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

- 3.59% NIM
- 43 bps LLR
- 53% Cost : income ratio
- 19.4% RoTE
- 24m Customers
- 9m Digitally active customers
- #1 UK credit card issuer
- #2 UK business start-up market share
- #3 UK Wealth Manager

Transforming customer interactions: Current Accounts

Average Balances +59%

Engaged Customers +93%

1,593 branches
14,795 FTE

2012
2013
2014
2015

Average Balances (indexed to 100)

Engaged Customers

1 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**

![Graph showing value (£m) from 2014 to 2015 for overdrafts digitally]

**SME Loans: Online lending**

![Graph showing drawdowns (£m) from 2014 to 2015 for SME loans]

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

![Graph showing payments (£bn) from 2014 to 2015 for Pingit]

**Mortgages: Online rate switches and agreement in principle**

![Graph showing rate switches (000) and agreements in principle (000) from 2014 to 2015 for mortgages]

Now taking this functionality into Cards and Investments
Transforming customer interactions: Taking digital into the physical

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

1 From January to August 2016 | 2 As at end of August 2016
Automation, digitisation and data: Power of digital

Digital capability across the bank growing...

<table>
<thead>
<tr>
<th>E.g.</th>
<th>Branch</th>
<th>SkyBranch</th>
<th>Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds transfers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay bills / Add new payees</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FX</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change contact details</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Replace lost or stolen debit card</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Mortgage balance enquiry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Set up / amend overdraft</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulk payments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

... with majority of transactions executed digitally

<table>
<thead>
<tr>
<th>TOTAL # of transactions YTD¹</th>
<th>Branch</th>
<th>SkyBranch</th>
<th>Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds transfers</td>
<td>94.2m</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Pay Bills (new payee)</td>
<td>19.6m</td>
<td>13%</td>
<td>9%</td>
</tr>
<tr>
<td>Cheque deposits</td>
<td>12.4m</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Managing regular payments</td>
<td>7.6m</td>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>Account management</td>
<td>6.6m</td>
<td>44%</td>
<td>23%</td>
</tr>
</tbody>
</table>

¹ As at end July 2016
Automation, digitisation and data: Opportunities in progress with Mortgages and Barclaycard

<table>
<thead>
<tr>
<th>Mortgages: targeting ‘off-Barclays’ balances with Premier customers</th>
<th>Barclaycard: targeting existing banking customers and leverage digital capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£315k</strong></td>
<td>Deepening customer relationships</td>
</tr>
<tr>
<td>Average Premier loan size</td>
<td>• Preselect Barclays customers for credit card offering</td>
</tr>
<tr>
<td><strong>£57bn</strong></td>
<td>4.5m Barclays customers pre-selected for a Barclaycard</td>
</tr>
<tr>
<td>Premier mortgage balances held “off-Barclays”</td>
<td>Focus on targeting and marketing</td>
</tr>
<tr>
<td>200k Premier customers hold mortgages “off-Barclays”</td>
<td>• Instant digital fulfillment</td>
</tr>
<tr>
<td><strong>22%</strong></td>
<td>• Enhanced marketing material</td>
</tr>
<tr>
<td>Uplift on in-house channel</td>
<td>• Personalised experience through Barclays Mobile Banking</td>
</tr>
<tr>
<td><strong>60%</strong></td>
<td></td>
</tr>
<tr>
<td>Year on year improvement in redemptions at maturity</td>
<td></td>
</tr>
<tr>
<td><strong>Top 3</strong></td>
<td></td>
</tr>
<tr>
<td>Provider for brokers due to product consideration and Premier policy</td>
<td></td>
</tr>
</tbody>
</table>

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1 As at end July 2016

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Dedicated Barclaycard banner on BMB

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As at end July 2016
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

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

Partners include:
- Expedia
- M&S
- Debenhams
- B&Q
- GAP
- Boots
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

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\(^1\)
0.2% >90 days arrears

BoE Stress Tests UK Mortgage Cumulative Impairment Charge Rates\(^2\)

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

\(^1\) Balance weighted LTV is derived by calculating individual LTVs at account level and weighting it by the balances to arrive at the average position. \(^1\) \(^2\) 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

**Stable income profile**
- Attractive and stable NIM in c.350-360 bps range
  - Disciplined product pricing
  - Benefit from diverse product mix
  - Focus on growth in fee income

<table>
<thead>
<tr>
<th>NIM (bps)</th>
<th>Q1 15</th>
<th>Q2 15</th>
<th>Q3 15</th>
<th>Q4 15</th>
<th>Q1 16</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>360</td>
<td>354</td>
<td>354</td>
<td>358</td>
<td>362</td>
<td>356</td>
</tr>
</tbody>
</table>

**Prudent balance sheet**
- Loan loss rate (bps)
  - 51
- Total loans & advances (£bn)
  - 163.5 to 166.0
- Total customer deposits (£bn)
  - 166.8 to 181.7
  - Prudent growth in balances
  - Consistently conservative risk profile

**Structural cost reduction**
- Cost : income ratio (%)
  - 56
- Total operating expenses (£m)
  - 2,040 to 1,899
  - Focus on automation and digitisation
  - Targeting <50% cost : income ratio

**Strong and stable returns**
- Return on Tangible Equity
  - 19.2% H1 14
  - 18.5% H2 14
  - 21.9% H1 15
  - 20.3% H2 15
  - 19.4% H1 16

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1 Excluding notable items and UK bank levy
Giving confidence we will continue to deliver sustainable returns

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
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