Barclays Bank UK PLC
Interim Results Announcement

30 June 2021

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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 term Barclays Group refers to Barclays PLC. Unless otherwise stated, the income statement analysis compares the six months ended 30 June 2021 to the corresponding six months of 2020 and balance sheet analysis as at 30 June 2021 with comparatives relating to 31 December 2020. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively.

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

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

The information in this announcement, which was approved by the Board of Directors on 27 July 2021, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 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 cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Barclays Bank UK Group (including, without limitation, during management presentations to financial analysts) 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, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, capital distributions (including dividend pay-out ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by changes in legislation, the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, the Barclays Bank UK Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; macroeconomic and business conditions in the UK and in any systemically important economy which impacts the UK; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Barclays Bank UK Group or any securities issued by such entities; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union ("EU"), the effects of the EU-UK Trade and Cooperation Agreement and the disruption that may subsequently result in the UK; the risk of cyber-attacks, information or security breaches or technology failures on the Barclays Bank UK Group's reputation, business or operations; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank UK Group's control. As a result, the Barclays Bank UK Group's actual financial position, future results, capital distributions, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures 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 2020 Annual Report, which is available on barclays.com.

Subject to Barclays' 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.

Barclays Bank UK Group results for the half year ended

	30.06.21 £m	30.06.20 £m	% Change
Total income	3,167	3,240	(2)
Credit impairment releases/(charges)	443	(1,055)	
Net operating income	**3,610**	**2,185**	**65**
Operating expenses	(2,243)	(2,188)	(3)
Litigation and conduct	(28)	(11)	
Total operating expenses	**(2,271)**	**(2,199)**	**(3)**
Profit on disposal of subsidiaries, associates and joint ventures	—	12	
Profit/(loss) before tax	**1,339**	**(2)**	
Tax (charge)/credit	(176)	91	
Profit after tax	**1,163**	**89**	
Attributable to:			
Equity holders of the parent	1,077	(5)	
Other equity instrument holders	86	94	(9)
Profit after tax	**1,163**	**89**	

Balance sheet information	As at 30.06.21 £m	As at 31.12.20 £m	% Change
Assets			
Loans and advances at amortised cost	219,064	211,649	4
Cash and balances at central banks	53,159	35,218	51
Liabilities			
Deposits at amortised cost	255,503	240,535	6

Capital and liquidity metrics	As at 30.06.21 £bn	As at 31.12.20 £bn
Common equity tier 1 (CET1) ratio[1]	16.0%	15.6%
Liquidity pool	80	60
Liquidity coverage ratio	203%	160%

1 *CET1 capital ratio is calculated applying the IFRS 9 transitional arrangements of the Capital Requirements Regulation (CRR) as amended by the Capital Requirements Regulation II (CRR II). For further detail on the application of CRR and CRR II in the UK, see page 17.*

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 performance

- H121 profit before tax was £1,339m (H120: £2m loss before tax). The Barclays Bank UK Group continued to deliver growth in balances throughout H121, increasing mortgage lending by £6.9bn and growing deposits by £15.0bn, adding to a strong liquidity position
- Total income decreased 2% to £3,167m, consisting of:
  - Personal Banking income increased 6% to £1,970m reflecting strong growth in mortgages alongside improved margins, balance growth in deposits and the non-recurrence of COVID-19 customer support actions, partially offset by deposit margin compression from lower interest rates and lower unsecured lending balances
  - Barclaycard Consumer UK income decreased 25% to £605m as reduced borrowing and continued payments by customers resulted in a lower level of interest earning lending (IEL) balances
  - Business Banking income increased 19% to £684m due to lending and deposit balance growth from £12.1bn of government scheme lending and the non-recurrence of COVID-19 and related customer support actions, partially offset by deposit margin compression from lower interest rates
  - This was partially offset by an expense of £92m in Head Office due to the impact of hedge accounting
- Credit impairment net release of £443m (H120: £1,055m charge) driven by an improved macroeconomic outlook used in the Q221 scenario refresh. The primary driver is a reduction in the anticipated peak of UK unemployment with the majority of this provision release in UK cards and personal loans. As at 30 June 2021, 30 and 90 day arrears rates in UK cards were 1.4% (H120: 2.0%) and 0.6% (H120: 1.0%) respectively
- Total operating expenses increased 3% to £2,271m reflecting investment spend and higher operational and customer service costs, including ongoing financial assistance, partially offset by efficiency savings
- The tax charge for H121 was £176m (H120: £91m credit). This includes the £191m tax benefit recognised for the re-measurement of the Barclays Bank UK Group's deferred tax assets as a result of the UK corporation tax rate increase from 19% to 25% from 1 April 2023

Balance sheet, capital and liquidity

- Loans and advances at amortised cost increased 4% to £219.1bn predominantly from £6.9bn of mortgage growth following continued strong flow of new applications as well as strong customer retention, offset by a £1.8bn decrease in the Education, Social Housing and Local Authority (ESHLA) portfolio and £1.5bn lower unsecured lending balances, albeit loans and advances in Barclaycard Consumer UK stabilised in Q221
- Deposits at amortised cost increased 6% to £255.5bn reflecting an increase of £11.3bn and £3.7bn in Personal Banking and Business Banking respectively, further strengthening the liquidity position
- Cash and balances at central banks increased 51% to £53.2bn due to an increased liquidity pool, predominantly driven by an increase in customer deposits
- The Barclays Bank UK Group CET1 ratio as at 30 June 2021 was 16.0%, which is above regulatory capital minimum requirements
- The Barclays Bank UK Group liquidity pool increased to £80bn (December 2020: £60bn) and the liquidity coverage ratio (LCR) increased to 203% (December 2020: 160%) driven by continued deposit growth and further borrowing from the Bank of England's Term Funding Scheme with additional incentives for SMEs, which were partly offset by increased mortgage lending

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. The purpose of the framework 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 framework identifies eight principal risks: credit risk, market risk, treasury and capital risk, operational risk, model risk, conduct risk, reputation risk and legal risk. Further detail on these risks and how they are managed is available in the Barclays Bank UK PLC Annual Report 2020 (pages 32 to 51) or online at home.barclays/annualreport.

Material existing and emerging risks

There have been no significant changes to these principal risks or previously identified material existing and emerging risks in the period other than an update to the risk relating to the impact of benchmark interest rates on the Barclays Bank UK Group as a result of developments relating to benchmark reform, as set out below.

Impact of benchmark interest rate reforms on the Barclays Bank UK Group

For several years, global regulators and central banks have been driving international efforts to reform key benchmark interest rates and indices, such as the London Interbank Offered Rate (LIBOR), which are used to determine the amounts payable under a wide range of transactions and make them more reliable and robust. This has resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of alternative "risk-free" reference rates (RFRs) and the proposed discontinuation of certain reference rates (including LIBOR), with further changes anticipated, including legislative proposals to deal with 'tough legacy' contracts that cannot convert into or cannot add fall-back RFRs. The consequences of reform are unpredictable and may have an adverse impact on any financial instruments linked to, or referencing, any of these benchmark interest rates.

The Barclays Bank UK Group predominantly offers products which reference central bank rates rather than LIBOR and other indices which are likely to be subject to reform. Consequently, the product offering and business model are unlikely to be significantly affected. Nevertheless, there are other ways the Barclays Bank UK Group could be affected.

Uncertainty as to the nature of such potential changes, the availability and/or suitability of alternative RFRs, the participation of customers and third-party market participants in the transition process and associated challenges with respect to required documentation changes, and other reforms may adversely affect a broad range of transactions (including any securities, loans and derivatives which use LIBOR to determine the amount of interest payable that are included in the Barclays Bank UK Group's financial assets and liabilities) that use these reference rates and indices and introduce a number of risks for the Barclays Bank UK Group, including, but not limited to:

- **Conduct risk:** in undertaking actions to transition away from using certain reference rates (such as LIBOR) to new alternative RFRs, the Barclays Bank UK Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank UK Group is considered to be (among other things) (i) undertaking market activities that are manipulative or create a false or misleading impression, (ii) misusing sensitive information or not identifying or appropriately managing or mitigating conflicts of interest, (iii) providing customers with inadequate advice, misleading information, unsuitable products or unacceptable service, (iv) not taking a consistent approach to remediation for customers in similar circumstances, (v) unduly delaying the communication and migration activities in relation to client exposure, leaving them insufficient time to prepare or (vi) colluding or inappropriately sharing information with competitors.

- **Litigation risk:** members of the Barclays Bank UK Group may face legal proceedings, regulatory investigations and/or other actions or proceedings regarding (among other things) (i) the conduct risks identified above, (ii) the interpretation and enforceability of provisions in LIBOR-based contracts, and (iii) the Barclays Bank UK Group's preparation and readiness for the replacement of LIBOR with alternative RFRs.

- **Financial risk:** the valuation of certain of the Barclays Bank UK Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the Barclays Bank UK Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because currently alternative RFRs (such as the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR)) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have an adverse effect on the Barclays Bank UK Group's cash flows.

- **Operational risk:** changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative RFRs may require changes to the Barclays Bank UK Group's IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any reference rate or index (such as LIBOR) is no longer available to calculate amounts payable, the Barclays Bank UK Group may incur additional expenses in amending documentation for new and existing transactions and/or effecting the transition from the original reference rate or index to a new reference rate or index.

- **Accounting risk:** an inability to apply hedge accounting in accordance with IAS 39 could lead to increased volatility in the Barclays Bank UK Group's financial results and performance.

Any of these factors may have an adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

For further details on the impacts of benchmark interest rate reforms on the Barclays Bank UK Group, see Note 35 to Barclays Bank UK PLC's audited financial statements for the year ended 31 December 2020 and Note 17.

Loans and advances at amortised cost by product

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

Impairment allowance under IFRS 9 considers both the drawn and the undrawn counterparty exposure. For retail portfolios, the total impairment allowance is allocated to the drawn exposure to the extent that the allowance does not exceed the exposure, as expected credit loss (ECL) is not reported separately. Any excess is reported on the liability side of the balance sheet as a provision. For wholesale portfolios, the impairment allowance on the undrawn exposure is reported on the liability side of the balance sheet as a provision.

		Stage 2					
As at 30.06.21	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total[1]
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	134,528	17,348	1,645	680	19,673	1,218	155,419
Credit cards, unsecured loans and other retail lending	11,066	3,070	117	73	3,260	1,113	15,439
Wholesale loans	46,870	2,306	5	18	2,329	1,425	50,624
Total	**192,464**	**22,724**	**1,767**	**771**	**25,262**	**3,756**	**221,482**
Impairment allowance							
Home loans	8	19	5	6	30	48	86
Credit cards, unsecured loans and other retail lending	205	858	59	50	967	760	1,932
Wholesale loans	143	65	—	1	66	191	400
Total	**356**	**942**	**64**	**57**	**1,063**	**999**	**2,418**
Net exposure							
Home loans	134,520	17,329	1,640	674	19,643	1,170	155,333
Credit cards, unsecured loans and other retail lending	10,861	2,212	58	23	2,293	353	13,507
Wholesale loans	46,727	2,241	5	17	2,263	1,234	50,224
Total	**192,108**	**21,782**	**1,703**	**714**	**24,199**	**2,757**	**219,064**
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	0.1	0.3	0.9	0.2	3.9	0.1
Credit cards, unsecured loans and other retail lending	1.9	27.9	50.4	68.5	29.7	68.3	12.5
Wholesale loans	0.3	2.8	—	5.6	2.8	13.4	0.8
Total	**0.2**	**4.1**	**3.6**	**7.4**	**4.2**	**26.6**	**1.1**
As at 31.12.20							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	129,012	15,890	1,732	789	18,411	1,135	148,558
Credit cards, unsecured loans and other retail lending	11,823	4,350	143	110	4,603	1,270	17,696
Wholesale loans	42,073	4,978	10	76	5,064	1,407	48,544
Total	**182,908**	**25,218**	**1,885**	**975**	**28,078**	**3,812**	**214,798**
Impairment allowance							
Home loans	27	17	7	8	32	45	104
Credit cards, unsecured loans and other retail lending	259	1,261	68	82	1,411	957	2,627
Wholesale loans	36	160	1	2	163	219	418
Total	**322**	**1,438**	**76**	**92**	**1,606**	**1,221**	**3,149**
Net exposure							
Home loans	128,985	15,873	1,725	781	18,379	1,090	148,454
Credit cards, unsecured loans and other retail lending	11,564	3,089	75	28	3,192	313	15,069
Wholesale loans	42,037	4,818	9	74	4,901	1,188	48,126
Total	**182,586**	**23,780**	**1,809**	**883**	**26,472**	**2,591**	**211,649**
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	0.1	0.4	1.0	0.2	4.0	0.1
Credit cards, unsecured loans and other retail lending	2.2	29.0	47.6	74.5	30.7	75.4	14.8
Wholesale loans	0.1	3.2	10.0	2.6	3.2	15.6	0.9
Total	**0.2**	**5.7**	**4.0**	**9.4**	**5.7**	**32.0**	**1.5**

1 *Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £26.4bn (December 2020: £30.7bn) and an impairment allowance of £3m (December 2020: £15m). This comprises £1m (December 2020: £4m) on £26.4bn Stage 1 assets (December 2020: £30.1bn), £2m (December 2020: £3m) on £22m Stage 2 assets (December 2020: £588m) and £nil (December 2020: £8m) on £nil Stage 3 other assets (December 2020: £10m). Loan commitments and financial guarantee contracts have total ECL of £136m (December 2020: £293m).*

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

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. An explanation of the terms 12-month ECL, lifetime ECL and credit-impaired is included in the Barclays Bank UK PLC Annual Report 2020 on page 139. Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the year. The movements are measured over a 6-month period.

Loans and advances at amortised cost

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
Home loans	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2021	129,012	27	18,411	32	1,135	45	148,558	104
Transfers from Stage 1 to Stage 2	(6,088)	(2)	6,088	2	—	—	—	—
Transfers from Stage 2 to Stage 1	3,367	6	(3,367)	(6)	—	—	—	—
Transfers to Stage 3	(90)	—	(293)	(3)	383	3	—	—
Transfers from Stage 3	7	—	84	—	(91)	—	—	—
Business activity in the year	18,406	1	380	1	—	—	18,786	2
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(4,185)	(23)	(620)	5	(70)	9	(4,875)	(9)
Final repayments	(5,901)	(1)	(1,010)	(1)	(137)	(7)	(7,048)	(9)
Disposals	—	—	—	—	—	—	—	—
Write-offs[1]	—	—	—	—	(2)	(2)	(2)	(2)
As at 30 June 2021[2]	**134,528**	**8**	**19,673**	**30**	**1,218**	**48**	**155,419**	**86**
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	11,823	259	4,603	1,411	1,270	957	17,696	2,627
Transfers from Stage 1 to Stage 2	(1,029)	(40)	1,029	40	—	—	—	—
Transfers from Stage 2 to Stage 1	1,757	511	(1,757)	(511)	—	—	—	—
Transfers to Stage 3	(127)	(5)	(285)	(154)	412	159	—	—
Transfers from Stage 3	16	8	18	8	(34)	(16)	—	—
Business activity in the year	903	13	35	8	10	3	948	24
Changes to models used for calculation[3]	—	(2)	—	(6)	—	14	—	6
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes[4]	(1,785)	(521)	(336)	182	(47)	91	(2,168)	(248)
Final repayments	(492)	(18)	(47)	(11)	(64)	(33)	(603)	(62)
Disposals[5]	—	—	—	—	(82)	(63)	(82)	(63)
Write-offs[1]	—	—	—	—	(352)	(352)	(352)	(352)
As at 30 June 2021[2]	**11,066**	**205**	**3,260**	**967**	**1,113**	**760**	**15,439**	**1,932**

1 *In H121, gross write-offs amounted to £380m (H120: £304m) and post write-off recoveries amounted to £16m (H120: £14m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £364m (H120: £290m).*
2 *Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £26.4bn (December 2020: £30.7bn) and an impairment allowance of £3m (December 2020: £15m). This comprises £1m (December 2020: £4m) on £26.4bn Stage 1 assets (December 2020: £30.1bn), £2m (December 2020: £3m) on £22m Stage 2 assets (December 2020: £588m) and £nil (December 2020: £8m) on £nil Stage 3 other assets (December 2020: £10m).*
3 *Changes to models used for calculation include a £6m movement in Credit cards, unsecured loans and retail lending. These reflect methodology changes made during the year. Barclays continually review 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 ensures that the models used continue to reflect the risks inherent across the businesses.*
4 *Transfers and risk parameter changes include a £0.3bn net release in ECL arising from a reclassification of £2.2bn gross loans and advances from Stage 2 to Stage 1 in Credit cards, unsecured loans and other retail lending. The reclassification followed a review of back-testing of results which indicated that accuracy of origination probability of default characteristics require management adjustments to correct and was first established in Q220.*
5 *The £82m disposals reported within Credit cards, unsecured loans and other retail lending portfolio relate to debt sales undertaken during the period.*

Wholesale loans	Stage 1 Gross exposure £m	Stage 1 ECL £m	Stage 2 Gross exposure £m	Stage 2 ECL £m	Stage 3 Gross exposure £m	Stage 3 ECL £m	Total Gross exposure £m	Total ECL £m
As at 1 January 2021	42,073	36	5,064	163	1,407	219	48,544	418
Transfers from Stage 1 to Stage 2	(606)	(2)	606	2	—	—	—	—
Transfers from Stage 2 to Stage 1	3,113	77	(3,113)	(77)	—	—	—	—
Transfers to Stage 3	(151)	—	(121)	(6)	272	6	—	—
Transfers from Stage 3	120	13	101	5	(221)	(18)	—	—
Business activity in the year	6,154	3	58	1	113	7	6,325	11
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,805)	17	(162)	(19)	(105)	4	(2,072)	2
Final repayments	(1,373)	(1)	(104)	(3)	(15)	(1)	(1,492)	(5)
Disposals[1]	(655)	—	—	—	—	—	(655)	—
Write-offs[2]	—	—	—	—	(26)	(26)	(26)	(26)
As at 30 June 2021[3]	**46,870**	**143**	**2,329**	**66**	**1,425**	**191**	**50,624**	**400**

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	*(16)*
Credit cards, unsecured loans and other retail lending	*(280)*
Wholesale loans	*8*
ECL movement excluding assets derecognised due to disposals and write-offs	**(288)**
Recoveries and reimbursements	(16)
Exchange and other adjustments[4]	22
Impairment charge on loan commitments and other financial guarantees	(158)
Impairment charge on other financial assets[3]	(3)
Income statement release for the period	**(443)**

1 *The £0.7bn disposal reported within Wholesale loans relates to the sale of debt securities as part of Group Treasury operations.*
2 *In H121, gross write-offs amounted to £380m (H120: £304m) and post write-off recoveries amounted to £16m (H120: £14m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £364m (H120: £290m).*
3 *Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £26.4bn (December 2020: £30.7bn) and an impairment allowance of £3m (December 2020: £15m). This comprises £1m (December 2020: £4m) on £26.4bn Stage 1 assets (December 2020: £30.1bn), £2m (December 2020: £3m) on £22m Stage 2 assets (December 2020: £588m) and £nil (December 2020: £8m) on £nil Stage 3 other assets (December 2020: £10m).*
4 *Includes interest and fees in suspense.*

Loan commitments and financial guarantees

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
Home loans	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2021	11,737	—	513	—	1	—	12,251	—
Net transfers between stages	(74)	—	71	—	3	—	—	—
Business activity in the year	6,281	—	—	—	—	—	6,281	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(7,392)	—	(17)	—	(1)	—	(7,410)	—
Limit management and final repayments	(150)	—	(22)	—	—	—	(172)	—
As at 30 June 2021	**10,402**	—	**545**	—	**3**	—	**10,950**	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	44,139	16	5,827	275	196	—	50,162	291
Net transfers between stages	2,211	209	(2,276)	(210)	65	1	—	—
Business activity in the year	234	—	9	—	—	—	243	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(3,039)	(209)	(112)	62	(17)	—	(3,168)	(147)
Limit management and final repayments	(460)	(3)	(43)	(5)	(53)	(1)	(556)	(9)
As at 30 June 2021	**43,085**	**13**	**3,405**	**122**	**191**	—	**46,681**	**135**
Wholesale loans								
As at 1 January 2021	3,250	—	830	2	67	—	4,147	2
Net transfers between stages	586	1	(584)	(1)	(2)	—	—	—
Business activity in the year	29	—	—	—	—	—	29	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(283)	—	(7)	—	—	—	(290)	—
Limit management and final repayments	(218)	—	(151)	(1)	—	—	(369)	(1)
As at 30 June 2021	**3,364**	**1**	**88**	—	**65**	—	**3,517**	**1**

Management adjustments to models for impairment

Management adjustments to impairment models are made in the ordinary course of business in order to reflect changes in policy or correct model performance issues identified through model monitoring. These adjustments remain in place until they are incorporated into future model development and are then retired. In addition, they may also be made in response to circumstances or uncertainty at the period end and this is particularly true of the ongoing COVID-19 pandemic.

Total management adjustments to impairment allowance are presented by product below.

Overview of management adjustments to models for impairment allowance[1]

	As at 30.06.21		As at 31.12.20	
	Management adjustments to impairment allowances	Proportion of total impairment allowances	Management adjustments to impairment allowances	Proportion of total impairment allowances
	£m	%	£m	%
Home loans	61	70.9	77	74.0
Credit cards, unsecured loans and other retail lending	572	27.7	247	8.5
Wholesale loans	163	40.6	102	24.3
Total	**796**	**31.2**	**426**	**12.4**

Management adjustments to models for impairment allowance[1]

	Impairment allowance pre management adjustments[2]	Economic uncertainty adjustments	Other adjustments	Total impairment allowance
As at 30.06.21	£m	£m	£m	£m
Home loans	25	19	42	86
Credit cards, unsecured loans and other retail lending	1,495	615	(43)	2,067
Wholesale loans	238	35	128	401
Total	**1,758**	**669**	**127**	**2,554**
As at 31.12.20				
Home loans	27	—	77	104
Credit cards, unsecured loans and other retail lending	2,671	634	(387)	2,918
Wholesale loans	318	42	60	420
Total	**3,016**	**676**	**(250)**	**3,442**

1 *Positive values reflect an increase in impairment allowance.*
2 *Includes £1.6bn (December 2020: £2.8bn) of modelled ECL, £0.1bn (December 2020: £0.1bn) of individually assessed impairments and £0.1bn (December 2020: £0.1bn) ECL from non-modelled exposures.*

Economic uncertainty adjustments

The COVID-19 pandemic has impacted the global economy since early 2020 and macroeconomic forecasts indicate longer-term impacts that will result in higher unemployment levels and customer and client stress. However, to date, little real credit deterioration has occurred, largely as a result of government and other support measures. Observed 30-day arrears rates have reduced in UK cards 1.4% (December 2020: 1.7%; December 2019: 1.7%) due to payment holidays granted to customers impacted by COVID-19 which reduced the delinquency entrance rate and overall flow through delinquency. However, uncertainty remains as government and other support measures taper down as to whether these schemes have either averted or delayed credit losses.

In order to address this uncertainty, adjustments to the modelled provisions were made in 2020. COVID-19 related economic uncertainty adjustments of £0.7bn (December 2020: £0.7bn) continue to be recognised, specifically to address whether support measures have averted or delayed credit losses. However, within this, the approach has been refined and uncertainty is now captured in two distinct ways: firstly, the identification of specific customers and clients who may be more vulnerable to the withdrawal of relief and secondly, macroeconomic and risk parameter uncertainties which are applied at a portfolio level.

A summary of the adjustments is provided below:

- A £0.4bn adjustment has been applied to customers and clients considered potentially vulnerable to the withdrawal of government and other support schemes. We have specifically considered the impact of furlough schemes ending (equivalent to UK unemployment increasing to 7.2%). In wholesale portfolios, the populations identified are specific clients who may exhibit greater cross default risk between COVID-19 and other financing exposures, including clients with Bounce Back Loans in Business Banking.
- Expert judgement has been used to adjust the probability of default at portfolio level to pre-COVID-19 levels to reflect the impact of temporary support measures on underlying customer and client behaviour. Following a refinement to methodology, this has reduced to £0.3bn from £0.6bn in December 2020. A £(0.1)bn PMA to recognise government guarantees remains in place.

Other adjustments

Home loans: The low average LTV nature of the UK home loans portfolio means that modelled ECL estimates are low in all but the most severe economic scenarios. An adjustment is held to maintain an appropriate level of ECL.

Credit cards, unsecured loans and other retail lending: This materially relates to a net release in ECL due to reclassification of loans and advances from Stage 2 to Stage 1 in credit cards and unsecured loans. The reclassification followed a review of back-testing of results which indicated that the accuracy of origination probability of default characteristics require management adjustments to correct and was first established in Q220.

Wholesale loans: Represents the net of adjustments in Business Banking for model inaccuracies informed by back-testing.

Measurement uncertainty

The Barclays Bank UK Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium-term forecasts) and Bloomberg (based on median of economic forecasts), which forms the Baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a broadly similar severity to internal stress tests and stress scenarios provided by regulators whilst also considering IFRS 9 specific sensitivities and non-linearity. Downside 2 is benchmarked to the Bank of England's stress scenarios and to the most severe scenario from Moody's inventory, but is not designed to be the same. The favourable scenarios are calibrated to reflect upside risks to the Baseline scenario to the extent that is broadly consistent with recent favourable benchmark scenarios. All scenarios are regenerated at a minimum semi-annually. The scenarios include four economic variables, (GDP, unemployment, House Price Index (HPI) and base rate), and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years.

Macroeconomic indicators were refreshed in Q221, with key drivers for the baseline scenario more optimistic than Q420, resulting in a net ECL provision release. In the Baseline scenario, UK GDP returns to the pre-pandemic level by mid-2022 with peak UK unemployment of just over 6% in Q421. In the Upside 2 scenario, effective fiscal stimulus measures, including public investments in infrastructure and skills, provide a boost to demand and confidence, which in turn leads to economic activity returning to the pre-COVID-19 pandemic levels by the end of 2021. Unemployment levels in the UK decline back below 5% by H222. In the Downside 2 scenario supply and distribution issues slow the vaccination process and the emergence of new virus variants that are not susceptible to the existing vaccines fuels the outbreak again resulting in full national lockdowns in Q321. This leads to significant falls in GDP in Q321 and unemployment reaching c.10%.

Although the macroeconomic outlook has improved, the Barclays Bank UK Group's view on uncertainty remains unchanged, believing potential credit deterioration could be seen once government support is removed, particularly in vulnerable areas of the portfolio. In response, economic uncertainty PMAs remained relatively stable at c.£0.7bn. For further details see page 10.

Limited defaults have been observed to date in response to the COVID-19 pandemic, partly as a result of government and bank support measures. However, such support measures are scheduled to taper down from Q321 bringing with it uncertainty. Despite improvement in macroeconomic variables in the period, unemployment remains at elevated levels but portfolios are yet to respond, and may not do so until support measures fall away.

The methodology for estimating probability weights for each of the scenarios involves a comparison of the distribution of key historical macroeconomic variables against the forecast paths of the five scenarios. The range of forecast paths generated in the calculation of the weights at 30 June 2021 is slightly narrower than 31 December 2020 due to lower levels of uncertainty. The Upside 2 and Downside 2 scenarios are therefore nearer the tails of the distribution than previously resulting in lower weights. See page 14 for probability weightings used at H121.

The tables below show the key consensus macroeconomic variables used in the scenarios (3-year annual paths), the probability weights applied to each scenario and the macroeconomic variables by scenario using 'specific bases' i.e. the most extreme position of each variable in the context of the scenario, for example, the highest unemployment for downside scenarios and the lowest unemployment for upside scenarios. The 5-year average table provides additional transparency.

Baseline average economic variables used in the calculation of ECL

	2021	2022	2023
As at 30.06.21	%	%	%
UK GDP[1]	4.9	5.6	2.3
UK unemployment[2]	5.8	5.7	5.1
UK HPI[3]	(0.5)	0.3	3.1
UK bank rate	0.1	0.2	0.4
As at 31.12.20			
UK GDP[1]	6.3	3.3	2.6
UK unemployment[2]	6.7	6.4	5.8
UK HPI[3]	2.4	2.3	5.0
UK bank rate	—	(0.1)	—

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in average yearly UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*

Downside 2 average economic variables used in the calculation of ECL

	2021	2022	2023
As at 30.06.21	%	%	%
UK GDP[1]	(1.7)	2.0	5.2
UK unemployment[2]	7.3	8.2	6.6
UK HPI[3]	(5.8)	(5.8)	0.2
UK bank rate	0.1	—	—
As at 31.12.20			
UK GDP[1]	(3.9)	6.5	2.6
UK unemployment[2]	8.0	9.3	7.8
UK HPI[3]	(13.6)	(10.8)	0.5
UK bank rate	(0.2)	(0.2)	(0.1)

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in average yearly UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*

Downside 1 average economic variables used in the calculation of ECL

	2021	2022	2023
As at 30.06.21	%	%	%
UK GDP[1]	0.6	4.4	4.2
UK unemployment[2]	6.4	6.6	5.6
UK HPI[3]	(3.1)	(2.7)	1.7
UK bank rate	0.1	0.1	0.2
As at 31.12.20			
UK GDP[1]	0.1	6.6	3.2
UK unemployment[2]	7.3	8.0	6.9
UK HPI[3]	(6.7)	(3.5)	1.7
UK bank rate	(0.1)	(0.1)	—

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in average yearly UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*

Upside 2 average economic variables used in the calculation of ECL

	2021	2022	2023
As at 30.06.21	%	%	%
UK GDP[1]	6.8	9.4	4.0
UK unemployment[2]	5.5	4.9	4.4
UK HPI[3]	4.6	9.9	11.3
UK bank rate	0.1	0.4	0.6
As at 31.12.20			
UK GDP[1]	12.2	5.3	3.9
UK unemployment[2]	6.2	5.5	4.8
UK HPI[3]	6.6	10.4	10.8
UK bank rate	0.1	0.3	0.3

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in average yearly UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*

Upside 1 average economic variables used in the calculation of ECL

	2021	2022	2023
As at 30.06.21	%	%	%
UK GDP[1]	5.9	7.3	3.0
UK unemployment[2]	5.6	5.2	4.7
UK HPI[3]	1.5	4.5	7.4
UK bank rate	0.1	0.2	0.6
As at 31.12.20			
UK GDP[1]	9.3	3.9	3.4
UK unemployment[2]	6.4	6.0	5.2
UK HPI[3]	4.6	6.1	6.1
UK bank rate	0.1	0.1	0.3

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in average yearly UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*

Scenario probability weighting

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
As at 30.06.21					
Scenario probability weighting	19.6	24.5	26.4	16.9	12.6
As at 31.12.20					
Scenario probability weighting	20.2	24.2	24.7	15.5	15.4

Specific bases show the most extreme position of each variable in the context of the scenario, 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 points relative to the start point in the 20 quarter period.

Macroeconomic variables (specific bases)[1]

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
As at 30.06.21	%	%	%	%	%
UK GDP[2]	25.9	20.2	3.3	(4.2)	(8.1)
UK unemployment[3]	4.1	4.3	5.1	7.5	9.8
UK HPI[4]	48.2	25.5	1.6	(5.8)	(11.8)
UK bank rate[3]	0.1	0.1	0.4	0.3	0.1
As at 31.12.20					
UK GDP[2]	14.2	8.8	0.7	(22.1)	(22.1)
UK unemployment[3]	4.0	4.0	5.7	8.4	10.1
UK HPI[4]	48.2	30.8	3.6	(4.5)	(18.3)
UK bank rate[3]	0.1	0.1	—	0.6	0.6

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 Q121 (2020: Q120).*
2 *Maximum growth relative to Q420 (2020: Q419), based on 20 quarter period in Upside scenarios; 5-year yearly average Compound Annual Growth Rate (CAGR) in Baseline; minimum growth relative to Q420 (2020: Q419), 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 Q420 (2020: Q419), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q420 (2020: Q419), 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]

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
As at 30.06.21	%	%	%	%	%
UK GDP[2]	5.2	4.2	3.3	2.6	1.8
UK unemployment[3]	4.6	4.8	5.1	5.7	6.5
UK HPI[4]	8.2	4.7	1.6	—	(1.6)
UK bank rate[3]	0.7	0.6	0.4	0.2	—
As at 31.12.20					
UK GDP[2]	2.5	1.6	0.7	0.1	(0.9)
UK unemployment[3]	5.0	5.3	5.7	6.5	7.2
UK HPI[4]	8.2	5.5	3.6	(0.2)	(3.6)
UK bank rate[3]	0.3	0.2	—	—	(0.1)

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 2020 (2020: 2019).*
3 *5-year average. Period based on 20 quarters from Q121 (2020: Q120).*
4 *5-year quarter end CAGR, starting Q420 (2020: Q419).*

Funding and liquidity

Overview

The Barclays Bank UK Group liquidity pool increased to £80bn (December 2020: £60bn) and the LCR increased to 203% (December 2020: 160%) driven by continued deposit growth and further borrowing from the Bank of England's Term Funding Scheme with additional incentives for SMEs, which were partly offset by increased mortgage lending.

Liquidity risk stress testing

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

The CRR (as amended by CRR II) 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 2021, the Barclays Bank UK Group held eligible liquid assets well above 100% of the net stress outflows to its internal and regulatory requirements. A significant portion of the liquidity pool was held in cash and deposits with central banks. The liquidity pool was held entirely within Barclays Bank UK PLC.

	As at 30.06.21	As at 31.12.20
	£bn	£bn
Barclays Bank UK Group liquidity pool	80	60
	%	%
Barclays Bank UK Group liquidity coverage ratio	203	160

Capital and leverage

The disclosures below provide key capital metrics for the Barclays Bank UK Group with further information on its risk profile included in the Barclays Bank UK PLC Pillar 3 Report H1 2021, expected to be published on 13 August 2021, and which will be available at home.barclays/investor-relations/reports-and-events/latest-financial-results.

Following the withdrawal of the UK from the EU, any references to CRR as amended by CRR II mean, unless otherwise specified, CRR as amended by CRR II, as it forms part of UK law pursuant to the European Union (Withdrawal) Act 2018 and subject to the temporary transitional powers (TTP) available to UK regulators to delay or phase-in on-shoring changes to UK regulatory requirements arising at the end of the transition period until 31 March 2022, as at the applicable reporting date. With effect from 26 June 2021, the Financial Services Act 2021 amended CRR as amended by CRR II in part. The amendments included an extension to the application of CRR II settlement netting to the CRR leverage exposure which was due to expire on 27 June 2021 under CRR II quick fix measures. Throughout the TTP period, the Bank of England and PRA will continue to review the UK regulatory framework and the Group disclosures will reflect the amended framework as applicable at the effective reporting date.

On 26 April 2019, a prudential backstop was implemented for qualifying exposures originating after 26 April 2019 that have been non-performing for more than 2 years. Where minimum coverage requirements for qualifying non-performing exposures are not met, the difference must be deducted from CET1 capital. Different conversion factors are applied for secured and unsecured exposures depending on the length of time the exposures have been non-performing. For 2021 the conversion factor applied to secured non-performing exposures is 0% and for unsecured non-performing is 35% prior to any coverage being applied. For H121 the impact to CET1 capital is immaterial.

Capital ratios[1,2]	As at 30.06.21	As at 31.12.20
CET1	16.0%	15.6%
Tier 1 (T1)	19.6%	19.2%
Total regulatory capital	24.1%	23.9%

Capital resources	£m	£m
CET1 capital	11,330	11,247
T1 capital	13,890	13,807
Total regulatory capital	17,088	17,178
Risk weighted assets (RWAs)	71,014	72,025

1 *Capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.*
2 *The fully loaded CET1 ratio was 15.5%, with £11,029m of CET1 capital and £70,984m of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II.*

The Barclays Bank UK Group is required to disclose an average UK leverage ratio which is based on capital on the last day of each month in the quarter and an exposure measure for each day in the quarter. The Barclays Bank UK Group is also required to disclose a UK leverage ratio based on capital and exposure on the last day of the quarter. Both approaches exclude qualifying claims on central banks from the leverage exposures and include the PRA's adoption of CRR II settlement netting.

On 29 June 2021, the Financial Policy Committee and PRA issued a consultation paper on proposed changes to the UK leverage ratio framework. The consultation states the intention to move to a single UK leverage ratio requirement meaning that the CRR leverage ratio will no longer apply for UK banks from 1 January 2022. Minimum requirements for the Barclays Bank UK Group remain unchanged and whilst largely upholding the existing framework, some technical changes to the exposure measure have been proposed that will align to the Basel III standards.

As at 30 June 2021, the Barclays Bank UK Group average UK leverage ratio was 5.6% which is above the leverage ratio requirement.

Leverage ratios[1]	As at 30.06.21 £m	As at 31.12.20 £m
Average UK leverage ratio[2]	5.6%	5.6%
Average T1 capital	13,913	13,793
Average UK leverage exposure	247,213	245,992
UK leverage ratio	5.6%	5.6%
T1 capital	13,890	13,807
UK leverage exposure	247,974	245,176

1 *Capital and leverage are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.*
2 *The CET1 capital held against the 0.35% O-SII additional leverage ratio buffer was £0.9bn and against the 0.0% countercyclical leverage ratio buffer was £nil.*

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 21 to 25 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the United Kingdom (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 2021 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 27 July 2021 on behalf of the Board by

Matt Hammerstein
Barclays Bank UK Group Chief Executive

James Mack
Barclays Bank UK Group Chief Financial Officer

Barclays Bank UK PLC Board of Directors:

Chair
Crawford Gillies

Executive Directors
Matt Hammerstein
James Mack

Non-Executive Directors
Avid Larizadeh Duggan
Michael Jary
Kathryn Matthews
Chris Pilling
Andrew Ratcliffe
David Thorburn

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the Interim Results Announcement for the six months ended 30 June 2021 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 2021;
- 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 2021 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").

Scope of review

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

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

Directors' responsibilities

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

As disclosed in Note 1, Basis of preparation, the latest annual financial statements of the Barclays Bank UK Group are prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be 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.

Our responsibility

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

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

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

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

27 July 2021

Condensed consolidated income statement (unaudited)

	Notes[1]	Half year ended 30.06.21 £m	Half year ended 30.06.20 £m
Interest and similar income		2,828	3,149
Interest and similar expense		(329)	(516)
Net interest income		**2,499**	**2,633**
Fee and commission income	3	702	667
Fee and commission expense	3	(109)	(149)
Net fee and commission income	**3**	**593**	**518**
Other income		75	89
Total income		**3,167**	**3,240**
Credit impairment releases/(charges)		443	(1,055)
Net operating income		**3,610**	**2,185**
Staff costs		(659)	(647)
Infrastructure, administration and general expenses		(1,584)	(1,541)
Litigation and conduct		(28)	(11)
Operating expenses		**(2,271)**	**(2,199)**
Profit on disposal of subsidiaries, associates and joint ventures		—	12
Profit/(loss) before tax		**1,339**	**(2)**
Tax (charge)/credit	4	(176)	91
Profit after tax		**1,163**	**89**
Attributable to:			
Equity holders of the parent		1,077	(5)
Other equity instrument holders		86	94
Profit after tax		**1,163**	**89**

1 *For notes to the Financial Statements see pages 26 to 37.*

Condensed consolidated statement of comprehensive income (unaudited)

	Notes[1]	Half year ended 30.06.21 £m	Half year ended 30.06.20 £m
Profit after tax		**1,163**	**89**
Other comprehensive income that may be recycled to profit or loss:[2]			
Fair value through other comprehensive income reserve	12	(53)	1
Cash flow hedging reserve	12	(279)	258
Other comprehensive income that may be recycled to profit or loss		**(332)**	**259**
Total comprehensive income for the period		**831**	**348**

1 *For notes to the Financial Statements see pages 26 to 37.*
2 *Reported net of tax.*

Condensed consolidated balance sheet (unaudited)

Assets	Notes[1]	As at 30.06.21 £m	As at 31.12.20 £m
Cash and balances at central banks		53,159	35,218
Cash collateral and settlement balances		3,722	4,345
Loans and advances at amortised cost		219,064	211,649
Reverse repurchase agreements and other similar secured lending		1,691	133
Trading portfolio assets		110	298
Financial assets at fair value through the income statement		2,968	3,432
Derivative financial instruments		1,125	550
Financial assets at fair value through other comprehensive income		22,202	26,026
Goodwill and intangible assets	7	3,527	3,527
Property, plant and equipment		642	737
Current tax assets		—	75
Deferred tax assets	4	1,086	780
Other assets		631	728
Total assets		**309,927**	**287,498**
Liabilities			
Deposits at amortised cost		255,503	240,535
Cash collateral and settlement balances		1,281	455
Repurchase agreements and other similar secured borrowing		11,993	7,178
Debt securities in issue		8,931	7,503
Subordinated liabilities	8	10,455	9,869
Trading portfolio liabilities		848	1,265
Derivative financial instruments		459	880
Current tax liabilities		232	—
Other liabilities		1,836	1,906
Provisions	9	608	880
Total liabilities		**292,146**	**270,471**
Equity			
Called up share capital and share premium	10	5	5
Other reserves	12	141	473
Retained earnings		15,075	13,989
Shareholders' equity attributable to ordinary shareholders of the parent		**15,221**	**14,467**
Other equity instruments	11	2,560	2,560
Total equity		**17,781**	**17,027**
Total liabilities and equity		**309,927**	**287,498**

1 *For notes to the Financial Statements see pages 26 to 37.*

Condensed consolidated statement of changes in equity (unaudited)

Half year ended 30.06.21	Called up share capital and share premium[1] £m	Other equity instruments[1] £m	Other reserves[1] £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2021	**5**	**2,560**	**473**	**13,989**	**17,027**
Profit after tax	—	86	—	1,077	1,163
Fair value through other comprehensive income reserve	—	—	(53)	—	(53)
Cash flow hedges	—	—	(279)	—	(279)
Other	—	—	—	—	—
Total comprehensive income for the period	**—**	**86**	**(332)**	**1,077**	**831**
Issue of shares under employee share schemes	—	—	—	21	21
Coupons paid on other equity instruments	—	(86)	—	—	(86)
Vesting of employee share schemes	—	—	—	(11)	(11)
Other movements	—	—	—	(1)	(1)
Balance as at 30 June 2021	**5**	**2,560**	**141**	**15,075**	**17,781**
Half year ended 31.12.20					
Balance as at 1 July 2020	**5**	**2,560**	**442**	**13,779**	**16,786**
Profit after tax	—	86	—	204	290
Fair value through other comprehensive income reserve	—	—	71	—	71
Cash flow hedges	—	—	(40)	—	(40)
Other	—	—	—	1	1
Total comprehensive income for the period	**—**	**86**	**31**	**205**	**322**
Issue of shares under employee share schemes	—	—	—	2	2
Coupons paid on other equity instruments	—	(86)	—	—	(86)
Vesting of employee share schemes	—	—	—	(1)	(1)
Other movements	—	—	—	4	4
Balance as at 31 December 2020	**5**	**2,560**	**473**	**13,989**	**17,027**
Half year ended 30.06.20					
Balance as at 1 January 2020	**5**	**2,560**	**183**	**13,765**	**16,513**
Profit after tax	—	94	—	(5)	89
Fair value through other comprehensive income reserve	—	—	1	—	1
Cash flow hedges	—	—	258	—	258
Total comprehensive income for the period	**—**	**94**	**259**	**(5)**	**348**
Issue of shares under employee share schemes	—	—	—	29	29
Coupons paid on other equity instruments	—	(94)	—	—	(94)
Vesting of employee share schemes	—	—	—	(11)	(11)
Dividends paid	—	—	—	(220)	(220)
Capital contribution from Barclays PLC	—	—	—	220	220
Other movements	—	—	—	1	1
Balance as at 30 June 2020	**5**	**2,560**	**442**	**13,779**	**16,786**

1 *Details of share capital, other equity instruments and other reserves are shown on pages 32 to 33.*

Condensed consolidated cash flow statement (unaudited)

	Half year ended 30.06.21 £m	Half year ended 30.06.20[1] £m
Profit/(loss) before tax	1,339	(2)
Adjustment for non-cash items	(273)	(160)
Net increase in loans and advances at amortised cost[2]	(3,452)	(7,246)
Net increase in deposits at amortised cost	14,968	20,049
Net increase in debt securities in issue	1,428	3,757
Net increase in repurchase and reverse repurchase agreements	3,257	1,117
Changes in other operating assets and liabilities[3]	153	(1,241)
Corporate income tax paid	(53)	(23)
Net cash from operating activities	**17,367**	**16,251**
Net cash from investing activities[2]	(559)	(4,407)
Net cash from financing activities	786	1,902
Effect of exchange rates on cash and cash equivalents	—	294
Net increase in cash and cash equivalents	**17,594**	**14,040**
Cash and cash equivalents at beginning of the period[3]	38,417	27,510
Cash and cash equivalents at end of the period[3]	**56,011**	**41,550**

1 *H120 comparative figures have been restated to make the condensed cash flow statement more relevant following a review of the disclosure and the accounting policies applied. Amendments have been made to the classification of cash collateral reported within cash and cash equivalents and to the presentation of items within net cash flows from operating and investing activities. Footnotes 2 and 3 below quantify the impact of the changes to the respective cash flow categories in H120 and provide further detail.*

2 *Movements in cash and cash equivalents relating to debt securities at amortised cost were previously shown within loans and advances at amortised cost in operating activities. These debt securities holdings are now considered to be part of the investing activity performed by the Barclays Bank UK Group following a change in accounting policy and have been presented within investing activities in H121. Comparatives have been restated. The effect of this change was to reclassify £2,065m of net cash outflows from operating activities to investing activities in H120.*

3 *Cash and cash equivalents have been restated to exclude cash collateral and settlement balances, with the exception of balances that the Barclays Bank UK Group holds at central banks related to payment schemes. The effect of this change decreased cash and cash equivalents by £857m as at 30 June 2020. As a result, net cash from operating activities decreased by £1,740m in H120, representing the net increase in the cash collateral and settlement balances line item in this period.*

1. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the Disclosure 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 2020. The annual financial statements for the year ended 31 December 2020 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 pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union as well as adopted by the UK. UK adopted IFRS and EU adopted IFRS are currently the same and were the same as at 31 December 2020.

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 2020.

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 and includes 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 6 to 15 form part of these interim financial statements.

2. Segmental reporting

Analysis of results by business

Half year ended 30.06.21	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
Total income	1,970	605	684	(92)	3,167
Credit impairment releases/(charges)	50	398	(5)	—	443
Net operating income/(expenses)	**2,020**	**1,003**	**679**	**(92)**	**3,610**
Operating costs	(1,553)	(259)	(424)	(7)	(2,243)
Litigation and conduct	—	(20)	(2)	(6)	(28)
Total operating expenses	**(1,553)**	**(279)**	**(426)**	**(13)**	**(2,271)**
Other net income	—	—	—	—	—
Profit/(loss) before tax	**467**	**724**	**253**	**(105)**	**1,339**
As at 30.06.21	£bn	£bn	£bn	£bn	£bn
Total assets	**216.5**	**9.3**	**83.8**	**0.3**	**309.9**

Half year ended 30.06.20	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
Total income	1,863	810	575	(8)	3,240
Credit impairment charges	(255)	(697)	(103)	—	(1,055)
Net operating income/(expenses)	**1,608**	**113**	**472**	**(8)**	**2,185**
Operating costs	(1,544)	(260)	(359)	(25)	(2,188)
Litigation and conduct	(4)	(3)	(4)	—	(11)
Total operating expenses	**(1,548)**	**(263)**	**(363)**	**(25)**	**(2,199)**
Other net income	12	—	—	—	12
Profit/(loss) before tax	**72**	**(150)**	**109**	**(33)**	**(2)**
As at 31.12.20	£bn	£bn	£bn	£bn	£bn
Total assets	**201.0**	**10.6**	**75.8**	**0.1**	**287.5**

Income by geographic region

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

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:

Half year ended 30.06.21	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
Fee type					
Transactional	289	48	71	—	408
Advisory	83	—	—	—	83
Other	165	—	46	—	211
Total revenue from contracts with customers	**537**	**48**	**117**	—	**702**
Other non-contract fee income	—	—	—	—	—
Fee and commission income	**537**	**48**	**117**	—	**702**
Fee and commission expense	(96)	(10)	(3)	—	(109)
Net fee and commission income	**441**	**38**	**114**	—	**593**

Half year ended 30.06.20	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
Fee type					
Transactional	283	47	56	—	386
Advisory	79	—	—	—	79
Other	150	7	45	—	202
Total revenue from contracts with customers	**512**	**54**	**101**	—	**667**
Other non-contract fee income	—	—	—	—	—
Fee and commission income	**512**	**54**	**101**	—	**667**
Fee and commission expense	(133)	(9)	(7)	—	(149)
Net fee and commission income	**379**	**45**	**94**	—	**518**

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.

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. Tax

The tax charge for H121 was £176m (H120: £91m credit), which includes a benefit recognised as a result of the increase in the UK corporation tax rate and absent this benefit the tax charge would have been £367m. The H120 tax credit included a benefit recognised for re-measurement of the Barclays Bank UK Group's UK deferred tax assets as a result of UK corporation tax previously being maintained at a rate of 19%.

In its Budget held in March 2021, the UK Government announced that the UK rate of corporation tax will increase from 19% to 25% from 1 April 2023. This legislative change has been enacted, resulting in the Barclays Bank UK Group's deferred tax assets increasing by £187m with a tax benefit in the income statement of £191m and a tax charge within other comprehensive income of £4m.

The UK Government also announced that it will undertake a review of the additional 8% banking surcharge during 2021. The Budget Report issued on 3 March 2021 outlines that "the government will set out how it intends to ensure that the combined rate of tax on banks' profits does not increase substantially from its current level". Any subsequent reduction in the banking surcharge arising from the Government's review would result in a tax charge in the income statement and tax credit within the other comprehensive income upon enactment as the Barclays Bank UK Group's deferred tax assets are again re-measured and decreased, the timing of which is uncertain but is expected to occur in H122.

The deferred tax asset of £1,086m (December 2020: £780m) includes £nil (December 2020: £nil) relating to tax losses.

5. Dividends on ordinary shares

Dividends paid during the period	Half year ended 30.06.21 £m	Half year ended 30.06.20 £m
Full year dividend paid during period	—	220

An interim dividend in respect of the six months ended 30 June 2021 of £510m will be paid on 2 August 2021.

6. Fair value of financial instruments

This section should be read in conjunction with Note 15, Fair value of financial instruments of the Barclays Bank UK PLC Annual Report 2020, which provides more detail about accounting policies adopted and 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			
	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at 30.06.21	£m	£m	£m	£m
Trading portfolio assets	98	12	—	110
Financial assets designated at fair value through income statement	—	96	2,872	2,968
Derivative financial instruments	—	1,125	—	1,125
Financial assets designated at fair value through other comprehensive income	6,011	16,191	—	22,202
Total assets	**6,109**	**17,424**	**2,872**	**26,405**
Trading portfolio liabilities	(848)	—	—	(848)
Derivative financial instruments	—	(459)	—	(459)
Total liabilities	**(848)**	**(459)**	**—**	**(1,307)**
As at 31.12.20				
Trading portfolio assets	52	246	—	298
Financial assets designated at fair value through income statement	—	130	3,302	3,432
Derivative financial instruments	—	550	—	550
Financial assets designated at fair value through other comprehensive income	6,887	19,139	—	26,026
Total assets	**6,939**	**20,065**	**3,302**	**30,306**
Trading portfolio liabilities	(1,060)	(205)	—	(1,265)
Derivative financial instruments	—	(880)	—	(880)
Total liabilities	**(1,060)**	**(1,085)**	**—**	**(2,145)**

Assets and liabilities reclassified between Level 1 and Level 2

During the period, there were no material transfers between Level 1 and Level 2 (period ended December 2020: no material transfers between Level 1 and Level 2).

Level 3 movement analysis

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

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

						Total gains and losses in the period recognised in the income statement		Transfers		
	As at 01.01.21	Purchases	Sales	Issues	Settle-ments	Trading income[1]	Other income	In	Out	As at 30.06.21
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-asset backed loans	3,301	—	—	—	(300)	(129)	—	—	—	2,872
Other	1	—	—	—	(1)	—	—	—	—	—
Financial assets at fair value through the income statement	**3,302**	**—**	**—**	**—**	**(301)**	**(129)**	**—**	**—**	**—**	**2,872**

						Total gains and losses in the period recognised in the income statement		Transfers		
	As at 01.01.20	Purchases	Sales	Issues	Settle-ments	Trading income[1]	Other income	In	Out	As at 30.06.20
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-asset backed loans	3,530	—	—	—	(298)	271	—	—	(59)	3,444
Other	3	6	—	—	(5)	—	—	—	—	4
Financial assets at fair value through the income statement	**3,533**	**6**	**—**	**—**	**(303)**	**271**	**—**	**—**	**(59)**	**3,448**

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 30.06.21			Half year ended 30.06.20		
	Income statement			Income statement		
	Trading income	Other income	Total	Trading income	Other income	Total
	£m	£m	£m	£m	£m	£m
Financial assets at fair value through the income statement	(129)	—	(129)	271	—	271

Valuation techniques and sensitivity analysis

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

Sensitivity analysis of valuations using unobservable inputs

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

	As at 30.06.21		As at 31.12.20	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	£m	£m	£m	£m
Non-asset backed loans	73	(138)	86	(220)

The effect of stressing unobservable inputs to a 90th percentile confidence interval of a potential range of values, alongside considering the impact of using alternative models, would be to increase fair values by up to £73m (December 2020: £86m) or to decrease fair values by up to £138m (December 2020: £220m). All the potential effect would impact profit and loss. 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.

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 £12m (December 2020: £13m) for financial instruments measured at fair value and £211m (December 2020: £217m) for financial instruments carried at amortised cost. The decrease of £1m (December 2020: £nil) in financial instruments measured at fair value is driven by amortisation and releases of £1m (December 2020: £2m) offset by additions of £nil (December 2020: £2m). The decrease of £6m (December 2020: £7m) in financial instruments carried at amortised cost is driven by amortisation and releases of £6m (December 2020: £12m) offset by additions of £nil (December 2020: £5m).

Portfolio exemption

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

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

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

	As at 30.06.21		As at 31.12.20	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	£m	£m	£m	£m
Loans and advances at amortised cost	219,064	217,917	211,649	209,612
Reverse repurchase agreements and other similar secured lending	1,691	1,691	133	133
Financial liabilities				
Deposits at amortised cost	(255,503)	(255,516)	(240,535)	(240,555)
Repurchase agreements and other similar secured borrowing	(11,993)	(11,993)	(7,178)	(7,178)
Debt securities in issue	(8,931)	(9,241)	(7,503)	(7,897)
Subordinated liabilities	(10,455)	(10,959)	(9,869)	(10,344)

7. Goodwill and intangible assets

Goodwill and intangible assets are allocated to business operations according to business segments as follows:

	As at 30.06.21			As at 31.12.20		
	Goodwill	Intangibles	Total	Goodwill	Intangibles	Total
	£m	£m	£m	£m	£m	£m
Personal Banking	2,718	—	2,718	2,718	—	2,718
Business Banking	629	—	629	629	—	629
Barclaycard UK	179	1	180	179	1	180
Total	**3,526**	**1**	**3,527**	**3,526**	**1**	**3,527**

The Barclays Bank UK Group performed an impairment review to assess the recoverability of its goodwill and intangible asset balances as at 31 December 2020. The outcome of this review is disclosed on pages 163 to 165 of the Barclays Bank UK PLC Annual Report 2020. The review highlighted that there had been a significant reduction in the value in use of the Personal Banking and Business Banking cash generating units. No impairment was recognised as a result of the review as value in use exceeded carrying amount. Since the 2020 impairment review, management have observed improvements in the UK macroeconomic environment and interest rate outlook. The Barclays Bank UK Group's goodwill and intangible assets have been reviewed for indicators of impairment in the period, with no indicators being identified.

8. Subordinated liabilities

	Half year ended 30.06.21	Year ended 31.12.20
	£m	£m
Opening balance as at 1 January	9,869	7,688
Issuances	1,025	3,694
Redemptions	(142)	(1,425)
Other	(297)	(88)
Closing balance	**10,455**	**9,869**

Issuances comprise £1,025m of intra-group loans from Barclays PLC. Redemptions comprise £142m of intra-group loans from Barclays PLC.

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

9. Provisions

	As at 30.06.21	As at 31.12.20
	£m	£m
Customer redress	339	422
Redundancy and restructuring	27	63
Undrawn contractually committed facilities and guarantees	136	293
Onerous contracts	2	16
Sundry and other provisions	104	86
Total	**608**	**880**

10. Called up share capital

As at 30 June 2021, the issued ordinary share capital of Barclays Bank UK PLC comprised 505m (December 2020: 505m) ordinary shares of £0.01 each. There were no issuances or redemptions in the six months to 30 June 2021.

11. Other equity instruments

Other equity instruments of £2,560m (December 2020: £2,560m) are AT1 securities issued to Barclays PLC. Barclays PLC uses funds from market issuances to purchase AT1 securities from Barclays Bank UK PLC. There have been no issuances or redemptions in the six months to 30 June 2021.

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

12. Other reserves

	As at 30.06.21 £m	As at 31.12.20 £m
Fair value through other comprehensive income reserve	(10)	43
Cash flow hedging reserve	62	341
Other reserves and other shareholders' equity	89	89
Total	**141**	**473**

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

As at 30 June 2021, there was a debit balance of £10m (December 2020: £43m credit) in the fair value through other comprehensive income reserve. The loss of £53m is principally driven by £48m of net gains transferred to net profit and a £23m loss from the decrease in fair value of bonds due to increased bond yields, along with an impairment release of £2m. This is partially offset by a tax credit of £21m.

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 2021, there was a credit balance of £62m (December 2020: £341m credit) in the cash flow hedging reserve. The decrease of £279m principally reflects a £307m decrease in the fair value of interest rate swaps held for hedging purpose as major interest rate forward curves increased and £67m of gains transferred to the income statement. This is partially offset by a tax credit of £95m.

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

As at 30 June 2021, there was a credit balance of £89m (December 2020: £89m credit) in other reserves and shareholders' equity. There has been no movement since December 2020.

13. 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 30.06.21	As at 31.12.20
Contingent liabilities	£m	£m
Guarantees and letters of credit pledged as collateral security	435	500
Performance guarantees, acceptances and endorsements	150	150
Total	**585**	**650**
Commitments		
Standby facilities, credit lines and other commitments	60,563	65,910

In addition to the above, Note 14, Legal, competition and regulatory matters details out further contingent liabilities where it is not practicable to disclose an estimate of the potential financial effect on the Barclays Bank UK Group.

14. 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 9, 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.

Investigation into UK cards' affordability

The FCA is investigating certain aspects of the affordability assessment processes used by Barclays Bank UK PLC and Barclays Bank PLC for credit card applications made to Barclays' UK credit card business. Barclays is providing information in cooperation with the investigation.

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

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

Local authority civil actions concerning LIBOR

Following settlement by Barclays Bank PLC of various governmental investigations concerning certain benchmark interest rate submissions, in the UK, certain local authorities have brought claims against Barclays Bank PLC and Barclays Bank UK PLC asserting that they entered into loans in reliance on misrepresentations made by Barclays Bank PLC in respect of its conduct in relation to LIBOR. The loans were originally entered into with Barclays Bank PLC, but Barclays Bank UK PLC is now the lender of record. Barclays Bank PLC and Barclays Bank UK PLC were successful in their applications to strike out the claims. One local authority has obtained permission to pursue an appeal against this decision, while the claims brought by the other local authorities have been settled on terms such that the parties have agreed not to pursue these claims and to bear their own costs.

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

15. Related party transactions

Related party transactions in the half year ended 30 June 2021 were similar in nature to those disclosed in the Barclays Bank UK PLC Annual Report 2020.

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

	Half year ended 30.06.21		Half year ended 30.06.20	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	£m	£m	£m	£m
Total income	(147)	44	(146)	57
Operating expenses	(16)	(1,158)	(22)	(1,100)

	As at 30.06.21		As at 31.12.20	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	£m	£m	£m	£m
Total assets	12	729	15	706
Total liabilities	10,362	1,319	9,588	1,664

Except for the above, no related party transactions that have taken place in the half year ended 30 June 2021 have materially affected the financial position or performance of the Barclays Bank UK Group during this period.

16. Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR has become a priority for global regulators. The FCA and other global regulators have instructed market participants to prepare for the cessation of LIBOR after the end of 2021, and to adopt RFRs. While it is expected that most reforms affecting the Barclays Bank UK Group will be completed by the end of 2021, consultations and regulatory changes are in progress and as certain US Dollar tenors will continue to be published up to mid-2023, significant remediation efforts will continue beyond the end of 2021.

How the Barclays Group is managing the transition to alternative benchmark rates
Barclays has established a Group-wide LIBOR Transition Programme, further detail is available in the Barclays Bank UK PLC Annual Report 2020 (page 180).

In March 2021, the FCA announced the dates that panel bank submissions for all LIBOR settings will cease, after which representative LIBOR rates will no longer be available, these are: immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and immediately after 30 June 2023, in the case of the remaining US dollar settings. Throughout 2021, the FCA will consult with market participants to require continued publication on a 'synthetic' basis for some sterling LIBOR settings and, for 1 additional year, some Japanese yen LIBOR settings.

Approaches to the transition of exposure vary by currency, product and counterparty. The rates to which counterparties are being transitioned are endorsed by the regulators. We are making disclosures as part of the transition to clarify the rate to be applied and the potential risks inherent in the transition. In line with regulatory expectations, and according to the regulatory endorsed timetable, the Barclays Bank UK Group is actively engaging with counterparties to transition or include appropriate fallback provisions and transition mechanisms in its floating rate assets and liabilities with maturities after 2021, when most IBORs are expected to cease to be published, or will be published on a non-representative basis for a limited time.

Barclays is working with central clearing counterparties where the transition of cleared derivative contracts will follow a market-wide, standardised approach to reform. Barclays is working to the UK Risk Free Rate Working Group (RFRWG) target of completion of active conversion of, and/or addition of robust fallbacks to legacy GBP LIBOR contracts, where viable by the end of Q321. Additionally, plans are in place to address non-GBP and other official sector industry milestones and targets.

Progress made during H121
Building on the progress made in 2020, the Barclays Bank UK Group has delivered further alternative RFR product capabilities and alternatives to LIBOR across loans, bonds and derivatives. Client outreach is progressing to plan and we have continued to engage actively with customers and counterparties to transition or include the appropriate fallback provisions. The Barclays Bank UK Group has in place detailed plans, processes and procedures to support the transition of the remainder during 2021. Barclays has adhered to the ISDA IBOR Fallbacks Protocol for its major derivative dealing entities and we continue to track progress and engage with clients on their own adherence. Following the progress made during 2020, the Barclays Bank UK Group continues to deliver technology and business process changes in preparation for LIBOR cessation and transitions to RFRs that will be necessary during 2021 and beyond in line with official sector expectations and milestones.

The Barclays Bank UK Group met the Q121 UK RFRWG milestone to cease initiation of GBP LIBOR linked loans, securitisations or linear derivatives. The Barclays Bank UK Group has put in place controls so that any exceptions or exemptions are approved, and is taking a similar approach to forthcoming cessation milestones.

17. Barclays Bank UK PLC parent condensed balance sheet

Assets	As at 30.06.21 £m	As at 31.12.20 £m
Cash and balances at central banks	53,159	35,218
Cash collateral and settlement balances	3,596	4,345
Loans and advances at amortised cost	219,509	212,033
Reverse repurchase agreements and other similar secured lending	1,691	133
Trading portfolio assets	110	298
Financial assets at fair value through the income statement	2,968	3,432
Derivative financial instruments	1,125	550
Financial assets at fair value through other comprehensive income	22,202	26,026
Investments in subsidiaries	441	441
Goodwill and intangible assets	3,379	3,379
Property, plant and equipment	642	737
Current tax assets	—	77
Deferred tax assets	1,086	780
Other assets	573	522
Total assets	**310,481**	**287,971**
Liabilities		
Deposits at amortised cost	256,114	241,091
Cash collateral and settlement balances	1,135	455
Repurchase agreements and other similar secured borrowing	11,993	7,178
Debt securities in issue	8,931	7,503
Subordinated liabilities	10,455	9,869
Trading portfolio liabilities	848	1,265
Derivative financial instruments	459	880
Current tax liabilities	228	—
Other liabilities	1,791	1,700
Provisions	586	857
Total liabilities	**292,540**	**270,798**
Equity		
Called up share capital and share premium	5	5
Other equity instruments	2,560	2,560
Other reserves	244	575
Retained earnings	15,132	14,033
Total equity	**17,941**	**17,173**
Total liabilities and equity	**310,481**	**287,971**

Investment in subsidiaries

The investment in subsidiaries of £441m (December 2020: £441m) predominantly relates to investments in Barclays Insurance Services Company Limited, Barclays Investment Solutions Limited and Barclays Asset Management Limited. Barclays Bank UK PLC considers the carrying value of its investment in subsidiaries to be fully recoverable.

Other Information

Results timetable[1]	Date
2021 Annual Report	23 February 2022

For further information please contact

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1 *Note that this date is provisional and subject to change.*