Barclays PLC Q2 2023 Results

Analyst and Investor Conference Call Speech

C.S. Venkatakrishnan, Barclays Group Chief Executive

Anna Cross, Barclays Group Finance Director

Slide 2: C.S. Venkatakrishnan, Barclays Group Chief Executive

Good morning. Thank you for joining Anna and me on today's call.

Slide 3: Performance in line with targets

Let me start by saying we continue to deliver a consistent strong performance quarter on quarter. In particular, our second quarter results show resilience against a mixed macroeconomic backdrop and subdued market activity.

This performance again demonstrates the stability and strength of the franchise we have built over many years.

We generated £6.3 billion in income, up 6%[2] year-on-year, excluding last year's impact from the Over-issuance of Securities[1].

This growth reflects the diverse sources of income which we have built across the Group.

Our focus on cost discipline delivered a cost to income ratio of 63% for this quarter, putting us on track to meet our guidance of 'low 60s' in 2023.

Our deliberate and prudent approach to risk management over many years, is providing protection against macroeconomic uncertainty. As a result, our credit performance continues to be in line with our expectations.

Together, these foundations generated a Profit Before Tax of £2 billion in the second quarter, Earnings Per Share of 8.6p and a Return on Tangible Equity of 11.4%.

This second quarter performance means we have delivered first half income up 9%[2] year-on-year (again excluding the over-issuance) and a Return on Tangible Equity for the first half of 13.2%, in line with our target of above 10% for the year.

Despite the mixed macroeconomic backdrop, we continue to invest thoughtfully where we see opportunities to build competitive advantage and service our customers and clients more effectively.

In Investment Banking, building on our strength in the US, we are growing our market share in the UK and in Europe. We have risen to number one ranking in fee share in the UK and number two in Germany for second quarter 2023, as well as our 6th position globally.

While announced volumes have been muted, client consideration of M&A alternatives remains active in anticipation of improved market conditions, and we have been deeply engaged in a full range of risk transfer activity. For example, Barclays was exclusive provider of financing for Ares's $3.6 billion deal with PacWest Bancorp this quarter.

We are also seeing continued momentum in financing income within our Markets business and maintain our top tier rankings in businesses such as credit trading.

Despite lower client activity in markets and banking across the street, I am particularly pleased with the growing strength of our client franchise.

Over several years our client-centric Markets business has targeted a greater share of flow revenue from our top 100 clients. As a result, our income from these clients is up over 10% for the first half of 2023.

In the consumer bank in the US, we have built on the success of our GAP partnership, and announced a new long-term collaboration with Breeze Airways, a new airline start-up from a co-founder of JetBlue.

We also continued to make good progress in financing the transition to a low-carbon economy. We recently provided approximately £100 million pounds in loans to support Moray West offshore wind farm, a development that is expected to supply up to half of the electricity of Scotland.

And recently, we extended our popular Greener Home Reward Scheme, to help support more of our UK mortgage customers with financing energy efficiency improvements to their homes.

BARCLAYS

Slide 4: Delivering increased shareholder distributions

As I have said in the past, shareholder distributions are a key focus for the bank.

Our reported CET1 ratio at 30th June was 13.8%, up 20 basis points on the first quarter, and solidly within our target of 13 to 14% for the bank.

Core to this is our consistently strong balance sheet and the capital generation capacity of our franchise.

We are announcing an increased capital return to shareholders, with 20% growth in our half year dividend to 2.7 pence per share.

We are also pleased to announce a share buyback of £750 million, an increase on the £500 million we announced at year end and completed in the first half.

Over the past 12 months, our combined dividends and buybacks, including those announced today, represent a yield of around 10% at current share price levels.

And our buyback programmes have in aggregate reduced our shares in issue by over 10% since 2020.

To reiterate, capital and shareholder distributions are a key focus for us going forward.

Slide 5: Built on solid foundations

As we have described for more than 18 months now, inflation and higher interest rates in developed economies have changed client and customer behaviour.

We have continued to position Barclays accordingly, and that is driving the consistency and stability in our results. I will briefly describe our approach and Anna will elaborate on these points shortly.

We have taken a prudent approach to credit risk management and our balance sheet, maintaining strong capital and liquidity metrics over the long-term.

In particular, we continue to balance carefully our credit exposure with the provision of lending and liquidity.

Our customers are cautious but remain resilient. We have provided incremental and tailored support, whilst also ensuring it is simple and convenient for them to access the right product to meet their needs.

For our UK mortgage customers, we are providing options to switch to interest-only mortgages for six months, or extensions of their mortgage term where appropriate.

And we also enable customers approaching the end of a fixed rate mortgage deal to lock in a new rate up to 6 months ahead. Of those customers who made their mortgage rate switch application directly to us, over a third have done so using the Barclays app.

On the savings side we provide a range of instant access and fixed savings products which allow our customers to select the right rates for their savings goals.

For those customers who rely on instant access to savings we recently increased the rate on our Everyday Saver by 50 basis points.

In addition, since its launch in September last year, our Rainy-Day Saver account, which pays 5% up to £5000, has proven popular with customers. Over 435,000 accounts have been opened as of end of June this year, of which 95% were opened digitally.

We also regularly conduct outreach to highlight where a better savings product may be available to customers, and we have seen some significant shifts in behaviour as a consequence.

As interest rates rise, our customers become increasingly sensitive to their impact, and as a result we have issued further guidance on our Barclays UK Net Interest Margin which Anna will address shortly.

We have also continued to exercise cost discipline against this backdrop by capturing efficiency savings, to manage inflation, and being thoughtful about how we invest in our businesses.

Anna will cover costs in more detail but suffice to say we have delivered on our cost guidance this quarter and remain committed to driving a lower cost to income ratio over time.

So, in summary, we remain very confident of meeting our targets for the full year.

Our targets are anchored on a greater than 10% Return on Tangible Equity, which remains a floor, and not the extent of our ambition.

We are managing the bank well and generating a consistently strong statutory performance across the range of different economic scenarios experienced.

This quarter represents another important step towards demonstrating value for shareholders. We have increased shareholder distributions and remain committed to doing so going forward, and we do this while continuing to support our customers and clients.

With that, thank you for listening, and I'll hand over to Anna to take you through the financials in more detail.

Slide 6: Anna Cross, Barclays Group Finance Director

Thank you, Venkat, and good morning, everyone.

Starting with performance highlights on slide 7.

Slide 7: Performance highlights

Our RoTE for the quarter was 11.4%, broadly in line with Q2 last year, resulting in a 13.2% return for the first half.

This is in line with our expectations, and we are very confident of achieving our RoTE target of above 10% for the year.

This takes into account business trends in income, and our latest view on impairment; I'll come back to each of these.

We guided to costs in Q2 being lower than Q1 and have delivered.

The cost:income ratio was 63% for the quarter, and 60% for the half, and we continue to guide to low 60's for the full year.

Although we are still guiding to a loan loss rate of 50-60bps for the full year, we continue to see limited signs of stress across our portfolios and this quarter the loan loss rate was 37bps.

This reflects the prudent positioning of our balance sheet, as Venkat mentioned, and we believe our risk management discipline will limit credit risk downside for us, if the global economy slows.

Our liquid and stable balance sheet positions us well to pursue our returns objectives and return capital to shareholders.

Accordingly, we are paying a half year dividend of 2.7p and have announced a further buyback of £750m to start immediately, which is a total return of 7.5p per share for the first half.

Slide 8: Q223: Group RoTE of 11.4% with profit before tax of £2.0bn

There was no effect this quarter from the Over-issuance of Securities, which did impact litigation & conduct costs and income for Q2 last year.

To provide a more meaningful comparison, we have excluded these impacts from the comparators in this presentation.

On this basis, income was up 6%[2] on a strong Q2 last year, whilst operating costs, which exclude litigation & conduct, were also up 6%.

Litigation & conduct was £33m this quarter, and profit before impairment was up 12%[2].

The impairment charge increased to £372m, against a low comparator, and in line with our expectations, resulting in Profit Before Tax increasing to £2.0bn and Earnings Per Share to 8.6p.

The Tangible Net Asset Value accretion from earnings was more than offset by negative reserve movements, mainly reflecting further rate rises, reducing TNAV by 10p in the quarter to 291p per share.

I'm now going to cover the key drivers of our returns: income, costs and risk management, starting with income on slide 9.

Slide 9: Income +6%[2] YoY reflecting diverse sources of income

Total income increased 6%[2], or around £335m year-on-year, reflecting our diverse sources of income.

Barclays UK income grew 14%, with tailwinds from higher rates year-on-year and from the structural hedge, partially offset by lower product margins.

Consumer, Cards & Payments increased 18%, driven mainly by US cards balances.

CIB was down 3%[2] year-on-year, at £3.2bn.

The strength in corporate lending and transaction banking income and stability in financing income in Markets partially offset the impact of market conditions, which were less favourable for intermediation income and for deal flow in banking.

So, we benefitted again from our diverse business model within the CIB.

Looking at the Group as whole, if you compare our revenue in this quarter with four years ago, you can see that we have grown income by around £400m in both the CIB and across our consumer businesses.

Turning now to costs on slide 10.

Slide 10: Delivered Q223 costs below Q123; FY23 guidance unchanged

Total costs were £4.0bn, up 2%[2] year-on-year.

Our cost:income ratio improved from 65%[2] in Q2 last year to 63%, an increase on 57% at Q1 as we expected, and this is factored into our unchanged low-60's guidance for the full year.

We delivered lower operating costs in Q2 versus Q1, at both the Group level and in CIB, in line with our guidance and we continue to expect Q1 to be the high point for quarterly operating costs this year, again for Group and CIB.

We are focused on capturing cost efficiencies across the Group.

For example, in Barclays UK, we are investing in Transformation to improve service for our customers by automating, digitising and simplifying our offering, whilst also driving a lower cost: income ratio over time.

CC&P operating costs were up £96m year on year, reflecting growth in our US cards portfolio, including the acquisition of Gap towards the end of Q2 last year, and the UK Wealth transfer from BUK during the quarter.

And CIB operating costs were up £114m year on year, as we continued to invest selectively in our client franchise through technology enhancements, in talent, and in improved resilience and controls.

Moving on to credit on slide 11.

Slide 11: Well provisioned balance sheet

We have maintained our long-standing prudent approach to provisioning and continue to hold strong coverage levels.

Our impairment allowance at the quarter-end was £6.1bn, a slight decrease from £6.3bn at Q1.

We updated the baseline macroeconomic variables for modelled impairment from the full year, notably with some reduction in forecast unemployment in the UK and US.

However, these remain more severe than the forecasts used at Q2 last year, and at the end of the quarter we retained Post-Model Adjustments for economic uncertainty of £0.3bn.

Our guidance for a Loan Loss Rate in the 50-60bps range allows for some potential credit deterioration, and seasonal effects.

Slide 12: Reiterating FY23 loan loss rate guidance of 50-60bps

The £372m charge translated into a Loan Loss Rate of 37bps.

Looking in more detail by business on slide 12, the Barclays UK charge of £95m reflects both lower balances and a lower risk book of unsecured lending, compared to before the pandemic, as well as our prudent positioning in mortgage lending.

There is some increase in the provision against mortgages, and I'll come back to why we remain comfortable with our credit risk here, despite the significant rise in interest rates.

As expected, the majority of the charge is again in Consumer Cards & Payments, and US Cards in particular.

It reflects the normalisation of delinquencies, with a seasoning effect as balances grow, and this includes the Gap acquisition, which is performing as we expected.

Slide 13: Long-term prudent risk positioning on our credit card portfolios

The next three slides illustrate why we are confident in our provisioning and our prudent approach to risk.

On slide 13, we've shown key coverage and delinquency metrics for our two largest unsecured books, UK and US cards.

Repayment rates in UK cards remain high across the credit spectrum, and arrears rates remain stable and very low by historical standards.

Overall, we are confident that the credit quality of our UK card book has improved since 2019.

We've continued to grow US cards, in an appropriate and controlled way that is consistent with the opportunities we see there.

As we expected, delinquencies at all FICO levels have been increasing, but our risk mix has improved, with our average FICO for the book strengthening slightly since the end of 2019 to over 750, and this includes Gap.

In addition, the proportion of the book better than a FICO of 660 is now 89%, compared to 86% at the end of 2019.

As we grow, we maintain strong coverage levels across both UK and US cards, notably Stage 2 coverage of around 18% and 33% respectively.

Slide 14: Resilient mortgage book with customers proactively locking in rates

Moving onto the mortgage book on slide 14, there are a number of factors that contribute to our comfort in the higher rate environment.

First, we have applied strict affordability tests since 2013, using rates above current levels.

Second, looking at the profile for refinancing, the proportion of the book on 5-year and over initial fixed rates has increased materially since 2019, from 33% to 51%.

This shift delays a potential increase in rates for many borrowers, allowing them more time to mitigate the impact.

Fixed rate maturities in H2 total £17bn, and, as you can see from the chart, a significant proportion of these borrowers have locked in rates ahead of the end of their fixed-rate term.

So, our mortgage customers are taking thoughtful and appropriate action.

Third, and as a credit backstop, the book is conservatively positioned from a collateral point of view, with balance-weighted Loan to Value of 52.8%.

Only 2% of mortgages which are refinancing over the next two years have LTVs in excess of 85%.

Slide 15: Commercial Real Estate exposure is modest and well managed

Given the market-wide focus on Commercial Real Estate, we also wanted to share more detail on the portfolio to highlight our position.

As we have followed a prudent lending policy here for over 30 years, this is not an area of concern for Barclays.

As you can see on slide 15, Commercial Real Estate as a proportion of our customer loan book is around £17bn, or just under 5%, which is below the industry average.

It is diversified across segments, and the weighted Loan to Value of 49% provides significant headroom for a potential stress in prices. No individual segment has an LTV of higher than 58%.

We know the office component has received particular attention, and this is just £1.9bn.

Turning now to the performance of each business in the quarter, beginning with Barclays UK on slide 16.

Slide 16: Barclays UK higher income driven by margin growth

Profit Before Tax increased 25% and the Return on Tangible Equity was just over 20%.

Income grew 14% to £2bn, with costs down 1%, improving the cost:income ratio by nine percentage points year on year to 55%.

We expect to improve this further as the benefits from our Transformation programme feed through.

The Net Interest Margin was 322bps, up 4bps on Q1, in line with our expectations, and this would have been 2bps higher without the transfer of UK Wealth to Consumer Cards & Payments.

The moving parts are set out in the bridge on the slide.

We benefitted from the steady roll of the structural hedge, which again added 13bps, as in each of the last few quarters, and from some lagged effect from previous bank rate rises.

There was also a 6bps increase from the reversal of some of the treasury headwinds which we called out at full year.

These positive impacts were moderated by both mortgage margins, and the developing deposit dynamics.

On the next slide I'll cover how we see NIM evolving from here.

Slide 17: FY23 NIM expected to be <3.20%, with a current view around 3.15%

Our customers are cautious and resilient, and we see benefits in our credit performance, but this also affects our income outlook.

Three recent macroeconomic developments have prompted customers to change their behaviour and us to revise product pricing.

First, inflation is expected to be more persistent.

Second, base rates are forecast to peak at higher levels.

And third, swap rates increased further during Q2, increasing mortgage pricing.

In this environment our customers are behaving rationally and have started to use surplus deposit balances to manage their finances more actively.

For instance, Business Banking customers are drawing down on deposit balances for use in their businesses, and to pay down debt.

In Personal Banking, over a quarter of our customers with mortgages have been making excess repayments, reducing their loans ahead of potential re-mortgaging.

And throughout the book, customers are seeking higher yields for their savings, and we have changed our pricing in response.

Accordingly, we now expect the BUK NIM to be below 320bps for FY2023.

Our current view is around 315bps, which reflects our expectation for customers to hold lower deposit balances, changes in deposit pricing, and the two-basis point impact from the transfer of UK Wealth.

Of course, the precise outcome will be sensitive to a number of inputs, notably the level and mix of deposits, and other macroeconomic factors, including inflation and rates.

At the same time, the high swap rates are providing a tailwind to future years from the structural hedge, as we lock in fixed receipts at meaningfully higher rates, which I'll cover on the next slide.

Slide 18: Structural hedge income continuing to grow

Slide 18 illustrates the importance of the hedge to the level and visibility of our future net interest income.

Swap rates increased sharply during Q2 to around 5%, and reinvestment rates are materially above the yield of 1% on hedges maturing this year.

As a result, gross hedge income is increasing, and over 90% of the £3.6bn expected for this year was already locked in by the half year.

We have a further £50-60bn maturing in each of 2024 and 2025 at yields between 1% and 2%.

The precise level of reinvestment will depend to an extent on customer behaviour, but the building effect of the hedge roll gives us confidence that gross income from the hedge will grow strongly in 2024 and 2025.

I would remind you that around two-thirds of the benefit is in BUK, where the hedge has contributed 13bps of incremental NIM in each of the last few quarters.

Looking next at Consumer Cards & Payments on slide 19.

Slide 19: Consumer, Cards & Payments strong income growth of 18% YoY

The Return on Tangible Equity was 11.8%.

Income increased £195m or 18%, reflecting growth mainly in International Cards, and the transfer of UK Wealth.

Period-end US cards balances grew organically by 12% to $29.5bn, and average balances were up 27% year-on-year, as the Gap acquisition was completed late in Q2 last year.

We delivered positive operating cost jaws, despite operating costs, which exclude L&C, being up 14%, reflecting continuing growth across the businesses.

Both income and costs included around £35m from the transfer of UK Wealth.

As I discussed earlier, the increase in impairment was in line with our expectations.

We've included a summary in the appendix on the Wealth transfer.

The combination with the Private Bank creates a top 5[3] UK wealth management business – and we believe we can develop the business more effectively as a single entity.

Looking next at the CIB on slide 20.

Slide 20: Corporate & Investment Bank delivered resilient performance

Return on Tangible Equity was 10%, whilst income was down 3%[2], a resilient performance against a very strong prior year comparator, reflecting our diversification within the CIB.

Corporate Lending and Transaction Banking increased strongly year on year, to over £900m.

Markets, which was down 20%[2], reflected lower market volatility, impacting intermediation income, but there was some offset from Financing income which grew 9%.

As I mentioned last quarter, we are benefitting from the effects of higher inflation in Financing.

Investment Banking fees were down 15%, reflecting a lower industry fee pool.

Costs decreased 2%[2], but operating costs, which exclude all litigation & conduct, increased 6%.

As I mentioned earlier, this reflected selective investment in our client franchise.

Slide 21: Franchise strength driving consistent capital and liquidity over time

Turning now to capital and liquidity.

As you can see on slide 21, we continue to maintain strong capital, funding and liquidity.

Looking in more detail, beginning with capital.

Slide 22: Strong CET1 ratio with significant headroom to MDA

Our capital generation from profits was again strong, contributing 39bps in the quarter, of which 8bps was applied to the increased dividend accrual.

Taking into account the £750m buyback we have announced, our CET1 ratio would be 13.6%, in our target range of 13-14%.

Our MDA has increased in July from 11.4% to 11.8%, and we remain comfortable with our target range.

Looking forward, we expect strong organic capital generation, supporting attractive returns to shareholders.

Slide 23: Diverse and stable franchise deposit base; total deposits stable

We have grown deposits substantially ahead of loan volumes for many years and have a low loan to deposit ratio of 72%.

As shown on slide 23, we have seen a stable level of deposits overall this quarter, at £555bn.

This reflects an increase in international deposits in Treasury, offset by some decline in retail and business banking deposits, in line with the market trends we discussed earlier.

We are comfortable with the stability of the Group's overall deposit funding base, and our diversified sources of deposit funding.

Slide 24: Prudently managed LCR supported by a highly liquid balance sheet

Our franchise deposit strategy means we remain highly liquid, based on both our internal stress framework, and a Liquidity Coverage Ratio well ahead of the regulatory requirements.

The liquidity pool of £331bn is held 80% in cash, with the risk in the residual debt securities tightly managed.

So, to recap and summarise the outlook on slide 25.

Slide 25: Outlook

We delivered earnings of 8.6p per share in Q2, and generated an 11.4% Return on Tangible Equity, and are very confident of achieving our target of above 10% for the year, underpinned by our diversified sources of earnings.

The cost:income ratio for the quarter was 63%, and we expect to deliver a statutory ratio in the low 60's this year.

We remain focused on risk management, and while we expect an increase in impairment year on year, as we grow US Cards in particular, we are confident of delivering a loan loss rate within our guidance range of 50-60bps for the full year.

Our capital ratio remains strong at 13.8%, and we expect to deliver attractive capital returns to shareholders balanced with selective investments to drive profitability.

Thank you, and we will now take your questions, and as usual I would ask that you limit yourself to two per person, so we get a chance to get around to everyone.

BARCLAYS

Footnotes

[1] Refers to the Over-issuance of Securities under Barclays Bank PLC's US shelf registration statements on Form F-3 filed with the US Securities and Exchange Commission in 2018 and 2019. Please refer to the Barclays PLC Interim Results Announcement for the period ended 30 June 2023 for details. This matter will be referred to as "Over-issuance of Securities" hereafter.

[2] Excludes the impact of the Over-issuance of Securities (Q222 financial impacts: income gain of £758m, litigation & conduct charges of £1,149m).

[3] Private Bank and UK Wealth Management business ("PBWM") includes Private Banking Client Assets & Liabilities from clients with UK based banking relationships as well as Wealth Management Invested Assets. Analysis has been conducted internally against this UK subset of PBWM using methodology Barclays considers to be appropriate and suitable for the purposes of comparison and is based on publicly available FY 2022 (or nearest equivalent) Client Assets & Liabilities segmental disclosures by peers; NatWest (Private Banking), Hargreaves Lansdown, Interactive Investor, Quilter, Rathbones, SJP, Schroders (Wealth management excluding JV's), Evelyn Partners and Canaccord (Wealth Management UK & Crown Dependencies). Barclays has not independently verified any such publicly available peer data.

Important Notice

The terms Barclays or Group refer to Barclays PLC together with its subsidiaries. The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation, 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.

Information relating to:

- regulatory capital, leverage, liquidity and resolution is based on Barclays' interpretation of applicable rules and regulations as currently in force and implemented in the UK, including, but not limited to, CRD IV (as amended by CRD V applicable as at the reporting date) and CRR (as amended by CRR II applicable as at the reporting date) texts and any applicable delegated acts, implementing acts or technical standards and as such rules and regulations form part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended. All such regulatory requirements are subject to change and disclosures made by the Group will be subject to any resulting changes as at the applicable reporting date;

- 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. The Pillar 2A requirement is also subject to at least annual review;

- future regulatory capital, 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.

Forward-looking Statements

This presentation 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 presentation. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, income levels, costs, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including dividend policy 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), business strategy, 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, regulation and the interpretation thereof, changes in International Financial Reporting Standard (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 policies and actions of governmental and regulatory authorities; 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 and similar events beyond the Group's control; the impact of competition; capital, leverage and other regulatory rules 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; 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 Russia-Ukraine war on European and global macroeconomic conditions, political stability and financial markets; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union (EU), the effects of the EU-UK Trade and Cooperation Agreement and any disruption that may subsequently result in the UK and globally; the risk of cyber-attacks, information or security breaches or technology failures 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. 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 2022, and Interim Results Announcement for the six months ended 30 June 2023 filed on Form 6-K), which are available on the SEC's website at www.sec.gov.

Subject to Barclays PLC's obligations under the applicable laws and regulations of any relevant jurisdiction (including, without limitation, the UK and the US) 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.

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 document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Non-IFRS performance measures are defined and reconciliations are available on our results announcement for the period ended 30 June 2023.