Barclays PLC Q3 2024 Results

Analyst and Investor Conference Call Speech

C.S. Venkatakrishnan, Barclays Group Chief Executive

Anna Cross, Barclays Group Financial Director

C.S. Venkatakrishnan
Group CEO

Good morning everyone. And thank you for joining us for Barclays third quarter 2024 results call.

We set out financial targets and are on the path to delivery

Targets	Q324	Q324 YTD	2024	2026
Statutory RoTE	12.3%	11.5% *12.1% excl. inorganic activity[1]*	>10% *c.10.5% excl. inorganic activity[1]*	>12%
Total payout		£1.2bn	Broadly in line with 2023	At least £10bn[2] 2024-2026
Investment Bank RWAs (% of Group)	57%			c.50%
CET1 ratio	13.8%		13-14%	13-14%
Supporting targets and guidance				
Income	£6.5bn	£19.8bn		c.£30bn
Group NII excl. Investment Bank and Head Office[3]	£2.8bn	£8.2bn	>£11.0bn *c.£11.0bn previously*	
Barclays UK NII[3]	£1.7bn	£4.8bn	c.£6.5bn *c.£6.3bn previously*	
Cost: income	61%	61%	c.63%	High 50s%
Loan Loss Rate (LLR)	37bps	42bps	50-60bps Through the cycle	50-60bps Through the cycle

[1] Inorganic activity refers to certain transactions announced as part of the FY23 Investor Update designed to improve Group RoTE beyond 2024. In Q324 YTD this included the loss on sale of the performing Italian mortgage portfolio and the loss on disposal from the German consumer finance business, both incurred in H124. There were no inorganic transactions in Q324. For FY24 this will also include the loss on sale of the non-performing Italian mortgage portfolio and the impact of the Tesco Bank acquisition | [2] This multi-year plan is subject to supervisory and Board approval, anticipated financial performance and our published CET1 ratio target range of 13-14% | [3] NII guidance excludes planned acquisition of Tesco Bank's retail banking business expected to complete on 1st November 2024 |

As a reminder, at our Investor Update in February, we set out a three-year plan to deliver a better run, more strongly performing and higher returning Barclays. I am encouraged by our progress three quarters in. We are continuing to execute in a disciplined way against this plan and are on track to achieve our 2024 as well as 2026 targets.

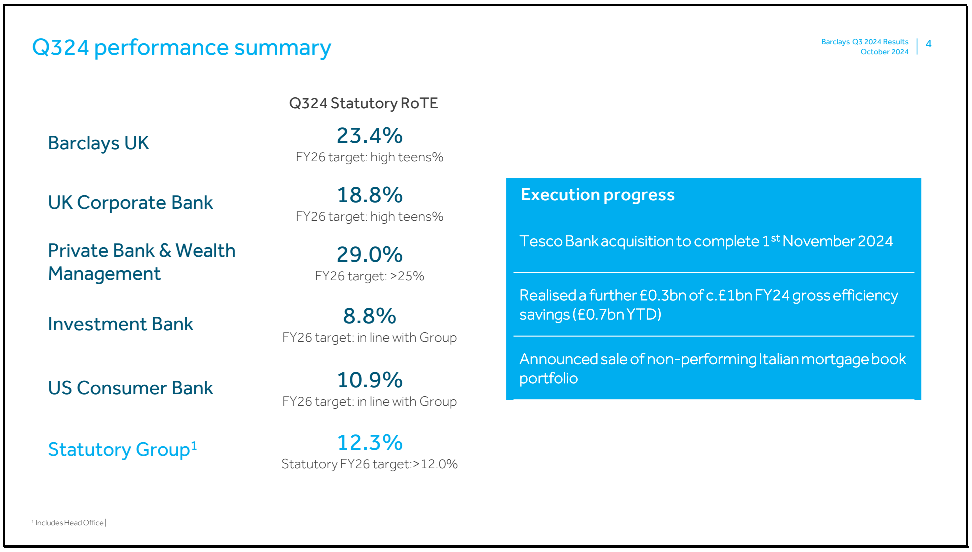
Return on Tangible Equity was 12.3% in the third quarter, and 11.5% year to date. We achieved this even as we grew tangible book value by 35 pence per share YoY, to 351 pence at the end of the quarter. This resulted from strong organic capital generation and the meaningful impact of buybacks in reducing our share count.

Total income for Q3 was £6.5bn and £19.8bn year-to-date, with a continued focus on the quality and stability of our income mix. Given the ongoing healthy support from our structural hedge, we remain confident on the strength of the income profile of our business in a falling rate environment. These factors lead to our upgrading Barclays UK as well as Group NII targets today.

We continue to control costs well and are seeing the benefit of the cost actions which we took in the fourth quarter of 2023. Our cost to income ratio was 61% both in the third quarter and year-to-date.

Impairment charges have improved in the US Consumer Bank, in line with our expectations, and our overall credit performance was strong, particularly in the UK, with a Group loan loss rate of 42bps year to date and 37bps in the quarter.

Importantly, we also remain well-capitalised, ending the quarter with a 13.8% CET1 ratio, comfortably within our target range of 13 to 14%.



Across the bank, and within each of our five divisions, we are focused on delivering an improved operational and financial performance. Anna will take you through our financial performance division by division shortly, but let me cover first a few highlights.

Barclays UK delivered a Return on Tangible Equity of 23.4% for the quarter and over 20% year-to-date. We have seen a continued stabilisation in deposit balances and gross lending trends are encouraging.

We are on track to complete the acquisition of Tesco Bank on the 1st of November this year. This strategic relationship with the UK's largest retailer forms part of our commitment to invest in our home market where Barclays has a crucial role to play in mobilising the finance and investment which is required to deliver growth. Our partnership with Tesco will help create new distribution channels for our unsecured lending and deposit businesses. And our expertise in partnership cards developed over decades in the US, will further enhance the well-established Tesco Clubcard loyalty scheme.

In the Investment Bank, we are committed to delivering improved RWA and operational productivity to drive higher returns. RoTE for Q3 was 8.8%. YoY, the Investment Bank delivered positive cost to income jaws and improved market share in Investment Banking.

And the US Consumer Bank delivered an improved RoTE performance at 10.9%, as we continue to grow the business and drive operational improvements, while impairment charges reduce, against a background of subdued inflation and a strong labour market.

Overall, as an organisation, we remain execution focused. We achieved a further £300m of gross cost savings this quarter, taking the total for the first nine months to £700m, on track for our targeted £1bn for the full year of 2024.

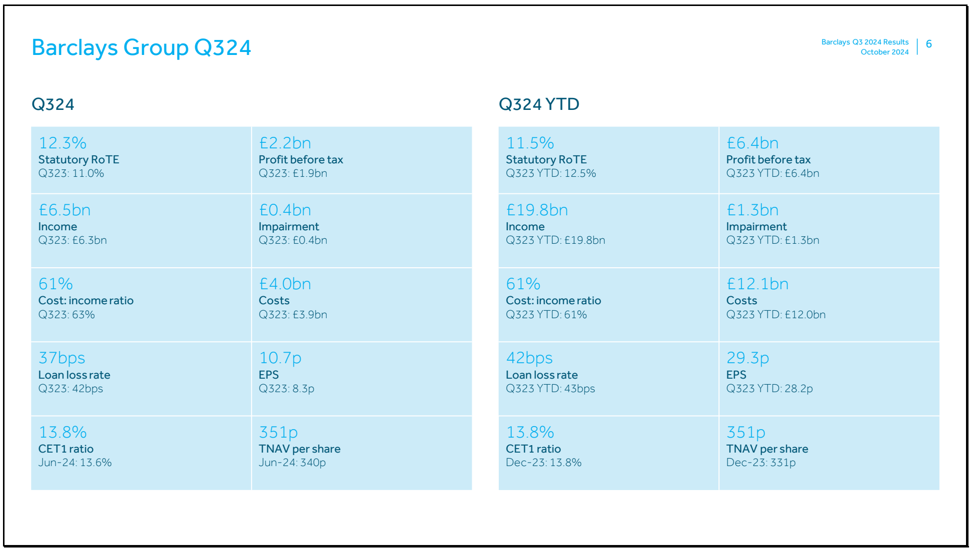
Simplifying the bank has been an important part of our strategy. We continue to make progress with the non-strategic business disposals that we spoke about at our Investor Update. Earlier this week we announced the sale of our non-performing Italian mortgage portfolio.

Finally, we are about two thirds of the way through executing the £750m share buyback which we announced in the first half of the year, which together with the first half dividend, is the first step towards achieving our target of greater than £10bn of capital return by 2026.

I will now hand over to Anna to take you through our third quarter financials.

Anna Cross
Group Finance Director

Thank you, Venkat, and good morning, everyone.



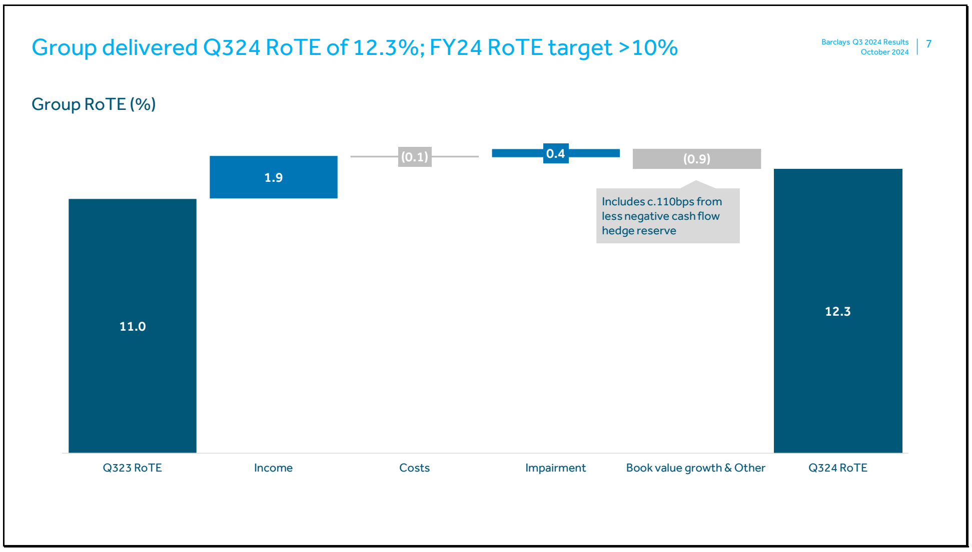
On slide 6, we have laid out Barclays financial highlights for the third quarter as well as year to date.

Profit before tax was £2.2bn, up 18% from £1.9bn in Q323.

Before going into the detail, I would just note that the quarterly performance was impacted by a weaker US dollar which is a headwind to income and profits, but positively impacts costs, impairment, and RWAs.

I'll call these out where appropriate.

Turning to slide 7.



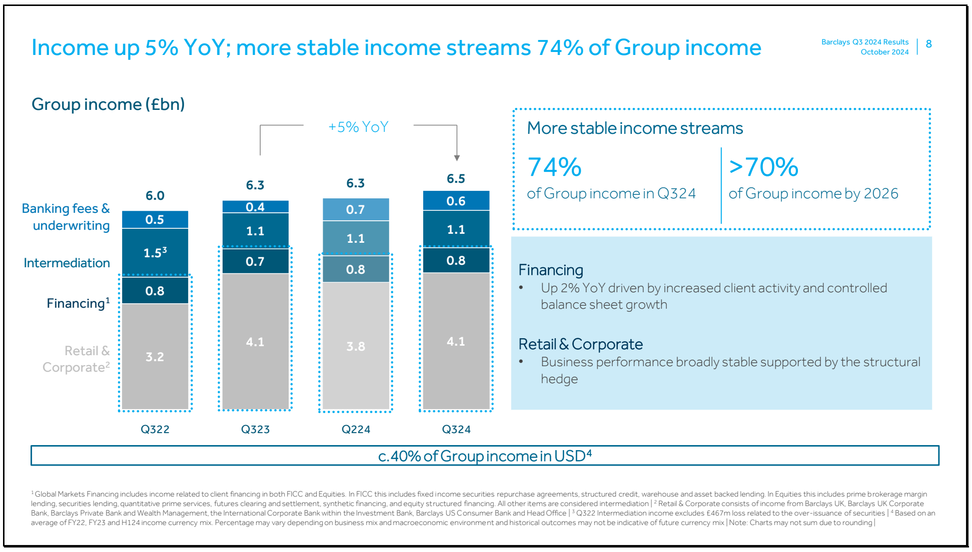
Q3 performance is in line with the plan we laid out in February.

We delivered a statutory RoTE of 12.3%, up on last year's 11.0%. And the year to date RoTE of 11.5% leaves us on track for our statutory RoTE target for 2024 of greater than 10%.

We continue to target a 2024 RoTE excluding inorganic activity of c.10.5%; we now expect that the impact of all inorganic activity in 2024, including Tesco Bank, will be broadly neutral, so I don't anticipate a material difference between the two measures.

As in the first half of the year, I was looking for four things in our performance: income stability; cost discipline and progress on efficiency savings; credit performance; and a robust capital position.

On all four, we are where we expected to be and I'll cover these in more detail on the subsequent slides. Starting with income on slide 8.

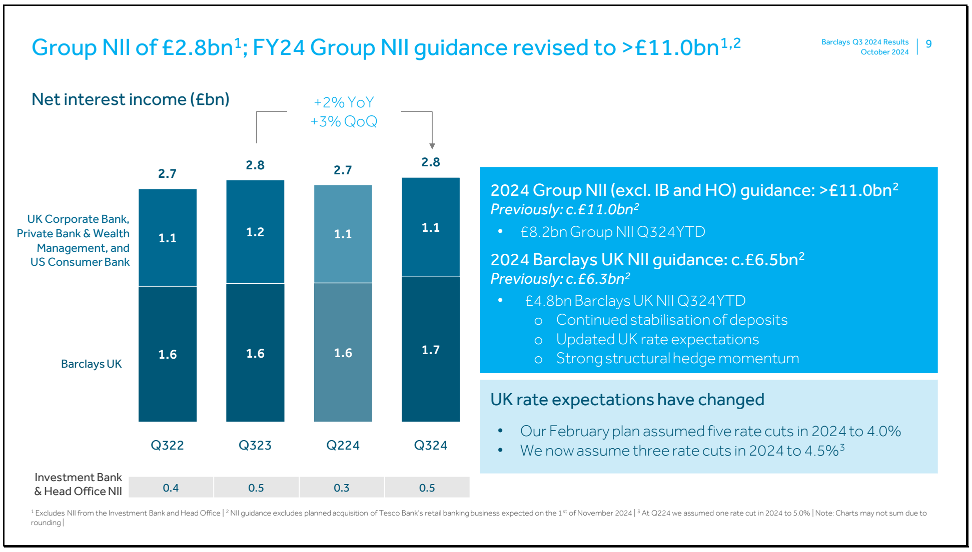


Total income was up 5% YoY at £6.5bn. Excluding FX, income was up 7% YoY[1].

Since our Investor Update in February we have been emphasising continued stability in our income streams. Revenues from Retail and Corporate, as well as Financing in the Investment Bank, provided ballast to our income profile and, together, contributed 74% of income in Q3.

Turning to Net Interest Income, on slide 9.

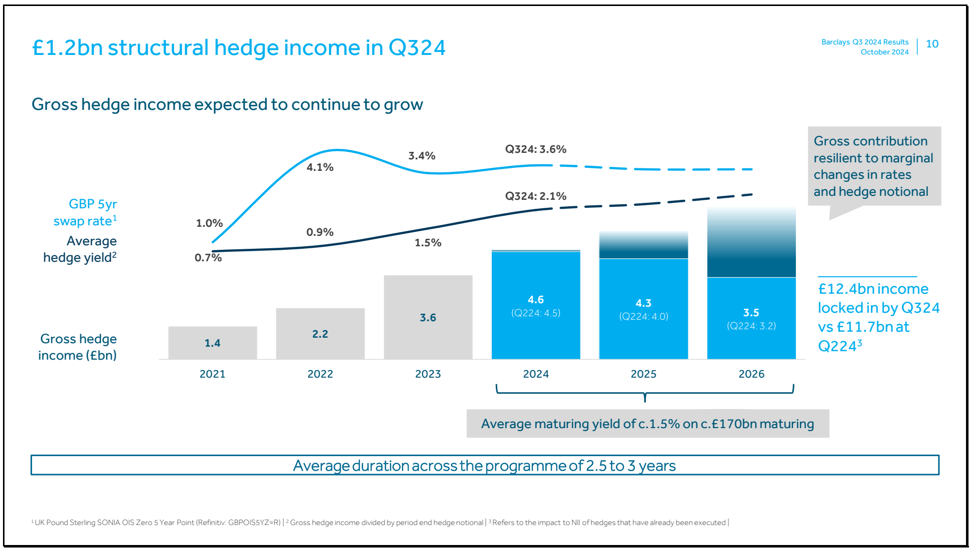
[1] Based on an average USD/GBP FX rate of 1.27 for Q323 and 1.30 for Q324



Group NII excluding Investment Bank and Head Office was stable YoY at c.£2.8bn. We now expect our full year Group NII to be greater than £11bn; within this, we have increased NII guidance for Barclays UK to c.£6.5bn, having previously guided to c.£6.3. Both numbers exclude the impact of the Tesco Bank acquisition.

We also now assume a UK bank rate of 4.5% by the end of the year, or a total of three 25 basis point cuts in 2024 compared to the five we had assumed in February.

Deposits continue to stabilise and increased structural hedge income continues to provide a strong tailwind, as you can see on slide 10.



As a reminder, the structural hedge is designed to reduce volatility in NII and manage interest rate risk. As rates have risen, the hedge has dampened the growth in our NII, and in a falling rate environment we will see the benefit from the protection that it gives us.

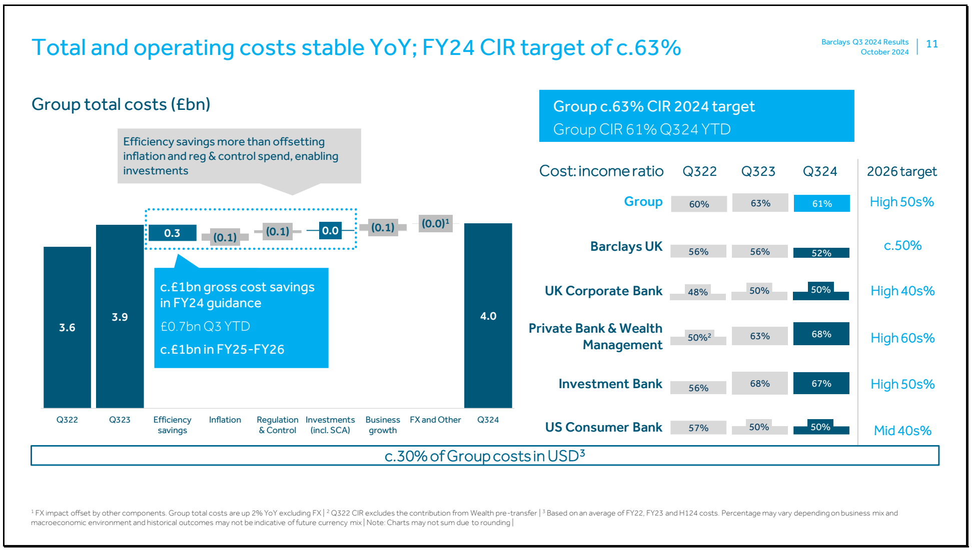
The expected NII tailwind from the hedge is significant and predictable. £12.4bn of aggregate gross income is now locked in over the 3 years to the end of 2026, up from £11.7bn at Q2.

We have around £170bn of hedges maturing between '24 and '26 at an average yield of 1.5%. As we said in February, reinvesting around three quarters of this at around 3.5% would compound over the next 3 years, to increase structural hedge income in 2026 by c.£2bn versus 2023.

Given the high proportion of balances hedged and the programmatic approach we take, we are relatively insensitive to the short-term impact of potential rate cuts.

Please note that we have added additional disclosure on slide 38 in the appendix on the split of the structural hedge income allocation across our five divisions.

Moving onto costs on slide 11.



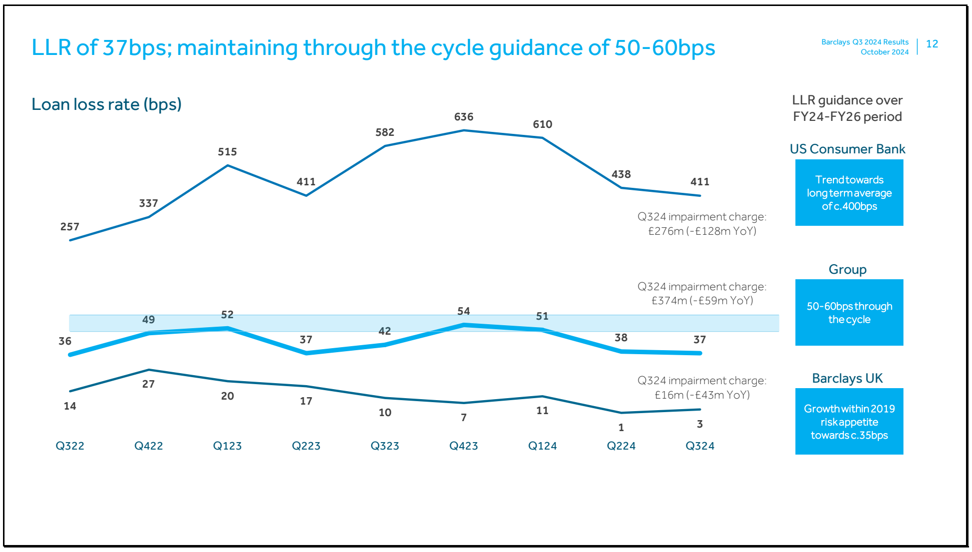
Total costs in Q3 were flat YoY, at £4bn. Excluding FX, costs were up 2% in the same period[1].

We delivered a further £0.3bn of gross efficiency savings, bringing the total for the nine months to £0.7bn. These efficiencies have helped us to more than offset inflation and created capacity for investments. We remain on track to deliver £1bn for the year, and continue to expect a further £1bn of efficiency savings across 2025 and 2026.

Our cost to income ratio was 61% in Q3 and for the nine months year to date. We remain on track for our full year target of around 63%.

Turning now to impairment, where credit conditions continue to trend positively and in-line with our expectations.

[1] Based on an average USD/GBP FX rate of 1.27 for Q323 and 1.30 for Q324



The Q3 impairment charge of £374m equated to a Loan Loss Rate of 37bps.

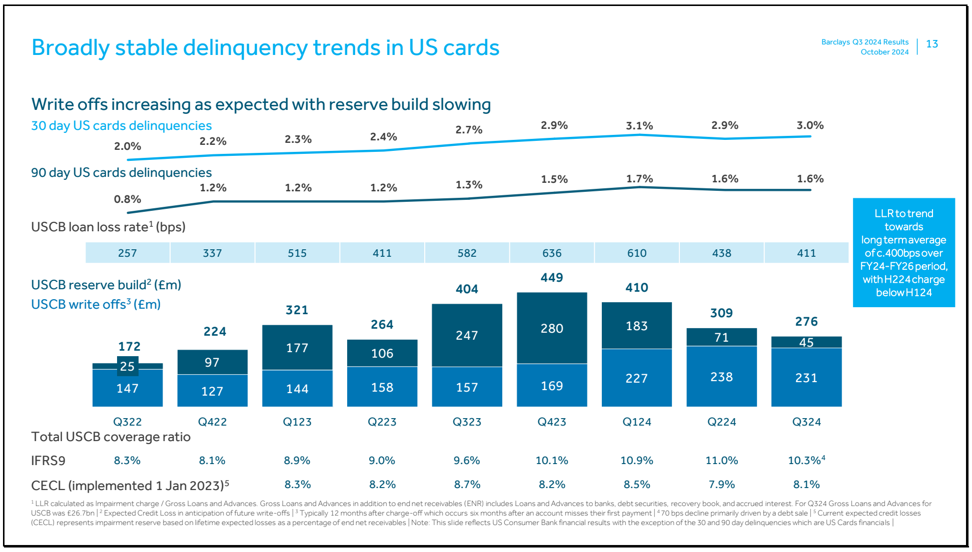
The US Consumer Bank charge reduced to £276m, a Loan Loss Rate of 411bps, which benefitted from methodology enhancements in the quarter.

Our UK customers continue to act prudently, with few current signs of stress, evidenced by continued low and stable delinquencies. The Barclays UK charge was just £16m, a Loan Loss Rate of 3bps and this included a post-model adjustment release of around £50m.

I'd remind you that under IFRS9 accounting, we expect to incur a day one impairment charge for the Tesco unsecured lending balances on completion in Q4. As we said in February, the Tesco Bank acquisition, alongside our broader UK balance sheet growth plans, are factored into our guidance for the Barclays UK Loan Loss Rate to track towards c.35bps over the life of our three year plan.

All in all, we reiterate our through the cycle guidance of 50 to 60bps for the Group and expect FY24 to be at the bottom of this range, inclusive of the estimated day 1 impact of Tesco Bank. Excluding the impact of Tesco Bank, we would expect to be below this range, as we are seeing limited signs of stress in our UK customer base and our guidance for US Consumer Bank impairment charge to improve overall in the second half remains unchanged.

Looking now in more detail at the US consumer bank charge on slide 13.

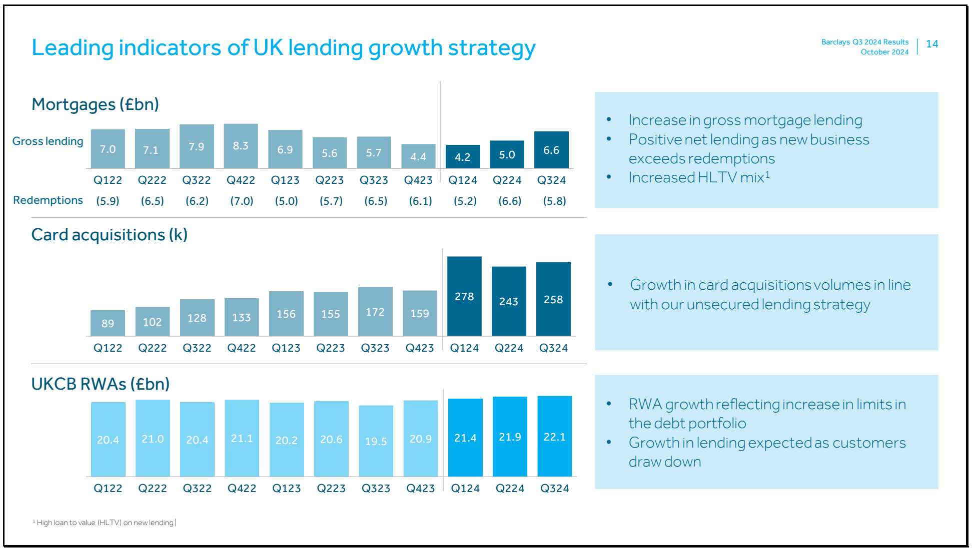


The mix of reserve build to write-offs within the impairment charge for the US Consumer Bank continues to trend as we guided. We expected write-offs to increase during 2024, which you can see is the case, from the light blue bars on this page.

30 and 90 day delinquencies are broadly stable and we expect them to follow seasonal trends.

There is no change to our impairment guidance. As mentioned, we still expect the US Consumer Bank impairment charge to improve overall in the second half, resulting in a lower full year charge in 2024 versus 2023. And we continue to guide to a Loan Loss Rate trending towards the long-term average of 400bps.

Our coverage ratios remain strong. Our IFRS9 coverage ratio reduced 70bps QoQ to 10.3% primarily driven by a debt sale, whilst our CECL coverage ratio increased 20bps to 8.1%.

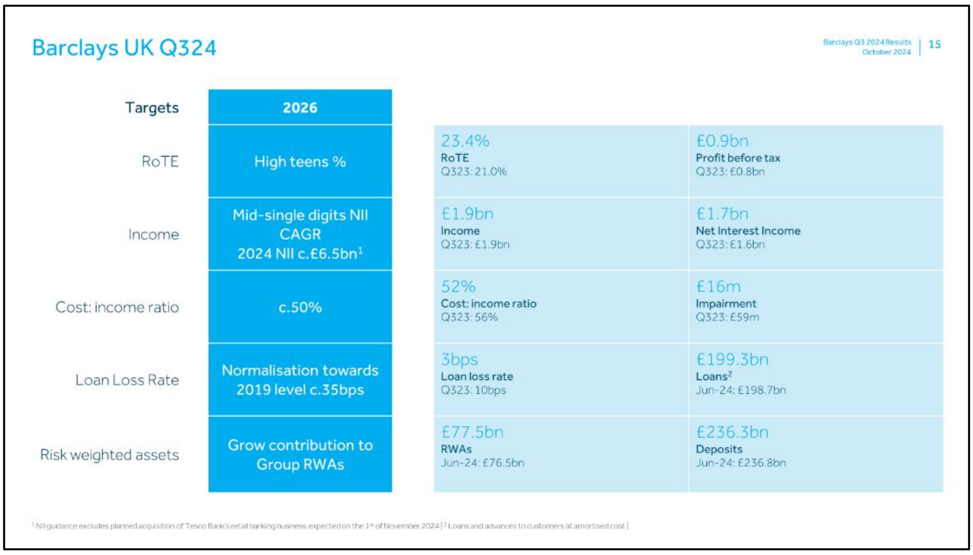


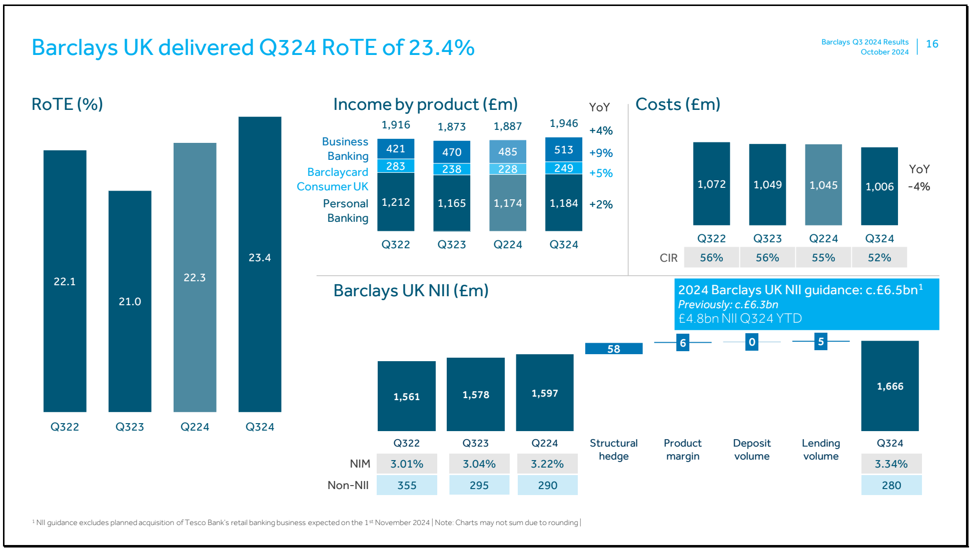
Before going into individual business performance, let me say a few words on the lending trends that we are seeing. Gross lending activity is encouraging across our portfolios, reflecting our focus on growth in the UK.

In Mortgages, we are seeing a pickup in gross lending with increased flow in higher loan to value lending, and customer confidence is also returning, with strong purchase activity from first time buyers and home movers. In a similar vein, UK Cards acquisition volumes remain strong. We have added around 800,000 new Barclaycard customers this year, consistent with our strategy to regain market share in unsecured lending.

In the UK Corporate Bank we have extended client lending facilities by deploying around £1.2bn additional RWAs this year which we expect to drive lending balance growth as customers draw down, and we have seen some evidence of this in Q3.

Turning now to Barclays UK. You can see Barclays UK financial highlights and targets on slide 15, but I will talk to slide 16.


Barclays UK Q324
Barclays Q3 2024 Results
October 2024
15
Targets
2026
RoTE
High teens %
Income
Mid-single digits NII CAGR
2024 NII c.£6.5bn1
Cost: income ratio
c.50%
Loan Loss Rate
Normalisation towards 2019 level c.35bps
Risk weighted assets
Grow contribution to Group RWAs
23.4%
RoTE
Q323: 21.0%
£0.9bn
Profit before tax
Q323: £0.8bn
£1.9bn
Income
Q323: £1.9bn
£1.7bn
Net Interest Income
Q323: £1.6bn
52%
Cost: income ratio
Q323: 56%
£16m
Impairment
Q323: £59m
3bps
Loan loss rate
Q323: 10bps
£199.3bn
Loans2
Jun-24: £198.7bn
£77.5bn
RWAs
Jun-24: £76.5bn
£236.3bn
Deposits
Jun-24: £236.8bn
1 NII guidance excludes planned acquisition of Tesco Bank's retail banking business expected on the 1st of November 2024 | 2 Loans and advances to customers at amortised cost |



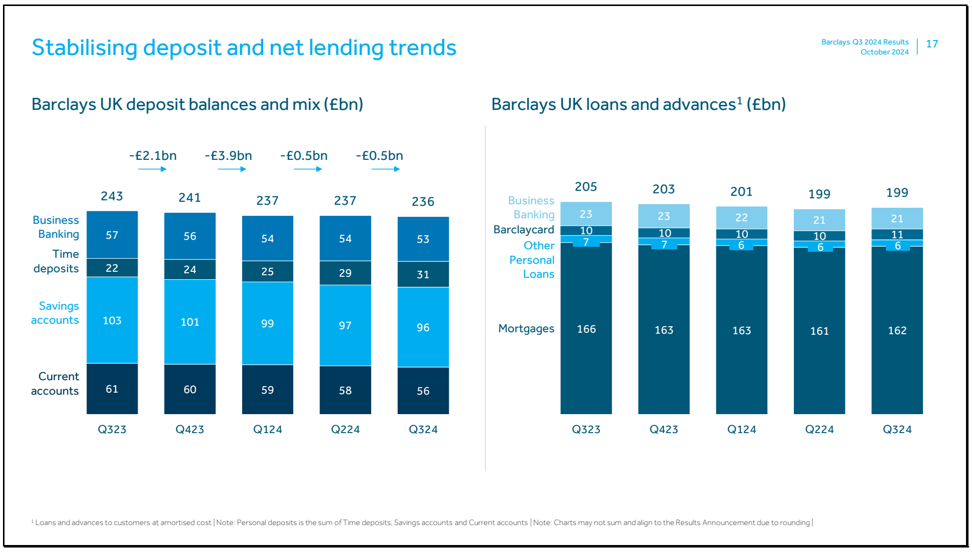
RoTE was 23.4% in the quarter and total income was £1.9bn, up £73m YoY or 4%.

NII of £1.7bn was up £69m on Q2 as NIM increased by 12bps to 3.34%. As you can see on the bottom chart, we saw continued structural hedge momentum and small tailwinds from product margin and lending volume. We have updated our 2024 BUK NII guidance to c.£6.5bn from c.£6.3bn excluding Tesco Bank, reflecting balance sheet trends turning more positive earlier than expected.

Non-NII was £280m in Q3 and we continue to expect a run-rate above £250m per quarter going forward, though we expect the securitisation that we announced earlier in the week to have a modest negative impact on non-NII in Q4.

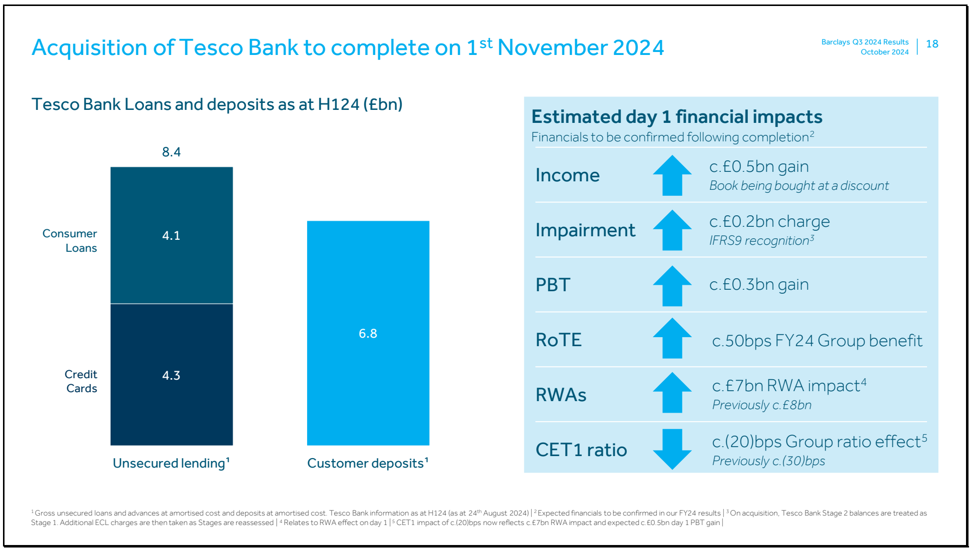
Total costs were c.£1.0bn, down 4% YoY and vs Q2, demonstrating continued progress on delivering efficiency savings from the ongoing BUK Transformation. The cost to income ratio improved to 52% this quarter.

Moving onto the Barclays UK customer balance sheet on slide 17.



The stabilisation in deposit trends that we called out at Q2 has continued in Q3. Deposit balances reduced by £0.5bn in the quarter, a similar quantum to Q2.

Net lending was broadly flat in the quarter at £199bn. Within this, we saw growth in mortgages, cards and unsecured personal lending, offset by continued paydown of run-off portfolios, notably government backed lending in Business Banking.



As Venkat mentioned, we have made good progress on the acquisition of Tesco Bank; following the court process last week, we will complete the acquisition on 1st of November, with estimated financials to be confirmed at FY24 results.

The current estimated day one financial impact is a c.£0.3bn net positive profit before tax, driven by an income gain resulting from consideration paid being below fair value, which is partially offset by a day one impairment charge.

The impairment charge assumes all balances are acquired as stage one loans, reflecting 12 month expected losses, with subsequent impairment build required in future years. The profit before tax benefits statutory Group RoTE in 2024 by about 50bps.

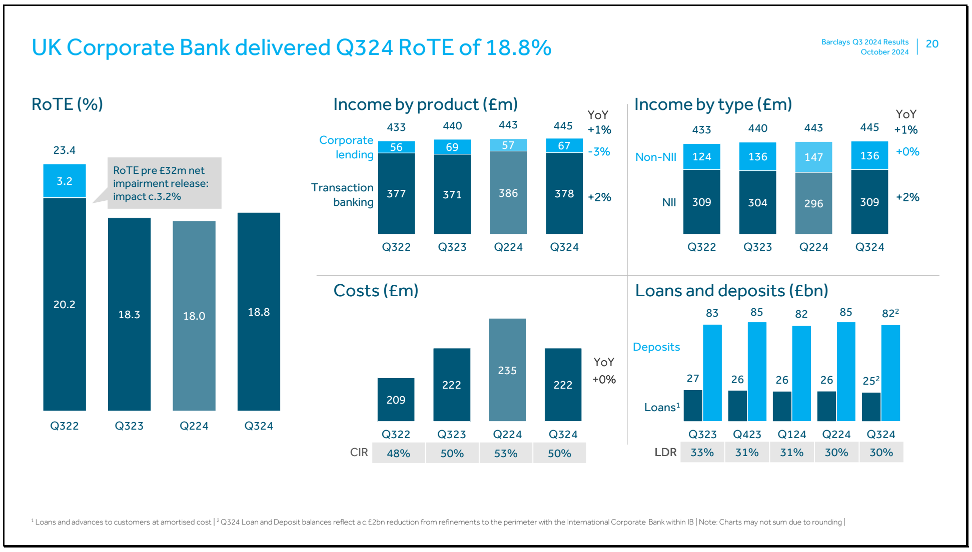
Overall, when including the c.£7bn RWAs we expect to see around a 20bps negative impact to the Group CET1 ratio, which is lower than the c.30bps previously guided.

Moving onto the UK Corporate Bank.

UK Corporate Bank Q324

Targets	2026		
RoTE	High teens %	18.8% **RoTE** Q323: 18.3%	£0.2bn **Profit before tax** Q323: £0.2bn
Income	Deliver high-quality growth across broad sources	£0.4bn **Income** Q323: £0.4bn	£0.2bn **Costs** Q323: £0.2bn
Cost: income ratio	High 40s %	50% **Cost: income ratio** Q323: 50%	£13m **Impairment** Q323: £15m
Loan Loss Rate	c.35bps	21bps **Loan loss rate** Q323: 21bps	£22.1bn **RWAs** Jun-24: £21.9bn
Loans[1]	Grow lending market share[2]	£24.8bn[4] **Loans[1]** Jun-24: £25.7bn	
Deposits	Grow deposits in-line with UK corporate deposit market[3]	£82.3bn[4] **Deposits** Jun-24: £84.9bn	

[1] Loans and advances to customers at amortised cost | [2] Aim to grow lending at a faster rate than the market. Measured using Bank of England data: amounts outstanding of monetary financial institutions' sterling and all foreign currency loans to all non-financial businesses (in sterling millions) not seasonally adjusted | [3] Aim to grow deposits in line with the UK Corporate deposit market. Measured using Bank of England data: Money Supply data | [4] Q324 Loan and Deposit balances reflect a c.£2bn reduction from refinements to the perimeter with the International Corporate Bank within IB |



UK Corporate Bank delivered Q3 RoTE of 18.8%.

Income grew 1% YoY to £445m. Non-NII was flat YoY but down in the quarter, mainly due to lower income from transactional products. This line can be variable due to the inclusion of non-product items, such as liquidity pool income, however we do expect non-NII to increase over time as we invest in our digital and lending propositions.

Total costs were flat YoY at £222m, with future investment spend expected as we continue to support our growth initiatives.

Lending balances decreased by £0.9bn in the quarter, as underlying growth was more than offset by a c.£2bn reduction due to refinements to the perimeter with the International Corporate Bank. This same adjustment also impacted deposit balances.

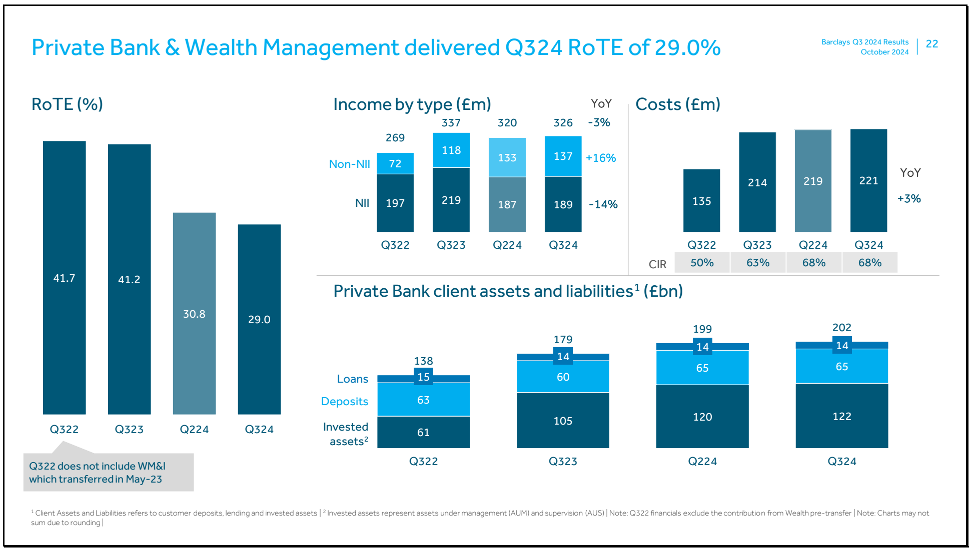
Turning now to Private Banking and Wealth Management on slide 22.

Private Bank & Wealth Management Q324

Targets	2026
RoTE	>25%
Income	Deliver high-quality growth across broad sources
Cost: income ratio	High 60s %
Client assets and liabilities[1]	Double digit CAGR driving income growth

29.0% **RoTE** Q323: 41.2%	£0.1bn **Profit before tax** Q323: £0.1bn
£0.3bn **Income** Q323: £0.3bn	£0.2bn **Costs** Q323: £0.2bn
68% **Cost: income ratio** Q323: 63%	£7.3bn **RWAs** Jun-24: £7.0bn
£201.5bn **Client Assets & Liabilities** Jun-24: £198.5bn	£122.4bn **Invested Assets[2]** Jun-24: £119.8bn

[1] Client Assets and Liabilities refers to customer deposits, lending and invested assets | [2] Invested assets represent assets under management (AUM) and supervision (AUS) |



Q3 RoTE was 29.0%, supported by strong growth in client assets and liabilities, up around £3bn on Q2 and around £23bn versus the prior year.

Income reduced 3% YoY driven by lower NII from the non-repeat of a timing related one-off in Q323, which offset growth from increased client assets and liabilities. Versus Q2, NII was up 1%, driven by increased client balances overall.

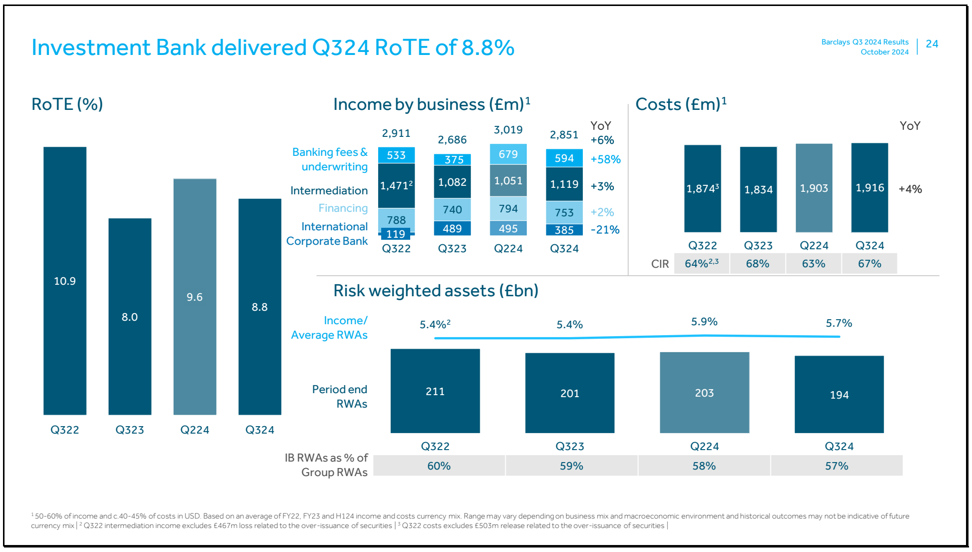
Costs were up 3% YoY as we continued to invest in this business including in growing platforms, hiring, and efficiency-related measures.

Turning now to the Investment Bank.

Investment Bank Q324

Targets	2026
RoTE	In line with Group
Income	High single digit CAGR
Cost: income ratio	High 50s %
Risk weighted assets	Broadly stable c.50% of Group RWAs
Income / Average RWAs	Increase vs. 2023

8.8% RoTE Q323: 8.0%	£0.9bn Profit before tax Q323: £0.9bn
£2.9bn Income Q323: £2.7bn	£1.9bn Costs Q323: £1.8bn
67% Cost: income ratio Q323: 68%	£43m Impairment Q323: £23m release
£194.2bn RWAs Jun-24: £203.3bn	57% RWAs as % of Group Jun-24: 58%
5.7% Income/Average RWAs Q323: 5.4%	15bps Loan loss rate Q323: (8)bps



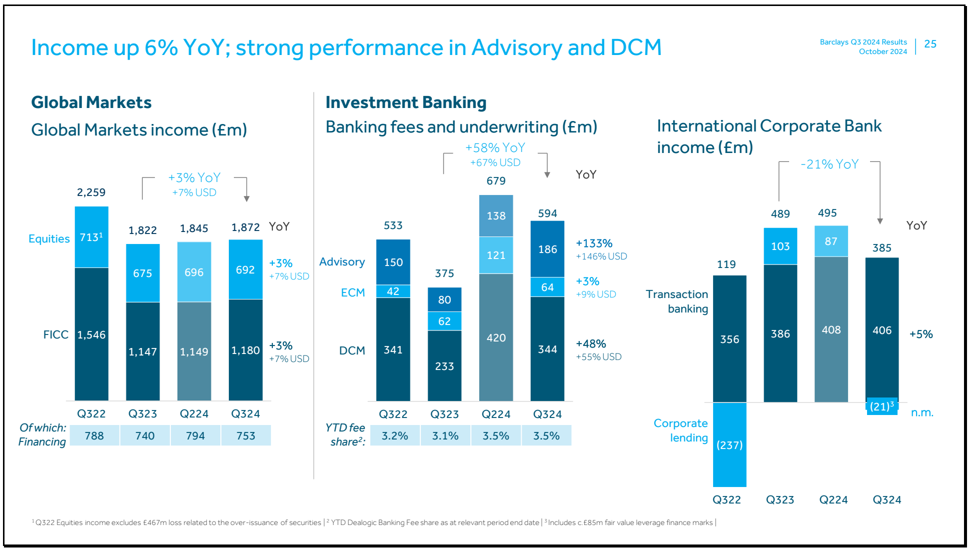
Q3 RoTE was 8.8%, up 0.8% YoY.

Total income of £2.9bn was up 6% YoY and total costs up 4%, delivering positive cost to income jaws. Excluding FX, total income was up 9% YoY and costs up 7% YoY[1].

RWA productivity, measured by income over average RWAs, was 5.7% in the quarter, 30bps better YoY, with year to date RWA productivity at 6.0%. Period-end RWAs were £9.1bn lower versus Q2 at £194bn, with FX accounting for around £6bn of the move. At Q2, we had an uptick in RWAs which I said was temporary in nature. The reduction we've seen this quarter excluding FX, is a reversal of that.

Now looking at the specific income lines in more detail on slide 25.

[1] Based on an average USD/GBP FX rate of 1.27 for Q323 and 1.30 for Q324



Using the US dollar figures as usual to help comparison to our US peers, Markets income was up 7% YoY. FICC income was up 7% driven by a strong performance in Credit, Securitised Products, and Fixed Income Financing. Equities income was up 7%, aided by strong performance in Cash Equities and Equity Derivatives, as we helped clients through market volatility in August. Financing income was up 6% YoY, reflecting increased client flows and balances, with this business delivering more than £750m in four of the last seven quarters.

Investment Banking fee income in dollars was up 67% YoY, with gains across all products, in particular a strong quarter in Advisory, which was up 146%. DCM was up 55%, delivering improved performance across both investment grade and leverage finance. ECM was up 9%, against a wallet that was down 6%. Our year to date banking fee share was 3.5%. We have increased share across most products in a rising industry wallet, but we still have work to do to sustainably improve this.

Finally, in the International Corporate Bank, Transaction banking was up 5%. We continued to grow US deposit balances, which we see as a lead indicator of future client product take-up and fee income growth. This was more than offset by an £85m impact from fair value losses on leverage finance lending, which are reported in Corporate Lending, resulting in total ICB income being down 21% YoY.

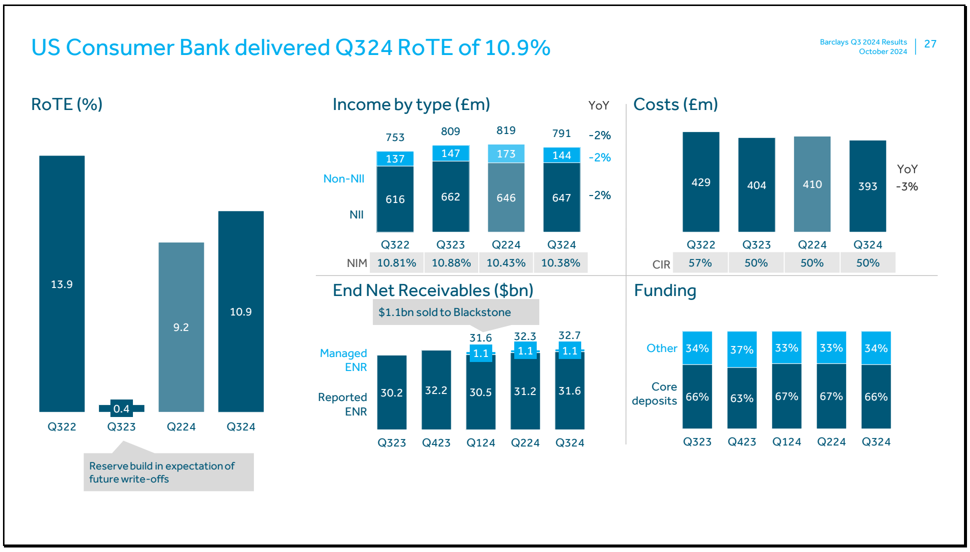
Turning now to the US Consumer Bank.

US Consumer Bank Q324

Targets	2026
RoTE	In line with Group
End Net Receivables	c.$40bn (c.£31bn)
Net interest margin	>12%
Cost: income ratio	Mid-40s %
Loan Loss Rate[1]	c.400bps
Risk weighted assets	c.£45bn Incl. c.£16bn regulatory impact, subject to model build and portfolio changes[2]

10.9% RoTE Q323: 0.4%	£0.1bn Profit before tax Q323: £0.0bn
$31.6bn End net receivables Jun-24: $31.2bn	£0.8bn Income Q323: £0.8bn
10.38% Net Interest Margin Q323: 10.88%	£0.4bn Costs Q323: £0.4bn
50% Cost: income ratio Q323: 50%	£0.3bn Impairment Q323: £0.4bn
411bps Loan loss rate[1] Q323: 582bps	
£23.2bn RWAs Jun-24: £24.4bn	

[1] LLR calculated as Impairment charge / Gross Loans and Advances. Gross Loans and Advances in addition to ENR includes Loans and Advances to banks, Debt securities, recovery book, and accrued interest. For Q324 Gross Loans and Advances for USCB was £26.7bn |
[2] £5bn regulatory impact expected on 1st Jan 2026. Further £11bn expected post Basel 3.1 implementation, which could be beyond 2026 |



US Consumer Bank generated a RoTE of 10.9%, up from 0.4% in Q3 last year, mainly due to the lower impairment charge following a higher provision build in the second half of 2023.

Income fell 2% YoY, driven by a weaker US dollar. Excluding FX, income was up 2%[1], driven by an increase in cards balances which were up $1.4bn YoY on a reported basis to $31.6bn.

NIM was stable on Q2 at 10.4%, but down from 10.9% in the prior year, reflecting higher rewards earned by customers through increased spend. In Q4 these impacts are expected to be less of a headwind and we continue to target a NIM for this business of greater than 12% by 2026.

In terms of the funding mix of the business, the proportion of core deposits was broadly stable vs Q2 at 66%, as we target above 75% by 2026.

Costs were down 3% on the prior year, as efficiency savings and the FX tailwind offset inflation and growth, driving a cost to income ratio of 50%. Excluding FX costs were up 1%[1]. We still expect costs to trend up modestly in Q4, as marketing spend during the holiday season will support continued growth in the business.

Turning now to slide 28, and a summary of the financial impacts from inorganic activity announced in 2024.

[1] Based on an average USD/GBP FX rate of 1.27 for Q323 and 1.30 for Q324

Inorganic activity to drive our strategy has had minimal capital impact

Day 1 impacts	P&L impact	FY RoTE impact	RWA impact	CET1 ratio impact	Expected completion
Performing Italian mortgages portfolio	£(220)m	c.(45)bps	c.£(0.8)bn	Broadly neutral	Completed Q224
German consumer finance business	£(20)m	Negligible	c.£(3.4)bn	+c.10bps	Q424/Q125
Non-performing Italian mortgages portfolio	c.£(25)m	Negligible	c.£(0.1)bn	Broadly neutral	Q424
Tesco Bank	+c.£0.3bn	+c.50bps	+c.£7bn	c.(20)bps	1st November 2024
Total	Broadly neutral		+c.£3bn	c.(10)bps	

- Ongoing discussions to dispose of the Swiss Franc Italian mortgage portfolio
  - Expect a small loss on sale and broadly neutral CET1 ratio impact

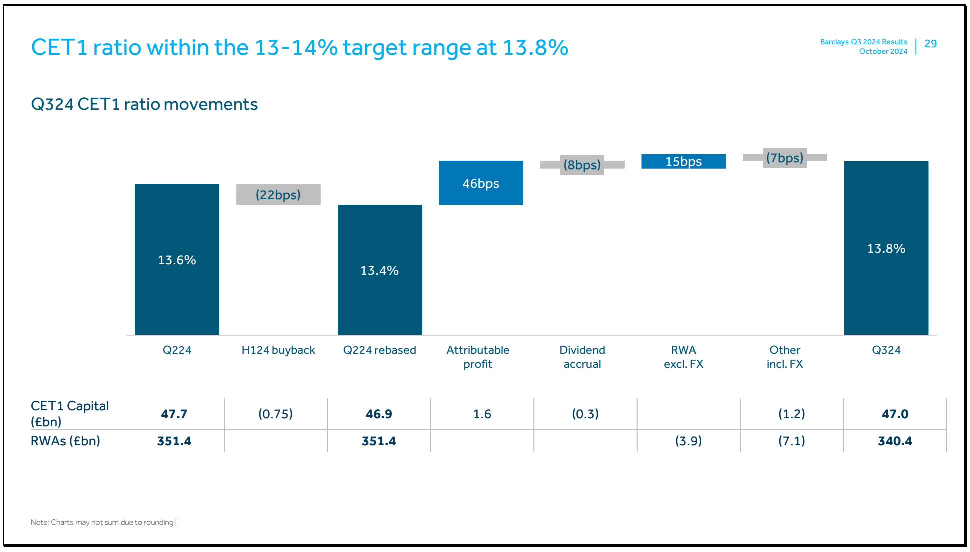
P&L impact taken in Q224

As a reminder, at our Q2 results, we announced the disposal of our performing Italian mortgage portfolio and the German cards business. Earlier this week we announced the disposal of our non-performing Italian mortgage portfolio which is expected to complete in Q424.

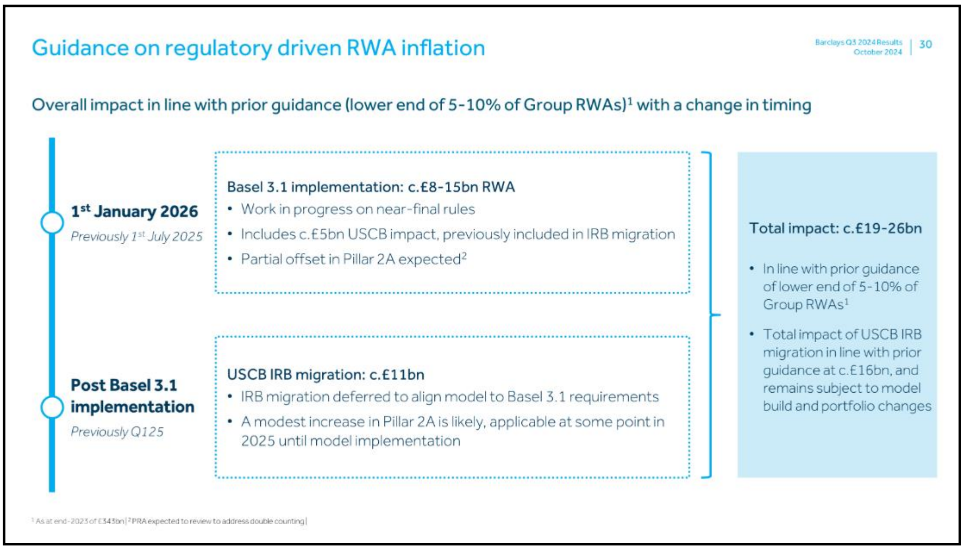
These disposals, along with the Tesco Bank acquisition, have a broadly neutral impact on statutory 2024 Group RoTE, whilst causing a c.10bps drag to the CET1 ratio.

These transactions are a key component of reshaping the bank to be more focused in areas we have competitive strength, enabling us to deliver higher future returns.

Turning now to the balance sheet, and starting with our capital position.



The CET1 ratio was 13.8% at the end of Q3, up 24bps versus Q2, and comfortably within our target range. This includes the impact of the ongoing £750m half year buyback that came off capital post the Q2 quarter end, 46bps of capital generated from profits in the quarter, and a £4bn reduction in RWAs, excluding FX. We continue to expect this year's total capital return to be broadly in line with the 2023 level of £3bn, consistent with the capital distribution plan we laid out in February.



Let me turn briefly to our regulatory capital and the upcoming changes under Basel 3.1 as well as the US cards model migration.

The combined expected RWA impact of £19-26bn is in line with previous guidance of the lower end of 5-10% of group RWAs as at the end of 2023, however the timing has changed for both items.

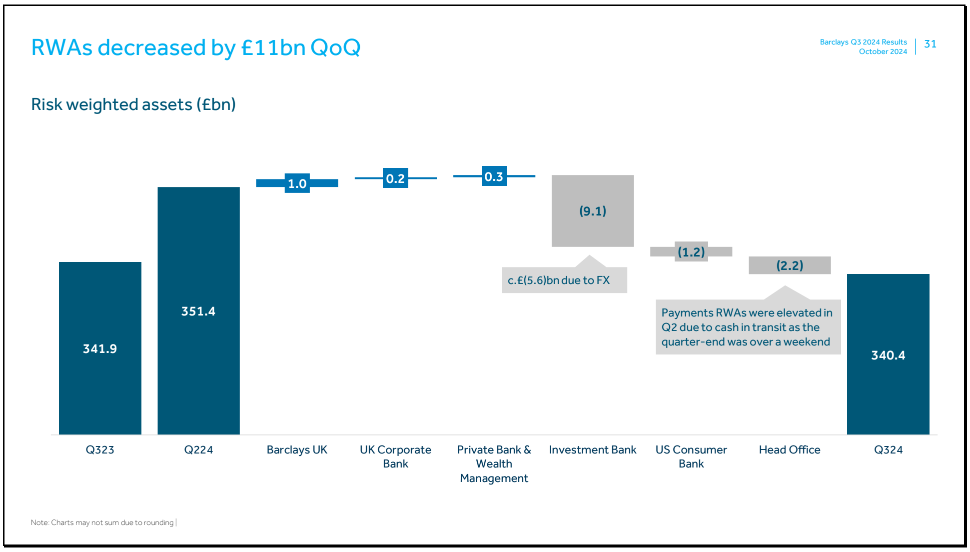
You will have seen that the PRA's Basel 3.1 implementation date moved to 1 Jan 26, and the impact is expected to be between £8-15bn post mitigation.

The IRB migration of our US cards portfolio has also moved from our prior expectation of Q1 2025 and will now take place after Basel 3.1 implementation, for which we are building a Basel compliant model.

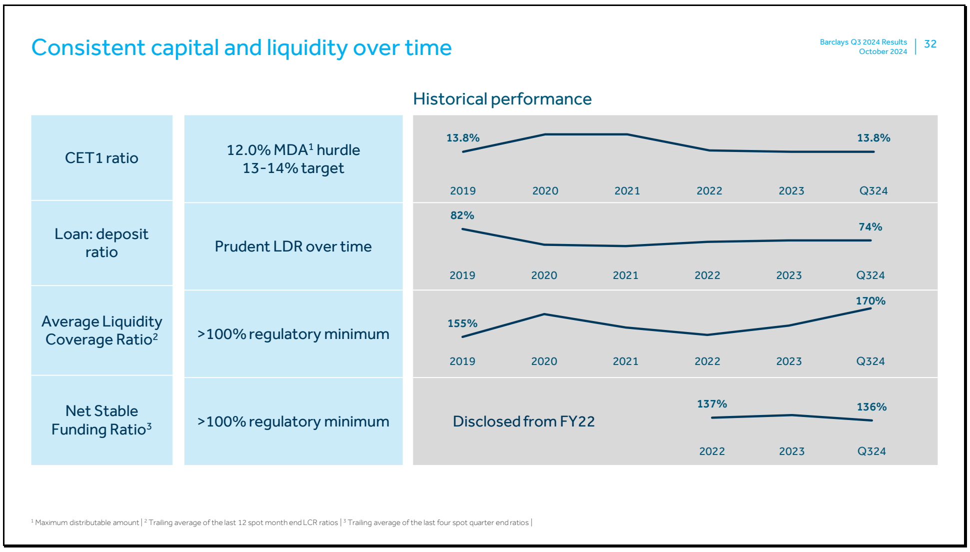
The total impact to RWAs from the IRB migration still stands at c.£16bn, of which around £5bn will be reflected at the time Basel 3.1 is implemented and is now included in our Basel 3.1 impact estimate. The remaining £11bn relating to the IRB model will come after Basel 3.1 implementation at a date to be determined, and is subject to model build and portfolio changes over time.

Specific to this, there is likely to be a modest increase in Pillar 2A, applicable at some point in 2025 and until the model is implemented, reflecting the difference between modelled and the current standardised risk weighting acknowledging we already hold Pillar 2A capital against the majority of this risk.

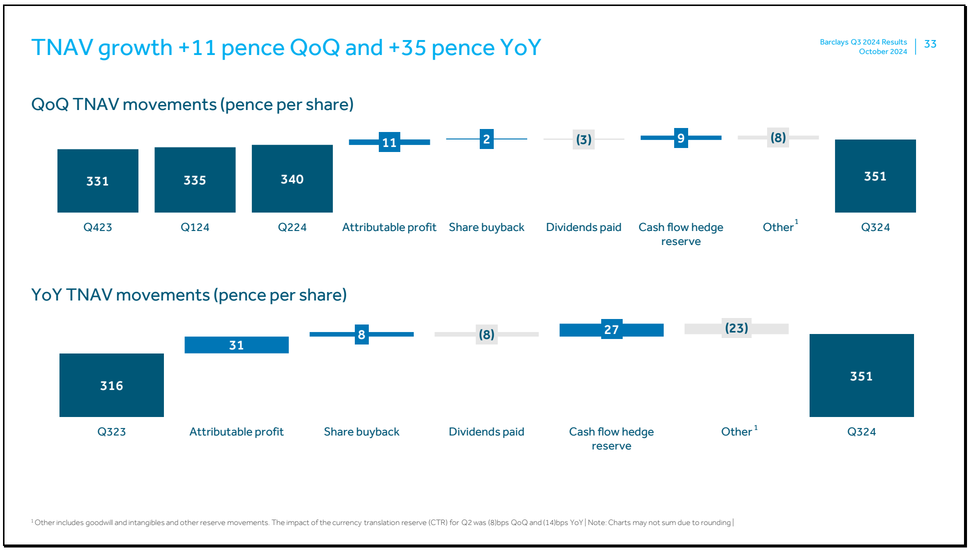
As previously noted, the total impact of Basel 3.1 will also depend on further guidance from the PRA on the approach to Pillar 2A, where we expect some offsets for risk now to be capitalised under Pillar 1.



Risk Weighted Assets decreased by £11.0bn from Q2 to £340.4bn, as you can see in more detail on slide 31. FX drove around £7bn of the reduction, with lower Investment Bank and Head Office RWAs also contributing.

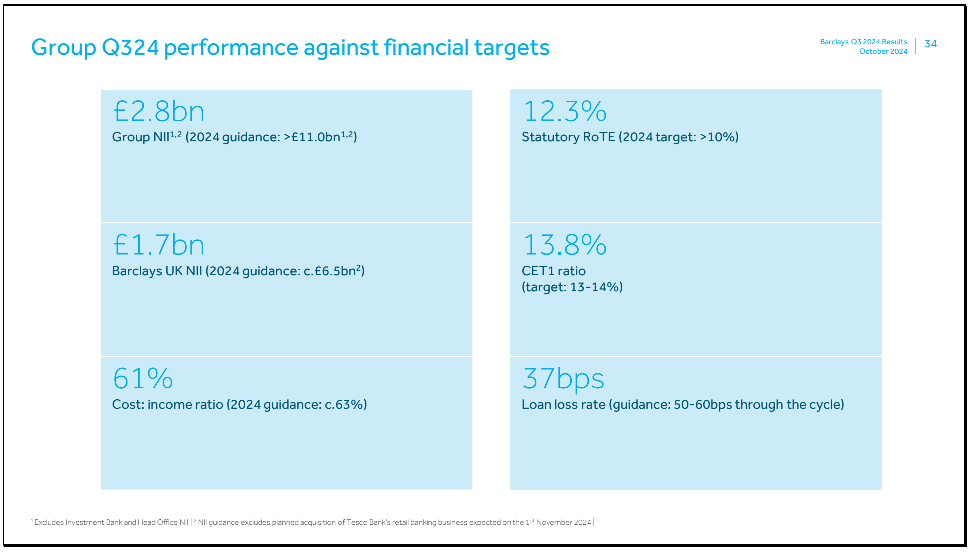


As usual, a brief word on capital and liquidity on slide 32. We maintain a well-capitalised and liquid balance sheet, with diverse sources of funding and a significant excess of deposits over loans.



Turning now to TNAV. TNAV per share increased 11 pence in the quarter and 35 pence YoY to 351 pence. Of the elements we control, attributable profit added 11 pence per share in the quarter, and the share buyback, which reduced our share count by 2%, added 2 pence per share.

We have seen further unwind of the negative movements in the cash flow hedge reserve in 2022-2023 which caused a drag on shareholders' equity and this added 9 pence in the quarter. These positive moves were partially offset by dividends paid and other reserve movements.



In summary, we remain focused on disciplined execution. This is the third quarter of progress against the targets that we laid out in February, which we are either reiterating today or upgrading.

Thank you for listening. Moving now to Q&A. As usual, please could you keep to a maximum of two questions, so we can get around to everyone in good time.

Disclaimer

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Information relating to:

- regulatory capital, leverage, liquidity, resolution and related regimes are is based on Barclays' interpretation of applicable rules and regulations as in force and implemented in the UK as at the reporting date, including, but not limited to: the UK implementation of the Capital Requirements Directive; CRR; the PRA Rulebook; and any applicable delegated acts, implementing acts or technical standards; in each case as amended and, where applicable, as such rules and regulations form part of domestic law by virtue of the European Union (Withdrawal) Act 2018. All such regulatory requirements are subject to change and disclosures made by the Group will be subject to any resulting changes. The Pillar 2A requirement is also subject to at least annual review;
- MREL is based on Barclays' understanding of the Bank of England's policy statement on "The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)" published in December 2021, updating the Bank of England's June 2018 policy statement, and its MREL requirements communicated to Barclays by the Bank of England. Binding future MREL requirements remain subject to change, as determined by the Bank of England, taking into account a number of factors as described in the policy, along with international developments;
- future regulatory capital, leverage, liquidity, funding and/or MREL, including forward-looking illustrations, are provided for illustrative purposes only and are not forecasts of Barclays' results of operations or capital position or otherwise. Illustrations regarding the capital `flight path, end-state capital evolution and expectations and MREL build are based on certain assumptions applicable at the date of publication only which cannot be assured and are subject to change.

Non-IFRS performance measures

Barclays' management believes that the non-IFRS performance measures included in this presentation provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses' performance between financial periods and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays' management. However, any non-IFRS performance measures in this presentation are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Refer to the appendix of the Barclays PLC Results Announcement for the period ended 30 September 2024, Barclays PLC's Current Report on Form 6-K filed with the U.S. Securities and Exchange Commission on 24 October 2024, and the Group Reporting Changes 2023 Results Resegmentation Document, respectively, which are available at Barclays.com, for further information and calculations of non-IFRS performance measures included throughout this presentation, and the most directly comparable IFRS measures.

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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. 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. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Group (including during management presentations) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, business strategy, income levels, costs, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including policy on dividends and share buybacks), return on tangible equity, projected levels of growth in banking and financial markets, industry trends, any commitments and targets (including environmental, social and governance (ESG) commitments and targets), plans and objectives for future operations and other statements that are not historical or current facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulations, governmental and regulatory policies, expectations and actions, voluntary codes of practices and the interpretation thereof, changes in IFRS and other accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents, pandemics and similar events beyond the Group's control; the impact of competition in the banking and financial services industry; capital, liquidity, leverage and other regulatory rules and requirements applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions, including inflation; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; reforms to benchmark interest rates and indices; higher or lower asset valuations; changes in credit ratings of any entity within the Group or any securities issued by it; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the conflicts in Ukraine and the Middle East on European and global macroeconomic conditions, political stability and financial markets; political elections including the impact of the UK, European and US elections in 2024; developments in the UK's relationship with the European Union (EU); the risk of cyberattacks, information or security breaches, technology failures or other operational disruptions and any subsequent impacts on the Group's reputation, business or operations; the Group's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the Group's control. As a result, the Group's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Group's forward-looking statements. In setting its targets and outlook for the period 2024-2026, Barclays has made certain assumptions about the macro-economic environment, including, without limitation, inflation, interest and unemployment rates, the different markets and competitive conditions in which Barclays operates, and its ability to grow certain businesses and achieve costs savings and other structural actions. Additional risks and factors which may impact the Group's future financial condition and performance are identified in Barclays PLC's filings with the US Securities and Exchange Commission ("SEC") (including, without limitation, Barclays PLC's Annual Report on Form 20-F for the financial year ended 31 December 2023), which are available on the SEC's website at www.sec.gov.

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