

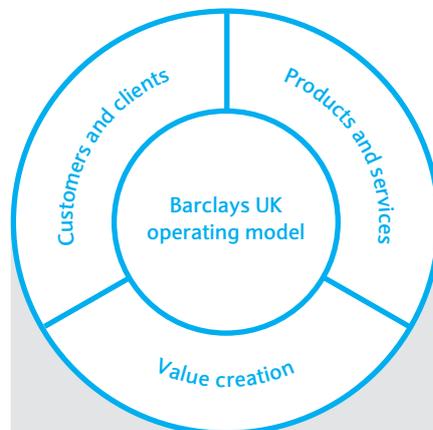
# Leaders in innovation



Ashok Vaswani  
CEO, Barclays UK

With 24 million customers and clients and 25,000 colleagues, Barclays UK's strategy is about building long-term, meaningful relationships with our customers. This is achieved through colleagues, empowered by technology, passionate about the customer, delivering perfect and personalised experiences to help customers move forward with confidence every day.

*Ashok Vaswani*



#### Customers and clients

- Individuals
- Small and medium-sized enterprises

#### Products and services

- Personal banking services
- Credit cards and transactional lending
- Mortgages and secured lending
- Investment products and services
- Business banking solutions

#### Value creation

- To our customers and clients – building meaningful relationships, providing relevant and personalised financial solutions
- To society – helping communities move forward
- To shareholders – providing sustainable, diversified returns and prudent balance growth

#### Contribution to Barclays

**£7.4bn**

Income

**£2.4bn\***

Profit before tax

**16.7%\***

RoTE

**56%\***

Cost: income ratio

**£75.2bn**

Risk weighted assets

\* Excluding litigation and conduct.

## Overview

Barclays UK is a personal and business banking franchise, comprised largely of our Personal Banking, Barclaycard Consumer UK and Business Banking businesses.

Our Personal Banking business includes Community and Premier banking, as well as Savings, Investments & Wealth Management, which offer financial solutions to help customers move forward with confidence. Barclaycard Consumer UK is a leading credit card provider, offering flexible borrowing and payment solutions, while delivering a leading customer experience. Business Banking serves a spectrum of clients, from high growth start-ups to small and medium-sized enterprises who need specialist advice, products and services.

This year, we officially established Barclays Bank UK PLC, which forms part of Barclays PLC Group, being the first bank in the UK to become legally ring-fenced. This was a huge undertaking and brings with it a new phase in Barclays' history.

## Strategy

Our strategy is centred on building long-term, meaningful relationships with our customers. This is achieved through colleagues, empowered by technology, passionate about the customer, delivering perfect and personalised experiences to help customers move forward with confidence every day.

The Barclays Purpose is Creating opportunities to rise. In Barclays UK we express this as #letsforward – helping people move forward and do the things they want to do, with confidence, every day.

## Market and operating environment

The current political and economic environment poses a number of challenges through the impact on our customers of continuing uncertainty, modest economic growth and volatile exchange rates, while ongoing low interest rates constrain overall profitability. Against this backdrop, competition, customer behaviour and regulatory expectations continue to evolve rapidly, requiring a high degree of business change. Barclays UK, however, continues to deliver solid financial performance, with a Return on Tangible Equity of 16.7% (excluding litigation and conduct), underpinned by strong capital and liquidity positions with a conservative LDR of 96%. This has been achieved through the delivery of customer-centric solutions and franchise-led deposit growth, matched by low risk, high-quality secured asset growth while maintaining a stable net interest margin.

## Risks to the operating model

The uncertainty around Brexit has been a challenge throughout 2018 and remains so, impacting both customer confidence and the market environment. We closely monitor the

environment in which we operate and key indicators within our business, while proactively planning for numerous potential outcomes, in order to minimise the risks associated with the UK's withdrawal from the European Union. We remain conservative in our outlook, supported by our strong risk management framework and oversight.

The threats of organised crime and cyberattacks remain key risks to our operating model and we continue to invest to ensure the operational resilience and reliability of our technological infrastructure, while simplifying our technological estate in order to remain agile and drive technological advancement for the benefit of our customers.

We remain focused on reducing the volume of operational incidents through continued investment in our technology and controls. The volume of operational incidents caused by technology are becoming less frequent across Barclays year-on-year, with a 13% reduction in the last 12 months. Where incidents do occur, we are resolutely focused on minimising any impact on customers.

There have been a number of significant regulatory developments around retail banking business models and pricing in 2018 that have the potential to impact our business models going forward, while potential new market entrants, such as Fintechs and established large technology companies, threaten to take market share.

As the deadline for PPI enquiries approaches, we continue to monitor responses and resource appropriately for an increase in the lead up to the claims deadline date, in order to ensure the right outcomes for our customers.

## Key highlights of the year

Throughout 2018, we have continued to demonstrate our position as leaders in innovation, providing customers with solutions to better serve their financial needs. Through automation and digitisation, over half of the products we delivered in 2018 were taken out digitally and 90% of our service transactions are now completed in a self-service fashion by our customers.

We have continued to develop the capabilities of our mobile banking app, Barclays Mobile Banking (BMB) to allow our customers to manage their finances more easily and effectively, with BMB becoming the most used banking app in the UK (eBenchmarkers). We now have around 10.8 million digitally active, around five million of whom are digital only.

We are proud to be the first major UK high street bank to allow customers to aggregate their other current accounts into our mobile banking app through Open Banking API technology, meaning that customers do not have to share their online banking log-in credentials with us in order to do this. We

## Building Thriving Local Economies

In September, we launched our first Building Thriving Local Economies pilot in Bury, Greater Manchester. Through this we aim to bring together people, teachers, business groups and political leaders across our communities to identify growth opportunities and understand the barriers that prevent local communities in the UK from moving forward. We understand that every community has different characteristics and circumstances, so following our pilot in Bury, we will create a further three pilots in different types of communities across the UK, including a rural community, a coastal community and a smaller town.

will continue to harness the opportunities that Open Banking provides in order to deliver new and exciting applications for our customers in the future.

By focusing our efforts on improving the end-to-end journeys for our customers, we have again reduced the number of complaints we receive. Despite this, the level of complaints we receive remains too high and reducing them further will continue to be a key priority for us in 2019.

This year has seen further progress in ensuring we continue to properly support older, disabled or potentially vulnerable customers. A number of new services were launched including: the ability for deaf customers to contact us by telephone with the assistance of a third-party interpreter; an online support page for people experiencing mental health concerns; and a wide-range of considerations for older customers including fraud and scams awareness and accessible banking services.

We are investing in personalised ways to support customers who are showing that they may be experiencing early stages of financial stress. Enabled by a new sophisticated data engine, we have developed a suite of tailored contacts to direct customers towards tools and information that could help them improve their financial health.

We have already helped over 6.7 million young people develop the core, transferable skills they need for the world of work through our LifeSkills programme and we have committed to upskill another 10 million people over the next five years to support all generations, across the whole of the UK.

**Ashok Vaswani**  
CEO, Barclays UK

## Personal Banking

Our Community and Premier Banking team develop transparent and innovative solutions for our customers. We help customers move forward by putting them at the heart of everything we do, connecting the different aspects of their lives to their financial lives, at the time that suits them. This ranges from opening their first bank account to completing a mortgage on their dream home.

Savings, Investments & Wealth Management serves a spectrum of clients – from those who manage their own investments, requiring an execution service, to those who require a dedicated and holistic service through our Wealth Management division.

## Community and Premier Banking

Throughout the year, we have helped our Community and Premier customers go forward through a range of both new products and propositions as well as enhancements to existing ones.

We have made a range of enhancements to BMB in order to help our customers manage their finances more effectively. As well as being able to view current accounts from other banks, we continue to give customers more control of their financial lives. Misplaced debit cards can now be temporarily frozen through BMB, preventing any cash machine withdrawals and online or in-store debit card purchases. We have also implemented a calendar view feature showing regular payments scheduled for the month ahead to assist in better financial planning, as well as an improved view of transaction details, including a map view, so our customers can identify with whom they have spent their money more quickly and easily.

We continued to reward customers who chose to bank with us, launching two switching campaigns in 2018 based on our Blue Rewards proposition. Our first campaign offered double rewards for a year for switching, followed by a subsequent campaign offering double Rewards for Community and triple Rewards for Premier customers for switching to a Barclays Current Account through the Current Account Switch Service. 1.4 million customers now benefit from Blue Rewards, including Cashback, representing a 51% year-on-year increase.

In 2018, we helped over 110,000 customers take out a mortgage or further borrowing on their property, 22,000 of whom were first-time buyers. We continue to help our customers on their home-buying journey with 1.5% growth in gross lending year-on-year.

Demonstrating our commitment to Barclays Group's green finance agenda, we were the first major UK bank to offer a Green Mortgage product. The Barclays Green Home Mortgage rewards customers with lower rates on certain deals when purchasing new energy efficient homes and builds upon Barclays green product offering.

## Savings, Investments and Wealth Management

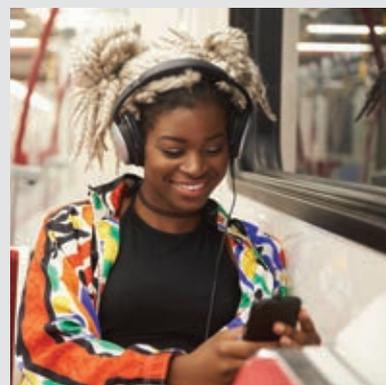
In 2018, we brought our Savings proposition together with our Wealth and Investments business, so that we can seek to offer our customers and clients a flawless experience, whatever stage they are at in their savings and investments journey.

We launched our Flexible Monthly Income Bond, which enables customers to deposit a lump sum for a three-year term and then drawdown the capital on a monthly basis to supplement their income. This is a unique and innovative product designed for customers in the retirement segment, with the launch linked to National Pension Awareness Day.

Customers who want instant access to their savings can now open an Everyday Saver account entirely through BMB. We have seen a huge customer response to this with over 60% of Everyday Saver accounts opened digitally in 2018.

In our Wealth Management business we continued our focus on growth throughout 2018, with a number of new hires and continued strong levels of new client acquisition. However, challenging market conditions have resulted in overall assets under management falling year on year. Investment will continue to be made to improve the client experience and productivity of our Wealth Managers during 2019.

After a difficult start to the year, with issues relating to the migration of customers to our digital investing proposition, Smart Investor, we have worked to enhance the platform in 2018 – for example customers can now sign up to Smart Investor via BMB. However, there remains work to do in 2019 to turn the platform into a leading digital investments offering. To this end, we have a confirmed 2019 delivery roadmap, based on client feedback, that will see significant upgrades to the platform throughout the year.



## Barclaycard Consumer UK

Barclaycard Consumer UK is a leading credit card provider, providing flexible borrowing and payment solutions to around 10 million customers in the UK. We help people move forward, by helping them to borrow and pay in the way that suits them. We are a responsible lender, providing credit based on credit history, ability to afford credit and our risk appetite, while seeking to deliver a leading customer experience.

In 2018, we have looked at further ways to meet the needs of our customers.

At Barclaycard Consumer UK, we inspire confidence by making sure everything we do is secure, reliable and useful to our customers and clients, like giving our customers 24/7 fraud protection to keep their money safe and equipping customers with the knowledge to protect themselves from fraud. Our Fraud Fighter campaign highlights that fraud is not always so easy to spot and encourages customers to use our Fraud Fighter Tool.

We continued working to better understand the needs of different customer circumstances and help put the customer in control. We launched a credit build tool that offers tips and advice to help customers build their credit score. We helped customers move forward this year with our first ever product upgrade from Initial to Platinum for qualifying price promise customers – we upgraded customers who kept their accounts in order for 12 months to help them further build their credit score and go forward to do the things they want to do, with confidence, every day.

We are also committed to ensuring more transparency with our customers, not just in the ways that we communicate with them, but by simplifying the ways that our products work. Over the last year, we have waived interest charges on purchases that are paid in full if a card also has a promotional balance. Under this new scheme, cardholders that make new purchases during the billing cycle and pay them off in full by their payment due date will no longer pay any interest on those transactions, thus removing the need for customers to use separate cards for their spending and balance transfers.

We continue to challenge ourselves to think differently and create a model that lowers complaints and provides better customer experience while delivering sustainable returns. Customers want relevant, personalised payment and borrowing options, coupled with perfect digital-driven experiences and they want those experiences to come to them, in the digital channels they choose, at the moment that's right for them. In a first for any of Barclays UK's retail banking products, customers can now acquire a Barclaycard credit card on an external Open Banking Mobile app.

Barclays was the first major UK bank to offer a Green Mortgage product. The Barclays Green Home Mortgage rewards customers with lower rates on certain deals when purchasing new energy efficient homes and builds upon Barclays green product offering.

## Business Banking

Business Banking offers products, services and specialist advice to over one million clients in the UK, ranging from start-ups to mid-sized businesses, to help them achieve their goals.

Business Banking provides support to clients across the UK at all stages of their business cycle through a relationship-based and digitally-driven service.

Our UK-wide network of experts has helped thousands of businesses get started and grow, with access to specialist industry insights across key segments such as Agriculture and Real Estate. We also support a legacy portfolio of Education, Social Housing and Local Authorities (ESHLA) clients. Although new lending to ESHLA clients is met through Barclays International, Barclays UK continues to support ESHLA clients, for example, by agreeing a number of mergers within social housing, which gives clients the capacity to continue building more new homes to address UK housing needs.

Innovation is an integral part of our strategy for growth and continues to be at the forefront of our services. In 2018, we announced a number of key partnerships with Fintech businesses, such as our industry-leading collaboration with PayPal, enhancing customers' digital payments, saving SMEs time and putting them in control, with access to marketing, inventory and other valuable data all in one place. We collaborated with MarketInvoice, Europe's largest online invoice financing platform, providing small businesses with access to invoice financing products and transforming the way SMEs manage cash flow and accelerate growth.

We also launched £100,000 unsecured lending limits for SMEs, doubling our maximum limits for unsecured business loans for eligible clients, making small business lending faster, simpler and easier. This adds to our existing unsecured lending offering which allows qualifying SME clients to access pre-assessed affordable lending up to £25,000 via our mobile app and through online banking, often receiving the cash that same day.

## Island dream becomes reality thanks to funding from Barclays

Laura Pitchford from North Wales has secured funding from Barclays to take ownership of a community coffee shop on the Isle of Mull that she has visited since childhood. The business loan enabled her to purchase the business which includes tearooms and self-catering accommodation, a centre point in the local community.

Laura and her family have been repeat visitors there for 15 years and while visiting last summer, Laura asked the owner if she ever planned on selling. Just six months later, the call came offering Laura the chance to make her island dream a reality.

Laura approached her local Barclays Relationship Manager to support her ambitions, "Running my own business is something I've wanted to do for some time" said Laura. "I'm really excited about the future and looking forward to adapting to the island way of life. Thanks to the support from Barclays, the dream I've had for years has become a reality."

A Barclays spokesperson said: "At Barclays we're passionate about helping Scotland's business owners at every stage of their journey. We were able to offer Laura a local relationship manager, who understood her ambitions and helped her to take ownership of the business. With Barclays' backing, Laura's island plans have now become a reality."