

Barclays PLC H1 2024 Results

Fixed Income Conference Call Q&A Transcript

(Amended in places to improve accuracy and readability)

Lee Street, Citi

I have three please. Starting off where you finished on risk transfers. These obviously seems to have come to a lot more prominence recently. So my question is, is this just a risk management tool for you or do you actually think over the medium to long term, this will change the way your actual business model works?

Secondly, on the target of the A-ratings at Moody's and S&P, you referred to the medium term. Can you be a little bit more specific on that? And linked to that, do you think you can get upgrades purely driven by yourselves, or do you think the agencies might actually need to take a better view of the UK to facilitate that?

And then finally, on your legacy subordinated securities, you've got less than a year now until the end of the grandfathering period for certain of them. Does this mean they start to come into a bit more focus in terms of potentially engaging, looking for a potential solution for them?

Daniel Fairclough

On the ratings question, obviously the timing of this is in the agency's hands, not ours. We have really good ongoing engagement with them on a whole range of topics, and I think in particular, the diversity of our funding base and the stability of our earnings are key touch points for them. But we think ultimately the journey that we set out on in February, and our plan to 2026, all of that should be supportive from a credit quality perspective. Clearly, any change positively in the UK operating environment is a good thing, but we think really this is about delivering on our financial targets and our plan.

You asked a question about SRT as well. So SRT, there's no change here. We've been a long established user of SRT. We've been doing corporate loan risk transfer trades since 2016, so no real change here. And really, this is about risk management for us. It's a risk management tool. As we noted in February, we will use risk transfer in the US Consumer Bank, and that will be part of the returns uplift that we expect in there. But again, it's primarily about managing the risk appropriately.

And then I think your last question was on legacy capital. We've obviously made really significant progress in this space. We've got around £1bn of securities left, so a very, very small amount compared to the overall capital stack. Regulatory capital treatment is a factor, of course. It's not the only one. I think the small size is relevant, and the fact that none of this is issued from our resolution entity is also really relevant, so. But clearly, we'll update you more on this in due course, but we're comfortable with the position at the moment.

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