Morgan Stanley European Financials Conference

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Transcript of Q&A with Anna Cross, Barclays Group Finance Director

(amended in places to improve accuracy and readability)

Alvaro Serrano, Morgan Stanley

Obviously, we've got to start with the deposit dynamics after the events of the weekend, and the NIM [Net Interest Margin] was already part of the debate, but obviously, it's turned to even more focus on the wider deposit picture after the events. It's interesting to see on your side that you're guiding to increasing NIM in 2023 versus peers calling for a peak. Maybe we can talk in the current environment to those different dynamics you're seeing, and if anything over the weekend changes your view here.

Anna Cross

Yes. I mean, the NIM that we're talking about here is our ring-fenced bank, it's Barclays UK, which is the one that's closest to its UK peers. And the market that it operates in is extremely competitive. Mortgages is a largely intermediated market, so I wouldn't expect any differences there. Similarly on savings, we feel like we've got a very strong deposit franchise, but savings, again, is a very competitive market. So I think in terms of the product dynamics, there's going to be very little difference between us and our competitors.

I think what might be different and what might be showing a bit more of a tailwind is just the scale and nature of our structural hedge. We rolled it very mechanistically for a number of years. We've got around £50bn maturing in 2023, which we would expect to reinvest the vast majority of. And if you think about where the maturing rates are coming off, you need to sort of think five years back; even if the yield curve comes down a bit, we feel like that's still going to give us a very substantial tailwind. So that's probably a bit more of a tailwind for us perhaps than for others.

And we also talked about some smaller treasury impacts that we expect to roll off as the year goes on. So there's nothing in what we see right now that would change the guidance that we gave at the year-end.

Alvaro Serrano

Maybe we can go deeper on to the competitive dynamics on the deposit side. Retail deposits were relatively stable. It was mostly corporate deposits which were down among your competitors as well. I guess my question is, where are those deposits going? Is it to the market? Is it to competitors? And how are you reacting pricing-wise to that? And going forward, should we expect more stable performance again with the optics of what we've learned over the weekend, does that increase competition in the flight to quality debate?

Anna Cross

Yes. Well, I'll start with retail and corporate, and then I'll talk about liquidity more generally. On the retail side, our deposits have been extremely stable and no change there. We saw a small decline in the fourth quarter in our SME deposits, but we saw that as pretty healthy. That was being deployed into the lending repayments but also deployed into their businesses working capital. So a very small change, but very positive rationale behind that.

On the corporate side, we haven't seen anything significantly beyond either what we would have expected or alternatively the normal seasonal pathway. So quite often in Q1, you get tax payments, etc. So that's exactly what we're observing. In the retail side, we've had some really attractive savings rate out for a number of months now. We had a 5% rate since September. And up to the end of Q4, we've seen very little migration.

What we expect to happen in Q1 and then for the rest of 2023 is some more marked migration in the UK. That's what we want to happen. We want our customers to develop really good savings habits. We think that's great for the franchise. We think that's really good for their own financial resilience. And we might expect to start to see that now in part because there were a number of base rate changes in rapid succession, which sort of nudged customers into action, but also Q1 is ISA [Individual Savings Account] seasons in the UK, so it does tend to prompt [customer] behaviour. So that's what we're expecting, and that's in our NIM guidance.

On the corporate side, we actually saw migration more early. Again, that's exactly what you'd expect. Corporate treasurers should really be optimising the money that they're paid to optimise. So we saw some earlier migration there broadly in line with what we expected, but you probably saw that, in the fourth quarter, we paused the roll of our structural hedge, just so we can maintain a very conservative buffer. But that, again, remains in line. So nothing out of the ordinary as a seasonal matter.

Stepping back from all of that, we are very comfortable with our liquidity overall. We've got a loan-to-deposit ratio of 73%. Our LCR [Liquidity Coverage Ratio] is 165%. We've got £117bn of excess over the 100% [of net stress outflows] requirement. So we're able to deploy our liquidity very dynamically, very focused on the franchise, but we're in an extremely strong position. And also because it's diversified, both within the UK but [also] across the geographies and across our different businesses, there's no change to what we've previously seen.

Alvaro Serrano

I'm sure there's going to be plenty of more questions on deposits in the Q&A. So maybe to touch on more topics. In the Q4 results, one of the things that you called out was on the credit card business. The revolving credit card volumes were somewhat softer late in the year. How do you see consumer demand overall, and the broader picture there? And maybe it might be good to touch both in UK and US. In the US, obviously, you closed the Gap deal recently during last year. How is the outlook looking in the two regions basically?

Anna Cross

Yes. They're very different. The consumer is behaving very differently on either side of the Atlantic. In the UK, what we see is a pretty defensive behaviour actually. I mean the really good news is customers are very engaged with the [credit] card. So purchases are elevated. We're seeing customers really engage with the product. They're using it, but they're paying back at very, very elevated levels. So we actually saw our interest-earning lending balances step back a little.

The extent to which that starts coming through and boosting NIM will be somewhat dependent on how the economic outlook pans out in the UK, and also post-COVID, we step back into the promotional balance market, and that just takes a while to mature through. But that demand looks certainly muted at this point in time. But of course, it's a trade-off [with] impairment. So whilst we're seeing and capturing that sort of NIM downside, it's certainly showing through in really, really high-quality risk results. So some offset there.

In the US, it's a completely different market. The customer is much more engaged in spending, in borrowing. So we're seeing organic growth across our existing partners. And as you said, we've also added Gap. So both of those things together are leading to increases in balances. What that means is we see some normalisation of risk behaviour. It's still well below pre-COVID and it's what we expected. That's what IFRS 9 does. You're booking impairment on day 1 of the card being opened. So it's still very much within our expectations, but we're thoughtful about the background, and we'll keep watching it. But the Gap business, we've had to build technology for retail now that we previously didn't have. So it's given us more opportunities in the US and we'll continue to look at those as they come up.

Alvaro Serrano

Maybe we can [...] discuss how you see the resilience of the revenue model in CIB. You had strong market share gains, in particular, in FICC in the recent years, and you had a very strong 2022 as well. Do you see more room to take market share? And how do you see the outlook here?

Anna Cross

Yes. So our objective with the CIB is to build something that is resilient through a range of economic environments. So 2022 was a very strong year for FICC. If we'd been sat here a year ago, you would have said what's wrong with FICC? Because it was a year that was very much dominated by Banking revenues and Equities. So we've performed really well

across three different years, three very different macroeconomic environments. That's what we try to do. So we're trying to invest in our businesses so that they can be [as] successful as we expect them to be given those opportunities.

Now within that, we have specifically built out in areas [where] we saw some opportunity, for example, particular areas of Banking; we've always been very strong in DCM, but had some opportunities in both ECM and in M&A. We have also sought to really focus on areas of the CIB which afford more stable revenue streams, like financing. We've always been #1 or #2 in fixed income financing. What we've done now is we've built out our Prime business to fit alongside it, and that's what's really driven that growth in financing income, which is inherently more stable [than trading income].

So the way we think about it is that whilst we might expect Markets revenues to normalise this year, with a greater proportion of financing and with a greater market share, that will protect that revenue stream somewhat. And of course, if Markets revenues normalise, that would suggest that there is perhaps an end to rate hikes. There's a greater degree of economic stability and a more certain outlook. It's exactly in that environment that we would expect Banking revenues to start flowing back in. And of course, we've got Transaction Banking as well. So our corporate business, which is predominantly a UK franchise business, sitting in the CIB, has grown very nicely over the last couple of years and will provide further resilience there.

Alvaro Serrano

I think that's a good point. I guess the aspect that often gets overlooked is Transaction Banking. Is that going to be enough to grow the whole revenue line and offset any potential normalisation in Markets and [Banking] fees?

Anna Cross

Well, I would hope you see offset between Markets and [Banking] fees, but let's see. I think we have confidence about the CIB as a whole, the individual constituent parts and how they deliver is going to be dependent on the macro economy. But on Transaction banking, yes, we're really pleased. I mean clearly, it's geared to rising rates, but it's also geared to economic activity and specifically nominal economic activity. So it's somewhat benefiting from the current environment. So we've seen a rise in fees as well in that business. Given the migration that I talked about before, you might expect that Q4 income to moderate a little, but year-on-year, I would still expect it to be a tailwind.

Alvaro Serrano

Moving on to asset quality, which has proven more resilient than most of us feared, you guided for a normalised 50 to 60bps cost of risk this year. Within that, are there any differences you're seeing by region or product. US card players have been a bit more cautious when calling for normalised provisions this year. Maybe you can touch on that. And we obviously still have concerns about leveraged finance. Maybe you can touch on the different areas and in particular, those two: US cards and leveraged finance.

Anna Cross

Yes, sure. I think when we step back, we shouldn't be as surprised as perhaps we all are because the system in terms of lending has been designed to absorb affordability stress. So whether that be prudentially or whether that be as a conduct matter, if you think about the way we stress test our mortgage customers, for example, before we extend mortgages to them, for us, that was up at like 6.6%. So we've put the lending under considerable stress before we even take it onto the books. So what that means is, whilst there is undoubtedly affordability pressure out there, that is 100% true, for our customers, our clients, that is not yet translating through into credit concerns.

About that, and of course, the IFRS 9 environment requires us to forecast forward, and we changed our macroeconomic assumptions to be a bit bleaker in the fourth quarter. But on the two specifics that you talk about in US cards, as I said, we've seen some increase in delinquencies, but that is what we'd expect because they were just so historically low. So that is an area where we would expect perhaps increased impairments, just given the growth of that book and the 'J-curve' impact as we grow that book. It's not just cost, but it's day 1 impairment, really watchful.

Clearly, Gap, you would expect to have a higher delinquency level, but it also has a higher margin, and we're really disciplined in the way we manage returns partner-by-partner. On the lev-fin side, it's an important business for us. Clearly, 2022 is a very difficult year for that industry as a whole. We took marks as we went through the year, £335m. We think that's the appropriate amount. We also called out that we'd managed down our risk exposure, and we've

managed down the pipeline exposure by 50% by the fourth quarter. And you could see from our CIB results as a whole, how disciplined we were being in RWAs.

So from our perspective, we feel like we're taking the right marks and we'll await the return of that business. It's a really, really important business for economic growth. So it's one that we remain committed to. But clearly, we need to wait for demand to return.

Alvaro Serrano

On capital allocation, you have a 10% RoTE target this year, which would be the third year in a row that you're above 10%. And I think the stock valuation, as we were alluding to in the polling question doesn't reflect that. How does this influence your capital allocation strategy? You've been doing obviously, buybacks, but does this hold back investment in growth? Would be just great to understand how this feeds into management's thinking around deployment of capital.

Anna Cross

Yes. So our target is greater than 10%. And those two words are really important. It's a floor. It's not a target. And the reason that we've done that is because we do see opportunities to invest in the business, as you say. So for Barclays, obviously, we've benefited from NIM growth as have all of the banks across the globe, but specifically in the UK. But the rest of the bank is growing just as quickly. The revenue across cards and the rest of the franchise is growing just as quickly. And that requires investment because it's client growth and balance sheet growth. This is not just a margin story for us.

So we want to be able to deploy RWAs and costs into the business. And we think whilst that may mean that the percentage RoTE is a little lower than otherwise it would be if this were just a margin story. The quid-pro-quo of that is the 'E', we [expect] to get higher earnings as a result overall. So that's our philosophy.

Within that, we're trying to balance three things. We're making sure that we have a very prudent level of capital. Making sure that we can return attractive levels to shareholders. For example, at the year-end, we announced the buyback. That buyback by the way, started yesterday. It was a quite an interesting day to start looking for a silver lining. And then the third thing is that investment in the business. So at the year-end, when we printed 13.9% [CET1 ratio], we were looking at the investment in Kensington [Mortgage Company]. We were looking at the roll-off of the IFRS 9 transition release, and we were also looking at the impact of the buyback, as well as considering what remains quite an uncertain environment. So we're very committed to capital returns, as you might imagine, given where the share price is. But we do believe we [have] opportunities for growth.

Audience Participant

How much dispersion do you see in the rate of normalisation of delinquencies in your US cards business? And if delinquencies overall are 80% of pre-COVID levels, how does that differ for different FICO bands?

Anna Cross

It does differ by FICO band, and we also see differences by partner. But remember, our business is a relatively high FICO business overall. And whilst Gap as a retail portfolio does have different characteristics, it is still a relatively high FICO business. So overall, no particular pockets of concern, but we're really watchful about that environment. We'll take it step by step. But at this point in time, whilst we see a growing band of delinquencies, it's within the bands of expectation of what we anticipated given that we're growing the book.

Audience Participant

Given your vantage point in the US and the UK, I wonder if you can talk about the bottom-up data points you are seeing post SVB, I mean, maybe a compare and contrast in the near term? And obviously, also in the medium term, how the banks could differ from a medium-term perspective, how the market settles, especially in the US versus the UK. M&A could be part of it, flight-to-safety could be part of it. We've heard a lot about that during the day. But are you uniquely positioned to give us bottom-up data points on both.

Anna Cross

Yes. I mean it's quite early to call out data. But what I would say is that, clearly, the US regulatory environment and the UK regulatory environment are quite different. In the US, you've got this sort of tailoring system where clearly, the G-SIBs are exposed to a regulatory framework that is more alike with the UK and Europe, but still not the same. And you see that if you line up all the different balance sheet perspectives of liquidity pools, I think.

So let me give you a couple of examples. So in Europe, and the UK, where we are holding fixed rate instruments in the liquidity pool. If they are fair valued, that fair value adjustment is going through capital. In the US, [there is a] a difference in that capital treatment. So whilst we might have fixed rate instruments in the liquidity pool, they're either fair valued or there are other regulatory stress tests that are unique to the UK and Europe that would mean that either we restrict the amount of held-to-collect instruments that caused the issue at SVB in particular, or they're hedged. The regulatory environment is leading to quite a different liquidity pool management, I would say. So that would be my first point.

Secondly, our business is a franchise business. And therefore, we would tend to be the beneficiary of a flight to quality. It's been a bit early for that yet. We might expect to see it over time, but we're not seeing anything quite yet. In the US, we haven't seen anything nor would I expect to simply because our US deposits, which surround the cards business, in particular, are almost all insured. So I would expect those to be quite protected. So I think high-level messages would be you're going to see differences in the US just because of the regulatory environment. I think generally, overall, you will probably see a flight to quality. But within the UK and Europe, I'd expect those impacts probably to be a little less extreme just because of the regulatory framework is more of a level playing field.

Alvaro Serrano

Maybe related to that, because it doesn't come up - it definitely hasn't come up in previous conversations with your colleagues. If you have to think about the future and if there's long lasting impacts because of this, would you expect your large corporate clients to keep more money in markets versus bank's balance sheet? Is that going to drive deposit betas maybe structurally for the time being higher, or do you see more a factor of it's going to go down the differentiation route, i.e., flight to quality, you might not have to pay as much as some of the smaller players. How do you think this might [...] play out?

Anna Cross

I'd expect most large corporates to be multibanked anyway. So they should already be managing their diversification. So I think that's what we'd expect the larger, more sophisticated corporates to be doing. With smaller corporates, we may see more of that flight to quality impact. But as I say, we haven't seen it yet. As it relates to the macro impacts and whether or not [these deposits] are in bank balance sheets or elsewhere, what we've seen over time is certainly on the lending side, much of the lending is not sitting in bank balance sheets. It's sitting in non-bank financial institutions.

Actually, given where rates are going, we may see a leveling back of that. But in terms of a corporate's desire to maintain liquidity, what's really important to them is the operational franchise, making payments every day, very much plumbed into the system. So that's why the relationship within corporates and the extent to which we're able to offer them competitive rates is really important to us.

Audience Participant

Can I come back to the structural hedge point you made at the beginning. You said compared to your competitors, it's bigger tailwinds mainly because of its size as a proportion of your UK assets. Given how much it's yielding compared to how much it could yield, you could end up in a situation in, say, two or three years' time, where actually, most of your NII is coming from the structural hedge. Would that be okay actually [...]to be perceived as the bank that's making most of fixed revenues from a carry trade?

Anna Cross

I wouldn't expect it to go that far, to be honest, because these are very competitive, very intermediated market. But when it comes down to it, the retail margins in the UK are the spread between two-year fixed mortgages and the savings franchise. That's how much of the system operates. For us, the structural hedge is the way we manage risk,[specifically] income risk.

So I would expect it to offer some tailwind on the way up and it will offer some protection on the way down, but I would still expect to see a fundamental product margin there simply because that's how the majority of the UK market operates.

Audience Participant

So as rates come down at some point, you regain pricing power on the asset side and the structural hedge is contributing less. Is that fair? - which is basically the way it's worked for the last 20 years or so.

Anna Cross

I think so. I mean what we're getting used to at the moment is the return of mix that would have been very familiar a number of years ago, which is the profit balance, if you like, has moved from the asset side of the balance sheet to the liability side of the balance sheet. As rates move, that will shift back and all that's happening is the structural hedge is providing some balance or some ballast to that upward movement, but also it's downward movement. So even in a downward rate environment, it's going to continue to give us a degree of protection, which is what it's there for. It's there to remove volatility.

Alvaro Serrano

I'll ask a follow-up on the UK margin, which has also been debated within the previous sessions on the mortgage market. The activity does look like it's recovering not necessarily showing up in Bank of England data yet, but it does feel like it's coming back, but the pricing is evolving as well. And the spreads are coming down again, which I guess is a good thing given the post mini budget. But do you see a floor [...] in that pricing? There are players out there looking for market share. There's also always a temptation to subsidise deposits. I don't know if you can speak to that spread and overall sort of market activity in mortgages.

Anna Cross

Yes. I mean mortgage market activity has come back a little but it's still somewhat dominated by remortgage activity. In the current environment, you wouldn't expect a lot of house purchase activity or indeed first-time buyer activity. So it's very much the sort of recycling of remortgage that we see. The implication of that is what's out in the market is predominantly a lower LTV, lower-margin business.

Now as a marginal matter, it’s still an attractive RoTE for us. The issue will be that just the mix impact of it being predominantly remortgage. And the other thing is the impact on the portfolio, because in this kind of environment, people are remortgaging really quickly. We and others are giving customers the opportunity to remortgage up to six months before the end of their fixed term. So they're doing that and the portfolio is churning quite quickly. But if you think about what's maturing now, it will be stuff written in 2021 or before where the margins were much richer. So even though the absolute margin is fine, the portfolio impact is going to be a bit of a drag.

As to where it bottoms out, I would say, certainly, when we are pricing our mortgages, we're trying to balance three things: our desire to maintain what we would see as our natural flow share, which is around 10% or 11%. Although typically, we do better in a remortgage market. That's very much our sweet spot is that vanilla remortgage business. And we're balancing operational capacity and obviously returns. When we price our mortgages, we're very disciplined. We're using the marginal wholesale cost of funding. That's how we do it. So to the extent that we feel we're not getting the return, you might expect to step back a little bit. That's also true of most of the sophisticated players in the UK, I would say.

Audience Participant

Your pension funds have now moved into a nice surplus, [but it seems] the market never gives you credit for that. So I wonder if there are ways to release capital from a pension fund, which is potentially nearly £2bn in surplus now. We've seen a few insurance companies here, [who are] open to one of these buy in or buy out opportunities to release capital from that surplus position.

Anna Cross

I mean what we've done over time is de-risked the pension fund and obviously made a lot of capital contributions to a deficit reducing contributions. And you can see that was a big feature of last year. What you described is not something that we are considering at this point in time. However, the way I think about it is we have no more deficit

reduction payments to make. And actually, in the current environment, given that it's as well funded as it is, we are taking a payment holiday. So in comparison to where we would have been, it's about 45, 46 basis points of capital benefit even given its current structure. So we're happy with that. We think we've done what we need to with it and, obviously, pleased to have got to this position.

Audience Participant

I have two questions on my side. First, can you talk about the income profile of the consumer borrower in the UK card portfolio? And the second was about counterparty risk in Prime finance. How do you assess that?

Anna Cross

Okay. So on the UK cards book, given our market share and given the age and vintage of that book, as you can imagine, we are reflective of UK society as a whole, no different.

What I would say is that during COVID and also as a result of the application of the persistent debt conduct regulation in the UK, we have seen risk fall in that book quite substantially. So you can see our balances are 40% lower than they were. And actually, the risk performance of it has improved and you can see that in the way that we're starting to reflect in our coverage ratios, which are still very elevated, but that reflects conservatism on our part.

In terms of Prime and the way we think about Prime, I would say there's probably three things. The first is the way we go through client due diligence on the way in and the clients that we are trying to attract to our platform. We are more focused on larger clients, more diversified, better capitalised with better liquidity themselves. That means that we probably give up a bit of margin, but we think that's the right trade-off to make, given that we have a very technology-enabled, very efficient platform, we think that's the right call.

Secondly, the way we manage that business in terms of margining and dynamic margining is extremely disciplined. And it seems like a long time ago now - but given the high-profile issues that there have been in that business, we run that same stress through our business and satisfied ourselves that our losses would have been pretty low, actually materially just because of the way we manage that margining. And what is key about our book that is really quite different is that we run a single technology platform. So Fixed Income Financing and Prime when the client comes to us, they are coming through one technology interface. That's good for the client. They love it. But from our perspective, we see the full client exposure in one place. And that, we believe, allows us to manage our risk better.

And then the final thing that we do is we are performing stresses on those clients every single day and post Archegos, very extreme tail stresses for us to identify pockets of risk, whether they'd be concentration risk or liquidity risk that we're really disciplined. I mean for us, Prime and Fixed income Financing is a business that's relying on technology infrastructure, stability and risk management. That's really what it's about. It's a volume business.

Audience Participant

In terms of the SVB sort of fallout, we saw one of your domestic competitors scoop up SVB UK. As things pan out and maybe some assets become available, is there anything that's going through your mind in terms of a wish list or is it maybe too early to say? I'm just trying to get a feel for where you could step in for something because I think you made the case that you're a winner in some respects from this kind of turbulence.

Anna Cross

We actually have a good business in the UK, very focused on high growth and entrepreneurs that sits within our SME book. And obviously, we run across the UK, what we call Eagle Labs, which are very focused on that early start-up business. That's already good business for us. There may be more opportunities just because we feel like we're adept at that business and well plugged into that environment. So we would hope that perhaps organically, we get some flows.

I think the other opportunity for us is what I said before in terms of building out our ECM and our M&A business. We've been a little bit contrarian in the current market in that we continue to focus on that, perhaps because we're coming from a different place. We're still growing and maturing in those businesses. And where we sought to grow have been precisely in technology, in health care, in biopharma.Those [are the] sorts of areas where we've really sought to gain clients and recruit bankers.

So again, the current environment may offer some opportunities for us in that space organically. I hope it does. It's a bit early to tell, but we'll definitely be alert to it.

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What is important to our investors and stakeholders evolves over time and we aim to anticipate and respond to these changes. Disclosure expectations in relation to climate change and sustainability matters are particularly fast moving and differ in some ways from more traditional areas of reporting in the level of detail and forward-looking nature of the information involved and the consideration of impacts on the environment and other persons. We have adapted our approach in relation to disclosure of such matters. Our disclosures take into account the wider context relevant to these topics, including evolving stakeholder views, and longer time-frames for assessing potential risks and impacts having regard to international long-term climate and nature-based policy goals. Our climate and sustainability-related disclosures are subject to more uncertainty than disclosures relating to other subjects given market challenges in relation to data reliability, consistency and timeliness, and in relation to the use of estimates and assumptions and the application and development of methodologies. These factors mean disclosures may be amended, updated, and recalculated in future as market practice and data quality and availability develops.

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. 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, 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 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 SEC (including, without limitation, Barclays PLC's Annual Report on Form 20-F for the financial year ended 31 December 2022), 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 document 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 31 December 2022.