Barclays Bank PLC
Interim Results Announcement

30 June 2022

Table of Contents

Notes

Barclays Bank PLC is a wholly-owned subsidiary of Barclays PLC. The consolidation of Barclays Bank PLC and its subsidiaries is referred to as the Barclays Bank Group. The consolidation of Barclays PLC and its subsidiaries is referred to as the Barclays Group or Barclays. Unless otherwise stated, the income statement analysis compares the six months ended 30 June 2022 to the corresponding six months of 2021 and the balance sheet analysis is as at 30 June 2022 with comparatives relating to 31 December 2021. The historical financial information used for the purposes of such analysis has been restated. Please refer to Note 1 to the condensed consolidated interim financial statements contained herein for further information. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively; the abbreviations '$m' and '$bn' represent millions and thousands of millions of US Dollars respectively; and 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 home.barclays/investor-relations/reports-and-events/latest-financial-results.

The information in this announcement, which was approved by the Board of Directors on 27 July 2022, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021, which contained an unmodified audit report under Section 495 of the Companies Act 2006 (which did not make any statements under Section 498 of the Companies Act 2006) have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

These results will be furnished as a Form 6-K to the US Securities and Exchange Commission (SEC) as soon as practicable following their publication. Once furnished with the SEC, a copy of the Form 6-K will be available from the SEC's website at www.sec.gov.

The Barclays Bank Group is a frequent issuer in the debt capital markets, including in the US and the EU, and regularly meets with investors via formal road-shows and other ad hoc meetings. Consistent with its usual practice, the Barclays Bank Group expects that from time to time over the coming half year it will meet with investors globally to discuss these results and other matters relating to the Barclays Bank Group.

At present, the requirements of (i) the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority and (ii) the Transparency (Directive 2004/109/EC) Regulations 2007 of Ireland (as amended), in each case as applicable to the condensed consolidated interim financial statements set out herein, are substantially the same. No separate review of the condensed consolidated interim financial statements set out herein has been carried out by the Barclays Bank Group's auditor pursuant to the Irish Auditing and Accounting Supervisory Authority's "International Standard on Review Engagements (Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity" for the purposes of the Transparency (Directive 2004/109/EC) Regulations 2007 of Ireland (as amended).

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Barclays Bank Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Barclays Bank Group (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank Group's future financial position, income levels, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including dividend pay-out ratios and expected payment strategies), projected levels of growth in banking and financial markets, projected expenditures, costs or savings, any commitments and targets (including, without limitation, environmental, social and governance (ESG) commitments and targets), business strategy, plans and objectives for future operations, group structure, IFRS impacts and other statements that are not historical or current facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulation and the interpretation thereof, the development of IFRS and other accounting standards , including evolving practices with regard to the interpretation and application of accounting standards, emerging and developing ESG reporting standards, the outcome of current and future legal proceedings and regulatory investigations and any related impact on provisions, the policies and actions of governmental and regulatory authorities, the Barclays Bank Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, environmental, social and geopolitical risks and incidents or similar events beyond the Barclays Bank Group's control, and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; changes in valuation of credit market exposures; changes in valuation of issued securities; changes in credit ratings of any entity within the Barclays Bank Group or any securities issued by such entities; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the Russia-Ukraine War on European and global macroeconomic conditions, political stability and financial markets; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union (EU), the effects of the EU-UK Trade and Cooperation Agreement and the disruption that may subsequently result in the UK and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Barclays Bank Group's reputation, business or operations; the Barclays Bank Group's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank Group's control. As a result, the Barclays Bank Group's actual financial position, future results, capital distributions, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures or ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Barclays Bank Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank Group's future financial condition and performance are identified in Barclays Bank PLC's filings with the SEC (including, without limitation, Barclays Bank PLC's Annual Report on Form 20-F for the financial year ended 31 December 2021, as amended), which are available on the SEC's website at www.sec.gov.

Subject to Barclays Bank PLC's obligations under the applicable laws and regulations of any relevant jurisdiction (including, without limitation, the UK and the US), in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Barclays Bank Group Overview

Barclays Bank PLC is the non-ring-fenced bank within the Barclays Group. The Barclays Bank Group contains the majority of the Barclays Group's Barclays International division, which is comprised of the Corporate and Investment Bank (CIB) and Consumer, Cards and Payments (CC&P) businesses. Barclays Bank PLC offers customers and clients a range of products and services spanning consumer and wholesale banking.

Barclays Bank Group results for the half year ended

	30.06.22	Restated[1] 30.06.21	
	£m	£m	% Change
Total income	9,990	8,189	22
Credit impairment (charge)/release	(293)	288	
Net operating income	**9,697**	**8,477**	**14**
Operating expenses	(5,259)	(5,059)	(4)
Litigation and conduct	(1,833)	(164)	
Total operating expenses	**(7,092)**	**(5,223)**	**(36)**
Other net income	—	3	
Profit before tax	**2,605**	**3,257**	**(20)**
Tax charge	(476)	(594)	20
Profit after tax	**2,129**	**2,663**	**(20)**
Other equity instrument holders	(328)	(303)	(8)
Attributable profit	**1,801**	**2,360**	**(24)**

Balance sheet information	As at 30.06.22 £bn	As at 31.12.21 £bn
Cash and balances at central banks	221.7	169.1
Cash collateral and settlement assets	128.5	88.1
Loans and advances at amortised cost	180.1	145.3
Trading portfolio assets	126.9	146.9
Financial assets at fair value through the income statement	210.4	188.2
Derivative financial instrument assets	344.4	262.3
Other assets	60.7	61.9
Total assets	**1,272.7**	**1,061.8**
Deposits at amortised cost	311.5	262.8
Cash collateral and settlement liabilities	123.4	79.0
Financial liabilities designated at fair value	255.8	251.1
Derivative financial instrument liabilities	321.5	256.5

Capital and liquidity metrics	As at 30.06.22 £bn	Restated[1] As at 31.12.21 £bn
Common equity tier 1 (CET1) ratio[2,3]	12.8%	12.9%
Barclays Bank PLC DoLSub liquidity coverage ratio	137%	140%
Barclays Bank Group liquidity pool	257	205
Total risk weighted assets (RWAs)	214.4	185.5
UK Leverage Ratio[4]	4.6%	3.7%

1 *The comparative capital and financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*
2 *Barclays Bank PLC is currently regulated by the Prudential Regulation Authority (PRA) on a solo-consolidated basis. The disclosure above provides a capital metric for Barclays Bank PLC solo-consolidated. For further information, refer to Treasury and Capital Risk on page 21.*
3 *The CET1 ratio is calculated applying the IFRS 9 transitional arrangements of the Capital Requirements Regulation (CRR) as amended by the Capital Requirements Regulation II (CRR II) applicable as at the reporting date. For further detail on the application of CRR and CRR II in the UK, refer to Treasury and Capital Risk on page 21.*
4 *Prior period comparatives are on a CRR leverage basis as Barclays Bank PLC solo-consolidated was not subject to the UK leverage framework until 1 January 2022. Had the UK framework been applied as at 31 December 2021, the UK leverage ratio would have been 4.1%.*

Barclays Bank Group performance[1]

Income Statement - H122 compared to H121

The Barclays Bank Group's profit before tax decreased 20% to £2,605m as a strong income performance, across CIB and CC&P, and a non-repeat of a prior year structural cost action charge were more than offset by provisions for litigation and conduct and the non-recurrence of a prior year impairment release.

Litigation and conduct provisions included an additional provision of £1.3bn for the expected rescission costs related to the over-issuance of securities under the Barclays Bank PLC's US shelf registration statements on Form F-3 filed with the SEC in 2018 and 2019 (the Over-issuance of Securities; for further details refer to page 44) and £165m for a related and estimated monetary penalty from the SEC. The H122 results included income and RWAs related to short-term hedging arrangements in relation to managing the risks from the expected rescission offer relating to the Over-issuance of Securities.

Profit before tax decreased to £2,605m (H121: £3,257m) driven by a decrease in CIB to £2,511m (H121: £3,199m) and in CC&P to £229m (H121: £463m), partially offset by a reduced loss in Head Office of £135m (H121: £405m loss).

- Total income increased 22% to £9,990m
  - CIB income increased 22% to £8,086m reflecting the benefit of a diversified business model and the impact of hedging arrangements in relation to the Over-issuance of Securities. Global Markets income increased 49%, reflecting higher levels of activity as we supported our clients through a period of market volatility, and £758m of income related to short-term hedging arrangements in relation to managing the risks from the rescission offer expected to be launched by Barclays Bank PLC in relation to the Over-issuance of Securities. Investment Banking fees decreased 31% due to the reduced fee pool, particularly in Equity capital markets[2], and a strong prior year comparative. Corporate income increased 11% reflecting deposits balance growth, improved margins, higher payments volumes and the non-recurrence of a prior year fair value loan write-off on a single name, partially offset by current year losses on certain fair value lending positions and higher costs of hedging and credit protection
  - CC&P income increased 21% to £1,992m reflecting higher average US cards balances, growth in turnover following the easing of lockdown restrictions in the past year, and improved margins and higher client balances in the Private Bank
  - Head Office income was a net expense of £88m (H121: £92m net expense) which primarily reflected hedge accounting and funding costs on legacy capital instruments
- Credit impairment charge of £293m (H121: £288m net release)
  - CIB credit impairment charge of £31m (H121: £260m net release) was driven by a net increase in modelled impairment whilst there continue to be limited material single name wholesale loan charges, with the prior year including a net release resulting from an improved macro-economic outlook scenario refresh
  - CC&P credit impairment charges increased to £278m (H121: £22m net release) driven by higher balances in US cards, including the day one impact of acquiring the US credit card portfolio from GAP Inc. (the GAP portfolio), partially offset by lower provisions held for uncertainty. The US cards business continues to maintain appropriate provision levels in light of affordability headwinds
  - Head Office credit impairment release was £16m (H121: £6m release)
- Total operating expenses increased 36% to £7,092m
  - CIB total operating expenses increased 50% to £5,544m primarily driven by a £1.3bn provision for the expected losses which are expected to result from the rescission offer relating to the Over-issuance of Securities, £165m for a related and estimated monetary penalty from the SEC, and a £165m related to settlements in principle in respect of industry-wide devices investigations by the SEC and the Commodity Futures Trading Commissions (CFTC)[3]. Operating expenses increased 8% to £3,912m driven by investment in talent, systems and technology, and the impact of inflation
  - CC&P total operating expenses increased 23% to £1,485m primarily driven by £200m of litigation and conduct costs, including a provision for higher customer remediation costs relating to a legacy loan portfolio. Operating expenses increased 14% driven by higher investment spend reflecting an increase in marketing and costs for existing and new partnerships
  - Head Office total operating expenses reduced to £63m (H121: £319m) reflecting the non-repeat of the £266m charge related to a structural cost action taken as part of the real estate review in June 2021

1. *The comparative capital and financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*
2. *Data source: Dealogic for the period covering 1 January to 30 June 2022.*
3. *Refers to the settlements in principle of the investigations by the SEC and the CFTC of Barclays Bank PLC, Barclays Capital Inc. (BCI) and other financial institutions, as part of a financial industry sweep regarding compliance with record-keeping obligations in connection with business-related communications sent over unapproved electronic messaging platforms.*

- The effective tax rate (ETR) was 18.3% (H121: 18.2%). The tax charge included a £183m charge recognised for the re-measurement of the Barclays Bank Group's UK deferred tax assets (DTAs) due to the enactment of legislation in Q122 which will result in the UK banking surcharge rate being reduced from 8% to 3% effective from 1 April 2023. The ETR excluding the impact of this downward re-measurement of UK DTAs was 11.2% which includes a 5.7% benefit relating to adjustments in respect of prior years

Balance sheet, capital and liquidity

30 June 2022 compared to 31 December 2021

- Cash and balances at central banks increased £52.6bn to £221.7bn driven by deposit growth and an increase in the liquidity pool

- Loans and advances at amortised cost increased £34.8bn to £180.1bn due to increased lending across CIB and CC&P, inclusive of the £2.7bn Gap portfolio acquisition, and appreciation of the USD against GBP and increased investment in debt securities

- Trading portfolio assets decreased £20.0bn to £126.9bn due to a reduction in equity securities as we support client activity in a period of volatility, partially offset by increased trading activity in debt securities

- Financial assets at fair value through the income statement increased £22.2bn to £210.4bn driven by increased secured lending. Financial liabilities designated at fair value increased £4.7bn to £255.8bn driven by increased secured borrowing

- Derivative financial instrument assets and liabilities increased £82.1bn to £344.4bn and £65.0bn to £321.5bn respectively driven by market volatility and increased activity in FICC and Equities

- Deposits at amortised cost increased £48.7bn to £311.5bn primarily due to an increase in short-term money market deposits and growth in Corporate deposits

- RWAs increased to £214.4bn (December 2021: £185.5bn) resulting from the impact of the appreciation of USD against GBP, regulatory changes that took effect from 1 January 2022, increased client activity within CIB, an increase in respect of short term hedging arrangements designed to manage the risks of the rescission offer relating to the Over-issuance of Securities and higher CC&P balances driven mainly by the GAP portfolio acquisition

- The Barclays Bank PLC solo-consolidated CET1 ratio as at 30 June 2021 was 12.8% (December 2021: 12.9%), which is above regulatory capital minimum requirements

- The Barclays Bank Group liquidity pool increased to £257bn (December 2021: £205bn), driven by continued deposit growth and a seasonal increase in short-term wholesale funding, which were partly offset by an increase in business funding consumption. The Barclays Bank PLC Domestic Liquidity Subgroup ('DoLSub') liquidity coverage ratio (LCR) remained well above the 100% regulatory requirement at 137% (December 2021: 140%), and reflects higher net stress outflows versus the 31 December 2021

Risk management and principal risks

The roles and responsibilities of the business groups, Risk and Compliance in the management of risk in the Barclays Bank Group are defined in the Enterprise Risk Management Framework. The purpose of the framework is to identify the principal risks of the Barclays Bank Group, the process by which the Barclays Bank Group sets its appetite for these risks in its business activities, and the consequent limits which it places on related risk taking. The framework identifies nine principal risks: credit risk, market risk, treasury and capital risk, climate risk, operational risk, model risk, conduct risk, reputation risk and legal risk. Further detail on the Barclays Bank Group's principal risks and previously identified material existing and emerging risks and how such risks are managed is available in the Barclays Bank PLC Annual Report 2021 (Risk Review, pages 34 to 56) or online at home.barclays/annualreport. There have been no significant changes to these principal risks or previously identified material existing and emerging risks in the period other than as set out below.

Material existing and emerging risks

Set out below are details of two additional material risks identified in H122 which potentially impact more than one principal risk.

Internal control over financial reporting and disclosure controls and procedures

The Barclays Bank Group is subject to requirements under the Sarbanes-Oxley Act of 2002, as amended, to perform system and process evaluation and testing of its internal control over financial reporting to allow management to assess the effectiveness of its internal controls. In connection with the offer and sale of securities by Barclays Bank PLC in excess of the amounts registered under its shelf registration statement on Form F-3 declared effective by the U.S. Securities and Exchange Commission (SEC) in 2019 (2019 F-3) and the predecessor U.S. shelf registration statement filed in 2018 (the Predecessor Shelf) (see "*Over-issuance of U.S. securities under Barclays Bank PLC's U.S. shelf registration statements*" below), management has concluded that the Barclays Bank Group had a material weakness in relation to certain aspects of its internal control environment and that, as a consequence, its internal control over financial reporting as at 31 December 2021 was not effective under the applicable Committee of Sponsoring Organizations Framework and its disclosure controls and procedures were not effective as at such date. The material weakness that has been identified relates to a weakness in controls over the identification of external regulatory limits related to securities issuance and monitoring against these limits. As a result of this weakness, Barclays Bank PLC issued securities in excess of the amounts under the U.S. shelf registration statements referred to above.

Remediation efforts have begun and the Barclays Bank Group is taking steps to strengthen internal controls relating to securities issuance to address the material weakness. However, internal control systems (no matter how well designed) have inherent limitations and may not prevent or detect further misstatements or errors (whether of a similar or different character to the foregoing). If the Barclays Bank Group fails to maintain an effective internal control environment or its disclosure controls and procedures are not effective, the Barclays Bank Group could suffer material misstatements in its financial statements and fail to meet its reporting obligations, which could cause investors to lose confidence in the Barclays Bank Group's reported financial information. This could in turn limit the Barclays Bank Group's access to capital markets, negatively impact its results of operations, and lead to a negative impact on the trading price of its securities. Additionally, ineffective internal control over financial reporting could expose the Barclays Bank Group to increased risk of fraud or misuse of corporate assets and subject it to potential regulatory investigations and civil or criminal sanctions. Any of the foregoing could have a material adverse effect on Barclays Bank PLC's and the Barclays Bank Group's business, financial condition, results of operations and reputation as a frequent issuer in the securities markets.

Over-issuance of U.S. securities under Barclays Bank PLC's U.S. shelf registration statements

The Barclays Bank Group may be subject to claims for rescission or damages and regulatory enforcement actions in connection with certain sales of securities issued by Barclays Bank PLC materially in excess of the amounts set forth in prior registration statements as set out under "*Internal control over financial reporting and disclosure controls and procedures*" above.

The securities that were issued in excess of these amounts comprise structured notes and exchange traded notes (ETNs). As such, certain offers and sales were not made in compliance with the U.S. Securities Act of 1933, as amended (Securities Act), giving rise to rights of rescission for certain purchasers of the securities. As a result, Barclays Bank PLC has elected to make a rescission offer (Rescission Offer) to eligible purchasers of the relevant affected securities, which it intends to launch on 1 August 2022.

As previously disclosed, the Barclays Bank Group is conducting a review (the Review), assisted by external counsel, of the facts and circumstances relating to the sale of the relevant affected securities in excess of amounts registered under such U.S. shelf registration statements and, among other things, the control environment related to such sales. The Review is at an advanced stage and reports on its progress have been made to the Barclays Bank Group's management team, the Barclays Bank Group Board, and regulators, including the SEC Divisions of Enforcement and Corporation Finance. Such reports have included, among other things: (i) an assessment that the issuance of securities in excess of the maximum aggregate offering price for Barclays Bank PLC's 2019 U.S. Shelf resulted from a failure to monitor issuances during the period in which Barclays Bank PLC's status changed from a "well-known seasoned issuer" to an "ineligible issuer" for U.S. securities law purposes, which required Barclays Bank PLC to pre-register a set amount of securities to be issued under its U.S. Shelf with the SEC; (ii) confirmation that the Review has not identified any evidence of intentional misconduct; and (iii) the discovery that, while the vast majority of the over-issuance occurred under the 2019 U.S. Shelf, a small portion of the over-issuance also occurred under the Predecessor Shelf.

The Barclays Bank Group is also conducting an internal review involving a five-year look-back at limits in other issuance programmes. Management has assessed as remote the risk of material financial impact associated with issuance limits other than where pre-registration of securities is required; therefore the focus of the review has been on programmes with external regulatory limits related to securities issuance. This review has not identified any other breach of an external regulatory limit in any issuance programme used by a member of the Barclays Bank Group.

Management has identified an instance where a limit imposed solely for internal governance reasons was exceeded when taking into account a large security held on the Barclays Bank Group's own balance sheet issued under a non-SEC registered debt issuance programme which did not have an external limit, although the breach of the internal limit did not give rise to any rights on the part of investors and did not constitute a material weakness. Nevertheless, there can be no assurance that the ongoing internal or external counsel reviews will not identify additional facts and information that could be material to an evaluation of this aspect of the Barclays Bank Group's control environment.

Under Section 12(a)(1) of the Securities Act, certain purchasers of unregistered securities have a right to recover, upon the tender of such security, the consideration paid for such security with interest, less the amount of any income received, or damages if the purchaser no longer owns the security (Rescission Price). Pursuant to the Rescission Offer, Barclays Bank PLC will offer to repurchase the relevant affected securities at the Rescission Price.

Although the Rescission Offer is expected to reduce liability with respect to potential private civil claims, it will not necessarily prevent such claims from being asserted against Barclays Bank PLC and/or its affiliates, including claims under applicable U.S. federal securities laws.

Further, the Rescission Offer does not bar the SEC or other authorities from pursuing enforcement actions against Barclays Bank PLC and its affiliates, which are expected to result in fines, penalties and/or other sanctions. The Barclays Bank Group is engaged with, and responding to inquiries and requests for information from, various regulators, including the SEC. The SEC's investigation into this matter is at an advanced stage and the Barclays Bank Group has had preliminary discussions with the staff of the SEC's Division of Enforcement about resolving this matter.

As at 30 June 2022, Barclays Bank PLC has recognised a balance sheet provision of £1,757m (December 2021: £220m) in relation to this matter, out of which £1,592m (December 2021: £220m) relates to the over-issuance of structured notes, and £165m (December 2021: £nil) relates to liabilities that could be incurred arising out of ongoing discussions in respect of a potential SEC resolution. A contingent liability exists in relation to the over-issuance of ETNs due to evidentiary challenges and the high level of trading in the securities. A contingent liability also exists in relation to any potential civil claims or enforcement actions taken against Barclays Bank PLC and its affiliates but Barclays Bank PLC is unable to assess the likelihood of liabilities that may arise out of such claims or actions, there is currently no indication of the exact timing for resolution and it is not practicable to provide an estimate of the financial effects.

The final cost of the Rescission Offer will be impacted by a number of factors, including prevailing market conditions. Prior to the completion of the Rescission Offer, the amount of the provision in relation to the over-issuance of structured notes will fluctuate, perhaps materially, due, in part, to the volatility of the market prices for the structured notes subject to the Rescission Offer. While Barclays Bank PLC and/or its affiliates have entered into hedging arrangements designed to minimise the volatility, such arrangements cannot by their very nature completely hedge the exposures, which may mean the final impact of the Rescission Offer may materially differ from the £1,592m provision reflected as at 30 June 2022. In addition, the hedging arrangements may be modified, may not prove effective (in existing or modified form), may expire prior to the end of the Rescission Offer and do not cover any other losses arising out of potential private civil claims or enforcement actions. The provision of £165m in relation to the potential SEC resolution may also be impacted by the ultimate outcome of the ongoing discussions. Any of the foregoing could result in material additional losses for the Barclays Bank Group.

Any liabilities, claims or actions in connection with the Over-issuance of Securities under the 2019 F-3 and the Predecessor Shelf could have a material adverse effect on Barclays Bank PLC's and the Barclays Bank Group's business, financial condition, results of operations and reputation as a frequent issuer in the securities markets.

Management has concluded that, by virtue of the fact that there was a weakness in controls over the identification of external regulatory limits related to securities issuance and monitoring against these limits, the Barclays Bank Group had a material weakness in relation to certain aspects of its internal control environment and, as a consequence, its internal control over financial reporting and disclosure controls and procedures as at 31 December 2021 were not effective. Further details on such material weakness are set out under "*Internal control over financial reporting and disclosure controls and procedures*" above.

Loans and advances at amortised cost by product

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

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

		Stage 2					
As at 30.06.22	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total[1]
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	10,461	314	11	170	495	1,016	11,972
Credit cards, unsecured loans and other retail lending	29,940	2,944	187	201	3,332	1,682	34,954
Wholesale loans	124,360	11,154	79	322	11,555	707	136,622
Total	**164,761**	**14,412**	**277**	**693**	**15,382**	**3,405**	**183,548**
Impairment allowance							
Home loans	10	14	1	1	16	343	369
Credit cards, unsecured loans and other retail lending	679	685	55	81	821	883	2,383
Wholesale loans	246	196	1	1	198	254	698
Total	**935**	**895**	**57**	**83**	**1,035**	**1,480**	**3,450**
Net exposure							
Home loans	10,451	300	10	169	479	673	11,603
Credit cards, unsecured loans and other retail lending	29,261	2,259	132	120	2,511	799	32,571
Wholesale loans	124,114	10,958	78	321	11,357	453	135,924
Total	**163,826**	**13,517**	**220**	**610**	**14,347**	**1,925**	**180,098**
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	4.5	9.1	0.6	3.2	33.8	3.1
Credit cards, unsecured loans and other retail lending	2.3	23.3	29.4	40.3	24.6	52.5	6.8
Wholesale loans	0.2	1.8	1.3	0.3	1.7	35.9	0.5
Total	**0.6**	**6.2**	**20.6**	**12.0**	**6.7**	**43.5**	**1.9**
As at 31.12.21							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	9,760	548	22	83	653	958	11,371
Credit cards, unsecured loans and other retail lending	24,011	2,402	198	182	2,782	1,469	28,262
Wholesale loans	95,242	12,275	301	386	12,962	921	109,125
Total	**129,013**	**15,225**	**521**	**651**	**16,397**	**3,348**	**148,758**
Impairment allowance							
Home loans	8	33	1	1	35	343	386
Credit cards, unsecured loans and other retail lending	605	677	39	75	791	906	2,302
Wholesale loans	183	188	3	2	193	435	811
Total	**796**	**898**	**43**	**78**	**1,019**	**1,684**	**3,499**
Net exposure							
Home loans	9,752	515	21	82	618	615	10,985
Credit cards, unsecured loans and other retail lending	23,406	1,725	159	107	1,991	563	25,960
Wholesale loans	95,059	12,087	298	384	12,769	486	108,314
Total	**128,217**	**14,327**	**478**	**573**	**15,378**	**1,664**	**145,259**
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	6.0	4.5	1.2	5.4	35.8	3.4
Credit cards, unsecured loans and other retail lending	2.5	28.2	19.7	41.2	28.4	61.7	8.1
Wholesale loans	0.2	1.5	1.0	0.5	1.5	47.2	0.7
Total	**0.6**	**5.9**	**8.3**	**12.0**	**6.2**	**50.3**	**2.4**

1 *Other financial assets subject to impairment excluded in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £173.9bn (December 2021: £135.5bn) and impairment allowance of £138m (December 2021: £104m). This comprises £7m (December 2021: £4m) ECL on £172.1bn (December 2021: £135.3bn) Stage 1 assets, £2m (December 2021: £0m) on £1.7bn (December 2021: £65m) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement balances and £129m (December 2021: £100m) on £133m (December 2021: £100m) Stage 3 other assets. Loan commitments and financial guarantee contracts have total ECL of £487m (December 2021:£499m).*

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 Barclays Bank PLC Annual Report 2021 on page 167. Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the year. The movements are measured over a 6-month period.

Loans and advances at amortised cost

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m
Home loans								
As at 1 January 2022	9,760	8	653	35	958	343	11,371	386
Transfers from Stage 1 to Stage 2	(219)	—	219	—	—	—	—	—
Transfers from Stage 2 to Stage 1	330	13	(330)	(13)	—	—	—	—
Transfers to Stage 3	(127)	—	(51)	(3)	178	3	—	—
Transfers from Stage 3	14	—	21	2	(35)	(2)	—	—
Business activity in the period[1]	1,185	2	—	—	—	—	1,185	2
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	52	(13)	7	(4)	6	10	65	(7)
Final repayments	(534)	—	(24)	(1)	(81)	(1)	(639)	(2)
Disposals	—	—	—	—	—	—	—	—
Write-offs[2]	—	—	—	—	(10)	(10)	(10)	(10)
As at 30 June 2022[3]	**10,461**	**10**	**495**	**16**	**1,016**	**343**	**11,972**	**369**
Credit cards, unsecured loans and other retail lending								
As at 1 January 2022	24,011	605	2,782	791	1,469	906	28,262	2,302
Transfers from Stage 1 to Stage 2	(1,293)	(28)	1,293	28	—	—	—	—
Transfers from Stage 2 to Stage 1	944	199	(944)	(199)	—	—	—	—
Transfers to Stage 3	(356)	(7)	(270)	(127)	626	134	—	—
Transfers from Stage 3	15	7	32	4	(47)	(11)	—	—
Business activity in the period[1]	6,041	331	174	15	13	2	6,228	348
Refinements to models used for calculation[4]	—	43	—	187	—	96	—	326
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	2,749	(453)	485	145	123	139	3,357	(169)
Final repayments	(2,019)	(14)	(193)	(13)	(112)	(5)	(2,324)	(32)
Disposals[5]	(152)	(4)	(27)	(10)	(26)	(14)	(205)	(28)
Write-offs[2]	—	—	—	—	(364)	(364)	(364)	(364)
As at 30 June 2022[3]	**29,940**	**679**	**3,332**	**821**	**1,682**	**883**	**34,954**	**2,383**

1 *Business activity in the period does not include additional drawdowns on the existing facility which are reported under "Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes". Business activity reported within Credit cards, unsecured loans and other retail lending portfolio includes GAP portfolio acquisition in US cards of £2.7bn.*

2 *In H122, gross write-offs amounted to £560m (H121: £606m) and post write-off recoveries amounted to £20m (H121: £15m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £540m (H121: £591m).*

3 *Other financial assets subject to impairment excluded in the tables above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income and other assets. These have a total gross exposure of £173.9bn (December 2021: £135.5bn) and impairment allowance of £138m (December 2021: £104m). This comprises £7m ECL (December 2021: £4m) on £172.1bn Stage 1 assets (December 2021: £135.3bn), £2m (December 2021: £0m) on £1.7bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2021: £65m) and £129m (December 2021: £100m) on £133m Stage 3 other assets (December 2021: £100m).*

4 *Refinements to models used for calculation reported within Credit cards, unsecured loans and other retail lending portfolio include a £0.3bn movement in US cards. These reflect methodology changes made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.*

5 *The £0.2bn of disposals reported within Credit cards, unsecured loans and other retail lending portfolio relates to sale of NFL portfolio within US cards.*

Loans and advances at amortised cost

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Wholesale loans								
As at 1 January 2022	95,242	183	12,962	193	921	435	109,125	811
Transfers from Stage 1 to Stage 2	(2,035)	(4)	2,035	4	—	—	—	—
Transfers from Stage 2 to Stage 1	4,848	31	(4,848)	(31)	—	—	—	—
Transfers to Stage 3	(38)	—	(66)	(1)	104	1	—	—
Transfers from Stage 3	32	—	1	—	(33)	—	—	—
Business activity in the period[1]	24,929	28	1,628	13	1	—	26,558	41
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	18,690	31	1,555	46	(10)	91	20,235	168
Final repayments	(17,308)	(23)	(1,681)	(26)	(44)	(40)	(19,033)	(89)
Disposals[2]	—	—	(31)	—	(46)	(47)	(77)	(47)
Write-offs[3]	—	—	—	—	(186)	(186)	(186)	(186)
As at 30 June 2022[4]	**124,360**	**246**	**11,555**	**198**	**707**	**254**	**136,622**	**698**

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	*(7)*
Credit cards, unsecured loans and other retail lending	*473*
Wholesale loans	*120*
ECL movement excluding assets derecognised due to disposals and write-offs	586
Recoveries and reimbursements[5]	(31)
Exchange and other adjustments[6]	(245)
Impairment release on loan commitments and other financial guarantees	(40)
Impairment charge on other financial assets[4]	23
Income statement charge for the period	**293**

1 *Business activity in the period does not include additional drawdowns on the existing facility which are reported under "Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes".*
2 *The £0.1bn of disposals reported within Wholesale loans relate to debt sales undertaken during the year.*
3 *In H122, gross write-offs amounted to £560m (H121: £606m) and post write-off recoveries amounted to £20m (H121: £15m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £540m (H121: £591m).*
4 *Other financial assets subject to impairment excluded from the tables above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income and other assets. These have a total gross exposure of £173.9bn (December 2021: £135.5bn) and impairment allowance of £138m (December 2021: £104m). This comprises £7m ECL (December 2021: £4m) on £172.1bn Stage 1 assets (December 2021: £135.3bn), £2m (December 2021: £0m) on £1.7bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2021: £65m) and £129m (December 2021: £100m) on £133m Stage 3 other assets (December 2021: £100m).*
5 *Recoveries and reimbursements includes a net gain in relation to reimbursements from guarantee contracts held with third parties of £11m (H121 loss: £216m) and post write off recoveries of £20m (H121: £15m).*
6 *Exchange and other adjustments includes foreign exchange and interest and fees in suspense.*

Loan commitments and financial guarantees

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m
Home loans								
As at 1 January 2022	53	—	—	—	1	—	54	—
Net transfers between stages	—	—	—	—	—	—	—	—
Business activity in the year	2	—	—	—	—	—	2	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	2	—	—	—	—	—	2	—
Limit management and final repayments	(13)	—	—	—	—	—	(13)	—
As at 30 June 2022	**44**	**—**	**—**	**—**	**1**	**—**	**45**	**—**
Credit cards, unsecured loans and other retail lending								
As at 1 January 2022	78,655	36	3,214	33	32	20	81,901	89
Net transfers between stages	(645)	4	361	—	284	(4)	—	—
Business activity in the year	26,149	1	195	—	—	—	26,344	1
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	10,050	24	(1,156)	1	(259)	2	8,635	27
Limit management and final repayments	(3,012)	—	(156)	—	(4)	(1)	(3,172)	(1)
As at 30 June 2022	**111,197**	**65**	**2,458**	**34**	**53**	**17**	**113,708**	**116**
Wholesale loans								
As at 1 January 2022	178,006	167	28,417	241	1,017	2	207,440	410
Net transfers between stages	9,900	36	(9,835)	(37)	(65)	1	—	—
Business activity in the year	37,356	19	2,864	24	—	—	40,220	43
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	17,664	(9)	1,526	(23)	142	(3)	19,332	(35)
Limit management and final repayments	(36,362)	(14)	(4,639)	(33)	(245)	—	(41,246)	(47)
As at 30 June 2022	**206,564**	**199**	**18,333**	**172**	**849**	**—**	**225,746**	**371**

Management adjustments to models for impairment

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

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

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

	As at 30.06.22		As at 31.12.21	
	Management adjustments to impairment allowances	Proportion of total impairment allowances	Management adjustments to impairment allowances	Proportion of total impairment allowances
	£m	%	£m	%
Home loans	5	1.4	34	8.8
Credit cards, unsecured loans and other retail lending	557	22.3	966	40.4
Wholesale loans	191	17.8	142	11.6
Total	**753**	**19.1**	**1,142**	**28.6**

Management adjustments to models for impairment allowance[1]

	Impairment allowance pre management adjustments[2]	Economic uncertainty adjustments	Other adjustments	Total adjustments	Total impairment allowance[3]
		(a)	(b)	(a+b)	
As at 30.06.22	£m	£m	£m	£m	£m
Home loans	364	5	—	5	369
Credit cards, unsecured loans and other retail lending	1,938	416	141	557	2,495
Wholesale loans	882	293	(102)	191	1,073
Total	**3,184**	**714**	**39**	**753**	**3,937**
As at 31.12.21					
Home loans	352	34	—	34	386
Credit cards, unsecured loans and other retail lending	1,425	771	195	966	2,391
Wholesale loans	1,079	244	(102)	142	1,221
Total	**2,856**	**1,049**	**93**	**1,142**	**3,998**

1 *Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.*
2 *Includes £2.7bn (December 2021: £2.2bn) of modelled ECL, £0.3bn (December 2021: £0.5bn) of individually assessed impairments and £0.2bn (December 2021: £0.2bn) ECL from non-modelled exposures.*
3 *Total impairment allowance consists of ECL stock on drawn and undrawn exposure.*

Economic uncertainty adjustments

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

Given this backdrop, COVID-19 related expert judgements have been materially replaced by provisions for customers and clients considered most vulnerable to rising costs and supply chain disruption. This uncertainty continues to be captured in two distinct ways. Firstly, customer uncertainty: the identification of customers and clients who may be more vulnerable to the emerging economic instability; and secondly, model uncertainty: to capture the impact from model limitations and sensitivities to specific macroeconomic parameters which are applied at a portfolio level.

The economic uncertainty adjustments of £0.7bn (FY21: £1.0bn) include customer and client uncertainty provisions of £0.6bn (FY21: £0.9bn) and model uncertainty provisions of £0.1bn (FY21: £0.1bn).

Customer and client uncertainty provisions include an adjustment of £0.6bn (2021: £0.9bn) which has been applied to customers and clients considered potentially vulnerable to the emerging economic instability in light of inflationary and supply chain concerns. This adjustment is split between Credit cards, unsecured loans and other retail lending £0.4bn (2021: £0.6bn) and wholesale loans £0.2bn (2021: £0.2bn). The reduction in the credit cards, unsecured loans and other retail lending-related adjustment is due to the unwinding of COVID-19 related expert judgements partially offset by provisions booked for customers and clients considered more vulnerable to rising costs and slowing consumer demand.

Furthermore, a previously held 2021 adjustment of £0.1bn to amend probabilities of default (PDs), informed by pre COVID-19 levels, is no longer required as the normalisation of customer behaviour is now captured within the modelled output.

Model uncertainty provisions of £0.1bn (2021: £0.1bn) informed by modelled provisions following the updated Q222 scenario.

Other adjustments

Other adjustments are operational in nature and are expected to remain in place until they can be corrected in the underlying models. These adjustments result from data limitations and model performance related issues identified through established governance processes. The quantum of adjustments has reduced in response to the macroeconomic variable refresh in Q222 as well as model enhancements made during H122. Material adjustments comprise the following:

Credit cards, unsecured loans and other retail lending: Includes an annual update to the qualitative measures used in high risk account management (HRAM) and the Day 1 impact on provisions due to the GAP portfolio acquisition in US cards.

Wholesale loans: Represents the net adjustments for model inaccuracies informed by model monitoring.

Measurement uncertainty

Management has applied economic uncertainty and other adjustments to modelled ECL outputs. Economic uncertainty adjustments have been applied to customers and clients considered most vulnerable to rising costs and supply chain disruption. As a result, ECL is higher than would be the case if it were based on forecast economic scenarios alone.

The measurement of modelled ECL involves complexity and judgement, including estimation of probabilities of default (PD), loss given default (LGD), a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default (EAD) and assessing significant increases in credit risk. The Barclays Bank Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts), Bloomberg (based on median of economic forecasts) and the Urban Land Institute (for US House Prices), which forms the Baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a broadly similar severity to Barclays' internal stress tests and stress scenarios provided by regulators whilst also considering IFRS 9 specific sensitivities and non-linearity. The favourable scenarios are designed to reflect plausible upside risks to the Baseline scenario which are broadly consistent with the economic narrative approved by the Senior Scenario Review Committee. All scenarios are regenerated at a minimum semi-annually. The scenarios include key economic variables, (including GDP, unemployment, House Price Index (HPI) and base rates in both the UK and US markets), and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately seven years.

Scenarios used to calculate the Barclays Bank Group's ECL charge were refreshed in Q222. The current Baseline scenario reflects the latest consensus economic forecasts. Unemployment rates remain low, close to current levels. As inflation expectations drift higher, central banks tighten monetary policy sharply. In 2023, the UK Bank Rate reaches 2.75%, while the US Federal Funds Rate peaks at 3.25%. Rising borrowing charges and falling real wages subtract from growth through lower investment and household consumption. In the Downside 2 scenario, with inflation expectations rising, the central banks have to raise interest rates very sharply. The UK Bank Rate and the US Federal Funds Rate both reach 5.0% in Q223. Higher borrowing costs derail the economy and unemployment peaks in Q124 at 9.2% in the UK and 9.5% in the US. Given already stretched valuations, the sharp increase in mortgage servicing costs sees house prices decrease very sharply. In the Upside 2 scenario, supply disruptions are resolved, while the aggregate demand is supported by a release of household savings. GDP growth accelerates. Recovering labour force participation limits domestic inflationary pressures, while lower energy prices add some downward pressure on prices globally.

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

The decrease in the Upside scenario weightings and increase in the Baseline weighting were driven by: (i) continued growth in UK/US GDP which resulted in a narrower range of future GDP paths; and (ii) generally less favourable GDP projections across scenarios, increasing the distance between Upside 2 and Baseline scenario paths. For further details see page 16.

COVID-19 related expert judgements have been materially replaced by provisions for customers and clients considered most vulnerable to rising costs and supply chain disruption. The economic uncertainty adjustments of £0.7bn (FY21: £1.0bn) have been applied as overlays to the modelled ECL output. These adjustments consist of a customer uncertainty provision of £0.6bn (FY21: £0.9bn) and a model uncertainty provision of £0.1bn (FY21: £0.1bn). For further details, see pages 11 to 12.

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

Baseline average economic variables used in the calculation of ECL

As at 30 June 2022	2022 %	2023 %	2024 %	2025 %	2026 %
UK GDP[1]	3.9	1.7	1.6	1.6	1.6
UK unemployment[2]	4.0	4.1	3.9	3.9	3.9
UK HPI[3]	4.3	1.0	2.2	2.5	2.8
UK bank rate	1.5	2.7	2.4	2.1	2.0
US GDP[1]	3.3	2.2	2.1	2.1	2.1
US unemployment[4]	3.6	3.5	3.5	3.5	3.5
US HPI[5]	4.1	3.4	3.4	3.4	3.4
US federal funds rate	1.5	3.2	2.9	2.7	2.5

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[1]	6.2	4.9	2.3	1.9	1.7
UK unemployment[2]	4.8	4.7	4.5	4.3	4.2
UK HPI[3]	4.7	1.0	1.9	1.9	2.3
UK bank rate	0.1	0.8	1.0	1.0	0.8
US GDP[1]	5.5	3.9	2.6	2.4	2.4
US unemployment[4]	5.5	4.2	3.6	3.6	3.6
US HPI[5]	11.8	4.5	5.2	4.9	5.0
US federal funds rate	0.2	0.3	0.9	1.2	1.3

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*
4 *Average US civilian unemployment rate 16-year+.*
5 *Change in year end US HPI = FHFA House Price Index, relative to prior year end.*

Downside 2 average economic variables used in the calculation of ECL

As at 30 June 2022	2022 %	2023 %	2024 %	2025 %	2026 %
UK GDP[1]	3.1	(4.8)	(0.4)	4.3	3.6
UK unemployment[2]	5.2	8.4	8.6	6.8	5.9
UK HPI[3]	0.2	(26.2)	(3.6)	17.9	10.2
UK bank rate	1.8	4.7	4.3	2.6	2.3
US GDP[1]	2.4	(4.1)	(0.2)	3.4	2.7
US unemployment[4]	4.6	8.0	9.0	7.1	5.8
US HPI[5]	(0.2)	(11.7)	(0.2)	5.5	3.5
US federal funds rate	1.8	4.8	4.6	3.6	3.0

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[1]	6.2	0.2	(4.0)	2.8	4.3
UK unemployment[2]	4.8	7.2	9.0	7.6	6.3
UK HPI[3]	4.7	(14.3)	(21.8)	11.9	15.2
UK bank rate	0.1	2.2	3.9	3.1	2.2
US GDP[1]	5.5	(0.8)	(3.5)	2.5	3.2
US unemployment[4]	5.5	6.4	9.1	8.1	6.4
US HPI[5]	11.8	(6.6)	(9.0)	5.9	6.7
US federal funds rate	0.2	2.1	3.4	2.6	2.0

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*
4 *Average US civilian unemployment rate 16-year+.*
5 *Change in year end US HPI = FHFA House Price Index, relative to prior year end.*

Downside 1 average economic variables used in the calculation of ECL

As at 30 June 2022	2022 %	2023 %	2024 %	2025 %	2026 %
UK GDP[1]	3.5	(1.6)	0.6	3.0	2.6
UK unemployment[2]	4.6	6.2	6.2	5.3	4.9
UK HPI[3]	2.3	(13.2)	(0.8)	10.0	6.5
UK bank rate	1.6	3.8	3.4	2.4	2.0
US GDP[1]	2.7	(1.0)	1.1	2.9	2.5
US unemployment[4]	4.1	5.7	6.2	5.3	4.6
US HPI[5]	1.9	(4.4)	1.6	4.4	3.4
US federal funds rate	1.7	3.9	3.8	3.2	2.8

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[1]	6.2	2.8	(0.7)	2.3	2.9
UK unemployment[2]	4.8	6.2	6.8	6.0	5.3
UK HPI[3]	4.7	(6.8)	(10.5)	6.9	8.6
UK bank rate	0.1	1.6	2.7	2.3	1.6
US GDP[1]	5.5	1.6	(0.4)	2.4	2.7
US unemployment[4]	5.5	5.4	6.6	6.1	5.2
US HPI[5]	11.8	(1.2)	(2.1)	4.8	5.2
US federal funds rate	0.2	1.3	2.3	2.1	1.8

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*
4 *Average US civilian unemployment rate 16-year+.*
5 *Change in year end US HPI = FHFA House Price Index, relative to prior year end.*

Upside 2 average economic variables used in the calculation of ECL

As at 30 June 2022	2022 %	2023 %	2024 %	2025 %	2026 %
UK GDP[1]	5.0	5.2	3.1	2.4	2.0
UK unemployment[2]	3.8	3.7	3.6	3.6	3.6
UK HPI[3]	6.5	11.2	6.2	4.7	3.7
UK bank rate	1.2	1.5	1.4	1.3	1.3
US GDP[1]	4.0	4.9	3.6	3.4	3.4
US unemployment[4]	3.4	3.0	3.1	3.1	3.1
US HPI[5]	5.4	5.5	4.6	4.5	4.5
US federal funds rate	1.1	2.2	1.9	1.7	1.5

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[1]	6.2	7.2	4.0	2.7	2.1
UK unemployment[2]	4.8	4.5	4.1	4.0	4.0
UK HPI[3]	4.7	8.5	9.0	5.2	4.2
UK bank rate	0.1	0.2	0.5	0.5	0.3
US GDP[1]	5.5	5.3	4.1	3.5	3.4
US unemployment[4]	5.5	3.9	3.4	3.3	3.3
US HPI[5]	11.8	10.6	8.5	7.2	6.6
US federal funds rate	0.2	0.3	0.4	0.7	1.0

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*
4 *Average US civilian unemployment rate 16-year+.*
5 *Change in year end US HPI = FHFA House Price Index, relative to prior year end.*

Upside 1 average economic variables used in the calculation of ECL

As at 30 June 2022	2022 %	2023 %	2024 %	2025 %	2026 %
UK GDP[1]	4.5	3.5	2.4	2.0	1.8
UK unemployment[2]	3.9	3.8	3.8	3.8	3.8
UK HPI[3]	5.4	6.3	4.1	3.6	3.2
UK bank rate	1.3	2.0	1.6	1.5	1.5
US GDP[1]	3.7	3.7	3.0	2.9	2.9
US unemployment[4]	3.5	3.2	3.3	3.3	3.3
US HPI[5]	4.7	4.4	4.0	3.9	3.9
US federal funds rate	1.3	2.4	2.2	1.9	1.8

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[1]	6.2	6.0	3.1	2.3	1.9
UK unemployment[2]	4.8	4.6	4.3	4.2	4.1
UK HPI[3]	4.7	5.0	5.0	3.9	3.3
UK bank rate	0.1	0.6	0.8	0.8	0.5
US GDP[1]	5.5	4.6	3.4	2.9	2.9
US unemployment[4]	5.5	4.0	3.5	3.5	3.5
US HPI[5]	11.8	8.3	7.0	6.0	5.7
US federal funds rate	0.2	0.3	0.6	1.0	1.1

1 *Average Real GDP seasonally adjusted change in year.*
2 *Average UK unemployment rate 16-year+.*
3 *Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.*
4 *Average US civilian unemployment rate 16-year+.*
5 *Change in year end US HPI = FHFA House Price Index, relative to prior year end.*

Scenario probability weighting

	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 30 June 2022					
Scenario probability weighting	14.0	25.6	37.8	15.2	7.4
As at 31 December 2021					
Scenario probability weighting	20.9	27.2	30.1	14.8	7.0

Specific bases show the most extreme position of each variable in the context of the scenario, for example, the highest unemployment for downside scenarios, average unemployment for baseline scenarios and lowest unemployment for upside scenarios. GDP and HPI downside and upside scenario data represents the lowest and highest points relative to the start point in the 20 quarter period.

Macroeconomic variables (specific bases)[1]

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
As at 30 June 2022	%	%	%	%	%
UK GDP[2]	16.8	12.8	2.1	(1.1)	(5.9)
UK unemployment[3]	3.6	3.8	4.0	6.6	9.2
UK HPI[4]	36.7	24.8	2.6	(13.6)	(30.8)
UK bank rate[3]	0.8	0.8	2.1	4.0	5.0
US GDP[2]	20.2	16.1	2.4	(0.5)	(5.0)
US unemployment[3]	3.0	3.2	3.5	6.5	9.5
US HPI[4]	27.0	22.9	3.5	(2.6)	(13.4)
US federal funds rate[3]	0.3	0.3	2.6	4.1	5.0
As at 31 December 2021					
UK GDP[2]	21.4	18.3	3.4	(1.6)	(1.6)
UK unemployment[3]	4.0	4.1	4.5	7.0	9.2
UK HPI[4]	35.7	23.8	2.4	(12.7)	(29.9)
UK bank rate[3]	0.1	0.1	0.7	2.8	4.0
US GDP[2]	22.8	19.6	3.4	1.5	(1.3)
US unemployment[3]	3.3	3.5	4.1	6.8	9.5
US HPI[4]	53.3	45.2	6.2	2.2	(5.0)
US federal funds rate[3]	0.1	0.1	0.8	2.3	3.5

1 *UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA House Price Index. 20 quarter period starts from Q122 (2021: Q121).*

2 *Maximum growth relative to Q421 (2021: Q420), based on 20 quarter period in Upside scenarios; 5-year yearly average Compound Annual Growth Rate (CAGR) in Baseline; minimum growth relative to Q421 (2021: Q420), based on 20 quarter period in Downside scenarios.*

3 *Lowest quarter in 20 quarter period in Upside scenarios; 5-year average in Baseline; highest quarter 20 quarter period in Downside scenarios..*

4 *Maximum growth relative to Q421 (2021: Q420), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q421 (2021: Q420), based on 20 quarter period in Downside scenarios.*

Average basis represents the average quarterly value of variables in the 20 quarter period with GDP and HPI based on yearly average and quarterly CAGRs respectively.

Macroeconomic variables (5-year averages)[1]

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
As at 30 June 2022	%	%	%	%	%
UK GDP[2]	3.5	2.8	2.1	1.6	1.1
UK unemployment[3]	3.7	3.8	4.0	5.5	7.0
UK HPI[4]	6.4	4.5	2.6	0.6	(1.5)
UK bank rate[3]	1.3	1.6	2.1	2.7	3.1
US GDP[2]	3.9	3.2	2.4	1.6	0.8
US unemployment[3]	3.1	3.3	3.5	5.2	6.9
US HPI[4]	4.9	4.2	3.5	1.4	(0.8)
US federal funds rate[3]	1.7	1.9	2.6	3.1	3.6
As at 31 December 2021					
UK GDP[2]	4.4	3.9	3.4	2.7	1.8
UK unemployment[3]	4.3	4.4	4.5	5.8	7.0
UK HPI[4]	6.3	4.4	2.4	0.3	(2.0)
UK bank rate[3]	0.3	0.5	0.7	1.7	2.3
US GDP[2]	4.4	3.9	3.4	2.4	1.3
US unemployment[3]	3.9	4.0	4.1	5.7	7.1
US HPI[4]	8.9	7.7	6.2	3.6	1.4
US federal funds rate[3]	0.5	0.6	0.8	1.5	2.1

1 *UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA House Price Index. .*
2 *5-year yearly average CAGR, starting 2021 (2021: 2020).*
3 *5-year average. Period based on 20 quarters from Q122 (2021: Q121).*
4 *5-year quarter end CAGR, starting Q421 (2021: Q420).*

Analysis of management value at risk (VaR)

The table below shows the total management VaR on a diversified basis by asset class. Total management VaR includes all trading positions in CIB and Treasury 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.

Management VaR (95%) by asset class

	Half year ended 30.06.22			Half year ended 31.12.21			Half year ended 30.06.21		
	Average	High	Low	Average	High	Low	Average	High	Low
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Credit risk	16	24	8	10	13	7	18	30	9
Interest rate risk	10	19	4	5	8	4	8	14	4
Equity risk	10	29	4	8	29	4	10	15	6
Basis risk	9	24	4	4	6	3	7	10	3
Spread risk	5	10	3	4	6	3	4	6	3
Foreign exchange risk	10	25	2	4	16	1	3	6	2
Commodity risk	—	1	—	—	1	—	—	1	—
Inflation risk	6	17	3	3	5	2	2	4	2
Diversification effect[1]	(39)	n/a	n/a	(23)	n/a	n/a	(30)	n/a	n/a
Total management VaR	**27**	**44**	**14**	**15**	**35**	**6**	**22**	**36**	**13**

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

Average management VaR increased 80% to £27m (H221: £15m) driven by elevated market volatility and defensive risk positioning. Risk taking during the period remained within risk appetite.

Funding and liquidity

Overview

The Barclays Bank Group liquidity pool increased to £257bn (December 2021: £205bn), driven by continued deposit growth and a seasonal increase in short-term wholesale funding, which were partly offset by an increase in business funding consumption. The Barclays Bank PLC Domestic Liquidity Subgroup ('DoLSub') LCR remained well above the 100% regulatory requirement at 137% (December 2021: 140%), and reflects higher net stress outflows versus the year-end position.

For the purpose of liquidity management, Barclays Bank PLC and its subsidiary Barclays Capital Securities Limited, a UK broker dealer entity, are monitored on a combined basis by the PRA under the Barclays Bank PLC DoLSub arrangement.

Liquidity risk stress testing

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

The LCR requirement takes into account the relative stability of different sources of funding and potential incremental funding requirements in a stress. The LCR is designed to promote short-term resilience of a bank's liquidity risk profile by holding sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days.

As at 30 June 2022, Barclays Bank PLC DoLSub held eligible liquid assets well above 100% of the net stress outflows to its internal and regulatory requirements. The proportional split of the liquidity pool between cash and deposits with central banks, government bonds and other eligible securities is broadly similar to the Barclays Group.

A significant portion of the Barclays Bank Group liquidity pool is located in Barclays Bank PLC and Barclays Bank Ireland PLC. The residual portion of the liquidity pool, which is predominantly in the US subsidiaries, is held against entity-specific stress outflows and local regulatory requirements.

	As at 30.06.22	As at 31.12.21
	£bn	£bn
Barclays Bank Group liquidity pool	257	205
	%	%
Barclays Bank PLC DoLSub liquidity coverage ratio	137	140

Capital and leverage

Barclays Bank PLC is currently regulated by the PRA on a solo-consolidated basis. Barclays Bank PLC solo-consolidated comprises Barclays Bank PLC plus certain additional subsidiaries, whose inclusion within the consolidation is subject to PRA approval. The disclosures below provide key capital metrics for Barclays Bank PLC solo-consolidated with further information on its risk profile to be included in the Barclays Bank PLC Interim 2022 Pillar 3 Report, expected to be published on 19 August 2022, and which will be available at home.barclays/investor-relations/reports-and-events.

Significant regulatory updates in the period

On 1 January 2022 the PRA's implementation of Basel III standards took effect including the introduction of the Standardised Approach for Counterparty Credit Risk (SA-CCR), which replaces the Current Exposure Method (CEM) for Standardised derivative exposures as a more risk sensitive approach. In addition, the PRA also implemented IRB roadmap changes which include revisions to the criteria for definition of default, probability of default (PD) and loss given default (LGD) estimation to ensure supervisory consistency and increase transparency of IRB models.

From 1 January 2022, UK banks became subject to a single UK leverage ratio requirement meaning that the CRR leverage ratio no longer applies. Central bank claims can be excluded from the UK leverage ratio measure as long as they are matched by qualifying liabilities (rather than deposits). Minimum requirements for Barclays Bank PLC are expected to apply from 1 January 2023 at the individual level; individual requirements may be replaced with a sub-consolidated measure, subject to permission from the PRA.

References to CRR as amended by CRR II mean, unless otherwise specified, CRR as amended by CRR II, as it forms part of UK law pursuant to the European Union (Withdrawal) Act 2018. On 31 March 2022, the temporary transitional powers available to UK regulators to delay or phase in on-shoring of European Union legislation into UK law ended with full compliance of the on-shored regulations required from 1 April 2022.

Impact of the Over-issuance of Securities

Basis of preparation

In March 2022, Barclays Bank PLC became aware it had issued securities in excess of the amount it had registered with the SEC under Barclays Bank PLC's 2019 F-3 and subsequently became aware that securities had also been issued in excess of the amount it had registered with the SEC under the Predecessor Shelf. The securities issued in excess of the registered amount comprised structured products and exchange traded notes. As these securities were not issued in compliance with the Securities Act, a right of rescission has arisen for certain purchasers of the securities. A proportion of the expected costs associated with the Rescission Offer (as defined in Note 1 Restatement of financial statements on page 32) are attributable to the financial statements for the year ended 31 December 2021 resulting in the restatement of the 2021 figures in the tables below.

Prior to the restatement, litigation and conduct charges in the income statement in relation to 2021 were under reported by £170m (post-tax). Total CET1 decreased by £200m from £24,128m to £23,928m, inclusive of the impact on regulatory threshold deductions. This resulted in reductions in the transitional CET1 ratio (13.0% to 12.9%), fully loaded CET1 ratio (12.7% to 12.6%), T1 ratio (17.6% to 17.5%) and total capital ratio (20.6% to 20.5%). Leverage exposure increased £1.9bn to recognise, on a regulatory basis, the potential commitment relating to the Rescission Offer. The CRR leverage ratio remained unchanged at 3.7%.

As at 30 June 2022, Barclays Bank PLC solo-consolidated CET1 ratio was 12.8% which is above its minimum regulatory requirement.

Capital ratios[2,3,4]	As at 30.06.22	Restated[1] As at 31.12.21
CET1	12.8%	12.9%
Tier 1 (T1)	16.4%	17.5%
Total regulatory capital	18.7%	20.5%

Capital resources	As at 30.06.22 £m	Restated[1] As at 31.12.21 £m
CET1 capital	27,420	23,928
T1 capital	35,088	32,395
Total regulatory capital	40,106	37,954
Risk weighted assets (RWAs)	214,426	185,467

Leverage ratio[2,5]	As at 30.06.22 £m	Restated[1] As at 31.12.21 £m
UK leverage ratio	4.6%	3.7%
T1 capital	35,088	32,395
UK leverage exposure	770,695	883,371

1 *Capital and leverage metrics as at 31 December 2021 have been restated. See Basis of preparation on page 32 for further details.*
2 *Capital, RWAs and leverage are calculated applying the transitional arrangements of the CRR as amended by CRR II. This includes IFRS 9 transitional arrangements and the grandfathering of CRR II non-compliant capital instruments. December 2021 comparatives include the grandfathering of CRR non-compliant capital instruments.*
3 *The fully loaded CET1 ratio was 12.7%, with £27.1bn of CET1 capital and £214.2bn of RWAs calculated without applying the transitional arrangements of the CRR as amended by CRR II.*
4 *The Barclays PLC CET1 ratio, as is relevant for assessing against the conversion trigger in Barclays Bank PLC 7.625% Contingent Capital Notes, was 15.1%. For this calculation CET1 capital and RWAs are calculated applying the transitional arrangements under the CRR, including the IFRS 9 transitional arrangements. The benefit of the Financial Services Authority (FSA) October 2012 interpretation of the transitional provisions, relating to the implementation of CRD IV, expired in December 2017.*
5 *Prior period comparatives are on a CRR leverage basis as Barclays Bank PLC solo-consolidated was not subject to the UK Leverage framework until 1 January 2022. Had the UK framework been applied as at 31 December 2021, the Barclays Bank PLC solo-consolidated UK leverage exposure would have been £767.6bn and the UK Leverage ratio would have been 4.1%.*

Statement of Directors' Responsibilities

The Directors (the names of whom are set out below) are required to prepare the financial statements on a going concern basis unless it is not appropriate to do so. In making this assessment, the Directors have considered information relating to present and future conditions. Each of the Directors confirm that, to the best of their knowledge, the condensed consolidated interim financial statements set out on pages 26 to 31 have been prepared in accordance with (a) UK-adopted International Accounting Standard 34, Interim Financial Reporting, (b) International Accounting Standard 34, Interim Financial Reporting, as published by the International Accounting Standards Board (IASB) and (c) International Accounting Standard 34, Interim Financial Reporting, as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (EU) and that the interim management report herein includes a fair review of the information:

- *An indication of important events that have occurred during the six months ended 30 June 2022 and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.*

- *Any related party transactions in the six months ended 30 June 2022 that have materially affected the financial position or performance of the Barclays Bank Group 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 Barclays Bank Group in the six months ended 30 June 2022.*

Signed on 27 July 2022 on behalf of the Board by

C.S. Venkatakrishnan
Barclays Bank Group - Chief Executive

Steven Ewart
Barclays Bank Group - Chief Financial Officer

Barclays Bank PLC - Board of Directors:

Chairman
Nigel Higgins

Executive Directors
C.S. Venkatakrishnan
Anna Cross

Non-Executive Directors
Mike Ashley
Robert Berry
Mohamed A. El-Erian
Dawn Fitzpatrick
Mary Francis CBE
Diane Schueneman

Conclusion

We have been engaged by Barclays Bank PLC ("the company" or "the group") to review the condensed set of financial statements in the Interim Results Announcement for the six months ended 30 June 2022 which comprises:

- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated balance sheet as at 30 June 2022;
- the condensed consolidated statement of changes in equity for the period then ended;
- the condensed consolidated cash flow statement for the period then ended; and
- the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Results Announcement for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

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

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

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 (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors' responsibilities

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

As disclosed in note 1, the Basis of preparation, the annual financial statements of the Barclays Bank Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the Interim Results Announcement in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the Interim Results Announcement based on our review. 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 company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Stuart Crisp
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London, E14 5GL
27 July 2022

Condensed consolidated income statement (unaudited)

	Notes[1]	Half year ended 30.06.22 £m	Restated[2] Half year ended 30.06.21 £m
Interest and similar income		4,098	2,444
Interest and similar expense		(1,865)	(921)
Net interest income		**2,233**	**1,523**
Fee and commission income		4,008	4,070
Fee and commission expense		(1,169)	(870)
Net fee and commission income	3	**2,839**	**3,200**
Net trading income		5,026	3,467
Net investment expense		(139)	(36)
Other income		31	35
Total income		**9,990**	**8,189**
Credit impairment (charge)/release		(293)	288
Net operating income		**9,697**	**8,477**
Staff costs		(2,600)	(2,385)
Infrastructure, administration and general expenses		(2,659)	(2,674)
Litigation and conduct	8	(1,833)	(164)
Operating expenses		**(7,092)**	**(5,223)**
Share of post-tax results of associates and joint ventures		—	3
Profit before tax		**2,605**	**3,257**
Tax charge	4	(476)	(594)
Profit after tax		**2,129**	**2,663**
Attributable to:			
Equity holders of the parent		1,801	2,360
Other equity instrument holders		328	303
Profit after tax		**2,129**	**2,663**

1 *For notes to the Financial Statements see pages 32 to 54.*
2 *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*

Condensed consolidated statement of comprehensive income (unaudited)

	Notes[1]	Half year ended 30.06.22 £m	Restated[3] Half year ended 30.06.21 £m
Profit after tax		**2,129**	**2,663**
Other comprehensive (loss)/income that may be recycled to profit or loss[2]			
Currency translation reserve	12	2,008	(552)
Fair value through other comprehensive income reserve	12	(799)	(312)
Cash flow hedging reserve	12	(2,874)	(823)
Other comprehensive loss that may be recycled to profit or loss		**(1,665)**	**(1,687)**
Other comprehensive income/(loss) not recycled to profit or loss			
Retirement benefit remeasurements	9	1,090	103
Own credit	12	855	(47)
Other comprehensive income not recycled to profit or loss		**1,945**	**56**
Other comprehensive income/(loss) for the period		**280**	**(1,631)**
Total comprehensive income for the period		**2,409**	**1,032**

1 *For notes to the Financial Statements see pages 32 to 54.*
2 *Reported net of tax.*
3 *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*

Condensed consolidated balance sheet (unaudited)

Assets	Notes[1]	As at 30.06.22 £m	Restated[2] As at 31.12.21 £m
Cash and balances at central banks		221,698	169,085
Cash collateral and settlement balances		128,501	88,085
Loans and advances at amortised cost		180,098	145,259
Reverse repurchase agreements and other similar secured lending		1,060	3,177
Trading portfolio assets		126,896	146,871
Financial assets at fair value through the income statement		210,430	188,226
Derivative financial instruments		344,396	262,291
Financial assets at fair value through other comprehensive income		43,814	45,908
Investments in associates and joint ventures		24	24
Goodwill and intangible assets		1,656	1,449
Property, plant and equipment		1,330	1,248
Current tax assets		1,116	589
Deferred tax assets	4	3,052	2,981
Retirement benefit assets	9	5,234	3,879
Other assets		3,440	2,706
Total assets		**1,272,745**	**1,061,778**
Liabilities			
Deposits at amortised cost		311,465	262,828
Cash collateral and settlement balances		123,387	79,047
Repurchase agreements and other similar secured borrowing		12,805	12,769
Debt securities in issue		68,656	48,388
Subordinated liabilities	7	32,241	32,185
Trading portfolio liabilities		75,880	53,291
Financial liabilities designated at fair value		255,787	251,131
Derivative financial instruments		321,526	256,523
Current tax liabilities		449	688
Deferred tax liabilities	4	—	6
Retirement benefit liabilities	9	236	246
Other liabilities		8,752	7,249
Provisions	8	2,645	1,110
Total liabilities		**1,213,829**	**1,005,461**
Equity			
Called up share capital and share premium	10	2,348	2,348
Other equity instruments	11	9,794	9,693
Other reserves	12	53	861
Retained earnings		46,721	43,415
Total equity		**58,916**	**56,317**
Total liabilities and equity		**1,272,745**	**1,061,778**

1 *For notes to the Financial Statements see pages 32 to 54.*
2 *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*

Condensed consolidated statement of changes in equity (unaudited)

Half year ended 30.06.22	Called up share capital and share premium[1] £m	Other equity instruments[1] £m	Other reserves[1] £m	Restated[2] Retained earnings £m	Restated[2] Total equity £m
Balance as at 1 January 2022	**2,348**	**9,693**	**861**	**43,415**	**56,317**
Profit after tax	—	328	—	1,801	2,129
Currency translation movements	—	—	2,008	—	2,008
Fair value through other comprehensive income reserve	—	—	(799)	—	(799)
Cash flow hedges	—	—	(2,874)	—	(2,874)
Retirement benefit remeasurements	—	—	—	1,090	1,090
Own credit	—	—	855	—	855
Total comprehensive income for the period	**—**	**328**	**(810)**	**2,891**	**2,409**
Issue and exchange of equity instruments	—	101	—	30	131
Other equity instruments coupons paid	—	(328)	—	—	(328)
Equity settled share schemes	—	—	—	242	242
Vesting of Barclays PLC shares under equity settled share schemes	—	—	—	(402)	(402)
Dividends paid - ordinary shares	—	—	—	(200)	(200)
Dividends paid - preference shares	—	—	—	(15)	(15)
Capital Contribution from Barclays PLC	—	—	—	750	750
Other movements	—	—	2	10	12
Balance as at 30 June 2022	**2,348**	**9,794**	**53**	**46,721**	**58,916**
Half year ended 31.12.21					
Balance as at 1 July 2021	**2,348**	**8,621**	**1,449**	**41,218**	**53,636**
Profit after tax	—	328	—	1,597	1,925
Currency translation movements	—	—	397	—	397
Fair value through other comprehensive income reserve	—	—	(50)	—	(50)
Cash flow hedges	—	—	(976)	—	(976)
Retirement benefit remeasurements	—	—	—	541	541
Own credit	—	—	34	—	34
Total comprehensive income for the period	**—**	**328**	**(595)**	**2,138**	**1,871**
Issue and exchange of other equity instruments	—	1,375	—	3	1,378
Other equity instruments coupons paid	—	(631)	—	(255)	(886)
Equity settled share schemes	—	—	—	785	785
Vesting of Barclays PLC shares under equity settled share schemes	—	—	—	338	338
Dividends paid - ordinary shares	—	—	—	(781)	(781)
Dividends paid - preference shares	—	—	—	(27)	(27)
Other movements	—	—	7	(4)	3
Balance as at 31 December 2021	**2,348**	**9,693**	**861**	**43,415**	**56,317**

1 *Details of share capital, other equity instruments and other reserves are shown on pages 32 to 54.*
2 *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*

Condensed consolidated statement of changes in equity (unaudited)

Half year ended 30.06.21	Called up share capital and share premium[1] £m	Other equity instruments[1] £m	Other reserves[1] £m	Restated[2] Retained earnings £m	Restated[2] Total equity £m
Balance as at 1 January 2021	**2,348**	**8,621**	**3,183**	**39,558**	**53,710**
Profit after tax	—	303	—	2,360	2,663
Currency translation movements	—	—	(552)	—	(552)
Fair value through other comprehensive income reserve	—	—	(312)	—	(312)
Cash flow hedges	—	—	(823)	—	(823)
Retirement benefit remeasurements	—	—	—	103	103
Own credit	—	—	(47)	—	(47)
Total comprehensive income for the period	**—**	**303**	**(1,734)**	**2,463**	**1,032**
Other equity instruments coupon paid	—	(303)	—	—	(303)
Equity settled share schemes	—	—	—	255	255
Vesting of Barclays PLC shares under equity settled share schemes	—	—	—	(349)	(349)
Dividends paid - ordinary shares	—	—	—	(694)	(694)
Dividends paid - preference shares	—	—	—	(13)	(13)
Capital contribution from Barclays PLC	—	—	—	—	—
Other movements	—	—	—	(2)	(2)
Balance as at 30 June 2021	**2,348**	**8,621**	**1,449**	**41,218**	**53,636**

1 *Details of share capital, other equity instruments and other reserves are shown on pages 45 to 46.*
2 *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*

Condensed consolidated cash flow statement (unaudited)

	Half year ended 30.06.22 £m	Restated[1] Half year ended 30.06.21 £m
Profit before tax	2,605	3,257
Adjustment for non-cash items	(7,938)	5,078
Net (increase)/decrease in loans and advances at amortised cost	(22,252)	2,932
Net increase in deposits at amortised cost	48,637	5,036
Net increase in debt securities in issue	20,268	13,508
Changes in other operating assets and liabilities	14,462	(8,814)
Corporate income tax paid	(280)	(617)
Net cash from operating activities	**55,502**	**20,380**
Net cash from investing activities	(7,071)	(3,112)
Net cash from financing activities	488	(2,883)
Effect of exchange rates on cash and cash equivalents	7,045	(5,534)
Net increase in cash and cash equivalents	**55,964**	**8,851**
Cash and cash equivalents at beginning of the period	185,860	173,125
Cash and cash equivalents at end of the period	**241,824**	**181,976**

1 *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*

1. Basis of preparation

These condensed consolidated interim financial statements (the financial statements) for the six months ended 30 June 2022 have been prepared in accordance with (a) the Disclosure Guidance and Transparency Rules (DTR) of the UK's Financial Conduct Authority (FCA), and (b) (i) UK adopted IAS 34, Interim Financial Reporting (ii) IAS 34, Interim Financial Reporting, as published by the International Accounting Standards Board (IASB), and (iii) IAS 34, Interim Financial Reporting as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (EU). UK adopted IAS 34 and EU adopted IAS 34 are currently the same and were the same as at 30 June 2022.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021. The annual financial statements for the year ended 31 December 2021 were prepared in accordance the requirements of the Companies Act 2006 and in accordance with (i) UK-adopted international accounting standards (ii) International Financial Reporting Standards (IFRS) and interpretations (IFRICs) as issued by the IASB and (iii) IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU . UK adopted IFRS and EU adopted IFRS are currently the same and were the same as at 31 December 2021.

The accounting policies and methods of computation used in these condensed consolidated interim financial statements are the same as those used in the Barclays Bank PLC Annual Report 2021.

1. Going concern

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

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

2. Other disclosures

The Credit risk disclosures on pages 7 to 18 form part of these interim financial statements.

Restatement of financial statements

The comparatives in these condensed consolidated interim financial statements for the six months ended 30 June 2022 (the financial statements) have been restated to reflect both a provision and contingent liability disclosure in respect of the impact of an over-issuance of securities (Over-issuance of Securities) in excess of the maximum aggregate offering price registered under Barclays Bank PLC's shelf registration statement on Form F-3, as declared effective by the SEC in August 2019 (2019 F-3) and Barclays Bank PLC's predecessor shelf registration statement on Form F-3 filed in 2018 (Predecessor Shelf).

Due to a historic SEC settlement order, at the time the 2019 F-3 was filed and the Predecessor Shelf was amended, Barclays Bank PLC had ceased to be a "well-known seasoned issuer" (or WKSI) and had become an "ineligible issuer", as defined in Rule 405 under the Securities Act of 1933, as amended (Securities Act), thus being required to register upfront a certain amount of securities with the SEC.

In March 2022, Barclays Bank PLC became aware that it had issued securities in the US materially in excess of the amount it had registered with the SEC under the 2019 F-3 and subsequently became aware that securities had also been issued in excess of the amount it had registered with the SEC under the Predecessor Shelf. The securities that were issued in this period comprise structured notes and exchange traded notes (ETNs). As such, certain offers and sales of these securities were not made in compliance with the Securities Act, giving rise to rights of rescission for certain purchasers of the securities. Under Section 12(a)(1) of the Securities Act, certain purchasers of unregistered securities have a right to recover, upon the tender of such security, the consideration paid for such security with interest, less the amount of any income received, or damages if the purchaser no longer owns the security (the Rescission Price). As a result, Barclays Bank PLC has elected to make a rescission offer to eligible purchasers of the relevant affected securities at the Rescission Price (the Rescission Offer).

A proportion of the expected costs associated with the rights of rescission of certain investors are attributable to Barclays Bank PLC's financial statements for the year ended 31 December 2021. Accordingly, the comparatives in these financial statements have been restated. The restatement impacts the consolidated income statement, the parent company income statement, the consolidated statement of comprehensive income, the parent company statement of comprehensive income, the consolidated balance sheet, the parent company balance sheet, the consolidated statement of changes in equity, the parent company statement of changes in equity, the consolidated cash flow statement, and the parent company cash flow statement for the year ended 31 December 2021, as well as half yearly financial information that is presented within this document. There was no material effect on Barclays Bank PLC's previously reported financial statements for the years ended 31 December 2020 and 2019.

The table below reflects each of the consolidated financial statement line items that were affected by the restatement:

For the half year ended 30 June 2021

Impact on the consolidated income statement	As reported £m	Restatement £m	As restated £m
Litigation and conduct	(87)	(77)	**(164)**
Operating expenses	(5,146)	(77)	**(5,223)**
Profit before tax	3,334	(77)	**3,257**
Taxation	(611)	17	**(594)**
Profit after tax	2,723	(60)	**2,663**

For the half year ended 30 June 2021

Impact on the consolidated statement of comprehensive income	As reported £m	Restatement £m	As restated £m
Profit after tax	2,723	(60)	**2,663**
Total comprehensive income for the year	1,092	(60)	**1,032**

For the half year ended 30 June 2021

Impact on the consolidated cash flow statement	As reported £m	Restatement £m	As restated £m
Profit before tax	3,334	(77)	**3,257**
Adjustment for non-cash items	5,001	77	**5,078**

For the year ended 31 December 2021

Impact on the consolidated income statement	As reported £m	Restatement £m	As restated £m
Litigation and conduct	(154)	(220)	**(374)**
Operating expenses	(10,039)	(220)	**(10,259)**
Profit before tax	5,638	(220)	**5,418**
Taxation	(880)	50	**(830)**
Profit after tax	4,758	(170)	**4,588**

For the year ended 31 December 2021

Impact on the consolidated balance sheet	As reported £m	Restatement £m	As restated £m
Liabilities			
Current tax liabilities	738	(50)	**688**
Provisions	890	220	**1,110**
Total liabilities	1,005,291	170	**1,005,461**
Equity			
Retained earnings	43,585	(170)	**43,415**
Total equity	56,487	(170)	**56,317**

The table below reflects each of the line items of the parent company financial statements that were affected by the restatement:

For the year ended 31 December 2021			
Impact on the parent company balance sheet	**As reported £m**	**Restatement £m**	**As restated £m**
Liabilities			
Current tax liabilities	392	(50)	**342**
Provisions	699	220	**919**
Total liabilities	1,011,809	170	**1,011,979**
Equity			
Retained earnings	37,350	(170)	**37,180**
Total equity	52,862	(170)	**52,692**

The financial impact of the restatement has been reflected in Notes 2, 4, 8 and 17.

2. Segmental reporting

Analysis of results by business

Half year ended 30.06.22	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
Total income	8,086	1,992	(88)	9,990
Credit impairment (charge)/release	(31)	(278)	16	(293)
Net operating income/(expense)	**8,055**	**1,714**	**(72)**	**9,697**
Operating expenses	(3,912)	(1,285)	(62)	(5,259)
Litigation and conduct	(1,632)	(200)	(1)	(1,833)
Total operating expenses	**(5,544)**	**(1,485)**	**(63)**	**(7,092)**
Other net income[2]	—	—	—	—
Profit/(loss) before tax	**2,511**	**229**	**(135)**	**2,605**
As at 30.06.22	**£bn**	**£bn**	**£bn**	**£bn**
Total assets	**1,179.5**	**80.4**	**12.8**	**1,272.7**

				Restated[1]
Half year ended 30.06.21	**Corporate and Investment Bank £m**	**Consumer, Cards and Payments £m**	**Head Office £m**	**Barclays Bank Group £m**
Total income	6,632	1,649	(92)	8,189
Credit impairment release	260	22	6	288
Net operating income/(expense)	**6,892**	**1,671**	**(86)**	**8,477**
Operating expenses	(3,617)	(1,126)	(316)	(5,059)
Litigation and conduct	(79)	(82)	(3)	(164)
Total operating expenses	**(3,696)**	**(1,208)**	**(319)**	**(5,223)**
Other net income[2]	3	—	—	3
Profit/(loss) before tax	**3,199**	**463**	**(405)**	**3,257**
As at 31.12.21	**£bn**	**£bn**	**£bn**	**£bn**
Total assets	**986.2**	**64.4**	**11.2**	**1,061.8**

1 *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*
2 *Other net income represents the share of post-tax results of associates and joint ventures and profit (or loss) on disposal of subsidiaries, associates and joint ventures.*

Split of income by geographic region[1]

	Half year ended 30.06.22 £m	Half year ended 30.06.21 £m
United Kingdom	4,674	2,698
Europe	1,310	1,213
Americas	3,276	3,676
Africa and Middle East	31	20
Asia	699	582
Total	**9,990**	**8,189**

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

3. Net fee and commission income

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

Half year ended 30.06.22	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Total £m
Fee type				
Transactional	216	1,229	—	1,445
Advisory	440	72	—	512
Brokerage and execution	734	28	—	762
Underwriting and syndication	1,101	—	—	1,101
Other	30	78	11	119
Total revenue from contracts with customers	**2,521**	**1,407**	**11**	**3,939**
Other non-contract fee income	67	2	—	69
Fee and commission income	**2,588**	**1,409**	**11**	**4,008**
Fee and commission expense[1]	(461)	(707)	(1)	(1,169)
Net fee and commission income	**2,127**	**702**	**10**	**2,839**

Half year ended 30.06.21	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Total £m
Fee type				
Transactional	184	984	—	1,168
Advisory	399	61	—	460
Brokerage and execution	527	26	—	553
Underwriting and syndication	1,715	—	—	1,715
Other	25	76	11	112
Total revenue from contracts with customers	**2,850**	**1,147**	**11**	**4,008**
Other non-contract fee income	59	3	—	62
Fee and commission income	**2,909**	**1,150**	**11**	**4,070**
Fee and commission expense[1]	(369)	(496)	(5)	(870)
Net fee and commission income	**2,540**	**654**	**6**	**3,200**

Note
1. *Barclays Bank Group has corrected the presentation of the scheme fees incurred when Barclays acts as an “acquirer” as part of the payment transaction cycle. From 2022 onwards, the scheme fees reported under "Consumer, Cards and Payments" are presented within fees and commission income under “Transactional” fee type, which had previously been recognised in fees and commission expense. The reclassification into Fee and Commission income is a reduction of £94m for H122. The comparatives have not been restated as the effect is not considered material although the effect would have been a reduction of H121: £81m with no impact on Net fee and commission income. There is no impact on Net assets or Cash flows reported.*

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

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

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

Underwriting and syndication 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.

4. Tax

The tax charge for H122 was £476m (restated[1] H121: £594m), representing an effective tax rate (ETR) of 18.3% (restated H121: 18.2%). The ETR for H122 includes a charge recognised for the re-measurement of the Barclays Bank Group's UK deferred tax assets (DTAs) due to the enactment of legislation in Q122 which will result in the UK banking surcharge rate being reduced from 8% to 3% effective from 1 April 2023. The ETR excluding the impact of this downward re-measurement of UK DTAs was 11.2% which includes a 5.7% benefit relating to adjustments in respect of prior years. The H121 ETR included a benefit recognised for the re-measurement of the Barclays Bank Group's UK DTAs as a result of the enactment of legislation to increase the UK corporation tax rate to 25% effective from 1 April 2023.

The re-measurement of UK DTAs has resulted in the Barclays Bank Group's UK DTAs decreasing by £100m with a tax charge in the income statement of £183m and a tax credit within other comprehensive income of £83m.

In October 2021, the OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting announced plans to introduce a global minimum tax rate of 15%. The model rules were released by the OECD in December 2021 with further guidance published in March 2022. Draft legislation published by the UK government on 20 July 2022 to implement the global minimum tax regime is expected to apply for accounting periods beginning on or after 31 December 2023. The Barclays Bank Group is reviewing the published OECD model rules and guidance and will review further guidance as well as new legislation to be released by governments implementing this new tax regime to assess the potential impact of new legislation.

In the USA, the proposed Build Back Better Act was passed by the House of Representatives in 2021 but it was not passed by the Senate and it is uncertain whether various proposals contained in the Act will progress further. The Act included proposals to implement material changes to international tax provisions, including amendments to the Base Erosion and Anti-Abuse Tax and the imposition of an alternative minimum tax based on accounting profits. It is unclear at this time whether any of these proposals could have a significant impact on the Barclays Bank Group if enacted. The Barclays Bank Group will continue to monitor developments and assess the potential impact of any future legislative changes ultimately enacted.

1. *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Basis of preparation on page 32 for more details.*

Deferred tax assets and liabilities	As at 30.06.22 £m	As at 31.12.21 £m
USA	1,530	2,006
UK	1,084	576
Other territories	438	399
Deferred tax assets	**3,052**	**2,981**
Deferred tax liabilities	—	(6)
Analysis of deferred tax assets		
Temporary differences	1,911	1,785
Tax losses	1,141	1,196
Deferred tax assets	**3,052**	**2,981**

5. Dividends on ordinary shares

Dividends paid during the period	Half year ended 30.06.22 £m	Half year ended 30.06.21 £m
Ordinary shares	200	694
Preference shares	15	13
Total	**215**	**707**

6. Fair value of financial instruments

This section should be read in conjunction with Note 16, Fair value of financial instruments of the Barclays Bank PLC Annual Report 2021, which provides more detail about accounting policies adopted, valuation methodologies used in calculating fair value and the valuation control framework which governs oversight of valuations. There have been no changes in the accounting policies adopted or the valuation methodologies used.

Valuation

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

	Valuation technique using			
	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at 30.06.22	£m	£m	£m	£m
Trading portfolio assets	58,340	64,300	4,256	126,896
Financial assets at fair value through the income statement	1,037	203,230	6,163	210,430
Derivative financial instruments	11,653	328,870	3,873	344,396
Financial assets at fair value through other comprehensive income	15,993	27,785	36	43,814
Investment property	—	—	5	5
Total assets	**87,023**	**624,185**	**14,333**	**725,541**
Trading portfolio liabilities	(47,118)	(28,680)	(82)	(75,880)
Financial liabilities designated at fair value	(193)	(255,155)	(439)	(255,787)
Derivative financial instruments	(12,674)	(304,473)	(4,379)	(321,526)
Total liabilities	**(59,985)**	**(588,308)**	**(4,900)**	**(653,193)**
As at 31.12.21				
Trading portfolio assets	80,836	63,754	2,281	146,871
Financial assets at fair value through the income statement	4,953	177,194	6,079	188,226
Derivative financial instruments	6,150	252,131	4,010	262,291
Financial assets at fair value through other comprehensive income	16,070	29,800	38	45,908
Investment property	—	—	7	7
Total assets	**108,009**	**522,879**	**12,415**	**643,303**
Trading portfolio liabilities	(26,701)	(26,563)	(27)	(53,291)
Financial liabilities designated at fair value	(174)	(250,553)	(404)	(251,131)
Derivative financial instruments	(6,571)	(243,893)	(6,059)	(256,523)
Total liabilities	**(33,446)**	**(521,009)**	**(6,490)**	**(560,945)**

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

	As at 30.06.22		As at 31.12.21	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Interest rate derivatives	1,573	(1,849)	1,091	(1,351)
Foreign exchange derivatives	786	(560)	376	(374)
Credit derivatives	234	(615)	323	(709)
Equity derivatives	1,280	(1,355)	2,220	(3,625)
Corporate debt	1,171	(13)	1,205	(21)
Reverse repurchase and repurchase agreements	178	(188)	13	(172)
Non-asset backed loans	6,435	—	3,743	—
Asset backed securities	291	—	558	—
Equity cash products	422	(3)	393	—
Private equity investments	123	—	148	—
Other[1]	1,840	(317)	2,345	(238)
Total	**14,333**	**(4,900)**	**12,415**	**(6,490)**

1. *Other includes commercial real estate loans, fund and fund-linked products, asset backed loans, issued debt, commercial paper, government sponsored debt and investment property.*

Assets and liabilities reclassified between Level 1 and Level 2

During the period there were no material transfers between Level 1 and Level 2 (year ended December 2021: no material transfers between Level 1 and Level 2).

Level 3 movement analysis

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

Level 3 movement analysis

	As at 01.01.22	Purchases	Sales	Issues	Settle-ments	Total gains and (losses) in the period recognised in the income statement: Trading income	Total gains and (losses) in the period recognised in the income statement: Other income	Total gains or (losses) recognised in OCI	Transfers: In	Transfers: Out	As at 30.06.22
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate debt	389	90	(144)	—	(17)	54	—	—	43	(11)	404
Non-asset backed loans	758	2,448	(459)	—	—	11	—	—	50	(113)	2,695
Asset backed securities	454	72	(80)	—	(297)	(20)	—	—	100	(66)	163
Equity cash products	303	21	(56)	—	—	24	—	—	52	(17)	327
Other	377	326	(42)	—	(5)	56	—	—	39	(84)	667
Trading portfolio assets	**2,281**	**2,957**	**(781)**	**—**	**(319)**	**125**	**—**	**—**	**284**	**(291)**	**4,256**
Non-asset backed loans	2,985	1,848	(757)	—	(315)	(76)	—	—	52	—	3,737
Equity cash products	84	—	—	—	—	3	2	—	—	—	89
Private equity investments	148	19	(60)	—	—	7	11	—	3	(4)	124
Other	2,862	4,817	(5,579)	—	(155)	9	179	—	99	(19)	2,213
Financial assets at fair value through the income statement	**6,079**	**6,684**	**(6,396)**	**—**	**(470)**	**(57)**	**192**	**—**	**154**	**(23)**	**6,163**
Asset backed securities	38	—	—	—	—	—	—	(2)	—	—	36
Financial assets at fair value through other comprehensive income	**38**	**—**	**—**	**—**	**—**	**—**	**—**	**(2)**	**—**	**—**	**36**
Investment property	**7**	**—**	**(1)**	**—**	**—**	**—**	**(1)**	**—**	**—**	**—**	**5**
Trading portfolio liabilities	**(27)**	**(35)**	**3**	**—**	**—**	**(29)**	**—**	**—**	**—**	**6**	**(82)**
Financial liabilities designated at fair value	**(404)**	**(5)**	**—**	**(13)**	**47**	**(22)**	**2**	**—**	**(81)**	**37**	**(439)**
Interest rate derivatives	(260)	25	—	—	(4)	(305)	(9)	—	271	6	(276)
Foreign exchange derivatives	2	—	—	—	(9)	273	—	—	(65)	25	226
Credit derivatives	(386)	(36)	5	—	60	(99)	—	—	20	55	(381)
Equity derivatives	(1,405)	(83)	—	—	170	980	—	—	(9)	272	(75)
Net derivative financial instruments[1]	**(2,049)**	**(94)**	**5**	**—**	**217**	**849**	**(9)**	**—**	**217**	**358**	**(506)**
Total	**5,925**	**9,507**	**(7,170)**	**(13)**	**(525)**	**866**	**184**	**(2)**	**574**	**87**	**9,433**

1. *Derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets were £3,873m and derivative financial liabilities were £4,379m.*

Level 3 movement analysis

						Total gains and (losses) in the period recognised in the income statement			Transfers		
	As at 01.01.21	Purchases	Sales	Issues	Settle-ments	Trading income	Other income	Total gains or (losses) recognised in OCI	In	Out	As at 30.06.21
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate debt	151	305	(87)	—	—	25	—	—	40	(11)	423
Non-asset backed loans	709	620	(131)	—	(84)	13	—	—	124	(106)	1,145
Asset backed securities	686	112	(294)	—	—	(10)	—	—	43	(48)	489
Equity cash products	214	13	(17)	—	—	32	—	—	29	(9)	262
Other	103	21	—	—	(51)	(1)	—	—	162	(1)	233
Trading portfolio assets	**1,863**	**1,071**	**(529)**	**—**	**(135)**	**59**	**—**	**—**	**398**	**(175)**	**2,552**
Non-asset backed loans	2,280	696	(299)	—	(388)	10	—	—	69	(47)	2,321
Equity cash products	320	166	(194)	—	—	(171)	18	—	—	—	139
Private equity investments	88	22	(7)	—	(7)	(1)	3	—	—	—	98
Other	1,704	2,296	(2,389)	—	(160)	(19)	1	—	16	—	1,449
Financial assets at fair value through the income statement	**4,392**	**3,180**	**(2,889)**	**—**	**(555)**	**(181)**	**22**	**—**	**85**	**(47)**	**4,007**
Non-asset backed loans	106	—	—	—	—	—	—	—	—	(106)	—
Asset backed securities	47	—	—	—	(5)	—	—	1	—	—	43
Financial assets at fair value through other comprehensive income	**153**	**—**	**—**	**—**	**(5)**	**—**	**—**	**1**	**—**	**(106)**	**43**
Investment property	**10**	**—**	**(2)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**8**
Trading portfolio liabilities	**(28)**	**(3)**	**14**	**—**	**—**	**(7)**	**—**	**—**	**—**	**7**	**(17)**
Financial liabilities designated at fair value	**(341)**	**—**	**—**	**—**	**98**	**7**	**—**	**—**	**(78)**	**18**	**(296)**
Interest rate derivatives	(2)	9	—	—	33	(121)	4	—	21	(296)	(352)
Foreign exchange derivatives	1	—	—	—	58	(6)	—	—	3	(34)	22
Credit derivatives	(155)	(118)	2	—	(5)	12	(1)	—	1	(1)	(265)
Equity derivatives	(1,615)	(315)	(1)	—	(32)	(221)	—	—	28	808	(1,348)
Net derivative financial instruments[1]	**(1,771)**	**(424)**	**1**	**—**	**54**	**(336)**	**3**	**—**	**53**	**477**	**(1,943)**
Total	**4,278**	**3,824**	**(3,405)**	**—**	**(543)**	**(458)**	**25**	**1**	**458**	**174**	**4,354**

1. *Derivative financial instruments are presented on a net basis. On a gross basis, derivative financial assets were £3,656m and derivative financial liabilities were £5,599m.*

Unrealised gains and losses on Level 3 financial assets and liabilities

The following table discloses the unrealised gains and losses recognised in the period arising on Level 3 financial assets and liabilities held at the period end.

	Half year ended 30.06.22				Half year ended 30.06.21			
	Income statement		Other compre-hensive income		Income statement		Other compre-hensive income	
	Trading income	Other income		Total	Trading income	Other income		Total
	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	121	—	—	121	35	—	—	35
Financial assets at fair value through the income statement	16	9	—	25	(67)	35	—	(32)
Financial assets at fair value through other comprehensive income	—	—	(2)	(2)	—	—	—	—
Investment properties	—	(1)	—	(1)	—	—	—	—
Trading portfolio liabilities	(35)	—	—	(35)	(6)	—	—	(6)
Financial liabilities designated at fair value	(14)	—	—	(14)	7	—	—	7
Net derivative financial instruments	862	(1)	—	861	(367)	—	—	(367)
Total	**950**	**7**	**(2)**	**955**	**(398)**	**35**	**—**	**(363)**

Valuation techniques and sensitivity analysis

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

Sensitivity analysis of valuations using unobservable inputs

	As at 30.06.22				As at 31.12.21			
	Favourable changes		Unfavourable changes		Favourable changes		Unfavourable changes	
	Income statement	Equity	Income Statement	Equity	Income statement	Equity	Income Statement	Equity
	£m	£m	£m	£m	£m	£m	£m	£m
Interest rate derivatives	75	—	(108)	—	51	—	(79)	—
Foreign exchange derivatives	15	—	(22)	—	20	—	(28)	—
Credit derivatives	111	—	(115)	—	112	—	(103)	—
Equity derivatives	107	—	(112)	—	181	—	(190)	—
Corporate debt	36	—	(35)	—	38	—	(28)	—
Non-asset backed loans	233	—	(260)	—	99	—	(150)	—
Equity cash products	56	—	(112)	—	25	—	(42)	—
Private equity investments	9	—	(9)	—	10	—	(11)	—
Other[1]	27	—	(36)	—	19	—	(20)	—
Total	**669**	**—**	**(809)**	**—**	**555**	**—**	**(651)**	**—**

1 *Other includes commercial real estate loans, fund and fund-linked products, asset backed loans, issued debt, commercial paper, government sponsored debt and investment property.*

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 £669m (December 2021: £555m) or to decrease fair values by up to £809m (December 2021: £651m) with substantially all the potential effect impacting profit and loss rather than reserves.

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 those described within Note 16, Fair value of financial instruments in the Barclays Bank PLC Annual Report 2021.

Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	As at 30.06.22 £m	As at 31.12.21 £m
Exit price adjustments derived from market bid-offer spreads	(531)	(498)
Uncollateralised derivative funding	(82)	(127)
Derivative credit valuation adjustments	(388)	(212)
Derivative debit valuation adjustments	208	91

- Exit price adjustments derived from market bid-offer spreads increased by £33m to £531m as a result of movements in market bid offer spreads.
- Uncollateralised derivative funding decreased by £45m to £82m as a result of reduction in uncollateralised funding exposure due to increases in interest rates which offset the impact of wider funding spreads.
- Derivative credit valuation adjustments decreased by £176m to £388m as a result of widening input counterparty credit spreads.
- Derivative debit valuation adjustments decreased by £117m to £208m as a result of widening in input own credit spreads.

Portfolio exemption

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

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 £106m (December 2021: £122m) for financial instruments measured at fair value and £27m (December 2021: £28m) for financial instruments carried at amortised cost. There are additions and FX gains of £19m (December 2021: £59m) and amortisation and releases of £35m (December 2021: £40m) for financial instruments measured at fair value and amortisation and releases of £1m (December 2021: £2m) offset by additions of £nil (December 2021: £nil) for financial instruments carried at amortised cost.

Third party credit enhancements

Structured and brokered certificates of deposit issued by the Barclays Bank Group are insured up to $250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC) in the United States. The FDIC is funded by premiums that the Barclays Bank Group and other banks pay for deposit insurance coverage. The carrying value of these issued certificates of deposit that are designated under the IFRS 9 fair value option includes this third party credit enhancement. The on-balance sheet value of these brokered certificates of deposit amounted to £3,065m (December 2021: £790m).

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 those described within Note 16, Fair value of financial instruments in the Barclays Bank PLC Annual Report 2021.

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

	As at 30.06.22		As at 31.12.21	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	£m	£m	£m	£m
Loans and advances at amortised cost	180,098	180,103	145,259	145,665
Reverse repurchase agreements and other similar secured lending	1,060	1,060	3,177	3,177
Financial liabilities				
Deposits at amortised cost	(311,465)	(311,455)	(262,828)	(262,843)
Repurchase agreements and other similar secured borrowing	(12,805)	(12,807)	(12,769)	(12,776)
Debt securities in issue	(68,656)	(68,504)	(48,388)	(48,350)
Subordinated liabilities	(32,241)	(32,230)	(32,185)	(33,598)

7. Subordinated liabilities

	Half year ended 30.06.22	Year ended 31.12.21
	£m	£m
Opening balance	32,185	32,005
Issuances	4,803	9,099
Redemptions	(4,221)	(7,241)
Other	(526)	(1,678)
Closing balance	**32,241**	**32,185**
Designated at fair value (Note 6)	580	483
Total subordinated liabilities	**32,821**	**32,668**

Issuances of £4,803m comprise £4,544m of intra-group loans from Barclays PLC and £128m USD Floating Rate Notes, £89m ZAR Floating Rate Notes and £42m EUR Floating Rate Notes issued externally by Barclays Bank PLC subsidiaries.

Redemptions of £4,221m comprise £3,087m of intra-group loans from Barclays PLC, £1,060m notes issued externally by Barclays Bank PLC and £74m USD Floating Rate Notes issued externally by a Barclays Bank PLC subsidiary. £1,060m notes issued externally by Barclays Bank PLC comprise £838m EUR 6.625% Fixed Rate Subordinated Notes, £147m USD 6.86% Callable Perpetual Core Tier One Notes, £42m EUR Subordinated Floating Rate Notes, £21m GBP Undated Floating Rate Primary Capital Notes and £12m GBP 6% Callable Perpetual Core Tier One Notes.

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

8. Provisions

	As at 30.06.22 £m	Restated[1] As at 31.12.21 £m
Customer redress	1,629	266
Legal, competition and regulatory matters	406	211
Redundancy and restructuring	23	46
Undrawn contractually committed facilities and guarantees	487	499
Onerous contracts	—	2
Sundry provisions	100	86
Total	**2,645**	**1,110**

1. *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*

Over-issuance of Securities

As at 30 June 2022, Barclays Bank PLC has recognised a balance sheet provision of £1,757m (December 2021: £220m) in relation to the Over-issuance of Securities (see Basis of preparation on page 32 for more information), out of which £1,592m (December 2021: £220m) is due to the over-issuance of structured notes (within customer redress), and £165m (December 2021: £nil) is in relation to liabilities that could be incurred arising out of ongoing discussions in respect of a potential SEC resolution (within legal, competition and regulatory matters).

The amount of the provision in relation to the rescission rights of investors in over-issued structured notes is determined by (among other things) the market value of the structured notes subject to the Rescission Offer, participation rates in such Rescission Offer, prevailing interest rates, and movements in foreign exchange rates. The majority of the structured notes subject to the Rescission Offer provide an equity linked return to investors. As such, the value of these notes is highly sensitive to movements in the price of individual securities and a range of indices.

The increase in the provision of £1,372m predominantly reflects a reduction in the market value of the structured notes and additional accrued interest that would be payable to investors on rescission. The US equity markets have been volatile during the first half of 2022, with significant reductions in the value of US equity indices such as the S&P 500 from the year end 2021 levels which has led to a reduction in the market value of the structured notes, and increased the size of the provision. The provision does not include the impact of market hedges that have been entered into subsequent to the year-end and were initiated from the end of the first quarter of 2022 to reduce the net volatility to the income statement. When determining these market hedges, consideration was given to changes in the rescission costs which would arise from volatility in the market along with the positioning of the Markets business.

The structured notes also accrue interest on a monthly basis (at current prevailing interest rates and participation rate assumptions this is c£34m a month) until the Rescission Price has been paid. The provision also assumes that not all structured note investors whose securities are out of the money will accept the Rescission Offer. If all investors were to accept the Rescission Offer, the provision would increase by c£60m.

The remaining increase in the provision of £165m results from Barclays Bank PLC's estimates of the potential SEC resolution.

9. Retirement benefits

As at 30 June 2022, the Barclays Bank Group's IAS 19 net pension surplus across all schemes was £5bn (December 2021: £3.6bn). The UK Retirement Fund (UKRF), which is the Barclays Bank Group's main scheme, had an IAS 19 net pension surplus of £5.2bn (December 2021: £3.8bn). The movement for the UKRF was driven by an overall increase in AA corporate bond yields (used for discounting future liabilities), a reduction in long-term expected price inflation assumption and the payment of deficit reduction contributions. These movements were partially offset by the fall in the value of UKRF's assets and the impact of high recent inflation on the liabilities.

UKRF funding valuations

The latest annual update as at 30 September 2021 showed the funding position had improved to a surplus of £0.6bn from a deficit of £0.9bn shown as at 30 September 2020. The improvement was mainly due to £0.7bn of deficit reduction contributions and favourable asset returns, partially offset by higher expected long term price inflation. The deficit recovery plan agreed at the last triennial valuation requires deficit reduction contributions from Barclays Bank PLC of £294m in 2022 and £286m in 2023. The deficit reduction contributions are in addition to the regular contributions to meet the Group's share of the cost of benefits accruing over each year. £147m of the 2022 deficit reduction contributions were paid in April, with the remaining £147m for 2022 due in September. The next triennial actuarial valuation of the UKRF is due to be completed in 2023 with an effective date of 30 September 2022.

During 2019 and 2020, the UKRF, the Barclays Bank Group's main pension scheme, subscribed for non-transferable listed senior fixed rate notes for £1.25bn issued by entities consolidated within the Barclays Bank Group under IFRS 10. As a result of these transactions, the CET1 impact of the 2019 and 2020 deficit contributions was deferred until 2023, 2024 and 2025 upon maturity of the notes. Following the PRA's statement on 13 April 2022, Barclays Bank PLC is planning to unwind these transactions and to agree the terms and timing of this unwind with the UKRF Trustee as part of the next triennial actuarial valuation as at 30 September 2022. Upon unwind, this would result in a c.30bps reduction to the CET1 ratio being accelerated to Q4 2022 from 2023, 2024 and 2025.

10. Called up share capital

Ordinary shares

As at 30 June 2022 the issued ordinary share capital of Barclays Bank PLC comprised 2,342m (December 2021: 2,342m) ordinary shares of £1 each.

Preference shares

As at 30 June 2022 the issued preference share capital of Barclays Bank PLC of £6m (December 2021: £6m) comprised 1,000 Sterling Preference Shares of £1.00 each (December 2021: 1000); 31,856 Euro Preference Shares of €100 each (December 2021: 31,856); and 58,133 US Dollar Preference shares of $100 each (December 2021: 58,133).

There were no issuances or redemptions of ordinary or preference shares in the six months to 30 June 2022.

11. Other equity instruments

Other equity instruments of £9,794m (December 2021: £9,693m) are AT1 securities issued to Barclays PLC. Barclays PLC uses funds from market issuances to purchase AT1 securities from Barclays Bank PLC. There was one issuance and one redemption in the six months to 30 June 2022.

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

12. Other reserves

	As at 30.06.22 £m	As at 31.12.21 £m
Currency translation reserve	4,589	2,581
Fair value through other comprehensive income reserve	(917)	(118)
Cash flow hedging reserve	(3,492)	(618)
Own credit reserve	(103)	(960)
Other reserves	(24)	(24)
Total	**53**	**861**

Currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the retranslation of the Barclays Bank Group's net investment in foreign operations, net of the effects of hedging.

As at 30 June 2022, there was a credit balance of £4,589m (December 2021: £2,581m credit) in the currency translation reserve. The £2,008m credit movement principally reflects the weakening of GBP against USD during the period.

Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the fair value changes of fair value through other comprehensive income investments since initial recognition.

As at 30 June 2022, there was a debit balance of £917m (December 2021: £118m debit) in the fair value through other comprehensive income reserve. The loss of £799m is principally driven by a £1,083m loss from the decrease in fair value of bonds due to increasing bond yields which was partially offset by a tax credit of £284m.

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transactions affect profit or loss.

As at 30 June 2022, there was a debit balance of £3,492m (December 2021: £618m debit) in the cash flow hedging reserve. The decrease of £2,874m principally reflects a £3,908m decrease in the fair value of interest rate swaps held for hedging purposes as major interest rate forward curves increased. This is partially offset by a tax credit of £1,032m.

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.

As at 30 June 2022, there was a debit balance of £103m (December 2021: £960m debit) in the own credit reserve. The movement of £857m principally reflects a £1,258m gain from the widening of Barclays funding spreads partially offset by a tax charge of £403m.

Other reserves

As at 30 June 2022, there was a debit balance of £24m (December 2021: £24m debit) in other reserves relating to redeemed ordinary and preference shares issued by Barclays Bank Group.

13. Contingent liabilities and commitments

Contingent liabilities and financial guarantees	As at 30.06.22 £m	As at 31.12.21 £m
Guarantees and letters of credit pledged as collateral security	16,743	15,759
Performance guarantees, acceptances and endorsements	7,532	7,987
Total	**24,275**	**23,746**
Commitments		
Documentary credits and other short-term trade related transactions	1,888	1,584
Standby facilities, credit lines and other commitments	334,483	282,867
Total	**336,371**	**284,451**

Further details on contingent liabilities, where it is not practicable to disclose an estimate of the potential financial effect on the Barclays Bank Group relating to legal and competition and regulatory matters can be found in Note 14.

14. Legal, competition and regulatory matters

The Barclays Bank Group faces legal, competition and regulatory challenges, many of which are beyond our control. The extent of the impact of these matters cannot always be predicted but may materially impact our operations, financial results, condition and prospects. Matters arising from a set of similar circumstances can give rise to either a contingent liability or a provision, or both, depending on the relevant facts and circumstances.

The recognition of provisions in relation to such matters involves critical accounting estimates and judgments in accordance with the relevant accounting policies applicable to Note 8, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank Group of contingent liabilities where it is not currently practicable to do so. Various matters detailed in this note seek damages of an unspecified amount. While certain matters specify the damages claimed, such claimed amounts do not necessarily reflect the Barclays Bank Group's potential financial exposure in respect of those matters.

Investigations into certain advisory services agreements

FCA proceedings

In 2008, Barclays Bank PLC and Qatar Holdings LLC entered into two advisory service agreements (the Agreements). The Financial Conduct Authority (FCA) conducted an investigation into whether the Agreements may have related to Barclays PLC's capital raisings in June and November 2008 (the Capital Raisings) and therefore should have been disclosed in the announcements or public documents relating to the Capital Raisings. In 2013, the FCA issued warning notices (the Notices) finding that Barclays PLC and Barclays Bank PLC acted recklessly and in breach of certain disclosure-related listing rules, and that Barclays PLC was also in breach of Listing Principle 3. The financial penalty provided in the Notices is £50m. Barclays PLC and Barclays Bank PLC continue to contest the findings.

Following the conclusion of the Serious Fraud Office (SFO) proceedings against certain former Barclays executives resulting in their acquittals, the FCA proceedings, which were stayed, have resumed. A hearing took place before the Regulatory Decisions Committee in the first quarter of 2022 and a decision is expected in the second half of 2022.

Investigations into LIBOR and other benchmarks and related civil actions

Regulators and law enforcement agencies, including certain competition authorities, from a number of governments have conducted investigations relating to Barclays Bank PLC's involvement in allegedly manipulating certain financial benchmarks, such as LIBOR. Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Barclays Bank Group and other banks in relation to the alleged manipulation of LIBOR and/or other benchmarks.

USD LIBOR civil actions

The majority of the USD LIBOR cases, which have been filed in various US jurisdictions, have been consolidated for pre-trial purposes in the US District Court in the Southern District of New York (SDNY). The complaints are substantially similar and allege, among other things, that Barclays PLC, Barclays Bank PLC, BCI and other financial institutions individually and collectively violated provisions of the US Sherman Antitrust Act (Antitrust Act), the US Commodity Exchange Act (CEA), the US Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Exchange Act of 1934 and various state laws by manipulating USD LIBOR rates.

Putative class actions and individual actions seek unspecified damages with the exception of one lawsuit, in which the plaintiffs are seeking no less than $100m in actual damages and additional punitive damages against all defendants, including Barclays Bank PLC. Some of the lawsuits also seek trebling of damages under the Antitrust Act and RICO. Barclays Bank PLC has previously settled certain claims. Two class action settlements, where Barclays Bank PLC has respectively paid $7.1m and $20m have received final court approval. Barclays Bank PLC also settled two further matters for $7.5m and $1.95m, respectively.

Sterling LIBOR civil actions

In 2016, two putative class actions filed in the SDNY against Barclays Bank PLC, BCI and other Sterling LIBOR panel banks alleging, among other things, that the defendants manipulated the Sterling LIBOR rate in violation of the Antitrust Act, CEA and RICO, were consolidated. The defendants' motion to dismiss the claims was granted in 2018. The plaintiffs have appealed the dismissal.

Japanese Yen LIBOR civil actions

In 2012, a putative class action was filed in the SDNY against Barclays Bank PLC and other Japanese Yen LIBOR panel banks by a lead plaintiff involved in exchange-traded derivatives and members of the Japanese Bankers Association's Euroyen Tokyo Interbank Offered Rate (Euroyen TIBOR) panel. The complaint alleges, among other things, manipulation of the Euroyen TIBOR and Yen LIBOR rates and breaches of the CEA and the Antitrust Act. In 2014, the court dismissed the plaintiff's antitrust claims, and, in 2020, the court dismissed the plaintiff's remaining CEA claims. The plaintiff has appealed the lower court's dismissal of such claims.

In 2015, a second putative class action, making similar allegations to the above class action, was filed in the SDNY against Barclays PLC, Barclays Bank PLC and BCI. Barclays and the plaintiffs have reached a settlement of $17.75m for both actions, which is subject to court approval.

SIBOR/SOR civil action

In 2016, a putative class action was filed in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants, alleging manipulation of the Singapore Interbank Offered Rate (SIBOR) and Singapore Swap Offer Rate (SOR). The plaintiffs and remaining defendants (which includes Barclays Bank PLC) have reached a joint settlement to resolve this matter for $91m, which has received preliminary court approval. A final court approval hearing has been scheduled for November 2022. The financial impact of Barclays' share of the joint settlement is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position.

ICE LIBOR civil actions

In 2019, several putative class actions were filed in the SDNY against a panel of banks, including Barclays PLC, Barclays Bank PLC, BCI, other financial institution defendants and Intercontinental Exchange Inc. and certain of its affiliates (ICE), asserting antitrust claims that defendants manipulated USD LIBOR through defendants' submissions to ICE. These actions have been consolidated. The defendants' motion to dismiss was granted in 2020 and the plaintiffs appealed. In February 2022, the dismissal was affirmed on appeal. The plaintiffs have not sought U.S. Supreme Court review. This matter is now concluded.

In August 2020, an ICE LIBOR-related action was filed by a group of individual plaintiffs in the US District Court for the Northern District of California on behalf of individual borrowers and consumers of loans and credit cards with variable interest rates linked to USD ICE LIBOR. The plaintiffs' motion seeking, among other things, preliminary and permanent injunctions to enjoin the defendants from continuing to set LIBOR or enforce any financial instrument that relies in whole or in part on USD LIBOR was denied. The defendants have moved to dismiss the case.

Non-US benchmarks civil actions

There remains one claim, issued in 2017 against Barclays Bank PLC and other banks in the UK in connection with alleged manipulation of LIBOR. Proceedings have also been brought in a number of other jurisdictions in Europe, Argentina and

Israel relating to alleged manipulation of LIBOR and EURIBOR. Additional proceedings in other jurisdictions may be brought in the future.

Credit Default Swap civil action

A putative antitrust class action is pending in New Mexico federal court against Barclays Bank PLC, BCI and various other financial institutions. The plaintiffs, the New Mexico State Investment Council and certain New Mexico pension funds, allege that the defendants conspired to manipulate the benchmark price used to value Credit Default Swap (CDS) contracts at settlement (i.e. the CDS final auction price). The plaintiffs allege violations of US antitrust laws and the CEA, and unjust enrichment under state law. The defendants have moved to dismiss the case.

Foreign Exchange investigations and related civil actions

In 2015, the Barclays Bank Group reached settlements totalling approximately $2.38bn with various US federal and state authorities and the FCA in relation to investigations into certain sales and trading practices in the Foreign Exchange market. The European Commission announced two settlements in May 2019 and the Barclays Bank Group paid penalties totalling approximately €210m. In June 2019, the Swiss Competition Commission announced two settlements and the Barclays Bank Group paid penalties totalling approximately CHF27m. In December 2021, the European Commission announced a final settlement which required the Barclays Bank Group to pay penalties totalling approximately €54m, which amount has been provided for in previous periods. The financial impact of any ongoing investigations is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position.

Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Barclays Bank Group and other banks in relation to alleged manipulation of Foreign Exchange markets.

FX opt out civil action

In 2018, Barclays Bank PLC and BCI settled a consolidated action filed in the SDNY, alleging manipulation of Foreign Exchange markets (Consolidated FX Action), for a total amount of $384m. Also in 2018, a group of plaintiffs who opted out of the Consolidated FX Action filed a complaint in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants. Some of the plaintiffs' claims were dismissed in 2020.

Retail basis civil action

In 2015, a putative class action was filed against several international banks, including Barclays PLC and BCI, on behalf of a proposed class of individuals who exchanged currencies on a retail basis at bank branches (Retail Basis Claims). The SDNY has ruled that the Retail Basis Claims are not covered by the settlement agreement in the Consolidated FX Action. The Court subsequently dismissed all Retail Basis Claims against the Barclays Bank Group and all other defendants. The plaintiffs have filed an amended complaint.

Non-US FX civil actions

Legal proceedings have been brought or are threatened against Barclays PLC, Barclays Bank PLC, BCI and Barclays Execution Services Limited (BX) in connection with alleged manipulation of Foreign Exchange in the UK, a number of other jurisdictions in Europe, Israel, Brazil and Australia. Additional proceedings may be brought in the future.

The above-mentioned proceedings include two purported class actions filed against Barclays PLC, Barclays Bank PLC, BX, BCI and other financial institutions in the UK Competition Appeal Tribunal (CAT) in 2019 following the settlements with the European Commission described above. The CAT refused to certify these claims in the first quarter of 2022 although the claimants are seeking permission to appeal. Also in 2019, a separate claim was filed in the UK in the High Court of Justice (High Court), and subsequently transferred to the CAT, by various banks and asset management firms against Barclays Bank PLC and other financial institutions alleging breaches of European and UK competition laws related to FX trading.

Metals related civil actions

A number of US civil complaints, each on behalf of a proposed class of plaintiffs, have been consolidated and transferred to the SDNY. The complaints allege that Barclays Bank PLC and other members of The London Gold Market Fixing Ltd. manipulated the prices of gold and gold derivative contracts in violation of the Antitrust Act and other federal laws. The parties have reached a joint settlement to resolve this matter for $50m, which has received preliminary court approval, with the final court approval hearing scheduled for August 2022. The financial impact of Barclays' share of the joint settlement is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position. A separate US civil complaint by a proposed class of plaintiffs against a number of banks, including Barclays Bank PLC, BCI and BX, alleging manipulation of the price of silver in violation of the CEA, the Antitrust Act and state antitrust and consumer protection laws, has been dismissed as against the Barclays entities. The plaintiffs have the option to seek the court's permission to appeal.

Civil actions have also been filed in Canadian courts against Barclays PLC, Barclays Bank PLC, Barclays Capital Canada Inc. and BCI on behalf of proposed classes of plaintiffs alleging manipulation of gold and silver prices.

US residential mortgage related civil actions

There are two pending US Residential Mortgage-Backed Securities (RMBS) related civil actions arising from unresolved repurchase requests submitted by Trustees for certain RMBS, alleging breaches of various loan-level representations and warranties (R&Ws) made by Barclays Bank PLC and/or a subsidiary acquired in 2007. In one action, the Barclays defendants' motion for summary judgment was granted in June 2022 and the plaintiffs' R&W breach claim was dismissed. The plaintiffs may appeal. The other repurchase action is pending.

Barclays Bank PLC has reached settlements to resolve two other repurchase actions, which have received final court approval. Payment of the settlement amount of one of those repurchase actions was completed in the first quarter of 2022, and the other will be completed in the third quarter of 2022. The financial impact of the settlements is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position.

In 2020, a civil litigation claim was filed in the New Mexico First Judicial District Court by the State of New Mexico against six banks, including BCI, on behalf of two New Mexico state pension funds and the New Mexico State Investment Council relating to legacy RMBS purchases. As to BCI, the complaint alleges that the funds purchased approximately $22m in RMBS underwritten by BCI. The parties have reached a joint settlement to resolve this matter for $32.5m. The settlement was paid in April 2022. The financial impact of BCI's share of the joint settlement is not material to the Barclays Bank Group's operating results, cash flows or financial position.

Government and agency securities civil actions

Treasury auction securities civil actions

Consolidated putative class action complaints filed in US federal court against Barclays Bank PLC, BCI and other financial institutions under the Antitrust Act and state common law allege that the defendants (i) conspired to manipulate the US Treasury securities market and/or (ii) conspired to prevent the creation of certain platforms by boycotting or threatening to boycott such trading platforms. The court dismissed the consolidated action in March 2021. The plaintiffs filed an amended complaint. The defendants' motion to dismiss the amended complaint was granted in March 2022. The plaintiffs are appealing this decision.

In addition, certain plaintiffs have filed a related, direct action against BCI and certain other financial institutions, alleging that defendants conspired to fix and manipulate the US Treasury securities market in violation of the Antitrust Act, the CEA and state common law.

Supranational, Sovereign and Agency bonds civil actions

Civil antitrust actions have been filed in the SDNY and Federal Court of Canada in Toronto against Barclays Bank PLC, BCI, BX, Barclays Capital Securities Limited and, with respect to the civil action filed in Canada only, Barclays Capital Canada, Inc. and other financial institutions alleging that the defendants conspired to fix prices and restrain competition in the market for US dollar-denominated Supranational, Sovereign and Agency bonds.

In one of the actions filed in the SDNY, the court granted the defendants' motion to dismiss the plaintiffs' complaint. The dismissal was affirmed on appeal; however, the district court subsequently informed the parties of a potential conflict. The motion to dismiss were assigned to a new district court judge and the plaintiffs have moved to vacate the dismissal order. The plaintiffs have voluntarily dismissed the other SDNY action. In the Federal Court of Canada action, the plaintiffs reached settlements with a small number of banks in 2020 (not including Barclays Capital Canada, Inc.). The plaintiffs have commenced the class certification process. There is no court scheduled deadline and the action remains at an early stage.

Variable Rate Demand Obligations civil actions

Civil actions have been filed against Barclays Bank PLC and BCI and other financial institutions alleging the defendants conspired or colluded to artificially inflate interest rates set for Variable Rate Demand Obligations (VRDOs). VRDOs are municipal bonds with interest rates that reset on a periodic basis, most commonly weekly. Two actions in state court have been filed by private plaintiffs on behalf of the states of Illinois and California. Three putative class action complaints have been consolidated in the SDNY. In the consolidated SDNY class action, certain of the plaintiffs' claims were dismissed in November 2020 and defendants' motion for partial dismissal of the amended consolidated complaint was granted in part and denied in part in June 2022. In the California action, the plaintiffs' claims were dismissed in June 2021. The plaintiffs have appealed the dismissal.

Odd-lot corporate bonds antitrust class action

In 2020, BCI, together with other financial institutions, were named as defendants in a putative class action. The complaint alleges a conspiracy to boycott developing electronic trading platforms for odd-lots and price fixing. The plaintiffs demand unspecified money damages. The defendants' motion to dismiss was granted in 2021 and the plaintiffs have appealed the dismissal. The district court subsequently informed the parties of a potential conflict and the case was reassigned to a new district court judge. The plaintiffs have filed a motion seeking a ruling that would vacate the dismissal and allow the plaintiffs to file an amended complaint if the appeals court remands the case for further proceedings.

Interest rate swap and credit default swap US civil actions

Barclays PLC, Barclays Bank PLC and BCI, together with other financial institutions that act as market makers for interest rate swaps (IRS) are named as defendants in several antitrust class actions which were consolidated in the SDNY in 2016.

The complaints allege the defendants conspired to prevent the development of exchanges for IRS and demand unspecified money damages.

In 2018, trueEX LLC filed an antitrust class action in the SDNY against a number of financial institutions including Barclays PLC, Barclays Bank PLC and BCI based on similar allegations with respect to trueEX LLC's development of an IRS platform. In 2017, Tera Group Inc. filed a separate civil antitrust action in the SDNY claiming that certain conduct alleged in the IRS cases also caused the plaintiff to suffer harm with respect to the Credit Default Swaps market. In 2018 and 2019, respectively, the court dismissed certain claims in both cases for unjust enrichment and tortious interference but denied motions to dismiss the federal and state antitrust claims, which remain pending.

BDC Finance L.L.C.

In 2008, BDC Finance L.L.C. (BDC) filed a complaint in the Supreme Court of the State of New York (NY Supreme Court), demanding damages of $298m, alleging that Barclays Bank PLC had breached a contract in connection with a portfolio of total return swaps governed by an ISDA Master Agreement (the Master Agreement). Following a trial, the court ruled in 2018 that Barclays Bank PLC was not a defaulting party, which was affirmed on appeal. In April 2021, the trial court entered judgement in favour of Barclays Bank PLC for $3.3m and as yet to be determined legal fees and costs. BDC appealed. In January 2022, the appellate court reversed the trial court's summary judgment decision in favour of Barclays Bank PLC and remanded the case to the lower court for further proceedings, with the trial scheduled to commence in the fourth quarter of 2022.

In 2011, BDC's investment advisor, BDCM Fund Adviser, L.L.C. and its parent company, Black Diamond Capital Holdings, L.L.C. also sued Barclays Bank PLC and BCI in Connecticut State Court for unspecified damages allegedly resulting from Barclays Bank PLC's conduct relating to the Master Agreement, asserting claims for violation of the Connecticut Unfair Trade Practices Act and tortious interference with business and prospective business relations. This case is currently stayed.

Civil actions in respect of the US Anti-Terrorism Act

There are a number of civil actions, on behalf of more than 4,000 plaintiffs, filed in US federal courts in the US District Court in the Eastern District of New York (EDNY) and SDNY against Barclays Bank PLC and a number of other banks. The complaints generally allege that Barclays Bank PLC and those banks engaged in a conspiracy to facilitate US dollar-denominated transactions for the Iranian Government and various Iranian banks, which in turn funded acts of terrorism that injured or killed the plaintiffs or the plaintiffs' family members. The plaintiffs seek to recover damages for pain, suffering and mental anguish under the provisions of the US Anti-Terrorism Act, which allow for the trebling of any proven damages.

The court granted the defendants' motions to dismiss three out of the six actions in the EDNY. The plaintiffs have appealed in one action. The remaining actions are stayed pending a decision on the appeal. Out of the two actions in the SDNY, the court also granted the defendants' motion to dismiss the first action which is stayed pending a decision on the EDNY appeal. The second SDNY action is stayed pending any appeal on the dismissal of the first.

Shareholder derivative action

In November 2020, a purported Barclays shareholder filed a putative derivative action in New York state court against BCI and a number of current and former members of the Board of Directors of Barclays PLC and senior executives or employees of the Barclays Bank Group. The shareholder filed the claim on behalf of nominal defendant Barclays PLC, alleging that the individual defendants harmed the company through breaches of their duties, including under the Companies Act 2006. The plaintiff seeks damages on behalf of Barclays PLC for the losses that Barclays PLC allegedly suffered as a result of these alleged breaches. An amended complaint was filed in April 2021, which BCI and certain other defendants moved to dismiss. The motion to dismiss was granted in April 2022. The plaintiffs are appealing the decision.

Derivative transactions civil action

In 2021, Vestia (a Dutch housing association) brought a claim against Barclays Bank PLC in the UK in the High Court in relation to a series of derivative transactions entered into with Barclays Bank PLC between 2008 and 2011, seeking damages of £329m. Barclays Bank PLC is defending the claim and has made a counterclaim.

Timeshare loans, skilled person review and associated matters

In August 2020, the FCA granted an application by Clydesdale Financial Services Limited (CFS), which trades as Barclays Partner Finance and houses Barclays' point-of-sale finance business, for a validation order with respect to certain loans to customers brokered between April 2014 and April 2016 by Azure Services Limited (ASL), a timeshare operator, which did not, at the point of sale, hold the necessary broker licence. As a condition to the validation order, the FCA required CFS to undertake a skilled person review of the assessment of affordability processes for the loans brokered by ASL (ASL Loans) as well as CFS' policies and procedures for assessing affordability and oversight of brokers more generally, and dictated a remediation methodology in the event that ASL Loans did not pass the affordability test. CFS voluntarily agreed to remediate the ASL Loans, in accordance with the FCA's methodology and the remediation exercise is substantively complete. The remaining scope of the skilled person review is also complete. The skilled person made a number of observations, some of which were adverse, about both current and historic affordability practices as well as current oversight practices. CFS is not required to conduct a full back book review but, following a review of certain cohorts of loans to determine historic affordability and/or broker oversight practices that may have caused customer harm, where harm is identified, CFS' intention is to remediate. To date CFS has identified a number of areas for remediation but the scoping exercise is ongoing. Separately, and notwithstanding this, CFS decided in March 2022 to extend the proactive remediation of ASL Loans beyond those brokered between April 2014 to April 2016 to include the full portfolio of ASL Loans brokered between 2006 and 2018. In the first quarter of 2022, a customer remediation provision of £181m has been recognised in relation to the remediation of the ASL Loans originated outside the April 2014 to April 2016 period. This provision represents the best estimate as at 30 June 2022. CFS continues to review complaints about other legacy partner finance loans, however, it is not currently possible to predict the outcome of this review or the financial impact on the Barclays Bank Group.

Over-issuance of securities in the US

Barclays Bank PLC maintains a US shelf registration statement with the Securities and Exchange Commission (SEC) in order to issue securities to US investors. In May 2017, Barclays Bank PLC was the subject of an SEC settlement order as a result of which it lost its status as a "well-known seasoned issuer" (or WKSI) and was required to register a specified amount of securities to be issued under any US shelf registration statements filed with the SEC.

On 10 March 2022, executive management became aware that Barclays Bank PLC had issued securities materially in excess of the set amount under its 2019 US shelf registration statement (2019 F-3) and subsequently became aware that securities had also been issued in excess of the set amount under the predecessor US shelf registration statement (the Predecessor Shelf). The securities that have been over-issued comprise structured notes and exchange traded notes (ETNs). Securities issued in excess of the amount registered are considered to be "unregistered securities" for the purposes of US securities laws with certain purchasers of those securities having a right to recover, upon the tender of such security to, Barclays Bank PLC, the consideration paid for such security with interest, less the amount of any income received, or to recover damages from Barclays Bank PLC if the purchaser no longer owns the security and had sold the security at a loss (the Rescission Price). Barclays Bank PLC is expected to launch a rescission offer on 1 August 2022, by which Barclays Bank PLC will offer to repurchase the relevant affected securities for the rescission price (the Rescission Offer). Although the Rescission Offer is expected to reduce liability with respect to potential private civil claims, it will not necessarily prevent such claims from being asserted against Barclays Bank PLC and/or its affiliates, including claims under applicable US federal securities laws.

Further, the Rescission Offer does not bar the SEC and other regulators from pursuing enforcement actions against Barclays Bank PLC and its affiliates, which are expected to result in fines, penalties and/or other sanctions. The Barclays Bank Group is engaged with, and responding to inquiries and requests for information from, various regulators, including the SEC. The SEC's investigation into this matter is at an advanced stage and the Barclays Bank Group has had preliminary discussions with the staff of the SEC's Division of Enforcement about resolving this matter.

As at 30 June 2022, Barclays Bank PLC has recognised a balance sheet provision of £1,757m (December 2021: £220m) in relation to this matter, out of which £1,592m (December 2021: £220m) relates to the over-issuance of structured notes and £165m (December 2021: £nil) relates to liabilities that could be incurred arising out of ongoing discussions in respect of a potential SEC resolution.

A contingent liability exists in relation to the over-issuance of ETNs due to evidentiary challenges and the high level of trading in the securities. A contingent liability also exists in relation to any potential civil claims or enforcement actions taken against Barclays Bank PLC and/or its affiliates, but Barclays Bank PLC is unable to assess the likelihood of liabilities that may arise out of such claims or actions. Any liabilities, claims or actions in connection with the over-issuance of securities under its 2019 F-3 and the Predecessor Shelf could have an adverse effect on Barclays Bank PLC's and the Barclays Bank Group's business, financial condition, results of operations and reputation as a frequent issuer in the securities markets.

Investigation into the use of unapproved communications platforms

In July 2022, Barclays Bank PLC and BCI reached an agreement in principle with the staff of the SEC's Division of Enforcement and the staff of the Commodity Futures Trading Commission (CFTC) in connection with investigations by the SEC and the CFTC of Barclays Bank PLC, BCI and other financial institutions as part of a financial industry sweep regarding compliance with record-keeping obligations in connection with business-related communications sent over unapproved electronic messaging platforms. The SEC and the CFTC found that Barclays Bank PLC and BCI failed to comply with their respective record keeping rules, where such communications were sent or received by employees over electronic messaging channels that had not been approved by the bank for business use by employees. The proposed resolutions will include Barclays Bank PLC and BCI paying a combined $125m civil monetary penalty to the SEC and a $75m civil monetary penalty to the CFTC. There will also be non-financial components to the settlements which have yet to be finalised and agreed with the SEC and CFTC. Subject to final agreement of the terms of the settlements and related documentation, as well as the SEC's and CFTC's approval, the civil monetary penalties are expected to be paid during the third quarter of 2022.

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

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

Local authority civil actions concerning LIBOR

Following settlement by Barclays Bank PLC of various governmental investigations concerning certain benchmark interest rate submissions referred to above in 'Investigations into LIBOR and other benchmarks and related civil actions', in the UK, certain local authorities brought claims in 2018 against Barclays Bank PLC and Barclays Bank UK PLC asserting that they entered into loans between 2006 and 2008 in reliance on misrepresentations made by Barclays Bank PLC in respect of its conduct in relation to LIBOR. Barclays Bank PLC and Barclays Bank UK PLC were successful in their applications to strike out the claims. The claims have been settled on terms such that the parties have agreed not to pursue these claims further and to bear their own costs. The financial impact of the settlements is not material to the Barclays Bank Group's operating results, cash flows or financial position.

General

The Barclays Bank Group is engaged in various other legal, competition and regulatory matters in the UK, the US and a number of other overseas jurisdictions. It is subject to legal proceedings brought by and against the Barclays Bank Group which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data management and protection, intellectual property, money laundering, financial crime, employment, environmental and other statutory and common law issues.

The Barclays Bank Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Barclays Bank Group is or has been engaged. The Barclays Bank Group is cooperating with the relevant authorities and keeping all relevant agencies briefed as appropriate in relation to these matters and others described in this note on an ongoing basis.

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

15. Related party transactions

Related party transactions in the half year ended 30 June 2022 were similar in nature to those disclosed in the Barclays Bank PLC Annual Report 2021.

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

	Half year ended 30.06.22		Half year ended 30.06.21	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	£m	£m	£m	£m
Total income	(342)	12	(304)	10
Operating expenses	(34)	(1,647)	(31)	(1,560)

	As at 30.06.22		As at 31.12.21	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	£m	£m	£m	£m
Total assets	6,768	3,395	6,491	909
Total liabilities	35,140	4,626	32,141	3,962

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

16. Interest rate benchmark reform

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

How the Barclays Group is managing the transition to alternative benchmark rates
Barclays established a Group-wide LIBOR Transition Programme, further detail on the transition programme is available in the Barclays Bank PLC Annual Report 2021 (page 253). This Programme oversaw transition for GBP, EUR, CHF and JPY LIBOR exposures and continues to work to transition the remaining residual of unremediated exposures from synthetic rates, in addition to overseeing USD LIBOR transition in preparation for the 30 June 2023 cessation.

The majority of GBP, EUR, CHF and JPY exposures have now transitioned from LIBOR and good progress has been made with the unremediated exposures reported at year-end 2021. A small residual population of GBP, EUR and JPY contracts remain unremediated at the end of H1 2022. The majority of these have now reset onto GBP and JPY Synthetic LIBOR rates. We continue to work with clients to bilaterally transition these trades and have raised potential risks regarding note holder consent for securitised products and Local Authority consent for Public Finance Initiative (PFI) loan deals with our regulators.

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

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

17. Barclays Bank PLC parent condensed balance sheet

Assets	As at 30.06.22 £m	Restated[1] As at 31.12.21 £m
Cash and balances at central banks	195,796	144,964
Cash collateral and settlement balances	89,878	75,571
Loans and advances at amortised cost	247,192	199,782
Reverse repurchase agreements and other similar secured lending	3,873	4,982
Trading portfolio assets	84,976	96,724
Financial assets at fair value through the income statement	240,618	236,577
Derivative financial instruments	295,680	234,409
Financial assets at fair value through other comprehensive income	41,479	44,163
Investment in associates and joint ventures	12	12
Investment in subsidiaries	19,338	19,134
Goodwill and intangible assets	108	109
Property, plant and equipment	121	128
Current tax assets	1,286	671
Deferred tax assets	1,763	1,679
Retirement benefit assets	5,179	3,825
Other assets	2,495	1,941
Total assets	**1,229,794**	**1,064,671**
Liabilities		
Deposits at amortised cost	345,322	286,761
Cash collateral and settlement balances	83,284	56,419
Repurchase agreements and other similar secured borrowing	26,893	29,202
Debt securities in issue	50,638	32,585
Subordinated liabilities	31,694	31,875
Trading portfolio liabilities	55,518	50,116
Financial liabilities designated at fair value	284,345	291,062
Derivative financial instruments	288,032	227,991
Current tax liabilities	249	342
Deferred tax liabilities	—	6
Retirement benefit liabilities	105	104
Other liabilities	6,147	4,597
Provisions	2,334	919
Total liabilities	**1,174,561**	**1,011,979**
Equity		
Called up share capital and share premium	2,348	2,348
Other equity instruments	14,500	14,400
Other reserves	(2,877)	(1,236)
Retained earnings	41,262	37,180
Total equity	**55,233**	**52,692**
Total liabilities and equity	**1,229,794**	**1,064,671**

1. *2021 financial metrics have been restated to reflect the impact of the Over-issuance of Securities. See Restatement of financial statements (Note 1) on page 32 for further details.*

Barclays Bank PLC considers the carrying value of its investment in subsidiaries to be fully recoverable.

Other Information

Results timetable[1]	Date
2022 Annual Report	15 February 2023

				% Change[3]	
Exchange rates[2]	30.06.22	31.12.21	30.06.21	31.12.21	30.06.21
Period end - USD/GBP	1.22	1.35	1.38	(10)%	(12)%
6 month average - USD/GBP	1.30	1.36	1.39	(4)%	(6)%
3 month average - USD/GBP	1.26	1.35	1.40	(7)%	(10)%
Period end - EUR/GBP	1.16	1.19	1.17	(3)%	(1)%
6 month average - EUR/GBP	1.19	1.17	1.15	2%	3%
3 month average - EUR/GBP	1.18	1.18	1.16	— %	2%

For further information please contact

Investor relations	Media relations
Chris Manners +44 (0) 20 7773 2136	Thomas Hoskin +44 (0) 20 7116 4755

More information on Barclays Bank PLC can be found on our website: home.barclays.

Registered office
1 Churchill Place, London, E14 5HP, United Kingdom. Tel: +44 (0) 20 7116 1000. Company number: 1026167.

1 *Note that this date is provisional and subject to change.*
2 *The average rates shown above are derived from daily spot rates during the year.*
3 *The change is the impact to GBP reported information.*