Barclays Bank Ireland PLC

Interim Report and Condensed Financial Statements

30 June 2021

Table of Contents

Notes

The term 'Bank' or 'Barclays Europe' refers to Barclays Bank Ireland PLC. Unless otherwise stated, the income statement analysis compares the six months ended 30 June 2021 ('H121') to the corresponding six months of 2020 ('H120') 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 Euros 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 https://home.barclays/investor-relations/reports-and-events/annual-reports.

The information in this announcement, which was approved by the Board of Directors on 5 August 2021, does not comprise statutory financial statements within the meaning of Section 274 of the Companies Act 2014. Statutory financial statements for the year ended 31 December 2020, which contained an unmodified statutory auditor report under Section 391 of the Companies Act 2014, have been delivered to the Registrar of Companies in accordance with Part 6 of the Companies Act 2014.

Forward-looking statements

This document contains certain forward-looking statements with respect to the Bank. The Bank 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 Bank (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 Bank'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 Bank'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 Ireland, EU and any systematically important economy which impacts Ireland and the EU; 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 the Bank or any securities issued by the Bank; 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 Ireland and in the EU; the risk of cyber-attacks, information or security breaches or technology failures on the Bank'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 Bank's control. As a result, the Bank'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 Bank's forward-looking statements. Additional risks and factors which may impact the Bank's future financial condition and performance are identified in the Bank's 2020 Annual Report and Interim Report and Condensed Financial Statements for the six months ended 30 June 2021 ('2021 Interim Report') which are available on Barclays' website at https://home.barclays/investor-relations/.

Subject to our obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, Ireland), 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 Ireland PLC results for the half year ended	30 June 2021	30 June 2020
	€m	€m
Total income	579	417
Impairment gains/(losses) on financial instruments	97	(212)
Net operating income	**676**	**205**
Operating expenses	(509)	(309)
Profit/(loss) before tax	**167**	**(104)**
Tax (charge)/credit	(31)	9
Profit/(loss) after tax	**136**	**(95)**

Balance sheet information	As at 30.06.2021	As at 31.12.2020
	€bn	€bn
Assets		
Central bank balances	21.3	20.1
Cash collateral and settlement assets	26.2	19.1
Loans and advances to customers	12.8	12.1
Trading portfolio assets	12.0	7.4
Financial assets at fair value through the income statement	16.8	14.7
Derivative financial instrument assets	49.7	56.8
Total assets	141.9	134.9
Liabilities		
Deposits from customers	18.8	19.6
Cash collateral and settlement liabilities	24.2	19.4
Trading portfolio liabilities	9.3	7.8
Financial liabilities designated at fair value	19.8	14.9
Derivative financial instrument liabilities	50.1	57.7

Capital and liquidity metrics[1]	As at 30.06.2021	As at 31.12.2020
Risk weighted assets (bn)[2]	28.0	23.7
Common equity tier 1 ('CET1') (transitional)[3,4] (bn)	4.2	4.0
CET1 (transitional)[4,5] (%)	15.0	16.7
Liquidity pool[6] (€bn)	20.9	21.0
Liquidity coverage ratio ('LCR')[7] (%)	168	218

1. Capital and liquidity requirements are part of the regulatory framework governing how banks and depository institutions are supervised.
2. Risk weighted assets ('RWA's) are measured in accordance with the provisions of the CRR, as amended by CRR II and the CRD IV.
3. CET1 is a measure of capital that is predominantly common equity as defined by the CRR, as amended by CRR II.
4. CET1 and CET1 % at 30 June 2021 exclude the profits for the six months ended 30 June 2021. Including these profits, subject to regulatory approval, the CET1 and CET1 % would be €4.4bn and 15.5% respectively.
5. Capital ratios express a bank's capital as a percentage of its RWAs.
6. The Bank's liquidity pool represents its stock of high quality liquid assets ('HQLA's), which are high or extremely high liquidity and credit quality assets as defined by Commission delegated Regulation (EU) 2015/61, commonly referred to as the "Delegated Act".
7. The liquidity coverage ratio expresses a bank's HQLA's as a percentage of its stressed net outflows over a 30 day period as defined by the Delegated Act.

Financial Review

Overview

The Bank is a wholly owned subsidiary of Barclays Bank PLC ('BB PLC'). BB PLC is a wholly owned subsidiary of Barclays PLC ('B PLC'). The consolidation of B PLC and its subsidiaries is referred to as the Barclays Group.

The Bank is licensed as a credit institution by the Central Bank of Ireland ('CBI') and is designated as a significant institution, directly supervised by the Single Supervisory Mechanism ('SSM') of the European Central Bank ('ECB'). The Bank is regulated by the CBI for financial conduct and the Bank's branches are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established.

The Bank has issued debt listed on a European regulated market during the course of 2021 and, consequently, 2021 Interim Report is being mandatorily issued in accordance with the requirements for periodic financial information under the Transparency (Directive 2004/109/EC) Regulations 2007, as amended ('Transparency Regulations'). In 2020, the Bank elected to voluntarily publish an Interim Report and Condensed Financial Statements for the six months ended 30 June 2020 ('2020 Interim Report'). This was undertaken by the Bank to ensure consistency of presentation of the 2020 Interim Report with interim financial results published in later years should the relevant requirements under the Transparency Regulations subsequently apply to the Bank.

The Bank is the primary legal entity within the Barclays Group serving its EU clients, with branches in Belgium, France, Germany, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden, in addition to its Irish Head Office. During H121, as part of Barclays Group preparation for the impact of United Kingdom's ('UK') exit from the European Union ('EU') ('Brexit') additional contracts positions assets and liabilities have transferred to the Bank from BB PLC.

The Bank has two business segments, the Corporate and Investment Bank ('CIB') and Consumer, Cards and Payments ('CC&P'). The CIB is comprised primarily of the Corporate Banking and Investment Banking businesses, providing products and services to money managers, financial institutions, governments, supranational organisations and corporate clients to manage their funding, financing, strategic and risk management needs. CC&P is comprised of Barclaycard Germany and our Private Bank. Barclaycard Germany provides credit cards, online loans, instalment purchase-financing, electronic Point of Sale financing and deposits. Our Private Bank offers banking, credit and investment capabilities to meet the needs of our clients across the EU.

The Bank's Italian mortgage portfolio (which is being run off) is held within the Bank's Head Office.

The Bank continued to support its customers and clients through the COVID-19 pandemic by providing or facilitating lending, through a range of support programmes to help customers and clients through the difficulties they may be experiencing, as well as enabling the raising of debt and equity financing in the capital markets.

Financial Review

- Barclays Europe earned a profit before tax of €167m in H121. This represented an improvement of €271m from the loss before tax in H120 of €104m, primarily due to impairment credits in H121 of €97m compared to impairment charges in H120 of €212m, an improvement of €309m. An increase in income of €162m was offset by an increase in costs of €200m over the same period.

- Total income increased in H121 by €162m to €579m (H120: €417m), largely reflecting:

  - CIB income increased by €140m or 51% to €415m, largely reflecting increased client activity in Investment Banking and migrations from BB PLC;

  - lower losses in Head Office, €53m lower than in H120, primarily due to a higher recovery of funding costs, the negative interest rate available on drawings under the ECB's Targeted Longer Term Refinancing Operations (TLTRO III) and the continued run off the Italian mortgage portfolio;

  - partly offset by lower income in CC&P, down €31m or 16%, due to lower income in Barclaycard as the COVID-19 pandemic resulted in lower average balances on cards and margin compression.

- Credit impairment was a net release of €97m (H120: charge of €212m), reflecting the improved macroeconomic outlook used in the Q221 scenario refresh and, to a lesser extent, individual wholesale loan improvements.

- Operating expenses increased by €200m to €509m (H120: €309m) due to:

  - CIB costs increased by €140m or 67% to €348m, largely reflecting the migration of activity to Barclays Europe from other Barclays Group entities, together with higher bank levies including the Single Resolution Fund Levy, which are allocated to the segments;

  - CC&P costs increased by €40m or 33% to €130m, due to higher bank levies and a provision for potential customer refunds following a recent German court ruling against another bank in Germany; and
  - An increase in Head Office costs of €20m to €31m, primarily due to reduced cost allocations to the business segments and higher bank levies.

- The tax charge for H121 was €31m (H120: €9m credit), representing an effective tax rate of 18.6% (H120: 8.7%). The effective tax rate for H121 was higher than H120 principally due to changes in the levels and geographic mix of profits and losses earned across the jurisdictions in which the Bank operates where different statutory tax rates are in force.

Balance sheet and capital

30 June 2021 compared to 31 December 2020

- Total assets at 30 June 2021 were €141.9bn, an increase of €7.0bn on Dec 2020 (€134.9bn), driven by increases in collateral balances, trading portfolio assets, financial assets at fair value through the income statement and central bank placings, partially offset by a reduction in the derivative financial assets and Liquidity asset buffer securities sourced through reverse repo.
- During the course of H121, the Bank acquired from BB PLC derivative financial assets of €4.8bn, derivative financial liabilities of €3.3bn, customer loans of €0.06bn and undrawn loan facilities of €1.1bn. These transactions related to client migrations to the Bank, did not represent a business transfer and were recognised and settled at fair value.
- The increase in central bank placings by €1.2bn to €21.3bn was primarily driven by a change in the mix of the liquid asset buffer with securities held on repo decreasing and the overall liquid asset buffer remaining broadly flat at €20.9bn.
- Cash collateral and settlement balances increased by €7.1bn to €26.2bn predominantly due to increased client activity.
- Loans and advances increased €0.8bn to €13.8bn, primarily due to increased lending within CIB.
- Trading portfolio assets increased by €4.6bn to €12.0bn predominantly due to increased activity.
- Financial assets at fair value through the income statement increased by €2.1bn due to increased secured lending.
- Derivative financial assets decreased by €7.2bn to €49.7bn, due to trade compression and increase in major interest rate curves, partially offset by migrations from other Barclays's Group entities.
- Deposits at amortised cost remains at similar level as compared to December 2020, €23.1bn (Dec 20:€23.1bn) of which deposits from customers represented €18.8bn (Dec 20: EUR19.6bn).
- Debt securities in issue increased by €0.7bn to €3.0bn is primarily driven by Commercial paper issuances.
- Subordinated liabilities increased by €1.5bn to €2.5bn, driven mainly by issuances of Tier 2 and Tier 3 securities issued to BB PLC.
- The LCR decreased by 50% to 168%, primarily due to increased customer lending and increased markets funding requirements following continued migrations, partially offset by capital issuances.
- The Bank's Net Stable Funding Ratio ('NSFR') at 30 June 2021 was 147%, which is above the regulatory minimum requirement of 100%.
- The Bank's CET1 ratio at 30 June 2021 was 15.0%, which is above regulatory capital minimum requirements of 9.4%, including Pillar 2R and Combined buffer requirements.

Risk management and principal risks

The roles and responsibilities of the business groups, Risk and Compliance, in the management of risk in the Bank are defined in the Enterprise Risk Management Framework. The purpose of the framework is to identify the principal risks of the Bank, the process by which the Bank 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 Bank's Annual Report 2020 (pages 15 to 36) 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 Bank as a result of developments relating to benchmark reform, as set out below. The approach taken in managing climate change risk continues to evolve. Management is focussed on ensuring that an appropriate risk management framework continues to be in place.

Impact of benchmark interest rate reforms on the Bank

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') and the Euro Overnight Index Average ('EONIA'), 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 and EONIA), with further changes anticipated, including UK, EU and US 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.

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 or EONIA to determine the amount of interest payable that are included in the Bank's financial assets and liabilities) that use these reference rates and indices and introduce a number of risks for the Bank, including, but not limited to:

- **Conduct risk:** in undertaking actions to transition away from using certain reference rates (such as LIBOR and EONIA) to new alternative RFRs, the Bank faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Bank 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:** The Bank 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 Bank's preparation and readiness for the replacement of LIBOR with alternative RFRs.

- **Financial risk:** the valuation of certain of the Bank's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the Bank's ability 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 Swiss Average Rate Overnight ('SARON') and the euro short-term rate ('€STR')) are look-back rates whereas term rates (such as LIBOR and EONIA) 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 a material adverse effect on the Bank's cash flows.

- **Pricing risk:** changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative RFRs may impact the pricing mechanisms used by the Bank on certain transactions.

- **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 Bank's IT systems, trade reporting infrastructure, operational processes and controls. In addition, if any reference rate or index (such as LIBOR or EONIA) is no longer available to calculate amounts payable, the Bank may incur 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 IFRS 9 could lead to increased volatility in the Bank's financial results and performance.

Any of these factors may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

For further details on the impacts of benchmark interest rate reforms on the Bank, see Note 40 of the Bank's audited financial statements for the year ended 31 December 2020 and Note 14 .

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.

As at 30.06.2021		Stage 2					
	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total
Gross exposure	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Home loans	4,575	544	7	7	558	206	5,339
Credit cards, unsecured loans and other retail lending	3,116	708	30	37	775	285	4,176
Wholesale loans	2,849	772	—	23	795	156	3,800
Loans and advances to customers	10,540	2,024	37	67	2,128	647	13,315
Loans and advances to banks	982	6	—	—	6	—	988
Total[1]	11,522	2,030	37	67	2,134	647	14,303
Impairment allowance							
Home loans	3	42	1	1	44	39	86
Credit cards, unsecured loans and other retail lending	28	122	7	15	144	154	326
Wholesale loans	10	13	—	—	13	49	72
Loans and advances to customers	41	177	8	16	201	242	484
Loans and advances to banks	—	—	—	—	—	—	—
Total[1]	41	177	8	16	201	242	484
Net exposure							
Home loans	4,572	502	6	6	514	167	5,253
Credit cards, unsecured loans and other retail lending	3,088	586	23	22	631	131	3,850
Wholesale loans	2,839	759	—	23	782	107	3,728
Loans and advances to customers	10,499	1,847	29	51	1,927	405	12,831
Loans and advances to banks	982	6	—	—	6	—	988
Total[1]	11,481	1,853	29	51	1,933	405	13,819
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	7.7	14.3	14.3	7.9	18.9	1.6
Credit cards, unsecured loans and other retail lending	0.9	17.2	23.3	40.5	18.6	54.0	7.8
Wholesale loans	0.4	1.7	—	—	1.6	31.4	1.9
Loans and advances to customers	0.4	8.7	21.6	23.9	9.4	37.4	3.6
Loans and advances to banks	—	—	—	—	—	—	—
Total[1]	0.4	8.7	21.6	23.9	9.4	37.4	3.4

As at 31 December 2020	Stage 1	Stage 2 Not past due	Stage 2 <=30 days past due	Stage 2 >30 days past due	Stage 2 Total	Stage 3	Total
Gross exposure	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Home loans	4,673	714	33	21	768	217	5,658
Credit cards, unsecured loans and other retail lending	2,753	898	53	32	983	303	4,039
Wholesale loans	2,401	433	68	10	511	127	3,039
Loans and advances to customers	9,827	2,045	154	63	2,262	647	12,736
Loans and advances to banks	899	7	—	—	7	—	906
Total[1]	10,726	2,052	154	63	2,269	647	13,642
Impairment allowance							
Home loans	5	42	7	6	55	38	98
Credit cards, unsecured loans and other retail lending	28	158	20	21	199	163	390
Wholesale loans	14	28	8	1	37	54	105
Loans and advances to customers	47	228	35	28	291	255	593
Loans and advances to banks	—	—	—	—	—	—	—
Total[1]	47	228	35	28	291	255	593
Net exposure							
Home loans	4,668	672	26	15	713	179	5,560
Credit cards, unsecured loans and other retail lending	2,725	740	33	11	784	140	3,649
Wholesale loans	2,387	405	60	9	474	73	2,934
Loans and advances to customers	9,780	1,817	119	35	1,971	392	12,143
Loans and advances to banks	899	7	—	—	7	—	906
Total[1]	10,679	1,824	119	35	1,978	392	13,049
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	5.9	21.2	28.6	7.2	17.5	1.7
Credit cards, unsecured loans and other retail lending	1.0	17.6	37.7	65.6	20.2	53.8	9.7
Wholesale loans	0.6	6.5	11.8	10.0	7.2	42.5	3.5
Loans and advances to customers	0.5	11.1	22.7	44.4	12.9	39.4	4.7
Loans and advances to banks	—	—	—	—	—	—	—
Total[1]	0.4	11.1	22.7	44.4	12.8	39.4	4.3

[1] Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and other assets. These have a total gross exposure of €26,371m (December 2020: €19,244m) and impairment allowance of €4m (December 2020: €4m). This comprises €nil (December 2020: €nil) impairment allowance on €26,367m (December 2020: €19,240m) Stage 1 assets and €4m (December 2020: €4m) on €4m (December 2020: €4m) Stage 3 other assets.

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

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in the Bank's Annual Report 2020 in note 7. 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.

Credit risk

Loans and advances at amortised cost	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	€m	€m	€m	€m	€m	€m	€m	€m
Home Loans								
As at 1 January 2021	4,673	5	768	55	217	38	5,658	98
Transfers from Stage 1 to stage 2	(43)	—	43	—	—	—	—	—
Transfers from Stage 2 to stage 1[8]	230	17	(230)	(17)	—	—	—	—
Transfers to Stage 3	(5)	—	(19)	(4)	24	4	—	—
Transfers from Stage 3	8	—	18	1	(26)	(1)	—	—
Business activity in the year	—	—	—	—	—	—	—	—
Changes to models used for calculation[1]	—	—	—	(1)	—	10	—	9
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes[2]	(165)	(19)	(11)	11	(5)	(10)	(181)	(18)
Final repayments	(123)	—	(11)	(1)	(3)	(1)	(137)	(2)
Disposals	—	—	—	—	—	—	—	—
Write-offs[3]	—	—	—	—	(1)	(1)	(1)	(1)
As at 30 June 2021[4]	4,575	3	558	44	206	39	5,339	86
Credit cards, unsecured loans and other								
As at 1 January 2021	2,753	28	983	199	303	163	4,039	390
Transfers from Stage 1 to stage 2	(127)	(2)	127	2	—	—	—	—
Transfers from Stage 2 to stage 1[8]	278	50	(278)	(50)	—	—	—	—
Transfers to Stage 3	(24)	(5)	(36)	(8)	60	13	—	—
Transfers from Stage 3	—	—	1	1	(1)	(1)	—	—
Business activity in the year	636	11	12	3	—	—	648	14
Changes to models used for calculation[1]	—	—	—	(30)	—	—	—	(30)
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes[2]	(384)	(46)	(34)	27	(25)	13	(443)	(6)
Final repayments	(16)	(8)	—	—	(14)	(4)	(30)	(12)
Disposals[5]	—	—	—	—	(20)	(12)	(20)	(12)
Write-offs[3]	—	—	—	—	(18)	(18)	(18)	(18)
As at 30 June 2021[4]	3,116	28	775	144	285	154	4,176	326
Wholesale loans[6]								
As at 1 January 2021	3,300	14	518	37	127	54	3,945	105
Acquisitions	52	—	—	—	3	—	55	—
Transfers from Stage 1 to stage 2	(297)	(1)	297	1	—	—	—	—
Transfers from Stage 2 to stage 1[8]	111	5	(111)	(5)	—	—	—	—
Transfers to Stage 3	—	—	(35)	(8)	35	8	—	—
Transfers from Stage 3	—	—	—	—	—	—	—	—
Business activity in the year	1,490	3	20	—	—	—	1,510	3
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes[2]	(263)	(11)	112	(12)	(1)	(13)	(152)	(36)
Final repayments	(562)	—	—	—	—	—	(562)	—
Disposals	—	—	—	—	(8)	—	(8)	—
Write-offs[3]	—	—	—	—	—	—	—	—
As at 30 June 2021[4]	3,831	10	801	13	156	49	4,788	72

Loans and advances at amortised cost	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	€m	€m	€m	€m	€m	€m	€m	€m
Total								
Loans and advance to banks	982	—	6	—	—	—	988	—
Loans and advance to customers	10,540	41	2,128	201	647	242	13,315	484
	11,522	41	2,134	201	647	242	14,303	484

Reconciliation of ECL movement to impairment charge/(release) for the period	€m
Home loans	*(11)*
Credit cards, unsecured loans and other retail lending	*(34)*
Wholesale loans	*(33)*
ECL movement excluding assets derecognised due to disposals and write-offs	*(78)*
Recoveries and reimbursements[7]	11
Exchange and other adjustments	(1)
Impairment release on loan commitments and financial guarantees	(29)
Impairment release on other financial assets[4]	—
Income statement charge for the period	(97)

1 Changes to models used for calculation include a €9m movement in Home Loans and €30m in Credit cards, unsecured loans and other 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.
2 Financial assets with a loss allowance measured at an amount equal to life time ECL of €52m (H120: €32m) were subject to non-substantial modification during the period, with a resulting loss of €1m (H120: €nil). The gross carrying amount at 30 June 2021 for which the loss allowance has changed to a 12 month ECL during the year amounts to €nil (H120: €nil).
3 In H121, gross write-offs amounted to €19m (H120: €31m) and post write-off recoveries amounted to €1m (H1 2020: €nil). Net write-offs represent gross write-offs less post write-off recoveries and amounted to €18m (H120: €31m).
4 Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and other assets. These have a total gross exposure of €26,371m (December 2020: €19,244m) and impairment allowance of €4m (December 2020: €4m). This comprises €nil (December 2020: €nil) impairment allowance on €26,367m (December 2020: €19,240m) Stage 1 assets and €4m (December 2020: €4m) impairment allowance on €4m (December 2020: €4m) Stage 3 other assets.
5 The €20m disposal reported within credit cards, unsecured loans and other retail lending portfolio relates to debts sales undertaken during the year.
6 Includes loans and advances to banks of €982m in Stage 1 (December 2020: €899m) and €6m in Stage 2 (December 2020: €7m).
7 Reimbursements includes a net loss in relation to reimbursements from financial guarantee contracts held with third parties of €12m (H120 gain: €11m) and post write-off recoveries of €1m (H1 2020: €nil).
8 Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at minimum: all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments.

Loan commitments and financial guarantees	Stage 1		Stage 2		Stage 3		Total	
	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	4,685	—	261	—	4	—	4,950	—
Net transfers between stages	32	—	(34)	—	2	—	—	—
Business activity in the year	286	—	2	—	—	—	288	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	55	—	39	—	(2)	—	92	—
Limit management and final repayments	(4)	—	—	—	—	—	(4)	—
As at 30 June 2021	5,054	—	268	—	4	—	5,326	—
Wholesale loans								
As at 1 January 2021	18,423	14	2,614	38	126	—	21,163	52
Acquisitions	944	—	184	1	4	—	1,132	1
Net transfers between stages	(1,903)	29	1,966	(30)	(63)	1	—	—
Business activity in the year	1,873	3	98	1	—	—	1,971	4
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,473)	(34)	1,057	4	8	—	(408)	(30)
Limit management and final repayments	(1,102)	(2)	(31)	(1)	(2)	—	(1,135)	(3)
As at 30 June 2021	16,762	10	5,888	13	73	1	22,723	24

There were no loan commitments or financial guarantees for home loans during 2021.

Management adjustments to models for impairment

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

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	25	29.1	25	25.5
Credit cards, unsecured loans and other retail lending	78	23.9	61	15.6
Wholesale loans	27	28.1	16	10.2
Total	**130**	**25.6**	**102**	**15.8**

1 Positive values relate to an increase in impairment allowance

Management adjustments to models for impairment allowance[1]

As at 30.06.2021	Economic uncertainty adjustments	Other adjustments	Total management adjustments to impairment allowances, including forbearance	Impairment allowance pre management adjustments[2]	Total impairment allowance
	€m	€m	€m	€m	€m
Home loans	25	0	25	61	86
Credit cards, unsecured loans and other retail lending	63	15	78	248	326
Wholesale loans	27	0	27	69	96
Total	**115**	**15**	**130**	**378**	**508**

As at 31.12.2020	Economic uncertainty adjustments	Other adjustments	Total management adjustments to impairment allowances, including forbearance	Impairment allowance pre management adjustments[2]	Total impairment allowance
	€m	€m	€m	€m	€m
Home loans	23	2	25	73	98
Credit cards, unsecured loans and other retail lending	85	(24)	61	329	390
Wholesale loans	16	0	16	141	157
Total	**124**	**(22)**	**102**	**543**	**645**

1 Positive values relate to an increase in impairment allowance
2 Includes €280m(December 2020: €439m) of modelled ECL and €98m (December 2020: €104m) of individually assessed impairments

Economic uncertainty adjustments

The COVID-19 pandemic has impacted the global economy since early 2020 and macroeconomic forecasts indicate longer-term impacts 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 central bank support. Observed 30-day arrears rates in consumer loans in particular have reduced in Germany consumer lending to 1.5% (December 2020: 1.9%; December 2019: 2.0%) due to continued government support schemes which reduced the delinquency entrance rate and overall flow through delinquency. However, uncertainty remains as government support measures taper down as to whether these schemes have either averted or delayed losses.

In order to address this uncertainty, adjustments to the modelled provisions have been made.

The COVID-19 related economic uncertainty adjustments of €115m broadly comprised the following:

- Adjusting macroeconomic variables deemed temporarily influenced by support measures, enabling models to consume the expected stress of €59m. This is reduced from €103m at December 2020 on account of refining management judgement towards potentially vulnerable customers and clients as the pandemic evolves.

- A €56m (December 2020: €12m) adjustment has been applied to customers and clients considered potentially vulnerable to the withdrawal of government and other support schemes. This adjustment is materially split between credit cards and unsecured loans, €48m, and wholesale loans, €8m, with home loans of €nil.

Other adjustments:

These primarily reflect a number of adjustments in our German credit card and unsecured loans portfolios due to other identified model issues. The €37m movement primarily reflects model improvements during the period.

Measurement uncertainty

The Bank uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including 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 Barclays' internal stress tests and stress scenarios provided by regulators whilst also considering IFRS 9 specific sensitivities and non-linearity. 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 economic variables (GDP, unemployment, House Price Index (HPI) and base rates), 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, EA GDP returns to pre-pandemic levels by early 2022 and EU unemployment peaks at 7.7% in Q421. 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 in almost all advanced economies returning to the pre-COVID-19 pandemic levels by the end of 2021. By H222, unemployment levels decline back to below 7% in the EU and 5% in the UK. Unemployment in the US is below 4% by early 2022. 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 EU, UK, US, unemployment reaching c.10%,10% and 12% respectively.

Although the macroeconomic outlook has improved, the Bank's view is that uncertainty remains, 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 €130m (31 December 2020: €102m). For further details see page 11 and following.

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.

The tables below shows: (i) the key consensus macroeconomic variables used in the scenarios (3-year annual paths); (ii) the probability weights applied to each scenario; and (iii) 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

As at 30.06.2021	2021 %	2022 %	2023 %
Italy GDP[1]	5.2	4.9	3.3
Italy unemployment[2]	10.0	9.9	9.8
Italy HPI[3]	(3.9)	0.6	(0.1)
Germany GDP[1]	3.4	4.9	2.7
Germany unemployment[4]	4.7	4.8	4.4
Germany HPI[5]	1.0	3.3	3.0
EA GDP[1,11]	4.7	5.1	3.3
EU unemployment[6]	7.6	7.5	7.4
ECB Refi	—	—	—
UK GDP[1]	4.9	5.6	2.3
UK unemployment[7]	5.8	5.7	5.1
UK HPI[8]	(0.5)	0.3	3.1
UK bank rate	0.1	0.2	0.4
US GDP[1]	5.7	3.9	1.6
US unemployment[9]	5.6	4.5	4.4
US HPI[10]	3.9	3.5	3.5
US federal funds rate	0.3	0.3	0.7

As at 31.12.20	2021 %	2022 %	2023 %
Italy GDP[1]	(2.2)	4.6	2.6
Italy unemployment[2]	11.5	10.4	10.4
Italy HPI[3]	(0.2)	0.1	0.7
Germany GDP[1]	(1.6)	3.7	2.5
Germany unemployment[4]	4.2	3.9	3.9
Germany HPI[5]	3.2	3.6	3.6
EA GDP[1,11]	(1.9)	4.3	2.6
EU unemployment[6]	7.9	7.6	7.5
ECB Refi	(0.1)	(0.1)	(0.1)
UK GDP[1]	6.3	3.3	2.6
UK unemployment[7]	6.7	6.4	5.8
UK HPI[8]	2.4	2.3	5.0
UK bank rate	—	(0.1)	—
US GDP[1]	3.9	3.1	2.9
US unemployment[9]	6.9	5.7	5.6
US HPI[10]	2.8	4.7	4.7
US federal funds rate	0.3	0.3	0.3

Downside 2 average economic variables used in the calculation of ECL

As at 30.06.2021	2021 %	2022 %	2023 %
Italy GDP[1]	0.5	2.5	3.6
Italy unemployment[2]	11.3	12.7	11.9
Italy HPI[3]	(8.7)	(4.3)	(0.8)
Germany GDP[1]	(1.1)	1.1	3.5
Germany unemployment[4]	5.6	6.5	5.7
Germany HPI[5]	(1.6)	0.8	2.6
EA GDP[1,11]	(0.1)	1.0	4.1
EU unemployment[6]	8.7	10.0	9.2
ECB Refi	—	—	—
UK GDP[1]	(1.7)	2.0	5.2
UK unemployment[7]	7.3	8.2	6.6
UK HPI[8]	(5.8)	(5.8)	0.2
UK bank rate	0.1	—	—
US GDP[1]	1.5	1.4	2.0
US unemployment[9]	8.7	11.0	9.3
US HPI[10]	(4.9)	(3.0)	1.1
US federal funds rate	0.3	0.3	0.3

As at 31.12.20	2021 %	2022 %	2023 %
Italy GDP[1]	(9.6)	4.5	1.9
Italy unemployment[2]	13.7	12.9	12.4
Italy HPI[3]	(17.5)	(10.9)	(5.6)
Germany GDP[1]	(6.9)	3.8	2.1
Germany unemployment[4]	6.5	6.1	5.4
Germany HPI[5]	(14.3)	1.6	3.2
EA GDP[1,11]	(8.6)	4.1	1.8
EU unemployment[6]	11.4	10.0	9.5
ECB Refi	(0.1)	(0.1)	(0.1)
UK GDP[1]	(3.9)	6.5	2.6
UK unemployment[7]	8.0	9.3	7.8
UK HPI[8]	(13.6)	(10.8)	0.5
UK bank rate	(0.2)	(0.2)	(0.1)
US GDP[1]	(2.4)	3.6	2.1
US unemployment[9]	13.4	11.9	10.1
US HPI[10]	(17.2)	(0.7)	0.6
US federal funds rate	0.3	0.3	0.3

Downside 1 average economic variables used in the calculation of ECL

As at 30.06.2021	2021 %	2022 %	2023 %
Italy GDP[1]	2.7	2.9	4.4
Italy unemployment[2]	10.6	11.2	10.6
Italy HPI[3]	(6.3)	(1.9)	(0.4)
Germany GDP[1]	1.2	3.4	3.1
Germany unemployment[4]	5.1	6.0	5.2
Germany HPI[5]	(0.3)	2.1	2.8
EA GDP[1,11]	2.2	3.2	4.3
EU unemployment[6]	8.0	8.5	8.1
ECB Refi	—	—	—
UK GDP[1]	0.6	4.4	4.2
UK unemployment[7]	6.4	6.6	5.6
UK HPI[8]	(3.1)	(2.7)	1.7
UK bank rate	0.1	0.1	0.2
US GDP[1]	3.4	2.5	1.6
US unemployment[9]	7.4	7.9	6.1
US HPI[10]	(0.5)	0.2	2.3
US federal funds rate	0.3	0.3	0.3

As at 31.12.20	2021 %	2022 %	2023 %
Italy GDP[1]	(6.7)	5.4	2.9
Italy unemployment[2]	12.4	11.4	11.0
Italy HPI[3]	(9.2)	(5.5)	(2.5)
Germany GDP[1]	(5.1)	4.1	2.6
Germany unemployment[4]	5.3	5.0	4.6
Germany HPI[5]	(5.8)	2.6	3.4
EA GDP[1,11]	(6.2)	4.8	2.7
EU unemployment[6]	9.4	8.5	8.3
ECB Refi	(0.1)	(0.1)	(0.1)
UK GDP[1]	0.1	6.6	3.2
UK unemployment[7]	7.3	8.0	6.9
UK HPI[8]	(6.7)	(3.5)	1.7
UK bank rate	(0.1)	(0.1)	—
US GDP[1]	0.4	3.6	2.3
US unemployment[9]	11.0	8.9	6.9
US HPI[10]	(5.9)	1.8	2.6
US federal funds rate	0.3	0.3	0.3

Upside 2 average economic variables used in the calculation of ECL

As at 30.06.21	2021 %	2022 %	2023 %
Italy GDP[1]	7.3	9.4	4.7
Italy unemployment[2]	9.5	8.9	8.8
Italy HPI[3]	(1.0)	5.6	3.3
Germany GDP[1]	5.4	8.7	3.7
Germany unemployment[4]	4.1	3.1	3.1
Germany HPI[5]	2.5	5.9	4.7
EA GDP[1,11]	6.6	9.0	3.9
EU unemployment[6]	7.4	7.0	6.8
ECB Refi	—	0.1	0.3
UK GDP[1]	6.8	9.4	4.0
UK unemployment[7]	5.5	4.9	4.4
UK HPI[8]	4.6	9.9	11.3
UK bank rate	0.1	0.4	0.6
US GDP[1]	6.5	8.2	3.4
US unemployment[9]	5.3	3.8	3.8
US HPI[10]	6.5	8.0	7.3
US federal funds rate	0.3	0.3	1.1

As at 31.12.20	2021 %	2022 %	2023 %
Italy GDP[1]	2.0	5.3	3.6
Italy unemployment[2]	9.4	9.0	8.8
Italy HPI[3]	3.5	2.0	2.0
Germany GDP[1]	3.0	4.7	3.3
Germany unemployment[4]	3.6	3.4	3.4
Germany HPI[5]	7.2	5.5	4.8
EA GDP[1,11]	2.2	5.0	3.4
EU unemployment[6]	6.9	6.5	6.6
ECB Refi	—	0.1	0.3
UK GDP[1]	12.2	5.3	3.9
UK unemployment[7]	6.2	5.5	4.8
UK HPI[8]	6.6	10.4	10.8
UK bank rate	0.1	0.3	0.3
US GDP[1]	7.1	4.6	4.0
US unemployment[9]	5.5	4.3	4.1
US HPI[10]	8.8	9.1	8.9
US federal funds rate	0.3	0.4	0.6

Upside 1 average economic variables used in the calculation of ECL

As at 30.06.21	2021 %	2022 %	2023 %
Italy GDP[1]	6.9	8.0	3.6
Italy unemployment[2]	9.8	9.5	9.2
Italy HPI[3]	(2.5)	4.0	1.6
Germany GDP[1]	4.8	6.3	3.1
Germany unemployment[4]	4.4	3.9	3.7
Germany HPI[5]	1.7	5.1	3.8
EA GDP[1,11]	6.0	7.2	3.6
EU unemployment[6]	7.5	7.2	7.1
ECB Refi	—	—	0.2
UK GDP[1]	5.9	7.3	3.0
UK unemployment[7]	5.6	5.2	4.7
UK HPI[8]	1.5	4.5	7.4
UK bank rate	0.1	0.2	0.6
US GDP[1]	6.1	5.8	2.4
US unemployment[9]	5.5	4.2	4.2
US HPI[10]	6.2	6.8	5.7
US federal funds rate	0.3	0.3	0.9

As at 31.12.20	2021 %	2022 %	2023 %
Italy GDP[1]	0.4	5.0	3.2
Italy unemployment[2]	10.3	9.4	9.3
Italy HPI[3]	1.6	1.1	1.4
Germany GDP[1]	0.9	4.2	3.1
Germany unemployment[4]	4.0	3.6	3.6
Germany HPI[5]	5.2	4.5	4.2
EA GDP[1,11]	0.4	4.6	3.1
EU unemployment[6]	7.4	7.0	7.1
ECB Refi	—	—	0.1
UK GDP[1]	9.3	3.9	3.4
UK unemployment[7]	6.4	6.0	5.2
UK HPI[8]	4.6	6.1	6.1
UK bank rate	0.1	0.1	0.3
US GDP[1]	5.5	4.0	3.7
US unemployment[9]	6.0	4.8	4.6
US HPI[10]	6.8	6.7	6.3
US federal funds rate	0.3	0.3	0.5

1. Average Real GDP seasonally adjusted change in year.
2. Average Italy unemployment rate.
3. Change in year end Italy HPI, relative to prior year end.
4. Average Germany unemployment rate.
5. Change in year end Germany HPI, relative to prior year end.
6. Average EU unemployment rate
7. Average UK unemployment rate 16-year+.
8. Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.
9. Average US civilian unemployment rate 16-year+.
10. Change in year end US HPI = FHFA House Price Index, relative to prior year end.
11. EA GDP refers to Euro Area GDP

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 (the start point is 31 December 2019 for disclosures as at 31 December 2020 and 31 December 2020 for disclosures as at 30 June 2021).

Macroeconomic variables used in the calculation of ECL (specific bases)[1]

As at 30.06.2021	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
Italy GDP[2]	31.2	26.3	4.0	(1.0)	(4.9)
Italy unemployment[3]	8.8	9.2	9.9	11.7	13.4
Italy HPI[4]	12.7	5.6	(0.8)	(9.0)	(14.0)
Germany GDP[2]	25.4	20.2	3.2	(2.0)	(6.0)
Germany unemployment[3]	3.1	3.5	4.3	6.3	7.0
Germany HPI[4]	23.1	18.8	2.6	(0.3)	(1.6)
EA GDP[2,8]	28.9	25.1	3.9	(1.4)	(5.5)
EU unemployment[3]	6.7	6.9	7.4	8.9	10.4
ECB Refi[3]	—	—	—	0.1	—
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
US GDP[2]	23.7	18.3	2.8	(0.2)	(3.2)
US unemployment[3]	3.8	4.2	4.7	8.9	12.0
US HPI[4]	41.2	32.6	3.6	(1.3)	(7.9)
US federal funds rate[3]	0.3	0.3	0.8	1.5	0.8
As at 31.12.20					
Italy GDP[2]	(1.5)	(4.2)	(1.9)	(23.6)	(26.0)
Italy unemployment[3]	8.0	8.0	10.5	12.7	14.1
Italy HPI[4]	7.1	3.2	(0.1)	(19.0)	(34.3)
Germany GDP[2]	4.4	1.4	(0.7)	(16.3)	(18.0)
Germany unemployment[3]	3.4	3.6	4.0	5.7	7.0
Germany HPI[4]	26.2	21.2	3.1	(3.9)	(13.3)
EA GDP[2,8]	0.5	(2.4)	(1.4)	(20.8)	(22.9)
EU unemployment[3]	6.4	6.5	7.5	10.0	12.1
ECB Refi[3]	—	—	(0.1)	—	—
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
US GDP[2]	15.7	12.8	1.6	(10.6)	(10.6)
US unemployment[3]	3.8	3.8	6.4	13.0	13.7
US HPI[4]	42.2	30.9	3.8	(3.7)	(15.9)
US federal funds rate[3]	0.1	0.1	0.3	1.3	1.3

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 used in the calculation of ECL (5-year averages)[1]

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
As at 30.06.2021	%	%	%	%	%
Italy GDP[5]	5.8	5.0	4.0	3.1	2.1
Italy unemployment[6]	9.0	9.4	9.9	10.6	11.7
Italy HPI[7]	2.4	0.9	(0.8)	(1.9)	(3.0)
Germany GDP[5]	4.7	3.9	3.2	2.3	1.3
Germany unemployment[6]	3.3	3.8	4.3	5.0	5.6
Germany HPI[7]	4.2	3.5	2.6	2.0	1.5
EA GDP[5,8]	5.4	4.8	3.9	3.1	2.0
EU unemployment[6]	6.9	7.2	7.4	8.0	9.0
ECB Refi[6]	0.3	0.1	—	—	—
UK GDP[5]	5.2	4.2	3.3	2.6	1.8
UK unemployment[6]	4.6	4.8	5.1	5.7	6.5
UK HPI[7]	8.2	4.7	1.6	—	(1.6)
UK bank rate[6]	0.7	0.6	0.4	0.2	—
US GDP[5]	4.6	3.7	2.8	2.0	1.4
US unemployment[6]	4.1	4.4	4.7	6.3	8.5
US HPI[7]	7.1	5.8	3.6	1.6	(0.4)
US federal funds rate[6]	1.1	0.9	0.8	0.6	0.3
As at 31.12.20					
Italy GDP[5]	(0.6)	(1.1)	(1.9)	(2.7)	(3.8)
Italy unemployment[6]	9.1	9.6	10.5	11.1	12.1
Italy HPI[7]	1.4	0.6	(0.1)	(4.1)	(8.1)
Germany GDP[5]	0.7	0.1	(0.7)	(1.4)	(2.0)
Germany unemployment[6]	3.6	3.8	4.0	4.7	5.5
Germany HPI[7]	4.8	3.9	3.1	0.9	(1.2)
EA GDP[5,8]	(0.1)	(0.7)	(1.4)	(2.2)	(3.1)
EU unemployment[6]	6.8	7.2	7.5	8.3	9.5
ECB Refi[6]	0.1	—	(0.1)	(0.1)	(0.1)
UK GDP[5]	2.5	1.6	0.7	0.1	(0.9)
UK unemployment[6]	5.0	5.3	5.7	6.5	7.2
UK HPI[7]	8.2	5.5	3.6	(0.2)	(3.6)
UK bank rate[6]	0.3	0.2	—	—	(0.1)
US GDP[5]	2.9	2.4	1.6	0.8	0.1
US unemployment[6]	5.3	5.7	6.4	8.3	10.4
US HPI[7]	7.3	5.5	3.8	0.8	(3.0)
US federal funds rate[6]	0.5	0.5	0.3	0.3	0.3

1 GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA House Price 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.
5 5-year yearly average CAGR, starting 2020 (2020: 2019).
6 5-year average. Period based on 20 quarters from Q121 (2020: Q120).
7 5-year quarter end CAGR, starting Q420 (2020: Q419).
8 EA GDP refers to Euro Area GDP

Market risk

Analysis of management value at risk (VaR)

The table below shows the total management VaR on a diversified basis by asset class. Management VaR is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a confidence level of 95%.

Total management VaR includes all trading positions in Barclays Europe and it is calculated with a one-day holding period. VaR limits are applied to total management VaR and by asset class. Additionally, the market risk management function applies VaR sub-limits to material businesses and trading desks.

The daily average, maximum and minimum values of management VaR

Management VaR (95%, one day)	Half year ended 30.06.21			Half year ended 31.12.20			Half year ended 30.06.20		
	Average	High	Low	Average	High	Low	Average	High	Low
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Credit risk	**0.90**	**1.36**	**0.44**	0.59	0.96	0.32	0.39	1.02	0.17
Interest rate risk	**0.72**	**1.98**	**0.29**	0.40	1.36	0.13	0.17	0.70	0.04
Equity risk	**0.09**	**0.13**	**0.05**	0.18	0.28	0.09	0.09	0.32	—
Basis risk	**0.40**	**0.63**	**0.18**	0.24	0.37	0.16	0.16	0.25	0.08
Spread risk	**1.27**	**2.79**	**0.61**	0.51	1.55	0.17	0.12	0.65	0.01
Foreign exchange risk	**0.13**	**0.33**	**0.03**	0.10	0.50	0.04	0.04	0.18	0.01
Commodity risk	—	—	—	—	—	—	—	—	—
Inflation risk	**0.04**	**0.20**	**0.01**	0.01	0.03	0.01	0.01	0.02	—
Diversification effect[1]	**(1.90)**	**n/a**	**n/a**	(1.10)	n/a	n/a	(0.46)	n/a	n/a
Total management VaR	**1.64**	**3.18**	**0.89**	0.93	1.71	0.61	0.51	1.09	0.22

1. Diversification effects recognise that forecast losses from different assets or businesses are unlikely to occur concurrently, hence the expected aggregate loss is lower than the sum of the expected losses from each area. Historical correlations between losses are taken into account in making these assessments. The high and low VaR figures reported for each category did not necessarily occur on the same day as the high and low VaR reported as a whole. Consequently, a diversification effect balance for the high and low VaR figures would not be meaningful and is therefore omitted from the above table.

Total Management VaR has increased from 2020 levels due to increased risk taking as a result of the implementation of the final stage of the Bank's Brexit migration plan.

Treasury and Capital risk

Funding and liquidity

Overview

The liquidity pool remained at €21bn (December 2020: €21bn) driven by wholesale funding and the issuance of capital and minimum requirement for own funds and eligible liabilities (MREL) instruments, offset by increased customer lending and market funding requirements.

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, a 30 day combined scenario consisting of both a Barclays-specific and a market-wide stress event, and a 1 year macroeconomic stress scenario.

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

As at 30 June 2021, the Bank held eligible liquid assets in excess of the net stress outflows to its internal and external regulatory requirements. The Bank maintains an appropriate proportion of the liquidity pool between cash and deposits with central banks and (from time to time) other HQLA eligible securities.

	As at 30.06.21	As at 31.12.20
	€m	€m
Liquidity pool[1]	20,858	21,007
	%	%
Liquidity coverage ratio	168	218

[1] Comprises of €20.9bn (December 2020: €19.7bn) of balances with central banks and €nil (December 2020: €1.3bn) of reverse repurchase agreements entered into for liquidity purposes, both of which met the requirements of the Commission Delegated Regulation (EU) 2015/61 as amended by the Commission Delegated Regulation (EU) 2018/1620 for inclusion as HQLA in the liquidity pool.

The decrease in LCR to 168% is primarily due to increased customer lending and increased markets funding requirements following continued migrations, partially offset by capital issuances.

The NSFR became a binding regulatory requirement under CRR II for the Bank on 30 June 2021. The NSFR is intended to build on banks' improved funding profiles and establishes a harmonised standard for how much stable, long-term sources of funding a bank needs to weather periods of stress. It is defined as the amount of available stable funding relative to the amount of required stable funding with a minimum ratio of 100% required on an ongoing basis. The Bank's NSFR at the 30 June 2021 was 147% which was above the regulatory minimum requirement.

Treasury and Capital risk

Capital and leverage

Overview

The Bank is licensed as a credit institution by the CBI and is designated as a significant institution, directly supervised by the SSM of the ECB. The Bank is regulated by the CBI for financial conduct and the Bank's branches are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established.

The disclosures below provide key capital metrics for the Bank.

On 27 June 2019, as part of the EU Risk Reduction Measure package, CRR II entered into force amending CRR. As an amending regulation, the existing provisions of CRR apply unless they are amended by CRR II. The amendments have largely taken effect from 28 June 2021 with a number of exceptions which were implemented with an accelerated timeframe during 2020.

IFRS 9 transitional arrangements were extended by two years and a new modified calculation was introduced. 100% relief will be applied to increases in stage 1 and stage 2 provisions from 1 January 2020 throughout 2020 and 2021; 75% in 2022; 50% in 2023; 25% in 2024 with no relief applied from 2025. The phasing out of transitional relief on the "day 1" impact of IFRS 9 as well as increases in stage 1 and stage 2 provisions between 1 January 2018 and 31 December 2019 under the modified calculation remain unchanged and continue to be subject to 70% transitional relief throughout 2020; 50% for 2021; 25% for 2022 and with no relief to be applied from 2023.

From 28 June 2021, CRR II introduced a binding Leverage ratio of 3%. Prior to this date, the Leverage requirement was not binding, although banks were required to monitor, report and publish their Leverage ratio. On 18 June 2021, the ECB announced that banks under its direct supervision could extend a relief from Leverage Exposures, provided on 17 September 2020, for certain exposures to central banks, Under the terms of the extension, which remains in place until 31 March 2022, banks may continue to exclude from Leverage Exposures those certain exposures to central banks, insofar as they are newly acquired since 31 December 2019.

As at 30 June 2021[3], the Bank complied with its externally imposed minimum capital requirements. The movement in capital ratios is attributable to the increase in Risk Weighted Assets (RWAs) over the period, offset by the issuance of CET1, Additional Tier 1, and Tier 2 instruments.

Capital ratios[1,2]	As at 30.06.2021[3]	As at 31.12.2020
CET1	**15.0%**	16.7%
Tier 1 ('T1')	**17.4%**	19.1%
Total regulatory capital	**20.6%**	22.1%

Capital resources	As at 30.06.2021[3] €m	As at 31.12.2020 €m
CET1 capital	**4,218**	3,955
T1 capital	**4,883**	4,520
Total regulatory capital	**5,763**	5,236
Total RWAs[1]	**28,038**	23,717

CRR leverage ratio[1]	As at 30.06.2021[3] €m	As at 31.12.2020 €m
CRR leverage ratio - fully phased	**5.2%**	6.3%
CRR leverage ratio - transitional	**5.3%**	6.5%
T1 capital - fully phased	**4,819**	4,373
T1 capital - transitional	**4,883**	4,520
CRR leverage exposure	**93,067**	69,562

1. Capital, RWAs and leverage are calculated applying the IFRS9 arrangements of CRR as amended by CRR II applicable as at the reporting date.
2. The fully loaded CET1 ratio was 14.8%, with €4.2bn of CET1 capital and €28.0bn of RWAs calculated without applying the transitional arrangements of CRR as amended by CRR II applicable as at the reporting date.
3. Capital resources, capital ratios and leverage ratios above exclude the profits for six months ended 30 June 2021. Including these profits, subject to regulatory approval, would increase the CET1 capital to €4,353m and T1 capital to €5,018m, Total regulatory capital to €5,899m, CET 1 ratio to 15.5%, T1 ratio to 17.9%, Total regulatory capital ratio to 21.0%, fully phased leveraged ratio to 5.3%, transitional leveraged ratio to 5.4% and fully phased T1 capital to €4,955m respectively.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the interim financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, as amended ("Transparency Regulations"), and the Central Bank (Investment Market Conduct) Rules.

In preparing the condensed set of financial statements included within the interim financial report, the directors are required to:

- prepare and present the condensed set of financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency Regulations and the Central Bank (Investment Market Conduct) Rules;
- ensure the condensed set of financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine are necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

1. the condensed set of financial statements included within the interim financial report of Barclays Bank Ireland PLC for the six months ended 30 June 2021 ("the interim financial information") which comprises the condensed income statement, condensed statement of comprehensive income, condensed statement of changes in equity, condensed balance sheet, condensed cash flow statement and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, the Transparency Regulations and Central Bank (Investment Market Conduct) Rules.

2. The interim financial information presented, as required by the Transparency Regulations, includes:
   a. an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements; and
   b. a description of the principal risks and uncertainties for the remaining six months of the financial year.

Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on 5 August 2021 on behalf of the Board by

Francesco Ceccato
Chief Executive Officer

Jasper Hanebuth
Chief Financial Officer

Barclays Bank Ireland PLC Board of Directors:

Chair	**Executive Directors**	**Non-executive Directors**
Tim Breedon CBE	Francesco Ceccato	Jennifer Allerton
	Jasper Hanebuth	Etienne Boris
		Andrew Dickens
		David Farrow
		Thomas Huertas
		Eoin O'Driscoll

Independent Review Report to Barclays Bank Ireland PLC

Introduction

We have been engaged by Barclays Bank Ireland PLC ('the Bank') to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2021 which comprises the condensed income statement, condensed statement of comprehensive income, condensed statement of changes in equity, condensed balance sheet, condensed cash flow statement and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*.

Conclusion

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 financial report 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 by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007, as amended ("Transparency Regulations"), and the Central Bank (Investment Market Conduct) Rules.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Transparency Regulations and the Central Bank (Investment Market Conduct) Rules. The annual financial statements of the Bank are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for ensuring that the condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Bank a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. 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. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) 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.

We read the other information contained in the interim financial report to identify material inconsistencies with the information in the condensed set of financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

This report is made solely to the Bank in accordance with the terms of our engagement to assist the Bank in meeting the requirements of the Transparency Regulations and the Central Bank (Investment Market Conduct) Rules. Our review has been undertaken so that we might state to the Bank 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 Bank for our review work, for this report, or for the conclusions we have reached.

James Black
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5

5 August 2021

Condensed Financial Statements

Condensed income statement (unaudited)

	Notes[1]	Half year ended 30.06.21 €m	Half year ended 30.06.20 €m
Interest income		**301**	267
Interest expense		**(148)**	(116)
Net interest income		**153**	151
Fee and commission income		**435**	302
Fee and commission expense		**(76)**	(36)
Net fee and commission income	3	**359**	266
Net trading income		**80**	21
Net investment expense		**(13)**	(21)
Total income		**579**	417
Impairment gains/(losses) on financial instruments[2]		**97**	(212)
Net operating income		**676**	205
Staff costs		**(201)**	(141)
Infrastructure, administration and general expenses		**(308)**	(168)
Operating expenses		**(509)**	(309)
Profit/(loss) before tax		**167**	(104)
Taxation	4	**(31)**	9
Profit/(loss) after tax		**136**	(95)
Attributable to:			
Ordinary shareholders		**117**	(113)
Other equity instrument holders		**19**	18
Profit/(loss) after tax		**136**	**(95)**

1. *For notes to the Condensed Financial Statements see pages 32 to 43.*
2. *For impairment disclosures, see Credit risk section on pages 7 to 21.*

Condensed Financial Statements

Condensed statement of comprehensive income (unaudited)

	Notes[1]	Half year ended 30.06.21	Half year ended 30.06.20
		€m	€m
Profit/(loss) after tax		**136**	(95)
Other comprehensive (loss)/income that may be recycled to profit or loss			
Cash flow hedging reserve[2]	10	**(5)**	6
Other comprehensive (loss)/income that may be recycled to profit or loss from continuing operations		**(5)**	6
Other comprehensive (loss)/income not recycled to profit or loss from continuing operations:			
Retirement benefit remeasurements		**1**	2
Own credit[2]	10	**(49)**	106
Other comprehensive (loss)/income not recycled to profit or loss		**(48)**	108
Total comprehensive income for the year		**83**	19
Attributable to:			
Ordinary shareholders		**64**	1
Other equity instrument holders		**19**	18
Total comprehensive income for the year		**83**	19

1. *For notes to the Condensed Financial Statements see pages 32 to 43.*
2. *Reported net of tax.*

Condensed Financial Statements

Condensed balance sheet (unaudited)

	Notes[1]	As at 30.06.2021 €m	As at 31.12.2020 €m
Assets			
Cash and balances at central banks		21,303	20,066
Cash collateral and settlement balances		26,156	19,061
Loans and advances to banks		988	906
Loans and advances to customers		12,831	12,143
Reverse repurchase agreements and other similar secured lending		1,579	3,174
Trading portfolio assets		11,971	7,379
Financial assets at fair value through the income statement		16,793	14,749
Derivative financial instruments		49,667	56,842
Intangible assets		52	50
Property, plant and equipment		98	106
Current tax assets		18	6
Deferred tax assets	4	184	188
Other assets		306	267
Total assets		**141,946**	**134,937**
Liabilities			
Deposits from banks		4,333	3,488
Deposits from customers		18,816	19,620
Cash collateral and settlement balances		24,174	19,432
Repurchase agreements and other similar secured borrowing	15	4,268	3,583
Debt securities in issue		2,987	2,297
Subordinated liabilities	7	2,522	1,061
Trading portfolio liabilities		9,253	7,771
Financial liabilities designated at fair value		19,802	14,871
Derivative financial instruments		50,109	57,733
Current tax liabilities		5	7
Retirement benefit obligation		27	28
Other liabilities		498	416
Provisions	8	51	72
Total liabilities		**136,845**	**130,379**
Equity			
Called up share capital and share premium	9	2,662	2,282
Other equity instruments	9	665	565
Other reserves	10	(186)	(132)
Retained earnings		1,960	1,843
Total equity		**5,101**	**4,558**
Total liabilities and equity		**141,946**	**134,937**

1. *For notes to the Condensed Financial Statements see pages 32 to 43.*

Condensed Financial Statements

Condensed 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	**2,282**	**565**	**(132)**	**1,843**	**4,558**
Profit after tax	—	19	—	117	136
Cash flow hedges	—	—	(5)	—	(5)
Retirement benefit remeasurement	—	—	—	1	1
Own credit reserve	—	—	(49)	—	(49)
Total comprehensive income for the year	**—**	**19**	**(54)**	**118**	**83**
Issue of new ordinary shares	380	—	—	—	380
Issue of other equity instruments	—	100	—	—	100
Other equity instruments coupons paid	—	(19)	—	—	(19)
Capital contribution from Barclays Bank PLC	—	—	—	—	—
Other movements	—	—	—	(1)	(1)
Balance as at 30 June 2021	**2,662**	**665**	**(186)**	**1,960**	**5,101**
Half year ended 31.12.20					
Balance as at 1 July 2020	**974**	**565**	**(4)**	**1,755**	**3,290**
(Loss)/profit after tax	—	19	—	(42)	(23)
Cash flow hedges	—	—	(1)	—	(1)
Retirement benefit remeasurement	—	—	—	(1)	(1)
Own credit reserve	—	—	(127)	—	(127)
Total comprehensive income for the year	**—**	**19**	**(128)**	**(43)**	**(152)**
Issue of new ordinary shares	1,308	—	—	—	1,308
Issue of other equity instruments	—	—	—	—	—
Other equity instruments coupon paid	—	(19)	—	—	(19)
Capital contribution from Barclays Bank PLC	—	—	—	130	130
Other movements	—	—	—	1	1
Balance as at 31 December 2020	**2,282**	**565**	**(132)**	**1,843**	**4,558**
Half year ended 30.06.20					
Balance as at 1 January 2020	**974**	**565**	**(116)**	**1,867**	**3,290**
(Loss)/profit after tax	—	18	—	(113)	(95)
Cash flow hedges	—	—	6	—	6
Retirement benefit remeasurement	—	—	—	2	2
Own credit reserve	—	—	106	—	106
Total comprehensive income for the year	**—**	**18**	**112**	**(111)**	**19**
Issue of new ordinary shares	—	—	—	—	—
Issue of other equity instruments	—	—	—	—	—
Other equity instruments coupons paid	—	(18)	—	—	(18)
Capital contribution from Barclays Bank PLC	—	—	—	—	—
Other movements	—	—	—	(1)	(1)
30 June 2020	**974**	**565**	**(4)**	**1,755**	**3,290**

1. Details of share capital, other equity instruments and other reserves are shown on page 40.

Condensed cash flow statement (unaudited)

	Half year ended 30.06.21 €m	Half year ended 30.06.20[1] €m
Profit/(loss) before tax	167	(104)
Adjustment for non-cash items	(155)	366
Net increase in loans and advances at amortised cost	(575)	(491)
Net increase in deposits at amortised cost	41	3,762
Net increase in debt securities in issue	690	1,857
Changes in other operating assets and liabilities	(710)	2,633
Corporate income tax paid	(33)	(28)
Net cash from operating activities	**(575)**	**7,995**
Net cash from investing activities	**(11)**	**(18)**
Net cash from financing activities[2]	**1,921**	**(18)**
Net increase in cash and cash equivalents	**1,335**	**7,959**
Cash and cash equivalents at beginning of the period	20,335	12,875
Cash and cash equivalents at end of the period[3]	**21,670**	**20,834**

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. The effect of this change decreased cash and cash equivalents by €2,528m as at 30 June 2020. As a result, net cash from operating activities decreased by €485m in H120 representing the net increase in the cash collateral and settlement balances line item in that period.

2. Net cash from financing activities of €1,921m is comprised of proceeds from the issuance of subordinated debt €1,460m, ordinary shares €380m and other equity instruments €100m, less coupons paid of €19m on other equity instruments.

3. Cash and cash equivalents at end of the period primarily represents Cash and balances at central banks of €21,303m and loans and advances to banks with a maturity less than three months of €367m.

Financial Statement Notes

1. Basis of preparation

These condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007), as amended ('Irish Transparency Regulations') and the Central Bank (Investment Market Conduct) Rules and IAS 34, Interim Financial Reporting, as adopted by the EU, following the Bank's issuance of debt listed in European regulated markets during the course of 2021. These interim financial statements do not comprise statutory financial statements within the meaning of Section 274 of the Companies Act 2014. The statutory financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 10 March 2021, contained an unqualified audit report and did not include a reference to any matters to which the statutory auditor drew attention by way of emphasis. The statutory financial statements were filed with the Companies Registration Office on 2 July 2021.

The accounting policies and methods of computation used in these condensed interim financial statements are the same as those used in the Bank's Annual Report 2020.

1. Going concern

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2014 as applicable to companies using IFRS. The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Bank has the resources to continue in business for the foreseeable future. In making this assessment, the Directors has considered a wide range of information relating to present and future conditions.

This involves an assessment of the future performance of the business, to provide assurance that it has the resources in place that are required to meet its ongoing regulatory requirements. The assessment is based upon business plans which contain future forecasts of profitability taken from management's three year medium term plan as well as projections of future regulatory capital requirements and business funding needs. This also includes details of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based upon management's assessment of reasonably possible economic scenarios that the Bank could experience.

This assessment showed that the Bank had sufficient capital in place to support its future business requirements and remained above its regulatory minimum requirements in the stress test scenarios. It also showed that the Bank has an expectation that it can continue to meet its funding requirements during the scenarios. The Directors concluded that there was a reasonable expectation that the Bank has adequate resources to continue as a Going Concern for the foreseeable future. The Directors have evaluated these risks in the preparation of the financial statements and consider it appropriate to prepare the financial statements on a going concern basis.

The financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2014 as applicable to companies using IFRS.

2. Other disclosures

The Credit risk disclosures on pages 7 to 21 form part of these interim financial statements.

3. Approval of financial statements

The Board of Directors approved the interim financial statements on 5 August 2021.

Financial Statement Notes

2. Segmental reporting

The below table includes the Head Office, which comprises Head Office, central support functions and an Italian mortgage portfolio which is being run off. Head Office also includes net revenue from the CIB and CC&P segments of €7m.

Analysis of results by business

	CIB €m	CC&P €m	Head Office €m	Total €m
Half year ended 30.06.21				
Net interest income	28	150	(25)	153
Other income	387	17	22	426
Total income	415	167	(3)	579
Impairment losses on financial instruments	52	32	13	97
Net operating income	467	199	10	676
Operating costs	(348)	(130)	(31)	(509)
Profit/(loss) before tax	119	69	(21)	167
As at 30.06.21				
Total assets (€bn)	108	4	30	142
Total liabilities (€bn)	120	3	14	137

	CIB €m	CC&P €m	Head Office €m	Total €m
Half year ended 30.06.20				
Net interest income	48	180	(77)	151
Other income	227	18	21	266
Total income	275	198	(56)	417
Impairment losses on financial instruments	(76)	(105)	(31)	(212)
Net operating income/(expenses)	199	93	(87)	205
Operating costs	(208)	(90)	(11)	(309)
Profit/(loss) before tax	(9)	3	(98)	(104)
As at 31.12.20				
Total assets (€bn)	101	4	30	135
Total liabilities (€bn)	117	3	10	130

Income by geographic region[1]

	Half year ended 30.06.21 €m	Half year ended 30.06.20 €m
Ireland	103	38
Germany	222	236
Italy	49	9
France	139	100
Spain	41	28
Other	25	6
Total	579	417

1. The geographical analysis is based on the location of the office where the transactions are recorded.

Financial Statement Notes

3. Net fee and commission income

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

Half year ended 30.06.21	Corporate and Investment Bank €m	Consumer, Cards and Payments €m	Head Office €m	Total €m
Fee type				
Transactional	20	17	—	37
Advisory	41	3	—	44
Brokerage and execution	16	1	—	17
Underwriting and syndication	112	—	—	112
Service fees from affiliates	98	—	—	98
Other	7	4	8	19
Total revenue from contracts with customers	**294**	**25**	**8**	**327**
Other non-contract fee income	108	—	—	108
Fee and commission income	**402**	**25**	**8**	**435**
Fee and commission expense-non affiliates	(13)	(8)	—	(21)
Fee and commission expense-affiliates	(55)	—	—	(55)
Fee and commission expense	**(68)**	**(8)**	**—**	**(76)**
Net fee and commission income	**334**	**17**	**8**	**359**

Half year ended 30.06.20	Corporate and Investment Bank €m	Consumer, Cards and Payments €m	Head Office €m	Total €m
Fee type				
Transactional	15	22	—	37
Advisory	14	2	—	16
Brokerage and execution	14	—	—	14
Underwriting and syndication	51	—	—	51
Service fees from affiliates	72	—	—	72
Other	5	—	12	17
Total revenue from contracts with customers	**171**	**24**	**12**	**207**
Other non-contract fee income	95	—	—	95
Fee and commission income	**266**	**24**	**12**	**302**
Fee and commission expense-non affiliates	(9)	(6)	—	(15)
Fee and commission expense-affiliates	(21)		—	(21)
Fee and commission expense	**(30)**	**(6)**	**—**	**(36)**
Net fee and commission income	**236**	**18**	**12**	**266**

Fee types

Transactional

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

Advisory fees are generated from wealth management services and investment banking advisory services related to mergers, acquisitions and financial restructurings.

Brokerage and execution

Brokerage and execution fees are earned for executing client transactions with various exchanges and over-the-counter markets and assisting clients in clearing transactions.

Underwriting and syndication

Underwriting and syndication fees are earned for the distribution of client equity or debt securities, and the arrangement and administration of a loan syndication. These include commitment fees to provide loan financing.

Service fees from affiliates

Service fees from affiliates are compensation for services provided by the Bank to an affiliate entity. These include sales credits and cost recharge revenues. Sales credits from affiliates are compensation for sales services provided to that affiliate. Cost recharge revenues relate to the recharge of infrastructure or business support costs incurred by the Bank in support of the activities of an affiliate. Service fees are in scope of IFRS 15 and are recognised as the performance obligation is satisfied which is generally aligned with when the Bank is entitled to the compensation, which may be on completion of an individual performance obligation or over time as the performance obligation is performed.

Other non-contract fee income

This category primarily includes income for services provided to customers by the Bank in collaboration with affiliated entities. Collaborative arrangements are outside the scope of IFRS 15 however are recognised following the revenue recognition pattern of the underlying activity in accordance with IFRS 15 principles.

Fee and commission expenses - affiliates

Fee and commission expense paid to affiliates include sales credits paid to affiliates for sales services provided to the Bank. These sales services are directly incremental to the Bank generating income, which include both fee and commission income and net trading income.

4. Tax

The tax charge for H121 was €31m (H120: €9m credit), representing an effective tax rate of 18.6% (H120: 8.7%). The effective tax rate for H121 was higher than H120 principally due to changes in the levels and geographic mix of profits and losses earned across the jurisdictions in which the Bank operates where different statutory tax rates are in force.

The G7 finance ministers published a communiqué on 5 June 2021 which sets out high level political agreement on global tax reform, including the implementation of a global minimum tax rate. The Bank will continue to monitor developments and assess the potential impact of associated future legislative changes.

Deferred tax assets

The deferred tax amounts on the balance sheet were as follows:

	As at 30.06.2021 €m	As at 31.12.2020 €m
Germany	**85**	101
Spain	**73**	73
Ireland	**21**	14
France	**5**	-
Deferred tax assets	**184**	**188**

5. Dividends on ordinary shares

No ordinary dividend was paid or proposed in H121 or 2020.

Financial Statement Notes

6. Fair value of financial instruments

This section should be read in conjunction with Note 15, Fair value of financial instruments of the Bank's Annual Report 2020, which provides more detail about accounting policies adopted, valuation methodologies used in calculating fair value and the valuation control framework which governs oversight of valuations. There have been no changes in the accounting policies adopted or the valuation methodologies used.

Valuation

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

Assets and liabilities held at fair value

As at 30.06.2021	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Trading portfolio assets	3,327	8,643	1	11,971
Financial assets at fair value through the income statement	—	16,208	585	16,793
Derivative financial instruments	—	49,493	174	49,667
Total assets	3,327	74,344	760	78,431
Trading portfolio liabilities	(381)	(8,870)	(2)	(9,253)
Financial liabilities designated at fair value	—	(19,802)	—	(19,802)
Derivative financial instruments	—	(49,935)	(174)	(50,109)
Total liabilities	(381)	(78,607)	(176)	(79,164)

Assets and liabilities held at fair value

As at 31 December 2020	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Trading portfolio assets	1,881	5,422	76	7,379
Financial assets at fair value through the income statement	—	14,392	357	14,749
Derivative financial instruments	—	56,613	229	56,842
Total assets	1,881	76,427	662	78,970
Trading portfolio liabilities	(1,580)	(6,191)	—	(7,771)
Financial liabilities designated at fair value	—	(14,871)	—	(14,871)
Derivative financial instruments	—	(57,504)	(229)	(57,733)
Total liabilities	(1,580)	(78,566)	(229)	(80,375)

The following table shows the Bank's Level 3 assets and liabilities that are held at fair value disaggregated by product type:

Level 3 assets and liabilities held at fair value by product type

	As at 30.06.2021		As at 31.12.2020	
	Assets €m	Liabilities €m	Assets €m	Liabilities €m
Interest rate derivatives	163	(163)	178	(178)
Foreign exchange derivatives	7	(7)	43	(43)
Credit derivatives	4	(4)	8	(8)
Corporate Debt	1	(2)	—	—
Asset backed loans	585	—	357	—
Non asset backed loans	—	—	76	—
Total	760	(176)	662	(229)

Financial Statement Notes

Assets and liabilities reclassified between Level 1 and Level 2

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

Level 3 movement analysis

The following table summarises the movements in the balances of Level 3 assets and liabilities during the period. Derivative financial instruments are analysed on a net basis giving a balance of €nil and are therefore not included within the Level 3 movement analysis table.

Analysis of movements in Level 3 assets and liabilities[1]

	As at 1 January 2021	Purchases[2]	Sales	Issues	Settlements	Total gains and losses in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		As at 30.06.2021
						Trading income	Other income[3]		In	Out	
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Asset backed loans	357	255	—	—	(29)	—	2	—	—	—	585
Non asset backed loans	76	—	(76)	—	—	—	—	—	—	—	—
Financial assets at fair value through the income statement	**433**	**255**	**(76)**	**—**	**(29)**	**—**	**2**	**—**	**—**	**—**	**585**
Corporate debt	—	1	—	—	—	—	—	—	—	—	1
Trading portfolio assets	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**
Corporate debt	—	(2)	—	—	—	—	—	—	—	—	(2)
Trading portfolio liabilities	**—**	**(2)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2)**
Total	**433**	**254**	**(76)**	**—**	**(29)**	**—**	**2**	**—**	**—**	**—**	**584**

Analysis of movements in Level 3 assets and liabilities[1]

	As at 1 January 2020	Purchases	Sales	Issues	Settlements	Total gains and losses in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		As at 30.06.2020
						Trading income	Other income[3]		In	Out	
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Asset backed loans	413				(20)		(5)				388
Financial assets at fair value through the income statement	**413**	**—**	**—**	**—**	**(20)**	**—**	**(5)**	**—**	**—**	**—**	**388**

1. Derivatives are not included in the above table as the level 3 assets and liabilities are opposite and equal, with the result that there is no net position.
2. Purchases relate to a loan acquired in June 2021, which was valued at par at 30 June 2021and was sold at par in July 2021.
3. Other income includes investment income.

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.

Unrealised gains and losses recognised during the period on Level 3 assets and liabilities	As at 30.06.2021	As at 30.06.2020
	Income statement	Income statement
	Net investment income	Net investment income
	€m	€m
Asset backed loans	**2**	**(5)**

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

	As at 30.06.2021		As at 31.12.2020	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	€m	€m	€m	€m
Asset backed loans	18	(18)	21	(21)
Interest rate derivatives	1	(1)	1	(1)
Non asset backed loans	7	(7)	1	(1)
Total	26	(26)	23	(23)

The effect of stressing unobservable inputs to a range of reasonably possible alternatives alongside considering the impact of using alternative models, would be to increase fair values by up to €26m (December 2020: €23m) or to decrease fair values by up to €26m (December 2020: €23m) with all the effect impacting profit and loss.

Significant unobservable inputs

The valuation techniques and significant unobservable inputs for assets and liabilities recognised at fair value and classified as Level 3 are consistent with Note 15, Fair value of financial instruments in the Bank's Annual Report 2020.

Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	As at 30.06.2021	As at 31.12.2020
	€m	€m
Exit price adjustments derived from market bid-offer spreads	**(9)**	(7)
Uncollateralised derivative funding	**(2)**	(4)
Derivative credit valuation adjustments	**(22)**	(27)
Derivative debit valuation adjustments	**6**	5

- Exit price adjustments derived from market bid-offer spreads increased by €2m to €9m.
- Uncollateralised derivative funding decreased by €2m to €2m as a result of tightening input funding spreads.
- Derivative credit valuation adjustments decreased by €5m to €22m as a result of tightening input counterparty credit spreads.

Portfolio exemption

The Bank 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 Bank 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

Valuation methodologies employed in calculating the fair value of financial assets and liabilities measured at amortised cost are consistent with the Bank's Annual Report 2020 disclosure.

The following tables summarises the fair value of financial assets and liabilities measured at amortised cost on the Bank's balance sheet:

	As at 30.06.21		As at 31.12.20	
	Carrying amount	Fair value	Carrying amount	Fair value
As at 31 December	€m	€m	€m	€m
Financial assets				
Loans and advances to banks	988	988	906	906
Loans and advances to customers	12,831	12,309	12,143	11,561
Reverse repurchase agreements and other similar secured lending	1,579	1,579	3,174	3,174
Financial liabilities				
Deposits from banks	(4,333)	(4,333)	(3,488)	(3,488)
Deposits from customers	(18,816)	(18,816)	(19,620)	(19,620)
Repurchase agreements and other similar secured borrowing	(4,268)	(4,268)	(3,583)	(3,583)
Debt securities in issue	(2,987)	(2,987)	(2,297)	(2,297)
Subordinated liabilities	(2,522)	(2,435)	(1,061)	(1,115)

7 Subordinated liabilities

	Half year ended 30.06.21	Year ended 31.12.20
	€m	€m
As at 1 January	1,061	891
Issuance	1,460	170
Other	1	—
Closing balance	2,522	1,061

Issuances of €1,460m comprise €1,300m Tier 3 and €160m Tier 2 intra-group loans from Barclays Bank PLC.

Other movements comprise accrued interest.

8 Provisions

	As at 30.06.21	As at 31.12.20
	€m	€m
Potential customer refunds[1]	12	—
Redundancy and restructuring	4	9
Undrawn contractually committed facilities and guarantees	24	52
Sundry and other provisions	11	11
Total	51	72

[1] This represents a provision for potential customer refunds following a recent German court ruling against another bank in Germany.

Financial Statement Notes

9 Called up share capital and other equity

Ordinary shares

As at 30 June 2021 the issued ordinary share capital of the Bank comprised 899m (December 2020: 899m) ordinary shares of €1 each. During H121, the Bank issued 100 ordinary shares of €1 each at a premium of €380m.

Other equity instruments

Other equity instruments of €665m (December 2020: €565m) is comprised of AT1 securities issued by the Bank and purchased by BB PLC. There has been one issuance of €100m of AT1 securities by the Bank to BB PLC in the period.

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 the Bank, in whole but not in part on their fifth anniversary from the date of issue and every interest payment date thereafter. In addition, the AT1 securities are redeemable, at the option of the Bank, in whole in the event of certain changes in the tax or regulatory treatment of the AT1 securities. Any redemptions require the prior regulatory consent.

10 Other reserves

	As at 30.06.21 €m	As at 31.12.20 €m
Cash flow hedging reserve	(5)	—
Own credit reserve	(136)	(87)
Other reserves and other shareholders' equity	(45)	(45)
Total	**(186)**	(132)

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.

Own credit reserve

The own credit reserve reflects the cumulative own credit gains and losses on financial liabilities at fair value. Amounts in the own credit reserve are not recycled to profit or loss in future periods.

Other reserves and other shareholders' equity

Other reserves and other shareholders' equity relate to the merger reserve and group reconstruction relief for the Bank, in respect of the transfer of European branches from BB PLC, and represents the excess of the book value at transfer over the fair value.

11 Contingent liabilities and commitments

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

Contingent liabilities	As at 30.06.21 €m	As at 31.12.20 €m
Guarantees and letters of credit pledged as collateral security	2,788	2,447
Performance guarantees, acceptances and endorsements	1,406	1,416
Total	**4,194**	3,863

Commitments		
Documentary credits and other short-term trade related transactions	61	63
Standby facilities, credit lines and other commitments	24,736	22,760
Total	**24,797**	22,823

The table includes Loan commitments and guarantees carried at fair value of €942m (December 2020: €573m)

In addition to the above, Note 12, 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 Bank.

12 Legal, competition and regulatory matters

The Bank faces legal, competition and regulatory challenges, many of which are beyond the Bank's control, in the jurisdictions in which it operates, including (but not limited to) proceedings brought by and against the Bank. Matters arising from a set of similar circumstances can give rise to either a contingent liability or a provision, or both, depending on the relevant facts and circumstances. The recognition of provisions in relation to such matters involves critical accounting estimates and judgments in accordance with the relevant accounting policies applicable to Note 8, Provisions. At the present time, the Bank is not subject to any legal, competition or regulatory matters which give rise to a contingent liability. However, in light of the uncertainties involved in such matters, 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 the Bank'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.

In connection with the implementation of Barclays' response to the UK's withdrawal from the EU, parts of the businesses carried on by BB PLC and BCSL have been transferred to the Bank. Under the terms of these transfers, (1) BB PLC and BCSL will remain liable for, and have agreed to indemnify the Bank in respect of, any conduct and litigation liabilities arising in relation to acts or omissions (or alleged acts or omissions) of BB PLC or BCSL (as the case may be) which occurred prior to the transfer of the relevant business; and (2) the Bank will be liable for, and has agreed to indemnify BB PLC or BCSL (as the case may be) in respect of, any conduct and litigation liabilities arising in relation to acts or omissions (or alleged acts or omissions) of the Bank which occur after the transfer of the relevant business.

13 Related party transactions

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

Amounts included in the Bank's financial statements with other 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	157	20	128	21
Operating expenses	(4)	(154)	(8)	(80)

	As at 30.06.21		As at 31.12.20	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	€m	€m	€m	€m
Total assets	30,455	4,079	34,859	1,791
Total liabilities	38,377	4,513	42,467	2,931

At 30 June 2021, the Bank benefits from collateralised financial guarantees from its parent totalling €5,946m (December 2020: €4,490m).

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 Bank during this period.

Total assets and liabilities with parent and fellow subsidiaries comprise:

	As at 30.06.21	As at 31.12.20
	€m	€m
Cash collateral and settlement balances	**5,530**	1,664
Loans and advances at amortised cost	**525**	563
Reverse repurchase agreements and other similar secured lending	**1,579**	3,174
Financial assets at fair value through the income statement	**5,778**	3,153
Derivative financial instruments	**20,992**	27,960
Other assets	**130**	136
Total assets with parents and fellow subsidiaries	**34,534**	36,650
Deposits at amortised cost	**2,450**	2,609
Cash collateral and settlements balances	**3,704**	5,031
Repurchase agreements and other similar secured borrowing	**1,378**	1,167
Debt securities in issue	**1,498**	1,498
Subordinated liabilities	**2,522**	1,061
Financial liabilities designated at fair value	**9,801**	9,982
Derivative financial instruments	**21,438**	24,019
Other liabilities	**99**	31
Total liabilities with parents and fellow subsidiaries	**42,890**	45,398

Derivatives with the parent and fellow subsidiaries are collateralised with cash and other financial instruments. Reverse repurchase agreements, repurchase agreements and financial assets/liabilities at fair value through the income statement are secured on underlying financial instruments.

14. 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 UK's Financial Conduct Authority (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 Bank 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 on the transition programme is available in the Bank's 2020 Annual Report (page 156).

In March 2021, the FCA announced the dates by which 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 transition exposure expiring post the expected end dates for LIBOR vary by product and nature of counterparty. The transition we are undertaking is at the request of the regulators, in line with their expectations and according to the regulatory endorsed timetable. The rates to which clients and customers 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. Barclays 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 Bank 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 Bank 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 Bank 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 Bank met the Q121 UK RFRWG milestone to cease initiation of GBP LIBOR linked loans, securitisations or linear derivatives and the Q221 milestones to cease initiation of new non-linear derivatives, exchange traded futures. The Bank has put in place controls so that any exceptions or exemptions are approved, and is taking a similar approach to forthcoming cessation milestones.

15. Repurchase agreements and other similar secured borrowing

Repurchase agreements and other similar secured borrowing of €4,268m at 30 June 2021 (31 December 2020: €3,583m) includes €2,890m (31 December 2020: €2,415) in relation to secured borrowings under the third series of the ECB's Targeted Longer Term Refinancing Operations ('TLTRO III').

Under the parameters of the TLTRO III, as modified during 2020, banks borrowing rates under TLTRO III can be as low as 0.50% below the average interest rate on the ECB deposit facility over the period from 24 June 2020 to 23 June 2022, and as low as the average interest rate on the deposit facility during the rest of the life of the respective TLTRO III transaction. However, this reduced interest rate is subject to the achievement of predefined lending performance thresholds. If the predefined lending performance thresholds are not met, the Bank has the option of repaying their TLTRO III borrowings at quarterly intervals from September 2021.

During H121, the Bank became sufficiently confident that it will achieve the predefined lending performance threshold during the special reference period and, as a result, in accordance with IFRS 9, began accruing interest on its TLTRO III borrowings at negative 0.64%, the average interest rate that it now expects it will incur over the period that it expects to have its TLTRO III borrowings in place. In revising its effective interest rate, the Bank has not assumed that its eligible net lending during the additional special reference period from 1 October 2020 to 31 December 2021 will equal or exceed its net lending. Included within interest income during H121 is a gain of €21m as a result of the re-estimation of cash flows (H120: €nil).

The Bank will consider at future reporting dates, until repayment of the funding, whether to revise its estimate of the contractual cash flows.

As the TLTRO is issued by the ECB, the Bank does not consider TLTRO III funding to represent a government grant.

16. Post balance sheet events

There are no post balance sheet events that require disclosure in the Financial Statements.