Barclays Bank UK PLC
Interim Results Announcement

30 June 2022

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Notes

Barclays Bank UK PLC is a wholly-owned subsidiary of Barclays PLC. The consolidation of Barclays Bank UK PLC and its subsidiaries is referred to as the Barclays Bank UK Group. The terms Barclays or Barclays Group refer to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the six months ended 30 June 2022 to the corresponding six months of 2021 and balance sheet analysis as at 30 June 2022 with comparatives relating to 31 December 2021. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling 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.

The Barclays Bank UK Group is an issuer in the debt capital markets and meets with investors via formal road-shows and other ad hoc meetings. The Barclays Bank UK Group expects that from time to time over the coming half year it will meet with investors to discuss these results and other matters relating to the Barclays Bank UK Group.

Forward-looking statements

This document contains certain forward-looking statements with respect to the Barclays Bank UK 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 UK 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 UK 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, International Financial Reporting Standards (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 UK 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 UK 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; macroeconomic and business conditions in the UK and in any systemically important economy which impacts the UK; 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 UK 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; the risk of cyber-attacks, information or security breaches or technology failures on the Barclays Bank UK Group's reputation, business or operations; the Barclays Bank UK 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 UK Group's control. As a result, the Barclays Bank UK 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 UK Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank UK Group's future financial condition and performance are identified in the Barclays Bank UK PLC's 2021 Annual Report, which is available on home.barclays.

Subject to Barclays' obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, the UK), 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 UK Group results for the half year ended

	30.06.22 £m	30.06.21 £m	% Change
Total income	3,397	3,167	7
Credit impairment (charge)/release	(51)	443	
Net operating income	**3,346**	**3,610**	**(7)**
Operating expenses	(2,202)	(2,243)	2
Litigation and conduct	(24)	(28)	
Total operating expenses	**(2,226)**	**(2,271)**	**2**
Profit before tax	**1,120**	**1,339**	**(16)**
Tax charge	(405)	(176)	
Profit after tax	**715**	**1,163**	**(39)**
Attributable to:			
Equity holders of the parent	629	1,077	
Other equity instrument holders	86	86	—
Profit after tax	**715**	**1,163**	

Balance sheet information

	As at 30.06.22 £m	As at 31.12.21 £m	% Change
Assets			
Loans and advances at amortised cost	222,399	220,271	1
Cash and balances at central banks	61,438	69,488	(12)
Liabilities			
Deposits at amortised cost	261,169	260,732	—

Capital and liquidity metrics

	As at 30.06.22 £bn	As at 31.12.21 £bn
Common equity tier 1 (CET1) ratio[1]	14.8%	15.2%
Liquidity pool	86	86
Liquidity coverage ratio	185%	204%
Total risk weighted assets (RWAs)	71.1	71.2
Average UK leverage ratio	5.3%	5.5%

1 *CET1 capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangements of the Capital Requirements Regulation (CRR) as amended by the Capital Requirements Regulation II (CRR II). For further detail on the application of CRR and CRR II in the UK, see page 16.*

Barclays Bank UK Group overview

Barclays Bank UK PLC is the ring-fenced bank within the Barclays Group. The Barclays Bank UK Group contains the majority of the Barclays Group's Barclays UK division, including the Personal Banking, Business Banking and Barclaycard Consumer UK businesses other than the Barclays Partner Finance business.

Barclays Bank UK Group performance

- H122 profit before tax decreased to £1,120m (H121: £1,339m) reflecting the non-recurrence of prior year credit impairment release, partially offset by the rising rate environment in the UK
- Total income increased 7% to £3,397m, consisting of:
  - Personal Banking income increased 12% to £2,199m driven by rising interest rates and the benefit of strong mortgage origination in 2021, partially offset by mortgage margin compression
  - Barclaycard Consumer UK income decreased 10% to £542m as higher transaction based revenues from improved customer spend volumes were more than offset by lower interest earning lending (IEL) balances. Lower IEL balances were impacted by higher customer repayments and reduced borrowing
  - Business Banking income increased 7% to £733m driven by rising interest rates alongside improved transaction based revenues, partially offset by lower government scheme lending income as repayments continue
  - Head office expense of £77m related primarily to hedge accounting
- Credit impairment charge of £51m (H121: £443m net release) driven by low flows to delinquency, improved UK employment data and reduced uncertainty around the possible effects of COVID-19, offset by increased concerns around customers' vulnerability to high inflation. As at 30 June 2022, 30 and 90 day arrears rates in UK cards were 1.0% (H121: 1.4%) and 0.2% (H121: 0.6%) respectively. The credit card and consumer loan businesses maintain appropriate provision levels in light of affordability headwinds, as reflected in a total coverage ratio of 9.2% (December 2021: 10.9%)
- Total operating expenses decreased 2% to £2,226m driven by lower operational costs and efficiency savings, partially offset by increased investment spend and the impact of inflation
- The effective tax rate (ETR) was 36.2% (H121: 13.1%). This includes a £163m charge recognised for the re-measurement of the Barclays Bank UK Group's 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 21.6%, which includes a 2.5% benefit relating to adjustments in respect of prior years.

Balance sheet, capital and liquidity

- Loans and advances at amortised cost remained broadly stable at £222.4bn as mortgage growth was offset by decreases in Business Banking balances due to the repayment of government scheme lending and the yield curve impact from rising interest rates on the Education, Social Housing and Local Authority portfolio carrying value
- Deposits at amortised cost remained broadly stable at £261.2bn, maintaining a strong liquidity position
- The Barclays Bank UK Group CET1 ratio as at 30 June 2022 was 14.8%, which is above regulatory capital minimum requirements
- The Barclays Bank UK Group liquidity pool remained stable at £86bn (December 2021: £86bn) and the liquidity coverage ratio (LCR) decreased to 185% (December 2021: 204%) reflecting higher net stress outflows versus the year-end position
- RWAs remained stable at £71.1bn (December 2021: £71.2bn)

Other matters

On 24 June 2022 Barclays PLC announced that Barclays Bank UK PLC has agreed to acquire UK specialist mortgage lender Kensington Mortgage Company Limited, thereby broadening the Barclays Bank UK Group's capabilities and product offering in the UK mortgage market. The transaction is subject to regulatory approval and is expected to complete in late Q422 or early Q123.

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 UK Group are defined in the Enterprise Risk Management Framework. The purpose of the framework is to identify the principal risks of the Barclays Bank UK Group, the process by which the Barclays Bank UK 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 UK Group's principal risks and previously identified material existing and emerging risks and how such risks are managed is available in the Barclays Bank UK PLC Annual Report 2021 (pages 35 to 58), or online at home.barclays/annualreport.

Material existing and emerging risks

There have been no significant changes to these principal risks or previously identified material existing and emerging risks in the period.

Loans and advances at amortised cost by product

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

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

		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	140,421	15,955	1,689	595	18,239	1,094	159,754
Credit cards, unsecured loans and other retail lending	11,312	2,936	110	67	3,113	797	15,222
Wholesale loans	42,798	4,659	5	7	4,671	1,953	49,422
Total	**194,531**	**23,550**	**1,804**	**669**	**26,023**	**3,844**	**224,398**
Impairment allowance							
Home loans	9	15	5	5	25	55	89
Credit cards, unsecured loans and other retail lending	165	644	41	42	727	539	1,431
Wholesale loans	159	68	1	1	70	250	479
Total	**333**	**727**	**47**	**48**	**822**	**844**	**1,999**
Net exposure							
Home loans	140,412	15,940	1,684	590	18,214	1,039	159,665
Credit cards, unsecured loans and other retail lending	11,147	2,292	69	25	2,386	258	13,791
Wholesale loans	42,639	4,591	4	6	4,601	1,703	48,943
Total	**194,198**	**22,823**	**1,757**	**621**	**25,201**	**3,000**	**222,399**
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	0.1	0.3	0.8	0.1	5.0	0.1
Credit cards, unsecured loans and other retail lending	1.5	21.9	37.3	62.7	23.4	67.6	9.4
Wholesale loans	0.4	1.5	20.0	14.3	1.5	12.8	1.0
Total	**0.2**	**3.1**	**2.6**	**7.2**	**3.2**	**22.0**	**0.9**
As at 31.12.21							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	138,298	16,585	1,638	624	18,847	1,164	158,309
Credit cards, unsecured loans and other retail lending	11,450	2,652	97	61	2,810	829	15,089
Wholesale loans	44,213	2,972	5	5	2,982	1,857	49,052
Total	**193,961**	**22,209**	**1,740**	**690**	**24,639**	**3,850**	**222,450**
Impairment allowance							
Home loans	11	13	5	6	24	54	89
Credit cards, unsecured loans and other retail lending	201	804	42	44	890	573	1,664
Wholesale loans	183	55	1	1	57	186	426
Total	**395**	**872**	**48**	**51**	**971**	**813**	**2,179**
Net exposure							
Home loans	138,287	16,572	1,633	618	18,823	1,110	158,220
Credit cards, unsecured loans and other retail lending	11,249	1,848	55	17	1,920	256	13,425
Wholesale loans	44,030	2,917	4	4	2,925	1,671	48,626
Total	**193,566**	**21,337**	**1,692**	**639**	**23,668**	**3,037**	**220,271**
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	0.1	0.3	1.0	0.1	4.6	0.1
Credit cards, unsecured loans and other retail lending	1.8	30.3	43.3	72.1	31.7	69.1	11.0
Wholesale loans	0.4	1.9	20.0	20.0	1.9	10.0	0.9
Total	**0.2**	**3.9**	**2.8**	**7.4**	**3.9**	**21.1**	**1.0**

1 *Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £23.6bn (December 2021: £20.4bn) and an impairment allowance of £3m (December 2021: £3m). This comprises £3m (December 2021: £3m) on £23.2bn Stage 1 assets (December 2021: £20.4bn), £0m (December 2021: £2m) on £429m Stage 2 assets (December 2021: £89m) and £0m (December 2021: £0m) on £0m Stage 3 other assets (December 2021: £0m). Loan commitments and financial guarantee contracts have total ECL of £35m (December 2021: £36m).*

Movement in gross exposure 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 UK PLC Annual Report 2021 on page 152. 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	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
Home loans	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2022	138,298	11	18,847	24	1,164	54	158,309	89
Transfers from Stage 1 to Stage 2	(5,506)	(1)	5,506	1	—	—	—	—
Transfers from Stage 2 to Stage 1	4,802	6	(4,802)	(6)	—	—	—	—
Transfers to Stage 3	(69)	—	(183)	(2)	252	2	—	—
Transfers from Stage 3	4	—	112	—	(116)	—	—	—
Business activity in the period[1]	13,538	2	339	1	1	—	13,878	3
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(4,205)	(9)	(513)	8	(73)	6	(4,791)	5
Final repayments	(6,441)	—	(1,067)	(1)	(130)	(3)	(7,638)	(4)
Disposals	—	—	—	—	—	—	—	—
Write-offs[2]	—	—	—	—	(4)	(4)	(4)	(4)
As at 30 June 2022[3]	**140,421**	**9**	**18,239**	**25**	**1,094**	**55**	**159,754**	**89**
Credit cards, unsecured loans and other retail lending								
As at 1 January 2022	11,450	201	2,810	890	829	573	15,089	1,664
Transfers from Stage 1 to Stage 2	(1,252)	(38)	1,252	38	—	—	—	—
Transfers from Stage 2 to Stage 1	722	217	(722)	(217)	—	—	—	—
Transfers to Stage 3	(83)	(3)	(240)	(92)	323	95	—	—
Transfers from Stage 3	15	6	17	5	(32)	(11)	—	—
Business activity in the period[1]	1,476	12	115	15	6	3	1,597	30
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes[4]	(474)	(222)	(63)	100	(34)	131	(571)	9
Final repayments	(542)	(8)	(56)	(12)	(28)	(17)	(626)	(37)
Disposals[5]	—	—	—	—	(86)	(54)	(86)	(54)
Write-offs[2]	—	—	—	—	(181)	(181)	(181)	(181)
As at 30 June 2022[3]	**11,312**	**165**	**3,113**	**727**	**797**	**539**	**15,222**	**1,431**

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 In H122, gross write-offs amounted to £199m (H121: £380m) and post write-off recoveries amounted to £16m (H121: £16m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £183m (H121: £364m).

3 Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £23.6bn (December 2021: £20.4bn) and an impairment allowance of £3m (December 2021: £3m). This comprises £3m (December 2021: £3m) on £23.2bn Stage 1 assets (December 2021: £20.4bn), £0m (December 2021: £0m) on £429m Stage 2 assets (December 2021: £89m) and £0m (December 2021: £0m) on £0m Stage 3 other assets (December 2021: £0m).

4 Transfers and risk parameter changes include a £0.2bn (December 21: £0.3bn) net release in ECL arising from a reclassification of £1.4bn (December 21: £1.9bn) gross loans and advances from Stage 2 to Stage 1 in Credit cards, unsecured loans and other retail lending portfolio. The reclassification followed a review of back-testing of results which indicated that accuracy of origination probability of default characteristics require management adjustments to correct and was first established in Q220.

5 The £86m disposals reported within Credit cards, unsecured loans and other retail lending portfolio relate to debt sales undertaken during the period.

Wholesale loans	Stage 1 Gross exposure £m	Stage 1 ECL £m	Stage 2 Gross exposure £m	Stage 2 ECL £m	Stage 3 Gross exposure £m	Stage 3 ECL £m	Total Gross exposure £m	Total ECL £m
As at 1 January 2022	44,213	183	2,982	57	1,857	186	49,052	426
Transfers from Stage 1 to Stage 2	(3,094)	(25)	3,094	25	—	—	—	—
Transfers from Stage 2 to Stage 1	696	10	(696)	(10)	—	—	—	—
Transfers to Stage 3	(638)	(3)	(339)	(5)	977	8	—	—
Transfers from Stage 3	82	9	198	17	(280)	(26)	—	—
Business activity in the period[1]	8,687	12	42	1	108	14	8,837	27
Refinements to models used for calculation[2]	—	66	—	42	—	374	—	482
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes[3]	(4,133)	(88)	(508)	(55)	(624)	(285)	(5,265)	(428)
Final repayments	(3,015)	(5)	(102)	(2)	(71)	(7)	(3,188)	(14)
Disposals	—	—	—	—	—	—	—	—
Write-offs[4]	—	—	—	—	(14)	(14)	(14)	(14)
As at 30 June 2022[5]	**42,798**	**159**	**4,671**	**70**	**1,953**	**250**	**49,422**	**479**

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	*4*
Credit cards, unsecured loans and other retail lending	*2*
Wholesale loans	*67*
ECL movement excluding assets derecognised due to disposals and write-offs	**73**
Recoveries and reimbursements	(16)
Exchange and other adjustments[6]	(4)
Impairment release on loan commitments and other financial guarantees	(2)
Impairment charge on other financial assets[5]	—
Income statement charge for the period	**51**

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 *Refinements to models used for calculation reported within Wholesale loans relates to a £0.5bn movement in Business Banking. This relates to an update in the underlying ECL model that now fully recognises the 100% government guarantee against Barclays Bounce Back Loans exposure.*
3 *"Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes" reported within Wholesale loans also include assets of £0.5bn de-recognised due to payment received on defaulted loans from the Government guarantees issued under the Government's Bounce Back Loans (BBLs) Scheme.*
4 *In H122, gross write-offs amounted to £199m (H121: £380m) and post write-off recoveries amounted to £16m (H121: £16m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £183m (H121: £364m).*
5 *Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £23.6bn (December 2021: £20.4bn) and an impairment allowance of £3m (December 2021: £3m). This comprises £3m (December 2021: £3m) on £23.2bn Stage 1 assets (December 2021: £20.4bn), £0m (December 2021: £0m) on £429m Stage 2 assets (December 2021: £89m) and £0m (December 2021: £0m) on £0m Stage 3 other assets (December 2021: £0m).*
6 *Exchange and other adjustment includes interest and fees in suspense.*

Loan commitments and financial guarantees

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
Home loans	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2022	10,780	—	531	—	3	—	11,314	—
Net transfers between stages	39	—	(39)	—	—	—	—	—
Business activity in the year	8,144	—	—	—	—	—	8,144	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(6,356)	—	(12)	—	—	—	(6,368)	—
Limit management and final repayments	(160)	—	(22)	—	—	—	(182)	—
As at 30 June 2022	**12,447**	—	**458**	—	**3**	—	**12,908**	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2022	42,183	7	2,462	29	186	—	44,831	36
Net transfers between stages	(630)	19	570	(19)	60	—	—	—
Business activity in the year	617	—	15	—	—	—	632	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(620)	(17)	(134)	19	(33)	—	(787)	2
Limit management and final repayments	(725)	—	(51)	(3)	(32)	—	(808)	(3)
As at 30 June 2022	**40,825**	**9**	**2,862**	**26**	**181**	—	**43,868**	**35**
Wholesale loans								
As at 1 January 2022	3,477	—	147	—	58	—	3,682	—
Net transfers between stages	(125)	—	126	—	(1)	—	—	—
Business activity in the year	2	—	—	—	—	—	2	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(473)	—	(14)	—	—	—	(487)	—
Limit management and final repayments	—	—	(10)	—	—	—	(10)	—
As at 30 June 2022	**2,881**	—	**249**	—	**57**	—	**3,187**	—

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	71	79.8	69	77.5
Credit cards, unsecured loans and other retail lending	214	14.6	372	21.9
Wholesale loans[4]	234	48.9	(121)	(28.4)
Total	**519**	**25.5**	**320**	**14.4**

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	18	38	33	71	89
Credit cards, unsecured loans and other retail lending	1,252	160	54	214	1,466
Wholesale loans	245	124	110	234	479
Total	**1,515**	**322**	**197**	**519**	**2,034**
As at 31.12.21					
Home loans	20	38	31	69	89
Credit cards, unsecured loans and other retail lending	1,328	437	(65)	372	1,700
Wholesale loans	547	159	(280)	(121)	426
Total	**1,895**	**634**	**(314)**	**320**	**2,215**

1 *Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.*
2 *Includes £1.3bn (December 2021: £1.7bn) of modelled ECL, £0.1bn (December 2021: £0.1bn) of individually assessed impairments and £0.1bn (December 2021: £0.1bn) ECL from non-modelled exposures.*
3 *Total impairment allowance consists of ECL stock on drawn and undrawn exposure.*
4 *Proportion of management adjustments to impairment allowances has increased in wholesale loans primarily driven by release of offsetting post-model adjustments (PMA) to recognise BBLs government guarantees of £0.4bn; now captured through the model. Excluding this, proportion of management adjustments to impairment allowances has marginally reduced compare to previous year.*

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' 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 £0.3bn (2021 £0.6bn) include customer and client uncertainty provisions of £0.2bn (2021 £0.6bn) and model uncertainty provisions of £0.1bn (2021 £nil).

Customer and client uncertainty provisions include an adjustment of £0.2bn (2021: £0.6bn) 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 £0.1bn (2021: £0.2bn) and wholesale loans £0.1bn (2021: £0.2bn). The reduction is due to 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 £0.2bn 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: £Nil) 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 macroeconomic variable refresh in Q222 as well as model enhancements made during the H122. Material adjustments comprise the following:

Home loans: The low average loan to value (LTV) nature of the UK Home Loans portfolio means that modelled ECL estimates are low. An adjustment is made to maintain an appropriate level of ECL informed by model monitoring.

Credit cards, unsecured loans and other retail lending: Includes the estimated ECL impact from adoption of the new definition of default under the Capital Requirements Regulation and adjustment for model inaccuracies informed by model monitoring; partially offset by a reclassification of loans and advances from Stage 2 to Stage 1 in credit cards. The reclassification followed a review of back-testing results which indicated that accuracy of origination probability of default characteristics require management adjustments to correct and was first established in Q220. This adjustment has reduced driven by the improved macroeconomic scenarios in Q222.

Wholesale loans: Management adjustments of £(0.4)bn within wholesale loans in 2021 principally comprised an adjustment applied on bounce back loans of £(0.4)bn to reverse out the modelled charge which did not consider the government guarantee when calculating the ECL. This adjustment is no longer needed due to model enhancements.

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 UK 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) and Bloomberg (based on median of economic forecasts), which forms the Baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a broadly similar severity to Barclays' internal stress tests and stress scenarios provided by regulators whilst also considering IFRS 9 specific sensitivities and non-linearity. The favourable scenarios are designed to reflect plausible upside risks to the Baseline scenario which are broadly consistent with the economic narrative approved by the Senior Scenario Review Committee. All scenarios are regenerated at a minimum semi-annually. The scenarios include key economic variables, (including Gross Domestic Product (GDP), unemployment, House Price Index (HPI) and base rate), 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 UK 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%. 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 Bank of England has to raise interest rates very sharply. The UK Bank Rate reaches 5.0% in Q223. Higher borrowing costs derail the economy and unemployment peaks in Q124 at 9.2%. Given already stretched valuations, the sharp increase in mortgage servicing costs sees house prices decrease very sharply. In the Upside 2 scenario, supply disruptions get resolved, while the aggregate demand is supported by a release of household savings. GDP growth accelerates. Recovering labour force participation limits domestic inflationary pressures, while lower energy prices add some downward pressure on prices globally.

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

The decrease in the Upside scenario weightings and increase in the Baseline weighting were driven by: (i) continued growth in GDP which resulted in a narrower fan of future GDP paths; and (ii) generally less favourable GDP projections across scenarios, increasing the distance between Upside 2 and Baseline scenario paths. For further details see page 13.

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 £0.3bn (FY21: £0.6bn) have been applied as overlays to the modelled ECL output. These adjustments consist of a customer and client uncertainty provision of £0.2bn (FY21: £0.6bn) and a model uncertainty provision of £0.1bn (FY21: £nil). For further details, see pages 9 to 10.

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

Baseline average economic variables used in the calculation of ECL

As at 30.06.22	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

As at 31.12.21	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

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.*

Downside 2 average economic variables used in the calculation of ECL

As at 30.06.22	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

As at 31.12.21	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

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.*

Downside 1 average economic variables used in the calculation of ECL

As at 30.06.22	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

As at 31.12.21	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

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.*

Upside 2 average economic variables used in the calculation of ECL

As at 30.06.22	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

As at 31.12.21	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

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.*

Upside 1 average economic variables used in the calculation of ECL

As at 30.06.22	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

As at 31.12.21	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

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.*

Scenario probability weighting

	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 30.06.22					
Scenario probability weighting	14.0	25.6	37.8	15.2	7.4
As at 31.12.21					
Scenario probability weighting	20.9	27.2	30.1	14.8	7.0

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

Macroeconomic variables (specific bases)[1]

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
As at 30.06.22	%	%	%	%	%
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
As at 31.12.21					
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

1 *UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index. 20 quarter period starts from Q122 (2021: Q121).*
2 *Maximum growth relative to Q421 (2021: Q420), based on 20 quarter period in Upside scenarios; 5-year yearly average Compound Annual Growth Rate (CAGR) in Baseline; minimum growth relative to Q421 (2021: Q420), based on 20 quarter period in Downside scenarios.*
3 *Lowest quarter in 20 quarter period in Upside scenarios; 5-year average in Baseline; highest quarter in 20 quarter period in Downside scenarios.*
4 *Maximum growth relative to Q421 (2021: Q420), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q421 (2021: Q420), based on 20 quarter period in Downside scenarios.*

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 30.06.22	%	%	%	%	%
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
As at 31.12.21					
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

1 *UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index.*
2 *5-year yearly average CAGR, starting 2022 (2021: 2020).*
3 *5-year average. Period based on 20 quarters from Q121 (2021: Q120).*
4 *5-year quarter end CAGR, starting Q421 (2021: Q420).*

Funding and liquidity

Overview

The Barclays Bank UK Group liquidity pool was flat at £86bn (December 2021: £86bn) and the LCR reduced to 185% (December 2021: 204%), reflecting higher net stress outflows versus the year-end position due to a modest change in the composition of wholesale funding.

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, the Barclays Bank UK Group held eligible liquid assets well above 100% of the net stress outflows to its internal and regulatory requirements. A significant portion of the liquidity pool was held in cash and deposits with central banks. The liquidity pool was held entirely within Barclays Bank UK PLC.

	As at 30.06.22	As at 31.12.21
	£bn	£bn
Barclays Bank UK Group liquidity pool	86	86
	%	%
Barclays Bank UK Group liquidity coverage ratio	185%	204%

Capital and leverage

The disclosures below provide key capital metrics for the Barclays Bank UK Group with further information on its risk profile to be included in the Barclays Bank UK 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 implemented Internal Ratings-Based approach (IRB) roadmap changes which includes revisions to the criteria for definition of default, PD and 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).

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 (TTP) 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.

As at 30 June 2022, the Barclays Bank UK Group CET1 ratio was 14.8%, which is above its minimum regulatory requirement.

Capital ratios[1,2]	As at 30.06.22	As at 31.12.21
CET1	14.8%	15.2%
Tier 1 (T1)	18.4%	18.8%
Total regulatory capital	22.3%	23.1%

Capital resources	£m	£m
CET1 capital	10,536	10,828
T1 capital	13,096	13,388
Total regulatory capital	15,877	16,442
Risk weighted assets (RWAs)	71,088	71,213

1 *Capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.*
2 *The fully loaded CET1 ratio was 14.7%, with £10.5bn of CET1 capital and £71.1bn of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II.*

The Barclays Bank UK Group is required to disclose a UK leverage ratio based on capital and exposure on the last day of the quarter. The Barclays Bank UK Group is also required to disclose an average UK leverage ratio which is based on capital on the last day of each month in the quarter and an exposure measure for each day in the quarter.

As at 30 June 2022, the Barclays Bank UK Group UK leverage ratio was 5.3% which is above the leverage ratio requirement.

Leverage ratios[1]	As at 30.06.22 £m	As at 31.12.21 £m
Average UK leverage ratio	5.3%	5.5%
Average T1 capital	13,132	13,640
Average UK leverage exposure	245,714	246,849
UK leverage ratio[2]	5.3%	5.6%
T1 capital	13,096	13,388
UK leverage exposure	248,241	241,173

1 *Capital and leverage are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.*
2 *The CET1 capital held against the 0.35% other systemically important institutions (O-SII) additional leverage ratio buffer was £0.9bn and against the 0.0% countercyclical leverage ratio buffer was £nil.*

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 (the names of whom are set out below) confirm that to the best of their knowledge, the condensed consolidated interim financial statements set out on pages 21 to 25 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the UK, and that the interim management report herein includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R namely:

- *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.*

Signed on 27 July 2022 on behalf of the Board by

Matt Hammerstein
Barclays Bank UK Group Chief Executive

James Mack
Barclays Bank UK Group Chief Financial Officer

Barclays Bank UK PLC Board of Directors:

Chair	Executive Directors	Non-Executive Directors
Crawford Gillies	*Matt Hammerstein*	*Vanessa Bailey*
	James Mack	*Tracy Corrigan*
		Avid Larizadeh Duggan
		Michael Jary
		Kathryn Matthews
		Chris Pilling
		Andrew Ratcliffe

Conclusion

We have been engaged by Barclays Bank UK PLC ("the company") 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 UK 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.

Michael McGarry
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	Half year ended 30.06.21 £m
Interest and similar income		3,059	2,828
Interest and similar expense		(359)	(329)
Net interest income		**2,700**	**2,499**
Fee and commission income	3	815	702
Fee and commission expense	3	(148)	(109)
Net fee and commission income	**3**	**667**	**593**
Other income		30	75
Total income		**3,397**	**3,167**
Credit impairment (charges)/ releases		(51)	443
Net operating income		**3,346**	**3,610**
Staff costs		(588)	(659)
Infrastructure, administration and general expenses		(1,614)	(1,584)
Litigation and conduct		(24)	(28)
Operating expenses		**(2,226)**	**(2,271)**
Profit before tax		**1,120**	**1,339**
Tax charge	4	(405)	(176)
Profit after tax		**715**	**1,163**
Attributable to:			
Equity holders of the parent		629	1,077
Other equity instrument holders		86	86
Profit after tax		**715**	**1,163**

1 *For notes to the Financial Statements see pages 26 to 38.*

Condensed consolidated statement of comprehensive income (unaudited)

	Notes[1]	Half year ended 30.06.22 £m	Half year ended 30.06.21 £m
Profit after tax		**715**	**1,163**
Other comprehensive loss that may be recycled to profit or loss:[2]			
Fair value through other comprehensive income reserve	12	(115)	(53)
Cash flow hedging reserve	12	(1,106)	(279)
Other comprehensive loss that may be recycled to profit or loss		**(1,221)**	**(332)**
Total comprehensive (loss)/ income for the period		**(506)**	**831**

1 *For notes to the Financial Statements see pages 26 to 38.*
2 *Reported net of tax.*

Condensed consolidated balance sheet (unaudited)

Assets	Notes[1]	As at 30.06.22 £m	As at 31.12.21 £m
Cash and balances at central banks		61,438	69,488
Cash collateral and settlement balances		4,239	5,067
Loans and advances at amortised cost		222,399	220,271
Reverse repurchase agreements and other similar secured lending		1,239	65
Trading portfolio assets		129	169
Financial assets at fair value through the income statement		2,324	2,767
Derivative financial instruments		1,317	890
Financial assets at fair value through other comprehensive income		18,883	14,945
Goodwill and intangible assets	7	3,526	3,526
Property, plant and equipment		461	562
Deferred tax assets	4	1,680	1,368
Other assets		631	577
Total assets		**318,266**	**319,695**
Liabilities			
Deposits at amortised cost		261,169	260,732
Cash collateral and settlement balances		1,448	774
Repurchase agreements and other similar secured borrowing		18,857	18,160
Debt securities in issue		9,053	8,684
Subordinated liabilities	8	8,065	9,516
Trading portfolio liabilities		758	878
Derivative financial instruments		354	814
Current tax liabilities		507	377
Other liabilities		1,865	1,824
Provisions	9	395	536
Total liabilities		**302,471**	**302,295**
Equity			
Called up share capital and share premium	10	5	5
Other reserves	12	(1,587)	(366)
Retained earnings		14,817	15,201
Shareholders' equity attributable to ordinary shareholders of the parent		**13,235**	**14,840**
Other equity instruments	11	2,560	2,560
Total equity		**15,795**	**17,400**
Total liabilities and equity		**318,266**	**319,695**

1 *For notes to the Financial Statements see pages 26 to 38.*

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	Retained earnings £m	Total equity £m
Balance as at 1 January 2022	**5**	**2,560**	**(366)**	**15,201**	**17,400**
Profit after tax	—	86	—	629	715
Fair value through other comprehensive income reserve	—	—	(115)	—	(115)
Cash flow hedges	—	—	(1,106)	—	(1,106)
Total comprehensive loss for the period	**—**	**86**	**(1,221)**	**629**	**(506)**
Issue of shares under employee share schemes	—	—	—	12	12
Coupons paid on other equity instruments	—	(86)	—	—	(86)
Vesting of employee share schemes	—	—	—	(14)	(14)
Dividends paid	—	—	—	(1,010)	(1,010)
Other movements	—	—	—	(1)	(1)
Balance as at 30 June 2022	**5**	**2,560**	**(1,587)**	**14,817**	**15,795**
Half year ended 31.12.21					
Balance as at 1 July 2021	**5**	**2,560**	**141**	**15,075**	**17,781**
Profit after tax	—	87	—	619	706
Fair value through other comprehensive income reserve	—	—	(14)	—	(14)
Cash flow hedges	—	—	(493)	—	(493)
Total comprehensive income for the period	**—**	**87**	**(507)**	**619**	**199**
Issue of shares under employee share schemes	—	—	—	16	16
Coupons paid on other equity instruments	—	(87)	—	—	(87)
Dividends paid	—	—	—	(510)	(510)
Other movements	—	—	—	1	1
Balance as at 31 December 2021	**5**	**2,560**	**(366)**	**15,201**	**17,400**
Half year ended 30.06.21					
Balance as at 1 January 2021	**5**	**2,560**	**473**	**13,989**	**17,027**
Profit after tax	—	86	—	1,077	1,163
Fair value through other comprehensive income reserve	—	—	(53)	—	(53)
Cash flow hedges	—	—	(279)	—	(279)
Total comprehensive income for the period	**—**	**86**	**(332)**	**1,077**	**831**
Issue of shares under employee share schemes	—	—	—	21	21
Coupons paid on other equity instruments	—	(86)	—	—	(86)
Vesting of employee share schemes	—	—	—	(11)	(11)
Other movements	—	—	—	(1)	(1)
Balance as at 30 June 2021	**5**	**2,560**	**141**	**15,075**	**17,781**

1 *Details of share capital, other equity instruments and other reserves are shown on pages 33 to 34.*

Condensed consolidated cash flow statement (unaudited)

	Half year ended 30.06.22	Half year ended 30.06.21
	£m	£m
Profit before tax	1,120	1,339
Adjustment for non-cash items	(1,042)	(273)
Net decrease/(increase) in loans and advances at amortised cost	2,147	(3,452)
Net increase in deposits at amortised cost	437	14,968
Net increase in debt securities in issue	369	1,428
Net movement in repurchase and reverse repurchase agreements	(477)	3,257
Changes in other operating assets and liabilities	697	153
Corporate income tax paid	(160)	(53)
Net cash from operating activities	**3,091**	**17,367**
Net cash from investing activities	(7,417)	(559)
Net cash from financing activities	(2,561)	786
Net (decrease)/increase in cash and cash equivalents	**(6,887)**	**17,594**
Cash and cash equivalents at beginning of the period	73,376	38,417
Cash and cash equivalents at end of the period	**66,489**	**56,011**

1. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with the Disclosure Guidance and Transparency Rules (DTR) of the UK's Financial Conduct Authority (FCA) and IAS 34, Interim Financial Reporting, as published by the International Accounting Standards Board (IASB) and adopted by the UK.

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 with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) as issued by the IASB and adopted by the UK.

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 UK 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 UK 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, including a review of a working capital report (WCR). The WCR is used by the Directors to assess the future performance of the business and that it has the resources in place that are required to meet its ongoing regulatory requirements. The WCR also includes an assessment of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based upon an assessment of reasonably possible downside economic scenarios that the Barclays Bank UK Group could experience.

The WCR indicated that the Barclays Bank UK 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 5 to 14 form part of these interim financial statements.

2. Segmental reporting

Analysis of results by business

Half year ended 30.06.22	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
Total income	2,199	542	733	(77)	3,397
Credit impairment releases/(charges)	(25)	40	(67)	1	(51)
Net operating income/(expenses)	**2,174**	**582**	**666**	**(76)**	**3,346**
Operating costs	(1,498)	(264)	(419)	(21)	(2,202)
Litigation and conduct	1	(12)	(13)	—	(24)
Total operating expenses	**(1,497)**	**(276)**	**(432)**	**(21)**	**(2,226)**
Other net income	—	—	—	—	—
Profit/(loss) before tax	**677**	**306**	**234**	**(97)**	**1,120**
As at 30.06.22	£bn	£bn	£bn	£bn	£bn
Total assets	**230.9**	**9.4**	**77.8**	**0.2**	**318.3**

Half year ended 30.06.21	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
Total income	1,970	605	684	(92)	3,167
Credit impairment charges	50	398	(5)	—	443
Net operating income/(expenses)	**2,020**	**1,003**	**679**	**(92)**	**3,610**
Operating costs	(1,553)	(259)	(424)	(7)	(2,243)
Litigation and conduct	—	(20)	(2)	(6)	(28)
Total operating expenses	**(1,553)**	**(279)**	**(426)**	**(13)**	**(2,271)**
Other net income	—	—	—	—	—
Profit/(loss) before tax	**467**	**724**	**253**	**(105)**	**1,339**
As at 31.12.21	£bn	£bn	£bn	£bn	£bn
Total assets	**226.1**	**9.2**	**84.1**	**0.3**	**319.7**

Income by geographic region

The Barclays Bank UK Group generates income from business activities in the UK.

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	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
Fee type					
Transactional	353	79	83	—	515
Advisory	83	—	—	—	83
Other	116	—	101	—	217
Total revenue from contracts with customers	**552**	**79**	**184**	—	**815**
Other non-contract fee income	—	—	—	—	—
Fee and commission income	**552**	**79**	**184**	—	**815**
Fee and commission expense	(129)	(15)	(4)	—	(148)
Net fee and commission income	**423**	**64**	**180**	—	**667**

Half year ended 30.06.21	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
Fee type					
Transactional	289	48	71	—	408
Advisory	83	—	—	—	83
Other	165	—	46	—	211
Total revenue from contracts with customers	**537**	**48**	**117**	—	**702**
Other non-contract fee income	—	—	—	—	—
Fee and commission income	**537**	**48**	**117**	—	**702**
Fee and commission expense	(96)	(10)	(3)	—	(109)
Net fee and commission income	**441**	**38**	**114**	—	**593**

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.

Other relates to various fee types which individually do not amount to 10% or greater of the Barclays Bank UK Group total fee and commission income.

4. Tax

The tax charge for H122 was £405m (H121: £176m charge), representing an effective tax rate of 36.2% (H121: 13.1%). The ETR for H122 includes a charge recognised for the re-measurement of the Barclays Bank UK Group's 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 DTAs was 21.6%, which includes a 2.5% benefit relating to adjustments in respect of prior years. The H121 ETR included a benefit recognised for the re-measurement of the Barclays Bank UK Group's 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 UK Group's DTAs decreasing by £218m with a tax charge in the income statement of £163m and a tax charge within other comprehensive income of £55m.

The DTA of £1,680m (December 2021: £1,368m) includes £nil (December 2021: £nil) relating to tax losses.

5. Dividends on ordinary shares

Dividends paid during the period	Half year ended 30.06.22 £m	Half year ended 30.06.21 £m
Full year dividend paid during period	1,010	—

An interim dividend in respect of the six months ended 30 June 2022 of £705m will be paid on 29 July 2022.

6. Fair value of financial instruments

This section should be read in conjunction with Note 15, Fair value of financial instruments of the Barclays Bank UK PLC Annual Report 2021, which provides more detail about accounting policies adopted and 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 UK 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	79	50	—	129
Financial assets designated at fair value through income statement	—	98	2,226	2,324
Derivative financial instruments	—	1,317	—	1,317
Financial assets designated at fair value through other comprehensive income	5,972	12,911	—	18,883
Total assets	**6,051**	**14,376**	**2,226**	**22,653**
Trading portfolio liabilities	(752)	(6)	—	(758)
Derivative financial instruments	—	(354)	—	(354)
Total liabilities	**(752)**	**(360)**	**—**	**(1,112)**
As at 31.12.21				
Trading portfolio assets	90	79	—	169
Financial assets designated at fair value through income statement	—	105	2,662	2,767
Derivative financial instruments	—	890	—	890
Financial assets designated at fair value through other comprehensive income	5,045	9,900	—	14,945
Total assets	**5,135**	**10,974**	**2,662**	**18,771**
Trading portfolio liabilities	(827)	(51)	—	(878)
Derivative financial instruments	—	(814)	—	(814)
Total liabilities	**(827)**	**(865)**	**—**	**(1,692)**

Assets and liabilities reclassified between Level 1 and Level 2

During the period, there were no material transfers between Level 1 and Level 2 (period 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.

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.

						Total gains and (losses) in the period recognised in the income statement		Transfers		
	As at 01.01.22	Purchases	Sales	Issues	Settle-ments	Trading income[1]	Other income	In	Out	As at 30.06.22
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-asset backed loans	2,662	—	—	—	(169)	(258)	—	—	(9)	2,226
Other	—	—	—	—	—	—	—	—	—	—
Financial assets at fair value through the income statement	**2,662**	**—**	**—**	**—**	**(169)**	**(258)**	**—**	**—**	**(9)**	**2,226**

						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[1]	Other income	In	Out	As at 30.06.21
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-asset backed loans	3,301	—	—	—	(300)	(129)	—	—	—	2,872
Other	1	—	—	—	(1)	—	—	—	—	—
Financial assets at fair value through the income statement	**3,302**	**—**	**—**	**—**	**(301)**	**(129)**	**—**	**—**	**—**	**2,872**

1 *Trading income represents losses on Level 3 financial assets which is offset by gains on derivative hedges disclosed within Level 2.*

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			Income statement		
	Trading income	Other income	Total	Trading income	Other income	Total
	£m	£m	£m	£m	£m	£m
Financial assets at fair value through the income statement	(258)	—	(258)	(129)	—	(129)

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. Current year valuation and sensitivity methodologies are consistent with those described within Note 15, Fair value of financial instruments in the Barclays Bank UK PLC Annual Report 2021.

Sensitivity analysis of valuations using unobservable inputs

The following table discloses the sensitivity to changes in credit spreads used in determining the fair value of non-asset backed loans:

	As at 30.06.22		As at 31.12.21	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	£m	£m	£m	£m
Non-asset backed loans	64	(74)	66	(105)

The effect of stressing unobservable inputs to a 90th percentile confidence interval of a potential range of values, alongside considering the impact of using alternative models, would be to increase fair values by up to £64m (December 2021: £66m) or to decrease fair values by up to £74m (December 2021: £105m). All the potential effect would impact profit and loss. The asymmetry in the favourable and unfavourable changes in the sensitivity analysis is attributable to investing and funding costs with the prudential valuation framework contributing to the unfavourable side only.

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 £11m (December 2021: £12m) for financial instruments measured at fair value and £194m (December 2021: £202m) for financial instruments carried at amortised cost. The decrease of £1m (December 2021: £1m) in financial instruments measured at fair value is driven by amortisation and releases of £1m (December 2021: £2m) offset by additions of £nil (December 2021: £1m). The decrease of £8m (December 2021: £15m) in financial instruments carried at amortised cost is driven by amortisation and releases of £8m (December 2021: £15m) offset by additions of £nil (December 2021: £nil).

Portfolio exemption

The Barclays Bank UK 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 UK 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.

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 15, Fair value of financial instruments in the Barclays Bank UK PLC Annual Report 2021.

The following table summarises the fair value of financial assets and liabilities measured at amortised cost on the Barclays Bank UK Group 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	222,399	223,282	220,271	220,960
Reverse repurchase agreements and other similar secured lending	1,239	1,239	65	65
Financial liabilities				
Deposits at amortised cost	(261,169)	(261,224)	(260,732)	(260,749)
Repurchase agreements and other similar secured borrowing	(18,857)	(18,857)	(18,160)	(18,160)
Debt securities in issue	(9,053)	(9,289)	(8,684)	(8,945)
Subordinated liabilities	(8,065)	(8,168)	(9,516)	(9,976)

7. Goodwill and intangible assets

Goodwill and intangible assets are allocated to business operations according to business segments as follows:

	As at 30.06.22			As at 31.12.21		
	Goodwill	Intangibles	Total	Goodwill	Intangibles	Total
	£m	£m	£m	£m	£m	£m
Personal Banking	2,718	—	2,718	2,718	—	2,718
Business Banking	629	—	629	629	—	629
Barclaycard Consumer UK	179	—	179	179	—	179
Total	**3,526**	**—**	**3,526**	**3,526**	**—**	**3,526**

The Barclays Bank UK Group performed an impairment review to assess the recoverability of its goodwill and intangible asset balances as at 31 December 2021. The outcome of this review is disclosed on pages 181 to 183 of the Barclays Bank UK PLC Annual Report 2021. No impairment was recognised as a result of the review as value in use exceeded carrying amount. A review of the Barclays Bank UK Group's goodwill assets as at 30 June 2022 did not identify the presence of impairment.

8. Subordinated liabilities

	Half year ended 30.06.22	Year ended 31.12.21
	£m	£m
Opening balance as at 1 January	9,516	9,869
Issuances	—	1,025
Redemptions	(1,582)	(1,116)
Other	131	(262)
Closing balance	**8,065**	**9,516**

Redemptions comprise £1,582m of intra-group loans from Barclays PLC.

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

9. Provisions

	As at 30.06.22	As at 31.12.21
	£m	£m
Customer redress	152	236
Redundancy and restructuring	93	140
Undrawn contractually committed facilities and guarantees	35	36
Sundry and other provisions	115	124
Total	**395**	**536**

10. Called up share capital

As at 30 June 2022, the issued ordinary share capital of Barclays Bank UK PLC comprised 505m (December 2021: 505m) ordinary shares of £0.01 each. There were no issuances or redemptions in the six months to 30 June 2022.

11. Other equity instruments

Other equity instruments of £2,560m (December 2021: £2,560m) are AT1 securities issued to Barclays PLC. Barclays PLC uses funds from market issuances to purchase AT1 securities from Barclays Bank UK PLC. There have been no issuances or redemptions 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 UK PLC, in whole on the initial call date, or on any fifth anniversary after the initial call date. In addition, the AT1 securities are redeemable, at the option of Barclays Bank UK 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	As at 31.12.21
	£m	£m
Fair value through other comprehensive income reserve	(139)	(24)
Cash flow hedging reserve	(1,537)	(431)
Other reserves and other shareholders' equity	89	89
Total	**(1,587)**	**(366)**

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

As at 30 June 2022, there was a debit balance of £139m (December 2021: £24m debit) in the fair value through other comprehensive income reserve. The loss of £115m is principally driven by a £155m loss from the decrease in fair value of bonds due to increased bond yields which was partially offset by a tax credit of £42m.

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 £1,537m (December 2021: £431m debit) in the cash flow hedging reserve. The decrease of £1,106m principally reflects a £1,157m decrease in the fair value of interest rate swaps held for hedging purpose as major interest rate forward curves increased and £334m of gains transferred to the income statement. This is partially offset by a tax credit of £385m.

Other reserves and other shareholders' equity
Other reserves and other shareholders' equity relate to the merger reserve for the Barclays Bank UK Group and the Group Reconstruction Relief for Barclays Bank UK PLC, in respect of the transfer of the UK banking business, which occurred on 1 April 2018.

As at 30 June 2022, there was a credit balance of £89m (December 2021: £89m credit) in other reserves and shareholders' equity. There has been no movement since December 2021.

13. Contingent liabilities and commitments

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

	As at 30.06.22	As at 31.12.21
Contingent liabilities and financial guarantees	£m	£m
Guarantees and letters of credit pledged as collateral security	370	440
Performance guarantees, acceptances and endorsements	150	150
Total	**520**	**590**
Commitments		
Standby facilities, credit lines and other commitments	59,443	59,237
Total	59,443	59,237

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

14. Legal, competition and regulatory matters

The Barclays Bank UK 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 9, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank UK 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 UK Group's potential financial exposure in respect of those matters.

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, 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. The loans were originally entered into with Barclays Bank PLC, but Barclays Bank UK PLC is now the lender of record. 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 UK Group's operating results, cash flows or financial position.

General

The Barclays Bank UK Group is engaged in various other legal, competition and regulatory matters in the jurisdictions in which it operates. The Barclays Bank UK Group is subject to legal proceedings brought by and against members of the Barclays Bank UK 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 UK 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 it is or has been engaged. The Barclays Bank UK 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 UK 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 UK 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 UK PLC Annual Report 2021.

Amounts included in the Barclays Bank UK 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	(93)	43	(147)	44
Operating expenses	(19)	(1,182)	(16)	(1,158)

	As at 30.06.22		As at 31.12.21	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	£m	£m	£m	£m
Total assets	16	1,768	16	733
Total liabilities	8,671	1,144	9,550	945

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 UK 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, CHF 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 UK PLC Annual Report 2021 (page 200). This Programme oversaw transition for GBP, EUR, CHF and JPY LIBOR exposures and continues to work to transition the remaining residual of unremediated exposures off of synthetic rates, in addition to overseeing USD LIBOR transition in preparation for the 30 June 2023 cessation.

The majority of GBP and CHF exposures have now transitioned off of LIBOR and good progress has been made with the unremediated exposures reported at year-end 2021. A small residual population of sterling contracts remain unremediated at the end of H122. We continue to work with clients to bilaterally transition these trades and have raised potential risks regarding 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 and CHF 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 UK 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 UK Group has put in place controls so that any exceptions or exemptions are approved.

17. Barclays Bank UK PLC parent condensed balance sheet

Assets	As at 30.06.22 £m	As at 31.12.21 £m
Cash and balances at central banks	61,438	69,488
Cash collateral and settlement balances	4,087	4,986
Loans and advances at amortised cost	223,295	220,660
Reverse repurchase agreements and other similar secured lending	1,239	65
Trading portfolio assets	129	169
Financial assets at fair value through the income statement	2,324	2,767
Derivative financial instruments	1,317	890
Financial assets at fair value through other comprehensive income	18,883	14,945
Investments in subsidiaries	432	432
Goodwill and intangible assets	3,378	3,378
Property, plant and equipment	461	562
Deferred tax assets	1,680	1,368
Other assets	582	516
Total assets	**319,245**	**320,226**
Liabilities		
Deposits at amortised cost	262,225	261,286
Cash collateral and settlement balances	1,292	686
Repurchase agreements and other similar secured borrowing	18,857	18,160
Debt securities in issue	9,053	8,684
Subordinated liabilities	8,065	9,516
Trading portfolio liabilities	758	878
Derivative financial instruments	354	814
Current tax liabilities	500	368
Other liabilities	1,821	1,775
Provisions	383	519
Total liabilities	**303,308**	**302,686**
Equity		
Called up share capital and share premium	5	5
Other equity instruments	2,560	2,560
Other reserves	(1,486)	(265)
Retained earnings	14,858	15,240
Total equity	**15,937**	**17,540**
Total liabilities and equity	**319,245**	**320,226**

Investment in subsidiaries

The investment in subsidiaries of £432m (December 2021: £432m) predominantly relates to investments in Barclays Insurance Services Company Limited, Barclays Investment Solutions Limited and Barclays Asset Management Limited. Barclays Bank UK 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

For further information please contact

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1 *Note that this date is provisional and subject to change.*