

Barclays Bank UK PLC

Interim Results Announcement

30 June 2024

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Notes

Barclays Bank UK PLC is a wholly-owned subsidiary of Barclays PLC. The consolidation of Barclays Bank UK PLC and its subsidiaries is referred to as the Barclays Bank UK Group. The terms Barclays or Barclays Group refer to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the six months ended 30 June 2024 to the corresponding six months of 2023 and balance sheet analysis as at 30 June 2024 with comparatives relating to 31 December 2023. 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, which can be accessed at home.barclays/investor-relations.

The information in this announcement, which was approved by the Board of Directors on 31 July 2024, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 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.

The 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. The 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

This document contains certain forward-looking statements with respect to the Barclays Bank UK Group. 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. 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. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Barclays Bank UK Group (including during management presentations) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank UK Group's future financial position, business strategy, income levels, costs, assets and liabilities, impairment charges, provisions, capital leverage and other regulatory ratios, capital distributions (including policy on dividends and share buybacks), return on tangible equity, projected levels of growth in banking and financial markets, industry trends, any commitments and targets (including environmental, social and governance (ESG) commitments and targets), plans and objectives for future operations, International Financial Reporting Standards ("IFRS") and other statements that are not historical or current facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulations, governmental and regulatory policies, expectations and actions, voluntary codes of practices and the interpretation thereof, changes in IFRS and other accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; the Barclays Bank UK Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents and similar events beyond the Barclays Bank UK Group's control; the impact of competition in the banking and financial services industry; capital, liquidity, leverage and other regulatory rules and requirements applicable to past, current and future periods; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates reforms to benchmark interest rates and indices; higher or lower asset valuations; changes in credit ratings of any entity within the Barclays Bank UK Group or any securities issued by it; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the conflicts in Ukraine and the Middle East on European and global macroeconomic conditions, political stability and financial markets; political elections, including the impact of the UK, European and US elections in 2024; developments in the UK's relationship with the European Union ("EU"); the risk of cyberattacks, information or security breaches, technology failures or operational disruptions and any subsequent impact on the Barclays Bank UK Group's reputation, business or operations; the Barclays Bank UK Group's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the Barclays Bank UK Group's control. As a result, the Barclays Bank UK Group's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Barclays Bank UK Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank UK Group's future financial condition and performance are identified in Barclays Bank UK PLC's 2023 Annual Report, which is available on barclays.com.

Subject to Barclays Bank UK PLC's obligations under the applicable laws and regulations of any relevant jurisdiction (including, without limitation, the UK) 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 overview

Barclays Bank UK PLC is the ring-fenced bank within the Barclays Group. The Barclays Bank UK Group contains the majority of the Barclays Group's Barclays UK division, including the Personal Banking, Business Banking and Barclaycard Consumer UK businesses, other than the Barclays Partner Finance business.

Barclays Bank UK Group results for the half year ended

| | 30.06.24 | 30.06.23 | % Change |
|-----------------------------------|----------------|----------------|----------|
| | £m | £m | |
| Total income | 3,753 | 3,997 | (6) |
| Operating costs | (2,122) | (2,260) | 6 |
| UK regulatory levies ¹ | (54) | — | |
| Litigation and conduct | (7) | 3 | |
| Total operating expenses | (2,183) | (2,257) | 3 |
| Loss on disposal of subsidiaries | — | (124) | |
| Profit before impairment | 1,570 | 1,616 | (3) |
| Credit impairment charges | (61) | (213) | |
| Profit before tax | 1,509 | 1,403 | 8 |
| Tax charge | (383) | (398) | 4 |
| Profit after tax | 1,126 | 1,005 | 12 |
| Attributable to: | | | |
| Equity holders of the parent | 1,038 | 916 | 13 |
| Other equity instrument holders | 88 | 89 | (1) |
| Profit after tax | 1,126 | 1,005 | 12 |

Balance sheet information

| | As at 30.06.24 | As at 31.12.23 | % Change |
|---|-------------------|-------------------|----------|
| | £bn | £bn | |
| Loans and advances at amortised cost to customers | 197.3 | 200.8 | (2) |
| Total assets | 294.3 | 293.6 | — |
| Deposits at amortised cost from customers | 236.8 | 241.2 | (2) |

Capital and liquidity metrics

| | As at 30.06.24 | As at 31.12.23 |
|--|-------------------|-------------------|
| Common equity tier 1 (CET1) ratio ² | 15.2% | 14.8% |
| Liquidity pool (£bn) | 69.0 | 64.9 |
| Liquidity coverage ratio (LCR) | 190.6% | 180.1% |
| Risk weighted assets (RWAs) (£bn) | 75.3 | 72.1 |
| UK leverage ratio | 5.7% | 5.2% |
| Net stable funding ratio (NSFR) | 161.5% | 165.2% |

¹ Comprises the impact of the Bank of England (BoE) levy scheme and the UK bank levy.

² CET1 capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangements under Regulation (EU) No 575/2013 (the Capital Requirements Regulation), as amended, as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended (UK CRR). For further detail on the application of UK CRR, refer to Treasury and Capital Risk on page 18.

Financial Review

Barclays Bank UK Group performance

- **Profit before tax increased to £1,509m (H123: £1,403m)** and includes continued investment in our transformation into a simpler, better and more balanced retail bank
- **Total income decreased 6% to £3,753m**, consisting of:
 - Personal Banking income decreased 8% to £2,353m, driven by lower deposit volumes, changes in deposit mix where cost of living pressures and customers searching for yield have been primary factors, mortgage margin compression and the impact of the transfer of Wealth Management & Investments (WM&I) to Barclays Private Bank and Wealth Management (PBWM) within Barclays Bank PLC in May 2023. Structural hedge momentum has partially mitigated the impact of adverse product dynamics
 - Barclaycard Consumer UK income decreased 5% to £458m due to lower interest earning lending balances resulting from higher customer spend being more than offset by repayments
 - Business Banking income increased 1% to £959m driven by continued structural hedge momentum, partially offset by lower government scheme lending as repayments continue, and lower deposit volumes
 - Head Office net expense of £(17)m, related primarily to hedge accounting
- **Total operating expenses decreased 3% to £2,183m** driven by the transfer of WM&I to PBWM within Barclays Bank PLC in May 2023, partially offset by the impact of inflation. Ongoing efficiency savings continue to be reinvested, which includes investment in our transformation programme
- **Credit impairment charges of £61m (H123: £213m)**, driven by low delinquencies in UK cards, high quality mortgage lending portfolio and the improved macroeconomic outlook. UK cards 30 and 90 day arrears remained low at 0.8% (H123: 0.9%) and 0.2% (H123: 0.2%) respectively. The UK cards total coverage ratio was 6.1% (December 2023: 6.8%)
- **The effective tax rate (ETR) was 25.4% (H123: 28.4%)**

Balance sheet, capital and liquidity

- **Loans and advances at amortised cost to customers decreased 2% to £197.3bn** driven by subdued mortgage lending reflecting wider market factors and continued repayment of government scheme lending in Business Banking
- **Deposits at amortised cost from customers decreased 2% to £236.8bn** driven by reduced Business Banking and retail current account balances
- **The Barclays Bank UK Group CET1 ratio as at 30 June 2024 was 15.2%**, which is above regulatory capital minimum requirements
- **RWAs increased to £75.3bn (31 December 2023: £72.1bn)** primarily driven by regulatory model changes
- **The Barclays Bank UK Group liquidity pool increased to £69.0bn (31 December 2023: £64.9bn)** and the liquidity coverage ratio (LCR) increased to 190.6% (31 December 2023: 180.1%) primarily driven by an increase in wholesale funding including MREL eligible intra-group loans from Barclays PLC, as well as short-term money market instruments and covered bonds

Other matters

- **Acquisition of Tesco Bank's retail banking business:** on 9 February 2024, Barclays entered into an agreement with Tesco Personal Finance plc (operating using the trading name "Tesco Bank") to acquire certain assets and liabilities of its retail banking business. The proposed transfer is subject to High Court approval and, if approved, is expected to become effective on 1 November 2024
- **BoE levy scheme:** following parliamentary approval, the new levy process commenced in Q124 replacing the Cash Ratio Deposit scheme as a means of funding the Bank of England's monetary policy and financial stability operations. This change in scheme moves the charge from negative income recognised over the course of the year to an annual operating expense at the start of the levy year (running from 1 March to 28 February). The final charge for the 2024/2025 financial year is expected to be confirmed during Q324

Risk Management

Risk management and principal risks

The roles and responsibilities of the business groups, Risk and Compliance in the management of risk in the Barclays Bank UK Group are defined in the Enterprise Risk Management Framework (ERMF). The purpose of the ERMF is to identify the principal risks of the Barclays Bank UK Group, the process by which the Barclays Bank UK Group sets its appetite for these risks in its business activities, and the consequent limits which it places on related risk taking.

The ERMF identifies nine principal risks: credit risk, market risk, treasury and capital risk, climate risk, operational risk, model risk, compliance risk, reputation risk and legal risk. Further detail on these principal risks and material existing and emerging risks and how such risks are managed is available in the Barclays Bank UK PLC Annual Report 2023, which can be accessed at home.barclays/annualreport. There have been no significant changes to these principal risks or previously identified material existing and emerging risks in the period and these risks are expected to be relevant for the remaining six months of this year.

The following sections give an overview of credit risk and treasury and capital risk for the period.

Credit Risk

Loans and advances at amortised cost by product

Total loans and advances at amortised cost in the credit risk performance section includes loans and advances at amortised cost to banks and loans and advances at amortised cost to customers.

The table below presents a product breakdown by stages of loans and advances at amortised cost and the impairment allowance. Also included are stage allocation of debt securities by gross exposure, impairment allowance and coverage ratio.

Impairment allowance under IFRS 9 considers both the drawn and the undrawn counterparty exposure. For retail portfolios, the total impairment allowance is allocated to gross loans and advances to the extent allowance does not exceed the drawn exposure and any excess is reported on the liabilities side of the balance sheet as a provision. For corporate portfolios, impairment allowance on undrawn exposure is reported on the liability side of the balance sheet as a provision.

| As at 30.06.24 | Stage 2 | | | | Total | Stage 3 | Total ¹ |
|---|----------------|---------------|--------------------|-------------------|---------------|--------------|--------------------|
| | Stage 1 | Not past due | <=30 days past due | >30 days past due | | | |
| | £m | £m | £m | £m | £m | £m | £m |
| Gross exposure | | | | | | | |
| Retail mortgages | 139,005 | 17,963 | 2,051 | 765 | 20,779 | 1,600 | 161,384 |
| Retail credit cards | 8,673 | 1,938 | 51 | 32 | 2,021 | 194 | 10,888 |
| Retail other | 3,610 | 791 | 49 | 29 | 869 | 141 | 4,620 |
| Corporate loans | 17,448 | 3,511 | 8 | 3 | 3,522 | 1,190 | 22,160 |
| Total loans and advances at amortised cost | 168,736 | 24,203 | 2,159 | 829 | 27,191 | 3,125 | 199,052 |
| Debt securities at amortised cost | 16,855 | 75 | — | — | 75 | — | 16,930 |
| Total loans and advances at amortised cost including debt securities | 185,591 | 24,278 | 2,159 | 829 | 27,266 | 3,125 | 215,982 |
| Impairment allowance | | | | | | | |
| Retail mortgages | 34 | 44 | 16 | 20 | 80 | 97 | 211 |
| Retail credit cards | 109 | 420 | 20 | 19 | 459 | 95 | 663 |
| Retail other | 38 | 72 | 15 | 16 | 103 | 113 | 254 |
| Corporate loans | 81 | 76 | 1 | — | 77 | 235 | 393 |
| Total loans and advances at amortised cost | 262 | 612 | 52 | 55 | 719 | 540 | 1,521 |
| Debt securities at amortised cost | 3 | — | — | — | — | — | 3 |
| Total loans and advances at amortised cost including debt securities | 265 | 612 | 52 | 55 | 719 | 540 | 1,524 |
| Net exposure | | | | | | | |
| Retail mortgages | 138,971 | 17,919 | 2,035 | 745 | 20,699 | 1,503 | 161,173 |
| Retail credit cards | 8,564 | 1,518 | 31 | 13 | 1,562 | 99 | 10,225 |
| Retail other | 3,572 | 719 | 34 | 13 | 766 | 28 | 4,366 |
| Corporate loans | 17,367 | 3,435 | 7 | 3 | 3,445 | 955 | 21,767 |
| Total loans and advances at amortised cost | 168,474 | 23,591 | 2,107 | 774 | 26,472 | 2,585 | 197,531 |
| Debt securities at amortised cost | 16,852 | 75 | — | — | 75 | — | 16,927 |
| Total loans and advances at amortised cost including debt securities | 185,326 | 23,666 | 2,107 | 774 | 26,547 | 2,585 | 214,458 |
| Coverage ratio | % | % | % | % | % | % | % |
| Retail mortgages | — | 0.2 | 0.8 | 2.6 | 0.4 | 6.1 | 0.1 |
| Retail credit cards | 1.3 | 21.7 | 39.2 | 59.4 | 22.7 | 49.0 | 6.1 |
| Retail other | 1.1 | 9.1 | 30.6 | 55.2 | 11.9 | 80.1 | 5.5 |
| Corporate loans | 0.5 | 2.2 | 12.5 | — | 2.2 | 19.7 | 1.8 |
| Total loans and advances at amortised cost | 0.2 | 2.5 | 2.4 | 6.6 | 2.6 | 17.3 | 0.8 |
| Debt securities at amortised cost | — | — | — | — | — | — | — |
| Total loans and advances at amortised cost including debt securities | 0.1 | 2.5 | 2.4 | 6.6 | 2.6 | 17.3 | 0.7 |

¹ Other financial assets subject to impairment excluded in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income and other assets. These have a total gross exposure of £34.7bn and an impairment allowance of £2m. This comprises £2m impairment allowance on £34.6bn Stage 1 exposure, £0m on £48m Stage 2 exposure and £0m on £0m Stage 3 exposure. Loan commitments and financial guarantee contracts have total impairment allowance of £19m.

Credit Risk

| As at 31.12.23 | Stage 2 | | | | Total £m | Stage 3 £m | Total ¹ £m |
|---|----------------|-----------------------|--------------------------------|----------------------------|---------------|---------------|--------------------------|
| | Stage 1 £m | Not past due £m | <=30 days past due £m | >30 days past due £m | | | |
| Gross exposure | | | | | | | |
| Retail mortgages | 142,943 | 16,492 | 1,957 | 632 | 19,081 | 1,709 | 163,733 |
| Retail credit cards | 8,094 | 2,040 | 53 | 35 | 2,128 | 198 | 10,420 |
| Retail other | 3,476 | 848 | 50 | 29 | 927 | 148 | 4,551 |
| Corporate loans | 19,292 | 4,318 | 13 | 4 | 4,335 | 1,320 | 24,947 |
| Total loans and advances at amortised cost | 173,805 | 23,698 | 2,073 | 700 | 26,471 | 3,375 | 203,651 |
| Debt securities at amortised cost | 17,639 | 158 | — | — | 158 | — | 17,797 |
| Total loans and advances at amortised cost including debt securities | 191,444 | 23,856 | 2,073 | 700 | 26,629 | 3,375 | 221,448 |
| Impairment allowance | | | | | | | |
| Retail mortgages | 39 | 50 | 17 | 10 | 77 | 107 | 223 |
| Retail credit cards | 111 | 452 | 21 | 19 | 492 | 107 | 710 |
| Retail other | 38 | 76 | 16 | 16 | 108 | 113 | 259 |
| Corporate loans | 107 | 104 | 1 | — | 105 | 252 | 464 |
| Total loans and advances at amortised cost | 295 | 682 | 55 | 45 | 782 | 579 | 1,656 |
| Debt securities at amortised cost | 3 | — | — | — | — | — | 3 |
| Total loans and advances at amortised cost including debt securities | 298 | 682 | 55 | 45 | 782 | 579 | 1,659 |
| Net exposure | | | | | | | |
| Retail mortgages | 142,904 | 16,442 | 1,940 | 622 | 19,004 | 1,602 | 163,510 |
| Retail credit cards | 7,983 | 1,588 | 32 | 16 | 1,636 | 91 | 9,710 |
| Retail other | 3,438 | 772 | 34 | 13 | 819 | 35 | 4,292 |
| Corporate loans | 19,185 | 4,214 | 12 | 4 | 4,230 | 1,068 | 24,483 |
| Total loans and advances at amortised cost | 173,510 | 23,016 | 2,018 | 655 | 25,689 | 2,796 | 201,995 |
| Debt securities at amortised cost | 17,636 | 158 | — | — | 158 | — | 17,794 |
| Total loans and advances at amortised cost including debt securities | 191,146 | 23,174 | 2,018 | 655 | 25,847 | 2,796 | 219,789 |
| Coverage ratio | % | % | % | % | % | % | % |
| Retail mortgages | — | 0.3 | 0.9 | 1.6 | 0.4 | 6.3 | 0.1 |
| Retail credit cards | 1.4 | 22.2 | 39.6 | 54.3 | 23.1 | 54.0 | 6.8 |
| Retail other | 1.1 | 9.0 | 32.0 | 55.2 | 11.7 | 76.4 | 5.7 |
| Corporate loans | 0.6 | 2.4 | 7.7 | — | 2.4 | 19.1 | 1.9 |
| Total loans and advances at amortised cost | 0.2 | 2.9 | 2.7 | 6.4 | 3.0 | 17.2 | 0.8 |
| Debt securities at amortised cost | — | — | — | — | — | — | — |
| Total loans and advances at amortised cost including debt securities | 0.2 | 2.9 | 2.7 | 6.4 | 2.9 | 17.2 | 0.7 |

¹ 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 £26.2bn and an impairment allowance of £3m. This comprises £2m on £25.9bn Stage 1 exposure, £1m on £366m Stage 2 exposure and £0m on £0m Stage 3 exposure. Loan commitments and financial guarantee contracts have total impairment allowance of £27m.

Credit Risk

Movement in gross exposures 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.

Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the period. 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes' includes additional drawdowns and partial repayments from existing facilities. Additionally, the below tables do not include other financial assets subject to impairment such as debt securities at amortised cost, cash collateral and settlement balances, financial assets at fair value through other comprehensive income and other assets.

The movements are measured over a six-month period.

Loans and advances at amortised cost

| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
|---|----------------------|------------|----------------------|------------|----------------------|-----------|----------------------|------------|
| | Gross exposure £m | ECL £m | Gross exposure £m | ECL £m | Gross exposure £m | ECL £m | Gross exposure £m | ECL £m |
| Retail mortgages | | | | | | | | |
| As at 1 January 2024 | 142,943 | 39 | 19,081 | 77 | 1,709 | 107 | 163,733 | 223 |
| Transfers from Stage 1 to Stage 2 | (7,692) | (4) | 7,692 | 4 | — | — | — | — |
| Transfers from Stage 2 to Stage 1 | 4,598 | 17 | (4,598) | (17) | — | — | — | — |
| Transfers to Stage 3 | (42) | — | (128) | (2) | 170 | 2 | — | — |
| Transfers from Stage 3 | 12 | 1 | 58 | 1 | (70) | (2) | — | — |
| Business activity in the period | 8,830 | 3 | 223 | 1 | — | — | 9,053 | 4 |
| Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes | (4,000) | (20) | (548) | 21 | (55) | 3 | (4,603) | 4 |
| Final repayments | (5,644) | (2) | (1,001) | (5) | (151) | (10) | (6,796) | (17) |
| Disposals | — | — | — | — | — | — | — | — |
| Write-offs | — | — | — | — | (3) | (3) | (3) | (3) |
| As at 30 June 2024 | 139,005 | 34 | 20,779 | 80 | 1,600 | 97 | 161,384 | 211 |
| Retail credit cards | | | | | | | | |
| As at 1 January 2024 | 8,094 | 111 | 2,128 | 492 | 198 | 107 | 10,420 | 710 |
| Transfers from Stage 1 to Stage 2 | (540) | (14) | 540 | 14 | — | — | — | — |
| Transfers from Stage 2 to Stage 1 | 557 | 104 | (557) | (104) | — | — | — | — |
| Transfers to Stage 3 | (40) | (1) | (127) | (52) | 167 | 53 | — | — |
| Transfers from Stage 3 | 6 | 2 | 9 | 2 | (15) | (4) | — | — |
| Business activity in the period | 832 | 15 | 37 | 11 | 1 | 1 | 870 | 27 |
| Refinements to models used for calculation ¹ | — | — | — | (30) | — | — | — | (30) |
| Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes | (222) | (108) | (4) | 127 | 15 | 81 | (211) | 100 |
| Final repayments | (14) | — | (5) | (1) | (2) | (1) | (21) | (2) |
| Disposals ² | — | — | — | — | (78) | (50) | (78) | (50) |
| Write-offs | — | — | — | — | (92) | (92) | (92) | (92) |
| As at 30 June 2024 | 8,673 | 109 | 2,021 | 459 | 194 | 95 | 10,888 | 663 |

¹ Refinements to models used for calculation reported within Retail credit cards include a £(30)m movement in the calculated ECL for the UK Cards portfolio. These reflect model enhancements made during the period. Barclays continually reviews the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This helps to ensure that the models used continue to reflect the risks inherent across the businesses.

² The £78m of gross disposals reported within Retail credit cards relate to debt sales undertaken during the period.

Credit Risk

| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
|--|----------------|-----------|----------------|------------|----------------|------------|----------------|------------|
| | Gross exposure | ECL | Gross exposure | ECL | Gross exposure | ECL | Gross exposure | ECL |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Retail other | | | | | | | | |
| As at 1 January 2024 | 3,476 | 38 | 927 | 108 | 148 | 113 | 4,551 | 259 |
| Transfers from Stage 1 to Stage 2 | (321) | (5) | 321 | 5 | — | — | — | — |
| Transfers from Stage 2 to Stage 1 | 271 | 21 | (271) | (21) | — | — | — | — |
| Transfers to Stage 3 | (24) | (1) | (57) | (22) | 81 | 23 | — | — |
| Transfers from Stage 3 | 1 | 1 | 2 | 2 | (3) | (3) | — | — |
| Business activity in the period | 1,103 | 11 | 68 | 8 | 6 | 3 | 1,177 | 22 |
| Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes | (515) | (23) | (88) | 25 | (13) | 40 | (616) | 42 |
| Final repayments | (381) | (4) | (33) | (2) | (17) | (8) | (431) | (14) |
| Disposals ¹ | — | — | — | — | (24) | (18) | (24) | (18) |
| Write-offs | — | — | — | — | (37) | (37) | (37) | (37) |
| As at 30 June 2024 | 3,610 | 38 | 869 | 103 | 141 | 113 | 4,620 | 254 |
| Corporate loans | | | | | | | | |
| As at 1 January 2024 | 19,292 | 107 | 4,335 | 105 | 1,320 | 252 | 24,947 | 464 |
| Transfers from Stage 1 to Stage 2 | (822) | (10) | 822 | 10 | — | — | — | — |
| Transfers from Stage 2 to Stage 1 | 1,027 | 29 | (1,027) | (29) | — | — | — | — |
| Transfers to Stage 3 | (185) | (1) | (268) | (13) | 453 | 14 | — | — |
| Transfers from Stage 3 | 70 | 7 | 129 | 11 | (199) | (18) | — | — |
| Business activity in the period | 1,099 | 2 | 51 | 1 | 86 | 5 | 1,236 | 8 |
| Refinements to models used for calculation ² | — | — | — | (24) | — | (9) | — | (33) |
| Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes ³ | (1,065) | (50) | (367) | 19 | (316) | 38 | (1,748) | 7 |
| Final repayments | (1,968) | (3) | (153) | (3) | (118) | (11) | (2,239) | (17) |
| Disposals | — | — | — | — | — | — | — | — |
| Write-offs | — | — | — | — | (36) | (36) | (36) | (36) |
| As at 30 June 2024 | 17,448 | 81 | 3,522 | 77 | 1,190 | 235 | 22,160 | 393 |

¹ The £24m of gross disposals reported within Retail other relate to debt sales undertaken during the period.

² Refinements to models used for calculation reported within Corporate loans include a £(33)m movement in the calculated ECL for the ESHLA portfolio. These reflect model enhancements made during the period. Barclays continually reviews the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This helps to ensure that the models used continue to reflect the risks inherent across the businesses.

³ 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes' reported within Corporate loans includes assets of £0.3bn de-recognised due to payment received on defaulted loans from government guarantees issued under the government's Bounce Back Loan Scheme.

Credit Risk

Reconciliation of ECL movement to impairment charge/(release) for the period

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|-------------|-------------|------------|------------|
| | £m | £m | £m | £m |
| Retail mortgages | (5) | 3 | (7) | (9) |
| Retail credit cards | (2) | (33) | 130 | 95 |
| Retail other | — | (5) | 55 | 50 |
| Corporate loans | (26) | (28) | 19 | (35) |
| ECL movement excluding disposals and write-offs¹ | (33) | (63) | 197 | 101 |
| ECL movement on loan commitments and other financial guarantees | — | (8) | — | (8) |
| ECL movement on other financial assets | — | (1) | — | (1) |
| ECL movement on debt securities at amortised cost | — | — | — | — |
| Recoveries and reimbursements ² | — | — | (24) | (24) |
| Total exchange and other adjustments | — | — | — | (7) |
| Total income statement charge for the period | | | | 61 |

¹ In H124, gross write-offs amounted to £168m (H123: £171m). Post write-off recoveries amounted to £24m (H123: £15m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £144m (H123: £156m).

² Recoveries and reimbursements includes £nil (H123: £3m) for reimbursements expected to be received under the arrangement where the Barclays Bank UK Group has entered into financial guarantee contracts which provide credit protection over certain loan assets with third parties; and cash recoveries of previously written off amounts is £24m (H123: £15m).

Credit Risk

Loan commitments and financial guarantees

| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
|---|----------------------|-----------|----------------------|-----------|----------------------|-----------|----------------------|-----------|
| | Gross exposure £m | ECL £m | Gross exposure £m | ECL £m | Gross exposure £m | ECL £m | Gross exposure £m | ECL £m |
| Retail mortgages | | | | | | | | |
| As at 1 January 2024 | 7,734 | — | 446 | — | 3 | — | 8,183 | — |
| Net transfers between stages | (25) | — | 25 | — | — | — | — | — |
| Business activity in the period | 6,279 | — | — | — | — | — | 6,279 | — |
| Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes | (4,292) | — | (62) | — | — | — | (4,354) | — |
| Limit management and final repayments | (158) | — | (20) | — | — | — | (178) | — |
| As at 30 June 2024 | 9,538 | — | 389 | — | 3 | — | 9,930 | — |
| Retail credit cards | | | | | | | | |
| As at 1 January 2024 | 33,465 | 11 | 1,041 | 16 | 134 | — | 34,640 | 27 |
| Net transfers between stages | (140) | 6 | 108 | (6) | 32 | — | — | — |
| Business activity in the period | 1,375 | 6 | 17 | — | — | — | 1,392 | 6 |
| Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes | 440 | (11) | (169) | — | (30) | — | 241 | (11) |
| Limit management and final repayments | (284) | (1) | (13) | (2) | (8) | — | (305) | (3) |
| As at 30 June 2024 | 34,856 | 11 | 984 | 8 | 128 | — | 35,968 | 19 |
| Retail other | | | | | | | | |
| As at 1 January 2024 | 4,300 | — | 414 | — | 11 | — | 4,725 | — |
| Net transfers between stages | (2) | — | 1 | — | 1 | — | — | — |
| Business activity in the period | 4 | — | — | — | — | — | 4 | — |
| Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes | (303) | — | (10) | — | (2) | — | (315) | — |
| Limit management and final repayments | (99) | — | 2 | — | (1) | — | (98) | — |
| As at 30 June 2024 | 3,900 | — | 407 | — | 9 | — | 4,316 | — |
| Corporate loans | | | | | | | | |
| As at 1 January 2024 | 2,554 | — | 337 | — | 42 | — | 2,933 | — |
| Net transfers between stages | 19 | — | (13) | — | (6) | — | — | — |
| Business activity in the period | 1 | — | — | — | — | — | 1 | — |
| Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes | (149) | — | (24) | — | 2 | — | (171) | — |
| Limit management and final repayments | — | — | — | — | — | — | — | — |
| As at 30 June 2024 | 2,425 | — | 300 | — | 38 | — | 2,763 | — |

Credit Risk

Management adjustments to models for impairment

Management adjustments to impairment models are applied in order to factor in certain conditions or changes in policy that are not fully incorporated into the impairment models, or to reflect additional facts and circumstances at the period end. Management adjustments are reviewed and incorporated into future model development where applicable.

Management adjustments are captured through “Economic uncertainty” and “Other” adjustments, and are presented by product below:

Management adjustments to models for impairment allowance presented by product¹

| | Impairment allowance pre management adjustments ² | Economic uncertainty adjustments (a) | Other adjustments (b) | Management adjustments (a+b) | Total impairment allowance ³ | Proportion of Management adjustments to total impairment allowance |
|--|--|---|--------------------------|---------------------------------|---|--|
| | £m | £m | £m | £m | £m | % |
| As at 30.06.24 | | | | | | |
| Retail mortgages | 40 | 42 | 129 | 171 | 211 | 81.0 |
| Retail credit cards | 641 | 45 | (4) | 41 | 682 | 6.0 |
| Retail other | 177 | 8 | 69 | 77 | 254 | 30.3 |
| Corporate loans | 311 | 55 | 27 | 82 | 393 | 20.9 |
| Total | 1,169 | 150 | 221 | 371 | 1,540 | 24.1 |
| Debt securities at amortised cost | 3 | — | — | — | 3 | — |
| Total including debt securities at amortised cost | 1,172 | 150 | 221 | 371 | 1,543 | 24.0 |
| As at 31.12.23 | | | | | | |
| Retail mortgages | 45 | 57 | 121 | 178 | 223 | 79.8 |
| Retail credit cards | 701 | 45 | (9) | 36 | 737 | 4.9 |
| Retail other | 187 | 8 | 64 | 72 | 259 | 27.8 |
| Corporate loans | 358 | 71 | 35 | 106 | 464 | 22.8 |
| Total | 1,291 | 181 | 211 | 392 | 1,683 | 23.3 |
| Debt securities at amortised cost | 3 | — | — | — | 3 | — |
| Total including debt securities at amortised cost | 1,294 | 181 | 211 | 392 | 1,686 | 23.3 |

Economic uncertainty adjustments presented by stage

| | Stage 1 | Stage 2 | Stage 3 | Total |
|-----------------------|-----------|-----------|-----------|------------|
| | £m | £m | £m | £m |
| As at 30.06.24 | | | | |
| Retail mortgages | 8 | 25 | 9 | 42 |
| Retail credit cards | 8 | 37 | — | 45 |
| Retail other | 2 | 6 | — | 8 |
| Corporate loans | 35 | 8 | 12 | 55 |
| Total | 53 | 76 | 21 | 150 |
| As at 31.12.23 | | | | |
| Retail mortgages | 12 | 32 | 13 | 57 |
| Retail credit cards | 8 | 37 | — | 45 |
| Retail other | 2 | 6 | — | 8 |
| Corporate loans | 48 | 12 | 11 | 71 |
| Total | 70 | 87 | 24 | 181 |

¹ Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.

² Includes £1.0bn (31 December 2023: £1.1bn) of modelled ECL, £0.1bn (31 December 2023: £0.1bn) of individually assessed impairments and £0.04bn (31 December 2023: £0.1bn) of ECL from non-modelled exposures and debt securities.

³ Total impairment allowance consists of ECL stock on drawn and undrawn exposure.

Credit Risk

Economic uncertainty adjustments

Models have been developed with data from non-inflationary periods establishing a relationship between input variables and customer delinquency based on past behaviour. As such there is a risk that the modelled output fails to capture the appropriate response to changes in macroeconomic variables including high interest rates with modelled impairment provisions impacted by uncertainty.

This uncertainty continues to be captured in two ways. Firstly, customer uncertainty: the identification of customers and clients who may be more vulnerable to economic instability; and secondly, model uncertainty: to capture the impact from model limitations and sensitivities to specific macroeconomic parameters which are applied at a portfolio level.

Economic uncertainty adjustments have reduced during the period reflecting the updated macroeconomic outlook.

The balance as at 30 June 2024 is £150m (31 December 2023: £181m) and includes:

Customer and client uncertainty provisions of £128m (31 December 2023: £149m):

- **Retail mortgages £20m (31 December 2023: £25m):** This adjustment reflects the risk of borrowers refinancing onto higher rates in the medium term and remains broadly stable compared to year-end.
- **Retail credit cards £45m (31 December 2023: £45m) and Retail other £8m (31 December 2023: £8m):** These reflect adjustments applied to customers considered most vulnerable to affordability pressures in light of uncertainty linked to higher for longer interest rates and are unchanged from year-end.
- **Corporate loans £55m (31 December 2023: £71m):** This adjustment reflects the possible cross default risk on Barclays Bank UK Group's lending in respect of clients who have taken bounce back loans and is partially reduced on account of the latest credit performance.

Model uncertainty provisions of £22m (31 December 2023: £32m):

- **Retail mortgages £22m (31 December 2023: £32m):** This adjustment remediates the higher recovery expectations impacted by model oversensitivity to certain macroeconomic variables and has reduced following the updated macroeconomic outlook.

Other adjustments

Other adjustments are operational in nature and are expected to remain in place until they can be reflected in the underlying models. These adjustments result from data limitations and model performance related issues identified through model monitoring and other established governance processes.

Other adjustments of £221m (31 December 2023: £211m) includes:

Adjustments for definition of default (DOD) under the Capital Requirements Regulation and model monitoring in Retail mortgages, Retail other and Corporate loans.

- **Retail mortgages £129m (31 December 2023: £121m):** The increase reflects re-sizing of the DOD adjustment informed by credit performance.
- **Retail other £69m (31 December 2023: £64m):** The increase reflects re-sizing of model monitoring and operational adjustments.
- **Corporate loans £27m (31 December 2023: £35m):** The movement reflects the reduction of an adjustment to remediate conservative modelled recovery expectations in the ESHLA portfolio. This reduction has been partially offset by the re-sizing of DOD and model monitoring adjustments in SME lending.

Credit Risk

Measurement uncertainty

Scenarios used to calculate the Barclays Bank UK Group's expected credit losses charge were refreshed in Q224 with the Baseline scenario reflecting the latest consensus macroeconomic forecasts available at the time of the scenario refresh. In the Baseline scenario, the UK economy is gradually recovering and is further stimulated as restrictive monetary policy starts loosening. Labour markets remain resilient. The average unemployment rate peaks at 4.4% in 2025 and remains at this level for the rest of the 5-year projection period. With the significant decline in inflationary pressures, The Bank of England begins to cut rates in 2024. House prices keep falling in 2024 before stabilising and resuming the upward trend from 2025.

In the Downside 2 scenario, inflationary pressures are assumed to intensify again, mainly driven by strong wage growth. The Bank of England raises rates further, reaching 8.5% in Q125. Major economies experience a rapid tightening of financial conditions alongside a significant increase in market volatility resulting in a sharp repricing of assets and higher credit losses. The Bank of England is forced to cut interest rates aggressively. Falling demand reduces GDP and headline inflation drops significantly. In the Upside 2 scenario, a rise in labour force participation and higher productivity contribute to accelerated economic growth without creating new inflationary pressures. With inflation continuing to fall, The Bank of England lowers interest rates, further stimulating aggregate demand, leading to reduced unemployment and healthy GDP growth.

The methodology for estimating scenario probability weights involves simulating a range of future paths for GDP using historical data with the five scenarios mapped against the distribution of these future paths. The median is centred around the Baseline with scenarios further from the Baseline attracting a lower weighting before the five weights are normalised to total 100%. The increases in the Upside scenario weightings were driven by the improvement in GDP in the Baseline scenario, bringing the Baseline scenario closer to the Upside scenarios. For further details see page 15.

The following tables show the key macroeconomic variables used in the five scenarios (5-year annual paths) and the probability weights applied to each scenario.

Credit Risk

Macroeconomic variables used in the calculation of ECL

| As at 30.06.24 | 2024 | 2025 | 2026 | 2027 | 2028 |
|------------------------------|-------|--------|------|------|------|
| Baseline | % | % | % | % | % |
| UK GDP ¹ | 0.7 | 1.2 | 1.6 | 1.7 | 1.6 |
| UK unemployment ² | 4.3 | 4.4 | 4.4 | 4.4 | 4.4 |
| UK HPI ³ | (1.2) | 1.6 | 3.0 | 4.4 | 3.2 |
| UK bank rate ⁴ | 5.0 | 4.3 | 3.8 | 3.6 | 3.5 |
| Downside 2 | | | | | |
| UK GDP ¹ | 0.2 | (3.2) | 0.5 | 2.1 | 1.3 |
| UK unemployment ² | 4.4 | 6.4 | 6.9 | 5.3 | 4.7 |
| UK HPI ³ | (3.6) | (23.3) | 2.8 | 15.6 | 7.7 |
| UK bank rate ⁴ | 5.9 | 4.0 | 1.0 | 1.0 | 1.0 |
| Downside 1 | | | | | |
| UK GDP ¹ | 0.4 | (1.0) | 1.0 | 1.9 | 1.5 |
| UK unemployment ² | 4.3 | 5.4 | 5.6 | 4.9 | 4.6 |
| UK HPI ³ | (2.4) | (11.5) | 2.9 | 9.9 | 5.5 |
| UK bank rate ⁴ | 5.5 | 4.1 | 2.4 | 2.3 | 2.3 |
| Upside 2 | | | | | |
| UK GDP ¹ | 1.1 | 3.9 | 3.2 | 2.6 | 2.3 |
| UK unemployment ² | 4.1 | 3.4 | 3.4 | 3.3 | 3.2 |
| UK HPI ³ | 4.9 | 14.2 | 6.8 | 2.7 | 3.8 |
| UK bank rate ⁴ | 4.9 | 3.4 | 2.6 | 2.6 | 2.5 |
| Upside 1 | | | | | |
| UK GDP ¹ | 0.9 | 2.5 | 2.4 | 2.2 | 2.0 |
| UK unemployment ² | 4.2 | 3.9 | 3.9 | 3.9 | 3.8 |
| UK HPI ³ | 1.8 | 7.8 | 4.9 | 3.6 | 3.5 |
| UK bank rate ⁴ | 5.0 | 3.8 | 3.2 | 3.1 | 3.0 |

1 Average Real GDP seasonally adjusted change in year.

2 Average UK unemployment rate 16-year+.

3 Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.

4 Average rate.

Credit Risk

Macroeconomic variables used in the calculation of ECL

| As at 31.12.23 | 2023 | 2024 | 2025 | 2026 | 2027 |
|------------------------------|-------|--------|--------|------|------|
| Baseline | % | % | % | % | % |
| UK GDP ¹ | 0.5 | 0.3 | 1.2 | 1.6 | 1.6 |
| UK unemployment ² | 4.2 | 4.7 | 4.7 | 4.8 | 5.0 |
| UK HPI ³ | (3.3) | (5.1) | 0.7 | 3.1 | 5.3 |
| UK bank rate ⁴ | 4.7 | 4.9 | 4.1 | 3.8 | 3.5 |
| Downside 2 | | | | | |
| UK GDP ¹ | 0.5 | (1.5) | (2.6) | 2.4 | 1.6 |
| UK unemployment ² | 4.2 | 5.2 | 7.9 | 6.3 | 5.5 |
| UK HPI ³ | (3.3) | (19.3) | (16.8) | 14.5 | 12.4 |
| UK bank rate ⁴ | 4.7 | 6.6 | 1.3 | 1.0 | 1.0 |
| Downside 1 | | | | | |
| UK GDP ¹ | 0.5 | (0.6) | (0.7) | 2.0 | 1.6 |
| UK unemployment ² | 4.2 | 4.9 | 6.3 | 5.6 | 5.2 |
| UK HPI ³ | (3.3) | (12.4) | (8.3) | 8.7 | 8.8 |
| UK bank rate ⁴ | 4.7 | 5.8 | 2.7 | 2.5 | 2.3 |
| Upside 2 | | | | | |
| UK GDP ¹ | 0.5 | 2.4 | 3.7 | 2.9 | 2.4 |
| UK unemployment ² | 4.2 | 3.9 | 3.5 | 3.6 | 3.6 |
| UK HPI ³ | (3.3) | 7.8 | 7.6 | 4.5 | 5.6 |
| UK bank rate ⁴ | 4.7 | 4.3 | 2.7 | 2.5 | 2.5 |
| Upside 1 | | | | | |
| UK GDP ¹ | 0.5 | 1.4 | 2.5 | 2.3 | 2.0 |
| UK unemployment ² | 4.2 | 4.3 | 4.1 | 4.2 | 4.3 |
| UK HPI ³ | (3.3) | 1.2 | 4.1 | 3.8 | 5.4 |
| UK bank rate ⁴ | 4.7 | 4.6 | 3.4 | 3.3 | 3.0 |

1 Average Real GDP seasonally adjusted change in year.

2 Average UK unemployment rate 16-year+.

3 Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.

4 Average rate.

Scenario probability weighting

| | Upside 2 | Upside 1 | Baseline | Downside 1 | Downside 2 |
|--------------------------------|----------|----------|----------|------------|------------|
| | % | % | % | % | % |
| As at 30.06.24 | | | | | |
| Scenario probability weighting | 16.5 | 26.1 | 32.6 | 16.2 | 8.6 |
| As at 31.12.23 | | | | | |
| Scenario probability weighting | 13.8 | 24.7 | 32.4 | 18.3 | 10.8 |

Credit Risk

Specific bases show the most extreme position of each variable in the context of the downside/upside scenarios, for example, the highest unemployment for downside scenarios, average unemployment for baseline scenarios and lowest unemployment for upside scenarios. GDP and HPI downside and upside scenario data represents the lowest and highest cumulative position relative to the start point in the 20 quarter period.

Macroeconomic variables (specific bases)¹

| As at 30.06.24 | Upside 2 % | Upside 1 % | Baseline % | Downside 1 % | Downside 2 % |
|------------------------------|---------------|---------------|---------------|-----------------|-----------------|
| UK GDP ² | 15.1 | 11.5 | 1.4 | (0.7) | (3.7) |
| UK unemployment ³ | 3.1 | 3.8 | 4.4 | 6.2 | 8.0 |
| UK HPI ⁴ | 36.5 | 23.4 | 2.2 | (14.6) | (28.2) |
| UK bank rate ³ | 2.5 | 3.0 | 4.0 | 6.5 | 8.5 |

As at 31.12.23

| | | | | | |
|------------------------------|------|------|-----|--------|--------|
| UK GDP ² | 13.4 | 9.6 | 1.1 | (1.3) | (4.1) |
| UK unemployment ³ | 3.5 | 3.9 | 4.7 | 6.5 | 8.3 |
| UK HPI ⁴ | 23.8 | 11.5 | 0.1 | (22.5) | (35.0) |
| UK bank rate ³ | 2.5 | 3.0 | 4.2 | 6.8 | 8.5 |

1 UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index. 20 quarter period starts from Q124 (2023: Q123).

2 Maximum growth relative to Q423 (2023: Q422), based on 20 quarter period in Upside scenarios; 5-year yearly average Compound Annual Growth Rate (CAGR) in Baseline; minimum growth relative to Q423 (2023: Q422), based on 20 quarter period in Downside scenarios.

3 Lowest quarter in 20 quarter period in Upside scenarios; 5-year average in Baseline; highest quarter in 20 quarter period in Downside scenarios.

4 Maximum growth relative to Q423 (2023: Q422), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q423 (2023: Q422), based on 20 quarter period in Downside scenarios.

Average basis represents the average quarterly value of variables in the 20 quarter period with GDP and HPI based on yearly average and quarterly CAGRs respectively.

Macroeconomic variables (5-year averages)¹

| As at 30.06.24 | Upside 2 % | Upside 1 % | Baseline % | Downside 1 % | Downside 2 % |
|------------------------------|---------------|---------------|---------------|-----------------|-----------------|
| UK GDP ² | 2.6 | 2.0 | 1.4 | 0.8 | 0.2 |
| UK unemployment ³ | 3.5 | 3.9 | 4.4 | 5.0 | 5.5 |
| UK HPI ⁴ | 6.4 | 4.3 | 2.2 | 0.6 | (1.1) |
| UK bank rate ³ | 3.2 | 3.6 | 4.0 | 3.3 | 2.6 |

As at 31.12.23

| | | | | | |
|------------------------------|-----|-----|-----|-------|-------|
| UK GDP ² | 2.4 | 1.7 | 1.1 | 0.6 | 0.1 |
| UK unemployment ³ | 3.7 | 4.2 | 4.7 | 5.2 | 5.8 |
| UK HPI ⁴ | 4.4 | 2.2 | 0.1 | (1.7) | (3.5) |
| UK bank rate ³ | 3.3 | 3.8 | 4.2 | 3.6 | 2.9 |

1 UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index.

2 5-year yearly average CAGR, starting 2023 (2023: 2022).

3 5-year average. Period based on 20 quarters from Q124 (2023: Q123).

4 5-year quarter end CAGR, starting Q423 (2023: Q422).

Treasury and Capital Risk

Funding and liquidity

Overview

The Barclays Bank UK Group liquidity pool increased to £69.0bn (31 December 2023: £64.9bn) and the LCR increased to 190.6% (31 December 2023: 180.1%) primarily driven by an increase in wholesale funding including MREL eligible intra-group loans from Barclays PLC, as well as short-term money market instruments and covered bonds.

The Internal Liquidity Stress Tests (ILST) measure 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 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 2024, the Barclays Bank UK Group held eligible liquid assets well above 100% of 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 30.06.24 £bn | As at 31.12.23 £bn |
|--|--------------------------|--------------------------|
| Barclays Bank UK Group liquidity pool | 69.0 | 64.9 |
| Barclays Bank UK Group liquidity coverage ratio ¹ | 190.6% | 180.1% |

¹ Represents the average of the last 12 spot month end ratios.

Net Stable Funding Ratio

The external NSFR metric requires banks to maintain a stable funding profile taking into account both on and certain off-balance sheet exposures over a medium to long-term period. The ratio is defined as the Available Stable Funding (capital and certain liabilities which are treated as stable sources of funding) relative to the Required Stable Funding (a measure of assets on the balance sheet and certain off-balance sheet exposures which may require long term funding). The NSFR (average of the last four spot quarter-end positions) was 161.5% at 30 June 2024, equivalent to a surplus of £97.0bn above the regulatory requirement and demonstrates Barclays Bank UK PLC's stable funding balance sheet profile.

| | As at 30.06.24 £bn | As at 31.12.23 £bn |
|---------------------------------|--------------------------|--------------------------|
| Total Available Stable funding | 254.7 | 258.6 |
| Total Required Stable funding | 157.7 | 156.6 |
| Surplus | 97.0 | 102.0 |
| Net Stable Funding Ratio | 161.5% | 165.2% |

¹ Represents the average of the last four spot quarter-end ratios.

As part of the liquidity risk appetite, Barclays establishes minimum LCR, NSFR and internal liquidity stress test limits. The Barclays Bank UK Group plans to maintain its surplus to the internal and regulatory requirements at an efficient level. Risks to market funding conditions, the liquidity position and funding profile are assessed continuously, and actions are taken to manage the size of the liquidity pool and the funding profile as appropriate.

Treasury and Capital Risk

Capital and leverage

The disclosures below provide key capital metrics for the Barclays Bank UK Group with further information on its risk profile to be included in the Barclays Bank UK PLC Interim 2024 Pillar 3 Report, expected to be published on 9 August 2024, and which will be available at home.barclays/investor-relations/reports-and-events.

As at 30 June 2024, the Barclays Bank UK Group CET1 ratio was 15.2%, which is above its minimum regulatory requirement of 12.9%.

| Capital ratios ^{1,2} | As at 30.06.24 | As at 31.12.23 |
|-------------------------------|-------------------|-------------------|
| CET1 | 15.2% | 14.8% |
| Tier 1 (T1) | 19.2% | 18.1% |
| Total regulatory capital | 22.4% | 21.6% |
| Capital resources | £m | £m |
| CET1 capital | 11,436 | 10,638 |
| T1 capital | 14,483 | 13,067 |
| Total regulatory capital | 16,894 | 15,596 |
| Risk weighted assets (RWAs) | 75,333 | 72,102 |

The Barclays Bank UK Group is required to disclose a UK leverage ratio based on capital and exposure on the last day of the quarter. Additionally, it is also required to disclose an average UK leverage ratio based on capital on the last day of each month in the quarter and an exposure measure for each day in the quarter.

| Leverage ratios ^{1,3,4} | As at 30.06.24 | As at 31.12.23 |
|----------------------------------|-------------------|-------------------|
| | £m | £m |
| UK leverage ratio | 5.7% | 5.2% |
| T1 capital | 14,483 | 13,067 |
| UK leverage exposure | 255,896 | 250,163 |
| Average UK leverage ratio | 5.5% | 5.2% |
| Average T1 capital | 14,117 | 13,072 |
| Average UK leverage exposure | 255,143 | 251,762 |

1 Capital and leverage are calculated applying the IFRS 9 transitional arrangements in accordance with UK CRR.

2 The fully loaded CET1 ratio was 15.2%, with £11.4bn of CET1 capital and £75.3bn of RWAs, calculated without applying the transitional arrangements in accordance with UK CRR.

3 Fully loaded UK leverage ratio was 5.7%, with £14.5bn of T1 capital and £255.9bn of leverage exposure. Fully loaded average UK leverage ratio was 5.5% with £14.1bn of T1 capital and £255.1bn of leverage exposure. Fully loaded UK leverage ratios are calculated without applying the transitional arrangements in accordance with UK CRR.

4 Although the leverage ratio is expressed in terms of T1 capital, the leverage ratio buffers and 75% of the minimum requirement must be covered solely with CET1 capital. The CET1 capital held against the 0.35% Other Systemically Important Institutions (O-SII) additional leverage ratio buffer (ALRB) was £0.9bn and against the 0.7% countercyclical leverage ratio buffer (CCLB) was £1.8bn.

Statement of Directors' Responsibilities

The Directors (the names of whom are set out below) are required to prepare the financial statements on a going concern basis unless it is not appropriate to do so. In making this assessment, the Directors have considered information relating to present and future conditions. 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 22 to 25 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the UK, and that the interim management report herein includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R namely:

- an indication of important events that have occurred during the six months ended 30 June 2024 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.

Signed on 31 July 2024 on behalf of the Board by

Vim Maru
Chief Executive

Claire Peel
Chief Financial Officer

Barclays Bank UK PLC Board of Directors:

Chair
Sir John Kingman

Executive Directors
Vim Maru
Claire Peel

Non-Executive Directors
Vanessa Bailey
Tracy Corrigan
Avid Larizadeh Duggan OBE
Michael Jary CBE
John Liver
Chris Pilling
Andrew Ratcliffe
Bernadette Wightman

Independent Review Report to Barclays Bank UK PLC

Conclusion

We have been engaged by Barclays Bank UK PLC (“the Company” or “the Group”) to review the condensed set of financial statements in the Interim Results Announcement for the six months ended 30 June 2024 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 2024;
- 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 2024 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (“ISRE (UK) 2410”) issued 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.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

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, the annual financial statements of the Barclays Bank UK Group are prepared in accordance with UK-adopted international accounting standards.

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 for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

Independent Review Report to Barclays Bank UK PLC

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.

Karyn Nicoll
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London, E14 5GL

31 July 2024

Condensed Consolidated Financial Statements

Condensed consolidated income statement (unaudited)

| | Notes ¹ | Half year ended 30.06.24 £m | Half year ended 30.06.23 £m |
|---|--------------------|-----------------------------------|-----------------------------------|
| Interest and similar income | | 5,905 | 5,012 |
| Interest and similar expense | | (2,730) | (1,653) |
| Net interest income | | 3,175 | 3,359 |
| Fee and commission income | 3 | 734 | 830 |
| Fee and commission expense | 3 | (178) | (189) |
| Net fee and commission income | 3 | 556 | 641 |
| Other income/(expense) | | 22 | (3) |
| Total income | | 3,753 | 3,997 |
| Staff costs | | (592) | (633) |
| Infrastructure, administration and general expenses | | (1,530) | (1,627) |
| UK regulatory levies ² | | (54) | — |
| Litigation and conduct | | (7) | 3 |
| Operating expenses | | (2,183) | (2,257) |
| Loss on disposal of subsidiaries | | — | (124) |
| Profit before impairment | | 1,570 | 1,616 |
| Credit impairment charges | | (61) | (213) |
| Profit before tax | | 1,509 | 1,403 |
| Tax charge | | (383) | (398) |
| Profit after tax | | 1,126 | 1,005 |
| Attributable to: | | | |
| Equity holders of the parent | | 1,038 | 916 |
| Other equity instrument holders | | 88 | 89 |
| Profit after tax | | 1,126 | 1,005 |

¹ For Notes to the Financial Statements see pages 26 to 34.

² Comprises the impact of the BoE levy scheme and the UK bank levy.

Condensed consolidated statement of comprehensive income (unaudited)

| | Notes ¹ | Half year ended 30.06.24 £m | Half year ended 30.06.23 £m |
|--|--------------------|-----------------------------------|-----------------------------------|
| Profit after tax | | 1,126 | 1,005 |
| Other comprehensive income/(loss) that may be recycled to profit or loss:² | | | |
| Fair value through other comprehensive income reserve | 9 | 17 | 21 |
| Cash flow hedging reserve | 9 | 122 | (340) |
| Other comprehensive income/(loss) that may be recycled to profit or loss | | 139 | (319) |
| Total comprehensive income for the period | | 1,265 | 686 |

¹ For Notes to the Financial Statements see pages 26 to 34.

² Reported net of tax.

Condensed Consolidated Financial Statements

Condensed consolidated balance sheet (unaudited)

| | Notes ¹ | As at 30.06.24 £m | As at 31.12.23 £m |
|---|--------------------|-------------------------|-------------------------|
| Assets | | | |
| Cash and balances at central banks | | 31,332 | 34,948 |
| Cash collateral and settlement balances | | 5,617 | 5,507 |
| Debt securities at amortised cost | | 16,927 | 17,794 |
| Loans and advances at amortised cost to banks | | 268 | 1,213 |
| Loans and advances at amortised cost to customers | | 197,263 | 200,782 |
| Reverse repurchase agreements and other similar secured lending | | 4,246 | 3,567 |
| Trading portfolio assets | | 68 | 43 |
| Financial assets designated at fair value | | 1,610 | 1,716 |
| Derivative financial instruments | | 2,178 | 1,566 |
| Financial assets at fair value through other comprehensive income | | 28,721 | 20,409 |
| Goodwill and intangible assets | 6 | 3,868 | 3,870 |
| Property, plant and equipment | | 247 | 261 |
| Deferred tax assets | | 1,237 | 1,296 |
| Other assets | | 764 | 587 |
| Total assets | | 294,346 | 293,559 |
| Liabilities | | | |
| Deposits at amortised cost from banks | | 113 | 6 |
| Deposits at amortised cost from customers | | 236,751 | 241,218 |
| Cash collateral and settlement balances | | 2,226 | 1,370 |
| Repurchase agreements and other similar secured borrowing | | 15,887 | 15,265 |
| Debt securities in issue | | 4,909 | 3,307 |
| Subordinated liabilities | 7 | 12,550 | 11,499 |
| Trading portfolio liabilities | | 643 | 908 |
| Financial liabilities designated at fair value | | 641 | 196 |
| Derivative financial instruments | | 290 | 398 |
| Current tax liabilities | | 387 | 540 |
| Other liabilities | | 1,717 | 1,627 |
| Provisions | 8 | 319 | 364 |
| Total liabilities | | 276,433 | 276,698 |
| Equity | | | |
| Called up share capital and share premium | | 5 | 5 |
| Other reserves | 9 | (1,012) | (1,151) |
| Retained earnings | | 15,872 | 15,578 |
| Shareholders' equity attributable to ordinary shareholders of the parent | | 14,865 | 14,432 |
| Other equity instruments | | 3,048 | 2,429 |
| Total equity | | 17,913 | 16,861 |
| Total liabilities and equity | | 294,346 | 293,559 |

¹ For Notes to the Financial Statements see pages 26 to 34.

Condensed Consolidated Financial Statements

Condensed consolidated statement of changes in equity (unaudited)

| | Called up share capital and share premium | Other equity instruments ¹ | Other reserves ² | Retained earnings | Total equity |
|--|--|--|--------------------------------|----------------------|---------------|
| | £m | £m | £m | £m | £m |
| Half year ended 30.06.24 | | | | | |
| Balance as at 1 January 2024 | 5 | 2,429 | (1,151) | 15,578 | 16,861 |
| Profit after tax | — | 88 | — | 1,038 | 1,126 |
| Fair value through other comprehensive income reserve | — | — | 17 | — | 17 |
| Cash flow hedges | — | — | 122 | — | 122 |
| Total comprehensive income for the period | — | 88 | 139 | 1,038 | 1,265 |
| Issue of shares under employee share schemes | — | — | — | 23 | 23 |
| Issue and exchange of other equity instruments | — | 619 | — | — | 619 |
| Coupons paid on other equity instruments | — | (88) | — | — | (88) |
| Vesting of Barclays PLC shares under share-based payment schemes | — | — | — | (14) | (14) |
| Dividends paid | — | — | — | (750) | (750) |
| Other movements | — | — | — | (3) | (3) |
| Balance as at 30 June 2024 | 5 | 3,048 | (1,012) | 15,872 | 17,913 |
| Half year ended 31.12.23 | | | | | |
| Balance as at 1 July 2023 | 5 | 2,429 | (2,598) | 15,338 | 15,174 |
| Profit after tax | — | 88 | — | 829 | 917 |
| Fair value through other comprehensive income reserve | — | — | 42 | — | 42 |
| Cash flow hedges | — | — | 1,405 | — | 1,405 |
| Total comprehensive income for the period | — | 88 | 1,447 | 829 | 2,364 |
| Issue of shares under employee share schemes | — | — | — | 9 | 9 |
| Issue and exchange of other equity instruments | — | — | — | 2 | 2 |
| Coupons paid on other equity instruments | — | (88) | — | — | (88) |
| Vesting of Barclays PLC shares under share-based payment schemes | — | — | — | — | — |
| Dividends paid | — | — | — | (600) | (600) |
| Other movements | — | — | — | — | — |
| Balance as at 31 December 2023 | 5 | 2,429 | (1,151) | 15,578 | 16,861 |
| Half year ended 30.06.23 | | | | | |
| Balance as at 1 January 2023 | 5 | 2,560 | (2,279) | 15,127 | 15,413 |
| Profit after tax | — | 89 | — | 916 | 1,005 |
| Fair value through other comprehensive income reserve | — | — | 21 | — | 21 |
| Cash flow hedges | — | — | (340) | — | (340) |
| Total comprehensive income for the period | — | 89 | (319) | 916 | 686 |
| Issue of shares under employee share schemes | — | — | — | 13 | 13 |
| Issue and exchange of other equity instruments | — | (131) | — | — | (131) |
| Coupons paid on other equity instruments | — | (89) | — | — | (89) |
| Vesting of Barclays PLC shares under share-based payment schemes | — | — | — | (16) | (16) |
| Dividends paid | — | — | — | (705) | (705) |
| Other movements | — | — | — | 3 | 3 |
| Balance as at 30 June 2023 | 5 | 2,429 | (2,598) | 15,338 | 15,174 |

1 Other equity instruments of £3,048m (December 2023: £2,429m) comprise AT1 securities issued to Barclays PLC. Barclays PLC uses funds from market issuances to purchase AT1 securities from Barclays Bank UK PLC. There was an issuance in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities for £619m (net of issuance cost of £6m) and no redemptions during the period ended 30 June 2024. In 2023, there was one issuance in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities for £619m (net of issuance cost of £6m) and one redemption for £750m.

2 Details of other reserves are shown on page 33.

Condensed Consolidated Financial Statements

Condensed consolidated cash flow statement (unaudited)

| | Half year ended 30.06.24 | Half year ended 30.06.23 |
|--|--------------------------------|--------------------------------|
| | £m | £m |
| Profit before tax | 1,509 | 1,403 |
| Adjustment for non-cash items | 1,158 | 1,997 |
| Net decrease in loans and advances at amortised cost | 4,429 | 931 |
| Net decrease in deposits at amortised cost | (4,360) | (8,509) |
| Net increase/(decrease) in debt securities in issue | 1,602 | (5,752) |
| Net increase in repurchase and reverse repurchase agreements | (57) | (1,682) |
| Changes in operating assets and liabilities | (212) | 3,301 |
| Corporate income tax paid | (522) | (586) |
| Net cash from operating activities | 3,547 | (8,897) |
| Net cash from investing activities | (7,930) | (1,728) |
| Net cash from financing activities | 893 | 891 |
| Net decrease in cash and cash equivalents | (3,490) | (9,734) |
| Cash and cash equivalents at the beginning of the period | 40,364 | 59,080 |
| Cash and cash equivalents at the end of the period | 36,874 | 49,346 |

1. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the Disclosure Guidance and Transparency Rules (DTR) of the UK's Financial Conduct Authority (FCA) and IAS 34, Interim Financial Reporting, as published by the International Accounting Standards Board (IASB) and adopted by the UK.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023. The annual financial statements for the year ended 31 December 2023 were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) as issued by the IASB and adopted by the UK.

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 for the financial year ended 31 December 2023.

1. Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Barclays Bank UK Group and parent company have the resources to continue in business for a period of at least 12 months from approval of the interim financial statements. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including a review of a working capital report (WCR). The WCR is used by the Directors to assess the future performance of the business and that it has the resources in place that are required to meet its ongoing regulatory requirements. The WCR also includes an assessment of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based upon an assessment of reasonably possible downside economic scenarios that the Barclays Bank UK Group could experience.

The WCR indicated that the Barclays Bank UK Group had sufficient capital in place to support its future business requirements and remained above its regulatory minimum requirements in the internal stress scenarios.

2. Other disclosures

The Credit risk disclosures on pages 5 to 16 form part of these interim financial statements.

Financial Statement Notes

2. Segmental reporting

Analysis of results by business

| | Personal Banking | Barclaycard Consumer UK | Business Banking | Head Office | Barclays Bank UK Group |
|-------------------------------------|---------------------|----------------------------|---------------------|-------------|---------------------------|
| Half year ended 30.06.24 | £m | £m | £m | £m | £m |
| Net interest income | 2,036 | 371 | 762 | 6 | 3,175 |
| Non-interest income/(expense) | 317 | 87 | 197 | (23) | 578 |
| Total income | 2,353 | 458 | 959 | (17) | 3,753 |
| Operating costs | (1,340) | (299) | (502) | 19 | (2,122) |
| UK regulatory levies ¹ | (54) | — | — | — | (54) |
| Litigation and conduct | (3) | (2) | (1) | (1) | (7) |
| Total operating expenses | (1,397) | (301) | (503) | 18 | (2,183) |
| Other net expenses ² | — | — | — | — | — |
| Profit before impairment | 956 | 157 | 456 | 1 | 1,570 |
| Credit Impairment (charges)/release | (35) | (63) | 37 | — | (61) |
| Profit before tax | 921 | 94 | 493 | 1 | 1,509 |
| As at 30.06.24 | £bn | £bn | £bn | £bn | £bn |
| Total assets | 222.2 | 10.8 | 61.3 | — | 294.3 |
| Total liabilities | 221.4 | 0.5 | 54.5 | — | 276.4 |

| | Personal Banking | Barclaycard Consumer UK | Business Banking | Head Office | Barclays Bank UK Group |
|-------------------------------------|---------------------|----------------------------|---------------------|-------------|---------------------------|
| Half year ended 30.06.23 | £m | £m | £m | £m | £m |
| Net interest income | 2,125 | 411 | 748 | 75 | 3,359 |
| Non-interest income/(expense) | 424 | 73 | 198 | (57) | 638 |
| Total income | 2,549 | 484 | 946 | 18 | 3,997 |
| Operating costs | (1,512) | (291) | (481) | 24 | (2,260) |
| UK regulatory levies ¹ | — | — | — | — | — |
| Litigation and conduct | 1 | (1) | 3 | — | 3 |
| Total operating expenses | (1,511) | (292) | (478) | 24 | (2,257) |
| Other net expenses ² | (124) | — | — | — | (124) |
| Profit before impairment | 914 | 192 | 468 | 42 | 1,616 |
| Credit Impairment (charges)/release | (124) | (118) | 29 | — | (213) |
| Profit before tax | 790 | 74 | 497 | 42 | 1,403 |
| As at 31.12.23 | £bn | £bn | £bn | £bn | £bn |
| Total assets | 219.0 | 10.3 | 64.3 | — | 293.6 |
| Total liabilities | 218.9 | 0.5 | 56.9 | 0.4 | 276.7 |

¹ Comprises the impact of the BoE levy scheme and the UK bank levy.

² Other net expenses represents the profit (or loss) on disposal of subsidiaries.

Income by geographic region

The Barclays Bank UK Group generates income from business activities in the United Kingdom.

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 | Barclaycard Consumer UK | Business Banking | Head Office | Barclays Bank UK Group |
|--------------------------------------|------------------|-------------------------|------------------|-------------|------------------------|
| | £m | £m | £m | £m | £m |
| Half year ended 30.06.24 | | | | | |
| Fee type | | | | | |
| Transactional | 317 | 108 | 126 | — | 551 |
| Advisory ¹ | — | — | — | — | — |
| Brokerage and execution | 56 | — | 51 | — | 107 |
| Other | 54 | — | 12 | 10 | 76 |
| Fee and commission income | 427 | 108 | 189 | 10 | 734 |
| Fee and commission expense | (138) | (33) | (7) | — | (178) |
| Net fee and commission income | 289 | 75 | 182 | 10 | 556 |

| | Personal Banking | Barclaycard Consumer UK | Business Banking | Head Office | Barclays Bank UK Group |
|--------------------------------------|------------------|-------------------------|------------------|-------------|------------------------|
| | £m | £m | £m | £m | £m |
| Half year ended 30.06.23 | | | | | |
| Fee type | | | | | |
| Transactional ² | 323 | 97 | 140 | — | 560 |
| Advisory | 57 | — | — | — | 57 |
| Brokerage and execution | 69 | — | 53 | — | 122 |
| Other ² | 74 | — | 3 | 14 | 91 |
| Fee and commission income | 523 | 97 | 196 | 14 | 830 |
| Fee and commission expense | (158) | (25) | (6) | — | (189) |
| Net fee and commission income | 365 | 72 | 190 | 14 | 641 |

¹ Advisory fees have decreased to £nil in 2024 following the transfer of WM&I to PBWM within Barclays Bank PLC in May 2023.

² From December 2023, the Barclays Bank UK Group has changed the presentation of interchange fees on intra-segment transactions between Personal Banking and Business Banking. Interchange fees of intra-segment transactions previously recognised in "Other" (H123: £64m) have been included within "Transactional". There is no impact on overall fee type and fee and commission income reported.

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

Advisory fees are generated from wealth management services.

Brokerage and execution fees are earned for facilitating foreign exchange transactions for spot/forward contracts.

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 30.06.24 | Half year ended 30.06.23 |
|---|--------------------------|--------------------------|
| | £m | £m |
| Dividends paid during the period | | |
| Full year dividend paid during period | 750 | 705 |

An interim dividend in respect of the six months ended 30 June 2024 of £225m was declared on 31 July 2024.

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 2023, which provides more detail about accounting policies adopted, valuation methodologies used in calculating fair value and the valuation control framework which governs oversight of valuations. There have been no changes in the accounting policies adopted or the valuation methodologies used.

Valuation

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 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 | |
| As at 30.06.24 | | | | |
| Trading portfolio assets | 50 | 18 | — | 68 |
| Financial assets designated at fair value through income statement | — | 82 | 1,528 | 1,610 |
| Derivative financial instruments | — | 2,178 | — | 2,178 |
| Financial assets designated at fair value through other comprehensive income | 10,221 | 18,450 | 50 | 28,721 |
| Total assets | 10,271 | 20,728 | 1,578 | 32,577 |
| Trading portfolio liabilities | (643) | — | — | (643) |
| Financial liabilities designated at fair value | — | (641) | — | (641) |
| Derivative financial instruments | — | (290) | — | (290) |
| Total liabilities | (643) | (931) | — | (1,574) |

| | Valuation technique using | | | Total £m |
|--|---|--------------------------------------|--|----------------|
| | Quoted market prices (Level 1) £m | Observable inputs (Level 2) £m | Significant unobservable inputs (Level 3) £m | |
| As at 31.12.23 | | | | |
| Trading portfolio assets | 43 | — | — | 43 |
| Financial assets designated at fair value through income statement | — | 87 | 1,629 | 1,716 |
| Derivative financial instruments | — | 1,566 | — | 1,566 |
| Financial assets designated at fair value through other comprehensive income | 9,168 | 10,943 | 298 | 20,409 |
| Total assets | 9,211 | 12,596 | 1,927 | 23,734 |
| Trading portfolio liabilities | (894) | (14) | — | (908) |
| Financial liabilities designated at fair value | — | (196) | — | (196) |
| Derivative financial instruments | — | (398) | — | (398) |
| Total liabilities | (894) | (608) | — | (1,502) |

Assets and liabilities reclassified between Level 1 and Level 2

During the six-month period ended 30 June 2024, there were no material transfers between Level 1 and Level 2 (year ended 31 December 2023: no material transfers between Level 1 and Level 2).

Level 3 movement analysis

The following table summarises the movements in the balances of Level 3 assets and liabilities 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. Transfers have been reflected as if they had taken place at the beginning of the period.

Asset and liability movements 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.

Financial Statement Notes

| | As at 01.01.24 £m | Purchases £m | Sales £m | Issues £m | Settle- ments £m | Total (losses) in the period recognised in the income statement | | Transfers | | As at 30.06.24 £m |
|--|-------------------------|-----------------|-------------|--------------|------------------------|--|-----------------------|-----------|--------------|-------------------------|
| | | | | | | Trading income ¹ £m | Other income £m | In £m | Out £m | |
| Loans | 1,629 | — | — | — | (78) | (16) | — | 1 | (8) | 1,528 |
| Financial assets at fair value through the income statement | 1,629 | — | — | — | (78) | (16) | — | 1 | (8) | 1,528 |
| Corporate debt | 298 | — | — | — | — | — | — | — | (248) | 50 |
| Financial assets designated at fair value through other comprehensive income | 298 | — | — | — | — | — | — | — | (248) | 50 |
| Total | 1,927 | — | — | — | (78) | (16) | — | 1 | (256) | 1,578 |

| | As at 01.01.23 £m | Purchases £m | Sales £m | Issues £m | Settle- ments £m | Total (losses) in the period recognised in the income statement | | Transfers | | As at 30.06.23 £m |
|--|-------------------------|-----------------|-------------|--------------|------------------------|--|-----------------------|-----------|------------|-------------------------|
| | | | | | | Trading income ¹ £m | Other income £m | In £m | Out £m | |
| Loans | 1,844 | — | — | — | (158) | (13) | — | 22 | (8) | 1,687 |
| Financial assets at fair value through the income statement | 1,844 | — | — | — | (158) | (13) | — | 22 | (8) | 1,687 |
| Corporate debt | — | 12 | — | — | — | — | — | 46 | — | 58 |
| Financial assets designated at fair value through other comprehensive income | — | 12 | — | — | — | — | — | 46 | — | 58 |
| Total | 1,844 | 12 | — | — | (158) | (13) | — | 68 | (8) | 1,745 |

¹ Trading income represents losses on Level 3 financial assets which is offset by gains on derivative hedges disclosed within Level 2.

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 30.06.24 | | | Half year ended 30.06.23 | | |
|--|--------------------------|--------------------|-------------|--------------------------|--------------------|-------------|
| | Income statement | | Total £m | Income statement | | Total £m |
| | Trading income £m | Other income £m | | Trading income £m | Other income £m | |
| Financial assets at fair value through the income statement | (16) | — | (16) | (13) | — | (13) |

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.

Sensitivities are dynamically calculated on a monthly basis. The calculation is based on range or spread data of a reliable reference source or a scenario based on relevant market analysis alongside the impact of using alternative models. Sensitivities are calculated without reflecting the impact of any diversification in the portfolio.

Financial Statement Notes

Current period valuation and sensitivity methodologies are consistent with those described within Note 16, Fair value of financial instruments in the Barclays Bank UK PLC Annual Report 2023.

Sensitivity analysis of valuations using unobservable inputs (Relates to Level 3 Portfolios)

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

| | As at 30.06.24 | | As at 31.12.23 | |
|-------|--------------------------|----------------------------|--------------------------|----------------------------|
| | Favourable changes £m | Unfavourable changes £m | Favourable changes £m | Unfavourable changes £m |
| Loans | 54 | (21) | 67 | (39) |

The effect of stressing unobservable inputs to a range of reasonably possible alternatives, alongside considering the impact of using alternative models, would be to increase fair values by up to £54m (2023: £67m) or to decrease fair values by up to £21m (2023: £39m) with substantially all the potential effect impacting profit and loss rather than reserves. The asymmetry in the favourable and unfavourable changes in the sensitivity analysis is attributable to investing and funding costs with the prudential valuation framework contributing to the unfavourable side only.

Significant unobservable inputs

The valuation techniques and significant unobservable inputs for assets recognised at fair value and classified as Level 3 are consistent with Note 16, Fair value of financial instruments in the Barclays Bank UK PLC Annual Report 2023.

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 £5m (December 2023: £6m) for financial instruments measured at fair value and £169m (December 2023: £174m) for financial instruments carried at amortised cost. The decrease of £1m (December 2023: £4m) in amounts attributable to financial instruments measured at fair value is driven by amortisation and releases of £1m (December 2023: £4m). The decrease of £5m (December 2023: £17m) in amounts attributable to financial instruments measured at amortised cost is driven by amortisation and releases of £5m (December 2023: £17m).

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. Financial 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.

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

Valuation methodologies employed in calculating the fair value of financial assets and liabilities measured at amortised cost are consistent with those described within Note 16, Fair value of financial instruments in the Barclays Bank UK PLC Annual Report 2023.

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 30.06.24 | | As at 31.12.23 | |
|---|-----------------------|------------------|-----------------------|------------------|
| | Carrying amount £m | Fair value £m | Carrying amount £m | Fair value £m |
| Financial assets | | | | |
| Debt securities at amortised cost | 16,927 | 16,879 | 17,794 | 17,721 |
| Loans and advances at amortised cost | 197,531 | 191,416 | 201,995 | 192,890 |
| Reverse repurchase agreements and other similar secured lending | 4,246 | 4,246 | 3,567 | 3,567 |
| Financial liabilities | | | | |
| Deposits at amortised cost | (236,864) | (236,862) | (241,224) | (240,885) |
| Repurchase agreements and other similar secured borrowing | (15,887) | (15,887) | (15,265) | (15,265) |
| Debt securities in issue | (4,909) | (5,021) | (3,307) | (3,400) |
| Subordinated liabilities | (12,550) | (13,035) | (11,499) | (11,847) |

6. Goodwill and intangible assets

The Barclays Bank UK Group performed an impairment review to assess the recoverability of its goodwill and intangible asset balances as at 31 December 2023. The outcome of this review is disclosed on pages 209 to 212 of the Barclays Bank UK PLC Annual Report 2023. Based on management's plans and assumptions, no impairment was recognised in 2023. A review of the Barclays Bank UK Group's goodwill and intangible assets as at 30 June 2024 did not identify any indicators of impairment.

7. Subordinated liabilities

| | Half year ended 30.06.24 £m | Year ended 31.12.23 £m |
|---------------------------------|-----------------------------------|------------------------------|
| Opening balance as at 1 January | 11,499 | 8,268 |
| Issuances | 1,154 | 4,393 |
| Redemptions | — | (1,136) |
| Other | (103) | (26) |
| Closing balance | 12,550 | 11,499 |

Issuances of £1,154m comprise intra-group loans from Barclays PLC.

Other movements predominantly comprise foreign exchange movements and fair value hedge adjustments.

8. Provisions

| | As at 30.06.24 £m | As at 31.12.23 £m |
|---|-------------------------|-------------------------|
| Customer redress | 144 | 153 |
| Redundancy and restructuring | 76 | 82 |
| Legal, competition and regulatory matters | 1 | 1 |
| Undrawn contractually committed facilities and guarantees | 19 | 27 |
| Sundry and other provisions | 79 | 101 |
| Total | 319 | 364 |

Financial Statement Notes

9. Other reserves

| | As at 30.06.24 | As at 31.12.23 |
|---|-------------------|-------------------|
| | £m | £m |
| Fair value through other comprehensive income reserve | (142) | (159) |
| Cash flow hedging reserve | (959) | (1,081) |
| Other reserves and other shareholders' equity | 89 | 89 |
| Total | (1,012) | (1,151) |

Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the cumulative unrealised gains and losses on fair value through other comprehensive income investments since initial recognition.

As at 30 June 2024, there was a cumulative loss of £142m (31 December 2023: £159m loss) in the fair value through other comprehensive income reserve. The gain during the period of £17m (31 December 2023: £63m gain) is principally driven by a £52m gain (31 December 2023: £11m gain) from the movement in fair value of bonds due to change in bond yields offset with net gain of £28m (31 December 2023: £76m loss) transferred to the income statement and a tax charge of £7m (31 December 2023: £24m tax charge).

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.

As at 30 June 2024, there was a cumulative loss of £959m (31 December 2023: £1,081m loss) in the cash flow hedging reserve. The £122m gain in the period (31 December 2023: £1,065m gain) is driven by £197m of accumulated losses transferred to the income statement (31 December 2023: £358m losses), partially offset by £28m loss (31 December 2023: £1,122m gain) from fair value movements on interest rate swaps as major interest rate forward curves increased (31 December 2023: decreased) and a tax charge of £47m (31 December 2023: tax charge of £415m).

Other reserves and other shareholders' equity

Other reserves and other shareholders' equity relate to the merger reserve for the Barclays Bank UK Group and the Group Reconstruction Relief for Barclays Bank UK PLC, in respect of the transfer of the ring-fenced UK banking business from Barclays Bank PLC, which occurred on 1 April 2018.

10. 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 30.06.24 | As at 31.12.23 |
|---|-------------------|-------------------|
| | £m | £m |
| Contingent liabilities and financial guarantees | | |
| Guarantees and letters of credit pledged as collateral security | 440 | 511 |
| Performance guarantees, acceptances and endorsements | 150 | 150 |
| Total | 590 | 661 |
| Commitments | | |
| Standby facilities, credit lines and other commitments | 52,387 | 49,820 |
| Total | 52,387 | 49,820 |

Further details on contingent liabilities, where it is not practicable to disclose an estimate of the potential financial effect on the Barclays Bank UK Group, relating to legal, competition and regulatory matters, can be found in Note 11.

11. Legal, competition and regulatory matters

The Barclays Bank UK Group faces legal, competition and regulatory challenges, many of which are beyond our control. The extent of the impact 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.

The recognition of provisions in relation to such matters involves critical accounting estimates and judgments in accordance with the relevant accounting policies applicable to Note 8, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank UK Group of contingent liabilities where it is not currently practicable to do so. Various matters detailed in this note seek damages of an unspecified amount. While certain matters specify the damages claimed, such claimed amounts do not necessarily reflect the Barclays Bank UK Group's potential financial exposure in respect of those matters.

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

In 2018, HMRC issued notices that have the effect of either removing certain Barclays overseas subsidiaries that have operations in the UK from Barclays' UK VAT group or preventing them from joining it. Supplies between members of a UK VAT group are generally free from VAT. The notices had both retrospective and prospective effect. Barclays has appealed HMRC's decisions to the First Tier Tribunal (Tax Chamber) in relation to both the retrospective VAT assessments and the on-going VAT payments made since 2018. £181m of VAT (inclusive of interest) was assessed retrospectively by HMRC covering the periods 2014 to 2018, of which approximately £128m is expected to be attributed to Barclays Bank UK PLC and £53m to Barclays Bank PLC. This retrospectively assessed VAT was paid in 2018 and an asset, adjusted to reflect expected eventual recovery, is recognised. Since 2018 Barclays has paid, and recognised as an expense, VAT on intra-group supplies from the relevant subsidiaries to the members of the VAT group. Trial was completed in Q2 2024 in respect of the ongoing VAT payments. Judgment is awaited.

General

The Barclays Bank UK Group is engaged in various other legal, competition and regulatory matters in the jurisdictions in which it operates. The Barclays Bank UK Group is subject to legal proceedings brought by and against members of the Barclays Bank UK Group which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, guarantees, debt collection, consumer credit, fraud, trusts, client assets, competition, data management and protection, intellectual property, 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, measures to combat money laundering and financial crime, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which it is or has been engaged. The Barclays Bank UK Group 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, the Barclays Bank UK Group 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 flows for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

12. Related party transactions

Related party transactions in the half year ended 30 June 2024 were similar in nature to those disclosed in the Barclays Bank UK PLC Annual Report 2023. No related party transactions that have taken place in the half year ended 30 June 2024 have materially affected the financial position or performance of the Barclays Bank UK Group during this period.

Other Information

For further information please contact

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