

# Barclays Bank UK PLC Interim Results Announcement

30 June 2019

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### Results Announcement

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## Notes

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The term Barclays Bank UK Group refers to Barclays Bank UK PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the six months ended 30 June 2019 to the corresponding six months of 2018 and balance sheet analysis as at 30 June 2019 with comparatives relating to 31 December 2018. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at [home.barclays/investor-relations/reports-and-events/latest-financial-results](http://home.barclays/investor-relations/reports-and-events/latest-financial-results).

The information in this announcement, which was approved by the Board of Directors on 31 July 2019, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018 which contained an unmodified audit report under Section 495 of the Companies Act 2006 (which did not make any statements under Section 498 of the Companies Act 2006) have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

Barclays Bank UK Group is an issuer in the debt capital markets and meets with investors via formal road-shows and other ad hoc meetings. Barclays Bank UK Group expects that from time to time over the coming half year it will meet with investors to discuss these results and other matters relating to the Barclays Bank UK Group.

### Forward-looking statements

Barclays Bank UK Group cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank UK Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under IFRS including evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; macroeconomic and business conditions in the UK and in any systemically important economy which impacts the UK; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Barclays Bank UK Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; instability as a result of the exit by the UK from the European Union and the disruption that may subsequently result in the UK and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank UK Group's control. As a result, the Barclays Bank UK Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Barclays Bank UK Group's forward-looking statements.

Subject to our obligations under any applicable laws and regulations in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Financial Review

### Barclays Bank UK Group results for the half year ended

	30.06.19 £m	30.06.18 <sup>1</sup> £m	% Change
Total income	3,571	1,843	94
Credit impairment charges and other provisions	(418)	(213)	96
<b>Net operating income</b>	<b>3,153</b>	<b>1,630</b>	<b>93</b>
Operating expenses	(2,186)	(1,058)	
Litigation and conduct	(45)	(3)	
<b>Total operating expenses</b>	<b>(2,231)</b>	<b>(1,061)</b>	
<b>Profit before tax</b>	<b>922</b>	<b>569</b>	<b>62</b>
Tax charge <sup>2</sup>	(213)	(126)	69
<b>Profit after tax</b>	<b>709</b>	<b>443</b>	<b>60</b>
Other equity instrument holders	(70)	(35)	
<b>Attributable profit</b>	<b>639</b>	<b>408</b>	<b>57</b>
	<b>30.06.19 £m</b>	<b>31.12.18 £m</b>	
<b>Balance sheet information</b>			
Loans and advances at amortised cost	194,414	188,565	3
Deposits at amortised cost	201,130	197,485	2
	<b>30.06.19</b>		
<b>Capital metrics</b>			
Common equity tier 1 (CET1) ratio <sup>3</sup>	14.4%		

<sup>1</sup> Barclays Bank UK PLC acquired the UK banking business from Barclays Bank PLC on 1 April 2018, therefore the prior period represents only three months of full business activity.

<sup>2</sup> From 2019, due to an IAS 12 update, the tax relief on payments in relation to Additional Tier 1 (AT1) instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded within retained earnings. Comparatives have been restated, reducing the tax charge for H118 by £9m. Further detail can be found in Note 1, Basis of preparation on pages 17 to 18.

<sup>3</sup> CET1 capital ratio is calculated applying the IFRS 9 transitional arrangements of the Capital Requirements Regulation (CRR) as amended by the Capital Requirements Regulation II (CRR II) applicable as at the reporting date. Due to a change in scope of consolidation, comparatives are not disclosed. For more information, see page 9.

### Barclays Bank UK Group overview

Barclays Bank UK PLC is the UK ring-fenced bank which forms part of the Barclays Group and consists of Personal Banking, Barclaycard Consumer UK, Business Banking and Head Office. The UK banking business was acquired from Barclays Bank PLC on 1 April 2018, resulting in the prior period containing three months of full business operations, compared to six months in the current period. As such, period on period analysis of the income statement has not been provided and the commentary below therefore encapsulates themes and factors impacting the current period performance only.

Barclays Bank UK PLC continued to deliver balance growth during H119, increasing mortgage lending by £1.8bn and growing deposits at amortised cost by £3.6bn. Increased refinancing activity by mortgage customers and lower interest earning lending (IEL) in UK cards contributed to ongoing margin pressure. Digital investment continues to transform customer interactions.

### Group performance

- Profit before tax was £922m reflecting the continuing strength of the business in a challenging income environment
- Total income was £3,571m reflecting strong mortgage and deposit balance growth, offset by mortgage margin compression, lower IEL in UK cards, and lower Head Office income from structural hedges
  - Personal Banking income of £1,992m reflected ongoing mortgage margin compression, partially offset by mortgage and deposit balance growth and improved liability margins
  - Barclaycard Consumer UK income of £987m reflected the maintenance of a reduced risk appetite, which resulted in a lower level of interest-earning balances
  - Business Banking income of £657m was driven by strong deposit growth and improved liability margins
- Credit impairment charges were £418m, consisting of Personal Banking charges of £88m, Barclaycard Consumer UK charges of £315m, and Business Banking charges of £18m. Charges in H119 include releases on single name exposures in Business Banking
- Total operating expenses were £2,231m, consisting of £1,547m in Personal Banking, £328m in Barclaycard Consumer UK and £353m in Business Banking. Operating expenses in H119 reflect planned digital investment in the business and inflation partially offset by cost efficiencies
- The effective tax rate was 23.1%. This reflects a change in accounting standards requiring tax relief on payments made under Additional Tier 1 (AT1) instruments to be recognised in the income statement

### Balance sheet and capital

- Loans and advances at amortised cost increased 3% to £194.4bn reflecting increased investment in debt securities, held as part of the liquidity buffer and mortgage lending
- Deposits at amortised cost increased 2% to £201.1bn demonstrating franchise strength across both Personal and Business Banking
- The remaining Payment Protection Insurance (PPI) provision as at 30 June 2019 was £0.4bn (December 2018: £0.9bn). This represents Barclays Bank UK Group's best estimate of expected PPI related costs. However, the uncertainty associated with future claims levels has increased ahead of the Financial Conduct Authority (FCA) complaints deadline on 29 August 2019
- The Barclays Bank UK Group CET1 ratio as at 30 June 2019 was 14.4%, which is above regulatory capital minimum requirements

### Risk management and principal risks

The roles and responsibilities of the business groups, Risk and Compliance, in the management of risk in Barclays Bank UK Group are defined in the Barclays Group Enterprise Risk Management Framework. The purpose of the framework is to identify the Principal Risks of Barclays Group, the process by which Barclays Group sets its appetite for these risks in its business activities, and the consequent limits which it places on related risk taking. It is approved by the Barclays PLC Board Risk Committee on recommendation of the Barclays Group Chief Risk Officer; it is then adopted by the Barclays Bank UK Group with minor modifications where required to meet regulatory expectations.

The framework identifies eight principal risks: credit risk; market risk; treasury and capital risk; operational risk; model risk; conduct risk; reputation risk; and legal risk. Further detail on these risks and how they are managed is available in the Barclays Bank UK PLC Annual Report 2018 available at [home.barclays/annualreport](http://home.barclays/annualreport). There have been no significant changes to these principal risks or previously identified material existing and emerging risks in the period, including the risks associated with the process of the UK withdrawal from the European Union which continue to be closely monitored by Barclays Group. Impairment as at 30 June 2019 continues to include an adjustment of £100m representing the estimated impact of anticipated economic uncertainty in the UK (for further detail please see page 7). No significant changes to the principal risks or previously identified material existing and emerging risks are currently expected for the remaining six months of the year.

The following section gives an overview of credit risk and treasury and capital risk for the period.

## Credit Risk

### Loans and advances at amortised cost by product

The table below presents a breakdown of loans and advances at amortised cost and the impairment allowance with stage allocation by asset classification.

As at 30.06.19	Stage 1	Stage 2			Total	Stage 3	Total <sup>1</sup>
		Not past due	<=30 days past due	>30 days past due			
	£m	£m	£m	£m	£m	£m	£m
<b>Gross exposure</b>							
Home loans	119,290	16,025	1,577	701	18,303	1,210	138,803
Credit cards, unsecured loans and other retail lending	15,839	6,978	225	170	7,373	1,515	24,727
Corporate loans	27,949	4,339	24	60	4,423	1,310	33,682
<b>Total</b>	<b>163,078</b>	<b>27,342</b>	<b>1,826</b>	<b>931</b>	<b>30,099</b>	<b>4,035</b>	<b>197,212</b>
<b>Impairment allowance</b>							
Home loans	6	28	4	4	36	42	84
Credit cards, unsecured loans and other retail lending	166	1,205	53	75	1,333	957	2,456
Corporate loans	22	71	1	2	74	162	258
<b>Total</b>	<b>194</b>	<b>1,304</b>	<b>58</b>	<b>81</b>	<b>1,443</b>	<b>1,161</b>	<b>2,798</b>
<b>Net exposure</b>							
Home loans	119,284	15,997	1,573	697	18,267	1,168	138,719
Credit cards, unsecured loans and other retail lending	15,673	5,773	172	95	6,040	558	22,271
Corporate loans	27,927	4,268	23	58	4,349	1,148	33,424
<b>Total</b>	<b>162,884</b>	<b>26,038</b>	<b>1,768</b>	<b>850</b>	<b>28,656</b>	<b>2,874</b>	<b>194,414</b>
<b>Coverage ratio</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Home loans	-	0.2	0.3	0.6	0.2	3.5	0.1
Credit cards, unsecured loans and other retail lending	1.0	17.3	23.6	44.1	18.1	63.2	9.9
Corporate loans	0.1	1.6	4.2	3.3	1.7	12.4	0.8
<b>Total</b>	<b>0.1</b>	<b>4.8</b>	<b>3.2</b>	<b>8.7</b>	<b>4.8</b>	<b>28.8</b>	<b>1.4</b>
<b>As at 31.12.2018</b>							
<b>Gross exposure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Home loans	118,580	15,009	1,622	715	17,346	1,282	137,208
Credit cards, unsecured loans and other retail lending	16,223	6,881	225	197	7,303	1,682	25,208
Corporate loans	22,950	4,697	45	32	4,774	1,352	29,076
<b>Total</b>	<b>157,753</b>	<b>26,587</b>	<b>1,892</b>	<b>944</b>	<b>29,423</b>	<b>4,316</b>	<b>191,492</b>
<b>Impairment allowance</b>							
Home loans	5	27	4	4	35	44	84
Credit cards, unsecured loans and other retail lending	172	1,201	51	80	1,332	1,078	2,582
Corporate loans	22	85	5	2	92	147	261
<b>Total</b>	<b>199</b>	<b>1,313</b>	<b>60</b>	<b>86</b>	<b>1,459</b>	<b>1,269</b>	<b>2,927</b>
<b>Net exposure</b>							
Home loans	118,575	14,982	1,618	711	17,311	1,238	137,124
Credit cards, unsecured loans and other retail lending	16,051	5,680	174	117	5,971	604	22,626
Corporate loans	22,928	4,612	40	30	4,682	1,205	28,815
<b>Total</b>	<b>157,554</b>	<b>25,274</b>	<b>1,832</b>	<b>858</b>	<b>27,964</b>	<b>3,047</b>	<b>188,565</b>
<b>Coverage ratio</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Home loans	-	0.2	0.2	0.6	0.2	3.4	0.1
Credit cards, unsecured loans and other retail lending	1.1	17.5	22.7	40.6	18.2	64.1	10.2
Corporate loans	0.1	1.8	11.1	6.3	1.9	10.9	0.9
<b>Total</b>	<b>0.1</b>	<b>4.9</b>	<b>3.2</b>	<b>9.1</b>	<b>5.0</b>	<b>29.4</b>	<b>1.5</b>

<sup>1</sup> Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £19.0bn (2018: £10.4bn) in Stage 1 and an impairment allowance of £1m (2018: £1m).

## Credit Risk

### Movement in gross exposure and impairment allowance including provisions for loan commitments and financial guarantees

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. An explanation of the terms 12-month ECL, lifetime ECL and credit-impaired is included in the Barclays Bank UK PLC Annual Report 2018 on page 125. Barclays Bank UK Group does not hold any material purchased or originated credit-impaired assets as at period end.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
<b>Gross exposure for loans and advances at amortised cost</b>				
As at 1 January 2019	157,753	29,423	4,316	191,492
Transfers from Stage 1	(9,099)	8,908	191	-
Transfers from Stage 2	6,402	(7,213)	811	-
Transfers from Stage 3	235	169	(404)	-
Business activity in the year	19,386	559	144	20,089
Net drawdowns and repayments	(5,454)	(614)	(245)	(6,313)
Final repayments	(6,145)	(1,133)	(190)	(7,468)
Disposals	-	-	(264)	(264)
Write-offs <sup>1</sup>	-	-	(324)	(324)
<b>As at 30 June 2019</b>	<b>163,078</b>	<b>30,099</b>	<b>4,035</b>	<b>197,212</b>

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total <sup>2</sup> £m
<b>Impairment allowance on loans and advances at amortised cost</b>				
As at 1 January 2019	199	1,459	1,269	2,927
Transfers from Stage 1	(33)	31	2	-
Transfers from Stage 2	261	(378)	117	-
Transfers from Stage 3	22	11	(33)	-
Business activity in the year	27	38	22	87
Net re-measurement and movement due to exposure and risk parameter changes	(275)	310	328	363
Final repayments	(7)	(28)	(21)	(56)
Disposals	-	-	(199)	(199)
Write-offs <sup>1</sup>	-	-	(324)	(324)
<b>As at 30 June 2019<sup>2</sup></b>	<b>194</b>	<b>1,443</b>	<b>1,161</b>	<b>2,798</b>

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
ECL movement excluding assets derecognised due to disposals and write-offs	394
Post write-off recoveries <sup>1</sup>	(26)
Exchange and other adjustments	42
Impairment charge on loan commitments and financial guarantees	8
<b>Income statement charge/(release) for the period</b>	<b>418</b>

<sup>1</sup> In H119, gross write-offs amounted to £324m (H118: £161m) and post write-off recoveries of £26m (H118: £11m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £298m (H118: £150m).

<sup>2</sup> Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £19.0bn (31 December 2018: £10.4bn) in Stage 1 and an impairment allowance of £1m (31 December 2018: £1m).



## Credit Risk

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
<b>Gross exposure for loan commitments and financial guarantees</b>				
As at 1 January 2019	61,397	5,686	262	67,345
Net transfers between stages	(901)	829	72	-
Business activity in the year	865	41	2	908
Net drawdowns and repayments	(1,186)	(773)	(58)	(2,017)
Final repayments	(1,744)	(150)	(53)	(1,947)
<b>As at 30 June 2019</b>	<b>58,431</b>	<b>5,633</b>	<b>225</b>	<b>64,289</b>
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
<b>Impairment allowance on loan commitments and financial guarantees</b>				
As at 1 January 2019	10	44	-	54
Net re-measurement and movement due to exposure and risk parameter changes	1	6	-	7
<b>As at 30 June 2019</b>	<b>11</b>	<b>50</b>	<b>-</b>	<b>61</b>

IFRS 9 models must assess ECL across a range of future economic conditions. These economic scenarios are generated via an independent model and ultimately set by the Barclays Group Senior Scenario Review Committee (SSRC). Economic scenarios are regenerated at a minimum annually (to align with Barclays Group's medium-term planning exercise) but also if external consensus regarding the UK economy materially changes. The SSRC monitors consensus and within the period there have been no sufficiently material changes to external consensus regarding the UK, and as such there have been no changes to the macroeconomic variable paths within each modelled scenario during 2019. There is however continued anticipated economic uncertainty in the UK and as a result the impairment adjustment of £100m, based broadly on the output of the sensitivity analysis at 31 December 2018, continues to be included in the impairment balance at 30 June 2019. The output of the sensitivity analysis at 31 December 2018 remains valid given the scenarios are unchanged and the portfolios are comparable. Please refer to pages 58 to 60 of the Barclays Bank UK PLC Annual Report 2018 for details.

## Treasury and Capital Risk

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### Funding and liquidity

#### Overview

The liquidity pool increased to £47bn (31 December 2018: £45bn) driven largely by franchise-led net deposit growth during the period. This positions Barclays Bank UK Group prudently in the face of prevailing macroeconomic uncertainty.

#### Liquidity risk stress testing

The liquidity risk stress assessment measures the potential contractual and contingent stress outflows under a range of scenarios, which are then used to determine the size of the liquidity pool that is immediately available to meet anticipated outflows if a stress occurs. The scenarios include a 30 day Barclays-specific stress event, a 90 day market-wide stress event and a 30 day combined scenario consisting of both a Barclays specific and market-wide stress event.

The CRR (as amended by CRR II) Liquidity Coverage ratio (LCR) requirement takes into account the relative stability of different sources of funding and potential incremental funding requirements in a stress. The LCR is designed to promote short-term resilience of a bank's liquidity risk profile by holding sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days.

As at 30 June 2019, Barclays Bank UK Group held eligible liquid assets in excess of 100% of the net stress outflows to its internal and regulatory requirements. A significant portion of the liquidity pool was held in cash and deposits with central banks. The liquidity pool was held entirely within Barclays Bank UK PLC.

	As at 30.06.19 £bn	As at 31.12.18 £bn
Barclays Bank UK Group liquidity pool	47	45
	%	%
Barclays Bank UK Group liquidity coverage ratio	160	164

## Treasury and Capital Risk

### Capital and leverage

Throughout 2018, Barclays Bank UK PLC was regulated by the Prudential Regulation Authority (PRA) only on an individual basis. As part of structural reform, Barclays Bank UK Group became regulated by the PRA as a ring-fenced bank from 1 January 2019. This results in additional entities being captured to reflect the new regulatory scope of consolidation. Due to the change in scope, comparatives are not disclosed.

The disclosures below provide key capital metrics for Barclays Bank UK Group with further information on its risk profile to be included in the Barclays Bank UK Group Pillar 3 Report H1 2019, due to be published on 23 August 2019, and which will be available at [home.barclays/investor-relations/reports-and-events/latest-financial-results](http://home.barclays/investor-relations/reports-and-events/latest-financial-results).

On 27 June 2019, as part of the EU Risk Reduction Measure package, the CRR II entered into force amending CRR. As an amending regulation, the existing provisions of CRR apply unless they are amended by CRR II. The amendments largely take effect and are phased in from 28 June 2021 with a number of exceptions which are implemented with immediate effect.

These exceptions primarily relate to the minimum requirement for own funds and eligible liabilities (MREL). Amendments within this section include changes to qualifying criteria for CET1, AT1 and Tier 2 instruments, the inclusion of additional holdings eligible for deduction, an amendment to the treatment of deferred tax assets and the introduction of requirements for MREL. Grandfathering and transitional provisions relating to MREL have also been introduced.

Certain aspects of CRR II are dependent on final technical standards to be issued by the European Banking Authority (EBA) and adopted by the European Commission as well as UK implementation of the rules. The disclosures in the following section reflect Barclays' interpretation of the current rules and guidance.

### Capital ratios<sup>1,2</sup>

As at  
30.06.19

CET1	14.4%
Tier 1 (T1)	18.1%
Total regulatory capital	22.8%

### Capital resources

£bn

CET1 capital	11.0
T1 capital	13.8
Total regulatory capital	17.3

Total risk weighted assets (RWAs)	76.2
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Barclays Bank UK Group is required to disclose an average UK leverage ratio which is based on capital on the last day of each month in the quarter and an exposure measure for each day in the quarter. Barclays Bank UK Group is also required to disclose a UK leverage ratio based on capital and exposure on the last day of the quarter. Both approaches exclude qualifying claims on central banks from the leverage exposures.

As at 30 June 2019, Barclays Bank UK Group average UK leverage ratio was 5.7% which is above the leverage ratio requirement.

### Leverage ratios<sup>1</sup>

As at  
30.06.19  
£bn

Average UK leverage ratio <sup>3</sup>	5.7%
Average T1 capital	13.3
Average UK leverage exposure	234

UK leverage ratio	6.0%
T1 capital	13.8
UK leverage exposure	229

1 Capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.

2 The fully loaded CET1 ratio was 14.1%, with £10.8bn of CET1 capital and £76.3bn of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.

3 The CET1 capital held against the 0.30% countercyclical leverage buffer was £0.7bn.

## Statement of Directors' Responsibilities

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Each of the Directors (the names of whom are set out below) confirm that to the best of their knowledge, the condensed consolidated interim financial statements set out on pages 12 to 16 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union (EU), and that the interim management report herein includes a fair review of the information required by Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R namely:

- *an indication of important events that have occurred during the six months ended 30 June 2019 and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year*
- *any related party transactions in the six months ended 30 June 2019 that have materially affected the financial position or performance of Barclays Bank UK Group during that period and any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of Barclays Bank UK Group in the six months ended 30 June 2019.*

Signed on 31 July 2019 on behalf of the Board by

**Matt Hammerstein**

Barclays Bank UK Group Chief Executive

**Rupert Fowden**

Barclays Bank UK Group Chief Financial Officer

Barclays Bank UK PLC Board of Directors:

**Chairman**

*Sir Ian Cheshire*

**Executive Directors**

*Matt Hammerstein*

*Rupert Fowden*

**Non-executive Directors**

*Avid Larizadeh Duggan*

*Michael Jary*

*Kathryn Matthews*

*Chris Pilling*

*Andrew Ratcliffe*

*David Thorburn*

*Sir John Timpson*

# Independent Review Report to Barclays Bank UK PLC

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## Conclusion

We have been engaged by the company to review the condensed set of financial statements in the Interim Results Announcement for the six months ended 30 June 2019 which comprises:

- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated balance sheet as at 30 June 2019;
- the condensed consolidated statement of changes in equity for the period then ended;
- the condensed consolidated cash flow statement for the period then ended; and
- the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Results Announcement for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with *IAS 34 Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Interim Results Announcement and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## Directors’ responsibilities

The Interim Results Announcement is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results Announcement in accordance with the DTR of the UK FCA.

As disclosed in Note 1 *Basis of preparation*, the annual financial statements of the Barclays Bank UK Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the Interim Results Announcement in accordance with IAS 34 as adopted by the EU.

## Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the Interim Results Announcement based on our review.

## The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Jonathan Bingham  
for and on behalf of KPMG LLP  
*Chartered Accountants*  
15 Canada Square  
London, E14 5GL

31 July 2019

## Condensed Consolidated Financial Statements

### Condensed consolidated income statement (unaudited)

	Notes <sup>1</sup>	Half year ended 30.06.19 £m	Half year ended 30.06.18 <sup>2</sup> £m
Net interest income		2,876	1,446
Net fee and commission income	3	630	371
Other income		65	26
<b>Total income</b>		<b>3,571</b>	<b>1,843</b>
Credit impairment charges and other provisions		(418)	(213)
<b>Net operating income</b>		<b>3,153</b>	<b>1,630</b>
Staff costs		(638)	(322)
Infrastructure, administration and general expenses		(1,548)	(736)
Litigation and conduct		(45)	(3)
<b>Operating expenses</b>		<b>(2,231)</b>	<b>(1,061)</b>
<b>Profit before tax</b>		<b>922</b>	<b>569</b>
Tax charge <sup>3</sup>		(213)	(126)
<b>Profit after tax</b>		<b>709</b>	<b>443</b>
<b>Attributable to:</b>			
Equity holders of the parent <sup>3</sup>		639	408
Other equity instrument holders		70	35
<b>Profit after tax</b>		<b>709</b>	<b>443</b>

<sup>1</sup> For notes to the Financial Statements see pages 17 to 29.

<sup>2</sup> Barclays Bank UK PLC acquired the UK banking business from Barclays Bank PLC on 1 April 2018, therefore the prior period represents only three months of full business activity.

<sup>3</sup> From 2019, due to an IAS 12 update, the tax relief on payments in relation to AT1 instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded in retained earnings. Comparatives have been restated, reducing the tax charge for H118 by £9m. Further detail can be found in Note 1, Basis of preparation on pages 17 to 18.

## Condensed Consolidated Financial Statements

### Condensed consolidated statement of comprehensive income (unaudited)

	Notes <sup>1</sup>	Half year ended 30.06.19 £m	Half year ended 30.06.18 <sup>2</sup> £m
<b>Profit after tax</b>		<b>709</b>	<b>443</b>
<b>Other comprehensive income that may be recycled to profit or loss:<sup>3</sup></b>			
Fair value through other comprehensive income reserve	11	19	4
Cash flow hedging reserve	11	134	11
<b>Other comprehensive income that may be recycled to profit or loss</b>		<b>153</b>	<b>15</b>
<b>Total comprehensive income for the period</b>		<b>862</b>	<b>458</b>

1 For notes to the Financial Statements see pages 17 to 29.

2 Barclays Bank UK PLC acquired the UK banking business from Barclays Bank PLC on 1 April 2018, therefore the prior period represents only three months of full business activity.

3 Reported net of tax.

## Condensed Consolidated Financial Statements

### Condensed consolidated balance sheet (unaudited)

	Notes <sup>1</sup>	As at 30.06.19 <sup>2</sup> £m	As at 31.12.18 £m
<b>Assets</b>			
Cash and balances at central banks		34,304	40,669
Cash collateral and settlement balances		3,887	3,349
Loans and advances at amortised cost		194,414	188,565
Reverse repurchase agreements and other similar secured lending		1,194	1,759
Trading portfolio assets		372	151
Financial assets at fair value through the income statement		3,893	3,880
Derivative financial instruments		179	241
Financial assets at fair value through other comprehensive income		15,077	6,710
Goodwill and intangible assets		3,532	3,534
Property, plant and equipment		933	498
Deferred tax assets		741	792
Other assets		1,110	1,157
<b>Total assets</b>		<b>259,636</b>	<b>251,305</b>
<b>Liabilities</b>			
Deposits at amortised cost		201,130	197,485
Cash collateral and settlement balances		629	239
Repurchase agreements and other similar secured borrowing		13,841	11,978
Debt securities in issue		12,037	11,172
Subordinated liabilities		8,004	7,548
Trading portfolio liabilities		1,388	1,269
Derivative financial instruments		499	419
Current tax liabilities		1,197	984
Other liabilities		2,380	1,888
Provisions	7	800	1,380
<b>Total liabilities</b>		<b>241,905</b>	<b>234,362</b>
<b>Equity</b>			
Called up share capital and share premium	9	5	5
Other reserves	11	229	76
Retained earnings		14,734	14,792
<b>Shareholders' equity attributable to ordinary shareholders of the parent</b>		<b>14,968</b>	<b>14,873</b>
Other equity instruments	10	2,763	2,070
<b>Total equity</b>		<b>17,731</b>	<b>16,943</b>
<b>Total liabilities and equity</b>		<b>259,636</b>	<b>251,305</b>

<sup>1</sup> For notes to the Financial Statements see pages 17 to 29.

<sup>2</sup> Barclays Bank UK PLC adopted the accounting standard IFRS 16 on 1 January 2019. The impact on adoption was an increase in property, plant and equipment of £0.5bn, and an increase in other liabilities of £0.5bn, with no material impact on retained earnings.



## Condensed Consolidated Financial Statements

### Condensed consolidated statement of changes in equity (unaudited)

	Called up share capital and share premium <sup>1</sup>	Other equity instruments <sup>1</sup>	Other reserves <sup>1</sup>	Retained earnings	Total	Non- controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
<b>Half year ended 30.06.19</b>							
Balance as at 1 January 2019	5	2,070	76	14,792	16,943	-	16,943
Profit after tax	-	70	-	639	709	-	709
Fair value through other comprehensive income reserve	-	-	19	-	19	-	19
Cash flow hedges	-	-	134	-	134	-	134
<b>Total comprehensive income for the period</b>	-	<b>70</b>	<b>153</b>	<b>639</b>	<b>862</b>	-	<b>862</b>
Issue of shares under employee share schemes	-	-	-	16	16	-	16
Issue and exchange of equity instruments	-	693	-	-	693	-	693
Coupons paid on other equity instruments	-	(70)	-	-	(70)	-	(70)
Vesting of employee share schemes	-	-	-	(12)	(12)	-	(12)
Dividends paid	-	-	-	(700)	(700)	-	(700)
Other movements	-	-	-	(1)	(1)	-	(1)
<b>Balance as at 30 June 2019</b>	<b>5</b>	<b>2,763</b>	<b>229</b>	<b>14,734</b>	<b>17,731</b>	-	<b>17,731</b>
<b>Half year ended 31.12.18</b>							
Balance as at 1 July 2018	13,049	2,070	87	1,524	16,730	1	16,731
Profit after tax <sup>2</sup>	-	70	-	630	700	-	700
Fair value through other comprehensive income reserve	-	-	(21)	-	(21)	-	(21)
Cash flow hedges	-	-	9	-	9	-	9
<b>Total comprehensive income for the period</b>	-	<b>70</b>	<b>(12)</b>	<b>630</b>	<b>688</b>	-	<b>688</b>
Issue of shares under employee share schemes	-	-	-	13	13	-	13
Capital reorganisation	(13,044)	-	-	13,044	-	-	-
Coupons paid on other equity instruments <sup>2</sup>	-	(70)	-	-	(70)	-	(70)
Dividends paid	-	-	-	(350)	(350)	-	(350)
Capital contribution from Barclays Bank PLC <sup>3</sup>	-	-	-	(66)	(66)	-	(66)
Other movements	-	-	1	(3)	(2)	(1)	(3)
<b>Balance as at 31 December 2018</b>	<b>5</b>	<b>2,070</b>	<b>76</b>	<b>14,792</b>	<b>16,943</b>	-	<b>16,943</b>
<b>Half year ended 30.06.18<sup>4</sup></b>							
Balance as at 1 January 2018	5	-	20	21	46	-	46
Profit after tax <sup>2</sup>	-	35	-	408	443	-	443
Fair value through other comprehensive income reserve	-	-	4	-	4	-	4
Cash flow hedges	-	-	11	-	11	-	11
<b>Total comprehensive income for the period</b>	-	<b>35</b>	<b>15</b>	<b>408</b>	<b>458</b>	-	<b>458</b>
Issue of new ordinary shares	13,044	-	-	-	13,044	-	13,044
Issue of shares under employee share schemes	-	-	-	6	6	-	6
Net equity impact of the UK banking business transfer	-	2,070	52	46	2,168	-	2,168
Coupons paid on other equity instruments <sup>2</sup>	-	(35)	-	-	(35)	-	(35)
Vesting of employee share schemes	-	-	-	(9)	(9)	-	(9)
Capital contribution from Barclays Bank PLC	-	-	-	1,049	1,049	-	1,049
Other movements	-	-	-	3	3	1	4
<b>Balance as at 30 June 2018</b>	<b>13,049</b>	<b>2,070</b>	<b>87</b>	<b>1,524</b>	<b>16,730</b>	<b>1</b>	<b>16,731</b>

1 Details of share capital, other equity instruments and other reserves are shown on pages 26 to 27.

2 From 2019, due to an IAS 12 update, the tax relief on payments in relation to AT1 instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded in retained earnings. Comparatives have been restated, reducing the tax charge for H118 by £9m. Further detail can be found in Note 1, Basis of preparation on pages 17 to 18.

3 The capital contribution recorded in H218 reflected subsequent true-up adjustments relating to the transfer of the majority of the UK banking business from Barclays Bank PLC on 1 April 2018. The adjustments were not recorded at the time of the H118 results as they had not been verified by that date. The window for adjustments has now closed.

4 Barclays Bank UK PLC acquired the UK banking business from Barclays Bank PLC on 1 April 2018.

## Condensed Consolidated Financial Statements

### Condensed consolidated cash flow statement (unaudited)

	Half year ended 30.06.19 £m	Half year ended 30.06.18 <sup>1,2</sup> £m
Profit before tax	922	569
Adjustment for non-cash items	272	100
Changes in operating assets and liabilities <sup>2</sup>	911	(3,896)
<b>Net cash from operating activities</b>	<b>2,105</b>	<b>(3,227)</b>
Net cash acquired from the acquisition of the UK banking business <sup>2</sup>	-	45,940
Other investing activities	(7,565)	(1,046)
<b>Net cash from investing activities</b>	<b>(7,565)</b>	<b>44,894</b>
Net cash from financing activities	68	(9)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(5,392)</b>	<b>41,658</b>
Cash and cash equivalents at beginning of the period	44,334	53
<b>Cash and cash equivalents at end of the period</b>	<b>38,942</b>	<b>41,711</b>

<sup>1</sup> Barclays Bank UK PLC acquired the UK banking business from Barclays Bank PLC on 1 April 2018.

<sup>2</sup> As at 30 June 2018, £8.6bn of cash equivalents were reclassified from changes in operating assets and liabilities to net cash acquired from the acquisition of the UK banking business.

### 1. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the DTR of the UK FCA and with IAS 34, Interim Financial Reporting, as published by the International Accounting Standards Board (IASB) and adopted by the EU. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRSs as published by the IASB and as adopted by the EU.

In April 2018, Barclays Bank UK PLC acquired its UK banking business from Barclays Bank PLC. The notes to these interim financial statements do not include an Acquisition note, as there is no related activity in the current period. Relevant prior period comparative information is available in Note 2, Acquisition of business on pages 119 to 121 in the Barclays Bank UK PLC Annual Report 2018.

The accounting policies and methods of computation used in these condensed consolidated interim financial statements are the same as those used in the Barclays Bank UK PLC Annual Report 2018, except as disclosed below.

#### 1. IFRS 16 – Leases

IFRS 16, Leases, which replaced IAS 17, Leases, was applied effective from 1 January 2019. IFRS 16 applies to all leases with the exception of licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38, Intangible Assets, service concession arrangements, leases of biological assets within the scope of IAS 41, Agriculture, and leases of minerals, oil, natural gas and similar non-regenerative resources. IFRS 16 includes an accounting policy choice for a lessee to elect not to apply IFRS 16 to remaining assets within the scope of IAS 38, Intangible Assets, which the Barclays Bank UK Group has decided to apply.

IFRS 16 does not result in a significant change to lessor accounting; however, for lessee accounting there is no longer a distinction between operating and finance leases. Lessees will be required to recognise both:

- A lease liability, measured at the present value of remaining cash flows on the lease, and
- A right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease.

There is a recognition exemption in IFRS 16 for leases with a term not exceeding 12 months, which allows the lessee to apply similar accounting as an operating lease under IAS 17.

The Barclays Bank UK Group applied IFRS 16 on a modified retrospective basis and took advantage of the option not to restate comparative periods. The Barclays Bank UK Group applied the following transition options available under the modified retrospective approach:

- To calculate the right of use asset equal to the lease liability, adjusted for prepaid or accrued payments.
- To rely on the previous assessment of whether leases are onerous in accordance with IAS 37 immediately before the date of initial application as an alternative to performing an impairment review. The Barclays Bank UK Group adjusted the carrying amount of the ROU asset at the date of initial application by the previous carrying amount of its onerous lease provision.
- To apply the recognition exception for leases with a term not exceeding 12 months.
- To use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The impact on adoption was an increase in property, plant and equipment of £0.5bn, and an increase in other liabilities of £0.5bn, with no material impact on retained earnings.

#### 2. IFRIC Interpretation 23 – Uncertainty over Income Tax Treatment

IFRIC 23 clarifies the application of IAS 12 to accounting for income tax treatments that have yet to be accepted by tax authorities, in scenarios where it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept an entity's tax treatment. IFRIC 23 has been applied from 1 January 2019. There was no significant effect from the adoption of IFRIC 23 in relation to accounting for uncertain tax positions.

## Financial Statement Notes

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### 3. IAS 12 – Income Taxes – Amendments to IAS 12

The IASB amended IAS 12 in order to clarify the accounting treatment of the income tax consequences of dividends. As a result of the amendment, the tax consequences of all payments on financial instruments that are classified as equity for accounting purposes, where those payments are considered to be a distribution of profit, will be included in, and will reduce, the income statement tax charge. The amendments of IAS 12 were applied to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. This resulted in reducing the tax charge and increasing profit after tax for H119 by £19m and H118 by £9m. This change does not impact retained earnings.

### 4. IAS 19 – Employee Benefits – Amendments to IAS 19

The IASB issued amendments to the guidance in IAS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. The amendments have been applied to plan amendments, curtailments or settlements occurring on or after 1 January 2019. There was no significant effect from the adoption of the amendments of IAS 19.

### 5. Going concern

Having reassessed the Principal Risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

### 6. Other disclosures

The Credit risk disclosures on pages 5 to 7 form part of these interim financial statements.

## Financial Statement Notes

### 2. Segmental reporting

#### Analysis of results by business

	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
<b>Half year ended 30.06.19</b>					
Total income	1,992	987	657	(65)	3,571
Credit impairment charges and other provisions	(88)	(315)	(18)	3	(418)
<b>Net operating income/(expenses)</b>	<b>1,904</b>	<b>672</b>	<b>639</b>	<b>(62)</b>	<b>3,153</b>
Total operating expenses	(1,547)	(328)	(353)	(3)	(2,231)
<b>Profit/(loss) before tax</b>	<b>357</b>	<b>344</b>	<b>286</b>	<b>(65)</b>	<b>922</b>

<b>As at 30.06.2019</b>	<b>£bn</b>	<b>£bn</b>	<b>£bn</b>	<b>£bn</b>	<b>£bn</b>
<b>Total assets</b>	<b>187.1</b>	<b>15.9</b>	<b>56.6</b>	<b>-</b>	<b>259.6</b>

	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
<b>Half year ended 30.06.18<sup>1</sup></b>					
Total income	1,063	504	320	(44)	1,843
Credit impairment charges and other provisions	(48)	(139)	(26)	-	(213)
<b>Net operating income/(expenses)</b>	<b>1,015</b>	<b>365</b>	<b>294</b>	<b>(44)</b>	<b>1,630</b>
Total operating expenses	(726)	(153)	(175)	(7)	(1,061)
<b>Profit/(loss) before tax</b>	<b>289</b>	<b>212</b>	<b>119</b>	<b>(51)</b>	<b>569</b>

<b>As at 30.06.2019</b>	<b>£bn</b>	<b>£bn</b>	<b>£bn</b>	<b>£bn</b>	<b>£bn</b>
<b>Total assets</b>	<b>179.4</b>	<b>16.5</b>	<b>55.4</b>	<b>-</b>	<b>251.3</b>

<sup>1</sup> Barclays Bank UK PLC acquired the UK banking business from Barclays Bank PLC on 1 April 2018, therefore the prior period represents only three months of full business activity.

#### Income by geographic region

Income from Barclays Bank UK Group is earned from the UK region.

## Financial Statement Notes

### 3. Net fee and commission income

Fee and commission income is disaggregated below and includes a total for fees in scope of IFRS 15, Revenue from Contracts with Customers:

	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
<b>Half year ended 30.06.19</b>					
<b>Fee type</b>					
Transactional	344	102	76	-	522
Advisory	88	-	-	-	88
Other	153	1	54	-	208
<b>Total revenue from contracts with customers</b>	<b>585</b>	<b>103</b>	<b>130</b>	<b>-</b>	<b>818</b>
Fee and commission expense	(168)	(15)	(5)	-	(188)
<b>Net fee and commission income</b>	<b>417</b>	<b>88</b>	<b>125</b>	<b>-</b>	<b>630</b>

#### Half year ended 30.06.18

<b>Fee type</b>					
Transactional	167	56	44	-	267
Advisory <sup>1</sup>	74	-	-	-	74
Other	51	4	12	-	67
<b>Total revenue from contracts with customers</b>	<b>292</b>	<b>60</b>	<b>56</b>	<b>-</b>	<b>408</b>
Fee and commission expense	(15)	(8)	(14)	-	(37)
<b>Net fee and commission income</b>	<b>277</b>	<b>52</b>	<b>42</b>	<b>-</b>	<b>371</b>

<sup>1</sup> Advisory fees of £74m have been restated from Business Banking to Personal Banking to reflect re-alignment of businesses.

Transactional fees are service charges on deposit accounts, cash management services and transactional processing fees. This includes interchange and merchant fee income generated from credit and bank card usage.

Advisory fees are generated from wealth management services. Wealth management advisory fees primarily consists of asset-based fees for advisory accounts of wealth management clients and are based on the market value of client assets. They are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined.

Other relates to various fee types which individually do not amount to 10% or greater of the Barclays Bank UK Group total fee and commission income.

### 4. Dividends on ordinary shares

	Half year ended 30.06.19		Half year ended 30.06.18	
	Per share p	Total £m	Per share p	Total £m
<b>Dividends paid during the period</b>				
Full year dividend paid during period	139	700	-	-

A half year dividend for 2019 of £350m will be paid on 16 September 2019.

## Financial Statement Notes

### 5. Fair value of financial instruments

This section should be read in conjunction with Note 16, Fair value of financial instruments of the Barclays Bank UK PLC Annual Report 2018 and Note 1, Basis of preparation on pages 114 to 118, which provides more detail about accounting policies adopted and valuation methodologies used in calculating fair value.

#### Valuation

The following table shows assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

	Valuation technique using			Total £m
	Quoted market prices (Level 1) £m	Observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	
<b>As at 30.06.19</b>				
Trading portfolio assets	87	285	-	372
Financial assets designated at fair value through income statement	-	34	3,859	3,893
Derivative financial assets	-	179	-	179
Financial assets designated at fair value through other comprehensive income	6,713	8,364	-	15,077
<b>Total assets</b>	<b>6,800</b>	<b>8,862</b>	<b>3,859</b>	<b>19,521</b>
<hr/>				
Trading portfolio liabilities	(1,275)	(113)	-	(1,388)
Derivative financial instruments	-	(499)	-	(499)
<b>Total liabilities</b>	<b>(1,275)</b>	<b>(612)</b>	<b>-</b>	<b>(1,887)</b>
<hr/>				
<b>As at 31.12.18</b>				
Trading portfolio assets	-	151	-	151
Financial assets designated at fair value through income statement	-	28	3,852	3,880
Derivative financial assets	-	241	-	241
Financial assets designated at fair value through other comprehensive income	2,901	3,809	-	6,710
<b>Total assets</b>	<b>2,901</b>	<b>4,229</b>	<b>3,852</b>	<b>10,982</b>
<hr/>				
Trading portfolio liabilities	(1,252)	(17)	-	(1,269)
Derivative financial instruments	-	(419)	-	(419)
<b>Total liabilities</b>	<b>(1,252)</b>	<b>(436)</b>	<b>-</b>	<b>(1,688)</b>

## Financial Statement Notes

The following table shows the Barclays Bank UK Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and product type:

	Assets			Liabilities		
	Valuation technique using			Valuation technique using		
	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	£m	£m	£m	£m	£m	£m
<b>As at 30.06.19</b>						
Interest rate derivatives	-	95	-	-	(373)	-
Foreign exchange derivatives	-	84	-	-	(126)	-
Government and government sponsored debt	6,800	6,778	-	(1,275)	(113)	-
Corporate debt	-	1,835	-	-	-	-
Non-asset backed loans	-	34	3,859	-	-	-
Asset backed securities	-	36	-	-	-	-
<b>Total</b>	<b>6,800</b>	<b>8,862</b>	<b>3,859</b>	<b>(1,275)</b>	<b>(612)</b>	<b>-</b>
<b>As at 31.12.18</b>						
Interest rate derivatives	-	170	-	-	(337)	-
Foreign exchange derivatives	-	71	-	-	(82)	-
Government and government sponsored debt	2,901	3,777	-	(1,252)	(17)	-
Corporate debt	-	134	-	-	-	-
Non-asset backed loans	-	28	3,852	-	-	-
Asset backed securities	-	49	-	-	-	-
<b>Total</b>	<b>2,901</b>	<b>4,229</b>	<b>3,852</b>	<b>(1,252)</b>	<b>(436)</b>	<b>-</b>

### Assets and liabilities reclassified between Level 1 and Level 2

During the period, there were no material transfers between Level 1 and Level 2.

### Level 3 movement analysis

The following table summarises the movements in the Level 3 balance during the period. The table shows gains and losses and includes amounts for all financial assets and liabilities that are held at fair value transferred to and from Level 3 during the period.

Asset and liability moves between Level 2 and Level 3 are primarily due to i) an increase or decrease in observable market activity related to an input or ii) a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant.

	As at 01.01.19 £m	Purchases <sup>1</sup> £m	Sales £m	Issues £m	Settlements £m	Total gains and losses in the period recognised in the income statement		Transfers		As at 30.06.19 £m
						Trading Income <sup>2</sup> £m	Other income £m	In £m	Out £m	
Non-asset backed loans	3,852	-	-	-	(163)	178	-	-	(8)	3,859
<b>Financial assets at fair value through the income statement</b>	<b>3,852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(163)</b>	<b>178</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>3,859</b>
	As at 01.01.18 £m									As at 30.06.18 £m
Non-asset backed loans	-	4,432	-	-	(272)	(12)	-	-	-	4,148
<b>Financial assets at fair value through the income statement</b>	<b>-</b>	<b>4,432</b>	<b>-</b>	<b>-</b>	<b>(272)</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,148</b>

<sup>1</sup> On 1 April 2018, £4.4bn of non-asset backed loans were transferred as part of the acquisition of the UK banking business.

<sup>2</sup> Trading income represents gains on Level 3 financial assets which is offset by losses on derivative hedges disclosed within Level 2.



## Financial Statement Notes

### Unrealised gains and losses on Level 3 financial assets and liabilities

The following table discloses the unrealised gains and losses recognised in the period arising on Level 3 financial assets and liabilities held at the period end:

	Half year ended 30.06.19			Half year ended 30.06.18		
	Income statement			Income statement		
	Trading income	Other income	Total	Trading income	Other income	Total
	£m	£m	£m	£m	£m	£m
Financial assets at fair value through the income statement	178	-	178	(12)	-	(12)

### Valuation techniques and sensitivity analysis

Sensitivity analysis is performed on products with significant unobservable inputs (Level 3) to generate a range of reasonably possible alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative models.

### Sensitivity analysis of valuations using unobservable inputs

The following table discloses the sensitivity to changes in credit spreads used in determining the fair value of Non-asset backed loans:

	As at 30.06.19		As at 31.12.18	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	£m	£m	£m	£m
Non-asset backed loans	115	(288)	133	(248)

The underlying facilities consist predominantly of long-dated fixed rate loans, extended to counterparties in Education, Social Housing and Local Authorities. These facilities are generally considered to be very low credit risk and attract an input loan spread, which, although unobservable, reflects this. The effect of stressing unobservable inputs to a 90<sup>th</sup> percentile confidence interval of a potential range of values, alongside considering the impact of using alternative valuation models, would be to increase fair values by up to £115m (2018: £133m) or to decrease fair values by up to £288m (2018: £248m). All the potential effect would impact profit and loss, rather than reserves. The decrease in fair values is commensurate to an average stress to the input loan spread of 65bps on a portfolio level.

### Portfolio exemption

The Barclays Bank UK Group uses the portfolio exemption in IFRS 13, Fair Value Measurement to measure the fair value of groups of financial assets and liabilities. Instruments are measured using the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the balance sheet date under current market conditions. Accordingly, the Barclays Bank UK Group measures the fair value of the group of financial assets and liabilities consistently with how market participants would price the net risk exposure at the measurement date.

### Unrecognised gains as a result of the use of valuation models using unobservable inputs

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is £14m (2018: £14m) for financial instruments measured at fair value and £225m (2018: £231m) for financial instruments carried at amortised cost. The decrease of £6m in financial instruments carried at amortised cost is driven by amortisation and releases of £6m (2018: £18m).

## Financial Statement Notes

### Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The following table summarises the fair value of financial assets and liabilities measured at amortised cost on the Barclays Bank UK Group balance sheet:

	As at 30.06.19		As at 31.12.18	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
<b>Financial assets</b>				
Loans and advances at amortised cost				
-Home loans	138,719	138,299	137,124	136,304
-Credit cards, unsecured loans and other retail lending	22,271	22,875	22,626	23,334
-Corporate loans	33,424	32,083	28,815	27,253
Reverse repurchase agreements and other similar secured lending	1,194	1,194	1,759	1,759
<b>Financial liabilities</b>				
Deposits at amortised cost				
- Banks	(88)	(88)	(29)	(29)
- Current and demand accounts	(73,625)	(73,625)	(71,450)	(71,450)
- Savings accounts	(111,817)	(111,817)	(110,611)	(110,611)
- Other time deposits	(15,600)	(15,616)	(15,395)	(15,414)
Repurchase agreements and other similar secured borrowing	(13,841)	(13,841)	(11,978)	(11,978)
Debt securities in issue	(12,037)	(12,493)	(11,172)	(11,681)
Subordinated liabilities	(8,004)	(8,070)	(7,548)	(7,548)

## 6. Subordinated liabilities

	Half year ended 30.06.19 £m	Year ended 31.12.18 £m
Opening balance as at 1 January	7,548	-
Issuances	157	-
Acquisition of UK banking business	-	3,001
Other	299	4,547
<b>Closing balance</b>	<b>8,004</b>	<b>7,548</b>

Issuance of \$200m of 5.088% Fixed-to-Floating Rate Subordinated Notes (£157m), intra-group to Barclays PLC.

Other movements in the six months ended 30 June 2019 predominantly consists of fair value hedge adjustments.

## Financial Statement Notes

### 7. Provisions

	As at 30.06.19	As at 31.12.18
	£m	£m
PPI redress	360	888
Other customer redress	281	317
Legal, competition and regulatory matters	3	3
Redundancy and restructuring	36	47
Undrawn contractually committed facilities and guarantees	61	54
Onerous contracts	25	42
Sundry provisions	34	29
<b>Total</b>	<b>800</b>	<b>1,380</b>

#### PPI redress

As at 30 June 2019, the Barclays Bank UK Group held a provision of £360m (December 2018: £888m) against the cost of PPI redress and associated processing costs.

The Barclays Group had recognised cumulative provisions totalling £9.6bn (December 2018: £9.6bn) with utilisation of £9.2bn (December 2018: £8.7bn), £0.5bn of which was utilised in H119.

Through to 30 June 2019, 2.6m (December 2018: 2.4m) customer initiated claims<sup>1</sup> had been received and processed by the Barclays Group.

The current provision reflects the estimated cost of PPI redress primarily relating to customer initiated complaints and on-going remediation programmes, based on information available at June 2019. This also includes liabilities managed by third parties arising from portfolios previously sold where Barclays Bank UK Group remains liable.

As at 30 June 2019, the provision of £360m represents Barclays Bank UK Groups' best estimate of expected PPI related costs in light of the complaints deadline implemented by the FCA of 29 August 2019. However, it is possible the eventual cumulative provision outcome may differ from the current estimate. Barclays Bank UK Group will continue to review the adequacy of the provision in respect of the future impacts, including after the complaints deadline as not all costs will be settled at that point.

The PPI provision is calculated using a number of assumptions, which continue to involve significant modelling and management judgement:

- Customer initiated claim volumes – claims received but not yet processed plus an estimate of future claims initiated by customers, where the increase in volume is anticipated to cease after the PPI deadline.
- Average claim redress – the expected average payment to customers for upheld claims based on the type and age of the policy/policies.
- Processing cost per claim – the cost of assessing and processing each valid claim.

These assumptions remain subjective, mainly due to the uncertainty associated with the remaining future claims levels, which include complaints driven by Claims Management Company (CMC) activity and the FCA advertising campaign.

In addition, these assumptions are subject to recent investigations and queries by the Official Receiver in respect of bankruptcy estates, the impact of which cannot be reliably estimated at this time.

The following table outlines key forecast assumptions used in the provision calculation as at 30 June 2019, and a sensitivity analysis illustrating the impact on the provision, if the future expected assumptions prove too high or too low.

Assumption	Future expected policy claims	Sensitivity analysis increase/ decrease in provision
Customer initiated claims received and processed (thousands) <sup>1</sup>	134	50k = £120m
Average uphold rate per claim (%) <sup>2</sup>	87	1% = £3m
Average redress per valid claim (£) <sup>3</sup>	2,286	£100 = £12m

1 Total mis-selling claims received by Barclays, including those received via CMCs but excluding those for which no PPI policy exists and excluding recent investigations and queries by the Official Receiver in respect of bankruptcy estates (the impact of which cannot be reliably estimated at this time) and responses to proactive mailing. The sensitivity analysis has been calculated to show the impact of a 50,000 increase or decrease in the number of customer initiated mis-selling policy claims would have on the provision level inclusive of operational processing costs.

2 Average uphold rate per customer initiated mis-selling claims received by Barclays and proactive mailings, excluding those for which no PPI policy exists. The sensitivity analysis has been calculated to show the impact a 1% change in the average uphold rate per claim would have on the provision level.

3 Average redress stated on a per policy basis for future customer initiated mis-selling complaints received by Barclays. The sensitivity analysis has been calculated to show the impact a £100 increase or decrease in the average redress per claim would have on the provision level.

### 8. Retirement benefits

As permitted under the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015, from 1 September 2017, until the end of 2025, Barclays Bank UK PLC will participate as an employer in the UK Retirement Fund (UKRF). Barclays Bank UK PLC will make contributions for the future service of its employees who are currently Afterwork members and, in the event of Barclays Bank PLC's insolvency during this period, Barclays Bank UK PLC would step in as principal employer of the UKRF. Barclays Bank PLC remains the sponsoring employer of the UKRF.

Under IAS 19, the defined benefit obligation remains with Barclays Bank PLC and Barclays Bank UK PLC recognises a cost equal to its contributions to the scheme. In accordance with accounting standards, Barclays Bank UK PLC does not account for any potential additional liability to the scheme at the end of the transitional phase.

There have been no changes to the plan arrangements in the six months to 30 June 2019.

### 9. Called up share capital

As at 30 June 2019, the issued ordinary share capital of Barclays Bank UK PLC comprised 505m (December 2018: 505m) ordinary shares of £0.01 each.

There were no issuances or redemptions in the six months to 30 June 2019.

### 10. Other equity instruments

Other equity instruments of £2,763m (December 2018: £2,070m) are AT1 securities issued to Barclays PLC by Barclays Bank UK PLC. There has been one issuance during the period, £700m 7.125% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities.

The AT1 securities are perpetual securities with no fixed maturity and are structured to qualify as AT1 instruments under CRR. AT1 securities are undated and are repayable, at the option of Barclays Bank UK PLC, in whole at the initial call date, or on any fifth anniversary after the initial call date. In addition, the AT1 securities are repayable, at the opinion of Barclays Bank UK PLC, in whole in the event of certain changes in the tax or regulatory treatment of the securities. Any repayments require the prior consent of the PRA.

### 11. Other reserves

	As at 30.06.19 £m	As at 31.12.18 £m
Fair value through other comprehensive income reserve	(14)	(33)
Cash flow hedging reserve	154	20
Other reserves and other shareholders' equity	89	89
<b>Total</b>	<b>229</b>	<b>76</b>

#### Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the unrealised change in the fair value through other comprehensive income investments since initial recognition.

As at 30 June 2019, there was a debit balance of £14m (December 2018: £33m debit) in the fair value through other comprehensive income reserve. The gain of £19m is principally driven by a £42m gain from the increase in fair value of bonds due to decreasing bond yields. This was partially offset by £17m of net gains transferred to net profit and a tax charge of £6m.

#### Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transactions affect profit or loss.

## Financial Statement Notes

As at 30 June 2019, there was a credit balance of £154m (December 2018: £20m credit) in the cash flow hedging reserve. The increase of £134m principally reflected a £179m increase in the fair value of interest rate swaps held for hedging purposes as interest rate curves decreased and offset by a tax charge of £45m.

### Other reserves and other shareholders' equity

Other reserves and other shareholders' equity relate to the merger reserve for Barclays Bank UK Group and the Group Reconstruction Relief for Barclays Bank UK PLC, in respect of the transfer of the UK banking business.

As at 30 June 2019, there was a credit balance of £89m (December 2018: £89m credit) in other reserves and shareholders' equity. There has been no movement since December 2018.

## 12. Contingent liabilities and commitments

The following table summarises the nominal principal amount of contingent liabilities and commitments which are not recorded on the balance sheet:

	As at 30.06.19 £m	As at 31.12.18 £m
<b>Contingent liabilities</b>		
Guarantees and letters of credit pledged as collateral security	730	760
Performance guarantees, acceptances and endorsements	150	150
<b>Total</b>	<b>880</b>	<b>910</b>
<b>Commitments</b>		
Standby facilities, credit lines and other commitments	63,409	66,435

In addition to the above, Note 13, Legal, competition and regulatory matters details out further contingent liabilities where it is not practicable to disclose an estimate of the potential financial effect on Barclays Bank UK Group.

## 13. Legal, competition and regulatory matters

Barclays Bank UK PLC and the Barclays Bank UK Group face legal, competition and regulatory challenges, many of which are beyond our control. The extent of the impact on Barclays of these matters cannot always be predicted but may materially impact our operations, financial results, condition and prospects. Matters arising from a set of similar circumstances can give rise to either a contingent liability or a provision, or both, depending on the relevant facts and circumstances.

### Investigation into collections and recoveries relating to unsecured lending

In February 2018, the FCA commenced an enforcement investigation in relation to whether or not Barclays implemented effective systems and controls with respect to collections and recoveries and whether or not it paid due consideration to the interests of customers in default and arrears.

#### Claimed amounts/Financial impact

It is not currently practicable to provide an estimate of the financial impact of the investigation on Barclays or what effect that it might have upon Barclays' operating results, cash flows or financial position in any particular period.

### HM Revenue & Customs (HMRC) assessments concerning UK Value Added Tax

In 2018, HMRC issued notices that have the effect of removing certain overseas subsidiaries that have operations in the UK from Barclays' UK VAT group, in which group supplies between members are generally free from VAT. The notices have retrospective effect and correspond to assessments of £181m (inclusive of interest), of which Barclays would expect to attribute an amount of approximately £128m to Barclays Bank UK PLC and £53m to Barclays Bank PLC. Barclays has appealed HMRC's decision to the First Tier Tribunal (Tax Chamber).

#### Claimed amounts/Financial impact

The total amount of the HMRC assessments is approximately £181m, inclusive of interest.

## Financial Statement Notes

### Local authority civil actions concerning LIBOR

Following settlement by Barclays Bank PLC of various governmental investigations concerning certain benchmark interest rate submissions, in the UK, certain local authorities have brought claims against Barclays asserting that they entered into loans in reliance on misrepresentations made by Barclays in respect of its conduct in relation to LIBOR.

### Claimed amounts/Financial impact

It is not currently practicable to provide an estimate of any further financial impact of the actions described on Barclays or what effect they might have upon Barclays' operating results, cash flows or financial position in any particular period.

### General

Barclays Bank UK PLC and its subsidiaries are engaged in various other legal, competition and regulatory matters in the jurisdictions in which they operate. The Barclays Bank UK Group is subject to legal proceedings brought by and against Barclays which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data management and protection, money laundering, financial crime, employment, environmental and other statutory and common law issues.

The Barclays Bank UK Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which Barclays is or has been engaged. Barclays is cooperating with the relevant authorities and keeping all relevant agencies briefed as appropriate in relation to these matters and others described in this note on an ongoing basis.

At the present time, Barclays Bank UK PLC does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described in this note, there can be no assurance that the outcome of a particular matter or matters (including formerly active matters or those matters arising after the date of this note) will not be material to Barclays Bank UK PLC's results, operations or cash flow for a particular period, depending on, amongst other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

## 14. Related party transactions

### Parent company

The parent company, which is also the ultimate parent company, is Barclays PLC, which holds 100% of the issued ordinary shares of Barclays Bank UK PLC.

### Fellow subsidiaries

Transactions between the Barclays Bank UK Group and other subsidiaries of the parent company meet the definition of related party transactions.

Amounts included in the Barclays Bank UK Group's financial statements with other Barclays Group companies are as follows:

	Half year ended 30.06.19		Half year ended 30.06.18	
	Parent £m	Fellow subsidiaries £m	Parent £m	Fellow subsidiaries £m
Total income	(140)	52	(59)	(45)
Operating expenses	(36)	(1,142)	(22)	(554)
	As at 30.06.19		As at 31.12.18	
	Parent £m	Fellow subsidiaries £m	Parent £m	Fellow subsidiaries £m
Total assets	2	678	5	1,612
Total liabilities	7,934	2,199	7,723	1,304

Except for the above, no related party transactions that have taken place in the half year ended 30 June 2019 have materially affected the financial position or performance of the Barclays Bank UK Group during this period.

## Financial Statement Notes

### 15. Barclays Bank UK PLC parent condensed balance sheet

	As at 30.06.19 £m	As at 31.12.18 £m
<b>Assets</b>		
Cash and balances at central banks	34,304	40,664
Cash collateral and settlement balances	3,887	3,364
Loans and advances at amortised cost	194,540	188,606
Reverse repurchase agreements and other similar secured lending	1,194	1,759
Trading portfolio assets	372	151
Financial assets at fair value through the income statement	3,893	3,880
Derivative financial instruments	179	241
Financial assets at fair value through other comprehensive income	15,077	6,710
Investments in subsidiaries	463	463
Goodwill and intangible assets	3,384	3,386
Property, plant and equipment	933	498
Deferred tax assets	741	790
Other assets	863	939
<b>Total assets</b>	<b>259,830</b>	<b>251,451</b>
<b>Liabilities</b>		
Deposits at amortised cost	202,629	199,031
Cash collateral and settlement balances	697	239
Repurchase agreements and other similar secured borrowing	13,841	11,978
Debt securities in issue	10,775	9,912
Subordinated liabilities	8,004	7,548
Trading portfolio liabilities	1,388	1,269
Derivative financial instruments	517	436
Current tax liabilities	1,211	990
Other liabilities	2,153	1,676
Provisions	782	1,348
<b>Total liabilities</b>	<b>241,997</b>	<b>234,427</b>
<b>Equity</b>		
Called up share capital and share premium	5	5
Other equity instruments	2,763	2,070
Other reserves	331	178
Retained earnings	14,734	14,771
<b>Total equity</b>	<b>17,833</b>	<b>17,024</b>
<b>Total liabilities and equity</b>	<b>259,830</b>	<b>251,451</b>

## Other Information

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### Results timetable<sup>1</sup>

### Date

2019 Annual Report

13 February 2020

For further information please contact

### Investor relations

Lisa Bartrip +44 (0) 20 7773 0708

### Media relations

Thomas Hoskin +44 (0) 20 7116 4755

More information on Barclays Bank UK PLC can be found on our website: [home.barclays](http://home.barclays).

### Registered office

1 Churchill Place, London, E14 5HP, United Kingdom. Tel: +44 (0) 20 7116 1000. Company number: 9740322.

<sup>1</sup> Note that this date is provisional and subject to change.