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

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**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

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Transforming customer interactions: Current Accounts

- **Average Balances**: +59%
- **Engaged Customers**: +93%

1,593 branches
14,795 FTE

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

- **£100m digitally**
- **H1 2016**
- **2015**

### SME Loans: Online lending

- **Drawdowns (£m)**
- **H1 2016**
- **2015**

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

- **£1bn payments**
- **H1 2016**
- **2015**

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

- **Rate switches (000)**
- **Agreements in Principle (000)**

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

Mortgages: targeting ‘off-Barclays’ balances with Premier customers

- **£315k** Average Premier loan size
- **200k** Premier customers hold mortgages “off-Barclays”

Barclaycard: targeting existing banking customers and leverage digital capabilities

- **£57bn** Premier mortgage balances held “off-Barclays”
- Deepening customer relationships
  - Preselect Barclays customers for credit card offering
- Focus on targeting and marketing
  - Instant digital fulfillment
  - Enhanced marketing material
  - Personalised experience through Barclays Mobile Banking

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

- **22%** Uplift on in-house channel
- **60%** Year on year improvement in redemptions at maturity

Top 3

Provider for brokers due to product consideration and Premier policy

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1 As at end July 2016

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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
- ASDA
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

![Digital Eagles](image)

1,113,808 People Digital Eagles Have Helped

Since 16.04.13

5 labs with >22k visitors

**Digital Wings**

>31k People registered externally

>1.6k Registered Companies

>51k Colleagues registered

1,051 Code Playgrounds were held in 2015

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

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 LTV¹

0.2% >90 days arrears

**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

**BoE Stress Tests UK Mortgage Cumulative Impairment Charge Rates²**

<table>
<thead>
<tr>
<th>Year</th>
<th>Barclays</th>
<th>Bank 1</th>
<th>Bank 2</th>
<th>Bank 3</th>
<th>Bank 4</th>
<th>Bank 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>2015</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

**Breakdown by delinquency bucket**

- Early Delinquency
- Late Delinquency

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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. 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

**Prudent balance sheet**
- Loan loss rate (bps)
  - H1 14: 51 bps, H2 14: 43 bps
- Total loans & advances (£bn)
  - H1 14: 163.5, H2 14: 165.3, H1 15: 166.1, H2 15: 166.1, H1 16: 166.0
- Total customer deposits (£bn)
  - H1 14: 166.8, H2 14: 168.3, H1 15: 171.6, H2 15: 176.8, H1 16: 181.7
- Prudent growth in balances
- Consistently conservative risk profile

**Structural cost reduction**
- Cost : income ratio (%)
  - H1 14: 56%, H2 14: 53%, H1 15: 51%, H2 15: 49%, H1 16: 47%
- Total operating expenses (£m)
  - H1 14: 2,040, H2 14: 2,109, H1 15: 1,917, H2 15: 1,923, H1 16: 1,899
- Focus on automation and digitisation
- Targeting <50% cost : income ratio

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

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

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