

Barclays Bank Ireland PLC

**Interim Report and
Condensed Consolidated Financial
Statements**

30 June 2023

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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 2023 ('H123') to the corresponding six months of 2022 ('H122') and balance sheet analysis is as at 30 June 2023 with comparatives relating to 31 December 2022. 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 2 August 2023, 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 2022, which contained an unmodified statutory auditor report under Section 391 of the Companies Act 2014, have been delivered to the Registrar of Companies in accordance with Part 6 of the Companies Act 2014.

Forward-looking statements

This document contains certain forward-looking statements with respect to the Bank. The Bank cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Bank (including during management presentations) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Bank's future financial position, income levels, costs, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including dividend policy and share buybacks), return on tangible equity, projected levels of growth in banking and financial markets, industry trends, any commitments and targets (including environmental, social and governance ('ESG') commitments and targets), business strategy, plans and objectives for future operations 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, changes in IFRS and other accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; the 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 and similar events beyond the Bank's control; the impact of competition; capital, leverage and other regulatory rules applicable to past, current and future periods; Eurozone and global macroeconomic and business conditions, including inflation; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; higher or lower asset valuations; changes in credit ratings of the Bank or any securities issued by it; 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 any disruption that may subsequently result in 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 factors are beyond the Bank's control. As a result, the Bank's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the 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 2022 Annual Report, which is available on Barclays' website at <https://home.barclays/investor-relations/>.

Subject to Barclays Bank Ireland PLC's 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.

Financial Review

Overview

Barclays Bank Ireland PLC (the 'Bank', 'BBI' or the 'Company') 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 term Barclays refers to either B PLC or, depending on the context, the Barclays Group as a whole.

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 securities listed on regulated European markets 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, which apply to the Bank.

The Bank is the primary legal entity within the Barclays Group serving Barclays European Economic Area ('EEA') clients, with branches in Belgium, France, Germany, Italy, Luxembourg, the 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 Private Bank offers investment solutions, banking and credit capabilities to meet the needs of our clients across the EEA.

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

Barclays Bank Ireland PLC results

	For the half year ended 30.06.23	For the half year ended 30.06.22
	€m	€m
Income statement information		
Total income	871	748
Operating expenses	(615)	(568)
Profit before impairment	256	180
Credit impairment charges	(37)	(28)
Profit before tax	219	152
Tax charge	(45)	(32)
Profit after tax	174	120
Cost:income ratio ¹ (%)	71%	76%
No. of employees at 30 Jun (full time equivalent)	1,796	1,734

Financial Review

	As at 30.06.2023	As at 31.12.2022
	€bn	€bn
Balance sheet information		
Assets		
Cash and balances at central banks	29.2	30.5
Cash collateral and settlement balances	22.5	18.5
Debt securities at amortised cost	1.7	0.1
Loans and advances to banks	1.3	1.4
Loans and advances to customers	13.8	13.9
Trading portfolio assets	13.4	7.7
Financial assets at fair value through the income statement	31.1	17.2
Derivative financial instrument assets	37.0	40.4
Other assets	2.6	2.8
Total assets	152.6	132.5
Liabilities		
Deposits from banks	3.7	3.6
Deposits from customers	29.8	25.8
Cash collateral and settlement liabilities	27.9	24.7
Trading portfolio liabilities	17.1	12.9
Subordinated liabilities	4.8	4.7
Financial liabilities designated at fair value	27.8	14.9
Derivative financial instrument liabilities	28.7	32.5
Other liabilities	6.0	6.9
Total liabilities	145.8	126.0
Total equity	6.8	6.5
Credit quality:		
	As at 30.06.2023	As at 31.12.2022
% of loans and advances to customers impaired ² (%)	3.6%	4.2%
ECL coverage on loans and advances to customers ³ (%)	3.5%	3.7%
ECL coverage on impaired loans and advances to customers ⁴ (%)	44%	43%
Capital and liquidity metrics⁵		
	As at 30.06.2023	As at 31.12.2022
Risk weighted assets ⁶ (€bn)	35.5	35.2
Common equity tier 1 ('CET1') (transitional) ⁷ (€bn)	5.9	5.9
CET1 ratio (transitional) ^{8,9} (%)	16.7%	16.7%
Total regulatory capital (transitional) ⁹ (%)	22.4%	22.4%
CRR Leverage ratio (transitional) ⁸ (%)	5.1%	5.8%
Liquidity pool ¹⁰ (€bn)	33.2	30.7
Liquidity coverage ratio ('LCR') ¹¹ (%)	176%	194%
Net stable funding ratio ('NSFR') ¹² (%)	143%	149%
Loan to Deposit ratio ¹³ (%)	46%	54%

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 8).

3 Total ECL on loans and advances to customers divided by total gross loans and advances to customers (see page 8).

4 ECL on stage 3 loans and advances to customers divided by gross stage 3 loans and advances to customers (see page 8).

5 Capital and liquidity requirements are part of the regulatory framework governing how banks and depository institutions are supervised.

6 Risk weighted assets ('RWAs') are measured in accordance with the provisions of the Capital Requirements Regulation ('CRR') and the Capital Requirements Directive IV ('CRD IV') as amended by the Capital Requirements Regulation II ('CRR II') and the Capital Requirements Directive V ('CRD V').

7 CET1 is a measure of capital that is predominantly common equity as defined by the CRR, as amended by CRR II.

8 As at 30 June 2023, CET1 capital, the CET1 ratio and the CRR Leverage ratio include profits for the six months ended 30 June 2023. Excluding these profits, inclusion of which is subject to regulatory approval, CET1 capital, the CET1 ratio and CRR Leverage ratio would have been €5.8bn, 16.3% and 4.9%, respectively.

9 Capital ratios express a bank's capital as a percentage of its RWAs.

10 The Bank's liquidity pool represents its stock of high quality liquid assets ('HQLA's'), which are highly liquid and of high credit quality, as defined by Commission delegated Regulation (EU) 2015/61, commonly referred to as the "Delegated Act".

11 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.

12 The net stable funding ratio expresses a bank's available stable funding as a % of its required stable funding.

13 Loans and advances to customers divided by deposits from customers (see page 30).

Financial Review

Income Statement H123 compared to H122

- The Bank earned an operating profit before impairment charges of €256m in H123, an increase of €76m from H122, due to an increase in total income of €123m, partially offset by an increase in costs of €47m. H123 impairment charges were €37m, an increase of €9m compared to impairment charges of €28m in H122, with the Bank earning a profit before tax of €219m in H123 (H122: €152m).
- Total income increased in H123 by €123m to €871m (H122: €748m), largely reflecting:
 - CIB income increased by €94m or 15.7% to €691m (H122: €597m), primarily due to growth in our Corporate business, coupled with the beneficial impact of the rising interest rate environment. Markets income was broadly in line with prior year and Banking income declined, primarily reflecting lower income within our Advisory Business.
 - CC&P income increased by €22m or 12.4% to €200m (H122: €178m), driven by Consumer Bank Europe growth and competitive product offerings and the continued delivery and growth in Private Bank deposit book;
partially offset by
 - losses in Head Office, which are primarily driven by Treasury activities, decreased by €7m to a loss of €20m (H122: €27m).
- Operating expenses increased by €47m to €615m (H122: €568m), primarily due to investment expense on growth initiatives in CIB and CC&P and inflation related increases to staff costs.
- Credit impairment charges increased by €9m to €37m (H122: €28m), reflecting the continuing normalisation of charges, partially offset by the updated macroeconomic scenarios.
- The tax charge for H123 was €45m (H122: €32m), representing an effective tax rate of 20.5% (H122: 21.1%). The effective tax rate for H123 was lower than H122, primarily due to changes in the levels and geographic mix of profits earned across the jurisdictions in which the Bank operates where different statutory tax rates are in force.

Balance sheet 30 June 2023 compared to 31 December 2022

- Total assets at 30 June 2023 were €152.6bn, an increase of €20.1bn on Dec 2022 (€132.5bn), primarily driven by increases in financial assets at fair value through the income statement and trading portfolio assets.
- Cash and balances at central banks decreased by €1.3bn to €29.2bn, primarily due to the investment of an element of the Bank's liquidity pool in debt securities at amortised cost.
- Cash collateral and settlement balances increased by €4.0bn to €22.5bn, predominantly due to increased client activity.
- Debt securities at amortised cost increased by €1.6bn to €1.7bn, driven by the investment of an element of the Bank's liquidity pool in debt securities.
- Loans and advances to customers decreased by €0.1bn to €13.8bn, primarily due to repayments and portfolio run off in the Bank's Italian mortgage portfolio, partially offset by increased lending within CIB.
- Trading portfolio assets increased by €5.7bn to €13.4bn, primarily driven by market making activity to meet client demand within the Markets business.
- Financial assets at fair value through the income statement increased by €13.9bn to €31.1bn, driven by increased secured lending. Financial liabilities designated at fair value increased by €12.9bn to €27.8bn, driven by increased secured borrowing.
- Derivative financial assets and liabilities decreased by €3.4bn to €37.0bn and €3.8bn to €28.7 respectively, driven by reduced volatility in FX markets and interest rate curves.
- Deposits at amortised cost increased by €4.0bn to €33.5bn, of which deposits from customers increased by €4.0bn to €29.8bn, driven by an increase in short-term money market deposits.

Financial Review

Capital and liquidity

30 June 2023 compared to 31 December 2022

- During the period, the Bank has issued additional share capital, together with associated share premium, to its parent, totalling €150m, to support further growth in the business.
- The Bank's CET1 ratio at 30 June 2023 was 16.7% (Dec 22: 16.7%), which is above the regulatory capital minimum requirement.
- The LCR decreased by 18% to 176% (Dec 22: 194%) due to an increase in short term deposits, which, although placed with central banks, has the mathematical effect of reducing the liquidity coverage ratio (see page 23).
- The Bank's Net Stable Funding Ratio ('NSFR') at 30 June 2023 was 143% (Dec 22: 149%), which is above the regulatory minimum requirement of 100%.

Risk Management

Risk management and principal risks

The roles and responsibilities of the business groups, Risk and Compliance in the management of risk in the 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, compliance risk, reputation risk and legal risk. Further detail on the Bank's principal risks and previously identified material existing and emerging risks and how such risks are managed is available in the Bank's Annual Report 2022 (pages 32 to 56), which can be accessed at [home.barclays/annualreport](https://www.barclays.com/annualreport). Other than the changes set out in the paragraph below, there have been no significant changes to these principal risks or previously identified material existing and emerging risks in the period.

In Q223, the 'Conduct risk' principal risk was expanded to include "Laws, Rules and Regulations ('LRR') Risk" and consequently renamed 'compliance risk'. Reflecting this, the definition of compliance risk is: 'The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the firm's products and services (also known as 'Conduct Risk') and the risk to Bank, its clients, customers or markets from a failure to comply with the laws, rules and regulations applicable to the firm (also known as Laws, Rules and Regulations Risk, 'LRR Risk').' The definition of the 'legal risk' principal risk was updated to: 'The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet applicable laws, rules and regulations or contractual requirements or to assert or defend its intellectual property rights.' The revised framework has been in force from June 2023.

The following section gives an overview of credit risk, market risk and treasury and capital risk for the period.

Credit risk

Taskforce on Disclosures about Expected Credit Losses ('DECL')

The latest DECL III Taskforce recommendation for the minimum product groupings has been adopted in the credit risk performance section for this period and the prior period comparatives have been aligned accordingly. The Bank intends to adopt further enhancements in the credit risk performance section for future periods.

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 gross loans and advances to the extent that the allowance does not exceed the drawn exposure and 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 30.06.2023	Stage 2					Total	Stage 3	Total ¹
	Stage 1	Not past due	<=30 days past due	>30 days past due	Total			
	€m	€m	€m	€m	€m	€m	€m	
Gross exposure								
Retail mortgages	3,624	275	17	14	306	194	4,124	
Retail credit cards	1,143	1,073	31	18	1,122	102	2,367	
Retail other	2,149	251	8	21	280	99	2,528	
Corporate loans	4,986	715	68	139	922	127	6,035	
Debt securities and other ²	2,272	4	—	—	4	—	2,276	
Total	14,174	2,318	124	192	2,634	522	17,330	
Impairment allowance								
Retail mortgages	4	20	3	2	25	50	79	
Retail credit cards	8	125	5	5	135	75	218	
Retail other	19	29	2	8	39	73	131	
Corporate loans	10	21	5	1	27	32	69	
Debt securities and other ²	—	—	—	—	—	—	—	
Total	41	195	15	16	226	230	497	
Net exposure								
Retail mortgages	3,620	255	14	12	281	144	4,045	
Retail credit cards	1,135	948	26	13	987	27	2,149	
Retail other	2,130	222	6	13	241	26	2,397	
Corporate loans	4,976	694	63	138	895	95	5,966	
Debt securities and other ²	2,272	4	—	—	4	—	2,276	
Total	14,133	2,123	109	176	2,408	292	16,833	
Coverage ratio	%	%	%	%	%	%	%	
Retail mortgages	0.1	7.3	17.6	14.3	8.2	25.8	1.9	
Retail credit cards	0.7	11.6	16.1	27.8	12.0	73.5	9.2	
Retail other	0.9	11.6	25.0	38.1	13.9	73.7	5.2	
Corporate loans	0.2	2.9	7.4	0.7	2.9	25.2	1.1	
Debt securities and other ²	—	—	—	—	—	—	—	
Total	0.3	8.4	12.1	8.3	8.6	44.1	2.9	

Credit risk

Loans and advances at amortised cost	Stage 1			Stage 2			Stage 3			Total ¹		
	Gross €m	ECL €m	Coverage %	Gross €m	ECL €m	Coverage %	Gross €m	ECL €m	Coverage %	Gross €m	ECL €m	Coverage %
Loans and advances to Customers	11,152	41	0.4	2,622	226	8.6	520	228	43.8	14,294	495	3.5
Loans and advances to Banks	1,329	—	—	8	—	—	2	2	100.0	1,339	2	0.1
Debt Securities at amortised cost	1,693	—	—	4	—	—	—	—	—	1,697	—	—
Total	14,174	41	0.3	2,634	226	8.6	522	230	44.1	17,330	497	2.9

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 €22,784m and an impairment allowance of €4m. This comprises €nil impairment allowance on €22,780m Stage 1 assets and €4m impairment allowance on €4m Stage 3 other assets.

2 Predominantly includes debt securities within Head Office (Treasury) and Corporate and Investment Bank (CIB). These have a total gross exposure of €1,697m and an impairment allowance of €nil. Also includes loans and advances of €579m within Head Office (Treasury) and an impairment allowance of €nil.

As at 31.12.2022	Stage 1	Stage 2			Total	Stage 3	Total ¹
		Not past due	<=30 days past due	>30 days past due			
	€m	€m	€m	€m	€m	€m	€m
Gross exposure							
Retail mortgages	4,025	247	11	7	265	190	4,480
Retail credit cards	1,148	947	25	19	991	97	2,236
Retail other	2,496	148	17	18	183	164	2,843
Corporate loans	5,116	711	27	—	738	160	6,014
Debt securities and other ²	310	18	—	—	18	—	328
Total	13,095	2,071	80	44	2,195	611	15,901

Impairment allowance

Retail mortgages	3	23	2	1	26	46	75
Retail credit cards	15	120	5	6	131	76	222
Retail other	26	19	3	6	28	103	157
Corporate loans	22	25	—	—	25	40	87
Debt securities and other ²	—	—	—	—	—	—	—
Total	66	187	10	13	210	265	541

Net exposure

Retail mortgages	4,022	224	9	6	239	144	4,405
Retail credit cards	1,133	827	20	13	860	21	2,014
Retail other	2,470	129	14	12	155	61	2,686
Corporate loans	5,094	686	27	—	713	120	5,927
Debt securities and other ²	310	18	—	—	18	—	328
Total	13,029	1,884	70	31	1,985	346	15,360

Coverage ratio

Retail mortgages	0.1	9.3	18.2	14.3	9.8	24.2	1.7
Retail credit cards	1.3	12.7	20.0	31.6	13.2	78.4	9.9
Retail other	1.0	12.8	17.6	33.3	15.3	62.8	5.5
Corporate loans	0.4	3.5	—	—	3.4	25.0	1.4
Debt securities and other ²	—	—	—	—	—	—	—
Total	0.5	9.0	12.5	29.5	9.6	43.4	3.4

Credit risk

Loans and advances at amortised cost	Stage 1			Stage 2			Stage 3			Total ¹		
	Gross €m	ECL €m	Coverage %	Gross €m	ECL €m	Coverage %	Gross €m	ECL €m	Coverage %	Gross €m	ECL €m	Coverage %
Loans and advances to Customers	11,632	66	0.6	2,159	210	9.7	609	263	43.2	14,400	539	3.7
Loans and advances to Banks	1,394	—	—	18	—	—	2	2	100	1,414	2	0.1
Debt Securities at amortised cost	69	—	—	18	—	—	—	—	—	87	—	—
Total	13,095	66	0.5	2,195	210	9.6	611	265	43.4	15,901	541	3.4

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 €18,972m and an impairment allowance of €4m. This comprises €nil impairment allowance on €18,968m Stage 1 assets and €4m on €4m Stage 3 other assets.

² Predominantly includes debt securities within Head Office (Treasury) and CIB. These have a total gross exposure of €87m and an impairment allowance of €nil. Also includes loans and advances of €241m within Treasury and an impairment allowance of €nil.

Credit risk

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

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. An explanation of the methodology used to determine credit impairment provisions is included in the Bank's Annual Report 2022.

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

The movements are measured over a 6-month period.

Loans and advances at amortised cost	Stage 1		Stage 2		Stage 3		Total	
	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m
Retail mortgages								
As at 1 January 2023	4,025	3	265	26	190	46	4,480	75
Transfers from Stage 1 to stage 2	(115)	—	115	—	—	—	—	—
Transfers from Stage 2 to stage 1	53	4	(53)	(4)	—	—	—	—
Transfers to Stage 3	(9)	—	(22)	(3)	31	3	—	—
Transfers from Stage 3	—	—	16	1	(16)	(1)	—	—
Business activity in the period	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(155)	(3)	(8)	6	(4)	4	(167)	7
Final repayments	(175)	—	(7)	(1)	(5)	—	(187)	(1)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(2)	(2)	(2)	(2)
As at 30 June 2023	3,624	4	306	25	194	50	4,124	79
Retail credit cards								
As at 1 January 2023	1,148	15	991	131	97	76	2,236	222
Transfers from Stage 1 to stage 2	(183)	(3)	183	3	—	—	—	—
Transfers from Stage 2 to stage 1	100	17	(100)	(17)	—	—	—	—
Transfers to Stage 3	(6)	(1)	(28)	(7)	34	8	—	—
Transfers from Stage 3	—	—	1	1	(1)	(1)	—	—
Business activity in the period	60	1	7	1	—	—	67	2
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	26	(19)	68	23	(4)	10	90	14
Final repayments	(2)	(2)	—	—	—	—	(2)	(2)
Disposals ¹	—	—	—	—	(14)	(8)	(14)	(8)
Write-offs	—	—	—	—	(10)	(10)	(10)	(10)
As at 30 June 2023	1,143	8	1,122	135	102	75	2,367	218

¹ The €14m disposals reported within Retail credit cards relates to debt sales undertaken during the year.

Credit risk

	Stage 1		Stage 2		Stage 3		Total	
	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m
Retail other								
As at 1 January 2023	2,496	26	183	28	164	103	2,843	157
Transfers from Stage 1 to stage 2	(176)	(3)	176	3	—	—	—	—
Transfers from Stage 2 to stage 1	35	4	(35)	(4)	—	—	—	—
Transfers to Stage 3	(19)	(1)	(25)	(7)	44	8	—	—
Transfers from Stage 3	1	1	3	2	(4)	(3)	—	—
Business activity in the period	310	3	7	1	3	2	320	6
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(319)	(10)	(24)	17	(14)	12	(357)	19
Final repayments	(179)	(1)	(5)	(1)	—	—	(184)	(2)
Disposals ¹	—	—	—	—	(85)	(40)	(85)	(40)
Write-offs	—	—	—	—	(9)	(9)	(9)	(9)
As at 30 June 2023	2,149	19	280	39	99	73	2,528	131
Corporate loans								
	€m	€m	€m	€m	€m	€m	€m	€m
As at 1 January 2023	5,116	22	738	25	160	40	6,014	87
Transfers from Stage 1 to stage 2	(434)	(7)	434	7	—	—	—	—
Transfers from Stage 2 to stage 1	196	4	(196)	(4)	—	—	—	—
Transfers to Stage 3	—	—	(68)	(1)	68	1	—	—
Transfers from Stage 3	—	—	—	—	—	—	—	—
Business activity in the period	1,041	2	66	2	—	—	1,107	4
Refinements to model used for calculation ²	—	(5)	—	6	—	—	—	1
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	337	(4)	20	(7)	(90)	2	267	(9)
Final repayments	(1,270)	(2)	(72)	(1)	—	—	(1,342)	(3)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(11)	(11)	(11)	(11)
As at 30 June 2023	4,986	10	922	27	127	32	6,035	69

1 The €85m disposals reported within Retail other includes €73m part sale of a Wealth portfolio in Italy and €12m relates to other debt sales undertaken during the year.

2 Refinements to models used for calculation reported within Corporate loans include a €1m movement in Corporate and Investment Bank. These reflect model enhancements made during the year. Barclays continually reviews the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This helps to ensure that the models used continue to reflect the risks inherent across the businesses.

Credit risk

	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	€m	€m	€m	€m	€m	€m	€m	€m
Debt securities and other								
As at 1 January 2023	310	—	18	—	—	—	328	—
Transfers from Stage 1 to stage 2	(2)	—	2	—	—	—	—	—
Transfers from Stage 2 to stage 1	16	—	(16)	—	—	—	—	—
Transfers to Stage 3	—	—	—	—	—	—	—	—
Transfers from Stage 3	—	—	—	—	—	—	—	—
Business activity in the period	2,186	—	—	—	—	—	2,186	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	—	—	—	—	—	—	—	—
Final repayments	(238)	—	—	—	—	—	(238)	—
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	—	—	—	—
As at 30 June 2023	2,272	—	4	—	—	—	2,276	—

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

	Stage 1	Stage 2	Stage 3	Total
	€m	€m	€m	€m
Retail mortgages	1	(1)	6	6
Retail credit cards	(7)	4	17	14
Retail other	(7)	11	19	23
Corporate loans	(12)	2	3	(7)
Debt securities and other	—	—	—	—
ECL movement excluding assets derecognised due to disposals and write-offs ¹	(25)	16	45	36
Impairment charge on loan commitments and financial guarantees	(7)	(4)	—	(11)
Impairment charge on other financial assets	—	—	—	—
Recoveries and reimbursements ²	9	(1)	1	9
Exchange and other adjustments	—	—	—	3
Credit impairment charge/ (release) for the period				37

1 In H123, gross write-offs amounted to €32m (H122: €28m). Post write-off recoveries amounted to €nil (H122: €nil). Net write-offs represent gross write-offs less post write-off recoveries and amounted to €32m (H122: €28m)).

2 Recoveries and reimbursements includes net reduction of €9m (H122: gain €6m) in relation to reimbursements from financial guarantee contracts held with third parties through Barclays Bank PLC and cash recoveries of previously written off amounts is €nil (H122:€nil).

Credit risk

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
Retail credit cards								
As at 1 January 2023	5,130	—	402	—	10	—	5,542	—
Net transfers between stages	(85)	—	83	—	2	—	—	—
Business activity in the year	305	—	2	—	—	—	307	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(68)	2	(33)	1	(3)	—	(104)	3
Limit management and final repayments	(4)	—	—	—	—	—	(4)	—
As at 30 June 2023	5,278	2	454	1	9	—	5,741	3
Retail other								
As at 1 January 2023	826	—	18	—	1	—	845	—
Net transfers between stages	(11)	—	9	—	2	—	—	—
Business activity in the year	13	—	1	—	—	—	14	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(85)	—	(7)	—	(3)	—	(95)	—
Limit management and final repayments	(1)	—	—	—	—	—	(1)	—
As at 30 June 2023	742	—	21	—	—	—	763	—
Corporate loans								
As at 1 January 2023	24,548	21	4,507	25	49	—	29,104	46
Net transfers between stages	1,095	1	(1,107)	(1)	12	—	—	—
Business activity in the year	3,499	2	254	2	1	—	3,754	4
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	628	(8)	(166)	(2)	72	—	534	(10)
Limit management and final repayments	(2,037)	(4)	(451)	(4)	(6)	—	(2,494)	(8)
As at 30 June 2023	27,733	12	3,037	20	128	—	30,898	32
Debt securities and other								
As at 1 January 2023	11	—	—	—	—	—	11	—
Net transfers between stages	—	—	—	—	—	—	—	—
Business activity in the year	16	—	—	—	—	—	16	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	—	—	—	—	—	—	—	—
Limit management and final repayments	—	—	—	—	—	—	—	—
As at 30 June 2023	27	—	—	—	—	—	27	—

There were no loan commitments or financial guarantees for Retail mortgages during the year.

Credit risk

Management adjustments to models for impairment

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

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

Management adjustments to models for impairment allowance presented by product¹

	Impairment allowance pre management adjustments ²	Economic uncertainty adjustments ³ (a)	Other adjustments (b)	Management adjustments	Total impairment allowance ⁴	Proportion of Management adjustments to total impairment allowance
As at 30 June 2023	€m	€m	€m	€m	€m	%
Retail mortgages	79	—	—	—	79	—
Retail credit cards	256	—	(35)	(35)	221	(15.8)
Retail other	123	—	8	8	131	6.1
Corporate loans	99	—	2	2	101	2.0
Debt securities and other	—	—	—	—	—	—
Total	557	—	(25)	(25)	532	(4.7)

As at 31 December 2022	€m	€m	€m	€m	€m	%
Retail mortgages	75	—	—	—	75	—
Retail credit cards	223	—	(1)	(1)	222	(0.5)
Retail other	135	2	20	22	157	14.0
Corporate loans	116	11	6	17	133	12.8
Debt securities and other	—	—	—	—	—	—
Total	549	13	25	38	587	6.5

Economic uncertainty adjustments presented by stage

As at 31 December 2022	Stage 1	Stage 2	Stage 3	Total
	€m	€m	€m	€m
Retail mortgages	—	—	—	—
Retail credit cards	—	—	—	—
Retail other	—	2	—	2
Corporate loans	11	—	—	11
Debt securities and other	—	—	—	—
Total	11	2	—	13

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

² Includes €513m (December 2022: €460m) of modelled ECL, €37m (December 2022: €79m) of individually assessed impairments and €7m (December 2022: €10m) ECL from non-modelled exposures.

³ Economic uncertainty adjustments are €nil (December 2022: €13m) following the re-build of certain CIB impairment models.

⁴ Total impairment allowance consists of ECL stock on drawn exposures of €497m (December 2022: €541m) and undrawn exposures of €35m (December 2022: €46m).

Economic uncertainty adjustments

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

During the period, a re-build of certain Corporate and Investment Bank (‘CIB’) impairment models and a granular credit risk assessment for qualifying exposures have resulted in release of adjustments for high-risk sectors and model sensitivity. This has led to €nil economic uncertainty adjustments for the current period.

Credit risk

Other adjustments

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

Other adjustments of €(25)m (December 2022: €25m) includes:

- **Retail credit cards:** €(35)m (December 2022: €(1)m) primarily include adjustments informed by model monitoring, partially offset by an adjustment for recalibration of Loss Given Default ('LGD') to reflect revised recovery expectations and for the definition of default under the Capital Requirements Regulations. The movement is primarily driven by resizing of model monitoring adjustments.
- **Retail other:** €8m (December 2022: €20m) the reduction is primarily informed by re-sizing of an adjustment for the definition of default under the Capital Requirements Regulation and other operational adjustments in Germany Loans.
- **Corporate Loans:** €2m (December 2022: €6m) the reduction is primarily informed by retirement of model monitoring adjustments following the re-build of certain CIB impairment models.

Credit risk

Measurement uncertainty

Scenarios used to calculate the Bank's ECL charge were refreshed in Q223, with the Baseline scenario reflecting the latest consensus macroeconomic forecasts available at the time of the scenario refresh.

In the Baseline scenario, although the outlook in major economies has improved somewhat (since Q4 2022), the full effect of the inflation shock and rising rates is lagged and so may further depress economic activities over the coming quarters, posing downside risks to GDP. Germany, Italy and UK unemployment rates increase only gradually in the coming quarters, peaking at 3.2%, 8.2% and 4.5% respectively. Central banks continue raising interest rates, with ECB refi rate peaking at 4.25% during 2023 in the Baseline scenario.

The Downside 2 scenario is broadly aligned to the previous scenario refresh. Inflation rates rise again as energy prices surge again amid renewed geopolitical risks. Inflation becomes entrenched and inflation expectations go up, contributing to higher pressure on wage growth. Central banks are forced to raise interest rates sharply with the ECB refi rate reaching 6% in Q224. Weakened businesses lay off workers and consumers significantly reduce discretionary spending exacerbating the downward stress. Unemployment peaks at 5.7% in Germany and 13.0% in Italy. Given already stretched valuations, the sharp increase in borrowing costs sees house prices decrease significantly.

In the Upside scenarios, lower energy prices add downward pressure on prices globally, while recovering labour force participation limits wage growth. As a result of easing inflation, central banks lower interest rates to support the economic recovery.

The methodology for estimating scenario probability weights involves simulating a range of future paths for GDP using historical data with the five scenarios mapped against the distribution of these future paths. The median is centred around the Baseline with scenarios further from the Baseline attracting a lower weighting before the five weights are normalised to total 100%. The decrease in the Downside weightings and the increase in the Upside weightings reflected the improving economic outlook which moved the Baseline GDP paths closer to the Upside scenarios. For further details see pages 16 - 19.

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

Macroeconomic variables used in the calculation of ECL

As at 30.06.2023	2023	2024	2025	2026	2027
Baseline	%	%	%	%	%
Italy GDP ¹	1.0	0.8	1.2	1.2	1.2
Italy unemployment ²	8.1	8.1	8.1	8.1	8.1
Italy HPI ³	(4.2)	(1.8)	(0.6)	(0.3)	(0.3)
Germany GDP ¹	0.1	1.2	1.6	1.6	1.6
Germany unemployment ⁴	3.1	3.0	2.9	2.9	2.9
Germany HPI ⁵	(2.1)	0.9	2.5	2.8	2.8
EA GDP ^{1,9}	0.7	1.0	1.6	1.6	1.6
EU unemployment ⁶	6.1	6.2	6.0	6.0	5.9
ECB Refi	4.0	3.7	3.2	3.0	3.0
UK GDP ¹	0.3	0.9	1.6	1.8	1.9
UK unemployment ⁷	4.1	4.4	4.2	4.2	4.2
UK bank rate	4.8	4.6	3.9	3.8	3.5
US GDP ¹	1.1	0.7	2.0	2.0	2.0
US unemployment ⁸	3.8	4.6	4.6	4.6	4.6
US federal funds rate	5.0	3.7	3.0	2.8	3.0

Credit risk

As at 30.06.2023	2023	2024	2025	2026	2027
Downside 2	%	%	%	%	%
Italy GDP ¹	0.1	(5.9)	(0.5)	—	—
Italy unemployment ²	8.5	12.3	12.9	12.0	10.9
Italy HPI ³	(8.4)	(12.4)	(13.5)	0.2	2.3
Germany GDP ¹	(1.0)	(4.6)	0.5	0.9	0.9
Germany unemployment ⁴	3.5	4.7	5.6	5.4	4.7
Germany HPI ⁵	(7.5)	(12.6)	(13.8)	3.5	6.1
EA GDP ^{1,9}	(0.4)	(4.9)	(0.9)	3.1	2.6
EU unemployment ⁶	6.5	10.1	10.6	9.6	8.7
ECB Refi	4.3	5.9	5.6	4.7	4.0
UK GDP ¹	(0.5)	(5.0)	(0.4)	2.5	1.9
UK unemployment ⁷	4.4	7.8	8.3	7.7	7.1
UK bank rate	5.5	8.0	7.3	6.1	4.8
US GDP ¹	0.5	(4.8)	(0.3)	2.8	2.1
US unemployment ⁸	4.5	8.7	9.6	8.5	7.0
US federal funds rate	5.7	7.0	6.5	5.1	4.2
Downside 1					
Italy GDP ¹	0.5	(2.6)	0.4	0.6	0.6
Italy unemployment ²	8.3	10.2	10.5	10.0	9.5
Italy HPI ³	(6.3)	(7.2)	(7.2)	—	1.0
Germany GDP ¹	(0.4)	(1.7)	1.0	1.3	1.2
Germany unemployment ⁴	3.3	3.8	4.3	4.2	3.8
Germany HPI ⁵	(4.8)	(6.0)	(5.9)	3.2	4.5
EA GDP ^{1,9}	0.1	(2.0)	0.3	2.3	2.1
EU unemployment ⁶	6.3	8.1	8.3	7.8	7.3
ECB Refi	4.1	4.3	4.3	3.9	3.5
UK GDP ¹	(0.1)	(2.1)	0.6	2.2	1.9
UK unemployment ⁷	4.2	6.1	6.2	5.9	5.6
UK bank rate	5.2	6.1	5.6	4.8	4.1
US GDP ¹	0.8	(2.0)	0.8	2.4	2.0
US unemployment ⁸	4.1	6.7	7.1	6.5	5.8
US federal funds rate	5.2	4.9	4.5	4.3	3.8
Upside 2					
Italy GDP ¹	1.7	4.0	3.1	2.3	2.2
Italy unemployment ²	7.9	7.6	7.4	7.4	7.4
Italy HPI ³	(0.1)	3.6	1.0	0.4	0.9
Germany GDP ¹	1.0	5.2	3.6	2.4	2.4
Germany unemployment ⁴	3.0	2.9	2.9	2.9	2.9
Germany HPI ⁵	3.0	7.9	4.6	3.7	4.4
EA GDP ^{1,9}	1.6	5.3	3.7	2.2	2.2
EU unemployment ⁶	6.0	5.7	5.6	5.5	5.4
ECB Refi	3.6	2.3	1.8	1.5	1.5
UK GDP ¹	1.2	4.1	3.2	2.6	2.3
UK unemployment ⁷	3.9	3.6	3.5	3.6	3.6
UK bank rate	4.4	3.3	2.5	2.5	2.5
US GDP ¹	2.2	3.9	3.0	2.8	2.8
US unemployment ⁸	3.4	3.5	3.6	3.6	3.6
US federal funds rate	4.7	3.2	2.2	2.0	2.0

Credit risk

As at 30.06.2023	2023	2024	2025	2026	2027
Upside 1	%	%	%	%	%
Italy GDP ¹	1.4	2.4	2.2	1.7	1.7
Italy unemployment ²	8.0	7.8	7.7	7.7	7.7
Italy HPI ³	(2.2)	0.9	0.2	—	0.3
Germany GDP ¹	0.6	3.2	2.6	2.0	2.0
Germany unemployment ⁴	3.1	3.0	2.9	2.9	2.9
Germany HPI ⁵	0.5	4.3	3.5	3.3	3.6
EA GDP ^{1,9}	1.1	3.2	2.7	1.9	1.9
EU unemployment ⁶	6.1	5.9	5.8	5.7	5.7
ECB Refi	3.7	3.1	2.5	2.0	2.0
UK GDP ¹	0.8	2.5	2.4	2.2	2.1
UK unemployment ⁷	4.0	4.0	3.9	3.9	3.9
UK bank rate	4.6	4.0	3.1	3.0	3.0
US GDP ¹	1.6	2.3	2.5	2.4	2.4
US unemployment ⁸	3.6	4.1	4.1	4.1	4.1
US federal funds rate	4.8	3.4	2.6	2.5	2.5

Macroeconomic variables used in the calculation of ECL

As at 31.12.22	2022	2023	2024	2025	2026
Baseline	%	%	%	%	%
Italy GDP ¹	3.6	0.3	1.3	1.4	1.4
Italy unemployment ²	8.2	8.5	8.5	8.5	8.5
Italy HPI ³	0.4	(3.0)	(1.4)	(0.7)	(0.3)
Germany GDP ¹	1.8	(0.3)	1.5	1.6	1.6
Germany unemployment ⁴	3.0	3.5	3.5	3.5	3.5
Germany HPI ⁵	2.1	2.0	3.0	3.5	3.8
EA GDP ^{1,9}	2.9	—	1.8	2.0	2.0
EU unemployment ⁶	6.2	6.5	6.4	6.3	6.3
ECB Refi	0.9	3.4	3.1	2.8	2.8
UK GDP ¹	3.3	(0.8)	0.9	1.8	1.9
UK unemployment ⁷	3.7	4.5	4.4	4.1	4.2
UK bank rate	1.8	4.4	4.1	3.8	3.4
US GDP ¹	1.8	0.5	1.2	1.5	1.5
US unemployment ⁸	3.7	4.3	4.7	4.7	4.7
US federal funds rate	2.1	4.8	3.6	3.1	3.0
Downside 2	%	%	%	%	%
Italy GDP ¹	3.6	(3.8)	(3.3)	(0.1)	—
Italy unemployment ²	8.2	10.4	12.9	12.5	11.4
Italy HPI ³	0.4	(12.0)	(13.0)	(7.9)	2.3
Germany GDP ¹	1.8	(2.8)	(1.6)	0.9	0.9
Germany unemployment ⁴	3.0	4.1	5.2	5.6	5.1
Germany HPI ⁵	2.1	(19.0)	(21.1)	(13.3)	5.7
EA GDP ^{1,9}	2.9	(3.4)	(3.9)	1.9	3.0
EU unemployment ⁶	6.2	8.3	10.7	10.2	9.1
ECB Refi	0.9	5.2	5.9	5.1	4.2
UK GDP ¹	3.3	(3.4)	(3.8)	2.0	2.3
UK unemployment ⁷	3.7	6.0	8.4	8.0	7.4
UK bank rate	1.8	7.3	7.9	6.6	5.5
US GDP ¹	1.8	(2.7)	(3.4)	2.0	2.6
US unemployment ⁸	3.7	6.0	8.5	8.1	7.1
US federal funds rate	2.1	6.6	6.9	5.8	4.6

Credit risk

As at 31.12.22	2022	2023	2024	2025	2026
Downside 1	%	%	%	%	%
Italy GDP ¹	3.6	(1.7)	(1.0)	0.7	0.7
Italy unemployment ²	8.2	9.5	10.7	10.5	10.0
Italy HPI ³	0.4	(7.6)	(7.4)	(4.3)	1.0
Germany GDP ¹	1.8	(1.6)	—	1.2	1.3
Germany unemployment ⁴	3.0	3.8	4.4	4.5	4.3
Germany HPI ⁵	2.1	(8.5)	(7.7)	(2.8)	4.5
EA GDP ^{1,9}	2.9	(1.7)	(1.1)	2.0	2.5
EU unemployment ⁶	6.2	7.4	8.5	8.3	7.7
ECB Refi	0.9	4.4	4.6	3.9	3.6
UK GDP ¹	3.3	(2.1)	(1.5)	1.9	2.1
UK unemployment ⁷	3.7	5.2	6.4	6.0	5.8
UK bank rate	1.8	5.9	6.1	5.3	4.6
US GDP ¹	1.8	(1.1)	(1.1)	1.7	2.1
US unemployment ⁸	3.7	5.1	6.6	6.4	5.9
US federal funds rate	2.1	5.8	5.4	4.4	3.9
Upside 2	%	%	%	%	%
Italy GDP ¹	3.6	3.7	5.0	3.1	2.2
Italy unemployment ²	8.2	8.0	7.8	7.4	7.4
Italy HPI ³	0.4	4.2	2.5	0.5	0.7
Germany GDP ¹	1.8	3.3	4.8	2.7	2.4
Germany unemployment ⁴	3.0	3.0	2.9	2.9	2.9
Germany HPI ⁵	2.1	9.5	5.9	4.4	4.5
EA GDP ^{1,9}	2.9	3.6	5.0	2.7	2.2
EU unemployment ⁶	6.2	6.1	6.1	6.0	5.9
ECB Refi	0.9	2.1	1.6	1.5	1.5
UK GDP ¹	3.3	2.8	3.7	2.9	2.4
UK unemployment ⁷	3.7	3.5	3.4	3.4	3.4
UK bank rate	1.8	3.1	2.6	2.5	2.5
US GDP ¹	1.8	3.3	3.5	2.8	2.8
US unemployment ⁸	3.7	3.3	3.3	3.3	3.3
US federal funds rate	2.1	3.6	2.9	2.8	2.8
Upside 1	%	%	%	%	%
Italy GDP ¹	3.6	2.0	3.1	2.3	1.8
Italy unemployment ²	8.2	8.3	8.1	8.0	8.0
Italy HPI ³	0.4	0.6	0.5	(0.1)	0.2
Germany GDP ¹	1.8	1.5	3.1	2.2	2.0
Germany unemployment ⁴	3.0	3.3	3.2	3.2	3.2
Germany HPI ⁵	2.1	5.7	4.5	4.0	4.2
EA GDP ^{1,9}	2.9	1.8	3.4	2.3	2.1
EU unemployment ⁶	6.2	6.3	6.2	6.2	6.1
ECB Refi	0.9	2.5	2.3	2.1	1.9
UK GDP ¹	3.3	1.0	2.3	2.4	2.1
UK unemployment ⁷	3.7	4.0	3.9	3.8	3.8
UK bank rate	1.8	3.5	3.3	3.0	2.8
US GDP ¹	1.8	1.9	2.3	2.2	2.2
US unemployment ⁸	3.7	3.8	4.0	4.0	4.0
US federal funds rate	2.1	3.9	3.4	3.0	3.0

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 Average US civilian unemployment rate 16-year+.

9 EA GDP refers to Euro Area GDP.

Credit risk

Scenario probability weighting

	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 30.06.23					
Scenario probability weighting	13.0	24.7	40.2	15.2	6.9
As at 31.12.22					
Scenario probability weighting	10.9	23.1	39.4	17.6	9.0

Specific bases show the most extreme position of each variable in the context of the downside/upside scenarios, for example, the highest unemployment for downside scenarios, average unemployment for baseline scenarios and lowest unemployment for upside scenarios. GDP and HPI downside and upside scenario data represents the lowest and highest cumulative position relative to the start point in the 20 quarter period (the start point is 31 December 2021 for disclosures as at 31 December 2022 and 31 December 2022 for disclosures as at 30 June 2023).

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

	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 30.06.2023					
Italy GDP ²	14.5	10.0	1.1	(2.6)	(6.7)
Italy unemployment ³	7.4	7.7	8.1	10.5	13.0
Italy HPI ⁴	6.6	0.4	(1.4)	(19.4)	(30.8)
Germany GDP ²	16.8	11.9	1.2	(2.3)	(5.8)
Germany unemployment ³	2.9	2.9	3.0	4.3	5.7
Germany HPI ⁴	25.8	16.1	1.4	(16.0)	(31.0)
EA GDP ^{2,8}	16.5	11.6	1.3	(2.7)	(7.4)
EU unemployment ³	5.4	5.6	6.0	8.4	10.8
ECB Refi ³	1.5	2.0	3.4	4.5	6.0
UK GDP ²	15.1	11.2	1.3	(2.7)	(6.9)
UK unemployment ³	3.5	3.9	4.2	6.5	8.5
UK bank rate ³	2.5	3.0	4.1	6.3	8.0
US GDP ²	15.9	11.9	1.6	(2.3)	(6.2)
US unemployment ³	3.3	3.5	4.4	7.2	9.8
US federal funds rate ³	2.0	2.5	3.5	5.3	7.0
As at 31.12.22					
Italy GDP ²	16.9	11.5	1.6	(2.0)	(6.0)
Italy unemployment ³	7.4	7.9	8.4	10.8	13.0
Italy HPI ⁴	9.4	2.9	(1.0)	(17.7)	(29.2)
Germany GDP ²	16.0	10.9	1.2	(1.5)	(3.9)
Germany unemployment ³	2.9	2.9	3.4	4.6	5.7
Germany HPI ⁴	29.1	22.2	2.9	(16.3)	(43.4)
EA GDP ^{2,8}	16.1	11.9	1.7	(2.1)	(6.7)
EU unemployment ³	5.9	6.1	6.3	8.6	10.8
ECB Refi ³	—	—	2.6	4.8	6.0
UK GDP ²	13.9	9.4	1.4	(3.2)	(6.8)
UK unemployment ³	3.4	3.6	4.2	6.6	8.5
UK bank rate ³	0.5	0.5	3.5	6.3	8.0
US GDP ²	14.1	9.6	1.3	(2.5)	(6.3)
US unemployment ³	3.3	3.6	4.4	6.7	8.6
US federal funds rate ³	0.1	0.1	3.3	6.0	7.0

Average basis represents the average quarterly value of variables in the 20 quarter period with GDP and HPI based on yearly average and quarterly Compound Annual Growth Rates ('CAGRs') respectively.

Credit risk

Macroeconomic variables used in the calculation of ECL (5-year averages)¹

As at 30.06.2023	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
Italy GDP ⁵	2.7	1.9	1.1	(0.1)	(1.3)
Italy unemployment ⁶	7.5	7.8	8.1	9.7	11.3
Italy HPI ⁷	1.2	(0.2)	(1.4)	(4.0)	(6.6)
Germany GDP ⁵	2.9	2.1	1.2	0.3	(0.7)
Germany unemployment ⁶	2.9	3.0	3.0	3.9	4.8
Germany HPI ⁷	4.7	3.0	1.4	(1.9)	(5.2)
EA GDP ^{5,8}	3.0	2.2	1.3	0.6	(0.2)
EU unemployment ⁶	5.6	5.8	6.0	7.6	9.1
ECB Refi ⁶	2.1	2.7	3.4	4.0	4.9
UK GDP ⁵	2.7	2.0	1.3	0.5	(0.3)
UK unemployment ⁶	3.6	3.9	4.2	5.6	7.0
UK bank rate ⁶	3.0	3.6	4.1	5.2	6.4
US GDP ⁵	2.9	2.3	1.6	0.8	—
US unemployment ⁶	3.5	4.0	4.4	6.0	7.6
US federal funds rate ⁶	2.8	3.2	3.5	4.5	5.7

As at 31.12.22

Italy GDP ⁵	3.5	2.6	1.6	0.4	(0.7)
Italy unemployment ⁶	7.8	8.1	8.4	9.8	11.1
Italy HPI ⁷	1.6	0.3	(1.0)	(3.6)	(6.3)
Germany GDP ⁵	3.0	2.1	1.2	0.5	(0.2)
Germany unemployment ⁶	2.9	3.2	3.4	4.0	4.6
Germany HPI ⁷	5.2	4.1	2.9	(2.6)	(9.8)
EA GDP ^{5,8}	3.3	2.5	1.7	0.9	0.1
EU unemployment ⁶	6.1	6.2	6.3	7.6	8.9
ECB Refi ⁶	1.5	1.9	2.6	3.5	4.3
UK GDP ⁵	3.0	2.2	1.4	0.7	—
UK unemployment ⁶	3.5	3.8	4.2	5.4	6.7
UK bank rate ⁶	2.5	2.9	3.5	4.7	5.8
US GDP ⁵	2.9	2.1	1.3	0.7	—
US unemployment ⁶	3.4	3.9	4.4	5.5	6.7
US federal funds rate ⁶	2.8	3.1	3.3	4.3	5.2

1 GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; US unemployment = US civilian unemployment rate 16-year+; 20 quarter period starts from Q123 (2022: Q122).

2 Maximum growth relative to Q422 (2022: Q421), based on 20 quarter period in Upside scenarios; 5-year yearly average Compound Annual Growth Rate ('CAGR') in Baseline; minimum growth relative to Q422 (2022: Q421), 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 Q422 (2022: Q421), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q422 (2022: Q421), based on 20 quarter period in Downside scenarios.

5 5-year yearly average CAGR, starting 2022 (2022: 2021).

6 5-year average. Period based on 20 quarters from Q123 (2022: Q122).

7 5-year quarter end CAGR, starting Q422 (2022: Q421).

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 30.06.23			Half year ended 31.12.22			Half year ended 30.06.22		
	Average	High	Low	Average	High	Low	Average	High	Low
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Credit risk	1.63	2.77	0.95	1.75	3.53	0.94	1.23	2.17	0.63
Interest rate risk	2.38	5.82	0.70	2.02	4.20	1.14	1.44	3.50	0.48
Equity risk	0.06	0.15	0.02	0.06	0.20	0.03	0.06	0.20	0.03
Basis risk	0.89	1.84	0.52	0.80	1.55	0.49	0.39	0.79	0.21
Spread risk	5.56	7.67	2.88	4.22	6.70	2.02	1.74	3.08	0.78
Foreign exchange risk	0.14	0.64	0.04	0.47	0.84	0.24	0.17	0.42	0.03
Commodity risk	0.05	0.15	—	0.04	0.25	—	0.05	0.37	—
Inflation risk	1.00	3.46	0.66	1.14	1.65	0.70	0.75	2.54	0.16
Diversification effect ¹	(5.78)	n/a	n/a	(5.00)	n/a	n/a	(3.09)	n/a	n/a
Total management VaR	5.93	8.16	3.02	5.51	8.16	3.75	2.74	5.28	1.57

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.

The range of Management VaR is wider in H1 2023 than in H2 2022 and the average is also higher reflective of more client activity coupled with more active risk taking within BBI during the first quarter of 2023. Towards the end of the first half, risk reduced in line with reduced trading opportunities and the low point of €3.02m occurred on the penultimate day of the first half of 2023.

Treasury and Capital risk

Funding and liquidity

Overview

The liquidity pool increased to €33.2bn (December 2022: €30.7bn) driven by increased customer and Treasury deposits partially offset by repayment of TLTRO in H1 2023.

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 2023, 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 other HQLA eligible securities.

	As at 30.06.23	As at 31.12.22
	€m	€m
Liquidity pool ¹	33,240	30,709
	%	%
Liquidity coverage ratio	176	194

The LCR decreased by 18% to 176% (Dec 22: 194%) due to an increase in short term deposits, which, although placed with central banks, has the mathematical effect² of reducing the liquidity coverage ratio.

As at 30 June 2023, the Bank's NSFR stood at 143% (December 2022: 149%) 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 maintain in order 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.

¹ The liquidity pool comprises of cash of €28.6bn (December 2022: €29.9bn) and securities of €4.6bn (December 2022: €0.8bn) 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.

² Notionally both the numerator and denominator increased by materially the same volume, however on a % basis the denominator increased by more than the numerator leading to a decrease in the ratio.

Treasury and Capital risk

Capital and leverage

Overview

The disclosures below provide key capital metrics for the Bank.

As at 30 June 2023, the Bank's CET1 ratio was 16.7%, which is above its externally imposed minimum regulatory requirement of 9.9%. During the period, the Bank has issued additional share capital, together with associated share premium, to its parent, totalling €150m to support further growth in the business.

The CET1 regulatory capital is net of a €159.1m deduction taken in respect of ECB asset quality review actions, which is expected to be released upon satisfactory implementation of ECB asset quality review findings.

Capital ratios^{1,2}

	As at 30.06.2023 ³	As at 31.12.2022
CET1	16.7%	16.7%
Tier 1 ('T1')	19.0%	19.0%
Total regulatory capital	22.4%	22.4%

Capital resources

	As at 30.06.2023 ³	As at 31.12.2022
	€m	€m
CET1 capital	5,929	5,887
T1 capital	6,734	6,692
Total regulatory capital	7,929	7,887
Total RWAs¹	35,457	35,216

CRR leverage ratio^{1,2}

	As at 30.06.2023 ³	As at 31.12.2022 ⁴
	€m	€m
CRR leverage ratio	5.1%	5.8%
T1 capital	6,734	6,692
CRR leverage exposure	133,305	114,408

1 Capital, RWAs and leverage are calculated applying the IFRS 9 arrangements of CRR as amended by CRR II.

2 The fully loaded CET1 ratio was 16.7%, with €5.9bn of CET1 capital and €35.4bn of RWAs. The fully loaded CRR leverage ratio was 5.0%, with €6.7bn of T1 capital and €133.3bn of CRR leverage exposure. Fully loaded capital and leverage ratios are calculated without applying the transitional arrangements of CRR as amended by CRR II.

3 As at 30 June 2023, CET1 capital, the CET1 ratio and the CRR Leverage ratio include profits for the six months ended 30 June 2023. Excluding these profits, inclusion of which is subject to regulatory approval, CET1 capital, the CET1 ratio and CRR Leverage ratio would have been €5.8bn, 16.3% and 4.9%, respectively.

4 Comparatives have been updated to reflect transitional CRR leverage exposure and ratio.

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 2019.

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 set of financial statements included within the interim financial report of Barclays Bank Ireland PLC for the six months ended 30 June 2023 ('the interim financial information') which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated 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 the 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 set of financial statements;
 - b. a description of the principal risks and uncertainties for the remaining six months of the financial year; and
 - c. any related party transactions in the six months ended 30 June 2023 that have materially affected the financial position or performance of the Bank during that period and any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Bank in the six months ended 30 June 2023.

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

Signed on 2 August 2023 on behalf of the Board by



Francesco Ceccato
Chief Executive Officer



Jasper Hanebuth
Chief Financial Officer

Barclays Bank Ireland PLC - Board of Directors:

Chair
Tim Breedon CBE

Executive Directors
Francesco Ceccato
Jasper Hanebuth

Non-executive Directors
Jennifer Allerton
Etienne Boris
Eoin O'Driscoll
Joanna Nader

Independent Review Report to Barclays Bank Ireland PLC

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 2023 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated 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 2023 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 Entity ('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 2022 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.

Independent Review Report to Barclays Bank Ireland PLC

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

2 August 2023

Condensed Consolidated Financial Statements

Condensed Consolidated income statement (unaudited)

	Notes ¹	Half year ended 30.06.23 €m	Half year ended 30.06.22 ² €m
Interest income		1,090	327
Interest expense		(905)	(179)
Net interest income		185	148
Fee and commission income ²		566	506
Fee and commission expense ²		(47)	(35)
Net fee and commission income²	3	519	471
Net trading income ²		197	149
Net investment expense		(30)	(20)
Total income		871	748
Staff costs		(235)	(228)
Infrastructure, administration and general expenses		(380)	(340)
Operating expenses		(615)	(568)
Profit before impairment		256	180
Credit impairment charges ³		(37)	(28)
Profit before tax		219	152
Tax charge		(45)	(32)
Profit after tax		174	120
Attributable to:			
Ordinary shareholders		140	98
Other equity instrument holders		34	22
Profit after tax		174	120

1 For notes to the Condensed Financial Statements see pages 33 to 45.

2 From December 2022, the Bank has changed its presentation of transfer pricing arrangements to align with the policies being used across rest of the Barclays Group. The Bank has restated its 30 June 2022 comparatives for consistency of presentation. Refer to note 3 on page 35 for further details. There is no impact on total income reported.

3 For impairment disclosures, see Credit risk section on pages 7 to 21.

Condensed Consolidated Financial Statements

Condensed Consolidated statement of comprehensive income (unaudited)

	Notes ¹	Half year ended 30.06.23 €m	Half year ended 30.06.22 €m
Profit after tax		174	120
Other comprehensive income/(loss) that may be recycled to profit or loss²			
Currency translation movements		—	(1)
Cash flow hedging reserve	8	5	(91)
Other comprehensive income/(loss) that may be recycled to profit or loss		5	(92)
Other comprehensive (loss)/income not recycled to profit or loss			
Retirement benefit remeasurements		—	16
Own credit	8	(18)	78
Other comprehensive (loss)/income not recycled to profit or loss		(18)	94
Total comprehensive income for the period		161	122
Attributable to:			
Ordinary shareholders		127	100
Other equity instrument holders		34	22
Total comprehensive income for the period		161	122

1 For notes to the Condensed Financial Statements see pages 33 to 45.

2 Reported net of tax.

Condensed Consolidated Financial Statements

Condensed Consolidated balance sheet (unaudited)

	Notes ¹	As at 30.06.2023 €m	As at 31.12.2022 €m
Assets			
Cash and balances at central banks		29,219	30,540
Cash collateral and settlement balances		22,544	18,540
Debt securities at amortised cost		1,697	87
Loans and advances at amortised cost to banks		1,337	1,412
Loans and advances at amortised cost to customers		13,799	13,861
Reverse repurchase agreements and other similar secured lending		1,772	1,764
Trading portfolio assets		13,388	7,700
Financial assets at fair value through the income statement		31,070	17,216
Derivative financial instruments		36,978	40,439
Intangible assets		56	59
Property, plant and equipment		135	114
Current tax assets		3	1
Deferred tax assets		208	206
Retirement benefit assets		4	4
Other assets		368	591
Total assets		152,578	132,534
Liabilities			
Deposits from banks		3,665	3,628
Deposits from customers		29,780	25,793
Cash collateral and settlement balances		27,894	24,684
Repurchase agreements and other similar secured borrowing	13	2,937	2,964
Debt securities in issue		2,266	3,139
Subordinated liabilities	6	4,831	4,679
Trading portfolio liabilities		17,081	12,872
Financial liabilities designated at fair value		27,779	14,858
Derivative financial instruments		28,674	32,494
Current tax liabilities		68	53
Deferred tax liabilities		1	1
Retirement benefit obligation		12	12
Other liabilities		702	743
Provisions	7	95	99
Total liabilities		145,785	126,019
Equity			
Called up share capital and share premium		4,022	3,872
Other equity instruments		805	805
Other reserves	8	(284)	(271)
Retained earnings		2,250	2,109
Total equity		6,793	6,515
Total liabilities and equity		152,578	132,534

¹ For notes to the Condensed Financial Statements see pages 33 to 45.

Condensed Consolidated Financial Statements

Condensed Consolidated statement of changes in equity (unaudited)

	Called up share capital and share premium ^{1,2}	Other equity instruments ³	Other reserves ⁴	Retained earnings	Total equity
	€m	€m	€m	€m	€m
Half year ended 30.06.23					
Balance as at 1 January 2023	3,872	805	(271)	2,109	6,515
Profit after tax	—	34	—	140	174
Currency translation movements	—	—	—	—	—
Cash flow hedges	—	—	5	—	5
Retirement benefit remeasurement	—	—	—	—	—
Own credit reserve	—	—	(18)	—	(18)
Total comprehensive income for the year	—	34	(13)	140	161
Issue of new ordinary shares	150	—	—	—	150
Other equity instruments coupons paid	—	(34)	—	—	(34)
Other movements	—	—	—	1	1
Balance as at 30 June 2023	4,022	805	(284)	2,250	6,793
Half year ended 31.12.22					
Balance as at 1 July 2022	3,247	805	(210)	2,156	5,998
Profit after tax	—	26	—	(46)	(20)
Currency translation movements	—	—	1	—	1
Cash flow hedges	—	—	(106)	—	(106)
Retirement benefit remeasurement	—	—	—	(4)	(4)
Own credit reserve	—	—	44	—	44
Total comprehensive income for the year	—	26	(61)	(50)	(85)
Issue of new ordinary shares	625	—	—	—	625
Other equity instruments coupon paid	—	(26)	—	—	(26)
Other movements	—	—	—	3	3
Balance as at 31 December 2022	3,872	805	(271)	2,109	6,515
Half year ended 30.06.22					
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
Issue of new ordinary shares	—	—	—	—	—
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

1 As at 30 June 2023 the issued ordinary share capital of the Bank comprised 899m (December 2022: 899m) ordinary shares of €1 each.

2 During H123, there were 100 ordinary shares issued at a premium of €150m.

3 Other equity instruments of €805m (December 2022: €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 ended June 2023. There were no issuances or redemption during the year ended December 2022.

4 Details of other reserves are shown on page 42.

Condensed Consolidated Financial Statements

Condensed Consolidated statement of changes in equity (unaudited)

	Half year ended 30.06.23 €m	Half year ended 30.06.22 €m
Profit before tax	219	152
Adjustment for non-cash items	141	23
Net decrease/(increase) in loans and advances at amortised cost	275	(388)
Net increase in deposits at amortised cost	4,024	1,115
Net decrease in debt securities in issue	(873)	(175)
Changes in other operating assets and liabilities	(3,464)	(373)
Corporate income tax (paid)/received	(24)	3
Net cash from operating activities	298	357
Net cash from investing activities¹	(1,619)	(22)
Net cash from financing activities²	175	279
Net (decrease)/increase in cash and cash equivalents	(1,146)	614
Cash and cash equivalents at beginning of the period	31,090	24,447
Cash and cash equivalents at end of the period³	29,944	25,061

1 Net cash outflow from investing activities is driven by the increase in debt securities at amortised cost during the period.

2 Net cash inflow from financing activities of €175m mainly comprises of €150m proceeds from the issue of new shares and a net cash inflow from subordinated liability issuances offset by redemptions, interest and coupon payments on other equity instruments.

3 Cash and cash equivalents at end of the period primarily represents cash and balances at central banks of €29,219m (December 2022: €30,540m) and loans and advances to banks with a maturity less than three months of €725m (December 2022: €550m).

Financial Statement Notes

1. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, the Central Bank (Investment Market Conduct) Rules 2019 and IAS 34, Interim Financial Reporting as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (EU).

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022. The annual financial statements for the year ended 31 December 2022 were prepared in accordance with international financial reporting standards in conformity with the requirements of the Section 274 of the Companies Act 2014 and in accordance with International Financial Reporting Standards ('IFRS') and interpretations ('IFRICs') issued by the Interpretations Committee, as published by the International Accounting Standards Board ('IASB') and endorsed by the EU.

These interim financial statements do not comprise statutory financial statements within the meaning of the Companies Act 2014. The statutory financial statements for the year ended 31 December 2022 were approved by the Board of Directors on 15 March 2023, 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 22 March 2023.

The accounting policies and methods of computation used in these condensed consolidated interim financial statements are the same as those used in the Bank's Annual Report 2022.

1. Going concern

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

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

2. Other disclosures

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

3. Approval of financial statements

The Board of Directors approved the interim financial statements on 2 August 2023.

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 €98m (H122: €15m).

Analysis of results by business

	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	€m	€m	€m	€m
Half year ended 30.06.23				
Net interest income/(expense)	16	177	(8)	185
Other net income/(expense)	675	23	(12)	686
Total net income	691	200	(20)	871
Operating costs	(458)	(134)	(23)	(615)
Profit/(loss) before impairment	233	66	(43)	256
Credit impairment releases/(charges)	15	(43)	(9)	(37)
Profit/(loss) before tax	248	23	(52)	219

As at 30.06.23

Total assets (€bn)	109	5	39	153
Total liabilities (€bn)	121	8	17	146

	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	€m	€m	€m	€m
Half year ended 30.06.22				
Net interest /(expense)	45	157	(54)	148
Other net income	552	21	27	600
Total net income	597	178	(27)	748
Operating costs	(423)	(119)	(26)	(568)
Profit/(loss) before impairment	174	59	(53)	180
Credit impairment (charges)/releases	(1)	(47)	20	(28)
Profit/(loss) before tax	173	12	(33)	152

As at 31.12.22

Total assets (€bn)	89	5	39	133
Total liabilities (€bn)	106	6	14	126

Income by geographic region¹

	Half year ended 30.06.23	Half year ended 30.06.22
	€m	€m
Ireland	225	173
Germany	281	242
Italy	90	75
France	189	187
Spain	47	33
Netherlands	11	7
Sweden	12	26
Rest of Europe ²	16	5
Total	871	748

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

2 Countries with total revenue over 1% are listed in the table above.

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 30.06.23	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	€m	€m	€m	€m
Fee type				
Transactional	30	23	—	53
Advisory	69	4	—	73
Brokerage and execution	31	1	—	32
Underwriting and syndication	121	—	—	121
Service fees from affiliates	170	—	—	170
Other	7	2	10	19
Total revenue from contracts with customers	428	30	10	468
Other non-contract fee income	98	—	—	98
Fee and commission income	526	30	10	566
Fee and commission expense-non affiliates	(30)	(11)	—	(41)
Fee and commission expense-affiliates	(6)	—	—	(6)
Fee and commission expense	(36)	(11)	—	(47)
Net fee and commission income	490	19	10	519

Half year ended 30.06.22	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	€m	€m	€m	€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	88	—	—	88
Fee and commission income¹	465	31	10	506
Fee and commission expense-non affiliates	(18)	(11)	—	(29)
Fee and commission expense-affiliates	(6)	—	—	(6)
Fee and commission expense¹	(24)	(11)	—	(35)
Net fee and commission income¹	441	20	10	471

¹ From December 2022, the Bank has changed its presentation of transfer pricing arrangements to align with the policies being used across rest of the Barclays Group. The change impacts transfer pricing and sales credits earned or paid when affiliate entities act as recipients or payers of such transactions. Transfer pricing and sales credits will be shown within net trading income or fees and commission income depending on the nature of the transaction. Transfer pricing and sales credits previously recognised in fees and commission expense (H122: €137m) have been restated, resulting in a reduction in net trading income (H122: €44m) and fees and commission income (H122: €93m). There is no impact on total income reported.

Financial Statement Notes

Fee types

Transactional

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

Advisory

Advisory fees are generated from wealth management services and investment banking advisory 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 and facilitating foreign exchange transactions for spot/forward contracts.

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 for the half year include a revised fee arrangement governing the way in which the Bank is remunerated for enabling its Parent to benefit from the Bank's access to European Economic Area ('EEA') counterparties. 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.

4. Dividends on ordinary shares

No ordinary dividend was paid or proposed in H123 or 2022.

Financial Statement Notes

5. 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 2022, 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

	Level 1	Level 2	Level 3	Total
	€m	€m	€m	€m
As at 30.06.2023				
Trading portfolio assets	1,723	11,639	26	13,388
Financial assets at fair value through the income statement	—	30,740	330	31,070
Derivative financial instruments	—	36,779	199	36,978
Total assets	1,723	79,158	555	81,436
Trading portfolio liabilities	(2,888)	(14,193)	—	(17,081)
Financial liabilities designated at fair value	—	(27,709)	(70)	(27,779)
Derivative financial instruments	—	(28,529)	(145)	(28,674)
Total liabilities	(2,888)	(70,431)	(215)	(73,534)

Assets and liabilities held at fair value

	Level 1	Level 2	Level 3	Total
	€m	€m	€m	€m
As at 31.12.2022				
Trading portfolio assets	521	7,085	94	7,700
Financial assets at fair value through the income statement	—	16,806	410	17,216
Derivative financial instruments	—	40,050	389	40,439
Total assets	521	63,941	893	65,355
Trading portfolio liabilities	(1,411)	(11,452)	(9)	(12,872)
Financial liabilities designated at fair value	—	(14,766)	(92)	(14,858)
Derivative financial instruments	—	(32,117)	(377)	(32,494)
Total liabilities	(1,411)	(58,335)	(478)	(60,224)

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 30.06.2023		As at 31.12.2022	
	Assets	Liabilities	Assets	Liabilities
	€m	€m	€m	€m
Interest rate derivatives	108	(25)	99	(44)
Foreign exchange derivatives	3	(13)	101	(124)
Credit derivatives	1	(11)	1	(13)
Equity derivatives	87	(96)	188	(196)
Certificates of Deposit, Commercial Paper and other money market instruments	—	(70)	—	(92)
Asset backed loans	302	—	318	—
Non asset backed loans	24	—	135	—
Other	30	—	51	(9)
Total	555	(215)	893	(478)

Financial Statement Notes

Assets and liabilities reclassified between Level 1 and Level 2

During the period, there were no material transfers between Level 1 and Level 2 (Year ended December 2022: no material transfers between Level 1 and Level 2).

Level 3 movement analysis

The following table summarises the movements in the balances of Level 3 assets and liabilities during the period. The table shows gains and losses and includes amounts for all financial assets and liabilities that are held at fair value transferred to and from Level 3 during the period. Transfers have been reflected as if they had taken place at the beginning of the period.

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

Analysis of movements in Level 3 assets and liabilities

	As at 01.01.23	Purchases	Sales	Settlements	Total gains and (losses) in the period recognised in the income statement		Transfers		As at 30.06.23
					Trading income	Investment income	In	Out	
					€m	€m	€m	€m	
Non asset backed loans	67	22	(3)	(62)	—	—	—	—	24
Other	27	—	(18)	—	—	—	—	(7)	2
Trading portfolio assets	94	22	(21)	(62)	—	—	—	(7)	26
Asset backed loans	318	—	—	(15)	—	(1)	—	—	302
Non asset backed loans	68	—	(48)	(15)	—	—	—	(5)	—
Other	24	5	—	—	—	(1)	—	—	28
Financial assets at fair value through the income statement	410	5	(48)	(30)	—	(2)	—	(5)	330
Trading portfolio liabilities	(9)	—	—	—	—	—	—	9	—
Financial liabilities designated at fair value	(92)	—	—	—	—	—	(70)	92	(70)
Interest rate derivatives	55	—	—	(7)	9	—	16	10	83
Foreign exchange derivatives	(23)	—	—	(4)	(3)	—	(8)	28	(10)
Credit derivatives	(12)	(2)	—	1	2	—	—	1	(10)
Equity derivatives	(8)	(8)	—	4	3	—	—	—	(9)
Net derivative financial instruments¹	12	(10)	—	(6)	11	—	8	39	54
Total	415	17	(69)	(98)	11	(2)	(62)	128	340

¹ Derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are €199m and derivative financial liabilities are €145m.

Financial Statement Notes

Analysis of movements in Level 3 assets and liabilities

	As at 01.01.22 €m	Purchases €m	Sales €m	Settlements €m	Total gains and (losses) in the period recognised in the income statement		Transfers		As at 30.06.22 €m
					Trading income €m	Investment income €m	In €m	Out €m	
					€m	€m	€m	€m	
Non asset backed loans	50	133	—	—	—	—	—	—	183
Other	—	6	—	—	—	—	1	—	7
Trading portfolio assets	50	139	—	—	—	—	1	—	190
Asset backed loans	326	4	—	(11)	—	8	—	—	327
Other	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 instruments¹	81	1	—	(9)	(21)	—	(42)	15	25
Total	477	144	—	(20)	(22)	8	(65)	19	541

¹ Derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets were €261m and derivative financial liabilities were €236m.

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

	Half year ended 30.06.23			Half year ended 30.06.22		
	Income statement			Income statement		
	Trading income €m	Investment income €m	Total €m	Trading income €m	Investment income €m	Total €m
Financial assets at fair value through the income statement	—	(2)	(2)	(1)	8	7
Net derivative financial instruments	11	—	11	(21)	—	(21)
Total	11	(2)	9	(22)	8	(14)

Financial Statement Notes

Valuation techniques and sensitivity analysis

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

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

Current year valuation and sensitivity methodologies are consistent with those described within Note 15, Fair value of financial instruments of the Bank's Annual Report 2022

Sensitivity analysis of valuations using unobservable inputs

	As at 30.06.2023		As at 31.12.2022	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	€m	€m	€m	€m
Interest rate derivatives	4	(10)	2	(3)
Credit derivatives	3	(32)	1	(1)
Asset backed loans	23	(31)	24	(33)
Non asset backed loans	1	(2)	3	(3)
Total	31	(75)	30	(40)

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 €31m (December 2022: €30m) or to decrease fair values by up to €75m (December 2022: €40m) 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 2022.

Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	As at	As at
	30.06.2023	31.12.2022
	€m	€m
Exit price adjustments derived from market bid-offer spreads	(34)	(29)
Uncollateralised derivative funding	9	11
Derivative credit valuation adjustments	(27)	(28)
Derivative debit valuation adjustments	19	23

- Exit price adjustments derived from market bid-offer spreads increased by €5m to €34m due to a combination of market moves, position changes and additional exit adjustments recorded on Level 3 positions.
- Derivative debit valuation adjustments decreased by €4m to €19m as a result of changes in uncollateralized derivative positions.

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.

Financial Statement Notes

Unrecognised gains as a result of the use of valuation models using unobservable inputs

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is €7m (2022: €11m) for financial instruments measured at fair value. The decrease in unrecognised gains of €4m (2022: increase of €11m) was driven by amortisation and releases of €4m (2022: €nil) offset by additions of €nil (2022: €11m).

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 2022 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 30.06.23		As at 31.12.22	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m	€m	€m	€m
Financial assets				
Debt securities at amortised cost	1,697	1,672	87	87
Loans and advances to banks	1,337	1,337	1,412	1,412
Loans and advances to customers	13,799	13,363	13,861	13,492
Reverse repurchase agreements and other similar secured lending	1,772	1,622	1,764	1,611
Financial liabilities				
Deposits from banks	(3,665)	(3,665)	(3,628)	(3,628)
Deposits from customers	(29,780)	(29,780)	(25,793)	(25,793)
Repurchase agreements and other similar secured borrowing	(2,937)	(2,937)	(2,964)	(2,964)
Debt securities in issue	(2,266)	(2,266)	(3,139)	(3,139)
Subordinated liabilities	(4,831)	(4,831)	(4,679)	(4,313)

Financial Statement Notes

6. Subordinated liabilities

	Half year ended 30.06.23 €m	Year ended 31.12.22 €m
As at 1 January	4,679	3,171
Issuances	275	1,500
Redemption	(125)	—
Other	2	8
Closing balance	4,831	4,679

Issuances comprise of €275m Euribor intra-group subordinated loans from BB PLC which qualify as minimum requirement for own funds and eligible liabilities ('MREL') requirements.

Redemption comprises a €125m Euribor intra-group subordinated loan from BB PLC which qualified as MREL.

Other movements comprise accrued interest.

7. Provisions

	As at 30.06.23 €m	As at 31.12.22 €m
Undrawn contractually committed facilities and guarantees	35	46
Sundry provisions ¹	48	37
Redundancy and restructuring	6	9
Legal, competition and regulatory matters	5	6
Customer redress	1	1
Total	95	99

¹ Sundry provisions primarily comprise of provisions for dilapidation costs, employee service costs and indirect-tax related matters.

8. Other reserves

	As at 30.06.23 €m	As at 31.12.22 €m
Cash flow hedging reserve	(206)	(211)
Own credit reserve	(33)	(15)
Other reserves and other shareholders' equity	(45)	(45)
Total	(284)	(271)

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.

Financial Statement Notes

9. Contingent liabilities and commitments

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

	As at 30.06.23	As at 31.12.22
	€m	€m
Contingent liabilities and financial guarantees		
Guarantees and letters of credit pledged as collateral security	2,984	2,815
Performance guarantees, acceptances and endorsements	2,027	1,956
Total	5,011	4,771
Commitments		
Documentary credits and other short-term trade related transactions	41	69
Standby facilities, credit lines and other commitments	33,025	32,391
Total	33,066	32,460

The table includes loan commitments and guarantees carried at fair value of €647m (December 2022: €1,729m).

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 10.

10. 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 7, 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 Barclays Capital Securities Limited ('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.

Financial Statement Notes

11. Related party transactions

Related party transactions in the half year ended 30 June 2023 were similar in nature to those disclosed in the Bank's 2022 Annual Report.

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

	Half year ended 30.06.23		Half year ended 30.06.22	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	€m	€m	€m	€m
Total income	(39)	14	169	32
Operating expenses	(4)	(200)	(2)	(177)

	As at 30.06.23		As at 31.12.22	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	€m	€m	€m	€m
Total assets	8,451	3,966	8,504	4,427
Total liabilities	24,323	4,705	16,960	5,320

At 30 June 2023, the Bank benefits from collateralised financial guarantees from its parent totalling €8,858m (December 2022: €10,876m).

Except for the above, no related party transactions that have taken place in the half year ended 30 June 2023 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 30.06.23	As at 31.12.22
	€m	€m
Cash collateral and settlement balances	3,646	5,247
Loans and advances at amortised cost	596	801
Reverse repurchase agreements and other similar secured lending	1,772	1,764
Financial assets at fair value through the income statement	5,843	4,284
Derivative financial instruments	383	473
Other assets	177	362
Total assets with parent and fellow subsidiaries	12,417	12,931
Deposits at amortised cost	2,428	2,477
Cash collateral and settlements balances	3,472	4,970
Repurchase agreements and other similar secured borrowing	1,886	1,437
Debt securities in issue	1,500	1,500
Subordinated liabilities	4,831	4,679
Financial liabilities designated at fair value	14,387	6,130
Derivative financial instruments	392	905
Other liabilities	132	182
Total liabilities with parent and fellow subsidiaries	29,028	22,280

Financial Statement Notes

12. Repurchase agreements and other similar secured borrowing

Repurchase agreements and other similar secured borrowing of €2,937m at 30 June 2023 (31 December 2022: €2,964m) includes €1,051m (31 December 2022: €1,526m) in relation to secured borrowings under the third series of the ECB's Targeted Longer Term Refinancing Operations ('TLTRO III'). The reduction in TLTRO III of €475m during the six months period is due to a maturity of a tranche in June 2023.

In October 2022, the ECB amended the terms of the TLTRO III such that from 23 November 2022, the applicable TLTRO III rate is the average Deposit Facility Rate between 23 November 2022 and the maturity of the TLTRO III. Prior to the terms change, the applicable rate had been that from 24 June 2022 until the maturity of the TLTRO III. This change acts to increase the rate on the TLTRO III, and as a result, the Bank, in accordance with IFRS 9, booked income adjustments in H2 2022 of €15m to reflect the impact of the change over the life of the TLTRO III.

On an ongoing basis, the Bank continues to accrue at the original effective interest rate ('EIR') adjusted for rate hikes through H123. In H123, an interest expense of €14m was recognised on the TLTRO III liability (H122: gain of €6m within interest income, reflective of negative interest rate environment during H122).

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

13. Other Matters

Barclays Europe continues to grow and is making an important contribution to the Group's performance. As the entity evolves, we have recognised that to be closer to the balance of operations of our business in Continental Europe, it may be appropriate to relocate our EU headquarters. As a result, we are exploring a potential move of our EU headquarters from Dublin to Paris. This would be an intra-EU, technical change to our operating model, and would have no impact on the Group's UK activities with regards to employment, business activities, or revenue. Whatever the outcome of this exploratory work, a change of headquarters is not expected to have an impact on the service that Barclays Europe provides to clients; our growing Irish Corporate Banking and Private Banking franchises remain vital to our continued success and would continue to be supported locally by a strong complement of colleagues in Ireland. If a transfer of headquarters were to proceed, it would affect only a small number of roles in Barclays' Dublin location. Preparatory work and initial engagement with regulators as well as other stakeholders is underway and the relocation would be anticipated to take approximately 24 months with the expectation that no migration of contracts with clients or customers would be required.