Barclays Bank Ireland PLC

Interim Report and
Condensed Financial Statements

30 June 2020

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Notes

The term 'Bank' or 'BBI' refers to Barclays Bank Ireland PLC. Unless otherwise stated, the income statement analysis compares the six months ended 30 June 2020 ('H120) to the corresponding six months of 2019 ('H119') and balance sheet analysis as at 30 June 2020 with comparatives relating to 31 December 2019. The abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively. There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at https://home.barclays/investor-relations/reports-and-events/annual-reports.

The information in this announcement, which was approved by the Board of Directors on 24 July 2020, does not comprise statutory financial statements within the meaning of Section 274 of the Companies Act 2014. Statutory financial statements for the year ended 31 December 2019, which contained an unmodified statutory auditor report under Section 391 of the Companies Act 2014, have been delivered to the Registrar of Companies in accordance with Part 6 of the Companies Act 2014 and the European Communities (Credit Institutions: Financial Statements) Regulations, 2015 (S.I. 266 of 2015).

The Bank has chosen to prepare and publish this Interim Report and Condensed Financial Statements for the six months ended 30 June 2020 ('2020 Interim Report') in accordance with the requirements for periodic financial information under the Transparency (Directive 2004/109/EC) Regulations 2007, as amended ('Transparency Regulations'). The Bank has undertaken to do this to ensure consistency of presentation of this 2020 Interim Report with those interim financial results published in later years should the relevant requirements under the Transparency Regulations subsequently apply to the Bank.

Forward-looking statements

The Bank cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning.

Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Bank (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Bank's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The forward-looking statements speak only as at the date on which they are made and such statements may be affected by changes in legislation, the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of the Bank or any securities issued by the Bank; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the exit by the UK from the European Union and the disruption that may subsequently result in Ireland, the EU and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Bank's control. As a result, the Bank actual financial position, future results, dividend payments, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures may differ materially from the statements or guidance set forth in the Bank's forward-looking statements. Additional risks and factors which may impact the Bank's future financial condition and performance are identified in the Bank's 2019 Annual Report and the Bank's 2020 Interim Report which are available on Barclays' website at https://home.barclays/investor-relations/.

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

Barclays Bank Ireland PLC results for the half year ended

	30.06.20	30.06.19	
	€m	€m	% Change
Total income	417	329	27
Credit impairment charges	(212)	(43)	
Net operating income	**205**	**286**	**(28)**
Operating expenses	(309)	(261)	18
(Loss)/profit before tax	**(104)**	**25**	
Taxation	9	(17)	(153)
(Loss)/profit after tax	**(95)**	**8**	
Other equity instrument holders	(18)	(13)	38
Attributable loss	**(113)**	**(5)**	

	As at 30.06.20	As at 31.12.19
Balance sheet information	€bn	€bn
Cash and balances at central banks	20.4	12.8
Loans and advances to customers	13.5	13.0
Financial assets at fair value through the income statement	5.7	1.8
Derivative financial instrument assets	34.9	27.3
Deposits from customers	21.7	18.3
Financial liabilities designated at fair value	8.3	4.7
Derivative financial instrument liabilities	34.5	27.2

	As at 30.06.20	As at 31.12.19
Capital and liquidity metrics	%	%
Common equity tier 1 (CET1) ratio[1,2]	13.3	14.4
Liquidity coverage ratio	210	187
	€bn	€bn
Liquidity pool	20.4	14.9

1 *Capital, RWAs and leverage are calculated applying the IFRS9 arrangements of the CRR as amended by CRR II applicable as at the reporting date.*

2 *The fully loaded CET1 ratio was 13.0%, with €2.4bn of CET1 capital and €18.6bn of RWAs calculated without applying the transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.*

Overview

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

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

The Bank consists of Corporate and Investment Bank ('CIB'), Consumer, Cards and Payments ('CC&P') and Head Office.
- CIB includes the Barclays Group's European Union ('EU') Corporate business and the Investment Bank; and
- CC&P includes Barclaycard Germany and the Barclays Group's EU Private Banking business.

Head Office comprises head office, central support functions and our Italian mortgage portfolio.

The Bank continues to monitor ongoing developments on Brexit and related impacts on the future plans and risk profile of the Bank. Client and business migrations, together with the transfer of future contracts, positions, assets and liabilities, to the Bank are expected to continue during (and after) the UK's Brexit transition period. The Bank separately continues to build-out its operational and booking systems to support the full scope of its future activities across the EU and EEA.

Financial Review

- BBI incurred a loss before tax of €104m in H120. This represented a reduction of €129m from the profit before tax in H119 of €25m, due to higher credit impairment charges, partially offset by the migration of CIB activities from other Barclays Group entities as part of BBI's planned expansion due to Brexit during 2019 and 2020.

- Total income increased €88m to €417m (H119: €329m), largely reflecting the migration of CIB activity to BBI from other Barclays Group entities as part of BBI's planned expansion due to Brexit.

- Credit impairment charges increased to €212m (H119: €43m), due to the impact of COVID-19 on the macro-economic environment.

- Operating expenses increased €4m to €309m (H119: €261m), also largely attributable to the migration of CIB activity to BBI from other Barclays Group entities as part of BBI's planned expansion due to Brexit.

- The tax credit for H120 was €9m (H119: €17m charge) representing an effective tax rate of 8.7% (H119: 68.0%). The effective tax rate for H120 was lower than H19 principally due to changes in the levels and distribution of profits and losses across the jurisdictions in which the Bank operates where different tax rates are in force.

Balance sheet and capital

- Total assets at 30 June 2020 were €92.5bn, an increase of €23.5bn on Dec 2019 (€69.0bn), driven by increases in derivative financial instruments, derivative collateral, central bank placings and financial assets at fair value through the income statement.

- Derivative financial instrument assets increased by €7.6bn to €34.9bn, due to the decrease in major interest rate curves, together with migrations from other Barclays Group entities as part of BBI's planned expansion due to Brexit. Collateral balances increased by €4.3bn to €13.2bn for similar reasons.

- The increase in loans to customers is attributable to increased CIB drawings, partially offset by repayments on the Bank's Italian mortgage portfolio.

- The increase in central bank placings by €7.6bn to €20.4bn is primarily driven by the increase in customer deposits.

- Liquidity coverage ratio increased by 23% to 210% driven mainly by corporate and money market deposits growth and actions to maintain a prudent funding and liquidity position.

- Financial assets at fair value through the income statement increased by €3.9bn due to increased secured lending.

- Deposits at amortised cost increased by €3.8bn to €24.4bn due to increased customer deposits.

- The Bank's CET1 ratio at 30 Jun 2020 was 13.3%, which is above regulatory capital minimum requirements.

Risk management and principal risks

The roles and responsibilities of the business groups, Risk and Compliance, in the management of risk in the firm are defined in the Enterprise Risk Management Framework. The purpose of the framework is to identify the principal risks of the Bank, the process by which the Bank sets its appetite for these risks in its business activities, and the consequent limits which it places on related risk taking.

The framework identifies eight principal risks: credit risk; market risk; treasury and capital risk; operational risk; model risk; conduct risk; reputation risk; and legal risk. Further detail on these risks and how they are managed is available in the Bank's Annual Report 2019 or online at home.barclays/annualreport. There have been no significant changes to these principal risks or previously identified material existing and emerging risks in the period, save that details of an additional material risk identified in H120 which potentially impacts more than one principal risk is set out below.

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

Risks relating to the impact of COVID-19

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environments in which they operate. There are a number of factors associated with the pandemic and its impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as Barclays Bank Ireland PLC.

The COVID-19 pandemic has caused disruption to the Bank's customers, suppliers and staff globally. Most jurisdictions in which the Bank operates have implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. These restrictions are being determined by the governments of individual jurisdictions (including through the implementation of emergency powers) and impacts (including the timing of implementation and any subsequent lifting of restrictions) may vary from jurisdiction to jurisdiction. It remains unclear how this will evolve through 2020 (including whether there will be subsequent waves of the COVID-19 pandemic and whether and in what manner previously lifted restrictions will be re-imposed) and the Bank continues to monitor the situation closely. However, despite the COVID-19 contingency plans established by the Bank, its ability to conduct business may be adversely affected by disruptions to its infrastructure, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. This may cause significant customer detriment, costs to reimburse losses incurred by the Bank's customers, potential litigation costs (including regulatory fines, penalties and other sanctions), and reputational damage.

In many of the jurisdictions in which the Bank operates, schemes have been initiated by central banks, national governments and regulators to provide financial support to parts of the economy most impacted by the COVID-19 pandemic. These schemes have been designed and implemented at pace, meaning lenders (including the Bank) continue to address operational issues which have arisen in connection with the implementation of the schemes, including resolving the interaction between the schemes and existing law and regulation. In addition, the details of how these schemes will impact the Bank's customers and therefore the impact on the Bank remains uncertain at this stage. However, certain actions (such as the introduction of payment holidays for certain consumer lending products or the cancellation or waiver of fees associated with certain products) may negatively impact the effective interest rate earned on certain of the Bank's portfolios and lower fee income being earned on certain products. Lower interest rates globally will negatively impact net interest income earned on certain of the Bank's portfolios. Both of these factors may in turn negatively impact the Bank's profitability. Furthermore, the introduction of, and participation in, central-bank supported loan and other financing schemes introduced as a result of the COVID-19 pandemic may negatively impact the Bank's risk weighted assets (RWAs), level of impairment and, in turn, capital position (particularly when any transitional relief applied to the calculation of RWAs and impairment expires). This may be exacerbated if the Bank is required by any government or regulator to offer forbearance or additional financial relief to borrowers.

As these schemes and other financial support schemes provided by national governments (such as job retention and furlough schemes) expire, are withdrawn or are no longer supported, the Bank may experience a higher volume of defaults and delinquencies in certain portfolios and may initiate collection and enforcement actions to recover defaulted debts. Where defaulting borrowers are harmed by the Bank's conduct, this may give rise to civil legal proceedings, including class actions, regulatory censure, potentially significant fines and other sanctions, and reputational damage. Other legal disputes may also arise between the Bank and defaulting borrowers relating to matters such as breaches or enforcement of legal rights or obligations arising under loan and other credit agreements. Adverse findings in any such matters may result in the Bank's rights not being enforced as intended. For further details on legal risk and legal, competition and regulatory matters, refer to Note 12 on page 35.

The actions taken by various governments and central banks may indicate a view on the potential severity of any economic downturn and post recovery environment, which from a commercial, regulatory and risk perspective could be significantly different to past crises and persist for a prolonged period. The COVID-19 pandemic has led to a weakening in gross domestic product (GDP) in most jurisdictions in which the Bank operates and an expectation of higher unemployment and lower house prices in those same jurisdictions. These factors all have a significant impact on the modelling of expected credit losses (ECL) by the Bank. As a result, the Bank has experienced higher ECLs during the first half of 2020 compared to prior periods and this trend may continue in the second half of 2020. The economic environment remains uncertain and future impairment charges may be subject to further volatility (including from changes to macroeconomic variable forecasts) depending on the longevity of the COVID-19 pandemic and related containment measures, as well as the longer term effectiveness of central bank, government and other support measures. For further details on macroeconomic variables used in the calculation of ECLs, refer to pages 12 to 14. In addition, ECLs may be adversely impacted by increased levels of default for single name exposures in certain sectors directly impacted by the COVID-19 pandemic.

Furthermore, the Bank relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs and/or misused. This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data. For further details on model risk, refer to page 18 of the Bank's 2019 Annual Report.

The disruption to economic activity globally caused by the COVID-19 pandemic could adversely impact the Bank's other assets such as intangibles. It could also impact the Bank's income due to lower lending and transaction volumes due to volatility or weakness in the capital markets. Other potential risks include credit rating migration which could negatively impact the Bank's RWAs and capital position, and potential liquidity stress due to (among other things) increased customer drawdowns, notwithstanding the significant initiatives that governments and central banks have put in place to support funding and liquidity. Furthermore, a significant increase in the utilisation of credit by customers could have a negative impact on the Bank's RWAs and capital position.

Central bank and government actions and support measures taken in response to the COVID-19 pandemic may also create restrictions in relation to capital. Restrictions imposed by governments and/or regulators may further limit management's flexibility in managing the business and taking action in relation to capital distributions and capital allocation.

Any and all such events mentioned above could have a material adverse effect on the Bank's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings (including potential credit rating agency changes of outlooks or ratings), as well as on the Bank's customers, employees and suppliers.

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 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 30.06.20	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	5,027	572	65	61	698	249	5,974
Credit cards, unsecured loans and other retail lending	2,340	1,545	48	30	1,623	292	4,255
Wholesale loans	1,806	1,801	22	150	1,973	117	3,896
Loans and advances to customers	9,173	3,918	135	241	4,294	658	14,125
Loans and advances to banks	756	-	-	-	-	-	756
Total	9,929	3,918	135	241	4,294	658	14,881
Impairment allowance							
Home loans	9	29	12	16	57	29	95
Credit cards, unsecured loans and other retail lending	19	191	9	9	209	177	405
Wholesale loans	4	38	2	1	41	46	91
Loans and advances to customers	32	258	23	26	307	252	591
Loans and advances to banks	-	-	-	-	-	-	-
Total	32	258	23	26	307	252	591
Net exposure							
Home loans	5,018	543	53	45	641	220	5,879
Credit cards, unsecured loans and other retail lending	2,321	1,354	39	21	1,414	115	3,850
Wholesale loans	1,802	1,763	20	149	1,932	71	3,805
Loans and advances to customers	9,141	3,660	112	215	3,987	406	13,534
Loans and advances to banks	756	-	-	-	-	-	756
Total	9,897	3,660	112	215	3,987	406	14,290
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.2	5.1	18.5	26.2	8.2	11.6	1.6
Credit cards, unsecured loans and other retail lending	0.8	12.4	18.8	30.0	12.9	60.6	9.5
Wholesale loans	0.2	2.1	9.1	0.7	2.1	39.3	2.3
Loans and advances to customers	0.3	6.6	17.0	10.8	7.1	38.3	4.2
Loans and advances to banks	-	-	-	-	-	-	-
Total	0.3	6.6	17.0	10.8	7.1	38.3	4.0

1 *Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and other assets. These have a total gross exposure of €13,379m (December 2019: €9,085m) and impairment allowance of €5m (December 2019: €4m). This comprises €1m (December 2019: €nil) impairment allowance on €13,296m (December 2018: €9,081m) Stage 1 assets and €4m (December 2019: €4m) on €4m (December 2019: €4m) Stage 3 other assets.*

Credit Risk

As at 31.12.19	Stage 1	Stage 2 Not past due	Stage 2 <=30 days past due	Stage 2 >30 days past due	Stage 2 Total	Stage 3	Total
Gross exposure	€m	€m	€m	€m	€m	€m	€m
Home loans	5,551	495	52	22	569	186	6,306
Credit cards, unsecured loans and other retail lending	3,269	845	55	37	937	291	4,497
Wholesale loans	2,287	308	6	19	333	28	2,648
Loans and advances to customers	11,107	1,648	113	78	1,839	505	13,451
Loans and advances to banks	658	-	-	-	-	-	658
Total	11,765	1,648	113	78	1,839	505	14,109
Impairment allowance							
Home loans	5	25	10	6	41	24	70
Credit cards, unsecured loans and other retail lending	26	115	12	14	141	162	329
Wholesale loans	6	7	-	-	7	15	28
Loans and advances to customers	37	147	22	20	189	201	427
Loans and advances to banks	-	-	-	-	-	-	-
Total	37	147	22	20	189	201	427
Net exposure							
Home loans	5,546	470	42	16	528	162	6,236
Credit cards, unsecured loans and other retail lending	3,243	730	43	23	796	129	4,168
Wholesale loans	2,281	301	6	19	326	13	2,620
Loans and advances to customers	11,070	1,501	91	58	1,650	304	13,024
Loans and advances to banks	658	-	-	-	-	-	658
Total	11,728	1,501	91	58	1,650	304	13,682
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	5.1	19.2	27.3	7.2	12.9	1.1
Credit cards, unsecured loans and other retail lending	0.8	13.6	21.8	37.8	15.1	55.7	7.3
Wholesale loans	0.3	2.3	-	-	2.1	53.6	1.1
Loans and advances to customers	0.3	8.9	19.5	25.6	10.3	39.8	3.2
Loans and advances to banks	-	-	-	-	-	-	-
Total	0.3	8.9	19.5	25.6	10.3	39.8	3.0

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

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in the Bank's Annual Report 2019 in note 7. Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the year. The movements are measured over a 6-month period. The Bank does not hold any material purchased or originated credit-impaired assets as at period end.

Gross exposure for loans and advances at amortised cost

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure €m	ECL €m	Gross exposure €m	ECL €m	Gross exposure €m	ECL €m	Gross exposure €m	ECL €m
Home loans								
As at 1 January 2020	5,551	5	569	41	186	24	6,306	70
Transfers from Stage 1 to Stage 2	(274)	-	274	-	-	-	-	-
Transfers from Stage 2 to Stage 1	92	3	(92)	(3)	-	-	-	-
Transfers to Stage 3	(47)	-	(41)	(7)	88	7	-	-
Transfers from Stage 3	-	-	11	-	(11)	-	-	-
Business activity in the year	1	-	-	-	-	-	1	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(171)	1	(16)	27	(10)	-	(197)	28
Final repayments	(125)	-	(7)	(1)	(3)	(1)	(135)	(2)
Disposals	-	-	-	-	-	-	-	-
Write-offs[1]	-	-	-	-	(1)	(1)	(1)	(1)
As at 30 June 2020[2]	**5,027**	**9**	**698**	**57**	**249**	**29**	**5,974**	**95**
Credit cards, unsecured loans and other								
As at 1 January 2020	3,269	26	937	141	291	162	4,497	329
Transfers from Stage 1 to Stage 2	(848)	(11)	848	11	-	-	-	-
Transfers from Stage 2 to Stage 1	121	16	(121)	(16)	-	-	-	-
Transfers to Stage 3	(15)	-	(45)	(14)	60	14	-	-
Transfers from Stage 3	3	2	1	1	(4)	(3)	-	-
Business activity in the year	469	5	39	3	4	1	512	9
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(600)	(15)	(31)	83	(9)	39	(640)	107
Final repayments	(59)	(4)	(5)	-	(2)	-	(66)	(4)
Disposals	-	-	-	-	(27)	(15)	(27)	(15)
Write-offs[1]	-	-	-	-	(21)	(21)	(21)	(21)
As at 30 June 2020[2]	**2,340**	**19**	**1,623**	**209**	**292**	**177**	**4,255**	**405**

Credit Risk

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure €m	ECL €m	Gross exposure €m	ECL €m	Gross exposure €m	ECL €m	Gross exposure €m	ECL €m
Wholesale loans								
As at 1 January 2020	2,945	6	333	7	28	15	3,306	28
Transfers from Stage 1 to Stage 2	(1,032)	(3)	1,032	3	-	-	-	-
Transfers from Stage 2 to Stage 1	99	2	(99)	(2)	-	-	-	-
Transfers to Stage 3	(28)	-	-	-	28	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Business activity in the year	558	-	3	-	-	-	561	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	540	(1)	704	33	70	40	1,314	72
Final repayments	(520)	-	-	-	-	-	(520)	-
Disposals	-	-	-	-	-	-	-	-
Write-offs[1]	-	-	-	-	(9)	(9)	(9)	(9)
As at 30 June 2020[2,3]	**2,562**	**4**	**1,973**	**41**	**117**	**46**	**4,652**	**91**
Loans and advances to Banks	756	-	-	-	-	-	**756**	-
Loans and advances to Customers	9,173	32	4,294	307	658	252	**14,125**	**591**
Total	**9,929**	**32**	**4,294**	**307**	**658**	**252**	**14,881**	**591**

Reconciliation of ECL movement to impairment charge/(release) for the period	€m
Home loans	*26*
Credit cards, unsecured loans and other retail lending	*112*
Wholesale loans	*72*
ECL movement excluding assets derecognised due to disposals and write-offs	210
Reimbursements[4]	(11)
Other adjustments[5]	(10)
Impairment release on loan commitments and other financial guarantees	22
Impairment release on other financial assets[2]	1
As at 30 June 2020	**212**

1 *In H1 2020, gross write-offs amounted to €31m (H1 2019: €24m) and post write-off recoveries amounted to €nil (H1 2019: €16m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to €31m (H1 2019: €8m).*
2 *Other financial assets subject to impairment excluded from the table above include cash collateral and settlement balances and other assets. These have a total gross exposure of €13,379m (December 2019: €9,085m) and impairment allowance of €5m (December 2019: €4m). This comprises €1m ECL (December 2019: €nil) on €13,296m Stage 1 assets (December 2019: €9,081m), and €4m (December 2019: €4m) on €4m (December 2019: €4m) Stage 3 other assets.*
3 *Includes loans and advances to Banks of €756m (December 2019: €658m).*
4 *Reimbursements include a net gain in relation to reimbursements from financial guarantee contracts of €11m.*
5 *Includes interest and fees in suspense.*

Gross exposure for loan commitments and financial guarantees

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure €m	ECL €m	Gross exposure €m	ECL €m	Gross exposure €m	ECL €m	Gross exposure €m	ECL €m
Home loans								
As at 1 January 2020	-	-	-	-	-	-	-	-
Net transfers between stages	-	-	-	-	-	-	-	-
Business activity in the year	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	-	-	-	-	-	-	-	-
Limit management	-	-	-	-	-	-	-	-
As at 30 June 2020	-	-	-	-	-	-	-	-
Credit cards, unsecured loans and other								
As at 1 January 2020	4,659	-	171	-	50	-	4,880	-
Net transfers between stages	(193)	-	189	-	4	-	-	-
Business activity in the year	151	-	1	-	-	-	152	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(4)	-	82	-	(51)	-	27	-
Limit management	(223)	-	(1)	-	-	-	(224)	-
As at 30 June 2020	**4,390**	**-**	**442**	**-**	**3**	**-**	**4,835**	**-**
Wholesale loans								
As at 1 January 2020	14,189	4	837	6	24	-	15,050	10
Net transfers between stages	(3,340)	(2)	3,279	2	61	-	-	-
Business activity in the year	553	1	224	2	-	-	777	3
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,202)	-	(186)	21	(45)	-	(1,433)	21
Limit management	(883)	-	(81)	(2)	-	-	(964)	(2)
As at 30 June 2020	**9,317**	**3**	**4,073**	**29**	**40**	**-**	**13,430**	**32**

Measurement uncertainty

The Bank uses a five-scenario model to calculate ECL. Absent the conditions surrounding the COVID-19 pandemic, a Baseline scenario is typically generated based on an external consensus forecast assembled from key sources, including HM Treasury (short- and medium-term forecasts), and Bloomberg (based on median of economic forecasts). This initial baseline is expanded, with challenge from local portfolio experts as required, to all relevant markets, including Germany and Italy. 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 typically calibrated to a similar severity to internal stress tests, whilst also considering IFRS 9 specific sensitivities and non-linearity. Downside 2 is typically benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenario from Moody's inventory, but is not designed to be the same. The favourable scenarios are generally calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include a number of economic variables (e.g. GDP, unemployment, and House Price Index (HPI) across various markets), and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years. To calculate ECL a probability weight is assigned to each scenario.

Following the onset of the COVID-19 pandemic, the Bank generated a Baseline scenario in March 2020 that reflected the most recent economic forecasts available in the market (combined with internal assumptions) and the estimated impacts from significant support measures taken by Barclays, central banks and governments across the Bank's key markets. This scenario assumed a strong contraction in GDP and a sharp rise in unemployment in 2020, and required a recalibration of probability weights. This scenario was superseded by a revised Baseline scenario generated in June 2020, based broadly on the latest economic forecasts which recognise some impacts from the various support measures still in place across the Bank's key markets. Upside and downside scenarios were also regenerated in June 2020 (together with the revised Baseline scenario, the "COVID-19 Scenarios"). The downside scenarios reflect slower economic growth than the Baseline with social distancing measures continuing to drag GDP. Economic growth begins to recover later in 2020 in Downside 1 but only in 2021 in the Downside 2 scenario. The upside scenarios reflect a faster rebound in economic growth than the Baseline with a sharp decrease in infection rates and an almost fully reopened economy. Scenario weights were also revised in June 2020 with greater weight being applied to the tail scenarios (Upside 2 and Downside 2). This reflects the significant level of uncertainty in the economic environment compared to previous quarters given the conditions surrounding the COVID-19 pandemic.

Adjustments are applied to ECL based on analysis and expert judgement for areas of over or under-prediction, and taking account of any significant factors not reflected in models. This includes adjustments being made to reflect the estimated effects from the significant support measures provided by the Bank, central banks and governments across the Bank's key markets as a result of the COVID-19 pandemic.

The economic environment remains uncertain and future impairment charges may be subject to further volatility (including from changes to macroeconomic variable forecasts) depending on the longevity of the COVID-19 pandemic and related containment measures, as well as the longer term effectiveness of central bank, government and other support measures.

The tables below show the key macroeconomic variables used in the COVID-19 Baseline scenario and the probability weights applied to each respective scenario.

Baseline average macroeconomic variables used in the calculation of ECL

As at 30.06.20	2020 %	2021 %	2022 %	Expected Worst Point %
Germany GDP[1]	(5.4)	0.4	2.1	(11.1)
Germany unemployment[2]	4.2	4.6	3.9	4.7
Germany HPI[3]	(5.0)	2.4	2.8	(7.6)
ECB Refi	-	(0.1)	(0.1)	(0.1)
Italy GDP[1]	(10.2)	(0.1)	7.8	(19.1)
Italy unemployment[4]	11.3	11.2	10.9	12.7
Italy HPI[5]	(6.5)	2.4	2.3	(9.9)
UK GDP[1]	(8.7)	6.1	2.9	(51.4)
UK unemployment[6]	6.6	6.5	4.4	8.0
UK HPI[7]	0.6	2.0	0.0	(1.5)
UK bank rate	0.2	0.1	0.1	0.1
US GDP[1]	(4.2)	4.4	(0.3)	(30.4)
US unemployment[8]	9.3	7.6	5.5	13.4
US HPI[9]	1.1	1.8	(0.8)	(1.9)
US federal funds rate	0.5	0.3	0.3	0.3

1 *Average Real GDP seasonally adjusted change in year; expected worst point is the minimum seasonally adjusted quarterly annualised rate.*
2 *Average Germany unemployment rate LFS (SA, %)*
3 *Change in average yearly Germany HPI = (NSA 2010=100), relative to prior year end; worst point is based on cumulative drawdown in year relative to prior year end*
4 *Average Italy unemployment rate (SA, %).*
5 *Change in average Italy HPI = 13 Main Metropolitan Areas (NSA EUR/Square Meter), relative to prior year end; worst point is based on cumulative drawdown in year relative to prior year end.*
6 *Average UK unemployment rate 16-year+.*
7 *Change in the average yearly UK HPI = Halifax All Houses, All Buyers index, relative to prior year end; worst point is based on cumulative drawdown in year relative to prior year end.*
8 *Average US civilian unemployment rate 16-year+.*
9 *Change in the average yearly US HPI = FHFA house price index; relative to prior year end; worst point is based on cumulative drawdown in year relative to prior year end.*

Scenario probability weighting

	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 30.06.20					
Scenario probability weighting	20.3	22.4	25.4	17.5	14.4
As at 31.12.19					
Scenario probability weighting	10.1	23.1	40.8	22.7	3.3

Macroeconomic variables (specific bases)[1]

As at 30.06.20	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
Germany GDP[2]	7.5	3.6	1.3	(2.5)	(9.6)
Germany unemployment[3]	3.3	3.7	4.0	7.2	8.3
Germany HPI[4]	28.0	20.3	2.6	(11.3)	(21.7)
ECB Refi	-	-	(0.1)	-	(0.5)
Italy GDP[2]	9.9	8.9	2.2	(5.0)	(9.7)
Italy unemployment[3]	8.8	9.5	10.8	12.7	16.5
Italy HPI[4]	7.7	12.4	0.7	(17.5)	(34.2)
UK GDP[2]	32.7	26.4	5.4	1.6	1.2
UK unemployment[3]	3.5	3.6	4.9	9.6	10.9
UK HPI[4]	45.3	27.2	2.3	(15.0)	(33.4)
UK bank rate[3]	0.1	0.1	0.2	0.3	0.2
US GDP[2]	19.1	13.5	3.3	2.0	(3.1)
US unemployment[3]	4.1	4.4	6.3	15.4	18.7
US HPI[4]	32.3	20.9	2.3	(8.8)	(19.7)
US federal funds rate[3]	0.3	0.3	0.3	0.4	0.4
As at 31.12.19					
Germany GDP[2]	3.9	2.7	1.4	(0.3)	(4.8)
Germany unemployment[3]	2.9	2.9	2.9	4.5	6.8
Germany HPI[4]	25.1	21.9	3.5	(0.6)	(18.8)
ECB Refi	(0.1)	(0.1)	-	1.2	2.0
Italy GDP[2]	3.4	2.3	0.7	(0.9)	(5.3)
Italy unemployment[3]	8.5	9.5	10.6	12.1	16.6
Italy HPI[4]	2.6	0.3	(0.4)	(4.9)	(15.2)
UK GDP[2]	4.2	2.9	1.6	0.2	(4.7)
UK unemployment[3]	3.4	3.8	4.2	5.7	8.7
UK HPI[4]	46.0	32.0	3.1	(8.2)	(32.4)
UK bank rate[3]	0.5	0.5	0.7	2.8	4.0
US GDP[2]	4.2	3.3	1.9	0.4	(3.4)
US unemployment[3]	3.0	3.5	3.9	5.3	8.5
US HPI[4]	37.1	23.3	3.0	0.5	(19.8)
US federal funds rate[3]	1.5	1.5	1.7	3.0	3.5
As at 30.06.19					
Germany GDP[2]	4.5	3.2	1.7	0.1	(4.8)
Germany unemployment[3]	3.0	3.1	3.2	4.2	7.1
Germany HPI[4]	32.7	26.8	3.7	0.7	(15.8)
ECB Refi	-	-	0.4	1.8	2.0
Italy GDP[2]	4.1	2.8	1.1	(0.5)	(4.9)
Italy unemployment[3]	9.8	10.0	10.3	11.7	15.9
Italy HPI[4]	28.6	23.5	3.3	0.6	(14.2)
UK GDP[2]	4.5	3.1	1.7	0.3	(4.1)
UK unemployment[3]	3.4	3.9	4.3	5.7	8.8
UK HPI[4]	46.4	32.6	3.2	(0.5)	(32.1)
UK bank rate[3]	0.8	0.8	1.0	2.5	4.0
US GDP[2]	4.8	3.7	2.1	0.4	(3.3)
US unemployment[3]	3.0	3.4	3.7	5.2	8.4
US HPI[4]	36.9	30.2	4.1	-	(17.4)
US federal funds rate[3]	2.3	2.3	2.7	3.0	3.5

1 *Germany GDP = Real GDP growth seasonally adjusted; German unemployment; LFS (SA, %); Germany HPI = (NSA 2010=100); Italy GDP = Real GDP growth seasonally adjusted; Italy unemployment rate (SA, %); Italy HPI = 13 Main Metropolitan Areas (NSA EUR/Square Meter); UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA house price index. Forecast period based on 20 quarters from Q3 2020.*

2 *Upside scenario is the highest annual average growth rate based on seasonally adjusted quarterly annualised rate; 5-year average in Baseline; downside is the lowest annual average growth rate based on seasonally adjusted quarterly annualised rate.*

3 *Lowest yearly average in Upside scenarios; 5-year average in Baseline; highest yearly average in Downside scenarios.*

4 *Cumulative growth (trough to peak) in Upside scenarios; 5-year average in Baseline; cumulative fall (peak-to-trough) in Downside scenarios.*

Macroeconomic variables (5-year averages)[1]

As at 30.06.20	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
Germany GDP	4.3	2.9	1.3	0.9	0.3
Germany unemployment	3.5	3.9	4.0	6.1	6.9
Germany HPI	5.1	3.8	2.6	(0.6)	(3.6)
ECB Refi	0.2	0.1	(0.1)	(0.1)	(0.1)
Italy GDP	4.0	2.9	2.2	1.9	1.0
Italy unemployment	9.3	9.7	10.8	11.7	14.1
Italy HPI	1.5	2.4	0.7	(3.6)	(7.8)
UK GDP	8.9	7.2	5.4	5.2	2.8
UK unemployment	4.0	4.3	4.9	6.2	7.2
UK HPI	7.8	5.0	2.3	(1.4)	(5.5)
UK bank rate	0.4	0.3	0.2	0.1	0.1
US GDP	5.9	4.4	3.3	2.7	1.8
US unemployment	4.4	5.1	6.3	8.4	10.9
US HPI	5.8	3.9	2.3	(0.5)	(3.1)
US federal funds rate	0.6	0.5	0.3	0.3	0.3
As at 31.12.19					
Germany GDP	3.4	2.4	1.4	0.3	(1.3)
Germany unemployment	2.9	2.9	2.9	4.2	5.8
Germany HPI	4.6	4.0	3.5	1.6	(2.7)
ECB Refi	-	-	-	0.9	1.8
Italy GDP	2.3	1.7	0.7	(0.2)	(2.2)
Italy unemployment	8.7	9.6	10.6	11.8	15.3
Italy HPI	0.5	0.1	(0.4)	(1.0)	(3.1)
UK GDP	3.2	2.4	1.6	0.8	(0.7)
UK unemployment	3.5	3.9	4.2	5.4	7.7
UK HPI	7.9	5.7	3.1	(1.1)	(6.5)
UK bank rate	0.5	0.5	0.7	2.5	3.7
US GDP	3.5	2.8	1.9	1.0	(0.5)
US unemployment	3.1	3.6	3.9	5.0	7.5
US HPI	6.5	4.3	3.0	1.3	(3.7)
US federal funds rate	1.6	1.7	1.7	2.9	3.4
As at 30.06.19					
Germany GDP	3.3	2.5	1.7	0.8	(1.4)
Germany unemployment	3.0	3.1	3.2	4.0	6.1
Germany HPI	5.8	4.9	3.7	2.2	(2.3)
ECB Refi	0.1	0.2	0.4	1.3	1.8
Italy GDP	2.9	2.1	1.1	0.2	(1.8)
Italy unemployment	9.9	10.1	10.3	11.5	14.9
Italy HPI	5.2	4.3	3.3	1.9	(2.1)
UK GDP	3.4	2.6	1.7	0.9	(0.6)
UK unemployment	3.7	4.0	4.3	5.1	7.9
UK HPI	7.9	5.8	3.2	0.9	(6.4)
UK bank rate	0.8	0.8	1.0	2.3	3.7
US GDP	3.7	3.0	2.1	1.1	(0.5)
US unemployment	3.1	3.5	3.7	4.7	7.4
US HPI	6.5	5.4	4.1	2.4	(2.6)
US federal funds rate	2.3	2.3	2.7	3.0	3.4

1 *German GDP = Real GDP growth seasonally adjusted; German unemployment; LFS (SA, %); Germany HPI = (NSA 2010=100); Italy GDP = Real GDP growth seasonally adjusted; Italy unemployment rate (SA, %); Italy HPI = 13 Main Metropolitan Areas (NSA EUR/Square Meter); UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA house price index. Forecast period based on 20 quarters from Q3 2020.*

Analysis of management value at risk (VaR)

The table below shows the total management VaR on a diversified basis by risk factor. Total management VaR includes all Trading Books and certain Banking Books (those whose accounting treatment is Fair Value through Profit or Loss) within BBI and it is calculated with a one-day holding period.

Limits are applied against each risk factor VaR as well as total management VaR, which are then cascaded further by risk managers to each business.

Management VaR (95%) by asset class[1]

	Half year ended 30.06.20			Half year ended 31.12.19			Half year ended 30.06.19[2]		
	Average	High[1]	Low[1]	Average	High[1]	Low[1]	Average	High[1]	Low[1]
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Credit risk	0.39	1.02	0.17	0.16	0.22	0.06	0.04	0.14	-
Interest rate risk	0.17	0.70	0.04	0.11	0.19	0.07	0.09	0.15	0.03
Equity risk	0.09	0.32	-	0.02	0.11	-	0.01	0.06	-
Basis risk	0.16	0.25	0.08	0.15	0.24	0.07	0.07	0.14	0.01
Spread risk	0.12	0.65	0.01	0.01	0.08	-	-	0.02	-
Foreign exchange risk	0.04	0.18	0.01	0.05	0.23	0.01	0.03	0.10	-
Commodity risk	-	-	-	-	-	-	-	-	-
Inflation risk	0.01	0.02	-	-	0.03	-	-	0.03	-
Diversification effect[1]	(0.46)	n/a	n/a	(0.23)	n/a	n/a	(0.10)	n/a	n/a
Total management VaR	**0.51**	**1.09**	**0.22**	0.27	0.38	0.15	**0.14**	**0.22**	**0.03**

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

2 *The average has been calculated from 15 March 2019 when trade migration started as prior to this the market risk was de minimis.*

Funding and liquidity

Overview

The efficient management of liquidity is essential to the Bank in order to retain the confidence of the financial markets and maintain the sustainability of the business. The liquidity risk control framework is used to manage all liquidity risk exposures under both BAU and stressed conditions. The framework is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to support the liquidity risk appetite as expressed by the Bank’s Board. The liquidity risk appetite is monitored against both internal and regulatory liquidity metrics.

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 a market-wide stress event.

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

As at 30 June 2020, the Bank held eligible liquid assets well above the net stress outflows to its internal and external regulatory requirements. The liquidity pool increased to €20.4bn (December 2019: €14.9bn) driven by corporate and money markets deposits growth and actions to maintain a prudent funding and liquidity position in the current environment.

	As at 30.06.20	As at 31.12.19
	€m	€m
Liquidity pool	20,367	14,873
	%	%
Liquidity coverage ratio	210	187

Capital risk

Overview

The Bank is authorised by the Central Bank of Ireland and has been designated a 'Significant Institution' by the European Central Bank's Single Supervisory Mechanism.

On 27 June 2019, CRR II came into force amending CRR. As an amending regulation, the existing provisions of CRR apply unless they are amended by CRR II. Certain aspects of CRR II are dependent on final technical standards to be issued by the European Banking Authority (EBA) and adopted by the European Commission.

As a response to the COVID-19 pandemic, the ECB and the national macro-prudential authorities announced a number of capital measures in March 2020 detailed below:

- Banks will be allowed to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G); and
- Banks will be allowed to partially use capital instruments that do not qualify as CET1 capital to meet the Pillar 2 Requirement (P2R). This brings forward a measure that was initially scheduled to come into effect in January 2021. As a result, the Bank's P2R will now be met with 56.25% CET1 capital, 18.75% AT1 capital and 25% tier 2 capital. Previously the Bank was required to hold its entire requirement as CET1 capital.

On 27 June 2020, CRR was further amended to accelerate specific CRR II measures and implement a new IFRS 9 transitional relief calculation. Previously due to be implemented in June 2021, the accelerated measures primarily relate to the CRR leverage calculations to include additional settlement netting and limited changes to the calculation of RWAs.

The IFRS 9 transitional arrangements have been extended by two years and a new modified calculation has been introduced allowing 100% relief throughout 2020 and 2021 on increases in stage 1 and stage 2 provisions from 1 January 2020. The transitional relief on the "day 1" impact of IFRS 9 as well as increases in stage 1 and stage 2 provisions between 1 January 2018 and 31 December 2019 under the modified calculation remain unchanged and continue to be subject to 70% transitional relief throughout 2020.

Also impacting own funds in H120 are amendments to the regulatory technical standards on prudential valuation which include a temporary increase to diversification factors applied to certain additional valuation adjustments.

As at 30 June 2020, the Bank's transitional CET1 ratio was 13.3%, which exceeded the 2020 minimum requirement.

Capital ratios[1,2]	As at 30.06.20	As at 31.12.19
CET1	**13.3%**	14.4%
Tier 1 (T1)	**16.3%**	17.6%
Total regulatory capital	**19.3%**	20.8%

Capital resources	As at 30.06.20 €m	As at 31.12.19 €m
CET1 capital	**2,488**	2,569
T1 capital	**3,053**	3,134
Total regulatory capital	**3,598**	3,723
Total risk weighted assets (RWAs)[1]	**18,989**	17,879

Capital Requirements Regulation (CRR) leverage ratio[1]	As at 30.06.20 €m	As at 31.12.19 €m
CRR leverage ratio	**4.7%**	5.5%
CRR leverage exposure	**63,780**	56,769

1 *Capital, RWAs and leverage are calculated applying the IFRS9 arrangements of the CRR as amended by CRR II applicable as at the reporting date.*
2 *The fully loaded CET1 ratio was 13.0%, with €2.4bn of CET1 capital and €18.6bn of RWAs calculated without applying the transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.*

The Directors (the names of whom are listed below) are required to prepare the financial statements on a going concern basis unless it is not appropriate to do so. In making this assessment, the Directors have considered information relating to present and future conditions. Each of the Directors confirm that to the best of their knowledge, the condensed interim financial statements set out on pages 20 to 24 ('Condensed Interim Financial Statements') have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union ('IAS 34'). The Directors have on a voluntary basis also adopted, and complied with, the requirements under the Transparency (Directive 2004/109/EC) Regulations 2007 ('Transparency Directive'). As required under the Transparency Directive, each of the Directors confirm that to the best of their knowledge, the Condensed Interim

Statement of Directors' Responsibilities

Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank and the interim management report herein includes a fair review of important events that have occurred during the first six months ended 30 June 2020 and the impact of those events on the Condensed Interim Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in respect of the Bank published on the Barclays website.

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

Signed on 24 July 2020 on behalf of the Board by

Kevin Wall
Chief Executive Officer

Keith Smithson
Chief Financial Officer

Barclays Bank Ireland PLC Board of Directors:

Chair	Executive Directors	Non-executive Directors
Helen Keelan	Kevin Wall	Jennifer Allerton
	Keith Smithson	Etienne Boris
		Andrew Dickens
		David Farrow
		Thomas Huertas
		Eoin O'Driscoll

Independent Review Report to Barclays Bank Ireland PLC

Introduction
We have been engaged by Barclays Bank Ireland PLC ("the Bank") to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2020 which comprises the condensed income statement, condensed statement of comprehensive income, condensed statement of changes in equity, condensed balance sheet, condensed cash flow statement and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2020 is not prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. Prior year comparatives were not reviewed.

Directors' responsibilities
The interim financial report is the responsibility of, and has been approved by, the directors. The directors have voluntarily prepared the interim financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland, as if the Transparency Directive and Transparency Rules had applied.

The annual financial statements of the Bank are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

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

Scope of review
We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

The purpose of our review work and to whom we owe our responsibilities
This report is made solely to the Bank in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Bank those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank for our review work, for this report, or for the conclusions we have reached.

Jonathan Lew
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin
D01 F6F5
28 July 2020

Condensed income statement (unaudited)

	Notes[1]	Half year ended 30.06.20 €m	Half year ended[2] 30.06.19 €m
Interest and similar income		267	232
Interest and similar expense		(116)	(75)
Net interest income		**151**	**157**
Fee and commission income		302	236
Fee and commission expense		(36)	(52)
Net fee and commission income	3	**266**	**184**
Net trading income		21	(9)
Net investment expense		(21)	(3)
Total income		**417**	**329**
Impairment losses on financial instruments[3]		(212)	(43)
Net operating income		**205**	**286**
Staff costs		(141)	(114)
Infrastructure, administration and general expenses		(168)	(147)
Operating expenses		**(309)**	**(261)**
(Loss)/profit before tax		**(104)**	**25**
Taxation	4	9	(17)
(Loss)/profit after tax		**(95)**	**8**

Attributable to:			
Ordinary shareholders		(113)	(5)
Other equity instrument holders		18	13
(Loss)/profit after tax		**(95)**	**8**

1 *For notes to the Condensed Financial Statements see pages 25 to 36.*
2 *The Bank acquired certain European branches and Corporate & Investment Banking clients from BB PLC during H1 2019. Therefore, the prior period does not represent six months of full business activity.*
3 *For impairment disclosures, see Credit risk section on pages 6 to 14.*

Condensed statement of comprehensive income (unaudited)

	Notes[1]	Half year ended 30.06.20 €m	Half year ended[3] 30.06.19 €m
(Loss)/profit after tax		**(95)**	**8**
Other comprehensive income that may be recycled to profit or loss:			
Cash flow hedging reserve[2]	10	**6**	
Other comprehensive income that may be recycled to profit or loss from continuing operations		**6**	**-**
Other comprehensive income/(loss) not recycled to profit or loss:			
Retirement benefit remeasurements		2	-
Own credit[2]	10	106	(22)
Other comprehensive income/(loss) not recycled to profit or loss		**108**	**(22)**
Total comprehensive income/(loss) for the period:		19	**(14)**
Attributable to:			
Ordinary shareholders		1	(27)
Other equity instrument holders		18	13
Total comprehensive income/(loss) for the period		**19**	**(14)**

1 *For notes to the Condensed Financial Statements see pages 25 to 36.*
2 *Reported net of tax.*
3 *The Bank acquired certain European branches and Corporate & Investment Banking clients from BB PLC during H1 2019. Therefore, the prior period does not represent six months of full business activity.*

Condensed balance sheet (unaudited)

Assets	Notes[1]	As at 30.06.20 €m	As at 31.12.19 €m
Cash and balances at central banks		20,418	12,788
Cash collateral and settlement balances		13,248	8,935
Loans and advances to banks		756	658
Loans and advances to customers		13,534	13,024
Reverse repurchase agreements and other similar secured lending		1,720	2,946
Trading portfolio assets		1,600	1,042
Financial assets at fair value through the income statement		5,748	1,794
Derivative financial instruments		34,935	27,329
Intangible assets		44	38
Property, plant and equipment		110	116
Current tax assets		3	2
Deferred tax assets	4	176	148
Other assets		205	225
Total assets		**92,497**	**69,045**
Liabilities			
Deposits from banks		2,648	2,358
Deposits from customers		21,744	18,272
Cash collateral and settlement balances		13,309	9,374
Repurchase agreements and other similar secured borrowing		3,073	1,255
Debt securities in issue		2,706	849
Subordinated liabilities	7	891	891
Trading portfolio liabilities		1,540	283
Financial liabilities designated at fair value		8,285	4,702
Derivative financial instruments		34,490	27,153
Current tax liabilities		11	19
Deferred tax liabilities	4	7	-
Retirement benefit liabilities		53	52
Other liabilities		405	515
Provisions	8	45	32
Total liabilities		**89,207**	**65,755**
Equity			
Called up share capital and share premium	9	974	974
Other reserves	10	(4)	(116)
Retained earnings		1,755	1,867
Shareholders' equity attributable to ordinary shareholders of the parent		**2,725**	**2,725**
Other equity instruments	9	565	565
Total equity		**3,290**	**3,290**
Total liabilities and equity		**92,497**	**69,045**

1 *For notes to the Condensed Financial Statements see pages 25 to 36.*

Condensed statement of changes in equity (unaudited)

Half year ended 30.06.20	Called up share capital and share premium[1] €m	Other equity instruments[1] €m	Other reserves[1] €m	Retained earnings €m	Total €m
Balance as at 1 January 2020	**974**	**565**	**(116)**	**1,867**	**3,290**
(Loss)/profit after tax	-	18	-	(113)	(95)
Cash flow hedges	-	-	6	-	6
Retirement benefit remeasurements	-	-	-	2	2
Own credit reserve	-	-	106	-	106
Total comprehensive income for the period	**-**	**18**	**112**	**(111)**	**19**
Issue of new ordinary shares		-	-	-	-
Issue and exchange of other equity instruments	-	-	-	-	-
Other equity instruments coupons paid	-	(18)	-	-	(18)
Capital contribution from Barclays Bank PLC	-	-	-	-	-
Net equity impact of intra-group transfers	-	-	-	-	-
Other movements	-	-	-	(1)	(1)
Balance as at 30 June 2020	**974**	**565**	**(4)**	**1,755**	**3,290**
Half year ended 31.12.19					
Balance as at 1 July 2019	**974**	**405**	**(66)**	**1,352**	**2,665**
(Loss)/profit after tax	-	17	-	(6)	11
Cash flow hedges	-	-	(5)	-	(5)
Retirement benefit remeasurements	-	-	-	(13)	(13)
Own credit reserve	-	-	(24)	-	(24)
Total comprehensive income/(loss) for the period	**-**	**17**	**(29)**	**(19)**	**(31)**
Issue of new ordinary shares	-	-	-	-	-
Issue and exchange of other equity instruments	-	160	-	-	160
Other equity instruments coupons paid	-	(17)	-	-	(17)
Capital contribution from Barclays Bank PLC	-	-	-	513	513
Net equity impact of intra-group transfers	-	-	-	1	1
Other movements	-	-	(21)	20	(1)
Balance as at 31 December 2019	**974**	**565**	**(116)**	**1,867**	**3,290**
Half year ended 30.06.19					
Balance as at 1 January 2019	**849**	**300**	**(111)**	**210**	**1,248**
(Loss)/profit after tax	-	13	-	(5)	8
Cash flow hedges	-	-	-	-	-
Retirement benefit remeasurements	-	-	-	-	-
Own credit reserve	-	-	(22)	-	(22)
Total comprehensive income/(loss) for the period	**-**	**13**	**(22)**	**(5)**	**(14)**
Issue of new ordinary shares	125	-	-	-	125
Issue and exchange of other equity instruments	-	105	-	-	105
Other equity instruments coupons paid	-	(13)	-	-	(13)
Capital contribution from Barclays Bank PLC	-	-	-	1,128	1,128
Net equity impact of intra-group transfers	-	-	67	19	86
Other movements	-	-	-	-	-
Balance as at 30 June 2019	**974**	**405**	**(66)**	**1,352**	**2,665**

1 Details of share capital, other equity instruments and other reserves are shown on pages 25 to 36.

Condensed cash flow statement (unaudited)

Continuing operations	Half year ended 30.06.20 €m	Half year ended[1] 30.06.19 €m
(Loss)/profit before tax	(104)	25
Adjustment for non-cash items	366	35
Net increase in loans and advances at amortised cost	(491)	1,006
Net increase in deposits at amortised cost	3,762	2,865
Net increase in debt securities in issue	1,857	65
Changes in other operating assets and liabilities	3,118	2,126
Corporate income tax paid	(28)	(18)
Net cash from operating activities	**8,480**	**6,104**
Net cash from investing activities	**(18)**	**(12)**
Net cash from financing activities	**(18)**	**1,860**
Net increase in cash and cash equivalents	**8,444**	**7,952**
Cash and cash equivalents at beginning of the period	14,918	7,160
Cash and cash equivalents at end of the period	**23,362**	**15,112**

1 *The Bank acquired certain European branches and Corporate & Investment Banking clients from BB PLC during H1 2019. Therefore, the prior period does not represent six months of full business activity.*

1. Basis of preparation

These condensed interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007), as amended ('Irish Transparency Regulations') and with IAS 34, Interim Financial Reporting, as published by the International Accounting Standards Board (IASB) and adopted by the EU. These interim financial statements do not comprise statutory financial statements within the meaning of Companies Act 2014. The statutory financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 11 March 2020, contained an unqualified audit report and did not include a reference to any matters to which the statutory auditor drew attention by way of emphasis. The statutory financial statements were filed with the Companies Registration Office on 21 April 2020.

Throughout 2019, the Bank continued the expansion of its European business with the transfer of European branches and financial instruments from BB PLC and its subsidiaries. The notes to these interim financial statements do not include an Acquisition note, as there is no significant similar activity in the current period. Relevant prior period comparative information is available in note 1, acquisition of business on pages 78 and 79 in the Bank's Annual Report 2019. The H119 income and expense does not represent six months of full business activity, due to the expansion.

The accounting policies and methods of computation used in these condensed interim financial statements are the same as those used in the Bank's Annual Report 2019.

1. Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Bank has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, liquidity, capital requirements and capital resources.

2. Other disclosures

The Credit risk disclosures on pages 6 to 14 form part of these interim financial statements.

3. Approval of financial statements

The Board of Directors approved the interim financial statements on 24 July 2020.

2. Segmental reporting

Half year ended 30.06.20	Corporate and Investment Bank €m	Consumer, Cards and Payments €m	Head Office €m	Total €m
Total income	275	198	(56)	417
Credit impairment charges	(76)	(105)	(31)	(212)
Net operating income/(expenses)	**199**	**93**	**(87)**	**205**
Total operating expenses	(208)	(90)	(11)	(309)
(Loss)/profit before tax	**(9)**	**3**	**(98)**	**(104)**

As at 30.06.20	€bn	€bn	€bn	€bn
Total assets	**60**	**4**	**28**	**92**
Total liabilities	**78**	**3**	**8**	**89**

Half year ended 30.06.19	Corporate and Investment Bank €m	Consumer, Cards and Payments €m	Head Office €m	Total €m
Total income	182	185	(38)	329
Credit impairment charges	-	(38)	(5)	(43)
Net operating income/(expenses)	**182**	**147**	**(43)**	**286**
Total operating expenses	(149)	(95)	(17)	(261)
Profit/(loss) before tax	**33**	**52**	**(60)**	**25**

As at 31.12.19	€bn	€bn	€bn	€bn
Total assets	**42**	**4**	**23**	**69**
Total liabilities	**54**	**3**	**9**	**66**

Split of income by geographic region[1]

	Half year ended 30.06.20 €m	Half year ended 30.06.19 €m
Ireland	38	17
Germany	236	226
Italy	9	12
France	100	40
Spain	28	26
Other	6	8
Total	**417**	**329**

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

3. Net fee and commission income

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

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

Half year ended 30.06.19	Corporate and Investment Bank €m	Consumer, Cards and Payments €m	Head Office €m	Total €m
Fee type				
Transactional	9	26	-	35
Advisory	3	3	-	6
Brokerage and execution	3	-	-	3
Underwriting and syndication	14	-	-	14
Service fees from affiliates	63	-	2	65
Other	3	-	2	5
Total revenue from contracts with customers	**95**	**29**	**4**	**128**
Other non-contract fee income	108	-	-	108
Fee and commission income	**203**	**29**	**4**	**236**
Fee and commission expense-non affiliates	(5)	(11)	-	(16)
Fee and commission expense-affiliates	(36)	-	-	(36)
Fee and commission expense	**(41)**	**(11)**	**-**	**(52)**
Net fee and commission income	**162**	**18**	**4**	**184**

Fee types

Transactional

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

Advisory

Advisory fees are generated from asset management services and advisory services related to mergers, acquisitions and financial restructuring.

Brokerage and execution

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

Underwriting and syndication

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

Service fees from affiliates
Service fees from affiliates are compensation for services provided by the Bank to an affiliate entity. This includes sales credits and cost recharge revenues. Sales credits from affiliates are compensation for sales services provided to that affiliate. Cost recharge revenues relate to the recharge of infrastructure or business support costs incurred by the Bank in support of the activities of an affiliate. Service fees are in scope of IFRS 15 and are generally recognised at point in time when the services related to the transaction have been completed and the Bank is entitled to the compensation.

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

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

4. Tax

The tax credit for H120 was €9m (H119: €17m charge), representing an effective tax rate of 8.7% (H119: 68.0%). The effective tax rate for H120 was lower than H119 principally due to changes in the levels and distribution of the profits and losses across the jurisdictions in which the Bank operates where different tax rates are in force.

Deferred tax assets and liabilities	As at 30.06.20 €m	As at 31.12.19 €m
Spain	75	75
Germany	99	70
Ireland	2	3
Deferred tax assets	**176**	**148**
Deferred tax liabilities	**(7)**	-

5. Dividends on ordinary shares

No ordinary dividend was paid or proposed in 2019 or H120.

6. Fair value of financial instruments

This section should be read in conjunction with Note 15, Fair value of financial instruments of the Bank's Annual Report 2019 and Note 1, Basis of preparation on pages 74 to 77, which provides more detail about accounting policies adopted, valuation methodologies used in calculating fair value and the valuation control framework which governs oversight of valuations. There have been no significant changes in the accounting policies adopted or the valuation methodologies used.

Valuation

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

	Valuation technique using			
	Quoted market prices (Level 1)	Observable Inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at 30.06.20	€m	€m	€m	€m
Trading portfolio assets	102	1,498	-	1,600
Financial assets at fair value through the income statement	-	5,360	388	5,748
Derivative financial instruments	-	34,105	830	34,935
Total assets	**102**	**40,963**	**1,218**	**42,283**
Trading portfolio liabilities	(506)	(1,034)	-	(1,540)
Financial liabilities at fair value through the income statement	-	(8,285)	-	(8,285)
Derivative financial instruments	-	(33,660)	(830)	(34,490)
Total liabilities	**(506)**	**(42,979)**	**(830)**	**(44,315)**
As at 31.12.19				
Trading portfolio assets	-	1,042	-	1,042
Financial assets at fair value through the income statement	-	1,381	413	1,794
Derivative financial instruments	-	27,151	178	27,329
Total assets	**-**	**29,574**	**591**	**30,165**
Trading portfolio liabilities	-	(283)	-	(283)
Financial liabilities at fair value through the income statement	-	(4,702)	-	(4,702)
Derivative financial instruments	-	(26,975)	(178)	(27,153)
Total liabilities	**-**	**(31,960)**	**(178)**	**(32,138)**

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

	As at 30.06.20		As at 31.12.19	
	Assets	Liabilities	Assets	Liabilities
	€m	€m	€m	€m
Interest rate derivatives	750	(750)	170	(170)
Foreign exchange derivatives	78	(78)	8	(8)
Credit derivatives	2	(2)	-	-
Asset backed loans	388	-	413	-
Total	**1,218**	**(830)**	**591**	**(178)**

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 2019: no material transfers between Level 1 and Level 2).

Level 3 movement analysis

The following table summarises the movements in the balances of Level 3 assets and liabilities during the period. Derivative financial instruments are analysed on a net basis giving a balance of €nil and are therefore not included within the Level 3 movement analysis table. In respect of derivative financial instruments not included, the €627m increase in assets and liabilities in Level 3 is primarily driven by movements between Level 2 and Level 3 which are mainly due to i) an increase or decrease in observable market activity related to an input or ii) a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant.

Level 3 movement analysis

							Total gains and losses in the period recognised in the income statement		Transfers		
	As at 01.01.20	Acquisition of business	Purchases	Sales	Issues	Settlements	Trading income	Other income	In	Out	As at 30.06.20
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Asset backed loans	413	-	-	-	-	(20)	-	(5)	-	-	388
Financial assets at fair value through the income statement	**413**	**-**	**-**	**-**	**-**	**(20)**	**-**	**(5)**	**-**	**-**	**388**

							Total gains and losses in the period recognised in the income statement		Transfers		
	As at 01.01.19	Acquisition of business	Purchases	Sales	Issues	Settlements	Trading income	Other income	In	Out	As at 30.06.19
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Asset backed loans[1]	-	436	-	-	-	(8)	-	1	-	-	429
Financial assets at fair value through the income statement	-	436	-	-	-	(8)	-	1	-	-	429

1 *Represents CHF-indexed mortgage portfolio transferred from BB PLC in March 2019.*

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 30.06.20			Half year ended 30.06.19		
	Income statement			Income statement		
	Trading income	Other income	Total	Trading income	Other income	Total
	€m	€m	€m	€m	€m	€m
Asset backed loans	-	(5)	(5)	-	1	1
Total	**-**	**(5)**	**(5)**	**-**	**1**	**1**

Valuation techniques and sensitivity analysis

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

Sensitivity analysis of valuations using unobservable inputs

	As at 30.06.20		As at 31.12.19	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	€m	€m	€m	€m
Asset backed loans	23	(23)	12	(12)
Interest rate derivatives	1	(1)	-	-
Total	**24**	**(24)**	**12**	**(12)**

The effect of stressing unobservable inputs to a range of reasonably possible alternatives alongside considering the impact of using alternative models, would be to increase fair values by up to €24m (December 2019: €12m) or to decrease fair values by up to €24m (December 2019: €12m) with all the effect impacting profit and loss

Significant unobservable inputs

The valuation techniques and significant unobservable inputs for assets and liabilities recognised at fair value and classified as Level 3 are consistent with Note 15, Fair value of financial instruments in the Bank's Annual Report 2019. The description of the significant unobservable inputs and the sensitivity of fair value measurement of the instruments categorised as Level 3 assets or liabilities to increases in significant unobservable inputs is also found in Note 15, Fair value of financial instruments of the Bank's Annual Report 2019.

Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	As at 30.06.20	As at 31.12.19
	€m	€m
Exit price adjustments derived from market bid-offer spreads	(6)	(2)
Uncollateralised derivative funding	(6)	(2)
Derivative credit valuation adjustments	(31)	(10)
Derivative debit valuation adjustments	4	4

- Exit price adjustments derived from market bid-offer spreads increased by €4m to €6m as a result of movements in market bid offer spreads.
- Uncollateralised derivative funding increased by €4m to €6m as a result of widening input funding spreads and an update to methodology.
- Derivative credit valuation adjustments increased by €21m to €31m as a result of widening input counterparty credit spreads.

Portfolio exemption

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

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

Valuation methodologies employed in calculating the fair value of financial assets and liabilities measured at amortised cost are consistent with the Bank's Annual Report 2019 disclosure.

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

	As at 30.06.20		As at 31.12.19	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	€m	€m	€m	€m
Loans and advances to banks	756	756	658	658
Loans and advances to customers	13,534	12,946	13,024	12,455
Reverse repurchase agreements and other similar secured lending	1,720	1,720	2,946	2,946
Financial liabilities				
Deposits from banks	(2,648)	(2,648)	(2,358)	(2,358)
Deposits from customers	(21,744)	(21,744)	(18,272)	(18,272)
Repurchase agreements and other similar secured borrowing	(3,073)	(3,073)	(1,255)	(1,255)
Debt securities in issue	(2,706)	(2,706)	(849)	(849)
Subordinated liabilities	(891)	(937)	(891)	(1,008)

7. Subordinated liabilities

	Half year ended 30.06.20 €m	Year ended 31.12.19 €m
Opening balance as at 1 January	891	250
Issuances	-	690
Redemptions	-	(50)
Other	-	1
Closing balance	**891**	**891**

8. Provisions

	As at 30.06.20 €m	As at 31.12.19 €m
Redundancy and restructuring	3	11
Undrawn contractually committed facilities and guarantees	32	10
Sundry provisions	10	11
Total	**45**	**32**

9. Called up share capital and other equity

Ordinary shares

As at 30 June 2020 the issued ordinary share capital of the Bank comprised 898,668,534 (December 2019: 898,668,534) ordinary shares of €1 each.

There was no issuance or redemption of ordinary shares in the six months ended on 30 June 2020.

Other equity instruments

Other equity instruments of €565m (December 2019: €565m) is comprised of AT1 securities issued by the Bank and purchased by BB PLC. There have been no issuances of AT1 securities by the Bank to BB PLC in the period.

The AT1 securities are perpetual securities with no fixed maturity and are structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date. AT1 securities are undated and are redeemable, at the option of the Bank, in whole but not in part on their fifth anniversary from the date of issue and every interest payment date thereafter. In addition, the AT1 securities are redeemable, at the option of the Bank, in whole in the event of certain changes in the tax or regulatory treatment of the AT1 securities. Any redemptions require the prior consent of the CBI and/or the ECB.

10. Other reserves

	As at 30.06.20 €m	As at 31.12.19 €m
Cash flow hedging reserve	1	(5)
Own credit reserve	40	(66)
Other reserves and other shareholders' equity	(45)	(45)
Total	**(4)**	**(116)**

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

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

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

11. Contingent liabilities and commitments

Contingent liabilities	As at 30.06.20 €m	As at 31.12.19 €m
Guarantees and letters of credit pledged as collateral security	2,107	2,179
Performance guarantees, acceptances and endorsements	1,397	1,463
Total	**3,504**	**3,642**

Commitments		
Documentary credits and other short-term trade related transactions	19	87
Standby facilities, credit lines and other commitments	14,885	16,950
Total	**14,904**	**17,037**

In addition to the above, Note 12, Legal, competition and regulatory matters details out further contingent liabilities where it is not practicable to disclose an estimate of the potential financial effect on the Bank.

12. Legal, competition and regulatory matters

The Bank faces legal, competition and regulatory challenges, many of which are beyond 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.

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

The Bank is engaged in various legal, competition and regulatory matters in the jurisdictions in which it operates. It is subject to legal proceedings brought by and against the Bank 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, money laundering, financial crime, employment, environmental and other statutory and common law issues.

The Bank is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Bank is or has been engaged. The Bank 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, the Bank does not expect the ultimate resolution of any of these matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters, there can be no assurance that the outcome of a particular matter or matters (including formerly active matters or those matters arising after the date of this note) will not be material to the Bank's results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

13. Related party transactions

Related party transactions in the half year ended 30 June 2020 were similar in nature to those disclosed in the Bank's 2019 Annual Report.

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

	Half year ended 30.06.20		Half year ended 30.06.19	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	€m	€m	€m	€m
Total income	128	21	125	(8)
Operating expenses	(8)	(80)	1	(63)

	As at 30.06.20		As at 31.12.19	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	€m	€m	€m	€m
Total assets	21,175	1,113	17,304	1,390
Total liabilities	26,569	2,348	19,647	2,940

At 30 June 2020, the Bank has collateralised financial guarantees from its parent totalling €2,305m (December 2019: €2,338m).

Except for the above, no related party transactions that have taken place in the half year ended 30 June 2020 have materially affected the financial position or performance of the Bank during this period.