Barclays Bank Ireland PLC

Interim Report and Condensed Consolidated Financial Statements

30 June 2022

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Notes

The term 'Bank' or 'Barclays Europe' refers to Barclays Bank Ireland PLC. 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' or 'Barclays'.

Unless otherwise stated, the income statement analysis compares the six months ended 30 June 2022 ('H122') to the corresponding six months of 2021 ('H121') and balance sheet analysis is as at 30 June 2022 with comparatives relating to 31 December 2021. 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/latest-financial-results/.

The information in this announcement, which was approved by the Board of Directors on 4 August 2022, 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 2021, 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. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. 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 levels, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including dividend pay-out ratios and expected payment strategies), projected levels of growth in banking and financial markets, projected expenditures, costs or savings, any commitments and targets (including, without limitation, environmental, social and governance ('ESG') commitments and targets), business strategy, plans and objectives for future operations, group structure, IFRS impacts and other statements that are not historical or current facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulation and the interpretation thereof, the development of IFRS and other accounting standards, including evolving practices with regard to the interpretation and application of accounting standards, emerging and developing ESG reporting standards, the outcome of current and future legal proceedings and regulatory investigations and any related impact on 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, environmental, social and geopolitical risks and incidents or similar events beyond the Bank's control, 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; Ireland, EU and global macroeconomic and business conditions; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; changes in valuation of credit market exposures; changes in valuation of issued securities; changes in credit ratings of the Bank or any securities issued by the Bank; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the Russia-Ukraine War on European and global macroeconomic conditions, political stability and financial markets; 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, the EU and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Bank's reputation, business or operations; the Bank's ability to access funding; and the success of 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 or ability to meet commitments and targets 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 2021 Annual Report which is available on Barclays' website at https://home.barclays/investor-relations/.

Subject to Barclays' 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 2022	30 June 2021
	€m	€m
Total income	748	579
Operating expenses	(568)	(509)
Operating profit before impairment (charges) / releases	**180**	**70**
Impairment (charges) / releases on financial instruments	(28)	97
Profit before tax	**152**	**167**
Tax charge	(32)	(31)
Profit after tax	**120**	**136**
Cost:income ratio[1]	**76%**	88%
No. of employees at 30 Jun (full time equivalent)	**1,734**	1,650

Balance sheet information	As at 30.06.2022	As at 31.12.2021
	€bn	€bn
Assets		
Central bank balances	24.8	24.1
Cash collateral and settlement assets	25.8	17.7
Loans and advances to customers	13.5	13.1
Trading portfolio assets	11.6	8.2
Financial assets at fair value through the income statement	21.9	15.4
Derivative financial instrument assets	38.1	33.9
Total assets	**140.6**	117.1
Liabilities		
Deposits from customers	21.8	21.4
Cash collateral and settlement liabilities	29.8	17.1
Trading portfolio liabilities	10.9	10.3
Financial liabilities designated at fair value	24.8	13.8
Derivative financial instrument liabilities	30.4	33.5
Total liabilities	**134.6**	111.2
Total equity	**6.0**	**5.9**

Credit quality:	As at 30.06.2022	As at 31.12.2021
% of loans and advances to customers impaired[2] (%)	3.8%	4.6%
ECL coverage on loans and advances to customers[3] (%)	3.1%	3.3%
ECL coverage on impaired loans and advances to customers[4] (%)	44%	40%

Capital and liquidity metrics[5]	As at 30.06.2022	As at 31.12.2021
Risk weighted assets (bn)[6]	31.7	32.1
Common equity tier 1 ('CET1') (transitional)[7,8] (bn)	5.2	5.2
CET1 (transitional)[8,9,10] (%)	16.5%	16.1%
Total regulatory capital (transitional)[8,10]	21.9%	21.4%
Liquidity pool[11] (€bn)	25.4	25.4
Liquidity coverage ratio ('LCR')[12] (%)	157%	171%
Loan to Deposit ratio[13]	62%	61%

1. Operating expenses divided by total income (see page 28).
2. Stage 3 gross loans and advances to customers divided by total gross loans and advances to customers (see page 6).
3. Total ECL on loans and advances to customers divided by total gross loans and advances to customers (see page 6).
4. Stage 3 ECL on loans and advances to customers divided by stage 3 gross loans and advances to customers (see page 6).
5. Capital and liquidity requirements are part of the regulatory framework governing how banks and depository institutions are supervised.
6. Risk weighted assets ('RWA's) are measured in accordance with the provisions of the CRR, as amended by CRR II and the CRD IV.
7. CET1 is a measure of capital that is predominantly common equity as defined by the CRR, as amended by CRR II.
8. The Bank is now reporting its CET1 and associated ratios inclusive of certain reserves, which amount to €189.5m, as eligible core equity under CRR II. The 31 December 2021 CET1, CET1 ratio and total capital ratio above have been restated accordingly. Excluding these reserves, the 31 December 2021 CET1, CET1 ratio and total capital ratio were €5.0bn, 15.5% and 20.8% respectively.
9. CET1 and CET1 % at 30 June 2022 includes profits for the six months ended 30 June 2022. Excluding these profits, inclusion of which is subject to regulatory approval, the CET1 and CET1 % would be €5.1bn and 16.2% respectively.
10. Capital ratios express a bank's capital as a percentage of its RWAs.
11. 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".
12. 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.
13. Loans and advances to customers divided by deposits from customers (see page 30).

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 regulated European market and, as a result, the Interim Report and Condensed Consolidated Financial Statements are issued in accordance with the requirements for periodic financial information under the Transparency (Directive 2004/109/EC) Regulations 2007, as amended ('Transparency Regulations').

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.

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, Investment Banking and Markets businesses, providing products and services to corporates, financial institutions, governments, supranational organisations and money managers to manage their funding, financing, strategic and risk management needs. CC&P is comprised of Barclays Consumer Bank Europe and the Bank's Private Bank. Barclays Consumer Bank Europe provides credit cards, online loans, instalment purchase-financing, electronic Point of Sale financing and deposits. The Bank's 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.

Income Statement - H122 compared to H121

- The Bank earned an operating profit before impairment (charges)/releases of €180m in H122, an increase of €110m from H121, due to an increase in total income of €169m, partially offset by an increase in costs of €59m.

- The Bank earned a profit before tax of €152m in H122 (H121: €167m). H122 impairment charges were €28m, an increase in H122 compared to impairment releases of €97m in H121.

- Total income increased in H122 by €169m to €748m (H121: €579m), largely reflecting:
  - CIB income increased by €182m or 44% to €597m (H121: €415m), primarily due to:
    - increased trading income in our Rates and Credit businesses within Markets, as a result of significant market volatility and increased client activity; and
    - income growth in our Corporate business, following the roll out of enhanced Transaction Banking capabilities
  - CC&P income increased by €11m or 7% to €178m (H121: €167m), as Consumer Bank Europe continues to recover from the COVID-19 pandemic; partially offset by
  - losses in Head Office, which are primarily driven by Treasury activities, increased by €24m to a loss of €27m (H121: €(3)m), primarily due to a gain recognised in H121 as a result of the re-estimation of cash flows on drawings under the ECB's Targeted Longer Term Refinancing Operations ('TLTRO III').

- Credit impairment charges (net) increased by €125m to a charge of €28m (H121: net release of €97m), driven by a net increase in modelled impairment due to the higher inflation outlook and forecasted interest rate in the H122 scenarios, partially offset by the release of COVID related management judgements.

- Operating expenses increased by €59m to €568m (H121: €509m), primarily due to:
  - CIB costs increased by €75m or 22% to €423m, largely reflecting the investment spend on the growth initiatives underway and higher bank levies;
  - CC&P costs decreased by €11m or 8% to €119m, primarily due to a one-off provision for customer refunds in Germany in H121; and

- a reduction in Head Office costs of €5m to €26m.

- The tax charge for H122 was €32m (H121: €31m), representing an effective tax rate of 21.1% (H121:18.6%). The effective tax rate for H122 was higher than H121, primarily 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, capital and liquidity

30 June 2022 compared to 31 December 2021

- Total assets at 30 June 2022 were €140.6bn, an increase of €23.5bn on Dec 2021 (€117.1bn), driven by increases in cash collateral and settlement balances, financial assets at fair value through the income statement, derivative financial assets and trading portfolio assets.

- The increase in central bank placings by €0.7bn to €24.8bn was primarily driven by an increase in deposits.

- Cash collateral and settlement balances increased by €8.1bn to €25.8bn predominantly due to increased client activity.

- Loans and advances to customers increased by €0.4bn to €13.5bn, primarily due to increased lending within CC&P.

- Trading portfolio assets increased by €3.4bn to €11.6bn predominantly due to increased activity on the back of client demand and market making within the Markets business.

- Financial assets at fair value through the income statement increased by €6.5bn to €21.9bn due to increased secured lending.

- Derivative financial assets increased by €4.2bn to €38.1bn, primarily driven by increase in major interest rates on derivative mark to market values, market volatility and increased activity during the period, partially offset by an amendment to the Clearing Terms of Business ('CToBs') between the Bank and BBPLC which results in the mark to market of cleared derivatives being settled daily by cash payments rather than being collateralised.

- Deposits at amortised cost increased by €1.1bn to €26.7bn (Dec 21: €25.6bn) of which deposits from customers represented €21.8bn (Dec 21: €21.4bn).

- The LCR decreased by 14% to 157% (Dec 21: 171%), primarily driven by an increase in off-balance sheet lending facilities and market funding requirements, partially offset by increased subordinated liabilities.

- The Bank's Net Stable Funding Ratio ('NSFR') at 30 June 2022 was 145%, which is above the regulatory minimum requirement of 100%.

- The Bank's CET1 ratio at 30 June 2022 was 16.5%, which is above regulatory capital minimum requirement of 9.9%, including Pillar 2R and Combined buffer requirements.

- The most recent macroeconomic outlook suggests the concerns over the spread of Covid-19 in major economies have receded and normalisation of customer behaviour has been observed, but uncertainty persists: Russia's invasion of Ukraine is affecting global energy markets and food prices; China's 'zero-COVID' policy is putting pressure on already stretched supply chains; and tight labour markets continue to generate inflationary pressures. Credit deterioration may still occur as emerging supply chain disruption and inflationary pressures may challenge economic stability; and economic consensus may not capture the range of arising economic uncertainty.

- The Bank underwent an ECB Comprehensive Assessment (CA) comprised of an asset quality review and stress test. The CA represents the entrance exam to supervision by the ECB's SSM, which the Bank entered in 2019. The CA has been conducted with reference to the Bank's balance sheet as at 31 December 2020. No capital shortfall was assessed by the ECB under the baseline or adverse scenarios.

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 nine principal risks: credit risk, market risk, treasury and capital risk, climate 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 2021 (pages 22 to 45) 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.

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 30.06.2022		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	4,326	220	8	5	233	196	4,755
Credit cards, unsecured loans and other retail lending	3,781	765	38	31	834	273	4,888
Wholesale loans	3,193	913	14	99	1,026	56	4,275
Loans and advances to customers	11,300	1,898	60	135	2,093	525	13,918
Loans and advances to banks	837	7	—	—	7	—	844
Total[1]	12,137	1,905	60	135	2,100	525	14,762
Impairment allowance							
Home loans	2	16	1	1	18	41	61
Credit cards, unsecured loans and other retail lending	27	107	7	11	125	170	322
Wholesale loans	15	16	—	—	16	19	50
Loans and advances to customers	44	139	8	12	159	230	433
Loans and advances to banks	—	—	—	—	—	—	—
Total[1]	44	139	8	12	159	230	433
Net exposure							
Home loans	4,324	204	7	4	215	155	4,694
Credit cards, unsecured loans and other retail lending	3,754	658	31	20	709	103	4,566
Wholesale loans	3,178	897	14	99	1,010	37	4,225
Loans and advances to customers	11,256	1,759	52	123	1,934	295	13,485
Loans and advances to banks	837	7	—	—	7	—	844
Total[1]	12,093	1,766	52	123	1,941	295	14,329
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	7.3	12.5	20.0	7.7	20.9	1.3
Credit cards, unsecured loans and other retail lending	0.7	14.0	18.4	35.5	15.0	62.3	6.6
Wholesale loans	0.5	1.8	—	—	1.6	33.9	1.2
Loans and advances to customers	0.4	7.3	13.3	8.9	7.6	43.8	3.1
Loans and advances to banks	—	—	—	—	—	—	—
Total[1]	0.4	7.3	13.3	8.9	7.6	43.8	2.9

As at 31.12.2021		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	4,355	473	7	5	485	196	5,036
Credit cards, unsecured loans and other retail lending	3,440	682	25	28	735	288	4,463
Wholesale loans	3,214	383	10	293	686	134	4,034
Loans and advances to customers	11,009	1,538	42	326	1,906	618	13,533
Loans and advances to banks	895	8	—	—	8	—	903
Total[1]	11,904	1,546	42	326	1,914	618	14,436
Impairment allowance							
Home loans	3	38	2	1	41	41	85
Credit cards, unsecured loans and other retail lending	27	100	5	9	114	168	309
Wholesale loans	4	14	—	1	15	37	56
Loans and advances to customers	34	152	7	11	170	246	450
Loans and advances to banks	—	—	—	—	—	—	—
Total[1]	34	152	7	11	170	246	450
Net exposure							
Home loans	4,352	435	5	4	444	155	4,951
Credit cards, unsecured loans and other retail lending	3,413	582	20	19	621	120	4,154
Wholesale loans	3,210	369	10	292	671	97	3,978
Loans and advances to customers	10,975	1,386	35	315	1,736	372	13,083
Loans and advances to banks	895	8	—	—	8	—	903
Total[1]	11,870	1,394	35	315	1,744	372	13,986
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	8.0	28.6	20.0	8.5	20.9	1.7
Credit cards, unsecured loans and other retail lending	0.8	14.7	20.0	32.1	15.5	58.3	6.9
Wholesale loans	0.1	3.7	—	0.3	2.2	27.6	1.4
Loans and advances to customers	0.3	9.9	16.7	3.4	8.9	39.8	3.3
Loans and advances to banks	—	—	—	—	—	—	—
Total[1]	0.3	9.8	16.7	3.4	8.9	39.8	3.1

[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 €26,114m (December 2021: €17,837m) and impairment allowance of €4m (December 2021: €4m). This comprises €nil (December 2021: €nil) impairment allowance on €26,110m (December 2021: €17,833m) Stage 1 assets and €4m (December 2021: €4m) on €4m (December 2021: €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. An explanation of the methodology used to determine credit impairment provisions is included in the Bank's Annual Report 2021 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.

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 2022	4,355	3	485	41	196	41	5,036	85
Transfers from Stage 1 to stage 2	(43)	—	43	—	—	—	—	—
Transfers from Stage 2 to stage 1[1]	276	14	(276)	(14)	—	—	—	—
Transfers to Stage 3	(5)	—	(20)	(3)	25	3	—	—
Transfers from Stage 3	—	—	15	1	(15)	(1)	—	—
Business activity in the period	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes[2]	(159)	(15)	(6)	(6)	(5)	—	(170)	(21)
Final repayments	(98)	—	(8)	(1)	(3)	—	(109)	(1)
Disposals	—	—	—	—	—	—	—	—
Write-off[3]	—	—	—	—	(2)	(2)	(2)	(2)
As at 30 June 2022[4]	4,326	2	233	18	196	41	4,755	61
Credit cards, unsecured loans and other retail lending								
As at 1 January 2022	3,440	27	735	114	288	168	4,463	309
Transfers from Stage 1 to stage 2	(247)	(4)	247	4	—	—	—	—
Transfers from Stage 2 to stage 1[1]	170	32	(170)	(32)	—	—	—	—
Transfers to Stage 3	(20)	(1)	(32)	(10)	52	11	—	—
Transfers from Stage 3	3	3	3	2	(6)	(5)	—	—
Business activity in the period[5]	920	6	18	3	2	2	940	11
Refinements to models used for	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes[2]	(258)	(32)	38	45	(17)	28	(237)	41
Final repayments	(227)	(4)	(5)	(1)	(4)	(1)	(236)	(6)
Disposals[6]	—	—	—	—	(24)	(15)	(24)	(15)
Write-offs[3]	—	—	—	—	(18)	(18)	(18)	(18)
As at 30 June 2022[4]	3,781	27	834	125	273	170	4,888	322
Wholesale loans[7]								
As at 1 January 2022	4,109	4	694	15	134	37	4,937	56
Transfers from Stage 1 to stage 2	(317)	—	317	—	—	—	—	—
Transfers from Stage 2 to stage 1[1]	323	—	(323)	—	—	—	—	—
Transfers to Stage 3	—	—	—	—	—	—	—	—
Transfers from Stage 3	—	—	—	—	—	—	—	—
Business activity in the period[5]	617	2	178	1	—	—	795	3
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes[2]	(326)	9	214	2	(70)	(10)	(182)	1
Final repayments	(376)	—	(10)	(2)	—	—	(386)	(2)
Disposals[6]	—	—	(37)	—	—	—	(37)	—
Write-offs[3]	—	—	—	—	(8)	(8)	(8)	(8)
As at 30 June 2022[4]	4,030	15	1,033	16	56	19	5,119	50

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	837	—	7	—	—	—	844	—
Loans and advance to customers	11,300	44	2,093	159	525	230	13,918	433
	12,137	44	2,100	159	525	230	14,762	433

Reconciliation of ECL movement to credit impairment charge/(release) for the period	€m
Home loans	*(22)*
Credit cards, unsecured loans and other retail lending	*46*
Wholesale loans	*2*
ECL movement excluding assets derecognised due to disposals and write-offs	*26*
Recoveries and reimbursements[8]	(6)
Exchange and other adjustments	2
Impairment charge on loan commitments and financial guarantees	6
Impairment charge on other financial assets[4]	—
Credit impairment charge/ (release) for the period	28

1 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.
2 Financial assets with a loss allowance measured at an amount equal to life time ECL of €13m (H121: €52m) were subject to non-substantial modification during the period, with a resulting loss of €nil (H121: €1m). The gross carrying amount at 30 June 2022 for which the loss allowance has changed to a 12 month ECL during the year amounts to €nil (H121: €nil).
3 In H122, gross write-offs amounted to €28m (H121: €19m) and post write-off recoveries amounted to €nil (H121: €1m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to €28m (H121: €18m).
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 €26,114m (December 2021: €17,837m) and impairment allowance of €4m (December 2021: €4m). This comprises €nil (December 2021: €nil) impairment allowance on €26,110m (December 2021: €17,833m) Stage 1 assets and €4m (December 2021: €4m) on €4m (December 2021: €4m) Stage 3 other assets.
5 Business activity in the period reported within Credit cards, unsecured loans and other retail lending portfolio and Wholesale loans does not include additional drawdowns on the existing facility which are reported under "Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes".
6 The €24m disposal reported within Credit cards, unsecured loans and other retail lending portfolio and the €37m disposal reported within Wholesale loans relates to debts sales undertaken during the year.
7 Includes loans and advances to banks of €906m in Stage 1 (December 2021: €895m) and €6m in Stage 2 (December 2021: €8m).
8 Recoveries and reimbursements includes a net gain in relation to reimbursements from financial guarantee contracts held with third parties through Barclays Bank PLC of €6m (H121 loss: €12m) and post write off recoveries of €nil (H121: €1m).

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 2022	5,393	—	291	—	14	—	5,698	—
Net transfers between stages	3	—	(4)	—	1	—	—	—
Business activity in the year	370	—	3	—	—	—	373	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(91)	—	(18)	—	(3)	—	(112)	—
Limit management and final repayments	(2)	—	—	—	—	—	(2)	—
As at 30 June 2022	5,673	—	272	—	12	—	5,957	—
Wholesale loans								
As at 1 January 2022	21,572	18	2,621	9	70	—	24,263	27
Net transfers between stages	159	5	(159)	(5)	—	—	—	—
Business activity in the year	2,767	1	576	2	1	—	3,344	3
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	336	1	(146)	3	57	—	247	4
Limit management and final repayments	(871)	—	(191)	(2)	(4)	—	(1,066)	(2)
As at 30 June 2022	23,963	25	2,701	7	124	—	26,788	32

There were no loan commitments or financial guarantees for home loans during 2022.

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 30.06.22		As at 31.12.21	
	Management adjustments to impairment allowances	Proportion of total impairment allowances	Management adjustments to impairment allowances	Proportion of total impairment allowances
	€m	%	€m	%
Home loans	5	8.2	32	37.6
Credit cards, unsecured loans and other retail lending	24	7.5	54	17.5
Wholesale loans	22	26.8	15	18.1
Total	**51**	**11.0**	**101**	**21.2**

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

Management adjustments to models are presented by product below:[1]

	Impairment allowance pre management adjustments[2]	Economic uncertainty adjustments (a)	Other adjustments (b)	Total management adjustments (a+b)	Total impairment allowance[3]
As at 30.06.2022	€m	€m	€m	€m	€m
Home loans	56	5	—	5	61
Credit cards, unsecured loans and other retail lending	298	2	22	24	322
Wholesale loans	60	22	—	22	82
Total	**414**	**29**	**22**	**51**	**465**

	Impairment allowance pre management adjustments[2]	Economic uncertainty adjustments (a)	Other adjustments (b)	Total management adjustments (a+b)	Total impairment allowance[3]
As at 31.12.2021	€m	€m	€m	€m	€m
Home loans	53	32	—	32	85
Credit cards, unsecured loans and other retail lending	255	35	19	54	309
Wholesale loans	68	13	2	15	83
Total	**376**	**80**	**21**	**101**	**477**

1 Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.
2 Includes €350m (December 2021: €292m) of modelled ECL and €64m (December 2021: €84m) of individually assessed impairments
3 Total impairment allowance consists of ECL stock on drawn and undrawn exposures.

Economic uncertainty adjustments

Throughout the COVID-19 pandemic in 2020 and 2021, macroeconomic forecasts anticipated lasting impacts to unemployment levels and customer and client stress. However, the most recent macroeconomic outlook suggests the concerns over the spread of Covid-19 in major economies have receded and normalisation of customer behaviour has been observed, but uncertainty persists: Russia's invasion of Ukraine is affecting global energy markets and food prices; China's 'zero-COVID' policy is putting pressure on already stretched supply chains; and tight labour markets continue to generate inflationary pressures. Credit deterioration may still occur as emerging supply chain disruption and inflationary pressures may challenge economic stability; and economic consensus may not capture the range of arising economic uncertainty.

Given this backdrop, management has recognised economic uncertainty adjustments to modelled outputs to address these sources of uncertainties and ensure that the potential impacts of stress are provided for. This uncertainty continues to be captured in two distinct ways. Firstly, customer uncertainty: the identification of customers and clients who may be more vulnerable to the emerging economic instability; and secondly, model uncertainty: to capture the impact from model limitations and sensitivities to specific macroeconomic parameters which are applied at a portfolio level.

The economic uncertainty adjustments of €29m (2021: €80m) include customer and client uncertainty provisions of €22m (2021: €46m) and model uncertainty provisions of €7m (2021: €34m).

a. **Customer and client uncertainty provisions** comprise an adjustment of €22m (2021: €46m) which has been applied to customers and clients considered potentially vulnerable to the emerging economic instability in light of inflationary and supply chain concerns. This adjustment is split between Wholesale loans of €20m (2021: €11m) and Credit cards, unsecured loans and other retail lending of €2m (2021: €35m). The reduction in the Credit cards, unsecured loans and other retail lending-related adjustment is due to unwind of COVID related expert judgments and the model responding to the inflation outlook reflecting refreshed scenarios. An increase in Wholesale loans is due to re-defining of possible high risk sectors with new emerging risk.

b. **Model uncertainty provisions** of €7m (2021: €34m) informed by modelled provisions following the updated Q222 scenario.

Other adjustments:

Other adjustments are operational in nature and are expected to remain in place until they can be corrected in the underlying models. These adjustments result from data limitations and model performance related issues identified through established governance processes. Material adjustments comprise an adjustment of €19m in Credit cards, unsecured loans and other retail lending reflecting the impact of the definition of default change which is predominantly driven by the consumer portfolio in Germany. Further, it includes an adjustment for model inaccuracies informed by model monitoring.

Measurement uncertainty

Management has applied economic uncertainty and other adjustments to modelled ECL outputs. Economic uncertainty adjustments have been applied to customers and clients considered most vulnerable to rising costs and supply chain disruption. As a result, ECL is higher than would be the case if it was based on forecast economic scenarios alone.
The measurement of modelled ECL involves complexity and judgement, including estimation of probabilities of default ('PD'), loss given default ('LGD'), a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default ('EAD') and assessing significant increases in credit risk. 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 designed to reflect plausible upside risks to the Baseline scenario which are broadly consistent with the economic narrative approved by the Barclays Internal Senior Scenario Review Committee. All scenarios are regenerated at a minimum semi-annually. The scenarios include key economic variables, (including GDP, unemployment, House Price Index ('HPI') and base rates in the Eurozone, UK and US markets), 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 seven years.

Scenarios used to calculate the Bank's ECL charge were refreshed in Q222. The current Baseline scenario reflects the latest consensus economic forecasts. Unemployment rates remain low, close to current levels. As inflation expectations drift higher, central banks tighten monetary policy sharply. In 2023, the ECB Refi Rate peaks at 2.0%. Rising borrowing charges and falling real wages subtract from growth through lower investment and household consumption. In the Downside 2 scenario, with inflation expectations rising, the central banks have to raise interest rates very sharply. The ECB Refi Rate reaches 3.5% in Q223. Higher borrowing costs derail the economy and unemployment peaks in Q124 at 8.0% in Germany, 14.5% in Italy and 9.2% in the UK. Given already stretched valuations, the sharp increase in mortgage servicing costs sees house prices decrease very sharply. In the Upside 2 scenario, supply disruptions get resolved, while the aggregate demand is supported by a release of household savings. GDP growth accelerates. Recovering labour force participation limits domestic inflationary pressures, while lower energy prices add some downward pressure on prices globally.

The methodology for estimating probability weights used in calculating ECL involves simulating a range of future paths for GDP using historical data. The five scenarios are mapped against the distribution of these future paths, with the median centred around the Baseline such that scenarios further from the Baseline attract a lower weighting. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios and weights that are used in the ECL estimation are also used for Barclays' internal planning purposes. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables. For example, mortgages are highly sensitive to house prices; credit cards and unsecured consumer loans are highly sensitive to unemployment.

The decrease in the Upside scenario weightings and increase in the Baseline weighting were driven by: (i) continued growth in GDP which resulted in a narrower fan of future GDP paths; and (ii) generally less favourable GDP projections across scenarios, increasing the distance between Upside 2 and Baseline scenario paths. For further details see page 19.

COVID-19 related expert judgements have reduced significantly, the impact of which was partially offset by provisions for customers and clients considered most vulnerable to rising costs and supply chain disruption. The economic uncertainty adjustments of €29m (FY21: €80m) have been applied as overlays to the modelled ECL output. These adjustments consist of a customer and client uncertainty provision of €22m (FY21: €46m) and a model uncertainty provision of €7m (FY21: €34m). For further details, see pages 11-12.

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

Baseline average economic variables used in the calculation of ECL

As at 30.06.2022	2022 %	2023 %	2024 %	2025 %	2026 %
Italy GDP[1]	3.2	2.0	2.0	2.0	2.0
Italy unemployment[2]	8.7	8.6	8.6	8.6	8.6
Italy HPI[3]	1.1	(0.3)	0.1	0.2	0.3
Germany GDP[1]	2.3	2.5	2.7	2.8	2.8
Germany unemployment[4]	3.1	2.8	2.8	2.8	2.8
Germany HPI[5]	4.8	3.8	4.1	4.2	4.3
EA GDP[1,11]	2.9	2.3	2.3	2.4	2.4
EU unemployment[6]	6.2	6.2	6.1	6.0	6.0
ECB Refi	0.2	1.6	2.0	2.0	1.8
UK GDP[1]	3.9	1.7	1.6	1.6	1.6
UK unemployment[7]	4.0	4.1	3.9	3.9	3.9
UK HPI[8]	4.3	1.0	2.2	2.5	2.8
UK bank rate	1.5	2.7	2.4	2.1	2.0
US GDP[1]	3.3	2.2	2.1	2.1	2.1
US unemployment[9]	3.6	3.5	3.5	3.5	3.5
US HPI[10]	4.1	3.4	3.4	3.4	3.4
US federal funds rate	1.5	3.2	2.9	2.7	2.5

As at 31.12.21	2021 %	2022 %	2023 %	2024 %	2025 %
Italy GDP[1]	6.4	4.7	2.2	1.9	1.9
Italy unemployment[2]	9.8	9.4	9.1	9.1	9.1
Italy HPI[3]	1.9	1.5	0.1	(0.2)	(0.2)
Germany GDP[1]	2.6	3.9	2.1	2.0	2.0
Germany unemployment[4]	3.8	3.5	3.2	3.2	3.2
Germany HPI[5]	5.7	3.8	3.1	2.9	2.9
EA GDP[1,11]	5.3	4.4	2.3	2.1	2.1
EU unemployment[6]	7.1	6.8	6.3	6.2	6.1
ECB Refi	—	—	0.3	0.3	0.3
UK GDP[1]	6.2	4.9	2.3	1.9	1.7
UK unemployment[7]	4.8	4.7	4.5	4.3	4.2
UK HPI[8]	4.7	1.0	1.9	1.9	2.3
UK bank rate	0.1	0.8	1.0	1.0	0.8
US GDP[1]	5.5	3.9	2.6	2.4	2.4
US unemployment[9]	5.5	4.2	3.6	3.6	3.6
US HPI[10]	11.8	4.5	5.2	4.9	5.0
US federal funds rate	0.2	0.3	0.9	1.2	1.3

Downside 2 average economic variables used in the calculation of ECL

As at 30.06.2022	2022 %	2023 %	2024 %	2025 %	2026 %
Italy GDP[1]	2.1	(5.8)	(0.7)	6.0	4.2
Italy unemployment[2]	9.7	13.2	13.9	11.9	11.0
Italy HPI[3]	(5.4)	(19.7)	(2.2)	11.3	5.4
Germany GDP[1]	0.9	(6.8)	(1.7)	4.7	2.8
Germany unemployment[4]	4.0	6.9	7.4	5.6	4.7
Germany HPI[5]	(5.8)	(17.5)	3.9	14.9	8.4
EA GDP[1,11]	1.7	(6.5)	(2.0)	5.2	3.7
EU unemployment[6]	7.2	10.0	10.4	8.7	8.1
ECB Refi	0.4	3.2	3.0	2.4	2.3
UK GDP[1]	3.1	(4.8)	(0.4)	4.3	3.6
UK unemployment[7]	5.2	8.4	8.6	6.8	5.9
UK HPI[8]	0.2	(26.2)	(3.6)	17.9	10.2
UK bank rate	1.8	4.7	4.3	2.6	2.3
US GDP[1]	2.4	(4.1)	(0.2)	3.4	2.7
US unemployment[9]	4.6	8.0	9.0	7.1	5.8
US HPI[10]	(0.2)	(11.7)	(0.2)	5.5	3.5
US federal funds rate	1.8	4.8	4.6	3.6	3.0

As at 31.12.21	2021 %	2022 %	2023 %	2024 %	2025 %
Italy GDP[1]	6.4	0.2	(4.6)	4.5	6.1
Italy unemployment[2]	9.8	11.6	14.1	12.8	11.3
Italy HPI[3]	1.9	(14.3)	(2.2)	4.9	1.7
Germany GDP[1]	2.6	0.2	(3.2)	3.6	4.1
Germany unemployment[4]	3.8	5.7	7.7	6.4	5.1
Germany HPI[5]	5.7	(9.6)	4.3	4.9	4.9
EA GDP[1,11]	5.3	(0.1)	(3.6)	4.0	5.0
EU unemployment[6]	7.1	8.7	10.6	9.4	8.2
ECB Refi	—	1.4	2.4	1.7	1.5
UK GDP[1]	6.2	0.2	(4.0)	2.8	4.3
UK unemployment[7]	4.8	7.2	9.0	7.6	6.3
UK HPI[8]	4.7	(14.3)	(21.8)	11.9	15.2
UK bank rate	0.1	2.2	3.9	3.1	2.2
US GDP[1]	5.5	(0.8)	(3.5)	2.5	3.2
US unemployment[9]	5.5	6.4	9.1	8.1	6.4
US HPI[10]	11.8	(6.6)	(9.0)	5.9	6.7
US federal funds rate	0.2	2.1	3.4	2.6	2.0

Downside 1 average economic variables used in the calculation of ECL

As at 30.06.2022	2022 %	2023 %	2024 %	2025 %	2026 %
Italy GDP[1]	2.7	(2.0)	0.7	4.0	3.1
Italy unemployment[2]	9.2	10.9	11.2	10.2	9.7
Italy HPI[3]	(2.2)	(10.4)	(1.0)	5.7	2.9
Germany GDP[1]	1.6	(1.9)	0.4	3.6	2.8
Germany unemployment[4]	3.6	5.0	5.2	4.3	3.8
Germany HPI[5]	(0.5)	(6.3)	4.0	8.6	6.1
EA GDP[1,11]	2.3	(1.8)	0.4	3.8	3.0
EU unemployment[6]	6.7	8.1	8.3	7.4	7.1
ECB Refi	0.3	2.4	2.3	2.2	2.0
UK GDP[1]	3.5	(1.6)	0.6	3.0	2.6
UK unemployment[7]	4.6	6.2	6.2	5.3	4.9
UK HPI[8]	2.3	(13.2)	(0.8)	10.0	6.5
UK bank rate	1.6	3.8	3.4	2.4	2.0
US GDP[1]	2.7	(1.0)	1.1	2.9	2.5
US unemployment[9]	4.1	5.7	6.2	5.3	4.6
US HPI[10]	1.9	(4.4)	1.6	4.4	3.4
US federal funds rate	1.7	3.9	3.8	3.2	2.8

As at 31.12.21	2021 %	2022 %	2023 %	2024 %	2025 %
Italy GDP[1]	6.4	2.4	(1.2)	3.2	4.0
Italy unemployment[2]	9.8	10.7	11.9	11.2	10.5
Italy HPI[3]	1.9	(6.6)	(1.0)	2.3	0.7
Germany GDP[1]	2.6	2.0	(0.5)	2.8	3.0
Germany unemployment[4]	3.8	4.6	5.4	4.8	4.2
Germany HPI[5]	5.7	(3.1)	3.7	3.9	3.9
EA GDP[1,11]	5.3	2.2	(0.7)	3.1	3.6
EU unemployment[6]	7.1	7.7	8.4	7.8	7.2
ECB Refi	—	0.8	1.3	1.0	1.0
UK GDP[1]	6.2	2.8	(0.7)	2.3	2.9
UK unemployment[7]	4.8	6.2	6.8	6.0	5.3
UK HPI[8]	4.7	(6.8)	(10.5)	6.9	8.6
UK bank rate	0.1	1.6	2.7	2.3	1.6
US GDP[1]	5.5	1.6	(0.4)	2.4	2.7
US unemployment[9]	5.5	5.4	6.6	6.1	5.2
US HPI[10]	11.8	(1.2)	(2.1)	4.8	5.2
US federal funds rate	0.2	1.3	2.3	2.1	1.8

Upside 2 average economic variables used in the calculation of ECL

As at 30.06.22	2022 %	2023 %	2024 %	2025 %	2026 %
Italy GDP[1]	4.2	6.1	4.4	2.8	2.6
Italy unemployment[2]	8.5	8.1	8.1	8.1	8.1
Italy HPI[3]	2.5	4.5	2.5	1.1	1.0
Germany GDP[1]	3.4	6.6	4.2	3.3	3.2
Germany unemployment[4]	3.0	2.6	2.6	2.6	2.6
Germany HPI[5]	5.9	7.3	5.9	4.9	4.8
EA GDP[1,11]	4.0	6.4	4.1	2.6	2.6
EU unemployment[6]	6.2	6.0	5.9	5.8	5.8
ECB Refi	—	0.6	0.8	0.8	0.8
UK GDP[1]	5.0	5.2	3.1	2.4	2.0
UK unemployment[7]	3.8	3.7	3.6	3.6	3.6
UK HPI[8]	6.5	11.2	6.2	4.7	3.7
UK bank rate	1.2	1.5	1.4	1.3	1.3
US GDP[1]	4.0	4.9	3.6	3.4	3.4
US unemployment[9]	3.4	3.0	3.1	3.1	3.1
US HPI[10]	5.4	5.5	4.6	4.5	4.5
US federal funds rate	1.1	2.2	1.9	1.7	1.5

As at 31.12.21	2021 %	2022 %	2023 %	2024 %	2025 %
Italy GDP[1]	6.4	7.3	5.4	3.5	2.6
Italy unemployment[2]	9.8	9.2	8.8	8.8	8.8
Italy HPI[3]	1.9	4.7	4.8	2.5	2.0
Germany GDP[1]	2.6	7.3	5.4	3.0	2.2
Germany unemployment[4]	3.8	3.3	3.1	3.1	3.1
Germany HPI[5]	5.7	5.5	5.5	4.3	4.0
EA GDP[1,11]	5.3	7.3	5.4	3.1	2.6
EU unemployment[6]	7.1	6.4	6.2	6.1	6.0
ECB Refi	—	—	0.1	0.1	0.1
UK GDP[1]	6.2	7.2	4.0	2.7	2.1
UK unemployment[7]	4.8	4.5	4.1	4.0	4.0
UK HPI[8]	4.7	8.5	9.0	5.2	4.2
UK bank rate	0.1	0.2	0.5	0.5	0.3
US GDP[1]	5.5	5.3	4.1	3.5	3.4
US unemployment[9]	5.5	3.9	3.4	3.3	3.3
US HPI[10]	11.8	10.6	8.5	7.2	6.6
US federal funds rate	0.2	0.3	0.4	0.7	1.0

Upside 1 average economic variables used in the calculation of ECL

As at 30.06.22	2022 %	2023 %	2024 %	2025 %	2026 %
Italy GDP[1]	3.7	4.0	3.2	2.4	2.3
Italy unemployment[2]	8.6	8.4	8.3	8.3	8.3
Italy HPI[3]	1.9	2.4	0.9	0.7	0.7
Germany GDP[1]	2.9	4.6	3.5	3.2	3.2
Germany unemployment[4]	3.0	2.7	2.7	2.7	2.7
Germany HPI[5]	5.5	5.8	4.7	4.5	4.5
EA GDP[1,11]	3.5	4.4	3.3	2.6	2.5
EU unemployment[6]	6.2	6.1	6.0	6.0	5.9
ECB Refi	0.2	1.1	1.4	1.4	1.3
UK GDP[1]	4.5	3.5	2.4	2.0	1.8
UK unemployment[7]	3.9	3.8	3.8	3.8	3.8
UK HPI[8]	5.4	6.3	4.1	3.6	3.2
UK bank rate	1.3	2.0	1.6	1.5	1.5
US GDP[1]	3.7	3.7	3.0	2.9	2.9
US unemployment[9]	3.5	3.2	3.3	3.3	3.3
US HPI[10]	4.7	4.4	4.0	3.9	3.9
US federal funds rate	1.3	2.4	2.2	1.9	1.8

As at 31.12.21	2021 %	2022 %	2023 %	2024 %	2025 %
Italy GDP[1]	6.4	6.0	3.8	2.7	2.3
Italy unemployment[2]	9.8	9.3	8.9	8.9	8.9
Italy HPI[3]	1.9	3.1	2.5	1.1	0.9
Germany GDP[1]	2.6	5.6	3.7	2.5	2.1
Germany unemployment[4]	3.8	3.4	3.2	3.2	3.2
Germany HPI[5]	5.7	4.6	4.3	3.6	3.5
EA GDP[1,11]	5.3	5.9	3.8	2.6	2.3
EU unemployment[6]	7.1	6.6	6.2	6.1	6.1
ECB Refi	—	—	0.1	0.2	0.3
UK GDP[1]	6.2	6.0	3.1	2.3	1.9
UK unemployment[7]	4.8	4.6	4.3	4.2	4.1
UK HPI[8]	4.7	5.0	5.0	3.9	3.3
UK bank rate	0.1	0.6	0.8	0.8	0.5
US GDP[1]	5.5	4.6	3.4	2.9	2.9
US unemployment[9]	5.5	4.0	3.5	3.5	3.5
US HPI[10]	11.8	8.3	7.0	6.0	5.7
US federal funds rate	0.2	0.3	0.6	1.0	1.1

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 30.06.22					
Scenario probability weighting	**14.0**	**25.6**	**37.8**	**15.2**	**7.4**
As at 31.12.21					
Scenario probability weighting	20.9	27.2	30.1	14.8	7.0

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 2020 for disclosures as at 31 December 2021 and 31 December 2021 for disclosures as at 30 June 2022).

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

As at 30.06.2022	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
Italy GDP[2]	20.2	15.0	2.2	(2.6)	(8.4)
Italy unemployment[3]	8.1	8.3	8.6	11.5	14.5
Italy HPI[4]	12.9	7.7	0.3	(13.3)	(26.1)
Germany GDP[2]	22.6	18.7	2.6	(2.1)	(9.7)
Germany unemployment[3]	2.6	2.7	2.8	5.5	8.0
Germany HPI[4]	32.3	27.7	4.3	(6.8)	(22.8)
EA GDP[2,8]	20.2	16.4	2.5	(2.1)	(9.5)
EU unemployment[3]	5.8	5.9	6.1	8.6	11.1
ECB Refi[3]	—	—	1.5	2.5	3.5
UK GDP[2]	16.8	12.8	2.1	(1.1)	(5.9)
UK unemployment[3]	3.6	3.8	4.0	6.6	9.2
UK HPI[4]	36.7	24.8	2.6	(13.6)	(30.8)
UK bank rate[3]	0.8	0.8	2.1	4.0	5.0
US GDP[2]	20.2	16.1	2.4	(0.5)	(5.0)
US unemployment[3]	3.0	3.2	3.5	6.5	9.5
US HPI[4]	27.0	22.9	3.5	(2.6)	(13.4)
US federal funds rate[3]	0.3	0.3	2.6	4.1	5.0
As at 31.12.21					
Italy GDP[2]	26.0	21.0	3.4	0.2	(1.3)
Italy unemployment[3]	8.8	8.9	9.3	12.1	14.5
Italy HPI[4]	17.2	10.7	0.6	(5.8)	(14.6)
Germany GDP[2]	20.4	16.0	2.5	(2.0)	(3.1)
Germany unemployment[3]	3.1	3.2	3.4	5.6	8.0
Germany HPI[4]	27.7	23.7	3.7	1.5	(4.5)
EA GDP[2,8]	24.0	19.6	3.2	(0.3)	(1.6)
EU unemployment[3]	6.0	6.0	6.5	8.6	10.9
ECB Refi[3]	—	—	0.2	1.3	2.5
UK GDP[2]	21.4	18.3	3.4	(1.6)	(1.6)
UK unemployment[3]	4.0	4.1	4.5	7.0	9.2
UK HPI[4]	35.7	23.8	2.4	(12.7)	(29.9)
UK bank rate[3]	0.1	0.1	0.7	2.8	4.0
US GDP[2]	22.8	19.6	3.4	1.5	(1.3)
US unemployment[3]	3.3	3.5	4.1	6.8	9.5
US HPI[4]	53.3	45.2	6.2	2.2	(5.0)
US federal funds rate[3]	0.1	0.1	0.8	2.3	3.5

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]

As at 30.06.2022	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
Italy GDP[5]	4.0	3.1	2.2	1.7	1.1
Italy unemployment[6]	8.2	8.4	8.6	10.2	11.9
Italy HPI[7]	2.3	1.3	0.3	(1.2)	(2.7)
Germany GDP[5]	4.1	3.5	2.6	1.3	(0.1)
Germany unemployment[6]	2.7	2.7	2.8	4.4	5.7
Germany HPI[7]	5.8	5.0	4.3	2.3	0.1
EA GDP[5,8]	3.9	3.3	2.5	1.5	0.3
EU unemployment[6]	5.9	6.0	6.1	7.5	8.9
ECB Refi[6]	0.6	1.1	1.5	1.8	2.2
UK GDP[5]	3.5	2.8	2.1	1.6	1.1
UK unemployment[6]	3.7	3.8	4.0	5.5	7.0
UK HPI[7]	6.4	4.5	2.6	0.6	(1.5)
UK bank rate[6]	1.3	1.6	2.1	2.7	3.1
US GDP[5]	3.9	3.2	2.4	1.6	0.8
US unemployment[6]	3.1	3.3	3.5	5.2	6.9
US HPI[7]	4.9	4.2	3.5	1.4	(0.8)
US federal funds rate[6]	1.7	1.9	2.6	3.1	3.6
As at 31.12.21					
Italy GDP[5]	5.0	4.2	3.4	2.9	2.4
Italy unemployment[6]	9.1	9.2	9.3	10.8	11.9
Italy HPI[7]	3.2	1.9	0.6	(0.6)	(1.9)
Germany GDP[5]	4.1	3.3	2.5	2.0	1.4
Germany unemployment[6]	3.3	3.3	3.4	4.5	5.7
Germany HPI[7]	5.0	4.3	3.7	2.8	1.8
EA GDP[5,8]	4.7	4.0	3.2	2.6	2.1
EU unemployment[6]	6.4	6.4	6.5	7.7	8.8
ECB Refi[6]	0.1	0.1	0.2	0.8	1.4
UK GDP[5]	4.4	3.9	3.4	2.7	1.8
UK unemployment[6]	4.3	4.4	4.5	5.8	7.0
UK HPI[7]	6.3	4.4	2.4	0.3	(2.0)
UK bank rate[6]	0.3	0.5	0.7	1.7	2.3
US GDP[5]	4.4	3.9	3.4	2.4	1.3
US unemployment[6]	3.9	4.0	4.1	5.7	7.1
US HPI[7]	8.9	7.7	6.2	3.6	1.4
US federal funds rate[6]	0.5	0.6	0.8	1.5	2.1

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 Q122 (2021: Q121).
2 Maximum growth relative to Q421 (2021: Q420), based on 20 quarter period in Upside scenarios; 5-year yearly average Compound Annual Growth Rate ('CAGR') in Baseline; minimum growth relative to Q421 (2021: Q420), 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 Q421 (2021: Q420), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q421 (2021: Q420), based on 20 quarter period in Downside scenarios.
5 5-year yearly average CAGR, starting 2021 (2021: 2020).
6 5-year average. Period based on 20 quarters from Q122 (2021: Q121).
7 5-year quarter end CAGR, starting Q421 (2021: Q420).
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 30.06.22			Half year ended 31.12.21			Half year ended 30.06.21		
	Average €m	High €m	Low €m	Average €m	High €m	Low €m	Average €m	High €m	Low €m
Credit risk	**1.23**	**2.17**	**0.63**	0.99	1.82	0.57	0.90	1.36	0.44
Interest rate risk	**1.44**	**3.50**	**0.48**	0.80	2.58	0.21	0.72	1.98	0.29
Equity risk	**0.06**	**0.20**	**0.03**	0.05	0.09	0.02	0.09	0.13	0.05
Basis risk	**0.39**	**0.79**	**0.21**	0.33	0.57	0.19	0.40	0.63	0.18
Spread risk	**1.74**	**3.08**	**0.78**	1.18	1.88	0.42	1.27	2.79	0.61
Foreign exchange risk	**0.17**	**0.42**	**0.03**	0.23	0.41	0.11	0.13	0.33	0.03
Commodity risk	**0.05**	**0.37**	**—**	—	—	—	—	—	—
Inflation risk	**0.75**	**2.54**	**0.16**	0.08	0.25	0.02	0.03	0.20	0.01
Diversification effect[1]	**(3.09)**	**n/a**	**n/a**	(1.96)	n/a	n/a	(1.90)	n/a	n/a
Total management VaR	**2.74**	**5.28**	**1.57**	1.70	3.25	0.77	1.64	3.18	0.89

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.

Average management VAR increased 61% to €2.74m (H221: €1.70m). Market conditions exhibited volatility which provided good trading opportunities for the Markets businesses and as a result and so it was decided to prudently increase VaR to capture these (as is reflected in the financial results).

Treasury and Capital risk

Funding and liquidity

Overview

The liquidity pool remained at €25.4bn (December 2021: €25.4bn) driven by increased customer deposit balances and subordinated liabilities 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 2022, 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 30.06.22	As at 31.12.21
	€m	€m
Liquidity pool[1]	25,403	25,445
	%	%
Liquidity coverage ratio	157	171

[1] Comprises of €24.2bn (December 2021: €23.4bn) of balances with central banks and €1.2bn (December 2021: €2.0bn) 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 157% (Dec 21: 171%) is primarily driven by an increase in off balance sheet lending facilities and markets funding requirements partially offset by increased subordinated liabilities.

As at 30 June 2022, the Bank's NSFR stood at 145% (December 2021: 148%) which was above the regulatory minimum requirement under CRR II. 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.

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 50% transitional relief throughout 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 remained in place until 31 March 2022, banks could 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 2022[3], the Bank complied with its externally imposed minimum capital requirements. The movement in capital ratios is attributable to the increase in capital and the reduction in Risk Weighted Assets (RWAs) over the period.

Capital ratios[1,2]	As at 30.06.2022[3,4]	As at 31.12.2021[4]
CET1	16.5%	16.1%
Tier 1 ('T1')	19.1%	18.6%
Total regulatory capital	**21.9%**	21.4%

Capital resources	As at 30.06.2022[3,4]	As at 31.12.2021[4]
	€m	€m
CET1 capital	5,242	5,182
T1 capital	6,047	5,987
Total regulatory capital	6,935	6,867
Total RWAs[1]	**31,699**	32,120

CRR leverage ratio[1]	As at 30.06.2022[3,4]	As at 31.12.2021[4]
	€m	€m
CRR leverage ratio - fully phased	5.1%	6.6%
T1 capital - fully phased	6,007	5,935
CRR leverage exposure	119,024	89,957

1. Capital, RWAs and leverage are calculated applying the IFRS 9 arrangements of CRR as amended by CRR II applicable as at the reporting date.
2. The fully loaded CET1 ratio was 16.4%, with €5.2bn of CET1 capital and €31.7bn 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 as at 30 June 2022 have been presented including the benefit of the retained profit in the period. Under Article 26 (2) of the CRR, financial institutions may include independently verified interim profits in their regulatory capital only with the prior permission of the competent authority, namely the ECB, and such permission is being sought.
4. From 30 June 2022, the Bank is reporting its CET1 and associated ratios inclusive of certain reserves, which amount to €189.5m, eligible as core equity under CRR2. The 31 December 2021 capital's and leverage ratios above have been restated accordingly.

Statement of Directors' Responsibilities

The Directors (the names of whom are set out below) 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 consolidated set of financial statements included within the interim financial report, the directors are required to:

- prepare and present the condensed consolidated 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 2019;
- ensure the condensed consolidated set of financial statements has adequate disclosures;
- select and apply appropriate accounting policies;
- make accounting estimates that are reasonable in the circumstances; and
- assess the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

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 consolidated and company set of financial statements included within the interim financial report of Barclays Bank Ireland PLC for the six months ended 30 June 2022 ('the interim financial information') which comprises the condensed consolidated and company income statement, condensed consolidated and company statement of comprehensive income, condensed consolidated and company balance sheet, condensed consolidated and company statement of changes in equity, condensed consolidated and company 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 consolidated and company 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 4 August 2022 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
		Thomas Huertas
		Eoin O'Driscoll

Conclusion

We have been engaged by Barclays Bank Ireland Plc ('the Bank') to review the Bank's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated and company income statement, condensed consolidated and company statement of comprehensive income, condensed consolidated and company balance sheet, condensed consolidated and company statement of changes in equity, condensed consolidated and company cash flow statement and a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects in accordance with International Accounting Standard 34 Interim Financial Reporting ('IAS 34') as adopted by the EU and the Transparency (Directive 2004/109/EC) Regulations 2007 ('Transparency Directive'), and the Central Bank (Investment Market Conduct) Rules 2019 ('Transparency Rules of the Central Bank of Ireland').

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Bank ('ISRE (Ireland) 2410') issued for use in Ireland. 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 half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated 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.

Conclusions relating to going concern

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

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

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 1, the annual financial statements of the Bank for the year ended 31 December 2021 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

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

Our responsibility

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

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

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 Directive and the Transparency Rules of the Central Bank of Ireland. 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.

KPMG

KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5

4 August 2022

Condensed Consolidated and Company income statement (unaudited)

	Notes[1]	Half year ended 30.06.22 €m	Half year ended 30.06.21 €m
Interest income		327	301
Interest expense		(179)	(148)
Net interest income		**148**	**153**
Fee and commission income		599	435
Fee and commission expense		(172)	(76)
Net fee and commission income	**3**	**427**	**359**
Net trading income		193	80
Net investment expense		(20)	(13)
Total income		**748**	**579**
Impairment (charges)/ releases on financial instruments[2]		(28)	97
Operating income after impairment (charges)/releases		**720**	**676**
Staff costs		(228)	(201)
Infrastructure costs		(41)	(36)
Administration and general expenses		(299)	(272)
Operating expenses		**(568)**	**(509)**
Profit before tax		152	167
Taxation	4	(32)	(31)
Profit after tax		**120**	**136**
Attributable to:			
Ordinary shareholders		98	117
Other equity instrument holders		22	19
Profit after tax		**120**	**136**

1. *For notes to the Condensed Financial Statements see pages 33 to 46.*
2. *For impairment disclosures, see Credit risk section on pages 6 to 21.*

Condensed Consolidated and Company statement of comprehensive income (unaudited)

	Notes[1]	Half year ended 30.06.22	Half year ended 30.06.21
		€m	€m
Profit after tax		**120**	**136**
Other comprehensive loss that may be recycled to profit or loss[2]			
Currency translation movements		(1)	—
Cash flow hedging reserve	10	(91)	(5)
Other comprehensive loss that may be recycled to profit or loss from continuing operations		**(92)**	**(5)**
Other comprehensive income/(loss) not recycled to profit or loss from continuing operations[2]			
Retirement benefit remeasurements	16	16	1
Own credit	10	78	(49)
Other comprehensive income/(loss) not recycled to profit or loss		**94**	**(48)**
Total comprehensive income for the year		**122**	83
Attributable to:			
Ordinary shareholders		100	64
Other equity instrument holders		22	19
Total comprehensive income for the year		**122**	**83**

1. *For notes to the Condensed Financial Statements see pages 33 to 46.*
2. *Reported net of tax.*

Condensed Consolidated and Company balance sheet (unaudited)

	Notes[1]	As at 30.06.2022 €m	As at 31.12.2021 €m
Assets			
Cash and balances at central banks		24,756	24,125
Cash collateral and settlement balances		25,821	17,651
Loans and advances to banks		844	903
Loans and advances to customers		13,485	13,083
Reverse repurchase agreements and other similar secured lending		3,276	3,228
Trading portfolio assets		11,608	8,204
Financial assets at fair value through the income statement		21,862	15,352
Derivative financial instruments		38,095	33,875
Intangible assets		59	59
Property, plant and equipment		102	90
Current tax assets		8	27
Deferred tax assets	4	174	178
Retirement benefit assets	16	8	—
Other assets		495	337
Total assets		**140,593**	117,112
Liabilities			
Deposits from banks		4,985	4,252
Deposits from customers		21,764	21,382
Cash collateral and settlement balances		29,778	17,125
Repurchase agreements and other similar secured borrowing	15	4,377	3,596
Debt securities in issue		3,222	3,397
Subordinated liabilities	7	3,472	3,171
Trading portfolio liabilities		10,878	10,286
Financial liabilities designated at fair value		24,763	13,843
Derivative financial instruments		30,397	33,517
Current tax liabilities		39	32
Deferred tax liabilities	4	1	—
Retirement benefit obligation	16	15	21
Other liabilities		834	512
Provisions	8	70	79
Total liabilities		**134,595**	111,213
Equity			
Called up share capital and share premium	9	3,247	3,247
Other equity instruments	9	805	805
Other reserves	10	(210)	(196)
Retained earnings		2,156	2,043
Total equity		**5,998**	5,899
Total liabilities and equity		**140,593**	117,112

1. *For notes to the Condensed Financial Statements see pages 33 to 46.*

Condensed Consolidated and Company statement of changes in equity (unaudited)

Half year ended 30.06.22	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 2022	**3,247**	**805**	**(196)**	**2,043**	**5,899**
Profit after tax	—	22	—	98	120
Currency translation movements	—	—	(1)	—	(1)
Cash flow hedges	—	—	(91)	—	(91)
Retirement benefit remeasurement	—	—	—	16	16
Own credit reserve	—	—	78	—	78
Total comprehensive income for the year	**—**	**22**	**(14)**	**114**	**122**
Other equity instruments coupons paid	—	(22)	—	—	(22)
Other movements	—	—	—	(1)	(1)
Balance as at 30 June 2022	**3,247**	**805**	**(210)**	**2,156**	**5,998**
Half year ended 31.12.21					
Balance as at 1 July 2021	**2,662**	**665**	**(186)**	**1,960**	**5,101**
Profit after tax	—	21	—	78	99
Cash flow hedges	—	—	(9)	—	(9)
Retirement benefit remeasurement	—	—	—	5	5
Own credit reserve	—	—	(1)	—	(1)
Total comprehensive income for the year	**—**	**21**	**(10)**	**83**	**94**
Issue of new ordinary shares	585	—	—	—	585
Issue of other equity instruments	—	140	—	—	140
Other equity instruments coupon paid	—	(21)	—	—	(21)
Balance as at 31 December 2021	**3,247**	**805**	**(196)**	**2,043**	**5,899**
Half year ended 30.06.21					
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)
Other movements	—	—	—	(1)	(1)
Balance as at 30 June 2021	**2,662**	**665**	**(186)**	**1,960**	**5,101**

1. Details of share capital, other equity instruments and other reserves are shown on page 42.

Condensed Consolidated and Company cash flow statement (unaudited)

	Half year ended 30.06.22 €m	Half year ended 30.06.21 €m
Profit before tax	152	167
Adjustment for non-cash items	23	(155)
Net increase in loans and advances at amortised cost	(388)	(575)
Net increase in deposits at amortised cost	1,115	41
Net (decrease)/increase in debt securities in issue	(175)	690
Changes in other operating assets and liabilities	(373)	(710)
Corporate income tax received/(paid)	3	(33)
Net cash from operating activities	**357**	**(575)**
Net cash from investing activities	**(22)**	**(11)**
Net cash from financing activities[1]	**279**	**1,921**
Net increase in cash and cash equivalents	**614**	**1,335**
Cash and cash equivalents at beginning of the period	24,447	20,335
Cash and cash equivalents at end of the period2	**25,061**	**21,670**

1. Net cash from financing activities of €279m is mainly comprised of proceeds from the issuance of subordinated debt €300m less coupons paid of €22m on other equity instruments.

2. Cash and cash equivalents at end of the period primarily represents cash and balances at central banks of €24,756m and loans and advances to banks with a maturity less than three months of €305m.

3. The Bank is required to maintain balances with central banks and other regulatory authorities. These amounted to €611m and are included within cash and cash equivalents.

Financial Statement Notes

1. Basis of preparation

These condensed consolidated and company interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007), as amended ('Transparency Regulations') and the Central Bank (Investment Market Conduct) Rules and IAS 34, Interim Financial Reporting, as adopted by the EU. These consolidated and company 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 2021 were approved by the Board of Directors on 9 March 2022, 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 23 March 2022.

The accounting policies and methods of computation used in these condensed consolidated and company interim financial statements are the same as those used in the Bank's Annual Report 2021. The annual financial statements of the Bank for the year ended 31 December 2021 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

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 have 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.

2. Other disclosures

The Credit risk disclosures on pages 6 to 21 form part of these interim financial statements.

3. Approval of financial statements

The Board of Directors approved the interim financial statements on 4 August 2022.

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 €15m (H121: €7m).

Analysis of results by business

	Corporate and Investment Bank €m	Consumer, Cards and Payments €m	Head Office €m	Total €m
Half year ended 30.06.22				
Net interest income/(expense)	45	157	(54)	148
Other income	552	21	27	600
Total income	597	178	(27)	748
Impairment charges/(releases) on financial instruments	(1)	(47)	20	(28)
Net operating income/(loss)	596	131	(7)	720
Operating costs	(423)	(119)	(26)	(568)
Profit/(loss) before tax	173	12	(33)	152
As at 30.06.22				
Total assets (€bn)	102	5	34	141
Total liabilities (€bn)	115	3	17	135

	Corporate and Investment Bank €m	Consumer, Cards and Payments €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 releases 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 31.12.21				
Total assets (€bn)	80	4	33	117
Total liabilities (€bn)	92	4	15	111

Income by geographic region[1]

	Half year ended 30.06.22 €m	Half year ended 30.06.21 €m
Ireland	173	103
Germany	242	222
Italy	75	49
France	187	139
Spain	33	41
Netherlands	7	8
Sweden	26	11
Other	5	6
Total	748	579

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 30.06.22	Corporate and Investment Bank €m	Consumer, Cards and Payments €m	Head Office €m	Total €m
Fee type				
Transactional	26	21	—	47
Advisory	79	4	—	83
Brokerage and execution	21	1	—	22
Underwriting and syndication	103	—	—	103
Service fees from affiliates	139	—	—	139
Other	9	5	10	24
Total revenue from contracts with customers	**377**	**31**	**10**	**418**
Other non-contract fee income	181	—	—	181
Fee and commission income	**558**	**31**	**10**	**599**
Fee and commission expense-non affiliates	(18)	(11)	—	(29)
Fee and commission expense-affiliates	(143)	—	—	(143)
Fee and commission expense	**(161)**	**(11)**	**—**	**(172)**
Net fee and commission income	**397**	**20**	**10**	**427**

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**

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 investment banking advisory and wealth management 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 H122 was €32m (H121: €31m), representing an effective tax rate of 21.1% (H121: 18.6%). The effective tax rate for H122 was higher than H121 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.

In October 2021, the OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting announced plans to introduce a global minimum tax rate of 15%. The model rules were released by the OECD in December 2021 with further guidance published in March 2022. The EU is currently yet to fully adopt the global minimum tax regime. In March 2022 it was announced that when the EU Directive is agreed, the implementation date will apply for accounting periods beginning on or after 31 December 2023. The Bank is reviewing the published OECD model rules and guidance and will review further guidance, as well as new legislation to be released by governments implementing this new tax regime, as it is published to assess the potential impact of new legislation.

Deferred tax assets

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

	As at 30.06.2022 €m	As at 31.12.2021 €m
Spain	**71**	71
Germany	**69**	69
Ireland	**24**	22
France	**10**	16
Deferred tax assets	**174**	**178**
Deferred tax liabilities	**(1)**	—

5. Dividends on ordinary shares

No ordinary dividend was paid or proposed in H122 or 2021.

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 2021, 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 30.06.2022	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Trading portfolio assets	1,302	10,116	190	11,608
Financial assets at fair value through the income statement	—	21,512	350	21,862
Derivative financial instruments	—	37,834	261	38,095
Total assets	1,302	69,462	801	71,565
Trading portfolio liabilities	(1,098)	(9,780)	—	(10,878)
Financial liabilities designated at fair value	—	(24,739)	(24)	(24,763)
Derivative financial instruments	—	(30,161)	(236)	(30,397)
Total liabilities	(1,098)	(64,680)	(260)	(66,038)

Assets and liabilities held at fair value

As at 31.12.2021	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Trading portfolio assets	620	7,534	50	8,204
Financial assets at fair value through the income statement	—	15,002	350	15,352
Derivative financial instruments	—	33,740	135	33,875
Total assets	620	56,276	535	57,431
Trading portfolio liabilities	(773)	(9,509)	(4)	(10,286)
Financial liabilities designated at fair value	—	(13,843)	—	(13,843)
Derivative financial instruments	—	(33,463)	(54)	(33,517)
Total liabilities	(773)	(56,815)	(58)	(57,646)

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 30.06.2022		As at 31.12.2021	
	Assets	Liabilities	Assets	Liabilities
	€m	€m	€m	€m
Interest rate derivatives	81	(49)	97	(9)
Foreign exchange derivatives	178	(169)	34	(41)
Credit derivatives	2	(18)	4	(4)
Government and Government sponsored debt	2	—	—	—
Corporate debt	5	—	—	(4)
Certificates of deposit, commercial paper and other money market instruments	—	(24)	—	—
Asset backed loans	327	—	326	—
Asset backed securities	23	—	24	—
Non asset backed loans	183	—	50	—
Total	**801**	**(260)**	535	(58)

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 ended December 2021: 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.

Analysis of movements in Level 3 assets and liabilities

						Total gains and (losses) in the period recognised in the income statement		Total gains or (losses)	Transfers		
	As at 01.01.22	Purchases	Sales	Issues	Settlements	Trading income	Investment income	recognised in OCI	In	Out	As at 30.06.22
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Government & Government sponsored debt	—	1	—	—	—	—	—	—	1	—	2
Corporate debt	—	5	—	—	—	—	—	—	—	—	5
Non asset backed loans	50	133	—	—	—	—	—	—	—	—	183
Trading portfolio assets	**50**	**139**	—	—	—	—	—	—	**1**	—	**190**
Asset backed loans	326	4	—	—	(11)	—	8	—	—	—	327
Asset backed securities	24	—	—	—	—	(1)	—	—	—	—	23
Financial assets at fair value through the income statement	**350**	**4**	—	—	**(11)**	**(1)**	**8**	—	—	—	**350**
Trading portfolio liabilities	**(4)**	—	—	—	—	—	—	—	—	**4**	—
Financial liabilities designated at fair value	—	—	—	—	—	—	—	—	**(24)**	—	**(24)**
Interest rate derivatives	88	—	—	—	—	(20)	—	—	(41)	5	32
Foreign exchange derivatives	(7)	1	—	—	(9)	8	—	—	6	10	9
Credit derivatives	—	—	—	—	—	(9)	—	—	(7)	—	(16)
Net derivative financial instruments	**81**	**1**	—	—	**(9)**	**(21)**	—	—	**(42)**	**15**	**25**
Total	**477**	**144**	—	—	**(20)**	**(22)**	**8**	—	**(65)**	**19**	**541**

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

						Total gains and (losses) in the period recognised in the income statement		Total gains or (losses)	Transfers		
	As at 01.01.21	Purchases	Sales	Issues	Settlements	Trading income	Investment income	recognised in OCI	In	Out	As at 30.06.21
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Corporate debt	—	1	—	—	—	—	—	—	—	—	1
Non asset backed loans	76	—	(76)	—	—	—	—	—	—	—	—
Trading portfolio assets	**76**	**1**	**(76)**	—	—	—	—	—	—	—	**1**
Asset backed loans	357	255	—	—	(29)	—	2	—	—	—	585
Financial assets at fair value through the income statement	**357**	**255**	—	—	**(29)**	—	**2**	—	—	—	**585**
Corporate debt	—	(2)	—	—	—	—	—	—	—	—	(2)
Trading portfolio liabilities	—	**(2)**	—	—	—	—	—	—	—	—	**(2)**
Total	**433**	**254**	**(76)**	—	**(29)**	—	**2**	—	—	—	**584**

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.

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 30.06.2022			As at 30.06.2021		
	Income statement			Income statement		
	Trading income	Investment income	Total	Trading income	Investment income	Total
	€m	€m	€m	€m	€m	€m
Financial assets at fair value through the income statement	(1)	8	7	—	2	2
Net derivative financial instruments	(21)	—	(21)	—	—	—
Total	(22)	8	(14)	—	2	2

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 30.06.2022		As at 31.12.2021	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	€m	€m	€m	€m
Interest rate derivatives	1	(1)	1	(1)
Credit derivatives	2	(2)	1	—
Asset backed loans	26	(34)	18	(18)
Non asset backed loans	8	(8)	1	(1)
Total	37	(45)	21	(20)

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 €37m (December 2021: €21m) or to decrease fair values by up to €45m (December 2021: €20m) 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 2021.

Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	As at 30.06.2022	As at 31.12.2021
	€m	€m
Exit price adjustments derived from market bid-offer spreads	(24)	(11)
Uncollateralised derivative funding	(1)	(5)
Derivative credit valuation adjustments	(39)	(21)
Derivative debit valuation adjustments	18	6

- Exit price adjustments derived from market bid-offer spreads increased by €13m to €24m principally due to an increase in risk.
- Uncollateralised derivative funding decreased by €4m to €1m as a result of reduction in uncollateralised funding exposure due to increases in interest rates which offset the impact of wider funding spreads
- Derivative credit valuation adjustments increased by €18m to €39m principally as a result of a widening in input counterparty credit spreads in Q2.
- Derivative debit valuation adjustments increased by €12m to €18m as a result of widening in input own 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 2021 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 30.06.22		As at 31.12.21	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m	€m	€m	€m
Financial assets				
Loans and advances to banks	**844**	**844**	903	903
Loans and advances to customers	**13,485**	**13,006**	13,083	12,467
Reverse repurchase agreements and other similar secured lending	**3,276**	**3,276**	3,228	3,228
Financial liabilities				
Deposits from banks	**(4,985)**	**(4,985)**	(4,252)	(4,252)
Deposits from customers	**(21,764)**	**(21,764)**	(21,382)	(21,382)
Repurchase agreements and other similar secured borrowing	**(4,377)**	**(4,377)**	(3,596)	(3,596)
Debt securities in issue	**(3,222)**	**(3,222)**	(3,397)	(3,397)
Subordinated liabilities	**(3,472)**	**(3,248)**	(3,171)	(3,278)

7. Subordinated liabilities

	Half year ended 30.06.22	Year ended 31.12.21
	€m	€m
As at 1 January	**3,171**	1,061
Issuance	**300**	2,310
Redemption	**—**	(200)
Other	**1**	—
Closing balance	**3,472**	3,171

Issuances comprise a €300m Euribor Tier 3 intra-group loan from Barclays Bank PLC.

Other movements comprise accrued interest.

Financial Statement Notes

8. Provisions

	As at 30.06.22 €m	As at 31.12.21 €m
Undrawn contractually committed facilities and guarantees	**32**	27
Sundry and other provisions	**28**	30
Redundancy and restructuring	**5**	10
Legal, competition and regulatory matters	**4**	3
Potential customer refunds[1]	**1**	9
Total	**70**	79

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

9. Called up share capital and other equity

Ordinary shares

As at 30 June 2022 the issued ordinary share capital of the Bank comprised 899m (December 2021: 899m) ordinary shares of €1 each. During H122, there were no issuances or redemptions.

Other equity instruments

Other equity instruments of €805m (December 2021: €805m) is comprised of AT1 securities issued by the Bank and purchased by BB PLC. There have been no issuances or redemptions during 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 prior regulatory consent.

10. Other reserves

	As at 30.06.22 €m	As at 31.12.21 €m
Cash flow hedging reserve	**(105)**	(14)
Own credit reserve	**(59)**	(137)
Other reserves and other shareholders' equity	**(46)**	(45)
Total	**(210)**	(196)

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 include currency translation reserve, 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 and financial guarantees	As at 30.06.22 €m	As at 31.12.21 €m
Guarantees and letters of credit pledged as collateral security	**2,564**	2,519
Performance guarantees, acceptances and endorsements	**1,776**	1,540
Total	**4,340**	4,059

Commitments		
Documentary credits and other short-term trade related transactions	**81**	145
Standby facilities, credit lines and other commitments	**31,431**	27,280
Total	**31,512**	27,425

The table includes Loan commitments and guarantees carried at fair value of €3,107m (December 2021: €1,523m).

Further details on contingent liabilities, where it is not practicable to disclose an estimate of the potential financial effect on the Bank relating to legal and competition and regulatory matters can be found in Note 12.

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 material 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 2022 were similar in nature to those disclosed in the Bank's 2021 Annual Report.

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

	Half year ended 30.06.22		Half year ended 30.06.21	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	€m	€m	€m	€m
Total income	169	32	157	20
Operating expenses	(2)	(177)	(4)	(154)

	As at 30.06.22		As at 31.12.21	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	€m	€m	€m	€m
Total assets	11,598	7,480	13,935	3,255
Total liabilities	23,821	7,943	17,601	3,968

At 30 June 2022, the Bank benefits from collateralised financial guarantees from its parent totalling €8,532m (December 2021: €9,570m).

Except for the above, no related party transactions that have taken place in the half year ended 30 June 2022 have materially affected the financial position or performance of the Bank during this period.

Total assets and liabilities with the parent and fellow subsidiaries comprise:

	As at 30.06.22	As at 31.12.21
	€m	€m
Cash collateral and settlement balances	7,108	2,392
Loans and advances at amortised cost	469	522
Reverse repurchase agreements and other similar secured lending	3,276	3,228
Financial assets at fair value through the income statement	6,582	5,932
Derivative financial instruments	1,485	4,963
Other assets	158	154
Total assets with parents and fellow subsidiaries	19,078	17,191
Deposits at amortised cost	3,132	2,580
Cash collateral and settlements balances	7,478	1,923
Repurchase agreements and other similar secured borrowing	1,464	680
Debt securities in issue	1,500	1,500
Subordinated liabilities	3,472	3,171
Financial liabilities designated at fair value	13,990	7,000
Derivative financial instruments	517	4,644
Other liabilities	212	73
Total liabilities with parents and fellow subsidiaries	31,765	21,571

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 became a priority for global regulators. The FCA and other global regulators instructed market participants to prepare for the cessation of GBP, EUR, CHF, JPY LIBOR and the 1-week and 2-month USD settings of LIBOR after the end of 2021. The remaining USD LIBOR settings are scheduled to cease immediately after 30 June 2023.

How the Barclays Group is managing the transition to alternative benchmark rates

Barclays established a Group-wide LIBOR Transition Programme, further detail which is available in the Barclays Bank Ireland PLC Annual Report 2021 (page 170). This Programme oversaw transition for GBP, EUR and CHF LIBOR exposures and continues to work to transition the remaining unremediated exposures off synthetic rates, in addition to overseeing USD LIBOR transition in preparation for the 30 June 2023 cessation of the publication of USD LIBOR.

The majority of exposures have now transitioned off of LIBOR and good progress has been made with the unremediated exposures reported at year-end 2021. A small residual population of contracts remain unremediated at the end of H1 2022. The majority of these have now reset onto GBP Synthetic LIBOR rates. Barclays continue to work with clients to bilaterally transition these trades.

The Barclays Group-wide LIBOR Transition Programme has also commenced focus on the transition of USD LIBOR exposures impacted by the 30 June 2023 cessation timeline. As with GBP, EUR, CHF and USD LIBOR transition approaches will vary by product and nature of counterparty. H122 saw focused efforts to transition uncommitted lending exposure with further wide scale client engagement for other products due to commence in H222. Both active conversion of exposures and inclusion of fallback provisions will be leveraged for bilateral derivative and non-derivatives products. For cleared derivatives, Barclays is working with central clearing counterparties ('CCPs') on transition which is expected to follow a market wide, standardised approach to reform similar to the CCP-led conversions in 2021.

The Bank met the Q121 Federal Reserve Bank of New York milestone to cease new use of USD LIBOR, with limited exceptions. The Bank has put in place controls so that any exceptions or exemptions are approved.

15. Repurchase agreements and other similar secured borrowing

Repurchase agreements and other similar secured borrowing of €4,377m at 30 June 2022 (31 December 2021: €3,596m) includes €2,913m (31 December 2021: €2,917m) 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 was 0.50% below the average interest rate on the ECB deposit facility over the period from 24 June 2020 to 23 June 2022, and can be as low as the average interest rate on the deposit facility during the rest of the life of the respective TLTRO III transaction.

This reduced interest rate is subject to the achievement of predefined lending performance thresholds during the period from 1 March 2020 to 31 March 2021 (first special reference period) and from 1 October 2020 to 31 December 2021 (second special reference period). The Bank achieved the predefined lending performance threshold during the first and second special reference period and, as a result, in accordance with IFRS 9, recorded income adjustments of €nil during the six months ended 30 June 2022 (€21m during the six months ended 30 June 2021 and a total of €35m during the year ended 31 December 2021) to reflect changes in effective interest rate ('EIR'), while on an ongoing basis continued to accrue the position at the day 1 EIR rate of -41 bps, earning income of €6m during the six months ended 30 June 2022 (30 June 2021: €5m).

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

16. Retirement benefits

As a result of the significant movements in inflation and discount rates during Q2 2022, the Bank has included updated valuations of the Bank's pension scheme assets and liabilities as at 30 June 2022 for the Bank's two most material pension schemes (Ireland and Germany) which resulted in a movement through OCI of €16m. These changes resulted in a retirement benefit asset in the Irish scheme of €8m (31 December 2021: retirement benefit obligation of €4m) and a retirement benefit obligation in the German scheme of €11m (31 December 2021: retirement benefit obligation of €12m).

17. Post balance sheet events

The Bank underwent an ECB Comprehensive Assessment (CA) comprised of an asset quality review and stress test. The CA represents the entrance exam to supervision by the ECB's SSM, which the Bank entered in 2019. The CA has been conducted with reference to the Bank's balance sheet as at 31 December 2020. No capital shortfall was assessed by the ECB under the baseline or adverse scenarios.