

# Barclays UK

Bank of America Merrill Lynch  
Financials Conference

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# Barclays UK: a unique combination of businesses differentiated by scale and proven digital capability



**Unique combination:** scale across retail, credit cards, wealth & business banking



**Deepening relationships:** driving increased engagement with existing customers and clients

- Transforming customer interactions
- Automation, digitisation and data



**Delivering sustainable returns:** optimising NIM, prudent growth in balances, conservative risk appetite and structural cost reduction

## Key Metrics H1 2016<sup>1</sup>

3.59%  
NIM

43 bps  
LLR

53%  
Cost : income  
ratio

19.4%  
RoTE

24m  
Customers

9m  
Digitally active  
customers

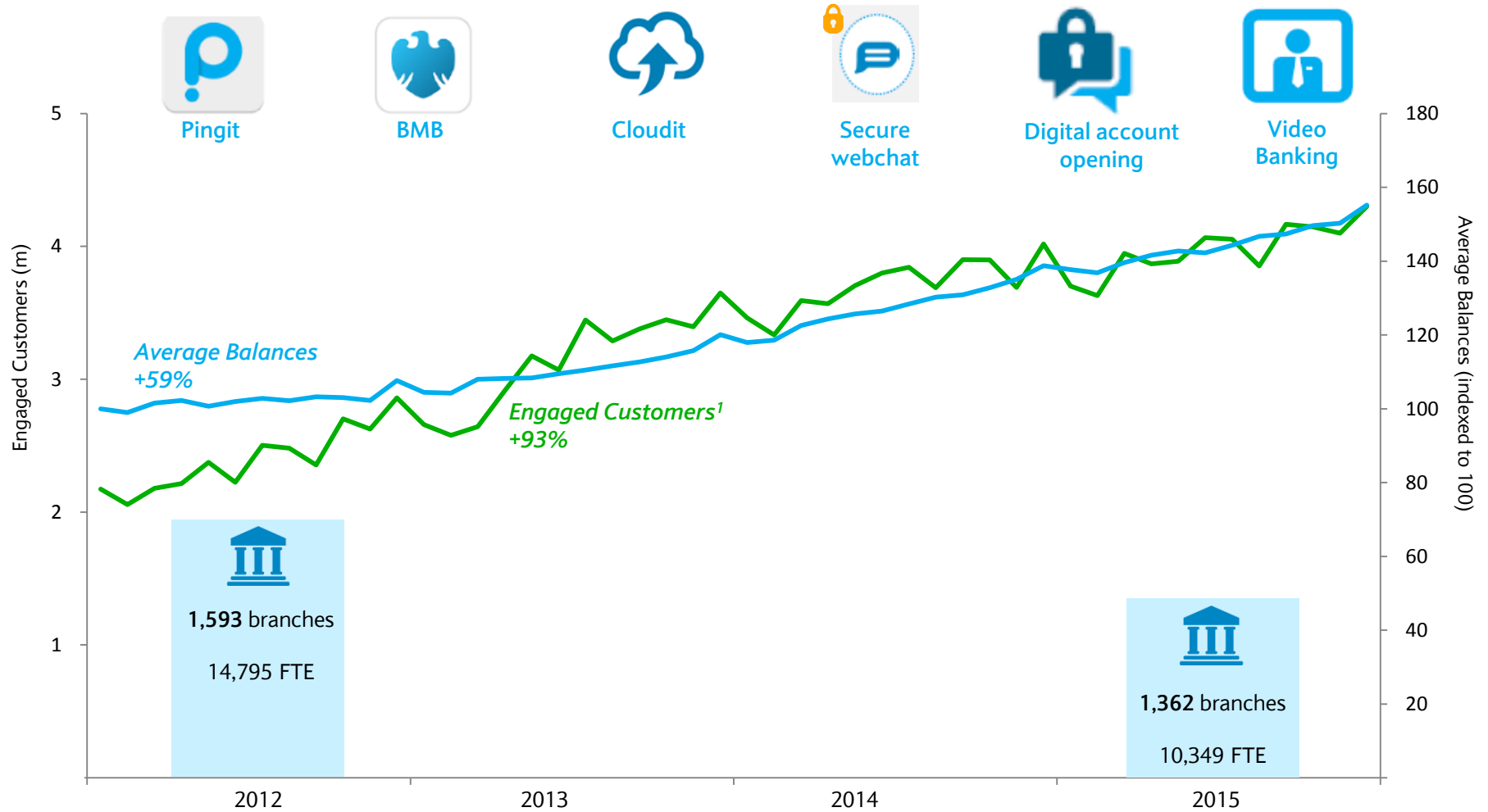
#1  
UK credit card  
issuer<sup>2</sup>

#3  
UK Wealth  
Manager<sup>3</sup>

#2  
UK business  
start-up  
market share<sup>4</sup>

<sup>1</sup> Excluding notable items | <sup>2</sup> By card receivables. Source: Lafferty (2015) | <sup>3</sup> 2015 Overall Wealth Ranking (including brokerage). Source: Private Asset Managers | <sup>4</sup> December 2015 to May 2016. Source: eBenchmarkers

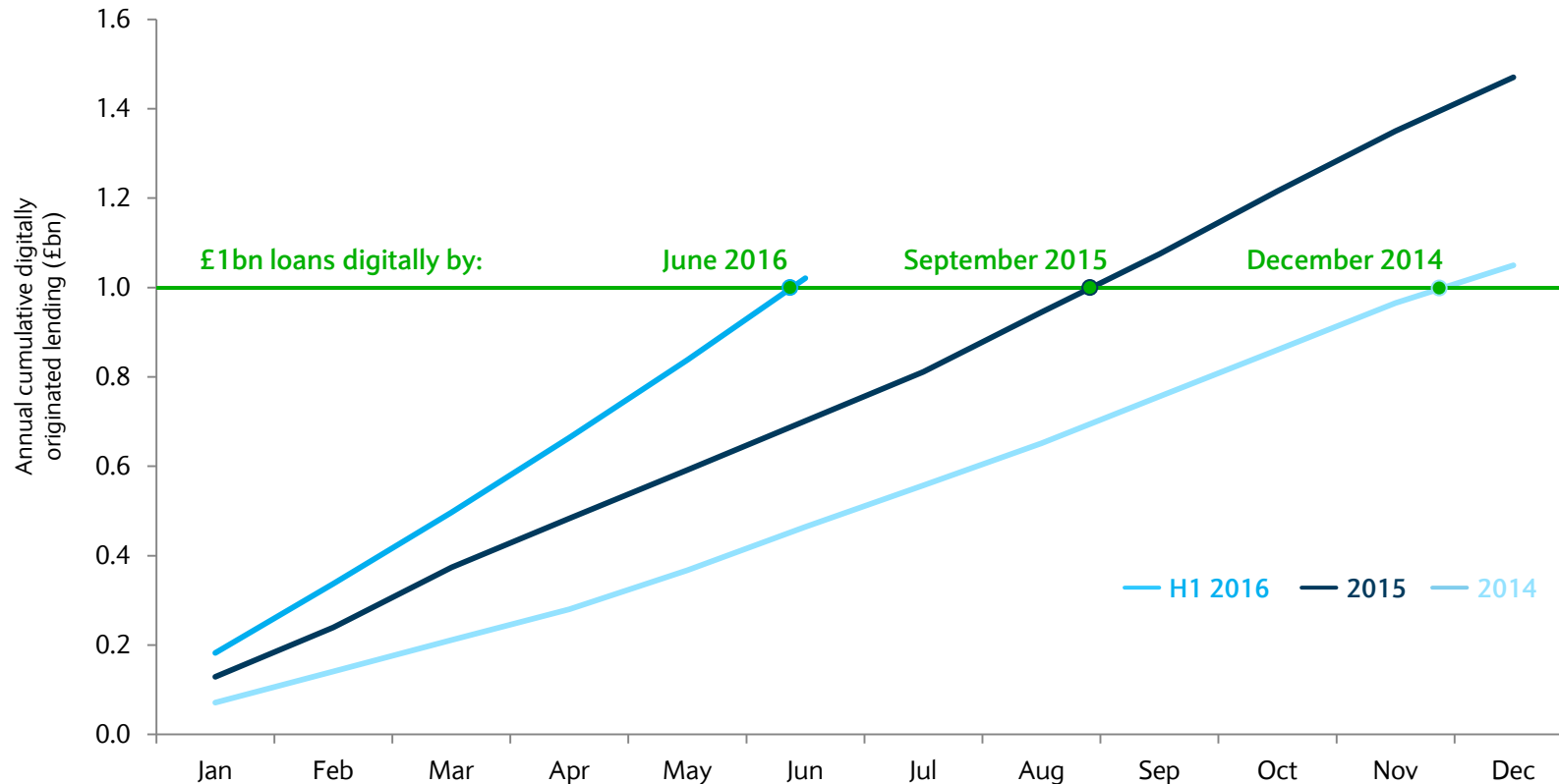
# Transforming customer interactions: Current Accounts



<sup>1</sup> Customers with a current account whose transactional behaviour via product and channel usage indicates high level of engagement with Barclays

# Transforming customer interactions: Consumer Loans

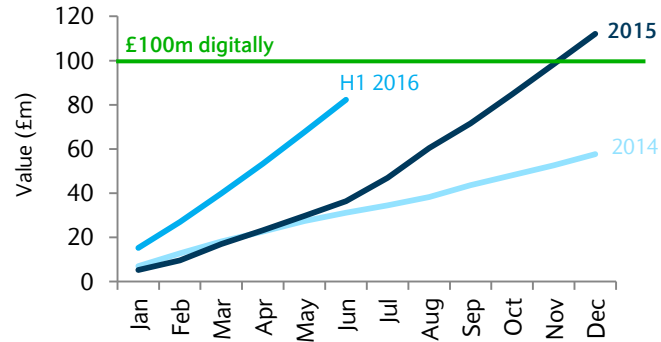
£1.1bn unsecured lending originated digitally in H1 2016



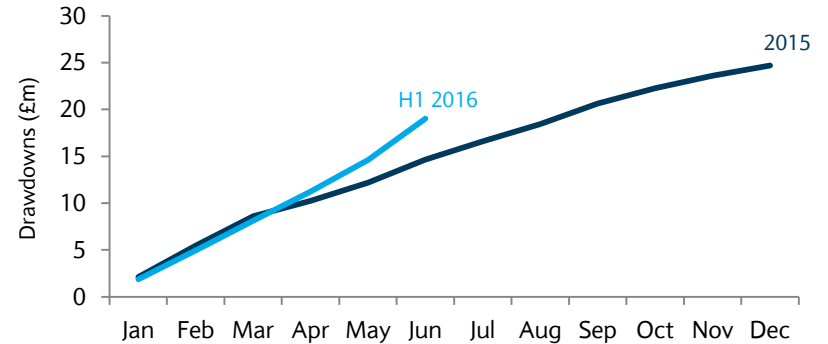
Digitally originated unsecured lending has a cost : income ratio in the low 20's

# Transforming customer interactions: Across our product set

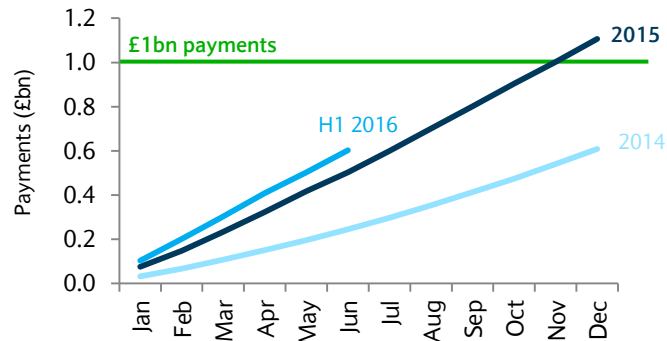
## Overdrafts: Digitally



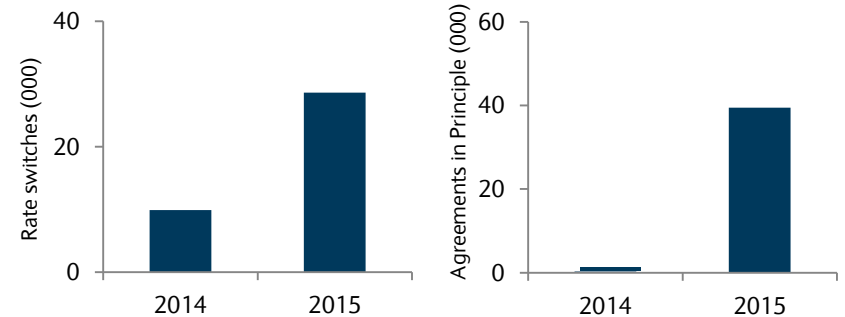
## SME Loans: Online lending



## Pingit: Total payment value c.£2.8bn to date



## Mortgages: Online rate switches and agreement in principle



Now taking this functionality into Cards and Investments

# Transforming customer interactions: Taking digital into the physical



**>1k**  
Encrypted video calls each month<sup>1</sup>



**429**  
Quick service points



**619**  
Assisted service counters

**>200**  
counter transactions automated every working minute



**53%**  
Current accounts opened digitally<sup>2</sup>

Branches remain an important part of the banking ecosystem, complementing digital

<sup>1</sup> From January to August 2016 | <sup>2</sup> As at end of August 2016

# Automation, digitisation and data: Power of digital

Digital capability across the bank growing...



Branch



SkyBranch



Digital

E.g.

- Funds transfers
- Pay bills / Add new payees
- FX
- Change contact details
- Replace lost or stolen debit card
- Mortgage balance enquiry
- Set up / amend overdraft
- Bulk payments

... with majority of transactions executed digitally

TOTAL # of transactions YTD<sup>1</sup>



Branch



SkyBranch



Digital



Funds transfers

94.2m

6%

1%

93%



Pay Bills (new payee)

19.6m

13%

9%

78%



Cheque deposits

12.4m

100%

0%

0%

Cheque imaging programme underway



Managing regular payments

7.6m

19%

12%

69%



Account management

6.6m

44%

23%

34%

<sup>1</sup> As at end July 2016

# Automation, digitisation and data: Opportunities in progress with Mortgages and Barclaycard

## Mortgages: targeting 'off-Barclays' balances with Premier customers

**£315k**  
Average Premier loan size

**200k**  
Premier customers hold mortgages "off-Barclays"

**£57bn**  
Premier mortgage balances held "off-Barclays"

## Mortgages: focus on experience and retention showing results across in-house and broker channels

**22%**  
Uplift on in-house channel<sup>1</sup>

**60%**  
Year on year improvement in redemptions at maturity<sup>1</sup>

**Top 3**  
Provider for brokers due to product consideration and Premier policy

<sup>1</sup> As at end July 2016

## Barclaycard: targeting existing banking customers and leverage digital capabilities

### Deepening customer relationships

- Preselect Barclays customers for credit card offering

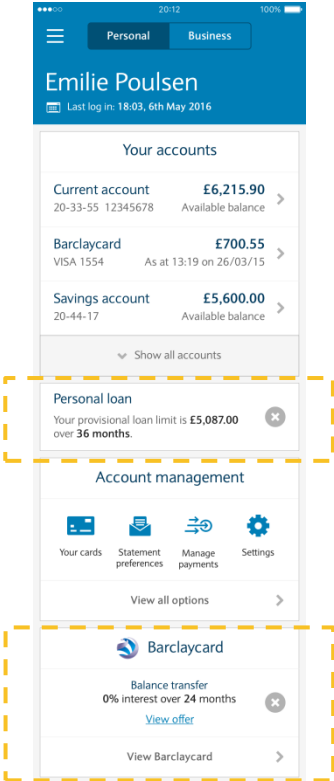


**4.5m** Barclays customers pre-selected for a Barclaycard

### Focus on targeting and marketing

- Instant digital fulfillment
- Enhanced marketing material
- Personalised experience through Barclays Mobile Banking

### Dedicated Barclaycard banner on BMB





# Automation, digitisation and data: Growing the fee line

## SmartSpend: Providing our customers with exclusive offers

Launched in 2014

- Enhancing the value of banking with Barclays
- Accelerating primary relationship growth in a sustainable way
- Over 350k customers registered



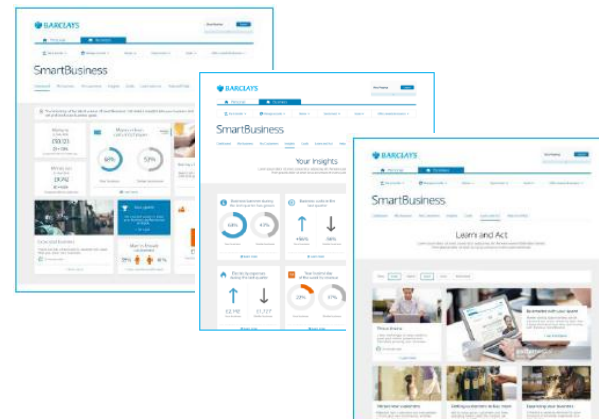
Partners include:



## SmartBusiness: First big data product from Barclays

Available from September 2016 to 560k businesses in the UK

- Providing SMEs with key information, metrics and insights to help them grow their business including
  - Trends and figures on incomings and outgoings
  - Customer profile and spending behaviour
  - Actionable and comparative trends unique to each business
  - Content and tools to help customers learn more and take action



# We're also leading the digital revolution through our colleagues and our communities, strengthening our franchise

## Digital Eagles

16,433 Barclays colleagues supporting our mission of creating the most Digital Savvy workforce



5 labs with >22k visitors



1,051 Code Playgrounds were held in 2015



4,753 Tea & Teach sessions held since it began in 2014

## Digital Wings

Created by BARCLAYS

>31k People registered externally

>1.6k Registered Companies

>51k Colleagues registered

And we're leading thought leadership on digital empowerment

# Consistently prudent risk management

## UK Mortgages – high quality, conservative portfolio

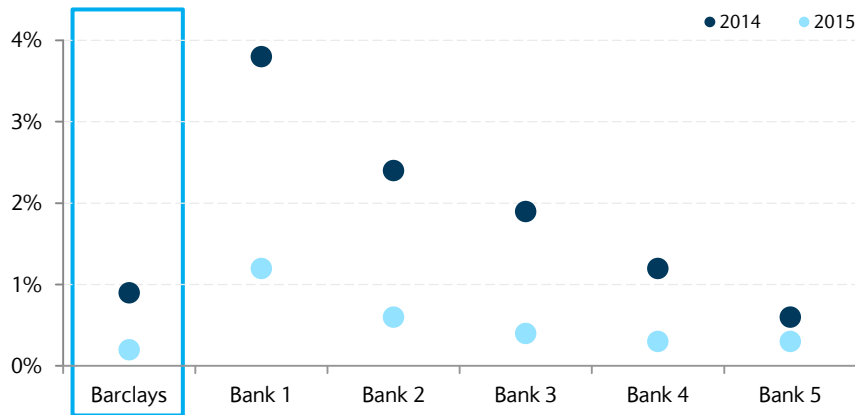
- Consistently strong underwriting criteria
- Limited high loan to value and buy to let lending

**£127bn**  
Mortgage  
portfolio

**47%**  
Average LTV<sup>1</sup>

**0.2%**  
>90 days arrears

### BoE Stress Tests UK Mortgage Cumulative Impairment Charge Rates<sup>2</sup>



## UK Cards – seasoned and resilient portfolio

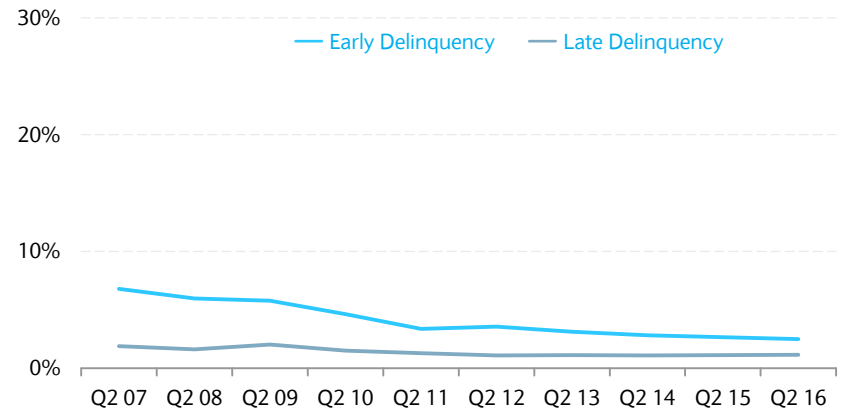
- History of strong and improving delinquency trends
- Strong UK card CRL coverage ratios provide significant protection and have increased in recent years

**90%**  
2012



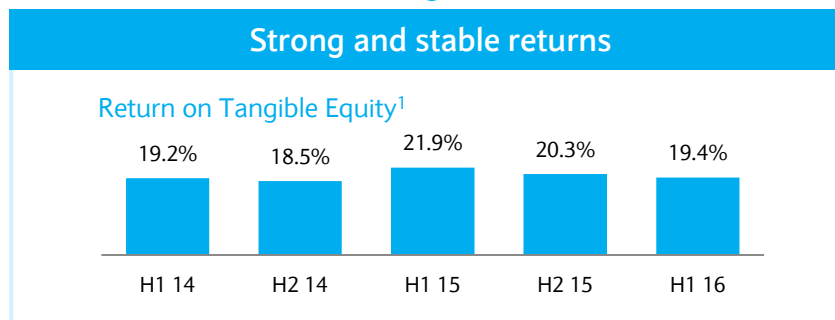
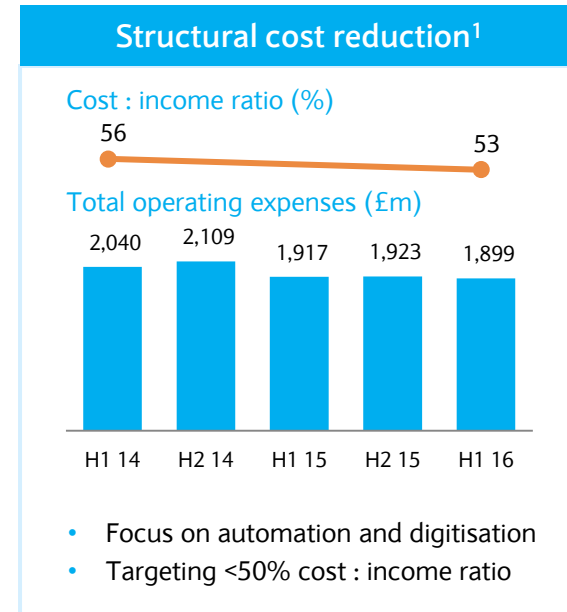
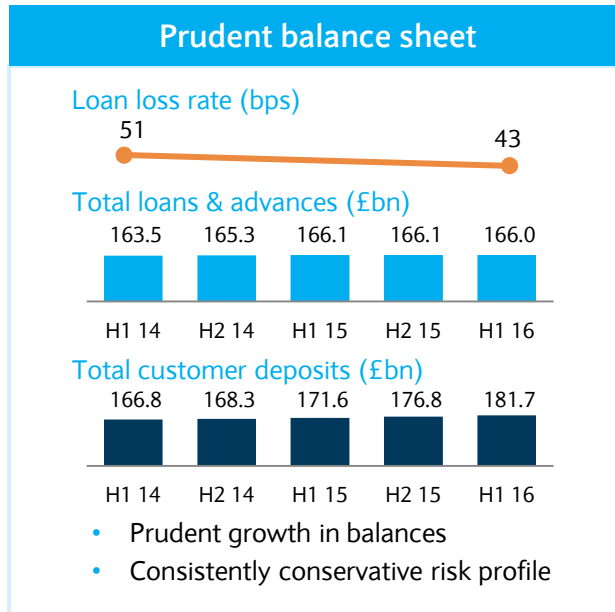
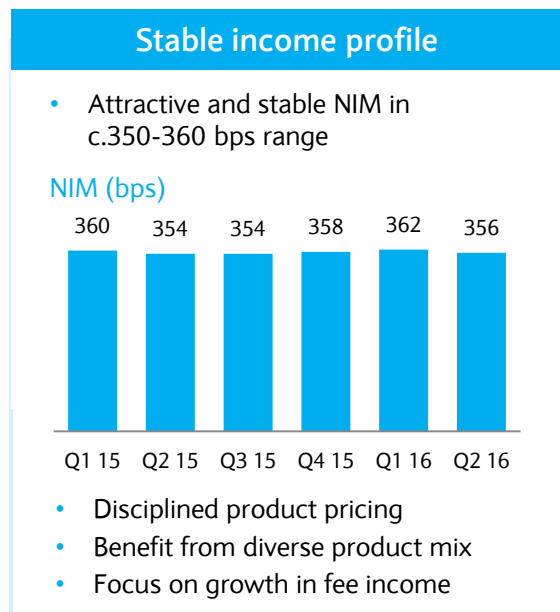
**125%**  
H1 2016

### Breakdown by delinquency bucket



<sup>1</sup> Balance weighted LTV is derived by calculating individual LTVs at account level and weighting it by the balances to arrive at the average position. <sup>2</sup> Source: Bank of England 2014 and 2015 stress test results (<http://www.bankofengland.co.uk/financialstability/Pages/fpc/stresstest.aspx>). Cumulative impairment charge rates refers to total impairment charge (over three years for the 2014 stress test and over five years for the 2015 stress test) / average gross on balance sheet exposure over the period.

# Our focus on deep customer relationships driving balance sheet growth and sustainable returns



<sup>1</sup> Excluding notable items and UK bank levy

# Giving confidence we will continue to deliver sustainable returns

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