased-in end-state feels about right. But it, of course, may change in the future. Countercyclical buffers, of course, is another thing that may or may not arise in the future.
So, therefore I think, Chris, if you’re looking for is there a magic pass mark, and then, beyond that, are we going to have buy backs or specials or what have you, we’re not really at that point. I think we’ll just continue to guide firstly to what we think our capital objectives are; at the moment – we are targeting getting over 12% over time – and at that point, and as we go through that, we can talk to you more about the dividend philosophy of the Group. We’re moving away from a formulated dividend, as you saw over the summer.

In PCB, yes, you’re right, margins have been reasonably flattish. Now, there’s the heating going on there, you’ve seen NIM compression in mortgages, which a lot of people have talked about - it’s a pretty competitive market. I’ll point out that mortgages is an important business for us, but we have a large commercial bank and a large personal retail bank that’s away from mortgages as well. So although it’s important, it’s not the dominant component of our NIM. It’s a minor component as such, so while it has an effect, it’s not overwhelming.

In other parts of the business, deposit margin has been healthy – we’ve repriced deposits. I mentioned in the scripted comments improvements in deposit margin in Corporate, and our Corporate business is holding up actually extremely well. So, it’s a competitive marketplace, particularly in mortgages, but our business is generally holding up well. And in things like current account balances, corporate assets, corporate deposits, we’re growing quite nicely so we feel pretty good with that.

Chris Manners
Thank you, that’s clear.

Andrew Coombs, Citigroup
A couple from me please, firstly on the ring-fencing. Can you just clarify what are the major items within the £1 billion of costs that you’ve flagged today? And then also on the revenue side, are you assuming anything at this stage relating to the cost of funding and the credit rating of the non-ring-fenced bank?

And then my second question, which is on loan growth – very good loan growth both in the Corporate Bank and in the Investment Bank – £3 billion in the Corporate Bank, £6 billion in the
Investment Bank. Just on that point, I know this will be the lumpy positions, but what should we be thinking about going forward in terms of the growth of those two businesses, because you do seem to have turned on the taps a bit again there. Thank you.

**Tushar Morzaria**

Sure, thanks, Andrew. On ring-fencing costs, that’s one billion. It covers both the United States and the United Kingdom – the difference is it’s probably more front-loaded in the United States. In the United States it’s the construction cost of creating our intermediate holding company and moving our businesses underneath that intermediate holding company, and ensuring then we’re in a sufficient position to conduct CCAR stress testing requirements. That’s quite a large operational lift and obviously a lot of CCAR models and various other things that we need to get done, validated, and operational in time.

In the UK, essentially for us we’ll be creating a new bank, a ring-fenced bank, so it’s getting a banking licence and moving our business that needs to be housed in the ring-fence across into there – importing all of that over, making sure it’s capitalised and has sufficient liquidity, etc. So, if you like, it’s the construction costs of ring-fencing our operations.

In terms of the revenue effects of doing that, it’s too early to call that yet and we’ll share that with you as we get nearer the time. We’re doing a lot of refinancing already from our main bank into the holding company, and you’ve seen us do that progressively quarter by quarter, so you’re probably getting a sense of where holding company spreads versus bank spreads are. Now, obviously that will change again over time as more of our issuance is actually out of the holding company, it will naturally reset, so we’ll give you more guidance as we go through that.

In terms of loan growth, we’re really pleased with the Corporate Bank, quite happy to see loans grow there at a nice pace, and we’re trying to create as much capacity as we can within our capital position to do that. The Corporate Bank generates very attractive RoEs with very good risk characteristics, so we like that business a lot.

In the Investment Bank it’s a little bit more lumpy. I wouldn’t say we’ve turned on the taps there, we’ve been quite disciplined around the capital allocation for the Investment Bank, and
the Investment Bank has been incredibly disciplined around how they utilise that. You'll have heard Tom King in the past talk about the central balance sheet management utility that we've had in place for some time now that rations financial resources within the various parts of the Investment Bank, and that's actually been a really good operational improvement for us. So, I wouldn’t sort of quite characterise that as turning on the taps – more being opportunistic where we see good underwriting opportunities, where we can use our loan books appropriately.

Andrew Coombs
Thank you.

Tushar Morzaria
Thanks, Andrew. Could we have the next question, please?

Martin Leitgeb, Goldman Sachs
Yes, good morning – two questions from my side. The first question is on Core costs, I’ve received the guidance for 2016. I was just wondering if you could give us a sense on the trajectory of the Core costs from end-16 onwards? In particular, I’m trying to get a sense on, to what degree you can offset higher costs you incur now setting up the ring-fenced entity by, say, further cuts within the retail franchise?

And the second question, just quickly, just to clarify what your thoughts are with regards to Barclaycard and where it sits within the ring-fence, or partially within the ring-fence, or completely outside. Thank you.

Tushar Morzaria
Yes, thanks Martin. In terms of Core costs, the direction of travel is down. You heard John talk at the half-year that the company really should be targeting a mid-50s cost-income ratio. Now, the costs are going to be a very significant component of how we achieve that so you would expect costs to continue to go down. And to put that in context, if you think of CTA and Core operational expenses, we’ve reduced almost £3 billion in two years so there’s momentum
behind the programme and we continue to see that come through. So for a one word summary, Martin, 'lower' would be the thing to keep in mind.

Barclaycard, you’re asking really how that’s going to feature in terms of which parts of Barclaycard go to which parts of the ring-fence. I’m not going to call that out now for the simple reason that we’re in discussions with the regulatory authorities on our ring-fencing plans and it’s not appropriate for us to be having that conversation before the regulators have completed their dialogue with us and are happy with where we’re going.

The only think that is obvious, Martin, though, is the US card business of course will be under the intermediate holding company. And just for your benefit, it’s already subsidiarised in a Delaware bank with its own entity, it already has its own board, its independent directors and it’s FDIC regulated, so it’s a relatively negligible effect for that. But for UK, we’ll talk to you about that one further when plans are finalised with the regulators.

Martin Leitgeb
Okay, thank you.

Tushar Morzaria
Can we have the next question, please?

Chintan Joshi, Nomura
Hi, good morning. Two questions please – first one, the press reports suggest that you’ve applied for a transition period on ring-fencing. Can you elaborate a little on this; why this application was made, and what is the plan B in case you don’t get that approval?

And the second question was on ongoing costs from structural reform. So, you’ve given us a £1 billion guidance but it sounds like a one-time setup cost, and I’m trying to think more about ongoing costs to maintain the new structure, which will be part of Core costs, but I’m guessing you’re not including that in the £14.5 billion? So just want to think about what that number could be.

Tushar Morzaria
It's the same question Martin asked, I'm not going to elaborate on our ring-fencing plans while we're in dialogue with the PRA because it's not respectful for us to be having those conversations while we're discussing that with the regulators. So I'm not going to talk about that, or comment on anything you read in the papers.

Your ring-fencing question around £1 billion costs, yes, those are implementation costs, they're not run-rate costs. I talked about targeting a mid-50s cost-income ratio – that will mean that we have lower Op Ex than we have today. That will also include absorbing the run-rate costs of administering the ring-fence, so I think you should think about it like that. Of course, we'll continue to give guidance on how we expect our expense base to evolve beyond the immediate guidance that we've given as we go through those timeframes.

Chintan Joshi
Thanks. Can I just quickly follow up on Manus' question? Did I understand correctly on what you are saying on the Non-Core cost guidance of £125 million per quarter, that it is just a waypoint and that 2017 will be lower under the current construct?

Tushar Morzaria
Yes, you would expect us to continue to drive it down.

Chintan Joshi
Okay, thank you.

Joseph Dickerson, Jefferies
Hi, good morning, guys. I just have one question. You lay out your plans for structural reform on slide 35 of the slide deck and you say on the right hand side there that there's the potential for some external issuance of capital and term unsecured debt by OpCos. So I'm wondering if with CCAR etc. that more common or pref equity might be needed in that US IHC, and was wondering if you could provide some further colour on that comment that you put in the slide. Thanks so much.

Tushar Morzaria
Yes, the key word there, Joseph, is really ‘potential’. So I’m not going to give you specific plans on whether we’re going to be issuing anything out of OpCo or everything out of HoldCo. And the vast majority of stuff would be issued out of HoldCo and downstreamed for single point of entry perspective, and obviously to comply with TLAC requirements, which we’ll learn about in the next few weeks. But we do have the flexibility, should we choose to do so, to issue prefs out of the IHC or similar. I think we’ll just be opportunistic around that and see what’s the most optimised form of capital for us. But we’ll have the ability to do it, but no guidance on that – key word is ‘potential’ rather than anything else.

Can we have the next question, please?

Fiona Swaffield, RBC

Hi, good morning. I just had questions on Barclaycard. I’m just trying to understand the significant jump in non-interest income, third quarter, second quarter, and what’s driving this and whether it’s sustainable? And just generally on Barclaycard’s revenues in Q3, what has driven it sequentially year on year, as it seems such a step change relative to balances. Thank you.

Tushar Morzaria

Yes, the increase has really been in the US. Now, as you know, our business in the US is mostly in the affinity business where we’ve got partnerships, and essentially what you’re seeing is the full-year effect of some partnerships that we incorporated in the latter part of last year. And in an affinity business you have a slight bias towards fees rather than in net interest income, so it’s really showing that come through.

And it was announced yesterday, actually, by our partner, JetBlue, that we’ve signed them as a partner. And that’s just an example of another premier brand for us and we’re delighted to have won that business and look forward to a very long partnership with them. But it’s a good example of how we can continue to grow that affinity business into next year and beyond.

Can we have the next question, please, Operator?

Edward Firth, Macquarie
Good morning all. I just wondered if I could bring you back to the Investment Bank performance, because I hear what you say when you compare nine months on nine months, but if you look at Q3 performance against Q2, you’ve got revenue down 16% and costs up 2%, and yet is seems to me from what you’re saying, that your cost targets next year, a big part of that is going to come out of the IB? So, I guess my key question is what gives you the confidence that you can get costs down when even if revenue is falling quite substantially there doesn’t seem to be any reflection in the cost base, so I guess that’s the first question.

And related to that question, you also saw quite an increase in risk-weighted asset allocation to the Investment Bank in Q3, and I hear that you’ve got the £120 billion. Can we take that as an absolute fixed target now or would you expect from time to time the Investment Bank will go above that and that’s a sort of mean average through the course of the year that we should look at?

And then the final question is, I was just struck when you look at page 19 of your release where you show the quarterly performance data; the Investment Bank has made a negative return on equity now in Q4 for both of the last two years, and you’re telling us that October is below October last year. So should we really be assuming we’re going to get another negative Q4 for this year – is that in your thinking? Thanks.

Tushar Morzaria

Thanks Edward. Let’s take the questions in the order you gave them. On Q2/Q3, I rarely look at a sequential comparison, at least on the revenues to Q3, so the drop-off in revenues would probably happen in every single year just given seasonal effects so I’m not at all concerned that Q3 revenues are below Q2. You’re going to find it interesting to find a year when that probably wasn’t the case.

Edward Firth

In earlier years we have seen the costs come down as well, and this year I think they go up.

Tushar Morzaria
Yes, that’s a very fair point. So the cost is a very fair comparison and so that’s a much more noteworthy point. I will say if you look at our cost base, when you see a decline in revenues on a quarterly, seasonal basis, we have less flex in our performance costs because we’re 100% deferred so it’s really a delayed effect on reducing our bonus pool for this year. To the extent we choose to do that by the end of the year, you’ll see that come through in subsequent years rather than the accrual drop immediately.

But you would expect the trajectory of costs to continue to go down, and it has been steadily declining. Another comparison you can take is the revenues in the third quarter last year were £1.667 billion. Revenues are much higher this time but on, broadly speaking, the same Core Op Ex basis, so you can see the improvements coming through there, and we'll continue to do that.

In terms of RWA allocation, yes, there’ll be more flex over time. You should expect us not to go above £120 billion in any consistent fashion. You do get some odd things like foreign exchange rates that will, you know, bobble up or down. And we were lower in the second quarter, a little bit more in the third quarter – some of that was FX rates and not much else, so you should take the £120 billion as a pretty firm commitment there in terms of capital allocation.

The fourth quarter performance in the Investment Bank – the negative RoE is as much driven by the bank levy, which we book as a single event in the fourth quarter. But looking through the spirit of your point, the fourth quarter, is this going to be weaker than this time last year, and you’ve got the bank levy, I think it’s a reasonable line of questioning. I can’t comment on the full quarter of course, it’s an uncertain next eight weeks to go, but October has been weaker than this time last year and you’re correct to point out the levy will get booked in the fourth quarter.

Can we have the next question please then, and I think we’ll make this the final question and then we’ll wrap up.

Peter Toeman, HSBC
Morning, Tushar. I obviously listen to your calls avidly and note slight changes in nuance, and I noted that in the Q2 call you seemed to refer to the drag from the Non-Core businesses becoming almost inconsequential, and today we learn that maybe the cost base in Non-Core might be half a billion in 2016, so it sounds like it might be more of a drag than you were hinting at a few months ago? And I wondered whether there’s been a change in your attitude or the ability to sell assets that explains that?

And then again on the regulated capital and RWAs, previously you’ve said, ‘yes, we can absorb all these increases’, and today you gave the impression that you actually had an idea about how significant those increases might be, and therefore how absorbable they really might be. And I wondered, in fact, am I reading too much into this? Are there subtle changes in nuance that you’re trying to convey to us?

Tushar Morzaria

Yes, thanks for your questions, Peter. No, not really, I try not to be like the Central Bank or something like that where you’ve got to pick up on every single adjective and it’s got some deep meaning behind it. So, in terms of, was I subliminally trying to tell you we’re going to have more costs, less in Non-Core, or difficulty in terms of absorbing RWA inflation – no, my view is consistent from the half-year to this year. The objective is to have minimal costs left in Non-Core when we fold it back.

We’ll ultimately close Non-Core because it becomes synergistic to. When it becomes such a small unit we’ll just fold it back in. And we think we should be able to do that at around the end of 2017 with a minimal impact on the Core return.

And in terms of RWA inflation, it is uncertain – it’s as uncertain now as perhaps it was for me at least in the half-year. Until we get final rules set, I’ll always add a caveat that everything I understand at the moment is something we’ll be able to absorb, but subject to the final rules being made available to us.
So, if I just wrap up with a few comments, I’d characterise this quarter as a pretty decent performance in our Core bank, with very good underlying divisional performance across all of our divisions – standout performances in Barclaycard and PCB, and healthy performances in both the Investment Bank as well, and Africa, where profits are up. We’ve continued to make progress on dealing with legacy conduct and litigation items and preserving our capital position while doing so, and we continue to make progress on Non-Core. Lots more work to do. Obviously, Jes will be joining us in December, and we look forward to his impact on this and working with him on making even more progress.

So, with that, hopefully I’ll get to see some of you over the course of the next few days, but thanks for joining me this morning.
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Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group’s future financial position, income growth, assets, impairment charges and provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs or savings, original and revised commitments and targets in connection with the strategic cost programme and the Group Strategy Update, run-down of assets and businesses within Barclays Non-Core, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, US, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implementation of the strategic cost programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group’s control. As a result, the Group’s actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, and expectations set forth in the Group’s forward-looking statements. Additional risks and factors which may impact the Group’s future financial condition and performance are identified in our filings with the SEC (including, without limitation, our Annual Report on Form 20-F for the fiscal year ended 31 December 2014), which are available on the SEC’s website at http://www.sec.gov.

Subject to our obligations under the applicable laws and regulations of the United Kingdom and the United States in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward looking statements, whether as a result of new information, future events or otherwise.