

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 2016¹

3.59%
NIM

43 bps
LLR

53%
Cost : income
ratio

19.4%
RoTE

24m
Customers

9m
Digitally active
customers

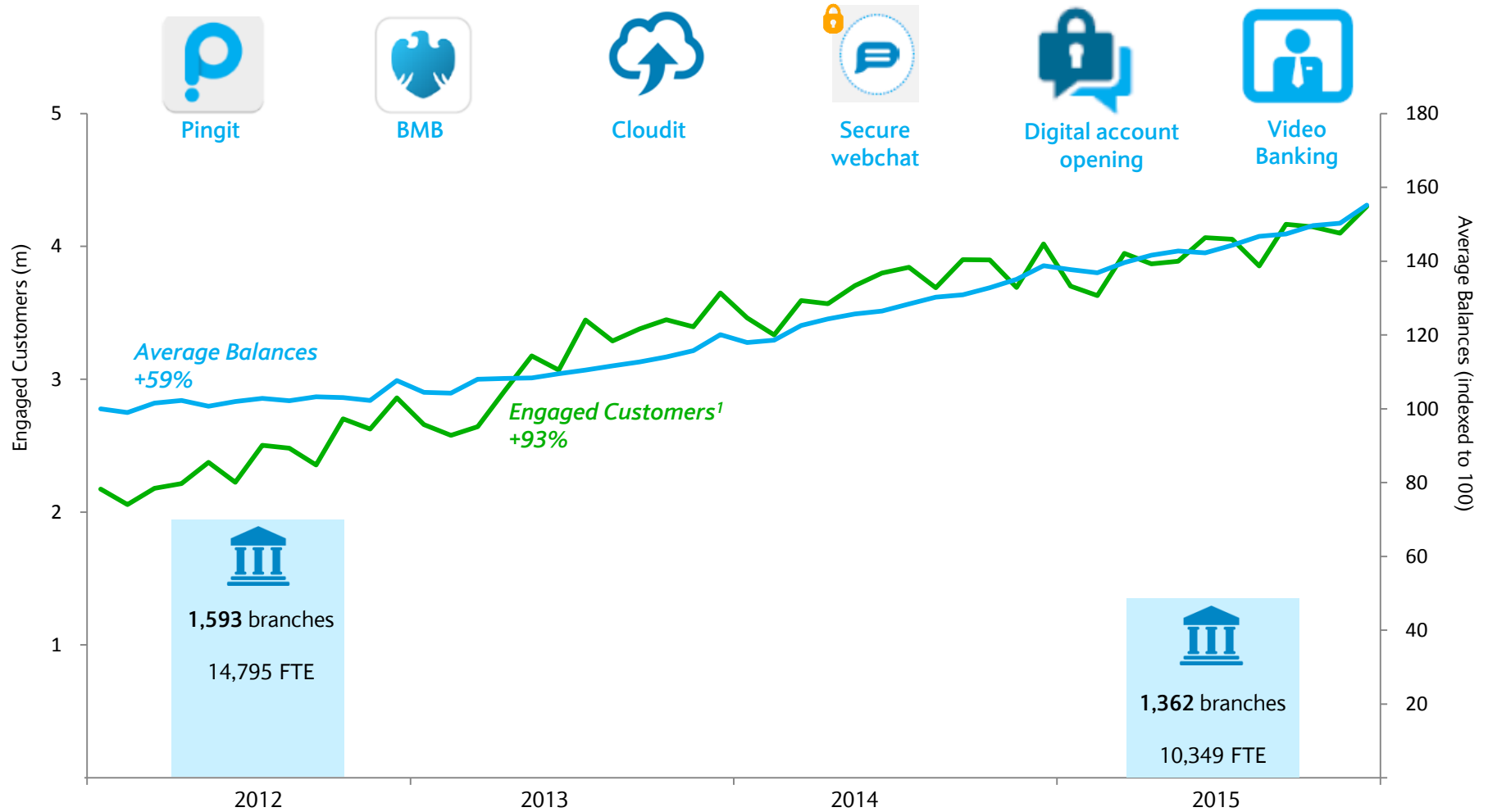
#1
UK credit card
issuer²

#3
UK Wealth
Manager³

#2
UK business
start-up
market share⁴

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

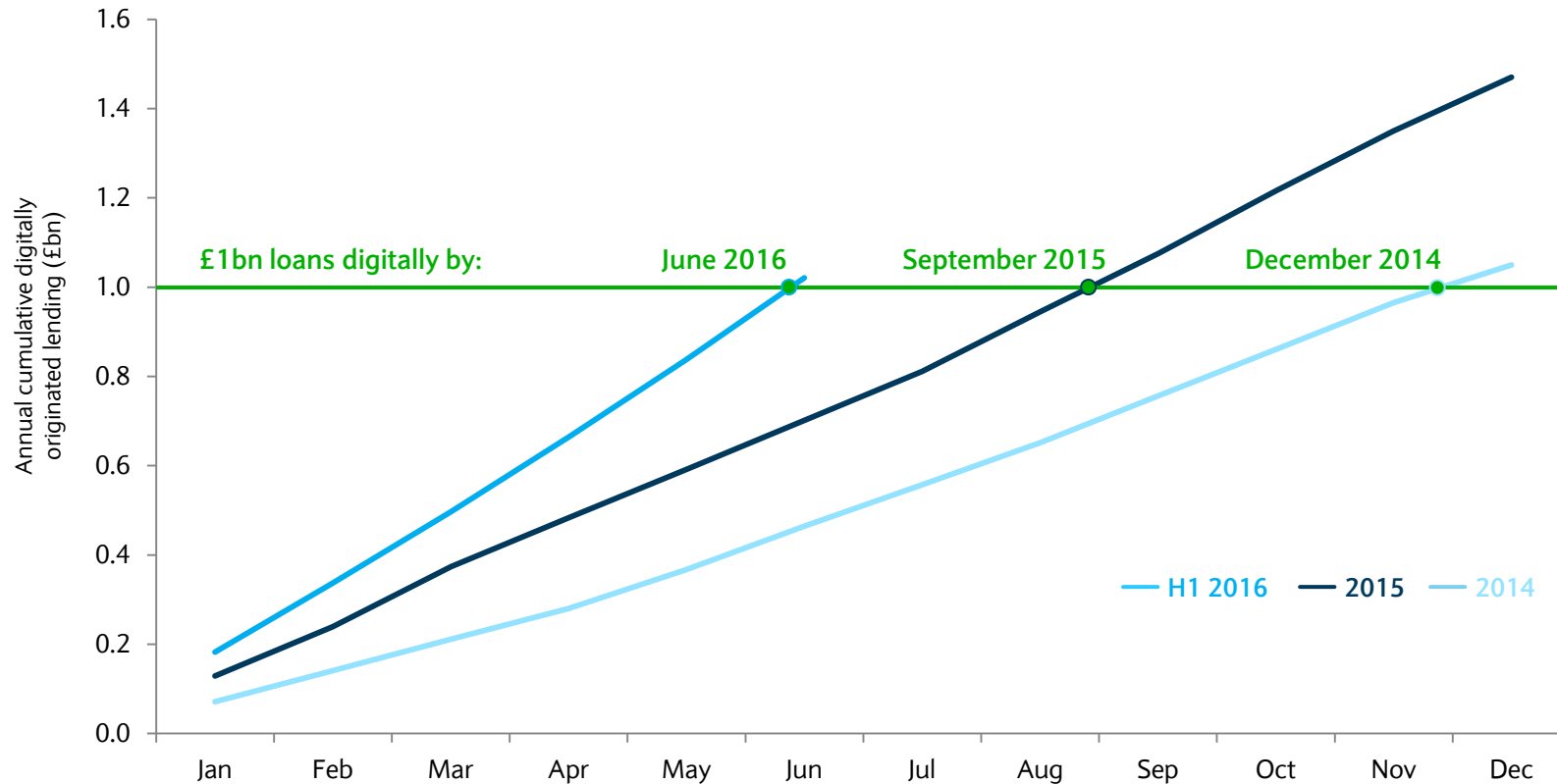
Transforming customer interactions: Current Accounts



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

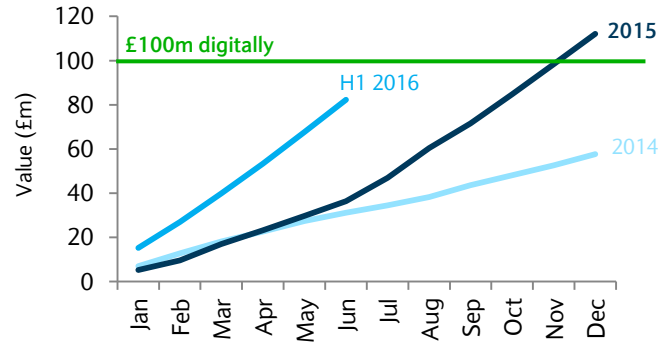
£1.1bn unsecured lending originated digitally in H1 2016



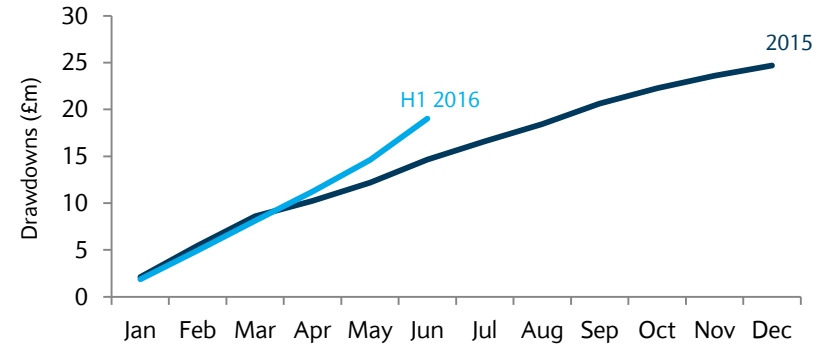
Digitally originated unsecured lending has a cost : income ratio in the low 20's

Transforming customer interactions: Across our product set

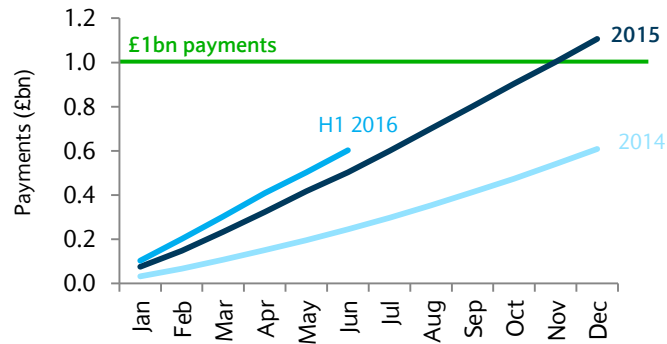
Overdrafts: Digitally



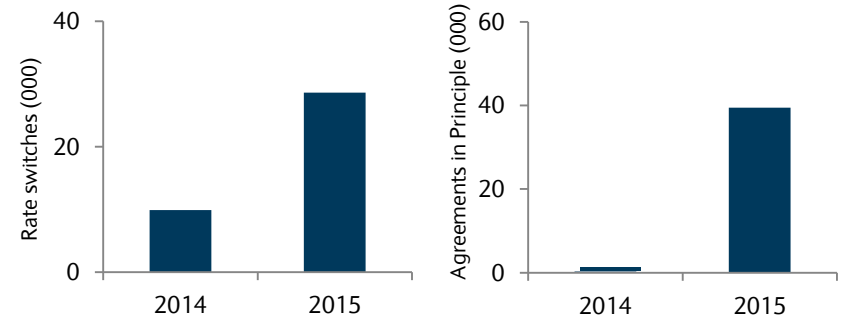
SME Loans: Online lending



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 month¹



429
Quick service points



619
Assisted service counters

>200
counter transactions automated every working minute



53%
Current accounts opened digitally²

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...



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 YTD¹



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%

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"

£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 channel¹

60%

Year on year improvement in redemptions at maturity¹

Top 3

Provider for brokers due to product consideration and Premier policy

¹ As at end July 2016

Barclaycard: targeting existing banking customers and leverage digital capabilities

Deepening customer relationships

- Preselect Barclays customers for credit card offering

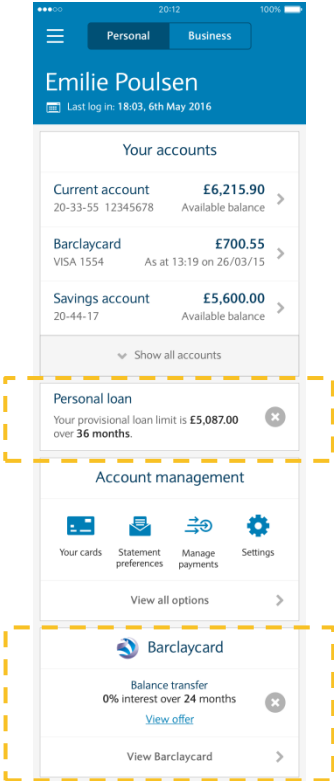


4.5m Barclays customers pre-selected for a Barclaycard

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

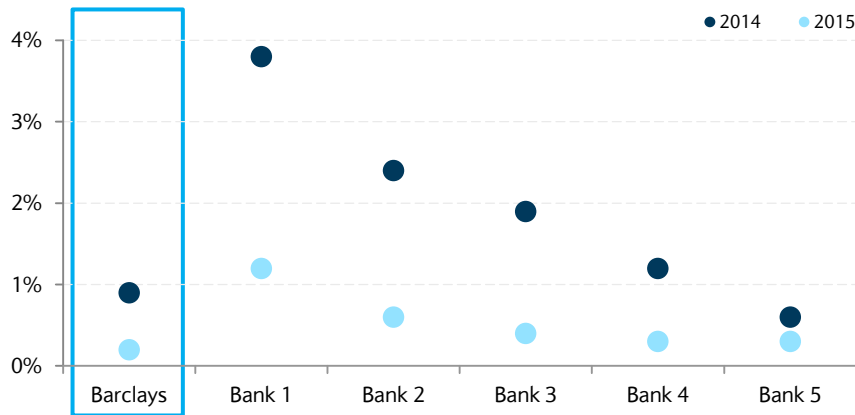
- Consistently strong underwriting criteria
- Limited high loan to value and buy to let lending

£127bn
Mortgage
portfolio

47%
Average LTV¹

0.2%
>90 days arrears

BoE Stress Tests UK Mortgage Cumulative Impairment Charge Rates²



UK Cards – seasoned and resilient portfolio

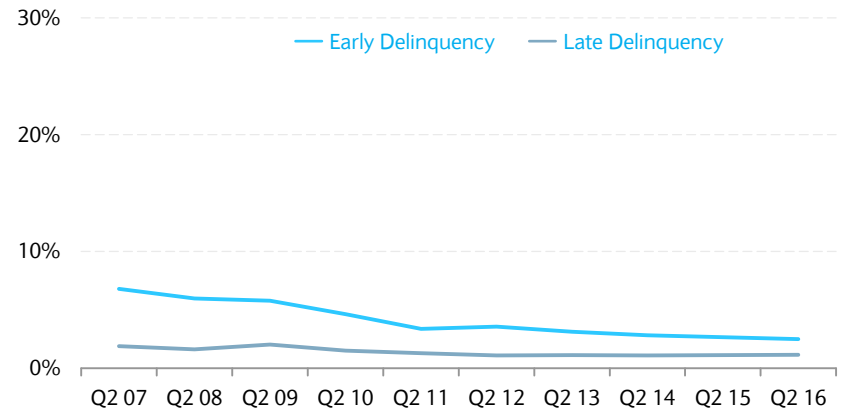
- History of strong and improving delinquency trends
- Strong UK card CRL coverage ratios provide significant protection and have increased in recent years

90%
2012



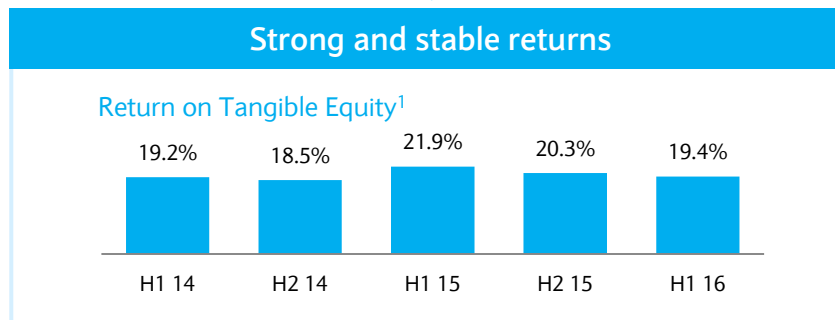
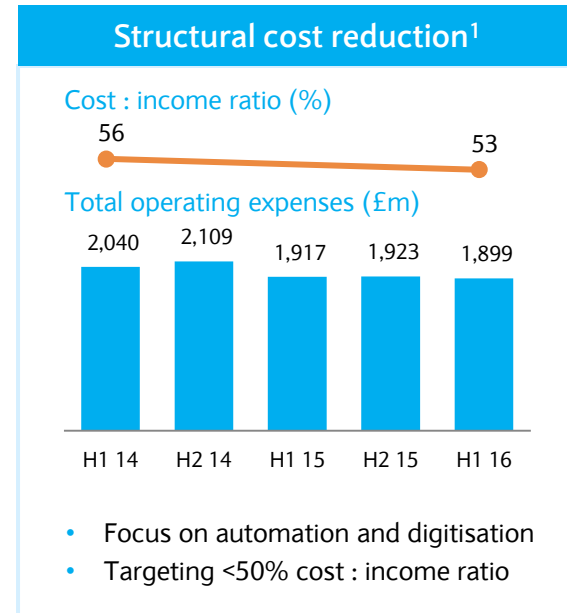
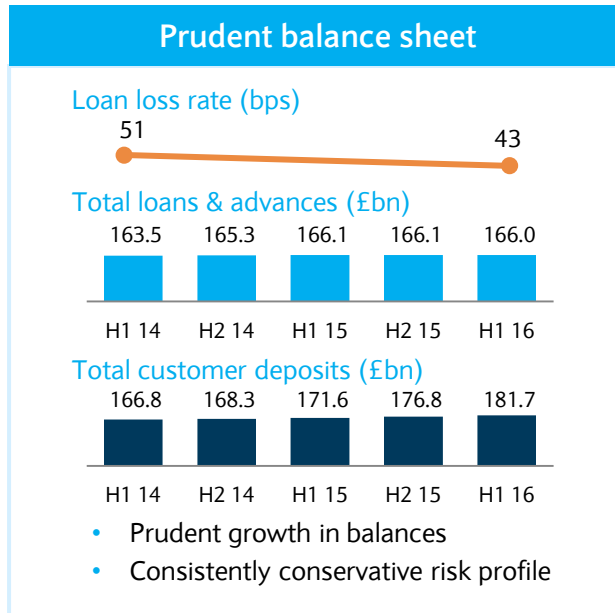
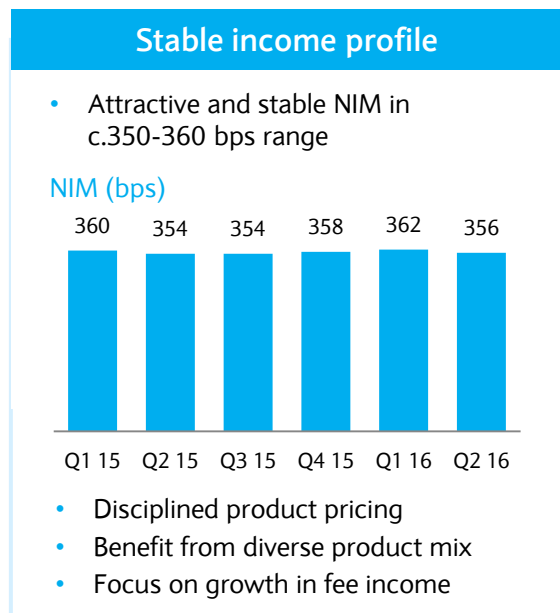
125%
H1 2016

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. 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



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



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

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