

Summary of the Scheme and the Independent Auditor's Report

1. What we want to do and why – background to the Proposed Transfer

- 1.1 Barclays PLC and its subsidiaries (the “**Barclays Group**”) wishes to reorganise its business in the Isle of Man, so that all deposit-taking, lending and other banking business, investment business and insurance intermediary business carried on, in or from the Isle of Man by Barclays Private Clients International Limited (“**BPCI**”) acting through its Isle of Man branch (“**BPCI, Isle of Man Branch**”) (together, the “**Businesses**”) will be carried on by Barclays Bank PLC (“**BBPLC**”) also acting through its Isle of Man branch (“**BBPLC, Isle of Man Branch**”) with very limited exceptions for Excluded Business as defined in the Scheme (defined below).
- 1.2 The reorganisation will involve the transfer as a going concern of all of the Businesses and all assets and liabilities of BPCI, Isle of Man Branch related to the Businesses, to BBPLC, Isle of Man Branch, with very limited exceptions, as more particularly described as the “**Transferring Business**” in the Scheme (defined below) (“**Transfer**”).
- 1.3 As a client of BPCI, Isle of Man Branch we are proposing to transfer your account(s) and any related contracts which form part of the Transferring Business from BPCI, Isle of Man Branch to BBPLC, Isle of Man Branch. BPCI and BBPLC have the same credit rating.
- 1.4 There will be no material changes to the products and services you currently receive as a result of the Transfer. The deposit and lending interest rates, tariffs and charges applicable to you immediately before the Transfer will also remain the same immediately following the Transfer.
- 1.5 This leaflet explains the legal process for the Transfer which is referred to as the Scheme (“**Scheme**”) and summarises the terms of the Scheme. If the High Court of Justice of the Isle of Man (“**Court**”) approves the Scheme, we expect that your account(s) and contracts relating to the Transferring Business will transfer without the need for any further action being taken by you. However, if we consider that any further action is required then we will write to you again with further details.

2. Important information about the Scheme

- 2.1 In order to implement the Scheme, we must obtain approval from the Court, and the Isle of Man Financial Services Authority (“**Authority**”) must consent to the Scheme. BPCI and BBPLC have issued a claim form seeking an Order of the Court sanctioning the Scheme. The Court will only approve the Scheme if it is satisfied that all of the legal requirements have been met and that in all circumstances of the case, it is appropriate to sanction the Scheme.
- 2.2 **The hearing before the Court to request approval of the Scheme is due to take place at 10.00am on 17 August 2016 at the High Court of Justice of the Isle of Man, Deemsters Walk, Bucks Road, Douglas, Isle of Man. If this time or date changes, we will place notice of the new time and/or date on our website, at wealth.barclays.com/iom-transfer.**

3. How you can raise any questions or concerns about the Scheme

- 3.1 If you have any questions or concerns about the Scheme, please contact us using the contact details in the accompanying letter and we will be happy to help you.
- 3.2 If you believe that you will be adversely affected by the Scheme, you may raise your concerns:
 - 3.2.1 by writing to: IOM Transfer Proposal, Barclays, Barclays House, Victoria Street, Douglas, Isle of Man, IM1 2LE as soon as possible, to reach us by 10 August 2016 marking your letter as “Transfer Objection – NOT ATTENDING HEARING” and indicating the reasons why you believe you may be impacted; or
 - 3.2.2 by attending the Court hearing on 17 August 2016, either in person or by being represented by a lawyer (at your own cost). If you or your lawyer intend to come to the hearing, we would request that you please write to us, marking your letter as “Transfer Objection – ATTENDING HEARING”, as soon as possible, to reach us by 10 August 2016, indicating your intention to do so and the reasons why you believe you may be adversely affected.

4. Summary of the main terms of the Scheme

4.1 Any bank, deposit or loan accounts and any securities, portfolio, custody and investment accounts held by you with BPCI, Isle of Man Branch along with any related contracts, will transfer from BPCI, Isle of Man Branch to BBPLC, Isle of Man Branch. The Transfer will be implemented through the Scheme pursuant to Section 3A of and Schedule 1A to the Financial Services Act 2008 of the Isle of Man.

4.2 If the Court approves the Scheme, it is intended that the Scheme will become effective at 00.01 am on 1 October 2016 (“**Effective Date**”).

4.3 The terms of the Scheme include that upon the Transfer, and with effect from the Effective Date:

4.3.1 **cheques and other payment instructions:** any negotiable instrument, cheque, warrant, draft, letter of credit or orders for payment of money drawn on or by, or given to, or accepted or endorsed by, BPCI, Isle of Man Branch in relation to a transferring account or any other part of the Transferring Business will have the same effect as if it has been drawn on or by, given to, or accepted or endorsed by, BBPLC, Isle of Man Branch;

4.3.2 **continuity in contracts:** any transferring contract relating to any of the Transferring Business will have effect as if it had been made with BBPLC, Isle of Man Branch instead of BPCI or BPCI, Isle of Man Branch. However, certain contractual rights of BPCI, Isle of Man Branch, and where appropriate contractual rights of BBPLC, Isle of Man Branch (such as set-off rights, all monies rights, consolidation rights, cross-default rights and entire provisions clauses) in existing terms and conditions, will, unless otherwise agreed with you, be suspended for at least three months (in the case of set-off rights) or be disapplied following the Transfer if the operation of that contractual right might otherwise cause a detriment to you as a consequence of the Scheme (unless you agree or have agreed otherwise or BBPLC, Isle of Man Branch acquires such rights as a result of a contractual variation or otherwise than as a result of the Scheme). Further detail regarding the exclusion of these rights is set out in the body of the Scheme. You are entitled to request a copy of the Scheme as explained at Paragraph 6 below;

4.3.3 **changes to account terms and conditions:** the terms and conditions relating to your account will not be amended by the Scheme. However, as BBPLC is a bank incorporated in the UK, it will be required to make changes to your terms and conditions to comply with UK law. These changes are explained further in the Client Guide which accompanies this leaflet;

4.3.4 **continuity in proceedings:** any claim, counterclaim, complaint, petition, suit, appeal or other legal process relating to or attributable to the Transferring Business by or on behalf of, against or with BPCI, Isle of Man Branch will be continued by or on behalf of, against or with BBPLC, Isle of Man Branch, and BBPLC, Isle of Man Branch will be entitled to all defences, claims, counterclaims, defences to counterclaims and rights of set-off that were or would have been available to BPCI, Isle of Man Branch in relation to such proceedings subject to any formalities which may be necessary;

4.3.5 **documents in custody:** the custody of any document, record, goods or other thing held by BPCI, Isle of Man Branch as bailee or in any other similar capacity will pass to BBPLC, Isle of Man Branch;

4.3.1 **personal data:** BBPLC, Isle of Man Branch will become the data controller in respect of all personal data and corresponding consents relating to the Transferring Business. The existing privacy terms and conditions will apply following the Transfer;

4.3.2 **privacy and confidentiality:** BBPLC, Isle of Man Branch will, in relation to the Transferring Business, owe to any person the same duties of confidentiality and privacy as those which BPCI, Isle of Man Branch owed in relation to the Transferring Business; and

4.3.3 **Transferring Business:** each and every part of the Transferring Business, including related assets, liabilities and contractual arrangements, will be transferred by the Scheme as a going concern from BPCI, Isle of Man Branch to BBPLC, Isle of Man Branch, with very limited exceptions, in accordance with the terms of the Scheme.

4.4 Residual or Excluded Assets and Liabilities

4.4.1 The Scheme includes additional provisions dealing with certain residual assets and liabilities

that are intended to transfer but, for whatever reason, do not transfer to BBPLC, Isle of Man Branch on the Effective Date.

4.4.2 The Scheme provides that these be held by BPCI, Isle of Man Branch as residual assets or residual liabilities until the applicable residual transfer date under the terms of the Scheme.

4.4.3 The Scheme also excludes certain assets and liabilities of BPCI, Isle of Man Branch from the Transfer including those which the parties agree in writing prior to the Effective Date shall be excluded.

4.5 Amendment of Scheme

BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch can agree to amend the terms of the Scheme before it is approved by the Court. BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch can also amend the terms of the Scheme (including amending the Effective Date or suspending the Scheme) after the Court hearing to approve the Scheme provided that the Authority is notified of the proposed amendment and the Court approves it. In the case of minor or technical amendments, or any amendment to correct any manifest error, the amendment can be made without the approval of the Court provided that the Authority has been notified of and has approved the amendment.

5. Summary of the report prepared by an Independent Auditor in relation to the Scheme

5.1 BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch have prepared certain regulatory returns on a pre-transfer and post-transfer basis (“Returns”) and BPCI has prepared a capital plan (“Capital Plan”). The Returns and Capital Plan demonstrate the impact of the transfer on the capital adequacy, liquidity and financial position of BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch had the transfer of business taken place in accordance with the terms of the Scheme as at 30 September 2015. PricewaterhouseCoopers LLC (“Independent Auditor”) has examined the Returns and the Capital Plan and considered the effects of the Scheme on the financial position, liquidity and capital adequacy of BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch by reference to the Returns and the Capital Plan. The Independent Auditor has prepared a report dated 3 May 2016 (“Report”) which concludes, based on the facts and assumptions set out in the Report and

the examination carried out by them of the Returns and the Capital Plan, that:

5.1.1 **Financial information:** in the Independent Auditor’s opinion, in all material respects, the information contained in the Returns and the Capital Plan examined by the Independent Auditor has been completely and accurately extracted from the underlying accounting and other records and has been prepared on a basis that is consistent with the submissions to the Authority by BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch and those management assumptions set out in Appendix B to the Report.

5.1.2 **Capital adequacy ratios:** as deposit-taking branches, BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch are not required by the Authority to maintain their own capital and hence, there is no requirement for them to monitor a capital adequacy ratio. For comparison the Independent Auditor has considered the impact of the Transfer on BPCI and BBPLC’s Solo Capital Adequacy submission. The Returns present a capital adequacy ratio for BPCI, pre-transfer, of 11.85% as at 30 September 2015, exceeding the minimum capital requirements set by the Authority.

BPCI, Isle of Man Branch intends to cease carrying on deposit-taking business on the Effective Date and hence post transfer returns containing a capital adequacy ratio have not been prepared. Instead, BPCI, Isle of Man Branch has prepared a Capital Plan for the period from 1 October 2015 to 31 December 2019 that indicates it will have sufficient equity to fund its post transfer business. BBPLC has considered the Scheme’s effect on its unaudited Solo Common Equity Tier 1 (“CET1”) ratio concluding that the CET1 ratio would continue to meet the minimum capital requirements set by the Prudential Regulation Authority in the United Kingdom.

5.1.3 **Liquidity ratios:** as deposit-taking branches, BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch are not required to monitor maximum mismatch limits for the purposes of prudential returns reporting to the Authority. For comparison, the Independent Auditor has considered the impacts of the Transfer on BPCI

and BBPLC. BPCI's pre-transfer returns at 30 September 2015 indicate that BPCI's mismatches in the 'sight to < 8 days' time period and the 'sight to < 1 month' time period were 12.2% and 9.5% respectively. These mismatches would have been compliant with the Authority's maximum mismatch limits, being 0% for both time periods. BPCI has not prepared post transfer liquidity returns. Instead the Independent Auditor has considered the Capital Plan which indicates that BPCI will continue to have positive cash and cash equivalent balances and net assets for each month end date throughout the period from 1 October 2015 to 31 December 2019.

The Independent Auditor noted that BBPLC, Isle of Man Branch's total assets would have increased by £6.5 billion to £8.9 billion as a result of the Transfer, which in turn represents 0.6% of BBPLC's unaudited total assets of £1,182.3 billion at 30 September 2015. As ultimately both BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch placed their funds with BBPLC in the UK, the Transfer would not have had a significant impact on the liquidity position of BBPLC at 30 September 2015.

5.1.4 **Conclusion:** based solely on the facts and assumptions set out in the Report and the Independent Auditor's examination of the Returns, the Capital Plan and the drafts of the documents submitted by BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch to the Court in support of the Scheme, in the Independent Auditor's opinion:

(a) nothing has come to its attention that would have a materially adverse effect on the financial position, liquidity or capital adequacy of BPCI, Isle of Man Branch or BBPLC, Isle of Man Branch, or that would indicate that BPCI, Isle of Man Branch or BBPLC, Isle of Man Branch would not have the ability to meet their liabilities after the

proposed transfer of business between BPCI, Isle of Man Branch or BBPLC, Isle of Man Branch in accordance with the terms of the Scheme; and

(b) the proposed transfer of business in accordance with the terms of the Scheme would not appear to disadvantage the customers or creditors of BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch as a whole.

5.2 A copy of the Report will be submitted to the Court in support of the Scheme.

6. How you can obtain more detailed information about the Scheme

6.1 A copy of this leaflet, the full terms of the Scheme, the Report and the application to the Court to approve the Scheme are available to you free of charge upon request from us up to the date of the court sanctioning hearing to approve the Scheme. Additionally, the documents are available for inspection and collection from the offices of BPCI, Isle of Man Branch and BBPLC, Isle of Man Branch at Barclays House, Victoria Street, Douglas IM1 2LE (between 9.15am to 4.30pm, Monday to Friday, except Wednesdays 10.00am to 4.30pm and Saturdays 9.30am to 12.00pm, excluding bank holidays).

6.2 If any material changes are made to the documents referred to above, we will publish a notification of such amendments on the Barclays website at wealth.barclays.com/iom-transfer.

7. What the transfer means for you

We recognise that you may have some questions about the Transfer and its impact on your current relationship and banking arrangements with us. In order to assist you we have set out in the enclosed Client Guide some further questions and answers which we hope will answer any specific concerns that you may have, including further information about changes that will need to be made to your terms and conditions.

[You can request a copy of this guide or any of the letters and enclosures that we have sent you in Braille, large print or audio. Just ask us at the branch or call us.](#)

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