

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION
OF BARCLAYS BANK UK PLC AND ITS SUBSIDIARIES**

Certain Definitions

For the purposes of this document:

- “2017 Financial Statements” means the audited consolidated balance sheet and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of BBPLC and its subsidiaries as at 31 December 2017, and the results of their operations and their cash flows for the year ended 31 December 2017, in conformity with IFRS, included in the Barclays Bank PLC Annual Report for 2017.
- “Barclays” means Barclays PLC.
- “Barclays Group” means Barclays PLC and its consolidated subsidiaries.
- “Barclays International” means the Barclays International operating segment of BBPLC Group, as determined in accordance with IFRS 8 *Operating Segments*.
- “Barclays UK” means the Barclays UK operating segment of BBPLC Group, as determined in accordance with IFRS 8 *Operating Segments*.
- “Barclays UK Business” means those subsidiaries, assets, liabilities and businesses comprising Barclays UK.
- “BBPLC” means Barclays Bank PLC.
- “BBPLC Group” means BBPLC and its consolidated subsidiaries.
- “BBUKPLC” means Barclays Bank UK PLC.
- “BBUKPLC Group” means BBUKPLC and its consolidated subsidiaries.
- “Court” means the High Court of England & Wales.
- “Group Service Company” means Barclays Services Limited and its consolidated subsidiaries.
- “Head Office” means the Head Office operating segment of BBPLC Group, as determined in accordance with IFRS 8 *Operating Segments*.
- “IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board.
- “PRA” means the Prudential Regulation Authority
- “Proposed Acquisition” means the proposed transfer by BBPLC of the Barclays UK Business to BBUKPLC and the subsequent proposed distribution by BBPLC of the equity ownership of BBUKPLC to Barclays.

Background

As a result of regulatory reforms implemented by the UK government, intended to strengthen the UK financial system following the financial crisis that began in 2008, Barclays intends to establish a ring-fenced bank, BBUKPLC, which will be separate from BBPLC, to comply with the terms of the UK ring-fencing regime. The two entities will operate alongside, but independently from, one another as part of the Barclays Group. To establish the ring-fenced bank, the Proposed Acquisition is currently expected to take place in April 2018, subject to the PRA's approval, Court approval and management discretion.

The unaudited pro forma condensed consolidated financial information (the "Pro Forma Financial Information") set out herein comprises (i) an unaudited pro forma condensed consolidated balance sheet as at 31 December 2017, (ii) an unaudited condensed consolidated income statement for the year ended 31 December 2017 and (iii) explanatory notes, in each case in respect of the BBUKPLC Group.

The Pro Forma Financial Information is based upon and is consistent with the accounting policies used in the 2017 Financial Statements. The sources of the Pro Forma Financial Information are: (i) the unaudited consolidated management accounts of BBUKPLC Group, (ii) the 2017 Financial Statements, (iii) internal management financial information internally reported for Barclays UK, consistent with the 2017 Financial Statements, and (iv) management adjustments, to adjust for the centrally managed treasury assets, liabilities and equity to be included in the Proposed Acquisition.

The Pro Forma Financial Information is provided to depict the possible effect of the Proposed Acquisition on the unaudited income statement of the BBUKPLC Group as if it had occurred on 1 January 2017 and on the unaudited balance sheet of the BBUKPLC Group as if it had occurred on 31 December 2017. The Pro Forma Financial Information has been prepared for illustrative purposes only on the basis of estimates and assumptions about which subsidiaries, businesses, assets and liabilities will be acquired. While plans for UK ring-fencing are well progressed, they remain subject to the PRA's approvals, Court approval and management discretion. The Pro Forma Financial Information addresses a hypothetical situation and does not, therefore, represent BBUKPLC Group's actual financial position or results, nor is it necessarily indicative of what BBUKPLC Group's actual financial position or results would have been had the Proposed Acquisition taken place as of the applicable dates. The actual financial position and results of operations of the BBUKPLC Group may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

It is not certain whether the Proposed Acquisition will be effected at the values used to prepare the Pro Forma Financial Information, or at all. No person should place undue reliance on the Pro Forma Financial Information in connection with making an investment decision or for any other purpose and should be aware that changes to the Proposed Acquisition (including, without limitation, to the subsidiaries, businesses, assets and liabilities to be acquired by BBUKPLC Group, the eventual manner in which such subsidiaries, businesses, assets and liabilities are proposed to be acquired and to the timing pursuant to which they are proposed to be acquired) may be made if required, or determined by BBUKPLC (in its absolute discretion), a regulator or the Court, to be desirable for commercial or other reasons. Accordingly, nothing in the Pro Forma Financial Information should be taken as (or is) a representation that any of the subsidiaries, businesses, assets and liabilities referred to will be acquired by BBUKPLC, whether in a manner consistent with the information contained in this Pro Forma Financial Information, in accordance with the timing set out above, or at all. For the avoidance of doubt, the Pro Forma Financial Information has been prepared and circulated solely for information purposes and does not constitute an offer to any person.

Unaudited Pro Forma Condensed Consolidated Balance Sheet

As at 31 December 2017

| £m | BBUKPLC Group (1) | Proposed Acquisition (2) | Pro Forma Total (3) | Explanatory Notes |
|---|----------------------|--------------------------------|------------------------|----------------------|
| Assets | | | | |
| Cash, balances at central banks and financial investments | 5 | 40,421 | 40,426 | 2(c)(i) |
| Financial assets designated at fair value | | 7,193 | 7,193 | |
| Derivative financial instruments | | 2,136 | 2,136 | 2(c)(ii) |
| Loans and advances | 53 | 194,706 | 194,759 | 2(b)(i), 2(c)(ii) |
| Goodwill and intangible assets | | 3,538 | 3,538 | |
| Other assets | 3 | 2,184 | 2,187 | |
| Total assets | 61 | 250,178 | 250,239 | |
| Liabilities | | | | |
| Deposits from banks and customer accounts | | 193,401 | 193,401 | |
| Repurchase agreements and other similar secured borrowing | | 10,537 | 10,537 | 2(b)(ii), 2(c)(i) |
| Trading portfolio liabilities | | 2,425 | 2,425 | |
| Derivative Financial Instruments | | 8,364 | 8,364 | 2(c)(ii) |
| Debt securities in issue and subordinated liabilities | | 15,507 | 15,507 | 2(b)(ii) |
| Other liabilities | 14 | 4,104 | 4,118 | |
| Total liabilities | 14 | 234,338 | 234,352 | |
| Total equity | 47 | 15,840 | 15,887 | 2(b)(iii) |
| Total liabilities and equity | 61 | 250,178 | 250,239 | |

Notes:

- (1) This financial information represents the consolidated position of BBUKPLC Group as at 31 December 2017. However, it has not been published as BBUKPLC Group was exempt from the requirement to publish consolidated financial statements (exemption within section 400 of the Companies Act 2006) as at such date.
- (2) This column represents the estimated value of the assets, liabilities and equity of the BUK Business and related Treasury operations as at 31 December 2017 which are expected to be transferred as part of the Proposed Acquisition. Unless otherwise referenced in the explanatory notes, the Proposed Acquisition relates to Barclays UK. See "Explanatory Notes to Unaudited Pro Forma Financial Information" below for further information.
- (3) This represents the estimated value of the assets, liabilities and equity of BBUKPLC Group as at 31 December 2017 assuming the Proposed Acquisition had occurred on 31 December 2017.

Unaudited Pro Forma Condensed Consolidated Income Statement

For the Year Ended 31 December 2017

| £m | BBUKPLC Group (1) | Proposed Acquisition (2) | Pro Forma Total (3) | Explanatory Notes |
|---|----------------------|-----------------------------|------------------------|----------------------|
| Continuing operations | | | | |
| Net interest income | | 5,753 | 5,753 | 2(b)(iv) |
| Net fee and commission income | 27 | 1,149 | 1,176 | |
| Net trading income | | (9) | (9) | |
| Net investment income | | 160 | 160 | |
| Other income | | 7 | 7 | |
| Total income | 27 | 7,060 | 7,087 | |
| Credit impairment charges and other provisions | | (783) | (783) | |
| Net operating income | 27 | 6,277 | 6,304 | |
| Staff costs | (1) | (2,051) | (2,052) | |
| Administration and general expenses | (5) | (2,954) | (2,959) | |
| Operating expenses | (6) | (5,005) | (5,011) | |
| Profit / (loss) on disposal of undertakings and share of results of associates and joint ventures | | (5) | (5) | |
| Profit before tax | 21 | 1,267 | 1,288 | |
| Tax | (4) | (562) | (566) | |
| Profit after tax in respect of continuing operations | 17 | 705 | 722 | |
| Profit after tax in respect of discontinued operations | | | | |
| Profit after tax | 17 | 705 | 722 | |

Notes:

- (1) This financial information represents the consolidated position of BBUKPLC Group as at 31 December 2017. However, it has not been published as BBUKPLC Group was exempt from the requirement to publish consolidated financial statements (exemption within section 400 of the Companies Act 2006) as at such date.
- (2) This column represents the income and expenses relating to the Barclays UK Business and related Treasury operations which are expected to be transferred as part of the Proposed Acquisition for the year ended 31 December 2017. Unless otherwise referenced in explanatory notes, the Proposed Acquisition relates to Barclays UK. See “Explanatory Notes to Unaudited Pro Forma Financial Information” below for further information.
- (3) This represents the estimated income and expenses for BBUKPLC Group for the year ended 31 December 2017 assuming the Proposed Acquisition had occurred on 1 January 2017.

EXPLANATORY NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

(1) Businesses to be transferred as part of the Proposed Acquisition

The businesses to be transferred are those businesses that currently comprise the Barclays UK business (together with certain related treasury operations as further described under item (2)(b)). Except as noted below, Barclays expects those businesses that currently comprise Barclays International and Head Office (excluding Group Service Company) divisions will remain in BBPLC Group.

(2) Basis of preparation

The sources of the Pro Forma Financial Information are: (i) the unaudited consolidated management accounts of BBUKPLC Group, (ii) the 2017 Financial Statements, (iii) internal management financial information internally reported for Barclays UK, consistent with the 2017 Financial Statements, and (iv) management adjustments, to adjust for the centrally managed treasury assets and liabilities to be included in the Proposed Acquisition.

Financial information has not been published as BBUKPLC Group was exempt from the requirement to publish consolidated financial statements (exemption within section 400 of the Companies Act 2006) as at 31 December 2017.

The Proposed Acquisition represents management's best estimate of the relevant subsidiaries, businesses, assets and liabilities, which are expected to be transferred to BBUKPLC Group by BBPLC as part of the Proposed Acquisition, in order to comply with UK ring-fencing legislation. The same recognition and measurement principles have been applied as in the preparation of the 2017 Financial Statements in accordance with International Financial Reporting Standards as issued by the IASB and as adopted by the European Union, together with the application of predecessor accounting in relation to accounting for the Proposed Acquisition by BBUKPLC.

The unaudited pro forma condensed consolidated balance sheet of the BBUKPLC Group as at 31 December 2017 is presented to show the effect of the Proposed Acquisition as if it had occurred on 31 December 2017. The unaudited pro forma condensed consolidated statement of income of the BBUKPLC Group for the year ended 31 December 2017 is presented to show the effect of the Proposed Acquisition as if it had occurred on 1 January 2017.

Following the closure of the Non-Core segment on 1 July 2017, certain former Non-Core assets and liabilities were reintegrated into the Barclays UK Business. The effect of these on the income statement for the six months ended 30 June 2017 for the purposes of determining the effect of the Proposed Acquisition on the BBUKPLC Group has not been reflected on the basis that it cannot be reasonably estimated and is expected to be immaterial.

The Pro Forma Financial Information has been prepared on the following basis:

- (a) Barclays UK is fully reflected within the Proposed Acquisition.
- (b) Certain treasury items, currently reported in the Head Office, will be transferred to BBUKPLC Group. This includes income, costs, assets, liabilities and equity associated with funding, risk management and maintaining the liquidity buffer. The assets, liabilities and equity to be transferred are based on the 31 December 2017 balance sheet managed by the Barclays UK treasury function and management adjustments, to adjust for the centrally managed treasury assets, liabilities and equity expected to be included in the Proposed Acquisition. This includes the following material items:
 - i. £1.4bn of loans and advances to banks primarily representing collateral placed with the Bank of England.

- ii. £23.4bn of liabilities primarily comprised of £14.7bn of debt securities in issue and subordinated liabilities and £8.6bn of repurchase agreements and other similar secured borrowing.
- iii. The allocation of £15.8bn of equity, including share capital and share premium, and other equity instruments, to BBUKPLC Group reflecting management's current expectations regarding the level of capital support required by BBUKPLC Group following the implementation of UK ring-fencing.
- iv. The BBPLC Group treasury function currently hedges Barclays UK interest rate risk. Following the Proposed Acquisition, new external hedges would be put in place for both BBPLC Group and BBUKPLC Group. These new hedges, with associated new hedge accounting arrangements, would be executed based on prevailing interest rates at the time of the Proposed Acquisition and therefore the Pro Forma Financial Information (which is based on 1 January 2017 interest rates) may not be fully reflective of such new hedge arrangements. The Pro Forma Financial Information includes as part of the Proposed Acquisition, an estimated reduction of £0.3bn in net interest income, when compared to Barclays UK.

(c) Transactions internal to the 2017 Financial Statements becoming external to BBUKPLC Group. This includes:

- i. £1.9bn increase in cash at central banks and a £1.9bn increase in repurchase agreements.
- ii. £8.4bn increase in derivative assets and loans and advances to banks (which includes cash collateral) and £8.4bn increase in derivative liabilities.

Ends

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About Barclays

Barclays is a transatlantic consumer and wholesale bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in our two home markets of the UK and the US.

With over 325 years of history and expertise in banking, Barclays operates in over 40 countries and employs approximately 85,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

For further information about Barclays, please visit our website www.barclays.com

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Barclays Group. These statements are based on the current beliefs and expectations of Barclays' management and are subject to significant risks and uncertainties. Actual outcomes may differ materially from those expressed in the forward-looking statements. Factors that could impact Barclays' future financial condition and performance are identified in our filings with the Securities and Exchange Commission ("SEC") (including, without limitation, our Annual Report on Form 20-F for the fiscal year ended 31 December 2017) which are available on the SEC's website (www.sec.gov). Subject to Barclays' obligations under the applicable laws and regulations of the United Kingdom and the United States in relation to disclosure and ongoing information, Barclays does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

No statement in this document is intended as a profit forecast and no statement in this document should be interpreted to mean that the earnings per share for the current or future years would necessarily match or exceed the historical published earnings per share.