BARCLAYS

Jason M. Goldberg, CFA   +1 212 526 8580   jason.goldberg@barclays.com   BCI, US   Completed: 14-Jan-20, 13:19 GMT
Released: 14-Jan-20, 13:19 GMT

click HERE for JPM model

JPMorgan Chase & Co.

JPM 4Q19 EPS Instant Insight – Trading drives EPS beat

Stock Rating/Industry View: Overweight/Positive
Price Target: USD 168.00
Price (13-Jan-2020): USD 137.20
Potential Upside/Downside: 22%
Tickers: JPM

Bottom line

JPM posted an EPS beat. Relative to expectations, higher than expected trading revenues (FICC followed by equities), as well as IB fees (broad-based), and a lower than expected loan loss provision helped to fuel the beat. Its 1Q20 outlook for NII and expenses appears to approximate expectations.

Outlook

1Q20 net interest income: ~$14bn ($14.3bn in 4Q19) vs. consensus of $13.9bnn
1Q20 adjusted expenses: ~$17bn ($16.1bn in 4Q19; implies 3% y-o-y growth) vs. consensus of $16.8bn
1Q20 tax rate: ~17%, reflecting the impact of stock-based comp (19.4% in 4Q19 and 18.3% in 1Q19), vs. consensus of 20.1%
CECL: adoption increases loan loss reserve by $4.3bn (guided to $4-$6bn) and decreases retained earnings by $2.7bn (phased in over 4 years so 4bp hit in 1Q20).

Key takeaways

EPS beat. JPM reported 4Q19 EPS of $2.57. Consensus was $2.36. Relative to expectations, higher than expected trading revenues (FICC followed by equities), as well as IB fees (broad-based), and a lower than expected loan loss provision helped to fuel the beat.

"One-timers" essentially offset. Results included $123mn of securities gains, up from $78mn last quarter. Credit Adjustments & Other in CIB was a gain of $126mn, reflecting lower funding spreads on derivatives, compared with a loss of $71mn in the prior quarter. It released $93mn of loan loss reserves, compared to a $108mn reserve build in 3Q19. It had $35mn of MSR risk management gains. And, CB had gain on a strategic investment. These totaled over $377mn. Still, it booked $190mn of net markdowns on certain legacy private equity investments (in other) and posted a $241mn of legal expenses, totaling $431mn.

Revs up y-o-y, buyback continues. Managed revenues increased 9% y-o-y but fell 3% linked quarter to $29.2bn. Tangible book rose 0.8% to $60.98 (2.2x). It posted a 14% ROE, 17% ROTCE, and 1.22% ROA. CET1 was 12.4% (11-12% target), up 10bps, and SLR was unchanged at 6.3%. It repurchased $6.9bn of its shares in 4Q19, approximating the prior quarter (47% done w/ $29.4bn CCAR 2019 ask). Average diluted shares declined by 1.8%

Card leads CCB. Consumer & Community Banking (CCB) revenues rose 5% y-o-y and slipped 1% linked quarter to $4.2bn. Relative to 4Q18, Card, Merchant Services & Auto increased 9% (higher card net interest income on loan growth and margin expansion, as well as higher auto lease volumes), while Home Lending (-5%; lower net interest income on lower balances, and lower net servicing revenue, predominantly offset by higher net production revenue) and Consumer

& Business Banking (-2%; impact of deposit margin compression, largely offset by growth in deposit balances, and fee income from higher client investment assets and account and transaction growth) declined.

Trading better than expected in CIB. Corporate & Investment Banking (CIB) revenues rose 31% y-o-y and rose 1% linked quarter to $9.5bn. Trading revenues jumped 56% y-o-y (guided to “up meaningfully”) with FICC up 85% (favorable comparison against a weak prior year; reflected strength across businesses, notably in Securitized Products and Rates, driven by strong client activity and monetizing flows) and equities growing 15% (driven by higher revenue in Prime and Cash Equities). Total investment banking fees rose 5% y-o-y (guided to little change) but declined 4% from 3Q19. Relative to the prior quarter, advisory increased (+39%) while both debt (-15%) and equity (-26%) underwriting declined. Treasury Services fell 3% y-o-y (deposit margin compression predominantly offset by higher balances and fee growth) but rose 7% from 3Q19, while Securities Services rose 3% on both a y-o-y (organic growth partially offset by deposit margin compression) and q-o-q basis. Credit Adjustments & Other was a gain of $126mn, reflecting lower funding spreads on derivatives, compared with a loss of $71mn in the prior quarter.

CB and AWM revs up q-o-q. Commercial Banking (CB) revenues declined 3% y-o-y (lower net interest income driven by lower deposit margin, largely offset by higher deposit balances, and higher fees from deposit fees and a gain on a strategic investment) but rose 1% from 3Q19 to $2.2bn. Asset & Wealth Management (AWM) revenues rose 8% y-o-y (driven by higher investment valuations and average market levels, as well as deposit and loan growth, partially offset by deposit margin compression) and grew 4% linked quarter to $3.7bn.

NII slips. Net interest income declined 0.4% from 3Q19. Average earning assets rose 1% with securities (+15%) and deposits with banks (+2%) higher; loans little changed (though core +1%); and Fed Funds sold (-10%), securities borrowed (-3%) and trading assets (-5%) lower. Average total loans declined 1% y-o-y, though increased closer 3% excluding the impact of loan sales in Home Lending. Period-end loans increased 2% from 3Q19 with credit card up 6%, wholesale growing 2%, and consumer unchanged.

NIM declines but deposit costs lower. Its net interest margin declined 3bps to 2.38%. Its yield on average earning assets fell 21bps to 3.35% (loans -19bps, securities -27bps), while its cost of interest bearing liabilities decreased 25bps to 1.22% (IBD -18bps after -11bps in 3Q19). Still, its net interest margin ex CIB markets dropped 17bps to 3.6%. Deposits rose 2% sequentially, with increases in both U.S. NIBD (+1%) and U.S. IBD (+4%).

Costs controlled. Fee income rose 21% y-o-y but declined 6% from 3Q19. Linked quarter, lending & deposit fees, card income, and other increased, while investment banking fees, principal transactions, and mortgage declined. Expenses rose 4% y-o-y (driven by higher volume- and revenue-related expense, including comp and auto lease depreciation) but declined 1% from 3Q19. Its managed overhead ex. legal ratio was 55%. It posted a 19.4% effective tax rate (25.6% managed), down from 20.4% (25.1%) last quarter.

Asset quality benign. NALs/loans improved 9bps to 0.43%. Non-performing assets declined 16%, or $846mn, to $4.5bn. Its NCO ratio (ex. PCI) increased 5bps to 0.65%. Consumer NCOs rose 6bps to 0.17%, credit card increased 6bps to 3.01%, and wholesale grew 2bps to 0.12%. It released $93mn of loan loss reserves, compared to a $108mn reserve build in 3Q19. In Home Lending, the current period included a reserve release in the PCI portfolio of $250mn, reflecting improvements in delinquencies and home prices. Still, Card had a $100mn reserve build, driven by growth (stated while NCOs were higher, they were in line with expectations). Still, CIB’s and CB’s results included reserve builds on select client downgrades. Its reserve/loan ratio declined 1bp to 1.31%.

8:30am conference call

- **listen only: domestic 866-541-2724; int'l 706-634-7246**
- replay domestic 855-859-2056; int'l 404-537-3406 passcode 4327419

Results Relative to Expectations (FULL MODEL ATTACHED)

download image

Source: Barclays Research, S&P Global Market Intelligence, and Company

Jason M. Goldberg, CFA | Managing Director | Equity Research – LARGE-CAP BANKS
Tel +1 212 526 8580 | Mobile +1 917 566 3090 | jason.goldberg@barclays.com
Barclays, 745 7th Avenue, 17th Floor; New York, NY 10019 | www.barclays.com
Marketing deck: U.S. Large-Cap Banks Initial 2020 Outlook Slide Deck (12/3/19)
Homepage: https://live.barcap.com/go/research/analyst/LB00427

Analyst(s) Certification(s):

I, Jason M. Goldberg, CFA, hereby certify (1) that the views expressed in this research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures:

Barclays Capital Inc. and/or one of its affiliates does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Barclays Research is produced by the Investment Bank of Barclays Bank PLC and its affiliates (collectively and each individually, "Barclays"). All authors contributing to this research report are Research Analysts unless otherwise indicated. The publication date at the top of the report reflects the local time where the report was produced and may differ from the release date provided in GMT.

Availability of Disclosures:
Where any companies are the subject of this research report, for current important disclosures regarding those companies please refer to https://publicresearch.barclays.com or alternatively send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 13th Floor, New York, NY 10019 or call +1-212-526-1072.
The analysts responsible for preparing this research report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities, the profitability and revenues of the Markets business and the potential interest of the firm's investing clients in research with respect to the asset class covered by the analyst.

Analysts regularly conduct site visits to view the material operations of covered companies, but Barclays policy prohibits them from accepting payment or reimbursement by any covered company of their travel expenses for such visits.

Barclays Research Department produces various types of research including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of Barclays Research may differ from those contained in other types of Barclays Research, whether as a result of differing time horizons, methodologies, or otherwise.

In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to https://publicresearch.barcap.com/S/RD.htm. In order to access Barclays Research Conflict Management Policy Statement, please refer to: https://publicresearch.barcap.com/S/CM.htm.

Risk Disclosure(s)

Master limited partnerships (MLPs) are pass-through entities structured as publicly listed partnerships. For tax purposes, distributions to MLP unit holders may be treated as a return of principal. Investors should consult their own tax advisors before investing in MLP units.

Mentioned Stocks (Ticker, Date, Price)

JPMorgan Chase & Co. (JPM, 13-Jan-2020, USD 137.20), Overweight/Positive, CD/CE/D/E/GE/I/J/K/L/M/N/S

Valuation Methodology: Our price target is $168 and implies 14.5x our 2021 EPS estimate of $11.60.
Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Main risks to valuation include ongoing litigation risk, unanticipated movements in interest rates, slower than forecasted capital markets revenues, and the uncertain regulatory environment. Like other big banks, its legal and regulatory risks are above-average.

Ratings and Price Target History:
JPMorgan Chase & Co.
Currency=USD

JPM
Source: IDC, Barclays Research

Publication Date	Closing Price	Rating	Adjusted Price Target
06-Jan-2020	138.23		168.00
02-Jan-2019	99.31		140.00
16-Jan-2018	112.27		135.00
02-Jan-2018	107.95		132.00
13-Oct-2017	95.86		105.00

On 14-Jan-2017, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 100.00.
Source: Bloomberg, Barclays Research
Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Unless otherwise indicated, prices are sourced from Bloomberg and reflect the closing price in the relevant trading market, which may not be the last available price at the time of publication.

Disclosure Legend:
A: Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of the issuer in the previous 12 months.
B: An employee or non-executive director of Barclays PLC is a director of this issuer.
CD: Barclays Bank PLC and/or an affiliate is a market-maker in debt securities issued by this issuer.
CE: Barclays Bank PLC and/or an affiliate is a market-maker in equity securities issued by this issuer.
D: Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.
E: Barclays Bank PLC and/or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer within the next 3 months.
FA: Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with US regulations.
FB: Barclays Bank PLC and/or an affiliate beneficially owns a long position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.
FC: Barclays Bank PLC and/or an affiliate beneficially owns a short position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.
FD: Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with South Korean regulations.
GD: One of the analysts on the fundamental credit coverage team (or a member of his or her household) has a financial interest in the debt or equity securities of this issuer.
GE: One of the analysts on the fundamental equity coverage team (or a member of his or her household) has a financial interest in the debt or equity securities of this issuer.
H: This issuer beneficially owns more than 5% of any class of common equity securities of Barclays PLC.
I: Barclays Bank PLC and/or an affiliate is party to an agreement with this issuer for the provision of financial services to Barclays Bank PLC and/or an affiliate.
J: Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities of this issuer and/or in any related derivatives.
K: Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation (including compensation for brokerage services, if applicable) from this issuer within the past 12 months.
L: This issuer is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.
M: This issuer is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.
N: This issuer is, or during the past 12 months has been, a non-investment banking client (non-securities related services) of Barclays Bank PLC and/or an affiliate.
O: Not in use.
P: A partner, director or officer of Barclays Capital Canada Inc. has, during the preceding 12 months, provided services to the subject company for remuneration, other than normal course investment advisory or trade execution services.
Q: Barclays Bank PLC and/or an affiliate is a Corporate Broker to this issuer.
R: Barclays Capital Canada Inc. and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.
S: This issuer is a Corporate Broker to Barclays PLC.
T: Barclays Bank PLC and/or an affiliate is providing equity advisory services to this issuer.
U: The equity securities of this Canadian issuer include subordinate voting restricted shares.
V: The equity securities of this Canadian issuer include non-voting restricted shares.

Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (“the industry coverage universe”). To see a list of companies that comprise a particular industry coverage universe, please go to https://publicresearch.barclays.com.

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating
Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.
Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.
Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.
Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Distribution of Ratings:

Barclays Equity Research has 1598 companies under coverage.

45% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 50% of companies with this rating are investment banking clients of the Firm; 76% of the issuers with this rating have received financial services from the Firm.

38% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 43% of companies with this rating are investment banking clients of the Firm; 68% of the issuers with this rating have received financial services from the Firm.

15% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 31% of companies with this rating are investment banking clients of the Firm; 64% of the issuers with this rating have received financial services from the Firm.

Guide to the Barclays Research Price Target:

Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

Top Picks:

Barclays Equity Research's "Top Picks" represent the single best alpha-generating investment idea within each industry (as defined by the relevant "industry coverage universe"), taken from among the Overweight-rated stocks within that industry. Barclays Equity Research publishes "Top Picks" reports every quarter and analysts may also publish intra-quarter changes to their Top Picks, as necessary. While analysts may highlight other Overweight-rated stocks in their published research in addition to their Top Pick, there can only be one "Top Pick" for each industry. To view the current list of Top Picks, go to the Top Picks page on Barclays Live (https://live.barcap.com/go/keyword/TopPicks).

To see a list of companies that comprise a particular industry coverage universe, please go to https://publicresearch.barclays.com.

Types of investment recommendations produced by Barclays Equity Research:

In addition to any ratings assigned under Barclays' formal rating systems, this publication may contain investment recommendations in the form of trade ideas, thematic screens, scorecards or portfolio recommendations that have been produced by analysts within Equity Research. Any such investment recommendations shall remain open until they are subsequently amended, rebalanced or closed in a future research report.

Disclosure of other investment recommendations produced by Barclays Equity Research:

Barclays Equity Research may have published other investment recommendations in respect of the same securities/instruments recommended in this research report during the preceding 12 months. To view all investment recommendations published by Barclays Equity Research in the preceding 12 months please refer to https://live.barcap.com/go/research/Recommendations.

Legal entities involved in producing Barclays Research:

Barclays Bank PLC (Barclays, UK)

Barclays Capital Inc. (BCI, US)

Barclays Bank Ireland PLC, Frankfurt Branch (BBI, Frankfurt)

Barclays Bank Ireland PLC, Paris Branch (BBI, Paris)

Barclays Bank Ireland PLC, Milan Branch (BBI, Milan)

Barclays Securities Japan Limited (BSJL, Japan)

Barclays Bank PLC, Hong Kong branch (Barclays Bank, Hong Kong)

Barclays Capital Canada Inc. (BCCI, Canada)

Barclays Bank Mexico, S.A. (BBMX, Mexico)

Barclays Securities (India) Private Limited (BSIPL, India)

Barclays Bank PLC, India branch (Barclays Bank, India)

Barclays Bank PLC, Singapore branch (Barclays Bank, Singapore)

Barclays Bank PLC, DIFC Branch (Barclays Bank, DIFC)

Disclaimer:

Bank PLC is not registered in France with the Autorité des marchés financiers or the Autorité de contrôle prudentiel.
Americas: The Investment Bank of Barclays Bank PLC undertakes U.S. securities business in the name of its wholly owned subsidiary Barclays Capital Inc., a FINRA and SIPC member. Barclays Capital Inc., a U.S. registered broker/dealer, is distributing this material in the United States and, in connection therewith accepts responsibility for its contents. Any U.S. person wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Barclays Capital Inc. in the U.S. at 745 Seventh Avenue, New York, New York 10019. Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.
This material is distributed in Canada by Barclays Capital Canada Inc., a registered investment dealer, a Dealer Member of IIROC (www.iiroc.ca), and a Member of the Canadian Investor Protection Fund (CIPF).
This material is distributed in Mexico by Barclays Bank Mexico, S.A. This material is distributed in the Cayman Islands and in the Bahamas by Barclays Capital Inc., which it is not licensed or registered to conduct and does not conduct business in, from or within those jurisdictions and has not filed this material with any regulatory body in those jurisdictions.
Japan: This material is being distributed to institutional investors in Japan by Barclays Securities Japan Limited. Barclays Securities Japan Limited is a joint-stock company incorporated in Japan with registered office of 6-10-1 Roppongi, Minato-ku, Tokyo 106-6131, Japan. It is a subsidiary of Barclays Bank PLC and a registered financial instruments firm regulated by the Financial Services Agency of Japan. Registered Number: Kanto Zaimukyokucho (kinsho) No. 143.
Asia Pacific (excluding Japan): Barclays Bank PLC, Hong Kong Branch is distributing this material in Hong Kong as an authorised institution regulated by the Hong Kong Monetary Authority. Registered Office: 41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
All Indian securities-related research and other equity research produced by Barclays' Investment Bank are distributed in India by Barclays Securities (India) Private Limited (BSIPL). BSIPL is a company incorporated under the Companies Act, 1956 having CIN U67120MH2006PTC161063. BSIPL is registered and regulated by the Securities and Exchange Board of India (SEBI) as a Research Analyst: INH000001519; Portfolio Manager INP000002585; Stock Broker/Trading and Clearing Member: National Stock Exchange of India Limited (NSE) Capital Market INB231292732, NSE Futures & Options INF231292732, NSE Currency derivatives INE231450334, Bombay Stock Exchange Limited (BSE) Capital Market INB011292738, BSE Futures & Options INF011292738; Depository Participant (DP) with the National Securities & Depositories Limited (NSDL): DP ID: IN-DP-NSDL-299-2008; Investment Adviser: INA000000391. The registered office of BSIPL is at 208, Ceejay House, Shivsagar Estate, Dr. A. Besant Road, Worli, Mumbai – 400 018, India. Telephone No: +91 2267196000. Fax number: +91 22 67196100. Any other reports produced by Barclays' Investment Bank are distributed in India by Barclays Bank PLC, India Branch, an associate of BSIPL in India that is registered with Reserve Bank of India (RBI) as a Banking Company under the provisions of The Banking Regulation Act, 1949 (Regn No BOM43) and registered with SEBI as Merchant Banker (Regn No INM000002129) and also as Banker to the Issue (Regn No INBI00000950). Barclays Investments and Loans (India) Limited, registered with RBI as Non Banking Financial Company (Regn No RBI CoR-07-00258), and Barclays Wealth Trustees (India) Private Limited, registered with Registrar of Companies (CIN U93000MH2008PTC188438), are associates of BSIPL in India that are not authorised to distribute any reports produced by Barclays' Investment Bank.
This material is distributed in Singapore by the Singapore branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this material, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is 10 Marina Boulevard, #23-01 Marina Bay Financial Centre Tower 2, Singapore 018983.
This material is distributed to persons in Australia by Barclays Bank PLC. None of Barclays Bank PLC, nor any other Barclays group entity, holds an Australian financial services licence and instead relies on an exemption from the requirement to hold such a licence. This material is intended to only be distributed to "wholesale clients" as defined by the Australian Corporations Act 2001. This material is distributed in New Zealand by Barclays Bank PLC, but it has not been registered, filed or approved by any New Zealand regulatory authority or under or in accordance with the Financial Markets Conduct Act of 2013, and this material is not a disclosure document under New Zealand law.
Middle East: Nothing herein should be considered investment advice as defined in the Israeli Regulation of Investment Advisory, Investment Marketing and Portfolio Management Law, 1995 ("Advisory Law"). This document is being made to eligible clients (as defined under the Advisory Law) only. Barclays Israeli branch previously held an investment marketing license with the Israel Securities Authority but it cancelled such license on 30/11/2014 as it solely provides its services to eligible clients pursuant to available exemptions under the Advisory Law, therefore a license with the Israel Securities Authority is not required. Accordingly, Barclays does not maintain an insurance coverage pursuant to the Advisory Law.
This material is distributed in the United Arab Emirates (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC. Barclays Bank PLC in the Dubai International Financial Centre (Registered No. 0060) is regulated by the Dubai Financial Services Authority (DFSA). Principal place of business in the Dubai International Financial

Centre: The Gate Village, Building 4, Level 4, PO Box 506504, Dubai, United Arab Emirates. Barclays Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority. Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi). This material does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE (including the Dubai International Financial Centre) and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, the Dubai Financial Services Authority or any other relevant licensing authority or governmental agency in the UAE. The content of this report has not been approved by or filed with the UAE Central Bank or Dubai Financial Services Authority. Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

Russia: This material is not intended for investors who are not Qualified Investors according to the laws of the Russian Federation as it might contain information about or description of the features of financial instruments not admitted for public offering and/or circulation in the Russian Federation and thus not eligible for non-Qualified Investors. If you are not a Qualified Investor according to the laws of the Russian Federation, please dispose of any copy of this material in your possession.

IRS Circular 230 Prepared Materials Disclaimer: Barclays does not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.