Barclays PLC Full Year 2015 Results

Fixed Income Investor Call Speech

Tushar Morzaria, Barclays Group Finance Director

Daniel Hodge, Barclays Group Treasurer

Steve Penketh, Head of Capital Markets Execution

Slide 2: Tushar Morzaria, Barclays Group Finance Director

Good afternoon everyone and welcome to our Full Year 2015 Results, Fixed Income Call

I’m joined today by Dan Hodge, our Group Treasurer and Steven Penketh, our Head of Capital Markets Execution

Slide 3: Delivering a materially simplified and refocused Barclays

This morning, Jes Staley, our Group Chief Executive Officer, announced initiatives to accelerate our strategy and simplify the Group, building on our strength as a Transatlantic Consumer, Corporate and Investment Bank, in order to improve performance.

I will briefly recap the key points.

We have made great progress over the last few years. Our Core businesses are already fundamentally strong, we have reduced our cost base, further built up our capital levels, significantly reduced our Non-Core businesses and products, and we made great progress in improving our culture and values while taking significant charges for past regulatory and misconduct issues.
To finish the restructuring, we today announced two key decisions.

First, further simplification of our business through our intention to sell down our 62.3% stake in Barclays Africa Group Limited to a non-controlling, non-consolidated investment over the next two to three years, subject to regulatory and shareholder approvals if and as required, and second, aggressive acceleration of the run-down of Barclays Non-Core.

Our intentions for Barclays Africa are driven by specific challenges we face as owners, such as the international reach of the UK Bank Levy, the G-SIB buffer, MREL/TLAC, and other regulatory requirements, as we carry 100% of the financial responsibility, but only receive 62% of the benefits. This makes the returns we realise significantly below the 17% reported locally, and we therefore believe it is in the best interests of the Group to reduce our position.

We have reiterated our guidance of reducing Barclays Non-Core to approximately £20bn by year-end 2017, despite the announced one time enlargement by around £8bn as we included further businesses we plan to exit. This will however bring forward associated costs and losses, which we expect to help fund through a reduction of the dividend we pay in 2016 and 2017 to 3 pence.

The combination of this dividend reduction and our plans for the African sell-down if implemented are expected to contribute at least 100bps of proforma accretion to the Group’s CET1 ratio over the next two to three years.

As we prepare for regulatory ring-fencing requirements, Jes also announced the creation of two Core divisions, further simplifying the Group: Barclays UK, and Barclays Corporate & International. I will leave it to Dan to talk about this in more detail.

These businesses represent the future of Barclays. They are complementary, of equal importance to the Group, and generated double digit Returns on Tangible Equity on an indicative adjusted basis for 2015.
Therefore, Barclays doesn’t need a new business revenue initiative or major cost programmes in our Core operation to deliver attractive returns, but we need to close our Non-Core unit, converging the Group’s RoTE towards the Core RoTE we need to settle our outstanding legacy matters, while maintaining a strong credit profile, and we need to manage the Bank with strong controls to avoid any further conduct issues.

We will measure our success against our three financial targets, which you can see on this slide, and we will be aiming to achieve these in a reasonable timeframe.

Before I hand over to Dan, a few words on full-year results.

**Slide 4: 2015 Financial highlights**

2015 was another year of progress, with improvements in profitability for all our Core operating businesses, after adjusting for the currency effect in Africa.

We increased adjusted PBT in our Core businesses by 3% to £6.9bn, with an RoTE of 10.9%, on an average tangible equity base that was 13% higher.

Notably, profits in Barclaycard were up 22%, and the IB delivered a 17% increase in profits, despite a challenging market.

Group adjusted PBT was however, 2% lower, due to the active Non-Core run-down as evidenced by a £29bn reduction in BNC RWAs.

As we continue to drive the Non-Core run-down in 2016, there will again be a significant drag on Group returns, but this will reduce as we stem the losses and further reduce RWAs.

Total operating expenses, excluding CTA, reduced by 4% to £16.2bn, below our guidance of £16.3bn. We delivered positive jaws, and the direction of travel on costs continues to be downwards.
Lastly, adjustments over the year totalled a net £3.3bn, resulting in a statutory PBT of £2.1bn, compared to the adjusted PBT of £5.4bn.

Our results show that our Core businesses are already fundamentally strong, with franchises that position us well for the future. As we execute our strategic priorities, we are therefore confident in delivering a strong RoTE underpinned by even stronger financial metrics.

With that, Dan, over to you.

Slide 5: Daniel Hodge, Barclays Group Treasurer

Thanks Tushar and good afternoon everyone.

Since the half year when we last hosted this call, there have been a number of regulatory developments relevant to our fixed income stakeholders.

I will today talk you through how we think about these and their impact on Barclays.

The market environment has been challenging this year, and remains uncertain.

However, Barclays is operating from a position of strength. We have demonstrated excellent CET1 progression, and are comfortable with our trajectory in maintaining prudent buffers above future regulatory minimum levels.

Our liquidity position is very robust, we have a well-balanced and solid funding profile, and we are proactively managing our cost of funds as demonstrated by the following measures: the senior cash tender in January; the prepayment of all £12bn of our funding for lending from the Bank of England; as well as our OpCo sub debt cash tender and reopening of the January senior cash tender announced earlier today.
Illustrating our robust liquidity position, and while not our expectation, if we did not access term wholesale funding markets for the entire remainder of this year, all else being equal, our LCR would be expected to stay above 100%.

Also, our conservative risk management practices have enabled us to withstand stress throughout previous periods of market volatility, and we are confident that this will continue to be the case.

So despite some market uncertainty, which we continue to monitor and manage carefully, we are pleased with where we are today and we are confident in our forward-looking trajectory.

Turning then to slide 6 and the progression we have made to date on capital and leverage.

**Slide 6: Continued strengthening key capital metrics**

We have achieved consistent growth in our CET1 and leverage ratios over 2015.

Our CET1 ratio grew by 110bps to 11.4% in 2015, 30bps of which was achieved in Q4. This was despite absorbing 100bps of conduct and litigation charges. The annual improvement was mainly a result of our continued proactive Barclays Non-Core run-down, as well as reductions in Investment Bank RWAs.

The leverage ratio strengthened by 80bps to 4.5% in 2015, 30bps of which was achieved in Q4. This annual progression reflected leverage exposure reductions in Core and Non-Core, as well as AT1 issuance in Q3. The ratio is already well in excess of the fully phased-in 2019 regulatory minimum expectation for Barclays, which is likely to be below 4%.

On the next slide, slide 7, I’d like to spend some time on how we think about future capital requirements.
Slide 7: Managing evolving future minimum levels

The phase-in of CRD IV buffers commenced on 1 January 2016, when the CRD IV mandatory distribution restrictions framework became operational.

We have also seen an increase in our Pillar 2A requirement for 2016 to 3.9%, which resulted in a 60bps increase in the CET1 component to 2.2%. Similar to last year, part of this increase is due to the RWA reduction achieved in 2015. We are however not permitted by our regulator to comment on other drivers.

Our mandatory distribution restriction hurdle from 2016 is therefore 7.8% and our expected stress test hurdle is 7.2%.

Compared to our 11.4% CET1 ratio, this represents significant buffers of 360bps, or £13bn, and 420bps, or £16bn, respectively.

Also, relevant to our AT1 holders in particular are the distributable reserves of Barclays PLC, which were £7.1bn as of year-end 2015. This is 5 times the ordinary dividends and AT1 coupons paid externally by Barclays PLC in 2015.

We would also re-iterate that, in determining any proposed ordinary share dividend and the appropriate dividend payout ratio, it is our Board’s intention to take into account the relative ranking of instruments in our capital structure.

In terms of how our minimum CET1 levels may evolve, there are a number of variables to consider.

We would expect Pillar 2A for UK banks, which is updated at least annually, to reduce over time following Bank of England guidance. While this reduction would likely be offsetting increases in RWAs, we would expect that such a shift would drive a reduction in overall minimum regulatory CET1 ratio levels, and a corresponding fall in actual headline CET1 ratios.
Our current fully phased-in G-SIB buffer remains at 2% following the November ‘15 update which was based on our December ‘14 balance sheet. However, we were at the low-end of the 2% tier with a score of 350, which is only 21 points above the top-end of the 1.5% tier. While we do not have full influence over this buffer, we are optimistic about achieving a reduction to the 1.5% tier over time as our deleveraging is significant on a relative basis. We expect this deleveraging to continue, particularly given planned accelerated Barclays Non-Core run-down, further reductions in Level 3 assets, and intentions to reduce our interest in Barclays Africa Group Limited (BAGL).

Another variable is the countercyclical buffer. For illustrative purposes, we have assumed a future 1% countercyclical buffer on UK exposures, which we see as prudent in the medium-term. This would equate to around 50bps on a consolidated basis for Barclays. Should other countries where we have meaningful exposure, such as the US, introduce a countercyclical buffer in the future, this would also impact our overall requirements.

Changes to RWAs may also impact future CET1 ratio levels.

We expect further Non-Core reductions to largely offset RWA growth in other non-IB businesses going forward. Therefore, while not a target, we see RWAs of around £360bn, broadly at year-end ‘15 levels, as a reasonable planning assumption for Group RWAs on a look-forward basis, before any Basel RWA re-calibrations.

However, if you also take into account our planned intentions for BAGL, the look-forward planning assumption for Group RWAs would be at around £330bn.

Most of the current Basel RWA proposals still remain uncertain, and implementation timeframes continue to be extended. The proposals for market risk RWAs - or the Fundamental Review of the Trading Book - are the most advanced with final rules published in January. These rules are still to be calibrated, and will need to proceed through a number of legislative processes which may impact the
final outcome for implementation in January '19 at the earliest. Our initial estimate is a £10bn increase in RWAs, before management actions, further Barclays Non-Core run-down, and any potential offset of incremental RWAs through Pillar 2A.

The rules and calibration of other Basel proposals, including the Standardised Approach for Credit Risk, Counterparty Credit Risk and OpRisk among others, remain uncertain. We continue to closely monitor these developments, and remain confident that our proven track record of efficiently managing RWAs will allow us to anticipate potential changes and manage our balance sheet accordingly.

Due to all these variables, the way we think about managing our future CET1 ratio is a function of our future minimum requirements and CRD IV buffers plus a prudent management buffer, currently planned at 100 to 150bps, rather than a fixed target.

This reflects the strategic importance to us of staying well above the distribution restriction hurdles.

We have updated our internal management buffer calibration from our previous plan of around 150bps to reflect reduced uncertainty around the capital rule-set and overall capital expectations, as well as reduced risks for Barclays specifically. We will continue to review this periodically.

In addition to minimum capital requirements, stress testing is also a key part of our capital planning.

As you can see on slide 8, our diversified business model positions us well to withstand stresses in the macroeconomic environment as evidenced in the 2014 and 2015 Bank of England stress tests, which we comfortably passed.
Slide 8: Managing capital position for regulatory minimum requirements and stress testing

The market-derived stress losses for Barclays were below 300bps post management actions, both in 2014 and 2015.

We cannot guarantee this will always be the case in future stress tests as the focus of the tests will vary. However, with a 100 to 150bps internal management buffer, and ability to use the capital conservation and countercyclical buffers in future stress tests, our buffer to even the most stringent hurdle in 2019 on a fully phased-in basis would be around 400 to 450bps.

This provides ample headroom to accommodate even more severe stress test outcomes should that be required, even before management actions.

Turning to slide 9

Slide 9: Confident in our ability to accrete capital going forward

So what about our ability to accrete capital, in order to maintain prudent buffers above MDA and stress test hurdles?

Meeting a future illustrative CET1 minimum level of around 11.7% with a 100 to 150bps management buffer on top, would require only 130 to 180bps of CET1 ratio accretion over the coming 3 years.

We are very confident about achieving this accretion based on our recent trajectory, and for the following three, forward-looking reasons.

First, our business divisions generated double digit adjusted RoTE's in 2015. As we continue to reduce our cost base and deal with outstanding conduct and litigation items, our ability to generate capital organically will improve further. Second, we expect to aggressively reduce RWAs of Barclays Non-Core to £20bn by end ‘17, and third, the planned intention to sell down our stake in BAGL.
Together, this is expected to provide us with considerable CET1 capacity above future minimum CET1 ratio levels to grow non-IB businesses, as well as to absorb potential headwinds.

As we have always said, the progress to our future ratio might not be linear.

Over the course of 2016, we expect the CET1 ratio to improve further, although Q1 is likely to be lower, as a result of seasonality and taking actions to improve returns.

Moving then to MREL and TLAC on slide 10.

**Slide 10: Well positioned to meet future MREL and TLAC requirements**

Over the past few months, the FSB reached an agreement on the final TLAC term-sheet, and the Bank of England published a consultation on MREL for UK banks.

Our 2016 MREL requirement is expected to be set at currently applicable regulatory minimum requirements. For Barclays, this is currently 13% including the first phase-in of CRD IV buffers for 2016, which compares with our year-end ‘15 PRA transitional total capital ratio of 18.6%.

The Bank of England expects to set transitional MRELs until 1 Jan 2019 for G-SIBs - providing banks with time and flexibility to manage the progression to future requirements.

Throughout 2015 and the early parts of 2016, we have continued to execute our transition towards a HoldCo capital and funding model through 9 billion Sterling equivalent of additional HoldCo capital and debt issuance, combined with proactive liability management exercises of OpCo securities.

As of year-end, our outstanding consolidated total capital and HoldCo senior unsecured debt already accounted for around 20% of RWAs, only marginally below the 2019 Pillar 1 TLAC minimum requirement, including assumed CRD IV buffers of around 5%.
However, as OpCo legacy capital will no longer qualify for TLAC-ratio purposes post 1 Jan 2022, the binding target for us is expected to be the MREL/TLAC requirement applicable at that point in time.

Excluding OpCo capital from our December ‘15 position would reduce the spot ratio to around 15%.

We illustrate on this slide the issuance volumes required, across AT1, T2 and HoldCo senior over the coming 6 years, to meet the Pillar 1 TLAC minimum requirement of 23% with assumed CRD IV buffers plus an illustrative 1.5% internal management buffer. This would equate to around £6bn per annum. This feels comfortably within range, particularly when you consider that this simplistic illustration is before expected CET1 accretion, and does not take into account the potential benefits of our plans to reduce our stake in BAGL.

Future MREL requirements remain uncertain and could be higher than the 1 January 2022 Pillar 1 TLAC minimum. However, we believe that higher requirements should also be manageable given our aim to accrete CET1, our planned intentions for BAGL, and flexibility in our issuance plan.

You should not see this illustration as our medium-term issuance guidance. Our actual medium-term issuance plans will depend on final MREL calibrations, future total capital requirements, and the evolution of our balance sheet, while the execution of any issuance plans as always is subject to market conditions and most importantly, investor appetite.

In terms of the MREL stack composition, we currently expect to build towards around 2.2% of RWAs or around £8bn in AT1 form based on our CRD IV minimum and updated 2016 Pillar 2A requirement. This would imply just under £3bn additional, on top of the £5.3bn outstanding today, so you can expect us to continue to be a measured issuer over time, markets permitting.
For Tier 2, we are incentivised to hold at least 3%. With 3.9% at year-end ‘15, we are currently well above that. While we are therefore under no pressure to issue Tier 2 capital, we will need to continue to transition our Tier 2 layer to the HoldCo over time so you can expect us to look at this market on an annual basis.

We maintain our view that the appropriate balance between Tier 2 and senior unsecured debt in our future MREL/TLAC-stack will be determined on an iterative basis by reference to the most efficient cost of capital and funding for the Group. This is clearly driven - and set - by investor demand and market capacity, so we will continue to engage proactively with our fixed income community on this on an ongoing basis.

Moving then to liquidity and funding on slide 11.

Slide 11: Maintaining a robust liquidity position and well diversified funding profile

We continue to maintain very robust and well balanced liquidity and funding profiles.

At year-end, our liquidity pool stood at £145bn and the LCR was 133%. The year-on-year increase in the LCR reflects our continued deleveraging and an increase in customer deposits.

We also have a Pillar 2 requirement for liquidity risk. While we are not permitted to disclose this, we are compliant and incorporate the guidance in our funding plan.

Our material LCR liquidity surplus of £37bn has enabled us to take PBT enhancing actions so far this year, such as our MREL efficient senior and capital OpCo cash tenders, and FLS repayment.

While we expect the liquidity pool to be lower next quarter-end reflecting these deliberate actions, we intend to continue to maintain a prudent surplus to regulatory requirements.
In terms of our broader funding structure, the loan-to-deposit ratio for the retail businesses was stable at 86%, or 95% for the Group. In addition, the NSFR remained comfortably above future minimum requirements at 106%, well ahead of implementation timelines.

Our group wholesale funding has reduced further, now at £142bn, which is £29bn lower than a year ago, reflecting reduced wholesale funding needs as we continue to run-down Barclays Non-Core.

So what does this mean for our issuance plans?

During 2015, we issued £9bn equivalent of public and private term senior unsecured and secured debt, Tier 2 and AT1 capital, £6bn of which was issued by the HoldCo.

We had a good start to this year, completing a successful $4bn senior debt issuance from the HoldCo coupled with a liability management exercise on much of our OpCo senior benchmarks. Unfortunately, markets have been fractious since then. Whilst we hope and expect this to be temporary, the strength of our liquidity position and credit fundamentals position us well should the current conditions persist.

We will of course seek to further diversify our funding profile at the HoldCo over time across currencies, tenors and type. In seniors, the USD market will remain a core market, but we will also continue to look for opportunities to diversify with issuances also in Sterling, Euro and peripheral currencies.

Note that we also executed another €100m of private MTNs in January, and will also seek to further build out this private MTN programme at the HoldCo over time.
We also expect to remain a frequent issuer from our cards platforms, and we will continue to issue structured notes from BB PLC, albeit likely below historical averages.

Turning then to slide 12 and structural reform.

Slide 12: Re-aligning our businesses divisions for structural reform

Since our Q3 update we have made good progress on our structural reform plans.

This morning, Jes announced the immediate establishment of our new key divisions and the exciting growth prospects of both: Barclays UK – a personal and business banking franchise with true scale, and Barclays Corporate & International – a diversified transatlantic wholesale and consumer banking franchise.

The creation of these divisions simplifies the Group and concentrates Barclays’ competitive advantages together in the right places.

Barclays UK will be a leading UK retail banking franchise, UK consumer credit card business and a committed provider of lending and financial services for small businesses. With 22 million retail customers, and almost one million business banking clients, it is the country’s leading business banking franchise, second largest wealth manager in the UK and number 1 card issuer in England. Barclays UK is a very profitable business that we want to grow further, leveraging the strength and depth of our consumer and client relationships across the UK, coupled with technological innovation.

Barclays Corporate & International will comprise our corporate banking business (which is number two in UK corporate lending), our top-tier Investment Bank, our strong and growing international Cards business, our international wealth offering, and our leading payments capability through both corporate banking and the Barclaycard merchant acquiring expertise. These businesses offer scale in wholesale banking and consumer lending, strength in our key markets, excellent
growth potential, and a good balance in its revenue streams, delivering further resilience and diversification.

The balance sheet of Barclays UK will be almost entirely UK focused while the balance sheet of Barclays Corporate & International will be larger, well diversified across several business lines and geographies, and with a majority of its assets in the UK and US. At current scale, the Investment Bank RWAs for market activities only account for around one third of Barclays Corporate & International RWAs.

To be clear, Barclays UK and Barclays Corporate & International are currently only business divisions. The legal entity restructuring to create our UK ring-fenced entity is not expected to occur until 2018.

The creation of these divisions are however critical milestones. Ultimately, Barclays UK will become our newly created UK ring-fenced banking entity, while BB PLC and its operating subsidiaries will host Barclays Corporate & International.

We will be publishing a restatement document reflecting the new divisional structure ahead of our first quarter results in April, but we have provided indications of some of these restated financials on this slide – all of which are based on spot December ’15 figures.

While the business mix of these divisions will clearly be different from one another, you can see that the indicative year-end financials are well balanced and coherent: the RWA density is expected to be similar, both have loan-to-deposit ratios below 100%, and both divisions generated double digit adjusted RoTEs in 2015.

The future ring-fenced bank will be established as a well-capitalised legal entity, and BB PLC will continue to be similarly strongly capitalised.

We expect their respective capital, liquidity and funding requirements to be comparable to those of the Group, and we will similarly hold prudent buffers above minimum requirements.
Therefore, we expect that both divisions, when separately assessed, should support solid investment grade credit ratings.

On slide 13, we have set out an illustration of the expected funding profile of these businesses.

**Slide 13: Anticipated founding sources of future UK ring-fenced bank and Barclays Bank PLC (and subsidiaries).**

Based on year-end 2015 financials, Barclays UK would have had an indicative loan-to-deposit ratios of around 95%, being largely deposit funded. However, the future ring-fenced bank will also be subject to an internal MREL/TLAC requirement. Therefore, the year-end 2015 liability composition can be expected to shift by the time the UK ring-fenced entity is formally incorporated to include capital and term senior unsecured funding downstreamed from the HoldCo.

The funding profile of Barclays Corporate & International is also expected to be well balanced across deposits and wholesale funding. As of year-end 2015, the indicative loan-to-deposit ratio would have been around 85%.

By the time the ring-fenced bank is established, BB PLC’s term financing needs are expected to largely be met through downstreamed MREL/TLAC from the HoldCo, and it is expected to have notably fewer wholesale liabilities raised directly from the markets.

As we have previously said, to the extent that there is BB PLC issued capital and debt outstanding at the time of legal implementation, we would expect this to remain in BB PLC and not be transferred to the ring-fenced bank since the ring-fenced bank is expected to meet its term unsecured funding and MREL/TLAC needs from the parent.
Lastly, BB PLC is expected to continue to raise secured funding through our US cards securitisation programme, and short-term unsecured funding through CP and CD programmes.

So to round up, we are well progressed with our plans for structural reform. Having formally aligned our divisional structure to the future legal entity design, we expect to be able to manage a smooth transition to our formal legal entity construct over time while minimising disruption to our strong-returning, Core businesses.

While these changes will fundamentally impact the organisation of Barclays, we are not changing our core client proposition. We will continue to run our businesses, serve our clients and geographies and operate within a unified governance and risk management framework as set by the board of Barclays PLC – just as we do today.

So let me conclude with slide 14 before handing back to Tushar who will open the call up to Q&A.

Slide 14: Summary

2015 has been a year of progress on executing our strategy.

Our Core businesses are profitable and underpin the earnings accretive capacity of our franchise. Group returns will improve further as we take out more costs and continue to deal with conduct and litigation issues.

We’ve significantly reduced our Non-Core division and will now focus on completing the run-down.

And we have made excellent progress on further improving our financial strength.

We will continue to focus on transitioning towards a HoldCo model, while maintaining a regular dialogue with our regulators and investors.
Lastly, our newly created business divisions will position us well as we continue to prepare the organisation, and our stakeholders, for structural reform.

Tushar, with that, I’d like to hand back to you.

Thank you. I hope you have found this call helpful. We would now like to open the call to questions.
Important Notice

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

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 2015), 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.