

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report \_\_\_\_\_

Commission file number

Barclays Bank PLC

1-10257

**BARCLAYS BANK PLC**

(Exact Name of Registrant as Specified in its Charter)

**England**

(Jurisdiction of Incorporation or Organization)

1 CHURCHILL PLACE, LONDON E14 5HP, England  
(Address of Principal Executive Offices)

**GARTH WRIGHT, +44 (0)20 7116 3170, GARTH.WRIGHT@BARCLAYS.COM**  
**1 CHURCHILL PLACE, LONDON E14 5HP, England**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

As a wholly-owned subsidiary of Barclays PLC, which is a reporting company under the Securities Exchange Act of 1934, Barclays Bank PLC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K, as applied to annual reports on Form 20-F, and is therefore filing this Form 20-F with a reduced disclosure format.

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
iPath <sup>®</sup> Bloomberg Commodity Index Total Return <sup>SM</sup> ETN	DJP	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Agriculture Subindex Total Return <sup>SM</sup> ETN	JJA	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Aluminum Subindex Total Return <sup>SM</sup> ETN	JJU	NYSE Arca
iPath <sup>®</sup> Bloomberg Cocoa Subindex Total Return <sup>SM</sup> ETN	NIB	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Coffee Subindex Total Return <sup>SM</sup> ETN	JO	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Copper Subindex Total Return <sup>SM</sup> ETN	JJC	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Cotton Subindex Total Return <sup>SM</sup> ETN	BAL	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Energy Subindex Total Return <sup>SM</sup> ETN	JJE	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Grains Subindex Total Return <sup>SM</sup> ETN	JJG	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Industrial Metals Subindex Total Return <sup>SM</sup> ETN	JJM	NYSE Arca
iPath <sup>®</sup> Bloomberg Lead Subindex Total Return <sup>SM</sup> ETN	LD	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Livestock Subindex Total Return <sup>SM</sup> ETN	COW	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Nickel Subindex Total Return <sup>SM</sup> ETN	JJN	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Platinum Subindex Total Return <sup>SM</sup> ETN	PGM	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Precious Metals Subindex Total Return <sup>SM</sup> ETN	JJP	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Softs Subindex Total Return <sup>SM</sup> ETN	JJS	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Sugar Subindex Total Return <sup>SM</sup> ETN	SGG	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Tin Subindex Total Return <sup>SM</sup> ETN	JJT	NYSE Arca
iPath <sup>®</sup> Series B Bloomberg Natural Gas Subindex Total Return <sup>SM</sup> ETN	GAZ	NYSE Arca
iPath <sup>®</sup> S&P GSCI <sup>®</sup> Total Return Index ETN	GSP	NYSE Arca
iPath <sup>®</sup> Pure Beta Broad Commodity ETN	BCM	NYSE Arca
iPath <sup>®</sup> Pure Beta Crude Oil ETN	OIL	NYSE Arca
iPath <sup>®</sup> Series B Carbon ETN	GRN	NYSE Arca
iPath <sup>®</sup> Series B S&P 500 VIX Short-Term Futures <sup>TM</sup> ETNs	VXX	CBOE BZX Exchange
iPath <sup>®</sup> Series B S&P 500 VIX Mid-Term Futures <sup>TM</sup> ETNs	VXZ	CBOE BZX Exchange
iPath <sup>®</sup> Select MLP ETN	ATMP	CBOE BZX Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

£1 ordinary shares	2,342,558,515
€100 preference shares	31,856
\$100 preference shares	58,133

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act.

<sup>†</sup> The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

\*Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

\*If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17

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If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

SEC Form 20-F Cross reference information

Form 20-F item number	Page and caption references in this document*
1 Identity of Directors, Senior Management and Advisers	Not applicable
2 Offer Statistics and Expected Timetable	Not applicable
3 Key Information	
A. Reserved	
B. Capitalization and indebtedness	Not applicable
C. Reason for the offer and use of proceeds	Not applicable
D. Risk factors	29-41
4. Information on the Company	
A. History and development of the company	Omitted
B. Business overview	31-33, 105-112, 131-132 (Note 2), 226
C. Organizational structure	195-199 (Notes 32 and 33), 221-225
D. Property, plants and equipment	168-170 (Notes 19 and 20)
4A Unresolved staff comments	Not applicable
5 Operating and Financial Review and Prospects	
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B. Liquidity and capital resources	Omitted
C. Research and development, patents and licenses, etc.	Omitted
D. Trend information	29-41, 226-227
E. Critical Accounting Estimates	130
6 Directors, Senior Management and Employees	
A. Directors and senior management	Omitted
B. Compensation	Omitted
C. Board practice	2, 9-11, 13
D. Employees	Omitted
E. Share ownership	Omitted
F. Disclosure of a registrant's action to recover erroneously awarded compensation	Not applicable
7 Major Shareholders and Related Party Transactions	
A. Major shareholders	Omitted
B. Related party transactions	Omitted
C. Interests of experts and counsel	Not applicable
8 Financial Information	
A. Consolidated statements and other financial information	114-212 (Notes 1-41), 214
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9 The Offer and Listing	
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B. Plan of distribution	Not applicable
C. Market	Not applicable
D. Selling shareholders	Not applicable
E. Dilution	Not applicable
F. Expenses of the issue	Not applicable
10 Additional Information	
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11	<b>Quantitative and Qualitative Disclosure about Market Risk</b>	26-112, 145-165 (Notes 12-16)
12	<b>Description of Securities Other than Equity Securities</b>	
	A. Debt Securities	Not applicable
	B. Warrants and Right	Not applicable
	C. Other Securities	Not applicable
	D. American Depositary Share	Not applicable
13	<b>Defaults, Dividends Arrearages and Delinquencies</b>	Not applicable
14	<b>Material Modifications to the Rights of Security Holders and Use of Proceeds</b>	Not applicable
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	C. Attestation report of the registered public accounting firm	Not applicable
	D. Changes in internal control over financial reporting	15
16	<b>Reserved</b>	
16A	<b>Audit Committee Financial Expert</b>	Omitted
16B	<b>Code of Ethics</b>	Omitted
16C	<b>Principal Accountant Fees and Services</b>	6, 206 (Note 39)
16D	<b>Exemptions from the Listing Standards for Audit Committees</b>	Not applicable
16E	<b>Purchases of Equity Securities by the Issuer and Affiliated Purchasers</b>	17
16F	<b>Change in Registrant's Certifying Accountant</b>	Not applicable
16G	<b>Corporate Governance</b>	4-16
16H	<b>Mine Safety Disclosure</b>	Not applicable
16I	<b>Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</b>	Not applicable
17	<b>Financial Statements</b>	Not applicable (See Item 8)
18	<b>Financial Statements</b>	Not applicable (See Item 8)
19	<b>Exhibits</b>	Exhibit Index

\* Certain items are indicated as omitted as Barclays Bank PLC is a wholly owned subsidiary of Barclays PLC, which is a reporting company under the Securities Exchange Act of 1934, and meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K, as applied to annual reports on Form 20-F, and is therefore filing this Form 20-F with a reduced disclosure format.

## Notes

The term Barclays Bank Group refers to Barclays Bank PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2022 to the corresponding twelve months of 2021 and balance sheet analysis as at 31 December 2022 with comparatives relating to 31 December 2021. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively; the abbreviations '\$m' and '\$bn' represent millions and thousands of millions of US Dollars respectively; and the abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively.

## Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Barclays Bank Group. The Barclays Bank Group cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Barclays Bank Group (including during management presentations) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank Group's future financial position, income levels, costs, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including dividend policy and share buybacks), return on tangible equity, projected levels of growth in banking and financial markets, industry trends, any commitments and targets (including environmental, social and governance (ESG) commitments and targets), business strategy, plans and objectives for future operations and other statements that are not historical or current facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulation and the interpretation thereof, changes in IFRS and other accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; the policies and actions of governmental and regulatory authorities; the Barclays Bank Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents and similar events beyond the Barclays Bank Group's control; the impact of competition; capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions, including inflation; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; higher or lower asset valuations; changes in credit ratings of any entity within the Barclays Bank Group or any securities issued by it; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the Russian invasion of Ukraine on European and global macroeconomic conditions, political stability and financial markets; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union (EU), the effects of the EU-UK Trade and Cooperation Agreement and any disruption that may subsequently result in the UK and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Barclays Bank Group's reputation, business or operations; the Barclays Bank Group's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the Barclays Bank Group's control. As a result, the Barclays Bank Group's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Barclays Bank Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank Group's future financial condition and performance are identified in Barclays Bank PLC's filings with the SEC (including, without limitation, Barclays Bank PLC's Annual Report on Form 20-F for the financial year ended 31 December 2022), which are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

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

## References to Strategic Report

This document contains references throughout to the Barclays Bank PLC Strategic Report and Pillar 3 Report. References to the aforementioned reports are made for information purposes only, and information found in said reports is not incorporated by reference into this document.

## Market and other data

This document contains information, including statistical data, about certain Barclays markets and its competitive position. Except as otherwise indicated, this information is taken or derived from Datastream and other external sources. Barclays cannot guarantee the accuracy of information taken from external sources, or that, in respect of internal estimates, a third party using different methods would obtain the same estimates as Barclays.

## Uses of Internet addresses

This document contains inactive textual addresses to internet websites operated by us and third parties. Reference to such websites is made for information purposes only, and information found at such websites is not incorporated by reference into this document.

# Governance

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Our corporate governance processes and the role they play in supporting the delivery of our strategy.

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# Governance

## Chairman's introduction

The 2022 Corporate Governance Statement (Governance Report) for the Company provides an overview of how the Barclays Bank PLC (BBPLC) governance framework operates and of the Board's key areas of focus during the year.

### Strategy and performance

2022 was a year of almost unprecedented challenges for Barclays and for society more broadly. As an organisation we continued to demonstrate our resilience and our ability and commitment to supporting our stakeholders in ever-changing economic conditions. As 2021 closed, we all hoped for some return of normality as the COVID-19 pandemic restrictions began to be lifted. However, the intervening year has been far from settled with the Russian invasion of Ukraine, a resulting energy crisis and a sustained rise in interest rates, alongside pressure on households and businesses from rising costs.

As noted in our Strategic Report, global inflationary pressures significantly affected the financial markets in 2022, resulting in weaker performance in Investment Banking, which was consistent with declines in capital market activity across the industry. However, the Corporate and Investment Bank (CIB) achieved growing market share, particularly in our trading business, which compensated for this decline in activity. Opportunities presented by the climate transition and the broader sustainability agenda continued to grow, despite the challenging market conditions, as we continue to seek to capture these opportunities through the transition to the low-carbon economy.

In Consumer, Cards and Payments (CC&P), whilst the rises in inflation and interest rates are driving changes in consumer behaviour, particularly the level of demand for personal loans, there has been continued recovery in consumer activity and spending post the COVID-19 pandemic and the shift toward digital services and payments continues to grow.

In terms of our strategic focus areas, our aim in CIB continues to be to provide comprehensive and integrated services to clients, delivering solutions across Investment Banking, Corporate Banking and Global Markets, and to capture opportunities presented by climate change. Within CC&P, we strive to deliver next-generation consumer businesses, offering best-in-class consumer finance, private banking and payment solutions.

You can read more about our strategy and performance during 2022 in our Strategic Report.

I am also pleased to report that our new Chief Executive, C.S. Venkatakishnan (known as Venkat), has navigated well the challenges of his first year. However, Venkat, his Executive Committee colleagues, and the Board as a whole, are very conscious that there is much work ahead. In particular, we have to improve aspects of the way Barclays operates in order to eliminate the type of error that led to the loss relating to the issuance of securities materially in excess of the limits under certain of our US registration statements. This incident reflects internal failings which we are determined to remedy; you can read more about this in the Barclays PLC Annual Report 2022, including the Shareholder Q&A.

### The Board

2022 saw a number of changes to our Board. Anna Cross joined the Board as an Executive Director on 23 April 2022. Anna was also appointed to the role of Group Finance Director and as an Executive Director of the Barclays PLC (BPLC) Board. Anna joined Barclays in 2013 and worked in a number of roles, including as Deputy Group Finance Director from 2020. With her deep knowledge of the Barclays Group, Anna brings significant skills and experience to the Board and was able to step immediately into the role, ensuring a smooth transition, and supporting our Chief Executive and his leadership team with the ongoing delivery of the Barclays' Group strategy.

Tushar Morzaria stepped down as an Executive Director of the Board with effect from 22 April 2022. Tushar has been an invaluable member of the senior management team at Barclays since 2013, when he joined as Group Finance Director, and played a significant role in the rebuilding of the Barclays Group's financial and operational resilience. The Board is grateful for his hard work and we are delighted that Tushar has a continuing role within the Barclays Group in his role as Chairman of the Global Financial Institutions Group.

Robert Berry was appointed to the Board as a Non-Executive Director on 8 February 2022, and as Chair of the Board Risk Committee and a member of the Board Audit Committee with effect from 1 March 2022. Robert brings with him a wealth of risk management experience from his distinguished career at Goldman Sachs.

Tim Breedon stepped down as a member of the Board and as Chair of the Board Risk Committee with effect from 28 February 2022. He remains the Chair of Barclays Bank Ireland PLC. The Board extends its thanks to Tim for the significant contribution he made to both the Board and the Board Risk Committee during his tenure.

We also recently welcomed Marc Moses to the Board as a Non-Executive Director and member of the Board Audit and Risk Committees, with effect from 23 January 2023. Marc brings a strong technical finance background with a deep knowledge of banking and financial services, and his appointment further reinforces the recent and relevant financial expertise on the Board.

On 1 April 2023 we look forward to welcoming Julia Wilson to the Board as a Non-Executive Director. Julia is already a Non-Executive Director of BPLC and a member of the BPLC Board Audit, Risk and Nominations Committees. From 1 April 2023, Julia will take on the role of Chair of the BPLC and BBPLC Board Audit Committees (subject to regulatory approval), as our current Board Audit Committee Chair, Mike Ashley, steps down from this role. Mike will also be stepping down from the Board and the BPLC Board at the conclusion of the 2023 BPLC Annual General Meeting (AGM).

I am deeply grateful for the ongoing support and hard work of all my Board colleagues during 2022. Scheduled Board and Committee meetings were supplemented by a number of additional meetings (including a number at short notice) in order to discuss key issues arising throughout the year.



# Governance

## Chairman's introduction

### The future

The Board continues to believe that the diversification of the Barclays Bank Group remains a key strength, providing balance, resilience and opportunity. Within CIB, we will continue to focus on maintaining our client-centric approach, exploring opportunities for growth and driving returns, whilst across CC&P, we remain committed to investing to build our technology and digital capabilities, in line with the Barclays Group strategy.

On behalf of myself and my fellow Board members, let me finish by expressing our gratitude to all those with whom we have worked alongside in 2022 - our colleagues, clients, customers, regulators and governments.

**Nigel Higgins**

Chairman – Barclays Bank Group

14 February 2023

# Governance

## Corporate Governance Statement

### Overview of Governance Framework

The membership of the BPLC and BBPLC Boards was partially consolidated and streamlined in 2019, to improve coordination and efficiency whilst reducing complexity and unnecessary duplication. As a result, membership of the BBPLC Board is a subset of the BPLC Board, with all members of the BPLC Board (except the Senior Independent Director, the Chair of Barclays Bank UK PLC (BBUKPLC) and at least one other Non-Executive Director) also serving on the Board of BBPLC. This structure vests oversight over the activities of BBPLC in a board the members of which also have direct accountability to BPLC's shareholders through their separate responsibilities as members of the BPLC Board.

The Board aspires to have high standards of corporate governance and, in accordance with the Companies (Miscellaneous Reporting) Regulations 2018 (the 2018 Regulations), has adopted its own corporate governance arrangements, which it believes are appropriate to apply and are designed to ensure effective decision-making to promote BBPLC's success for the long-term.

The Board chose not to adopt and report against the 2018 UK Corporate Governance Code (Code), which is designed for premium listed companies. Further, whilst fully supportive of the Wates Corporate Governance Principles for Large Private Companies (in particular the focus on purpose, culture and colleague and stakeholder engagement), the Board considers that those Principles are less appropriate for a wholly-owned subsidiary of a premium listed company, which is also a complex financial institution subject to a comprehensive regulatory regime. This is consistent with the approach of other significant subsidiaries within the Barclays Group which are subject to the 2018 Regulations.

The Board's primary aim is that our governance framework:

- ensures we have an effective and entrepreneurial Board which makes decisions and provides oversight to promote BBPLC's success, creating long-term sustainable value for the shareholder and the ultimate shareholders of BPLC, having regard to the interests of all our other stakeholders
- promotes our Purpose, Values, Mindset and culture, and seeks to ensure that our decision-making is aligned with these
- is effective in providing constructive challenge, strategic guidance and support to management
- provides checks and balances and drives informed, collaborative and accountable decision-making.

Set out below are the principles which underpin our corporate governance arrangements and how these principles have been applied during 2022. Certain additional information, signposted throughout this section, is available in the Strategic Report and the Board and Board Committees section.

The Barclays Group-wide governance framework is set by BPLC and has been designed to facilitate the effective management of the Barclays Group. This includes the setting of Barclays Group policies and approach in relation to matters such as Barclays' Purpose, Values and Mindset, Barclays' Remuneration Policy and the Barclays *Charter of Expectations*. Where appropriate, this Corporate Governance Statement makes reference to those Barclays Group-wide policies, which are relevant to the way in which the Company is governed.

### The Company's corporate governance principles and how the Company has applied them during 2022 and to the date of this report

#### Principle One: Board leadership and company purpose

A successful company is led by an effective and entrepreneurial board, whose role is to establish the company's purpose, values and strategy, aligned to its culture and make decisions to promote its success for the long-term benefit of its shareholder, having regard to the interests of other relevant stakeholders and factors.

- Through the leadership of the Board, a clear vision of the Barclays Purpose, Values and Mindset is articulated, underpinning and defining the strategy and culture of the organisation, which is embedded at every level of management.
- Following the introduction of the Barclays Mindset in 2021 - Empower, Challenge and Drive - which acts as an operating manual for how to get things done at Barclays, the Board has continued to track the progress of its embedment in everyday activities.
- The Board believes that a positive culture, supported by an effective leadership and a consistent 'tone from the top' is crucial to our success. Culture remains a core area of focus for the Board and is reviewed in a number of ways. The Board supports *The Barclays Way* which sets the framework for achieving a dynamic and positive culture. The Board receives feedback on our culture through a number of channels, including receiving reports on the outcome of colleague surveys and direct engagement with colleagues locally, such as town hall meetings and site visits. Refer to the Our people and culture section on pages 21 to 24 for more information on workforce matters.
- Given its fundamental importance, the Board regularly considered strategy matters at its 2022 meetings, continuing to deepen its understanding of the Barclays Bank Group's business, as well as the risks and opportunities the Barclays Group and the wider banking industry faces. This included regular corporate strategy sessions, as well as a series of business and function reviews, covering areas including the CIB, Consumer, Cards and Payments, US Consumer Bank, Legal, Risk and HR. The Board also received a series of sessions during the year on 'horizontal topics' impacting the wider Barclays Group such as cyber, climate and data strategy.
- Further detail on the Company's strategy can be found in the Strategic Report and details of the Barclays' Group strategy can be found in the Barclays PLC Annual Report 2022.

#### Principle Two: Division of responsibilities

An effective board requires a clear division of responsibilities with the Chair leading the board and being responsible for its overall effectiveness, and the executive leadership of the company's business being delegated to the Chief Executive. The board should consist of an appropriate combination of Executive and independent Non-Executive Directors, each with a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

- There is a clear division of responsibilities between the Chair and Chief Executive. Details of each role can be found on page 7 of this report. Page 7 sets out the details of the Board members, the majority of whom are independent Non-Executive Directors.
- Policies and protocols are in place to support effective decision-making and independent challenge, including the Barclays *Charter of Expectations* which sets out the individual role profiles and required behaviours and competencies of each Director. In accordance with the *Charter of Expectations*, the Non-Executive Directors are responsible for providing effective oversight, strategic guidance and constructive challenge while holding the Executive Directors to account against agreed performance objectives. The Chairman meets privately with the Non-Executive Directors when appropriate, to promote independence.
- The Board's responsibilities are executed in part through the Board Committees, each of which has its own Committee Terms of Reference which set out its remit and decision-making powers. The Chairs of each of the Board Committees provide a report on the work of the Committee at every

# Governance

## Corporate Governance Statement

Board meeting. Details of the principal Board Committees and their core responsibilities and activities in 2022 are set out on pages 9 to 13 of this report. Appropriate information and support is provided to the Board, to enable it to undertake its work with due care and discharge its responsibilities. See page 8 for further details.

- The Barclays Group *Corporate Governance Operating Manual* sets out guidelines as to how Barclays Group entities (and their respective Boards and Board Committees) should interact with each other, while providing guidance and clarity for management and directors as to how these relationships and processes should work in practice. It is a dynamic document that continues to evolve with the changing nature of the Barclays Group.

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### Principle Three: Composition, succession and evaluation

A board with the right balance of skills, experience and diversity is critical to the sustainable delivery of value to the company's shareholder and broader stakeholders. The size of the board should be guided by the scale and complexity of the company and appointments should be based on merit and objective criteria, with a view to promoting diversity and subject to a formal, rigorous and transparent procedure, which is underpinned by an effective succession plan for board and senior management. A successful board is a cohesive board that provides informed and constructive challenge to the management team and measures its effectiveness.

- The size and composition of the Board is considered appropriate for the Barclays Bank Group. There is a good balance between Executive and independent Non-Executive Directors, with the Non-Executive Directors able to provide essential independent challenge. Board members have a strong combination of technical, finance (including significant financial services experience) and commercial skills along with broader experience in culture and colleague engagement.
- The membership of the Board is drawn exclusively from the BPLC Board. On 23 April 2022, the Board appointed Anna Cross as an Executive Director following Tushar Morzaria's retirement as an Executive Director on 22 April 2022. The Board appointed Robert Berry as a Non-Executive Director with effect from 8 February 2022, and Tim Breedon retired as a Non-Executive Director with effect from 28 February 2022. Marc Moses joined the Board as a Non-Executive Director on 23 January 2023. Julia Wilson will join the Board as a Non-Executive Director with effect from 1 April 2023 and in addition will take on the role of Chair of the Board Audit Committee (subject to regulatory approval). Mike Ashley will step down from the Board at the conclusion of the BPLC 2023 AGM.
- All appointments to the Board and senior management are based on merit and an objective criteria, with a continued strong belief in the benefits of diversity (of skills, regional and industry experience, social and ethnic background, race, gender and other distinctions such as cognitive and personal strengths) for an effective Board and organisation. The Company continues to strive to build a workforce that reflects the diversity of its customers and the communities it serves. Across the Barclays Group, diversity, equity and inclusion (DEI) remains a key area of focus. Further information can be found in the Our People and Culture section of the Barclays PLC Annual Report 2022 and in Barclays' DEI report, which will be made available on the Barclays website later in the year. The report explains Barclays' DEI strategy and progress in this area.
- There is regular review of the leadership and succession needs of the business to maintain the depth and diversity of the talent and succession pipeline at the Board, Executive and key management level. This remains a key focus to maintain the quality of leadership that is in place to lead the business in the delivery of the strategy, against a challenging economic and operating environment.
- The Board approved a number of changes to our Executive Committee during 2022. You can read more about these on page 26 of this report.
- Effectiveness is supported through annual evaluations of the Board, Board Committees and individual Directors. In 2022, the Board, Board Committee and individual Director effectiveness evaluations were conducted internally. Key findings are included for the Board and each Board Committee on pages 21 to 25 of this report.
- Ongoing training and professional development is a key focus to provide Board members with a deeper and more granular understanding of the business, contributing to informed and sound decision-making. Further detail can be found in the Training and Induction section of this report on page 27.

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### Principle Four: Audit, Risk and Internal Control

A board should establish formal and transparent policies and procedures to (i) identify the nature and extent of principal risks the company is willing to take in order to achieve its long-term strategic objectives; (ii) manage such risks effectively; (iii) oversee the internal control framework; (iv) promote the independence and effectiveness of internal and external audit functions; and (v) satisfy itself on the integrity of financial reporting.

- The Company is committed to operating within a strong system of internal controls that enables the business to be transacted and risks taken without exposure to unacceptable potential losses or reputational damage. The principal risks facing the Barclays Bank Group have been identified and robust processes are in place to evaluate and manage such risks including regular reporting to, and oversight by, the Board Risk Committee and the Board. A key component of the risk management framework is the Enterprise Risk Management Framework (ERMF), which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF is designed to identify and set minimum requirements, in respect of the main risks, to achieve the Company's strategic objectives and to provide reasonable assurance that internal controls are effective. Climate Risk became a Principal Risk under the ERMF from 1 January 2022. Further detail on the Principal Risks and management of them can be found in the Strategic Report.
- The Board approves the Barclays Bank Group's risk appetite (the amount of risk the Barclays Bank Group is able to take to earn an appropriate return while meeting minimum internal and regulatory capital requirements in a severe but plausible stress environment), including testing whether the Barclays Bank Group's financial position and risk profile provide sufficient resilience to withstand the impact of severe but plausible economic scenarios) within the parameters set by the BPLC Board Risk Committee. Significant steps have been taken in recent years to de-risk the business in order to support sustainable growth and value creation in the future.
- Effectiveness of risk management and internal controls is reviewed regularly by the Board Risk Committee (responsible for providing oversight on current and potential future risk exposures) and the Board Audit Committee (responsible for evaluating the effectiveness of internal controls). Please see pages 9 to 13 for further detail on the role of these Committees.
- The Board Audit Committee also has oversight of the financial reporting processes and the work of the external and internal auditors (including independence and effectiveness). Further detail can be found on pages 9 to 10 of this report.

### Principle Five: Remuneration

The remuneration policies and practices should support strategy and promote long-term sustainable success, and be developed in accordance with formal and transparent procedures, ensuring no director is involved in deciding their own remuneration outcome. Executive remuneration should be aligned to the company's purpose and values and the successful delivery of the strategy; with outcomes taking account of company and individual performance, and wider circumstances such as pay across the company's workforce and Barclays' Fair Pay Agenda.

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- Barclays' Remuneration Policy is set by the BPLC Board Remuneration Committee, and reviewed and adopted by the Company's Board Remuneration Committee. Remuneration is aligned to the Company's strategy and risk management approach and designed to promote the long-term success of the Company.
  - Executive and senior management remuneration approaches are developed in accordance with the Barclays Group's formal procedures (ensuring no Director is involved in deciding their own remuneration outcome), having regard to wider workforce remuneration policies and alignment of incentives and rewards with performance and culture, as reviewed annually by the BPLC Board Remuneration Committee and shared with the Company's Board Remuneration Committee.
  - The Board Remuneration Committee has clearly defined terms of reference, with responsibility for the development of a remuneration approval framework to ensure an appropriate level of oversight of senior remuneration decisions, as well as annual consideration of the Company incentive pool to ensure alignment with delivery of the Company's strategic ambitions.
  - The Company remains focused on closing its gender and ethnicity representation gaps where they exist, and the pay gaps that result. Barclays is due to publish its 2022 gender pay gap statistics on the government's gender pay gap reporting portal and will publish the Group's UK Pay Gaps 2022 disclosure on the Barclays website on 15 February 2023. This will include the voluntary disclosure of Barclays' ethnicity pay gaps in the UK. For 2022, Barclays will also publish a Fair Pay Report summarising its approach to pay fairness.
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### Principle Six: Stakeholder relationships and engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board should recognise the importance of listening to, and understanding the views of its stakeholders, including the workforce, and specifically the impact of the company's behaviour and business on customers and clients, colleagues, suppliers, communities and society more broadly; having regard to these views and impact when taking decisions.

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- As described under Principle One, the Company has a defined Purpose and strategy; through this the Board has identified key stakeholders on whom the success of the Company depends. Please see the Strategic Report for details of our key stakeholders.
  - The Board and management engage throughout the year with the Company's stakeholders. The Board seeks to understand the views of key stakeholders and the impact of the Company's behaviour and business on customers and clients, colleagues, suppliers, communities and society more broadly.
  - The Company's long-standing commitment to the importance and value of colleague engagement continues; the Company's people are its most valuable asset. Further detail on the Company's workforce commitment and engagement model can be found in the Our people and culture section in the Strategic Report.
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# Governance

## Corporate Governance Statement

### The Board

The Directors who served during the financial year ended 31 December 2022 are set out in the table below, together with the composition of each of the Board's Committees.

	Board	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
Nigel Higgins Chairman of the Board	C				C
Mike Ashley Independent Non-Executive Director	M	C	M		M*
Robert Berry Independent Non-Executive Director	M+	M+	C+		
Anna Cross Executive Director	M++				
Mohamed A. El-Erian Independent Non-Executive Director	M		M		M+++
Dawn Fitzpatrick Independent Non-Executive Director	M		M	M	
Mary Francis Independent Non-Executive Director	M			C	
Diane Schueneman Independent Non-Executive Director	M	M	M		M
C.S. Venkatakrishnan Executive Director	M				
<b>Former Directors</b>					
Tim Breedon Independent Non-Executive Director	M**		C**		M**
Tushar Morzaria Executive Director	M***				
<b>Directors appointed post 31 December 2022 but prior to publication of this report</b>					
Marc Moses Independent Non-Executive Director	M++++	M++++	M++++		

<sup>C</sup> Chair of Board or Committee

<sup>M</sup> Member of Board or Committee

\* Mike Ashley stepped down from the Board Nominations Committee on 1 September 2022

\*\* Tim Breedon retired from the Board, as Chair and member of the Board Risk Committee and as a member of the Board Nominations Committee, in each case with effect from 28 February 2022

\*\*\* Tushar Morzaria retired from the Board on 22 April 2022

+ Robert Berry was appointed to the Board on 8 February 2022 and was appointed Chair of the Board Risk Committee with effect from 1 March 2022. Robert also joined the Board Audit Committee with effect from 1 March 2022

++ Anna Cross joined the Board as an Executive Director with effect from 23 April 2022

+++ Mohamed A. El-Erian joined the Board Nominations Committee with effect from 1 September 2022

++++ Marc Moses was appointed to the Board and as a member of the Board Audit and Risk Committees on 23 January 2023

Tushar Morzaria retired from the Board with effect from 22 April 2022, with Anna Cross succeeding him as a member of the Board on 23 April 2022. The Board is grateful for Tushar's valuable contribution to the Board and are delighted that he has a continuing role with the Barclays Group as Chairman of the Global Financial Institutions Group.

We welcomed Robert Berry to the Board as a Non-Executive Director on 8 February 2022. Robert was appointed Chair of the Board Risk Committee with effect from 1 March 2022, when he also joined the Board Audit Committee as an additional member. Tim Breedon retired as a member of the Board and Board Nominations Committee and as Chair of the Board Risk Committee with effect from 28 February 2022. The Board is grateful to Tim for the valuable contribution he made as a Board member and to the Board Risk Committee during his tenure. Marc Moses joined the Board as a Non-Executive Director on 23 January 2023 and Julia Wilson will join the Board as a Non-Executive Director with effect from 1 April 2023. Mike Ashley will step down from the Board at the conclusion of the BPLC 2023 AGM.

Executive and Non-Executive Directors share the same duties and are subject to the same constraints. However, a clear division of responsibilities has been established. The Chair is responsible for leading the Board and its overall effectiveness in directing the Company, demonstrating objective judgement and promoting a culture of openness and inclusion, and facilitating and encouraging constructive challenge and debate between all Directors, and which challenges executives where appropriate. The Chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures Directors receive all information in an accurate, timely and clear form that is relevant to discharge their obligations. It is the Board's responsibility to ensure that management deliver on short-term objectives, whilst promoting the long-term success of the Company and the Barclays Bank Group. The Board is also responsible for ensuring that management maintains an effective system of internal control which should provide assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. In meeting this responsibility, the Board considers what is appropriate for the Company's business and reputation, the materiality of financial and other risks and the relevant costs and benefits of implementing controls.

The Board is responsible for the Barclays Bank Group, which contains the majority of the Barclays Group's Barclays International division, comprising the CIB and CC&P businesses.

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The *BBPLC Matters Reserved to the Board* ensures that appropriate coordination with the governance of the partially consolidated BPLC and BBPLC Boards is in place. The *Matters Reserved to the Board* specifies those decisions reserved solely to the decision-making power of the Board. Those matters include material decisions relating to strategy, risk appetite, medium term plans, capital and liquidity plans, risk management and controls frameworks, approval of financial statements, approval of large transactions and the approval of share allotments, dividends and share buybacks. The Board has delegated the responsibility for making and implementing operational decisions and running the Company's business on a day-to-day basis to the Chief Executive and his Executive Committee.

The current Board comprises a Chairman, who was independent on appointment, two Executive Directors and seven independent Non-Executive Directors. The majority of the Board are independent Non-Executive Directors bringing significant expertise (including external perspectives) and independent challenge. The independence of the Non-Executive Directors is considered annually.

### Attendance

Directors are expected to attend every Board meeting. Owing to a prior commitment, Mohamed A. El-Erian was unable to attend one scheduled meeting and Dawn Fitzpatrick was unable to attend two scheduled Board meetings (held on consecutive days) due to a bereavement. During 2022, there were five ad hoc Board meetings, a number of which were convened at short notice which resulted in some Directors being unable to attend. Attendance at meetings in 2022 is reflected in the table below:

Director	Scheduled eligible meetings attendance	Ad hoc eligible meetings attendance	Effective Date
Nigel Higgins	14/14	5/5	Appointed 1 March 2019
Mike Ashley	14/14	5/5	Appointed 25 September 2019
Robert Berry	14/14	5/5	Appointed 8 February 2022
Anna Cross	12/12	3/3	Appointed 23 April 2022
Mohamed A. El-Erian	13/14	2/5	Appointed 1 January 2020
Mary Francis	14/14	3/5	Appointed 25 September 2019
Dawn Fitzpatrick	12/14	5/5	Appointed 25 September 2019
Diane Schueneman	14/14	4/5	Appointed 25 September 2019
C.S. Venkatakrisnan	14/14	5/5	Appointed 1 November 2021
<b>Former Directors</b>			
Tim Breedon	2/2	1/1	Stepped down 28 February 2022
Tushar Morzaria	2/2	2/2	Stepped down 22 April 2022

### What the Board did in 2022

During 2022, the Board focused on the following specific areas:

#### Strategy and operational matters

- Considered strategy matters regularly throughout the year. In addition to considering matters of corporate strategy, the Board participated in a series of business and function reviews covering areas including CIB, Consumer Cards and Payments, US Consumer Bank, Legal, Risk and HR. The Board also had regular focus sessions on 'horizontal topics' impacting the wider Barclays Group, including on cyber, climate and data.
- Received updates on climate and sustainability matters, including updates from management on BBPLC's climate strategy in capturing opportunities as the Barclays Group and wider ecosystem transitions towards a low carbon economy.
- Discussed regular updates from the Chief Executive and President of BBPLC on the progress being made against the Barclays Bank Group strategy and business performance, and also on operational and technology matters.
- Continued to focus on culture and colleague engagement. The Board received feedback on culture through various channels, including reports on the outcome of colleague survey results and direct engagement with colleagues via town halls and site visits. The Board also considered the impact of hybrid working to understand what works well for colleagues remotely and on site.
- Reviewed and considered updates on the progress that has been made against the Race at Work Ambition, Gender Ambition (including actions to promote gender diversity in the CIB) and progress towards creating an inclusive and equitable workforce to underpin business performance.

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- Regularly assessed the financial performance of the various businesses and the Barclays Bank Group results through reports from the Chief Financial Officer and through business specific updates to the Board.
- Reviewed and approved BBPLC's financial results prior to publication.
- Reviewed and approved the payment in March 2022 by BBPLC of a third interim dividend for the year ended 31 December 2021. Details of dividends paid in 2022 are set out in Note 10 of the financial statements.
- Considered and approved the BBPLC elements of the Barclays Group Recovery Plan.
- Considered and approved the BBPLC Medium Term Plan (MTP).

#### Governance and risk (including regulatory issues)

- Received regular updates on the development of the Financial Conduct Authority's (FCA) Consumer Duty and established a Consumer Duty Committee to oversee implementation of the Consumer Duty for the Barclays Bank Group. The Board approved the appointment of Mary Francis as

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the BBPLC Consumer Duty Champion and the scope of the responsibilities of the role, which are aligned with FCA guidance. The Board oversaw the activities of the Consumer Duty Committee, including the Consumer Duty Committee's review and approval of the BBPLC implementation plan ahead of the regulatory deadline.

- Received regular updates on key risk themes, including on the impacts of the Russian invasion of Ukraine, market volatility and 'cost of living' pressures, and approved the Company's risk appetite.
- Considered regular updates on the Over-issuance of Securities, including its financial impact and associated hedging arrangements, the implications of the Over-issuance of Securities for the Company's financial statements, including the approval of the restatement of the BBPLC 2021 financial statements included in the amended annual report on Form 20-F for the year ended 31 December 2021. The Board also approved the launch of the rescission offer and had oversight of the remediation of the material weakness in internal control over financial reporting which led to the Over-issuance of Securities, as well as work required to address the specific requirements of the US Securities and Exchange Commission (SEC), set out in its order of 29 September 2022. The Board has also reviewed the findings of a review by external counsel of the facts and circumstances relating to the Over-issuance of Securities and, among other things, the control environment related to such issuances.
- Received reports on operational resilience, including in relation to cyber security.
- Considered and approved appointments of Directors following recommendations from the Board Nominations Committee.
- Received regular reports from the Chair of each Board Committee. Please see the reports on each Board Committee which set out the principal activities of each Committee, below on pages 9 to 13.
- Received and considered feedback from the Barclays Group's principal regulators.
- Considered the results of the internally facilitated 2022 Board effectiveness evaluation.

### Board Committees

The Board is supported in its work by its Board Committees - the Board Audit Committee, the Board Nominations Committee, the Board Remuneration Committee and the Board Risk Committee. Pursuant to authority granted under the Company's Articles of Association (Articles), each Board Committee has specific responsibilities delegated to it by the Board. Each Board Committee has its own terms of reference clearly setting out its remit and decision-making powers. You can read about what each of the Board Committees did during 2022 on the following pages.

The Chair of each Board Committee provides a report on Committee business at each Board meeting, including any matters being recommended by the Committee for Board approval, and also provides periodic written reports to the Board on the work of the Committee.

#### Board Audit Committee

The Board Audit Committee is comprised solely of independent Non-Executive Directors, with membership of the Board Audit Committee largely aligned with the BPLC Board Audit Committee and designed to provide the breadth of financial expertise and commercial acumen it needs to fulfil its responsibilities. Its members as a whole have recent and relevant experience of the banking and financial services sector, in addition to general management and commercial experience, and are financially literate. The Board Audit Committee is chaired by Mike Ashley who has over 20 years' accounting and audit experience. Diane Schueneman and Robert Berry are the other members of the Committee, with Robert's appointment to the Committee having taken effect on 1 March 2022. Marc Moses joined the Committee on 23 January 2023. On her appointment to the Board as a Non-Executive Director on 1 April 2023, Julia Wilson will join the Board Audit Committee and will succeed Mike Ashley as Chair of the Board Audit Committee (subject to regulatory approval).

In addition to scheduled meetings, the Board Audit Committee also held four ad-hoc meetings during 2022. Owing to prior commitments, Diane Schueneman was unable to attend two ad-hoc meetings. Attendance by the Board Audit Committee members is shown below. Board Audit Committee meetings were attended by representatives from the Barclays Group and/or BBPLC management in respect of matters relevant to their function or business area, including the Chief Executive, the Chief Financial Officer, the President of BBPLC, the Barclays Group and/or BBPLC Chief Compliance Officer, the Chief Controls Officer, the Barclays Group Chief Operating Officer, the Barclays Group Chief Internal Auditor, the BBPLC Chief Internal Auditor, the Barclays Group General Counsel, as appropriate, and the Company's statutory auditors, KPMG.

The Board Audit Committee held a number of separate private sessions with the Barclays Group Chief Internal Auditor and the BBPLC Chief Internal Auditor and with the lead audit engagement partner of the statutory auditor, which were not attended by management.

As part of the Company's commitment to effective oversight and allocation of responsibilities between the BPLC Board Audit Committee, the BBUKPLC Board Audit Committee and the Committee, Mike Ashley held regular meetings during 2022 with the BBUKPLC Board Audit Committee Chair to share relevant information and to ensure embedment of information flows and governance practice. In addition, discussions were held with the Board Audit Committee Chairs of the Company's other major subsidiaries, Barclays Bank Ireland PLC and Barclays US LLC.

Attendance at the Board Audit Committee during 2022 was as follows:

Member	Meetings attended/eligible to attend	Effective Date
Mike Ashley (Chair)	14/14	Appointed 25 September 2019
Robert Berry	12/12	Appointed 1 March 2022
Diane Schueneman	12/14	Appointed 25 September 2019

The principal role and responsibilities of the Board Audit Committee, pursuant to its Terms of Reference, are:

- assessing the integrity of the Barclays Bank Group's financial reporting and satisfying itself that any significant financial judgements made by management are sound
- evaluating the effectiveness of the Barclays Bank Group's internal controls, including internal financial controls
- scrutinising the activities and performance of the internal and statutory auditors, including monitoring their independence and objectivity
- overseeing the relationship with the Barclays Bank Group's statutory auditor
- reviewing and monitoring the effectiveness of the Barclays Bank Group's whistleblowing procedures.

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During 2022, the principal activities of the Board Audit Committee included:

- Financial reporting: assessing the appropriateness of financial disclosures and scrutinising management's approach to judgements, including in respect of Expected Credit Loss and Post-Model Adjustments. The Committee also considered the effect of the Over-issuance of Securities on the Company's financial statements and recommended to the Board for approval the restated financial statements for the year ended 31 December 2021, as filed with the SEC on 23 May 2022 in an amended annual report on Form 20-F. The Committee further recommended to the Board that it did not believe that it was necessary or appropriate to revise the 2021 UK financial statements to reflect the impact of the Over-issuance of Securities. Instead, the prior year comparatives have been restated in BBPLC's 2022 UK Annual Report and Accounts to reflect the impact of the Over-issuance of Securities.
- Impairment: assessing the appropriateness of impairment experience against forecast and considering whether impairment provisions were appropriate. As part of its monitoring, the Committee considered a number of reports from management, including in particular the impact of the uncertain macroeconomic environment.
- Conduct provisions: analysing the judgements and estimates made with regard to the Barclays Bank Group's material conduct provisions.
- Legal, competition and regulatory provisions: evaluating advice on the status of current legal, competition and regulatory matters and considering management's judgements on the level of provisions.
- Valuations: monitoring the valuation methods applied by management to significant valuation items and areas of judgement.
- Tax: overseeing tax matters relating to the Barclays Bank Group, including tax risk provisions, regulatory matters and the impact of announcements made by the UK government in relation to the future rate of corporation tax.
- Internal controls and business control environment: monitoring and evaluating the status of significant control issues through regular reports from the Chief Controls Officer, including updates on progress of remediation programmes relevant to the Barclays Bank Group, the impact of hybrid working, the annual data protection update, and monitoring Client Asset Sourcebook (CASS) updates and compliance with CASS. The Committee also monitored the remediation of internal control over financial reporting in relation to the identification and monitoring of issuance limits, following the Over-issuance of Securities, and monitored the work carried out to address the specific requirements of the SEC set out in its order of 29 September 2022.
- Raising concerns: reviewing management's reports on whistleblowing matters, monitoring whistleblowing metrics and retaliation reports, as well as considering potential whistleblowing trends which might emerge. The Committee approved enhancements to certain elements of the Group whistleblowing process (as it applies to BBPLC) following an external benchmarking review.
- Internal audit: receiving reports from Barclays Internal Audit in relation to specific audits, key areas of focus and themes; overseeing issues arising from unsatisfactory audit reports and monitoring related remediation plans; discussing Barclays Internal Audit's assessment of the management control approach and control environment in the Barclays Bank Group.
- External audit: reviewing and approving the annual audit plan for the Barclays Bank Group, including the main areas of focus, and assessing the progress of the 2022 audit. The Committee also reviewed audit quality and discussed KPMG's feedback on the Barclays Bank Group's critical accounting estimates and judgements.

An internal review of the effectiveness of the Board Audit Committee was undertaken in 2022. The results of the review confirm the Committee is operating effectively. It is considered well constituted, providing an effective and appropriate level of challenge and oversight of the areas within its remit. The review noted that the Committee's interaction with the Board, Board Committees and senior management is considered effective. Feedback indicated that concurrent meetings of the BPLC and BBPLC Board Audit Committee continue to be effective, with coverage of BBPLC matters within concurrent meetings considered adequate.

### Board Nominations Committee

The Board Nominations Committee is comprised solely of independent Non-Executive Directors. The Board Nominations Committee members are Nigel Higgins, as Chairman of the BBPLC Board, along with Diane Schueneman and Mohamed A. El-Erian (appointed 1 September 2022). Tim Breedon and Mike Ashley stepped down as members of the Board Nominations Committee with effect from 28 February 2022 and 1 September 2022, respectively. The Committee is grateful to Tim and Mike for their valuable contributions to the Committee during their tenure.

In addition to scheduled meetings, the Board Nominations Committee also held two ad-hoc meetings during 2022. Attendance by the Board Nominations Committee members is shown in the table below. Board Nominations Committee meetings were attended during the year by the Chief Executive, the BPLC HR Director and the BBPLC HR Director, as appropriate.

Attendance at the Board Nominations Committee during 2022 was as follows:

Member	Meetings attended/eligible to attend	Effective Date
Nigel Higgins (Chair)	5/5	Appointed 1 March 2019
Mike Ashley	3/3	Stepped down 1 September 2022
Tim Breedon	2/2	Stepped down 28 February 2022
Mohamed A. El-Erian	2/2	Appointed 1 September 2022
Diane Schueneman	5/5	Appointed 25 September 2019

The principal role and responsibilities of the Board Nominations Committee, pursuant to its Terms of Reference, are:

- considering appointments to the Board, its Committees and boards of BBPLC's significant subsidiaries
- considering the composition of the Board and its Committees
- considering succession planning and talent management
- evaluating Board effectiveness
- assessing the length of Directors' tenure
- considering Board induction and training
- evaluating conflicts of interest
- evaluating governance matters.



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During 2022, the principal activities of the Committee included:

- Reviewing and approving Board and Board Committee size, composition and succession planning, taking into account tenure, time commitment, skills, knowledge, experience and diversity of the Directors, and identifying any desirable skills to aid the Company in operating and competing effectively (and leading the search and recruitment process).
- Receiving updates on the Company's executive governance framework, talent and succession management, including Executive Committee succession planning and reviewing and approving proposed changes to Executive Committee composition as detailed on page 15.
- Continuing to support, alongside the Board, the Barclays Group's Gender Ambition and Multicultural agenda, including Barclays' Race at Work Ambitions. You can read more about Barclays' approach to DEI, including Barclays' DEI vision and strategy and Global Race at Work Action Plan, and data on gender and ethnic diversity, of the Our People and Culture section of the Barclays PLC Annual Report 2022 and in the Barclays DEI report which will be made available on the Barclays website later in the year.
- Reviewing and adopting a revised Board Diversity Policy on 15 December 2022, including adopting an increased gender diversity target to ensure that, by 2025 (i) the proportion of women on the Board is at least 40% and (ii) at least one of the Chair, Chief Executive, Senior Independent Director or Chief Financial Officer is held by a woman, and that this is to be maintained going forward, and an ethnic diversity target aligned with the Parker Review on the ethnic diversity of UK Boards (at least one Board member to be from an ethnic minority background excluding white ethnic groups, and this is maintained going forward). Please refer to page 16 for further information.
- Receiving updates on succession planning for the Company's main subsidiary company boards.
- Considering Director training and development.
- Review of recommendations arising from the externally facilitated 2021 Board, Board Committee and individual Director effectiveness reviews undertaken by Christopher Saul Associates (CSA), and overseeing the internally conducted 2022 Board, Board Committee and individual Director effectiveness reviews. As reported in our 2021 Annual Report, CSA has no connection to the Barclays Group or any individual Director, save as disclosed in the Barclays PLC Annual Report 2022.

An internal review of the effectiveness of the Board Nominations Committee was undertaken in 2022. The results of the review confirm the Committee is operating effectively. It is considered well constituted, providing an effective and appropriate level of challenge and oversight of the areas within its remit. The Committee's interaction with the Board, Board Committees and senior management is considered effective. Feedback indicated that concurrent meetings of the BPLC and BBPLC Board Nominations Committee continue to be effective, with coverage of BBPLC matters within concurrent meetings considered adequate.

### Board Remuneration Committee

The Board Remuneration Committee is comprised solely of independent Non-Executive Directors. The Board Remuneration Committee is chaired by Mary Francis with Dawn Fitzpatrick as the other member.

The principal role and responsibilities of the Board Remuneration Committee, pursuant to its Terms of Reference, are to:

- adopt the over-arching principles of remuneration policy for the Barclays Bank Group within the parameters set by the BPLC Remuneration Committee
- consider and endorse the incentive pool for the Company and its subsidiaries and the remuneration of key BBPLC executives and other specified individuals as determined by the Board Remuneration Committee from time to time
- exercise oversight of remuneration issues within the Barclays Bank Group
- approve the remuneration and compensation arrangement of employees that fall within the remit of the Board Remuneration Committee.

In addition to scheduled meetings, the Board Remuneration Committee also held two ad-hoc meetings during 2022. Attendance by the Board Remuneration Committee members is shown in the table below. Board Remuneration Committee meetings are attended by management, including the Chief Executive and the BPLC HR Director.

Attendance at the Board Remuneration Committee during 2022 was as follows:

Member	Meetings attended/eligible to attend	Effective Date
Mary Francis (Chair, effective 24 May 2021)	6/6	Appointed 25 September 2019
Dawn Fitzpatrick	6/6	Appointed 1 July 2021

During 2022, the principal activities of the Committee included:

- Reviewing and adopting the Barclays Group People Risk Reward Policy and 2022 Incentive Funding Frameworks.
- Reviewing the Remuneration Control Framework and the Committee's Terms of Reference.
- Reviewing Fair Pay agenda and pay gaps, and ethnicity pay gaps reporting.
- Endorsing the 2022 ex-ante risk adjustments.
- Considering regular updates on stakeholders, regulatory and legal, financial and risk performance, pay round timings and approach.
- Reviewing specific remuneration proposals for individuals within the Board Remuneration Committee's remit.

An internal review of the effectiveness of the Board Remuneration Committee was undertaken in 2022. The results of the review confirm the Committee is operating effectively. It is considered well constituted, providing an effective and appropriate level of challenge and oversight of the areas within its remit. The Committee's interaction with the Board, Board Committees and senior management is considered effective. Following the consolidation of the membership of the Committee with the BPLC Board Remuneration Committee in September 2019 (with the exception of the BPLC Committee Chair, who attends as an observer only for matters relating to BBPLC), coverage of BBPLC matters within aligned meetings was considered adequate.

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### Board Risk Committee

The Board Risk Committee is comprised solely of independent Non-Executive Directors with membership of the Committee broadly aligned with the BPLC Board Risk Committee. The Board Risk Committee is chaired by Robert Berry. Mike Ashley, Mohamed A. El-Erian, Dawn Fitzpatrick and Diane Schueneman are the other members of the Committee. In addition to scheduled meetings, the Board Risk Committee also held a number of ad-hoc meetings during 2022. Tim Breedon stepped down as a member and Chair of the Committee with effect from 28 February 2022. Robert Berry joined the Committee on 1 March 2022 as the Chair. Marc Moses joined the Committee as an additional member on 23 January 2023.

One of the key roles of the Board Risk Committee is to review and challenge the risk profile and risk appetite of the Barclays Bank Group and to consider key risk issues and internal control and risk policies concerning the Barclays Bank Group. Board Risk Committee meetings are attended by management, including the Chief Executive, Barclays Group Finance Director, Chief Financial Officer, BBPLC President, Barclays Group Chief Risk Officer, BBPLC Chief Risk Officer, Barclays Group Chief Compliance Officer, BBPLC Chief Compliance Officer, Barclays Group Chief Internal Auditor, Barclays Group General Counsel, as appropriate, and the Company's statutory auditors, KPMG.

In addition to scheduled meetings, the Board Risk Committee also held three ad-hoc meetings during 2022. Attendance by the Board Risk Committee members is shown in the table below. Owing to prior commitments, Mohamed A. El-Erian was unable to attend one scheduled meeting and two ad-hoc meetings, and Diane Schueneman was unable to attend three scheduled meetings and one ad-hoc meeting.

Attendance at the Board Risk Committee during 2022 was as follows:

Member	Meetings attended/eligible to attend	Effective Date
Robert Berry (Chair)	11/11	Appointed 1 March 2022
Tim Breedon	2/2	Stepped down 28 February 2022
Mike Ashley	12/12	Appointed 25 September 2019
Mohamed El-Erian	9/12	Appointed 1 July 2020
Dawn Fitzpatrick	12/12	Appointed 1 January 2020
Diane Schueneman	8/12	Appointed 25 September 2019

The principal role and responsibilities of the Board Risk Committee, pursuant to its Terms of Reference, are to:

- review, on behalf of the Board, the management of the Principal Risks as set out in the ERMF with the exception of Reputation Risk which is a matter reserved to the Board
- consider and recommend to the Board, within the risk parameters set by the Risk Committee, the Company's risk appetite and tolerance for those Principal Risks
- review, on behalf of the Board, the Barclays Bank Group's risk profile for those Principal Risks
- commission, receive and consider reports on key risk issues.

During 2022, the principal activities of the Board Risk Committee included:

- Advising the Board on the appropriate risk appetite and risk tolerance for the Barclays Bank Group in respect of the Principal Risks in the ERMF when determining strategy, including recommending to the Board for approval the proposed overall risk appetite statement for the Company; reviewing and/or approving (as appropriate) risk limits throughout the year.
- Reviewing reports on key themes arising from the current and prospective macroeconomic, geopolitical, macro-prudential and financial environment and their impact on the Company's risk appetite and risk profile.
- Reviewing updates on Credit and Market risk including within the CIB, with particular consideration given to structured lending and finance and leveraged finance portfolios, including management's actions to manage the size of these portfolios in light of the deterioration in market conditions.
- Considering Climate risk, as a new Principal Risk with effect from 1 January 2022, and receiving regular reporting on areas of elevated Climate risk and progress against sector targets in the form of a Climate Risk Dashboard.
- Considering updates on the Over-issuance of Securities, including the hedging arrangements designed to manage the risks to Barclays arising out of the rescission offer.
- Considering and approving the Company's internal stress test themes and the results of internal stress testing.
- Monitoring the capital, liquidity and financial resources of BBPLC to ensure it meets its regulatory requirements and obligations, taking into account potential impacts of the increased cost of living, geopolitical tensions, and other macroeconomic factors.
- Reviewing and considering the operational risks arising from the Company's procedures, processes, systems and policies.
- Overseeing the management of Conduct risk within BBPLC, and the performance of the Compliance function.
- Overseeing the Company's regulatory requirements, as they relate to risk management, including regulatory and internal capital and funding requirements, approving the Company's Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process.
- Reviewing the frameworks, policies and resources in place to support effective risk management and oversight of the Barclays Bank Group.
- Advising the Board Remuneration Committee when making remuneration adjustment decisions for 2022.
- Discussing reports on key risk areas specific to the Barclays Bank Group which were provided to the Board Risk Committee throughout the year including, amongst others, reports on US consumer credit weakness, actions taken by central banks to combat high and increasingly persistent inflation, weakening economic conditions and deteriorating consumer confidence, financial markets remaining volatile and the growth of digital currencies.

The Board Risk Committee continually considers the impact of issues on the Barclays Bank Group and the risk environment in which it operates. It reviews steps taken by the business to manage exposures in this context. The Committee also received focused presentations on a number of areas specific to the business and activities of Barclays Bank Group (including through joint presentations with the BPLC Board Risk Committee), including a briefing on the financial and operational risks of climate change.

# Governance

## Corporate Governance Statement

An internal review of the effectiveness of the Board Risk Committee was undertaken in 2022. The results of the review confirm the Committee is operating effectively. It is considered well constituted, providing an effective and appropriate level of challenge and oversight of the areas within its remit. The review concluded that the Committee's interaction with the Board, Board Committees and senior management is considered effective. Feedback indicated that concurrent meetings of the BPLC and BBPLC Board Risk Committee continue to be effective, with coverage of BBPLC matters within concurrent meetings considered adequate.

### Charter of Expectations

The Barclays *Charter of Expectations* sets out the individual role profiles, required behaviours and competencies for the Chair, Non-Executive Directors, Executive Directors and Committee Chairs. Non-Executive Directors provide effective oversight, strategic guidance and constructive challenge, whilst holding the Executive Directors to account against their agreed performance objectives, as outlined in the *Charter of Expectations*; a copy of which can be found at [home.barclays/who-we-are/our-governance/board-responsibilities](https://home.barclays/who-we-are/our-governance/board-responsibilities).

### Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Articles, the Companies Act 2006 (the Act) and related legislation.

The Articles may be amended only by a special resolution of the shareholders. The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors and any Director so appointed holds office only until the next AGM where they may offer themselves for re-election. As both Marc Moses and (on her appointment on 1 April 2023) Julia Wilson have been appointed since the 2022 AGM, both will offer themselves for re-election at the 2023 AGM.

All appointments to the Board and senior management are viewed through a diversity lens and are based on merit and objective criteria, which focus on the skills, experience and knowledge required for the Board's effectiveness and to support the continued delivery of the Company's strategy. Board appointments are made following a formal, rigorous and transparent procedure, facilitated by the Board Nominations Committee, with the aid of external search consultancy firms. You can read more about the work of the Board Nominations Committee on pages 10 to 11.

DEI across the Barclays Group remains a key area of focus. For more detail on the Barclays Group's actions to increase DEI please see the Our people and culture section in the Barclays PLC Annual Report 2022.

The Board Nominations Committee regularly reviews the composition of the Board, Board Committees and Executive Committee and the core skills, experience, knowledge and diversity required. For the Board, it is standard practice to appoint any new Non-Executive Director or Chair for an initial three-year term, which may be extended for up to a further three-year term. As such, Non-Executive Directors typically serve up to a minimum of six years, although this period may be extended where considered appropriate by the Board Nominations Committee.

### Effectiveness

The Company considers the composition of the principal Board Committees to meet the independence criteria of the Code, notwithstanding that the Company has chosen not to adopt and report against the Code, as stated above, and there is appropriate cross-membership on the Board Committees to further promote effectiveness.

All Directors are expected to commit sufficient time to fulfil their duties, including attending and preparing for formal Board and Board Committee meetings, as well as allowing time to understand the business and complete training. Barclays' *Charter of Expectations* sets out the Chair's responsibilities for ensuring Directors receive all information in an accurate, timely and clear form that is relevant to discharge their obligations.

An effectiveness review of the Board, Board Committees and individual Directors for 2022 was conducted internally. Feedback from the Board effectiveness review indicated that the Board is operating well and effectively, with Board members commenting favourably on the open and collaborative culture of the Board. The review indicated that Board composition is considered to be a strength, bringing together a range of diverse and complementary backgrounds and expertise. The review highlighted an appropriate level of support and challenge to management.

Feedback from the effectiveness reviews of each Board Committee can be found in their respective reports elsewhere in this report.

The Board is responsible for setting the Barclays Bank Group risk appetite within the overall parameters set by the Barclays Group, being the level of risk it is prepared to accept in the context of achieving the Barclays Group's strategic objectives. The ERMF is designed to identify and set the minimum requirements in respect of the main risks to achieving Barclays' strategic objectives.

The Board, assisted by the Board Risk Committee, conducts robust assessments of the Principal Risks facing the Barclays Bank Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Board Audit Committee oversees the effectiveness of BBPLC's internal and statutory auditors. The Directors also review the effectiveness of the Barclays Bank Group's systems of internal control and risk management.

The Board has put in place processes to support the presentation to stakeholders of fair, balanced and understandable information.

### Remuneration

The Board Remuneration Committee reviews and adopts the Barclays Group's Remuneration Policy for use in the Barclays Bank Group. The purpose and activities of this Committee are contained in the Board Remuneration Committee report on page 11 of this report.

The Board has delegated responsibility to the Board Remuneration Committee for the consideration and approval of the remuneration arrangements of the Chair, Executive Directors, other senior executives and certain Barclays Bank Group employees. The Board Remuneration Committee, when considering the remuneration policies and practices, seeks to ensure that it supports the Company's strategy and promotes the long-term success of the Company and that it is aligned to successful delivery of the Barclays Group's strategy. All executive and senior management remuneration policies are developed only in accordance with the Barclays Group's formal and transparent procedures (ensuring that no Director is involved in deciding his/her own remuneration outcome) and having regard to wider workforce remuneration and related policies and the alignment of incentives and rewards with culture. All Board Remuneration Committee members are expected to demonstrate independent judgement and discretion when determining and approving remuneration outcomes. The Board as a whole, with the Non-Executive Directors abstaining, considers annually the fees paid to Non-Executive Directors.

# Governance

## Corporate Governance Statement

### Audit, Risk and Internal Control

The Board, together with the Board Audit Committee, is responsible for ensuring the independence and effectiveness of the internal and external audit functions. For this reason, the Board Audit Committee members met regularly with both the Barclays Group Chief Internal Auditor and the BBPLC Chief Internal Auditor and the lead audit engagement Partner of the statutory auditor without management present. Further details of the work of the Board Audit Committee can be found on pages 9 to 10 of this report.

The Company is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposure to unacceptable potential losses or reputational damage.

As referenced above, the Board is responsible for ensuring that management maintains an effective system of risk management and internal control and for assessing its effectiveness. Such a system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Processes are in place for identifying, evaluating and managing the Principal Risks facing the Company. A key component of the framework is the ERMF which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF is designed to identify and set minimum requirements, in respect of the main risks, to achieve the Company's strategic objectives and to provide reasonable assurance that internal controls are effective. The Board Risk Committee reviews annually the Principal Risks and as appropriate makes recommendations to the Board for updating of the relevant BBPLC elements of the BPLC Group ERMF. Further detail on the Principal Risks and management of them can be found in the managing risk section of the Strategic Report.

The effectiveness of the risk management and internal control systems is reviewed regularly by the Board Risk Committee and the Board Audit Committee (as detailed above).

The Board Risk Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures, examining reports covering the Principal Risks including those that would threaten its business model, future performance, solvency or liquidity, as well as reports on risk measurement methodologies and risk appetite. Further detail of the work of the Board Risk Committee can be found on pages 12 to 13 of this report.

As referenced above, the Board Audit Committee carries out several duties, delegated to it by the Board, including oversight of financial reporting processes, reviewing the effectiveness of internal controls, considering whistleblowing arrangements and oversight of the work of the external and internal auditors. It has concluded that, save for the material weakness relating to the Over-issuance of Securities, throughout the year ended 31 December 2022 and to the date of this report, the Barclays Bank Group has operated an effective system of internal control that provides reasonable assurance of financial and operational controls and compliance with laws and regulations.

Whilst the control environment was determined to be effective, the Over-issuance of Securities underlined to the Board the need to continue to focus on embedding Barclays' Values and Mindset at all levels of the Barclays Bank Group to achieve operational and controls excellence. The Board has therefore supported the creation of a Barclays Group-wide programme, established by the Group Chief Executive. This programme will seek to identify issues and lessons learned across the Barclays Group's remediation initiatives to help ensure that the Barclays Bank Group is consistently excellent, in customer and client service, in operational capability and in financial performance, with all activities underpinned by a strong risk management culture.

Further information in relation to controls over financial reporting, including the remediation of material weakness relating to the Over-issuance of Securities, is contained in the next section.

### Controls over financial reporting

A framework of disclosure controls and procedures is in place to support the approval of the financial statements of the Barclays Bank Group.

Specific governance committees are responsible for examining the financial reports and disclosures to help ensure that they have been subject to adequate verification and comply with applicable standards and legislation.

Where appropriate, these committees report their conclusions to the Board Audit Committee, which debates such conclusions and provides further challenge. Finally, the Board scrutinises and approves results announcements and the Annual Report to ensure that appropriate disclosures have been made. This governance process is designed to ensure that both management and the Board are given sufficient opportunity to debate and challenge the financial statements of the Barclays Bank Group and other significant disclosures before they are made public.

### Management's report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting under the supervision of the principal executive and financial officers, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements, in accordance with (a) UK-adopted international accounting standards; (b) International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretations Committee; and (c) IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail:

- accurately and fairly reflect transactions and dispositions of assets
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with UK-adopted international accounting standards and IFRS and that receipts and expenditures are being made only in accordance with authorisations of management and the respective Directors
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

# Governance

## Corporate Governance Statement

Management has assessed internal control over financial reporting as at 31 December 2022. In making its assessment, management utilised the criteria set out in the 2013 COSO framework. Management has specifically assessed the controls put in place to address the material weakness in internal control over financial reporting relating to the Over-issuance of Securities, as further discussed below. Management has concluded that, based on its assessment, internal control over financial reporting was effective as at 31 December 2022.

The system of internal financial and operational controls is also subject to regulatory oversight in the UK and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk review section on pages 105 to 112.

### Identification and Remediation of a Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. In March 2022, the Company's management became aware that BBPLC had issued securities materially in excess of the amount BBPLC had registered with the SEC under its 2019 US shelf registration statement and subsequently became aware that securities had also been issued in excess of the set amount under the predecessor US shelf registration statement. A proportion of the costs associated with the impact of the Over-issuance of Securities was attributable to the Company's financial statements for the year ended 31 December 2021. Accordingly, in the UK, the Company has restated the prior period comparatives in BBPLC's 2022 UK Annual Report and Accounts to reflect the impact of the Over-issuance of Securities. In the US, the Company amended its annual report on Form 20-F for the year ended 31 December 2021 to include restated financial statements to reflect the impact of the Over-issuance of Securities.

The fact that the Over-issuance of Securities occurred and was not immediately identified highlighted a weakness in controls over the identification of external regulatory limits related to securities issuance and monitoring against these limits that constituted a material weakness in internal control over financial reporting under "COSO Principle 9: Identifies and Analyses Significant Change - The organisation identifies and assesses changes that could significantly impact the system of internal control".

Since the identification of this material weakness, management has strengthened the internal controls relating to the tracking of issuance programme limits through the implementation and strengthening of a series of controls across the Barclays Group, together with central governance, with key actions being:

- development of a Group Issuance Standard, which includes minimum control requirements
- documentation of and agreement on roles and responsibilities
- implementation of a Group Issuance Oversight Committee, with senior management representation, to monitor issuance activity against agreed limits

The strengthened controls over financial reporting have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

### Changes in internal control over financial reporting

As noted above, management has strengthened and effectively operated controls to remediate the material weakness in respect of the Over-issuance of Securities which was identified in March 2022. These remediation efforts represent a significant improvement to the Company's internal control environment.

There have been no other changes to highlight during the period covered by this report, which have materially affected or are reasonably likely to materially affect the Barclays Bank Group's internal control over financial reporting.

### Executive Committee

During 2022, the Executive Committee membership included the Chief Executive, the Global Head of the CIB and President of BBPLC, the Co-Heads of Global Markets, the Co-Heads of Investment Banking, the Head of Consumer Banking and Payments, the Chief Financial Officer, Chief Risk Officer and other functional partners.

In 2022, David Farrow, Interim Head of Corporate Banking and Abib Bocresion, Chief Risk Officer, BBPLC stepped down from the Executive Committee, while we welcomed both Alexander Andreadis as Chief Compliance Officer, CIB and BBPLC in March 2022, and David Head as Interim Chief Risk Officer of BBPLC in October 2022.

In January 2023, Bevan Cowie joined the Executive Committee as Chief Risk Officer of BBPLC (subject to regulatory approval), and in February 2023, we welcomed Vim Maru as Global Head of Consumer Banking and Payments (subject to regulatory approval), replacing Alistair Currie who stepped down from the Executive Committee in February 2023.

The Executive Committee meets quarterly and is chaired by the Global Head of the CIB and President of BBPLC. In addition to the day-to-day management of the Company, the Executive Committee supports the Chief Executive in ensuring that the Barclays values, strategy and culture align, are implemented and are communicated consistently to colleagues - for example, through regular leadership team conferences, and communications that are available to all colleagues.

### Non-Executive Directors' time commitment and conflicts of interest

Non-Executive Directors, including the Chair, are informed of the minimum time commitment prior to their appointment and they are required to devote sufficient time to the Company to discharge their responsibilities effectively.

The time commitments of Directors are considered prior to appointment and are monitored by the Board Nominations Committee. All Directors must seek approval (providing an indication of expected time commitments) before accepting any significant new commitments outside of Barclays. The Board is satisfied that there are no Directors whose time commitment is considered to be a matter for concern. The Company Secretary maintains a record of each Director's time commitments.

# Governance

## Corporate Governance Statement

In accordance with the Act and the Articles, the Board has authority to authorise conflicts of interest, and this ensures that the influence of third parties does not compromise or override the independent judgement of the Board. The Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts, together with any Board authorisation of the conflict.

### Training and induction

Directors are regularly provided with the opportunity to take part in ongoing training and development and can also request specific training they may consider necessary or useful. In 2022, training and development was supported through briefings for Board members on key 'horizontal topics', and business and function reviews. The Board also received an annual briefing on regulatory responsibilities including the Senior Managers Regime and on Barclays' conduct and financial crime policies and standards. In addition, the Board received updates on Public Policy and Corporate Responsibility matters and developments in corporate governance, and a briefing on competition law-related matters.

On appointment, all Directors receive a comprehensive induction tailored to their individual requirements, designed to provide them with an understanding of how the Barclays Bank Group works and the key issues that the Company and the Barclays Bank Group face. When a Director joins a Board Committee, the schedule also includes an induction to the operation of that Board Committee.

### Diversity, equity and inclusion

Promoting and delivering diversity – which includes but is not limited to skills, regional and industry experience, social and ethnic background, race, gender and other distinctions such as cognitive and personal strengths – is a vital element of the Board Nominations Committee's role in leading appointments and succession planning for the Board, Board Committees and the Executive Committee. Both the Board Nominations Committee and the Board consider diversity essential to maintaining a competitive advantage, driving effective governance and mitigating the risk of 'group think'. With this in mind, the Board adopted a revised version of the Board Diversity Policy on 15 December 2022, including adopting an increased gender diversity target and including an ethnic diversity target as detailed on page 11.

Further to the appointment of Robert Berry on 8 February 2022, the retirement of Tim Breedon on 28 February 2022, the appointments of Anna Cross on 23 April 2022 and Marc Moses on 23 January 2023, and as at the date of this report, BBPLC Board gender diversity stands at 40% female (with four female directors on the Board), meeting the Board target of 40% gender diversity. The Company also satisfies the Board's target of having at least one Board member who is from an ethnic minority background (excluding white ethnic groups).

In addition, the Company recognises that being a diverse and inclusive company is an integral part of our success. The Barclays Group's DEI vision and strategy, which was refreshed in 2022, includes a series of guiding principles and strategic priorities designed to help it deliver against its six core DEI agendas: Disability, Gender, LGBT+, Multicultural, Multigenerational, and Socio-economic, in support of that ambition. Further information on the Board Diversity Policy, as adopted by the Board, and DEI strategy can be found in the Barclays PLC Annual Report 2022.

# Governance Report

## Directors' report

The Directors present their report together with the audited accounts for the Company for the year ended 31 December 2022.

Other information that is relevant to the Directors' Report, and which is incorporated by reference into this report, can be located at:

	Pages
Performance measures	2
Corporate Governance Statement	4
Risk Management	27
Principal Risks	42
<b>Disclosures required pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as updated by the 2018 Regulations can be found on the following pages:</b>	
Engagement with employees (Sch.7 Para 11 and 11A Regs 2008/2018 and Section 172(1) Statement)	21
Policy concerning the employment of disabled persons (Sch.7 Para 10 Regs 2008)	21
Financial Instruments (Sch.7 Para 6 Regs 2008)	145
Hedge accounting policy (Sch.7 Para 6 Regs 2008)	146

### Profits and dividends

The results of the Barclays Bank Group show statutory profit after tax of £4,382m (2021: £4,588m). The Barclays Bank Group had net assets of £58,953m as at 31 December 2022 (2021: £56,317m).

The Company will pay a £700m dividend to its parent, BPLC.

Dividends paid on preference shares for the year ended 31 December 2022 amounted to £31m (2021: £27m).

Further details on dividends on ordinary shares and preference shares paid in 2022 are set out in Note 10 to the financial statements.

### Share Capital

There was no increase in ordinary share capital during the year. BPLC owns 100% of the issued ordinary shares. There are no restrictions on the transfer of ordinary shares or agreements between holders of ordinary shares known to the Company which may result in restrictions on the transfer of securities or voting rights. Further information on the Company's share capital, including preference shares, can be found in Note 27 of the financial statements.

### Powers of Directors to issue and allot or buy back the Company's shares

The powers of the Directors are determined by the Act and the Articles. No shares were issued or bought back in 2022. The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2022 AGM. It will be proposed at the 2023 AGM that the Directors be granted new authorities to allot and buy back shares.

### Repurchase of preference shares

1,000 Sterling Cumulative preference shares of £1 each were redeemed by the Company on 9 September 2022.

### Directors

The list of current Directors of the Company can be found in the Corporate Governance Statement on page 7. Changes to Directors during 2022 and up to the date of signing this report are set out below.

Name	Role	Effective date
Robert Berry	Non-Executive Director	Appointed 8 February 2022
Tim Breedon	Non-Executive Director	Resigned 28 February 2022
Anna Cross	Executive Director	Appointed 23 April 2022
Tushar Morzaria	Executive Director	Resigned 22 April 2022
Marc Moses	Non-Executive Director	Appointed 23 January 2023

### Directors' indemnities

Qualifying third party indemnity provisions (as defined by section 234 of the Act) were in force during the course of the financial year ended 31 December 2022 for the benefit of the then Directors of the Company and the then Directors of certain of the Company's subsidiaries and, at the date of this report, are in force for the benefit of the Directors of the Company and the Directors of certain of the Company's subsidiaries in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. The Barclays Group also maintains Directors' & Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Qualifying pension scheme indemnity provisions (as defined by section 235 of the Act) were in force during the course of the financial year ended 31 December 2022 for the benefit of the then directors and, at the date of this report are in force for the benefit of directors of Barclays Pension Funds Trustees Limited as trustee of the Barclays Bank UK Retirement Fund, and Barclays Executive Schemes Trustees Limited as Trustee of Barclays Capital

# Governance Report

## Directors' report

International Pension Scheme (No.1) and Barclays PLC Funded Unapproved Retirement Benefits Scheme. The directors of the trustees are indemnified against liability incurred in connection with the trustee's activities in relation to the aforementioned schemes.

### Political donations

The Barclays Bank Group did not give any money for political purposes in the UK or outside the UK, nor did it make any political donations to political parties or other political organisations or to any independent election candidates, or incur any political expenditure during the year. Details of any political contributions made by the wider Barclays Group can be found in the Barclays PLC Annual Report 2022.

### Environment

As part of the overall strategy of the Barclays Group, the Barclays Bank Group is determined to play its part in supporting the transition to a low-carbon economy. In March 2020, the Barclays Group announced its ambition to be a net zero bank by 2050. Our climate strategy is driven by considerations of all relevant risks as well as our Purpose to deploy finance responsibly to support people and businesses, acting with empathy and integrity, championing innovation and sustainability, for the common good and the long term.

We have a three-part strategy to turn that ambition into action:

1. Achieving net zero operations - Barclays is working to reduce its Scope 1, Scope 2 and Scope 3 operational emissions consistent with a 1.5°C aligned pathway and counterbalance any residual emissions.
2. Reducing our financed emissions - Barclays is committed to aligning its financing with the goals and timelines of the Paris Agreement, consistent with limiting the increase in global temperatures to 1.5°C.
3. Financing the transition - Barclays is helping to provide the green and sustainable finance required to transform the economies, customers and clients we serve.

Please see the Barclays PLC 2022 Annual Report for further detail on the above.

Our strategy is underpinned by the way we assess and manage our exposure to climate-related risks. Climate risk became a Principal Risk under Barclays' ERMF in January 2022.

Scenario analysis forms a key part of the Barclays Group's, and therefore the Barclays Bank Group's, approach to assessing and quantifying the impact of climate change. We have developed our approach to scenario analysis through detailed quantitative and qualitative risk assessments of particular portfolios and activities. Since 2018, Barclays has progressively enhanced its scenario analysis capabilities, developing in-house methodologies, collaborating with external subject matter experts, and participating in regulatory exercises. The Barclays Group has developed key metrics and targets to track progress against its climate strategy. Please see the Barclays PLC 2022 Annual Report for further details on scenario analysis and key metrics.

### Engagement with customers, suppliers and others in a business relationship with the Company

Barclays must effectively manage, monitor and mitigate risks in our supply chain. The Directors, via management, have regard to the need to foster business relationships with suppliers. Our suppliers act on behalf of Barclays and we expect them to make responsible decisions that take our stakeholders' needs into account in both the short and long-term. Suppliers that are assessed as being at a heightened risk from a business risk perspective are subject to Barclays' Supplier Control Obligations (SCOs). These suppliers are required to complete a pre-contractual questionnaire and annual self-certification which captures their adherence to the SCOs and Barclays' Third Party Code of Conduct (TPCoC). The TPCoC encourages our suppliers to adopt our approach to doing business when acting on behalf of Barclays and details our expectations for matters including environmental management, human rights, diversity and inclusion and also for living the Barclays Values. Barclays is proud to be a signatory of the Prompt Payment Code in the UK. Further information on 'Supporting our supply chain' is set out in the Barclays PLC 2022 Annual Report.

### Branches and Country-by-Country reporting

The Barclays Bank Group operates through branches, offices and subsidiaries in the UK and overseas. Those branches are in a number of different jurisdictions including in Hong Kong, Singapore and New York.

The Company is exempt from publishing information required by the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as this information is published by its parent, BPLC. This information is available on the Barclays website: [home.barclays/annualreport](https://home.barclays/annualreport).

### Research and development

In the ordinary course of business, the Barclays Bank Group develops new products and services in each of its business divisions.

### Change of control

There are no significant agreements to which the Company is a party that take effect, alter or terminate on a change of control of the Company following a takeover bid.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

### The Auditors

The BPLC Board Audit Committee reviews the appointment of the statutory auditors, as well as their relationship with the Barclays Group, including monitoring the Barclays Group's use of the statutory auditors for non-audit services and the balance of audit and non-audit fees paid to them. The BBPLC Board Audit Committee also monitors the use of the statutory auditors for non-audit services within the Barclays Bank Group.

An external audit tender was conducted in 2015 and the decision was made to appoint KPMG as Barclays Group's statutory auditor with effect from the 2017 financial year, with PwC resigning as Barclays Group's statutory auditor at the conclusion of the 2016 audit.

The Company is in compliance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which relates to the frequency and governance of tenders for the appointment of the statutory auditor and the setting of a policy on the provision of non-audit services.



# Governance Report

## Directors' report

Provided that KPMG continues to maintain its independence and objectivity, and the BPLC Board Audit Committee remains satisfied with its performance, the Barclays Group has no intention of tendering for an alternative statutory auditor before the end of the current required period of 10 years. Accordingly, any tender would be in respect of the 2027 financial year onwards and is likely to take place in 2025. The BPLC Audit Committee believes it would not be appropriate to tender before this date as it recognises that whilst it is important to ensure the audit firm remains objective and does not become overly familiar with management, there is an important balance to be struck with the investment of time required both from management and any completely new audit team for them to gain sufficient understanding of a large complex organisation as Barclays to ensure a top quality audit. Further, there has been significant turnover of the senior members of the KPMG audit team since 2017, which supports in reducing any potential familiarisation threat.

### Non-audit services

In order to safeguard the statutory auditor's independence and objectivity, the Barclays Group has in place a policy on the Provision of Services by the Barclays Group Statutory Auditor (the Policy) setting out the circumstances in which the statutory auditor may be engaged to provide services other than those covered by the Barclays Group audit. The Policy applies to all Barclays subsidiaries and other material entities over which Barclays has significant influence. The core principle of the Policy is that non-audit services (other than those legally required to be carried out by the Barclays Group's auditor) should be performed by the statutory auditor only in certain controlled circumstances. The Policy sets out those types of services that are permitted.

Under the Policy, except for specific categories of 'permitted' services that require explicit Board Audit Committee approval, the BPLC Board Audit Committee has pre-approved all permitted services for which fees are less than £100,000. All requests to engage the statutory auditor are assessed by independent management before work can commence. Requests for permitted service types in respect of which the fees are expected to meet or exceed the above threshold, but expected to be less than £250,000, must be approved by the Chair of the BPLC Board Audit Committee before work is permitted to begin. Services where the fees are expected to be £250,000 or higher must be approved by the BPLC Board Audit Committee as a whole. All expenses and disbursements must be included in the fees calculation. More information on this can be found in the Barclays PLC Annual Report 2022.

The fees payable to KPMG for the year ended 31 December 2022 amounted to £47m (2021: £41m), of which £9m (2021: £8m) was payable in respect of non-audit services. A breakdown of the fees payable to the auditor for statutory audit and non-audit work can be found in Note 39 to the financial statements.

### Disclosure of information to the Auditor

Each Director confirms that, so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware and that each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 418 of the Act and should be interpreted in accordance with and subject to those provisions.

### Directors' responsibilities

The following statements, which should be read in conjunction with the auditor's report set out on pages 114 to 116, are made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditor in relation to the accounts.

### Going concern

In preparing each of the Barclays Bank Group and Company financial statements, the Directors are required to:

- assess the Barclays Bank Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Barclays Bank Group and the Company or to cease operations, or have no realistic alternative but to do so.

The Barclays Bank Group's business activities, financial position, capital, factors likely to affect its future development and performance, and its objectives and policies in managing the financial risks to which it is exposed are discussed in the Risk review sections of this report.

The Directors have evaluated these risks in the preparation of the financial statements and consider it appropriate to prepare the financial statements on a going concern basis.

### Preparation of accounts

The Directors are required by the Act to prepare the Company and the Barclays Bank Group accounts for each financial year and, with regard to Barclays Bank Group accounts, in accordance with UK-adopted international accounting standards. The Directors have prepared these accounts in accordance with (a) UK-adopted international accounting standards; (b) IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee; and (c) IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Pursuant to the Act, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Barclays Bank Group and the Company and of their profit or loss for that period.

The Directors consider that, in preparing the financial statements, the Barclays Bank Group and the Company have used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors are satisfied that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Directors are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Directors' responsibility statement

The Directors have responsibility for ensuring that the Company and the Barclays Bank Group keep accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Barclays Bank Group, and which enable them to ensure that the accounts comply with the Act.

# Governance Report

## Directors' report

The Directors are also responsible for preparing a Strategic Report, Directors' Report and Corporate Governance Statement in accordance with applicable law and regulations.

The Directors are responsible for the maintenance and integrity of the Annual Report and Financial Statements as they appear on the Barclays website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for preparing the financial statements in accordance with Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format.

The current Directors, whose names and functions are set out on page 7, confirm to the best of their knowledge that:

- (a) the financial statements, prepared in accordance with (a) UK-adopted international accounting standards; (b) IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee; and (c) IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- (b) the management report, on pages 1 to 16, which is incorporated in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

**Stephen Shapiro**  
Company Secretary  
14 February 2023

Barclays Bank PLC  
Registered in England. Company No. 1026167  
Registered office, 1 Churchill Place, London E14 5HP

# Governance

## Our people and culture

*The following sub-sections include a summary of the BBPLC specific items from the Barclays PLC Annual Report 2022. For full details, refer to the Our people and culture section of the Barclays PLC Annual Report 2022. Figures mentioned are for the Barclays Group, other than where specifically mentioned.*

### Empowering our Colleagues

Our people and our culture are our greatest assets. We are committed to making Barclays a great place to work, enabling colleagues to deliver strong results for our customers, clients, communities and each other.

During 2022, we continued to embed the Barclays Mindset, helped colleagues to adapt to hybrid working, supported colleague wellbeing and made further progress against our diversity, equity and inclusion (DEI) ambitions. Through our colleague listening survey, Your View, we saw improved scores across all our indices.

Our data-led approach, underpinned by our Wellbeing Index (now in its second year), brings together actionable insights for people leaders. It also enables curation of content for colleagues that is grounded in clinical evidence to help them better manage their own health. Ongoing leader-led campaigns are at the forefront of the way we engage with colleagues, with regular expert speaker events chaired by senior executives. Our 'Talk Money' week in the UK challenged the stigma around talking about money, building confidence with financial management and signposting to free and confidential support. This is complemented by practical resources and guidance offered through our global Be Well portal (with 45% of colleagues registered), and our Employee Assistance Programme.

In response to increases in living costs experienced by our UK colleagues, we brought forward part of the 2023 pay increase, awarding 35,000 UK-based junior colleagues a £1,200 salary increase effective from August 2022, ahead of our annual salary review. In January 2023, Barclays worked closely with Unite the Union to agree a 2023 UK pay deal which, combined with the August 2022 increases, brought the total average salary increase for our lowest paid colleagues up to 11%. By doing this we ensured that our minimum rate of pay in the UK remains well ahead of Living Wage Foundation benchmarks.

Similarly, we brought forward part of the 2023 pay increase for our most junior colleagues in Belgium, France, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain, awarding them €1,500 effective from 1 November 2022. In November 2022, we also awarded junior colleagues in Germany a one-off payment of €2,000 as that approach, whilst having the same effect, was more appropriate under local rules.

### Our approach to diversity, equity and inclusion

We launched our refreshed DEI vision and strategy to incorporate 'equity' into how we talk about, and take action to progress, our DEI activities.

Our vision is to strengthen our diverse, equitable and inclusive culture, with a view to attracting and retaining the best talent, building high-performing teams which generate better outcomes for our customers and clients, whilst also meeting the expectations of our regulators, shareholders and other stakeholders.

We have five strategic priorities: workforce diversity; inclusive and equitable culture; leadership accountability; data transparency and accountability and optimisation of external relationships. These priorities are underpinned by our guiding principles of accountability, transparency and engagement. These principles and priorities help us to deliver against our six core agendas - disability, gender, LGBT+, multicultural, multigenerational and socio-economic.

#### Workforce diversity

##### *Developing diverse talent pipelines*

We are focused on recruiting the best talent and have created, and participated in, dedicated recruitment schemes across our agendas and regions to increase access to diverse talent, for example, the Barclays Military and Veterans Outreach programme, in the UK and US, and our partnership with the Thurgood Marshall College Fund in the US.

Globally, there is training and support available for all hiring managers and interviewers to ensure inclusivity and consistency throughout the hiring journey. We are an equal opportunities employer and give full and fair consideration to all populations based on their competencies, strengths and potential.

Additionally, as part of the UK Government Disability Confident scheme, we encourage applications from people with a disability, or a physical or mental health condition. We require people leaders to give full and fair consideration to those with a disability on the basis of strengths, potential and ability, both when hiring and managing. We also ensure opportunities for training, career development and promotion are available to all.

For further information on our work on developing diverse talent pipelines, please visit our DEI website.

##### *Providing tools and support for colleagues to succeed and progress at every stage of their career*

We offer multiple development programmes to support the growth of our colleagues, providing them with the opportunities and resources necessary to strengthen key skills to progress and reach their full potential.

The Black Professionals Resource Group (BPRG) created Ascent, a six-month programme for Analysts in the UK and US, to support the development of Black colleagues across Barclays and was the first such programme conceived and delivered by a Barclays Employee Resource Group (ERG).

#### Inclusive and equitable culture

At Barclays, we are committed to building a supportive and inclusive culture. We believe that making our organisation more equitable will help us to make the most of the different backgrounds, perspectives and experiences of our colleagues, and to better serve our customers and clients.

As part of our Continuous Listening strategy, we ask colleagues to participate in surveys, providing regular opportunities to feed back on their experience of working at Barclays. Colleagues are asked to share their feedback on topics ranging from inclusion to wellbeing, and responses help us to assess progress on our DEI journey and identify areas of focus.

# Governance

## Our people and culture

### *Employee Resource Groups (ERGs)*

Colleague networks have long played an important role at Barclays, through creating communities and fostering belonging. More recently, they have acted as a sounding board for the business, driving a better understanding of the needs of our customers, clients and communities. With over 24,000 colleagues globally participating in one or more of the ERGs, these colleague-led communities amplify the unique challenges of diverse groups at Barclays and provide insight into colleague sentiment and experience.

### *Socio-economic inclusion agenda*

To support the launch of the socio-economic agenda, colleagues created the Inspire ERG, which aims to amplify the voices of those who identify as coming from a lower socio-economic background. Members and allies of the ERG are encouraged to develop their understanding of how socio-economic status can impact a person's work and life experiences. Through Inspire, we are also connecting with schools and universities to remove barriers for people of varied backgrounds to join Barclays.

### *Pronouns*

In 2022, we added two new features to our internal phonebook where colleagues can opt to display their personal pronouns, as well as the phonetic spelling or audio recording of their name. We also proudly partnered with Microsoft, to pilot a pronoun feature on Microsoft Teams.

### *Wellbeing and policies*

Prioritising the wellbeing of our colleagues is central to creating productive teams where all individuals feel valued and included. Our holistic and inclusive perspective requires us to measure wellbeing, using our Wellbeing Index and to educate and empower our colleagues and leaders to actively manage their health and support that of others. We continue to deploy training, which recognises the importance of mental wellbeing and building a supportive and inclusive culture. We have also partnered with our DEI ERGs and leaders on global campaigns to normalise conversations about mental health and wellbeing topics. In the UK, Barclays pioneered 'This is Me', now in its ninth year, where individual colleagues talk openly about the challenges they have faced, with the aim of tackling the stigma associated with mental ill health.

For the first time in 2022 we expanded the DEI performance objective to include wellbeing, with colleagues now being asked to develop their understanding of the factors contributing to their resilience and sustaining high performance; and managers now being asked to champion and support team wellbeing. This was bolstered by the launch, on World Mental Health Day, of a new toolkit to help people leaders lead their teams in a way that protects and enhances colleague health with a focus on practices such as workload management, fostering autonomy and enabling growth.

We also made enhancements to our provision of workplace adjustments for colleagues with disabilities and health conditions, to drive consistency in how we support our colleagues globally. Colleagues now have greater control over their own individual requirements and an improved experience through the implementation of a new self-service process for the ordering of equipment for office and home working use, as required.

We regularly revisit our people policies to ensure they are in line with our broader DEI and people strategy. This includes making updates to our HR policies, processes and support materials on a range of topics such as flexible working and workplace support for menopause.

### **Leadership accountability**

Our leadership play an important role in progressing our DEI journey and meeting the rising expectations of colleagues, customers, clients and communities. Accountable Executives (AEs) from the Barclays Group Executive Committee have been appointed as visible advocates for the DEI agendas, shaping priorities and delivering against these.

Every colleague continues to have a mandatory inclusion performance objective against which they are assessed as part of their performance review. The objective encourages inclusive and supportive behaviours that recognise every individual's background as key drivers of our Purpose, Values and Mindset.

### **Data transparency and accountability**

Data plays an essential role in delivering our DEI strategy, allowing senior leaders to make informed decisions and track our progress.

In an effort to ensure colleagues' personal data records are accurate, this year we held another 'Count Me In' campaign, inviting colleagues in the UK and US to review and share their personal details in our HR systems, in line with local privacy laws. Maintaining up to date personal data records also helps us to develop and update programmes, practices and policies to best support colleagues at every level.

In late summer, we began producing an enhanced monthly management pack for senior leaders, containing a detailed breakdown of their team's progress against our Race at Work and gender ambitions.

### **Optimisation of external relationships**

We develop relationships with external partners to challenge our thinking, leverage best practices and access diverse pools of talent. We partner with organisations across all six agendas (disability, gender, LGBT+, multicultural, multigenerational and socio-economic) and in each region.

### *Recognising our colleagues*

Over the past year, Barclays and several of our colleagues have been recognised for our efforts to advance diversity, equity and inclusion. For further details, refer to the Our people and culture section in the Barclays PLC Annual Report 2022.

### **Talent now and for the future**

#### **Talent attraction – now and for the future**

# Governance

## Our people and culture

Across 2022, demand for talent has remained high, alongside a greater focus from candidates seeking flexible working options and on wellness and wellbeing. In response, we have pursued opportunities to attract and recruit talent as quickly and efficiently as possible, including doubling the number of recruiters to support our businesses and the launch of the Onboarding app, giving new joiners and their people leaders access to information required prior to joining Barclays, including the ability to sign employment contracts via the app.

Barclays was ranked number one in the LinkedIn Top Companies UK 2022 list, for the second year in a row. Based on LinkedIn-owned data, the list is a resource for jobseekers and career builders to explore open vacancies, enhance their skills and identify companies that invest in their talent. This was further recognised by the Learning and Performance Institute, where Barclays won a Bronze Learning Leader Award.

Delivering world-class customer service and care remains of paramount importance to Barclays. In order to meet the demand, we significantly grew our customer care teams globally; for example, following the acquisition of the Gap credit card portfolio in the US, we nearly doubled our footprint in our US contact centre in Nevada, with over 1,800 new hires and saw demand triple for roles supporting our customers in the UK.

### Developing our colleagues

We remain committed to our culture of lifelong learning, through a development proposition that supports colleagues at every stage of their career.

The Barclays Learning Lab is our learning ecosystem. Consisting of Barclays-designed knowledge and skills modules, as well as modules from external specialists, it provides our colleagues with the development tools needed to support them in their current and future roles. Colleagues can access a wide range of workshops, split between colleague and people leader development. This is complemented by our digital content providers, whose content has been mapped against role-specific learning pathways, making it easy for colleagues to navigate development resources suitable for their needs. The Learning Lab also offers a selection of self-assessment tools, empowering colleagues to understand their strengths and development areas. These are supported by business-led solutions that encompass professional and technical resources encouraging colleagues to drive their own development.

People leadership at Barclays is about helping others to achieve their potential. To equip our people leaders with the critical skills and behaviours to inspire, develop and support their teams today and into the future, we have refreshed our Management Unlocked programme. The programme provides participants with extensive digital content, as well as our Evolution programme, which supports new people leaders as they transition into leadership roles.

We also operate three high-potential flagship leadership programmes: The Enterprise Leaders Summit, for Managing Directors; the Strategic Leaders Programme, for Directors; and Aspire, for Vice Presidents. These programmes aim to build enterprise-wide leadership, alongside strong people leadership capabilities, helping colleagues tackle people management situations confidently, in line with our Values and Mindset.

### Listening to our colleagues

Listening to colleagues allows us to obtain insights into what we are doing well and areas where we need to focus our attention.

Our biannual all-colleague Your View surveys measure colleague considerations across a breadth of topics including colleague engagement, organisational culture, including the Mindset and Values, wellbeing, inclusion and working practices and tools. The 2022 survey results indicated good progress for both engagement and cultural measures. Senior leaders continue to receive and review the results from these surveys to inform decisions. Results from our surveys and other employee engagement mechanisms were shared with colleagues and discussed with the Barclays PLC Board, Barclays Bank PLC Board, their Executive Committees and people leaders.

We have also evolved our Continuous Listening strategy, leveraging pulse surveys, as well as additional surveys deployed throughout the employee lifecycle, to capture insights which help us better understand our culture and improve colleague experience.

We have adopted a number of methods for engagement with our workforce, in line with the UK Corporate Governance Code. These engagement mechanisms, including all-colleague townhalls, skip-level meetings, DEI summits, site visits and engagement surveys, enable colleagues to share ideas and feedback with senior management and the Board.

We keep colleagues updated on the strategy, performance and progress of the organisation through a combination of leader-led engagement, digital and print communication, blogs, vlogs and podcasts. In 2022, the Barclays Group CEO held over 50 engagement sessions throughout the year with colleagues, including quarterly townhalls on financial performance, listening sessions on flagship talent programmes and Q&A sessions. Other workforce engagement activities have also been carried out by both Board and management to deliver meaningful, regular two-way dialogue with colleagues. This helps our Board reflect colleague feedback in their decision-making. The range of direct engagement mechanisms we use, across multiple channels throughout the year, combined with a comprehensive reporting approach, enables us to effectively engage with our workforce.

The Barclays Bank PLC Board has engaged, and will continue to engage, directly with colleagues and listen to feedback from the annual Your View surveys. The President of Barclays Bank PLC continues to chair the Corporate and Investment Bank Critics Working Group, where a rotating cohort of Corporate and Investment Bank colleagues are invited to share day to day pain points, alongside ideas to solve these issues. The forum was established in November 2020 and is now on its seventh cohort. Additionally, regular town halls and skip level sessions took place throughout 2022 in Corporate and Investment Bank, Consumer, Cards and Payments, and UK Corporate and Transaction Banking, alongside regular Managing Director calls hosted by Corporate and Investment Bank and Consumer, Cards and Payments leadership to provide updates on strategy, business performance and other key people priorities such as inclusion, Your View scores and hybrid working. We keep colleagues updated on the strategy, performance and progress of the organisation through a combination of leader-led engagement, digital and print communication, blogs, vlogs and podcasts.

We maintain a strong and effective partnership with Unite and the Barclays Group European Forum, whom we brief on our strategy and progress to obtain feedback on how we can improve the colleague experience. In 2022, we engaged with Unite on the transition to hybrid working and our updated DEI strategy. We also consult with colleague representatives on major change programmes which impact our people, to minimise compulsory job losses, and focus on reskilling and redeployment. In 2022, this included the launch of an enhanced mobility service to further mitigate redundancies across the organisation, redeploying colleagues into roles commensurate with their skills and experience, and upskilling colleagues where required.

# Governance

## Our people and culture

### Our policies

Our people policies are designed to recruit the best people, provide equal opportunities and create an inclusive culture, in line with our Purpose, Values, Mindset and in support of our long-term success. They also reflect relevant employment law, including the provisions of the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

We regularly review and update these policies to ensure that they are in line with our broader DEI and people strategy. To support the transition to hybrid working in 2022, we updated our policies on Working Flexibly to enable an approach that meets the requirements of each role, while also taking into account the needs of our colleagues. We also updated our policies and guidance on a range of topics including workplace support for menopause and baby loss.

We are committed to paying our people fairly and appropriately relative to their role, skills, experience and performance. This means our remuneration policies reward performance that is in line with our Purpose, Values and Mindset, as well as our risk expectations. We also encourage our people to benefit from Barclays' performance by enrolling in our share ownership plans.

# Risk review

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# Risk review

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# Risk review

## Risk management

### Barclays Bank Group's risk management strategy

#### The Barclays Bank Group's risk management strategy

This section introduces the Barclays Bank Group's approach to managing and identifying risks, and for fostering a sound risk culture.

#### Enterprise Risk Management Framework (ERMF)

The ERMF outlines the highest level principles for risk management by setting out standards, objectives and key responsibilities of different groups of employees of the Barclays Bank Group. It is approved by the Barclays PLC Board on recommendation of the Barclays Group Board Risk Committee and the Barclays Bank Group Chief Risk Officer (CRO); it is then adopted by the Barclays Bank Group.

The ERMF sets out:

- Risk management and segregation of duties: the ERMF defines a Three Lines of Defence model.
- Principal risks faced by the Barclays Bank Group which guide the organisation risk management processes.
- Risk appetite requirements: these help define the level of risk we are willing to undertake in our business.
- Roles and responsibilities for key risk management and governance.

The ERMF is complemented by frameworks, policies and standards which are mainly aligned to individual principal risks:

- Frameworks cover high level principles guiding the management of principal risks, and set out details of which policies are needed, and high level governance arrangements.
- Policies set out the control objectives and high level requirements to address the key principles articulated in their associated frameworks. Policies state 'what' those within scope are required to do.
- Standards set out detail of the control requirements to ensure the control objectives set by the policies are met.

#### Segregation of duties - the "Three Lines of Defence" model

The ERMF sets out a clear lines of defence model. All colleagues are responsible for understanding and managing risks within the context of their individual roles and responsibilities, as set out below.

- The first line comprises of all employees engaged in the revenue generating and client facing areas of the Barclays Bank Group and all associated support functions, including Finance, Operations, Treasury and Human Resources. The first line is responsible for identifying and managing the risks in which they are engaged, operating within applicable limits and developing a control framework, and escalating risk events or issues as appropriate. Employees in the first line have primary responsibility for their risks and their activities are subject to oversight from the relevant parts of the second and third lines.
- The second line is comprised of the Risk and Compliance functions. The role of the second line is to establish the limits, rules and constraints, and the frameworks, Policies and Standards under which all activities shall be performed, consistent with the risk appetite of the Barclays Bank Group, and to oversee the performance of the Barclays Bank Group against these limits, rules and constraints. Controls for first line activities will ordinarily be established by the Control Officers operating within the Control Framework of the Barclays Bank Group. These controls will remain subject to oversight by the second line.
- The third line of defence is Internal Audit, who are responsible for providing independent assurance over the effectiveness of governance, risk management and controls over current, systemic and evolving risks.
- The legal function provides support to all areas of the Barclays Bank Group and is not formally part of any of the three lines of defence. The Legal function is responsible for the identification of all Legal and Regulatory Risks. Except in relation to the legal advice it provides or procures, it is subject to second line oversight with respect to its own Operational and Conduct Risks, as well as with respect to the Legal and Regulatory Risks to which the Barclays Bank Group is exposed.

#### Principal risks

The ERMF identifies nine principal risks (see managing risks in the strategic report section) namely: credit risk, market risk, treasury and capital risk, climate risk, operational risk, model risk, conduct risk, reputation risk and legal risk. Note that climate risk was added in January 2022; see page 42 for more information.

Each of the principal risks is overseen by an accountable executive at the Barclays Group level who is responsible for overseeing and/or assigning responsibilities for the framework, policies and standards that set out associated responsibilities and expectations, and detail the related requirements around risk management. In addition, certain risks span across more than one principal risk.

#### Risk appetite

Risk appetite is defined as the level of risk which the Barclays Bank Group is prepared to accept in carrying out its activities. It provides a basis for ongoing dialogue between management and Board with respect to the Barclays Bank Group's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

Risk appetite is approved by the Barclays PLC Board in aggregate and disseminated across legal entities and businesses, including the Barclays Bank Group. The Barclays Bank PLC Board cannot approve a higher risk appetite than that determined by the Barclays PLC Board without the approval of the Barclays PLC Board but may choose to operate at a lower level of risk appetite than that approved by the Barclays PLC Board.

The Barclays Group's total risk appetite and its allocation to the Barclays Bank Group are supported by limits to enable and control specific exposures and activities that have material concentration risk implications.

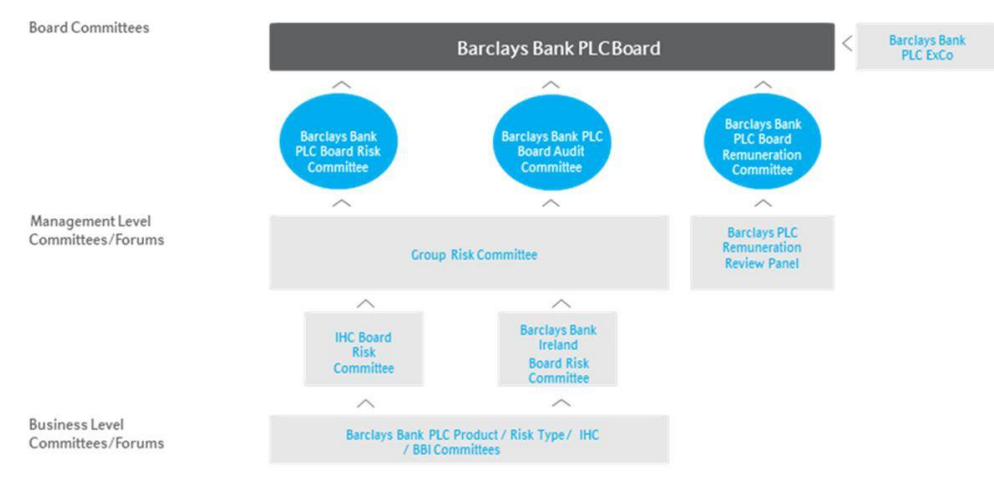
#### Risk Committees

The Barclays Bank Group's various risk committees consider risk matters relevant to their business, and escalate as required to the Barclays Group Risk Committee, whose Chair, in turn, escalates to the Barclays Bank PLC Board Committees and the Barclays Bank PLC Board.

# Risk review

## Risk management

### Barclays Bank Group's risk management strategy



The Barclays Bank PLC Board receives regular information on the risk profile of Barclays Bank Group, and has ultimate responsibility for approval of risk appetite and capital plans, within the parameters set by the Barclays PLC Board. The Barclays Bank PLC Board is also responsible for the adoption of the ERMF.

Further, there are two Board-level committees which oversee the application of the ERMF and review and monitor risk across Barclays Bank PLC. These are: the Barclays Bank PLC Board Risk Committee and the Barclays Bank PLC Board Audit Committee. Additionally, the Barclays Bank PLC Board Remuneration Committee oversees pay practices focusing on aligning pay to sustainable performance:

- **The Barclays Bank PLC Board Risk Committee (BRC):** The BRC monitors Barclays Bank Group's risk profile against the agreed appetite. Where actual performance differs from expectations, the actions taken by management are reviewed to ascertain that the BRC is comfortable with them. The Barclays Bank Group CRO regularly presents a report to the BRC summarising developments in the risk environment and performance trends in the key portfolios. The BRC also reviews certain key risk methodologies, the effectiveness of risk management, and the Barclays Bank Group risk profile, including the material issues affecting each business portfolio and forward risk trends. The BRC also commissions in-depth analyses of significant risk topics, which are presented by the Barclays Bank Group CRO or senior risk managers in the businesses.
- **The Barclays Bank PLC Board Audit Committee (BAC):** The BAC receives regular reports on the effectiveness of internal control systems, on material control issues of significance, and on accounting judgements (including impairment), and a quarterly review of the adequacy of impairment allowances, relative to the risk inherent in the portfolios, the business environment, and Barclays policies and methodologies.
- **The Barclays Bank PLC Board Remuneration Committee (RemCo):** The RemCo receives proposals on ex-ante and ex-post risk adjustments to variable remuneration based on risk management performance including events, issues and the wider risk profile. These inputs are considered in the setting of performance incentives.

### Barclays' risk culture

Risk culture can be defined as the norms, attitudes and behaviours related to risk awareness, risk taking and risk management. This is reflected in how the Barclays Bank Group identifies, escalates and manages risk matters.

The Barclays Bank Group is committed to maintaining a robust risk culture in which:

- management expect, model and reward the right behaviours from a risk and control perspective; and
- colleagues identify, manage and escalate risk and control matters, and meet their responsibilities around risk management.

The Barclays Group CEO works with the Executive Management to embed a strong risk culture within the Barclays Group, with particular regard to the identification, escalation and management of risk matters, in accordance with the ERMF. Specifically, all employees regardless of their positions, functions or locations must play their part in the Barclays Bank Group's risk management. Employees are required to be familiar with risk management policies which are relevant to their responsibilities, know how to escalate actual or potential risk issues, and have a role-appropriate level of awareness of the risk management process as defined by the ERMF.

### Our Code of Conduct – the Barclays Way

Globally, all colleagues must attest to the 'Barclays Way', our Code of Conduct, and comply with all frameworks, policies and standards applicable to their roles. The Code of Conduct outlines the Purpose, Values and Mindset which govern our 'Barclays Way' of working across our business globally. It constitutes a reference point covering all aspects of colleagues' working relationships, and provides guidance on working with other Barclays employees, customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community. See [home.barclays/sustainability/esg-resource-hub/statements-and-policy-positions/](https://home.barclays/sustainability/esg-resource-hub/statements-and-policy-positions/) for more details.

# Risk review

## Material existing and emerging risks

### Material existing and emerging risks to the Barclays Bank Group's future performance

The Barclays Bank Group has identified a broad range of risks to which its businesses are exposed. Material risks are those to which senior management pay particular attention and which could cause the delivery of the Barclays Bank Group's strategy, results of operations, financial condition and/or prospects to differ materially from expectations. Emerging risks are those which have unknown components, the impact of which could crystallise over a longer time period. In addition, certain other factors beyond the Barclays Bank Group's control, including escalation of global conflicts, acts of terrorism, natural disasters, pandemics and similar events, although not detailed below, could have a similar impact on the Barclays Bank Group.

### Material existing and emerging risks potentially impacting more than one principal risk

#### i) Business conditions, general economy and geopolitical issues

The Barclays Bank Group's operations are subject to changes in global and local economic and market conditions, as well as geopolitical developments, which may have a material impact on the Barclays Bank Group's business, results of operations, financial condition and prospects.

A deterioration in global or local economic and market conditions may result in (among other things): (i) deteriorating business, consumer or investor confidence and lower levels of investment and productivity growth, which in turn may lead to lower customer and client activity, including lower demand for borrowing; (ii) higher default rates, delinquencies, write-offs and impairment charges as borrowers struggle with their debt commitments; (iii) subdued asset prices, which may impact the value of any collateral held by the Barclays Bank Group and require the Barclays Bank Group and its customers to post additional collateral in order to satisfy margin calls; (iv) mark-to-market losses in trading portfolios resulting from changes in factors such as credit ratings, share prices and solvency of counterparties; and (v) revisions to calculated ECLs leading to increases in impairment allowances. In addition, the Barclays Bank Group's ability to borrow from other financial institutions or raise funding from external investors may be affected by deteriorating economic conditions and market disruption. Geopolitical events can also cause financial instability and affect economic growth.

In particular:

- Global GDP growth in 2022 was severely hampered by inflationary pressures resulting from: (a) the disruptive legacy of the COVID-19 pandemic on supply chains; (b) restricted labour markets and upward pressure on employment costs; and (c) escalating energy and food prices intensified by the Russian invasion of Ukraine. These pressures have led to the on-going 'cost of living' pressures in much of the world, but particularly in the UK and Europe.
- In response to persistent inflationary pressures, throughout 2022, central banks pursued policies of raising interest rates while also curtailing quantitative easing and in some cases commencing quantitative tightening.
- Both the elevated inflationary environment and higher interest rates are likely to adversely affect economic growth globally in 2023, particularly in developed markets, with the possibility of elevated unemployment as a result, with potentially negative implications for the Barclays Bank Group's performance, including through increased impairment allowances. It remains possible that a resurgence in COVID-19 and/or restrictions on movement imposed locally to combat outbreaks or new strains, could exacerbate the expected slowdown in global economic performance.
- In the UK and Europe, governments responded to escalating energy prices via short term subsidies for consumers and industry, in part funded by windfall taxes on targeted sectors. Revisions to these schemes during 2023 may cause upward pressure on household and corporate finances, which could result in higher impairment charges.
- Trading arrangements between the UK and the European Union (EU), following the UK's exit from the EU, may: (i) raise costs for UK customers trading with the EU and/or otherwise adversely affect their business; and (ii) impact the Barclays Bank Group's EU operations.
- Further, any trading disruption between the EU and the UK may have a significant impact on economic activity in the EU and the UK which, in turn, could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects. Unstable economic conditions could result in (among other things):
  - a deeper recession in the UK and/or one or more member states of the EU in which it operates, with lower growth, higher unemployment and falling property prices, which could lead to increased impairments in relation to a number of the Barclays Bank Group's portfolios (including, but not limited to, its unsecured lending portfolio (including credit cards) and commercial real estate exposures);
  - increased market volatility (in particular in currencies and interest rates), which could impact the Barclays Bank Group's trading book positions and affect the underlying value of assets in the banking book and securities held by the Barclays Bank Group for liquidity purposes;
  - a credit rating downgrade for one or more members of the Barclays Bank Group (either directly or indirectly as a result of a downgrade in the UK sovereign credit ratings), which could significantly increase the Barclays Bank Group's cost of funding and/or reduce its access to funding, widen credit spreads and materially adversely affect the Barclays Bank Group's interest margins and liquidity position; and/or
  - a widening of credit spreads more generally or reduced investor appetite for the Barclays Bank Group's debt securities, which could negatively impact the Barclays Bank Group's cost of and/or access to funding.
- A significant proportion of the Barclays Bank Group's portfolio is located in the US, including a major credit card portfolio and a range of corporate and investment banking exposures. The possibility of significant changes in US policy in certain sectors (including trade, healthcare and commodities) may have an impact on the Barclays Bank Group's associated portfolios. Stress in the US economy, weakening GDP and the associated exchange rate fluctuations, heightened trade tensions (such as between the US and China), and increased interest rates (particularly if accompanied by rise in unemployment) could lead to increased levels of impairment, which may have a material adverse effect on the Barclays Bank Group's results of operations and profitability.

# Risk review

## Material existing and emerging risks

- An escalation in geopolitical tensions or increased use of protectionist measures (such as the US and China implementing reciprocal trade tariffs) may have a material adverse effect on the Barclays Bank Group's business in the affected regions.
- In China the level of debt, particularly in the property sector, remains a concern, given the high level of leverage and despite government and regulatory action. The rapid unwinding of "zero COVID-19" policies may initially result in economic slowdown should large numbers of the population catch COVID-19. Longer term, the shift away from market based reforms towards state led initiatives to increase self-sufficiency and economic security, with potentially negative implications for world trade.
- Higher US interest rates and slowing demand for natural resources could cause economic deterioration in emerging markets, with a material adverse effect on the Barclays Bank Group's results from operations if these stresses lead to higher impairment charges from a deterioration in sovereign or corporate creditworthiness.

### ii) Risks relating to the impact of COVID-19

The COVID-19 pandemic has had a material adverse impact on businesses around the world and the economic and social environments in which they operate. Consequently there are a number of factors associated with the COVID-19 pandemic and its impact on global economies that have had and could continue to have a material adverse effect on the profitability, capital and liquidity of the Barclays Bank Group.

The COVID-19 pandemic caused disruption to the Barclays Bank Group's customers, suppliers and staff globally. Most jurisdictions in which the Barclays Bank Group operates implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity. It remains unclear how the COVID-19 pandemic will evolve through 2023 and the risks from further waves, new strains and/or vaccines proving ineffective cannot be ruled out and could result in the re-introduction of, or additional, restrictions placed on local populations. The Barclays Bank Group continues to monitor the situation.

Macroeconomic expectations are that the effects of the COVID-19 pandemic will be long lasting with the level and speed of economic recovery still uncertain. To the extent that the residual impacts of the COVID-19 pandemic continue to adversely affect the global economy and/or the Barclays Bank Group, it may also have the effect of increasing the likelihood and/or magnitude of other risks described herein or may pose other risks which are not presently known to the Barclays Bank Group or not currently expected to be significant to the Barclays Bank Group's profitability, capital and liquidity. Further waves or new strains of COVID-19 could impact the Barclays Bank Group's ability to conduct business in the jurisdictions in which it operates through disruptions to infrastructure and supply chains, business processes and technology services provided by third parties, and unavailability of staff due to illness. These interruptions to business may be detrimental to customers (who may seek reimbursement from the Barclays Bank Group for costs and losses incurred as a result of such interruptions), and result in potential litigation costs (including regulatory fines, penalties and other sanctions), as well as reputational damage.

Changes in macroeconomic variables such as gross domestic product (GDP) and unemployment have a significant impact on the modelling of expected credit losses (ECLs) by the Barclays Bank Group. The economic environment remains uncertain and future impairment charges may be subject to additional volatility (including from changes to macroeconomic variable forecasts) caused by further waves or new strains of the COVID-19 pandemic and related containment measures and the continued efficacy of vaccines and/or boosters, 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 the credit risk performance section.

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

### iii) The impact of interest rate changes on the Barclays Bank Group's profitability

Changes to interest rates are significant for the Barclays Bank Group, especially given the uncertainty as to the size and frequency of such changes, particularly in the Barclays Bank Group's main markets of the UK, the US and the EU.

Interest rate rises result in higher funding costs but could positively impact the Barclays Bank Group's profitability as retail and corporate business net interest income increases due to margin decompression, as observed for the interest rate rises in 2022. However, increases in interest rates, if larger or more frequent than expected, could lead to generally weaker than expected growth, reduced business confidence and higher unemployment. This, combined with the impact interest rate rises may have on the affordability of loan arrangements for borrowers (especially when combined with inflationary pressures), could cause stress in the lending portfolio and underwriting activity of the Barclays Bank Group with resultant higher credit losses driving an increased impairment charge which would most notably impact retail unsecured portfolios and wholesale non-investment grade lending and could have a material effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

Interest rate cuts may affect, and put pressure on, the Barclays Bank Group's net interest margins (the difference between its lending income and borrowing costs) and could adversely affect the profitability and prospects of the Barclays Bank Group.

In addition, changes in interest rates could have an adverse impact on the value of the securities held in the Barclays Bank Group's liquid asset portfolio. Consequently, this could create more volatility than expected through the Barclays Bank Group's Fair Value through Other Comprehensive Income (FVOCI) reserve and could adversely affect the profitability and prospects of the Barclays Bank Group.

### iv) Competition in the banking and financial services industry

The Barclays Bank Group operates in a highly competitive environment in which it must evolve and adapt to significant changes as a result of regulatory reform, technological advances, increased public scrutiny and prevailing economic conditions. The Barclays Bank Group expects that competition in the financial services industry will continue to be intense and may have a material adverse effect on the Barclays Bank Group's future business, results of operations, financial condition and prospects.

New competitors in the financial services industry continue to emerge. Technological advances and the growth of e-commerce have made it possible for non-banks to offer products and services that traditionally were banking products such as electronic securities trading, payments processing and

# Risk review

## Material existing and emerging risks

online automated algorithmic-based investment advice. Furthermore, payments processing and other services could be significantly disrupted by technologies, such as blockchain (used in cryptocurrency systems) and 'buy now pay later' lending, both of which are currently subject to lower levels of regulatory oversight. Furthermore, the introduction of Central Bank Digital Currencies could potentially have significant impact on the banking system and the role of commercial banks within it by disrupting the current provision of banking products and services. This disruption could allow new competitors, some previously hindered by banking regulation (such as FinTechs), to provide customers with access to banking facilities and increase disintermediation of banking services.

New technologies and changing consumer behaviour have required and could require the Barclays Bank Group to incur additional cost to modify or adapt its products or make additional capital investments in its businesses to attract and retain clients and customers or to match products and services offered by its competitors, including technology companies.

Ongoing or increased competition and/or disintermediation of banking services may put pressure on the pricing of the Barclays Bank Group's products and services, which could reduce the Barclays Bank Group's revenues and profitability, or may cause the Barclays Bank Group to lose market share, particularly with respect to traditional banking products such as deposits, bank accounts and mortgage lending. This competition may be on the basis of quality and variety of products and services offered, transaction execution, innovation, reputation and/or price. These factors may be exacerbated by further industry wide initiatives to address access to banking. The failure of any of the Barclays Bank Group's businesses to meet the expectations of clients and customers, whether due to general market conditions, underperformance, a decision not to offer a particular product or service, branch closures, changes in client and customer expectations or other factors, could affect the Barclays Bank Group's ability to attract or retain clients and customers. Any such impact could, in turn, reduce the Barclays Bank Group's revenues.

### v) Regulatory change agenda and impact on business model

The Barclays Bank Group's businesses are subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in the UK, the US, the EU and the other markets in which it operates. Many regulatory changes relevant to the Barclays Bank Group's business may have an effect beyond the country in which they are enacted, either because the Barclays Bank Group's regulators deliberately enact regulation with extra-territorial impact or its global operations mean that the Barclays Bank Group is obliged to give effect to local laws and regulations on a wider basis.

In recent years, regulators and governments have focused on reforming both the prudential regulation of the financial services industry and the ways in which the business of financial services is conducted. Measures taken include enhanced capital, liquidity and funding requirements, the separation or prohibition of certain activities by banks, changes in the operation of capital markets activities, the introduction of tax levies and transaction taxes, changes in compensation practices and more detailed requirements on how business is conducted. The governments and regulators in the UK, the US, the EU or elsewhere may intervene further in relation to areas of industry risk already identified, or in new areas, which could adversely affect the Barclays Bank Group.

Current and anticipated areas of particular focus for the Barclays Bank Group's regulators, where regulatory changes could have a material effect on the Barclays Bank Group's business, financial condition, results of operations, prospects, capital position, and reputation, include, but are not limited to:

- the increasing focus by regulators, international bodies, organisations and unions on how institutions conduct business, particularly with regard to ensuring the orderly and transparent operation of global financial markets;
- the implementation of any conduct measures as a result of regulators' focus on organisational culture, employee behaviour and whistleblowing;
- the demise of certain benchmark interest rates and the transition to new risk-free reference rates (as discussed further under 'vi) Impact of benchmark interest rate reforms on the Barclays Bank Group' below);
- reviews of regulatory frameworks applicable to the wholesale financial markets, including reforms and other changes to conduct of business, listing, securitisation and derivatives related requirements;
- the focus globally on technology adoption and digital delivery, underpinned by customer protection, including the use of artificial intelligence and digital assets (data, identity and disclosures), financial technology risks, payments and related infrastructure, operational resilience, virtual currencies (including central bank digital currencies and global stable coins) and cybersecurity. This also includes the introduction of new and/or enhanced regulatory standards in these areas;
- increasing regulatory expectations of firms around governance and risk management frameworks, particularly for management of climate change, diversity and inclusion and other ESG risks and enhanced ESG disclosure and reporting obligations;
- the continued evolution of the UK's regulatory framework following the UK's withdrawal from the EU, including in light of the UK financial services regulatory reform agenda announced in December 2022 and the proposals in the Financial Services and Markets Bill, and similarly regarding the access of UK and other non-EU financial institutions to EU markets;
- the implementation of the reforms to the Basel III package, which includes changes to the RWA approaches to credit risk, market risk, counterparty risk, operational risk, and credit valuation adjustments and the application of RWA floors and the leverage ratio;
- the implementation of more stringent capital, liquidity and funding requirements;
- the ongoing regulatory response to the COVID-19 pandemic and its implications for banks' credit risk management and provisioning processes, capital adequacy and liquidity;
- the incorporation of climate change within the global prudential framework, including the transition risks resulting from a shift to a low carbon economy and its financial effects;
- increasing requirements to detail management accountability within the Barclays Bank Group (for example, the requirements of the Senior Managers and Certification Regime in the UK and similar regimes elsewhere that are either in effect or under consideration/implementation), as well as requirements relating to executive remuneration;

# Risk review

## Material existing and emerging risks

- changes in national or supra-national requirements regarding the ability to offshore or outsource the provision of services and resources or transfer material risk to financial services companies located in other countries, which impact the Barclays Bank Group's ability to implement globally consistent and efficient operating models;
- financial crime, fraud and market abuse standards and increasing expectations for related control frameworks, to ensure firms are adapting to new threats such as those arising from the COVID-19 pandemic, and are protecting customers from cyber-enabled crime;
- the application and enforcement of economic sanctions including those with extra-territorial effect and those arising from geopolitical tensions;
- requirements flowing from arrangements for the resolution strategy of the Barclays Group and its individual operating entities (including the Barclays Bank Group) that may have different effects in different countries;
- the increasing regulatory expectations and requirements relating to various aspects of operational resilience, including an increasing focus on the response of institutions to operational disruptions;
- continuing regulatory focus on data privacy, including the collection and use of personal data, and protection against loss and unauthorised or improper access;
- the regulatory focus on policies and procedures for identifying and managing cybersecurity risks, cybersecurity governance and the corresponding disclosure and reporting obligations; and
- continuing regulatory focus on the effectiveness of internal controls and risk management frameworks, as evidenced in regulatory fines and other measures imposed against the Barclays Bank Group and other financial institutions.

For further details on the regulatory supervision of, and regulations applicable to, the Barclays Bank Group, refer to the Supervision and regulation section.

### vi) Impact of benchmark interest rate reforms on the Barclays Bank Group

Global regulators and central banks in the UK, the US and the EU have driven international efforts to reform key benchmark interest rates and indices, such as the London Interbank Offered Rate (LIBOR), used to determine the amounts payable under a wide range of transactions and make them more reliable and robust. These benchmark reforms have resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of alternative risk-free reference rates (RFRs), the discontinuation of certain reference rates (including LIBOR), and the introduction of implementing legislation and regulations. Specifically, certain LIBOR tenors either ceased at the end of 2021 or became permanently unrepresentative. Furthermore, certain US dollar LIBOR tenors are to cease by the end of June 2023, and restrictions have been imposed on new use of US dollar LIBOR. Notwithstanding these developments, given the unpredictable consequences of benchmark reform, any of these developments could have an adverse impact on market participants, including the Barclays Bank Group, in respect of any financial instruments linked to, or referencing, any of these benchmark interest rates.

Uncertainty associated with such potential changes, including the availability and/or suitability of alternative RFRs, the participation of customers and third-party market participants in the transition process, challenges with respect to required documentation changes, and impact of legislation to deal with certain legacy contracts that cannot convert into or add fall-back RFRs before cessation of the benchmark they reference, may adversely affect a broad range of transactions (including any securities, loans and derivatives which use LIBOR or any other affected benchmark to determine the interest payable which are included in the Barclays Bank Group's financial assets and liabilities) that use these reference rates and indices, and present a number of risks for the Barclays Bank Group, including but not limited to:

- **Conduct risk:** in undertaking actions to transition away from using certain reference rates (such as LIBOR) to new alternative RFRs, the Barclays Bank Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank Group is considered to be (among other things): (i) undertaking market activities that are manipulative or create a false or misleading impression; (ii) misusing sensitive information or not identifying or appropriately managing or mitigating conflicts of interest; (iii) providing customers with inadequate advice, misleading information, unsuitable products or unacceptable service; (iv) not taking a consistent approach to remediation for customers in similar circumstances; (v) unduly delaying the communication and migration activities in relation to client exposure, leaving them insufficient time to prepare; or (vi) colluding or inappropriately sharing information with competitors.
- **Litigation risk:** members of the Barclays Bank Group may face legal proceedings, regulatory investigations and/or other actions or proceedings regarding (among other things): (i) the conduct risks identified above, (ii) the interpretation and enforceability of provisions in LIBOR-based contracts and securities, and (iii) the Barclays Bank Group's preparation and readiness for the replacement of LIBOR with alternative RFRs.
- **Financial risk:** the valuation of certain of the Barclays Bank Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the Barclays Bank Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because certain alternative RFRs (such as the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR)) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have a material adverse effect on the Barclays Bank Group's cash flows.
- **Pricing risk:** changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative RFRs may impact the pricing mechanisms used by the Barclays Bank Group on certain transactions.
- **Operational risk:** changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative RFRs may require changes to the Barclays Bank Group's IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any reference rate or index (such as LIBOR) is no longer available to calculate amounts payable, the Barclays Bank Group may incur additional expenses in amending documentation for new and existing transactions and/or effecting the transition from the original reference rate or index to a new reference rate or index.

## Risk review

### Material existing and emerging risks

- **Accounting risk:** an inability to apply hedge accounting in accordance with IAS 39 could lead to increased volatility in the Barclays Bank Group's financial results and performance.

Any of these factors may have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition, prospects and reputation.

For further details on the impacts of benchmark interest rate reforms on the Barclays Bank Group, refer to Note 40.

#### vii) Change delivery and execution risks

The Barclays Bank Group will need to adapt and/or transform the way it conducts business in response to changing customer behaviour and needs, technological developments, regulatory expectations, increased competition and cost management initiatives. Accordingly, effective management of transformation projects is required to successfully deliver the Barclays Bank Group's strategic priorities, involving delivering both on externally driven programmes, as well as key business initiatives to deliver revenue growth, product enhancement and operational efficiency outcomes. The magnitude, complexity and, at times, concurrent demands of the projects required to meet these priorities can result in heightened execution risk.

The ability to execute the Barclays Bank Group's strategy may be limited by operational capacity and the increasing complexity of the regulatory environment in which the Barclays Bank Group operates. In addition, whilst the Barclays Bank Group continues to pursue cost management initiatives, they may not be as effective as expected and cost saving targets may not be met.

The failure to successfully deliver or achieve any of the expected benefits of these strategic initiatives and/or the failure to meet customer and stakeholder expectations could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition, customer outcomes, prospects and reputation.

# Risk review

## Material existing and emerging risks

### Material existing and emerging risks impacting individual principal risks

#### i) Climate risk

The risks associated with climate change are subject to rapidly increasing societal, regulatory and political focus, both in the EU and internationally. In line with regulatory expectations and requirements, the Barclays Bank Group has embedded climate risk within the Enterprise Risk Management Framework (ERMF), to address the financial and operational risks resulting from both: (i) the physical risk of climate change; and (ii) the risk from the transition to a low-carbon economy. Climate risk is considered to be a driver of financial and operating risks.

Physical risks from climate change arise from a number of factors and relate to specific weather events (acute) and longer-term shifts in the climate (chronic). The nature and timing of acute weather events are uncertain but they are increasing in frequency and in the potential severity of economic impact. The potential impact on the economy includes, but is not limited to, lower GDP growth, higher unemployment, shortage of raw materials and products due to supply chain disruptions and significant changes in asset prices and profitability of industries. Damage to properties and operations of borrowers could decrease production capacity, increase operating costs, impair asset values and the creditworthiness of customers leading to increased default rates, delinquencies, write-offs and impairment charges in the Barclays Bank Group's portfolios. In addition, the Barclays Bank Group's premises and resilience may also suffer physical damage due to weather events leading to increased costs for the Barclays Bank Group.

As the economy transitions to a low-carbon economy, financial institutions such as the Barclays Bank Group may face significant and rapid developments in stakeholder expectations, policy, law and regulation which could impact the lending activities the Barclays Bank Group undertakes, as well as the risks associated with its lending portfolios, and the value of the Barclays Bank Group's financial assets. As new policies and regulations are enforced, market sentiment and societal preferences change and new technologies emerge, this may result in increased costs and reduced demand of product and services of a company, early retirement and impairment of assets, decreased revenue and profitability for Barclays customers. This in turn may impact creditworthiness of customers and their ability to repay loans. Additionally, the Barclays Bank Group may face greater scrutiny of the type of business it conducts, adverse media coverage and reputational damage, which may in turn impact customer demand for the Barclays Bank Group's products, returns on certain business activities and the value of certain assets and trading positions resulting in impairment charges.

Furthermore, the impacts of physical and transition climate risks can lead to second order connected risks, which have the potential to affect the Barclays Bank Group's retail and wholesale portfolios. The impacts of climate change may increase losses for those sectors sensitive to the effects of physical and transition risks. Any subsequent increase in defaults and rising unemployment could create recessionary pressures, which may lead to wider deterioration in the creditworthiness of the Barclays Bank Group's clients, higher expected credit losses (ECLs), and increased charge-offs and defaults among retail customers.

In January 2022, climate risk became one of the principal risks within the Barclays Bank Group's ERM. Failure to adequately embed the financial and operational risks associated with climate change into its risk framework to appropriately measure, manage and disclose the various financial and operational risks it faces as a result of climate change, or failure to adapt the Barclays Bank Group's strategy and business model to the changing regulatory requirements and market expectations on a timely basis, may have a material and adverse impact on the Barclays Bank Group's level of business growth, competitiveness, profitability, capital requirements, cost of funding, and financial condition.

In March 2020, the Barclays Group announced its ambition to become a net zero bank by 2050 and its commitment to align all of its financing activities with the goals and timelines of the Paris Agreement. In order to reach these ambitions and targets or any other climate-related ambitions or targets the Barclays Group may commit to in future, the Barclays Bank Group will need to incorporate climate considerations into its strategy, business model, the products and services it provides to customers and its financial and non-financial risk management processes (including processes to measure and manage the various financial and non-financial risks the Barclays Bank Group faces as a result of climate change). The Barclays Bank Group also needs to ensure that its strategy and business model adapt to changing national and international standards, industry and scientific practices, regulatory requirements and market expectations regarding climate change, which remain under continuous development. There can be no assurance that these standards, practices, requirements and expectations will not change in a manner that substantially increases the cost or effort for the Barclays Bank Group to achieve such ambitions and targets. In addition, the Barclays Group's ambitions and targets may prove more challenging to achieve due to changing circumstances and external factors which are beyond our control, including geopolitical issues, energy security, energy poverty and other considerations such as just transition to a low carbon economy. This may be exacerbated if the Barclays Group chooses or is required to accelerate its climate-related ambitions or targets as a result of UK or international regulatory developments or stakeholder expectations.

Achieving the Barclays Group's climate-related ambitions and targets will also depend on a number of factors outside the Barclays Bank Group's control, including reliable forecast of hazards from the physical climate models, availability of data and models to measure and assess the climate impact of the Barclays Bank Group's customers, advancements of low-carbon technologies and supportive public policies in the markets where the Barclays Bank Group operates. If these external factors and other changes do not occur, or do not occur on a timely basis, the Barclays Group may fail to achieve its climate-related ambitions and targets and this could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition, prospects and reputation.

For further details on the Barclays Bank Group's approach to climate change, refer to the climate change risk management section.

#### ii. Credit risk

Credit risk is the risk of loss to the Barclays Bank Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to members of the Barclays Bank Group, including the whole and timely payment of principal, interest, collateral and other receivables. Credit risk is impacted by a number of factors outside the Barclays Bank Group's control, including wider economic conditions.

##### a) Impairment

Impairment is calculated in line with the requirements of IFRS 9 which results in recognition of loss allowances, based on ECLs, on a forward-looking basis using a broad scope of financial metrics. Measurement involves complex judgement and impairment charges are potentially volatile and may not successfully predict actual credit losses, particularly under stressed conditions. Any failure by the Barclays Bank Group to accurately estimate credit losses through ECLs could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

For further details, refer to Note 8.



# Risk review

## Material existing and emerging risks

### b) Specific portfolios, sectors and concentrations

The Barclays Bank Group is subject to risks arising from changes in credit quality and recovery rates for loans and advances due from borrowers and counterparties and is subject to a concentration of those risks where the Barclays Bank Group has significant exposures to borrowers and counterparties in specific sectors, or to particular types of borrowers and counterparties. Any deterioration in the credit quality of such borrowers and counterparties could lead to lower recoverability from loans and advances and higher impairment charges. Accordingly, any of the following areas of uncertainty could have a material adverse impact on the Barclays Bank Group's business, results of operations, financial condition and prospects:

- **Consumer affordability:** remains a key area of focus, particularly in unsecured lending, as the 'cost of living' pressures grow. Macroeconomic factors, such as unemployment, higher interest rates or broader inflationary pressures, that impact a customer's ability to service debt payments could lead to increased arrears in both unsecured and secured products. The Barclays Bank Group is exposed to the adverse credit performance of unsecured products, particularly in the US through its US Cards business.
- **UK retail, hospitality and leisure:** falling demand, rising costs and, for UK retail, a structural shift to online shopping, continue to pressurise sectors heavily reliant on consumer discretionary spending. Such sectors may also be adversely impacted by cost of living pressures and other macroeconomic factors which affect consumers. This represents a potential risk in the Barclays Bank Group's UK corporate portfolio as a higher probability of default exists for retailers, hospitality providers and their landlords while these pressures remain.
- **UK real estate market:** the Barclays Bank Group's corporate exposure is vulnerable to a deteriorating economic environment and (for offices in particular) post COVID-19 pandemic structural shifts, such as the normalisation of remote working. Landlords serving discretionary consumer spending sector tenants are also at risk from reduced rent collection. The Barclays Bank Group remains at risk of increased impairment from a material fall in property prices. In addition, small segments of the housing market could be subject to specific valuation impacts such as requirements to remediate issues related to fire safety standards.
- **Leveraged finance underwriting:** the Barclays Bank Group takes on non-investment grade underwriting exposure, including single name risk, particularly in the US and the UK. The Barclays Bank Group is exposed to credit events and market volatility during the underwriting period, which may result in losses for the Barclays Bank Group, or increased capital requirements should there be a need to hold the exposure for an extended period.
- **Italian mortgage and wholesale exposure:** Barclays Bank Group is exposed to a decline in the Italian economic environment through a mortgage portfolio in run-off and positions to wholesale customers. During 2022 Italian economic growth has been severely impacted by high energy costs, inflation and rising interest rates, making it more difficult for the new administration to manage the high level of public debt. Failure by the government to meet the EU's requirements could put at risk further payments from the EU's €750bn post-pandemic recovery fund, potentially delaying economic recovery which, in turn, could materially adversely affect the Barclays Bank Group's results of operations including, but not limited to, increased credit losses and higher impairment charges.
- **Oil & Gas sector:** High market energy prices during 2022 have helped restore balance sheet strength to companies operating in this sector. However, in the longer term, costs associated with the transition towards renewable sources of energy may place greater financial demands on oil and gas companies.
- **Air travel:** the sector struggled to resource for the recovery in lower margin (tourist) demand for air travel evidenced in 2022 (after the drop in demand during the pandemic), and to adjust to the structural decline in higher margin business travel. While this transition plays out, there remains a heightened risk to the revenue streams of the Barclays Bank Group's clients and, consequentially, their ability to service debt obligations. Increasing concerns about the impact of air travel on climate change will also influence consumer behaviour, representing additional risks for the sector.

The Barclays Bank Group also has large individual exposures to single name counterparties (such as brokers, central clearing houses, dealers, banks, mutual and hedge funds and other institutional clients) both in its lending and trading activities, including derivative trades. The default of one such counterparty could cause contagion across clients involved in similar activities and/or adversely impact asset values should margin calls necessitate rapid asset disposals by that counterparty to raise liquidity. In addition, where such counterparty risk has been mitigated by taking collateral, credit risk may remain high if the collateral held cannot be monetised, or has to be liquidated at prices which are insufficient to recover the full amount of the loan or derivative exposure. Any such defaults could have a material adverse effect on the Barclays Bank Group's results due to, for example, increased credit losses and higher impairment charges.

For further details on the Barclays Bank Group's approach to credit risk, refer to the credit risk management and credit risk performance sections.

### iii) Market risk

Market risk is the risk of loss arising from potential adverse changes in the value of the Barclays Bank Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

Economic and financial market uncertainties remain elevated, driven by elevated inflation and tightening monetary policy, both of which are exacerbated by the Russian invasion of Ukraine and supply-chain disruptions caused by the COVID-19 pandemic. A disruptive adjustment to higher interest rate levels and deteriorating trade and geopolitical tensions could heighten market risks for the Barclays Bank Group's portfolios.

In addition, the Barclays Bank Group's trading business is generally exposed to a prolonged period of elevated asset price volatility, particularly if it adversely affects market liquidity. Such a scenario could impact the Barclays Bank Group's ability to execute client trades and may also result in lower client flow-driven income and/or market-based losses on its existing portfolio of market risks. These can include higher hedging costs from rebalancing risks that need to be managed dynamically as market levels and their associated volatilities change.

Changes in market conditions could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

For further details on the Barclays Bank Group's approach to market risk, refer to the market risk management and market risk performance sections.

# Risk review

## Material existing and emerging risks

### iv) Treasury and capital risk

There are three primary types of treasury and capital risk faced by the Barclays Bank Group:

#### a) Liquidity risk

Liquidity risk is the risk that the Barclays Bank Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. This could cause the Barclays Bank Group to fail to meet regulatory and/or internal liquidity requirements, make repayments of principal or interest as they fall due or support day-to-day business activities. Key liquidity risks that the Barclays Bank Group faces include:

- **Stability of the Barclays Bank Group's deposit funding profile:** deposits which are payable on demand or at short notice could be adversely affected by the Barclays Bank Group failing to preserve the current level of customer and investor confidence or as a result of competition in the banking industry.
- **Ongoing access to wholesale funding:** the Barclays Bank Group regularly accesses the money and capital markets to provide short-term and long-term unsecured and secured funding to support its operations. A loss of counterparty confidence, or adverse market conditions (such as the recent rises in interest rates) could lead to a reduction in the tenor, or an increase in the costs, of the Barclays Bank Group's unsecured and secured wholesale funding or affect the Barclays Bank Group's access to such funding.
- **Impacts of market volatility:** adverse market conditions, with increased volatility in asset prices could: (i) negatively impact the Barclays Bank Group's liquidity position through increased derivative margin requirements and/or wider haircuts when monetising liquidity pool securities; and (ii) make it more difficult for the Barclays Bank Group to execute secured financing transactions.
- **Intraday liquidity usage:** increased collateral requirements for payments and securities settlement systems could negatively impact the Barclays Bank Group's liquidity position, as cash and liquid assets required for intraday purposes are unavailable to meet other outflows.
- **Off-balance sheet commitments:** deterioration in economic and market conditions could cause customers to draw on off-balance sheet commitments provided to them, for example, revolving credit facilities, negatively affecting the Barclays Bank Group's liquidity position.
- **Credit rating changes and impact on funding costs:** any reductions in a credit rating (in particular, any downgrade below investment grade) may affect the Barclays Bank Group's access to the money or capital markets and/or terms on which the Barclays Bank Group is able to obtain market funding (for example, this could lead to increased costs of funding and wider credit spreads, the triggering of additional collateral or other requirements in derivative contracts and other secured funding arrangements, or limits on the range of counterparties who are willing to enter into transactions with the Barclays Bank Group).

#### b) Capital risk

Capital risk is the risk that the Barclays Bank Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning or regulatory stress testing purposes). This also includes the risk from the Barclays Bank Group's pension plans. Key capital risks that the Barclays Bank Group faces include:

- **Failure to meet prudential capital requirements:** this could lead to the Barclays Bank Group being unable to support some or all of its business activities, a failure to pass regulatory stress tests, increased cost of funding due to deterioration in investor appetite or credit ratings, restrictions on distributions and/or the need to take additional measures to strengthen the Barclays Bank Group's capital or leverage position.
- **Adverse changes in FX rates impacting capital ratios:** the Barclays Bank Group has capital resources, risk weighted assets and leverage exposures denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the sterling equivalent value of these items. As a result, the Barclays Bank Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Barclays Bank Group's balance sheet to take account of foreign currency movements could result in an adverse impact on the Barclays Bank Group's regulatory capital and leverage ratios.
- **Adverse movements in the pension fund:** adverse movements in pension assets and liabilities for defined benefit pension schemes could result in deficits on a technical provision and/or IAS 19 accounting basis. This could lead to the Barclays Bank Group making substantial additional contributions to its pension plans and/or a deterioration in its capital position. The market value of pension fund assets might decline; or investment returns might reduce. Under IAS 19, the liabilities discount rate is derived from the yields of high quality corporate bonds. Therefore, the valuation of the Barclays Bank Group's defined benefits schemes would be adversely affected by a prolonged fall in the discount rate due to a persistent low interest rate and/or credit spread environment. Inflation is another significant risk driver to the pension fund as the liabilities are adversely impacted by an increase in long-term inflation expectations.

#### c) Interest rate risk in the banking book

Interest rate risk in the banking book is the risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities. The Barclays Bank Group's hedging programmes for interest rate risk in the banking book rely on behavioural assumptions and, as a result, the effectiveness of the hedging strategy cannot be guaranteed. A potential mismatch in the balance or duration of the hedging assumptions could lead to earnings deterioration if there are interest rate movements which are not adequately hedged. A decline in interest rates may also compress net interest margin on retail and corporate portfolios. In addition, the Barclays Bank Group's liquid asset portfolio is exposed to potential capital and/or income volatility due to movements in market rates and prices which may have a material adverse effect on the capital position of the Barclays Bank Group.

For further details on the Barclays Bank Group's approach to treasury and capital risk, refer to the treasury and capital risk management and treasury and capital risk performance sections.

# Risk review

## Material existing and emerging risks

### v) Operational risk

Operational risk is the risk of loss to the Barclays Bank Group from inadequate or failed processes or systems, human factors or due to external events where the root cause is not due to credit or market risks. Examples include:

#### a) Operational resilience

The Barclays Bank Group functions in a highly competitive market, with customers and clients that expect consistent and smooth business processes. The loss of or disruption to business processing is a material inherent risk within the Barclays Bank Group and across the financial services industry, whether arising through failures in the Barclays Bank Group's technology systems or availability of personnel or services supplied by third parties. Failure to build resilience and recovery capabilities into business processes or into the services on which the Barclays Bank Group's business processes depend, may result in significant customer detriment, costs to reimburse losses incurred by the Barclays Bank Group's customers, and reputational damage.

#### b) Cyberattacks

Cyberattacks continue to be a global threat that is inherent across all industries, with the number and severity of attacks continuing to rise. The financial sector remains a primary target for cybercriminals, hostile nation states, opportunists and hackers. The Barclays Bank Group, like other financial institutions, experiences numerous attempts to compromise its cybersecurity protections.

The Barclays Bank Group dedicates significant resources to reducing cybersecurity risks, but it cannot provide absolute security against cyberattacks. Malicious actors are increasingly sophisticated in their methods, tactics, techniques, and procedures, seeking to steal money, gain unauthorised access to, destroy or manipulate data, and disrupt operations, and some of their attacks may not be recognised or discovered until launched or after initial entry into the environment, such as novel or zero-day attacks that are launched before patches are available and defences can be readied. Malicious actors are also increasingly developing methods to avoid prevention, detection and alerting capabilities, including employing counter-forensic tactics making response activities more difficult. Cyberattacks can originate from a wide variety of sources and target the Barclays Bank Group in numerous ways, including attacks on networks, systems, applications or devices used by the Barclays Bank Group or parties such as service providers and other suppliers, counterparties, employees, contractors, customers or clients, presenting the Barclays Bank Group with a vast and complex defence perimeter. Moreover, the Barclays Bank Group does not have direct control over the cybersecurity of the systems of its clients, customers, counterparties and third-party service providers and suppliers, limiting the Barclays Bank Group's ability to effectively protect and defend against certain threats. Some of the Barclays Bank Group's third-party service providers and suppliers have experienced successful attempts to compromise their cybersecurity. These included ransomware attacks that disrupted the service providers' or suppliers' operations and, in some cases, had an impact on the Barclays Bank Group's operations. Such cyberattacks are likely to continue.

A failure in the Barclays Bank Group's adherence to its cybersecurity policies, procedures or controls, employee malfeasance, and human, governance or technological error could also compromise the Barclays Bank Group's ability to successfully prevent and defend against cyberattacks. Furthermore, certain legacy technologies that are at or approaching end-of-life may not be able to maintain acceptable levels of security. The Barclays Bank Group has experienced cybersecurity incidents and near-misses in the past, and it is inevitable that additional incidents will occur in the future. Cybersecurity risks are expected to increase, due to factors such as the increasing demand across the industry and customer expectations for continued expansion of services delivered over the Internet; increasing reliance on Internet-based products, applications and data storage; and changes in ways of working by the Barclays Bank Group's employees, contractors, and third party service providers and suppliers and their subcontractors as a long-term consequence of the COVID-19 pandemic. Bad actors have taken advantage of remote working practices and modified customer behaviours, exploiting the situation in novel ways that may elude defences. Additionally, geopolitical turmoil may serve to increase the risk of a cyberattack that could impact Barclays directly, or indirectly through its critical suppliers or national infrastructure. In 2022, the Barclays Bank Group faced a heightened risk of cyberattack as a result of the Russian invasion of Ukraine.

Common types of cyberattacks include deployment of malware to obtain covert access to systems and data; ransomware attacks that render systems and data unavailable through encryption and attempts to leverage business interruption or stolen data for extortion; novel or zero-day exploits; denial of service and distributed denial of service (DDoS) attacks; infiltration via business email compromise; social engineering, including phishing, vishing and smishing; automated attacks using botnets; third-party customer, vendor, service provider and supplier account take-over; malicious activity facilitated by an insider; and credential validation or stuffing attacks using login and password pairs from unrelated breaches. A successful cyberattack of any type has the potential to cause serious harm to the Barclays Bank Group or its clients and customers, including exposure to potential contractual liability, claims, litigation, regulatory or other government action, loss of existing or potential customers, damage to the Barclays Bank Group's brand and reputation, and other financial loss. The impact of a successful cyberattack also is likely to include operational consequences (such as unavailability of services, networks, systems, devices or data) remediation of which could come at significant cost.

Regulators worldwide continue to recognise cybersecurity as an increasing systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience to, cyberattacks. A successful cyberattack may, therefore, result in significant regulatory fines on the Barclays Bank Group. In addition, any new regulatory measures introduced to mitigate these risks are likely to result in increased technology and compliance costs for the Barclays Bank Group.

For further details on the Barclays Bank Group's approach to cyberattacks, see the operational risk performance section. For further details on cybersecurity regulation applicable to the Barclays Bank Group, refer to the Supervision and regulation section.

#### c) New and emergent technology

Technology is fundamental to the Barclays Bank Group's business and the financial services industry. Technological advancements present opportunities to develop new and innovative ways of doing business across the Barclays Bank Group, with new solutions being developed both in-house and in association with third-party companies. For example, payment services and securities, futures and options trading are increasingly occurring electronically, both on the Barclays Bank Group's own systems and through other alternative systems, and becoming automated. Whilst increased use of electronic payment and trading systems and direct electronic access to trading markets could significantly reduce the Barclays Bank Group's cost base, it may, conversely, reduce the commissions, fees and margins made by the Barclays Bank Group on these transactions which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

# Risk review

## Material existing and emerging risks

Introducing new forms of technology, however, has the potential to increase inherent risk. Failure to evaluate, actively manage and closely monitor risk during all phases of business development and implementation could introduce new vulnerabilities and security flaws and have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

### d) External fraud

The nature of fraud is wide-ranging and continues to evolve, as criminals seek opportunities to target the Barclays Bank Group's business activities and exploit changes in customer behaviour and product and channel use (such as the increased use of digital products and enhanced online services) or exploit new products. Fraud attacks can be very sophisticated and are often orchestrated by organised crime groups who use various techniques to target customers and clients directly to obtain confidential or personal information that can be used to commit fraud. The impact from fraud can lead to customer detriment, financial losses (including the reimbursement of losses incurred by customers), loss of business, missed business opportunities and reputational damage, all of which could have a material adverse impact on the Barclays Bank Group's business, results of operations, financial condition and prospects.

### e) Data management and information protection

The Barclays Bank Group holds and processes large volumes of data, including personal information, financial data and other confidential information, and the Barclays Bank Group's businesses are subject to complex and evolving laws and regulations governing the privacy and protection of data, including Regulation (EU) 2016/679 (General Data Protection Regulation as it applies in the EU and the UK). This data could relate to: (i) the Barclays Bank Group's clients, customers, prospective clients and customers, and their employees; (ii) clients and customers of the Barclays Bank Group's clients and customers, and their employees; (iii) the Barclays Bank Group's suppliers, counterparties and other external parties, and their employees; and (iv) the Barclays Bank Group's employees and prospective employees.

The international nature of both the Barclays Bank Group's business and its IT infrastructure also means that data and personal information may be available in countries other than those from where the information originated. Accordingly, the Barclays Bank Group must ensure that its collection, use, transfer and storage of data, including personal information complies with all applicable laws and regulations in all relevant jurisdictions, which could: (i) increase the Barclays Bank Group's compliance and operating costs; (ii) impact the development of new products or services, or the offering of existing products or services; (iii) affect how products and services are offered to clients and customers; (iv) demand significant oversight by the Barclays Bank Group's management; and (v) require the Barclays Bank Group to review some elements of the structure of its businesses, operations and systems in less efficient ways.

Concerns regarding the effectiveness of the Barclays Bank Group's measures to safeguard data, including personal information, or even the perception that those measures are inadequate, could expose the Barclays Bank Group to the risk of loss or unavailability of data or data integrity issues and/or cause the Barclays Bank Group to lose existing or potential clients and customers, and thereby reduce the Barclays Bank Group's revenues. Furthermore, any failure or perceived failure by the Barclays Bank Group to comply with applicable privacy or data protection laws and regulations may subject it to potential contractual liability, claims, litigation, regulatory or other government action (including significant regulatory fines) and require changes to certain operations or practices which could also inhibit the Barclays Bank Group's development or marketing of certain products or services, or increase the costs of offering them to customers. Any of these events could damage the Barclays Bank Group's reputation, subject the Barclays Bank Group to material fines or other monetary penalties, make the Barclays Bank Group liable to the payment of compensatory damages, divert management's time and attention, lead to enhanced regulatory oversight and otherwise materially adversely affect its business, results of operations, financial condition and prospects.

For further details on data protection regulation applicable to the Barclays Bank Group, refer to the supervision and regulation section.

### f) Algorithmic trading

In some areas of the investment banking business, trading algorithms are used to price and risk manage client and principal transactions. An algorithmic error could result in erroneous or duplicated transactions, a system outage, or impact the Barclays Bank Group's pricing abilities, which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition, prospects and reputation.

### g) Processing errors

The Barclays Bank Group's businesses are highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex and occur at high volumes and frequencies, across numerous and diverse markets in many currencies. As the Barclays Bank Group's customer base and geographical reach expand and the volume, speed, frequency and complexity of transactions, especially electronic transactions (as well as the requirements to report such transactions on a real-time basis to clients, regulators and exchanges) increase, developing, maintaining and upgrading operational systems and infrastructure becomes more challenging, and the risk of systems or human error in connection with such transactions increases, as well as the potential consequences of such errors due to the speed and volume of transactions involved and the potential difficulty associated with discovering errors quickly enough to limit the resulting consequences. Furthermore, events that are wholly or partially beyond the Barclays Bank Group's control, such as a spike in transaction volume, could adversely affect the Barclays Bank Group's ability to process transactions or provide banking and payment services.

Processing errors could result in the Barclays Bank Group, among other things: (i) failing to provide information, services and liquidity to clients and counterparties in a timely manner; (ii) failing to settle and/or confirm transactions; (iii) causing funds transfers, capital markets trades and/or other transactions to be executed erroneously, illegally or with unintended consequences; and (iv) adversely affecting financial, trading or currency markets. Any of these events could materially disadvantage the Barclays Bank Group's customers, clients and counterparties (including them suffering financial loss) and/or result in a loss of confidence in the Barclays Bank Group which, in turn, could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

### h) Supplier exposure

The Barclays Bank Group depends on suppliers for the provision of many of its services and the development of technology. Whilst the Barclays Bank Group depends on suppliers, it remains fully accountable to its customers and clients for risks arising from the actions of suppliers and may not be able to recover from its suppliers any amounts paid to customers and clients for losses suffered by them. The dependency on suppliers and sub-contracting of outsourced services introduces concentration risk where the failure of specific suppliers could have an impact on the Barclays Bank Group's ability to

# Risk review

## Material existing and emerging risks

continue to provide material services to its customers. Failure to adequately manage supplier risk could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

### i) Estimates and judgements relating to critical accounting policies and regulatory disclosures

The preparation of financial statements requires the application of accounting policies and judgements to be made in accordance with IFRS. Regulatory returns and capital disclosures are prepared in accordance with the relevant capital reporting requirements and also require assumptions and estimates to be made. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements, include credit impairment provisions, taxes, fair value of financial instruments, pensions and post-retirement benefits, and provisions including conduct and legal, competition and regulatory matters (refer to the notes to the audited financial statements for further details). There is a risk that if the judgement exercised, or the estimates or assumptions used, subsequently turn out to be incorrect, this could result in material losses to the Barclays Bank Group, beyond what was anticipated or provided for. Further development of accounting standards and regulatory interpretations could also materially impact the Barclays Bank Group's results of operations, financial condition and prospects.

### j) Tax risk

The Barclays Bank Group is required to comply with the domestic and international tax laws and practice of all countries in which it has business operations. There is a risk that the Barclays Bank Group could suffer losses due to additional tax charges, other financial costs or reputational damage as a result of failing to comply with such laws and practice (including where the Barclays Bank Group's interpretation of such laws differs from the interpretation of tax authorities), or by failing to manage its tax affairs in an appropriate manner, with much of this risk attributable to the international structure of the Barclays Bank Group. In addition, the introduction of new international tax regimes, increasing tax authority focus on reporting and disclosure requirements around the world as well as the digitisation of the administration of tax have the potential to increase the Barclays Bank Group's tax compliance obligations further. The OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting has announced plans to introduce a global minimum tax from 2023. UK legislation to implement these rules is expected to apply to the Barclays Bank Group from 1 January 2024 which will increase the Barclays Bank Group's tax compliance obligations. In addition, the US enacted the Inflation Reduction Act in August 2022 which introduced a corporate alternative minimum tax on adjusted financial statement income effective from 1 January 2023. These new tax regimes may require systems and process changes. Any systems and process changes introduce additional operational risk.

### k) Ability to hire and retain appropriately qualified employees

As a regulated financial institution, the Barclays Bank Group requires diversified and specialist skilled colleagues. The Barclays Bank Group's ability to attract, develop and retain a diverse mix of talent is key to the delivery of its core business activity and strategy. This is impacted by a range of external and internal factors, such as macroeconomic factors, labour and immigration policy in the jurisdictions in which the Barclays Bank Group operates, industry-wide headcount reductions in particular sectors, regulatory limits on compensation for senior executives and the potential effects on employee engagement and wellbeing from long-term periods of working remotely. Failure to attract or prevent the departure of appropriately qualified and skilled employees could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects. Additionally, this may result in disruption to service which could in turn lead to customer detriment and reputational damage.

For further details on the Barclays Bank Group's approach to operational risk, refer to the operational risk management and operational risk performance sections.

### vi) Model risk

Model risk is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. The Barclays Bank Group 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, calculating RWAs and assessing capital adequacy, supporting new business acceptance, risk and reward evaluation, managing client assets, and meeting reporting requirements.

Models are, by their nature, imperfect representations of reality and have some degree of uncertainty because they rely on assumptions and inputs, and so are subject to intrinsic uncertainty, errors and inappropriate use affecting the accuracy of their outputs. This may be exacerbated when dealing with unprecedented scenarios, as was the case during the COVID-19 pandemic, due to the lack of reliable historical reference points and data. For instance, the quality of the data used in models across the Barclays Bank Group has a material impact on the accuracy and completeness of its risk and financial metrics. Model uncertainty, errors and inappropriate use may result in (among other things) the Barclays Bank Group making inappropriate business decisions and/or inaccuracies or errors in the Barclays Bank Group's risk management and regulatory reporting processes. This could result in significant financial loss, imposition of additional capital requirements, enhanced regulatory supervision and reputational damage, all of which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

For further details on the Barclays Bank Group's approach to model risk, refer to the model risk management and model risk performance sections.

### vii) Conduct risk

Conduct risk is the risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Barclays Bank Group's products and services. This risk could manifest itself in a variety of ways, including:

#### a) Market conduct

The Barclays Bank Group's businesses are exposed to risk from potential non-compliance with its policies and standards and instances of wilful and negligent misconduct by employees, all of which could result in potential customer and client detriment, enforcement action (including regulatory fines and/or sanctions), increased operation and compliance costs, redress or remediation or reputational damage which in turn could have a material adverse effect on the Barclays Bank Group's business, financial condition and prospects. Examples of employee misconduct which could have a material adverse effect on the Barclays Bank Group's business include: (i) improperly selling or marketing the Barclays Bank Group's products and services; (ii) engaging in insider trading, market manipulation or unauthorised trading; or (iii) misappropriating confidential or proprietary information belonging to the Barclays Bank Group, its customers or third parties. These risks may be exacerbated in circumstances where the Barclays Bank Group is unable to rely on physical oversight and supervision of employees, noting the move to a hybrid working model for many colleagues.

# Risk review

## Material existing and emerging risks

### b) Customer protection

The Barclays Bank Group must ensure that its customers, particularly those that are vulnerable, are able to make well-informed decisions on how best to use the Barclays Bank Group's financial services and understand the protection available to them if something goes wrong. Poor customer outcomes can result from the failure to: (i) communicate fairly and clearly with customers; (ii) provide services in a timely and fair manner; (iii) handle and protect customer data appropriately; and (iv) undertake appropriate activity to address customer detriment, including the adherence to regulatory and legal requirements on complaint handling. The Barclays Bank Group is at risk of financial loss and reputational damage as a result.

A key area of focus is the implementation and embedment of the FCA's new Consumer Duty, with rules for products and services due to take effect at the end July 2023. This will impact areas including governance and accountability, Management Information and reporting, communications, product design and end-to-end customer journeys. The Barclays Bank Group may be required to incur significant additional expense in connection with this regulatory change.

### c) Product design and review risk

Products and services must meet the needs of clients, customers, markets and the Barclays Bank Group throughout their life cycle. However, there is a risk that the design and review of the Barclays Bank Group products and services fail to reasonably consider and address potential or actual negative outcomes for customers, which may result in customer detriment, enforcement action (including regulatory fines and/or sanctions), redress and remediation and reputational damage. Both the design and review of products and services are a key area of focus for regulators and the Barclays Bank Group.

### d) Financial crime

The Barclays Bank Group may be adversely affected if it fails to effectively mitigate the risk that third parties or its employees facilitate, or that its products and services are used to facilitate, financial crime (money laundering, terrorist financing, breaches of economic and financial sanctions, bribery and corruption, and the facilitation of tax evasion). UK and US government agencies and regulators continue to focus on combating financial crime. Failure to comply may lead to enforcement action by the Barclays Bank Group's regulators, including severe penalties, which may have a material adverse effect on the Barclays Bank Group's business, financial condition, prospects and reputation.

### e) Conflicts of interest

Identifying and managing conflicts of interest is fundamental to the conduct of the Barclays Bank Group's business, relationships with customers, and the markets in which the Barclays Bank Group operates. Understanding the conflicts of interest that impact or potentially impact the Barclays Bank Group enables them to be handled appropriately. Even if there is no evidence of improper actions, a conflict of interest can create an appearance of impropriety that undermines confidence in the Barclays Bank Group and its employees. If the Barclays Bank Group does not identify and manage conflicts of interest (business or personal) appropriately, it could have an adverse effect on the Barclays Bank Group's business, customers and the markets within which it operates.

### f) Regulatory focus on culture and accountability

Regulators around the world continue to emphasise the importance of culture and personal accountability and enforce the adoption of adequate internal reporting and whistleblowing procedures to help to promote appropriate conduct and drive positive outcomes for customers, colleagues, clients and markets. The requirements and expectations of the UK Senior Managers Regime, Certification Regime and Conduct Rules reinforce additional accountabilities for individuals across the Barclays Bank Group with an increased focus on governance and rigour, with similar requirements also introduced in other jurisdictions globally. Failure to meet these requirements and expectations may lead to regulatory sanctions, both for the individuals and the Barclays Bank Group.

For further details on the Barclays Bank Group's approach to conduct risk, refer to the conduct risk management and conduct risk performance sections.

### viii) Reputation risk

Reputation risk is the risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Barclays Bank Group's integrity and/or competence.

Any material lapse in standards of integrity, compliance, customer service or operating efficiency may represent a potential reputation risk. Stakeholder expectations constantly evolve, and so reputation risk is dynamic and varies between geographical regions, groups and individuals. A risk arising in one business area can have an adverse effect upon the Barclays Bank Group's overall reputation and any one transaction, investment or event (in the perception of key stakeholders) can reduce trust in the Barclays Bank Group's integrity and competence. The Barclays Bank Group's association with sensitive topics and sectors has been, and in some instances continues to be, an area of concern for stakeholders, including: (i) the financing of, and investments in, businesses which operate in sectors that are sensitive because of their relative carbon intensity or local environmental impact; (ii) potential association with human rights violations (including combating modern slavery) in the Barclays Bank Group's operations or supply chain and by clients and customers; and (iii) the financing of businesses which manufacture and export military and riot control goods and services.

Reputation risk could also arise from negative public opinion about the actual, or perceived, manner in which the Barclays Bank Group (including its employees, clients and other associations) conducts its business activities, or the Barclays Bank Group's financial performance, as well as actual or perceived practices in banking and the financial services industry generally. Modern technologies, in particular online social media channels and other broadcast tools that facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and accelerate the distribution and effect of damaging information and allegations. Negative public opinion may adversely affect the Barclays Bank Group's ability to retain and attract customers, in particular, corporate and retail depositors, and to retain and motivate staff, and could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

In addition to the above, reputation risk has the potential to arise from operational issues or conduct matters which cause detriment to customers, clients, market integrity, effective competition or the Barclays Bank Group (refer to 'v) Operational risk' above).

# Risk review

## Material existing and emerging risks

For further details on the Barclays Bank Group's approach to reputation risk, refer to the reputation risk management and reputation risk performance sections.

### ix) Legal risk and legal, competition and regulatory matters

The Barclays Bank Group conducts activities in a highly regulated global market which exposes it and its employees to legal risk arising from: (i) the multitude of laws and regulations that apply to the businesses it operates, which are highly dynamic, may vary between jurisdictions and/or conflict, and may be unclear in their application to particular circumstances especially in new and emerging areas; and (ii) the diversified and evolving nature of the Barclays Bank Group's businesses and business practices. In each case, this exposes the Barclays Bank Group and its employees to the risk of loss or the imposition of penalties, damages or fines from the failure of members of the Barclays Bank Group to meet their respective obligations, including legal, regulatory or contractual requirements. Legal risk may arise in relation to any number of the material existing and emerging risks identified above.

A breach of applicable legislation and/or regulations by the Barclays Bank Group or its employees could result in criminal prosecution, regulatory censure, potentially significant fines and other sanctions in the jurisdictions in which the Barclays Bank Group operates. Where clients, customers or other third parties are harmed by the Barclays Bank Group's conduct, this may also give rise to civil legal proceedings, including class actions. Other legal disputes may also arise between the Barclays Bank Group and third parties relating to matters such as breaches or enforcement of legal rights or obligations arising under contracts, statutes or common law. Adverse findings in any such matters may result in the Barclays Bank Group being liable to third parties or may result in the Barclays Bank Group's rights not being enforced or not being enforced in the manner intended or desired by the Barclays Bank Group.

Details of legal, competition and regulatory matters to which the Barclays Bank Group is currently exposed are set out in Note 25. In addition to matters specifically described in Note 25, the Barclays Bank Group is engaged in various other legal proceedings which arise in the ordinary course of business. The Barclays Bank Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Barclays Bank Group is, or has been, engaged and may (from time to time) be subject to legal proceedings and other investigations relating to financial and non-financial disclosures made by members of the Barclays Bank Group (including, but not limited to, in relation to ESG disclosures). Additionally, due to the increasing number of new climate and sustainability-related laws and regulations (or laws and regulatory processes seeking to protect the energy sector from any risks of divestment or challenges in accessing finance), growing demand from investors and customers for environmentally sustainable products and services, and regulatory scrutiny, financial institutions, including the Barclays Bank Group, may through their business activities face increasing litigation, conduct, enforcement and contract liability risks related to climate change, environmental degradation and other social, governance and sustainability-related issues. Furthermore, there is a risk that shareholders, campaign groups, customers and other interest groups could seek to take legal action against the Barclays Bank Group for financing or contributing to climate change and environmental degradation.

The outcome of legal, competition and regulatory matters, both those to which the Barclays Bank Group is currently exposed and any others which may arise in the future, is difficult to predict (and any provision made in the Barclays Bank Group's financial statements relating to those matters may not be sufficient to cover actual losses). In connection with such matters, the Barclays Bank Group may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Barclays Bank Group to any of the following outcomes: substantial monetary damages, settlements and/or fines; remediation of affected customers and clients; other penalties and injunctive relief; additional litigation; criminal prosecution; the loss of any existing agreed protection from prosecution; regulatory restrictions on the Barclays Bank Group's business operations including the withdrawal of authorisations; increased regulatory compliance requirements or changes to laws or regulations; suspension of operations; public reprimands or censure; loss of significant assets or business; a negative effect on the Barclays Bank Group's reputation; loss of confidence by investors, counterparties, clients and/or customers; risk of credit rating agency downgrades; potential negative impact on the availability and/or cost of funding and liquidity; and/or dismissal or resignation of key individuals. In light of the uncertainties involved in legal, competition and regulatory matters, there can be no assurance that the outcome of a particular matter or matters (including formerly active matters or those arising after the date of this Annual Report) will not have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

# Risk review

## Principal risk management

### Climate risk

The impact on Financial and Operational Risks arising from climate change through, physical risks, risks associated with transitioning to a lower carbon economy and connected risks arising as a result of second order impacts of these two drivers on portfolios.

#### Overview

Given the risks associated with climate change, and to support the Barclays Group’s ambition to be a net zero bank by 2050, climate risk became a Principal Risk in January 2022. To support the embedment of the Principal Risk, in 2022 the Barclays Group delivered a Climate Risk Plan with three overarching objectives:

1. Governance Framework: Establish a Climate Risk Committee (CRC), a Climate Risk Controls Forum, and refresh the Board Risk Committee reporting.
2. Scenario Analysis: Build out the vision and plan for undertaking scenario analysis exercises. This involved developing a climate scenario analysis framework.
3. Carbon Modelling: Expand the BlueTrack™ model for measuring and tracking financed emissions to cover our automobiles and residential real estate portfolios, in addition to energy, power, cement and steel.

#### Organisation and Structure

On behalf of the Barclays PLC Board, the Barclays PLC Board Risk Committee reviews and approves the Barclays Group’s approach to managing the financial and operational risks associated with climate change. Reputation risk is the responsibility of the Barclays PLC Board, which directly handles the most material issues facing the Barclays Group. Broader sustainability matters and other reputation risk issues associated with climate change are coordinated by the Sustainability team. The Barclays Group Head of Climate Risk reports directly to Group Chief Risk Officer.

The Barclays Group Risk Committee (‘GRC’) is the most senior executive body responsible for review and challenge of risk practices and risk profile, for climate risk and other principal risk types. To support the oversight of Barclays Group climate risk profile, a Climate Risk Committee (CRC) has been established, as a sub-committee of GRC. Authority of the CRC is delegated by the GRC.

CRC is chaired by Head of Climate Risk. CRC has reviewed and approved a range of updates including a refreshed Climate Risk Vision, updates from each of the financial and operational risks and from the material legal entities of the Barclays, along with key regulatory, policy and legal themes, the risk register and appetite statement and constraint, and reviewed the control environment.

The Climate Risk Control Forum (CRCF) was established in July 2022 and escalates to GRC via the Group Controls Committee. The purpose of the CRCF is to oversee the consistent and effective implementation and operation of the Barclays Controls Framework as relating to Climate risk. It reviews the control environment relating to Climate risk, including risk events, policy and issues management. Climate risk assurance groups have been established and are responsible for performing Climate risk specific reviews to ensure we are continually improving and addressing identified issues in our risk practices.

Barclays entities, namely Barclays Bank UK PLC, Barclays Bank PLCI, Barclays Bank Ireland PLC and the US Intermediate Holding Company, also continued to implement climate risk within their frameworks, where Heads of Climate Risk have been appointed.



The elevation of climate risk to Principal Risk included establishing the following:

- A Climate Risk Framework that defines climate risk and summarises the approach to identification, measurement, monitoring and reporting of climate risk.
- Climate Risk Appetite and constraint at Barclays Group level established in line with the Barclays Group’s risk appetite approach and informed by scenario analysis.



# Risk review

## Principal risk management

- A Climate Risk Register is used to inform risk appetite. This includes a breakdown of key risk drivers for physical and transition risks, and materiality ratings which are inferred from the results of the 2020 climate Internal Stress Test and the 2021 Bank of England’s Climate Biennial Exploratory Scenario (CBES). The Climate Risk Register continues to align with the Barclays Group’s Risk Register Taxonomy.

Climate Risk across Financial and Operational Risks is managed via a Climate Change Financial Risk and Operational Risk Policy (CCFOR), which is embedded in each of the Financial and Operational Principal Risk Frameworks.

Climate Risk across Model, Conduct, Reputation and Legal Principal Risks are out of the scope of the CRF and continue to be managed under their respective Principal Risk Frameworks.

The table below sets out how Climate Risk is integrated across Barclays using the ERMF aligned Climate Risk Framework, CCFOR and the Climate Change Standard.

Governance	Enterprise Risk Framework (ERMF)	
	Climate Risk Framework (CRF)	Reputation Risk Management Framework (RRMF)
	Board Risk Committee (BRC)	Board
Risk	Credit, market, treasury & capital and operational risks	Sustainability matters and reputation risk associated with climate change
Ownership	Group Risk Committee (GRC)	Global Head of Public Policy and Corporate Responsibility
	Climate Risk Committee (CRC)	

### Risk appetite

In 2022, as part of establishing a principal risk, Barclays defined a risk appetite statement and constraint for climate risk. The statement outlines that Barclays views climate change as a driver of financial and operational risk. Barclays has appetite to manage climate risk in line with its climate ambition and to reduce financed emissions in line with disclosed targets. Targets to 2025 are set for energy and power. Targets to 2030 are set for energy, power, cement and steel. In 2023, a target for auto manufacturing will also be set.

An assessment of progress to reduce financed emissions against the disclosed targets was made. It noted that reaching even the lower emissions reduction in the disclosed ranges may prove challenging and that a clearer forward plan be defined to set out the range of management actions that could be taken to meet the disclosed target ranges, including a more detailed understanding of client transition expectations and the external dependencies and variables beyond Barclays control that may determine the pace of transition. For more detail on Barclays disclosed targets see Climate and Sustainability Risk section of the Barclays PLC Annual Report 2022.

# Risk review

## Principal risk management

Enterprise Risk Management Framework (ERMF)						
Climate Risk Framework						
	Climate Change Financial Risk and Operational Risk Policy				Climate Change Standard	
	Climate Risk	Credit Risk	Market Risk	Treasury and Capital Risk	Operational Risk	Reputation Risk
<b>Responsibilities</b>	Provide climate horizon scanning information and emerging trends to BRC and Principal Risk Leads	Monitor portfolio level exposure to the physical and transition risks of climate change	Identify and Assess climate-related risk factors	Identify exposure to climate risk	Integrate climate change across different risk categories, e.g. Operational Recovery Planning and Premises	Outline minimum requirements and controls for Reputation Risk management relating to client relationships or transactions
	Recommend risk appetite statement, constraints and exclusions to BRC	Review individual obligors' exposure to climate risk via the Climate Lens questionnaire	Apply stress scenarios, assess stress losses and set risk limits	Consider key risk indicators and limits to support risk management	Include climate change within risk assessment processes including Strategic Risk Assessment	Outline the expected business behaviours in relation to these issues
	Define areas of concern and recommend scenario analysis priorities	Assess climate risk within Sovereign Credit Risk reviews	Oversight by Market Risk Committee and Board Risk Committee	Include in ICAAP and Internal Liquidity Adequacy Assessment Process (ILAAP)		Outline the approach to enhanced due diligence.
	Lead the development of climate-specific risk methodologies	Include material exposures to climate risk within the Internal Capital Adequacy Assessment Process (ICAAP)		Oversight by Treasury & Capital Risk Committee and Board Risk Committee		
	Interpret stress test results for relevance as drivers of risk					
	Review and challenge risk type approaches and support consistency across risk types					
	Aggregate and monitor a central climate risk view across in scope risk types					
<b>Ownership</b>	Climate Risk Accountable Officer	Credit Risk Accountable Officer	Market Risk Accountable Officer	Treasury & Capital Risk Accountable Officer	Operational Risk Accountable Officer	Group Head of Sustainability

# Risk review

## Principal risk management

### Climate-related Risk Management Processes

	Credit Risk	Market Risk	Treasury and Capital Risk	Operational Risk
Frequency of assessment	Annually	Quarterly	Various (quarterly for pensions, IRRBB and liquidity risk; annually for capital risk)	Annually
Risk identification	Exposure in mortgage portfolio identified through a concentration risk framework.  Exposure in Barclays Bank Group identified as part of sovereign, portfolio and obligor credit annual reviews.	Identified by assessing climate-related risk factors across asset classes, sectors and geographies, and aggregating market risk exposures from climate-related risks.	Identified through risk assessment activity across certain industries and asset classes to analyse and assess exposures which may be impacted by climate-related risks.	Confirmed operational risks associated with climate change are included in the Barclays Group's Operational Risk Taxonomy. Climate risks are included within the Strategic Risk Assessment process.
Risk assessment	Portfolios are monitored through regular reporting of climate metrics and are assessed against mandates and limits where appropriate. Clients in elevated risk sectors above a threshold exposure will have their credit risk exposure to Climate Risk qualitatively assessed through the Credit Climate Lens questionnaire. Future exposure to Climate Risk as a driver to Credit Risk is quantified through scenario analysis and stress testing exercises. In addition to the Credit Climate Lens questionnaire, Sovereign Credit Reviews are also carried out for Sovereigns above a threshold exposure to assess their susceptibility to Climate risks.	Measured by using adverse multi-asset stress scenarios applied to individual risk factors reflecting climate change risks across sectors, countries and regions.	Measured as part of stress testing and key risk indicator monitoring	Established reporting on internal and external climate-related risk events to the Climate Risk Control Forum. Risk tolerances for premises and resilience risks are reviewed so these adequately capture climate-related risk drivers.

### Credit risk management (audited)

The risk of loss to the Barclays Bank Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Barclays Bank Group, including the whole and timely payment of principal, interest, collateral and other receivables.

#### Overview

The credit risk that the Barclays Bank Group faces arises from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts with clients; trading activities, including: debt securities, settlement balances with market counterparties, FVOCI (fair value through other comprehensive income) assets and reverse repurchase loans.

#### Credit risk management objectives are to:

- maintain a framework of controls to oversee credit risk
- identify, assess and measure credit risk clearly and accurately across the Barclays Bank Group and within each separate business, from the level of individual facilities up to the total portfolio
- control and plan credit risk taking in line with external stakeholder expectations and avoiding undesirable concentrations
- monitor credit risk and adherence to agreed controls.

#### Organisation, roles and responsibilities

The first line of defence has primary responsibility for managing credit risk within the risk appetite and limits set by the Risk function, supported by a defined set of policies, standards and controls. In the Barclays Bank Group, business risk committees (attended by the first line) monitor and review the credit risk profile of each business unit where the most material issues are escalated to the Retail Credit Risk Management Committee, Wholesale Credit Risk Management Committee and the Barclays Group Risk Committee.

Wholesale and retail portfolios are managed separately to reflect the differing nature of the assets; wholesale balances tend to be larger and are managed on an individual basis, while retail balances are greater in number but lesser in value and are, therefore, managed in aggregated segments.

The responsibilities of the credit risk management teams in the businesses, the sanctioning team and other shared services include: sanctioning new credit agreements (principally wholesale); setting strategies for approval of transactions (principally retail); setting risk appetite; monitoring risk against limits and other parameters; setting recession readiness frameworks to protect portfolios in the event of economic stress, maintaining robust processes,

# Risk review

## Principal risk management

data gathering, quality, storage and reporting methods for effective credit risk management; performing effective turnaround and workout scenarios for wholesale portfolios via dedicated restructuring and recoveries teams; maintaining robust collections and recovery processes/units for retail portfolios. The credit risk management teams in the Barclays Bank Group are accountable to the Barclays Bank PLC CRO, who reports to the Barclays Group CRO.

For wholesale portfolios, credit risk managers are organised in sanctioning teams by geography, industry and/or product. In wholesale portfolios, credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers assigned the higher levels of delegated authority. The largest credit exposures, which are outside the Risk Sanctioning Unit or Risk Distribution Committee authority, require the support of the Barclays Bank PLC Senior Credit Officers. For exposures in excess of the Barclays Bank PLC Senior Credit Officers' authority, approval by the Barclays Group Senior Credit Officer/Barclays PLC Board Risk Committee is also required. The Barclays Group Credit Risk Committee, attended by the Barclays Bank PLC Senior Credit Officers, provides a formal mechanism for the Barclays Group Senior Credit Officer to exercise the highest level of credit authority over the most material Barclays Group single name exposures.

### Credit risk mitigation

The Barclays Bank Group employs a range of techniques and strategies to actively mitigate credit risks. These can broadly be divided into three types:

- netting and set-off
- collateral
- risk transfer.

#### Netting and set-off

Credit risk exposures can be reduced by applying netting and set-off. For derivative transactions, the Barclays Bank Group's normal practice is to enter into standard master agreements with counterparties (e.g. ISDAs). These master agreements typically allow for netting of credit risk exposure to a counterparty resulting from derivative transactions against the obligations to the counterparty in the event of default, and so produce a lower net credit exposure. These agreements may also reduce settlement exposure (e.g. for foreign exchange transactions) by allowing payments on the same day in the same currency to be set-off against one another.

#### Collateral

The Barclays Bank Group has the ability to call on collateral in the event of default of the counterparty, comprising:

- **home loans:** a fixed charge over residential property in the form of houses, flats and other dwellings
- **wholesale lending:** a fixed charge over commercial property and other physical assets, in various forms
- **other retail lending:** includes charges over motor vehicles and other physical assets; second lien charges over residential property and finance lease receivables
- **derivatives:** the Barclays Bank Group also often seeks to enter into a margin agreement (e.g. Credit Support Annex) with counterparties with which the Barclays Bank Group has master netting agreements in place. These annexes to master agreements provide a mechanism for further reducing credit risk, whereby collateral (margin) is posted on a regular basis (typically daily) to collateralise the mark to market exposure of a derivative portfolio measured on a net basis.
- **reverse repurchase agreements:** collateral typically comprises highly liquid securities which have been legally transferred to the Barclays Bank Group subject to an agreement to return them for a fixed price
- **financial guarantees and similar off-balance sheet commitments:** cash collateral may be held against these arrangements.

#### Risk transfer

A range of instruments including guarantees, credit insurance, credit derivatives and securitisation can be used to transfer credit risk from one counterparty to another. These mitigate credit risk in two main ways:

- if the risk is transferred to a counterparty which is more creditworthy than the original counterparty, then overall credit risk is reduced
- where recourse to the first counterparty remains, both counterparties must default before a loss materialises. This is less likely than the default of either counterparty individually so credit risk is reduced.

## Market risk management (audited)

The risk of loss arising from potential adverse changes in the value of the Barclays Bank Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

### Overview

Market risk arises primarily as a result of client facilitation in wholesale markets, involving market making activities, risk management solutions and execution of syndications. Upon execution of a trade with a client, the Barclays Bank Group will look to hedge against the risk of the trade moving in an adverse direction. Mismatches between client transactions and hedges result in market risk due to changes in asset prices, volatility or correlations.

### Organisation, roles and responsibilities

Market risk in the businesses resides primarily in CIB and Treasury. These businesses have the mandate to assume market risk. The front office and Treasury trading desks are responsible for managing market risk on a day-to-day basis, where they are required to understand and adhere to all limits applicable to their businesses. The Market Risk team supports the trading desks with the day-to-day limit management of market risk exposures through governance processes which are outlined in supporting market risk policies and standards.

Market risk oversight and challenge is provided by business committees and Barclays Group committees, including the Market Risk Committee (MRC).

# Risk review

## Principal risk management

The objectives of market risk management are to:

- identify, understand and control market risk by robust measurement, limit setting, reporting and oversight
- facilitate business growth within a controlled and transparent risk management framework
- control market risk in the businesses according to the allocated appetite.

To meet the above objectives, a governance structure is in place to manage these risks consistent with the ERMF.

The Barclays Bank PLC Board Risk Committee recommends market risk appetite to the Barclays Bank PLC Board for their approval, within the parameters set by the Barclays PLC Board.

The Market Risk Committee (MRC) reviews and makes recommendations concerning the Barclays Group-wide market risk profile. This includes overseeing the operation of the Market Risk Framework and associated policies and standards, monitoring market and regulatory changes, and reviewing limit utilisation levels. The committee is chaired by the Market Risk Principal Risk Lead and attendees include the business heads of market risk and business aligned market risk managers.

In addition to MRC, the Corporate and Investment Bank Risk Committee (CIBRC) is the main forum in which market risk exposures are discussed and reviewed with senior business heads. The Committee is chaired by the CRO of Barclays International and meets weekly, covering current market events, notable market risk exposures, and key risk topics. New business initiatives are generally socialised at CIBRC before any changes to risk appetite or associated limits are considered in other governance committees.

### Management value at risk (VaR)

VaR is an estimate of the potential loss arising from unfavourable market movements if the current positions were to be held unchanged for one business day. For internal market risk management purposes, a historical simulation methodology with a one-year equally weighted historical period, at the 95% confidence level is used for all trading books and some banking books.

Limits are applied at the total level as well as by risk factor type, which are then cascaded down to particular trading desks and businesses by the market risk management function.

See page 86 for a review of management VaR.

## Treasury and capital risk management

This comprises:

**Liquidity risk:** The risk that the Barclays Bank Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

**Capital risk:** The risk that the Barclays Bank Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the Barclays Bank Group's pension plans.

**Interest rate risk in the banking book:** The risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

The Treasury function manages treasury and capital risk exposure on a day-to-day basis, acting as the principal management body for the Barclays Bank Group. The Treasury and Capital Risk function is responsible for oversight and provides insight into key capital, liquidity, interest rate risk in the banking book (IRRBB) and pension risk management activities.

### Liquidity risk management (audited)

#### Overview

The efficient management of liquidity is essential to Barclays Bank PLC in order to retain the confidence of the financial markets and maintain the sustainability of the business. Treasury and Capital Risk have created a framework that is used to manage all liquidity risk exposures under both normal and stressed conditions. The framework is designed to maintain liquidity resources that are sufficient in amount, tenor, quality and composition to remain within the liquidity risk appetite as expressed by the Barclays Bank PLC Board. The liquidity risk appetite is monitored against both internal and regulatory liquidity metrics.

#### Organisation, roles and responsibilities

Treasury has the primary responsibility for managing liquidity risk within the set risk appetite. Both Risk and Treasury contribute to the production of the Internal Liquidity Adequacy Assessment Process (ILAAP). The Treasury and Capital Risk function is responsible for the management and governance of the liquidity risk mandate, as defined by the Barclays Bank PLC Board.

The framework established by Treasury and Capital Risk is designed to deliver the appropriate term and structure of funding, consistent with the liquidity risk appetite set by the Barclays Bank PLC Board. The framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Barclays Bank PLC balance sheet, contingent liabilities and recovery plan. Limit setting and transfer pricing are tools that are designed to control the level of liquidity risk taken and drive the appropriate mix of funds. Adherence to limits reduces the likelihood that a liquidity stress event could lead to an inability to meet the Barclays Bank Group's obligations as they fall due.

The Barclays Bank PLC Board approves the Barclays Bank PLC funding plan, internal stress tests, regulatory stress tests, recovery plan and liquidity risk appetite. Barclays Bank PLC's Treasury Committee is responsible for monitoring and managing liquidity risk in line with Barclays Bank PLC's funding management objectives, funding plan and risk appetite. The Barclays Group Treasury and Capital Risk Committee monitors and reviews the liquidity risk profile and control environment, providing second line oversight of the management of liquidity risk. The Barclays Bank PLC Board Risk Committee

# Risk review

## Principal risk management

reviews the risk profile, and reviews liquidity risk appetite at least annually and the impact of stress scenarios on Barclays Bank PLC's funding plan/forecast in order to agree risk appetite in line with Barclays Bank PLC's projected funding abilities.

### Capital risk management (audited)

#### Overview

Capital risk is managed through ongoing monitoring and management of the capital position, regular stress testing and a robust capital governance framework. The objectives of the framework are to maintain adequate capital for the Barclays Bank Group and its legal entities to withstand the impact of the risks that may arise under normal and stressed conditions, and maintain adequate capital to cover current and forecast business needs and associated risks to provide a viable and sustainable business offering.

#### Organisation, roles and responsibilities

Treasury has the primary responsibility for managing and monitoring capital adequacy. The Barclays Bank Group Treasury and Capital Risk function provides oversight of capital risk. Production of the Barclays Bank PLC Internal Capital Adequacy Assessment Process (ICAAP) is the responsibility of Treasury.

Capital risk management is underpinned by a control framework and policy. The capital management strategy, outlined in the relevant legal entity capital plans, is developed in alignment with the control framework and policy for capital risk, and is implemented consistently in order to deliver on the Barclays Bank Group's objectives, which are aligned to those of the Barclays Group.

The Barclays Bank PLC Board approves the Barclays Bank PLC capital plan, internal stress tests and results of regulatory stress tests and those of the relevant Barclays Bank Group entities. The Barclays PLC Board also approves the Barclays Group recovery plan which takes into account management actions identified at the Barclays Bank Group level. The Barclays Bank PLC Treasury Committee together with the Barclays Group Treasury Committee are responsible for monitoring and managing capital risk in line with Barclays Bank Group's capital management objectives, capital plan and risk frameworks. The BRC monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk.

For the relevant Barclays Bank Group subsidiaries, local management assures compliance with an entity's minimum regulatory capital requirements by reporting to local Asset and Liability Committees (or equivalents) with oversight by the Barclays Bank PLC Treasury Committee and the Barclays Group Treasury Committee, as required. In 2022, Barclays complied with all regulatory minimum capital requirements.

#### Pension risk

The Barclays Bank Group maintains a number of defined benefit pension schemes for past and current employees. The ability of schemes to meet pension payments is achieved with investments and contributions.

Pension risk arises because the market value of pension fund assets might decline; investment returns might reduce; or the estimated value of pension liabilities might increase. The Barclays Bank Group monitors the pension risks arising from its defined benefit pension schemes and works with the relevant pension fund's trustees to address shortfalls. In these circumstances the Barclays Bank Group could be required or might choose to make extra contributions to the pension fund. The Barclays Bank Group's main defined benefit scheme was closed to new entrants in 2012.

### Interest rate risk in the banking book management (IRRBB)

#### Overview

Interest rate risk in the banking book is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. As per the Barclays Bank Group's policy to remain within the defined risk appetite, hedging strategies are executed to mitigate the various IRRBB risks that result from these activities. However, the Barclays Bank Group remains susceptible to interest rate risk and other non-traded market risks from the following key sources:

- **Interest rate and repricing risk:** the risk that net interest income could be adversely impacted by a change in interest rates, differences in the timing of interest rate changes between assets and liabilities, and other constraints on interest rate changes as per product terms and conditions.
- **Customer behavioural risk:** the risk that net interest income could be adversely impacted by the discretion that customers and counterparties may have in respect of being able to vary from their contractual obligations with the Barclays Bank Group. This risk is often referred to by industry regulators as 'embedded option risk'.
- **Investment risks in the liquid asset portfolio:** the risk that the fair value of assets held in the liquid asset portfolio and associated risk management portfolios could be adversely impacted by market volatility, creating volatility in capital directly.

#### Organisation, roles and responsibilities

The Barclays Bank PLC Treasury Committee together with the Barclays Group Treasury Committee, are responsible for monitoring and managing IRRBB risk in line with the Barclays Bank Group's management objectives and risk frameworks. The BRC and Treasury and Capital Risk Committee monitors and reviews the IRRBB risk profile and control environment, providing second line oversight of the management of IRRBB. The BRC reviews the interest rate risk profile, including review of the risk appetite at least annually and the impact of stress scenarios on the interest rate risk of the Barclays Bank PLC's banking books.

In addition, the Barclays Bank Group's IRRBB policy sets out the processes and key controls required to identify all IRRBB risks arising from banking book operations, to monitor the risk exposures via a set of metrics with a frequency in line with the risk management horizon, and to manage these risks within agreed risk appetite and limits.

## Operational risk management

The risk of loss to the Barclays Bank Group from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.

### Overview

# Risk review

## Principal risk management

The management of operational risk has three key objectives:

- deliver an operational risk capability owned and used by business leaders to enable sound risk decisions over the long term
- provide the frameworks, policies and standards to enable management to meet their risk management responsibilities while the second line of defence provides robust, independent, and effective oversight and challenge
- deliver a consistent and aggregated measurement of operational risk that will provide clear and relevant insights, so that the right management actions can be taken to keep the operational risk profile consistent with the Barclays Bank Group's strategy, the stated risk appetite and stakeholder needs.

The Barclays Bank Group operates within a system of internal controls that enables business to be transacted and risk taken without exposing it to unacceptable potential losses or reputational damages.

### Organisation, roles and responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests within the business and functional units where the risk arises. The operational risk profile and control environment is reviewed by management through business risk committees and control committees. Operational risk issues escalated from these meetings are considered through the second line of defence review meetings. Depending on their nature, the outputs of these meetings are presented to the Operational Risk Profile Forum, the Operational Risk Committee, the Barclays Bank Risk Forum, the Barclays Bank PLC Board Risk Committee or the Barclays Bank PLC Board Audit Committee. In addition, specific reports are prepared by Operational Risk on a regular basis for the Barclays Bank Risk Forum, GRC and the BRC.

Businesses and functions are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks that may threaten the achievement of their objectives and the effectiveness of key controls, operational risk events and a review of scenarios.

The Barclays Group Head of Operational Risk is responsible for establishing, owning and maintaining an appropriate Barclays Group-wide Operational Risk Management Framework, meanwhile the Barclays Bank PLC Head of Operational Risk is responsible for overseeing the portfolio of operational risk across all Barclays Bank Group businesses.

The Operational Risk function acts in a second line of defence capacity, and is responsible for defining and overseeing the implementation of the framework and monitoring Barclays Bank Group's operational risk profile. The Operational Risk function alerts management when risk levels exceed acceptable tolerance in order to drive timely decision-making and actions by the first line of defence.

### Operational risk categories

Operational risks are grouped into risk categories to support effective risk management, measurement and reporting. These comprise: Data Management Risk; Financial Reporting Risk; Fraud Risk; Information Security Risk; Operational Recovery Planning Risk; Payments Process Risk; People Risk; Premises Risk; Physical Security Risk; Change Delivery Management Risk; Supplier Risk; Tax Risk; Technology Risk; and Transaction Operations Risk.

In addition to the above, operational risk encompasses the risk associated with compliance with Group Resolution Planning Prudential regulatory requirements.

### Connected risks

Barclays also recognises that there are certain threats/risk drivers which are interconnected and have the potential to impact the Barclays Bank Group's strategic objectives. These are referred to as Connected Risks and require an overarching and integrated risk management and / or reporting approach. The Barclays Bank Group's Connected Risks include Cyber, Data, Resilience and Third-Party Service Providers.

For definitions of the Barclays Bank Group's Operational Risk Categories and Connected Risks, refer to pages 165 to 166 of the Barclays PLC Pillar 3 Report 2022.

## Model risk management

The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.

### Overview

The Barclays Bank Group uses models to support a broad range of activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing, assessing capital adequacy, managing client assets, and meeting reporting requirements.

### Organisation, roles and responsibilities

The Barclays Group has a dedicated Model Risk Management (MRM) function that consists of five teams: (i) Independent Validation Unit (IVU), responsible for model validation and approval; (ii) Group Model Risk Governance, responsible for model risk governance, controls and reporting, as well as providing oversight for compliance of the Model Owner community with the Model Risk Framework; (iii) Framework team responsible for the Model Risk Policy and associated standards; (iv) Strategy and Transformation responsible for inventory, strategy, communications and business management; and (v) Model Risk Measurement and Quantification (MRMQ), responsible for the design of the framework and methodology to measure and, where possible, quantify model risk. It is also responsible for the strategic Validation Centre of Excellence (VCoE), which is an independent quality assurance function within MRM with the mandate to review and challenge validation outcomes.

The Model Risk Framework consists of the Model Risk Policy and standards. The policy prescribes the Barclays Group-wide, end-to-end requirements for the identification, measurement and management of model risk, covering model documentation, development, monitoring, annual review, independent validation and approval, change and reporting processes. The policy is supported by global standards covering model inventory, documentation, validation, testing and monitoring, overlays, risk appetite, and stress testing challenger models.

The function reports to the Barclays Group CRO and operates a global framework. Implementation of best practice standards is a central objective of the Barclays Group.

# Risk review

## Principal risk management

The key model risk management activities include:

- Correctly identifying models across all relevant areas of the Barclays Bank Group, and recording models in the Barclays Group Models Database (GMD), the Barclays Group-wide model inventory.
- Enforcing that every model has a model owner who is accountable for the model. The model owner must sign off models prior to submission to IVU for validation and maintain that the model presented to IVU is and remains fit for purpose.
- Overseeing that every model is subject to validation and approval by IVU, prior to being used and on a continual basis.
- Defining model risk appetite in terms of risk tolerance, and qualitative metrics which are used to track and report model risk.

### Conduct risk management

The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Barclays Bank Group's products and services.

#### Overview

The Barclays Bank Group defines, manages and mitigates conduct risk with the objective of providing good customer and client outcomes and protecting market integrity.

Conduct risk incorporates market integrity, customer protection, financial crime and product design and review risks.

#### Organisation, roles and responsibilities

The Conduct Risk Management Framework (CRMF) outlines how the Barclays Bank Group manages and measures its conduct risk profile. The Barclays Group Chief Compliance Officer is accountable for developing, maintaining and overseeing the CRMF. The Barclays Bank Group Chief Compliance Officer is responsible for providing effective oversight, management and escalation of conduct risk in line with the CRMF. This includes overseeing the development and maintenance of the relevant conduct risk policies and standards and monitoring and reporting on the consistent application and effectiveness of the implementation of controls to manage conduct risk. It is the responsibility of the first line of defence to establish controls to manage its performance and assess conformance to these policies and controls.

Senior managers are accountable within their areas of responsibility for owning and managing conduct risk in accordance with the CRMF, as defined within their regulatory Statement of Responsibilities.

Compliance as an independent second line function oversees that conduct risks are effectively identified, managed, monitored and escalated, and has a key role in helping Barclays Bank Group achieve the right conduct outcomes and evolve a conduct-focused culture.

The governance of conduct risk within the Barclays Bank Group is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Board. The Barclays Group and Barclays Bank Group Risk Committees are the primary second line governance committees for the oversight of the Conduct Risk Profile. The risk committees' responsibilities include the identification and discussion of any emerging conduct risks exposures in the Barclays Group and Barclays Bank Group.

### Reputation risk management

The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Barclays Bank Group's integrity and/or competence.

#### Overview

A reduction of trust in the Barclays Bank Group's integrity and competence may reduce the attractiveness of Barclays Bank Group to stakeholders and could lead to negative publicity, loss of revenue, regulatory or legislative action, loss of existing and potential client business, reduced workforce morale and difficulties in recruiting talent. Ultimately it may destroy shareholder value.

#### Organisation, roles and responsibilities

The governance of reputation risk within the Barclays Bank Group is fulfilled through management committees and forums operated by the First and Second Lines of Defence, with clear escalation and reporting lines to the relevant Barclays Bank Group Board committees.

The Barclays PLC Board is responsible for reviewing and monitoring the effectiveness of the Barclays Bank Group's management of reputation risk.

The Reputation Risk Management Framework (RRMF) comprises a number of elements that allow the Barclays Bank Group to manage and measure its reputation risk profile. The RRMF sets out what is required to manage reputation risk across the Barclays Bank Group.

The Barclays Bank PLC Chief Compliance Officer is responsible for providing independent second line oversight of Businesses' adherence to the RRMF.

### Legal risk management

The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank Group to meet its legal obligations, including regulatory or contractual requirements.

#### Overview

The Barclays Bank Group has no tolerance for wilful breaches of laws, regulations or other legal obligations. However, the multitude of laws and regulations across the globe are highly dynamic and their application to particular circumstances is often unclear. This results in a high level of inherent legal risk which Barclays Bank Group seeks to mitigate through the operation of a Barclays Group-wide legal risk management framework, which requires identification of legal risks by legal professionals, engagement of legal professionals in situations that have the potential for legal risk, and



## Risk review

### Principal risk management

escalation of legal risk as necessary. Notwithstanding these mitigating actions, Barclays Bank Group operates with a level of residual legal risk, for which the Barclays Bank Group has limited tolerance.

#### Organisation, roles and responsibilities

The Barclays Bank Group's businesses and functions have responsibility for identifying and escalating to the Legal Function legal risk in their area as well as responsibility for adherence to control requirements.

The Legal function organisation and coverage model aligns legal expertise to businesses, functions, products, activities and geographic locations so that the Barclays Bank Group receives legal advice and support from appropriate legal professionals, working in partnership proactively to identify, manage and escalate legal risks as necessary.

The senior management of the Legal function oversees, challenges and monitors the legal risk profile and effectiveness of the legal risk control environment across the Barclays Group. The Legal function does not sit in any of the three lines of defence but supports them all. Except in relation to the legal advice it provides or procures, the Legal Function is subject to oversight from the second line of defence.

The Barclays Group General Counsel is responsible for developing and maintaining a Barclays Group-wide legal risk management framework. This includes defining the relevant legal risk policies, developing Barclays Group-wide risk appetite for legal risk, and oversight of the implementation of controls to manage and escalate legal risk.

The legal risk profile and control environment is reviewed by management through business risk committees and control committees. The Barclays Bank Group Risk Committee is incorporated in the Barclays Group Risk Committee and is the most senior executive body responsible for reviewing and monitoring the effectiveness of risk management across the Barclays Bank Group. Escalation paths from this committee exist to the Barclays Bank PLC Board Risk Committee.

# Risk review

## Risk performance

### Climate risk performance

The impact on Financial and Operational Risks arising from climate change through, physical risks, risks associated with transitioning to a lower carbon economy and connected risks arising as a result of second order impacts of these two drivers on portfolios. risks arising from the second order impacts of these two drivers on portfolios. As part of climate risk performance, we monitor carbon-related assets and elevated risk sectors, which are identified as portfolios with 'elevated' exposure to the physical and transition risks of climate change.

#### Carbon-related assets

We disclose concentrations of credit exposure to carbon-related assets. The TCFD recommends that carbon-related assets are those assets tied to the energy, transportation, materials and buildings and agriculture, food and forest products sectors. All of the sectors that the TCFD now considers to be carbon-related assets include the sectors that Barclays considers at elevated risk from the impacts of climate change. These can be found in the table on the following page.

#### Elevated risk sectors

Barclays is working to understand the risks associated with sectors sensitive to the impacts from climate change. Disclosing risk management metrics and quantitative credit exposures supports this approach and our ongoing alignment with the TCFD recommendations. The sectors in the table represent those that the Barclays Group considers at an elevated risk from the impacts of climate change. However, in each sector there will exist a range of vulnerabilities and as such these figures do not represent elevated carbon emission exposures and should not be interpreted as an indicator of relative carbon intensity. These sectors have been identified through an analysis of Barclays Industrial Classifications by portfolio and benchmarked against Moody's and other external sources, with additional input from subject matter experts.

Elevated risk sector	Drivers of risk
Aviation	More stringent air emission and carbon regulations, requiring high levels of capital investment and Research & Development (R&D) expenditure.
Automotive	Policy pressure to cut emissions to meet emission requirements, requiring high levels of capital investment and R&D expenditure. Phase out of fossil fuel vehicles and introduction of low emission zones in city centres.
Cement	Being one of the hard to abate sectors, policy pressure to cut emissions requires high levels of capital investment and R&D expenditure.
Coal Mining and Coal Terminals	Reduction in demand of thermal coal, as utilities transition away from fossil fuel. More stringent air emissions regulation, resulting in higher levels of capital investment.
Chemicals	Increasing environmental regulation, including carbon regulations. The increasing efforts to eliminate single-use plastics and improve recycling to prevent marine pollution could also impact demand for products used in plastic manufacture.
Mining (including diversified miners)	Rising costs as a result of tighter environmental regulations and increasing water stress.
Oil and Gas	Policy pressure to cut emissions, exposure to carbon taxes and overall increasing environmental regulation of operations and restrictions on access to new resources. Over time, falling demand for fossil fuels
Power Utilities	Policy pressure to cut emissions, leading to increased capital expenditure costs, plus potential exposure to carbon taxes.
Agriculture	Evolving taxation on emissions may impact production methods, supply chain and farm viability. Reduced demand for meat and dairy as a consequence of shifts in consumer behaviour. Volatile weather conditions and extreme weather events may impact farm credit quality.
Shipping	Policy pressure to cut emissions, requiring higher levels of capital investment.
Steel	Being an energy-intensive sector, the sector is exposed to the policy pressure to cut emissions and evolving air pollution regulation
Road Haulage	Policy pressure to cut emissions, requiring high levels of capital investment.

# Risk review

## Risk performance

### Climate risk performance

Carbon-related assets (Incl. sub-sector breakdown)							
	2022 £m			2021 £m			% Change
	Loans & advances	Loan commitments	Total	Loans & advances	Loan commitments	Total	
<b>Agriculture, Food and Forest Products</b>	<b>1,722</b>	<b>8,635</b>	<b>10,357</b>	<b>1,461</b>	<b>8,592</b>	<b>10,053</b>	<b>3%</b>
Agriculture	103	150	253	121	265	386	
Food, Bev and Tobacco	1,454	7,851	9,305	1,179	7,457	8,636	
Paper and Forest Products	165	634	799	161	870	1,031	
<b>Energy</b>	<b>5,206</b>	<b>26,574</b>	<b>31,780</b>	<b>3,525</b>	<b>24,346</b>	<b>27,871</b>	<b>14%</b>
Coal Mining and Coal Terminals	—	—	—	—	45	45	
Oil and Gas	2,730	12,604	15,334	2,338	12,472	14,810	
Power Utilities	2,476	13,970	16,446	1,187	11,829	13,016	
<b>Materials and Building</b>	<b>21,609</b>	<b>35,472</b>	<b>57,081</b>	<b>17,410</b>	<b>32,296</b>	<b>49,706</b>	<b>15%</b>
Cement	214	159	373	28	352	380	
Chemicals	548	4,368	4,916	452	4,217	4,669	
Construction and Materials	1,112	2,046	3,158	776	1,903	2,679	
Homebuilding and Property Development	2,354	1,938	4,292	2,390	1,885	4,275	
Manufacturing	2,857	13,013	15,870	2,613	12,039	14,652	
Metals	298	648	946	204	544	748	
Mining (Incl. diversified miners)	196	2,261	2,457	145	1,768	1,913	
Packaging Manufacturers: Metal, Glass and Plastics	90	313	403	80	287	367	
Real Estate Management and Development	13,902	10,543	24,445	10,691	9,075	19,766	
Steel	38	183	221	31	226	257	
<b>Transport</b>	<b>2,437</b>	<b>10,057</b>	<b>12,494</b>	<b>2,500</b>	<b>9,056</b>	<b>11,556</b>	<b>8%</b>
Automotive	952	5,489	6,441	855	5,128	5,983	
Aviation	460	2,220	2,680	548	1,662	2,210	
Other Transport Services	432	1,151	1,583	336	1,161	1,497	
Ports	95	87	182	98	115	213	
Road Haulage	213	392	605	306	377	683	
Shipping	285	718	1,003	357	613	970	
Carbon-related assets in UK Retail Mortgages	—	—	—	—	—	—	—
<b>Subtotal (Elevated risk sectors)</b>	<b>8,215</b>	<b>42,514</b>	<b>50,729</b>	<b>6,368</b>	<b>38,954</b>	<b>45,322</b>	<b>12%</b>
<b>Carbon-related Assets Grand Total</b>	<b>30,974</b>	<b>80,738</b>	<b>111,712</b>	<b>24,896</b>	<b>74,290</b>	<b>99,186</b>	<b>13%</b>
<b>Total Loans &amp; Advances &amp; Loan Commitments</b>	<b>182,507</b>	<b>334,977</b>	<b>517,484</b>	<b>145,259</b>	<b>284,451</b>	<b>429,710</b>	<b>20%</b>
<b>Carbon-related assets / Total Loans &amp; Advances &amp; Loan Commitments</b>	<b>17%</b>	<b>24%</b>	<b>22%</b>	<b>17%</b>	<b>26%</b>	<b>23%</b>	

Note: The carbon-related assets classification excluded £5.9bn of Fronting Stand By Letter of Credits (SBLs) that are part of Total loans & advanced & loans commitments since these amounts are counter-indemnified by other lenders.

# Risk review

## Risk performance

### Climate risk performance

#### Financing

To facilitate greater understanding and transparency of our capital markets financing, we disclose the total capital raised for clients across all sectors using data sourced from Dealogic. We have provided the breakdown of our 2021 and 2022 financing below. Barclays discloses the total capital raised for clients across all sectors using data sourced from Dealogic. We then align each transaction by issuer to a sector according to the Barclays Industry Classification (BIC) we apply to that issuer. BIC is Barclays' internal sector classification system. We are only showing in the table transactions aligned to BIC codes that we have mapped to carbon-related asset sectors. Financing volumes are reported on a manager-proceeds basis including bonds, equities, loans and securitised bonds and no modifications have been made by Barclays. This data represents a third party view of our financing and is subject to Dealogic's league table methodology, which pro-rates volume across lead-managers. We are presenting the data in this format to support transparency and comparability but it should be noted that this data is subject to further analysis and methodological enhancements, before it is included in BlueTrack™

Carbon-related sectors in wholesale credit (Dealogic Industry Classification)			
	31.12.2022 (\$m)	31.12.2021 (\$m)	% Change (2022 vs. 2021)
Agriculture, Food and Forest Products	9,486	18,416	(48)%
Agriculture	-	382	
Food, Bev and Tobacco	8,609	14,997	
Paper and Forest Products	877	3,037	
Energy	43,042	39,294	10 %
Coal Mining and Coal Terminals	-	-	
Oil and Gas	9,747	12,558	
Power Utilities	33,295	26,736	
Materials and Building	33,750	63,473	(47)%
Cement	200	-	
Chemicals	2,800	4,876	
Construction and Materials	3,006	3,181	
Homebuilding and Property Development	760	976	
Manufacturing	14,062	28,482	
Metals	744	1,130	
Mining (Incl. diversified miners)	436	2,515	
Packaging Manufacturers: Metal, Glass and Plastics	33	932	
Real Estate Management and Development	11,271	20,860	
Steel	438	521	
Transport	9,904	23,559	(58)%
Automotive	3,865	9,961	
Aviation	2,132	6,221	
Other Transport Services	2,648	3,947	
Ports	-	124	
Road Haulage	-	1,062	
Shipping	1,259	2,244	
Carbon-related assets in UK Retail Mortgages	-	-	-
Carbon-related Sectors Grand Total	96,182	144,742	(34)%
Capital Market Financing Total	374,899	549,118	(32)%
Financing to Carbon-related Sector over Total Capital Market Financing	26 %	26 %	

# Risk review

## Risk performance

### Credit risk

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# Risk review

## Risk performance

### Credit risk

All disclosures in this section pages 56 to 84, are unaudited unless otherwise stated.

#### Overview

Credit risk represents a significant risk to the Barclays Bank Group and mainly arises from exposure to wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered with clients.

Credit risk disclosures include many of the recommendations of the Taskforce on Disclosures about Expected Credit Losses (DECL) and it is expected that relevant disclosures will continue to be developed in future periods.

Credit risk disclosures exclude other financial assets not subject to credit risk, mainly equity securities. For off-balance sheet exposures certain contingent liabilities not subject to credit risk such as performance guarantees are excluded.

#### Summary of performance in the period

**Loans:** Gross loans and advances at amortised cost to customers and banks have increased by £38bn compared to £149bn in 2021. This includes £8bn increase in debt securities driven by Treasury investments. Of the remaining growth, £17bn is attributable to strong lending activity in investment banking and £9bn in credit cards driven by increased customer spending and strategic acquisitions.

**Maximum exposure:** During 2022, the Barclays Bank Group's net exposure to credit risk increased by 18% to £871bn (2021: £741bn) which is mainly driven by increase in off-balance sheet loan commitments (£53bn), cash held at central banks (£33bn), cash collateral and settlement balances (£20bn) and debt securities issued by governments (£8bn), all of which are considered to be lower risk. Overall, the extent to which the Barclays Bank Group held mitigation against its total exposure remained broadly flat at 41% (2021:42%).

**Credit quality:** A gradual increase in delinquencies has been observed driven by resumption of more regular spend activity in retail. A range of activities are in progress to protect our existing defensive positioning against the current macroeconomic headwinds. In wholesale, loans to high-risk sectors as well as the broader portfolio benefited from high-quality exposure and credit protection. *Further analysis on the credit quality of assets is presented in the approach to management and representation of credit quality section.*

**Stage decomposition:** A net increase of £2.5bn is observed in Stage 2 gross exposures driven by normalisation of PDs in retail lending (£1.5bn), predominantly credit cards, and a weaker macroeconomic forecast impacting wholesale lending (£1bn). Stage 3 balances increased by £0.2bn to £3.6bn compared to 2021 primarily due to delinquencies observed in retail unsecured lending. Refer to pages 81 to 82 for further details.

**Scenario:** During the year, the economic risk from the COVID-19 pandemic has receded; however, economic uncertainty linked to high inflation in major economies and heightened geopolitical tensions persists. For Q422, macroeconomic scenarios have been refreshed and are designed around a broad range of economic outcomes. The Downside 2 scenario has been updated with reference to the most recent BoE Annual Cyclical Scenario (ACS) stress test. This has resulted in a movement in weights from the upside scenarios to the downside scenarios.

**ECL:** Impairment allowances on loans and advances at amortised cost including off-balance sheet have increased to £4,352m (2021: £3,998m). On balance sheet coverage has reduced to 2.1% (2021: 2.4%) due to movement in portfolio mix towards lower ECL balances and evolving macroeconomic scenarios. Coverage levels remain strong.

**Charge:** Credit impairment charges were £933m (2021: £(277)m release). The charges reflect an updated macroeconomic scenario together with a partial return to more normalised levels of customer behaviour.

**Management adjustments:** Macroeconomic uncertainty PMAs at 31 December 2022 amount to £97m (2021: £1,049m). The reduction is informed by the release of COVID-19 related adjustments as credit performance stabilises at or below pre-pandemic levels which is reflected in the models, and a rebuild of certain models to better capture the macroeconomic outlook. *Refer to the Management adjustment to models for impairment section on page 65 for further details.*

**Climate:** Whilst there have been no separately identifiable charges relating to climate risk in the 2022 reported ECL, it is acknowledged that impairment could increase over time as climate risks become more tangible and impact consumers and clients through physical risk or via impacts from the transition to a low carbon economy.

*Further detail can be found in the Financial statements section in Note 8 Credit impairment charges/(releases). Description of terminology can be found in the glossary, available at [home.barclays/annualreport](https://home.barclays/annualreport). Refer to the credit risk management section for details of governance, policies and procedures.*

# Risk review

## Risk performance

### Credit risk

#### Barclays Bank Group's maximum exposure and effects of netting, collateral and risk transfer

The following tables present a reconciliation between the Barclays Bank Group's maximum exposure and its net exposure to credit risk, reflecting the financial effects of risk mitigation reducing the Barclays Bank Group's exposure.

The Barclays Bank Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on the Barclays Bank Group's policies to each of these forms of credit enhancement is presented on page 46 of the credit risk management section.

#### Collateral obtained

Where collateral has been obtained in the event of default, the Barclays Bank Group does not, ordinarily, use such assets for its own operations and they are usually sold on a timely basis. The carrying value of assets held by the Barclays Bank Group as at 31 December 2022, as a result of the enforcement of collateral, was £31m (2021: £22m).

#### Maximum exposure and effect of netting, collateral and risk transfer (audited)

Barclays Bank Group	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Risk transfer	Net exposure
As at 31 December 2022	£m	£m	£m	£m	£m	£m
<b>On-balance sheet:</b>						
Cash and balances at central banks	202,142	—	—	—	—	202,142
Cash collateral and settlement balances	107,862	—	—	—	—	107,862
<b>Loans and advances at amortised cost:</b>						
Home loans	11,405	—	(328)	(10,948)	(98)	31
Credit cards, unsecured loans and other retail lending	34,162	—	(1,164)	(3,748)	(243)	29,007
Wholesale loans	136,940	(4,442)	(653)	(49,681)	(5,527)	76,637
<b>Total loans and advances at amortised cost</b>	<b>182,507</b>	<b>(4,442)</b>	<b>(2,145)</b>	<b>(64,377)</b>	<b>(5,868)</b>	<b>105,675</b>
<i>Of which credit-impaired (Stage 3):</i>						
Home loans	622	—	(1)	(621)	—	—
Credit cards, unsecured loans and other retail lending	670	—	(29)	(291)	(3)	347
Wholesale loans	640	—	(6)	(188)	(60)	386
<b>Total credit-impaired loans and advances at amortised cost</b>	<b>1,932</b>	<b>—</b>	<b>(36)</b>	<b>(1,100)</b>	<b>(63)</b>	<b>733</b>
Reverse repurchase agreements and other similar secured lending	725	—	—	(725)	—	—
<b>Trading portfolio assets:</b>						
Debt securities	55,430	—	—	(530)	—	54,900
Traded loans	13,198	—	—	(250)	(48)	12,900
<b>Total trading portfolio assets</b>	<b>68,628</b>	<b>—</b>	<b>—</b>	<b>(780)</b>	<b>(48)</b>	<b>67,800</b>
<b>Financial assets at fair value through the income statement:</b>						
Loans and advances	38,190	—	(17)	(30,061)	(9)	8,103
Debt securities	3,217	—	—	(321)	—	2,896
Reverse repurchase agreements	164,698	—	(3,672)	(160,365)	—	661
Other financial assets	89	—	—	—	—	89
<b>Total financial assets at fair value through the income statement</b>	<b>206,194</b>	<b>—</b>	<b>(3,689)</b>	<b>(190,747)</b>	<b>(9)</b>	<b>11,749</b>
Derivative financial instruments	302,976	(238,062)	(34,496)	(11,424)	(7,275)	11,719
<b>Financial assets at fair value through other comprehensive income</b>	<b>45,083</b>	<b>—</b>	<b>—</b>	<b>(222)</b>	<b>(514)</b>	<b>44,347</b>
Other assets	1,503	—	—	—	—	1,503
<b>Total on-balance sheet</b>	<b>1,117,620</b>	<b>(242,504)</b>	<b>(40,330)</b>	<b>(268,275)</b>	<b>(13,714)</b>	<b>552,797</b>
<b>Off-balance sheet:</b>						
Contingent liabilities	25,800	—	(1,295)	(1,596)	(280)	22,629
Loan commitments	334,977	—	(93)	(37,371)	(1,624)	295,889
<b>Total off-balance sheet</b>	<b>360,777</b>	<b>—</b>	<b>(1,388)</b>	<b>(38,967)</b>	<b>(1,904)</b>	<b>318,518</b>
<b>Total</b>	<b>1,478,397</b>	<b>(242,504)</b>	<b>(41,718)</b>	<b>(307,242)</b>	<b>(15,618)</b>	<b>871,315</b>

Off-balance sheet exposures are shown gross of provisions of £532m (2021: £499m). See Note 24 for further details. In addition to the above, Barclays Bank Group holds forward starting reverse repos amounting to £48.4bn (2021: £39.3bn). The balances are fully collateralised. Wholesale loans and advances at amortised cost include £0.6bn (2021: £1.0bn) of CBILs and CLBILs supported by UK government guarantees of £0.5bn (2021: £0.8bn). For further information on credit risk mitigation techniques, refer to the Credit risk management section.

# Risk review

## Risk performance

### Credit risk

Maximum exposure and effects of netting, collateral and risk transfer (audited)						
Barclays Bank Group	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Risk transfer	Net exposure
As at 31 December 2021	£m	£m	£m	£m	£m	£m
<b>On-balance sheet:</b>						
Cash and balances at central banks	169,085	—	—	—	—	169,085
Cash collateral and settlement balances	88,085	—	—	—	—	88,085
<b>Loans and advances at amortised cost:</b>						
Home loans	10,985	—	(338)	(10,483)	(89)	75
Credit cards, unsecured loans and other retail lending	25,960	—	(968)	(4,229)	(252)	20,511
Wholesale loans	108,314	(5,001)	(118)	(30,287)	(5,080)	67,828
<b>Total loans and advances at amortised cost</b>	<b>145,259</b>	<b>(5,001)</b>	<b>(1,424)</b>	<b>(44,999)</b>	<b>(5,421)</b>	<b>88,414</b>
<i>Of which credit-impaired (Stage 3):</i>						
Home loans	615	—	(11)	(604)	—	—
Credit cards, unsecured loans and other retail lending	563	—	(29)	(217)	(3)	314
Wholesale loans	486	—	0	(76)	(22)	388
<b>Total credit-impaired loans and advances at amortised cost</b>	<b>1,664</b>	<b>—</b>	<b>(40)</b>	<b>(897)</b>	<b>(25)</b>	<b>702</b>
Reverse repurchase agreements and other similar secured lending	3,177	—	—	(3,177)	—	—
<b>Trading portfolio assets:</b>						
Debt securities	50,700	—	—	(461)	—	50,239
Traded loans	12,525	—	—	(268)	—	12,257
<b>Total trading portfolio assets</b>	<b>63,225</b>	<b>—</b>	<b>—</b>	<b>(729)</b>	<b>—</b>	<b>62,496</b>
<b>Financial assets at fair value through the income statement:</b>						
Loans and advances	35,901	—	—	(29,485)	—	6,416
Debt securities	2,256	—	—	(319)	—	1,937
Reverse repurchase agreements	145,186	—	(1,428)	(143,229)	—	529
Other financial assets	85	—	—	—	—	85
<b>Total financial assets at fair value through the income statement</b>	<b>183,428</b>	<b>—</b>	<b>(1,428)</b>	<b>(173,033)</b>	<b>—</b>	<b>8,967</b>
Derivative financial instruments	262,291	(202,347)	(34,149)	(5,804)	(5,738)	14,253
Financial assets at fair value through other comprehensive income	45,907	—	—	(53)	(931)	44,923
Other assets	994	—	—	—	—	994
<b>Total on-balance sheet</b>	<b>961,451</b>	<b>(207,348)</b>	<b>(37,001)</b>	<b>(227,795)</b>	<b>(12,090)</b>	<b>477,217</b>
<b>Off-balance sheet:</b>						
Contingent liabilities	23,746	—	(906)	(1,367)	(256)	21,217
Loan commitments	284,451	—	(99)	(40,104)	(1,627)	242,621
<b>Total off-balance sheet</b>	<b>308,197</b>	<b>—</b>	<b>(1,005)</b>	<b>(41,471)</b>	<b>(1,883)</b>	<b>263,838</b>
<b>Total</b>	<b>1,269,648</b>	<b>(207,348)</b>	<b>(38,006)</b>	<b>(269,266)</b>	<b>(13,973)</b>	<b>741,055</b>



# Risk review

## Risk performance

### Credit risk

#### Expected Credit Losses

##### Loans and advances at amortised cost by product

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

Impairment allowance under IFRS 9 considers both the drawn and the undrawn counterparty exposure. For retail portfolios, the total impairment allowance is allocated to the gross loans and advances to the extent that the allowance does not exceed the drawn exposure and any excess is reported on the liability side of the balance sheet as a provision. For wholesale portfolios the impairment allowance on the undrawn exposure is reported on the liability side of the balance sheet as a provision.

##### Barclays Bank Group (audited)

As at 31 December 2022	Stage 2				Total	Stage 3	Total <sup>a</sup>
	Stage 1	Not past due	<=30 days past due	>30 days past due			
	£m	£m	£m	£m	£m	£m	£m
<b>Gross exposure</b>							
Home loans	10,458	310	11	41	362	978	11,798
Credit cards, unsecured loans and other retail lending	30,501	3,799	291	496	4,586	1,674	36,761
Wholesale loans	122,849	13,763	145	93	14,001	918	137,768
<b>Total</b>	<b>163,808</b>	<b>17,872</b>	<b>447</b>	<b>630</b>	<b>18,949</b>	<b>3,570</b>	<b>186,327</b>
<b>Impairment allowance</b>							
Home loans	12	22	2	1	25	356	393
Credit cards, unsecured loans and other retail lending	393	939	92	171	1,202	1,004	2,599
Wholesale loans	288	256	5	1	262	278	828
<b>Total</b>	<b>693</b>	<b>1,217</b>	<b>99</b>	<b>173</b>	<b>1,489</b>	<b>1,638</b>	<b>3,820</b>
<b>Net exposure</b>							
Home loans	10,446	288	9	40	337	622	11,405
Credit cards, unsecured loans and other retail lending	30,108	2,860	199	325	3,384	670	34,162
Wholesale loans	122,561	13,507	140	92	13,739	640	136,940
<b>Total</b>	<b>163,115</b>	<b>16,655</b>	<b>348</b>	<b>457</b>	<b>17,460</b>	<b>1,932</b>	<b>182,507</b>
<b>Coverage ratio</b>	%	%	%	%	%	%	%
Home loans	0.1	7.1	18.2	2.4	6.9	36.4	3.3
Credit cards, unsecured loans and other retail lending	1.3	24.7	31.6	34.5	26.2	60.0	7.1
Wholesale loans	0.2	1.9	3.4	1.1	1.9	30.3	0.6
<b>Total</b>	<b>0.4</b>	<b>6.8</b>	<b>22.1</b>	<b>27.5</b>	<b>7.9</b>	<b>45.9</b>	<b>2.1</b>
<b>As at 31 December 2021</b>							
<b>Gross exposure</b>	£m	£m	£m	£m	£m	£m	£m
Home loans	9,760	548	22	83	653	958	11,371
Credit cards, unsecured loans and other retail lending	24,011	2,402	198	182	2,782	1,469	28,262
Wholesale loans	95,242	12,275	301	386	12,962	921	109,125
<b>Total</b>	<b>129,013</b>	<b>15,225</b>	<b>521</b>	<b>651</b>	<b>16,397</b>	<b>3,348</b>	<b>148,758</b>
<b>Impairment allowance</b>							
Home loans	8	33	1	1	35	343	386
Credit cards, unsecured loans and other retail lending	605	677	39	75	791	906	2,302
Wholesale loans	183	188	3	2	193	435	811
<b>Total</b>	<b>796</b>	<b>898</b>	<b>43</b>	<b>78</b>	<b>1,019</b>	<b>1,684</b>	<b>3,499</b>
<b>Net exposure</b>							
Home loans	9,752	515	21	82	618	615	10,985
Credit cards, unsecured loans and other retail lending	23,406	1,725	159	107	1,991	563	25,960
Wholesale loans	95,059	12,087	298	384	12,769	486	108,314
<b>Total</b>	<b>128,217</b>	<b>14,327</b>	<b>478</b>	<b>573</b>	<b>15,378</b>	<b>1,664</b>	<b>145,259</b>
<b>Coverage ratio</b>	%	%	%	%	%	%	%
Home loans	0.1	6.0	4.5	1.2	5.4	35.8	3.4
Credit cards, unsecured loans and other retail lending	2.5	28.2	19.7	41.2	28.4	61.7	8.1
Wholesale loans	0.2	1.5	1.0	0.5	1.5	47.2	0.7
<b>Total</b>	<b>0.6</b>	<b>5.9</b>	<b>8.3</b>	<b>12.0</b>	<b>6.2</b>	<b>50.3</b>	<b>2.4</b>

##### Note

- a. Other financial assets subject to impairment excluded in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £155.1bn (2021: £135.5bn) and impairment allowance of £152m (2021: £104m). This comprises £7m (2021: £4m) ECL on £153.8bn (2021: £135.3bn) Stage 1 assets, £8m (2021: £0m) on £1,142m (2021: £65m) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £137m (2021: £100m) on £141m (2021: £100m) Stage 3 other assets. Loan commitments and financial guarantee contracts have total ECL of £532m (2021: £499m).

# Risk review

## Risk performance

### Credit risk

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

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. An explanation of the methodology used to determine credit impairment provisions is included on pages 137 to 140. 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 12-month period.

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Home loans</b>								
As at 1 January 2022	9,760	8	653	35	958	343	11,371	386
Transfers from Stage 1 to Stage 2	(179)	—	179	—	—	—	—	—
Transfers from Stage 2 to Stage 1	393	16	(393)	(16)	—	—	—	—
Transfers to Stage 3	(192)	—	(39)	(4)	231	4	—	—
Transfers from Stage 3	18	1	33	3	(51)	(4)	—	—
Business activity in the year <sup>a</sup>	1,887	5	—	—	—	—	1,887	5
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(131)	(17)	(7)	8	8	39	(130)	30
Final repayments <sup>b</sup>	(1,098)	(1)	(64)	(1)	(145)	(3)	(1,307)	(5)
Disposals	—	—	—	—	—	—	—	—
Write-offs <sup>c</sup>	—	—	—	—	(23)	(23)	(23)	(23)
As at 31 December 2022 <sup>d</sup>	10,458	12	362	25	978	356	11,798	393
<b>Credit cards, unsecured loans and other retail lending</b>								
As at 1 January 2022	24,011	605	2,782	791	1,469	906	28,262	2,302
Transfers from Stage 1 to Stage 2	(2,009)	(40)	2,009	40	—	—	—	—
Transfers from Stage 2 to Stage 1	1,046	218	(1,046)	(218)	—	—	—	—
Transfers to Stage 3	(456)	(14)	(404)	(166)	860	180	—	—
Transfers from Stage 3	51	11	8	5	(59)	(16)	—	—
Business activity in the year <sup>a</sup>	7,668	138	319	113	126	101	8,113	352
Refinements to models used for calculation <sup>e</sup>	—	43	—	187	—	96	—	326
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	3,236	(545)	1,182	473	155	453	4,573	381
Final repayments <sup>b</sup>	(2,887)	(19)	(235)	(12)	(150)	(11)	(3,272)	(42)
Disposals <sup>f</sup>	(159)	(4)	(29)	(11)	(48)	(26)	(236)	(41)
Write-offs <sup>c</sup>	—	—	—	—	(679)	(679)	(679)	(679)
As at 31 December 2022 <sup>d</sup>	30,501	393	4,586	1,202	1,674	1,004	36,761	2,599
<b>Wholesale loans</b>								
As at 1 January 2022	95,242	183	12,962	193	921	435	109,125	811
Transfers from Stage 1 to Stage 2	(3,684)	(7)	3,684	7	—	—	—	—
Transfers from Stage 2 to Stage 1	4,573	44	(4,573)	(44)	—	—	—	—
Transfers to Stage 3	(254)	(1)	(207)	(5)	461	6	—	—
Transfers from Stage 3	55	6	29	1	(84)	(7)	—	—
Business activity in the year <sup>a</sup>	34,522	55	3,956	80	9	6	38,487	141
Refinements to models used for calculation <sup>e</sup>	—	2	—	(24)	—	—	—	(22)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	21,238	39	1,738	95	28	204	23,004	338
Final repayments <sup>b</sup>	(27,331)	(33)	(3,557)	(41)	(93)	(44)	(30,981)	(118)
Disposals <sup>f</sup>	(1,512)	—	(31)	—	(49)	(47)	(1,592)	(47)
Write-offs <sup>c</sup>	—	—	—	—	(275)	(275)	(275)	(275)
As at 31 December 2022 <sup>d</sup>	122,849	288	14,001	262	918	278	137,768	828

#### Notes

- Business activity in the year does not include additional drawdowns on the existing facility which are reported under 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes'. Business activity reported within Credit cards, unsecured loans and other retail lending portfolio includes the Gap portfolio acquisition in US cards of £2.7bn.
- Final repayments include repayment from the facility closed during the year whereas partial repayments from existing facility are reported under 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes'.
- In 2022, gross write-offs amounted to £977m (2021: £1,158m) and post write-off recoveries amounted to £33m (2021: £31m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £944m (2021: £1,127m).
- Other financial assets subject to impairment excluded in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £155.1bn (2021: £135.5bn) and impairment allowance of £152m (2021: £104m). This comprises £7m (2021: £4m) ECL on £153.8bn (2021: £135.3bn) Stage 1 assets, £8m (2021: £0m) on £1,142m (2021: £65m) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £137m (2021: £100m) on £141m (2021: £100m) Stage 3 other assets.
- Refinements to models used for calculation include £326m in Credit cards, unsecured loans and other retail lending and £(22)m in Wholesale loans. These reflect model enhancements made during the year. Barclays Bank Group continually reviews the output of models to determine accuracy of the ECL calculation including review of

# Risk review

## Risk performance

### Credit risk

model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

f. The £0.2bn of disposals reported within Credit cards, unsecured loans and other retail lending portfolio relate to debt sales undertaken during the year. The £1.6bn of disposals reported within Wholesale loans include sale of debt securities as part of Group Treasury operations.

Reconciliation of ECL movement to credit impairment charge/(release) for the period	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Home loans	4	(10)	36	30
Credit cards, unsecured loans and other retail lending	(208)	422	803	1,017
Wholesale loans	105	69	165	339
<b>ECL movement excluding assets derecognised due to disposals and write-offs</b>	<b>(99)</b>	<b>481</b>	<b>1,004</b>	<b>1,386</b>
ECL movement on loan commitments and financial guarantees	31	1	1	33
ECL movement on other financial assets <sup>a</sup>	3	8	37	48
Recoveries and reimbursements <sup>b</sup>	(121)	(61)	(46)	(228)
Total exchange and other adjustments <sup>c</sup>				(306)
<b>Total credit impairment charge for the year</b>				<b>933</b>

#### Notes

a. Other financial assets subject to impairment excluded in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £155.1bn (2021: £135.5bn) and impairment allowance of £152m (2021: £104m). This comprises £7m (2021: £4m) ECL on £153.8bn (2021: £135.3bn) Stage 1 assets, £8m (2021: £0m) on £1,142m (2021: £65m) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £137m (2021: £100m) on £141m (2021: £100m) Stage 3 other assets.

b. Recoveries and reimbursements includes £195m of reimbursements expected to be received under the arrangement where Barclays Bank Group has entered into financial guarantee contracts which provide credit protection over certain assets with third parties and cash recoveries of previously written off amounts of £33m.

c. Includes foreign exchange and interest and fees in suspense.

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
<b>Barclays Bank Group</b>								
<b>Home loans</b>								
As at 1 January 2022	53	—	—	—	1	—	54	—
Net transfers between stages	(5)	—	1	—	4	—	—	—
Business activity in the year	26	—	—	—	—	—	26	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	4	—	—	—	—	—	4	—
Limit management and final repayments	(17)	—	—	—	—	—	(17)	—
<b>As at 31 December 2022</b>	<b>61</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>67</b>	<b>—</b>

#### Credit cards, unsecured loans and other retail lending

As at 1 January 2022	78,655	36	3,214	33	32	20	81,901	89
Net transfers between stages	(1,457)	30	1,328	(24)	129	(6)	—	—
Business activity in the year	36,388	24	375	25	12	2	36,775	51
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	10,749	(37)	(1,653)	36	(72)	7	9,024	6
Limit management and final repayments	(6,877)	(6)	(400)	(18)	(6)	(2)	(7,283)	(26)
<b>As at 31 December 2022</b>	<b>117,458</b>	<b>47</b>	<b>2,864</b>	<b>52</b>	<b>95</b>	<b>21</b>	<b>120,417</b>	<b>120</b>

#### Wholesale loans

As at 1 January 2022	178,006	167	28,417	241	1,017	2	207,440	410
Net transfers between stages	6,139	60	(6,073)	(64)	(66)	4	—	—
Business activity in the year	43,676	28	4,233	54	15	—	47,924	82
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	27,913	(39)	5,993	58	143	(2)	34,049	17
Limit management and final repayments	(54,184)	(29)	(9,509)	(66)	(321)	(2)	(64,014)	(97)
<b>As at 31 December 2022</b>	<b>201,550</b>	<b>187</b>	<b>23,061</b>	<b>223</b>	<b>788</b>	<b>2</b>	<b>225,399</b>	<b>412</b>

# Risk review

## Risk performance

### Credit risk

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
<b>Home loans</b>								
As at 1 January 2021	9,627	6	901	52	1,099	376	11,627	434
Transfers from Stage 1 to Stage 2	(253)	—	253	—	—	—	—	—
Transfers from Stage 2 to Stage 1	331	22	(331)	(22)	—	—	—	—
Transfers to Stage 3	(80)	—	(52)	(5)	132	5	—	—
Transfers from Stage 3	22	—	49	4	(71)	(4)	—	—
Business activity in the year <sup>a</sup>	1,745	2	—	—	—	—	1,745	2
Refinements to models used for calculation <sup>b</sup>	—	—	—	(4)	—	38	—	34
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(742)	(22)	(25)	11	(70)	(50)	(837)	(61)
Final repayments <sup>c</sup>	(890)	—	(142)	(1)	(114)	(4)	(1,146)	(5)
Disposals	—	—	—	—	—	—	—	—
Write-offs <sup>d</sup>	—	—	—	—	(18)	(18)	(18)	(18)
<b>As at 31 December 2021<sup>e</sup></b>	<b>9,760</b>	<b>8</b>	<b>653</b>	<b>35</b>	<b>958</b>	<b>343</b>	<b>11,371</b>	<b>386</b>
<b>Credit cards, unsecured loans and other retail lending</b>								
As at 1 January 2021	18,923	399	5,571	1,327	1,853	1,253	26,347	2,979
Transfers from Stage 1 to Stage 2	(897)	(41)	897	41	—	—	—	—
Transfers from Stage 2 to Stage 1	2,520	548	(2,520)	(548)	—	—	—	—
Transfers to Stage 3	(307)	(13)	(362)	(165)	669	178	—	—
Transfers from Stage 3	21	5	13	9	(34)	(14)	—	—
Business activity in the year <sup>a</sup>	4,731	84	106	23	16	5	4,853	112
Refinements to models used for calculation <sup>b</sup>	—	(3)	—	(27)	—	—	—	(30)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	509	(360)	(514)	147	(96)	337	(101)	124
Final repayments <sup>c</sup>	(1,489)	(14)	(409)	(16)	(76)	(5)	(1,974)	(35)
Disposals <sup>f</sup>	—	—	—	—	(37)	(22)	(37)	(22)
Write-offs <sup>d</sup>	—	—	—	—	(826)	(826)	(826)	(826)
<b>As at 31 December 2021<sup>e</sup></b>	<b>24,011</b>	<b>605</b>	<b>2,782</b>	<b>791</b>	<b>1,469</b>	<b>906</b>	<b>28,262</b>	<b>2,302</b>
<b>Wholesale loans</b>								
As at 1 January 2021	83,254	280	15,938	533	2,167	840	101,359	1,653
Transfers from Stage 1 to Stage 2	(4,122)	(14)	4,122	14	—	—	—	—
Transfers from Stage 2 to Stage 1	5,454	179	(5,454)	(179)	—	—	—	—
Transfers to Stage 3	(32)	(1)	(164)	(12)	196	13	—	—
Transfers from Stage 3	363	3	145	5	(508)	(8)	—	—
Business activity in the year <sup>a</sup>	27,946	74	1,674	15	37	23	29,657	112
Refinements to models used for calculation <sup>b</sup>	—	—	—	3	—	—	—	3
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	2,448	(301)	1,072	(14)	(82)	47	3,438	(268)
Final repayments <sup>c</sup>	(19,481)	(29)	(4,322)	(168)	(504)	(125)	(24,307)	(322)
Disposals <sup>f</sup>	(588)	(8)	(49)	(4)	(71)	(41)	(708)	(53)
Write-offs <sup>d</sup>	—	—	—	—	(314)	(314)	(314)	(314)
<b>As at 31 December 2021<sup>e</sup></b>	<b>95,242</b>	<b>183</b>	<b>12,962</b>	<b>193</b>	<b>921</b>	<b>435</b>	<b>109,125</b>	<b>811</b>

- Notes
- Business activity during the year 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'.
  - Refinements to models used for calculation include £34m movement in Home loans, £(30)m in Credit cards, unsecured loans and other retail lending and £3m in Wholesale loans. These reflect enhancements made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.
  - Final repayments include repayment from the facility closed during the year whereas partial repayments from existing facility are reported under 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes'.
  - In 2021, gross write-offs amounted to £1,158m (2020: £1,337m) and post write-off recoveries amounted to £31m (2020: £4m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,127m (2020: £1,333m).

# Risk review

## Risk performance

### Credit risk

- e. Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £135.5bn (2020: £150.3bn) and impairment allowance of £104m (2020: £145m). This comprises £4m (2020: £7m) ECL on £135.3bn (2020: £146.3bn) stage 1 assets, £0m (2020: £6m) on £65m (2020: £3.8bn) stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £100m (2020: £132m) on £100m (2020: £132m) Stage 3 other assets.
- f. The £37m of disposals reported within Credit cards, unsecured loans and other retail lending portfolio relate to debt sales undertaken during the year. The £708m of disposal reported within Wholesale loans include debt sales and sale of Barclays Asset Finance.

Reconciliation of ECL movement to credit impairment (release)/charge for the period	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Home loans	2	(17)	(15)	(30)
Credit cards, unsecured loans and other retail lending	206	(536)	501	171
Wholesale loans	(89)	(336)	(50)	(475)
<b>ECL movement excluding assets derecognised due to disposals and write-offs</b>	<b>119</b>	<b>(889)</b>	<b>436</b>	<b>(334)</b>
ECL movement on loan commitments and financial guarantees	(36)	(205)	(29)	(270)
ECL movement on other financial assets <sup>a</sup>	(3)	(6)	(4)	(13)
Recoveries and reimbursements <sup>b</sup>	47	220	(8)	259
Total exchange and other adjustments <sup>c</sup>				81
<b>Total credit impairment release for the year</b>				<b>(277)</b>

- Notes
- a. Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £135.5bn (2020: £150.3bn) and impairment allowance of £104m (2020: £145m). This comprises £4m ECL (2020: £7m) on £135.3bn stage 1 assets (2020: £146.3bn), £0m (2020: £6m) on £65m (2020: £3.8bn) stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £100m (2020: £132m) on £100m (2020: £132m) Stage 3 other assets.
- b. Recoveries and reimbursements includes a net reduction in amounts recoverable from financial guarantee contracts held with third parties of £290m and cash recoveries of previously written off amounts to £31m.
- c. Includes foreign exchange and interest and fees in suspense.

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Home loans</b>								
As at 1 January 2021	125	—	2	—	4	—	131	—
Net transfers between stages	—	—	—	—	—	—	—	—
Business activity in the year	19	—	—	—	—	—	19	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(4)	—	—	—	—	—	(4)	—
Limit management and final repayments	(87)	—	(2)	—	(3)	—	(92)	—
<b>As at 31 December 2021</b>	<b>53</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>54</b>	<b>—</b>
<b>Credit cards, unsecured loans and other retail lending</b>								
As at 1 January 2021	68,211	34	6,244	33	30	23	74,485	90
Net transfers between stages	2,992	(4)	(3,431)	(2)	439	6	—	—
Business activity in the year	10,628	—	410	—	2	—	11,040	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	3,712	6	585	2	(437)	(9)	3,860	(1)
Limit management and final repayments	(6,888)	—	(594)	—	(2)	—	(7,484)	—
<b>As at 31 December 2021</b>	<b>78,655</b>	<b>36</b>	<b>3,214</b>	<b>33</b>	<b>32</b>	<b>20</b>	<b>81,901</b>	<b>89</b>
<b>Wholesale loans</b>								
As at 1 January 2021	160,404	205	39,426	446	2,031	28	201,861	679
Net transfers between stages	7,801	220	(6,730)	(214)	(1,071)	(6)	—	—
Business activity in the year	45,395	14	4,658	102	9	—	50,062	116
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	10,551	(232)	2	12	539	(13)	11,092	(233)
Limit management and final repayments	(46,145)	(40)	(8,939)	(105)	(491)	(7)	(55,575)	(152)
<b>As at 31 December 2021</b>	<b>178,006</b>	<b>167</b>	<b>28,417</b>	<b>241</b>	<b>1,017</b>	<b>2</b>	<b>207,440</b>	<b>410</b>

# Risk review

## Risk performance

### Credit risk

#### Stage 2 decomposition

Loans and advances at amortised cost <sup>a</sup>								
	Gross Exposure				Impairment Allowance			
	Quantitative test £m	Qualitative test £m	30 days past due backstop £m	Total Stage 2 £m	Quantitative test £m	Qualitative test £m	30 days past due backstop £m	Total Stage 2 £m
<b>As at 31 December 2022</b>								
Home Loans	225	73	64	362	20	2	3	25
Credit cards, unsecured loans and other retail lending	3,286	1,200	100	4,586	855	323	24	1,202
Wholesale loans	11,683	2,177	141	14,001	192	68	2	262
<b>Total Stage 2</b>	<b>15,194</b>	<b>3,450</b>	<b>305</b>	<b>18,949</b>	<b>1,067</b>	<b>393</b>	<b>29</b>	<b>1,489</b>

Loans and advances at amortised cost <sup>a</sup>								
	Gross Exposure				Impairment Allowance			
	Quantitative test £m	Qualitative test £m	30 days past due backstop £m	Total Stage 2 £m	Quantitative test £m	Qualitative test £m	30 days past due backstop £m	Total Stage 2 £m
<b>As at 31 December 2021</b>								
Home Loans	530	83	40	653	23	4	8	35
Credit cards, unsecured loans and other retail lending	1,627	1,079	76	2,782	505	273	13	791
Wholesale loans	11,132	1,431	399	12,962	151	37	5	193
<b>Total Stage 2</b>	<b>13,289</b>	<b>2,593</b>	<b>515</b>	<b>16,397</b>	<b>679</b>	<b>314</b>	<b>26</b>	<b>1,019</b>

#### Note

a Where balances satisfy more than one of the above three criteria for determining a significant increase in credit risk, the corresponding gross exposure and ECL has been assigned in order of categories presented.

Stage 2 exposures are predominantly identified using quantitative tests where the lifetime probability of default (PD) has deteriorated more than a pre-determined amount since origination during the year. This is augmented by inclusion of accounts meeting the designated high risk criteria (including watchlist) for the portfolio under the qualitative test. Qualitative tests include £2.2bn (2021: £1.4bn) relating to Corporate and Investment Bank and £1.2bn (2021: £1.1bn) relating to Consumer, Cards and Payments.

A small number of other accounts (2% of impairment allowances and 0% of gross exposure) are included in Stage 2. These accounts are not otherwise identified by the quantitative or qualitative tests but are more than 30 days past due. The percentage triggered by these backstop criteria is a measure of the effectiveness of the Stage 2 criteria in identifying deterioration prior to delinquency. These balances include items in Corporate and Investment Bank for reasons such as outstanding interest and fees rather than principal balances.

For further detail on the three criteria for determining a significant increase in credit risk required for Stage 2 classification, refer to Note 8.

# Risk review

## Risk performance

### Credit risk

#### Stage 3 decomposition

Loans and advances at amortised cost						
	Gross Exposure			Impairment Allowance		
	Exposures not charged-off including within cure period <sup>a</sup>	Exposures individually assessed or in recovery book	Total Stage 3	Exposures not charged-off including within cure period <sup>a</sup>	Exposures individually assessed or in recovery book	Total Stage 3
As at 31 December 2022	£m	£m	£m	£m	£m	£m
Home Loans	280	698	978	24	332	356
Credit cards, unsecured loans and other retail lending	755	919	1,674	421	583	1,004
Wholesale loans	100	818	918	1	277	278
<b>Total Stage 3</b>	<b>1,135</b>	<b>2,435</b>	<b>3,570</b>	<b>446</b>	<b>1,192</b>	<b>1,638</b>

Loans and advances at amortised cost						
	Gross Exposure			Impairment Allowance		
	Exposures not charged-off including within cure period <sup>a</sup>	Exposures individually assessed or in recovery book	Total Stage 3	Exposures not charged-off including within cure period <sup>a</sup>	Exposures individually assessed or in recovery book	Total Stage 3
As at 31 December 2021	£m	£m	£m	£m	£m	£m
Home Loans	274	684	958	21	322	343
Credit cards, unsecured loans and other retail lending	592	877	1,469	297	609	906
Wholesale loans	38	883	921	1	434	435
<b>Total Stage 3</b>	<b>904</b>	<b>2,444</b>	<b>3,348</b>	<b>319</b>	<b>1,365</b>	<b>1,684</b>

#### Notes

a Includes £0.4bn (2021: £0.7bn) of gross exposure in a cure period that must remain in Stage 3 for a minimum of 12 months before moving to Stage 2.

Stage 3 is comprised of exposures that are considered to be credit impaired. An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified. Stage 3 exposures have increased compared to 2021 due to a gradual increase in delinquencies in retail unsecured lending.

#### Management adjustments to models for impairment (audited)

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

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

Management adjustments to models for impairment allowance presented by product (audited) <sup>a</sup>						
	Impairment allowance pre management adjustments <sup>b</sup>	Economic uncertainty adjustments (a)	Other adjustments (b)	Management adjustments (a+b)	Total impairment allowance <sup>c</sup>	Proportion of Management adjustments to total impairment allowance
	£m	£m	£m	£m	£m	%
<b>As at 31 December 2022</b>						
Home loans	393	—	—	—	393	—
Credit cards, unsecured loans and other retail lending	2,627	2	90	92	2,719	3.4
Wholesale loans	1,354	95	(209)	(114)	1,240	(9.2)
<b>Total</b>	<b>4,374</b>	<b>97</b>	<b>(119)</b>	<b>(22)</b>	<b>4,352</b>	<b>(0.5)</b>
<b>As at 31 December 2021</b>						
Home loans	352	34	—	34	386	8.8
Credit cards, unsecured loans and other retail lending	1,425	771	195	966	2,391	40.4
Wholesale loans	1,079	244	(102)	142	1,221	11.6
<b>Total</b>	<b>2,856</b>	<b>1,049</b>	<b>93</b>	<b>1,142</b>	<b>3,998</b>	<b>28.6</b>

# Risk review

## Risk performance

### Credit risk

Economic uncertainty adjustments are presented by stage (audited)				
	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2022	£m	£m	£m	£m
Home loans	—	—	—	—
Credit cards, unsecured loans and other retail lending	—	2	—	2
Wholesale loans	97	(2)	—	95
Total	97	—	—	97

As at 31 December 2021	£m	£m	£m	£m
Home loans	—	23	11	34
Credit cards, unsecured loans and other retail lending	369	394	8	771
Wholesale loans	176	68	—	244
Total	545	485	19	1,049

#### Notes:

- Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.
- Includes £3.7bn (2021: £2.3bn) of modelled ECL, £0.3bn (2021: £0.5bn) of individually assessed impairments and £0.4bn (2021: £0.1bn) ECL from non-modelled exposures.
- Total impairment allowance consists of ECL stock on drawn and undrawn exposures.

#### Economic uncertainty adjustments

Models have been developed with data from non-inflationary periods establishing a relationship between input variables and customer delinquency based on past behaviour. Additionally, models are trying to interpret significant rates of change in macroeconomic variables and applying these to stable probability of default (PD) levels. As such there is a risk that the modelled output fails to capture the appropriate response to changes in macroeconomic variables and rising costs with modelled impairment provisions impacted by uncertainty.

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

In 2022, previously established economic uncertainty adjustments have been partially released, informed by some normalisation of customer behaviour, refreshed macroeconomic scenarios and a rebuild of certain models to better capture the macroeconomic outlook.

The balance as at 31 December 2022 is £97m (FY21: £1,049m) and includes:

#### Customer and client uncertainty provisions of £193m (FY21: £906m) includes:

- Credit cards and unsecured loans and other retail lending:** £2m (FY21: £758m)

The decrease in the adjustment of £(756)m is attributable to some normalisation of customer behaviour and macroeconomic deterioration now appropriately captured within the modelled output post model enhancements made during the year.

- Wholesale loans:** £191m (FY21: £148m) includes an adjustment for exposures considered most at risk from inflationary concerns, supply chain constraints and consumer demand headwinds. The adjustment involves applying stage 2 coverage rates to stage 1 exposures assessed as most vulnerable.

#### Model uncertainty provisions of £(96)m (FY21: £143m) includes:

- Wholesale loans:** £(96)m (FY21: £96m) includes an adjustment to correct for the deterioration in wholesale PDs impacted by model over-sensitivity to certain macroeconomic variables. In 2021, this adjustment was held at £96m driven by an unintuitive model output from certain Q421 macroeconomic variables.

#### Other adjustments

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

Other adjustments of £(119)m (FY21: £93m) include:

- Credit cards and unsecured loan and other retail lending:** £90m (FY 21: £195m) primarily includes an adjustment to the qualitative measures used in identification of high-risk account management (HRAM) accounts for US cards and an adjustment for adoption of the new definition of default under the Capital Requirements Regulation.

The £195m adjustments held in FY21 primarily included adjustments for model performance informed by model monitoring. These adjustments are no longer required due to model enhancements made during the year.

- Wholesale loans:** £(209)m (FY21: £(102)m) primarily includes adjustments for model performance informed by model monitoring.



# Risk review

## Risk performance

### Credit risk

#### Measurement uncertainty and sensitivity analysis

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

Scenarios used to calculate the Barclays Bank Group's ECL charge were refreshed in Q422 with the Baseline scenario reflecting the latest consensus macroeconomic forecasts available at the time of the scenario refresh. In the Baseline scenario, further deterioration in major economies, as inflation pressures continue to squeeze household income, along with significant monetary policy tightening, contribute to lower growth prospects. UK GDP is expected to continue falling into 2023 and the US economy dips into mild recession in 2023. Slight increases in the UK and US unemployment rates are expected, peaking at 4.9% in Q423 and 4.7% in Q124 respectively. Central banks continue raising interest rates, peaking during 2023, and consumer price inflation eases over 2023.

In the Downside 2 scenario, inflation continues to accelerate amid increasing gas and oil prices and persistent supply-chain pressures as a result of the Russian invasion of Ukraine. Central banks are forced to raise interest rates sharply with the UK bank rate reaching 8.0% and the US federal funds rate peaking at 7.0%. Unemployment peaks at 8.5% in the UK and 8.6% in the US. Given already stretched valuations, the sharp increase in borrowing costs sees house prices decrease significantly. In the Upside 2 scenario, lower energy prices add downward pressure on prices globally, while recovering labour force participation limits wage growth. As a result of easing inflation, central banks lower interest rates to support the economic recovery.

The methodology for estimating scenario probability weights involves simulating a range of future paths for UK and US GDP using historical data with the five scenarios mapped against the distribution of these future paths. The median is centred around the Baseline with scenarios further from the Baseline attracting a lower weighting before the five weights are normalised to total 100%. The same scenarios used in the estimation of expected credit losses are also used to inform the Barclays Bank Group's 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 increase in the Downside weightings and the decrease in the Upside weightings reflected the deteriorating economic outlook which moved the Baseline UK/US GDP paths closer to the Downside scenarios. For further details see pages 68 to 70.

The economic uncertainty adjustments of £0.1bn (2021: £1.0bn) have been applied as overlays to the modelled ECL output. These adjustments consist of a customer and client uncertainty provision of £0.2bn (2021: £0.9bn), which has been applied to customers and clients considered most vulnerable to affordability pressures, and a model uncertainty adjustment of £(0.1)bn (2021: £0.1bn). For further details see page 66.

The tables below show the key macroeconomic variables used in the five scenarios (five year annual paths), the probability weights applied to each scenario and the macroeconomic variables by scenario using 'specific bases' i.e. the most extreme position of each variable in the context of the scenario, for example, the highest unemployment for downside scenarios and the lowest unemployment for upside scenarios. Five year average tables and movement over time graphs provide additional transparency. Annual paths show quarterly averages for the year (unemployment and base rate) or change in the year (GDP and HPI).

# Risk review

## Risk performance

### Credit risk

#### Baseline average macroeconomic variables used in the calculation of ECL

	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
UK GDP <sup>a</sup>	3.3	(0.8)	0.9	1.8	1.9
UK unemployment <sup>b</sup>	3.7	4.5	4.4	4.1	4.2
UK HPI <sup>c</sup>	8.4	(4.7)	(1.7)	2.2	2.2
UK bank rate	1.8	4.4	4.1	3.8	3.4
US GDP <sup>a</sup>	1.8	0.5	1.2	1.5	1.5
US unemployment <sup>d</sup>	3.7	4.3	4.7	4.7	4.7
US HPI <sup>e</sup>	11.2	1.8	1.5	2.3	2.4
US federal funds rate	2.1	4.8	3.6	3.1	3.0

	2021	2022	2023	2024	2025
As at 31 December 2021	%	%	%	%	%
UK GDP <sup>a</sup>	6.2	4.9	2.3	1.9	1.7
UK unemployment <sup>b</sup>	4.8	4.7	4.5	4.3	4.2
UK HPI <sup>c</sup>	4.7	1.0	1.9	1.9	2.3
UK bank rate	0.1	0.8	1.0	1.0	0.8
US GDP <sup>a</sup>	5.5	3.9	2.6	2.4	2.4
US unemployment <sup>d</sup>	5.5	4.2	3.6	3.6	3.6
US HPI <sup>e</sup>	11.8	4.5	5.2	4.9	5.0
US federal funds rate	0.2	0.3	0.9	1.2	1.3

#### Downside 2 average macroeconomic variables used in the calculation of ECL

	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
UK GDP <sup>a</sup>	3.3	(3.4)	(3.8)	2.0	2.3
UK unemployment <sup>b</sup>	3.7	6.0	8.4	8.0	7.4
UK HPI <sup>c</sup>	8.4	(18.3)	(18.8)	(7.7)	8.2
UK bank rate	1.8	7.3	7.9	6.6	5.5
US GDP <sup>a</sup>	1.8	(2.7)	(3.4)	2.0	2.6
US unemployment <sup>d</sup>	3.7	6.0	8.5	8.1	7.1
US HPI <sup>e</sup>	11.2	(3.1)	(4.0)	(1.9)	4.8
US federal funds rate	2.1	6.6	6.9	5.8	4.6

	2021	2022	2023	2024	2025
As at 31 December 2021	%	%	%	%	%
UK GDP <sup>a</sup>	6.2	0.2	(4.0)	2.8	4.3
UK unemployment <sup>b</sup>	4.8	7.2	9.0	7.6	6.3
UK HPI <sup>c</sup>	4.7	(14.3)	(21.8)	11.9	15.2
UK bank rate	0.1	2.2	3.9	3.1	2.2
US GDP <sup>a</sup>	5.5	(0.8)	(3.5)	2.5	3.2
US unemployment <sup>d</sup>	5.5	6.4	9.1	8.1	6.4
US HPI <sup>e</sup>	11.8	(6.6)	(9.0)	5.9	6.7
US federal funds rate	0.2	2.1	3.4	2.6	2.0

# Risk review

## Risk performance

### Credit risk

#### Downside 1 average macroeconomic variables used in the calculation of ECL

	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
UK GDP <sup>a</sup>	3.3	(2.1)	(1.5)	1.9	2.1
UK unemployment <sup>b</sup>	3.7	5.2	6.4	6.0	5.8
UK HPI <sup>c</sup>	8.4	(11.7)	(10.6)	(2.8)	5.2
UK bank rate	1.8	5.9	6.1	5.3	4.6
US GDP <sup>a</sup>	1.8	(1.1)	(1.1)	1.7	2.1
US unemployment <sup>d</sup>	3.7	5.1	6.6	6.4	5.9
US HPI <sup>e</sup>	11.2	(0.7)	(1.3)	0.2	3.6
US federal funds rate	2.1	5.8	5.4	4.4	3.9

	2021	2022	2023	2024	2025
As at 31 December 2021	%	%	%	%	%
UK GDP <sup>a</sup>	6.2	2.8	(0.7)	2.3	2.9
UK unemployment <sup>b</sup>	4.8	6.2	6.8	6.0	5.3
UK HPI <sup>c</sup>	4.7	(6.8)	(10.5)	6.9	8.6
UK bank rate	0.1	1.6	2.7	2.3	1.6
US GDP <sup>a</sup>	5.5	1.6	(0.4)	2.4	2.7
US unemployment <sup>d</sup>	5.5	5.4	6.6	6.1	5.2
US HPI <sup>e</sup>	11.8	(1.2)	(2.1)	4.8	5.2
US federal funds rate	0.2	1.3	2.3	2.1	1.8

#### Upside 2 average macroeconomic variables used in the calculation of ECL

	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
UK GDP <sup>a</sup>	3.3	2.8	3.7	2.9	2.4
UK unemployment <sup>b</sup>	3.7	3.5	3.4	3.4	3.4
UK HPI <sup>c</sup>	8.4	8.7	7.5	4.4	4.2
UK bank rate	1.8	3.1	2.6	2.5	2.5
US GDP <sup>a</sup>	1.8	3.3	3.5	2.8	2.8
US unemployment <sup>d</sup>	3.7	3.3	3.3	3.3	3.3
US HPI <sup>e</sup>	11.2	5.8	5.1	4.5	4.5
US federal funds rate	2.1	3.6	2.9	2.8	2.8

	2021	2022	2023	2024	2025
As at 31 December 2021	%	%	%	%	%
UK GDP <sup>a</sup>	6.2	7.2	4.0	2.7	2.1
UK unemployment <sup>b</sup>	4.8	4.5	4.1	4.0	4.0
UK HPI <sup>c</sup>	4.7	8.5	9.0	5.2	4.2
UK bank rate	0.1	0.2	0.5	0.5	0.3
US GDP <sup>a</sup>	5.5	5.3	4.1	3.5	3.4
US unemployment <sup>d</sup>	5.5	3.9	3.4	3.3	3.3
US HPI <sup>e</sup>	11.8	10.6	8.5	7.2	6.6
US federal funds rate	0.2	0.3	0.4	0.7	1.0

# Risk review

## Risk performance

### Credit risk

#### Upside 1 average macroeconomic variables used in the calculation of ECL

	2022	2023	2024	2025	2026
<b>As at 31 December 2022</b>	%	%	%	%	%
UK GDP <sup>a</sup>	3.3	1.0	2.3	2.4	2.1
UK unemployment <sup>b</sup>	3.7	4.0	3.9	3.8	3.8
UK HPI <sup>c</sup>	8.4	1.8	2.9	3.3	3.2
UK bank rate	1.8	3.5	3.3	3.0	2.8
US GDP <sup>a</sup>	1.8	1.9	2.3	2.2	2.2
US unemployment <sup>d</sup>	3.7	3.8	4.0	4.0	4.0
US HPI <sup>e</sup>	11.2	3.8	3.3	3.4	3.4
US federal funds rate	2.1	3.9	3.4	3.0	3.0

	2021	2022	2023	2024	2025
<b>As at 31 December 2021</b>	%	%	%	%	%
UK GDP <sup>a</sup>	6.2	6.0	3.1	2.3	1.9
UK unemployment <sup>b</sup>	4.8	4.6	4.3	4.2	4.1
UK HPI <sup>c</sup>	4.7	5.0	5.0	3.9	3.3
UK bank rate	0.1	0.6	0.8	0.8	0.5
US GDP <sup>a</sup>	5.5	4.6	3.4	2.9	2.9
US unemployment <sup>d</sup>	5.5	4.0	3.5	3.5	3.5
US HPI <sup>e</sup>	11.8	8.3	7.0	6.0	5.7
US federal funds rate	0.2	0.3	0.6	1.0	1.1

#### Notes

- a Average Real GDP seasonally adjusted change in year.
- b Average UK unemployment rate 16-year+.
- c Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.
- d Average US civilian unemployment rate 16-year+.
- e Change in year end US HPI = FHFA house price index, relative to prior year end.

#### Scenario probability weighting (audited)<sup>a</sup>

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
<b>As at 31 December 2022</b>					
Scenario probability weighting	10.9	23.1	39.4	17.6	9.0
<b>As at 31 December 2021</b>					
Scenario probability weighting	20.9	27.2	30.1	14.8	7.0

#### Note

- a For further details on changes to scenario weights see page 67.

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

# Risk review

## Risk performance

### Credit risk

#### Macroeconomic variables used in the calculation of ECL (specific bases) (audited)<sup>a</sup>

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
<b>As at 31 December 2022</b>					
UK GDP <sup>b</sup>	13.9	9.4	1.4	(3.2)	(6.8)
UK unemployment <sup>c</sup>	3.4	3.6	4.2	6.6	8.5
UK HPI <sup>d</sup>	37.8	21.0	1.2	(17.9)	(35.0)
UK bank rate <sup>c</sup>	0.5	0.5	3.5	6.3	8.0
US GDP <sup>b</sup>	14.1	9.6	1.3	(2.5)	(6.3)
US unemployment <sup>c</sup>	3.3	3.6	4.4	6.7	8.6
US HPI <sup>d</sup>	35.0	27.5	3.8	3.7	0.2
US federal funds rate <sup>c</sup>	0.1	0.1	3.3	6.0	7.0
<b>As at 31 December 2021</b>					
UK GDP <sup>b</sup>	21.4	18.3	3.4	(1.6)	(1.6)
UK unemployment <sup>c</sup>	4.0	4.1	4.5	7.0	9.2
UK HPI <sup>d</sup>	35.7	23.8	2.4	(12.7)	(29.9)
UK bank rate <sup>c</sup>	0.1	0.1	0.7	2.8	4.0
US GDP <sup>b</sup>	22.8	19.6	3.4	1.5	(1.3)
US unemployment <sup>c</sup>	3.3	3.5	4.1	6.8	9.5
US HPI <sup>d</sup>	53.3	45.2	6.2	2.2	(5.0)
US federal funds rate <sup>c</sup>	0.1	0.1	0.8	2.3	3.5

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

#### Macroeconomic variables used in the calculation of ECL (5 year averages) (audited)<sup>a</sup>

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
<b>As at 31 December 2022</b>					
UK GDP <sup>e</sup>	3.0	2.2	1.4	0.7	0.0
UK unemployment <sup>f</sup>	3.5	3.8	4.2	5.4	6.7
UK HPI <sup>g</sup>	6.6	3.9	1.2	(2.6)	(6.4)
UK bank rate <sup>f</sup>	2.5	2.9	3.5	4.7	5.8
US GDP <sup>e</sup>	2.9	2.1	1.3	0.7	0.0
US unemployment <sup>f</sup>	3.4	3.9	4.4	5.5	6.7
US HPI <sup>g</sup>	6.2	5.0	3.8	2.5	1.2
US federal funds rate <sup>f</sup>	2.8	3.1	3.3	4.3	5.2
<b>As at 31 December 2021</b>					
UK GDP <sup>e</sup>	4.4	3.9	3.4	2.7	1.8
UK unemployment <sup>f</sup>	4.3	4.4	4.5	5.8	7.0
UK HPI <sup>g</sup>	6.3	4.4	2.4	0.3	(2.0)
UK bank rate <sup>f</sup>	0.3	0.5	0.7	1.7	2.3
US GDP <sup>e</sup>	4.4	3.9	3.4	2.4	1.3
US unemployment <sup>f</sup>	3.9	4.0	4.1	5.7	7.1
US HPI <sup>g</sup>	8.9	7.7	6.2	3.6	1.4
US federal funds rate <sup>f</sup>	0.5	0.6	0.8	1.5	2.1

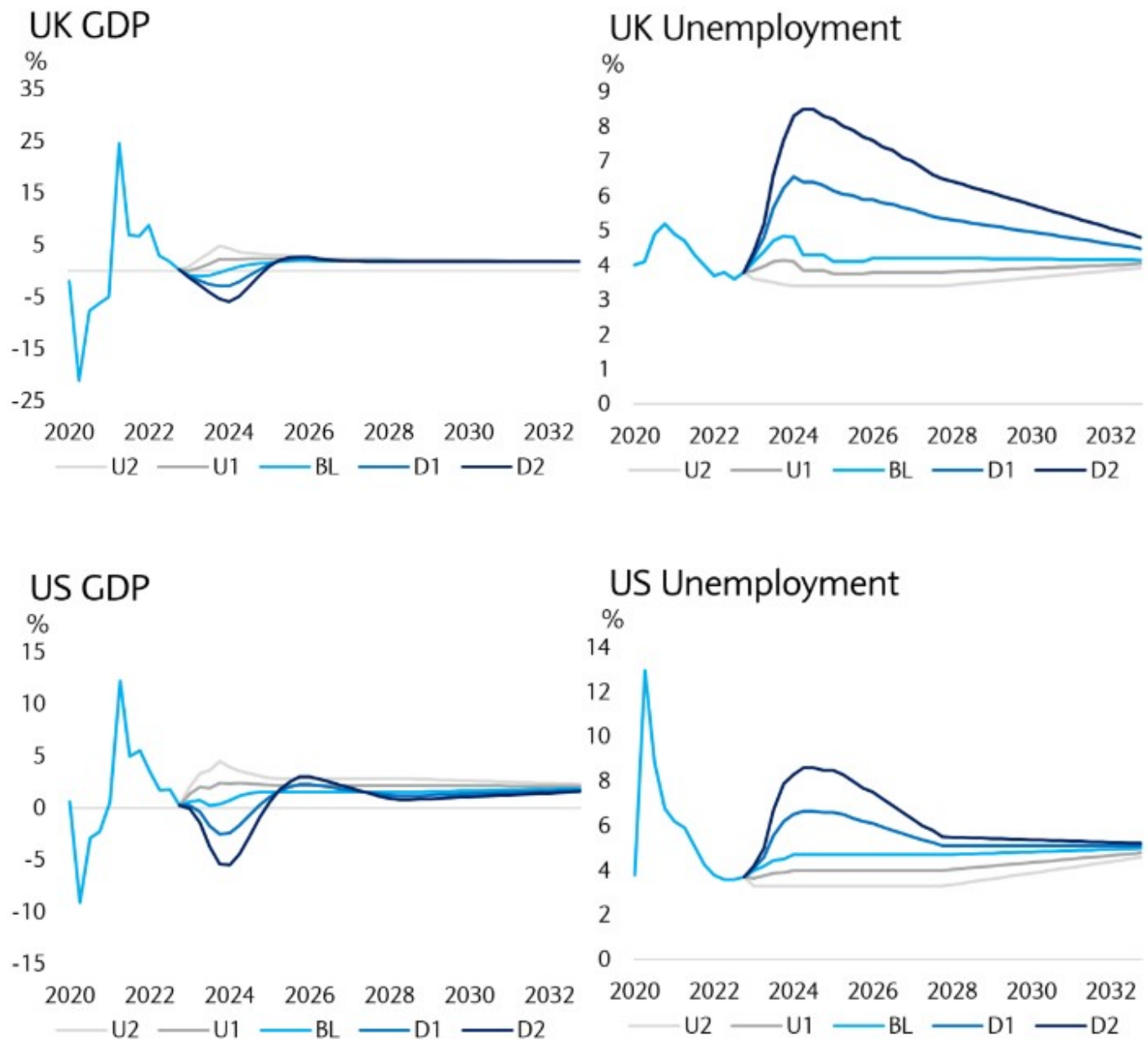
- Notes
- a UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA house price index. 20 quarter period starts from Q121 (2020: Q120).
- b Maximum growth relative to Q420 (2021: Q419), based on 20 quarter period in Upside scenarios; 5-year yearly average CAGR in Baseline; minimum growth relative to Q420 (2021: Q419), based on 20 quarter period in Downside scenarios.
- c Lowest quarter in Upside scenarios; 5-year average in Baseline; highest quarter in Downside scenarios. Period based on 20 quarters from Q121 (2021: Q120).
- d Maximum growth relative to Q420 (2021: Q419), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q420 (2021: Q419), based on 20 quarter period in Downside scenarios.
- e 5-year yearly average CAGR, starting 2021 (2021: 2020)
- f 5-year average. Period based on 20 quarters from Q121 (2021: Q120)
- g 5-year quarter end CAGR, starting Q420 (2021: Q419)

# Risk review

## Risk performance

### Credit risk

The graphs below plot the historical data for GDP growth rate and unemployment rate in the UK and US as well as the forecasted data under each of the five scenarios.



GDP growth based on year on year growth each quarter (Q/(Q-4))

# Risk review

## Risk performance

### Credit risk

#### ECL under 100% weighted scenarios for modelled portfolios (audited)

The table below shows the Expected Credit Loss (ECL) assuming scenarios have been 100% weighted with the dispersion of results around the Baseline, highlighting the impact on exposure and ECL across the scenarios.

Model exposure uses exposure at default (EAD) values and is not directly comparable to gross exposure used in prior disclosures.

As at 31 December 2022	Scenarios					
	Weighted <sup>a</sup>	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
<b>Stage 1 Model exposure (£m)</b>						
Home loans	3,622	3,652	3,642	3,627	3,593	3,557
Credit cards, unsecured loans and other retail lending <sup>b, c</sup>	55,016	54,797	54,789	54,855	55,062	55,197
Wholesale loans	167,476	171,642	170,664	169,325	163,888	152,417
<b>Stage 1 Model ECL (£m)</b>						
Home loans	3	3	3	3	3	4
Credit cards, unsecured loans and other retail lending	436	415	427	438	445	452
Wholesale loans	287	220	243	273	337	379
<b>Stage 1 Coverage (%)</b>						
Home loans	0.1	0.1	0.1	0.1	0.1	0.1
Credit cards, unsecured loans and other retail lending	0.8	0.8	0.8	0.8	0.8	0.8
Wholesale loans	0.2	0.1	0.1	0.2	0.2	0.2
<b>Stage 2 Model exposure (£m)</b>						
Home loans	252	223	233	248	281	317
Credit cards, unsecured loans and other retail lending <sup>b, c</sup>	4,865	4,411	4,713	4,996	5,250	5,657
Wholesale loans	18,850	14,684	15,662	17,001	22,438	33,909
<b>Stage 2 Model ECL (£m)</b>						
Home loans	24	14	18	22	34	45
Credit cards, unsecured loans and other retail lending	1,173	1,037	1,105	1,173	1,269	1,402
Wholesale loans	521	360	411	482	682	1,092
<b>Stage 2 Coverage (%)</b>						
Home loans	9.5	6.3	7.7	8.9	12.1	14.2
Credit cards, unsecured loans and other retail lending	24.1	23.5	23.4	23.5	24.2	24.8
Wholesale loans	2.8	2.5	2.6	2.8	3.0	3.2
<b>Stage 3 Model exposure (£m)<sup>d</sup></b>						
Home loans	583	583	583	583	583	583
Credit cards, unsecured loans and other retail lending	1,194	1,194	1,194	1,194	1,194	1,194
Wholesale loans	—	—	—	—	—	—
<b>Stage 3 Model ECL (£m)</b>						
Home loans	319	308	313	317	328	337
Credit cards, unsecured loans and other retail lending	895	877	886	895	907	917
Wholesale loans <sup>e</sup>	—	—	—	—	—	—
<b>Stage 3 Coverage (%)</b>						
Home loans	54.7	52.8	53.7	54.4	56.3	57.8
Credit cards, unsecured loans and other retail lending	75.0	73.5	74.2	75.0	76.0	76.8
Wholesale loans <sup>e</sup>	—	—	—	—	—	—
<b>Total Model ECL (£m)</b>						
Home loans	346	325	334	342	365	386
Credit cards, unsecured loans and other retail lending	2,504	2,329	2,418	2,506	2,621	2,771
Wholesale loans <sup>e</sup>	808	580	654	755	1,019	1,471
<b>Total ECL</b>	<b>3,658</b>	<b>3,234</b>	<b>3,406</b>	<b>3,603</b>	<b>4,005</b>	<b>4,628</b>

# Risk review

## Risk performance

### Credit risk

Reconciliation to total ECL	£m
Total weighted model ECL	3,658
ECL from individually assessed impairments <sup>e</sup>	316
ECL from non-modelled and others	400
ECL from post model management adjustments <sup>f</sup>	(22)
Of which: ECL from economic uncertainty adjustments	97
<b>Total ECL</b>	<b>4,352</b>

#### Note

- a Model exposures are allocated to a stage based on an individual scenario rather than a probability-weighted approach, as required for Barclays reported impairment allowances. As a result, it is not possible to back solve the final reported weighted ECL from individual scenarios given balances may be assigned to a different stage dependent on the scenario.
- b For Credit cards, unsecured loans and other retail lending, the model exposure movement between stages 1 and 2 across scenarios differs due to additional impacts from the undrawn exposure.
- c For Credit cards, unsecured loans and other retail lending, the dispersion of results around Baseline has narrowed following model enhancements made during the year.
- d Model exposures allocated to Stage 3 does not change in any of the scenarios as the transition criteria relies only on an observable evidence of default as at 31st December 2022 and not on macroeconomic scenario.
- e Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £316m is reported as an individually assessed impairment in the reconciliation table.
- f Post Model Adjustments include negative adjustments reflecting operational post model adjustments.

The use of five scenarios with associated weightings results in a total weighted ECL uplift from the Baseline ECL of 1.5%.

**Home loans:** Total weighted ECL of £346m represents a 1.2% increase over the Baseline ECL (£342m) reflecting the nature of the Italy portfolio.

**Credit cards, unsecured loans and other retail lending:** Total weighted ECL of £2,504m is aligned to the Baseline ECL (£2,506m). The impact of the deteriorated Baseline scenario relative to the severity of the Downside scenarios is greater than the impact of the higher weights applied to the Downside scenarios when compared to 2021. This results in a convergence between Baseline and Weighted ECL in 2022. Total ECL increases to £2,771m under the Downside 2 scenario, mainly driven by significant increase in US unemployment rate to 6.0% in 2023.

**Wholesale loans:** Total weighted ECL of £808m represents a 7.0% increase over the Baseline ECL (£755m) reflecting the range of economic scenarios used, with exposures in the Investment Bank being particularly sensitive to the Downside 2 scenario.



# Risk review

## Risk performance

### Credit risk

As at 31 December 2021	Scenarios					
	Weighted <sup>a</sup>	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
<b>Stage 1 Model exposure (£m)</b>						
Home loans	3,905	3,915	3,911	3,906	3,885	3,868
Credit cards, unsecured loans and other retail lending <sup>b,c</sup>	30,282	27,945	29,092	30,271	32,013	30,280
Wholesale loans	142,804	145,097	144,688	143,967	140,402	135,764
<b>Stage 1 Model ECL (£m)</b>						
Home loans	2	2	2	2	3	3
Credit cards, unsecured loans and other retail lending	221	157	164	173	254	332
Wholesale loans	219	189	200	216	250	282
<b>Stage 1 Coverage (%)</b>						
Home loans	0.1	0.1	0.1	0.1	0.1	0.1
Credit cards, unsecured loans and other retail lending	0.7	0.6	0.6	0.6	0.8	1.1
Wholesale loans	0.2	0.1	0.1	0.2	0.2	0.2
<b>Stage 2 Model exposure (£m)</b>						
Home loans	228	219	222	227	249	266
Credit cards, unsecured loans and other retail lending <sup>b,c</sup>	2,291	1,771	1,919	2,082	4,586	11,493
Wholesale loans	29,124	26,831	27,240	27,961	31,525	36,163
<b>Stage 2 Model ECL (£m)</b>						
Home loans	12	10	10	11	18	24
Credit cards, unsecured loans and other retail lending	365	264	295	333	599	2,278
Wholesale loans	506	395	420	462	712	1,229
<b>Stage 2 Coverage (%)</b>						
Home loans	5.3	4.6	4.5	4.8	7.2	9.0
Credit cards, unsecured loans and other retail lending	15.9	14.9	15.4	16.0	13.1	19.8
Wholesale loans	1.7	1.5	1.5	1.7	2.3	3.4
<b>Stage 3 Model exposure (£m)<sup>d</sup></b>						
Home loans	610	610	610	610	610	610
Credit cards, unsecured loans and other retail lending	1,028	1,028	1,028	1,028	1,028	1,028
Wholesale loans	0	0	0	0	0	0
<b>Stage 3 Model ECL (£m)</b>						
Home loans	297	290	292	296	310	320
Credit cards, unsecured loans and other retail lending	696	685	690	696	710	722
Wholesale loans <sup>e</sup>	0	0	0	0	0	0
<b>Stage 3 Coverage (%)</b>						
Home loans	48.7	47.5	47.9	48.5	50.8	52.5
Credit cards, unsecured loans and other retail lending	67.7	66.6	67.1	67.7	69.1	70.2
Wholesale loans <sup>e</sup>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Model ECL (£m)</b>						
Home loans	311	302	304	309	331	347
Credit cards, unsecured loans and other retail lending	1,282	1,106	1,149	1,202	1,563	3,332
Wholesale loans <sup>e</sup>	725	584	620	678	962	1,511
<b>Total ECL</b>	<b>2,318</b>	<b>1,992</b>	<b>2,073</b>	<b>2,189</b>	<b>2,856</b>	<b>5,190</b>

# Risk review

## Risk performance

### Credit risk

Reconciliation to total ECL	£m
Total weighted model ECL	2,318
ECL from individually assessed impairments <sup>e</sup>	463
ECL from non-modelled and others	75
ECL from post model management adjustments	1,142
<i>Of which: ECL from economic uncertainty adjustments</i>	<i>1,049</i>
Total ECL	3,998

#### Notes

- Model exposures are allocated to a stage based on an individual scenario rather than a probability-weighted approach, as required for Barclays reported impairment allowances. As a result, it is not possible to back solve the final reported weighted ECL from individual scenarios given balances may be assigned to a different stage dependent on the scenario.
- For Credit cards, unsecured loans and other retail lending, the model exposure movement between stages 1 and 2 across scenarios differs due to additional impacts from the undrawn exposure.
- In 2021, Loans & Advances at amortised cost were used as model exposure for the International Consumer Bank within this disclosure. The process was revised in 2022 to incorporate Exposure at Default (EAD) with no impact to ECL. This has been represented in prior year comparatives.
- Model exposures allocated to Stage 3 does not change in any of the scenarios as the transition criteria relies only on an observable evidence of default as at 31st December 2021 and not on macroeconomic scenario.
- Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £463m is reported as an individually assessed impairment in the reconciliation table.

# Risk review

## Risk performance

### Credit risk

#### Analysis of the concentration of credit risk

A concentration of credit risk exists when a number of counterparties are located in a common geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Barclays Bank Group implements limits on concentrations in order to mitigate the risk. The analyses of credit risk concentrations presented below are based on the location of the counterparty or customer or the industry in which they are engaged.

#### Geographic concentrations

Exposure is concentrated in the Americas 45% (2021: 44%), in the UK 26% (2021: 25%) and Europe 22% (2021: 24%).

#### Credit risk concentrations by geography (audited)

##### Barclays Bank Group

	United Kingdom	Americas	Europe	Asia	Africa and Middle East	Total
	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2022</b>						
<b>On-balance sheet:</b>						
Cash and balances at central banks	74,792	49,830	73,677	3,552	291	202,142
Cash collateral and settlement balances	37,994	36,503	21,962	10,345	1,058	107,862
Loans and advances at amortised cost	67,271	72,633	31,532	5,958	5,113	182,507
Reverse repurchase agreements and other similar secured lending	—	127	329	262	7	725
Trading portfolio assets	9,341	35,481	16,925	5,300	1,581	68,628
Financial assets at fair value through the income statement	28,769	106,715	41,355	20,535	8,820	206,194
Derivative financial instruments	99,695	101,402	77,106	22,299	2,474	302,976
Financial assets at fair value through other comprehensive income	5,228	17,950	15,929	5,718	258	45,083
Other assets	1,367	118	13	3	2	1,503
<b>Total on-balance sheet</b>	<b>324,457</b>	<b>420,759</b>	<b>278,828</b>	<b>73,972</b>	<b>19,604</b>	<b>1,117,620</b>
<b>Off-balance sheet:</b>						
Contingent liabilities	7,530	11,297	4,811	1,760	402	25,800
Loan commitments	45,027	240,343	42,533	4,321	2,753	334,977
<b>Total off-balance sheet</b>	<b>52,557</b>	<b>251,640</b>	<b>47,344</b>	<b>6,081</b>	<b>3,155</b>	<b>360,777</b>
<b>Total</b>	<b>377,014</b>	<b>672,399</b>	<b>326,172</b>	<b>80,053</b>	<b>22,759</b>	<b>1,478,397</b>
<b>As at 31 December 2021</b>						
<b>On-balance sheet:</b>						
Cash and balances at central banks	45,470	38,735	76,846	7,789	245	169,085
Cash collateral and settlement balances	30,107	28,272	21,754	7,210	742	88,085
Loans and advances at amortised cost	62,269	50,718	23,576	4,775	3,921	145,259
Reverse repurchase agreements and other similar secured lending	9	123	351	2,508	186	3,177
Trading portfolio assets	12,852	29,478	15,062	4,943	890	63,225
Financial assets at fair value through the income statement	26,096	95,456	30,080	21,798	9,998	183,428
Derivative financial instruments	78,449	91,992	75,245	14,709	1,896	262,291
Financial assets at fair value through other comprehensive income	4,525	20,750	15,603	4,666	363	45,907
Other assets	747	224	17	6	—	994
<b>Total on-balance sheet</b>	<b>260,524</b>	<b>355,748</b>	<b>258,534</b>	<b>68,404</b>	<b>18,241</b>	<b>961,451</b>
<b>Off-balance sheet:</b>						
Contingent liabilities	7,926	10,329	3,957	1,131	403	23,746
Loan commitments	46,616	192,270	38,567	5,079	1,919	284,451
<b>Total off-balance sheet</b>	<b>54,542</b>	<b>202,599</b>	<b>42,524</b>	<b>6,210</b>	<b>2,322</b>	<b>308,197</b>
<b>Total</b>	<b>315,066</b>	<b>558,347</b>	<b>301,058</b>	<b>74,614</b>	<b>20,563</b>	<b>1,269,648</b>

# Risk review

## Risk performance

### Credit risk

#### Industry concentrations

Total exposure concentrated in banks and other financial institutions is 48% (2021: 48%), predominantly within derivative financial instruments and financial assets. The proportion of the overall exposure concentrated in governments and central banks is 22% (2021: 22%). Further details on material and emerging risks can be found on pages 29 to 41.

#### Credit risk concentrations by industry (audited)

##### Barclays Bank Group

	Banks	Other financial institutions	Manufacturing	Construction and property	Government and central bank	Energy and water	Wholesale and retail distribution and leisure	Business and other services	Home loans	Cards, unsecured loans and other personal lending	Other	Total
As at 31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>On-balance sheet:</b>												
Cash and balances at central banks	675	—	—	—	201,467	—	—	—	—	—	—	202,142
Cash collateral and settlement balances	14,965	78,705	229	67	12,739	269	136	166	—	—	586	107,862
Loans and advances at amortised cost	8,753	49,102	7,346	16,460	17,828	5,541	8,164	16,810	11,405	34,483	6,615	182,507
Reverse repurchase agreements and other similar secured lending	583	92	—	—	50	—	—	—	—	—	—	725
Trading portfolio assets	4,638	9,314	5,007	1,405	36,335	2,330	789	2,782	—	—	6,028	68,628
Financial assets at fair value through the income statement	30,982	149,917	705	1,707	16,598	184	479	3,897	1,255	—	470	206,194
Derivative financial instruments	128,161	152,840	4,095	597	3,027	4,778	1,541	3,175	—	—	4,762	302,976
Financial assets at fair value through other comprehensive income	9,293	2,444	—	592	32,372	—	—	112	—	—	270	45,083
Other assets	345	1,020	9	—	1	1	—	118	—	—	9	1,503
<b>Total on-balance sheet</b>	<b>198,395</b>	<b>443,434</b>	<b>17,391</b>	<b>20,828</b>	<b>320,417</b>	<b>13,103</b>	<b>11,109</b>	<b>27,060</b>	<b>12,660</b>	<b>34,483</b>	<b>18,740</b>	<b>1,117,620</b>
<b>Off-balance sheet:</b>												
Contingent liabilities	1,108	8,075	3,695	1,430	1,008	3,891	1,138	3,177	—	143	2,135	25,800
Loan commitments	1,779	63,801	44,808	11,887	1,501	29,594	16,308	24,672	120	114,820	25,687	334,977
<b>Total off-balance sheet</b>	<b>2,887</b>	<b>71,876</b>	<b>48,503</b>	<b>13,317</b>	<b>2,509</b>	<b>33,485</b>	<b>17,446</b>	<b>27,849</b>	<b>120</b>	<b>114,963</b>	<b>27,822</b>	<b>360,777</b>
<b>Total</b>	<b>201,282</b>	<b>515,310</b>	<b>65,894</b>	<b>34,145</b>	<b>322,926</b>	<b>46,588</b>	<b>28,555</b>	<b>54,909</b>	<b>12,780</b>	<b>149,446</b>	<b>46,562</b>	<b>1,478,397</b>
<b>As at 31 December 2021</b>												
<b>On-balance sheet:</b>												
Cash and balances at central banks	28	—	—	—	169,057	—	—	—	—	—	—	169,085
Cash collateral and settlement balances	14,605	61,252	320	79	10,684	390	60	354	—	—	341	88,085
Loans and advances at amortised cost	7,955	33,563	5,821	13,714	15,462	4,244	7,266	13,881	10,985	26,477	5,891	145,259
Reverse repurchase agreements and other similar secured lending	595	2,049	—	—	533	—	—	—	—	—	—	3,177
Trading portfolio assets	2,560	8,818	4,881	1,048	32,483	4,043	1,734	4,716	—	—	2,942	63,225
Financial assets at fair value through the income statement	26,239	131,232	763	5,444	13,935	76	181	3,547	1,595	—	416	183,428
Derivative financial instruments	120,607	117,050	4,168	1,898	7,233	3,544	1,172	2,825	—	—	3,794	262,291
Financial assets at fair value through other comprehensive income	9,942	2,972	—	514	31,975	—	—	444	—	—	60	45,907
Other assets	401	474	1	—	8	—	—	105	—	—	5	994
<b>Total on-balance sheet</b>	<b>182,932</b>	<b>357,410</b>	<b>15,954</b>	<b>22,697</b>	<b>281,370</b>	<b>12,297</b>	<b>10,413</b>	<b>25,872</b>	<b>12,580</b>	<b>26,477</b>	<b>13,449</b>	<b>961,451</b>
<b>Off-balance sheet:</b>												
Contingent liabilities	1,005	7,772	3,080	1,342	1,092	3,284	1,182	3,118	—	73	1,798	23,746
Loan commitments	1,340	53,212	42,434	15,752	1,360	26,447	15,811	25,201	341	76,759	25,794	284,451
<b>Total off-balance sheet</b>	<b>2,345</b>	<b>60,984</b>	<b>45,514</b>	<b>17,094</b>	<b>2,452</b>	<b>29,731</b>	<b>16,993</b>	<b>28,319</b>	<b>341</b>	<b>76,832</b>	<b>27,592</b>	<b>308,197</b>
<b>Total</b>	<b>185,277</b>	<b>418,394</b>	<b>61,468</b>	<b>39,791</b>	<b>283,822</b>	<b>42,028</b>	<b>27,406</b>	<b>54,191</b>	<b>12,921</b>	<b>103,309</b>	<b>41,041</b>	<b>1,269,648</b>

# Risk review

## Risk performance

### Credit risk

#### Approach to management and representation of credit quality

##### Asset credit quality

The credit quality distribution is based on the IFRS 9 12 month probability of default (PD) at the reporting date to ensure comparability with other ECL disclosures in the Expected Credit Losses section on pages 59 to 65.

The Barclays Bank Group uses the following internal measures to determine credit quality for loans:

PD Range %	Internal DG Band	Default Probability			Credit Quality description	Moody's	Standard and Poor's
		>Min	Mid	<=Max			
0.00 to < 0.15	1	0.00%	0.01%	0.02%	Strong	Aaa, Aa1, Aa2	AAA, AA+, AA
	2	0.02%	0.03%	0.03%		Aa3	AA-
	3	0.03%	0.04%	0.05%		A1	A+
	4	0.05%	0.08%	0.10%		A2, A3	A, A-
	5	0.10%	0.13%	0.15%		Baa1	BBB+
0.15 to < 0.25	6	0.15%	0.18%	0.20%	Strong	Baa2	BBB
	7	0.20%	0.23%	0.25%		Baa2	BBB
0.25 to < 0.50	8	0.25%	0.28%	0.30%	Strong	Baa3	BBB-
	9	0.30%	0.35%	0.40%		Baa3	BBB-
	10	0.40%	0.45%	0.50%		Ba1	BB+
0.50 to < 0.75	11	0.50%	0.55%	0.60%	Strong	Ba1	BB+
	12	0.60%	0.68%	0.75%		Satisfactory	Ba2
0.75 to < 2.50	12	0.75%	0.98%	1.20%	Satisfactory	Ba2	BB
	13	1.20%	1.38%	1.55%		Ba3	BB-
	14	1.55%	1.85%	2.15%		Ba3	B+
	15	2.15%	2.33%	2.50%		B1	B+
2.50 to < 10.00	15	2.50%	2.78%	3.05%	Satisfactory	B1	B+
	16	3.05%	3.75%	4.45%		B2	B+
	17	4.45%	5.40%	6.35%		B3, Caa1	B
	18	6.35%	7.50%	8.65%		B3, Caa1	B-
10.00 to < 100.00	19	8.65%	10.00%	10.00%	Higher risk	B3, Caa1	CCC+
	19	10.00%	10.68%	11.35%		Caa2	CCC+
	20	11.35%	15.00%	18.65%		Caa2	CCC
100.00 (Default)	21	18.65%	30.00%	99.99%		Caa3, Ca, C	CCC-, CC+, CC, C
	22	100%				D	D

For retail clients, a range of analytical tools is used to derive the probability of default of clients at inception and on an ongoing basis.

These credit quality descriptions can be summarised as follows:

**Strong:** there is a very high likelihood of the asset being recovered in full.

**Satisfactory:** while there is a high likelihood that the asset will be recovered and therefore, of no cause for concern to the Barclays Bank Group, the asset may not be collateralised, or may relate to unsecured retail facilities. At the lower end of this grade there are customers that are being more carefully monitored, for example, corporate customers which are indicating some evidence of deterioration, mortgages with a high loan to value, and unsecured retail loans operating outside normal product guidelines.

**Higher risk:** there is concern over the obligor's ability to make payments when due. However, these have not yet converted to actual delinquency. There may also be doubts over the value of collateral or security provided. However, the borrower or counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

##### Debt securities

For assets held at fair value, the carrying value on the balance sheet will include, among other things, the credit risk of the issuer. Most listed and some unlisted securities are rated by external rating agencies. The Barclays Bank Group mainly uses external credit ratings provided by Standard & Poor's, Fitch or Moody's. Where such ratings are not available or are not current, the Barclays Bank Group will use its own internal ratings for the securities.

##### Balance sheet credit quality

The following tables present the credit quality of Barclays Bank Group assets exposed to credit risk.

# Risk review

## Risk performance

### Credit risk

#### Overview

As at 31 December 2022, the ratio of the Barclays Bank Group's on-balance sheet assets classified as strong (0.0 < 0.60%) remained stable at 86% (2021: 86%) of total assets exposed to credit risk.

Balance sheet credit quality (audited)									
Barclays Bank Group	PD Range	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total
As at 31 December 2022		£m	£m	£m	£m	%	%	%	%
Cash and balances at central banks		202,142			202,142	100	—	—	100
Cash collateral and settlement balances		96,688	10,886	288	107,862	90	10	—	100
Loans and advances at amortised cost									
Home loans		10,096	636	673	11,405	88	6	6	100
Credit cards, unsecured loans and other retail lending		15,376	17,140	1,646	34,162	45	50	5	100
Wholesale loans		108,267	26,397	2,276	136,940	79	19	2	100
<b>Total loans and advances at amortised cost</b>		<b>133,739</b>	<b>44,173</b>	<b>4,595</b>	<b>182,507</b>	<b>73</b>	<b>24</b>	<b>3</b>	<b>100</b>
Reverse repurchase agreements and other similar secured lending		725			725	100	—	—	100
Trading portfolio assets:									
Debt securities		50,208	4,891	331	55,430	90	9	1	100
Traded loans		3,214	8,273	1,711	13,198	24	63	13	100
<b>Total trading portfolio assets</b>		<b>53,422</b>	<b>13,164</b>	<b>2,042</b>	<b>68,628</b>	<b>79</b>	<b>19</b>	<b>3</b>	<b>100</b>
Financial assets at fair value through the income statement:									
Loans and advances		13,508	24,573	109	38,190	36	64	—	100
Debt securities		2,097	1,055	65	3,217	65	33	2	100
Reverse repurchase agreements		124,811	38,339	1,548	164,698	76	23	1	100
Other financial assets		68	21	—	89	76	24	—	100
<b>Total financial assets at fair value through the income statement</b>		<b>140,484</b>	<b>63,988</b>	<b>1,722</b>	<b>206,194</b>	<b>68</b>	<b>31</b>	<b>1</b>	<b>100</b>
Derivative financial instruments		285,087	17,606	283	302,976	94	6	—	100
Financial assets at fair value through other comprehensive income		45,081	3		45,084	100	—	—	100
Other assets		1,455	47		1,502	97	3	—	100
<b>Total on-balance sheet</b>		<b>958,823</b>	<b>149,867</b>	<b>8,930</b>	<b>1,117,620</b>	<b>86</b>	<b>13</b>	<b>1</b>	<b>100</b>
As at 31 December 2021									
Cash and balances at central banks		169,085	—	—	169,085	100	—	—	100
Cash collateral and settlement balances		78,881	9,194	10	88,085	90	10	—	100
Loans and advances at amortised cost									
Home loans		9,519	809	657	10,985	87	7	6	100
Credit cards, unsecured loans and other retail lending		18,460	6,178	1,322	25,960	71	24	5	100
Wholesale loans		78,239	26,992	3,083	108,314	72	25	3	100
<b>Total loans and advances at amortised cost</b>		<b>106,218</b>	<b>33,979</b>	<b>5,062</b>	<b>145,259</b>	<b>73</b>	<b>23</b>	<b>4</b>	<b>100</b>
Reverse repurchase agreements and other similar secured lending		3,091	86	—	3,177	97	3	—	100
Trading portfolio assets:									
Debt securities		44,488	5,735	477	50,700	88	11	1	100
Traded loans		2,172	10,144	209	12,525	17	81	2	100
<b>Total trading portfolio assets</b>		<b>46,660</b>	<b>15,879</b>	<b>686</b>	<b>63,225</b>	<b>74</b>	<b>25</b>	<b>1</b>	<b>100</b>
Financial assets at fair value through the income statement:									
Loans and advances		16,977	18,896	28	35,901	47	53	—	100
Debt securities		1,346	858	52	2,256	60	38	2	100
Reverse repurchase agreements		108,609	36,047	530	145,186	75	25	—	100
Other financial assets		67	18	—	85	79	21	—	100
<b>Total financial assets at fair value through the income statement</b>		<b>126,999</b>	<b>55,819</b>	<b>610</b>	<b>183,428</b>	<b>70</b>	<b>30</b>	<b>—</b>	<b>100</b>
Derivative financial instruments		246,347	15,678	266	262,291	94	6	—	100
Financial assets at fair value through other comprehensive income		45,901	6	—	45,907	100	—	—	100
Other assets		948	46	—	994	95	5	—	100
<b>Total on-balance sheet</b>		<b>824,130</b>	<b>130,687</b>	<b>6,634</b>	<b>961,451</b>	<b>86</b>	<b>13</b>	<b>1</b>	<b>100</b>

# Risk review

## Risk performance

### Credit risk

#### Credit exposures by internal PD grade

The below tables represent credit risk profile by PD grade for loans and advances at amortised cost, contingent liabilities and loan commitments.

Stage 1 higher risk assets, presented gross of associated collateral held, are of weaker credit quality but have not significantly deteriorated since origination.

IFRS 9 Stage 1 and Stage 2 classification is not dependent solely on the absolute probability of default but on elements that determine a Significant Increase in Credit Risk (see Note 8 to the financial statements on page 137), including relative movement in probability of default since initial recognition. There is therefore no direct relationship between credit quality and IFRS 9 stage classification.

#### Barclays Bank Group

As at 31 December 2022

#### Credit risk profile by internal PD grade for loans and advances at amortised cost (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	57,324	845	5	58,174	2	15	3	20	58,154	—
4-5	0.05 to < 0.15%	Strong	24,545	235	—	24,780	11	1	—	12	24,768	—
6-8	0.15 to < 0.30%	Strong	14,893	4,348	—	19,241	24	16	—	40	19,201	0.2
9-11	0.30 to < 0.60%	Strong	30,577	1,139	—	31,716	87	13	—	100	31,616	0.3
12-14	0.60 to < 2.15%	Satisfactory	17,488	3,096	—	20,584	169	124	—	293	20,291	1.4
15-19	2.15 to < 10%	Satisfactory	12,130	3,859	—	15,989	147	532	—	679	15,310	4.2
19	10 to < 11.35%	Satisfactory	6,227	2,640	—	8,867	199	96	—	295	8,572	3.3
20-21	11.35 to < 100%	Higher Risk	624	2,787	—	3,411	54	692	—	746	2,665	21.9
22	100%	Credit Impaired	—	—	3,565	3,565	—	—	1,635	1,635	1,930	45.9
<b>Total</b>			<b>163,808</b>	<b>18,949</b>	<b>3,570</b>	<b>186,327</b>	<b>693</b>	<b>1,489</b>	<b>1,638</b>	<b>3,820</b>	<b>182,507</b>	<b>2.1</b>

As at 31 December 2021

#### Credit risk profile by internal PD grade for loans and advances at amortised cost (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	52,756	855	—	53,611	280	6	—	286	53,325	0.5
4-5	0.05 to < 0.15%	Strong	17,797	211	—	18,008	6	2	—	8	18,000	—
6-8	0.15 to < 0.30%	Strong	10,764	1,220	—	11,984	15	7	—	22	11,962	0.2
9-11	0.30 to < 0.60%	Strong	21,865	1,136	—	23,001	55	15	—	70	22,931	0.3
12-14	0.60 to < 2.15%	Satisfactory	16,429	3,508	—	19,937	160	116	—	276	19,661	1.4
15-19	2.15 to < 10%	Satisfactory	6,653	4,995	—	11,648	169	302	—	471	11,177	4.0
19	10 to < 11.35%	Satisfactory	2,156	1,276	—	3,432	39	252	—	291	3,141	8.5
20-21	11.35 to < 100%	Higher Risk	593	3,196	—	3,789	72	319	—	391	3,398	10.3
22	100%	Credit Impaired	—	—	3,348	3,348	—	—	1,684	1,684	1,664	50.3
<b>Total</b>			<b>129,013</b>	<b>16,397</b>	<b>3,348</b>	<b>148,758</b>	<b>796</b>	<b>1,019</b>	<b>1,684</b>	<b>3,499</b>	<b>145,259</b>	<b>2.4</b>

# Risk review

## Risk performance

### Credit risk

As at 31 December 2022

#### Credit risk profile by internal PD grade for contingent liabilities<sup>a</sup> (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	7,290	149	—	7,439	2	1	—	3	7,436	—
4-5	0.05 to < 0.15%	Strong	4,210	348	—	4,558	2	1	—	3	4,555	0.1
6-8	0.15 to < 0.30%	Strong	2,733	180	—	2,913	3	3	—	6	2,907	0.2
9-11	0.30 to < 0.60%	Strong	3,161	214	—	3,375	8	1	—	9	3,366	0.3
12-14	0.60 to < 2.15%	Satisfactory	1,989	751	—	2,740	21	6	—	27	2,713	1.0
15-19	2.15 to < 10%	Satisfactory	910	496	—	1,406	8	17	—	25	1,381	1.8
19	10 to < 11.35%	Satisfactory	716	190	—	906	41	18	—	59	847	6.5
20-21	11.35 to < 100%	Higher Risk	58	440	—	498	2	64	—	66	432	13.3
22	100%	Credit Impaired	—	—	542	542	—	—	3	3	539	0.6
<b>Total</b>			<b>21,067</b>	<b>2,768</b>	<b>542</b>	<b>24,377</b>	<b>87</b>	<b>111</b>	<b>3</b>	<b>201</b>	<b>24,176</b>	<b>0.8</b>

As at 31 December 2021

#### Credit risk profile by internal PD grade for contingent liabilities<sup>a</sup> (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	8,240	172	—	8,412	2	1	—	3	8,409	—
4-5	0.05 to < 0.15%	Strong	3,479	503	—	3,982	2	2	—	4	3,978	0.1
6-8	0.15 to < 0.30%	Strong	1,996	199	—	2,195	2	2	—	4	2,191	0.2
9-11	0.30 to < 0.60%	Strong	2,794	216	—	3,010	4	1	—	5	3,005	0.2
12-14	0.60 to < 2.15%	Satisfactory	1,990	286	—	2,276	19	8	—	27	2,249	1.2
15-19	2.15 to < 10%	Satisfactory	817	479	—	1,296	5	10	—	15	1,281	1.2
19	10 to < 11.35%	Satisfactory	607	254	—	861	21	42	—	63	798	7.3
20-21	11.35 to < 100%	Higher Risk	141	1,162	—	1,303	3	77	—	80	1,223	6.1
22	100%	Credit Impaired	—	—	180	180	—	—	1	1	179	0.6
<b>Total</b>			<b>20,064</b>	<b>3,271</b>	<b>180</b>	<b>23,515</b>	<b>58</b>	<b>143</b>	<b>1</b>	<b>202</b>	<b>23,313</b>	<b>0.9</b>

As at 31 December 2022

#### Credit risk profile by internal PD grade for loan commitments<sup>a</sup> (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	69,737	725	—	70,462	6	—	—	6	70,456	0.1
4-5	0.05 to < 0.15%	Strong	72,221	3,649	—	75,870	5	1	—	6	75,864	0.1
6-8	0.15 to < 0.30%	Strong	59,350	2,258	—	61,608	12	2	—	14	61,594	0.2
9-11	0.30 to < 0.60%	Strong	40,750	1,878	—	42,628	13	4	—	17	42,611	0.4
12-14	0.60 to < 2.15%	Satisfactory	26,100	4,355	—	30,455	47	14	—	61	30,394	0.2
15-19	2.15 to < 10%	Satisfactory	18,925	3,653	—	22,578	32	38	—	70	22,508	0.3
19	10 to < 11.35%	Satisfactory	10,241	2,754	—	12,995	29	27	—	56	12,939	0.4
20-21	11.35 to < 100%	Higher Risk	678	3,886	—	4,564	3	78	—	81	4,483	1.8
22	100%	Credit Impaired	—	—	346	346	—	—	20	20	326	5.8
<b>Total</b>			<b>298,002</b>	<b>23,158</b>	<b>346</b>	<b>321,506</b>	<b>147</b>	<b>164</b>	<b>20</b>	<b>331</b>	<b>321,175</b>	<b>1.0</b>



# Risk review

## Risk performance

### Credit risk

As at 31 December 2021

#### Credit risk profile by internal PD grade for loan commitments<sup>a</sup> (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	92,864	3,002	—	95,866	5	3	—	8	95,858	—
4-5	0.05 to < 0.15%	Strong	55,979	5,345	—	61,324	10	5	—	15	61,309	—
6-8	0.15 to < 0.30%	Strong	22,345	2,079	—	24,424	7	6	—	13	24,411	0.1
9-11	0.30 to < 0.60%	Strong	23,445	2,312	—	25,757	5	5	—	10	25,747	—
12-14	0.60 to < 2.15%	Satisfactory	23,189	3,240	—	26,429	79	23	—	102	26,327	0.4
15-19	2.15 to < 10%	Satisfactory	6,362	2,749	—	9,111	20	21	—	41	9,070	0.5
19	10 to < 11.35%	Satisfactory	10,270	2,964	—	13,234	8	13	—	21	13,213	0.2
20-21	11.35 to < 100%	Higher Risk	2,196	6,669	—	8,865	11	55	—	66	8,799	0.7
22	100%	Credit Impaired	—	—	870	870	—	—	21	21	849	2.4
<b>Total</b>			<b>236,650</b>	<b>28,360</b>	<b>870</b>	<b>265,880</b>	<b>145</b>	<b>131</b>	<b>21</b>	<b>297</b>	<b>265,583</b>	<b>0.1</b>

Notes

a Excludes loan commitments and financial guarantees carried at fair value of £14.9bn (2021: £18.8bn) for Barclays Bank Group.

## Analysis of specific portfolios and asset types

### Credit cards, unsecured loans and other retail lending

The principal portfolios listed below accounted for 81% (2021: 76%) of Barclays Bank Group's total credit cards, unsecured loans and other retail lending.

#### Principal portfolios

	Gross Exposure £m	30 Day Arrears, excluding recoveries book	90 Day Arrears, excluding recoveries book	Annualised Gross Write-off Rates	Annualised Net Write-off Rates
		%	%	%	%
<b>As at 31 December 2022</b>					
US cards	25,554	2.2	1.2	2.4	2.3
Germany consumer lending	4,269	1.7	0.7	0.7	0.6
<b>As at 31 December 2021</b>					
US cards	17,779	1.6	0.8	4.3	4.2
Germany consumer lending	3,559	1.5	0.7	0.9	0.8

**US cards:** Balances increased due to the acquisition of the Gap portfolio in June 2022, movement in the USD/GBP exchange rate and core portfolio growth. 30 and 90 day arrears rates increased to 2.2% (2021: 1.6%) and 1.2% (2021: 0.8%) due to the partial normalisation of customer behaviour and the acquisition of the Gap portfolio, though rates remain below pre-pandemic levels. Write-off rates decreased reflecting portfolio growth and the impact of lower charge offs in 2021 due to the benefit of government support schemes.

**Germany consumer lending:** 30 day arrears rate increased to 1.7% (2021: 1.5%) due to increased macroeconomic uncertainty in Europe, though the rate was consistent with pre-pandemic levels.

### Government supported loans

Throughout the COVID-19 pandemic Barclays Bank Group has supported its customers and clients by participating in the UK Government's Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS) and Recovery Loan Scheme (RLS).

# Risk review

## Risk performance

### Credit risk

#### Government supported loans

	Gross exposure				Impairment allowance			Impairment coverage		Government guaranteed exposure
	Stage 1	Stage 2	Stage 3	Total	Modelled Impairment	Management adjustment	Impairment post Management adjustment	Pre Management adjustment	Post Management adjustment	Total
	£m	£m	£m	£m	£m	£m	£m	%	%	£m
<b>As at 31 December 2022</b>										
CBILS	306	154	8	468	5	—	5	1.1	1.1	375
CLBILS	67	32	13	112	2	—	2	2.1	2.1	89
RLS	17	3	1	21	—	—	—	1.5	1.5	16
<b>Total</b>	<b>390</b>	<b>189</b>	<b>22</b>	<b>601</b>	<b>7</b>	<b>—</b>	<b>7</b>	<b>1.2</b>	<b>1.2</b>	<b>480</b>
<b>As at 31 December 2021</b>										
CBILS	619	146	6	771	5	—	5	0.6	0.6	617
CLBILS	163	56	2	221	1	—	1	0.4	0.4	177
RLS	1	—	—	1	—	—	—	4.7	4.7	1
<b>Total</b>	<b>783</b>	<b>202</b>	<b>8</b>	<b>993</b>	<b>6</b>	<b>—</b>	<b>6</b>	<b>0.6</b>	<b>0.6</b>	<b>795</b>

The CBILS scheme was launched to provide financial support to smaller and medium-sized businesses and CLBILS for larger businesses in the UK who may experience financial difficulties as a result of the COVID-19 outbreak. The RLS aims to help UK businesses access finance as they recover and grow following the COVID-19 pandemic. These loans are guaranteed by the Government at 80% for CBILS, CLBILS and RLS (70% for RLS issued post January 1, 2022) as at the balance sheet date.

# Risk review

## Risk performance

### Market risk

Summary of Contents	Page	
■ Market risk overview	86	Outlines key measures used to summarise the market risk profile of the Barclays Bank Group such as VaR.
■ Measures of market risk in the Barclays Bank Group and accounting measures	86	
■ Summary of performance in the period	86	
■ Traded market risk review	86	The Barclays Bank Group discloses details on management measures of market risk. Total management VaR includes all trading positions and is presented on a diversified basis by risk factor.
■ Review of management measures	86	
– The daily average, maximum and minimum values of management VaR	86	
– Business scenario stresses	87	This section also outlines the macroeconomic conditions modelled as part of the Barclays Bank Group's risk management framework.

# Risk review

## Risk performance

### Market risk

All disclosures in this section, pages 86 to 87, are unaudited unless otherwise stated.

#### Overview

This section contains key statistics describing the market risk profile of the Barclays Bank Group:

- The market risk management section on page 46 provides a description of management VaR. Management measures are shown below.

#### Measures of market risk in the Barclays Bank Group and accounting measures

Traded market risk measures such as VaR and balance sheet exposure measures have fundamental differences:

- Balance sheet measures show accruals-based balances or marked to market values as at the reporting date.
- VaR measures also take account of current marked to market values but, in addition, hedging effects between positions are considered.
- Market risk measures are expressed in terms of changes in value or volatilities as opposed to static values.

For these reasons, it is not possible to present direct reconciliations of traded market risk and accounting measures.

#### Summary of performance in the period

Average management VaR increased 89% to £36m (2021: £19m) driven by higher market volatility. The Russian invasion of Ukraine and elevated inflation increased volatility across all asset classes as central banks increased base rates, equity markets declined, and credit spreads widened during this period. The Global Markets business maintained a generally short and defensive risk profile (i.e. positioned to gain as the market sells off) for most of 2022. VaR increased in Q4 2022 from an increase in funded, fair-value leverage loan exposure in Investment Banking. Risk taking remained within agreed risk appetite limits at all times in 2022.

#### Traded market risk review

##### Review of management measures

The following disclosures provide details of management measures of market risk.

The table below shows the total management VaR on a diversified basis by risk factor. Total management VaR includes all trading positions in CIB and the supporting Barclays Bank Group Treasury desks, measured to a confidence level of 95%.

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.

##### The daily average, high and low values of management VaR

Management VaR (95%, one day) (audited)	2022			2021		
	Average £m	High £m	Low £m	Average £m	High £m	Low £m
<b>For the year ended 31 December</b>						
Credit risk	25	71	8	14	30	7
Interest rate risk	13	23	4	7	14	4
Equity risk	10	29	4	9	29	4
Basis risk	12	24	4	5	10	3
Spread risk	7	11	3	4	6	3
Foreign exchange risk	7	25	2	4	16	1
Commodity risk	—	1	—	—	1	—
Inflation risk	7	17	3	3	5	2
Diversification effect <sup>a</sup>	(45)	n/a	n/a	(27)	n/a	n/a
<b>Total management VaR</b>	<b>36</b>	<b>72</b>	<b>14</b>	<b>19</b>	<b>36</b>	<b>6</b>

##### Note

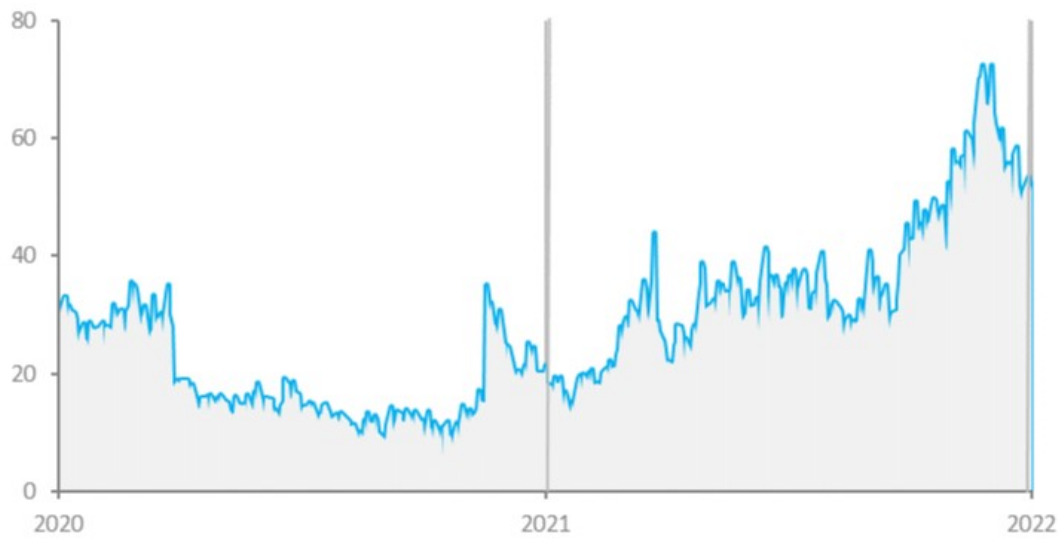
- a Diversification effects recognise that forecast losses from different assets or businesses are unlikely to occur concurrently, hence the expected aggregate loss is lower than the sum of the expected losses from each area. Historical correlations between losses are taken into account in making these 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.

# Risk review

## Risk performance

### Market risk

Barclays Bank Group Management VaR (£m)



### Business scenario stresses

As part of the Barclays Bank Group's risk management framework, on a regular basis the performance of the trading business in hypothetical scenarios characterised by severe macroeconomic conditions is modelled. Up to seven global scenarios are modelled on a regular basis, for example, a sharp deterioration in liquidity, a slowdown in the global economy, global recession and a sharp increase in economic growth.

In 2022, the scenario analyses showed that the largest market risk related impacts would be due to a severe deterioration in financial liquidity and a global recession.

# Risk review

## Risk performance

### Treasury and Capital risk

Summary of Contents	Page	
<b>Liquidity risk performance</b>		
■ Liquidity risk overview	88	The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.  This section provides an overview of the Barclays Bank Group's liquidity risk.
■ Liquidity regulation	89	
■ Liquidity risk stress testing		
■ Net stable funding ratio (NSFR)		
■ Contractual maturity of financial assets and liabilities	91	Provides details on the contractual maturity of all financial instruments and other assets and liabilities.
<b>Capital risk performance</b>		
■ Capital risk overview	95	Capital risk is the risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the firm's pension plans.  This section details Barclays Bank Group's capital and leverage position.
– Capital ratios	95	
– Capital resources	95	
– Leverage ratio	95	
■ Foreign exchange risk	96	Barclays Bank Group discloses the two sources of foreign exchange risk that it is exposed to.
– Transactional foreign currency exposure	96	
– Translational foreign exchange exposure	96	
– Functional currency of operations	96	
■ Pension risk review	97	A review focusing on the UK retirement fund, which represents the majority of Barclays Bank Group's total retirement benefit obligation.
– Assets	97	
– Liabilities	97	
– Proportion of liability cash flows	97	
– IAS 19 pension position from 2020 to 2022	97	
– Risk measurement	98	
<b>Interest rate risk in the banking book performance</b>		
■ Interest rate risk in the banking book overview and summary of performance	99	A description of the non-traded market risk framework is provided.
■ Net interest income sensitivity	99	Barclays Bank Group discloses a sensitivity analysis on pre-tax net interest income for non-trading financial assets and liabilities. The analysis is carried out by currency.
■ Analysis of equity sensitivity	99	
■ Volatility of the FVOCI portfolio in the liquidity pool	100	Barclays Bank Group discloses the overall impact of a parallel shift in interest rates on other comprehensive income and cash flow hedges.  Barclays Bank Group measures the volatility of the value of the FVOCI instruments in the liquidity pool through non-traded market risk VaR.

# Risk review

## Risk performance

### Treasury and Capital risk

#### Liquidity risk

All disclosures in this section, pages 89 to 94, are unaudited unless otherwise stated.

#### Overview

The efficient management of liquidity is essential to the Barclays Bank Group in order to retain the confidence of markets and maintain the sustainability of the business. The liquidity risk control framework is used to manage all liquidity risk exposures under both business-as-usual and stressed conditions. The liquidity risk 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 Barclays Bank PLC Board. The liquidity risk appetite is monitored against both internal and regulatory liquidity metrics.

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

#### Liquidity regulation

Certain Basel III standards including those relating to the introduction of the liquidity adequacy requirement measured through the Liquidity Coverage Ratio (LCR) were implemented in EU law through CRR, as amended by CRRII, and the Capital Requirements Directive IV. These standards were retained in the UK regulatory framework via a series of onshoring instruments as part of the UK's withdrawal from the EU. In October 2021, the PRA published the final policy statement setting out its planned implementation of supplementary Basel III standards, including the Net Stable Funding Ratio (NSFR). These came into effect in the UK on 1 January 2022 from which date the Barclays Bank Group and its UK subsidiaries monitored their positions against both the LCR and NSFR. The LCR requirement takes into account the relative stability of different sources of funding and potential incremental funding requirements in a stress. The NSFR has been developed to promote a sustainable and stable structure of assets and liabilities.

#### Liquidity risk stress testing

The internal liquidity stress test measures the potential contractual and contingent stress outflows under a range of stress 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.

As at 31 December 2022, Barclays Bank PLC DoLSub held eligible liquid assets well above 100% of net stressed outflows to its internal and regulatory requirements. The split of the liquidity pool between cash and deposits with central banks, government bonds and other eligible securities is broadly similar to the Barclays Group.

The liquidity pool increased to £191bn (December 2021: £167bn), while the LCR remained above the 100% regulatory requirement at 148% (December 2021:140%). The liquidity pool movement was driven by further growth in deposits, and an increase in wholesale funding, which were partly offset by an increase in business funding consumption.

	2022	2021
As at 31 December	£bn	£bn
Barclays Bank PLC DoLSub Liquidity Pool <sup>1</sup>	191	167
Barclays Bank PLC DoLSub Liquidity Coverage Ratio	148	140

#### Note

1. In 2021 the Barclays Bank Group Liquidity Pool which included Barclays Bank Ireland PLC and the US subsidiaries was disclosed

The Barclays Bank Group has direct access to US, European and Asian capital markets through its global investment banking operations and to long-term investors through its clients worldwide. Key sources of wholesale funding include money markets, certificates of deposit, commercial paper, medium term issuances (including structured notes) and securitisations. This funding capacity enables the Barclays Bank Group to maintain a stable and diversified funding base.

The Barclays Bank Group also supports various central bank monetary initiatives, such as the Bank of England's Term Funding Scheme (TFS) and Term Funding Scheme with additional incentives for SMEs (TFSME), and the European Central Bank's Targeted Long-Term Refinancing Operations (TLTRO). These are reported under 'repurchase agreements and other similar secured borrowing' on the balance sheet. In 2022, Barclays Bank Group repaid £1.1bn of TLTRO drawings reducing its outstanding balance to £1.4bn as at 31 December 2022. Barclays Bank Group had £7.0bn TFSME balances outstanding at the year-end.

#### Net Stable Funding Ratio (NSFR)

The external NSFR metric requires banks to maintain a stable funding profile taking into account both on and certain off balance sheet exposures over a medium to long term period. The ratio is defined as the Available Stable Funding (capital and certain liabilities which are defined as stable sources of funding) relative to the Required Stable Funding (assets on balance sheet and certain off balance sheet exposures). The NSFR (average of last four quarter ends) was 108% at December 2022, equivalent to a surplus of £20bn above the regulatory requirement and demonstrates Barclays Bank PLC's stable funding profile in relation to our on and certain off-balance sheet activities.

## Risk review

### Risk performance

#### Treasury and Capital risk

	2022
	£bn
<b>Net Stable Funding Ratio<sup>2</sup></b>	
Total Available Stable Funding	<b>310</b>
Total Required Stable Funding	<b>288</b>
<b>Surplus</b>	<b>22</b>
<b>Net Stable Funding Ratio</b>	<b>108 %</b>

#### Note

2. Average represents the last four spot quarter end positions.

As part of the liquidity risk appetite, Barclays Bank PLC DoLSub establishes minimum LCR, NSFR and internal liquidity stress test limits. Barclays Bank PLC DoLSub plans to maintain its surplus to the internal and regulatory requirements at an efficient level. Risks to market funding conditions, the Group's liquidity position and funding profile are assessed continuously, and actions are taken to manage the size of the liquidity pool and the funding profile as appropriate.



# Risk review

## Risk performance

### Treasury and Capital risk

#### Contractual maturity of financial assets and liabilities

The table below provides detail on the contractual maturity of all financial instruments and other assets and liabilities. Derivatives (other than those designated in a hedging relationship) and trading portfolio assets and liabilities are included in the 'on demand' column at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity since these items are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value. Derivatives designated in a hedging relationship are included according to their contractual maturity.

Contractual maturity of financial assets and liabilities (audited)											
Barclays Bank Group	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
As at 31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Assets</b>											
Cash and balances at central banks	201,888	254	—	—	—	—	—	—	—	—	202,142
Cash collateral and settlement balances	3,010	104,852	—	—	—	—	—	—	—	—	107,862
Loans and advances at amortised cost	15,961	11,458	7,606	7,082	10,261	29,637	23,135	39,498	17,385	20,484	182,507
Reverse repurchase agreements and other similar secured lending	127	597	—	—	—	—	—	—	—	1	725
Trading portfolio assets	133,771	—	—	—	—	—	—	—	—	—	133,771
Financial assets at fair value through the income statement	32,032	147,655	7,003	4,842	2,036	6,361	4,561	2,909	1,769	1,960	211,128
Derivative financial instruments	302,665	91	19	—	4	—	174	—	—	23	302,976
Financial assets at fair value through other comprehensive income	8	3,391	2,871	583	132	6,991	4,654	11,493	8,161	6,800	45,084
Other financial assets	285	1,062	112	—	43	—	—	1	—	—	1,503
<b>Total financial assets</b>	<b>689,747</b>	<b>269,360</b>	<b>17,611</b>	<b>12,507</b>	<b>12,476</b>	<b>42,989</b>	<b>32,524</b>	<b>53,901</b>	<b>27,315</b>	<b>29,268</b>	<b>1,187,698</b>
<b>Other assets</b>											<b>15,839</b>
<b>Total assets</b>											<b>1,203,537</b>
<b>Liabilities</b>											
Deposits at amortised cost	196,398	62,314	18,918	4,384	6,425	911	373	621	996	239	291,579
Cash collateral and settlement balances	3,013	93,798	—	—	—	—	—	—	—	—	96,811
Repurchase agreements and other similar secured borrowing	256	9,578	—	—	943	1,105	—	—	—	83	11,965
Debt securities in issue	—	27,136	12,516	4,691	5,368	3,528	1,241	1,501	3,663	368	60,012
Subordinated liabilities	—	17	240	974	1,105	4,369	4,782	9,001	10,288	7,477	38,253
Trading portfolio liabilities	72,460	—	—	—	—	—	—	—	—	—	72,460
Financial liabilities designated at fair value	10,844	187,160	14,352	5,292	3,812	13,992	10,547	8,528	6,708	10,820	272,055
Derivative financial instruments	288,398	15	58	4	—	137	85	112	56	341	289,206
Other financial liabilities	56	7,176	17	18	17	164	59	117	161	21	7,806
<b>Total financial liabilities</b>	<b>571,425</b>	<b>387,194</b>	<b>46,101</b>	<b>15,363</b>	<b>17,670</b>	<b>24,206</b>	<b>17,087</b>	<b>19,880</b>	<b>21,872</b>	<b>19,349</b>	<b>1,140,147</b>
<b>Other liabilities</b>											<b>4,437</b>
<b>Total liabilities</b>											<b>1,144,584</b>
<b>Cumulative liquidity gap</b>	<b>118,322</b>	<b>488</b>	<b>(28,002)</b>	<b>(30,858)</b>	<b>(36,052)</b>	<b>(17,269)</b>	<b>(1,832)</b>	<b>32,189</b>	<b>37,632</b>	<b>47,551</b>	<b>58,953</b>

# Risk review

## Risk performance

### Treasury and Capital risk

#### Contractual maturity of financial assets and liabilities (audited)

Barclays Bank Group	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Assets</b>											
Cash and balances at central banks	168,881	204	—	—	—	—	—	—	—	—	169,085
Cash collateral and settlement balances	2,743	85,342	—	—	—	—	—	—	—	—	88,085
Loans and advances at amortised cost	17,470	7,855	6,745	4,238	9,611	19,162	20,813	27,416	14,420	17,529	145,259
Reverse repurchase agreements and other similar secured lending	58	2,934	—	—	—	184	—	—	—	1	3,177
Trading portfolio assets	146,871	—	—	—	—	—	—	—	—	—	146,871
Financial assets at fair value through the income statement	24,174	127,244	9,280	7,036	3,336	5,351	5,376	2,062	1,996	2,371	188,226
Derivative financial instruments	262,046	36	1	—	—	—	—	184	15	9	262,291
Financial assets at fair value through other comprehensive income	—	3,194	1,080	449	547	2,656	5,389	10,093	13,823	8,677	45,908
Other financial assets	607	255	130	2	—	—	—	—	—	—	994
<b>Total financial assets</b>	<b>622,850</b>	<b>227,064</b>	<b>17,236</b>	<b>11,725</b>	<b>13,494</b>	<b>27,353</b>	<b>31,578</b>	<b>39,755</b>	<b>30,254</b>	<b>28,587</b>	<b>1,049,896</b>
<b>Other assets</b>											<b>11,882</b>
<b>Total assets</b>											<b>1,061,778</b>
<b>Liabilities</b>											
Deposits at amortised cost	201,501	41,632	12,380	1,920	2,898	558	435	242	1,031	231	262,828
Cash collateral and settlement balances	2,951	76,096	—	—	—	—	—	—	—	—	79,047
Repurchase agreements and other similar secured borrowing	20	5,022	—	—	—	3,216	4,424	—	—	87	12,769
Debt securities in issue	—	18,274	12,150	5,845	3,254	463	3,319	1,792	2,654	637	48,388
Subordinated liabilities	—	1,005	—	74	1,243	7,030	2,251	5,714	8,490	6,378	32,185
Trading portfolio liabilities	53,291	—	—	—	—	—	—	—	—	—	53,291
Financial liabilities designated at fair value	21,339	158,078	16,857	10,267	3,588	6,534	6,114	7,734	7,366	13,254	251,131
Derivative financial instruments	255,471	4	22	—	2	121	151	279	111	362	256,523
Other financial liabilities	87	3,656	15	15	12	443	52	102	183	27	4,592
<b>Total financial liabilities</b>	<b>534,660</b>	<b>303,767</b>	<b>41,424</b>	<b>18,121</b>	<b>10,997</b>	<b>18,365</b>	<b>16,746</b>	<b>15,863</b>	<b>19,835</b>	<b>20,976</b>	<b>1,000,754</b>
<b>Other liabilities</b>											<b>4,707</b>
<b>Total liabilities</b>											<b>1,005,461</b>
<b>Cumulative liquidity gap</b>	<b>88,190</b>	<b>11,487</b>	<b>(12,701)</b>	<b>(19,097)</b>	<b>(16,600)</b>	<b>(7,612)</b>	<b>7,220</b>	<b>31,112</b>	<b>41,531</b>	<b>49,142</b>	<b>56,317</b>

# Risk review

## Risk performance

### Treasury and Capital risk

Expected maturity date may differ from the contractual date, to account for:

- Trading portfolio assets and liabilities and derivative financial instruments which may not be held to maturity as part of the Barclays Bank Group's trading strategies.
- Corporate and retail deposits, reported under deposits at amortised cost, are repayable on demand or at short notice on a contractual basis. In practice, their behavioural maturity is typically longer than their contractual maturity, and therefore provide stable funding for the Barclays Bank Group's operations and liquidity needs.
- Loans to corporate and retail customers, which are included within loans and advances at amortised cost and financial assets at fair value, may be repaid earlier in line with terms and conditions of the contract.
- Debt securities in issue, subordinated liabilities, and financial liabilities designated at fair value may include early redemption features.

#### Contractual maturity of financial liabilities on an undiscounted basis

The following table presents the cash flows payable by the Barclays Bank Group under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities (i.e. nominal values).

The balances in the below table do not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal as well as those associated with all future coupon payments.

Derivative financial instruments held for trading and trading portfolio liabilities are included in the on demand column at their fair value.

#### Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank Group	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
<b>As at 31 December 2022</b>									
Deposits at amortised cost	196,398	62,524	18,918	10,943	1,302	621	1,113	376	292,195
Cash collateral and settlement balances	3,013	93,986	—	—	—	—	—	—	96,999
Repurchase agreements and other similar secured borrowing	256	9,587	—	946	1,184	—	—	252	12,225
Debt securities in issue	—	27,234	12,615	10,301	4,932	1,732	4,773	651	62,238
Subordinated liabilities	—	17	245	2,108	9,504	10,165	12,961	14,063	49,063
Trading portfolio liabilities	72,460	—	—	—	—	—	—	—	72,460
Financial liabilities designated at fair value	10,844	187,553	14,905	9,399	25,654	9,847	8,345	23,853	290,400
Derivative financial instruments	288,398	19	60	4	244	131	71	722	289,649
Other financial liabilities	56	7,179	21	43	251	139	180	24	7,893
<b>Total financial liabilities</b>	<b>571,425</b>	<b>388,099</b>	<b>46,764</b>	<b>33,744</b>	<b>43,071</b>	<b>22,635</b>	<b>27,443</b>	<b>39,941</b>	<b>1,173,122</b>
<b>As at 31 December 2021</b>									
Deposits at amortised cost	201,501	41,632	12,380	4,818	996	240	1,048	261	262,876
Cash collateral and settlement balances	2,951	76,096	—	—	—	—	—	—	79,047
Repurchase agreements and other similar secured borrowing	20	5,022	—	—	7,798	—	—	146	12,986
Debt securities in issue	—	18,293	12,168	9,075	3,879	1,832	2,938	744	48,929
Subordinated liabilities	—	1,061	0	1,404	9,328	5,917	8,918	8,752	35,380
Trading portfolio liabilities	53,291	—	—	—	—	—	—	—	53,291
Financial liabilities designated at fair value	21,339	158,249	16,887	13,945	12,939	8,043	7,544	21,098	260,044
Derivative financial instruments	255,471	4	22	2	276	291	122	449	256,637
Other financial liabilities	87	3,658	19	38	526	122	208	29	4,687
<b>Total financial liabilities</b>	<b>534,660</b>	<b>304,015</b>	<b>41,476</b>	<b>29,282</b>	<b>35,742</b>	<b>16,445</b>	<b>20,778</b>	<b>31,479</b>	<b>1,013,877</b>

# Risk review

## Risk performance

### Treasury and Capital risk

#### Maturity of off-balance sheet commitments received and given

The table below presents the maturity split of the Barclays Bank Group's off-balance sheet commitments received and given at the balance sheet date. The amounts disclosed in the table are the undiscounted cash flows (i.e. nominal values) on the basis of earliest opportunity at which they are available.

#### Maturity analysis of off-balance sheet commitments received (audited)

	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2022</b>											
Guarantees, letters of credit and credit insurance	7,222	92	102	10	46	16	37	76	96	1	7,698
Other commitments received	7,473	—	—	—	—	—	—	—	—	—	7,473
<b>Total off-balance sheet commitments received</b>	<b>14,695</b>	<b>92</b>	<b>102</b>	<b>10</b>	<b>46</b>	<b>16</b>	<b>37</b>	<b>76</b>	<b>96</b>	<b>1</b>	<b>15,171</b>
<b>As at 31 December 2021</b>											
Guarantees, letters of credit and credit insurance	7,258	31	21	10	12	4	12	83	65	19	7,515
Other commitments received	455	—	—	—	—	—	—	—	—	—	455
<b>Total off-balance sheet commitments received</b>	<b>7,713</b>	<b>31</b>	<b>21</b>	<b>10</b>	<b>12</b>	<b>4</b>	<b>12</b>	<b>83</b>	<b>65</b>	<b>19</b>	<b>7,970</b>

#### Maturity analysis of off-balance sheet commitments given (audited)

	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2022</b>											
Contingent liabilities and financial guarantees	25,698	86	14	1	—	1	—	—	—	—	25,800
Documentary credits and other short-term trade related transactions	1,740	3	5	—	—	—	—	—	—	—	1,748
Standby facilities, credit lines and other commitments	333,192	—	—	—	—	37	—	—	—	—	333,229
<b>Total off-balance sheet commitments given</b>	<b>360,630</b>	<b>89</b>	<b>19</b>	<b>1</b>	<b>—</b>	<b>38</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>360,777</b>
<b>As at 31 December 2021</b>											
Contingent liabilities and financial guarantees	23,607	135	4	0	0	0	—	—	—	—	23,746
Documentary credits and other short-term trade related transactions	1,582	2	—	—	—	—	—	—	—	—	1,584
Standby facilities, credit lines and other commitments	282,867	—	—	—	—	—	—	—	—	—	282,867
<b>Total off-balance sheet commitments given</b>	<b>308,056</b>	<b>137</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>308,197</b>

# Risk review

## Risk performance

### Treasury and Capital risk

#### Capital risk

All disclosures in this section, (pages 95 to 98), are unaudited unless otherwise stated.

#### Overview

Barclays Bank PLC is currently regulated by the PRA on a solo-consolidated basis. Barclays Bank PLC solo-consolidated comprises Barclays Bank PLC plus certain additional subsidiaries, whose inclusion within the consolidation is subject to PRA approval. The disclosures below provide key capital metrics for Barclays Bank PLC solo-consolidated with further information on its risk profile to be included in the Barclays PLC Pillar 3 Report 2022, due to be published on 15 February 2023, and which will be available at [home.barclays/investor-relations/reports-and-events/annual-reports](https://home.barclays/investor-relations/reports-and-events/annual-reports).

#### Significant regulatory updates in the period

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

From 1 January 2022, UK banks became subject to a single UK leverage ratio requirement meaning that the CRR leverage ratio no longer applies. Under the revised UK leverage ratio framework, central bank claims have been excluded from the UK leverage exposure measure where they are matched by qualifying liabilities (rather than deposits).

On 20 December 2022, the PRA granted permission for leverage minimum requirements to be set at the sub-consolidated level for Barclays Bank PLC effective from 1 January 2023. This replaced the individual requirement that was due to be set at that time. The Barclays Bank PLC sub-consolidated leverage ratio will be monitored and managed above minimum requirements in accordance with Barclays Bank PLC's risk management strategy. As a result, the Barclays Bank PLC leverage disclosures in future quarterly Pillar 3 reports, half year results announcements and Annual Reports will reflect the Barclays Bank PLC sub-consolidated basis. Capital requirements remain set at the Barclays Bank PLC solo-consolidated level.

References to CRR, as amended by CRR II, mean the capital regulatory requirements, as they form part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

#### Capital ratios<sup>a,b</sup>

As at 31 December	2022	2021
CET1	12.7%	12.9%
Tier 1 (T1)	16.7%	17.5%
Total regulatory capital	20.8%	20.5%

#### UK Leverage ratio<sup>a,c</sup>

As at 31 December	2022 £m	2021 £m
UK leverage ratio	4.6%	3.7%
T1 capital	34,139	32,395
UK leverage exposure	742,730	883,371

#### Notes

- Capital, RWAs and leverage are calculated applying the transitional arrangements of the CRR as amended by CRR II. This includes IFRS 9 transitional arrangements and the grandfathering of CRR II non-compliant capital instruments. December 2021 comparatives include the grandfathering of CRR non-compliant capital instruments.
- The fully loaded CET1 ratio was 12.6%, with £25.6bn of CET1 capital and £203.5bn of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II.
- Prior period comparatives are on a CRR leverage basis as Barclays Bank PLC solo-consolidated was not subject to the UK Leverage framework until 1 January 2022. Had the UK framework been applied as at 31 December 2021, the Barclays Bank PLC solo-consolidated UK leverage exposure would have been £767.6bn and the UK Leverage ratio would have been 4.1%.

# Risk review

## Risk performance

### Treasury and Capital risk

#### Foreign exchange risk (audited)

The Barclays Bank Group is exposed to two sources of foreign exchange risk.

##### a) Transactional foreign currency exposure

Transactional foreign currency exposures represent exposures on banking assets and liabilities, denominated in currencies other than the functional currency of the transacting entity.

The Barclays Bank Group's risk management policies are designed to prevent the holding of significant open positions in foreign currencies outside the trading portfolio which is monitored through VaR.

Banking book transactional foreign exchange risk is monitored on a daily basis by the market risk function and minimised by the businesses.

##### b) Translational foreign exchange exposure

The Barclays Bank Group's investments in overseas subsidiaries and branches create capital resources denominated in foreign currencies, principally USD and EUR. Changes in the GBP value of the net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in shareholders' equity.

#### Functional currency of operations (audited)

	Foreign currency net investments £m	Borrowings which hedge the net investments £m	Derivatives which hedge the net investments £m	Structural currency exposures pre- economic hedges £m	Economic hedges £m	Remaining structural currency exposures £m
<b>As at 31 December 2022</b>						
USD	27,523	(5,973)	(2,086)	19,464	(8,376)	11,088
EUR	9,673	(2,395)	(3)	7,275	(283)	6,992
JPY	689	—	(197)	492	—	492
Other	3,010	—	(1,602)	1,408	(279)	1,129
Total	40,895	(8,368)	(3,888)	28,639	(8,938)	19,701
<b>As at 31 December 2021</b>						
USD	26,023	(5,512)	(2,356)	18,155	(7,111)	11,044
EUR	8,342	(1,324)	(3)	7,015	(267)	6,748
JPY	614	(97)	—	517	—	517
Other	2,085	—	(64)	2,021	—	2,021
Total	37,064	(6,933)	(2,423)	27,708	(7,378)	20,330

Economic hedges relate to exposures arising on foreign currency denominated preference share and AT1 instruments. These instruments are accounted for at historical cost under IFRS and do not qualify as hedges for accounting purposes. The gain or loss arising from changes in the GBP value of these instruments is recognised on redemption in retained earnings.

During 2022, total structural currency exposure net of hedging instruments decreased by £0.6bn to £19.7bn (2021: £20.3bn). Foreign currency net investments increased by £3.8bn to £40.9bn (2021: £37.1bn) driven predominantly by a £1.5bn increase in US dollars, £1.3bn increase in Euro and £1.0bn increase in other currencies. The hedges associated with these foreign currency investments increased by £2.9bn to £12.3bn (2021: £9.4bn).

# Risk review

## Risk performance

### Treasury and Capital risk

#### Pension risk review

The UK Retirement Fund (UKRF) represents approximately 96% (2021: 97%) of the Barclays Bank Group's total retirement benefit obligations globally. As such this risk review section focuses exclusively on the UKRF. The UKRF is closed to new entrants and there is no new final salary benefit being accrued. Existing active members accrue a combination of a cash balance benefit and a defined contribution element. Pension risk arises as the market value of the pension fund assets may decline, investment returns may reduce or the estimated value of the pension liabilities may increase.

#### Assets

The Trustee Board of the UKRF defines its overall long-term investment strategy with investments across a broad range of asset classes. This results in an appropriate mix of return seeking assets as well as liability matching assets to better match future pension obligations. The two largest market risk exposures within the asset portfolio come from the credit portfolio and growth assets. The split of scheme assets is shown within Note 31 to the financial statements. The fair value of the UKRF assets was £24.7bn as at 31 December 2022 (2021: £34.7bn).

#### Liabilities

The UKRF retirement benefit obligations are a series of future cash flows with relatively long duration. On an IAS 19 basis these cash flows are sensitive to changes in the expected long-term price inflation rate (RPI) and the discount rate (GBP AA corporate bond yield):

- An increase in long-term expected inflation corresponds to an increase in liabilities.
- A decrease in the discount rate corresponds to an increase in liabilities.

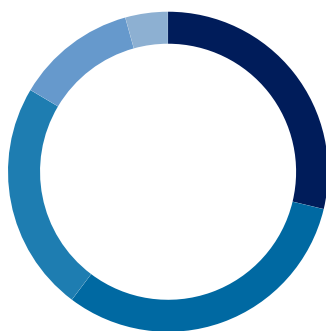
Pension risk is generated through the Barclays Bank Group's defined benefit schemes and this risk is set to reduce over time as the main defined benefit scheme is closed to new entrants. The chart below outlines the shape of the UKRF's liability cash flow profile as at 31 December 2022 that takes account of the future inflation indexing of payments to beneficiaries. The majority of the cash flows (approximately 95%) fall between 0 and 40 years, peaking between 11 and 20 years and reducing thereafter. The shape may vary depending on changes to inflation and longevity expectations and any members who elect to transfer out. Transfers out will bring forward the liability cash flows.

For more detail on the UKRF's financial and demographic valuation assumptions see Note 31 to the financial statements.

The graph below shows the evolution of the UKRF's net IAS 19 position over the last two years. During 2022 the increase in the IAS 19 pension surplus was primarily driven by scheduled deficit reduction contributions, including payments made to unwind Heron transactions as explained in Note 31 to the financial statements. The significant increase in interest rates over 2022 has had a broadly neutral impact on the net funding position. Benefit obligation reductions due to higher discount rates have been broadly offset by the changes in the fair value of scheme assets. Higher realised inflation over the year had a negative impact by increasing the projected liabilities, which was partially offset by updates to the demographic assumptions.

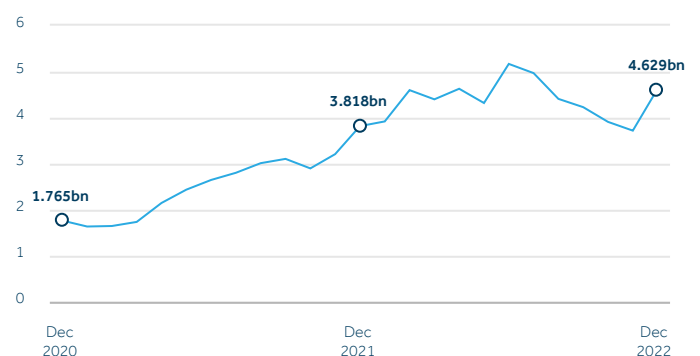
Refer to Note 31 to the financial statements for the sensitivity of the UKRF to changes in key assumptions.

#### Proportion of liability cash flows (%)



0-10 years	28.62
11-20 years	31.35
21-30 years	23.15
31-40 years	12.1
41-50 years	4.28
51+ years	0.5

#### IAS 19 pension position from 2020 to 2022 (£bn)



## Risk review

### Risk performance

#### Treasury and Capital risk

##### Risk measurement

In line with the Barclays Bank Group's risk management framework the assets and liabilities of the UKRF are modelled within a VaR framework to show the volatility of the pension position at a total portfolio level. This enables the risks, diversification and liability matching characteristics of the UKRF obligations and investments to be adequately captured. VaR is measured and monitored on a monthly basis. Risks are reviewed and reported regularly at forums including the Barclays PLC Board Risk Committee, the Barclays Group Risk Committee and the Pension Executive Board. The VaR model takes into account the valuation of the liabilities on an IAS 19 basis (see Note 31 to the financial statements). The Trustee receives quarterly VaR measures on a funding basis.

The pension liability is also sensitive to post-retirement mortality assumptions which are reviewed regularly (See Note 31 to the financial statements).

To mitigate part of this risk the UKRF has entered into a longevity swap hedging approximately three quarters of current pensioner liabilities.

In addition, the impact of pension risk to the Barclays Bank Group is taken into account as part of the stress testing process. Stress testing is performed internally on at least an annual basis. The UKRF exposure is also included as part of regulatory stress tests.

The Barclays Bank Group's defined benefit pension schemes affect capital in two ways:

- An IAS 19 deficit is treated as a liability on the Barclays Bank Group's balance sheet. Movement in a deficit due to remeasurements, including actuarial losses, are recognised immediately through Other Comprehensive Income and as such reduce shareholders' equity and CET1 capital. An IAS 19 surplus is treated as an asset on the balance sheet and increases shareholders' equity; however, it is deducted for the purposes of determining CET1 capital.
- In the Barclays Bank Group's statutory balance sheet an IAS 19 surplus or deficit is partially offset by a deferred tax liability or asset respectively. These may or may not be recognised for calculating CET1 capital depending on the overall deferred tax position of the Barclays Bank Group at the particular time.

Pension risk is taken into account in the Pillar 2A capital assessment undertaken by the PRA at least annually. The Pillar 2A requirement forms part of the Barclays Bank Group's Overall Capital Requirement for CET1 capital, Tier 1 capital and total capital. More detail on minimum regulatory requirements can be found in the Overall capital requirements section.



# Risk review

## Risk performance

### Treasury and Capital risk

#### Interest rate risk in the banking book

All disclosures in this section, (pages 99 to 100), are unaudited unless otherwise stated.

#### Overview

The treasury and capital risk framework covers interest rate sensitive exposures held in the banking book, mostly relating to accrual accounted and FVOCI instruments. The potential volatility of net interest income (NII) is measured by an Annual Earnings at Risk (AEaR) metric which is monitored regularly and reported to senior management and the Barclays Bank PLC Board Risk Committee as part of the limit monitoring framework.

#### Summary of performance in the period

NII sensitivity to a -25bps shock to rates has decreased year on year due to reduced margin compression exposure driven by actual and expected market rate increases.

#### Key metrics

**-£29m**

AEaR across the Barclays Bank Group from a -25bps shock to forward interest rate curves.

#### Net interest income sensitivity

The table below shows a sensitivity analysis on pre-tax net interest income for non-traded financial assets and liabilities, including the effect of any hedging. This analysis is not a forward guidance on NII and is intended as a quantification of risk exposure utilising the Net Interest Income (NII) metric as described on page 162 of the Barclays PLC Pillar 3 Report 2022(unaudited), which includes documentation of the main model assumptions.

Net Interest Income sensitivity (AEaR) by currency (audited)	2022		2021	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
	£m	£m	£m	£m
<b>Barclays Bank Group</b>				
GBP	(6)	4	21	(37)
USD	38	(41)	55	(59)
EUR	4	(4)	(5)	(4)
Other currencies	(11)	12	(3)	1
<b>Total</b>	<b>25</b>	<b>(29)</b>	<b>68</b>	<b>(99)</b>

Change in NII sensitivity to both shocks is due to the current and forward implied rate levels which has removed the impact of embedded floors on product margins.

#### Analysis of equity sensitivity

The analysis of equity sensitivity table measures the overall impact of a +/- 25bps movement in interest rates on retained earnings, FVOCI, cash flow hedge reserves and pensions. For non-NII items a DV01 metric is used, which is an indicator of the shift in value for a 1bp movement in the yield curve.

Analysis of equity sensitivity (audited)	31 December 2022		31 December 2021	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
	£m	£m	£m	£m
<b>Barclays Bank Group</b>				
Net interest income	25	(29)	68	(99)
Taxation effects on the above	(4)	5	(12)	18
<b>Effect on profit for the year</b>	<b>21</b>	<b>(24)</b>	<b>56</b>	<b>(81)</b>
<b>As percentage of net profit after tax</b>	<b>0.5%</b>	<b>(0.5%)</b>	<b>1.2%</b>	<b>(1.8%)</b>
Effect on profit for the year (per above)	21	(24)	56	(81)
Fair value through other comprehensive income reserve	(367)	368	(449)	380
Cash flow hedge reserve	(625)	625	(626)	626
Taxation effects on the above	268	(268)	290	(272)
<b>Effect on equity</b>	<b>(703)</b>	<b>701</b>	<b>(729)</b>	<b>653</b>
<b>As percentage of equity</b>	<b>(1.2%)</b>	<b>1.2%</b>	<b>(1.3%)</b>	<b>1.2%</b>

Movements in the FVOCI reserve impact CET1 capital. However, movements in the cash flow hedge reserve and pensions remeasurement reserve recognised in FVOCI do not affect CET1 capital.

## Risk review

### Risk performance

#### Treasury and Capital risk

#### Volatility of the FVOCI portfolio in the liquidity pool

Changes in value of FVOCI exposures flow directly through capital via the FVOCI reserve. The volatility in the value of the FVOCI investments in the liquidity pool is captured and managed through a value measure rather than an earning measure, i.e. non-traded market risk VaR.

Although the underlying methodology to calculate the non-traded VaR is identical to the one used in traded management VaR, the two measures are not directly comparable. The non-traded VaR represents the volatility to capital driven by the FVOCI exposures. These exposures are in the banking book and do not meet the criteria for trading book treatment.

#### Analysis of volatility of the FVOCI portfolio in the liquidity pool

	2022			2021		
	Average	High	Low	Average	High	Low
For the year ended 31 December	£m	£m	£m	£m	£m	£m
Non-traded market value at risk (daily, 95%)	40	51	31	47	57	34

Value at risk decreased in the first half of the year driven by a reduction in interest rate risk positioning. This was partially offset by an increase in H2 due to elevated market volatility.

# Risk review

## Risk performance

### Operational risk

All disclosures in this section, (pages 101 - 102), are unaudited unless otherwise stated.

#### Overview

Operational risks are inherent in the Barclays Bank Group's business activities and it is not cost effective or possible to attempt to eliminate all operational risks. The Operational Risk Framework is therefore focused on identifying operational risks, assessing them and managing them within the Barclays Bank Group's approved risk appetite.

The Operational Risk principal risk comprises the following risks: Change Delivery Management Risk; Data Management Risk; Financial Reporting Risk; Fraud Risk; Information Security Risk; Operational Recovery Planning Risk; Payments Process Risk; People Risk; Physical Security Risk; Premises Risk; Risk Reporting; Supplier Risk; Tax Risk; Technology Risk and Transaction Operations Risk. The operational risk profile is also informed by a number of connected risks: Cyber; Data; and Resilience. These themes represent threats to the Barclays Bank Group that extend across multiple risk types, and therefore require an integrated risk management approach.

For definitions of these risks refer to the Management of Operational Risk section of the Barclays PLC Pillar 3 Report 2022. To provide complete coverage of the potential adverse impacts on the Barclays Bank Group arising from operational risk, the operational risk taxonomy extends beyond the risks listed above to cover operational risks associated with other principal risks too.

This section provides an analysis of the Barclays Bank Group's operational risk profile, including events above the Barclays Bank Group's reportable threshold, which have had a financial impact in 2022. The Barclays Bank Group's operational risk profile is informed by bottom-up risk assessments undertaken by each business unit and top-down qualitative review for each risk type. Fraud, Transaction Operations, Information Security and Technology continue to be highlighted as key operational risk exposures.

For information on conduct risk events, see the conduct risk section.

#### Summary of performance in the period

During 2022, total operational risk losses<sup>a</sup> increased to £72m (2021: £55m) and the number of recorded events for 2022 increased to 923 from 580 events recorded during the prior year. The increase in events year-over-year is largely driven by Fraud losses in Barclays US Consumer Bank exceeding forecasts. This is due to a shift in fraud attack types that have a lower recoverability rate, fraud operational challenges and increased sales volumes. The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery & Process Management and External Fraud BASEL Event Type categories, which tend to be high volume but low impact events.

#### Key metrics

**80%**

of the Barclays Bank Group's net reportable operational risk events had a loss value of £50,000 or less

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**34%**

of events by number are due to Execution, Delivery and Process Management

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**65%**

of events by number are due to External Fraud

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**79%**

of losses are from events aligned to Execution, Delivery and Process Management

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#### Operational risk profile

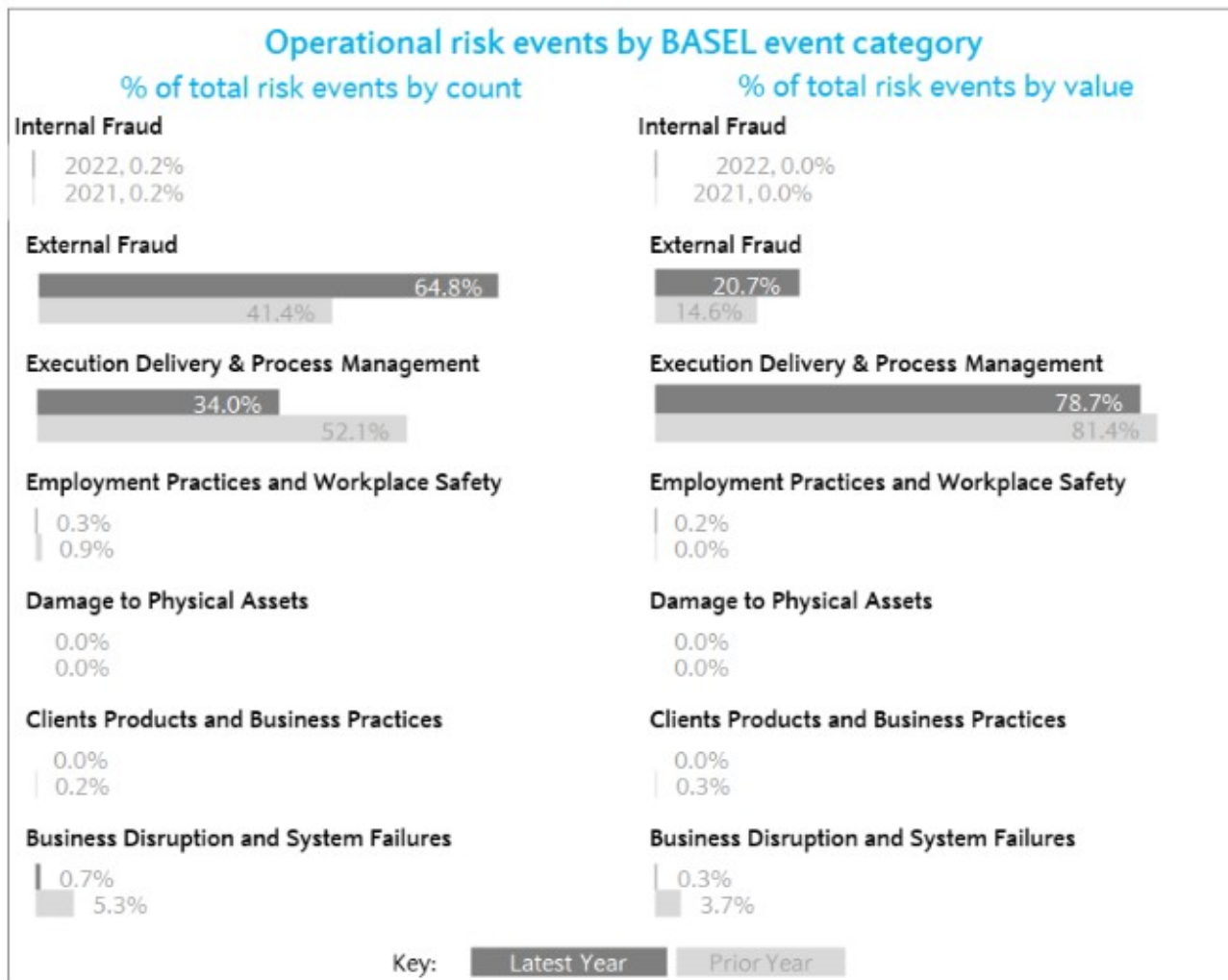
Within operational risk, there are a large number of small value risk events. In 2022, 80% (2021: 70%) of the Barclays Bank Group's reportable operational risk events by volume had a value of less than £50,000 each. Cumulatively, events under this £50,000 threshold accounted for only 18% (2021: 15%) of the Barclays Bank Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Barclays Bank Group.

# Risk review

## Risk performance

### Operational risk

The analysis below presents the Barclays Bank Group's operational risk events by Basel event category:



#### Note

a The data disclosed includes operational risk losses for reportable events impacting the Barclays Bank Group business areas, having impact of > £10,000 and excludes Gain or Insurance Recovery impacts, events that are Conduct or Legal risk, aggregate and boundary events. A boundary event is an operational risk event that results in a credit risk impact. Due to the nature of risk events that keep evolving, data for prior year losses are updated.

- Execution, Delivery and Process Management impacts during 2022 increased to £56m (2021: £45m) and accounted for 79% of total operational risk losses (2021: 81%). The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis, mapping mainly to Barclays Transaction Operations risk type. The overall frequency of events in this category in 2022 decreased to 34% of total events by volume (2021: 52%).
- External Fraud impacts during 2022 increased to £15m (2021: £8m) and accounted for 21% of total events by value (2021: 15%). Volume of events increased to 598 accounting for 65% of total event volume (2021: 240 / 41%). In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage.

Investment continues to be made in improving the control environment across the Barclays Bank Group. Particular areas of focus include new and enhanced fraud prevention systems and tools to combat the increasing level of fraud attempts being made whilst minimising disruption to genuine transactions. Fraud remains an industry wide threat and the Barclays Bank Group continues to work closely with external partners on various prevention initiatives. Additionally, the Barclays Bank Group continues to invest in its processing infrastructure to manage the risk of processing errors as well as ensuring scalability of operations.

Operational Resilience remains a key area of focus for the Barclays Bank Group, having been reinforced in recent years due to potential operational disruption from the COVID-19 pandemic. The Barclays Bank Group continues to strengthen its resilience approach across its most important business services to improve recoverability and assurance thereof by reviewing scenarios based on current global climates.

Operational risk associated with cybersecurity remains a top focus for the Barclays Bank Group. The sophistication of threat actors continues to grow as noted by multiple external risk events observed throughout the year. Ransomware attacks across the global Barclays supplier base were observed and we worked closely with the affected suppliers to manage potential impacts to the Barclays Bank Group and its clients and customers. The Barclays Bank Group's cybersecurity events were managed within its risk tolerances and there were no material loss events associated with cybersecurity recorded within the event categories above.

For further information, refer to the operational risk management section.

# Risk review

## Risk performance

### Model risk, Conduct risk, Reputation risk and Legal risk

All disclosures in these model risk, conduct risk, reputation risk and legal risk sections on pages 103 to 104 are unaudited unless otherwise stated.

#### Model risk

The Barclays Bank Group is committed to continuously improving model risk management and made a number of enhancements in 2022, including:

- Improved transparency and oversight of model risk through implementation of upgrades to model risk governance structure.
- Upgraded model risk standards to improve readability, consistency and framework cohesiveness.
- Refreshed the model risk controls suite, providing additional clarity on several controls and ensuring evidentiary requirements are aligned to MRM's BAU processes.
- Enhanced the Group Model Risk Appetite Statement, incorporating model quality and uncertainty around a model's output.
- Strengthened validation practices through expansion of model-level validation procedures, implementation of an on-going validation training program and embedment of a validation quality assurance process.
- Executed on hiring strategy by expanding the model risk team to support a wider range of model validation demand and newly emerging model risks.
- Progressed model inception validation by bringing more than 95% of model risk (by model output) into compliance with the model risk management framework.

#### Conduct risk

The Barclays Bank Group is committed to continuing to drive the right culture throughout all levels of the organisation. The Barclays Bank Group will continue to enhance effective management of conduct risk and appropriately consider the relevant tools, governance and management information in decision-making processes. Focus on management of conduct risk is ongoing and, alongside other relevant business and control management information, the Barclays Bank Group conduct risk dashboards is a key component of this.

The Barclays Bank Group continues to review the role and impact of conduct risk events and issues in remuneration decisions at both the individual and business level.

Throughout 2022, the Barclays Bank Group maintained focus on new and heightened inherent conduct risks, including those relating to the cost of living crisis, and continues to monitor these on an ongoing basis.

Businesses have continued to assess the potential customer, client and market impacts of strategic change. As part of the 2022 Medium-Term Planning Process and associated Strategic Risk Assessment, material conduct risks associated with strategic and financial plans were assessed.

Throughout 2022, conduct risks were raised by each business area for consideration by the Barclays PLC and Barclays Bank PLC Board Risk Committees. The Committees reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

The Barclays Bank Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 25 to the financial statements (Legal, competition and regulatory matters) and Note 23 to the financial statements (Provisions), for further details. Related costs include customer redress and remediation, as well as fines and settlements. Resolution of these litigation and conduct matters remains a necessary and important part of delivering the Barclays Bank Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

The Barclays Bank PLC Board Risk Committee and senior management received conduct risk dashboards setting out key indicators in relation to conduct risk. These continue to be evolved and enhanced to allow effective oversight and decision-making. Work is ongoing to enhance the Conduct Risk Control Environment in a timely and effective manner to ensure the Barclays Bank Group operates within Risk Appetite. The tolerance adherence is assessed by the business through key indicators and reported to the Barclays Bank PLC Board Risk Committee as part of the conduct risk dashboard governance process.

The Barclays Bank Group remains focused on continuous improvements being made to manage risk effectively with an emphasis on enhancing governance and management information to identify risk at earlier stages.

#### Reputation risk

The Barclays Bank Group is committed to continuing to drive the right culture throughout all levels of the organisation. The Barclays Bank Group will continue to enhance effective management of reputation risk and appropriately consider the relevant tools, governance and management information in decision-making processes.

The Barclays Bank PLC Board considers reputation risks raised by businesses. The Board has also considered whether management's proposed actions have been appropriate to mitigate the risks effectively.

The Barclays Bank Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 25 to the financial statements (Legal, competition and regulatory matters) and Note 23 to the financial statements (Provisions), for further details. Related costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remain an ongoing commitment to improve oversight of culture and conduct and management of reputation risks.

The Barclays Bank Group remains focused on the continuous improvements being made to manage risk effectively, with an emphasis on enhancing governance and management information to help identify risks at earlier stages.

## Risk review

### Risk performance

Model risk, Conduct risk, Reputation risk and Legal risk

#### Legal risk

The Barclays Bank Group remains committed to continuous improvements in managing legal risk effectively. At the end of 2022, enhancements were made to the Barclays Group-wide legal risk management framework primarily relating to the Legal Function's responsibility for the identification of legal risks and the escalation of legal risk as necessary.

Other improvements during 2022 included a review and update of the established supporting legal risk policies, standards and mandatory training, reinforced by ongoing engagement with and education of the Barclays Group's businesses and functions by Legal function colleagues. Legal risk tolerances and legal risk appetite have also been reviewed.

Tolerances adherence is assessed through key indicators, which are also used to evaluate the legal risk profile and are reviewed, at least annually, through the relevant risk and control committees. Mandatory controls to manage legal risks are set out in the legal risk standards and are subject to ongoing monitoring. The changes to the legal risk management framework referred to above are intended to provide continuing improvements to the effectiveness of the legal risk control environment as they are implemented through 2023.

# Risk review

## Supervision and regulation

### Supervision of the Barclays Bank Group

The Barclays Bank Group's operations, including its overseas branches, subsidiaries and associates, are subject to a large number of rules and regulations applicable to the conduct of banking and financial services business in each of the jurisdictions in which the Barclays Bank Group operates. These apply to business operations, impact financial returns and include capital, leverage and liquidity requirements, authorisation, registration and reporting requirements, restrictions on certain activities, conduct of business regulations and many others.

Regulatory developments impact the Barclays Bank Group globally. We focus particularly on UK, US and EU regulation due to the location of the Barclays Bank Group's principal areas of business. Regulations elsewhere may also have a significant impact on the Barclays Bank Group due to the location of its branches, subsidiaries and, in some cases, clients. For more information on the risks related to the supervision and regulation of the Barclays Bank Group, including regulatory change, see the material existing and emerging risk entitled 'Regulatory Change agenda and impact on Business Model' in the Material existing and emerging risks section.

### Supervision in the UK

In the UK, day-to-day regulation and supervision of the Barclays Bank Group is divided between the Prudential Regulation Authority (PRA) (a division of the Bank of England (BoE)) and the Financial Conduct Authority (FCA). In addition, the Financial Policy Committee (FPC) of the BoE has influence on the prudential requirements that may be imposed on the banking system through its powers of direction and recommendation. Certain members of the Barclays Bank Group are also subject to regulatory initiatives undertaken by the UK Payment Systems Regulator (PSR), as a participant in payment systems regulated by the PSR.

Barclays Bank PLC is an authorised person, with permission to accept deposits, amongst other things, and subject to prudential supervision by the PRA and subject to conduct regulation and supervision by the FCA. Barclays Bank PLC is subject to prudential supervision on a solo-consolidated basis. The Barclays Group is also subject to prudential supervision by the PRA on a group consolidated basis. Barclays PLC has been approved by the PRA as a financial holding company. Barclays Capital Securities Limited is authorised and subject to prudential supervision by the PRA as a PRA-designated investment firm and subject to conduct regulation and supervision by the FCA. Barclays Execution Services Limited is an appointed representative of Barclays Bank PLC, Barclays Bank UK PLC and Clydesdale Financial Services Limited.

The PRA's supervision of the Barclays Bank Group is conducted through a variety of regulatory tools, including the collection of information by way of prudential returns or cross-firm reviews, reports obtained from skilled persons, regular supervisory visits to firms and regular meetings with management and directors to discuss issues such as strategy, governance, financial resilience, operational resilience, risk management, and recovery and resolution.

Further, the BoE, as the UK resolution authority, informs prudential requirements and sets requirements for the Barclays Group relating to resolution preparedness.

The FCA's supervision of the UK firms in the Barclays Bank Group is carried out through a combination of proactive engagement, regular thematic work and project work based on the FCA's sector assessments, which analyse the different areas of the market and the risks that may lie ahead.

The FCA and the PRA also apply the Senior Managers and Certification Regime (the SMCR) which imposes a regulatory approval, individual accountability and fitness and propriety framework in respect of senior or key individuals within relevant firms.

FCA supervision has focused on conduct risk and customer/client outcomes, including product design, customer behaviour, market operations, fair pricing, affordability, access to cash, and fair treatment of vulnerable customers.

PRA supervision has focused on financial resilience, credit risk management, Board effectiveness, operational resilience, climate risk and resolvability, where resolvability is reviewed in conjunction with the Resolution Directorate (a separate division of the BoE).

Both the PRA and the FCA apply standards that generally either anticipate or go beyond requirements established by global or EU standards, whether in relation to capital, leverage and liquidity, resolvability and resolution or matters of conduct. The UK is in the process of reviewing and revising the EU legislation that was onshored into English law following the UK's departure from the EU. This process is at a very early stage, but based on current indications, it is not expected to result in a materially different standard of regulation with respect to PRA and FCA standards. The medium term outlook for the costs and impact of operating under the post-Brexit UK regime remains unclear until details of any changes are confirmed. There is potential for an increase in regulatory implementation costs in the near term to adapt systems and controls.

Both the PRA and the FCA have assessed the impact of COVID-19 and Brexit on UK financial markets and customers as well as the orderly transition away from LIBOR and have issued guidance for regulated entities accordingly. In each case, the guidance focussed on customer / client outcomes and conduct risk, as well as ensuring fair and orderly markets.

### Supervision in the EU

The Barclays Bank Group's operations in Europe are authorised and regulated by a combination of its home regulators and host regulators in the European countries where the Barclays Bank Group operates.

Barclays Bank Ireland PLC is licensed as a credit institution by the Central Bank of Ireland (CBI) and is designated as a significant institution falling under direct supervision on a solo basis by the European Central Bank (ECB) for prudential purposes. Barclays Bank Ireland PLC's EU branches are supervised by the ECB and are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established. Barclays Bank Ireland PLC is subject to the requirements set by the Single Resolution Board (SRB) as the host resolution authority of Barclays Bank Ireland PLC. Barclays Bank Ireland PLC is also subject to supervision by the CBI as home state or competent authority under various EU financial services directives and regulations.

The Barclays Group provides the majority of its cross-border banking and investment services to EEA clients via Barclays Bank Ireland PLC (a subsidiary of Barclays Bank PLC). Additionally, in certain EEA Member States, Barclays Bank PLC and Barclays Capital Securities Limited (BCSL) have cross-border licences to enable them to continue to conduct a limited range of activities, including accessing EEA trading venues and interdealer trading. Barclays Bank PLC also has a Paris branch (to facilitate access to Target 2), which is regulated by the ACPR.

# Risk review

## Supervision and regulation

### Supervision in the US

Barclays PLC, Barclays Bank PLC and its New York branch, and Barclays Bank PLC's US subsidiaries are subject to a comprehensive regulatory framework involving numerous statutes, rules and regulations in the US. For example, the Barclays Bank Group's US activities and operations are subject to supervision and regulation by the Board of Governors of the Federal Reserve System (FRB), as well as additional supervision, requirements and restrictions imposed by other federal and state regulators and self-regulatory organisations (SROs). In some cases, US requirements may impose restrictions on the Barclays Bank Group's global activities, in addition to its activities in the US.

Barclays PLC, Barclays Bank PLC, Barclays US Holdings Limited (BUSHL), Barclays US LLC (BUSL) and Barclays Group US Inc. (BGUS) are regulated as bank holding companies (BHCs) by the FRB. BUSL is the Barclays Bank Group's ultimate US holding company that holds substantially all of the Barclays Bank Group's US subsidiaries (including Barclays Capital Inc. (BCI) and Barclays Bank Delaware). BUSL is subject to requirements in respect of capital adequacy, capital planning and stress testing, risk management and governance, liquidity, leverage limits, large exposure limits, activities restrictions and financial regulatory reporting. Barclays Bank PLC's New York branch is also subject to enhanced prudential standards relating to, among other things, liquidity and risk management.

Barclays PLC, Barclays Bank PLC, BUSHL and BUSL have financial holding company (FHC) status under the Bank Holding Company Act of 1956. FHC status allows these entities to engage in a variety of financial and related activities, directly or through subsidiaries, including underwriting, dealing and market making in securities. Failure to maintain FHC status could result in increasingly stringent penalties and, ultimately, in the closure or cessation of certain operations in the US.

In addition to oversight by the FRB, Barclays Bank PLC's New York branch and many of the Barclays Bank Group's subsidiaries are regulated by additional US authorities based on the location or activities of those entities. The New York branch of Barclays Bank PLC is subject to supervision and regulation by the New York State Department of Financial Services (NYDFS). Barclays Bank Delaware, a Delaware chartered bank, is subject to supervision and regulation by the Delaware Office of the State Bank Commissioner, the Federal Deposit Insurance Corporation (FDIC), the FRB and the Consumer Financial Protection Bureau (CFPB). The deposits of Barclays Bank Delaware are insured by the FDIC, up to applicable limits. Barclays PLC, Barclays Bank PLC, BUSHL, BUSL, and BGUS are required to act as a source of strength for Barclays Bank Delaware. This could, among other things, require these entities to provide capital support to Barclays Bank Delaware if it fails to meet applicable regulatory capital requirements.

The Barclays Bank Group's US securities broker/dealer and investment banking operations, are conducted primarily through BCI and are also subject to ongoing supervision and regulation by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and other government agencies and SROs under US federal and state securities laws. BCI is also registered as a Futures Commission Merchant with the Commodity Futures Trading Commission (CFTC), through which the Barclays Group conducts its US futures and options on futures business, including client clearing operations, which are subject to ongoing supervision and regulation by the CFTC, the National Futures Association and other SROs. Under the US framework for regulating swaps and security-based swaps established under Title VII of the Dodd-Frank Act, the CFTC has regulatory authority over swaps, the SEC has regulatory authority over security-based swaps and the CFTC and SEC jointly regulate mixed swaps (as such terms are defined in the relevant legislation). Accordingly, the Barclays Group's activities related to US swaps and security-based swaps are principally conducted by Barclays Bank PLC and are subject to ongoing supervision and regulation by the CFTC and the SEC, respectively. Barclays Bank PLC is provisionally registered as a swap dealer with the CFTC and conditionally registered as a Security-based swap dealer with the SEC. Barclays Bank PLC is also subject to the FRB swaps rules with respect to margin and capital requirements. In addition, Barclays Bank Ireland PLC is provisionally registered as a swap dealer with the CFTC and is subject to the FRB swaps rules with respect to margin and capital.

### Supervision in Asia Pacific

The Barclays Bank Group's operations in Asia Pacific are supervised and regulated by a broad range of national banking and financial services regulators.

### Prudential regulation

Certain Basel III standards were implemented in EU law through the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV), as amended by CRR II and CRD V. These standards were retained in the UK regulatory framework via a series of onshoring instruments as part of the UK's withdrawal from the European Union. Beyond the minimum standards required by CRR, the PRA has expected the Barclays Group, in common with other major UK banks and building societies, to meet a 7% Common Equity Tier 1 (CET1) ratio at the level of the consolidated group since 1 January 2016. The 7% CET1 ratio is made up of a Pillar 1 minimum capital requirement of 4.5% CET1 and a capital conservation buffer which must be met entirely with CET1 capital.

Global systemically important banks (G-SIBs), such as the Barclays Group, are subject to a number of additional prudential requirements, including the requirement to hold additional loss-absorbing capacity and additional capital buffers above the level required by Basel III standards. The level of the G-SIB buffer is set by the Financial Stability Board (FSB) according to a bank's systemic importance and can range from 1% to 3.5% of risk-weighted assets (RWAs). The G-SIB buffer must be met with CET1. In November 2022, the FSB published an update to its list of G-SIBs, maintaining the 1.5% G-SIB buffer that applies to the Barclays Group.

The Barclays Group is also subject to a 'combined buffer requirement' consisting of (i) a capital conservation buffer of 2.5%, and (ii) a countercyclical capital buffer (CCyB). The CCyB is based on rates determined by the regulatory authorities in each jurisdiction in which the Barclays Group maintains exposures. In March 2020, the FPC cut the UK CCyB rate to 0% with immediate effect in order to support the supply of credit expected as a result of the COVID-19 pandemic. In December 2021, the FPC raised the UK CCyB to 1% with effect from 13 December 2022. In July 2022, the FPC announced that it would raise the UK CCyB rate to 2% with effect from 5 July 2023.

The PRA requires UK firms to hold additional capital to cover risks which the PRA assesses are not fully captured by the Pillar 1 capital requirement. The PRA sets this additional capital requirement (Pillar 2A) at least annually, derived from each firm's individual capital guidance. Under current PRA rules, the Pillar 2A must be met with at least 56.25% CET1 capital and no more than 25% tier 2 capital. In addition, the capital that firms use to meet their minimum requirements (Pillar 1 and Pillar 2A) cannot be counted towards meeting the combined buffer requirement.

The PRA may also impose a confidential 'PRA buffer' to cover risks over a forward looking planning horizon, including with regard to firm-specific stresses or management and governance weaknesses. If the PRA buffer is imposed on a specific firm, it must be met separately to the combined buffer requirement, and must be met fully with CET1 capital.



# Risk review

## Supervision and regulation

In addition, Barclays Bank PLC is subject to prudential regulation by the PRA on a solo-consolidated basis and is required to meet a minimum Common Equity Tier 1 (CET1) ratio of 9.9% comprising a 4.5% Pillar 1 requirement, a 2.5% capital conservation buffer, a 0.3% countercyclical buffer and a 2.5% Pillar 2A add on. Barclays Bank Ireland PLC is identified as a O-SII (Other Systemically Important Institutions) by the CBI, who have imposed an O-SII buffer on Barclays Bank Ireland PLC.

In July 2021 and October 2021, the PRA, respectively, published a policy statement and confirmation, setting out its planned implementation of certain Basel III standards, including the net stable funding ratio (NSFR), the new counterparty credit risk standard (SA-CCR) and rules on large exposures. As part of this policy statement, the PRA also confirmed that it would maintain its approach of requiring the deduction of software assets from capital. On 30 November 2022, the PRA published consultation paper CP16/22 concerning the implementation of the remaining Basel III standards, which include a revised standardised approach for credit risk, the elimination of modelled approaches for certain credit risk exposure categories, a new standardised approach for operational risk, a new market risk approach and the implementation of an output floor requiring reported RWAs calculated under standardised and modelled approaches to be a minimum of 72.5% of fully standardised calculations. The EU has also launched its legislative process for implementing these remaining Basel III reforms. In October 2021, the FPC and PRA published a policy statement setting out changes to the leverage ratio framework, including applying the leverage ratio requirement on an individual basis and making sub-consolidation available as an alternative to individual application where a firm has subsidiaries that can be consolidated, which apply from 1 January 2023.

In the US, in October 2019, the FRB and other US regulatory agencies released final rules to tailor the applicability of prudential requirements for large domestic US banking organisations, foreign banking organisations and their intermediate holding companies (IHCs), including BUSL. BUSL is a "Category III" IHC. BUSL (and Barclays Bank Delaware) is therefore subject to reduced (calibrated at 85%) standardised liquidity requirements, including the liquidity coverage ratio and NSFR.

In June 2018 and October 2019, the FRB finalised rules regarding single counterparty credit limits (SCCL). The SCCL apply to the largest US BHCs and foreign banks' (including the Barclays Bank Group's) US operations. The SCCL creates two separate limits for foreign banks, the first on combined US operations (CUSO) and the second on the US IHC (BUSL). The SCCL for US BHCs, including BUSL, requires that exposure to an unaffiliated counterparty of BUSL not exceed 25% of BUSL's tier 1 capital. With respect to the CUSO, the SCCL rule allows certification to the FRB that a foreign bank complies with comparable home country regulation.

Barclays Bank PLC was not required to comply with the CUSO requirement until 1 January 2022, with the first certification applicable for Q1 2022 results.

### *Stress testing*

The Barclays Group and certain of its members, including Barclays Bank PLC, are subject to supervisory stress testing exercises in a number of jurisdictions, designed to assess the resilience of banks to adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on such elements as data provision, stress testing capability including model risk management and internal management processes and controls.

### **Recovery and Resolution**

#### *Stabilisation and resolution framework*

The UK framework for recovery and resolution was established by the Banking Act 2009, as amended. The EU framework was established by the 2014 Bank Recovery and Resolution Directive (BRRD), as amended by BRRD II.

The BoE, as the UK resolution authority, has the power to resolve a UK financial institution that is failing or likely to fail by exercising certain stabilisation tools, including (i) bail-in: the cancellation, transfer or dilution of a relevant entities' equity and write-down or conversion of the claims of a relevant entities' unsecured creditors (including holders of capital instruments) and conversion of those claims into equity as necessary to restore solvency; (ii) the transfer of all or part of a relevant entities' business to a private sector purchaser; and (iii) the transfer of all or part of a relevant entities' business to a "bridge bank" controlled by the BoE. When exercising any of its stabilisation powers, the BoE must generally provide that shareholders bear first losses, followed by creditors in accordance with the priority of their claims in insolvency.

In order to enable the exercise of its stabilisation powers, the BoE may impose a temporary stay on the rights of creditors to terminate, accelerate or close out contracts, or override events of default or termination rights that might otherwise be invoked as a result of a resolution action and modify contractual arrangements in certain circumstances (including a variation of the terms of any securities). HM Treasury may also amend the law for the purpose of enabling it to use its powers under this regime effectively, potentially with retrospective effect.

In addition, the BoE has the power, under the Banking Act, to permanently write-down or convert into equity tier 1 capital instruments, tier 2 capital instruments and internal eligible liabilities at the point of non-viability of an institution.

The BoE's preferred approach for the resolution of the Barclays Group is a bail-in strategy with a single point of entry at Barclays PLC. Under such a strategy, Barclays PLC's subsidiaries (including entities within Barclays Bank Group) would remain operational while Barclays PLC's capital instruments and eligible liabilities would be written down or converted to equity in order to recapitalise the Barclays Group and allow for the continued provision of services and operations throughout the resolution. The order in which the bail-in tool is applied reflects the hierarchy of capital instruments under UK CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. Accordingly, the more subordinated the claim, the more likely losses will be suffered by owners of the claim.

The PRA has made rules that require authorised firms to draw up recovery plans and resolution packs, as required by the BRRD. Recovery plans are designed to outline credible actions that authorised firms could implement in the event of severe stress in order to restore their business to a stable and sustainable condition. Removal of potential impediments to an orderly resolution of a banking group or one or more of its subsidiaries is considered as part of the BoE's and PRA's supervisory strategy for each firm, and the PRA can require firms to make significant changes in order to enhance resolvability. The submission of resolution packs was suspended by the PRA in 2018 until further notice and replaced by annual EBA resolution reporting. The Barclays Group has provided the PRA with a recovery plan annually, however, the PRA notified in October 2022 that it has moved submission to a biennial submission cycle. The Barclays Group continues to maintain the recovery plan annually.

# Risk review

## Supervision and regulation

Under the Resolvability Assessment Framework (RAF), firms are required to have in place capabilities covering three resolvability outcomes: (i) adequate financial resources; (ii) being able to continue to do business through resolution and restructuring; and (iii) being able to communicate and co-ordinate within the firm and with authorities. The first self-assessment report on these capabilities was submitted by the Barclays Group to the PRA/BoE in 2021 and public disclosures by both firms and the PRA/BoE were made in June 2022 (and are required every two years thereafter). The Bank of England's assessment concluded that there are no shortcomings, deficiencies or substantive impediments identified in the Barclays Group's resolution capabilities that could impede its ability to execute the preferred resolution strategy. In future, should any such issues be identified, the PRA/BoE could exercise its various powers to direct the Barclays Group to address the relevant issues.

While regulators in many jurisdictions have indicated a preference for single point of entry resolution for the Barclays Group, additional resolution or bankruptcy provisions may apply to certain Barclays Bank Group entities or branches.

In the US, BUSL is subject to the Orderly Liquidation Authority established by Title II of the Dodd-Frank Act (DFA), a regime for the orderly liquidation of systemically important financial institutions by the FDIC, as an alternative to proceedings under the US Bankruptcy Code. In addition, the licensing authorities of Barclays Bank PLC New York branch and of Barclays Bank Delaware have the authority to take possession of the business and property of the applicable branch or entity they license and/or to revoke or suspend such licence.

In the US, Title I of the DFA, as amended, and the implementing regulations issued by the FRB and the FDIC require each bank holding company with assets of \$250bn or more, including those within the Barclays Group, to prepare and submit a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure. The Barclays Group submitted a "targeted plan" in December 2021. The agencies did not identify any shortcomings or deficiencies with the Barclays Group's 2021 US Resolution Plan. The Barclays Group's next submission of the US Resolution Plan in respect of its US operations will be a "full plan" due in 2024.

Barclays Bank Ireland PLC is required by the ECB to submit a standalone BRRD compliant recovery plan on an annual basis. As a Significant Institution under direct ECB supervision, Barclays Bank Ireland PLC falls within the remit of the EU Single Resolution Board (SRB), as the resolution authority for the Eurozone. Under the provisions of the BRRD and EU Single Resolution Mechanism Regulation (SRMR), the SRB is required to determine the optimal resolution strategy for Barclays Bank Ireland PLC and, also, to prepare a resolution plan for the bank. The SRB undertakes this work within the context of the BoE's preferred resolution strategy of single point of entry with bail in at Barclays PLC. In order to carry out its mandate, the SRB collects detailed structural and other information from Barclays Bank Ireland PLC on a regular basis, as well as engaging with the bank to identify and address impediments to resolution. This work is done in coordination with the BoE, as the Barclays Group resolution authority. Barclays Bank Ireland PLC will need to meet the SRB's requirements for resolution as set out in the SRB's 'Expectations for Banks' document by 31 December 2023.

### *TLAC and MREL*

The Barclays Group is under the supervision of the BoE, as the UK resolution authority, and is subject to a Minimum Requirement for own funds and Eligible Liabilities (MREL), which includes a component reflecting the FSB's standards on total loss absorbency capacity (TLAC).

The MREL requirements were fully implemented by 1 January 2022, from which time G-SIBs with resolution entities incorporated in the UK are required to meet an MREL equivalent to the higher of: (i) two times the sum of their Pillar 1 and Pillar 2A requirements; or (ii) the higher of two times their leverage ratio requirement or 6.75% of leverage exposures. Internal MREL for operating subsidiaries is subject to a scalar in the 75-90% range of the external requirement that would apply to the subsidiary if it were a resolution entity. The starting point for the scalar is 90% for ring-fenced bank sub-groups.

Barclays Bank Ireland PLC is subject to the SRB's MREL policy, as issued in June 2022, in respect of the internal MREL that it will be required to issue to Barclays Bank Group. The SRB's current calibration of internal MREL for non-resolution entities is expressed as two ratios that have to be met in parallel: (a) two times the sum of: (i) the firm's Pillar 1 requirement; and (ii) its Pillar 2 requirement; and (b) two times the leverage ratio requirement. The SRB's policy does not apply any scalar in respect of the internal MREL requirement. Under the SRB MREL policy, a bank specific adjustment can be applied by the SRB to MREL requirements.

In the US, the FRB's TLAC rule includes provisions that require BUSL to have: (i) a specified outstanding amount of eligible long-term debt; (ii) a specified outstanding amount of TLAC (consisting of common and preferred equity regulatory capital plus eligible long-term debt); and (iii) a specified common equity buffer. In addition, the FRB's TLAC rule prohibits BUSL, for so long as the Barclays Group's overall resolution plan treats BUSL as a non-resolution entity, from issuing TLAC to entities other than those within the Barclays Group.

### *Bank Levy and FSCS*

The BRRD established a requirement for EU member states to set up a pre-funded resolution financing arrangement with funding equal to 1% of covered deposits by 31 December 2024 to cover the costs of bank resolutions. The UK has implemented this requirement by way of a tax on the balance sheets of banks known as the 'Bank Levy'.

In addition, the UK has a statutory compensation fund called the Financial Services Compensation Scheme (FSCS), which is funded by way of annual levies on most authorised financial services firms.

### **Structural reform**

In the UK, the Financial Services (Banking Reform) Act 2013 put in place a framework for ring-fencing certain operations of large banks. Ring-fencing requires, among other things, the separation of the retail and smaller deposit-taking business activities of UK banks into a legally distinct, operationally separate and economically independent entity, which is not permitted to undertake a range of activities. This regime was independently reviewed in 2021, with the final report published in March 2022. The review recommended that HM Treasury should review the practicalities of aligning the ring-fencing and resolution regimes, amongst other things, and the government has stated that it intends to issue a public call for evidence on this issue in the first quarter of 2023 and to consult on reforms to the ring-fencing regime in mid 2023 in line with the recommendations in the independent review.

US regulation places further substantive limits on the activities that may be conducted by banks and holding companies, including foreign banking organisations such as the Barclays Group. The 'Volcker Rule', which was part of the DFA and which came into effect in the US in 2015, prohibits banking entities from undertaking certain proprietary trading activities and limits such entities' ability to sponsor or invest in certain private equity funds and

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hedge funds (in each case broadly defined). As required by the rule, the Barclays Group has developed and implemented an extensive compliance and monitoring programme addressing proprietary trading and covered fund activities (both inside and outside of the US).

### Market infrastructure regulation

In recent years, regulators as well as global-standard setting bodies such as the International Organisation of Securities Commissions (IOSCO) have focused on improving transparency and reducing risk in markets, particularly risks related to over-the-counter (OTC) derivative transactions. This focus has resulted in a variety of new regulations across the G20 countries and beyond that require or encourage on-venue trading, clearing, posting of margin and disclosure of pre-trade and post-trade information.

In particular, the Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (collectively referred to as MiFID II) have affected many of the markets in which the Barclays Bank Group operates, the instruments in which it trades and the way it transacts with market counterparties and other customers. MiFID II is currently undergoing a review process in both the EU and the UK, including as part of the EU's ongoing focus on the development of a stronger Capital Markets Union and the UK's Wholesale Markets Review.

### Regulation of benchmarks

The EU and UK Benchmarks Regulation apply to the administration, contribution and use of benchmarks within the EU and the UK, respectively. Financial institutions within the EU or the UK, as applicable, are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the EU or the UK, respectively. The FCA has also been working to phase out use of LIBOR, with GBP LIBOR ceasing to be published in its original form from the end of 2021 and synthetic versions of GBP LIBOR being made available only for a limited period of time. Similarly, USD LIBOR will cease to be published in its current form in June 2023 and other LIBOR and IBOR rates are also being wound down. Global regulators in conjunction with the industry have developed and are continuing to develop alternative benchmarks and risk-free rate fallback arrangements, including updates to existing, as well as new, applicable legislation.

### Regulation of the derivatives market

The European Market Infrastructure Regulation (EMIR) has introduced requirements designed to improve transparency and reduce the risks associated with the derivatives market. EMIR has operational and financial impacts on the Barclays Bank Group, including by imposing new collateral requirements on a broader range of market participants with effect from 2022. Access to the clearing services of certain Central Clearing Counterparties (CCPs) used by Barclays Bank Group entities is currently permitted under temporary equivalence and recognition regimes and decisions in the UK and EU. If not extended or made permanent, the EU's equivalence decision for UK Central Clearing Counterparties (CCPs), and exemption for certain intragroup transactions from the EMIR derivatives clearing and margin obligations, both due to expire at the end of June 2025, could also have operational and financial impacts on the Barclays Bank Group, as could the removal of temporary recognition of non-UK CCPs by the UK. EMIR is currently undergoing a review process in the EU which may result in changes to the intragroup transactions exemption, potentially making it easier to rely on. However, the review is in its very early stages so it is not yet certain what changes may result from it.

US regulators have imposed similar rules as the EU with respect to the mandatory on-venue trading and clearing of certain derivatives, and post-trade transparency, as well as in relation to the margining of OTC derivatives. US regulators have finalised certain aspects of their rules with respect to their application on a cross-border basis, including with respect to their registration requirements in relation to non-US swap dealers and security-based swap dealers. The regulators may adopt further rules, or provide further guidance, regarding cross-border applicability. In December 2017, the CFTC and the European Commission recognised the trading venues of each other's jurisdiction to allow market participants to comply with mandatory on-venue trading requirements while trading on certain venues recognised by the other jurisdiction. In December 2022, the CFTC extended temporary relief that would permit trading venues and market participants located in the UK to continue to rely on this mutual recognition framework following the withdrawal of the UK from the EU.

Certain participants in US swap markets are required to register with the CFTC as 'swap dealers' or 'major swap participants' and/or, with the SEC as 'security-based swap dealers' or 'major security-based swap participants'. Such registrants are subject to CFTC and/or SEC regulation and oversight. Entities required to register as swap dealers and/or security-based swap dealers are subject to business conduct, record-keeping and reporting requirements under either or both CFTC and SEC rules. Barclays Bank PLC is also subject to regulation by the FRB, and is both provisionally registered with the CFTC as a swap dealer and conditionally registered with the SEC as a security-based swap dealer. In addition, Barclays Bank Ireland PLC is provisionally registered as a Swap Dealer with the CFTC.

Accordingly, Barclays Bank PLC and Barclays Bank Ireland PLC are subject to CFTC rules on business conduct, record-keeping and reporting and to FRB rules on capital and margin. The CFTC has approved certain comparability determinations that permit substituted compliance with non-US regulatory regimes for certain swap regulations. Substituted compliance is a recognition program whereby compliance with a comparable regulatory requirement of a foreign jurisdiction is deemed to serve as a substitute for compliance with comparable requirements of the U.S. Commodity Exchange Act and the CFTC's regulations. Substituted compliance has been granted only in respect of certain requirements promulgated by regulatory authorities in certain identified jurisdictions that the CFTC believes are sufficiently comparable to its own requirements. Substituted compliance was granted in respect of certain European Union requirements in December 2013. In December 2022, the CFTC extended temporary relief that would permit swap dealers located in the UK to continue to rely on existing CFTC substituted compliance determinations with respect to EU requirements in the event of a withdrawal of the UK from the EU. Barclays Bank PLC and Barclays Bank Ireland PLC rely upon the CFTC's grant of substituted compliance as a means to comply with certain swap dealer requirements.

Barclays Bank PLC conditionally registered as a security-based swap dealer with the SEC as of 1 November 2021. As a registered security-based swap dealer, Barclays Bank PLC is subject to SEC business conduct, recordkeeping and reporting rules similar to the CFTC rules noted above. Like the CFTC, the SEC approved certain comparability determinations that permit conditional substituted compliance with non-US regulatory regimes for certain security-based swap regulations. Due to the imposition by the SEC of more stringent requirements on which its grant of substituted compliance is conditioned, Barclays Bank PLC is relying on substituted compliance only with respect to a limited number of SEC security-based swap dealer rules.

Many of the regulations under the CFTC and SEC regimes are similar in scope of application. The rules of both the SEC and the CFTC are roughly divided into "transaction-level rules" and "entity-level rules". Transaction-level rules apply only in circumstances in which at least one of the parties to the swap or security-based swap transaction has sufficient nexus to the United States. Entity-level rules apply to swap dealers or security-based swap dealers across all their swap or security-based swaps without distinction as to the counterparty or location of the transaction. Unlike the CFTC, certain SEC rules apply to transactions entered into by non-US security-based swap dealers based on the location from which certain activities are undertaken. These SEC

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rules apply to security-based swap transactions facing non-US person counterparties that are “arranged, negotiated or executed” by US-based security-based swap dealer personnel. This distinction expands the scope and impact of the SEC regime to transactions with a greater number of non-US counterparties.

As noted above, Barclays Bank PLC and Barclays Bank Ireland PLC are subject to FRB rules on capital and margin.

In 2022, the SEC proposed Rule 10B-1 that would require any person with a security-based swap position (aggregated across all affiliated persons) that exceeds any of the thresholds specified by the SEC to promptly report certain information by the next business day, including the identity of the reporting person and the security-based swap position, as well as the ownership of securities positions related to the security-based swap position. Such reports would be available publicly. If adopted as proposed, this rule could increase the burden and cost to Barclays Bank PLC of utilising security-based swaps.

### *Other regulatory developments in the US*

The SEC has also put forth a number of other recent proposals that, if adopted, could have a significant impact on the Barclays Bank Group’s business and operations, including: (i) proposed amendments to Exchange Act Rule 15c6-1 that would shorten the standard settlement cycle for most broker-dealer transactions in securities from two business days after the trade (T+2) to one business day after the trade (T+1), which could require significant changes to BCI’s settlement procedures and practices, and new Exchange Act Rule 15c6-2 which would generally require market-wide improvements in the rate of same-day affirmations and on central matching service providers; (ii) a proposed rule that would mandate central clearing of many US Treasury securities transactions and would amend the broker-dealer customer protection rule as it applies to margin posted for transactions in US Treasury securities, which could impose additional costs on the Barclays Bank Group’s Treasury securities trading activity; and (iii) a series of market structure proposals which would have a significant impact on securities trading activity by BCI and other Barclays Bank Group entities, as the SEC proposals would (a) impose a new SEC best execution obligation on securities broker-dealers, including BCI, (b) require that certain individual investor orders be exposed to auctions before they could be executed internally by certain trading centres, and (c) amend certain rules under Regulation NMS (National Market System) to adopt variable minimum pricing increments, reduce access fee caps for protected quotations, require that the amount of exchange fees and rebates be determinable at the time of execution, and update and expand to certain broker-dealers the disclosures required for order executions in NMS stocks, among other changes.

### **Other regulation**

#### *Consumer protection, culture and diversity and inclusion*

In May 2021, the FCA published a consultation paper proposing the imposition of a new consumer duty on firms. The duty looks to set higher expectations for the standard of care that firms provide to customers and will impact all aspects of Barclays’ retail businesses, including every customer journey, product and service as well as our relationships with partners, suppliers and third parties. This will result in significant implementation costs and there will also be higher ongoing costs for the industry as a result of extensive monitoring and evidential requirements. Final rules were published in July 2022 and will come into force on 31 July 2023 for new and existing products or services that are open to sale or renewal, and on 31 July 2024 for closed products or services.

Our regulators have enhanced their focus on the promotion of cultural values as a key area for banks, although they generally view the responsibility for reforming culture as primarily sitting with the industry. The UK regulators have also begun focusing on diversity and inclusion in financial services firms, with the Bank of England, PRA and FCA having published a joint discussion paper and the FCA having published a policy statement on this topic in April 2022.

#### *Data protection*

Most countries where Barclays Bank Group operates have comprehensive laws requiring openness and transparency about the collection and use of personal information, and protection against loss and unauthorised or improper access. Regulations regarding data protection are increasing in number, as well as levels of enforcement, as manifested in increased amounts of fines and the severity of other penalties. We expect that personal privacy and data protection will continue to receive attention and focus from regulators, as well as public scrutiny and attention.

The EU’s General Data Protection Regulation (GDPR) created a broadly harmonised privacy regime across EU member states, introducing mandatory breach notification, enhanced individual rights, a need to openly demonstrate compliance, and significant penalties for breaches. The extraterritorial effect of the GDPR means entities established outside the EU may fall within the Regulation’s ambit when offering goods or services to European based customers or clients. Following the UK’s withdrawal from the EU, the UK continues to apply the GDPR framework (as onshored into UK law and hence now referred to as the ‘UK GDPR’ - this sits alongside an amended version of the UK Data Protection Act 2018). Following the invalidation by the European Court of Justice (CJEU) of the EU-US Privacy Shield as a mechanism for transferring EU personal data to the US, the European Commission published new standard contractual clauses (SCCs) in 2021 to meet the requirements of GDPR and the CJEU decision, known as Schrems II. In early 2022, the UK Information Commissioner set out its own international data transfer agreement, and the international data transfer addendum to the European Commission’s SCCs for international data transfers. Implementing the new EU SCCs and/or the UK addendum, which involve case-by-case transfer impact assessments and other safeguards, is likely to result in increased compliance costs for the Barclays Group. In 2021, China adopted its first comprehensive law in relation to personal information called the Personal Information Protection Law (PIPL). The PIPL applies to processing activities within mainland China, but similar to the GDPR, the PIPL has extraterritorial reach. As the global data protection regulatory landscape develops, noncompliance with any such requirements could lead to regulatory fines and other penalties.

In the US, Barclays Bank Delaware is subject to the US Federal Gramm-Leach-Bliley Act (GLBA) and the California Privacy Rights Act of 2020, which amended the California Consumer Privacy Act of 2018 and came into effect on 1 January 2023 (CPRA). The GLBA limits the use and disclosure of non-public personal information to non-affiliated third parties, and requires financial institutions to provide written notice of their privacy policies and practices and implement certain information security policies and practices. Any violations of the GLBA could subject Barclays Bank Delaware to additional reporting requirements or regulatory investigation or audits by the financial regulators. More broadly, the Barclays Bank Group’s US operations are subject to the CPRA which applies to personal information that is not collected, processed, sold or disclosed subject to the GLBA. The CPRA requires applicable members of the Barclays Bank Group to both provide California residents with additional disclosures regarding the collection, use and sharing of personal information and grant California residents access, deletion, correction and other rights, including the right to opt-out of certain sales or transfers of personal information and the right to limit the processing of sensitive personal information to certain purposes. Any violations of the CPRA may be subject to enforcement by the California Privacy Protection Agency and the California Attorney General and the imposition of monetary penalties, as well as potential lawsuits arising from the private right of action provided to California residents in the case of

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certain data breaches. Bills proposed in the United States Congress and in the legislatures of various US states, if enacted, may have further impact on the data privacy practices of Barclays' US operations. In addition, all 50 states have laws including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and others.

### *Cybersecurity and operational resilience*

Regulators globally continue to focus on cybersecurity risk management, organisational operational resilience and overall soundness across all financial services firms, with customer and market expectations of uninterrupted access to financial services remaining at an all-time high.

The regulatory focus has been further heightened by the increasing number of high-profile ransomware and other supply chain attacks seen across the industry in recent years and the growing reliance of financial services on Cloud and other third party service providers. This is evidenced by the continuing introduction of new laws and regulatory frameworks directed at enhancing resilience of both firms and their critical third party providers. A new UK framework introduced last year requires firms to be able to remain within impact tolerances set for their important business services by no later than 31 March 2025, with further legislation focusing on the resilience of critical third party providers now in the pipeline. The European Union's Digital Operational Resilience Act (DORA) entered into force in January 2023 and will apply in early 2025 (after a two-year implementation period), introducing comprehensive and sector specific regulation on Information Communication Technologies (ICT) incident reporting, testing and third party risk management, and providing for direct oversight of critical third party providers servicing the EU financial services sector. The existing and anticipated requirements for increased controls will serve to improve industry standardisation and resilience capabilities, enhancing our ability to deliver services during periods of potential disruption. However, such measures are likely to result in increased technology and compliance costs for the Barclays Bank Group.

In 2022, the SEC published proposed disclosure rules and amendments regarding cybersecurity risk management, governance and incident reporting by US-listed companies, including foreign private issuers such as Barclays PLC and Barclays Bank PLC. Also in 2022, NYDFS both increased enforcement of and published proposed amendments to its main cybersecurity regulation applying to the New York Branch of Barclays Bank PLC. Final versions of the SEC proposed disclosure rules and NYDFS proposed amendments are expected in 2023.

### *Regulatory initiatives on ESG disclosure*

The EU Regulation on Sustainability-Related Disclosures introduces disclosure obligations requiring financial institutions to explain how they integrate environmental, social and governance factors in their investment decisions for certain financial products. In addition, the EU Taxonomy Regulation provides for a general framework for the development of an EU-wide classification system for environmentally sustainable economic activities. The EU Corporate Sustainability Reporting Directive will introduce sustainability related reporting obligations for various entities including EU banks and certain listed companies, with reporting to commence on a phased basis from the financial year 2024. Draft sustainability reporting standards are being developed by the European Financial Reporting Advisory Group.

From June 2022, the EU's Capital Requirements Regulation requires certain large financial institutions to disclose information on environmental, social and governance risks, including physical risks and transition risks.

The EU has also proposed a Directive on Corporate Sustainability Due Diligence which, if adopted, would require EU firms, including financial institutions, to carry out due diligence on companies in their value chain and identify and prevent, bring to an end or mitigate the impact of their activities on human rights and the environment.

In the UK, the UK Government has confirmed its intention to develop a UK Green Taxonomy, and the Green Technical Advisory Group has published advice on development of a Green Taxonomy with further advice expected to follow. Reporting against the Taxonomy will form part of the UK's new Sustainability Disclosure Requirements (SDR). Certain companies will be required to disclose which portion of their activities are Taxonomy-aligned. The structure of the Taxonomy draws on the EU approach and has six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity). The UK regulators are also consulting on a new SDR Framework for firms as well as investment product disclosures, including a new sustainable investment labelling regime.

In March 2022, the SEC proposed climate related-disclosure requirements for US-listed companies (which would include Barclays Bank PLC) that would, among other things, require disclosure of direct and indirect greenhouse gas emissions, with certain emissions disclosures subject to third-party attestation requirements; climate-related scenario analysis (if the issuer conducts scenario analysis), together with qualitative and quantitative information about the hypothetical future climate scenarios used in its analysis; climate transition plans or climate-related targets or goals, along with disclosure of progress against any such plans, targets or goals; climate-related risks over the short-, medium- and long-term; qualitative and quantitative information regarding climate-related risks and historical impacts in audited financial statements; corporate governance of climate-related risks; and climate-related risk-management processes.

### *Sanctions and financial crime*

The UK Bribery Act 2010 introduced a new form of corporate criminal liability focused broadly on a company's failure to prevent bribery on its behalf. The Criminal Finances Act 2017 introduced new corporate criminal offences of failing to prevent the facilitation of UK and overseas tax evasion. Both pieces of legislation have broad application and in certain circumstances may have extraterritorial impact on entities, persons or activities located outside the UK, including Barclays PLC's subsidiaries outside the UK. The UK Bribery Act requires the Barclays Bank Group to have adequate procedures to prevent bribery which, due to the extraterritorial nature of the Act, makes this both complex and costly. Additionally, the Criminal Finances Act requires the Barclays Bank Group to have reasonable prevention procedures in place to prevent the criminal facilitation of tax evasion by persons acting for, or on behalf of, the Barclays Bank Group.

The Sanctions and Anti-Money Laundering Act (the Sanctions Act) became law in the UK in 2018. The Sanctions Act allows for the adoption of an autonomous UK sanctions regime, as well as a more flexible licensing regime post-Brexit. On 6 July 2020, the UK Government announced the first sanctions that have been implemented independently by the UK outside the auspices of the UN and EU. The autonomous UK sanctions regime came into force on 1 January 2021. The sanctions apply within the UK and in relation to the conduct of all UK persons wherever they are in the world; they also apply to overseas branches of UK companies (including the Barclays Bank PLC New York branch).

In the US, the Bank Secrecy Act, the USA PATRIOT Act 2001, the Anti-Money Laundering Act of 2020 and regulations thereunder contain numerous anti-money laundering and anti-terrorist financing requirements for financial institutions. In addition, the Barclays Bank Group is subject to the US

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Foreign Corrupt Practices Act, which prohibits, among other things, corrupt payments to foreign government officials. It is also subject to various economic sanctions laws, regulations and executive orders administered by the US government, which prohibit or restrict some or all business activities and other dealings with or involving certain individuals, entities, groups, countries and territories.

In some cases, US state and federal regulations addressing sanctions, money laundering and other financial crimes may impact entities, persons or activities located or undertaken outside the US, including Barclays PLC and its subsidiaries. US government authorities have aggressively enforced these laws against financial institutions in recent years. As a result of the Russian invasion of Ukraine, there has been an increased regulatory focus on sanctions compliance in various jurisdictions, including in the US, UK and EU. Failure of a financial institution to ensure compliance with such laws could have serious legal, financial and reputational consequences for the institution.

# Financial statements

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors Barclays Bank PLC:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Barclays Bank PLC and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated cash flow statements for each of the years in the three-year period ended December 31, 2022 and the related notes and specific disclosures described in Note 1 of the consolidated financial statements as being part of the consolidated financial statements (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

### *Critical Audit Matters*

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgements. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### ***Impairment allowance for loans and advances at amortized cost, including off-balance sheet elements of the allowance***

As discussed in the credit risk disclosures on pages 55 to 84, the Company's impairment allowance for loans and advances, including off-balance sheet elements at amortized cost was £4bn as at 31 December 2022.

We identified the assessment of impairment allowance for loans and advances at amortized cost, including off balance sheet elements as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge was required because it involved significant measurement uncertainty. Complex and subjective auditor judgement was required to assess the following:

- Model estimations – Complex and subjective auditor judgement was applied in assessing the Company's modelled estimations of Expected Credit Losses ("ECL") due to the inherently judgmental nature of the underlying models and underlying assumptions, namely the IFRS 9 Probability of Default ("PD") models, the Loss Given Default ("LGD") models and the Exposure at Default ("EAD") models. Certain IFRS 9 models and model assumptions are the key drivers of complexity and uncertainty and minor changes to those models and model assumptions could have a significant effect on the Company's calculation of the ECL estimate.
- Economic scenarios – Complex and subjective auditor judgement was applied in assessing the forward-looking economic scenarios used by the Company as an input to calculate ECL, the probability weightings applied to them and the complexity of models used to derive the probability weightings.
- Qualitative adjustments – Complex and subjective auditor judgement was applied in assessing certain qualitative adjustments to the model-driven impairment allowance due to the inherent estimation uncertainty associated with these adjustments.

In addition, auditor judgement was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter.

- We evaluated the design and implementation and tested the operating effectiveness of certain internal controls over the Company's process for estimating the impairment allowance for loans and advances at amortized cost, including off-balance sheet elements. This included controls relating to the (1) application of the staging criteria, (2) model validation, implementation and monitoring, (3) authorization and calculation of qualitative adjustments and management overlays, (4) selection and implementation of economic variables and the controls over the economic scenario selection and probabilities, and (5) credit reviews that determine customer risk ratings used in the models for wholesale customers.
- We involved credit risk modelling professionals with specialized skills and knowledge, who assisted in the following:



# Report of Independent Registered Public Accounting Firm

- evaluating the Company's impairment methodologies for compliance with IFRS 9;
  - inspecting model code for the calculation of certain components of the ECL model to assess its consistency with the Company's model methodology;
  - evaluating for a selection of models which were changed or updated during the year as to whether the changes (including the updated model code) were appropriate by assessing the updated model methodology against the applicable accounting standard;
  - reperforming the calculation of certain adjustments to assess consistency with the qualitative adjustment methodologies;
  - evaluating the model output for a selection of models by inspecting the corresponding model functionality and independently implementing the model by rebuilding the model code and comparing our independent output with management's output; and
  - reperforming and assessing, for a selection of models, the reasonableness of the model predictions by comparing them against actual results and evaluating the resulting differences.
- In addition, we involved economic professionals with specialized skills and knowledge, who assisted in:
    - assessing the reasonableness of the Company's methodology and models used for determining the economic scenarios used and the probability weightings applied to them;
    - assessing key economic variables which included comparing a selection of economic variables to external sources;
    - assessing the overall reasonableness of the economic forecasts by comparing the Company's forecasts to our own modelled forecasts; and
    - assessing the reasonableness of the Company's qualitative adjustments by challenging key economic assumptions applied in their calculation based on external sources.

We evaluated the collective results of the procedures performed to assess the sufficiency of the audit evidence obtained related to the Company's impairment allowance for loans and advances at amortized cost, including off-balance sheet elements of the allowance.

## Valuation of certain difficult-to-value financial instruments recorded at fair value

As discussed in Note 16 to the Company's consolidated financial statements, the balance of financial assets and liabilities recorded at fair value as at December 31, 2022 was £693bn and £634bn, respectively. Of these amounts, Level 3 assets (£17.8bn) and liabilities (£5bn) represented 2.5% of the Company's financial assets carried at fair value and 1.2% of the Company's financial liabilities carried at fair value. The Company has Level 2 financial assets at fair value of £582bn and financial liabilities at fair value of £572bn. Included in these amounts are certain difficult-to-value fair value financial instruments for which the Company is required to apply valuation techniques which often involve the exercise of significant judgement and the use of assumptions and valuation models.

We identified the valuation of certain difficult-to-value financial instruments recorded at fair value as a critical audit matter. This is because there was significant measurement uncertainty associated with the fair value estimates of these instruments and subjective auditor judgement, including specialized skills and knowledge, was required to evaluate pricing data inputs, valuation models and fair value adjustments ("FVA"), including portfolio-level FVAs related to credit and funding (commonly referred to as "XVAs").

The following are the primary procedures we performed to address this critical audit matter:

- We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to measure fair value of these portfolios. This included controls related to (1) the independent price verification ("IPV") of certain market pricing data inputs, (2) the determination or calculation of FVAs, including exit adjustments (to mark the portfolio to bid or offer prices), model shortcoming reserves to address model limitations and XVAs and (3) the validation, implementation and usage of valuation models including assessment of the impact of model limitations and assumptions;
- For a selection of collateral disputes identified through management's control we challenged management's valuation where significant fair value differences were observable through comparison with the market participant's valuation on the other side of the trade;
- We performed a retrospective review by inspecting significant gains and losses on a selection of new trades, trade exits, novations and restructurings and evaluated whether these data points indicated elements of fair value not incorporated in the current valuation methodologies;
- We inspected movements in certain unobservable inputs throughout the period to assess whether gains or losses generated were in line with the accounting standards;
- We involved valuation professionals with specialized skills and knowledge who assisted in the following:
  - assessing the conceptual soundness of significant models and methodologies used in calculating fair values, risk exposures and in calculating FVAs;
  - utilising collateral dispute data to identify fair value financial instruments with significant fair value differences against market counterparties and developing an independent estimate of the fair value of such financial instruments; and
  - developing an independent estimate of fair value for a selection of trades from the above portfolios and challenging the Company where their valuations were outside our tolerance.

## UK Pension Scheme – Defined Benefit Obligation ('DBO') assumptions

As discussed in Note 31 to the consolidated financial statements, the Company operates multiple defined benefit pension plans with the majority of the balance relating to the UK Retirement Fund ("UKRF"). The total fair value of the defined benefit pension obligation as of 31 December 2022 was £20.8bn.

## Report of Independent Registered Public Accounting Firm

Of this amount, £20.0bn related to the UKRF. The determination of the Company's defined benefit pension obligation with respect to these plans is dependent on certain actuarial assumptions, including the discount rate, inflation rate (or retail price index) and mortality assumptions.

We identified the valuation of the defined benefit pension obligation in respect of UKRF as a critical audit matter. Subjective and complex auditor judgement, including specialized skills and knowledge, was required in evaluating the discount rates, retail price index ('RPI') and mortality assumptions used, as small changes would have a significant impact on the measurement of the defined benefit pension obligation.

The following are the primary procedures we performed to address this critical audit matter:

- We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's defined benefit pension obligation process. This included controls related to management's review of IAS19 assumptions including discount rate, RPI and mortality assumptions;
- We involved actuarial professionals with specialized skills and knowledge who assisted in assessing the Company's discount rate, RPI and mortality assumptions by evaluating those assumptions against expectations derived from external sources.

/s/KPMG LLP

We have served as the Company's auditor since 2017.

London, United Kingdom  
14 February 2023

# Consolidated financial statements

## Consolidated income statement

For the year ended 31 December	Notes	2022 £m	2021 £m	2020 £m
<b>Continuing operations</b>				
Interest and similar income	3	11,779	5,672	6,006
Interest and similar expense	3	(6,381)	(2,599)	(2,846)
<b>Net interest income</b>		<b>5,398</b>	3,073	3,160
Fee and commission income	4	8,171	8,581	7,417
Fee and commission expense	4	(2,745)	(1,994)	(1,758)
<b>Net fee and commission income</b>		<b>5,426</b>	6,587	5,659
Net trading income	5	7,624	5,788	7,076
Net investment expense	6	(323)	(80)	(121)
Other income		69	40	4
<b>Total income</b>		<b>18,194</b>	15,408	15,778
Staff costs	29	(5,192)	(4,456)	(4,365)
Infrastructure costs	7	(900)	(1,054)	(816)
Administration and general expenses	7	(4,879)	(4,375)	(4,202)
Litigation and conduct	7	(1,427)	(374)	(76)
<b>Operating expenses</b>	7	<b>(12,398)</b>	(10,259)	(9,459)
Share of post-tax results of associates and joint ventures		3	4	7
Profit/(loss) on disposal of subsidiaries, associates and joint ventures		1	(12)	126
<b>Profit before Impairment</b>		<b>5,800</b>	5,141	6,452
Credit impairment (charges)/releases	8	(933)	277	(3,377)
<b>Profit before tax</b>		<b>4,867</b>	5,418	3,075
Taxation	9	(485)	(830)	(624)
<b>Profit after tax</b>		<b>4,382</b>	4,588	2,451
<b>Attributable to:</b>				
Equity holders of the parent		3,650	3,957	1,774
Other equity instrument holders		732	631	677
Total equity holders of the parent		<b>4,382</b>	4,588	2,451
<b>Profit after tax</b>		<b>4,382</b>	4,588	2,451

# Consolidated financial statements

## Consolidated statement of comprehensive income

	2022	2021	2020
For the year ended 31 December	£m	£m	£m
<b>Profit after tax</b>	<b>4,382</b>	4,588	2,451
<b>Other comprehensive income/(loss) that may be recycled to profit or loss:</b>			
<b>Currency translation reserve</b>			
Currency translation differences <sup>a</sup>	2,411	(155)	(647)
<b>Fair value through other comprehensive income reserve movement relating to debt securities</b>			
Net (losses)/gains from changes in fair value	(6,376)	(1,383)	2,402
Net losses/(gains) transferred to net profit on disposal	68	(248)	(251)
Net losses/(gains) related to (releases of) impairment	8	(6)	1
Net gains/(losses) due to fair value hedging	4,627	1,105	(1,640)
Tax	449	170	(130)
<b>Cash flow hedging reserve</b>			
Net (losses)/gains from changes in fair value	(7,290)	(2,212)	1,366
Net gains/(losses) transferred to net profit	543	(327)	(282)
Tax	1,808	740	(291)
<b>Other</b>	<b>—</b>	<b>—</b>	<b>3</b>
<b>Other comprehensive (loss)/income that may be recycled to profit or loss</b>	<b>(3,752)</b>	(2,316)	531
<b>Other comprehensive income/(loss) not recycled to profit or loss:</b>			
Retirement benefit remeasurements	(755)	1,299	(77)
Fair value through other comprehensive income reserve movements relating to equity instruments	—	—	1
Own credit	2,092	(105)	(810)
Tax	(156)	(563)	198
<b>Other comprehensive income/(loss) not recycled to profit or loss</b>	<b>1,181</b>	631	(688)
<b>Other comprehensive loss for the year</b>	<b>(2,571)</b>	(1,685)	(157)
<b>Total comprehensive income for the year</b>	<b>1,811</b>	2,903	2,294
<b>Attributable to:</b>			
Equity holders of the parent	1,811	2,903	2,294
<b>Total comprehensive income for the year</b>	<b>1,811</b>	2,903	2,294

Note

a Includes £1m gain (2021: £20m loss; 2020: £8m loss) on recycling of currency translation differences.

# Consolidated financial statements

## Consolidated balance sheet

As at 31 December	Notes	2022 £m	2021 £m
<b>Assets</b>			
Cash and balances at central banks		202,142	169,085
Cash collateral and settlement balances		107,862	88,085
Loans and advances at amortised cost	18	182,507	145,259
Reverse repurchase agreements and other similar secured lending		725	3,177
Trading portfolio assets	11	133,771	146,871
Financial assets at fair value through the income statement	12	211,128	188,226
Derivative financial instruments	13	302,976	262,291
Financial assets at fair value through other comprehensive income	14	45,084	45,908
Investments in associates and joint ventures	34	26	24
Goodwill and intangible assets	21	1,665	1,449
Property, plant and equipment	19	1,379	1,248
Current tax assets		737	589
Deferred tax assets	9	4,583	2,981
Retirement benefit assets	31	4,743	3,879
Other assets		4,209	2,706
<b>Total assets</b>		<b>1,203,537</b>	<b>1,061,778</b>
<b>Liabilities</b>			
Deposits at amortised cost	18	291,579	262,828
Cash collateral and settlement balances		96,811	79,047
Repurchase agreements and other similar secured borrowing		11,965	12,769
Debt securities in issue		60,012	48,388
Subordinated liabilities	26	38,253	32,185
Trading portfolio liabilities	11	72,460	53,291
Financial liabilities designated at fair value	15	272,055	251,131
Derivative financial instruments	13	289,206	256,523
Current tax liabilities		422	688
Deferred tax liabilities	9	—	6
Retirement benefit liabilities	31	184	246
Other liabilities	22	10,779	7,249
Provisions	23	858	1,110
<b>Total liabilities</b>		<b>1,144,584</b>	<b>1,005,461</b>
<b>Equity</b>			
Called up share capital and share premium	27	2,348	2,348
Other equity instruments	27	10,691	9,693
Other reserves	28	(1,464)	861
Retained earnings		47,378	43,415
<b>Total equity</b>		<b>58,953</b>	<b>56,317</b>
<b>Total liabilities and equity</b>		<b>1,203,537</b>	<b>1,061,778</b>

The Board of Directors approved the financial statements on pages 117 to 212 on 14 February 2023

**CS Venkatakrisnan**

Barclays Bank Group – Chief Executive Officer

**Steven Ewart**

Barclays Bank Group – Chief Financial Officer

# Consolidated financial statements

## Consolidated statement of changes in equity

	Called up share capital and share premium <sup>a</sup>	Other equity instruments <sup>a</sup>	Other reserves <sup>b</sup>	Retained earnings	Total equity
	£m	£m	£m	£m	£m
<b>Balance as at 1 January 2022</b>	<b>2,348</b>	<b>9,693</b>	<b>861</b>	<b>43,415</b>	<b>56,317</b>
Profit after tax	—	732	—	3,650	4,382
Currency translation movements	—	—	2,411	—	2,411
Fair value through other comprehensive income reserve	—	—	(1,224)	—	(1,224)
Cash flow hedges	—	—	(4,939)	—	(4,939)
Retirement benefit remeasurement	—	—	—	(282)	(282)
Own credit reserve	—	—	1,463	—	1,463
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>732</b>	<b>(2,289)</b>	<b>3,368</b>	<b>1,811</b>
Issue and redemption of other equity instruments	—	998	—	38	1,036
Other equity instruments coupons paid	—	(732)	—	—	(732)
Employee share schemes	—	—	—	419	419
Vesting of Barclays PLC shares under share-based payment schemes	—	—	—	(413)	(413)
Dividends on ordinary shares	—	—	—	(200)	(200)
Dividends on preference shares and other shareholders equity	—	—	—	(31)	(31)
Own credit realisation	—	—	(36)	36	—
Capital contribution from Barclays PLC	—	—	—	750	750
Other reserve movements	—	—	—	(4)	(4)
<b>Balance as at 31 December 2022</b>	<b>2,348</b>	<b>10,691</b>	<b>(1,464)</b>	<b>47,378</b>	<b>58,953</b>

### Notes

a For further details refer to Note 27.

b For further details refer to Note 28.

# Consolidated financial statements

## Consolidated statement of changes in equity

	Called up share capital and share premium <sup>a</sup>	Other equity instruments <sup>a</sup>	Other reserves <sup>b</sup>	Retained earnings	Total equity
	£m	£m	£m	£m	£m
<b>Balance as at 1 January 2021</b>	2,348	8,621	3,183	39,558	53,710
Profit after tax	—	631	—	3,957	4,588
Currency translation movements	—	—	(155)	—	(155)
Fair value through other comprehensive income reserve	—	—	(362)	—	(362)
Cash flow hedges	—	—	(1,799)	—	(1,799)
Retirement benefit remeasurement	—	—	—	644	644
Own credit reserve	—	—	(13)	—	(13)
<b>Total comprehensive income for the year</b>	—	631	(2,329)	4,601	2,903
Issue and redemption of other equity instruments	—	1,072	—	3	1,075
Other equity instruments coupons paid	—	(631)	—	—	(631)
Employee share schemes	—	—	—	436	436
Vesting of Barclays PLC shares under share-based payment schemes	—	—	—	(356)	(356)
Dividends on ordinary shares	—	—	—	(794)	(794)
Dividends on preference shares and other shareholders equity	—	—	—	(27)	(27)
Other reserve movements	—	—	7	(6)	1
<b>Balance as at 31 December 2021</b>	2,348	9,693	861	43,415	56,317

### Notes

a For further details refer to Note 27.

b For further details refer to Note 28.

# Consolidated financial statements

## Consolidated cash flow statement

For the year ended 31 December	Notes	2022 £m	2021 £m	2020 £m
<b>Reconciliation of profit before tax to net cash flows from operating activities:</b>				
Profit before tax		4,867	5,418	3,075
<b>Adjustment for non-cash items:</b>				
Credit impairment charges/(releases)		933	(277)	3,377
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		483	683	441
Other provisions, including pensions		1,188	85	634
Net loss/(profit) on disposal of investments and property, plant and equipment		8	12	(119)
Other non-cash movements including exchange rate movements		(13,491)	1,968	(2,362)
<b>Changes in operating assets and liabilities</b>				
Net (increase)/decrease in cash collateral and settlement balances		(1,078)	3,633	4,098
Net (increase)/decrease in loans and advances at amortised cost		(30,617)	(7,190)	7,142
Net decrease/(increase) in reverse repurchase agreements and other similar secured lending		2,452	5,804	(7,250)
Net increase in deposits at amortised cost		28,751	18,132	31,148
Net increase/(decrease) in debt securities in issue		11,624	18,965	(4,113)
Net (decrease)/increase in repurchase agreements and other similar secured borrowing		(804)	2,326	8,411
Net increase in derivative financial instruments		(8,002)	(3,655)	(1,604)
Net decrease/(increase) in trading portfolio assets		13,100	(19,207)	(14,327)
Net increase in trading portfolio liabilities		19,169	7,152	10,927
Net (increase)/decrease in financial assets and liabilities at fair value through the income statement		(1,978)	(14,960)	2,889
Net increase in other assets		(3,311)	(2,235)	(93)
Net increase in other liabilities		1,834	2,082	13
Corporate income tax paid		(144)	(1,239)	(12)
<b>Net cash from operating activities</b>		<b>24,984</b>	<b>17,497</b>	<b>42,275</b>
Purchase of debt securities at amortised cost		(20,014)	(6,931)	(7,890)
Proceeds from redemption or sale of debt securities at amortised cost		12,925	2,424	3,527
Purchase of financial assets at fair value through other comprehensive income		(43,139)	(44,058)	(57,640)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		42,157	47,601	53,367
Purchase of property, plant and equipment and intangibles		(540)	(758)	(303)
Disposal of subsidiaries and associates, net of cash disposed		—	65	736
Other cash flows associated with investing activities		—	4	11
<b>Net cash from investing activities</b>		<b>(8,611)</b>	<b>(1,653)</b>	<b>(8,192)</b>
Dividends paid and other coupon payments on equity instruments		(963)	(1,452)	(982)
Issuance of subordinated liabilities	26	15,381	9,099	3,856
Redemption of subordinated liabilities	26	(8,367)	(7,241)	(4,746)
Issue of shares and other equity instruments		3,134	1,072	1,134
Repurchase of shares and other equity instruments		(2,136)	—	(903)
Capital contribution		750	—	—
Vesting of employee share schemes		(413)	(356)	(300)
<b>Net cash from financing activities</b>		<b>7,386</b>	<b>1,122</b>	<b>(1,941)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>		<b>10,235</b>	<b>(4,231)</b>	<b>1,669</b>
<b>Net increase in cash and cash equivalents</b>		<b>33,994</b>	<b>12,735</b>	<b>33,811</b>
Cash and cash equivalents at beginning of year		185,860	173,125	139,314
<b>Cash and cash equivalents at end of year</b>		<b>219,854</b>	<b>185,860</b>	<b>173,125</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and balances at central banks		202,142	169,085	155,902
Loans and advances to banks with original maturity less than three months		6,229	6,473	7,281
Cash collateral balances with central banks with original maturity less than three months		10,625	9,690	9,086
Treasury and other eligible bills with original maturity less than three months		858	612	856
<b>Cash and cash equivalents at end of year</b>		<b>219,854</b>	<b>185,860</b>	<b>173,125</b>

Interest received by the Barclays Bank Group was £33,657m (2021: £11,616m) and interest paid by the Barclays Bank Group was £26,566m (2021: £7,493m). These amounts include interest paid and received arising from trading activities.

The Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £3,038m (2021: £4,260m).



# Financial statements of Barclays Bank PLC

## Parent company accounts

### Balance sheet

As at 31 December	Notes	2022 £m	2021 £m
<b>Assets</b>			
Cash and balances at central banks		170,307	144,964
Cash collateral and settlement balances		82,371	75,571
Loans and advances at amortised cost		225,783	199,782
Reverse repurchase agreements and other similar secured lending		5,908	4,982
Trading portfolio assets		83,043	96,724
Financial assets at fair value through the income statement		247,325	236,577
Derivative financial instruments		258,708	234,409
Financial assets at fair value through other comprehensive income		43,086	44,163
Investments in associates and joint ventures		12	12
Investment in subsidiaries		19,264	19,134
Goodwill and intangible assets		107	109
Property, plant and equipment		110	128
Current tax assets		891	671
Deferred tax assets		3,114	1,679
Retirement benefit assets		4,695	3,825
Other assets		3,188	1,941
<b>Total assets</b>		<b>1,147,912</b>	<b>1,064,671</b>
<b>Liabilities</b>			
Deposits at amortised cost		313,895	286,761
Cash collateral and settlement balances		64,955	56,419
Repurchase agreements and other similar secured borrowing		26,307	29,202
Debt securities in issue		40,166	32,585
Subordinated liabilities		37,656	31,875
Trading portfolio liabilities		52,093	50,116
Financial liabilities designated at fair value		300,851	291,062
Derivative financial instruments		250,567	227,991
Current tax liabilities		303	342
Deferred tax liabilities		—	6
Retirement benefit liabilities		80	104
Other liabilities		7,980	4,597
Provisions		592	919
<b>Total liabilities</b>		<b>1,095,445</b>	<b>1,011,979</b>
<b>Equity</b>			
Called up share capital and share premium		2,348	2,348
Other equity instruments		15,398	14,400
Other reserves		(4,552)	(1,236)
Retained earnings		39,273	37,180
<b>Total equity</b>		<b>52,467</b>	<b>52,692</b>
<b>Total liabilities and equity</b>		<b>1,147,912</b>	<b>1,064,671</b>

The Board of Directors approved the financial statements on pages 17 to 20 on 14 February 2023.

**CS Venkatakrisnan**

Barclays Bank Group – Chief Executive Officer

**Steven Ewart**

Barclays Bank Group – Chief Financial Officer

# Financial statements of Barclays Bank PLC

## Parent company accounts

### Statement of changes in equity

	Called up share capital and share premium <sup>a</sup>	Other equity instruments <sup>a,b</sup>	Other reserves <sup>c</sup>	Retained earnings	Total equity
	£m	£m	£m	£m	£m
<b>Balance as at 1 January 2022</b>	<b>2,348</b>	<b>14,400</b>	<b>(1,236)</b>	<b>37,180</b>	<b>52,692</b>
Profit after tax	—	982	—	1,802	2,784
Currency translation movements	—	—	1,149	—	1,149
Fair value through other comprehensive income reserve	—	—	(1,232)	—	(1,232)
Cash flow hedges	—	—	(4,556)	—	(4,556)
Retirement benefit remeasurement	—	—	—	(315)	(315)
Own credit reserve	—	—	1,359	—	1,359
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>982</b>	<b>(3,280)</b>	<b>1,487</b>	<b>(811)</b>
Issue and redemption of other equity instruments	—	998	—	38	1,036
Other equity instruments coupons paid	—	(982)	—	—	(982)
Employee share schemes	—	—	—	425	425
Vesting of Barclays PLC shares under share-based payment schemes	—	—	—	(413)	(413)
Dividends paid on ordinary shares	—	—	—	(200)	(200)
Dividends paid on preference shares and other shareholders' equity	—	—	—	(31)	(31)
Own credit realisation	—	—	(36)	36	—
Capital contribution from Barclays PLC	—	—	—	750	750
Other reserve movements	—	—	—	1	1
<b>Balance as at 31 December 2022</b>	<b>2,348</b>	<b>15,398</b>	<b>(4,552)</b>	<b>39,273</b>	<b>52,467</b>

#### Notes

a For further details refer to Note 27.

b Other equity instruments includes AT1 securities issued by Barclays Bank PLC and borrowings of \$6bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC. The borrowings have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by Barclays Bank PLC. Should Barclays Bank PLC make a discretionary dividend payment on its ordinary shares in the six months preceding the date of an interest payment, it will be obliged to make that interest payment. In 2022, interest paid on these borrowings was £250m.

c For further details refer to Note 28.

# Financial statements of Barclays Bank PLC

## Parent company accounts

### Statement of changes in equity

	Called up share capital and share premium <sup>a</sup>	Other equity instruments <sup>a,b</sup>	Other reserves <sup>c</sup>	Retained earnings	Total equity
	£m	£m	£m	£m	£m
<b>Balance as at 1 January 2021</b>	2,348	13,328	776	34,691	51,143
Profit after tax	—	795	—	2,641	3,436
Currency translation movements	—	—	128	—	128
Fair value through other comprehensive income reserve	—	—	(363)	—	(363)
Cash flow hedges	—	—	(1,815)	—	(1,815)
Retirement benefit remeasurement	—	—	—	612	612
Own credit reserve	—	—	31	—	31
<b>Total comprehensive income for the year</b>	—	795	(2,019)	3,253	2,029
Issue and redemption of other equity instruments	—	1,072	—	3	1,075
Other equity instruments coupons paid	—	(795)	—	—	(795)
Employee share schemes	—	—	—	418	418
Vesting of Barclays PLC shares under share-based payment schemes	—	—	—	(356)	(356)
Dividends paid on ordinary shares	—	—	—	(794)	(794)
Dividends paid on preference shares and other shareholders' equity	—	—	—	(27)	(27)
Other reserve movements	—	—	7	(8)	(1)
<b>Balance as at 31 December 2021</b>	2,348	14,400	(1,236)	37,180	52,692

#### Notes

a For further details refer to Note 27.

b Other equity instruments includes AT1 securities issued by Barclays Bank PLC and borrowings of \$6bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC. The borrowings have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by Barclays Bank PLC. Should Barclays Bank PLC make a discretionary dividend payment on its ordinary shares in the six months preceding the date of an interest payment, it will be obliged to make that interest payment. In 2021, interest paid on these borrowings was £164m.

c For further details refer to Note 28.

# Financial statements of Barclays Bank PLC

## Parent company accounts

Cash flow statement				
	Notes	2022 £m	2021 £m	2020 £m
<b>For the year ended 31 December</b>				
<b>Reconciliation of profit before tax to net cash flows from operating activities:</b>				
Profit before tax		2,744	3,323	2,155
<b>Adjustment for non-cash items:</b>				
Credit impairment charges/(releases)		165	(414)	1,577
Impairment of Investments in subsidiaries		2,533	107	27
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		72	331	66
Other provisions, including pensions		996	75	505
Net profit on disposal of investments and property, plant and equipment		(115)	(49)	(397)
Other non-cash movements including exchange rate movements		(11,858)	1,002	(2,072)
<b>Changes in operating assets and liabilities</b>				
Net decrease in cash collateral and settlement balances		2,671	313	1,863
Net increase in loans and advances at amortised cost		(19,764)	(10,255)	(29,049)
Net (increase)/decrease in reverse repurchase agreements and other similar secured lending		(926)	6,553	(6,596)
Net increase in deposits at amortised cost		27,134	14,571	32,059
Net increase/(decrease) in debt securities in issue		7,581	15,364	(2,662)
Net (decrease)/increase in repurchase agreements and other similar secured borrowing		(2,895)	1,480	18,537
Net increase in derivative financial instruments		(1,723)	(1,827)	(860)
Net decrease/(increase) in trading portfolio assets		13,681	(12,635)	(5,010)
Net increase in trading portfolio liabilities		1,977	2,023	2,963
Net (increase)/decrease in financial assets and liabilities at fair value through the income statement		(959)	(9,579)	18,799
Net increase in other assets		(3,035)	(1,989)	(83)
Net increase in other liabilities		2,196	1,557	380
Corporate income tax received/(paid)		422	(373)	354
<b>Net cash from operating activities</b>		<b>20,897</b>	<b>9,578</b>	<b>32,556</b>
Purchase of debt securities at amortised cost		(18,519)	(5,442)	(7,129)
Proceeds from redemption or sale of debt securities at amortised cost		12,107	1,278	3,054
Purchase of financial assets at fair value through other comprehensive income		(36,084)	(37,842)	(51,368)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		35,066	41,544	47,254
Purchase of property, plant and equipment and intangibles		(28)	(20)	(27)
Disposal of subsidiaries and associates, net of cash disposed		125	65	736
Increase in investment in subsidiaries		(2,667)	(1,473)	(1,907)
Other cash flows associated with investing activities		(1)	—	8
<b>Net cash from investing activities</b>		<b>(10,001)</b>	<b>(1,890)</b>	<b>(9,379)</b>
Dividends paid and other coupon payments on equity instruments		(1,213)	(1,616)	(1,134)
Issuance of subordinated liabilities	26	14,904	8,788	3,700
Redemption of subordinated liabilities	26	(8,104)	(7,095)	(4,580)
Issue of shares and other equity instruments		3,134	1,072	3,075
Repurchase of shares and other equity instruments		(2,136)	—	(903)
Capital contribution		750	—	—
Vesting of shares under employee share schemes		(413)	(356)	(300)
<b>Net cash from financing activities</b>		<b>6,922</b>	<b>793</b>	<b>(142)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>		<b>8,166</b>	<b>(2,913)</b>	<b>1,169</b>
<b>Net increase in cash and cash equivalents</b>		<b>25,984</b>	<b>5,568</b>	<b>24,204</b>
Cash and cash equivalents at beginning of year		159,059	153,491	129,287
<b>Cash and cash equivalents at end of year</b>		<b>185,043</b>	<b>159,059</b>	<b>153,491</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and balances at central banks		170,307	144,964	133,386
Loans and advances to banks with original maturity less than three months		3,466	3,793	10,174
Cash collateral balances with central banks with original maturity less than three months		10,625	9,690	9,086
Treasury and other eligible bills with original maturity less than three months		645	612	845
<b>Cash and cash equivalents at end of year</b>		<b>185,043</b>	<b>159,059</b>	<b>153,491</b>

Interest received by Barclays Bank PLC was £25,048m (2021: £7,284m) and interest paid by Barclays Bank PLC was £21,325m (2021: £5,496m). These amounts include interest paid and received arising from trading activities. Dividends received were £1,862m (2021: £1,174m). Barclays Bank PLC was required to maintain balances with central banks and other regulatory authorities of £1,070m (2021: £1,585m).

# Notes to the financial statements

## For the year ended 31 December 2022

This section describes the Barclays Bank Group's significant policies and critical accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a particular note, the accounting policy and/or critical accounting estimate is contained with the relevant note.

### 1 Significant accounting policies

#### 1. Reporting entity

Barclays Bank PLC is a public company limited by shares registered in England under company number 1026167, having its registered office at 1 Churchill Place, London, E14 5HP.

These financial statements are prepared for Barclays Bank PLC and its subsidiaries (the Barclays Bank Group) under Section 399 of the Companies Act 2006. The Barclays Bank Group is a major global financial services provider engaged in credit cards, wholesale banking, investment banking, wealth management and investment management services. In addition, separate financial statements have been presented for the holding company.

#### 2. Compliance with International Financial Reporting Standards

The consolidated financial statements of the Barclays Bank Group, and the separate financial statements of Barclays Bank PLC, have been prepared in accordance with UK-adopted international accounting standards.

The consolidated financial statements of the Barclays Bank Group, and the separate financial statements of Barclays Bank PLC, have also been prepared in accordance with (1) International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretations Committee, as there are no applicable differences from IFRS as issued by the IASB for the periods presented; and (2) IFRS adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union ("IFRS as adopted by the EU").

There are currently no differences between UK-adopted international accounting standards and IFRS as adopted by the EU and therefore no reconciliation of variances is provided.

The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

#### 3. Basis of preparation

The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of investment property, and particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies. The financial statements are stated in millions of Pounds Sterling (£m), the functional currency of Barclays Bank PLC.

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2006 as applicable to companies using IFRS. The financial statements are prepared on a going concern basis as the Board is satisfied that the Barclays Bank Group and parent company have the resources to continue in business for a period of at least 12 months from approval of the financial statements.

In making this assessment, the Board has considered a wide range of information relating to present and future conditions and has reviewed of a working capital report (WCR). The WCR is used by the Board to assess the future performance of the Barclays Bank Group and whether it has the resources in place that are required to meet its ongoing regulatory requirements. The WCR assessment is based upon business plans which contain future forecasts of profitability taken from the Barclays Bank Group's medium term plan as well as projections of regulatory capital requirements and business funding needs. 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 Group could experience.

The WCR showed that the Barclays Bank Group had sufficient capital and liquidity in place to support its future business requirements and remained above its regulatory minimum requirements in the stress scenarios. Accordingly, the Board concluded that there was a reasonable expectation that the Barclays Bank Group has adequate resources to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

#### 4. Accounting policies

The Barclays Bank Group prepares financial statements in accordance with IFRS. The Barclays Bank Group's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing those items, are set out under the relevant notes. Accounting policies that affect the financial statements as a whole are set out below.

##### (i) Consolidation

The Barclays Bank Group applies IFRS 10 *Consolidated financial statements*.

The consolidated financial statements combine the financial statements of Barclays Bank PLC and all its subsidiaries. Subsidiaries are entities over which Barclays Bank PLC has control. The Barclays Bank Group has control over another entity when the Barclays Bank Group has all of the following:

- 1) power over the relevant activities of the investee, for example through voting or other rights
- 2) exposure to, or rights to, variable returns from its involvement with the investee and
- 3) the ability to affect those returns through its power over the investee.

The assessment of control is based on the consideration of all facts and circumstances. The Barclays Bank Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Intra-group transactions and balances are eliminated on consolidation. Consistent accounting policies are used throughout the Barclays Bank Group for the purposes of the consolidation.

Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

# Notes to the financial statements

## For the year ended 31 December 2022

As the consolidated financial statements include partnerships where the Barclays Bank Group member is a partner, advantage has been taken of the exemption under Regulation 7 of the Partnership (Accounts) Regulations 2008 with regard to preparing and filing of individual partnership financial statements.

Details of the principal subsidiaries are given in Note 32.

### *(ii) Foreign currency translation*

The Barclays Bank Group applies IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into Sterling at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement. Non-monetary foreign currency balances in relation to items measured in terms of historical cost are carried at historical transaction date exchange rates. Non-monetary foreign currency balances in relation to items measured at fair value are translated using the exchange rate at the date when the fair value was measured.

The Barclays Bank Group's foreign operations (including subsidiaries, joint ventures, associates and branches) based mainly outside the UK may have different functional currencies. The functional currency of an operation is the currency of the main economy to which it is exposed.

Prior to consolidation (or equity accounting) the assets and liabilities of non-Sterling operations are translated at the period end exchange rate and items of income, expense and other comprehensive income are translated into Sterling at the rate on the date of the transactions. Exchange differences arising on the translation of foreign operations are included in currency translation reserves within equity. These are transferred to the income statement when the Barclays Bank Group disposes of the entire interest in a foreign operation, when partial disposal results in the loss of control of an interest in a subsidiary, when an investment previously accounted for using the equity method is accounted for as a financial asset, or on the disposal of a foreign operation within a branch.

### *(iii) Financial assets and liabilities*

The Barclays Bank Group applies IFRS 9 *Financial Instruments* to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets. The Barclays Bank Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

#### *Recognition*

The Barclays Bank Group recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

#### *Classification and measurement*

Financial assets are classified on the basis of two criteria:

- i) the business model within which financial assets are managed; and
- ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Barclays Bank Group assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election on initial recognition for non traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and the impairment requirements of IFRS 9 do not apply.

The accounting policy for each type of financial asset or liability is included within the relevant note for the item. The Barclays Bank Group's policies for determining the fair values of the assets and liabilities are set out in Note 16.

#### *Derecognition*

The Barclays Bank Group derecognises a financial asset, or a portion of a financial asset, from its balance sheet where (i) the contractual rights to cash flows from the asset have expired, or (ii) the contractual rights to the cash flows from the asset have been transferred (usually by sale) and with them either (a) substantially all the risks and rewards of the asset have been transferred, or (b) where neither substantially all the risks and rewards have been transferred or retained, where control over the asset has been lost.

Financial liabilities are de-recognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms – generally a difference of 10% or more in the present value of the cash flows or a substantive qualitative amendment – is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Transactions in which the Barclays Bank Group transfers assets and liabilities, portions of them, or financial risks associated with them can be complex and it may not be obvious whether substantially all of the risks and rewards have been transferred. It is often necessary to perform a quantitative

# Notes to the financial statements

## For the year ended 31 December 2022

analysis. Such an analysis compares the Barclays Bank Group's exposure to variability in asset cash flows before the transfer with its retained exposure after the transfer.

A cash flow analysis of this nature may require judgement. In particular, it is necessary to estimate the asset's expected future cash flows as well as potential variability around this expectation. The method of estimating expected future cash flows depends on the nature of the asset, with market and market-implied data used to the greatest extent possible. The potential variability around this expectation is typically determined by stressing underlying parameters to create reasonable alternative upside and downside scenarios. Probabilities are then assigned to each scenario. Stressed parameters may include default rates, loss severity, or prepayment rates.

### *Accounting for reverse repurchase and repurchase agreements including other similar lending and borrowing*

Reverse repurchase agreements (and stock borrowing or similar transactions) are a form of secured lending whereby the Barclays Bank Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Barclays Bank Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Barclays Bank Group purchases (a reverse repurchase agreement) or borrows securities subject to a commitment to resell or return them. The securities are not included in the balance sheet as the Barclays Bank Group does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset at amortised cost, unless it is designated or mandatorily at fair value through profit and loss.

The Barclays Bank Group may also sell (a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the Barclays Bank Group retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost, unless it is designated at fair value through profit and loss.

### *(iv) Issued debt and equity instruments*

The Barclays Bank Group applies IAS 32, *Financial Instruments: Presentation*, to determine whether funding is either a financial liability (debt) or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Barclays Bank Group having an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the members at the Annual General Meeting and treated as a deduction from equity.

Where issued financial instruments contain both liability and equity components, these are accounted for separately. The fair value of the debt is estimated first and the balance of the proceeds is included within equity.

### *(v) Changes in the basis for determining contractual cash flows resulting from interest rate benchmark reform*

A change in the basis for determining the contractual cash flows of a financial instrument that is required by interest rate benchmark reform is accounted for by updating the effective interest rate, without the recognition of an immediate gain or loss. This practical expedient is only applied where (1) the change to the contractual cash flows is necessary as a direct consequence of the reform and (2) the new basis for determining the contractual cash flows is economically equivalent to the previous basis. For changes made in addition to those required by the interest rate benchmark reform, the practical expedient is applied first, after which the normal IFRS 9 requirements for modifications of financial instruments is applied.

Refer to Note 13 for further details regarding hedge accounting policies in respect of interest rate benchmark reform.

Refer to Note 40 for further disclosure related to interest rate benchmark reform.

### *(vi) Cash flow statement*

Cash comprises cash on hand and balances at central banks. Cash equivalents comprise loans and advances to banks, cash collateral balances with central banks related to payment schemes and treasury and other eligible bills, all with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

Investments in debt securities at amortised cost, presented within loans and advances on the balance sheet, are deemed to be investing activities for the purposes of the cash flow statement, except those instruments considered to be cash equivalents.

## 5. New and amended standards and interpretations

The accounting policies adopted have been consistently applied.

### Future accounting developments

The following accounting standards have been issued by the IASB but are not yet effective:

#### IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 will replace IFRS 4 Insurance Contracts that was issued in 2005. In June 2020, the IASB published amendments to IFRS 17, to include scope exclusion for certain credit card contracts and similar contracts that provide insurance coverage, the optional scope exclusion for loan contracts that transfer significant insurance risk, and the clarification that only financial guarantees issued are in scope of IFRS 9.

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

IFRS 17 is effective for accounting periods beginning on or after 1 January 2023. The Barclays Bank Group does not expect the impact of IFRS 17 to be material.

#### Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020 the IASB issued amendments to IAS 1 to clarify the presentation of liabilities in the balance sheet, with an effective date of 1 January 2024.

# Notes to the financial statements

## For the year ended 31 December 2022

The amendments clarify that a liability should be classified as non-current only if the entity has the right to defer settlement of the liability for at least 12 months after the reporting period, and that (i) the right to defer settlement must exist at the end of the reporting period and (ii) management's intentions or expectations about whether it will exercise its right to defer settlement does not affect the classification. Further clarifications include how lending conditions affect classification and classification of liabilities the entity will or may settle by issuing its own equity instruments.

In October 2022, the IASB also issued further amendments to IAS 1 to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants, and to respond to stakeholders' concerns about the classification of such a liability as current or non-current.

### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021 the IASB issued amendments to IAS 1 that require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on the concept of materiality and its application to accounting policy information.

Under the amendments, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

### Definition of Accounting Estimate - Amendments to IAS 8

In February 2021 the IASB issued amendments to IAS 8 that replace the definition of a change in accounting estimates with a definition of accounting estimates.

Under the new definition, accounting estimates are clarified as monetary amounts in financial statements that are subject to measurement uncertainty. Where an entity's accounting policy requires an item to be measured at monetary amounts that cannot be observed directly, it should develop an accounting estimate to achieve this objective.

The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

## 6. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity or areas where assumptions are significant to the consolidated and individual financial statements are highlighted under the relevant note. Critical accounting estimates and judgements are disclosed in:

- Credit impairment charges on pages 137 to 140
- Tax on pages 141 to 144
- Fair value of financial instruments on pages 155 to 165
- Pensions and post-retirement benefit obligations on pages 188 to 195
- Provisions including conduct and legal, competition and regulatory matters on pages 173 to 174

## 7. Other disclosures

To improve transparency and ease of reference, by concentrating related information in one place, certain disclosures required under IFRS have been included within the Risk review section as follows:

- Credit risk on pages 45 to 46 and on pages 55 to 84
- Market risk on page 46 and on pages 85 to 87
- Treasury and capital risk – capital on pages 47 to 48 and on page 95
- Treasury and capital risk – liquidity on pages 47 to 48 and on page 89

These disclosures are covered by the Audit opinion (included on pages 114 to 116) where referenced as audited.



# Notes to the financial statements

## Financial performance and returns

The notes included in this section focus on the results and performance of the Barclays Bank Group. Information on the segmental performance, income generated, expenditure incurred, tax, and dividends are included here.

### 2 Segmental reporting

#### Presentation of segmental reporting

The Barclays Bank Group's segmental reporting is in accordance with IFRS 8 *Operating Segments*. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker. All transactions between business segments are conducted on an arm's-length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

The Barclays Bank Group divisions have been, for segmental reporting purposes, defined as Corporate and Investment Bank and Consumer, Cards and Payments.

- **Corporate and Investment Bank** which includes the Global Markets, Investment Banking and Corporate Banking businesses.
- **Consumer, Cards and Payments** which includes the International Cards and Consumer Bank, Private Bank and Payments businesses.

The below table also includes Head Office which comprises head office and certain central support functions including the Barclays Bank Group service company full time equivalent employees.

#### Analysis of results by business

	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
<b>For the year ended 31 December 2022</b>				
Total income	13,722	4,547	(75)	18,194
Operating expenses	(8,011)	(2,800)	(160)	(10,971)
Litigation and conduct	(1,189)	(230)	(8)	(1,427)
Total operating expenses	(9,200)	(3,030)	(168)	(12,398)
Other net income <sup>a</sup>	3	1	—	4
<b>Profit before impairment</b>	<b>4,525</b>	<b>1,518</b>	<b>(243)</b>	<b>5,800</b>
Credit impairment charges	(119)	(814)	—	(933)
<b>Profit/(loss) before tax</b>	<b>4,406</b>	<b>704</b>	<b>(243)</b>	<b>4,867</b>
<b>Total assets (£bn)</b>	<b>1,111.2</b>	<b>79.9</b>	<b>12.4</b>	<b>1,203.5</b>
<b>Number of employees (full time equivalent)</b>	<b>8,000</b>	<b>2,900</b>	<b>11,000</b>	<b>21,900</b>
<b>Average number of employees (full time equivalent)</b>				<b>21,100</b>

	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
<b>For the year ended 31 December 2021</b>				
Total income	12,481	3,337	(410)	15,408
Operating expenses	(7,169)	(2,316)	(400)	(9,885)
Litigation and conduct	(237)	(108)	(29)	(374)
Total operating expenses	(7,406)	(2,424)	(429)	(10,259)
Other net income/(expenses) <sup>a</sup>	(8)	1	(1)	(8)
<b>Profit before impairment</b>	<b>5,067</b>	<b>914</b>	<b>(840)</b>	<b>5,141</b>
Credit impairment(charges)/releases	461	(185)	1	277
<b>Profit/(loss) before tax</b>	<b>5,528</b>	<b>729</b>	<b>(839)</b>	<b>5,418</b>
<b>Total assets (£bn)</b>	<b>986.2</b>	<b>64.4</b>	<b>11.2</b>	<b>1,061.8</b>
<b>Number of employees (full time equivalent)</b>	<b>7,800</b>	<b>2,600</b>	<b>9,800</b>	<b>20,200</b>
<b>Average number of employees (full time equivalent)</b>				<b>20,300</b>

#### Notes

a Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, and profit (or loss) on disposal of subsidiaries, associates and joint ventures.

# Notes to the financial statements

## Financial performance and returns

	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
<b>For the year ended 31 December 2020</b>				
Total income	12,607	3,490	(319)	15,778
Operating expenses	(7,125)	(2,132)	(126)	(9,383)
Litigation and conduct	(4)	(44)	(28)	(76)
Total operating expenses	(7,129)	(2,176)	(154)	(9,459)
Other net income <sup>a</sup>	16	114	3	133
<b>Profit before impairment</b>	<b>5,494</b>	<b>1,428</b>	<b>(470)</b>	<b>6,452</b>
Credit impairment charges	(1,565)	(1,720)	(92)	(3,377)
<b>Profit/(loss) before tax</b>	<b>3,929</b>	<b>(292)</b>	<b>(562)</b>	<b>3,075</b>
<b>Total assets (£bn)</b>	<b>990.9</b>	<b>57.8</b>	<b>11.0</b>	<b>1,059.7</b>
<b>Number of employees (full time equivalent)</b>	<b>7,800</b>	<b>3,000</b>	<b>10,100</b>	<b>20,900</b>
<b>Average number of employees (full time equivalent)</b>				<b>20,145</b>

Note

a Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, and profit (or loss) on disposal of subsidiaries, associates and joint ventures.

### Income by geographic region<sup>b</sup>

	2022 £m	2021 £m	2020 £m
<b>For the year ended 31 December</b>			
United Kingdom	7,962	4,585	4,954
Europe	2,320	2,358	2,119
Americas	6,516	7,326	7,590
Africa and Middle East	63	45	37
Asia	1,333	1,094	1,078
<b>Total</b>	<b>18,194</b>	<b>15,408</b>	<b>15,778</b>

### Income from individual countries which represent more than 5% of total income<sup>b</sup>

	2022 £m	2021 £m	2020 £m
<b>For the year ended 31 December</b>			
United Kingdom	7,962	4,585	4,954
United States	6,340	7,162	7,471

Note

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

## 3 Net interest income

### Accounting for interest income and expenses

Interest income on loans and advances at amortised cost and financial assets at fair value through other comprehensive income, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Barclays Bank Group to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

The Barclays Bank Group incurs certain costs to originate credit card balances with the most significant being co-brand partner fees. To the extent these costs are attributed to customers that continuously carry an outstanding balance (revolvers) and incremental to the origination of credit card balances, they are capitalised and subsequently included within the calculation of the effective interest rate. They are amortised to interest income over the period of expected repayment of the originated balance. Costs attributed to customers that settle their outstanding balances each period (transactors) are deferred on the balance sheet as a cost of obtaining a contract and amortised to fee and commission expense over the life of the customer relationship (refer to Note 4). There are no other individual estimates involved in the calculation of effective interest rates that are material to the results or financial position.

# Notes to the financial statements

## Financial performance and returns

	2022	2021	2020
	£m	£m	£m
Cash and balances at central banks	2,097	128	226
Loans and advances at amortised cost	7,454	4,265	4,510
Fair value through other comprehensive income	1,493	380	604
Negative interest on liabilities	208	248	68
Other	527	651	598
<b>Interest and similar income</b>	<b>11,779</b>	<b>5,672</b>	<b>6,006</b>
Deposits at amortised cost	(3,104)	(331)	(644)
Debt securities in issue	(1,473)	(413)	(424)
Subordinated liabilities	(966)	(934)	(1,112)
Negative interest on assets	(208)	(374)	(325)
Other	(630)	(547)	(341)
<b>Interest and similar expense</b>	<b>(6,381)</b>	<b>(2,599)</b>	<b>(2,846)</b>
<b>Net interest income</b>	<b>5,398</b>	<b>3,073</b>	<b>3,160</b>

Interest and similar income presented above represents interest revenue calculated using the effective interest method. Costs to originate credit card balances of £747m (2021: £623m; 2020: £687m) have been amortised to interest and similar income during the year. Interest and similar income includes £38m (2021: £7m; 2020: £9m) accrued on impaired loans. Other interest expense includes £18m (2021: £20m, 2020: £23m) relating to IFRS 16 lease interest expenses.

#### 4 Net fee and commission income

##### Accounting for net fee and commission income

The Barclays Bank Group applies IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a five-step model governing revenue recognition. The five-step model requires the Barclays Bank Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

The Barclays Bank Group recognises fee and commission income charged for services provided by the Barclays Bank Group as and when performance obligations are satisfied, for example, on completion of the underlying transaction. Where the contractual arrangements also result in the Barclays Bank Group recognising financial instruments in scope of IFRS 9, such financial instruments are initially recognised at fair value in accordance with IFRS 9 before applying the provisions of IFRS 15.

Fee and commission income is disaggregated below by fee types that reflect the nature of the services offered across the Barclays Bank Group and operating segments, in accordance with IFRS 15. The below table includes a total for fees in scope of IFRS 15. Refer to Note 2 for more detailed information about operating segments.

	2022			
	Corporate and Investment Bank	Cards & Payments and Private Bank	Head Office	Total
	£	£	£	£
<b>Fee type</b>				
Transactional	449	2,803	—	3,252
Advisory	820	144	—	964
Brokerage and execution	1,465	56	—	1,521
Underwriting and syndication	2,036	1	—	2,037
Other	99	134	22	255
<b>Total revenue from contracts with customers</b>	<b>4,869</b>	<b>3,138</b>	<b>22</b>	<b>8,029</b>
Other non-contract fee income	138	4	—	142
<b>Fee and commission income</b>	<b>5,007</b>	<b>3,142</b>	<b>22</b>	<b>8,171</b>
<b>Fee and commission expense</b>	<b>(966)</b>	<b>(1,778)</b>	<b>(1)</b>	<b>(2,745)</b>
<b>Net fee and commission income</b>	<b>4,041</b>	<b>1,364</b>	<b>21</b>	<b>5,426</b>

# Notes to the financial statements

## Financial performance and returns

	2021			
	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	£m	£m	£m	£m
<b>Fee type</b>				
Transactional	390	2,158	—	2,548
Advisory	968	128	—	1,096
Brokerage and execution	1,082	53	—	1,135
Underwriting and syndication	3,425	—	—	3,425
Other	80	155	21	256
<b>Total revenue from contracts with customers</b>	<b>5,945</b>	<b>2,494</b>	<b>21</b>	<b>8,460</b>
Other non-contract fee income	116	5	—	121
<b>Fee and commission income</b>	<b>6,061</b>	<b>2,499</b>	<b>21</b>	<b>8,581</b>
<b>Fee and commission expense</b>	<b>(781)</b>	<b>(1,207)</b>	<b>(6)</b>	<b>(1,994)</b>
<b>Net fee and commission income</b>	<b>5,280</b>	<b>1,292</b>	<b>15</b>	<b>6,587</b>

	2020			
	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	£m	£m	£m	£m
<b>Fee type</b>				
Transactional	357	1,973	—	2,330
Advisory	593	100	—	693
Brokerage and execution	1,116	57	—	1,173
Underwriting and syndication	2,867	—	—	2,867
Other	54	152	29	235
<b>Total revenue from contracts with customers</b>	<b>4,987</b>	<b>2,282</b>	<b>29</b>	<b>7,298</b>
Other non-contract fee income	114	5	—	119
<b>Fee and commission income</b>	<b>5,101</b>	<b>2,287</b>	<b>29</b>	<b>7,417</b>
<b>Fee and commission expense</b>	<b>(768)</b>	<b>(988)</b>	<b>(2)</b>	<b>(1,758)</b>
<b>Net fee and commission income</b>	<b>4,333</b>	<b>1,299</b>	<b>27</b>	<b>5,659</b>

### Fee types

#### Transactional

Transactional fees are service charges on deposit accounts, cash management services fees and transactional processing fees. These include interchange and merchant fee income generated from credit and bank card usage. Transaction and processing fees are recognised at the point in time the transaction occurs or service is performed. Interchange and merchant fees are recognised upon settlement of the card transaction payment.

The Barclays Bank Group incurs certain card related costs including those related to cardholder reward programmes and payments to co-brand partners. Cardholder reward programme costs related to customers that settle their outstanding balance each period (transactors) are expensed when incurred and presented in fee and commission expense, while costs related to customers that continuously carry an outstanding balance (revolvers) are included in the effective interest rate of the receivable (refer to Note 3). Payments to partners for new cardholder account originations related to transactor accounts are deferred as costs to obtain a contract under IFRS 15, while costs related to revolver accounts are included in the effective interest rate of the receivable (refer to Note 3). Those costs deferred under IFRS 15 are capitalised and amortised over the estimated life of the customer relationship. Payments to co-brand partners based on revenue sharing to the extent the revenue share relates to "revolvers" are included in the effective interest rate of the receivable and to the extent revenue share relates to "transactors" it must be presented in fee and commission expense. Payments based on profitability are presented in fee and commission expense.

#### Advisory

Advisory fees are generated from wealth management services and investment banking advisory services related to mergers, acquisitions and financial restructurings. Wealth management advisory fees are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined. Investment banking advisory fees are recognised at the point in time when the services related to the transaction have been completed under the terms of the engagement. Investment banking advisory costs are recognised as incurred in fee and commission expense if direct and incremental to the advisory services or are otherwise recognised in operating expenses.

#### Brokerage and execution

Brokerage and execution fees are earned for executing client transactions with various exchanges and over-the-counter markets and assisting clients in clearing transactions and facilitating foreign exchange transactions for spot/forward contracts. Brokerage and execution fees are recognised at the point in time the associated service has been completed which is generally the trade date of the transaction.

# Notes to the financial statements

## Financial performance and returns

### 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. Underwriting fees are generally recognised on trade date if there is no remaining contingency, such as the transaction being conditional on the closing of an acquisition or another transaction. Underwriting costs are deferred and recognised in fee and commission expense when the associated underwriting fees are recorded. Syndication fees are earned for arranging and administering a loan syndication; however, the associated fee may be subject to variability until the loan has been syndicated to other syndicate members or until other contingencies have been resolved and therefore the fee revenue is deferred until the uncertainty is resolved.

Included in underwriting and syndication fees are loan commitment fees, when the draw down is not probable, which are not presented as part of the carrying value of the loan in accordance with IFRS 9. Such commitment fees are recognised over time through to the contractual maturity of the commitment.

### Contract assets and contract liabilities

The Barclays Bank Group had no material contract assets or contract liabilities as at 31 December 2022 (2021: £nil; 2020: £nil).

### Impairment of fee receivables and contract assets

During 2022, there have been no material impairments recognised in relation to fees receivable and contract assets (2021: £nil; 2020: £nil). Fees in relation to transactional business can be added to outstanding customer balances. These amounts may be subsequently impaired as part of the overall loans and advances balance.

### Remaining performance obligations

The Barclays Bank Group applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or because the Barclays Bank Group has a right to consideration that corresponds directly with the value of the service provided to the client or customer.

### Costs incurred in obtaining or fulfilling a contract

The Barclays Bank Group expects that incremental costs of obtaining a contract such as success fee and commission fees paid are recoverable and therefore capitalise such contract costs. Capitalised contract costs net of amortisation as at 31 December 2022 are £190m (2021: £148m; 2020: £135m).

Capitalised contract costs are amortised over the customer relationship period depending on the transfer of services to which the asset pertains. In 2022, the amount of amortisation was £45m (2021: £35m; 2020: £35m) and there was no impairment loss recognised in connection with the capitalised contract costs (2021: £nil; 2020: £nil).

## 5 Net trading income

### Accounting for net trading income

In accordance with IFRS 9, trading positions are held at fair value, and the resulting gains and losses are included in net trading income, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Gains or losses on non-trading financial instruments designated or mandatorily at fair value with changes in fair value recognised in the income statement are included in net trading income where the business model is to manage assets and liabilities on a fair value basis which includes use of derivatives or where an instrument is designated at fair value to eliminate an accounting mismatch and the related instrument's gain and losses are reported in net trading income.

	2022	2021	2020
	£m	£m	£m
Net gains on financial instruments held for trading	5,603	3,999	5,392
Net gains on financial instruments designated at fair value	501	682	695
Net gains on financial instruments mandatorily at fair value	1,520	1,107	989
<b>Net trading income</b>	<b>7,624</b>	<b>5,788</b>	<b>7,076</b>

# Notes to the financial statements

## Financial performance and returns

### 6 Net investment expense

#### Accounting for net investment income/(expense)

Dividends are recognised when the right to receive the dividend has been established. Other accounting policies relating to net investment income are set out in Note 12 and Note 14.

	2022	2021	2020
	£m	£m	£m
Net gains/(losses) from financial assets mandatorily at fair value	19	(116)	(39)
Net (losses)/gains from disposal of debt instruments at fair value through other comprehensive income	(68)	248	251
Net (losses)/gains from disposal of financial assets and liabilities measured at amortised cost	(66)	22	(128)
Net losses on other investments	(208)	(234)	(205)
<b>Net investment expense</b>	<b>(323)</b>	<b>(80)</b>	<b>(121)</b>

### 7 Operating expenses

	2022	2021	2020
	£m	£m	£m
<b>Infrastructure costs</b>			
Property and equipment	417	371	374
Depreciation and amortisation	470	403	421
Impairment of property, equipment and intangible assets <sup>a</sup>	13	280	21
<b>Total infrastructure costs</b>	<b>900</b>	<b>1,054</b>	<b>816</b>
<b>Administration and general expenses</b>			
Consultancy, legal and professional fees	403	390	345
Marketing and advertising	312	235	176
UK bank levy	150	134	249
Other administration and general expenses	4,014	3,616	3,432
<b>Total administration and general expenses</b>	<b>4,879</b>	<b>4,375</b>	<b>4,202</b>
<b>Staff costs<sup>b</sup></b>	<b>5,192</b>	<b>4,456</b>	<b>4,365</b>
<b>Litigation and conduct</b>	<b>1,427</b>	<b>374</b>	<b>76</b>
<b>Operating expenses</b>	<b>12,398</b>	<b>10,259</b>	<b>9,459</b>

#### Notes

a In 2021, Impairment of property, equipment and intangible assets included £266m relating to structural cost actions taken as part of the real estate review.

b For further details on staff costs including accounting policies, refer to Note 29.

# Notes to the financial statements

## Financial performance and returns

### 8 Credit impairment charges/(releases)

#### Accounting for the impairment of financial assets

##### Impairment

In accordance with IFRS 9, the Barclays Bank Group is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures in the individual financial statements, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Expected credit loss measurement is based on the ability of borrowers to make payments as they fall due. The Barclays Bank Group also considers sector specific risks and whether additional adjustments are required in the measurement of ECL. Credit risk may be impacted by climate considerations for certain sectors, such as oil and gas.

Determining a significant increase in credit risk since initial recognition:

The Barclays Bank Group assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

##### i) Quantitative test

The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant' is based upon analysis of the portfolio's risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate. Application of quantitative PD floors does not represent the use of the low credit risk exemption as exposures can separately move into stage 2 via the qualitative route described below.

Wholesale assets apply a 100% increase in PD and 0.2% PD floor to determine a significant increase in credit risk.

Retail assets apply bespoke relative increase and absolute PD thresholds based on product type and origination PD. Thresholds are subject to maximums defined by Barclays Bank Group policy and typically apply minimum relative thresholds of 50%-100% and a maximum relative threshold of 400%.

For existing/historical exposures where origination point scores or data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible (subject to a data start point no later than 1 January 2015); or
- use of available historical account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

##### ii) Qualitative test

This is relevant for accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, such as industry and Barclays Bank Group-wide customer level data, including but not limited to bureau scores and high consumer indebtedness index, wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

##### iii) Backstop criteria

This is relevant for accounts that are more than 30 calendar days past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at a minimum all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments.

# Notes to the financial statements

## Financial performance and returns

Exposures are only removed from Stage 3 and re-assigned to Stage 2 once the original default trigger event no longer applies. Exposures being removed from Stage 3 must no longer qualify as credit impaired, and:

- the obligor will also have demonstrated consistently good payment behaviour over a 12-month period, by making all consecutive contractual payments due and, for forbore exposures, the relevant EBA defined probationary period has also been successfully completed; or
- (for non-forborne exposures) the performance conditions are defined and approved within an appropriately sanctioned restructure plan, including 12 months' payment history have been met.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

### *Forward-looking information*

The measurement of ECL involves complexity and judgement, including estimation of PD, LGD, a range of unbiased future economic scenarios, estimation of expected lives (where contractual life is not appropriate), and estimation of EAD and assessing significant increases in credit risk.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

The Barclays Bank Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts) and Bloomberg (based on median of economic forecasters), 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 the Barclays Bank Group's internal stress tests and stress scenarios provided by regulators, whilst also considering IFRS 9 specific sensitivities and non-linearity. The favourable scenarios are designed to reflect plausible upside risks to the Baseline scenario which are broadly consistent with the economic narrative approved by the Senior Scenario Review Committee. All scenarios are regenerated at a minimum semi-annually. The scenarios include key economic variables (including GDP, unemployment, House Price Index (HPI) and base rates in both the UK and US markets) and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately seven years.

The methodology for estimating probability weights for each of the scenarios involves a comparison of the distribution of key historical UK and US macroeconomic variables against the forecast paths of the five scenarios. The methodology works such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios used in the estimation of expected credit losses are also used to inform Barclays' internal planning. 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, and credit cards and unsecured consumer loans are highly sensitive to unemployment.

### *Definition of default, credit impaired assets, write-offs, and interest income recognition*

The definition of default for the purpose of determining ECLs, and for internal credit risk management purposes, has been aligned to the Regulatory Capital CRR Article 178 definition of default, to maintain a consistent approach with IFRS 9 and associated regulatory guidance. The Regulatory Capital CRR Article 178 definition of default considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due. When exposures are identified as credit impaired at the time when they are purchased or originated, interest income is calculated on the carrying value net of the impairment allowance.

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Bank Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement. The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery.

### *Accounting for purchased financial guarantee contracts*

The Barclays Bank Group may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the Barclays Bank Group for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. For these separate financial guarantee contracts, the Barclays Bank Group recognises a reimbursement asset aligned with the recognition of the underlying ECLs, if it is considered virtually certain that a reimbursement would be received if the specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

### *Loan modifications and renegotiations that are not credit-impaired*

When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to the credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile. In respect of payment holidays granted to borrowers which are not due to forbearance, if the revised cash flows on a present value basis (based on the original EIR) are not substantially different from the original cash flows, the loan is not considered to be substantially modified.

Where terms are substantially different, the existing loan will be derecognised and a new loan will be recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Note 1 sets out details for changes in the basis of determining the contractual cash flows of a financial instrument that are required by interest rate benchmark reform.



# Notes to the financial statements

## Financial performance and returns

### Expected life

Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For revolving facilities, expected life is analytically derived to reflect the behavioural life of the asset, i.e. the full period over which the business expects to be exposed to credit risk. Behavioural life is typically based upon historical analysis of the average time to default, closure or withdrawal of facility. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

### Discounting

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk free rate. Lease receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

### Modelling techniques

The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

- BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;
- IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;
- management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and
- ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

For the IFRS 9 impairment assessment, the Barclays Bank Group's risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, the Barclays Bank Group applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

### Forbearance

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan, except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria have been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forbore state.

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

### Critical accounting estimates and judgements

IFRS 9 impairment involves several important areas of judgement, including estimating forward looking modelled parameters (PD, LGD and EAD), developing a range of unbiased future economic scenarios, estimating expected lives and assessing significant increases in credit risk, based on the Barclays Bank Group's experience of managing credit risk. The determination of expected life is most material for Barclays credit card portfolios which is obtained via behavioural life analysis to materially capture the risk of these facilities.

Within the retail and small businesses portfolios, which comprise large numbers of small homogenous assets with similar risk characteristics where credit scoring techniques are generally used, the impairment allowance is calculated using forward looking modelled parameters which are typically run at account level. There are many models in use, each tailored to a product, line of business or customer category. Judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised. Management adjustments to impairment models, which contain an element of subjectivity, 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 appropriate.

For individually significant assets in Stage 3, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows across a range of economic scenarios are taken into account. These considerations can be particularly subjective and can include the business prospects for the customer, the realisable value of collateral, the Barclays Bank Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

# Notes to the financial statements

## Financial performance and returns

Temporary adjustments to calculated IFRS9 impairment allowances may be applied in limited circumstances to account for situations where known or expected risk factors or information have not been considered in the ECL assessment or modelling process. For further information please see page 63 in credit risk performance.

Information about the potential impact of the physical and transition risks of climate change on borrowers is considered, taking into account reasonable and supportable information to make accounting judgements and estimates. Climate change is inherently of a long-term nature, with significant levels of uncertainty, and consequently requires judgement in determining the possible impact in the next financial year, if any.

	2022			2021			2020		
	Impairment Charges/ (Releases)	Recoveries and Reimbursements <sup>a</sup>	Total	Impairment Charges/ (Releases)	Recoveries and Reimbursements	Total	Impairment Charges/ (Releases)	Recoveries and Reimbursements	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances at amortised cost	1,118	(228)	890	(264)	259	(5)	3,060	(368)	2,692
Off-balance sheet loan commitments and financial guarantee contracts	7	—	7	(257)	—	(257)	547	—	547
<b>Total</b>	<b>1,125</b>	<b>(228)</b>	<b>897</b>	<b>(521)</b>	<b>259</b>	<b>(262)</b>	<b>3,607</b>	<b>(368)</b>	<b>3,239</b>
Cash collateral and settlement balances	28	—	28	(4)	—	(4)	2	—	2
Financial instruments at fair value through other comprehensive income	8	—	8	(6)	—	(6)	—	—	—
Other financial assets measured at cost	—	—	—	(5)	—	(5)	136	—	136
<b>Credit impairment charges/(releases)</b>	<b>1,161</b>	<b>(228)</b>	<b>933</b>	<b>(536)</b>	<b>259</b>	<b>(277)</b>	<b>3,745</b>	<b>(368)</b>	<b>3,377</b>

Note

a. Recoveries and reimbursements include a net increase in amounts recoverable from financial guarantee contracts held with third parties of £195m (2021: £(290)m) and cash recoveries of previously written off amounts of £33m (2021: £31m).

### Write-offs that can be subjected to enforcement activity

The contractual amount outstanding on financial assets that were written off during the year and that can still be subjected to enforcement activity is £512m (2021: £752m). This is lower than the write-offs presented in the movement in gross exposures and impairment allowance table due to assets sold during the year post write-offs and post write-off recoveries.

### Modification of financial assets

Financial assets of £2,237m (2021: £3,260m), with a loss allowance measured at an amount equal to lifetime ECL, were subject to non-substantial modification during the year, with a resulting loss of £1m (2021: £2m). The gross carrying amount at 31 December 2022 of financial assets subject to non-substantial modification for which the loss allowance has changed to a 12 month ECL during the year amounts to £1,077m (2021: £419m).

# Notes to the financial statements

## Financial performance and returns

### 9 Tax

#### Accounting for income taxes

The Barclays Bank Group applies IAS 12 *Income Taxes* in accounting for taxes on income. Income tax payable on taxable profits (current tax) is recognised as an expense in the periods in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior periods. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences except for the initial recognition of goodwill. Deferred tax is not recognised where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

The Barclays Bank Group considers an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in the Barclays Bank Group's tax returns. The Barclays Bank Group accounts for provisions in respect of uncertain tax positions in two different ways.

A current tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will alter the amount of cash tax due to, or from, a tax authority in the future. From recognition, the current tax provision is then measured at the amount the Barclays Bank Group ultimately expects to pay the tax authority to resolve the position. The accrual of interest and penalty amounts in respect of uncertain income tax positions is recognised as an expense within profit before tax.

Deferred tax provisions are adjustments made to the carrying value of deferred tax assets in respect of uncertain tax positions. A deferred tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will result in a reduction in the carrying value of the deferred tax asset. From recognition of a provision, measurement of the underlying deferred tax asset is adjusted to take into account the expected impact of resolving the uncertain tax position on the loss or temporary difference giving rise to the deferred tax asset.

The approach taken to measurement takes account of whether the uncertain tax position is a discrete position that will be reviewed by the tax authority in isolation from any other position, or one of a number of issues which are expected to be reviewed together concurrently and resolved simultaneously with a tax authority. The Barclays Bank Group's measurement of provisions is based upon its best estimate of the additional profit that will become subject to tax. For a discrete position, consideration is given only to the merits of that position. Where a number of issues are expected to be reviewed and resolved together, the Barclays Bank Group will take into account not only the merits of its position in respect of each particular issue but also the overall level of provision relative to the aggregate of the uncertain tax positions across all the issues that are expected to be resolved at the same time. In addition, in assessing provision levels, it is assumed that tax authorities will review uncertain tax positions and that all facts will be fully and transparently disclosed.

#### Critical accounting estimates and judgements

There are two key areas of judgement that impact the reported tax position. Firstly, the level of provisioning for uncertain tax positions; and secondly, the recognition and measurement of deferred tax assets.

The Barclays Bank Group does not consider there to be a significant risk of a material adjustment to the carrying amount of current and deferred tax balances, including provisions for uncertain tax positions in the next financial year. The provisions for uncertain tax positions cover a diverse range of issues and reflect advice from external counsel where relevant. It should be noted that only a proportion of the total uncertain tax positions will be under audit at any point in time, and could therefore be subject to challenge by a tax authority over the next year.

Deferred tax assets have been recognised based on business profit forecasts. Details on the recognition of deferred tax assets are provided in this note.

	2022	2021	2020
	£m	£m	£m
<b>Current tax charge/(credit)</b>			
Current year	623	904	993
Adjustments in respect of prior years	(625)	393	3
	(2)	1,297	996
<b>Deferred tax charge/(credit)</b>			
Current year	19	(179)	(563)
Adjustments in respect of prior years	468	(288)	191
	487	(467)	(372)
<b>Tax charge</b>	<b>485</b>	<b>830</b>	<b>624</b>

In 2022 the adjustments in respect of prior years are principally a result of various steps taken in the US tax group that have affected the timing of the tax deductibility of expenditure related to fixed assets. Across the Barclays Bank PLC's US Branch Tax Group and US Intermediate Holding Company Tax Group ("IHC Tax Group") elections have been made in 2022 to advance tax deductions in relation to fixed assets that would otherwise have arisen in later periods. Those elections resulted in a current tax credit in respect of prior years of £556m and a deferred tax charge in respect of prior years of a similar amount.

# Notes to the financial statements

## Financial performance and returns

The table below shows the reconciliation between the actual tax charge and the tax charge that would result from applying the standard UK corporation tax rate to the Barclays Bank Group's profit before tax.

	2022	2022	2021	2021	2020	2020
	£m	%	£m	%	£m	%
<b>Profit before tax from continuing operations</b>	<b>4,867</b>		<b>5,418</b>		<b>3,075</b>	
Tax charge based on the standard UK corporation tax rate of 19% (2021: 19%, 2020: 19%)	925	19.0%	1,029	19.0%	584	19.0%
Impact of profits/losses earned in territories with different statutory rates to the UK (weighted average tax rate is 22.3% (2021: 24.0%, 2020: 25.0%))	160	3.3%	273	5.0%	183	6.0%
<b>Recurring items:</b>						
Non-creditable taxes including withholding taxes	117	2.4%	124	2.3%	107	3.4%
Non-deductible expenses	28	0.6%	61	1.1%	28	0.9%
Impact of UK bank levy being non-deductible	28	0.6%	25	0.5%	48	1.6%
Impact of Barclays Bank PLC's overseas branches being taxed both locally and in the UK	17	0.3%	25	0.5%	25	0.8%
Tax adjustments in respect of share-based payments	10	0.2%	(5)	(0.1%)	14	0.5%
Banking surcharge <sup>a</sup> and other items	(39)	(0.8%)	(48)	(0.9%)	(70)	(2.3%)
Non-taxable gains and income	(129)	(2.6%)	(152)	(2.8%)	(180)	(5.9%)
Tax relief on payments made under AT1 instruments	(136)	(2.8%)	(113)	(2.1%)	(124)	(4.0%)
Changes in recognition of deferred tax and effect of unrecognised tax losses	(146)	(3.0%)	(140)	(2.6%)	(123)	(4.0%)
Adjustments in respect of prior years	(157)	(3.2%)	105	1.9%	194	6.3%
Tax relief on holdings of inflation-linked government bonds	(510)	(10.5%)	(157)	(2.9%)	(20)	(0.6%)
<b>Non-recurring items:</b>						
Remeasurement of UK deferred tax assets due to tax rate changes	183	3.8%	(218)	(4.0%)	(43)	(1.4%)
Non-deductible provisions for investigations and litigation	85	1.7%	—	—	(6)	(0.2%)
Non-deductible provisions for UK customer redress	49	1.0%	21	0.4%	7	0.2%
<b>Total tax charge</b>	<b>485</b>	<b>10.0%</b>	<b>830</b>	<b>15.3%</b>	<b>624</b>	<b>20.3%</b>

a. Banking surcharge includes the impact of the 8% UK banking surcharge rate on profits/losses and tax adjustments relating to UK banking entities.

### Factors driving the effective tax rate

The effective tax rate of 10.0% is lower than the UK corporation tax rate of 19.0% primarily due to tax relief on holdings of inflation-linked government bonds, beneficial prior year adjustments, the utilisation of unrecognised tax losses in the period, tax relief on payments made under AT1 instruments and non-taxable gains and income. These factors, which have each decreased the effective tax rate, are partially offset by adjustments for the remeasurement of UK deferred tax assets as a result of the enactment in 2022 of a reduction in the banking surcharge rate to 3% from 1 April 2023, profits earned outside the UK being taxed at local statutory tax rates that are higher than the UK tax rate and non-creditable taxes.

The Barclays Bank Group's future tax charge will be sensitive to the geographic mix of profits earned, the tax rates in force and changes to the tax rules in the jurisdictions that the Barclays Bank Group operates in.

In its Autumn Statement held in November 2022, the UK Government confirmed that, as currently enacted, the banking surcharge rate will be reduced from 8% to 3% from 1 April 2023. UK deferred tax assets as at 31 December 2022 are measured at this rate, having been remeasured when the 3% rate was substantively enacted in 2022. The statutory tax rate applicable to banks' UK profits will therefore be 28% (comprising a rate of 25% for corporation tax and of 3% for banking surcharge) from 1 April 2023.

The OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting announced plans to introduce a global minimum tax rate of 15% and the OECD issued model rules in 2021. During 2022 further OECD guidance has been released and draft legislation to implement the global minimum tax regime has been published by the UK Government. The UK Government has stated that it intends to enact legislation in 2023 to apply for accounting periods beginning on or after 31 December 2023. The Barclays Bank Group has reviewed the published OECD model rules and further guidance along with the draft UK legislation and has been assessing the expected impact ahead of the implementation of the new regime. The Barclays Bank Group will review further guidance as well as new legislation expected to be released by governments implementing this new tax regime and continue to assess the potential impact.

In the USA, the Inflation Reduction Act was enacted in August 2022. The Act does not include changes to the US corporate income tax rate or to US international tax provisions included in the previously proposed Build Back Better Act but does introduce a corporate alternative minimum tax on adjusted financial statements income, effective from 1 January 2023. Further regulations and guidance are expected to be published in 2023, however the Barclays Bank Group's preliminary view is that the alternative minimum tax is not expected to materially increase the Barclays Bank Group's effective tax rate. The Barclays Bank Group will review future guidance when it is published and continue to monitor other legislative developments and assess the potential impact.

# Notes to the financial statements

## Financial performance and returns

### Tax in the consolidated statement of comprehensive income

Tax relating to each component of other comprehensive income can be found in the consolidated statement of comprehensive income. The total amount recognised in relation to the remeasurement of UK deferred tax through other comprehensive income was a £83m credit (2021: £148m charge).

### Tax included directly in equity

Tax included directly in equity comprises a £1m debit (2021: £38m credit) relating to share-based payments and deductible costs on issuing other equity instruments.

### Deferred tax assets and liabilities

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

	Barclays Bank Group	
	2022	2021
	£m	£m
IHC Tax Group	1,094	1,004
Barclays Bank PLC's US Branch Tax Group	482	1,002
UK Tax Group	2,557	576
Other (outside the UK and US tax groups)	450	399
<b>Deferred tax asset</b>	<b>4,583</b>	<b>2,981</b>
<b>Deferred tax liability - UK Tax Group</b>	<b>—</b>	<b>(6)</b>
<b>Net deferred tax</b>	<b>4,583</b>	<b>2,975</b>

### US deferred tax assets in the IHC and the US Branch Tax Groups

The deferred tax asset in the IHC Tax Group of £1,094m (2021: £1,004m) includes £21m (2021: £1m) relating to tax losses, with the balance relating to temporary differences. The deferred tax asset in Barclays Bank PLC's US Branch Tax Group of £482m (2021: £1,002m) relates entirely to temporary differences.

In relation to the IHC Tax Group, these temporary differences include £434m (2021: £301m) arising from New York State and City prior net operating loss conversion which can be carried forward and will expire in 2034. Business profit forecasts indicate these amounts will be fully recovered before expiry.

### UK Tax Group deferred tax assets and liabilities

The net deferred tax asset in the UK Tax Group of £2,557m (2021: £576m) includes a deferred tax asset of £1,237m (2021: £1,074m) relating to tax losses with the balance relating to temporary differences. There is no time limit on utilisation of UK tax losses and business profit forecasts indicate these losses will be fully recovered.

### Other deferred tax assets (outside the UK and US tax groups)

The deferred tax asset of £450m (2021: £399m) in other entities within the Barclays Bank Group includes £90m (2021: £121m) relating to tax losses. These deferred tax assets relate to a number of different territories and their recognition is based on profit forecasts or local country law which indicate that it is probable that those deferred tax assets will be fully recovered.

Of the deferred tax asset of £450m (2021: £399m), an amount of £33m (2021: £9m) relates to entities which have suffered a loss in either the current or prior year and the utilisation of which is dependent upon future taxable profits. This has been taken into account in reaching the above conclusion that these deferred tax assets will be fully recovered in the future.

# Notes to the financial statements

## Financial performance and returns

The table below shows movements on deferred tax assets and liabilities during the year. The amounts are different from those disclosed on the balance sheet and in the preceding table as they are presented before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Barclays Bank Group										
	Fixed asset timing differences	Fair value through other comprehensive income	Cash flow hedges	Retirement benefit obligations	Loan impairment allowance	Own credit	Share based payments and deferred compensation	Other temporary differences	Tax losses carried forward	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets	678	144	309	24	481	426	327	1,134	1,196	4,719
Liabilities	(30)	—	—	(1,674)	—	—	—	(40)	—	(1,744)
<b>As at 1 January 2022</b>	<b>648</b>	<b>144</b>	<b>309</b>	<b>(1,650)</b>	<b>481</b>	<b>426</b>	<b>327</b>	<b>1,094</b>	<b>1,196</b>	<b>2,975</b>
Income statement	(531)	(6)	—	(7)	47	—	(2)	(140)	152	(487)
Other comprehensive income and reserves	—	449	1,731	357	—	(616)	(17)	—	—	1,904
Other movements	33	3	—	6	20	—	21	108	—	191
	150	590	2,040	(1,294)	548	(190)	329	1,062	1,348	4,583
Assets	215	590	2,040	21	548	—	329	1,138	1,348	6,229
Liabilities	(65)	—	—	(1,315)	—	(190)	—	(76)	—	(1,646)
<b>As at 31 December 2022</b>	<b>150</b>	<b>590</b>	<b>2,040</b>	<b>(1,294)</b>	<b>548</b>	<b>(190)</b>	<b>329</b>	<b>1,062</b>	<b>1,348</b>	<b>4,583</b>
Assets	659	—	—	30	455	329	317	1,187	711	3,688
Liabilities	(33)	(21)	(441)	(826)	—	—	—	(40)	—	(1,361)
<b>As at 1 January 2021</b>	<b>626</b>	<b>(21)</b>	<b>(441)</b>	<b>(796)</b>	<b>455</b>	<b>329</b>	<b>317</b>	<b>1,147</b>	<b>711</b>	<b>2,327</b>
Income statement	14	(6)	—	1	38	—	(13)	(52)	485	467
Other comprehensive income and reserves	—	170	750	(855)	—	98	20	(1)	—	182
Other movements	8	1	—	—	(12)	(1)	3	—	—	(1)
	648	144	309	(1,650)	481	426	327	1,094	1,196	2,975
Assets	678	144	309	24	481	426	327	1,134	1,196	4,719
Liabilities	(30)	—	—	(1,674)	—	—	—	(40)	—	(1,744)
<b>As at 31 December 2021</b>	<b>648</b>	<b>144</b>	<b>309</b>	<b>(1,650)</b>	<b>481</b>	<b>426</b>	<b>327</b>	<b>1,094</b>	<b>1,196</b>	<b>2,975</b>

Other movements include the impact of changes in foreign exchange rates as well as deferred tax amounts relating to acquisitions and disposals.

The amount of deferred tax asset expected to be recovered after more than 12 months for the Barclays Bank Group is £5,514m (2021: £4,328m). The amount of deferred tax liability expected to be settled after more than 12 months for the Barclays Bank Group is £1,545m (2021: £1,740m). These amounts are before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

### Unrecognised deferred tax

#### Tax losses and temporary differences

The Barclays Bank Group has deferred tax assets not recognised in respect of gross deductible temporary differences of £111m (2021: £110m), unused tax credits of £323m (2021: £283m), and gross tax losses of £22,263m (2021: £22,496m). The tax losses include capital losses of £3,661m (2021: £3,642m). Of these tax losses, £149m (2021: £63m) expire within five years, £401m (2021: £370m) expire within six to ten years, £10,393m (2021: £10,529m) expire within 11 to 20 years and £11,320m (2021: £11,534m) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

#### Barclays Bank Group investments in subsidiaries, branches and associates

Deferred tax is not recognised in respect of the value of Barclays Bank Group's investments in subsidiaries, branches and associates where the Barclays Bank Group is able to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of these temporary differences for which deferred tax liabilities have not been recognised was £852m (2021: £857m).

### 10 Dividends on ordinary shares and preference shares

The 2022 financial statements include £200m (2021: £794m) of dividends paid on ordinary shares. This comprises one interim dividend declared in relation to the prior year of £200m (2021: £174m) and no interim dividends in relation to 2022 (2021: two interim dividends totalling £620m).

This results in a total dividend for the year of £0.09 (2021: £0.34) per ordinary share.

Dividends paid on preference shares amounted to £31m (2021: £27m). Dividends paid on the Euro preference shares amounted to £53.42 per share (2021: £14.37). Dividends paid on the US Dollar preference shares amounted to £511.27 per share (2021: £459.69).

The Directors have approved an interim dividend in respect of 2022 of £700m. The financial statements for the year ended 31 December 2022 do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2023.

# Notes to the financial statements

## Assets and liabilities held at fair value

The notes included in this section focus on assets and liabilities the Barclays Bank Group holds and recognises at fair value. Fair value refers to the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, which may be an observable market price or, where there is no quoted price for the instrument, may be an estimate based on available market data. Details regarding the Barclays Bank Group's approach to managing market risk can be found on page 46.

### 11 Trading portfolio

#### Accounting for trading portfolio assets and liabilities

In accordance with IFRS 9, all assets and liabilities held for trading purposes are held at fair value with gains and losses in the changes in fair value taken to the income statement in net trading income (Note 5).

	Barclays Bank Group	
	2022	2021
	£m	£m
Debt securities and other eligible bills	55,430	50,700
Equity securities	65,034	83,113
Traded loans	13,198	12,525
Commodities	109	533
<b>Trading Portfolio Assets</b>	<b>133,771</b>	<b>146,871</b>
Debt securities and other eligible bills	(39,068)	(34,079)
Equity securities	(33,392)	(19,212)
<b>Trading Portfolio Liabilities</b>	<b>(72,460)</b>	<b>(53,291)</b>

### 12 Financial assets at fair value through the income statement

#### Accounting for financial assets mandatorily at fair value

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI), or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling.

#### Accounting for financial assets designated at fair value

Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch.

Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

The details on how the fair value amounts are derived for financial assets at fair value are described in Note 16.

	Barclays Bank Group	
	2022	2021
	£m	£m
Loans and advances	1,679	2,813
Debt securities	205	318
Other financial assets	1	—
<b>Financial assets designated at fair value</b>	<b>1,885</b>	<b>3,131</b>
Loans and advances	36,511	33,089
Debt securities	3,012	1,937
Equity securities	4,934	4,798
Reverse repurchase agreements and other similar secured lending	164,698	145,186
Other financial assets	88	85
<b>Financial assets mandatorily at fair value</b>	<b>209,243</b>	<b>185,095</b>
<b>Total</b>	<b>211,128</b>	<b>188,226</b>

#### Credit risk of financial assets designated at fair value and related credit derivatives

The following table shows the maximum exposure to credit risk, the changes in fair value attributable to changes in credit risk, and the cumulative changes in fair value since initial recognition for loans and advances. The table does not include debt securities and reverse repurchase agreements and

# Notes to the financial statements

## Assets and liabilities held at fair value

other similar secured lending designated at fair value as they have minimal exposure to credit risk. Reverse repurchase agreements are collateralised and debt securities are primarily relating to high quality sovereigns.

	Barclays Bank Group					
	Maximum exposure as at 31 December		Changes in fair value during the year ended		Cumulative changes in fair value from inception	
	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m
Loans and advances designated at fair value, attributable to credit risk	1,679	2,813	—	1	(3)	(3)
Value mitigated by related credit derivatives	855	1,617	(1)	(3)	(1)	(3)

### 13 Derivative financial instruments

#### Accounting for derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Barclays Bank Group's net interest income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. Derivatives are used to hedge interest rate, credit risk, inflation risk, exchange rate, commodity, equity exposures and exposures to certain indices such as house price indices and retail price indices related to non-trading positions.

All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow or net investment hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host) which, had they been a standalone contract, would have met the definition of a derivative. If these are separated from the host, i.e. when the economic characteristics of the embedded derivative are not closely related with those of the host contract and the combined instrument is not measured at fair value through profit or loss, then they are accounted for in the same way as derivatives. For financial assets, the requirements are whether the financial assets contain contractual terms that give rise on specified dates to cash flows that are SPPI, and consequently the requirements for accounting for embedded derivatives are not applicable to financial assets.

#### Hedge accounting

The Barclays Bank Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes. The Barclays Bank Group applies hedge accounting to represent the economic effects of its interest rate, currency and contractually linked inflation risk management strategies. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Barclays Bank Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

The Barclays Bank Group applies the 'Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019 (the Phase 1 amendments).

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR ('Interbank Offered Rates') reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

In summary, the reliefs provided by the Phase 1 amendments are:

- When considering the 'highly probable' requirement, the Barclays Bank Group has assumed that the IBOR interest rates upon which our hedged items are based do not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Barclays Bank Group has assumed that the IBOR interest rates upon which the cash flows of the hedged items and the interest rate swaps that hedge them are based are not altered by IBOR reform.
- The Barclays Bank Group will not discontinue hedge accounting during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside the required 80%–125% range.
- The Barclays Bank Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- The Barclays Bank Group has assessed whether the hedged IBOR risk component is a separately identifiable risk only when it first designates a hedged item in a fair value hedge and not on an ongoing basis.

The Barclays Bank Group also applies the 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2' issued in August 2020. The Phase 2 amendments provide relief when changes are made to hedge relationships as a result of the interest rate benchmark reform.

In summary, the reliefs provided by the Phase 2 amendments are:

- Under a temporary exception, the Barclays Bank Group has considered that changes to the hedge designation and hedge documentation due to the interest rate benchmark reform would not constitute the discontinuation of the hedge relationship nor the designation of a new hedging relationship.
- In respect of the retrospective hedge effectiveness assessment, the Barclays Bank Group may elect, on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero when the exception to the retrospective assessment ends (Phase 1 relief). Any hedge ineffectiveness will continue to be measured and recognised in full in profit or loss.
- The Barclays Bank Group has deemed the amounts accumulated in the cash flow hedge reserve to be based on the alternative benchmark rate (on which the hedge future cash flows are determined) when there is a change in basis for determining the contractual cash flows.
- For hedges of groups of items (such as those forming part of a macro cash flow hedging strategy), the amendments provide relief for items within a designated group of items that are amended for changes directly required by the reform.
- In respect of whether a risk component of a hedged item is separately identifiable, the amendments provide temporary relief to entities to meet this requirement when an alternative risk free rate (RFR) financial instrument is designated as a risk component. These amendments allow the Barclays Bank Group upon designation of the hedge to assume that the separately identifiable requirement is met if the Barclays Bank Group reasonably



# Notes to the financial statements

## Assets and liabilities held at fair value

expects the RFR risk will become separately identifiable within the next 24 months. The Barclays Bank Group applies this relief to each RFR on a rate-by-rate basis and starts when the Barclays Bank Group first designates the RFR as a non-contractually specified risk component.

### Fair value hedge accounting

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortised cost.

If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement. For items classified as fair value through other comprehensive income, the hedge accounting adjustment is included in other comprehensive income.

### Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

### Hedges of net investments

The Barclays Bank Group's net investments in foreign operations, including monetary items accounted for as part of the net investment, are hedged for foreign currency risks using both derivatives and foreign currency borrowings. Hedges of net investments are accounted for similarly to cash flow hedges; the effective portion of the gain or loss on the hedging instrument is being recognised directly in other comprehensive income and the ineffective portion being recognised immediately in the income statement. The cumulative gain or loss recognised in other comprehensive income is recognised in the income statement on the disposal or partial disposal of the foreign operation, or other reductions in the Barclays Bank Group's investment in the operation.

Barclays Bank Group	2022			2021		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Total derivative assets/(liabilities) held for trading	52,164,242	302,665	(288,398)	47,286,623	262,046	(255,471)
Total derivative assets/(liabilities) held for risk management	178,628	311	(808)	126,292	245	(1,052)
<b>Derivative assets/(liabilities)</b>	<b>52,342,870</b>	<b>302,976</b>	<b>(289,206)</b>	<b>47,412,915</b>	<b>262,291</b>	<b>(256,523)</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

The fair values and notional amounts of derivatives held for trading are set out in the following table:

Derivatives held for trading and risk management Barclays Bank Group	2022			2021		
	Notional contract amount £m	Fair value		Notional contract amount £m	Fair value	
		Assets £m	Liabilities £m		Assets £m	Liabilities £m
<b>Derivatives held for trading</b>						
<b>Foreign exchange derivatives</b>						
OTC derivatives	5,773,814	108,865	(103,040)	5,700,055	76,055	(74,014)
Derivatives cleared by central counterparty	113,455	440	(473)	99,664	171	(208)
Exchange traded derivatives	19,426	15	(6)	20,084	10	(3)
<b>Foreign exchange derivatives</b>	<b>5,906,695</b>	<b>109,320</b>	<b>(103,519)</b>	<b>5,819,803</b>	<b>76,236</b>	<b>(74,225)</b>
<b>Interest rate derivatives</b>						
OTC derivatives	14,938,526	130,917	(117,016)	14,229,139	124,187	(113,098)
Derivatives cleared by central counterparty	21,390,094	2,317	(2,340)	18,865,670	1,055	(762)
Exchange traded derivatives	5,654,126	2,257	(2,167)	5,200,838	905	(907)
<b>Interest rate derivatives</b>	<b>41,982,746</b>	<b>135,491</b>	<b>(121,523)</b>	<b>38,295,647</b>	<b>126,147</b>	<b>(114,767)</b>
<b>Credit derivatives</b>						
OTC derivatives	619,843	4,262	(4,731)	606,504	4,007	(4,752)
Derivatives cleared by central counterparty	1,107,377	1,161	(1,321)	665,600	1,675	(1,809)
<b>Credit derivatives</b>	<b>1,727,220</b>	<b>5,423</b>	<b>(6,052)</b>	<b>1,272,104</b>	<b>5,682</b>	<b>(6,561)</b>
<b>Equity and stock index derivatives</b>						
OTC derivatives	410,002	12,670	(16,715)	278,370	18,793	(24,440)
Exchange traded derivatives	1,924,613	35,986	(36,774)	1,469,078	32,901	(33,174)
<b>Equity and stock index derivatives</b>	<b>2,334,615</b>	<b>48,656</b>	<b>(53,489)</b>	<b>1,747,448</b>	<b>51,694</b>	<b>(57,614)</b>
<b>Commodity derivatives</b>						
OTC derivatives	4,411	14	(51)	4,670	56	(107)
Exchange traded derivatives	208,555	3,761	(3,764)	146,951	2,231	(2,197)
<b>Commodity derivatives</b>	<b>212,966</b>	<b>3,775</b>	<b>(3,815)</b>	<b>151,621</b>	<b>2,287</b>	<b>(2,304)</b>
<b>Derivative assets/(liabilities) held for trading</b>	<b>52,164,242</b>	<b>302,665</b>	<b>(288,398)</b>	<b>47,286,623</b>	<b>262,046</b>	<b>(255,471)</b>
<b>Total OTC derivatives</b>	<b>21,746,596</b>	<b>256,728</b>	<b>(241,553)</b>	<b>20,818,738</b>	<b>223,098</b>	<b>(216,411)</b>
<b>Total derivatives cleared by central counterparty</b>	<b>22,610,926</b>	<b>3,918</b>	<b>(4,134)</b>	<b>19,630,934</b>	<b>2,901</b>	<b>(2,779)</b>
<b>Total exchange traded derivatives</b>	<b>7,806,720</b>	<b>42,019</b>	<b>(42,711)</b>	<b>6,836,951</b>	<b>36,047</b>	<b>(36,281)</b>
<b>Derivative assets/(liabilities) held for trading</b>	<b>52,164,242</b>	<b>302,665</b>	<b>(288,398)</b>	<b>47,286,623</b>	<b>262,046</b>	<b>(255,471)</b>
<b>Derivatives held for risk management</b>						
<b>Derivatives designated as cash flow hedges</b>						
Currency Swaps	2,000	175	(12)	1,000	155	—
Interest rate swaps	266	12	—	465	—	(3)
Interest rate derivatives cleared by central counterparty	92,366	—	—	63,584	—	—
<b>Derivatives designated as cash flow hedges</b>	<b>94,632</b>	<b>187</b>	<b>(12)</b>	<b>65,049</b>	<b>155</b>	<b>(3)</b>
<b>Derivatives designated as fair value hedges</b>						
Interest rate swaps	4,561	27	(776)	5,856	53	(1,045)
Forward foreign exchange	—	—	—	—	—	—
Interest rate derivatives cleared by central counterparty	75,547	—	—	52,964	—	—
<b>Derivatives designated as fair value hedges</b>	<b>80,108</b>	<b>27</b>	<b>(776)</b>	<b>58,820</b>	<b>53</b>	<b>(1,045)</b>
<b>Derivatives designated as hedges of net investments</b>						
Forward foreign exchange	3,888	97	(20)	2,423	37	(4)
<b>Derivatives designated as hedges of net investments</b>	<b>3,888</b>	<b>97</b>	<b>(20)</b>	<b>2,423</b>	<b>37</b>	<b>(4)</b>
<b>Derivative assets/(liabilities) held for risk management</b>	<b>178,628</b>	<b>311</b>	<b>(808)</b>	<b>126,292</b>	<b>245</b>	<b>(1,052)</b>
<b>Total OTC derivatives</b>	<b>10,715</b>	<b>311</b>	<b>(808)</b>	<b>9,744</b>	<b>245</b>	<b>(1,052)</b>
<b>Total derivatives cleared by central counterparty</b>	<b>167,913</b>	<b>—</b>	<b>—</b>	<b>116,548</b>	<b>—</b>	<b>—</b>
<b>Derivative assets/(liabilities) held for risk management</b>	<b>178,628</b>	<b>311</b>	<b>(808)</b>	<b>126,292</b>	<b>245</b>	<b>(1,052)</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

### Hedge accounting

Hedge accounting is applied predominantly for the following risks:

- Interest rate risk – arises due to a mismatch between fixed interest rates and floating interest rates.
- Currency risk – arises due to assets or liabilities being denominated in different currencies than the functional currency of the relevant entity. At a consolidated level, currency risk also arises when the functional currency of subsidiaries are different from the parent.
- Contractually linked inflation risk – arises from financial instruments within contractually specified inflation risk. The Barclays Bank Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the Barclays Bank Group uses the following hedging instruments:

- Interest rate derivatives to swap interest rate exposure into either fixed or variable rates.
- Currency derivatives to swap foreign currency exposures into the entity's functional currency, and net investment exposure to local currency.
- Inflation derivatives to swap inflation exposure into either fixed or variable interest rates.

In some cases, certain items which are economically hedged may be ineligible hedged items for the purposes of IAS 39, such as core deposits and equity. In these instances, a proxy hedging solution can be utilised whereby portfolios of floating rate assets are designated as eligible hedged items in cash flow hedges.

In some hedging relationships, the Barclays Bank Group designates risk components of hedged items as follows:

- Benchmark interest rate risk as a component of interest rate risk, such as the LIBOR or Risk Free Rate (RFR) component.
- Inflation risk as a contractually specified component of a debt instrument.
- Spot exchange rate risk for foreign currency financial assets or financial liabilities.
- Components of cash flows of hedged items, for example certain interest payments for part of the life of an instrument.

Using the benchmark interest rate risk results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship. Following market-wide interest rate benchmark reform, sensitivity to risk-free rates is considered to be the predominant interest rate risk and therefore the hedged items (which often reference risk-free or similar 'overnight' rates) change in fair value on a proportionate basis with reference to this risk.

In respect of many of the Barclays Bank Group's hedge accounting relationships, the hedged item and hedging instrument change frequently due to the dynamic nature of the risk management and hedge accounting strategy. The Barclays Bank Group applies hedge accounting to dynamic scenarios, predominantly in relation to interest rate risk, with a combination of hedged items in order for its financial statements to reflect as closely as possible the economic risk management undertaken. In some cases, if the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated and is replaced with a different hedge accounting relationship.

Changes in the GBP value of net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in CET1 capital. The Barclays Bank Group mitigates this by matching the CET1 capital movements to the revaluation of the foreign currency RWA exposures. Net investment hedges are designated where necessary to reduce the exposure to movement in a particular exchange rate to within limits mandated by Risk. As far as possible, existing external currency liabilities are designated as the hedging instruments.

The hedging instruments share the same risk exposures as the hedged items. Hedge effectiveness is determined with reference to quantitative tests, predominantly regression testing, but to the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness or hedge accounting failures.

Sources of ineffectiveness include the following:

- Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences.
- Changes in credit risk of the hedging instruments.
- If a hedging relationship becomes over-hedged, for example in hedges of net investments if the net asset value designated at the start of the period falls below the amount of the hedging instrument.
- Cash flow hedges using external swaps with non-zero fair values.
- The effects of the reforms to IBOR, because these might take effect at a different time and have a different impact on hedged items and hedging instruments.

The Barclays Bank Group's risk exposure continues, in part, to be affected by interest rate benchmark reform. In most cases, hedged items and hedging instruments are expected to transition to relevant risk-free rates at the end of their current cash flow period. USD LIBOR, Canadian Dollar Offered Rate (CDOR) and Singapore Swap Offered Rate (SOR) linked hedge accounting relationships are still exposed to uncertainty regarding the precise timing and effects of benchmark reform. USD LIBOR and SOR benchmarks will cease to be published after 30 June 2023, CDOR - after 28 June 2024, but certain hedged items and hedging instruments continue to contractually reference these benchmarks beyond the cessation date.

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform as at 31 December 2022:

Barclays Bank Group		Nominal amount of hedged items directly impacted by IBOR reform	Nominal amount of hedging instruments directly impacted by IBOR reform
Current benchmark rate	Expected convergence to RFR	£m	£m
USD LIBOR	Secured Overnight Financing Rate (SOFR)	19,286	20,104
Canadian Dollar Offered Rate (CDOR)	Overnight Repo Rate Average (CORRA)	980	980
Singapore Swap Offered Rate (SOR)	Singapore Overnight Rate Average (SORA)	124	124
<b>Total IBOR Notionals</b>		<b>20,390</b>	<b>21,208</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

### Hedged items in fair value hedges

#### Barclays Bank Group

#### Accumulated fair value adjustment included in carrying amount

Hedged item statement of financial position classification and risk category	Carrying amount £m	Total £m	Of which:	Change in fair value used as a basis to determine ineffectiveness £m	Hedge ineffectiveness recognised in the income statement <sup>a</sup> £m
			Accumulated fair value adjustment on items no longer in a hedge relationship £m		
<b>2022</b>					
<b>Assets</b>					
Loans and advances at amortised cost					
- Interest rate risk	1,950	(135)	3	(325)	(3)
- Inflation risk	445	243	—	(111)	2
Debt securities classified as amortised cost					
- Interest rate risk	159	(19)	(11)	(133)	(20)
- Inflation risk	3,854	(1,287)	—	(1,658)	(18)
Financial assets at fair value through other comprehensive income <sup>b</sup>					
- Interest rate risk	25,044	(3,132)	(228)	(3,833)	145
- Inflation risk	6,019	(181)	17	(690)	(26)
<b>Total Assets</b>	<b>37,471</b>	<b>(4,511)</b>	<b>(219)</b>	<b>(6,750)</b>	<b>80</b>
<b>Liabilities</b>					
Debt securities in issue					
- Interest rate risk	(34,260)	2,746	(26)	3,577	22
<b>Total Liabilities</b>	<b>(34,260)</b>	<b>2,746</b>	<b>(26)</b>	<b>3,577</b>	<b>22</b>
<b>Total Hedged Items</b>	<b>3,211</b>	<b>(1,765)</b>	<b>(245)</b>	<b>(3,173)</b>	<b>102</b>
<b>2021</b>					
<b>Assets</b>					
Loans and advances at amortised cost					
- Interest rate risk	1,257	24	6	(77)	(1)
- Inflation risk	556	354	—	9	—
Debt securities classified as amortised cost					
- Interest rate risk	1,378	(39)	—	(75)	(18)
- Inflation risk	4,087	400	—	(16)	(1)
Financial assets at fair value through other comprehensive income <sup>b</sup>					
- Interest rate risk	22,895	(293)	28	(1,122)	35
- Inflation risk	6,271	386	(32)	81	10
<b>Total Assets</b>	<b>36,444</b>	<b>832</b>	<b>2</b>	<b>(1,200)</b>	<b>25</b>
<b>Liabilities</b>					
Debt securities in issue					
- Interest rate risk	(26,691)	(622)	(320)	769	6
<b>Total Liabilities</b>	<b>(26,691)</b>	<b>(622)</b>	<b>(320)</b>	<b>769</b>	<b>6</b>
<b>Total Hedged Items</b>	<b>9,753</b>	<b>210</b>	<b>(318)</b>	<b>(431)</b>	<b>31</b>

#### Notes

a Hedge ineffectiveness is recognised in net interest income.

b For items classified as fair value through other comprehensive income, the hedge accounting adjustment is not included in the carrying amount, but rather adjusts other comprehensive income.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Amount, timing and uncertainty of future cash flows

The following table shows the fair value hedging instruments which are carried on the balance sheet:

Barclays Bank Group		Carrying value			Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
		Derivative assets	Derivative liabilities	Loan liabilities			
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2022</b>							
Fair value	Interest rate risk	—	—	—	67,613	858	11,987
	Inflation risk	27	(776)	—	12,495	2,417	2,493
	<b>Total</b>	<b>27</b>	<b>(776)</b>	<b>—</b>	<b>80,108</b>	<b>3,275</b>	<b>14,480</b>
<b>As at 31 December 2021</b>							
Fair value	Interest rate risk	53	—	—	51,219	527	8,855
	Inflation risk	—	(1,045)	—	7,601	(65)	1,624
	<b>Total</b>	<b>53</b>	<b>(1,045)</b>	<b>—</b>	<b>58,820</b>	<b>462</b>	<b>10,479</b>

The following table profiles the expected notional values of current hedging instruments for fair value hedging in future years:

As at 31 December 2022	2022	2023	2024	2025	2026	2027	2028 and later
	£m	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>							
<b>Fair value hedges of:</b>							
Interest rate risk (outstanding notional amount)	67,613	63,902	54,595	47,000	40,170	28,497	26,131
Inflation risk (outstanding notional amount)	12,495	12,064	9,873	8,824	7,477	7,449	6,779

For Barclays Bank Group, there are 712 (2021: 618) interest rate risk fair value hedges with an average fixed rate of 1.77% (2021: 1.1%) across the relationships and 49 (2021: 60) inflation risk fair value hedges with an average rate of 0.55% (2021: 0.59%) across the relationships.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Hedged items in cash flow hedges and hedges of net investments in foreign operations

Barclays Bank Group

Description of hedge relationship and hedged risk	Change in value of hedged item used as the basis for recognising ineffectiveness	Balance in cash flow hedging reserve for continuing hedges	Balance in currency translation reserve for continuing hedges	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied	Balances remaining in currency translation reserve for which hedge accounting is no longer applied	Hedging gains or losses recognised in other comprehensive income	Hedge ineffectiveness recognised in the income statement <sup>a</sup>
	£m	£m	£m	£m	£m	£m	£m
<b>2022</b>							
<b>Cash flow hedge of:</b>							
<b>Interest rate risk</b>							
Loans and advances at amortised cost	7,182	4,625	—	2,900	—	7,182	(197)
<b>Foreign exchange risk</b>							
Loans and advances at amortised cost	3	(13)	—	—	—	3	2
<b>Inflation risk</b>							
Debt securities classified at amortised cost	362	142	—	16	—	98	33
<b>Total cash flow hedges</b>	<b>7,547</b>	<b>4,754</b>	<b>—</b>	<b>2,916</b>	<b>—</b>	<b>7,283</b>	<b>(162)</b>
<b>Hedge of net investment in foreign operations</b>							
USD foreign operations	922	—	1,767	—	—	922	—
EUR foreign operations	170	—	127	—	—	170	—
Other foreign operations	38	—	180	—	88	38	—
<b>Total foreign operations</b>	<b>1,130</b>	<b>—</b>	<b>2,074</b>	<b>—</b>	<b>88</b>	<b>1,130</b>	<b>—</b>
<b>2021</b>							
<b>Cash flow hedge of:</b>							
<b>Interest rate risk</b>							
Loans and advances at amortised cost	2,042	935	—	(192)	—	2,042	(211)
<b>Foreign exchange risk</b>							
Loans and advances at amortised cost	(88)	(16)	—	—	—	(88)	1
<b>Inflation risk</b>							
Debt securities classified at amortised cost	252	204	—	(12)	—	252	(22)
<b>Total cash flow hedges</b>	<b>2,206</b>	<b>1,123</b>	<b>—</b>	<b>(204)</b>	<b>—</b>	<b>2,206</b>	<b>(232)</b>
<b>Hedge of net investment in foreign operations</b>							
USD foreign operations	143	—	1,184	—	—	143	—
EUR foreign operations	(49)	—	(39)	—	—	(49)	—
Other foreign operations	(3)	—	44	—	186	(3)	—
<b>Total foreign operations</b>	<b>91</b>	<b>—</b>	<b>1,189</b>	<b>—</b>	<b>186</b>	<b>91</b>	<b>—</b>

Note

a Hedge ineffectiveness is recognised in net interest income

# Notes to the financial statements

## Assets and liabilities held at fair value

The following table shows the cash flow and net investment hedging instruments which are carried on the balance sheet:

Barclays Bank Group		Carrying value			Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
		Derivative assets	Derivative liabilities	Loan liabilities			
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2022</b>							
Cash flow	Interest rate risk	12	—	—	89,996	(7,379)	6,728
	Foreign exchange risk	175	(12)	—	2,000	(1)	—
	Inflation risk	—	—	—	2,636	(329)	—
	<b>Total</b>	<b>187</b>	<b>(12)</b>	<b>—</b>	<b>94,632</b>	<b>(7,709)</b>	<b>6,728</b>
Net investment	Foreign exchange risk	97	(20)	(8,368)	12,256	(1,130)	—
<b>As at 31 December 2021</b>							
Cash flow	Interest rate risk	—	—	—	59,957	(2,253)	9,896
	Foreign exchange risk	155	—	—	1,000	89	—
	Inflation risk	—	(3)	—	4,092	(274)	—
	<b>Total</b>	<b>155</b>	<b>(3)</b>	<b>—</b>	<b>65,049</b>	<b>(2,438)</b>	<b>9,896</b>
Net investment	Foreign exchange risk	37	(4)	(6,933)	9,356	(91)	—

The effect on the income statement and other comprehensive income of recycling amounts in respect of cash flow hedges and net investment hedges of foreign operations is set out in the following table:

Barclays Bank Group	2022		2021	
	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur
Description of hedge relationship and hedged risk	£m	£m	£m	£m
<b>Cash flow hedge of interest rate risk</b>				
Recycled to net interest income	(496)	(46)	228	13
<b>Cash flow hedge of foreign exchange risk</b>				
Recycled to net interest income	(1)	—	87	—
<b>Hedge of net investment in foreign operations</b>				
Recycled to other income	—	(58)	—	(28)

A detailed reconciliation of the movements of the cash flow hedging reserve and the currency translation reserve is as follows:

Barclays Bank Group	2022		2021	
	Cash flow hedging reserve	Currency translation reserve	Cash flow hedging reserve	Currency translation reserve
	£m	£m	£m	£m
Balance on 1 January	(618)	2,581	1,181	2,736
Currency translation movements	(7)	3,483	(6)	(92)
Hedging losses for the year	(7,283)	(1,130)	(2,206)	(91)
Amounts reclassified in relation to cash flows affecting profit or loss	543	58	(327)	28
Tax	1,808	—	740	—
<b>Balance on 31 December</b>	<b>(5,557)</b>	<b>4,992</b>	<b>(618)</b>	<b>2,581</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

### 14 Financial assets at fair value through other comprehensive income

#### Accounting for financial assets at fair value through other comprehensive income (FVOCI)

Financial assets that are debt instruments held in a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at FVOCI. They are subsequently re-measured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Interest (calculated using the effective interest method) is recognised in the income statement in net interest income (Note 3). Upon disposal, the cumulative gain or loss recognised in other comprehensive income is included in net investment income (Note 6).

In determining whether the business model is achieved by both collecting contractual cash flows and selling financial assets, it is determined that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. The Barclays Bank Group will consider past sales and expectations about future sales to establish if the business model is achieved.

For equity securities that are not held for trading, the Barclays Bank Group may make an irrevocable election on initial recognition to present subsequent changes in the fair value of the instrument in other comprehensive income (except for dividend income which is recognised in profit or loss). Gains or losses on the de-recognition of these equity securities are not transferred to profit or loss. These assets are also not subject to the impairment requirements and therefore no amounts are recycled to the income statement. Where the Barclays Bank Group has not made the irrevocable election to present subsequent changes in the fair value of the instrument in other comprehensive income, equity securities are measured at fair value through profit or loss.

	Barclays Bank Group	
	2022	2021
	£m	£m
Debt securities and other eligible bills	44,861	45,854
Equity securities	1	1
Loans and advances	222	53
<b>Financial assets at fair value through other comprehensive income</b>	<b>45,084</b>	<b>45,908</b>

### 15 Financial liabilities designated at fair value

#### Accounting for liabilities designated at fair value through profit and loss

In accordance with IFRS 9, financial liabilities may be designated at fair value, with gains and losses taken to the income statement within net trading income (Note 5) and net investment income (Note 6). Movements in own credit are reported through other comprehensive income, unless the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit and loss. In these scenarios, all gains and losses on that liability (including the effects of changes in the credit risk of the liability) are presented in profit and loss. On derecognition of the financial liability no amounts relating to own credit risk are recycled to the income statement. The Barclays Bank Group has the ability to make the fair value designation when holding the instruments at fair value reduces an accounting mismatch (caused by an offsetting liability or asset being held at fair value), or is managed by the Barclays Bank Group on the basis of its fair value, or includes terms that have substantive derivative characteristics (Note 13).

The details on how the fair value amounts are arrived at for financial liabilities designated at fair value are described in Note 16.

	Barclays Bank Group			
	2022		2021	
	Fair value £m	Contractual amount due on maturity £m	Fair value £m	Contractual amount due on maturity £m
Debt securities	57,325	72,728	53,164	61,333
Deposits	41,037	42,455	29,409	29,836
Repurchase agreements and other similar secured borrowing	173,172	173,938	168,075	168,144
Subordinated debt <sup>a</sup>	521	1,029	483	613
<b>Financial liabilities designated at fair value</b>	<b>272,055</b>	<b>290,150</b>	<b>251,131</b>	<b>259,926</b>

The cumulative own credit net gain recognised for Barclays Bank Group is £674m (2021: £960m) and for Barclays Bank PLC it is £689m (2021: £837m)

#### Note

a. Subordinated debt measured at fair value was previously disclosed in Note 26 Subordinated Liabilities. From 2021, it is disclosed within Financial Liabilities designated at fair value to better reflect that it is accounted for at fair value.



# Notes to the financial statements

## Assets and liabilities held at fair value

### 16 Fair value of financial instruments

#### Accounting for financial assets and liabilities – fair values

Financial instruments that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

All financial instruments are initially recognised at fair value on the date of initial recognition (including transaction costs, other than financial instruments held at fair value through profit or loss) and depending on the subsequent classification of the financial asset or liability, may continue to be held at fair value either through profit or loss or other comprehensive income. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Wherever possible, fair value is determined by reference to a quoted market price for that instrument. For many of the Barclays Bank Group's financial assets and liabilities, especially derivatives, quoted prices are not available and valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market inputs including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates.

For financial liabilities measured at fair value, the carrying amount reflects the effect on fair value of changes in own credit spreads derived from observable market data such as in primary issuance and redemption activity for structured notes.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets, then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either: on a straight-line basis over the term of the transaction; or over the period until all model inputs will become observable where appropriate; or released in full when previously unobservable inputs become observable.

Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the marketplace, the maturity of market modelling and the nature of the transaction (bespoke or generic). To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependent on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities or other analytical techniques.

The sensitivity of valuations used in the financial statements to possible changes in significant unobservable inputs is shown on page 163.

#### Critical accounting estimates and judgements

The valuation of financial instruments often involves a significant degree of judgement and complexity, in particular where valuation models make use of unobservable inputs ('Level 3' assets and liabilities). This note provides information on these instruments, including the related unrealised gains and losses recognised in the period, a description of significant valuation techniques and unobservable inputs, and a sensitivity analysis.

Climate related risks are assumed to be included in the fair values of assets and liabilities traded in active markets.

#### Valuation

IFRS 13 *Fair value measurement* requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.

##### Quoted market prices – Level 1

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

##### Valuation technique using observable inputs – Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable either directly or indirectly. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

##### Valuation technique using significant unobservable inputs – Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

# Notes to the financial statements

## Assets and liabilities held at fair value

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

Assets and liabilities held at fair value	2022				2021			
	Valuation technique using				Valuation technique using			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Barclays Bank Group</b>								
Trading portfolio assets	62,469	64,822	6,480	133,771	80,836	63,754	2,281	146,871
Financial assets at fair value through the income statement	5,647	199,370	6,111	211,128	4,953	177,194	6,079	188,226
Derivative financial assets	10,054	287,749	5,173	302,976	6,150	252,131	4,010	262,291
Financial assets at fair value through other comprehensive income	15,029	30,051	4	45,084	16,070	29,800	38	45,908
Investment property	—	—	5	5	—	—	7	7
<b>Total assets</b>	<b>93,199</b>	<b>581,992</b>	<b>17,773</b>	<b>692,964</b>	<b>108,009</b>	<b>522,879</b>	<b>12,415</b>	<b>643,303</b>
Trading portfolio liabilities	(43,679)	(28,725)	(56)	(72,460)	(26,701)	(26,563)	(27)	(53,291)
Financial liabilities designated at fair value	(133)	(270,880)	(1,042)	(272,055)	(174)	(250,553)	(404)	(251,131)
Derivative financial liabilities	(10,823)	(272,020)	(6,363)	(289,206)	(6,571)	(243,893)	(6,059)	(256,523)
<b>Total liabilities</b>	<b>(54,635)</b>	<b>(571,625)</b>	<b>(7,461)</b>	<b>(633,721)</b>	<b>(33,446)</b>	<b>(521,009)</b>	<b>(6,490)</b>	<b>(560,945)</b>

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

Level 3 Assets and liabilities held at fair value by product type	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
<b>Barclays Bank Group</b>				
Interest rate derivatives	2,361	(2,858)	1,091	(1,351)
Foreign exchange derivatives	1,513	(1,474)	376	(374)
Credit derivatives	290	(603)	323	(709)
Equity derivatives	1,009	(1,428)	2,220	(3,625)
Corporate debt	1,677	(49)	1,205	(21)
Reverse repurchase and repurchase agreements	37	(434)	13	(172)
Non-asset backed loans	8,105	—	3,743	—
Private equity investments	140	—	148	—
Other <sup>a</sup>	2,641	(615)	3,296	(238)
<b>Total</b>	<b>17,773</b>	<b>(7,461)</b>	<b>12,415</b>	<b>(6,490)</b>

Note

a Other includes commercial real estate loans, asset backed loans, funds and fund-linked products, issued debt, Government and Government sponsored debt, asset backed securities, equities cash products and investment property.

### 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 nature of the valuation techniques used, as well as availability and reliability of observable proxy and historical data and impact of using alternative models.

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

The valuation techniques used, observability and sensitivity analysis for material products within Level 3, are described below.

#### Interest rate derivatives

*Description:* Derivatives linked to interest rates or inflation indices. The category includes futures, interest rate and inflation swaps, swaptions, caps, floors, inflation options, balance guaranteed swaps and other exotic interest rate derivatives.

*Valuation:* Interest rate and inflation derivatives are generally valued using curves of forward rates constructed from market data to project and discount the expected future cash flows of trades. Instruments with optionality are valued using volatilities implied from market inputs, and use industry standard or bespoke models depending on the product type.

# Notes to the financial statements

## Assets and liabilities held at fair value

*Observability:* In general, inputs are considered observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques or inferred via another reasonable method.

### Foreign exchange derivatives

*Description:* Derivatives linked to the foreign exchange (FX) market. The category includes FX forward contracts, FX swaps and FX options. The majority are traded as over the counter (OTC) derivatives.

*Valuation:* FX derivatives are valued using industry standard and bespoke models depending on the product type. Valuation inputs include FX rates, interest rates, FX volatilities, interest rate volatilities, FX interest rate correlations and others as appropriate.

*Observability:* FX correlations, forwards and volatilities are generally observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

### Credit derivatives

*Description:* Derivatives linked to the credit spread of a referenced entity, index or basket of referenced entities or a pool of referenced assets (e.g. a securitised product). The category includes single name and index credit default swaps (CDS) and total return swaps (TRS).

*Valuation:* CDS are valued on industry standard models using curves of credit spreads as the principal input. Credit spreads are observed directly from broker data, third party vendors or priced to proxies.

*Observability:* CDS contracts referencing entities that are actively traded are generally considered observable. Other valuation inputs are considered observable if products with significant sensitivity to the inputs are actively traded in a liquid market. Unobservable valuation inputs are generally determined with reference to recent transactions or inferred from observable trades of the same issuer or similar entities.

### Equity derivatives

*Description:* Exchange traded or OTC derivatives linked to equity indices and single names. The category includes vanilla and exotic equity products.

*Valuation:* Equity derivatives are valued using industry standard models. Valuation inputs include stock prices, dividends, volatilities, interest rates, equity repurchase curves and, for multi-asset products, correlations.

*Observability:* In general, valuation inputs are observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

### Corporate debt

*Description:* Primarily corporate bonds.

*Valuation:* Corporate bonds are valued using observable market prices sourced from broker quotes, inter-dealer prices or other reliable pricing sources.

*Observability:* Prices for actively traded bonds are considered observable. Unobservable bonds prices are generally determined by reference to bond yields or CDS spreads for actively traded instruments issued by or referencing the same (or a similar) issuer.

### Reverse repurchase and repurchase agreements

*Description:* Includes securities purchased under resale agreements, securities sold under repurchase agreements, and other similar secured lending agreements. The agreements are primarily short-term in nature.

*Valuation:* Repurchase and reverse repurchase agreements are generally valued by discounting the expected future cash flows using industry standard models that incorporate market interest rates and repurchase rates, based on the specific details of the transaction.

*Observability:* Inputs are deemed observable up to liquid maturities or for consensus pricing with low pricing-range, and are determined based on the specific features of the transaction. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

### Non-asset backed loans

*Description:* Largely made up of fixed rate loans.

*Valuation:* Fixed rate loans are valued using models that discount expected future cash flows based on interest rates and loan spreads.

*Observability:* Within this loan population, the loan spread is generally unobservable. Unobservable loan spreads are determined by incorporating funding costs, the level of comparable assets such as gilts, issuer credit quality and other factors.

### Private equity investments

*Description:* Includes investments in equity holdings in operating companies not quoted on a public exchange.

*Valuation:* Private equity investments are valued in accordance with the 'International Private Equity and Venture Capital Valuation Guidelines' which require the use of a number of individual pricing benchmarks such as the prices of recent transactions in the same or similar entities, discounted cash flow analysis and comparison with the earnings or revenue multiples of listed companies. While the valuation of unquoted equity instruments is subjective by nature, the relevant methodologies are commonly applied by other market participants and have been consistently applied over time.

*Observability:* Inputs are considered observable if there is active trading in a liquid market of products with significant sensitivity to the inputs. Unobservable inputs include earnings or revenue estimates, multiples of comparative companies, marketability discounts and discount rates.

### Other

*Description:* Other includes commercial real estate loans, funds and fund-linked products, asset backed loans, issued debt, Government sponsored debt, asset backed securities, equity cash products and investment property.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Assets and liabilities reclassified between Level 1 and Level 2

During the year, there were no material transfers between Level 1 to Level 2. (2021: there were no material transfers between Level 1 and Level 2).

### Level 3 movement analysis

The following table summarises the movements in the Level 3 balances during the year. Transfers have been reflected as if they had taken place at the beginning of the year.

Assets and liabilities included in disposal groups classified as held for sale and measured at fair value less cost to sell are not included as these are measured at fair value on a non-recurring basis.

Asset and liability transfers between Level 2 and Level 3 are primarily due to 1) an increase or decrease in observable market activity related to an input or 2) a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant.

### Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2022	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement		Total gains or (losses) recognised in OCI	Transfers		As at 31 December 2022
						Trading income <sup>b</sup>	Other income		In	Out	
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate debt	389	392	(182)	—	(18)	(39)	—	—	87	(34)	595
Non-asset backed loans	758	7,009	(2,635)	—	(19)	(264)	—	—	10	(22)	4,837
Other	1,134	667	(412)	—	(298)	(43)	—	—	275	(275)	1,048
<b>Trading portfolio assets</b>	<b>2,281</b>	<b>8,068</b>	<b>(3,229)</b>	<b>—</b>	<b>(335)</b>	<b>(346)</b>	<b>—</b>	<b>—</b>	<b>372</b>	<b>(331)</b>	<b>6,480</b>
Non-asset backed loans	2,985	2,739	(1,019)	—	(1,203)	(262)	—	—	49	(21)	3,268
Private equity investments	148	35	(59)	—	(3)	7	12	—	—	—	140
Other	2,946	6,483	(6,540)	—	(188)	1	2	—	17	(18)	2,703
<b>Financial assets at fair value through the income statement</b>	<b>6,079</b>	<b>9,257</b>	<b>(7,618)</b>	<b>—</b>	<b>(1,394)</b>	<b>(254)</b>	<b>14</b>	<b>—</b>	<b>66</b>	<b>(39)</b>	<b>6,111</b>
Other	38	—	—	—	(32)	—	—	(2)	—	—	4
<b>Financial assets at fair value through other comprehensive income</b>	<b>38</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(32)</b>	<b>—</b>	<b>—</b>	<b>(2)</b>	<b>—</b>	<b>—</b>	<b>4</b>
<b>Investment property</b>	<b>7</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5</b>
<b>Trading portfolio liabilities</b>	<b>(27)</b>	<b>(23)</b>	<b>8</b>	<b>—</b>	<b>—</b>	<b>9</b>	<b>—</b>	<b>—</b>	<b>(27)</b>	<b>4</b>	<b>(56)</b>
<b>Financial liabilities designated at fair value</b>	<b>(404)</b>	<b>(285)</b>	<b>—</b>	<b>(98)</b>	<b>82</b>	<b>70</b>	<b>1</b>	<b>—</b>	<b>(448)</b>	<b>40</b>	<b>(1,042)</b>
Interest rate derivatives	(260)	(217)	—	—	54	(467)	—	—	431	(38)	(497)
Foreign exchange derivatives	2	—	—	—	(6)	27	—	—	—	16	39
Credit derivatives	(386)	(4)	(2)	—	57	23	—	—	11	(12)	(313)
Equity derivatives	(1,405)	(213)	—	—	332	307	—	—	(11)	571	(419)
<b>Net derivative financial instruments<sup>a</sup></b>	<b>(2,049)</b>	<b>(434)</b>	<b>(2)</b>	<b>—</b>	<b>437</b>	<b>(110)</b>	<b>—</b>	<b>—</b>	<b>431</b>	<b>537</b>	<b>(1,190)</b>
<b>Total</b>	<b>5,925</b>	<b>16,583</b>	<b>(10,842)</b>	<b>(98)</b>	<b>(1,242)</b>	<b>(631)</b>	<b>14</b>	<b>(2)</b>	<b>394</b>	<b>211</b>	<b>10,312</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

### Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2021	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement		Total gains or (losses) recognised in OCI	Transfers		As at 31 December 2021
						Trading income <sup>b</sup>	Other income		In	Out	
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate debt	151	310	(123)	—	(12)	38	—	—	41	(16)	389
Non-asset backed loans	709	1,580	(1,409)	—	(85)	(1)	—	—	45	(81)	758
Other	1,003	371	(425)	—	(57)	(49)	—	—	442	(151)	1,134
<b>Trading portfolio assets</b>	<b>1,863</b>	<b>2,261</b>	<b>(1,957)</b>	<b>—</b>	<b>(154)</b>	<b>(12)</b>	<b>—</b>	<b>—</b>	<b>528</b>	<b>(248)</b>	<b>2,281</b>
Non-asset backed loans	2,280	1,379	(306)	—	(248)	(59)	(174)	—	113	—	2,985
Private equity investments	88	68	(7)	—	(8)	—	10	—	35	(38)	148
Other	2,024	11,256	(10,228)	—	(184)	2	28	—	49	(1)	2,946
<b>Financial assets at fair value through the income statement</b>	<b>4,392</b>	<b>12,703</b>	<b>(10,541)</b>	<b>—</b>	<b>(440)</b>	<b>(57)</b>	<b>(136)</b>	<b>—</b>	<b>197</b>	<b>(39)</b>	<b>6,079</b>
Non-asset backed loans	106	—	—	—	—	—	—	—	—	(106)	—
Other	47	—	—	—	(7)	—	—	(2)	—	—	38
<b>Financial assets at fair value through other comprehensive income</b>	<b>153</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(7)</b>	<b>—</b>	<b>—</b>	<b>(2)</b>	<b>—</b>	<b>(106)</b>	<b>38</b>
<b>Investment property</b>	<b>10</b>	<b>—</b>	<b>(2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7</b>
<b>Trading portfolio liabilities</b>	<b>(28)</b>	<b>(5)</b>	<b>23</b>	<b>—</b>	<b>—</b>	<b>(6)</b>	<b>—</b>	<b>—</b>	<b>(12)</b>	<b>1</b>	<b>(27)</b>
<b>Financial liabilities designated at fair value</b>	<b>(341)</b>	<b>(4)</b>	<b>—</b>	<b>(101)</b>	<b>66</b>	<b>21</b>	<b>—</b>	<b>—</b>	<b>(68)</b>	<b>23</b>	<b>(404)</b>
Interest rate derivatives	(2)	20	—	—	105	(255)	—	—	90	(218)	(260)
Foreign exchange derivatives	1	—	—	—	40	(2)	—	—	10	(47)	2
Credit derivatives	(155)	(239)	9	—	(45)	34	—	—	10	—	(386)
Equity derivatives	(1,615)	90	(1)	—	(15)	(3)	—	—	(3)	142	(1,405)
<b>Net derivative financial instruments<sup>a</sup></b>	<b>(1,771)</b>	<b>(129)</b>	<b>8</b>	<b>—</b>	<b>85</b>	<b>(226)</b>	<b>—</b>	<b>—</b>	<b>107</b>	<b>(123)</b>	<b>(2,049)</b>
<b>Total</b>	<b>4,278</b>	<b>14,826</b>	<b>(12,469)</b>	<b>(101)</b>	<b>(450)</b>	<b>(280)</b>	<b>(137)</b>	<b>(2)</b>	<b>752</b>	<b>(492)</b>	<b>5,925</b>

#### Notes

a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £5,173m (2021: £4,010m) and derivative financial liabilities are £6,363m (2021: £6,059m).

b Trading income represents gains and (losses) on Level 3 financial instruments which in the majority are offset by losses and gains on financial instruments disclosed in level 2.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Unrealised gains and losses on Level 3 financial assets and liabilities

The following tables disclose the unrealised gains and losses recognised in the year arising on Level 3 financial assets and liabilities held at year end.

	2022				2021			
	Income statement		Other comprehensive income	Total	Income statement		Other comprehensive income	Total
	Trading income <sup>a</sup>	Other income			Trading income <sup>a</sup>	Other income		
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m
<b>As at 31 December</b>								
Trading portfolio assets	(290)	—	—	(290)	(67)	—	—	(67)
Financial assets at fair value through the income statement	(152)	9	—	(143)	(53)	22	—	(31)
Fair value through other comprehensive income	—	—	—	—	—	—	—	—
Investment property	—	(1)	—	(1)	—	—	—	—
Trading portfolio liabilities	8	—	—	8	(5)	—	—	(5)
Financial liabilities designated at fair value	55	—	—	55	16	(1)	—	15
Net derivative financial instruments	(80)	—	—	(80)	(196)	—	—	(196)
<b>Total</b>	<b>(459)</b>	<b>8</b>	<b>—</b>	<b>(451)</b>	<b>(305)</b>	<b>21</b>	<b>—</b>	<b>(284)</b>

#### Note

a. Trading income represents gains and (losses) on Level 3 financial instruments which in the majority are offset by losses and gains on financial instruments disclosed in level 2.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Significant unobservable inputs

The following table discloses the valuation techniques and significant unobservable inputs for assets and liabilities recognised at fair value and classified as Level 3 along with the range of values used for those significant unobservable inputs:

Barclays Bank Group	Valuation technique(s) <sup>a</sup>	Significant unobservable inputs	2022		2021		Units <sup>b</sup>
			Range	Range	Min	Max	
<b>Derivative financial instruments<sup>c</sup></b>							
Interest rate derivatives	Discounted cash flows	Inflation forwards	3	5	0	3	%
		Credit spread	17	2,159	9	1,848	bps
		Yield	(3)	56	—	—	%
	Option model	Inflation forwards	(20)	(13)	(20)	(13)	%
		Inflation volatility	49	315	31	130	bps vol
		Interest rate volatility	36	430	5	600	bps vol
		Option volatility	57	60	—	—	£m
		FX - IR correlation	(20)	78	(20)	78	%
		IR - IR correlation	12	99	(100)	99	%
Credit derivatives	Discounted cash flows	Credit spread	3	2,943	2	2,925	bps
	Comparable pricing	Price	79	92	—	—	points
Equity derivatives	Option model	Equity volatility	3	140	2	108	%
		Equity - equity correlation	40	100	10	100	%
	Discounted cash flow	Discounted margin	(205)	634	(129)	93	bps
Foreign exchange derivatives	Option Model	Option Volatility	0	100	0	100	points
	Discount cash flows	Yield	(3)	4	—	—	%
<b>Non-derivative financial instruments</b>							
Non-asset backed loans	Discounted cash flows	Loan spread	51	801	31	811	bps
		Credit spread	200	300	200	300	bps
		Yield	5	34	3	10	%
	Comparable pricing	Price	0	101	0	145	points
Corporate debt	Comparable pricing	Price	0	232	0	284	points
	Discounted cash flows	Loan spread	229	834	229	854	bps
Commercial Real Estate loans	Discounted cash flows	Credit spread	267	426	68	543	bps
Reverse repurchase and repurchase agreements	Discounted cash flows	Repo spread	321	502	—	—	bps
Issued debt	Discounted cash flows	Credit spread	73	548	—	—	bps
	Option model	Equity volatility	3	111	—	—	%
		Interest rate volatility	42	261	—	—	bps vol

#### Notes

a A range has not been provided for Net Asset Value as there would be a wide range reflecting the diverse nature of the positions.

b The units used to disclose ranges for significant unobservable inputs are percentages, points and basis points. Points are a percentage of par; for example, 100 points equals 100% of par. A basis point equals 1/100th of 1%; for example, 150 basis points equals 1.5%.

c Certain derivative instruments are classified as Level 3 due to a significant unobservable credit spread input into the calculation of the Credit Valuation Adjustment for the instruments. The range of significant unobservable credit spreads is between 17bps- 2,159bps (2021: 32bps-1,848bps).

The following section describes the significant unobservable inputs identified in the table above, and the sensitivity of fair value measurement of the instruments categorised as Level 3 assets or liabilities to increases in significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Where reliable interrelationships can be identified between significant unobservable inputs used in fair value measurement, a description of those interrelationships is included below.

#### Forwards

A price or rate that is applicable to a financial transaction that will take place in the future.

In general, a significant increase in a forward in isolation will result in a fair value increase for the contracted receiver of the underlying (currency, bond, commodity, etc.), but the sensitivity is dependent on the specific terms of the instrument.

# Notes to the financial statements

## Assets and liabilities held at fair value

### *Credit spread*

Credit spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Credit spreads reflect the additional yield that a market participant demands for taking on exposure to the credit risk of an instrument and form part of the yield used in a discounted cash flow calculation.

In general, a significant increase in credit spread in isolation will result in a fair value decrease for a cash asset.

For a derivative instrument, a significant increase in credit spread in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

### *Volatility*

Volatility is a measure of the variability or uncertainty in return for a given derivative underlying. It is an estimate of how much a particular underlying instrument input or index will change in value over time. In general, volatilities are implied from observed option prices. For unobservable options the implied volatility may reflect additional assumptions about the nature of the underlying risk, and the strike/maturity profile of a specific contract.

In general a significant increase in volatility in isolation will result in a fair value increase for the holder of a simple option, but the sensitivity is dependent on the specific terms of the instrument.

There may be interrelationships between unobservable volatilities and other unobservable inputs (e.g. when equity prices fall, implied equity volatilities generally rise) but these are generally specific to individual markets and may vary over time.

### *Correlation*

Correlation is a measure of the relationship between the movements of two variables. Correlation can be a significant input into valuation of derivative contracts with more than one underlying instrument. Credit correlation generally refers to the correlation between default processes for the separate names that make up the reference pool of a collateralised debt obligation (CDO) structure.

A significant increase in correlation in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

### *Comparable price*

Comparable instrument prices are used in valuation by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable observable instrument, then adjusting that yield (or spread) to account for relevant differences such as maturity or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable and unobservable instruments in order to establish a value.

Non-asset backed loans includes a portfolio of loans extended to clients within the Barclays Bank Group's leveraged finance business. Leveraged finance loans are originated where Barclays Bank Group provide financing commitments to clients to facilitate strategic transactions such as leverage buyouts and acquisitions. The sensitivity of the portfolio to unobservable inputs is judgmental reflecting their illiquid nature and the significance of unobservable price inputs to the valuation.

In general, a significant increase in comparable price in isolation will result in an increase in the price of the unobservable instrument. For derivatives, a change in the comparable price in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

### *Loan spread*

Loan spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Loan spreads typically reflect credit quality, the level of comparable assets such as gilts and other factors, and form part of the yield used in a discounted cash flow calculation.

Non-asset backed loans contains a portfolio primarily consisting of long-dated fixed rate loans extended to counterparties in the UK Education, Social Housing and Local Authority sectors (ESHLA). The loans are categorised as Level 3 in the fair value hierarchy due to their illiquid nature and the significance of unobservable loan spreads to the valuation. Valuation uncertainty arises from the long-dated nature of the portfolio, the lack of secondary market in the loans and the lack of observable loan spreads. The majority of ESHLA loans are to borrowers in heavily regulated sectors that are considered extremely low credit risk, and have a history of near zero defaults since inception. While the overall loan spread range is from 51bps to 297bps (2021: 31bps to 601bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 97% (2021: 99%) of the loan notional being valued with spreads less than 200bps consistently for both years.



# Notes to the financial statements

## Assets and liabilities held at fair value

In general, a significant increase in loan spreads in isolation will result in a fair value decrease for a loan.

### Sensitivity analysis of valuations using unobservable inputs

	2022				2021			
	Favourable changes		Unfavourable changes		Favourable changes		Unfavourable changes	
	Income statement	Equity	Income statement	Equity	Income statement	Equity	Income statement	Equity
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m
Interest rate derivatives	119	—	(155)	—	51	—	(79)	—
Foreign exchange derivatives	16	—	(22)	—	20	—	(28)	—
Credit derivatives	79	—	(71)	—	112	—	(103)	—
Equity derivatives	161	—	(168)	—	181	—	(190)	—
Corporate debt	45	—	(27)	—	38	—	(28)	—
Non asset backed loans	244	—	(450)	—	99	—	(150)	—
Private equity investments	10	—	(10)	—	10	—	(11)	—
Other <sup>a</sup>	53	—	(64)	—	44	—	(62)	—
<b>Total</b>	<b>727</b>	<b>—</b>	<b>(967)</b>	<b>—</b>	<b>555</b>	<b>—</b>	<b>(651)</b>	<b>—</b>

Note

a Other includes asset backed loans, equity cash products and funds and fund-linked products.

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 £727m (2021: £555m) or to decrease fair values by up to £967m (2021: £651m) with all the potential effect impacting profit and loss.

### Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	2022	2021
Barclays Bank Group	£m	£m
Exit price adjustments derived from market bid-offer spreads	(566)	(498)
Uncollateralised derivative funding	(11)	(127)
Derivative credit valuation adjustments	(319)	(212)
Derivative debit valuation adjustments	208	91

### Exit price adjustments derived from market bid-offer spreads

Barclays Bank Group uses mid-market pricing where it is a market maker and has the ability to transact at, or better than, mid price (which is the case for certain equity, bond and vanilla derivative markets). For other financial assets and liabilities, bid-offer adjustments are recorded to reflect the exit level for the expected close out strategy. The methodology for determining the bid-offer adjustment for a derivative portfolio involves calculating the net risk exposure by offsetting long and short positions by strike and term in accordance with the risk management and hedging strategy.

Bid-offer levels are generally derived from market quotes such as broker data. Less liquid instruments may not have a directly observable bid-offer level. In such instances, an exit price adjustment may be derived from an observable bid-offer level for a comparable liquid instrument, or determined by calibrating to derivative prices, or by scenario or historical analysis.

Exit price adjustments derived from market bid-offer spreads have increased on a gross basis by £68m to £(566)m.

### Discounting approaches for derivative instruments

#### Collateralised

In line with market practice, the methodology for discounting collateralised derivatives takes into account the nature and currency of the collateral that can be posted within the relevant credit support annex (CSA). The CSA aware discounting approach recognises the 'cheapest to deliver' option that reflects the ability of the party posting collateral to change the currency of the collateral.

#### Uncollateralised

A fair value adjustment of £(11)m has been applied to account for the impact of incorporating the cost of funding into the valuation of uncollateralised and partially collateralised derivative portfolios and collateralised derivatives where the terms of the agreement do not allow the rehypothecation of collateral received. This adjustment is referred to as the Uncollateralised derivative funding. The uncollateralised derivative funding adjustment has decreased by £116m to £(11)m as a result of underlying moves in the exposure profile of the derivative portfolio in scope.

### Derivative credit and debit valuation adjustments

Derivative credit valuation adjustments and Derivative debit valuation adjustments are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and Barclays Bank Group's own credit quality respectively. These adjustments are calculated for uncollateralised and partially collateralised derivatives across all asset classes. Derivative credit valuation adjustments and Derivative debit valuation adjustments are calculated using estimates of exposure at default, probability of default and recovery rates, at a counterparty level. Counterparties include (but are not limited to) corporates, sovereigns and sovereign agencies and supranationals.

Exposure at default is generally estimated through the simulation of underlying risk factors through approximating with a more vanilla structure, or by using current or scenario-based mark to market as an estimate of future exposure.

# Notes to the financial statements

## Assets and liabilities held at fair value

Probability of default and recovery rate information is generally sourced from the Credit Default Swap (CDS) markets. Where this information is not available, or considered unreliable, alternative approaches are taken based on mapping internal counterparty ratings onto historical or market-based default and recovery information.

Derivative credit valuation adjustments increased by £107m to £(319)m as a result of widening of input counterparty credit spreads. Derivative debit valuation adjustments increased by £117m to £208m, as a result of widening of input own credit spreads.

Correlation between counterparty credit and underlying derivative risk factors, termed 'wrong-way,' or 'right-way' risk, is not systematically incorporated into the Derivative credit valuation adjustments calculation but is adjusted where the underlying exposure is directly related to the counterparty.

Barclays Bank Group continues to monitor market practices and activity to ensure the approach to uncollateralised derivative valuation remains appropriate.

### Portfolio exemptions

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

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

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is £106m (2021: £122m) for financial instruments measured at fair value and £25m (2021: £28m) for financial instruments carried at amortised cost. There are additions and FX gains of £49m (2021: £59m) and amortisation and releases of £65m (2021: £40m) for financial instruments measured at fair value and additions of £nil (2021: £nil) and amortisation and releases of £3m (2021: £2m) for financial instruments carried at amortised cost.

### Third party credit enhancements

Structured and brokered certificates of deposit issued by Barclays Bank Group are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC) in the US. The FDIC is funded by premiums that Barclays Bank Group and other banks pay for deposit insurance coverage. The carrying value of these issued certificates of deposit that are designated under the IFRS 9 fair value option includes this third party credit enhancement. The on-balance sheet value of these brokered certificates of deposit amounted to £5,197m (2021: £790m).

### Comparison of carrying amounts and fair values

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

Barclays Bank Group	2022					2021				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Financial assets</b>										
Loans and advances at amortised cost	182,507	181,727	14,210	86,559	80,958	145,259	145,665	15,406	63,948	66,311
Reverse repurchase agreements and other similar secured lending	725	725	—	725	—	3,177	3,177	—	3,177	—
<b>Financial liabilities</b>										
Deposits at amortised cost	(291,579)	(291,552)	(176,959)	(114,267)	(326)	(262,828)	(262,843)	(180,829)	(82,014)	—
Repurchase agreements and other similar secured borrowing	(11,965)	(11,966)	—	(11,966)	—	(12,769)	(12,776)	—	(12,776)	—
Debt securities in issue	(60,012)	(59,895)	—	(57,954)	(1,941)	(48,388)	(48,350)	—	(46,201)	(2,149)
Subordinated liabilities	(38,253)	(38,686)	—	(38,465)	(220)	(32,185)	(33,598)	—	(33,598)	—

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a wide range of valuation techniques are available, it may not be appropriate to directly compare this fair value information to independent market sources or other financial institutions. Different valuation methodologies and assumptions can have a significant impact on fair values which are based on unobservable inputs.

### Financial assets

The carrying value of financial assets held at amortised cost (including loans and advances to banks and customers, and other lending such as reverse repurchase agreements and cash collateral on securities borrowed) is determined in accordance with the relevant accounting policy in Note 18.

### Loans and advances at amortised cost

The fair value of loans and advances, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Where market data or credit information on the underlying borrowers is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rates.

# Notes to the financial statements

## Assets and liabilities held at fair value

### *Reverse repurchase agreements and other similar secured lending*

The fair value of reverse repurchase agreements approximates carrying amount as these balances are generally short dated and fully collateralised.

### *Financial liabilities*

The carrying value of financial liabilities held at amortised cost (including customer accounts, other deposits, repurchase agreements and cash collateral on securities lent, debt securities in issue and subordinated liabilities) is determined in accordance with the accounting policy in Note 1.

### *Deposits at amortised cost*

In many cases, the fair value disclosed approximates carrying value because the instruments are short term in nature or have interest rates that reprice frequently, such as customer accounts and other deposits and short-term debt securities.

The fair value for deposits with longer-term maturities, mainly time deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities. Consequently the fair value discount is minimal.

### *Repurchase agreements and other similar secured borrowing*

The fair value of repurchase agreements approximates carrying amounts as these balances are generally short dated.

### *Debt securities in issue*

Fair values of other debt securities in issue are based on quoted prices where available, or where the instruments are short dated, carrying amount approximates fair value.

### *Subordinated liabilities*

Fair values for dated and undated convertible and non-convertible loan capital are based on quoted market rates for the issuer concerned or issuers with similar terms and conditions.

# Notes to the financial statements

## Assets and liabilities held at fair value

### 17 Offsetting financial assets and financial liabilities

In accordance with IAS 32 *Financial Instruments: Presentation*, the Barclays Bank Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- All financial assets and liabilities that are reported net on the balance sheet.
- All derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

The 'Net amounts' presented in the table below are not intended to represent the Barclays Bank Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Barclays Bank Group	Amounts subject to enforceable netting arrangements							Amounts not subject to enforceable netting arrangements <sup>c</sup>	Balance sheet total <sup>d</sup>
	Effects of offsetting on-balance sheet			Related amounts not offset					
	Gross amounts	Amounts offset <sup>a</sup>	Net amounts reported on the balance sheet	Financial instruments	Financial collateral <sup>b</sup>	Net amount			
	£m	£m	£m	£m	£m	£m	£m	£m	
<b>As at 31 December 2022</b>									
Derivative financial assets	374,848	(76,429)	298,419	(238,062)	(45,920)	14,437	4,557	302,976	
Reverse repurchase agreements and other similar secured lending <sup>e</sup>	560,060	(397,439)	162,621	—	(161,992)	629	2,802	165,423	
<b>Total assets</b>	<b>934,908</b>	<b>(473,868)</b>	<b>461,040</b>	<b>(238,062)</b>	<b>(207,912)</b>	<b>15,066</b>	<b>7,359</b>	<b>468,399</b>	
Derivative financial liabilities	(360,242)	76,530	(283,712)	238,062	26,407	(19,243)	(5,494)	(289,206)	
Repurchase agreements and other similar secured borrowing <sup>e</sup>	(573,332)	397,439	(175,893)	—	175,893	—	(9,244)	(185,137)	
<b>Total liabilities</b>	<b>(933,574)</b>	<b>473,969</b>	<b>(459,605)</b>	<b>238,062</b>	<b>202,300</b>	<b>(19,243)</b>	<b>(14,738)</b>	<b>(474,343)</b>	
<b>As at 31 December 2021</b>									
Derivative financial assets	279,286	(24,137)	255,149	(202,347)	(39,953)	12,849	7,142	262,291	
Reverse repurchase agreements and other similar secured lending <sup>e</sup>	519,855	(375,376)	144,479	—	(143,976)	503	3,884	148,363	
<b>Total assets</b>	<b>799,141</b>	<b>(399,513)</b>	<b>399,628</b>	<b>(202,347)</b>	<b>(183,929)</b>	<b>13,352</b>	<b>11,026</b>	<b>410,654</b>	
Derivative financial liabilities	(273,996)	23,606	(250,390)	202,347	34,151	(13,892)	(6,133)	(256,523)	
Repurchase agreements and other similar secured borrowing <sup>e</sup>	(540,462)	375,376	(165,086)	—	165,086	—	(15,758)	(180,844)	
<b>Total liabilities</b>	<b>(814,458)</b>	<b>398,982</b>	<b>(415,476)</b>	<b>202,347</b>	<b>199,237</b>	<b>(13,892)</b>	<b>(21,891)</b>	<b>(437,367)</b>	

- Notes
- a Amounts offset for derivative financial assets additionally includes cash collateral netted of £15,199m (2021: £3,815m). Amounts offset for derivative financial liabilities additionally includes cash collateral netted of £15,098m (2021: £4,346m). Settlements assets and liabilities have been offset amounting to £24,250m (2021: £22,837m).
- b Financial collateral of £45,920m (2021: £39,953m) was received in respect of derivative assets, including £34,496m (2021: £34,149m) of cash collateral and £11,424m (2021: £5,804m) of non-cash collateral. Financial collateral of £26,407m (2021: £34,151m) was placed in respect of derivative liabilities, including £24,990m (2021: £31,861m) of cash collateral and £1,417m (2021: £2,290m) of non-cash collateral. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.
- c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.
- d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.
- e Reverse Repurchase agreements and other similar secured lending of £165,423m (2021: £148,363m) is split by fair value £164,698m (2021: £145,186m) and amortised cost £725m (2021: £3,177m). Repurchase agreements and other similar secured borrowing of £185,137m (2021: £180,844m) is split by fair value £173,172m (2021: £168,075m) and amortised cost £11,965m (2021: £12,769m).

#### Derivative assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

#### Reverse repurchase and repurchase agreements and other similar secured lending and borrowing

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as Global Master Repurchase Agreements and Global Master Securities Lending Agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

These offsetting collateral arrangements and other credit risk mitigation strategies used by the Barclays Bank Group are further explained in the Credit risk mitigation section on page 46.

# Notes to the financial statements

## Assets at amortised cost and other investments

The notes included in this section focus on the Barclays Bank Group's loans and advances and deposits at amortised cost, leases, property, plant and equipment and goodwill and intangible assets. Details regarding the Barclays Bank Group's liquidity and capital position can be found on pages 88 to 95.

### 18 Loans and advances and deposits at amortised cost

#### Accounting for loans and advances and deposits held at amortised cost

Loans and advances to customers and banks, customer accounts, debt securities and most financial liabilities are held at amortised cost. That is, the initial fair value (which is normally the amount advanced or borrowed) is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability. Balances deferred on-balance sheet as effective interest rate adjustments are amortised to interest income over the life of the financial instrument to which they relate.

Financial assets that are held in a business model to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. Refer to Note 1 for details of 'solely payments of principal and interest'.

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean the Barclays Bank Group is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Barclays Bank Group will consider past sales and expectations about future sales.

#### Loans and advances and deposits at amortised cost

	Barclays Bank Group	
	2022	2021
As at 31 December	£m	£m
Loans and advances at amortised cost to banks	8,961	8,750
Loans and advances at amortised cost to customers	146,243	117,014
Debt securities at amortised cost	27,303	19,495
<b>Total loans and advances at amortised cost</b>	<b>182,507</b>	<b>145,259</b>
Deposits at amortised cost from banks	20,124	17,911
Deposits at amortised cost from customers	271,455	244,917
<b>Total deposits at amortised cost</b>	<b>291,579</b>	<b>262,828</b>

# Notes to the financial statements

## Assets at amortised cost and other investments

### 19 Property, plant and equipment

#### Accounting for property, plant and equipment

The Barclays Bank Group applies IAS 16 *Property Plant and Equipment* and IAS 40 *Investment Properties*.

Property, plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in enhancement of the asset.

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances. The Barclays Bank Group uses the following annual rates in calculating depreciation:

Annual rates in calculating depreciation	Depreciation rate
Freehold land	Not depreciated
Freehold buildings and long-leasehold property (more than 50 years to run)	2%-3.3%
Leasehold property over the remaining life of the lease (less than 50 years to run)	Over the remaining life of the lease
Costs of adaptation of freehold and leasehold property	6%-10%
Equipment installed in freehold and leasehold property	6%-10%
Computers and similar equipment	17%-33%
Fixtures and fittings and other equipment	9%-20%

Costs of adaptation and installed equipment are depreciated over the shorter of the life of the lease or the depreciation rates noted in the table above.

#### Investment property

The Barclays Bank Group initially recognises investment property at cost, and subsequently at fair value at each balance sheet date, reflecting market conditions at the reporting date. Gains and losses on remeasurement are included in the income statement.

	Barclays Bank Group				
	Investment property	Property	Equipment	Right of use assets <sup>a</sup>	Total
	£m	£m	£m	£m	£m
<b>Cost</b>					
As at 1 January 2022	7	1,702	1,058	715	3,482
Additions	—	93	79	20	192
Disposals <sup>b</sup>	(1)	(269)	(212)	(14)	(496)
Exchange and other movements	(1)	98	114	60	271
<b>As at 31 December 2022</b>	<b>5</b>	<b>1,624</b>	<b>1,039</b>	<b>781</b>	<b>3,449</b>
<b>Accumulated depreciation and impairment</b>					
As at 1 January 2022	—	(920)	(877)	(437)	(2,234)
Depreciation charge	—	(70)	(61)	(69)	(200)
Impairment charge	—	—	—	(13)	(13)
Disposals	—	269	209	16	494
Exchange and other movements	—	(61)	(46)	(10)	(117)
<b>As at 31 December 2022</b>	<b>—</b>	<b>(782)</b>	<b>(775)</b>	<b>(513)</b>	<b>(2,070)</b>
<b>Net book value</b>	<b>5</b>	<b>842</b>	<b>264</b>	<b>268</b>	<b>1,379</b>
<b>Cost</b>					
As at 1 January 2021	10	1,619	987	688	3,304
Additions	—	85	70	27	182
Disposals	(2)	(32)	(12)	(58)	(104)
Exchange and other movements	(1)	30	13	58	100
<b>As at 31 December 2021</b>	<b>7</b>	<b>1,702</b>	<b>1,058</b>	<b>715</b>	<b>3,482</b>
<b>Accumulated depreciation and impairment</b>					
As at 1 January 2021	—	(730)	(821)	(216)	(1,767)
Depreciation charge	—	(70)	(55)	(68)	(193)
Impairment charge	—	(108)	—	(160)	(268)
Disposals	—	27	10	9	46
Exchange and other movements	—	(39)	(11)	(2)	(52)
<b>As at 31 December 2021</b>	<b>—</b>	<b>(920)</b>	<b>(877)</b>	<b>(437)</b>	<b>(2,234)</b>
<b>Net book value</b>	<b>7</b>	<b>782</b>	<b>181</b>	<b>278</b>	<b>1,248</b>

#### Notes

a Right of use (ROU) asset balances relate to Property Leases under IFRS 16. Refer to Note 20 for further details.

b Disposals pertain to fully depreciated assets which are not in use.

# Notes to the financial statements

## Assets at amortised cost and other investments

Property rentals of £8m (2021: £6m) have been included in other income within The Barclays Bank Group.

The fair value of investment property is determined by reference to current market prices for similar properties, adjusted as necessary for condition and location, or by reference to recent transactions updated to reflect current economic conditions. Discounted cash flow techniques may be employed to calculate fair value where there have been no recent transactions, using current external market inputs such as market rents and interest rates. Valuations are carried out by management with the support of appropriately qualified independent valuers.

### 20 Leases

#### Accounting for leases

IFRS 16 applies to all leases with the exception of licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38 *Intangible Assets*, service concession arrangements, leases of biological assets within the scope of IAS 41 *Agriculture* and leases of minerals, oil, natural gas and similar non-regenerative resources. IFRS 16 includes an accounting policy choice for a lessee to elect not to apply IFRS 16 to remaining assets within the scope of IAS 38 *Intangible Assets* which the Barclays Bank Group has decided to apply.

When the Barclays Bank Group is the lessee, it is required to recognise both:

- a lease liability, measured at the present value of remaining cash flows on the lease; and
- a right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in the one of the following:

- future lease payments arising from a change in an index or rate;
- the Barclays Bank Group's estimate of the amount expected to be payable under a residual value guarantee; or
- the Barclays Bank Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

The Barclays Bank Group applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months. For these leases the lease payments are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more appropriate.

When the Barclays Bank Group is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Barclays Bank Group holds the leased assets on balance sheet within property, plant and equipment.

#### As a Lessor

The Barclays Bank Group and Barclays Bank PLC do not have any material operating and finance leases as a lessor.

#### As a Lessee

The Barclays Bank Group leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, the Barclays Bank Group will sublease property to third parties when it is no longer needed to meet business requirements. Currently, the Barclays Bank Group does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 19 for the carrying amount of ROU assets.

The Barclays Bank Group has not recognised any expense related to short term leases during the current and previous year.

Lease liabilities	Barclays Bank Group	
	2022	2021
	£m	£m
As at 1 January	495	515
Interest expense	18	20
New leases	18	38
Disposals	(4)	(45)
Cash payments	(89)	(92)
Exchange and other movements	58	59
<b>As at 31 December (see Note 22)</b>	<b>496</b>	<b>495</b>

# Notes to the financial statements

## Assets at amortised cost and other investments

The below table sets out a maturity analysis of undiscounted lease liabilities, showing the lease payments after the reporting date.

Undiscounted lease liabilities maturity analysis	Barclays Bank Group	
	2022 £m	2021 £m
Not more than one year	91	81
One to two years	94	77
Two to three years	80	74
Three to four years	66	66
Four to five years	66	60
Five to ten years	181	210
Greater than ten years	19	30
<b>Total undiscounted lease liabilities as at 31 December</b>	<b>597</b>	<b>598</b>

In addition to the cash flows identified above, the Barclays Bank Group is exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market-based pricing adjustments.

Currently, Barclays Bank Group has 41 leases (2021: 47 leases) out of the total 106 leases (2021: 110 leases) which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £418m (2021: £362m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

- Extension and termination options: The table above represents the Barclays Bank Group's and the Barclays Bank PLC's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options. The above gross cash flows have been reduced by £486m (2021: £408m) and £11m (2021: £10m) respectively for leases where the Barclays Bank Group and the Barclays Bank PLC are highly expected to exercise an early termination option. However, there is no significant impact where the Barclays Bank Group or Barclays Bank PLC are expected to exercise an extension option.

The Barclays Bank Group and Barclays Bank PLC currently do not have any sale and leaseback transaction (2021: £33m gain). The Barclays Bank Group and Barclays Bank PLC does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

### 21 Goodwill and intangible assets

#### Accounting for goodwill and intangible assets

##### Goodwill

The carrying value of goodwill is determined in accordance with IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets*.

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Barclays Bank Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of the cash generating unit (CGU) including goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the CGU to which the goodwill relates, or the CGU's fair value if this is higher.

##### Intangible assets

Intangible assets other than goodwill are accounted for in accordance with IAS 38 *Intangible Assets*.

Intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use.

For internally generated intangible assets, only costs incurred during the development phase are capitalised. Expenditure in the research phase is expensed when it is incurred.

Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less accumulated amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally using the amortisation periods set out below:

Annual rates in calculating amortisation	Amortisation period
Goodwill	Not amortised
Internally generated software <sup>a</sup>	12 months to 6 years
Other software	12 months to 6 years
Customer lists	12 months to 25 years
Licences and other	12 months to 25 years

Note

- a Exceptions to the above period relate to useful lives of certain core banking platforms that are assessed individually and, if appropriate, amortised over longer periods ranging from 10 years to 15 years.



# Notes to the financial statements

## Assets at amortised cost and other investments

Intangible assets are reviewed for impairment when there are indications that impairment may have occurred. Intangible assets not yet available for use are reviewed annually for impairment.

	Intangible assets					Total £m
	Goodwill	Internally generated software	Other software	Customer lists	Licences and other	
	£m	£m	£m	£m	£m	
<b>Barclays Bank Group</b>						
<b>Cost</b>						
As at 1 January 2022	326	1,508	95	1,339	876	4,144
Additions	—	275	—	76	17	368
Disposals <sup>a</sup>	—	(427)	(13)	(12)	(33)	(485)
Exchange and other movements	19	121	9	159	96	404
<b>As at 31 December 2022</b>	<b>345</b>	<b>1,477</b>	<b>91</b>	<b>1,562</b>	<b>956</b>	<b>4,431</b>
<b>Accumulated amortisation and impairment</b>						
As at 1 January 2022	(68)	(966)	(52)	(1,207)	(402)	(2,695)
Disposals <sup>a</sup>	—	427	13	12	33	485
Amortisation charge	—	(153)	(6)	(44)	(67)	(270)
Impairment charge	—	—	—	—	—	—
Exchange and other movements	—	(95)	(4)	(143)	(44)	(286)
<b>As at 31 December 2022</b>	<b>(68)</b>	<b>(787)</b>	<b>(49)</b>	<b>(1,382)</b>	<b>(480)</b>	<b>(2,766)</b>
<b>Net book value</b>	<b>277</b>	<b>690</b>	<b>42</b>	<b>180</b>	<b>476</b>	<b>1,665</b>

	Goodwill	Internally generated software	Other software	Customer lists	Licences and other	Total
	£m	£m	£m	£m	£m	£m
	<b>Barclays Bank Group</b>					
<b>Cost</b>						
As at 1 January 2021	324	1,539	106	1,325	457	3,751
Additions <sup>b</sup>	—	195	1	—	405	601
Disposals <sup>a</sup>	—	(148)	(12)	(5)	(2)	(167)
Exchange and other movements	2	(78)	0	19	16	(41)
<b>As at 31 December 2021</b>	<b>326</b>	<b>1,508</b>	<b>95</b>	<b>1,339</b>	<b>876</b>	<b>4,144</b>
<b>Accumulated amortisation and impairment</b>						
As at 1 January 2021	(68)	(964)	(55)	(1,158)	(352)	(2,597)
Disposals <sup>a</sup>	—	148	12	5	2	167
Amortisation charge	—	(126)	(6)	(36)	(42)	(210)
Impairment charge	—	(12)	—	—	—	(12)
Exchange and other movements	—	(12)	(3)	(18)	(10)	(43)
<b>As at 31 December 2021</b>	<b>(68)</b>	<b>(966)</b>	<b>(52)</b>	<b>(1,207)</b>	<b>(402)</b>	<b>(2,695)</b>
<b>Net book value</b>	<b>258</b>	<b>542</b>	<b>43</b>	<b>132</b>	<b>474</b>	<b>1,449</b>

Note

a. Disposals pertain to fully amortised assets which are not in use.

b. Additions in 'Licences and other' primarily relate to new and renewed long-term partnership agreements.

### Goodwill

Goodwill is allocated to business operations according to business segments as follows:

	Barclays Bank Group	
	2022	2021
	£m	£m
Consumer, Cards and Payments	277	258
<b>Total net book value of goodwill</b>	<b>277</b>	<b>258</b>

# Notes to the financial statements

## Assets at amortised cost and other investments

### 2022 impairment review

The 2022 impairment review was performed during Q4 2022. A detailed assessment has been performed, with the approach and results of this analysis set out below.

### Determining the carrying value of CGUs

The carrying value for each CGU is the sum of the tangible equity, goodwill and intangible asset balances associated with that CGU.

The Barclays Bank Group manages the assets and liabilities of its CGUs with reference to the tangible equity of the respective businesses. That tangible equity is derived from the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU and therefore reflects its relative risk, as well as the level of capital that management considers a market participant would be required to hold and retain to support business growth.

The goodwill held across the Barclays Bank Group has been allocated to the CGU where it originated, based upon historical records. The intangible asset balances are allocated to the CGUs based upon their expected usage of these assets.

### Cash flows

The five-year cash flows used in the calculation of value in use are based on the formally agreed medium-term plans approved by the Board. These are prepared using macroeconomic assumptions which management considers reasonable and supportable, and reflect business agreed initiatives for the forecast period.

### Discount rates

IAS 36 requires that the discount rate used in a value in use calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those that the entity expects to generate from the asset. In determining the discount rate, management have in previous years identified the cost of equity associated with market participants that closely resemble the Barclays Bank Group's CGUs and adjusted them for tax to arrive at the pre-tax equivalent rate. This method assumed a static rate of tax that was applicable to the pre-tax cash flows of the CGU. The cost of equity without adjusting for the tax rate has been used as the discount rate in the 2022 impairment assessment and applied to the post tax cash flows of the CGU. This post-tax method incorporates the impact of changing tax rates on the cash flows and is expected to produce the same VIU result as the pre-tax method adjusted for varying tax rates. Using the resultant VIU the equivalent pre-tax discount rates have been calculated. The range of equivalent pre-tax discount rates applicable across the CGUs range from 14.1% to 16.0% (2021: 12.5% to 14.7%).

### Terminal growth rate

The terminal growth rate is used to estimate the effect of projecting cash flows to the end of an asset's useful economic life. It is management's judgement that the cash flows associated with the CGUs will grow in line with the major economies in which the Barclays Bank Group operates. The UK inflation rate is used as an approximation for the future growth rates. The terminal growth rate used is 2.0% (2021: 2.0%).

### Outcome of goodwill and intangibles review

Based on management's plans and assumptions the value in use exceeds the carrying value of the CGUs and no impairment has been indicated by the 2022 impairment review.

### Other intangible assets

Determining the estimated useful lives of intangible assets (such as those arising from contractual relationships) requires an analysis of circumstances. The assessment of whether an asset is exhibiting indicators of impairment as well as the calculation of impairment, which requires the estimate of future cash flows and fair values less costs to sell, also requires the preparation of cash flow forecasts and fair values for assets that may not be regularly bought and sold.

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

The notes included in this section focus on the Barclays Bank Group's accruals, provisions and contingent liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Contingent liabilities reflect potential liabilities that are not recognised on the balance sheet.

### 22 Other liabilities

	Barclays Bank Group	
	2022	2021
	£m	£m
Accruals and deferred income	2,973	2,657
Other creditors	7,255	4,030
Items in the course of collection due to other banks	55	67
Lease liabilities (refer to Note 20)	496	495
<b>Other liabilities</b>	<b>10,779</b>	<b>7,249</b>

### 23 Provisions

#### Accounting for provisions

The Barclays Bank Group applies IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in accounting for non-financial liabilities.

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated cost of restructuring, including redundancy costs, when an obligation exists; for example, when the Barclays Bank Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by announcing its main features or starting to implement the plan.

#### Critical accounting estimates and judgements

The financial reporting of provisions involves a significant degree of judgement and is complex. Identifying whether a present obligation exists and estimating the probability, timing, nature and quantum of the outflows that may arise from past events requires judgements to be made based on the specific facts and circumstances relating to individual events and often requires specialist professional advice. When matters are at an early stage, accounting judgements and estimates can be difficult because of the high degree of uncertainty involved. Management continues to monitor matters as they develop to re-evaluate on an ongoing basis whether provisions should be recognised, however there can remain a wide range of possible outcomes and uncertainties, particularly in relation to legal, competition and regulatory matters, and as a result it is often not practicable to make meaningful estimates even when matters are at a more advanced stage.

The complexity of such matters often requires the input of specialist professional advice in making assessments to produce estimates. Customer redress and legal, competition and regulatory matters are areas where a higher degree of professional judgement is required. The amount that is recognised as a provision can also be very sensitive to the assumptions made in calculating it. This gives rise to a large range of potential outcomes which require judgement in determining an appropriate provision level. See Note 25 for more detail of legal, competition and regulatory matters.

	Onerous contracts	Redundancy and restructuring	Undrawn contractually committed facilities and guarantees provided <sup>a</sup>	Customer redress	Legal, competition and regulatory matters	Sundry provisions	Total
	£m	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>							
As at 1 January 2022	2	46	499	266	211	86	1,110
Additions	—	59	133	846	422	49	1,509
Amounts utilised	(1)	(42)	—	(1,154)	(542)	(9)	(1,748)
Unused amounts reversed	(1)	(19)	(123)	(76)	(15)	(13)	(247)
Exchange and other movements	—	1	23	164	37	9	234
<b>As at 31 December 2022</b>	<b>—</b>	<b>45</b>	<b>532</b>	<b>46</b>	<b>113</b>	<b>122</b>	<b>858</b>

Note

a. Undrawn contractually committed facilities and guarantees provisions are accounted for under IFRS 9

Provisions expected to be recovered or settled within no more than 12 months after 31 December 2022 for Barclays Bank Group were £764m (2021: £1,023m) and for Barclays Bank PLC were £560m (2021: £881m).

#### Onerous contracts

Onerous contract provisions comprise an estimate of the costs involved with fulfilling the terms and conditions of contracts net of any expected benefits to be received.

#### Redundancy and restructuring

These provisions comprise the estimated cost of restructuring, including redundancy costs where an obligation exists. Additions made during the year relate to formal restructuring plans and have either been utilised or reversed where total costs are now expected to be lower than the original provision amount.

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

### Undrawn contractually committed facilities and guarantees

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. For further information, refer to the Credit Risk section for loan commitments and financial guarantees on page 61.

### Customer redress

Customer redress provisions comprise the estimated cost of making redress payments to customers, clients and counterparties for losses or damages associated with inappropriate judgement in the execution of the Barclays Bank Group's business activities.

### Legal, competition and regulatory matters

The Barclays Bank Group is engaged in various legal proceedings, both in the UK and a number of other overseas jurisdictions, including the US. For further information in relation to legal proceedings and discussion of the associated uncertainties, please refer to Note 25.

### Sundry provisions

This category includes provisions that do not fit into any of the other categories, such as fraud losses and dilapidation provisions.

## 24 Contingent liabilities and commitments

### Accounting for contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow of economic resources is remote.

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

	Barclays Bank Group	
	2022	2021
	£m	£m
Guarantees and letters of credit pledged as collateral security	17,700	15,759
Performance guarantees, acceptances and endorsements	8,100	7,987
<b>Total contingent liabilities and financial guarantees</b>	<b>25,800</b>	<b>23,746</b>
<i>Of which: Financial guarantees carried at fair value</i>	<i>1,423</i>	<i>231</i>
Documentary credits and other short-term trade related transactions	1,748	1,584
Standby facilities, credit lines and other commitments	333,229	282,867
<b>Total commitments</b>	<b>334,977</b>	<b>284,451</b>
<i>Of which: Loan commitments carried at fair value</i>	<i>13,471</i>	<i>18,571</i>

Provisions for expected credit losses held against contingent liabilities and commitments equal £532m (2021: £499m) for Barclays Bank Group and £403m (2021: £420m) for Barclays Bank PLC and are reported in Note 23.

Further details on contingent liabilities relating to legal and competition and regulatory matters can be found in Note 25.

## 25 Legal, competition and regulatory matters

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

The recognition of provisions in relation to such matters involves critical accounting estimates and judgments in accordance with the relevant accounting policies applicable to Note 23 Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank Group of contingent liabilities where it is not currently practicable to do so. Various matters detailed in this note seek damages of an unspecified amount. While certain matters specify the damages claimed, such claimed amounts do not necessarily reflect the Barclays Bank Group's potential financial exposure in respect of those matters.

### Investigations into certain advisory services agreements

#### FCA proceedings

In 2008, Barclays Bank PLC and Qatar Holdings LLC entered into two advisory service agreements (the Agreements). The Financial Conduct Authority (FCA) conducted an investigation into whether the Agreements may have related to Barclays PLC's capital raisings in June and November 2008 (the Capital Raisings) and therefore should have been disclosed in the announcements or public documents relating to the Capital Raisings. In 2013, the FCA issued warning notices (the Warning Notices) finding that Barclays PLC and Barclays Bank PLC acted recklessly and in breach of certain disclosure-related listing rules, and that Barclays PLC was also in breach of Listing Principle 3. The financial penalty provided in the Warning Notices was £50m. Barclays PLC and Barclays Bank PLC contested the findings. In September 2022, the FCA's Regulatory Decisions Committee (RDC) issued Decision Notices finding that Barclays PLC and Barclays Bank PLC breached certain disclosure-related listing rules. The RDC also found that in relation to the disclosures made in the Capital Raising of November 2008, Barclays PLC and Barclays Bank PLC acted recklessly, and that Barclays PLC breached Listing Principle 3. The RDC upheld the combined penalty of £50m on Barclays PLC and Barclays Bank PLC, the same penalty as in the Warning Notices. Barclays PLC and Barclays Bank PLC have referred the RDC's findings to the Upper Tribunal for reconsideration.

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

### Investigations into LIBOR and other benchmarks and related civil actions

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

#### *USD LIBOR civil actions*

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

Putative class actions and individual actions seek unspecified damages with the exception of one lawsuit, in which the plaintiffs are seeking no less than \$100m in actual damages and additional punitive damages against all defendants, including Barclays Bank PLC. Some of the lawsuits also seek trebling of damages under the Antitrust Act and RICO. Barclays Bank PLC has previously settled certain claims. In 2022, Barclays Bank PLC also settled one further matter. The financial impact of the settlement is not material to the Barclays Bank Group's operating results, cash flows or financial position.

#### *Sterling LIBOR civil actions*

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

#### *Japanese Yen LIBOR civil actions*

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

In 2015, a second putative class action, making similar allegations to the above class action, was filed in the SDNY against Barclays PLC, Barclays Bank PLC and BCI. Barclays and the plaintiffs have reached a settlement of \$17.75m for both actions. A final court approval hearing has been scheduled for March 2023.

#### *SIBOR/SOR civil action*

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

#### *ICE LIBOR civil actions*

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

In August 2020, an ICE LIBOR-related action was filed by a group of individual plaintiffs in the US District Court for the Northern District of California on behalf of individual borrowers and consumers of loans and credit cards with variable interest rates linked to USD ICE LIBOR. The plaintiffs' motion seeking, among other things, preliminary and permanent injunctions to enjoin the defendants from continuing to set LIBOR or enforce any financial instrument that relies in whole or in part on USD LIBOR was denied. The defendants' motion to dismiss the case was granted in September 2022. The plaintiffs have filed an amended complaint, which the defendants have moved to dismiss.

#### *Non-US benchmarks civil actions*

There remains one claim, issued in 2017, against Barclays Bank PLC and other banks in the UK in connection with alleged manipulation of LIBOR. Proceedings have also been brought in a number of other jurisdictions in Europe, Argentina and Israel relating to alleged manipulation of LIBOR and EURIBOR. Additional proceedings in other jurisdictions may be brought in the future.

#### *Credit Default Swap civil action*

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

#### *Foreign Exchange investigations and related civil actions*

The Barclays Bank Group has been the subject of investigations in various jurisdictions in relation to certain sales and trading practices in the Foreign Exchange market. Settlements were reached in various jurisdictions in connection with these investigations, including the EU and US. The financial impact of any remaining ongoing investigations is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position.

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

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

### *US FX opt out civil action*

In 2018, Barclays Bank PLC and BCI settled a consolidated action filed in the SDNY, alleging manipulation of Foreign Exchange markets (Consolidated FX Action), for a total amount of \$384m. Also in 2018, a group of plaintiffs, who opted out of the Consolidated FX Action, filed a complaint in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants. Some of the plaintiffs' claims were dismissed in 2020. Barclays PLC, Barclays Bank PLC, and BCI have reached a settlement in principle of all claims against them in the matter. The financial impact of this settlement is not material to the Barclays Bank Group's operating results, cash flows or financial position.

### *US retail basis civil action*

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

### *Non-US FX civil actions*

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

The above-mentioned proceedings include two purported class actions filed against Barclays PLC, Barclays Bank PLC, BX, BCI and other financial institutions in the UK Competition Appeal Tribunal (CAT) in 2019. The CAT refused to certify these claims in the first quarter of 2022 although the claimants have obtained permission to appeal and judicially review the CAT's decisions. Also in 2019, a separate claim was filed in the UK in the High Court of Justice (High Court), and subsequently transferred to the CAT, by various banks and asset management firms against Barclays Bank PLC and other financial institutions alleging breaches of European and UK competition laws related to FX trading. This claim has been settled as part of the settlement in principle referred to under the US FX opt out civil action above.

### *Metals-related civil actions*

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

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

### *US residential mortgage related civil actions*

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

Barclays Bank PLC reached settlements to resolve two other repurchase actions, which have received final court approval. Payment of the settlement amounts was completed in July 2022. These matters are now concluded. The financial impact of the settlements is not material to the Barclays Bank Group's operating results, cash flows or financial position.

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

### *Government and agency securities civil actions*

#### *Treasury auction securities civil actions*

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

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

#### *Supranational, Sovereign and Agency bonds civil actions*

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

In one of the actions filed in the SDNY, the court granted the defendants' motion to dismiss the 'plaintiffs' complaint. The dismissal was affirmed on appeal; however, the district court subsequently informed the parties of a potential conflict. The matter was assigned to a new district court judge and the plaintiffs moved to vacate the dismissal order, which was denied. The plaintiffs' time to appeal has expired and this matter is now concluded. The plaintiffs have voluntarily dismissed the other SDNY action. In the Federal Court of Canada action, the parties have reached a settlement in principle,

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

which will require court approval. The financial impact of the settlement is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position.

### *Variable Rate Demand Obligations civil actions*

Civil actions have been filed against Barclays Bank PLC and BCI and other financial institutions alleging the defendants conspired or colluded to artificially inflate interest rates set for Variable Rate Demand Obligations (VRDOs). VRDOs are municipal bonds with interest rates that reset on a periodic basis, most commonly weekly. Two actions in state court have been filed by private plaintiffs on behalf of the states of Illinois and California. Three putative class action complaints have been consolidated in the SDNY. In the consolidated SDNY class action, certain of the plaintiffs' claims were dismissed in November 2020 and June 2022. In the California action, the plaintiffs' claims were dismissed in June 2021. The plaintiffs have appealed the dismissal. In the Illinois action, trial has been scheduled for August 2023.

### *Odd-lot corporate bonds antitrust class action*

In 2020, BCI, together with other financial institutions, were named as defendants in a putative class action. The complaint alleges a conspiracy to boycott developing electronic trading platforms for odd-lots and price fixing. The plaintiffs demand unspecified money damages. The defendants' motion to dismiss was granted in 2021 and the plaintiffs have appealed the dismissal.

### *Interest rate swap and credit default swap US civil actions*

Barclays PLC, Barclays Bank PLC and BCI, together with other financial institutions that act as market makers for interest rate swaps (IRS), are named as defendants in several antitrust class actions which were consolidated in the SDNY in 2016. The complaints allege the defendants conspired to prevent the development of exchanges for IRS and demand unspecified money damages.

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

### *BDC Finance L.L.C.*

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

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

### *Civil actions in respect of the US Anti-Terrorism Act*

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

The court granted the defendants' motions to dismiss three out of the six actions in the EDNY. The plaintiffs appealed in one action and the dismissal was affirmed in January 2023. The remaining EDNY actions are stayed. Out of the two actions in the SDNY, the court granted the defendants' motion to dismiss the first action. That action is stayed, and the second SDNY action is stayed pending any appeal on the dismissal of the first.

### *Shareholder derivative action*

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

### *Derivative transactions civil action*

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

### *Timeshare loans, skilled person review, and associated matters*

In August 2020, the FCA granted an application by Clydesdale Financial Services Limited (CFS), which trades as Barclays Partner Finance and houses Barclays' point-of-sale finance business, for a validation order with respect to certain loans to customers brokered between April 2014 and April 2016 by Azure Services Limited (ASL), a timeshare operator, which did not, at the point of sale, hold the necessary broker licence. As a condition to the validation order, the FCA required CFS to undertake a skilled person review of the assessment of affordability processes for the loans brokered by ASL (ASL Loans) as well as CFS' policies and procedures for assessing affordability and oversight of brokers more generally, and dictated a remediation methodology in the event that ASL Loans did not pass the affordability test. The skilled person made a number of observations, some of which were adverse, about both current and historic affordability practices as well as current oversight practices. CFS is not required to conduct a full back book review but, following a review of certain cohorts of loans to determine historic affordability and/or broker oversight practices that may have caused customer harm, where harm is identified, CFS' intention is to remediate. To date, CFS has identified a number of areas for remediation, but the scoping exercise is ongoing and

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

remediation will only begin once the scoping exercise is complete. As at 31 December 2022, CFS booked a provision in respect of the expected remediation for these matters of £10.4m.

Separately, and notwithstanding this, CFS decided in March 2022 to extend the proactive remediation of ASL Loans beyond those brokered between April 2014 and April 2016 to include the full portfolio of ASL Loans brokered between 2006 and 2018. In the first quarter of 2022, an additional customer remediation provision was recognised in relation to the remediation of the ASL Loans originated outside the April 2014 to April 2016 period. As at 31 December 2022, the provision recognised in relation to this matter by CFS is £183m. Remediation of the full portfolio of ASL Loans started in October 2022 and is expected to be completed in 2023.

In addition, CFS completed a review of all other legacy timeshare retailers during 2022. No concerns were identified in relation to the majority of those retailers, but where concerns were identified, CFS' intention is to remediate. As at 31 December 2022, the provision recognised in relation to this matter by CFS is £96m.

### Over-issuance of securities in the US

Barclays Bank PLC maintains a US shelf registration statement with the US Securities and Exchange Commission (SEC) in order to issue securities to US investors. In May 2017, Barclays Bank PLC lost its status as a "well-known seasoned issuer" (or WKSII) as a result of an SEC settlement order involving BCI. Due to its loss of WKSII status, Barclays Bank PLC was required to register a specified amount of securities to be issued under certain US shelf registration statements filed with the SEC. In March 2022, executive management became aware that Barclays Bank PLC had issued securities materially in excess of the set amount under its 2019 US shelf registration statement and subsequently became aware that securities had also been issued in excess of the set amount under the predecessor US shelf registration statement. The securities that were over-issued included structured notes and exchange traded notes (ETNs). Securities issued in excess of the amount registered were considered to be "unregistered securities" for the purposes of US securities laws, with certain purchasers of those securities having a right to recover, upon the tender of such security to Barclays Bank PLC, the consideration paid for such security with interest, less the amount of any income received, or to recover damages from Barclays Bank PLC if the purchaser sold the security at a loss (the Rescission Price). Barclays Bank PLC commenced its rescission offer on 1 August 2022, by which Barclays Bank PLC offered to repurchase the relevant affected securities for the Rescission Price (the Rescission Offer). The Rescission Offer expired on 12 September 2022.

In September 2022, the SEC announced the resolution of its investigation of Barclays PLC and Barclays Bank PLC relating to the over-issuance of securities by Barclays Bank PLC under certain of its US shelf registration statements. Pursuant to the terms of the resolution, Barclays PLC and Barclays Bank PLC paid in the fourth quarter of 2022 a combined penalty of \$200m (£165m<sup>1</sup>), without admitting or denying the SEC's findings. The SEC found that the independent Rescission Offer made by Barclays Bank PLC to holders of the relevant over-issued securities satisfied its requirements for disgorgement and related prejudgment interest.

The Barclays Bank Group is engaged with, and responding to inquiries and requests for information from, various other regulators who may seek to impose fines, penalties and/or other sanctions as a result of this matter. Furthermore, Barclays Bank PLC and/or its affiliates may incur costs and liabilities in relation to private civil claims which have been filed and may face other potential private civil claims, class actions or other enforcement actions in relation to this matter. By way of example, in September 2022, a purported class action claim was filed in the US District Court in Manhattan seeking to hold Barclays PLC and former and current executives responsible for declines in the prices of its American depository receipts, which the plaintiffs claim occurred as a result of alleged misstatements and omissions in its public disclosures; and in February 2023, a claim was brought in a New York federal court by holders of a series of ETNs alleging that Barclays' failure to disclose that these ETNs were unregistered securities misled investors and that, as a result, Barclays is liable for the holders' alleged losses following the suspension of further sales and issuances of such series of ETNs.

Following completion of the rescission offer on 12 September 2022, Barclays utilised a provision of £1,008m in settlement of valid structured note claims and paid a monetary penalty of \$200m (£165m<sup>1</sup>) to the SEC. A contingent liability exists in relation to civil claims or any further enforcement actions taken against Barclays Bank PLC and/or its affiliates, but Barclays Bank PLC is unable to assess the likelihood of liabilities that may arise out of such claims or actions.

Any liabilities, claims or actions in connection with the over-issuance of securities under Barclays Bank PLC's US shelf registration statements could have an adverse effect on Barclays Bank PLC's and the Barclays Bank Group's business, financial condition, results of operations and reputation as a frequent issuer in the securities markets.

### Investigation into the use of unapproved communications platforms

In September 2022, the SEC and the Commodity Futures Trading Commission (CFTC) announced settlements with a number of financial institutions, including Barclays Bank PLC and BCI, of financial industry-wide investigations regarding compliance with record-keeping obligations in connection with business-related communications sent over unapproved electronic messaging platforms. The SEC and the CFTC found that Barclays Bank PLC and BCI failed to comply with their respective record-keeping rules, where such communications were sent or received by employees over electronic messaging platforms that had not been approved by the bank for business use by employees. As part of the settlement, in the third quarter of 2022, Barclays Bank PLC and BCI paid a combined \$125m civil monetary penalty to the SEC and a \$75m civil monetary penalty to the CFTC. There are also non-financial components to the settlements, including the retention of an independent compliance consultant and certain ongoing undertakings. This matter is now concluded.

### 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).

Note

<sup>1</sup> Exchange rate USD/GBP 1.22 as at 30 June 2022



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## Accruals, provisions, contingent liabilities and legal proceedings

### Local authority civil actions concerning LIBOR

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

### FCA investigation into transaction monitoring

The FCA has been investigating Barclays' compliance with UK money laundering regulations and the FCA's rules and Principles for Businesses in an investigation which is focussed on aspects of Barclays' transaction monitoring in relation to certain business lines now in Barclays Bank UK PLC. Barclays has been co-operating with the investigation and responding to information requests.

### General

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

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

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

# Notes to the financial statements

## Capital instruments, equity and reserves

The notes included in this section focus on the Barclays Bank Group's loan capital and shareholders' equity including issued share capital, retained earnings, other equity balances and interests of minority shareholders in our subsidiary entities (non-controlling interests). For more information on capital management and how the Barclays Bank Group maintains sufficient capital to meet our regulatory requirements refer to pages 47 to 48.

### 26 Subordinated liabilities

#### Accounting for subordinated liabilities

Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9, unless they are irrevocably designated at fair value through profit or loss at initial recognition because such designation eliminates or significantly reduces an accounting mismatch. Refer to Note 15 for details about accounting for liabilities designated at fair value through profit or loss.

	Barclays Bank Group	
	2022	2021
	£m	£m
<b>At amortised cost</b>		
<b>As at 1 January</b>	<b>32,185</b>	32,005
Issuances	15,381	9,099
Redemptions	(8,367)	(7,241)
Other	(946)	(1,678)
<b>As at 31 December</b>	<b>38,253</b>	32,185
Designated at fair value (Note 15)	521	483
<b>Total subordinated liabilities</b>	<b>38,774</b>	32,668

Issuances of £15,381m comprise £14,904m intra-group loans from Barclays PLC and £317m USD Floating Rate Notes, £89m ZAR Floating Rate Notes, £42m EUR Floating Rate Notes and £29m JPY Floating Rate Notes issued externally by Barclays Bank PLC subsidiaries.

Redemptions of £8,367m comprise £5,734m intra-group loans from Barclays PLC, £2,370m notes issued externally by Barclays Bank PLC, £175m USD Floating Rate Notes and £88m USD Fixed Rate Notes issued externally by a Barclays Bank PLC subsidiaries. £2,370m notes issued externally by Barclays Bank PLC comprise £1,275m USD 7.625% Fixed Rate Contingent Capital Notes, £838m EUR 6.625% Fixed Rate Subordinated Notes, £147m USD 6.86% Callable Perpetual Core Tier One Notes, £42m EUR Subordinated Floating Rate Notes, £35m GBP 5.3304% Step-up Callable Perpetual Reserve Capital Instruments, £21m GBP Undated Floating Rate Primary Capital Notes Series 3 and £12m GBP 6% Callable Perpetual Core Tier One Notes.

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

Subordinated liabilities include accrued interest and comprise undated and dated subordinated liabilities as follows:

	Barclays Bank Group	
	2022	2021
	£m	£m
Undated subordinated liabilities	538	795
Dated subordinated liabilities	38,236	31,873
<b>Total subordinated liabilities</b>	<b>38,774</b>	32,668

None of the Barclays Bank Group's or Barclays Bank PLC's subordinated liabilities are secured.

# Notes to the financial statements

## Capital instruments, equity and reserves

Undated subordinated liabilities	Initial call date	Barclays Bank Group	
		2022 £m	2021 £m
<b>Barclays Bank PLC externally issued subordinated liabilities</b>			
<b>Tier One Notes (TONs)</b>			
6% Callable Perpetual Core Tier One Notes <sup>a</sup>	2032	—	15
6.86% Callable Perpetual Core Tier One Notes (USD 179m) <sup>a</sup>	2032	—	194
<b>Reserve Capital Instruments (RCIs)</b>			
5.3304% Step-up Callable Perpetual Reserve Capital Instruments <sup>a</sup>	2036	—	51
<b>Undated Notes</b>			
6.125% Undated Subordinated Notes	2027	34	39
Junior Undated Floating Rate Notes (USD 38m)	Any interest payment date	32	28
Undated Floating Rate Primary Capital Notes Series 1 (USD 167m)	Any interest payment date	102	90
Undated Floating Rate Primary Capital Notes Series 2 (USD 295m)	Any interest payment date	210	189
Undated Floating Rate Primary Capital Notes Series 3	Any interest payment date	—	21
<b>Bonds</b>			
9% Permanent Interest Bearing Capital Bonds (GBP 40m)	At any time	40	42
<b>Loans</b>			
5.03% Reverse Dual Currency Undated Subordinated Loan (JPY 8,000m)	2028	49	51
5% Reverse Dual Currency Undated Subordinated Loan (JPY 12,000m)	2028	71	75
<b>Total undated subordinated liabilities</b>		<b>538</b>	<b>795</b>

Note

a The GBP 6% Callable Perpetual Core Tier One Notes, USD 6.86% Callable Perpetual Core Tier One Notes and GBP 5.3304% Step-up Callable Perpetual Reserve Capital Instruments were redeemed by exercising a regulatory call option in 2022.

### Undated subordinated liabilities

Undated subordinated liabilities are issued by Barclays Bank PLC and its subsidiaries for the development and expansion of their businesses and to strengthen their capital bases. The principal terms of the undated subordinated liabilities are described below:

#### Subordination

All undated subordinated liabilities rank behind the claims against the bank of depositors and other unsecured unsubordinated creditors and holders of dated subordinated liabilities in the following order: Junior Undated Floating Rate Notes; followed by other issues of Undated Notes, Bonds and Loans.

#### Interest

All undated subordinated liabilities bear a fixed rate of interest until the initial call date, with the exception of the 9% Bonds which are fixed for the life of the issue, and the Junior and Series 1 and Series 2 Undated Notes which are floating rate at rates fixed periodically in advance based on the related market rate.

After the initial call date, in the event that they are not redeemed, the 6.125% Undated Notes will bear interest at rates fixed periodically in advance for five-year periods based on market rates. All other undated subordinated liabilities will bear interest at rates fixed periodically in advance based on market rates.

#### Payment of interest

Apart from the Junior Undated Floating Rate Notes, Barclays Bank PLC is not obliged to make a payment of interest on its Undated Notes, Bonds and Loans if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC or, in certain cases, any class of preference shares of Barclays Bank PLC. Interest not paid becomes payable in each case if such a dividend is subsequently paid or in certain other circumstances. During the year, Barclays Bank PLC paid interest on each of its Undated Notes, Bonds and Loans.

No payment of principal or any interest may be made unless Barclays Bank PLC satisfies a specified solvency test.

#### Repayment

All undated subordinated liabilities are repayable at the option of Barclays Bank PLC generally in whole at the initial call date and on any subsequent coupon or interest payment date or in the case of the 6.125% Undated Notes on any fifth anniversary after the initial call date. In addition, each issue of undated subordinated liabilities is repayable, at the option of Barclays Bank PLC, in whole for certain tax reasons, either at any time, or on an interest payment date. There are no events of default except non-payment of principal or mandatory interest. Any repayments require the prior consent of the PRA.

#### Other

All issues of undated subordinated liabilities are non-convertible.

# Notes to the financial statements

## Capital instruments, equity and reserves

Dated subordinated liabilities	Barclays Bank Group			
	Initial call date	Maturity date	2022 £m	2021 £m
<b>Barclays Bank PLC externally issued subordinated liabilities</b>				
7.625% Contingent Capital Notes (USD 3,000m)		2022	—	1,159
6.625% Fixed Rate Subordinated Notes (EUR 1,000m)		2022	—	889
Subordinated Floating Rate Notes (EUR 50m)		2022	—	42
Subordinated Floating Rate Notes (EUR 50m)		2023	44	42
5.75% Fixed Rate Subordinated Notes		2026	280	322
5.4% Reverse Dual Currency Subordinated Loan (JPY 15,000m)		2027	93	97
6.33% Subordinated Notes (GBP 50m)		2032	46	59
Subordinated Floating Rate Notes (EUR 68m)		2040	60	57
<b>External issuances by other subsidiaries</b>		2032	573	311
<b>Barclays Bank PLC notes issued intra-group to Barclays PLC</b>				
2% Fixed Rate Subordinated Callable Notes (EUR 1,500)	2023	2028	1,354	1,288
3.75% Fixed Rate Resetting Subordinated Callable Notes (SGD 200m)	2025	2030	120	113
5.20% Fixed Rate Subordinated Notes (USD 1,367m)		2026	1,051	1,037
1.125% Fixed Rate Resetting Subordinated Callable Notes (EUR 1,000m)	2026	2031	794	831
4.836% Fixed Rate Subordinated Callable Notes (USD 1,200m)	2027	2028	931	937
8.407% Fixed Rate Resetting Subordinated Callable Loan (GBP 1,000m)	2027	2032	1,009	—
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 1,300m)	2029	2030	966	1,005
7.437% Fixed Rate Resetting Subordinated Callable Notes (USD 2,000m)	2032	2033	1,689	—
5.262% Fixed Rate Resetting Subordinated Callable Notes (EUR 1,250m)	2033	2034	1,066	—
3.811% Fixed Rate Resetting Subordinated Callable Notes (USD 1,000m)	2041	2042	641	778
5.25% Fixed Rate Subordinated Notes (USD 827m)		2045	488	618
4.95% Fixed Rate Subordinated Notes (USD 1,250m)		2047	174	896
Floating Rate Subordinated Notes (USD 456m)		2047	385	341
<b>Barclays Bank PLC intra-group loans from Barclays PLC</b>				
<b>Various Fixed Rate Subordinated Loans</b>			8,042	7,184
<b>Various Subordinated Floating Rate Loans</b>			677	646
<b>Various Fixed Rate Subordinated Callable Loans</b>			16,105	11,013
<b>Various Subordinated Floating Rate Callable Loans</b>			1,127	1,725
<b>Zero Coupon Callable Loans</b>		2052	521	483
<b>Total dated subordinated liabilities</b>			<b>38,236</b>	<b>31,873</b>

### Dated subordinated liabilities

Dated subordinated liabilities are issued by Barclays Bank PLC and its subsidiaries for the development and expansion of their businesses and to strengthen their respective capital bases. The principal terms of the dated subordinated liabilities are described below:

#### Currency and maturity

In addition to the individual dated subordinated liabilities listed in the Barclays Bank Group table, the £26,472m (2021: £21,051m) of intra-group loans is made up of various fixed, fixed to floating rate, floating and zero coupon loans from Barclays PLC with notional amounts denominated in USD 22,182m, EUR 7,325m, GBP 250m, JPY 252,600m, AUD 2,315m, SEK 500m, NOK 970m, CAD 450m and CHF 435m, with maturities ranging from 2023 to 2052. Certain intra-group loans have a call date one year prior to their maturity.

#### Subordination

All dated subordinated liabilities, both externally issued and issued intra-group to Barclays PLC, rank behind the claims against Barclays Bank PLC of depositors and other unsecured unsubordinated creditors but before the claims of the undated subordinated liabilities and the holders of Barclays Bank PLC equity. The Barclays Bank PLC intra-group loans from Barclays PLC rank pari passu amongst themselves but ahead of the Barclays Bank PLC notes issued intra-group to Barclays PLC and the Barclays Bank PLC externally issued subordinated liabilities. The external dated subordinated liabilities issued by subsidiaries are similarly subordinated as the external subordinated liabilities issued by Barclays Bank PLC.

#### Interest

Interest on floating rate notes and loans is set by reference to market rates at the time of issuance and fixed periodically in advance, based on the related market rates.

Interest on fixed rate notes and loans is set by reference to market rates at the time of issuance and fixed until maturity.

# Notes to the financial statements

## Capital instruments, equity and reserves

Interest on fixed rate callable notes and loans is set by reference to market rates at the time of issuance and fixed until the call date or maturity as applicable. After the call date (where relevant), in the event that the notes or loans are not redeemed, the interest rate will be re-set to either a fixed or floating rate until maturity based on market rates.

No interest is paid on zero coupon notes.

### Repayment

Those subordinated liabilities with a call date are repayable at the option of Barclays Bank PLC on such call date in accordance with the conditions governing the respective debt obligations, some in whole or in part, and some only in whole, or otherwise on maturity. The remaining dated subordinated liabilities outstanding at 31 December 2022 are redeemable only on maturity, subject, in particular cases, to provisions allowing an early redemption in the event of certain changes in tax law or to certain changes in legislation or regulations.

Any repayments prior to maturity may require, in the case of Barclays Bank PLC, the prior consent of the PRA or BoE or, in the case of the overseas issues, the consent of the local regulator for that jurisdiction and of the PRA in certain circumstances.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

## 27 Ordinary shares, preference shares and other equity

### Called up share capital, allotted and fully paid and other equity instruments

	Barclays Bank Group and Barclays Bank PLC			Barclays Bank Group
	Ordinary share capital	Preference share capital	Total share capital	Other equity instruments
	£m	£m	£m	£m
As at 1 January 2022	2,342	6	2,348	9,693
AT1 securities issuance	—	—	—	3,134
AT1 securities redemption	—	—	—	(2,136)
<b>As at 31 December 2022</b>	<b>2,342</b>	<b>6</b>	<b>2,348</b>	<b>10,691</b>
As at 1 January 2021	2,342	6	2,348	8,621
AT1 securities issuance	—	—	—	1,072
<b>As at 31 December 2021</b>	<b>2,342</b>	<b>6</b>	<b>2,348</b>	<b>9,693</b>

### Ordinary shares

The issued ordinary share capital of Barclays Bank PLC, as at 31 December 2022, comprised 2,342m (2021: 2,342m) ordinary shares of £1 each.

### Preference shares

The issued preference share capital of Barclays Bank PLC, as at 31 December 2022, comprised 31,856 Euro Preference Shares of €100 each (2021: 31,856) and 58,133 US Dollar Preference Shares of \$100 each (2021: 58,133). 1,000 Sterling Preference Shares of £1 each were redeemed during 2022.

Ordinary share capital and preference share capital constitutes 100% (2021: 100%) of total share capital issued.

### Euro Preference Shares

140,000 Euro non-cumulative callable preference shares of €100 each (the Euro Preference Shares) were issued on 15 March 2005 for a consideration of €1,383.3m (£966.7m), of which the nominal value was €14m and the balance was share premium. The Euro Preference Shares entitled the holders thereof to receive Euro non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, annually at a fixed rate of 4.75% per annum on the amount of €10,000 per preference share until 15 March 2020, and since 15 March 2020 quarterly at a rate reset quarterly equal to 0.71% per annum above the Euro interbank offered rate for three-month Euro deposits. The board of directors of Barclays Bank PLC may resolve, in its absolute discretion, not to pay in full, or at all, the dividend on the Euro Preference Shares in respect of a particular dividend period.

The Euro Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on each dividend payment date at €10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

### US Dollar Preference Shares

100,000 US Dollar non-cumulative callable preference shares of \$100 each (the US Dollar Preference Shares), represented by 100,000 American Depositary Shares, Series 1, were issued on 8 June 2005 for a consideration of \$995.4m (£548.1m), of which the nominal value was \$10m and the balance was share premium. The US Dollar Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a fixed rate of 6.278% per annum on the amount of \$10,000 per preference share until 15 December 2034, and thereafter quarterly at a rate reset quarterly equal to 1.55% per annum above the London interbank offered rate for three-month US Dollar deposits. The board of directors of Barclays Bank PLC may resolve, for any reason and in its absolute discretion, not to declare or pay in full or in part any dividends on the US Dollar Preference Shares in respect of a particular dividend period.

The US Dollar Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15 December 2034, and on each dividend payment date thereafter at \$10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

No redemption or purchase of any Euro Preference Shares and US Dollar Preference Shares (together, the Preference Shares) may be made by Barclays Bank PLC without the prior consent of the PRA and any such redemption will be subject to the Companies Act 2006 and the Articles of Barclays Bank PLC.

# Notes to the financial statements

## Capital instruments, equity and reserves

On a winding-up of Barclays Bank PLC or other return of capital (other than a redemption or purchase of shares of Barclays Bank PLC, or a reduction of share capital), a holder of Preference Shares will rank in the application of assets of Barclays Bank PLC available to shareholders: (1) junior to the holder of any shares of Barclays Bank PLC in issue ranking in priority to the Preference Shares; (2) equally in all respects with holders of other preference shares and any other shares of Barclays Bank PLC in issue ranking pari passu with the Preference Shares; and (3) in priority to the holders of ordinary shares and any other shares of Barclays Bank PLC in issue ranking junior to the Preference Shares.

Subject to such ranking, in such event, holders of the Preference Shares will be entitled to receive out of assets of Barclays Bank PLC available for distributions to shareholders, liquidating distributions in the amount of €10,000 per Euro Preference Share and \$10,000 per US Dollar Preference Share, plus, in each case, an amount equal to the accrued dividend for the then current dividend period to the date of the commencement of the winding-up or other such return of capital.

If a dividend is not paid in full on any preference shares on any dividend payment date, then a dividend restriction shall apply. This dividend restriction will mean that neither Barclays Bank PLC nor Barclays PLC may (a) declare or pay a dividend (other than payment by Barclays PLC of a final dividend declared by its shareholders prior to the relevant dividend payment date, or a dividend paid by Barclays Bank PLC to Barclays PLC) on any of their respective ordinary shares, other preference shares or other share capital or (b) redeem, purchase, reduce or otherwise acquire any of their respective share capital, other than shares of Barclays Bank PLC held by Barclays PLC or a wholly owned subsidiary, until the earlier of: (1) the date on which Barclays Bank PLC next declares and pays in full a preference share dividend; and (2) the date on or by which all the preference shares are redeemed in full or purchased by Barclays Bank PLC.

Holders of the Preference Shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC. Barclays Bank PLC is not permitted to create a class of shares ranking as regards participation in the profits or assets of Barclays Bank PLC in priority to the preference shares, save with the sanction of a special resolution of a separate general meeting of the holders of the Preference Shares (requiring a majority of not less than three-fourths of the holders of the Preference Shares voting at the separate general meeting) or with the consent in writing of the holders of three-fourths of the Preference Shares.

Except as described above, the holders of the Preference Shares have no right to participate in the surplus assets of Barclays Bank PLC.

### Other equity instruments

Other equity instruments issued by Barclays Bank PLC of £15,398m (2021: £14,400m) include AT1 securities issued to Barclays PLC and borrowings of \$6bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC. As a result, the other equity instruments balance recorded by Barclays Bank Group is £10,691m (2021: £9,693m).

The borrowings of \$6bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by Barclays Bank PLC. Should Barclays Bank PLC make a discretionary dividend payment on its ordinary shares in the six months preceding the date of an interest payment, it will be obliged to make that interest payment. In 2022, interest paid on these borrowings was £250m (2021: £164m).

Barclays PLC uses funds from its own market issuance of AT1 securities to purchase AT1 securities from the Barclays Bank Group. 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.

In 2022, there were three issuances of AT1 instruments, in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities for £3,134m (2021: one issuance for £1,072m) which includes issuance costs of £32m (2021: £11m). There were two redemptions in 2022 totalling £2,136m (2021: no redemptions).

### AT1 equity instruments

	Initial call date	2022 £m	2021 £m
<b>AT1 equity instruments - Barclays Bank Group</b>			
7.875% Perpetual Subordinated Contingent Convertible Securities	2022	—	1,000
7.875% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2022	—	1,136
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	500	500
7.75% Perpetual Subordinated Contingent Convertible Securities (USD 2,500m)	2023	1,925	1,925
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	623	623
8% Perpetual Subordinated Contingent Convertible Securities (USD 2,000m)	2024	1,509	1,509
7.125% Perpetual Subordinated Contingent Convertible Securities	2025	299	299
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	495	495
6.125% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2025	1,134	1,134
4.375% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2028	1,072	1,072
8.300% Perpetual Subordinated Contingent Convertible Securities (SGD450m)	2027	263	—
8.875% Perpetual Subordinated Contingent Convertible Securities	2027	1,237	—
8.000% Perpetual Subordinated Contingent Convertible Securities (USD2,000 m)	2029	1,634	—
		<b>10,691</b>	<b>9,693</b>

# Notes to the financial statements

## Capital instruments, equity and reserves

### 28 Reserves

#### Currency translation reserve

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

#### Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the changes in the fair value of financial instruments accounted for at fair value through other comprehensive income investments since initial recognition.

#### 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

Other reserves includes redeemed ordinary and preference shares issued by the Barclays Bank Group.

	Barclays Bank Group	
	2022	2021
	£m	£m
Currency translation reserve	4,992	2,581
Fair value through other comprehensive income reserve	(1,342)	(118)
Cash flow hedging reserve	(5,557)	(618)
Own credit reserve	467	(960)
Other reserves	(24)	(24)
<b>Total</b>	<b>(1,464)</b>	<b>861</b>

# Notes to the financial statements

## Employee benefits

The notes included in this section focus on the costs and commitments associated with employing our staff.

### 29 Staff costs

#### Accounting for staff costs

The Barclays Bank Group applies IAS 19 *Employee benefits* in its accounting for most of the components of staff costs.

*Short-term employee benefits* – salaries, accrued performance costs and social security are recognised over the period in which the employees provide the services to which the payments relate.

*Performance costs* – recognised to the extent that the Barclays Bank Group has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the payments.

Deferred cash and share awards are made to employees to incentivise performance over the period employees provide services. To receive payment under an award, employees must provide service over the vesting period. The period over which the expense for deferred cash and share awards is recognised is based upon the period employees consider their services contribute to the awards. For past awards, the Barclays Bank Group considers that it is appropriate to recognise the awards over the period from the date of grant to the date that the awards vest. In relation to awards granted from 2017, the Barclays Bank Group, taking into account the changing employee understanding surrounding those awards, considered it appropriate for expense to be recognised over the vesting period including the financial year prior to the grant date.

The accounting policies for share-based payments, and pensions and other post-retirement benefits, are included in Note 30 and Note 31 respectively.

	2022	2021	2020
	£m	£m	£m
Performance costs	1,398	1,308	1,145
Salaries <sup>a</sup>	2,637	2,245	2,285
Social security costs	352	297	295
Post-retirement benefits <sup>b</sup>	188	181	176
Other compensation costs	205	172	208
<b>Total compensation costs</b>	<b>4,780</b>	<b>4,203</b>	<b>4,109</b>
<b>Other resourcing costs</b>			
Outsourcing	259	136	142
Redundancy and restructuring	45	49	47
Temporary staff costs	25	17	14
Other	83	51	53
<b>Total other resourcing costs</b>	<b>412</b>	<b>253</b>	<b>256</b>
<b>Total staff costs</b>	<b>5,192</b>	<b>4,456</b>	<b>4,365</b>

#### Notes

a £197m (2021: £152m; 2020: £156m) of compensation was capitalised as internally generated software.

b Post-retirement benefits charge includes £140m (2021: £121m; 2020: £127m) in respect of defined contribution schemes and £48m (2021: £60m; 2020: £49m) in respect of defined benefit schemes.

### 30 Share-based payments

#### Accounting for share-based payments

The Barclays Bank Group applies IFRS 2 *Share-based Payments* in accounting for employee remuneration in the form of shares.

Employee incentives include awards in the form of shares and share options, as well as offering employees the opportunity to purchase shares on favourable terms. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that employees provide services. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using the Black Scholes model to estimate the numbers of shares likely to vest. The model takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions – such as continuing to make payments into a share-based savings scheme.



# Notes to the financial statements

## Employee benefits

The charge for the year arising from share based payment schemes was as follows:

	Charge for the year		
	2022	2021	2020
	£m	£m	£m
Deferred Share Value Plan / Share Value Plan	270	235	220
Others	153	159	129
<b>Total equity settled</b>	<b>423</b>	<b>394</b>	<b>349</b>
Cash settled	3	4	2
<b>Total share based payments</b>	<b>426</b>	<b>398</b>	<b>351</b>

The terms of the main current plans are as follows:

### Share Value Plan (SVP)

The SVP was introduced in Barclays PLC Group in March 2010. SVP awards have been granted to participants in the form of a conditional right to receive Barclays PLC shares or provisional allocations of Barclays PLC shares which vest or are considered for release over a period of three, four, five or seven years. Participants do not pay to receive an award or to receive a release of shares. For awards granted before December 2017, the grantor may also make a dividend equivalent payment to participants on release of a SVP award. SVP awards are also made to eligible employees for recruitment purposes. All awards are subject to potential forfeiture in certain leaver scenarios.

### Deferred Share Value Plan (DSVP)

The DSVP was introduced in February 2017. The terms of the DSVP are materially the same as the terms of the SVP as described above, save that Executive Directors are not eligible to participate in the DSVP and the DSVP operates over market purchase shares only.

### Other schemes

In addition to the SVP and DSVP, the Barclays PLC Group operates a number of other schemes settled in Barclays PLC Shares including Sharesave (both UK and Ireland), Sharepurchase (both UK and Overseas), and the Barclays PLC Group Long Term Incentive Plan. A delivery of upfront shares to 'Material Risk Takers' can be made as a Share Incentive Award (Holding Period) under the SVP.

### Share option and award plans

The weighted average fair value per award granted, weighted average share price at the date of exercise/release of shares during the year, weighted average contractual remaining life and number of options and awards outstanding (including those exercisable) at the balance sheet date were as follows:

	2022				2021			
	Weighted average fair value per award granted in year £	Weighted average share price at exercise/release during year £	Weighted average remaining contractual life in years	Number of options/awards outstanding (000s)	Weighted average fair value per award granted in year £	Weighted average share price at exercise/release during year £	Weighted average remaining contractual life in years	Number of options/awards outstanding (000s)
DSVP / SVP <sup>a,b</sup>	1.43	1.61	1	445,673	1.63	1.76	1	370,505
Others <sup>a</sup>	0.38-1.65	1.59-1.7	0-2	47,610	0.64-1.81	1.76-1.92	0-3	47,480

SVP and DSVP are nil cost awards on which the performance conditions are substantially completed at the date of grant. Consequently, the fair value of these awards is based on the market value at that date.

Sharesave has a contractual life of 3 years and 5 years, the expected volatility is 31.10% for 3 years and 30.56% for 5 years. The risk free interest rates used for valuations are 4.28% and 4.05% for 3 years and 5 years respectively. The pure dividend yield rates used for valuations are 4.01% and 3.93% for 3 years and 5 years respectively. The repo rates used for valuations are (0.47)% and (0.63)% for 3 years and 5 years respectively. The inputs into the model such as risk free interest rate, expected volatility, pure dividend yield rates and repo rates are derived from the market data.

# Notes to the financial statements

## Employee benefits

### Movements in options and awards

The movement in the number of options and awards for the major schemes and the weighted average exercise price of options was:

	DSVP / SVP <sup>a,b</sup>		Others <sup>a,c</sup>		Weighted average ex. price (£)	
	Number (000s)		Number (000s)			
	2022	2021	2022	2021	2022	2021
<b>Outstanding at beginning of year/acquisition date</b>	<b>370,505</b>	370,006	<b>47,480</b>	53,767	<b>0.95</b>	0.95
Transfers in the year <sup>d</sup>	(3,742)	(2,214)	2,048	(2,697)	—	—
Granted in the year	264,257	174,338	93,160	79,050	1.33	1.43
Exercised/released in the year	(162,958)	(144,943)	(90,696)	(78,273)	1.18	1.36
Less: forfeited in the year	(22,389)	(26,682)	(4,017)	(3,395)	0.99	0.95
Less: expired in the year	—	—	(365)	(972)	1.19	1.69
<b>Outstanding at end of year</b>	<b>445,673</b>	370,505	<b>47,610</b>	47,480	<b>0.97</b>	0.95
<b>Of which exercisable:</b>	<b>—</b>	—	<b>5,541</b>	4,428	<b>1.21</b>	1.16

#### Notes

a Options/award granted over Barclays PLC shares.

b Weighted average exercise price is not applicable for SVP and DSVP awards as these are not share option schemes.

c The number of awards within Others at the end of the year principally relates to Sharesave (number of awards exercisable at end of year was 2,312,749). The weighted average exercise price relates to Sharesave.

d Awards of employees transferred between the Barclays Bank Group and the rest of the Barclays PLC Group.

Awards and options granted to employees and former employees of the Barclays Bank Group under the Barclays PLC Group share plans may be satisfied using new issue shares, treasury shares and market purchase shares of Barclays PLC. Awards granted to employees and former employees of the Barclays Bank Group under DSVP may only be satisfied using market purchase shares of Barclays PLC.

There were no significant modifications to the share based payments arrangements in 2022 and 2021.

As at 31 December 2022, the total liability arising from cash-settled share based payments transactions was £5m (2021: £4m).

### 31 Pensions and post-retirement benefits

#### Accounting for pensions and post-retirement benefits

The Barclays Bank Group operates a number of pension schemes and post-employment benefit schemes.

*Defined contribution schemes* – the Barclays Bank Group recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the balance sheet date are included as a liability.

*Defined benefit schemes* – the Barclays Bank Group recognises its obligations to members of each scheme at the period end, less the fair value of the scheme assets after applying the asset ceiling test.

Each scheme's obligations are calculated using the projected unit credit method. Scheme assets are stated at fair value as at the period end.

Changes in pension scheme liabilities or assets (remeasurements) that do not arise from regular pension cost, net interest on net defined benefit liabilities or assets, past service costs, settlements or contributions to the scheme are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred), the effects of changes in actuarial assumptions, return on scheme assets (excluding amounts included in the interest on the assets) and any changes in the effect of the asset ceiling restriction (excluding amounts included in the interest on the restriction).

*Post-employment benefit schemes* – the cost of providing healthcare benefits to retired employees is accrued as a liability in the financial statements over the period that the employees provide services to the Barclays Bank Group, using a methodology similar to that for defined benefit pension schemes.

#### Pension schemes

##### UK Retirement Fund (UKRF)

The UKRF is the Barclays Bank Group's main scheme, representing 96% (2021: 97%) of the Barclays Bank Group's total retirement benefit obligations. Barclays Bank PLC is the principal employer of the UKRF. The UKRF was closed to new entrants on 1 October 2012, and comprises 10 sections, the two most significant of which are:

- Afterwork, which comprises a contributory cash balance defined benefit element, and a voluntary defined contribution element. The cash balance element is accrued each year and revalued until Normal Retirement Age in line with the increase in Retail Price Index (RPI) (up to a maximum of 5% p.a.). The main risks that the Barclays Bank Group runs in relation to Afterwork are limited although additional contributions are required if pre-retirement investment returns are not sufficient to provide for the benefits.
- The 1964 Pension Scheme. Most employees recruited before July 1997 built up benefits in this non-contributory defined benefit scheme in respect of service up to 31 March 2010. Pensions were calculated by reference to service and pensionable salary. From 1 April 2010, members became eligible to accrue future service benefits in either Afterwork or the Pension Investment Plan (PIP), a historic defined contribution section which is now closed to future contributions. The risks that the Barclays Bank Group runs in relation to the 1964 section are typical of final salary pension schemes, principally that investment returns fall short of expectations, that inflation exceeds expectations, and that retirees live longer than expected.

# Notes to the financial statements

## Employee benefits

### Barclays Pension Savings Plan (BPSP)

The BPSP is a defined contribution scheme providing benefits for all new UK hires from 1 October 2012. BPSP is not subject to the same investment return, inflation or life expectancy risks for the Barclays Bank Group that defined benefit schemes are. Members' benefits reflect contributions paid and the level of investment returns achieved.

### Other

Apart from the UKRF and the BPSP, the Barclays Bank Group operates a number of smaller pension and long-term employee benefits and post-retirement health care plans globally, the largest of which are the US defined benefit and defined contribution schemes. Many of the schemes are funded, with assets backing the obligations held in separate legal vehicles such as trusts. Others are operated on an unfunded basis. The benefits provided, the approach to funding, and the legal basis of the schemes, reflect local environments.

### Governance

The UKRF operates under trust law and is managed and administered on behalf of the members in accordance with the terms of the Trust Deed and Rules and all relevant legislation. The Corporate Trustee is Barclays Pension Funds Trustees Limited, a private limited company and a wholly owned subsidiary of Barclays Bank PLC. The Trustee is the legal owner of the assets of the UKRF which are held separately from the assets of the Barclays Bank Group.

The Trustee Board comprises six Management Directors selected by Barclays Bank PLC, of whom three are independent Directors with no relationship with the Barclays Bank Group (and who are not members of the UKRF), plus three Member Nominated Directors selected from eligible active members of the UKRF, deferred members or pensioner members who apply for the role.

The BPSP is a Group Personal Pension arrangement which operates as a collection of personal pension plans. Each personal pension plan is a direct contract between the employee and the BPSP provider (Legal & General Assurance Society Limited), and is regulated by the FCA.

Similar principles of pension governance apply to the Barclays Bank Group's other pension schemes, depending on local legislation.

### Amounts recognised

The following tables include amounts recognised in the income statement and an analysis of benefit obligations and scheme assets for all Barclays Bank Group defined benefit schemes. The net position is reconciled to the assets and liabilities recognised on the balance sheet. The tables include funded and unfunded post-retirement benefits. The income statement charge with respect to defined contribution schemes is disclosed as part of footnotes to Note 29 "Staff costs".

Income statement (credit)/charge	2022	2021
	£m	£m
Current service cost	28	58
Net finance (income)/cost	(122)	(26)
Past service cost	20	—
Other movements	—	2
<b>Total</b>	<b>(74)</b>	<b>34</b>

Barclays Bank PLC is the principal employer of the UKRF and hence Scheme Assets and Defined Benefit Obligations relating to the UKRF are recognised within the Barclays Bank Group. Barclays Bank UK PLC and Barclays Execution Services Limited are participating employers in the UKRF and their share of the UKRF service cost is borne by them. Of the £209m current service cost in the table below, £47m relates to Barclays Bank UK PLC and £134m relates to Barclays Execution Services Limited. While the entire current service cost obligation is accounted for in the Barclays Bank Group, the income statement charge is accounted for across all the participating employers.

# Notes to the financial statements

## Employee benefits

### Balance sheet reconciliation

	2022		2021	
	Barclays Bank Group Total £m	Of which relates to UKRF £m	Barclays Bank Group Total £m	Of which relates to UKRF £m
Benefit obligation at beginning of the year	(31,834)	(30,859)	(33,131)	(32,108)
Current service cost	(209)	(197)	(240)	(225)
Interest costs on scheme liabilities	(725)	(707)	(422)	(405)
Past service cost	(20)	(20)	—	—
Remeasurement gain/(loss) - financial	10,995	10,734	849	820
Remeasurement gain/(loss) - demographic	268	270	53	50
Remeasurement (loss)/gain - experience	(521)	(510)	(249)	(259)
Employee contributions	(4)	—	(4)	—
Benefits paid	1,339	1,299	1,309	1,268
Exchange and other movements	(90)	—	1	—
<b>Benefit obligation at end of the year</b>	<b>(20,801)</b>	<b>(19,990)</b>	<b>(31,834)</b>	<b>(30,859)</b>
Fair value of scheme assets at beginning of the year	35,467	34,678	34,713	33,915
Interest income on scheme assets	847	829	448	434
Employer contribution	1,807	1,785	971	955
Remeasurement - return on plan assets (less)/greater than discount rate	(11,510)	(11,313)	653	642
Employee contributions	4	—	4	—
Benefits paid	(1,339)	(1,299)	(1,309)	(1,268)
Exchange and other movements	84	—	(13)	—
<b>Fair value of scheme assets at the end of the year</b>	<b>25,360</b>	<b>24,680</b>	<b>35,467</b>	<b>34,678</b>
<b>Net surplus</b>	<b>4,559</b>	<b>4,690</b>	<b>3,633</b>	<b>3,819</b>
Retirement benefit assets	4,743	4,690	3,879	3,819
Retirement benefit liabilities	(184)	—	(246)	—
<b>Net retirement benefit assets</b>	<b>4,559</b>	<b>4,690</b>	<b>3,633</b>	<b>3,819</b>

# Notes to the financial statements

## Employee benefits

Included within the Barclays Bank Group's benefit obligation is £690m (2021: £821m) relating to overseas pensions and £121m (2021: £154m) relating to other post-employment benefits.

As at 31 December 2022, the UKRF's scheme assets were in surplus versus IAS 19 obligations by £4,690m (2021: £3,819m). The increase in the UKRF surplus during the year is driven by £294m of deficit reduction contributions and the unwind of the Senior Notes (see later in note), partially offset by higher than expected inflation experienced during the year. The UKRF assets and benefit obligation have reduced by c£10bn and c£11bn respectively over the year, primarily due to higher gilt and bond yields. This is as expected from the investment strategy which aims to invest in assets that move in value in line with changes in liability values.

The weighted average duration of the benefit payments reflected in the defined benefit obligation for the UKRF is 13 years (2021: 16 years). The decrease in duration is primarily due to the increase in discount rate, driven by higher corporate bond yields. The UKRF expected benefits are projected to be paid out for in excess of 50 years, although 30% of the total benefits are expected to be paid in the next 10 years; 30% in years 11 to 20 and 25% in years 21 to 30. The remainder of the benefits are expected to be paid beyond 30 years.

Of the £1,299m (2021: £1,268m) UKRF benefits paid out, £390m (2021: £419m) related to transfers out of the fund.

Where a scheme's assets exceed its obligations, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions (the asset ceiling). In the case of the UKRF the asset ceiling is not applied as, in certain specified circumstances such as wind-up, the Barclays Bank Group expects to be able to recover any surplus. Similarly, a liability in respect of future minimum funding requirements is not recognised. The UKRF Trustee does not have a substantive right to augment benefits, nor does it have the right to wind up the plan except in the dissolution of Barclays Bank PLC or termination of contributions by Barclays Bank PLC. The application of the asset ceiling to other plans and recognition of additional liabilities in respect of future minimum funding requirements is considered on an individual plan basis.

### Critical accounting estimates and judgements

Actuarial valuation of the scheme's obligations is dependent upon a series of assumptions. Below is a summary of the main financial and demographic assumptions adopted for the UKRF.

Key UKRF financial assumptions	2022	2021
	% p.a.	% p.a.
Discount rate	4.80	1.84
Inflation rate (RPI)	3.21	3.56

The UKRF discount rate assumption for 2022 was based on a standard WTW RATE Link model. The RPI inflation assumption for 2022 was set by reference to the Bank of England's implied inflation curve. The inflation assumption incorporates a deduction of 20 basis points as an allowance for an inflation risk premium. The methodologies used to derive the discount rate and inflation assumptions are consistent with that used at the prior year end.

The UKRF's post-retirement mortality assumptions are based on an updated best estimate assumption derived from an analysis in 2022 of the UKRF's own post-retirement mortality experience and taking account of recent evidence from published mortality surveys. An allowance has been made for future mortality improvements based on the 2021 core projection model published by the Continuous Mortality Investigation Bureau subject to a long-term trend of 1.25% per annum in future improvements (2021: 1.50% per annum). An additional allowance has been made within the mortality assumptions to reflect the uncertain impact of COVID-19 in the long-term. The table below shows how the assumed life expectancy at 60, for members of the UKRF, has varied over the past three years.

Assumed life expectancy	2022	2021	2020
<b>Life expectancy at 60 for current pensioners (years)</b>			
– Males	26.8	27.3	27.2
– Females	29.5	29.6	29.4
<b>Life expectancy at 60 for future pensioners currently aged 40 (years)</b>			
– Males	28.3	29.1	29.0
– Females	31.0	31.4	31.2

The UKRF entered into a longevity reinsurance contract in 2022 covering £7bn of the pensioner liabilities. This is in addition to a £5bn transaction executed in 2020. In total, over three-quarters of the longevity risk for current pensioners has been reinsured, and the transactions will provide income to the UKRF in the event that pensions are paid out for longer than expected. The contracts form part of the UKRF's investment portfolio. At 31 December 2022, the contracts are valued at £(123)m (2021: nil). The negative value placed on the longevity reinsurance contracts at 31 December 2022 reflects the estimated impact of changes in the reinsurance market, demographic assumptions and risk premia since the 2020 transaction was entered into by the UKRF. The 2022 transaction is valued at nil as it is assessed to have been transacted recently at fair value.

### Sensitivity analysis on actuarial assumptions

The sensitivity analysis has been calculated by valuing the UKRF liabilities using the amended assumptions shown in the table below and keeping the remaining assumptions the same as disclosed in the table above, except in the case of the inflation sensitivity where other assumptions that depend on assumed inflation have also been amended correspondingly. The difference between the recalculated liability figure and that stated in the balance sheet reconciliation table above is the figure shown. The selection of these movements to illustrate the sensitivity of the defined benefit obligation to key assumptions should not be interpreted as the Barclays Bank Group expressing any specific view of the probability of such movements happening.

# Notes to the financial statements

## Employee benefits

Change in key assumptions	2022	2021
	(Decrease)/Increase in UKRF defined benefit obligation £bn	(Decrease)/Increase in UKRF defined benefit obligation £bn
<b>Discount rate</b>		
0.50% p.a. increase	(1.1)	(2.3)
0.25% p.a. increase	(0.6)	(1.2)
0.25% p.a. decrease	0.6	1.3
0.50% p.a. decrease	1.2	2.6
<b>Assumed RPI</b>		
0.50% p.a. increase	0.8	1.6
0.25% p.a. increase	0.4	0.8
0.25% p.a. decrease	(0.4)	(0.8)
0.50% p.a. decrease	(0.8)	(1.6)
<b>Life expectancy at 60</b>		
One year increase	0.6	1.2
One year decrease	(0.5)	(1.2)

### Assets

A long-term investment strategy has been set for the UKRF, with its asset allocation comprising a mixture of equities, bonds, property and other appropriate assets. This recognises that different asset classes are likely to produce different long-term returns and some asset classes may be more volatile than others. The long-term investment strategy ensures, among other aims, that investments are adequately diversified.

# Notes to the financial statements

## Employee benefits

The value of the assets of the schemes and their percentage in relation to total scheme assets were as follows:

	Barclays Bank Group Total				Of which relates to UKRF			
	Quoted	Unquoted <sup>a</sup>	Value	% of total fair value of scheme assets	Quoted	Unquoted <sup>a</sup>	Value	% of total fair value of scheme assets
	£m	£m	£m	%	£m	£m	£m	%
<b>As at 31 December 2022</b>								
Equities	113	—	113	0.5	—	—	—	—
Private equities	—	2,734	2,734	10.8	—	2,734	2,734	11.1
Bonds - fixed government	1,353	—	1,353	5.3	1,098	—	1,098	4.4
Bonds - index-linked government	9,847	—	9,847	38.9	9,829	—	9,829	39.9
Bonds - corporate and other	5,884	1,551	7,435	29.3	5,690	1,551	7,241	29.3
Property	13	1,310	1,323	5.2	—	1,310	1,310	5.3
Infrastructure	793	790	1,583	6.2	793	790	1,583	6.4
Hedge funds	11	1,362	1,373	5.4	—	1,362	1,362	5.5
Derivatives	(20)	(1,837)	(1,857)	(7.3)	(20)	(1,837)	(1,857)	(7.5)
Longevity reinsurance contracts	—	(123)	(123)	(0.5)	—	(123)	(123)	(0.5)
Cash and liquid assets <sup>c</sup>	(1,776)	3,286	1,510	6.0	(1,789)	3,286	1,497	6.1
Mixed investment funds	11	—	11	—	—	—	—	—
Other	7	51	58	0.2	—	6	6	—
<b>Fair value of scheme assets</b>	<b>16,236</b>	<b>9,124</b>	<b>25,360</b>	<b>100.0</b>	<b>15,601</b>	<b>9,079</b>	<b>24,680</b>	<b>100.0</b>
<b>As at 31 December 2021</b>								
Equities	294	—	294	0.8	167	—	167	0.5
Private equities	—	3,113	3,113	8.8	—	3,113	3,113	9.0
Bonds - fixed government	2,384	161	2,545	7.2	2,080	161	2,241	6.5
Bonds - index-linked government	15,375	—	15,375	43.5	15,352	—	15,352	44.4
Bonds - corporate and other	7,451	1,498	8,949	25.2	7,214	1,498	8,712	25.1
Property	14	1,490	1,504	4.2	—	1,490	1,490	4.3
Infrastructure	—	1,815	1,815	5.1	—	1,815	1,815	5.2
Hedge funds	—	1,365	1,365	3.8	—	1,365	1,365	3.9
Derivatives	1	10	11	—	1	10	11	—
Longevity reinsurance contracts	—	—	—	—	—	—	—	—
Cash and liquid assets <sup>c</sup>	(1,865)	2,275	410	1.2	(1,878)	2,275	397	1.1
Mixed Investment funds	9	—	9	—	—	—	—	—
Other	20	57	77	0.2	—	15	15	—
<b>Fair value of scheme assets<sup>b</sup></b>	<b>23,683</b>	<b>11,784</b>	<b>35,467</b>	<b>100.0</b>	<b>22,936</b>	<b>11,742</b>	<b>34,678</b>	<b>100.0</b>

### Notes

- a Valuation of unquoted assets is provided by the underlying managers or qualified independent valuers. Valuations of complex instruments are based on UKRF custodian valuations. The valuation for some of the unquoted assets, in particular Private equities, is based on valuations as at 30 September 2022 adjusted by cash flows, these being the latest available valuations as at the point of publication. All valuations are determined in accordance with relevant industry guidance.
- b The asset allocation for 2021 has been re-presented to reflect re-interpretation of the asset classifications as well as a reclassification of £1.2bn between unquoted/quoted bonds and quoted/unquoted bonds, in a manner that management believes better represents the underlying nature of the assets.
- c Cash and liquid assets for the UKRF consists of £521m (2021:£488m) Cash, £80m (2021:£93m) Receivables/payables, £3,286m (2021: £2,275m) Pooled cash funds and £(2,390)m (2021: £(2,459)m) Repurchase agreements.

Included within the fair value of UKRF scheme assets was nil (2021: nil) relating to shares in Barclays PLC and nil (2021: nil) relating to bonds issued by Barclays PLC or Barclays Bank PLC. The UKRF invests in pooled investment vehicles which may hold shares or debt issued by Barclays PLC.

There has been no significant change in the UKRF investment strategy over the year, however, given the movement in the gilt and bond yields over the year, the relative weights of assets classes have changed. No additional support from the Barclays Bank Group was required in response to the market volatility experienced over the year.

The UKRF assets as at 31 December 2021 do not include the Senior Notes referred to in the section below on Triennial Valuation, as these were non-transferable instruments and not recognised under IAS19. The Senior Notes were redeemed in December 2022, and the redemption proceeds are now included in Cash and Liquid Assets as at 31 December 2022.

# Notes to the financial statements

## Employee benefits

Approximately 34% of the UKRF assets are invested in liability-driven investment strategies; primarily UK gilts as well as interest rate and inflation swaps. These swaps are used to better match the assets to its liabilities. The swaps are used to reduce the scheme's inflation and duration risks against its liabilities.

The UKRF employs derivative instruments, where appropriate, to match assets more closely to liabilities, or to achieve a desired exposure or return. The value of assets shown reflects the assets held by the UKRF, with any derivative holdings reflected on a fair value basis. The UKRF uses repurchase agreements and reverse repurchase agreements to achieve the Trustee's liability hedging objective. Investment managers are allowed to undertake repo transactions on the UKRF's existing gilt holdings to raise cash with which to buy additional gilts for efficient portfolio management; and reverse repo transactions to receive gilts and be paid a fee for providing cash.

For information on the UKRF Trustee's approach to Responsible Investment and Climate Risk, in the context of managing the UKRF, please refer to the UKRF Trustee website at <https://epa.towerswatson.com/accounts/barclays/public/barclays-bank-responsible-investment-policy/>.

### Triennial Valuation

The latest triennial actuarial valuation of the UKRF showed a funding surplus of £2.0bn as at 30 September 2022 (2021 update: £0.6bn surplus). The improvement was mainly due to £294mn of deficit reduction contributions, changes to views on life expectancy and inflationary returns on assets relative to liabilities being better than expected.

The main differences between the funding and accounting assumptions are a different approach to setting the discount rate and a more conservative longevity assumption for funding.

As the UKRF has a funding surplus, the 2023 deficit reduction contribution (£286m), agreed as part of the 2019 triennial actuarial valuation, is no longer required, and a new recovery plan was not required.

As part of the 2022 triennial valuation, the Trustee and Barclays Bank PLC agreed an annual adequacy test on a basis more prudent than the IAS19 or funding bases. Should the UKRF be sufficiently funded on this basis, the regular employer contributions to the UKRF to fund future Afterwork accrual will not be required in the following calendar year. The test will be reviewed at the 2025 triennial valuation.

The next funding valuation of the UKRF is due to be completed in 2026 with an effective date of 30 September 2025.

### Subscription for Fixed rate notes:

During 2019 and 2020 the UKRF subscribed for non-transferable listed senior fixed rate notes for £1,250m, backed by UK gilts (the Senior Notes). These investments were partially financed by £1,000m deficit reduction contributions. The Senior Notes were issued by two entities consolidated in the Barclays Bank Group under IFRS 10: Heron Issuer Limited (Heron) for £500m and Heron Issuer Number 2 Limited (Heron 2) for £750m. The Senior Notes entitled the UKRF to semi-annual coupon payments for five years, and full repayment in cash in three tranches: £250m in 2023, £750m in 2024 and £250m at final maturity in 2025. Heron and Heron 2 acquired a total of £1,500m of gilts from Barclays Bank PLC for cash to support payments on the Senior Notes. Barclays Bank PLC subscribed for the junior notes issued by Heron and Heron 2 for £250m. The regulatory capital impact, which otherwise would have occurred in 2019 and 2020 from the regular deficit reduction contributions, would have been deferred until 2023, 2024 and 2025 upon maturity of the Senior Notes.

As part of the planned early unwind of these transactions disclosed in Barclays PLC's Q1 2022 Results Announcement, Barclays Bank PLC purchased the Senior Notes at fair value from the UKRF for cash in December 2022. The UKRF's investment in the Senior Notes did not qualify as a plan asset under IAS 19; so the purchase of the Senior Notes for cash increased IAS 19 plan assets by £1,250m and thereby accelerated the regulatory capital impact of the deficit reduction contributions to 2022 from 2023, 2024 and 2025. Barclays Bank PLC subsequently reacquired the gilts held by Heron and Heron 2 in exchange for the redemption of all the fixed rate notes. The gilts were disposed of by Barclays Bank PLC prior to year-end.

### Other support measures agreed which remain in place

Collateral – Barclays Bank PLC has entered into an agreement with the UKRF Trustee to provide collateral to cover at least 100% of any funding deficit with an overall cap of £9bn, to provide security for the UKRF funding deficit as it increases or decreases over time. The collateral pool is currently zero reflecting the surplus funding position. The arrangement provides the UKRF Trustee with dedicated access to the pool of assets in the event of Barclays Bank PLC not paying a deficit reduction contribution to the UKRF or in the event of Barclays Bank PLC's insolvency.

Participation – As permitted under the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015, Barclays Bank UK PLC is a participating employer in the UKRF and will remain so during a transitional phase until September 2025 as set out in a deed of participation. Barclays Bank UK PLC will make contributions for the future service of its employees who are currently Afterwork members and, in the event of Barclays Bank PLC's insolvency during this period, provision has been made to require Barclays Bank UK PLC to become the principal employer of the UKRF. Barclays Bank PLC's Section 75 debt would be triggered by the insolvency (the debt would be calculated after allowing for the payment to the UKRF of the collateral above).

Defined benefit contributions paid with respect to the UKRF were as follows:

Contributions paid	
	£m
2022	1,785
2021	955
2020	748

There were nil (2021: nil) Section 75 contributions included within the Barclays Bank Group's contributions paid as no participating employers left the UKRF in 2022.

The Barclays Bank Group's expected contribution to the UKRF in respect of defined benefits in 2023 is £38m (2022: £352m). In addition, the expected contributions to UK defined contribution schemes in 2023 is £32m (2022: £6m) to the UKRF and £243m (2022: £42m) to the BPSP.



# Notes to the financial statements

## Scope of consolidation

The section presents information on the Barclays Bank Group's investments in subsidiaries, joint ventures and associates and its interests in structured entities. Detail is also given on securitisation transactions the Barclays Bank Group has entered into and arrangements that are held off-balance sheet.

### 32 Principal subsidiaries

Barclays Bank Group applies IFRS 10 *Consolidated Financial Statements*. The consolidated financial statements combine the financial statements of Barclays Bank PLC and all of its subsidiaries. Subsidiaries are entities over which Barclays Bank Group has control. Under IFRS 10, this is when Barclays Bank Group is exposed to or has rights to variable returns from its involvement in an entity and has the ability to affect those returns through its power over an entity.

Barclays Bank Group reassesses whether it controls an entity if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect the amount of its returns.

Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Barclays Bank Group for the purposes of the consolidation. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has been obtained and they do not result in loss of control.

The significant judgements used in applying this policy are set out below.

#### Accounting for investment in subsidiaries

In the individual financial statements of Barclays Bank PLC, investments in subsidiaries are stated at cost less impairment.

Investments in subsidiaries, the majority of which are engaged in banking related activities, are recorded on the balance sheet at historical cost less any impairment. At 31 December 2022 the historical cost of investments in subsidiaries was £22,180m (2021: £19,517m), and impairment allowances recognised against these investments totalled £2,916m (2021: £383m). The increase of £130m in the year was driven by an increase in the cost of investments in subsidiaries totalling £2,663m offset with an increase in impairment of £2,533m, predominantly relating to the cost of investment in Barclays Bank Ireland PLC. The impairment of the Barclays Bank Ireland PLC has been recognised in the income statement of Barclays Bank PLC.

At the end of each reporting period an impairment review is undertaken in respect of investments in the ordinary shares of subsidiaries. Impairment is indicated where the investment exceeds the recoverable amount. The recoverable amount is calculated as a value in use (VIU) which is derived from the present value of future cash flows expected to be received from the investment. The VIU calculations use forecast attributable profit based on financial budgets approved by management, covering a five-year period as an approximation of future cash flows discounted using a discount rate appropriate to the subsidiary being tested. A terminal growth rate is then applied to the cash flows thereafter, which is based upon expectations of future inflation rates.

The 2022 review identified impairment of the investment in Barclays Bank Ireland PLC of £2,489m, reducing its carrying value to £2,548m. The VIU calculation uses five-year profit after tax forecasts based on the formally agreed medium term plans approved by the Board. A post tax discount rate of 12.8% (pre-tax 16.6%) has been applied to the cash flow forecast. A terminal growth rate of 2% has been used to calculate a terminal value for the investment. The terminal growth rate used has been based on inflation rates. A 1% increase in the discount rate would increase the impairment amount in Barclays Bank PLC by £266m. A reduction in the terminal growth rate of 1% would increase the impairment amount by £194m. A reduction in the forecasted cash flows by 10% per annum would increase impairment by £311m.

Principal subsidiaries of the Barclays Bank Group are set out below. This includes those subsidiaries that are most significant in the context of the Barclays Bank Group's business, results or financial position.

Company Name	Principal place of business or incorporation	Nature of business	Percentage of voting rights held %	Non-controlling interests - proportion of ownership interests	Non-controlling interests - proportion of voting interests
				%	%
Barclays Bank Delaware	United States	Credit card issuer	100	—	—
Barclays Bank Ireland PLC	Ireland	Banking	100	—	—
Barclays Capital Inc.	United States	Securities dealing	100	—	—
Barclays Capital Securities Limited	United Kingdom	Securities dealing	100	—	—
Barclays Securities Japan Limited	Japan	Securities dealing	100	—	—
Barclays US LLC	United States	Holding company	100	—	—

The country of registration or incorporation is also the principal area of operation of each of the above subsidiaries.

Ownership interests are in some cases different to voting interests due to the existence of non-voting equity interests, such as preference shares.

#### Significant judgements and assumptions used to determine the scope of the consolidation

Determining whether the Barclays Bank Group has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances, this determination will involve significant judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgement will involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the Barclays Bank Group, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

There is also often considerable judgement involved in the ongoing assessment of control over structured entities. In this regard, where market conditions have deteriorated such that the other investors' exposures to the structure's variable returns have been substantively eliminated, the Barclays Bank Group may conclude that the managers of the structured entity are acting as its agent and therefore will consolidate the structured entity.

# Notes to the financial statements

## Scope of consolidation

An interest in equity voting rights exceeding 50% would typically indicate that the Barclays Bank Group has control of an entity. However, the entity set out below is excluded from consolidation because the Barclays Bank Group does not have exposure to its variable returns.

Company name	Country of registration or incorporation	Percentage of voting rights held (%)	Equity shareholders' funds (£m)	Retained profit for the year (£m)
Palomino Limited	Cayman Islands	100	—	—

This entity is managed by an external counterparty and consequently is not controlled by the Barclays Bank Group. Interests relating to this entity are included in Note 33.

### Significant restrictions

As is typical for a group of its size and international scope, there are restrictions on the ability of the Barclays Bank Group to obtain distributions of capital, access the assets or repay the liabilities of members of the Barclays Bank Group due to the statutory, regulatory and contractual requirements of its subsidiaries and due to the protective rights of non-controlling interests. These are considered below.

### Regulatory requirements

The Barclays Bank Group's principal subsidiary companies have assets and liabilities before intercompany eliminations of £491bn (2021: £439bn) and £466bn (2021: £414bn) respectively. Certain classes of these assets and liabilities are subject to prudential regulation and regulatory capital requirements in the countries in which the subsidiaries are regulated. These prudential and regulatory capital requirements require entities to maintain minimum capital levels which cannot be returned to the parent company, Barclays Bank PLC, on a going concern basis.

In order to meet capital requirements, subsidiaries may issue certain equity accounted and debt accounted financial instruments such as Tier 1 and Tier 2 capital instruments and other forms of subordinated liabilities. Refer to Note 26 and Note 27 for particulars of these instruments. These instruments may be subject to cancellation clauses or preference share restrictions that would limit the ability of the entity to repatriate the capital on a timely basis.

### Liquidity requirements

Regulated subsidiaries of the Barclays Bank Group are required to meet PRA or local regulatory requirements pertaining to liquidity. Some of the regulated subsidiaries include Barclays Capital Securities Limited (which is regulated for liquidity matters on a combined basis with Barclays Bank PLC under a Domestic Liquidity Sub-Group (DoLSub) arrangement), Barclays Bank Ireland PLC, Barclays Capital Inc. and Barclays Bank Delaware Inc. See page 89 for further details of liquidity requirements, including those of the Barclays Bank Group's significant subsidiaries.

### Statutory requirements

The Barclays Bank Group's subsidiaries are subject to statutory requirements not to make distributions of capital and unrealised profits and generally to maintain solvency. These requirements restrict the ability of subsidiaries to make remittances of dividends to Barclays Bank PLC, the parent, except in the event of a legal capital reduction or liquidation. In most cases the regulatory restrictions referred to above exceed the statutory restrictions.

### Asset encumbrance

The Barclays Bank Group uses its financial assets to raise finance in the form of securitisations and through the liquidity schemes of central banks, as well as to provide security to the UK Retirement Fund. Once encumbered, the assets are not available for transfer around the Barclays Bank Group. The assets typically affected are disclosed in Note 36.

### Other restrictions

The Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £3,038m (2021: £4,260m).

## 33 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Depending on the Barclays Bank Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it.

### Consolidated structured entities

The Barclays Bank Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

- **Securitisation:** The Barclays Bank Group uses securitisation as a source of financing and a means of risk transfer. Where entities are controlled by the Barclays Bank Group, they are consolidated. Refer to Note 35 for further detail.
- **Commercial paper (CP) conduits:** These entities issue CP and use the proceeds to lend to clients as part of the Barclays Bank Group's multi-seller conduit programme. The Barclays Bank Group has provided £20.8bn (2021: £17.2bn) in contractual liquidity facilities to the CP conduits that the Barclays Bank Group consolidates. These amounts represent the maximum the conduits can lend externally. The amounts of CP conduit lending (drawn and undrawn) to unconsolidated structured entities can be seen in Other interests in unconsolidated structured entities under multi-seller conduit programme in the Summary of interests in unconsolidated structured entities table.
- **Tender Option Bond (TOB) trusts:** During 2022, the Barclays Bank Group provided undrawn liquidity facilities of £3.8bn (2021: £3.3bn) to consolidated TOB trusts. These trusts invest in fixed income instruments issued by state, local or other municipalities in the United States, funded by long-term senior floating-rate notes and junior residual securities.

# Notes to the financial statements

## Scope of consolidation

### Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to structured entities not controlled by the Barclays Bank Group, and are established either by Barclays Bank Group or a third party. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Barclays Bank Group. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to the Barclays Bank Group, lending, loan commitments, financial guarantees and investment management agreements.

Barclays Bank Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions, to provide risk management services and for specific investment opportunities. This is predominantly within the Corporate and Investment Bank. Structured entities may take the form of funds, trusts, securitisation vehicles, and private investment companies. The largest transactions include loans and derivatives with hedge fund structures and special purpose entities, multi-seller conduit lending, holding notes issued by securitisation vehicles and facilitating customer requirements through funds.

The nature and extent of the Barclays Bank Group's interests in structured entities is summarised below:

#### Summary of interests in unconsolidated structured entities

	Secured financing £m	Short-term traded interests £m	Traded derivatives £m	Other interests £m	Total £m
<b>As at 31 December 2022</b>					
<b>Assets</b>					
Trading portfolio assets	—	8,632	—	—	8,632
Financial assets at fair value through the income statement	75,166	—	—	2,406	77,572
Derivative financial instruments	—	—	4,555	—	4,555
Financial assets at fair value through other comprehensive income	—	—	—	423	423
Loans and advances at amortised cost	—	—	—	36,842	36,842
Reverse repurchase agreements and other similar secured lending	117	—	—	—	117
Other assets	—	—	—	65	65
<b>Total assets</b>	<b>75,283</b>	<b>8,632</b>	<b>4,555</b>	<b>39,736</b>	<b>128,206</b>
<b>Liabilities</b>					
Derivative financial instruments	—	—	8,460	—	8,460
<b>As at 31 December 2021</b>					
<b>Assets</b>					
Trading portfolio assets	—	7,170	—	—	7,170
Financial assets at fair value through the income statement	61,816	—	—	3,417	65,233
Derivative financial instruments	—	—	5,160	—	5,160
Financial assets at fair value through other comprehensive income	—	—	—	91	91
Loans and advances at amortised cost	—	—	—	22,741	22,741
Reverse repurchase agreements and other similar secured lending	104	—	—	—	104
Other assets	—	—	—	12	12
<b>Total assets</b>	<b>61,920</b>	<b>7,170</b>	<b>5,160</b>	<b>26,261</b>	<b>100,511</b>
<b>Liabilities</b>					
Derivative financial instruments	—	—	9,543	—	9,543

Secured financing arrangements, short-term traded interests and traded derivatives are typically managed under market risk management policies described in the Market risk management section which includes an indication of the change of risk measures compared to last year. For this reason, the total assets of these entities are not considered meaningful for the purposes of understanding the related risks and so have not been presented. Other interests include conduits and lending where the interest is driven by normal customer demand. As at 31 December 2022, there were 6,095 (2021: 5,696) structured entities that the Barclays Bank Group entered into transactions with.

#### Secured financing

The Barclays Bank Group routinely enters into reverse repurchase contracts, margin lending, stock borrowing and similar arrangements on normal commercial terms where the counterparty to the arrangement is a structured entity. Due to the nature of these arrangements, especially the transfer of collateral and ongoing margining, the Barclays Bank Group is able to manage its variable exposure to the performance of the structured entity counterparty. The counterparties included in secured financing mainly include hedge fund limited structures, investment companies and special purpose entities.

#### Short-term traded interests

As part of its market making activities, the Barclays Bank Group buys and sells interests in structured vehicles, which are predominantly debt securities issued by asset securitisation vehicles. Such interests are typically held individually or as part of a larger portfolio for no more than 90 days. In such cases, the Barclays Bank Group typically has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

# Notes to the financial statements

## Scope of consolidation

### Traded derivatives

The Barclays Bank Group enters into a variety of derivative contracts with structured entities which reference market risk variables such as interest rates, equities, foreign exchange rates and credit indices among other things. The main derivative types which are considered interests in structured entities include equity options, index-based and entity specific credit default swaps, and total return swaps. Interest rate swaps and foreign exchange derivatives that are not complex and which expose the Barclays Bank Group to insignificant credit risk by being senior in the payment waterfall of a securitisation and derivatives that are determined to introduce risk or variability to a structured entity are not considered to be an interest in an entity and have been excluded from the disclosures.

A description of the types of derivatives and the risk management practices are detailed in Note 13. The risk of loss may be mitigated through ongoing margining requirements as well as a right to cash flows from the structured entity which are senior in the payment waterfall. Such margining requirements are consistent with market practice for many derivative arrangements and in line with the Barclays Bank Group's normal credit policies.

Derivative transactions require the counterparty to provide cash or other collateral under margining agreements to mitigate counterparty credit risk. The Barclays Bank Group is mainly exposed to settlement risk on these derivatives which is mitigated through daily margining. Total notional contract amounts were £244,780m (2021: £217,055m).

Except for credit default swaps where the maximum exposure to loss is the swap notional amount, it is not possible to estimate the maximum exposure to loss in respect of derivative positions as the fair value of derivatives is subject to changes in market rates of interest, exchange rates and credit indices which by their nature are uncertain. In addition, the Barclays Bank Group's losses would be subject to mitigating action under its traded market risk and credit risk policies that require the counterparty to provide collateral in cash or other assets in most cases.

### Other interests in unconsolidated structured entities

The Barclays Bank Group's interests in structured entities not held for the purposes of short-term trading activities are set out below, summarised by the nature of the interest and limited to significant categories, based on maximum exposure to loss.

#### Nature of interest

	Multi-seller conduit programme £m	Lending £m	Other £m	Total £m	Of which: Barclays Bank Group owned, not consolidated entities <sup>a</sup> £m
<b>As at 31 December 2022</b>					
Financial assets at fair value through the income statement	—	9	2,397	2,406	2,284
Financial assets at fair value through other comprehensive income	—	220	203	423	—
Loans and advances at amortised cost	8,681	21,847	6,314	36,842	—
Other assets	32	33	—	65	—
<b>Total on-balance sheet exposures</b>	<b>8,713</b>	<b>22,109</b>	<b>8,914</b>	<b>39,736</b>	<b>2,284</b>
Total off-balance sheet notional amounts	10,552	10,902	—	21,454	—
<b>Maximum exposure to loss</b>	<b>19,265</b>	<b>33,011</b>	<b>8,914</b>	<b>61,190</b>	<b>2,284</b>
<b>Total assets of the entity</b>	<b>66,504</b>	<b>154,501</b>	<b>63,798</b>	<b>284,803</b>	<b>8,690</b>
<b>As at 31 December 2021</b>					
Financial assets at fair value through the income statement	—	2	3,415	3,417	3,335
Financial assets at fair value through other comprehensive income	—	53	38	91	—
Loans and advances at amortised cost	5,184	14,294	3,263	22,741	—
Other assets	8	4	—	12	—
<b>Total on-balance sheet exposures</b>	<b>5,192</b>	<b>14,353</b>	<b>6,716</b>	<b>26,261</b>	<b>3,335</b>
Total off-balance sheet notional amounts	11,015	9,394	—	20,409	—
<b>Maximum exposure to loss</b>	<b>16,207</b>	<b>23,747</b>	<b>6,716</b>	<b>46,670</b>	<b>3,335</b>
<b>Total assets of the entity</b>	<b>65,441</b>	<b>160,611</b>	<b>28,582</b>	<b>254,634</b>	<b>11,513</b>

Note

a. Comprises of Barclays Bank Group owned, not consolidated structured entities per IFRS 10 Consolidated Financial Statements, and Barclays Bank Group sponsored entities. Refer to Note 32 Principal subsidiaries for more details on consolidation.

### Maximum exposure to loss

Unless specified otherwise below, the Barclays Bank Group's maximum exposure to loss is the total of its on-balance sheet positions and its off-balance sheet arrangements, being loan commitments and financial guarantees. Exposure to loss is mitigated through collateral, financial guarantees, the availability of netting and credit protection held.

### Multi-seller conduit programme

The Barclays Bank Group's multi-seller conduit programme engages in providing financing to various clients and holds whole or partial interests in pools of receivables or similar obligations. These instruments are protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit entity. The Barclays Bank Group's off-balance sheet exposure included in the table above represents liquidity facilities that are provided to the conduit for the benefit of the holders of the commercial paper issued by the conduit and will only be drawn where the conduit is unable to access the commercial paper market. If these liquidity facilities are drawn, the Barclays Bank Group is protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit.

# Notes to the financial statements

## Scope of consolidation

### Lending

The portfolio includes lending provided by the Barclays Bank Group to unconsolidated structured entities in the normal course of its lending business to earn income in the form of interest and lending fees and includes loans to structured entities that are generally collateralised by property, equipment or other assets. All loans are subject to the Barclays Bank Group's credit sanctioning process. Collateral arrangements are specific to the circumstances of each loan with additional guarantees and collateral sought from the sponsor of the structured entity for certain arrangements. During the year the Barclays Bank Group recorded impairment of £28m (2021: £25m) against such facilities.

### Other

This includes fair value loans with structured entities where the market risk is materially hedged with corresponding derivative contracts, interests in debt securities issued by securitisation vehicles and drawn and undrawn loan facilities to these entities. In addition, other includes investment funds with interests restricted to management fees based on the performance of the fund and trusts held on behalf of beneficiaries with interests restricted to unpaid fees.

### Assets transferred to sponsored unconsolidated structured entities

The Barclays Bank Group is considered to sponsor another entity if, it had a key role in establishing that entity, it transferred assets to the entity, the Barclays name appears in the name of the entity or it provides guarantees on the entity's performance. As at 31 December 2022, assets transferred to sponsored unconsolidated structured entities were £1,665m (2021: £1,662m).

## 34 Investments in associates and joint ventures

### Accounting for associates and joint ventures

The Barclays Bank Group applies IAS 28 *Investments in Associates* and IFRS 11 *Joint Arrangements*. Associates are entities in which the Barclays Bank Group has significant influence, but not control, over the operating and financial policies. Generally the Barclays Bank Group holds more than 20% but less than 50% of their voting shares. Joint ventures are arrangements where the Barclays Bank Group has joint control and rights to the net assets of the entity.

The Barclays Bank Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each year by the Barclays Bank Group's share of the post acquisition profit/(loss). The Barclays Bank Group ceases to recognise its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses. In some cases, investments in these entities may be held at fair value through profit or loss, for example, those held by private equity businesses.

There are no individually significant investments in joint ventures or associates held by Barclays Bank Group.

	2022			2021		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Equity accounted (Group)	26	—	26	24	—	24

Summarised financial information for the Barclays Bank Group's equity accounted associates and joint ventures is set out below. The amounts shown are the Barclays Bank Group's share of the comprehensive income of the investees for the year ended 31 December 2022, with the exception of certain undertakings for which the amounts are based on accounts made up to dates not earlier than three months before the balance sheet date.

	Associates		Joint ventures	
	2022	2021	2022	2021
	£m	£m	£m	£m
Profit from continuing operations	3	—	—	—
Other comprehensive income	—	1	—	—
Total comprehensive income from continuing operations	3	1	—	—

# Notes to the financial statements

## Scope of consolidation

### 35 Securitisations

#### Accounting for securitisations

The Barclays Bank Group uses securitisations as a source of finance and a means of risk transfer. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction; lead to partial continued recognition of the assets to the extent of the Barclays Bank Group's continuing involvement in those assets or lead to derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer. Full derecognition only occurs when the Barclays Bank Group transfers both its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

In the course of its normal banking activities, the Barclays Bank Group makes transfers of financial assets, either where legal rights to the cash flows from the asset are passed to the counterparty or beneficially, where the Barclays Bank Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty. Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer.

A summary of the main transactions, and the assets and liabilities and the financial risks arising from these transactions, is set out below:

#### Transfers of financial assets that do not result in derecognition

##### Securitisations

The Barclays Bank Group is party to securitisation transactions involving its credit card and mortgage loan balances.

In these transactions, the assets, interests in the assets, or beneficial interests in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues interest bearing debt securities to third party investors.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction. Partial continued recognition of the assets to the extent of the Barclays Bank Group's continuing involvement in those assets can also occur or derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer.

The following table shows the carrying amount of securitised assets that have not resulted in full derecognition, together with the associated liabilities, for each category of asset on the balance sheet:

	2022				2021			
	Assets		Liabilities		Assets		Liabilities	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>								
<b>Loans and advances at amortised cost</b>								
Credit cards, unsecured loans and other retail lending	4,846	5,283	(1,433)	(1,356)	1,262	1,382	(1,225)	(1,219)
<b>Financial assets at FVTPL</b>								
Mortgage Loans	330	330	—	—	41	41	—	—
<b>Total</b>	<b>5,176</b>	<b>5,613</b>	<b>(1,433)</b>	<b>(1,356)</b>	<b>1,303</b>	<b>1,423</b>	<b>(1,225)</b>	<b>(1,219)</b>

Balances included within loans and advances at amortised cost represent securitisations where substantially all the risks and rewards of the assets have been retained by Barclays Bank Group and balances included within Financial assets at FVTPL represent securitisations where the risks and rewards are neither substantially transferred nor retained.

The relationship between the transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes, although the contractual terms of their notes may be different to the maturity and interest of the transferred assets.

If the Barclays Bank Group transfers a financial asset but does not transfer or retain substantially all the risk and rewards of the asset and retains control over it, the transferred assets are recognised to the extent of Barclays Bank Group's continuing involvement. In 2022, financial assets of £828m (2021: £249m) were transferred in this manner and the carrying value of the assets representing continued involvement is included in the table above.

For transfers of assets in relation to repurchase agreements, see Note 36.

#### Continuing involvement in financial assets that have been derecognised

In some cases, the Barclays Bank Group may have transferred a financial asset in its entirety but may have continuing involvement in it. This arises in asset securitisations where loans and asset backed securities were derecognised as a result of the Barclays Bank Group's involvement with asset backed securities, residential mortgage backed securities and commercial mortgage securities. Continuing involvement largely arises from providing financing into these structures in the form of retained notes, which do not bear first losses.

# Notes to the financial statements

## Scope of consolidation

The table below shows the potential financial implications of such continuing involvement:

Type of transfer	Continuing involvement <sup>a</sup>			Gain from continuing involvement	
	Carrying amount	Fair value	Maximum exposure to loss	For the year ended	Cumulative to 31 December
	£m	£m	£m	£m	£m
<b>2022</b>					
Asset backed securities	8	8	8	1	3
Residential mortgage backed securities	432	426	432	18	22
Commercial mortgage backed securities	412	357	412	5	16
<b>Total</b>	<b>852</b>	<b>791</b>	<b>852</b>	<b>24</b>	<b>41</b>
<b>2021</b>					
Asset backed securities	25	25	25	1	2
Residential mortgage backed securities	78	78	78	3	4
Commercial mortgage backed securities	311	307	311	5	11
<b>Total</b>	<b>414</b>	<b>410</b>	<b>414</b>	<b>9</b>	<b>17</b>

Note

a Assets which represent the Barclays Bank Group's continuing involvement in derecognised assets are recorded in Loans and advances at amortised cost and Debt Securities at FVTP&L.

### 36 Assets pledged, collateral received and assets transferred

Assets are pledged or transferred as collateral to secure liabilities under repurchase agreements, securitisations and stock lending agreements or as security deposits relating to derivatives. Assets transferred are non-cash assets transferred to a third party that do not qualify for derecognition from the Barclays Bank Group's balance sheet, for example because the Barclays Bank Group retains substantially all the exposure to those assets under an agreement to repurchase them in the future for a fixed price.

Where non-cash assets are pledged or transferred as collateral for cash received, the asset continues to be recognised in full, and a related liability is also recognised on the balance sheet. Where non-cash assets are pledged or transferred as collateral in an exchange for non-cash assets, the transferred asset continues to be recognised in full, and there is no associated liability as the non-cash collateral received is not recognised on the balance sheet. The Barclays Bank Group is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these pledged assets. Unless stated, the counterparty's recourse is not limited to the transferred assets.

The following table summarises the nature and carrying amount of the assets pledged as security against these liabilities:

	Barclays Bank Group	
	2022	2021
	£m	£m
Cash collateral and settlement balances	75,790	63,080
Loans and advances at amortised cost	36,752	29,962
Trading portfolio assets	63,914	71,201
Financial assets at fair value through the income statement	7,747	5,595
Financial assets at fair value through other comprehensive income	16,164	14,699
<b>Assets pledged</b>	<b>200,367</b>	<b>184,537</b>

# Notes to the financial statements

## Scope of consolidation

The following table summarises the transferred financial assets and the associated liabilities. The transferred assets represents the gross carrying value of the assets pledged and the associated liabilities represents the IFRS balance sheet value of the related liability recorded on the balance sheet.

	Barclays Bank Group	
	Transferred assets	Associated liabilities
	£m	£m
<b>At 31 December 2022</b>		
Derivatives	77,941	(77,941)
Repurchase agreements	54,509	(31,220)
Securities lending arrangements	62,741	—
Other	5,176	(4,788)
	<b>200,367</b>	<b>(113,949)</b>
<b>At 31 December 2021</b>		
Derivatives	64,826	(64,826)
Repurchase agreements	48,504	(28,494)
Securities lending arrangements	66,703	—
Other	4,504	(4,174)
	<b>184,537</b>	<b>(97,494)</b>

For repurchase agreements the difference between transferred assets and associated liabilities is predominantly due to IFRS netting. Included within Other are agreements where a counterparty's recourse is limited to the transferred assets. The relationship between the gross transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes.

	Carrying value		Fair value		Net position
	Transferred assets	Associated liabilities	Transferred assets	Associated liabilities	
	£m	£m	£m	£m	
<b>Barclays Bank Group</b>					
<b>2022</b>					
Recourse to transferred assets only	5,176	(1,433)	5,613	(1,356)	4,257
<b>2021</b>					
Recourse to transferred assets only	1,303	(1,225)	1,423	(1,219)	204

The Barclays Bank Group has an additional £2.7bn (2021: £3.5bn) of loans and advances within its asset backed funding programmes that can readily be used to raise additional secured funding and are available to support future issuances.

### Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, the Barclays Bank Group is allowed to resell or re-pledge the collateral held. The fair value at the balance sheet date of collateral accepted and re-pledged to others was as follows:

	Barclays Bank Group	
	2022	2021
	£m	£m
Fair value of securities accepted as collateral	989,211	934,363
Of which fair value of securities re-pledged/transferred to others	892,760	819,169

Additional disclosure has been included in Credit risk on pages 57 to 58.



# Notes to the financial statements

## Other disclosure matters

The notes included in this section focus on related party transactions, Auditors' remuneration, Directors' remuneration and Transition disclosures. Related parties include any subsidiaries, associates, joint ventures and Key Management Personnel.

### 37 Related party transactions and Directors' remuneration

#### Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both.

#### Parent company

The parent company, which is also the ultimate parent company, is Barclays PLC, which holds 100% of the issued ordinary shares of Barclays Bank PLC. The largest group in which the results of the Company are consolidated is headed by Barclays PLC, 1 Churchill Place London E14 5HP. The consolidated financial statements of the group are available to the public and may be obtained from Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

#### Subsidiaries

Transactions between Barclays Bank PLC and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Barclays Bank Group's financial statements. A list of the Barclays Bank Group's principal subsidiaries is shown in Note 32.

#### Fellow subsidiaries

Transactions between the Barclays Bank Group and other subsidiaries of the parent company also meet the definition of related party transactions.

#### Associates and other entities

The Barclays Bank Group provides banking services to its associates and the Barclays Bank Group pension funds (principally the UK Retirement Fund), providing loans, overdrafts, interest and non-interest bearing deposits and current accounts to these entities as well as other services. Barclays Bank Group companies also provide investment management and custodian services to the Barclays Bank Group pension schemes. All of these transactions are conducted on the same terms as third party transactions. Summarised financial information for the Barclays Bank Group's investments in associates and joint ventures is set out in Note 34.

Amounts included in the Barclays Bank Group's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Fellow subsidiaries £m	Associates £m	Pension funds £m
<b>For the year ended and as at 31 December 2022</b>				
Total income	(751)	199	(2)	3
Operating expenses	(69)	(3,459)	—	(1)
Total assets	1,575	9,056	—	3
Total liabilities	40,827	6,668	407	166
<b>For the year ended and as at 31 December 2021</b>				
Total income	(611)	20	—	3
Operating expenses	(64)	(3,195)	—	(1)
Total assets	6,491	909	—	3
Total liabilities	32,141	3,962	177	81

Total liabilities include derivatives transacted on behalf of the pensions funds of £110m (2021: £18m).

#### Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Barclays Bank PLC (directly or indirectly) and comprise the Directors and Officers of Barclays Bank PLC, certain direct reports of the Chief Executive Officer and the heads of major business units and functions.

The Barclays Bank Group provides banking services to Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding were as follows:

	2022 £m	2021 £m
<b>Loans outstanding</b>		
<b>As at 1 January</b>	—	—
Loans issued during the year <sup>a</sup>	0.1	—
Loan repayments during the year <sup>b</sup>	0.1	—
<b>As at 31 December</b>	—	—

Notes

a Includes loans issued to existing Key Management Personnel and new or existing loans issued to newly appointed Key Management Personnel.

b Includes loan repayments by existing Key Management Personnel and loans to former Key Management Personnel.

# Notes to the financial statements

## Other disclosure matters

No allowances for impairment were recognised in respect of loans to Key Management Personnel (or any connected person).

Deposits outstanding	2022	2021
	£m	£m
As at 1 January	2.1	3.4
Deposits received during the year <sup>a</sup>	9.4	9.0
Deposits repaid during the year <sup>b</sup>	(9.5)	(10.3)
<b>As at 31 December</b>	<b>2.0</b>	<b>2.1</b>

Notes

a Includes deposits received from existing Key Management Personnel and new or existing deposits received from newly appointed Key Management Personnel.

b Includes deposits repaid by existing Key Management Personnel and deposits of former Key Management Personnel.

### Total commitments outstanding

Total commitments outstanding refer to the total of any undrawn amounts on credit card and/or overdraft facilities provided to Key Management Personnel. Total commitments outstanding as at 31 December 2022 were £0.1m (2021: £0.1m).

All loans to Key Management Personnel (and persons connected to them) were made in the ordinary course of business; were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons; and did not involve more than a normal risk of collectability or present other unfavourable features.

### Remuneration of Key Management Personnel

Total remuneration awarded to Key Management Personnel below represents salaries, short term benefits and pensions contributions received during the year and awards made as part of the latest remuneration decisions in relation to the year. Costs recognised in the income statement reflect the accounting charge for the year included within operating expenses. The difference between the values awarded and the recognised income statement charge principally relates to the recognition of costs for deferred awards. Figures are provided for the period that individuals met the definition of Key Management Personnel.

	2022	2021
	£m	£m
Salaries and other short-term benefits	44.2	35.2
Pension costs	0.2	0.2
Other long-term benefits	12.1	8.5
Share-based payments	16.5	13.2
Employer social security charges on emoluments	7.5	6.0
<b>Costs recognised for accounting purposes</b>	<b>80.5</b>	<b>63.1</b>
Employer social security charges on emoluments	(7.5)	(6.0)
Other long-term benefits – difference between awards granted and costs recognised	0.1	3.3
Share-based payments – difference between awards granted and costs recognised	4.2	6.1
<b>Total remuneration awarded</b>	<b>77.3</b>	<b>66.5</b>

### Disclosure required by the Companies Act 2006

The following information regarding the Barclays Bank PLC Board of Directors is presented in accordance with the Companies Act 2006:

	2022	2021
	£m	£m
Aggregate emoluments <sup>a</sup>	7.1	6.3
Amounts paid under LTIPs <sup>b</sup>	0.4	1.2
	7.5	7.5

Notes

a The aggregate emoluments include amounts paid for the 2022 year. In addition, deferred share awards for 2022 with a total value at grant of £2.3m (2021: £1.4m) will be made to Directors which will only vest subject to meeting certain conditions.

b The figure above for "Amounts paid under LTIPs" for 2022 relates to LTIP awards that were released to Directors in 2022. Dividend shares released on the awards are excluded (where applicable).

There were no pension contributions paid to defined contribution schemes on behalf of Directors (2021: £nil). There were no notional pension contributions to defined contribution schemes.

As at 31 December 2022, there were no Directors accruing benefits under a defined benefit scheme (2021: nil).

The aggregate amount of compensation payable to departing officers in respect of loss of office was £2,253,304 (2021: £426,139).

# Notes to the financial statements

## Other disclosure matters

Of the figures in the table above, the amounts attributable to the highest paid Director in respect of qualifying services are as follows:

	2022	2021
	£m	£m
Aggregate emoluments <sup>a</sup>	3.6	2.1
Amounts paid under LTIPs	—	0.7
	3.6	2.8

### Note

a The aggregate emoluments include amounts paid for the 2022 year. In addition, a deferred share award for 2022 with a value at grant of £1.5m (2021: £nil) will be made to the highest paid Director which will only vest subject to meeting certain conditions.

There were no actual pension contributions paid to defined contribution schemes on behalf of the highest paid Director (2021: £nil). There were no notional pension contributions to defined contribution schemes (2021: £nil).

### Advances and credit to Directors and guarantees on behalf of Directors

In accordance with Section 413 of the Companies Act 2006, the total amount of advances and credits made available in 2022 to persons who served as Directors during the year was £nil (2021: £nil). The total value of guarantees entered into on behalf of Directors during 2022 was £nil (2021: £nil).

# Notes to the financial statements

## Other disclosure matters

### 38 Disposals of businesses

During the year, Barclays Bank PLC sold its direct ownership of subsidiaries Capton Investments Limited and Hawkins to Roder Investment No 1 Limited and Roder investment No 2 Limited recording gains of £43m and £75m respectively.

### 39 Auditor's remuneration

Auditor's remuneration is included within consultancy, legal and professional fees in administration and general expenses and comprises:

	2022	2021	2020
	£m	£m	£m
<b>Audit of the Barclays Bank Group's annual accounts</b>	<b>20</b>	<b>19</b>	<b>17</b>
<b>Other services:</b>			
Audit of the Barclays Bank PLC subsidiaries <sup>a</sup>	18	14	13
Other audit related fees <sup>b</sup>	8	7	7
Other services	1	1	1
<b>Total Auditor's remuneration</b>	<b>47</b>	<b>41</b>	<b>38</b>

#### Notes

a Comprises the fees for the statutory audit of the subsidiaries both inside and outside UK and fees for the work performed by associates of KPMG in respect of the consolidated financial statements of the Company.

b Comprises services in relation to statutory and regulatory filings. These include audit services for the review of the interim financial information under the Listing Rules of the UK listing authority.

Under SEC regulations, the remuneration of our auditors is required to be presented as follows: audit fees £41m (2021: £33m, 2020: £31m), audit-related fees £5m (2021: £5m, 2020: £3m), tax fees £nil (2021: £nil, 2020: £nil), and all other fees £1m (2021: £nil, 2020: £1m).

### 40 Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR has been a priority for global regulators. As a result, the UK's Financial Conduct Authority (FCA) and other global regulators instructed market participants to prepare for the cessation of most LIBOR rates after the end of 2021, and to adopt "Risk-Free Rates" (RFRs).

Pursuant to FCA announcements during 2021, panel bank submissions for all GBP, JPY, EUR and CHF LIBOR tenors ceased after 31 December 2021. For USD, certain actively used tenors will continue to be provided until end June 2023 in their current form, however in line with the US banking regulators' joint statement, Barclays ceased issuing or entering into new contracts that use USD LIBOR as a reference rate from 31 December 2021, other than in relation to those allowable use cases set out under the FCA's prohibition notice (ref 21A). These include, amongst others, market making in support of client activity; or transactions that reduce or hedge Barclays' or any client of Barclays' USD LIBOR exposure on contracts entered into before 1 January 2022.

The Barclays Bank Group's exposure to rates subject to benchmark interest rate reform has been predominantly to GBP, USD, JPY and CHF LIBOR and Euro Overnight Index Average (EONIA) in addition to the GBP LIBOR ICE Swap Rate, JPY LIBOR Tokyo Swap Rate and USD LIBOR ICE Swap Rate, with the vast majority concentrated in derivatives within the Global Markets business. Some additional exposure exists on floating rate loans and advances, repurchase and securities lending agreements and debt securities held and issued within the Corporate and Investment Bank. Following transition activity in late 2021 and early 2022, almost all GBP LIBOR, GBP LIBOR ICE Swap Rate, JPY LIBOR and JPY LIBOR Tokyo Swap Rate and CHF LIBOR and EONIA positions ("2021 scope") have transitioned onto RFRs and while there are a number of benchmarks yet to cease, the Barclays Bank Group's risk exposure is now mainly to USD LIBOR and the USD LIBOR ICE Swap Rate.

There are key differences between IBORs and RFRs. IBORs are 'term rates', which means that they are published for a borrowing period (for example three months) and they are 'forward-looking', because they are published at the beginning of a borrowing period, based upon an estimated inter-bank borrowing cost for the period. RFRs are based upon overnight rates from actual transactions and are therefore published after the end of the overnight borrowing period. Furthermore, IBORs include term and credit risk premiums. Therefore, to transition existing contracts and agreements to RFRs, adjustments for term and credit differences may need to be applied to RFR-linked rates. The methodologies for these adjustments have been determined through in-depth consultations by industry working groups, on behalf of the respective global regulators and related market participants.

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

Barclays has established a Group-wide LIBOR Transition Programme. The Transition Programme spans all business lines and has cross-functional governance which includes Legal, Compliance, Conduct Risk, Risk and Finance. The Transition Programme aims to drive strategic execution and identify, manage and resolve key risks and issues as they arise. Barclays continues to provide quarterly updates on progress and exposures to the PRA/FCA and other regulators as required.

The Transition Programme follows a risk-based approach, using recognised 'change delivery' control standards. Accountable Executives are in place within key working groups and workstreams, with overall Board oversight delegated to the Board Risk Committee.

Approaches to USD LIBOR and USD LIBOR ICE Swap Rate exposure transition vary by product and nature of counterparty. The Group has engaged with counterparties to transition or include robust fallback provisions where not already agreed in contracts with maturities after June 2023, when USD LIBOR and the USD LIBOR ICE Swap Rate will either cease to be published or cease to be published, in their current form. Any fallback provision will provide the relevant replacement rate, in the case of the ISDA 2020 IBOR Fallbacks Protocol this is the RFR plus a credit adjustment spread. For bilateral derivative exposure, adherence to the relevant ISDA Fallback Protocols have provided Barclays with an efficient mechanism to amend outstanding trades to incorporate fallbacks. Beyond the ISDA 2020 IBOR Fallbacks Protocol and the ISDA 2021 Fallbacks Protocol, another option has been to bilaterally amend terms with counterparties. Derivative contracts facing central clearing counterparties (CCP) will follow a market-wide, standardised approach to reform through a series of CCP-led conversions, similar to those used for GBP, JPY and CHF LIBOR and EONIA.

# Notes to the financial statements

## Other disclosure matters

GBP and JPY LIBOR ceased to be published in their original form from the end of 2021 and synthetic versions of GBP and JPY LIBOR have been made available for a limited period of time. This is to help mitigate the risk of widespread disruption to legacy LIBOR contracts which had not transitioned by end 2021, when the GBP and JPY panel bank submissions ended. The FCA has reiterated that any synthetic LIBOR tenors are only a bridge to give time to transition to appropriate alternative RFRs and not a permanent solution. Barclays continues to monitor, assess and limit the reliance on synthetic LIBOR.

On 29 September 2022 the FCA announced that the 1- and 6- month synthetic GBP LIBOR tenors would cease immediately after 31 March 2023 and confirmed that the synthetic JPY LIBOR tenors would cease permanently at the end of 2022.

On 23 November 2022 the FCA announced that the 3-month synthetic GBP LIBOR tenor will cease at the end of March 2024 and that the overnight and 12-month USD LIBOR tenors will cease at the end of June 2023. The FCA also proposed that the 1-, 3- and 6-month USD LIBOR tenors should be published under a synthetic methodology for a temporary period until the end of September 2024. A final decision from the FCA is expected by early in the second quarter of 2023.

US Federal legislation (the Adjustable Interest Rate (LIBOR) Act) has been enacted which provides a solution for contracts governed under US law which reference USD LIBOR but do not have adequate fallbacks. The effect of this legislation on in scope agreements will be to deem all references to USD LIBOR to the replacement Secured Overnight Financing Rate (SOFR) with the additional benefit of statutory contract continuity and safe harbour protection. This contrasts with the legislation implemented in the UK which provides for statutory contract continuity with safe harbour protection only for the administrator and could expose market participants to additional litigation risk.

### Progress made during 2022

During 2022, the Barclays Bank Group delivered technology and business process changes required to ensure operational readiness in preparation for transitions to RFRs for those benchmark rates ceasing at the end of June 2023; these included new RFR product capabilities and alternatives to LIBOR across loans, bonds, repurchase and securities lending transactions and derivatives. Barclays continued to monitor and address its unremediated exposure to 2021 scope; noting that this exposure, excluding secondary traded loans and bonds, was reduced to £2.0bn gross notional as at 31 December 2022, which accounts for less than 0.2% of baseline exposure for 2021 scope. Of this, £1.2bn relates to undrawn lending facilities with £1.1bn of this made up of syndicated loans where transition is led by a third-party agent. The remaining £0.8bn is predominantly made up of bilateral derivatives without appropriate fallbacks. Work is ongoing with clients and agents, as appropriate, to address the outstanding unremediated exposures. Barclays is now focused on transition of legacy positions related to USD LIBOR and the USD LIBOR ICE Swap Rate (and other in-scope IBORs) and remains on track to meet the associated industry deadlines. In the first half of 2022, Barclays successfully transitioned all uncommitted USD LIBOR lending exposures.

### Risks to which the Barclays Bank Group is exposed as a result of the transition

Global regulators and central banks in the UK, US, EU and APAC have been driving international efforts to reform key benchmark interest rates and indices, such as LIBOR, which are used to determine the amounts payable under a wide range of transactions and make them more reliable and robust. These benchmark reforms have resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of RFRs, the discontinuation of certain reference rates (including LIBOR), and the introduction of implementing legislation and regulations.

Notwithstanding these developments, given the unpredictable consequences of benchmark reform, any of these developments could have an adverse impact on market participants, including the Barclays Bank Group, in respect of any financial instruments linked to, or referencing, any of these benchmark interest rates.

Uncertainty associated with such potential changes include :

- the availability and/or suitability of alternative RFRs
- the participation of customers and third-party market participants in the transition process
- challenges with respect to required documentation changes
- impact of legislation to deal with 'certain legacy' contracts that cannot convert into RFRs or add RFR fallbacks language before cessation of the benchmark they reference

This uncertainty may adversely affect a broad range of transactions (securities, loans, derivatives, repurchase and securities lending transactions which use LIBOR or any other affected benchmark to determine the amount of interest payable (that are included in the Barclays Group's financial assets and liabilities)) that use these reference rates and indices, and present a number of risks for the Barclays Group, including, but not limited to:

- **Conduct risk:** in undertaking actions to transition away from using certain reference rates (such as LIBOR) to new alternative RFRs, the Barclays Bank Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank Group is considered to be (among other things) (i) undertaking market activities that are manipulative or create a false or misleading impression, (ii) misusing sensitive information or not identifying or appropriately managing or mitigating conflicts of interest, (iii) providing customers with inadequate advice, misleading information, unsuitable products or unacceptable service, (iv) not taking a consistent approach to remediation for customers in similar circumstances, (v) unduly delaying the communication and migration activities in relation to client exposure, leaving them insufficient time to prepare, or (vi) colluding or inappropriately sharing information with competitors.
- **Litigation risk:** members of the Barclays Bank Group may face legal proceedings, regulatory investigations and/or other actions or proceedings regarding (among other things) (i) the conduct risks identified above, (ii) the interpretation and enforceability of provisions in LIBOR-based contracts, and (iii) the Barclays Bank Group's preparation and readiness for the replacement of LIBOR with alternative RFRs.
- **Financial risk:** the valuation of certain of the Barclays Bank Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the Barclays Bank Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because certain alternative RFRs (such as the SONIA and SOFR) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have a material adverse effect on the Barclays Bank Group's cash flows.

# Notes to the financial statements

## Other disclosure matters

- **Pricing risk:** changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative RFRs may impact the pricing mechanisms used by the Barclays Bank Group on certain transactions.
- **Operational risk:** changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative RFRs may require changes to the Barclays Bank Group's IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any reference rate or index (such as LIBOR) is no longer available to calculate amounts payable, the Barclays Bank Group may incur additional expenses in amending documentation for new and existing transactions and/or effecting the transition from the original reference rate or index to a new reference rate or index.
- **Accounting risk:** an inability to apply hedge accounting in accordance with IAS 39 could lead to increased volatility in the Barclays Bank Group's financial results and performance.

Any of these factors may have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition, prospects and reputation. While a number of the above risks in relation to transition of legacy 2021 scope onto RFRs have been substantially mitigated, they remain relevant in relation to USD and related LIBOR transitions.

The Barclays Bank Group does not expect material changes to its risk management approach and strategy as a result of interest rate benchmark reform.

The following tables summarise USD LIBOR and USD LIBOR ICE Swap Rate non-derivatives exposures due to mature post 30 June 2023, when USD LIBOR and the USD LIBOR ICE Swap Rate will either cease to be published or cease to be published, in its current form:

USD LIBOR	2022	2021
	£m	£m
<b>Non-derivative financial assets</b>		
Loans and advances at amortised cost	8,659	15,801
Reverse repurchase agreements and other similar secured lending	—	186
Financial assets at fair value through the income statement	4,282	8,538
Financial assets at fair value through other comprehensive income	—	—
<b>Non-derivative financial assets</b>	<b>12,941</b>	<b>24,525</b>
<b>Non-derivative financial liabilities</b>		
Debt securities in issue	(2,493)	—
Subordinated liabilities	(344)	(3,774)
Financial liabilities designated at fair value	(1,740)	(212)
<b>Non-derivative financial liabilities</b>	<b>(4,577)</b>	<b>(3,986)</b>
<b>Equity</b>		
Other equity instruments	(295)	(3,062)
<b>Standby facilities, credit lines and other commitments<sup>a</sup></b>	<b>68,118</b>	<b>42,767</b>

Note

- a. For year ended 2021, multi currency loan facilities are reported in the currency which needs to be remediated first, which were mainly non-USD. As non-USD rates transitioned, this has resulted in a corresponding increase in USD LIBOR exposure for year ended 2022 as USD LIBOR exposure is yet to transition.

Balances reported at amortised cost are disclosed at their gross carrying value and do not include any provisions for expected credit losses that may be held against them.

The following tables summarise USD LIBOR and USD LIBOR ICE Swap Rate derivative exposures due to mature post 30 June 2023:

USD LIBOR	2022	2021
	£m	£m
<b>Derivative notional contract amount</b>		
OTC interest rate derivatives	2,594,268	2,283,077
OTC interest rate derivatives - cleared by central counterparty	2,119,420	2,211,729
Exchange traded interest rate derivatives	337,535	466,339
OTC foreign exchange derivatives	84	461,680
OTC equity and stock index derivatives	1,261	9,949
<b>Derivative notional contract amount</b>	<b>5,052,568</b>	<b>5,432,774</b>

Derivatives are reported by using the notional contract amount.

As at 31 December 2022 the Barclays Bank Group also had £9bn (2021: £9bn) of Barclays issued debt retained by the Barclays Bank Group, impacted by the interest rate benchmark reform, in USD LIBOR.

### Fallback clauses

The USD LIBOR and USD LIBOR ICE Swap Rate derivative exposures as at 31 December 2022 have been broken up into those with robust fallbacks and those without. Fallbacks here are defined as any mechanism involving a 'switch' or 'hardwire' or a contractual agreement to automatically transition to an agreed rate. The most commonly used market solutions to incorporate fallback provisions into certain legacy non-cleared derivative agreements are the ISDA Fallbacks Protocols, namely the ISDA 2020 IBOR Fallbacks Protocol and the ISDA 2021 Fallbacks Protocol published in October 2020. Market

# Notes to the financial statements

## Other disclosure matters

participants who have adhered to the relevant ISDA Fallbacks Protocol agree, between adhering parties, that their legacy non-cleared contracts will be amended to include the relevant fallback provisions.

The following table presents a breakdown of USD LIBOR and USD LIBOR ICE Swap Rate non-derivative exposures with robust fallbacks in place and those without as at 31 December 2022:

USD LIBOR	With robust fallback clause	Without robust fallback clause
As at 31 December 2022	£m	£m
<b>Non-derivative financial assets</b>		
Loans and advances at amortised cost	7,770	889
Financial assets at fair value through the income statement	4,282	—
<b>Non-derivative financial assets</b>	<b>12,052</b>	<b>889</b>
<b>Non-derivative financial liabilities</b>		
Debt securities in issue	(2,493)	—
Subordinated liabilities	—	(344)
Financial liabilities designated at fair value	(1,740)	—
<b>Non-derivative financial liabilities</b>	<b>(4,233)</b>	<b>(344)</b>
<b>Equity</b>		
Other equity instruments	—	(295)
<b>Standby facilities, credit lines and other commitments</b>	<b>64,632</b>	<b>3,486</b>

The following table presents a breakdown of USD LIBOR and USD LIBOR ICE Swap Rate derivative exposures with robust fallbacks in place and those without as at 31 December 2022:

USD LIBOR	With appropriate fallback clause	Without appropriate fallback clause
As at 31 December 2022	£m	£m
<b>Derivative notional contract amount</b>		
OTC interest rate derivatives	2,538,218	56,050
OTC interest rate derivatives - cleared by central counterparty	2,119,420	—
Exchange traded interest rate derivatives	337,535	—
OTC foreign exchange derivatives	84	—
OTC equity and stock index derivatives	770	491
<b>Derivative notional contract amount</b>	<b>4,996,027</b>	<b>56,541</b>

The majority of USD LIBOR and USD LIBOR ICE Swap Rate exposures are already covered by fallbacks as a result of the 2020 ISDA IBOR Fallbacks Protocol and the June 2022 Benchmark Module of the ISDA 2021 Fallbacks Protocol which relevant Barclays entities have adhered to.

# Notes to the financial statements

## Other disclosure matters

### 41 Barclays Bank PLC (the Parent company)

<b>Income Statement</b>			
<b>Barclays Bank PLC</b>			
	2022	2021	2020
	£m	£m	£m
<b>For the year ended 31 December</b>			
<b>Continuing operations</b>			
Interest and similar income	10,576	4,190	4,016
Interest and similar expense	(8,278)	(3,096)	(3,059)
<b>Net interest income</b>	<b>2,298</b>	<b>1,094</b>	<b>957</b>
Fee and commission income <sup>a</sup>	2,949	2,989	2,825
Fee and commission expense <sup>a</sup>	(850)	(656)	(936)
<b>Net fee and commission income</b>	<b>2,099</b>	<b>2,333</b>	<b>1,889</b>
Net trading income <sup>a</sup>	5,791	3,786	4,770
Net investment income	1,623	1,123	574
Other income	32	4	130
<b>Total income</b>	<b>11,843</b>	<b>8,340</b>	<b>8,320</b>
Staff costs	(1,699)	(1,598)	(1,623)
Infrastructure costs	(145)	(409)	(154)
Administration and general expenses	(3,336)	(3,051)	(3,127)
Litigation and conduct	(1,340)	(360)	(60)
<b>Operating expenses</b>	<b>(6,520)</b>	<b>(5,418)</b>	<b>(4,964)</b>
Impairment of investments in subsidiaries	(2,533)	(107)	(27)
Share of post-tax results of associates and joint ventures	—	—	2
Profit on disposal of subsidiaries, associates and joint ventures	119	94	401
<b>Profit before impairment</b>	<b>2,909</b>	<b>2,909</b>	<b>3,732</b>
Credit impairment releases/(charges)	(165)	414	(1,577)
<b>Profit before tax</b>	<b>2,744</b>	<b>3,323</b>	<b>2,155</b>
Taxation	40	113	(21)
<b>Profit after tax</b>	<b>2,784</b>	<b>3,436</b>	<b>2,134</b>
<b>Attributable to:</b>			
Equity holders of the parent	1,802	2,641	1,305
Other equity instrument holders	982	795	829
Total equity holders of the parent	2,784	3,436	2,134
<b>Profit after tax</b>	<b>2,784</b>	<b>3,436</b>	<b>2,134</b>

#### Note

- a. From 2022, Barclays Bank PLC has changed its presentation of transfer pricing arrangements to align with the policies being used across rest of the Barclays Group. The change impacts transfer pricing and sales credits earned or paid when affiliate entities act as recipients or payers of such transactions. Transfer pricing and sales credits will be shown within net trading income or fees and commission income depending on the nature of the transaction. Transfer pricing and sales credits previously recognised in fees and commission expense (2021:£2,072m; 2020: £2,241m) have been re-presented, resulting in a reduction in net trading income (2021:£789m; 2020: £1,296m) and fees and commission income (2021:£1,283; 2020: £945m). There is no impact on total income reported.

Dividends paid to the Parent company in 2022 totalled £1,862m (2021: £1,174m, 2020: £610m).



# Notes to the financial statements

## Other disclosure matters

Parent statement of comprehensive income			
	2022	2021	2020
For the year ended 31 December	£m	£m	£m
Profit after tax	2,784	3,436	2,134
<b>Other comprehensive (loss)/income that may be recycled to profit or loss:</b>			
<b>Currency translation reserve</b>			
Currency translation differences <sup>a</sup>	1,149	128	(519)
<b>Fair value through other comprehensive income reserve movement relating to debt securities</b>			
Net (losses)/gains from changes in fair value	(6,383)	(1,382)	2,405
Net losses/(gains) transferred to net profit on disposal	68	(248)	(252)
Net losses/(gains) relating to (release of) impairment	8	(6)	1
Net gains/(losses) due to fair value hedging	4,626	1,103	(1,634)
Tax	449	170	(131)
<b>Cash flow hedging reserve</b>			
Net (losses)/gains from changes in fair value	(6,733)	(2,230)	1,375
Net gains/(losses) transferred to net profit	470	(333)	(296)
Tax	1,707	748	(291)
<b>Other</b>	—	—	2
<b>Other comprehensive (loss)/income that may be recycled to profit or loss</b>	<b>(4,639)</b>	<b>(2,050)</b>	<b>660</b>
<b>Other comprehensive income/(loss) not recycled to profit or loss:</b>			
Retirement benefit remeasurements	(791)	1,261	(85)
Own credit	1,973	(55)	(778)
Tax	(138)	(563)	190
<b>Other comprehensive income/(loss) not recycled to profit or loss</b>	<b>1,044</b>	<b>643</b>	<b>(673)</b>
<b>Other comprehensive (loss) for the year</b>	<b>(3,595)</b>	<b>(1,407)</b>	<b>(13)</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>(811)</b>	<b>2,029</b>	<b>2,121</b>
<b>Attributable to:</b>			
Equity holders of the parent	(811)	2,029	2,121
<b>Total comprehensive (loss)/income for the year</b>	<b>(811)</b>	<b>2,029</b>	<b>2,121</b>

Note

a Includes £nil (2021: £nil, 2020:nil) on recycling of currency translation differences.

The Parent company financials on pages 123 to 126 form part of this note.

# Notes to the financial statements

## Other disclosure matters

### Commitments and contractual obligations

Barclays Bank PLC Commercial commitments include guarantees, contingent liabilities and standby facilities.

Commercial commitments	Amount of commitment expiration per period				Total amounts committed £m
	Less than one year £m	Between one to three years £m	Between three to five years £m	After five years £m	
<b>Barclays Bank PLC</b>					
<b>As at 31 December 2022</b>					
Guarantees and letters of credit pledged as collateral security	52,219	—	—	—	52,219
Performance guarantees, acceptances and endorsements	9,983	1	—	—	9,984
Documentary credits and other short-term trade related transactions	1,686	—	—	—	1,686
Standby facilities, credit lines and other commitments	205,612	37	—	—	205,649
<b>As at 31 December 2021</b>					
Guarantees and letters of credit pledged as collateral security	45,289	—	—	—	45,289
Performance guarantees, acceptances and endorsements	10,485	—	—	—	10,485
Documentary credits and other short-term trade related transactions	1,462	—	—	—	1,462
Standby facilities, credit lines and other commitments	193,641	—	—	—	193,641

Contractual obligations include debt securities.

Contractual obligations	Payments due by period				Total £m
	Less than one year £m	Between one to three years £m	Between three to five years £m	After five years £m	
<b>Barclays Bank PLC</b>					
<b>As at 31 December 2022</b>					
Long-term debt <sup>a</sup>	37,907	10,517	10,596	31,103	90,123
Purchase obligations	5	—	—	—	5
<b>Total</b>	<b>37,912</b>	<b>10,517</b>	<b>10,596</b>	<b>31,103</b>	<b>90,128</b>
<b>As at 31 December 2021</b>					
Long-term debt <sup>a</sup>	31,019	10,446	6,509	20,050	68,024
Purchase obligations	17	—	—	—	17
<b>Total</b>	<b>31,036</b>	<b>10,446</b>	<b>6,509</b>	<b>20,050</b>	<b>68,041</b>

Note

a Long-term debt has been prepared to reflect cash flows on an undiscounted basis, which includes interest payments.

Net cash flows from derivatives used to hedge long-term debt amount to £nil (2021: £1.1bn).

Further information on the contractual maturity of the Barclays Bank PLC's assets and liabilities is given in the Liquidity risk section.

## Additional information

### Additional unaudited shareholder information

#### Articles of Association

Barclays Bank PLC (the "Company") is a public limited company registered in England and Wales under company number 01026167 (formerly called Barclays Bank International Limited, a company incorporated under the name The Colonial Bank by the Colonial Bank Act 1925 and which changed its name on 15 September 1925 to Barclays Bank (Dominion, Colonial and Overseas) and further changed its name on 22 September 1954 to Barclays Bank D.C.O. and on 1 October 1971 to Barclays Bank International Limited) was incorporated under the Companies Acts 1948 to 1967 as a limited company on 4 October 1971 and changed its name on 1 January 1985 to Barclays Bank PLC.

Under the Companies Act 2006 a company's Memorandum of Association now need only contain the names of the subscribers and the number of shares each subscriber has agreed to take. For companies in existence as of 1 October 2009, all other provisions which were contained in the company's Memorandum of Association, including the company's objects, are now deemed to be contained in the company's articles. The Companies Act 2006 also states that a company's objects are unrestricted unless the company's articles provide otherwise.

The Articles of Association were adopted by Special Resolution at the Company's Annual General Meeting on 8 June 2021, in substitution for and to the exclusion of Articles adopted 30 April 2010.

The following is a summary and explanation of the current Articles of Association, which are available for inspection.

#### Directors

- (i) The minimum number of Directors (excluding alternate Directors) is five. There is no maximum limit. There is no age limit for Directors. A director shall not be required to hold any shares in the Company by way of qualification.
- (ii) Excluding executive remuneration and any other entitlement to remuneration for extra services (including service on board committees) under the Articles, a Director is entitled to a fee at a rate determined by the Board but the aggregate fees paid to all Directors shall not exceed £2,000,000 per annum or such higher amount as may be approved by an ordinary resolution of the Company. Each Director is entitled to reimbursement for all reasonable travelling, hotel and other expenses properly incurred by him/her in or about the performance of his/her duties.
- (iii) A Director may hold any other office of the Company on such terms as the Board shall determine.
- (iv) No director shall be required to retire from office at any annual general meeting by rotational retirement.
- (v) The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any Director so appointed holds office until the next AGM, when he/she may offer himself/herself for reappointment.
- (vi) The Board may appoint any Director to any executive position or employment in the Company on such terms as they determine.
- (vii) The Company may by ordinary resolution remove a Director before the expiry of his/her period of office (without prejudice to a claim for damages for breach of contract or otherwise) and may by ordinary resolution appoint another person who is willing to act to be a Director in his/her place.
- (viii) A Director may appoint either another Director or some other person approved by the Board to act as his/her alternate with power to attend Board meetings and generally to exercise the functions of the appointing Director in his/her absence (other than the power to appoint an alternate).
- (ix) The Board may authorise any matter in relation to which a Director has, or can have, a direct interest that conflicts, or possibly may conflict with, the Company's interests. Only Directors who have no interest in the matter being considered will be able to authorise the relevant matter and they may impose limits or conditions when giving authorisation if they think this is appropriate.
- (x) A Director may hold positions with or be interested in other companies and, subject to legislation applicable to the Company and the FCA's requirements, may contract with the Company or any other company in which the Company is interested. A Director may not vote or count towards the quorum on any resolution concerning any proposal in which he/she (or any person connected with him/her) has a material interest (other than by virtue of his/her interest in securities of the Company) or if he/she has a duty which conflicts or may conflict with the interests of the Company, unless the resolution relates to any proposal:
  - (a) to indemnify a Director or provide him/her with a guarantee or security in respect of money lent by him/her to, or any obligation incurred by him/her or any other person for the benefit of (or at the request of), the Company (or any other member of the Group);
  - (b) to indemnify or give security or a guarantee to a third party in respect of a debt or obligation of the Company (or any other member of the Group) for which the Director has personally assumed responsibility;
  - (c) to obtain insurance for the benefit of Directors;
  - (d) involving the acquisition by a Director of any securities of the Company (or any other member of the Group) pursuant to an offer to existing holders of securities or to the public;
  - (e) concerning any other company in which the Director is interested as an officer or creditor or Shareholder but, broadly, only if he/she (together with his/her connected persons) is directly or indirectly interested in less than 1% of either any class of the issued equity share capital or of the voting rights of that company; and
  - (f) concerning any other arrangement for the benefit of employees of the Company (or any other member of the Group) under which the Director benefits or stands to benefit in a similar manner to the employees concerned and which does not give the Director any advantage which the employees to whom the arrangement relates would not receive.

# Additional unaudited information

## Classes of Shares

The Company authorised capital comprise of Ordinary Shares, Euro, US Dollar and Sterling Preference Shares (collectively, the "Preference Shares") and Series 1 Sterling Preference Shares. A list and description the outstanding Ordinary Shares and Preference Shares of the Company is included in Note 27 to the Financial Statements (Ordinary shares, share premium, and other equity).

## Dividends

Subject to the provisions of the Articles and applicable legislation, the Company in general meeting may declare dividends on the Ordinary Shares by ordinary resolution, but any such dividend may not exceed the amount recommended by the Board. The Board may also pay interim or final dividends if it appears they are justified by the Company's financial position.

Each Preference Share confers the right to a preferential dividend ("Preference Dividend") payable in such currency at such rates (whether fixed or calculated by reference to or in accordance with a specified procedure or mechanism), on such dates and on such other terms as may be determined by the Board prior to allotment thereof.

The Preference Shares rank in regard to payment of dividends in priority to the holders of Ordinary Shares and any other class of shares in the Company ranking junior to the Preference Shares.

Dividends may be paid on the Preference Shares if, in the opinion of the Board, the Company has sufficient distributable profits, after payment in full or the setting aside of a sum to provide for all dividends payable on (or in the case of shares carrying a cumulative right to dividends, before) the relevant dividend payment date on any class of shares in the Company ranking *pari passu* with or in priority to the relevant series of Preference Shares as regards participation in the profits of the Company.

If the Board considers that the distributable profits of the Company available for distribution are insufficient to cover the payment in full of Preference Dividends, Preference Dividends shall be paid to the extent of the distributable profits on a *pro rata* basis.

Notwithstanding the above, the Board may, at its absolute discretion, determine that any Preference Dividend which would otherwise be payable may either not be payable at all or only payable in part.

If any Preference Dividend on a series of Preference Shares is not paid, or is only paid in part, for the reasons described above, holders of Preference Shares will not have a claim in respect of such non-payment.

If any dividend on a series of Preference Shares is not paid in full on the relevant dividend payment date, a dividend restriction shall apply. The dividend restriction means that, subject to certain exceptions, neither the Company nor Barclays Bank may (a) pay a dividend on, or (b) redeem, purchase, reduce or otherwise acquire, any of their respective ordinary shares, other preference shares or other share capital ranking equal or junior to the relevant series of Preference Shares until the earlier of such time as the Company next pays in full a dividend on the relevant series of Preference Shares or the date on which all of the relevant series of Preference Shares are redeemed.

All unclaimed dividends payable in respect of any share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. If a dividend is not claimed after 12 years of it becoming payable, it is forfeited and reverts to the Company. However, The Company shall be indebted to the member or other person entitled to the shares for the net proceeds of any shares sold by the Company for a period of six years following the date of such sale.

Subject to applicable legislation and the rights of the other shareholders, any share may be issued on terms that it is, at the option of the Company or the holder of such share, redeemable. The Directors are authorised to determine the terms, conditions and manner of redemption of any such shares under the Articles of Association.

## Calls on capital

The Directors may make calls upon the members in respect of any monies unpaid on their shares. A person upon whom a call is made remains liable even if the shares in respect of which the call is made have been transferred. Interest will be chargeable on any unpaid amount called at a rate determined by the Board (of not more than 20% per annum).

If a member fails to pay any call in full (following notice from the Board that such failure will result in forfeiture of the relevant shares), such shares (including any dividends declared but not paid) may be forfeited by a resolution of the Board, and will become the property of the Company. Forfeiture shall not absolve a previous member for amounts payable by him/her (which may continue to accrue interest).

The Company also has a lien over all partly paid shares of the Company for all monies payable or called on that share and over the debts and liabilities of a member to the Company. If any monies which are the subject of the lien remain unpaid after a notice from the Board demanding payment, the Company may sell such shares.

## Annual and other general meetings

The Company is required to hold an AGM in addition to such other general meetings as the Directors think fit. The type of the meeting will be specified in the notice calling it. Under the Companies Act 2006, the AGM must be held within six months of the accounting reference date. A general meeting may be convened by the Board on requisition in accordance with the applicable legislation.

In the case of an AGM, a minimum of 21 clear days' notice is required. The notice must be in writing and must specify the place, the day and the hour of the meeting, and the general nature of the business to be transacted. A notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as such. The accidental failure to give notice of a general meeting or the non-receipt of such notice will not invalidate the proceedings at such meeting.

Subject as noted above, all Shareholders are entitled to attend and vote at general meetings. The Articles do, however, provide that arrangements may be made for simultaneous attendance at a satellite meeting place or, if the meeting place is inadequate to accommodate all members and proxies entitled to attend, another meeting place may be arranged to accommodate such persons other than that specified in the notice of meeting, in which case Shareholders may be excluded from the principal place.

## Additional unaudited information

Holders of Preference Shares have no right to receive notice of, attend or vote at, any general meetings of the Company as a result of holding Preference Shares.

### Notices

Save where the articles expressly require otherwise, a document or information may be sent by the Company in hard copy form, electronic form, by being made available on a website, or by another means agreed with the recipient, in accordance with the provisions set out in the Companies Act 2006. Accordingly, a document or information may only be sent in electronic form to a person who has agreed to receive it in that form or, in the case of a company, who has been deemed to have so agreed pursuant to applicable legislation. A document or information may only be sent by being made available on a website if the recipient has agreed to receive it in that form or has been deemed to have so agreed pursuant to applicable legislation, and has not revoked that agreement.

In respect of joint holdings, documents or information shall be sent to the joint holder whose name stands first in the register.

A member who (having no registered address within the UK) has not supplied an address in the UK at which documents or information may be sent in hard copy form, or an address to which notices, documents or information may be sent or supplied by electronic means, is not entitled to have documents or information sent to him/her.

In addition, the Company may cease to send notices to any member who has been sent documents on two consecutive occasions over a period of at least 12 months and when each of those documents is returned undelivered or notification is received that they have not been delivered.

### Capitalisation of profits

The Company may, by ordinary resolution, upon the recommendation of the Board capitalise all or any part of an amount standing to the credit of a reserve or fund to be set free for distribution provided that amounts from the share premium account, capital redemption reserve or any profits not available for distribution should be applied only in paying up unissued shares to be allotted to members credited as fully paid and no unrealised profits shall be applied in paying up debentures of the Company or any amount unpaid on any share in the capital of the Company.

### Indemnity

Subject to applicable legislation, every current and former Director or other officer of the Company (other than any person engaged by the company as auditor) shall be indemnified by the Company against any liability in relation to the Company, other than (broadly) any liability to the Company or a member of the Group, or any criminal or regulatory fine.

### Variation of Rights

The rights attached to any class of shares may be varied either with the consent in writing of the holders of at least 75% in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights of shares shall not (unless expressly provided by the rights attached to such shares) be deemed varied by the creation of further shares ranking equally with them or subsequent to them.

### Limitations on foreign shareholders

There are no restrictions imposed by the Articles of Association or (subject to the effect of any economic sanctions that may be in force from time to time) by current UK laws which relate only to non-residents of the UK and which limit the rights of such non-residents to hold or (when entitled to do so) vote the ordinary shares.

### Special rights

There are no persons holding securities that carry special rights with regard to the control of the company.

### Taxation of UK holders

The following is a summary of certain UK tax issues which are likely to be material to the holding and disposal of Preference Shares of Barclays Bank PLC or ADSs representing such Preference Shares (the "Shares").

It is based on the current laws of England and Wales, UK tax law and the practice of His Majesty's Revenue and Customs ("HMRC"), each of which may be subject to change, possibly with retrospective effect. It is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser, holder or disposer of Shares. In particular, save where expressly stated to the contrary, this summary deals with shareholders who are resident and, in the case of individuals, domiciled in (and only in) the UK for UK tax purposes, who hold their Shares as investments (other than under an individual savings account) and who are the absolute beneficial owners of their Shares and any dividends paid on them.

The statements are not addressed to: (i) shareholders who own (or are deemed to own) 10% or more of the voting power of Barclays Bank PLC; (ii) shareholders who hold Shares as part of hedging transactions; (iii) investors who have (or are deemed to have) acquired their Shares by virtue of an office or employment; and (iv) shareholders who hold Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate shareholder, through a permanent establishment, or otherwise). It does not discuss the tax treatment of classes of shareholder subject to special rules, such as dealers in securities.

Persons who are in any doubt as to their tax position should consult their professional advisers. Persons who may be liable to taxation in jurisdictions other than the UK in respect of their acquisition, holding or disposal of Shares are particularly advised to consult their professional advisers as to whether they are so liable.

#### (i) Taxation of dividends

In accordance with UK law, Barclays Bank PLC pays dividends on the Shares without any deduction or withholding for or on account of any taxes imposed by the UK government or any UK taxing authority.

The total dividends (including any dividends paid by Barclays Bank PLC) paid to a UK resident individual shareholder in a tax year (the "Total Dividend Income") will generally form part of that shareholder's total income for UK income tax purposes, and will be subject to UK income tax at the rates discussed below.

## Additional unaudited information

For dividends paid on or after 6 April 2016, the rate of UK income tax applicable to the Total Dividend Income will depend on the amount of the Total Dividend Income and the UK income tax band(s) that the Total Dividend Income falls within when included as part of the shareholder's total income for UK income tax purposes for that tax year.

For the tax year from 6 April 2022 to 5 April 2023 (inclusive), a nil rate of UK income tax applies to the first £2,000 of Total Dividend Income received by an individual shareholder in that tax year (the "Nil Rate Amount"). For the 2018-2019, 2019-2020, 2020-2021 and 2021-2022 tax years, the Nil Rate Amount was £2,000. For the 2016-2017 and 2017-2018 tax years, the Nil Rate Amount was £5,000.

Where the Total Dividend Income received by an individual shareholder in a tax year exceeds the relevant Nil Rate Amount for that tax year, the excess amount (the "Remaining Dividend Income") will, at the date hereof, be subject to UK income tax at the following current rates:

- (a) at the rate of 8.75% on any portion of the Remaining Dividend Income that falls within the basic tax band;
- (b) at the rate of 33.75% on any portion of the Remaining Dividend Income that falls within the higher tax band; and
- (c) at the rate of 39.35% on any portion of the Remaining Dividend Income that falls within the additional tax band.

In determining the tax band the Remaining Dividend Income falls within for a tax year, the individual shareholder's Total Dividend Income for the tax year in question (including the portion comprising the Nil Rate Amount) will be treated as the top slice of the shareholder's total income for UK income tax purposes.

Subject to special rules for small companies, UK resident shareholders within the charge to UK corporation tax will not generally be subject to UK corporation tax on the dividends paid on the Shares, provided the dividend falls within an exempt class and certain conditions are met.

### (ii) Taxation of capital gains

The disposal of Shares may, depending on the shareholder's circumstances, give rise to a liability to UK tax on chargeable capital gains.

Where Shares are sold, a liability to UK tax may result if the proceeds from that sale exceed the sum of the base cost of the Shares sold and any other allowable deductions such as share dealing costs and, in certain circumstances, indexation relief (discussed further below). For this purpose, current legislation permits the market valuation at 31 March 1982 to be substituted for the original cost of shares purchased before that date, subject to certain exceptions for shareholders within the charge to UK corporation tax. Shareholders other than those within the charge to UK corporation tax should note that, following the Finance Act 2008, no indexation allowance will be available. Following the Finance Act 2018, shareholders within the charge to UK corporation tax may be eligible for indexation allowance for the period of ownership of their Shares up to December 2017, but no indexation allowance will be available in respect of the period of ownership starting on or after 1 January 2018.

Chargeable capital gains may also arise from the gifting of Shares to connected parties such as relatives (although not spouses or civil partners) and family trusts.

The calculations required to compute chargeable capital gains may be complex. Shareholders are advised to consult their personal financial adviser for further information regarding a possible tax liability in respect of their holdings of shares is required.

### (iii) Stamp duty and stamp duty reserve tax

Dealings in Shares will generally be subject to UK stamp duty or stamp duty reserve tax (although see the comments below as regards ADSs in the section 'Taxation of US holders – UK stamp duty and stamp duty reserve tax'). Any document effecting the transfer on sale of Shares will generally be liable to stamp duty at 0.5% of the consideration paid for that transfer (rounded up to the next £5). An unconditional agreement to transfer Shares, or any interest therein, will generally be subject to stamp duty reserve tax at 0.5% of the consideration given. Such liability to stamp duty reserve tax will be cancelled, or a right to a repayment (generally with interest) in respect of the stamp duty reserve tax liability will arise, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. Both stamp duty and stamp duty reserve tax are normally the liability of the transferee.

Paperless transfers of Shares within CREST are liable to stamp duty reserve tax rather than stamp duty.

Stamp duty reserve tax on transactions settled within the CREST system or reported through it for regulatory purposes will be collected by CREST.

Special rules apply to certain categories of person, including intermediaries, market makers, brokers, dealers and persons connected with depositary arrangements and clearance services.

### (iv) Inheritance tax

An individual may be liable to inheritance tax on the transfer of Shares. Where an individual is so liable, inheritance tax may be charged on the amount by which the value of his or her estate is reduced as a result of any transfer by way of gift or other gratuitous transaction made by them or treated as made by them.

### Taxation of US Holders

The following is a summary of certain US federal income tax considerations and certain UK tax considerations to the purchase, ownership, and disposition of Preference Shares of Barclays Bank PLC or ADSs representing such Preference Shares (the "Shares") that are likely to be relevant for US Holders (as defined below) who own the Shares as capital assets for tax purposes. This discussion is not a comprehensive analysis of all the potential US or UK tax consequences that may be relevant to US Holders and does not discuss particular tax consequences that may be applicable to US Holders who may be subject to special tax rules such as banks, brokers or dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, financial institutions, tax-exempt organisations, regulated investment companies, life insurance companies, entities or arrangements that are treated as partnerships for US federal income tax purposes (or partners therein), holders that own or are treated as owning 10% or more of the stock of Barclays Bank PLC measured either by voting power or value, holders that hold Shares as part of a straddle or a hedging or conversion transaction, holders that purchase or sell Shares as part of a wash sale, holders whose functional currency is not the US Dollar, or holders who are resident, or who are carrying on a trade, in the UK. The summary also does not address state or local taxes or any aspect of US federal taxation other than US federal income taxation (such as the estate and gift tax, any alternative minimum tax or the Medicare tax on net

## Additional unaudited information

investment income). Investors are advised to consult their tax advisers regarding the tax implications of their particular holdings, including the consequences under applicable state and local law, and in particular whether they are eligible for the benefits of the Treaty (as defined below).

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations, published rulings and court decisions, and on the Double Taxation Convention between the UK and the US as entered into force in March 2003 (the "Treaty"), and, in respect of UK tax, the Estate and Gift Tax Convention between the UK and the US as entered into force on 11 November 1979 (the "Estate and Gift Tax Convention"), the current UK tax law and the practice of HMRC, all of which are subject to change, possibly on a retroactive basis. This discussion is based in part upon the representations of the ADR Depository and the assumption that each obligation of the Deposit Agreement and any related agreement will be performed in accordance with its terms.

A "US Holder" is a beneficial owner of Shares that is a citizen or resident of the United States or a US domestic corporation or that otherwise is subject to US federal income taxation on a net income basis in respect of such Shares and that is fully eligible for benefits under the Treaty.

In general, the holders of ADRs evidencing ADSs will be treated as owners of the underlying Preference Shares for the purposes of the Treaty, the Estate and Gift Tax Convention, and the Code. Generally, exchanges of shares for ADRs and ADRs for shares will not be subject to US federal income tax or to UK capital gains tax.

### Taxation of dividends

Subject to the PFIC rules discussed below, the gross amount of any distribution of cash or property with respect to the Shares (including any amount withheld in respect of UK taxes) that is paid out of Barclays Bank PLC's current or accumulated earnings and profits (as determined for US federal income tax purposes) will be includible in a US Holder's taxable income as ordinary dividend income on the day such US Holder receives the dividend, in the case of Preference Shares, or the date the Depository receives the dividends, in the case of ADRs, and will not be eligible for the dividends-received deduction allowed to corporations under the Code.

Subject to certain exceptions for short-term positions, dividends paid by Barclays Bank PLC to an individual with respect to the Shares will generally be subject to taxation at a preferential rate if the dividends are "qualified dividend income." Dividends paid on the Shares will be treated as qualified dividend income if (i) the Shares are readily tradable on an established securities market in the United States or Barclays Bank PLC is eligible for the benefits of a comprehensive tax treaty with the United States that the US Treasury determines is satisfactory for purposes of this provision and that includes an exchange of information programme, and (ii) Barclays Bank PLC was not a PFIC (as defined below) in the year of the distribution or the immediately preceding taxable year. The US Treasury has determined that the Treaty meets the requirements for reduced rates of taxation, and Barclays Bank PLC believes that it is eligible for the benefits of the Treaty. Based on its audited financial statements and relevant market and shareholder data, Barclays Bank PLC believes that it was not treated as a PFIC for US federal income tax purposes with respect to its 2021 or 2022 taxable years. In addition, based on its audited financial statements and current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, Barclays Bank PLC does not anticipate becoming a PFIC for its current taxable year or in the foreseeable future.

Dividends paid by Barclays Bank PLC to a US Holder with respect to the Shares will not be subject to UK withholding tax. For foreign tax credit purposes, dividends will generally be income from sources outside the US and will generally be "passive" income for purposes of computing the foreign tax credit allowable to a US Holder.

The amount of the dividend distribution includable in income will be the US Dollar value of the distribution, determined at the spot Pound Sterling/US Dollar rate on the date the dividend distribution is includable in income, regardless of whether the payment is in fact converted into US Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includable in income to the date the payment is converted into US Dollars will be treated as ordinary income or loss and, for foreign tax credit limitation purposes, from sources within the US, and will not be eligible for the special tax rates applicable to qualified dividend income.

Distributions in excess of current or accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a return of capital to the extent of the US Holder's basis in the Shares and thereafter as capital gain. Because Barclays Bank PLC does not currently maintain calculations of earnings and profits for US federal income tax purposes, US Holders should expect that distributions with respect to the Shares will generally be treated as dividends.

### Taxable sale or other disposition of Shares

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of the Shares, US Holders generally will not be subject to UK tax, but will realise gain or loss for US federal income tax purposes in an amount equal to the difference between the US Dollar value of the amount realised on the disposition and the US Holder's adjusted tax basis in the Shares, as determined in US Dollars. Such gain or loss will be capital gain or loss, and will generally be long-term capital gain or loss if the Shares have been held for more than one year. Long-term capital gain of a noncorporate US Holder is generally taxed at preferential rates. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

### Taxation of passive foreign investment companies (PFICs)

Barclays Bank PLC believes that its Shares should not be treated as stock of a passive foreign investment company ("PFIC") for US federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. In general, Barclays Bank PLC will be a PFIC with respect to a US Holder if, for any taxable year in which a US Holder holds the Shares, either (i) at least 75% of the gross income of Barclays Bank PLC for the taxable year is passive income, or (ii) at least 50% of the value, generally determined on the basis of a quarterly average, of Barclays Bank PLC's assets is attributable to assets that produce or are held for the production of passive income (including cash). With certain exceptions, a US Holder's Shares will be treated as stock of a PFIC if Barclays Bank PLC was a PFIC at any time during such holder's holding period in its Shares.

If Barclays Bank PLC were to be treated as a PFIC with respect to a US Holder, unless such US Holder elected to be taxed annually on a mark-to-market basis with respect to its Shares, gain and certain "excess distributions" would be treated as having been realised ratably over a US Holder's holding period for the Shares and generally would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year.

# Additional unaudited information

## UK stamp duty and stamp duty reserve tax

No obligation to pay UK stamp duty will arise on the transfer on sale of an ADS, provided that any instrument of transfer is not executed in, and remains at all times outside, the UK. No UK stamp duty reserve tax is payable in respect of an agreement to transfer an ADS. For the UK stamp duty and stamp duty reserve tax implications of dealings in Preference Shares, see the section 'Taxation of UK holders – (iii) Stamp duty and stamp duty reserve tax' above.

## UK estate and gift tax

Under the Estate and Gift Tax Convention, Shares held by an individual US holder who is US domiciled for the purposes of the Estate and Gift Tax Convention and who is not for such purposes a UK national generally will not, provided any US federal estate or gift tax chargeable has been paid, be subject to UK inheritance tax on the individual's death or on a lifetime transfer of Shares, except in certain cases where the Shares are comprised in a settlement (unless the settlor was US domiciled and not a UK national at the time of the settlement), are part of the business property of a UK permanent establishment of an enterprise, or pertain to a UK fixed base of an individual used for the performance of independent personal services. In cases where the Shares are subject to both UK inheritance tax and US federal estate or gift tax, the Estate and Gift Tax Convention generally provides a credit against US federal tax liability for the amount of any inheritance tax paid in the UK.

## Foreign Financial Asset Reporting

Certain US Holders that own "specified foreign financial assets" with an aggregate value in excess of US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-US financial institution, as well as securities issued by a non-US issuer that are not held in accounts maintained by financial institutions. The understatement of income attributable to "specified foreign financial assets" in excess of US\$5,000 extends the statute of limitations with respect to the tax return to six years after the return was filed. US Holders who fail to report the required information could be subject to substantial penalties. US Holders are encouraged to consult with their own tax advisors regarding the possible application of these rules, including the application of the rules to their particular circumstances.

## Backup Withholding and Information Reporting

Dividends paid on, and proceeds from the sale or other disposition of, the Shares to a US Holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the US Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a US Holder will be allowed as a refund or credit against the US Holder's US federal income tax liability, provided the required information is furnished to the US Internal Revenue Service ("IRS") in a timely manner.

A holder that is not a US Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

## FATCA Risk Factor

In certain circumstances, payments on shares or ADSs may be subject to US withholding taxes on "passthru payments", starting on the date that is two years after the date on which final regulations defining this concept are adopted in the United States. Under the "Foreign Account Tax Compliance Act" (or "FATCA"), as well as intergovernmental agreements between the United States and other countries and implementing laws in respect of the foregoing, certain US-source payments (including dividends and interest) and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA are subject to a special information reporting and withholding tax regime. Regulations implementing withholding in respect of "passthru payments" under FATCA have not yet been adopted or proposed. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the UK (the "UK IGA"). Under the UK IGA, as currently drafted, it is not expected that Barclays Bank PLC will be required to withhold tax under FATCA on payments made with respect to the shares or ADSs. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the shares or ADSs in the future. Holders should consult their own tax advisors regarding the potential impact of FATCA.

The Barclays Group has registered with the Internal Revenue Service ("IRS") for FATCA. The Global Intermediary Identification Number (GIIN) for Barclays Bank PLC in the United Kingdom is E1QAZN.00001.ME.826 and it is a Reporting Model 1 FFI. The GIINs for other parts of the Barclays Group or Barclays branches outside of the UK may be obtained from your usual Barclays contact on request. The IRS list of registered Foreign Financial Institutions is publicly available on the IRS website.

## Exchange controls and other limitations affecting security holders

Other than certain economic sanctions which may be in force from time to time, there are currently no UK laws, decrees or regulations which would affect the transfer of capital or remittance of dividends, interest and other payments to holders of Barclays securities who are not residents of the UK. There are also no restrictions under the Articles of Association of Barclays Bank PLC, or (subject to the effect of any such economic sanctions) under current UK laws, which relate only to non-residents of the UK, and which limit the right of such non-residents to hold Barclays securities or, when entitled to vote, to do so.

## Documents on display

It is possible to read and copy documents that have been filed by Barclays Bank PLC with the US Securities and Exchange Commission via commercial document retrieval services, and from the website maintained by the US Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

## Disclosure controls and procedures

The Chief Executive, C.S. Venkatakrisnan, and the Chief Financial Officer, Steven Ewart, conducted with Barclays Bank Group Management an evaluation of the effectiveness of the design and operation of the Barclays Bank Group's disclosure controls and procedures of Barclays Bank PLC as at 31 December 2021, which are defined as those controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the US Securities Exchange Act of 1934 is recorded, processed, summarised and reported within the time periods specified in the US Securities and Exchange Commission's rules and forms. As of the date of the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.



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## Section 13(r) to the US Securities Exchange Act of 1934 (Iran sanctions and related disclosure)

Section 13(r) of the U.S. Securities Exchange Act of 1934 as amended (the “Exchange Act”) requires each SEC reporting issuer to disclose in its annual and, if applicable, quarterly reports whether it or any of its affiliates have knowingly engaged in certain activities, transactions or dealings relating to Iran or with the Government of Iran or certain designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction during the period covered by the report. The requirement includes disclosure of activities not prohibited by U.S. or other law even if conducted outside the U.S. by non-U.S. companies or affiliates in compliance with local law. Pursuant to Section 13(r) of the Exchange Act we note the following in relation to activity occurring in 2022, the period covered by this annual report, or in relation to activity we became aware of in 2022 relating to disclosable activity prior to the reporting period. Except as noted below, Barclays intends to continue the activities described. Barclays does not allocate profits at the level of these activities, which in any event would not be significant, and we therefore report only gross revenue where measurable. Barclays attributed revenue of approximately GBP 16,645 in relation to the activities disclosed below

### Legacy Guarantees

Between 1992 and 2006, Barclays entered into several guarantees for the benefit of Iranian banks in connection with the supply of goods and services by Barclays customers to Iranian buyers (the “Iranian guarantees”). These were counter guarantees issued to Iranian banks to support guarantees issued by these banks to the Iranian buyers. The Iranian banks and a number of the Iranian buyers were either subsequently designated as Specially Designated Nationals and Blocked Persons (“SDN”) by the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”), or are owned by the Government of Iran. In addition, between 1993 and 2005, Barclays entered into similar guarantees for the benefit of a Syrian bank that was subsequently designated pursuant to the Weapons of Mass Destruction Proliferators Sanctions Regulations (“WMDPSR”) in August 2011 (the “WMDPSR guarantees”).

These guarantees were issued either on:

- a. an “extend or pay” basis, which means that, although the guarantee is of limited duration on its face, until there is full performance under the contract to provide goods and services, the terms of the guarantee require Barclays to maintain the guarantee or pay the beneficiary bank the full amount of the guarantee; or
- b. the basis that Barclays obligations can only be discharged with the consent of the beneficiary counterparty.

Barclays is not able to exit its obligations under the above guarantees unilaterally, and thus it maintains a limited legacy portfolio of these guarantees, which complied with applicable laws and regulations at the time they were entered into. Barclays intends to terminate the guarantees where an agreement can be reached with the counterparty, in accordance with applicable laws and regulations. Barclays attributed no revenue in 2022 in relation to the Iranian guarantees and revenue of approximately GBP 15,800 in 2022 in relation to the WMDPSR guarantees.

### Lease Payments

Barclays is party to a long-term lease, entered in 1979, with the National Iranian Oil Company (“NIOC”), pursuant to which Barclays rents part of NIOC House in London for a Barclays branch. The lease is for 60 years, contains no early termination clause, and has 17 years remaining. Barclays makes quarterly lease payments in GBP to the bank account of a solicitor that represents an entity that is owned by the Government of Iran. The payments are made in accordance with applicable laws and regulations. Barclays attributed no revenue in 2022 in relation to this activity.

### Local Clearing Systems

Banks based in the United Arab Emirates (“UAE”), including certain Iranian banks designated pursuant to the Global Terrorism Sanctions Regulations (“GTSR”) and/or Government of Iran-owned banks, participate in the various banking payment and settlement systems used in the UAE (the “UAE Clearing Systems”). Barclays, by virtue of its banking activities in the UAE, participates in the UAE Clearing Systems, in accordance with applicable laws and regulations. To mitigate the risk of engaging in transactions in which participant Iranian SDN and/or Government of Iran-owned banks may be involved, Barclays has implemented restrictions relating to its involvement in the UAE Clearing Systems. Barclays attributed no revenue in 2022 in relation to this activity.

### Other Activity

Barclays maintains a customer relationship with a UK-incorporated energy company. In 2022, Barclays processed eight GBP payments, on behalf of our customer, where the beneficiary of the payment was another UK-incorporated entity whose principal activity is to continue the participation, on behalf of a company ultimately owned by the Government of Iran, in a European gas field. The payments were for the purchase of wholesale gas and were processed in accordance with applicable laws and regulations. Barclays attributed revenue of approximately GBP 20 in 2022 in relation to this activity.

Barclays maintains a customer relationship with a UK-incorporated charity that works in the areas of blood cancer and stem cell transplantation. In 2022, Barclays processed one EUR payment, on behalf of our customer, where the ultimate beneficiary of the payment was a medical organization affiliated with the Government of Iran. The payment was for the procurement of a blood sample from an individual in Iran who is a potential donor. The payment was processed in accordance with applicable laws and regulations. Barclays attributed revenue of approximately GBP 10 in 2022 in relation to this activity.

Barclays maintains a customer relationship with a UK-incorporated law firm. In 2022, Barclays processed one payment, on behalf of our customer, where the remitter of the payment was a law firm in Germany. The German law firm was representing an Iranian SDN airline, ultimately owned by the Government of Iran, in arbitration proceedings in France. The payment was for legal advice provided by the Barclays law firm customer to the German law firm in relation to the proceedings. The payment was processed in accordance with applicable laws and regulations. Barclays attributed revenue of approximately GBP 10 in 2022 in relation to this activity.

In November 2022, the majority-owner of a client (the “client”) of one of Barclays’ money service business customers (the “customer”) was designated pursuant to the GTSR. The client of the customer held funds in a UK account that the customer held with Barclays. The customer placed restrictions on the account to prevent the client accessing the funds. Barclays attributed revenue of approximately GBP 5 in 2022 in relation to this activity.

Barclays maintains a customer relationship with His Majesty’s Revenue & Customs, a UK Government agency, which receives funds from financial institutions, including certain entities designated pursuant to the GTSR, and/or ultimately owned by the Government of Iran, in relation to the

## Additional unaudited information

settlement of tax liabilities with the UK Government. The payments were processed in accordance with applicable laws and regulations. Barclays attributed revenue of approximately GBP 30 in 2022 in relation to this activity.

Barclays has a correspondent banking relationship with a Turkish bank which maintains accounts for several UK-based offices of Iranian SDNs, Government of Iran-owned entities, and SDGT SDNs (the “entities”). Barclays is aware that it has received UK domestic payments, on behalf of its customers, that were ultimately remitted from the entities, via an accountancy firm in the UK. The payments are for general business expenses, such as rent, salary payments, tax payments, office maintenance, utility payments, and travel expenses. The payments are processed in accordance with applicable laws and regulations. No payments are received directly from any SDN, or any entity owned or controlled by the Government of Iran. Barclays attributed revenue of approximately GBP 770 in 2022 in relation to this activity.

In 2022, Barclays processed several payments to consulates and embassies of the Government of Iran in Europe in relation to customers paying fees for renewing or replacing passports, visa applications, and other administrative matters. The payments were processed in accordance with applicable laws and regulations. Barclays attributed no revenue in 2022 in relation to this activity.

Barclays maintains customer relationships with several individuals who are employed by a UK-based SDN entity that is ultimately owned by the Government of Iran. Payments are received in GBP from a UK-based payment services company and are credited to the customers' accounts with Barclays. The payments are processed in accordance with applicable laws and regulations. No payments are received directly from any entity owned by the Government of Iran or any SDN. Barclays attributed no revenue in 2022 in relation to this activity.

In March 2022, a Barclays customer in the UK was designated pursuant to the GTSR. Barclays exited the relationship with the customer and placed the remaining funds in an internal sundry account. Seven domestic transactions were remitted from the account after the customer was designated, but before Barclays had identified the match. Barclays attributed no revenue in 2022 in relation to this activity.

Barclays maintains a customer relationship with a Canadian-incorporated airline trade association (the “customer”). The customer holds funds in its accounts with Barclays in the UK that ultimately belong to several airlines that are either Iranian SDNs - owned by the Government of Iran - or are designated pursuant to the GTSR. The customer placed restrictions on the accounts to prevent the airlines accessing the funds. Barclays attributed no revenue in 2022 in relation to this activity.

In January 2022, a Barclays customer who held an account in Germany was designated pursuant to the GTSR. Barclays blocked the credit card, exited the relationship, and wrote off the outstanding debt. Six domestic transactions were processed from the account after the customer was designated, but before Barclays had identified the match. Barclays attributed no revenue in 2022 in relation to this activity.

### Frozen Accounts

Barclays continues to hold funds belonging to various SDNs and Government of Iran-owned entities in blocked accounts, some of which are interest bearing. These blocked accounts are held in accordance with applicable laws and regulations. Barclays attributed no revenue in 2022 in relation to this activity.

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## Related undertakings

The Barclays Bank PLC Group's corporate structure consists of a number of related undertakings, comprising, subsidiary undertakings, joint ventures, associated undertakings and significant holdings. A full list of these related undertakings, is set out below, together with the country of incorporation, registered office (or principal place of business) and the identity and percentage of each share class held by the Group. The information is provided as at 31 December 2022.

The entities are grouped by the countries in which they are incorporated. The profits earned by the activities of these entities are in some cases taxed in countries other than the country of incorporation for example where the entity carries on business through a branch in a territory outside of its country of incorporation. Barclays PLC Country Snapshot provides details of where the Barclays PLC Group carries on its business, where its profits are subject to tax and the taxes it pays in each country it operates in.

## Wholly owned subsidiaries

Unless otherwise stated the undertakings below are wholly owned and included in the consolidation and the share capital held by Barclays Bank PLC Group comprises ordinary and/or common shares, which are held by subsidiaries of the Barclays Bank PLC Group. Unless otherwise stated, the Barclays Bank PLC Group holds 100% of the nominal value of each share class.

## Notes

A	Directly held by Barclays Bank PLC	O	Capital Contribution Shares
B	Partnership Interest	P	Redeemable Class B Shares
C	Membership Interest	Q	Non-Redeemable Ordinary Shares
D	Preference Shares	R	Class A Shares
E	A Preference Shares	S	Class B Shares
F	B Preference Shares	T	Class C Shares
G	Ordinary/Common Shares in addition to other shares	U	Class D Shares
H	A Ordinary Shares	V	Class E Shares
I	B Ordinary Shares	W	First Class Common Shares, Second Class Common Shares
J	C Ordinary Shares	X	Redeemable Class A Shares
K	F Ordinary Shares	Y	Not Consolidated (see Note 33 Structured entities)
L	First Preference Shares, Second Preference Shares	Z	Tracker 1 Euro, GBP, USD Shares
M	Registered Address not in country of incorporation		
N	USD Linked Ordinary Shares		

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Wholly owned subsidiaries	Note	Wholly owned subsidiaries	Note	Wholly owned subsidiaries	Note
<b>United Kingdom</b>		Finpart Nominees Limited	A	- 1 Churchill Place, London, E14 5HP	
- 1 Churchill Place, London, E14 5HP		Foltus Investments Limited		Alynore Investments Limited Partnership	B
Aequor Investments Limited		Hawkins Funding Limited		- 1 Churchill Place, London, E14 5HP	
Ardencroft Investments Limited	A	Heraldglen Limited	G, L	Leonis Investments LLP	A, B
B D & B Investments Limited		Isle of Wight Home Loans Limited	A	- 9, allée Scheffer, L-2520, Luxembourg	
B.P.B. (Holdings) Limited	A	J.V. Estates Limited	A	Barclays Claudas Investments Partnership	B, M
Barclays Aldersgate Investments Limited	A	Kirsche Investments Limited	A	Barclays Pelleas Investments Limited Partnership	B, M
Barclays Capital Asia Holdings Limited	A	Long Island Assets Limited			
Barclays Capital Finance Limited	A	Maloney Investments Limited		<b>Argentina</b>	
Barclays Capital Japan Securities Holdings Limited (In liquidation)		Menlo Investments Limited	A	- 855 Leandro N.Alem Avenue, 8th Floor,	
Barclays Capital Nominees (No.2) Limited		Mercantile Credit Company Limited	A	<b>Buenos Aires</b>	
Barclays Capital Nominees (No.3) Limited	A	Mercantile Leasing Company (No.132) Limited	A	Compañía Sudamerica S.A.	A
Barclays Capital Nominees Limited	A	MK Opportunities LP	B	- Marval, O'Farrell & Mairal, Av. Leandro N. Alem 882, Buenos Aires, C1001AAQ	
Barclays Capital Securities Client Nominee Limited	A			Compañía Regional del Sur S.A.	A
Barclays Capital Securities Limited	A, D, G	Naxos Investments Limited	A		
Barclays CCP Funding LLP	A, B	Northwharf Nominees Limited	A, AA		
Barclays Directors Limited	A	Real Estate Participation Management Limited			
Barclays Executive Schemes Trustees Limited	A	Real Estate Participation Services Limited			
Barclays Group Holdings Limited	A	Relative Value Investments UK Limited	B		
Barclays International Holdings Limited	A	Liability Partnership			
Barclays Investment Management Limited	A	Relative Value Trading Limited			
Barclays Long Island Limited	A	Roder Investments No. 1 Limited	A, G, Z		
Barclays Marlist Limited (In liquidation)	A	Roder Investments No. 2 Limited	A, G, Z		
Barclays Nominees (George Yard) Limited	A, Y				
Barclays OCIO Services Limited	A				
Barclays Pension Funds Trustees Limited	A	RVT CLO Investments LLP	B		
Barclays Private Bank		Surety Trust Limited	A		
Barclays Services (Japan) Limited	A	Swan Lane Investments Limited			
Barclays Shea Limited	A	US Real Estate Holdings No.1 Limited	A		
Barclays Term Funding Limited Liability Partnership	B	US Real Estate Holdings No.2 Limited			
Barclays Wealth Nominees Limited	A	US Real Estate Holdings No.3 Limited	A		
Barcosec Limited	A	US Real Estate Holdings No.4 Limited			
Barsec Nominees Limited	A	US Real Estate Holdings No.5 Limited	A		
BB Client Nominees Limited	A	US Real Estate Holdings No.6 Limited	A		
Chapelcrest Investments Limited		Wedd Jefferson (Nominees) Limited	A		
Cobalt Investments Limited (In liquidation)	A	Westferry Investments Limited	A		
Cornwall Home Loans Limited	A	Woolwich Qualifying Employee Share Ownership Trustee Limited	A		
DMW Realty Limited	A	Zeban Nominees Limited	A		
Dorset Home Loans Limited	A				
Durlacher Nominees Limited	A				
Eagle Financial and Leasing Services (UK) Limited	A				

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Wholly owned subsidiaries	Note	Wholly owned subsidiaries	Note	Wholly owned subsidiaries	Note
<b>Brazil</b>		<b>Hong Kong</b>		<b>- 5 Esplanade, St. Helier, JE2 3QA</b>	
- Av. Brigadeiro Faria Lima, No. 4.440, 12th Floor, Bairro Itaim Bibi, Sao Paulo, CEP, 04538-132		- 42nd floor Citibank Tower, Citibank Plaza, 3 Garden Road		Barclays Wealth Management Jersey Limited	A
Barclays Brasil Assessoria Financeira Ltda	A	Barclays Bank (Hong Kong Nominees) Limited (in Liquidation)	A	BIFML PTC Limited	A
BNC Brazil Consultoria Empresarial Ltda	A	Barclays Capital Asia Nominees Limited (In Liquidation)		- 13 Library Place, St Helier, JE4 8NE	A, Y
		- Level 41, Cheung Kong Center, 2 Queen's Road, Central		Barclaytrust Channel Islands Limited	A, Y
<b>Canada</b>		Barclays Capital Asia Limited	A	- Estera Trust (Jersey) Limited, 13-14 Esplanade, St Helier, JE1 1EE	
- 333 Bay Street, Suite 4910, Toronto ON M5H 2R2				MK Opportunities GP Ltd	A
Barclays Capital Canada Inc.		<b>India</b>		<b>Luxembourg</b>	
- Stikeman Elliot LLP, 199 Bay Street, 5300 Commerce Court West, Toronto ON M5L 1B9		- 208 Ceejay House, Shivsagar Estate, Dr A Beasant Road, Worli, Mumbai, 400 018		- 9, allée Scheffer, L-2520	
Barclays Corporation Limited	A	Barclays Securities (India) Private Limited		Barclays Alzin Investments S.à r.l.	R, S, T, U,V
		Barclays Wealth Trustees (India) Private Limited		Barclays Bedivere Investments S.à r.l.	
<b>Cayman Islands</b>		- Level 9, Block B6, Nirlon Knowledge Park, Off Western Express Highway Goregaon (East), Mumbai, 40063		Barclays Bordang Investments S.à r.l.	R, S, T
<b>PO Box</b>		Barclays Investments & Loans (India) Private Limited	A, D, G	Barclays BR Investments S.à r.l.	
309, Ugland House, George Town, Grand Cayman, KY1-1104		<b>Ireland</b>		Barclays Cantal Investments S.à r.l.	
Alymere Investments Limited	E, F, G	- One Molesworth Street, Dublin 2, D02RF29		Barclays Capital Luxembourg S.à r.l.	
Analytical Trade UK Limited	A	Barclays Bank Ireland Public Limited Company	A	Barclays Capital Trading Luxembourg S.à r.l.	R, S
Barclays US Holdings Limited	A, D, H	Barclays Europe Client Nominees Designated Activity Company	Y	Barclays Claudas Investments S.à r.l.	
Barclays Capital (Cayman) Limited	A	Barclays Europe Firm Nominees Designated Activity Company	Y	Barclays Equity Index Investments S.à r.l.	
Barclays Securities Financing Limited	E, F, G	Barclays Europe Nominees Designated Activity Company	Y	Barclays International Luxembourg Dollar Holdings S.à r.l.	
Braven Investments No.1 Limited		- 70 Sir John Rogerson's Quay, Dublin 2		Barclays Lamorak Investments S.à r.l.	D, Q
Calthorpe Investments Limited		Barclays Finance Ireland		Barclays Leto Investments S.à r.l.	G, I
Capton Investments Limited		- 25-28 North Wall Quay, Dublin 1, D01H104		Barclays Luxembourg EUR Holdings S.à r.l.	Q
Claudias Investments Limited	A, G, P, X	Erimon Home Loans Ireland Limited	A	Barclays Luxembourg Finance S.à r.l.	
Claudias Investments Two Limited				Barclays Luxembourg GBP Holdings S.à r.l.	Q
Gallen Investments Limited		<b>Isle of Man</b>		Barclays Luxembourg Global Funding S.à r.l.	
Hurley Investments No.1 Limited		- P O Box 9, Victoria Street, Douglas, IM99 1AJ		Barclays Luxembourg Holdings S.à r.l.	G, N
JV Assets Limited (In liquidation)		Barclays Holdings (Isle of Man) Limited (In Liquidation)	A	Barclays Luxembourg Holdings SSC	B
Mintaka Investments No. 4 Limited		Barclays Nominees (Manx) Limited	A	Barclays Pelleas Investments S.à r.l.	
OGP Leasing Limited		Barclays Private Clients International Limited	A, H, I	- 68-70 Boulevard de la Petrusse, L-2320	
Palomino Limited	A, Y			Adler Toy Holding Sarl	
Pelleas Investments Limited	A	<b>Japan</b>		- 10 rue du Château d'Eau, Leudelange, Grand Duchy of Luxembourg, L-3364	
Pippin Island Investments Limited	A	- 10-1, Roppongi 6-chome, Minato-ku, Tokyo		BPM Management GP SARL	A
Razzoli Investments Limited	A, D, G	Barclays Funds and Advisory Japan Limited		<b>Mauritius</b>	
RVH Limited	A, D, G	Barclays Securities Japan Limited	E, G	- C/O Rogers Capital Corporate Services Limited, 3rd Floor, Rogers House, No.5 President John Kennedy Street, Port Louis	
Wessex Investments Limited		Barclays Wealth Services Limited		Barclays Capital Mauritius Limited (In Liquidation)	A
- Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, KY1- 9008				Barclays Capital Securities Mauritius Limited	A
Long Island Holding B Limited	A	<b>Jersey</b>		- Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene	
		- 2nd Floor, Gaspé House, 66-72 Esplanade, St. Helier, JE1 1GH		Barclays Mauritius Overseas Holdings Limited	A
<b>Germany</b>		Barclays Services Jersey Limited	A	<b>Mexico</b>	
- TaunusTurm, Taunustor 1, 60310, Frankfurt				- Paseo de la Reforma 505, 41 Floor, Torre Mayor, Col. Cuauhtemoc, CP 06500	
Barclays Capital Effekten GmbH (In liquidation)	A			Barclays Bank Mexico, S.A.	A, I, K
- Stuttgarter Straße 55-57, 73033 Göppingen				Barclays Capital Casa de Bolsa, S.A. de C.V.	A, I, K
Holding Stuttgarter Straße GmbH (In Liquidation)				Grupo Financiero Barclays Mexico, S.A. de C.V.	A, I, K
				Servicios Barclays, S.A. de C.V.	
<b>Guernsey</b>					
- PO BOX 41, Floor 2, Le Marchant House, Le Truchot, St Peter Port, GY1 3BE					
Barclays Nominees (Guernsey) Limited (In Liquidation)	A				

# Additional unaudited information

Wholly owned subsidiaries	Note	Wholly owned subsidiaries	Note	Other Related Undertakings Unless otherwise stated, the undertakings below are included in the consolidation and the share capital held by the Barclays Bank PLC Group comprises ordinary and/or common shares which are held by subsidiaries of Barclays Bank PLC. The percentage of the nominal value of each share class held by the Barclays Bank PLC Group is provided below.		
<b>Monaco</b>		Barclays Receivables LLC	C			
- 31 Avenue de la Costa, Monte Carlo		Barclays Services Corporation				
<b>BP 339</b>		Barclays Services LLC	C			
Barclays Private Asset Management		Barclays US CCP Funding LLC	C			
(Monaco) S.A.M		Barclays US Investments Inc.	H, I			
		Barclays US LLC	D, G			
<b>Saudi Arabia</b>		BCAP LLC	C			
- 3rd Floor Al Dahna Center, 114 Al-Ahsa		Curve Investments GP	B			
<b>Street, PO Box 1454, Riyadh 11431</b>		Gracechurch Services Corporation				
Barclays Saudi Arabia (In Liquidation)	A	Lagalla Investments LLC		<b>Other Related Undertakings</b>	<b>%</b>	<b>Note</b>
		Long Island Holding A LLC	C	<b>United Kingdom</b>		
<b>Singapore</b>		Marbury Holdings LLC		- 1 Churchill Place, London, E14 5HP		
- 10 Marina Boulevard, #25-01 Marina Bay		Procella Investments No.2 LLC	C	PSA Credit Company Limited (In Liquidation)	100.00	A,H, I, J
<b>Financial Centre, Tower 2, 018983</b>		Procella Investments No.3 LLC	C	- 3 - 5 London Road, Rainham, Kent, ME8 7RG		
Barclays Capital Futures (Singapore) Private		Preferred Liquidity, LLC	H	Trade Ideas Limited	20.00	A,Y
Limited (In Liquidation)		Relative Value Holdings, LLC		- 50 Lothian Road, Festival Square,		
Barclays Capital Holdings (Singapore)	A	Surrey Funding Corporation		<b>Edinburgh, EH3 9WJ</b>		
Private Limited (In Liquidation)		Sussex Purchasing Corporation		Equistone Founder Partner II L.P.	20.00	A,B,Y
Barclays Merchant Bank (Singapore) Ltd		Sutton Funding LLC	C	Equistone Founder Partner III L.P.	35.00	A,B,Y
		US Secured Investments LLC	O	- Enigma, Wavendon Business Park		
<b>Spain</b>		Verain Investments LLC		<b>Milton Keynes, MK17 8LX</b>		
- Calle Jose, Abascal 51, 28003, Madrid		Wilmington Riverfront Receivables LLC	R, S	Intelligent Processing Solutions Limited	19.50	A,Y
Barclays Tenedora De Inmuebles SL	A	- Corporation Service Company, 100 Pearl Street				
BVP Galvani Global, S.A.U.	A	17th Floor, MC-CSC1, Hartford, CT 06103		<b>Korea, Republic of</b>		
		Barclays Capital Inc.		- 18th Floor, Daishin Finance Center,		
<b>Switzerland</b>		- Corporation Service Company, 80 State Street		<b>343, Samil-daero, Jung-go, Seoul</b>		
- Chemin de Grange Canal 18-20, PO Box		Albany, NY, 12207-2543		Woori BC Pegasus		
<b>3941, 1211, Geneva</b>		Barclays Equity Holdings Inc.		Securitization Specialty Co. Limited	70.00	A, W
Barclays Bank (Suisse) SA		-CorporationServiceCompany,2626				
BPB Holdings SA		Glenwood Ave, Suite 550, Raleigh, NC, 27608		<b>Luxembourg</b>		
		Barclays US GPF Inc.		- 9, allée Scheffer, L-2520		
<b>Taiwan (Province of China)</b>		Equifirst Corporation (In Liquidation)		Preferred Funding S.à r.l.	100.00	P
19F-1, No. 7, Xinyi Road, Sec. 5, Taipei,		-Aon Insurance Managers, 76 Paul Street		Preferred Investments S.à r.l.	100.00	G, P
<b>11049, Taiwan</b>		Suite, 500, Burlington VT 05401				
Barclays Securities Taiwan Limited		Barclays Insurance U.S. Inc.		<b>Malta</b>		
				- RS2 Buildings, Fort Road,		
<b>United States</b>		<b>Zimbabwe</b>		<b>Mosta MST 1859</b>		
- Corporation Service Company,		- 2 Premium Close, Mount Pleasant Business		RS2 Software PLC	18.25	A,Y
<b>251 Little Falls Drive, Wilmington, DE 19808</b>		<b>Park, Mount Pleasant, Harare</b>				
Analytical Trade Holdings LLC		Branchcall Computers (Pvt) Limited (In liquidation)	A	<b>United States of America</b>		
Analytical Trade Investments LLC	P			- Corporation Trust Company,		
Barclays Bank Delaware	D, G			<b>Corporation Trust Centre, 1209</b>		
Barclays Capital Derivatives Funding LLC	C			<b>Orange Street, Wilmington DE</b>		
Barclays Capital Energy Inc.				<b>19801</b>		
Barclays Capital Equities Trading GP	B			DG Solar Lessee, LLC	75.00	C, V
Barclays Capital Holdings Inc.	E, F, G			DG Solar Lessee II, LLC	75.00	C, V
Barclays Capital Real Estate Finance Inc.				VS BC Solar Lessee I LLC	50.00	C, V
Barclays Capital Real Estate Holdings Inc.				<b>1415 Louisiana Street, Suite</b>		
Barclays Capital Real Estate Inc.				<b>1600, TX 77002-0000</b>		
Barclays Commercial Mortgage Securities LLC	C			Sabine Oil & Gas Holdings, Inc	22.12	Y
Barclays Dryrock Funding LLC	C					
Barclays Electronic Commerce Holdings Inc.						
Barclays Financial LLC	C					
Barclays Group US Inc.						
Barclays Oversight Management Inc.						

## Additional unaudited information

### Subsidiaries by virtue of control

The related undertakings below are subsidiary undertakings in accordance with s.1162 Companies Act 2006 by virtue of the fact that the Barclays Bank PLC Group can exercise dominant influence or control over them.

Subsidiaries by virtue of control	%	Note
<b>United Kingdom</b>		
- 1 Churchill Place, London, E14 5HP		
Oak Pension Asset Management Limited	0.00	Y
Water Street Investments Limited	0.00	Y
<b>Cayman Islands</b>		
- PO Box 309GT, Ugland House South Church Street, Grand Cayman, KY1-1104		
Hornbeam Limited	0.00	Y
<b>Guernsey</b>		
- P.O. Box 33, Dorey Court, Admiral Park, St. Peter Port, GY1 4AT		
Barclays UKRF No.1 IC Limited	0.00	Y
Barclays UKRF ICC Limited	0.00	Y
Barclays UKRF No.2 IC Ltd	0.00	Y

# Additional Unaudited information

## Income statement commentary

### Consolidated income statement commentary

#### 2022 compared to 2021

Profit before tax decreased 10% to £4,867m (2021: £5,418m) driven by a decrease in CIB to £4,406m (2021: £5,528m) and in CC&P to £704m (2021: £729m), partially offset by a reduced loss in Head Office of £243m (2021: £839m loss)

The Barclays Bank Group has a diverse income profile across businesses and geographies including a significant presence in the US. The 10% appreciation of average USD against GBP positively impacted income and profits and adversely impacted credit impairment charges, total operating expenses and RWAs

- Total income increased 18% to £18,194m
  - CIB income increased 10% to £13,722m. Global Markets income increased 39%, reflecting higher levels of activity as we supported our clients through a period of market volatility, and included £292m of income related to hedging arrangements to manage the risks of the rescission offer in relation to the Over-issuance of Securities. Investment Banking fees decreased 39% due to the reduced fee pool, particularly in Equity and Debt capital markets<sup>1</sup>. Corporate income increased 4% reflecting improved margins and growth in deposits and higher fee income, partially offset by fair value losses on leverage finance lending of c.£335m net of mark to market gains on related hedges and higher costs of hedging and credit protection
  - CC&P income increased 36% to £4,547m reflecting higher cards balances, including the Gap portfolio acquisition, turnover growth in Payments from the easing of lockdown restrictions, and client balance growth and improved margins in the Private Bank
  - Head Office income was a net expense of £75m (2021: £410m net expense) which primarily reflected hedge accounting losses and funding costs in relation to legacy capital instruments
- Total operating expenses increased 21% to £12,398m
  - CIB total operating expenses increased 24% to £9,200m. Excluding litigation and conduct charges, operating expenses increased 12% to £8,011m driven by continued investment in talent and technology, and the impact of inflation. Litigation and conduct charges were £1,189m (2021: £237m) including £966m in relation to the Over-issuance of Securities and £165m provision relating to the Devices Settlements<sup>2</sup>
  - CC&P total operating expenses increased 25% to £3,030m. Excluding litigation and conduct charges, operating expenses increased 21% to £2,800m, including higher investment spend reflecting an increase in marketing and partnership costs. Litigation and conduct charges were £230m (2021: £108m) mainly driven by customer remediation costs relating to legacy loan portfolios
  - Head Office total operating expenses reduced to £168m (2021: £429m) reflecting the non-repeat of the £266m charge related to a structural cost action taken as part of the real estate review in June 2021
- Credit impairment charges were £933m (2021: £277m net release) driven by a deteriorating macroeconomic forecast
  - CIB credit impairment charges of £119m (2021: £461m net release) were driven by a net increase in modelled impairment and single name charges, partially offset by the benefit of credit protection
  - CC&P credit impairment charges increased to £814m (2021: £185m) were driven by higher balances in US cards, including the day one impact of acquiring the Gap portfolio, macroeconomic deterioration and a gradual increase in delinquencies, partially offset by the utilisation of economic uncertainty post-model adjustments (PMAs) and the release of COVID-19 related adjustments informed by refreshed macroeconomic scenarios. As at 31 December 2022, US cards 30 and 90 day arrears remain below pre-pandemic levels<sup>3</sup> at 2.2% (Q421: 1.6%) and 1.2% (Q421: 0.8%) respectively. The US cards business is supported by a total coverage ratio of 8.1% (December 2021: 10.6%)
- The effective tax rate (ETR) was 10.0% (2021: 15.3%). The tax charge included a £183m re-measurement of the Barclays Bank Group's UK deferred tax assets (DTAs) due to the enactment of legislation to reduce the UK banking surcharge rate. Excluding this DTAs downward re-measurement, the ETR was 6.2%, reflecting the impact of tax benefits in the current year, primarily arising from tax relief related to government bonds linked to the high prevailing rate of inflation in 2022, as well as beneficial adjustments in respect of prior years

Please refer to "Income statement commentary" in the "Additional information" section of the 2021 Annual Report on Form 20-F, as amended, for a comparative discussion of 2021 financial results compared to 2020.

#### Note

<sup>1</sup> Data source: Dealogic for the period covering 1 January 2021 to 31 December 2022

<sup>2</sup> Refers to the settlements with the SEC and CFTC in connection with their investigations of the use of unauthorised devices for business communications

<sup>3</sup> As at 31 December 2019, US cards 30 and 90 day arrears were 2.7% and 1.4% respectively



## Additional unaudited information

### Balance sheet commentary

#### Consolidated balance sheet commentary

##### Total assets

Total assets increased by £142bn to £1,204bn.

Cash and balances at central banks increased £33bn to £202bn primarily due to strong client deposit growth.

Cash collateral and settlement balances increased £20bn to £108bn due to higher trading volumes.

Loans and advances at amortised cost increased £37bn to £183bn due to increased lending to customers across CIB and CC&P, inclusive of the Gap portfolio acquisition, and appreciation of USD against GBP, and increased investment in debt securities.

Reverse repurchase agreements and other similar secured lending decreased £2bn to £1bn due to reduced secured lending.

Trading portfolio assets decreased £13bn to £134bn due to a reduction in equity securities as clients repositioned their demand, partially offset by increased trading activity in debt securities.

Financial assets at fair value through the income statement increased £23bn to £211bn driven by increased reverse repurchase activity.

Derivative financial instrument assets increased £41bn to £303bn driven by market volatility and increased activity.

Financial assets at fair value through other comprehensive income decreased £1bn to £45bn driven by decreases in fair value bonds due to increasing bond yields.

##### Total liabilities

Total liabilities decreased £139bn to £1,145bn.

Deposits at amortised cost increased £29bn to £292bn primarily due to growth in Corporate deposits and an increase in short-term money market deposits.

Cash collateral and settlement balances increased £18bn to £97bn due to higher trading volumes.

Repurchase agreements and other similar secured borrowing decreased £1bn to £12bn due to reduced secured borrowing.

Debt securities in issue increased £12bn to £60bn due to net new issuances.

Subordinated liabilities increased £6bn to £38bn due to net new issuances.

Trading portfolio liabilities increased £19bn to £72bn due to increases in equity securities as clients repositioned their demand.

Financial liabilities designated at fair value increased £21bn to £272bn primarily driven by increased prime brokerage deposits and repurchase activity.

Derivative financial instruments increased £33bn to £289bn driven by market volatility and increased activity.

##### Total shareholders' equity

Total shareholders' equity increased £2.8bn to £56.5bn.

Other equity instruments increased £1.1bn to £9.7bn due to the issuance of a \$1.5bn AT1 instrument, AT1 securities are perpetual subordinated contingent convertible securities structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

Other reserves decreased by £2.3bn, mainly due to a reduction in the cash flow hedging reserve of £1.8bn to £0.6bn debit, as a result of fair value movements on interest rate swaps held for hedging purposes due to an increase in major interest rate curves.

Retained earnings increased £4.0bn to £43.6bn, mainly due to profits of £4.1bn and an increase in the pension remeasurement reserve of £0.6bn, offset by dividends of £0.8bn.

# Additional unaudited information

## Additional financial disclosure

### Deposits

Deposits include deposits from banks and customer accounts.

	2022	2021	2020
	£m	£m	£m
<b>Average for the year ended 31 December<sup>a</sup></b>			
<b>Deposits at amortised cost</b>			
UK	161,811	165,647	148,711
Europe	66,486	41,936	46,353
Americas	46,121	36,205	36,841
Asia	15,012	9,937	12,269
Africa	10,660	8,379	8,290
<b>Total deposits at amortised cost</b>	<b>300,090</b>	<b>262,104</b>	<b>252,464</b>

Note

a The country analysis in the table above is based on the location of the counterparty with which the deposits at amortised cost are recorded.

	2022	2021	2020
	£m	£m	£m
<b>For the year ended 31 December<sup>a</sup></b>			
<b>Deposits at amortised cost</b>	<b>291,579</b>	<b>262,828</b>	<b>244,696</b>
<b>In offices in the United Kingdom:</b>			
Current and demand accounts			
– interest free	39,472	49,310	44,371
– interest bearing	37,822	33,335	29,655
Savings accounts	16,829	18,933	17,251
Other time deposits- retail	8,110	5,235	4,683
Other time deposits- wholesale	84,232	69,676	67,192
<b>Total repayable in offices in the United Kingdom</b>	<b>186,465</b>	<b>176,489</b>	<b>163,152</b>
<b>In offices outside the United Kingdom:</b>			
Current and demand accounts			
– interest free	15,649	17,186	15,309
– interest bearing	14,704	15,762	13,772
Savings accounts	15,990	15,055	14,940
Other time deposits	58,771	38,336	37,523
<b>Total repayable in offices outside the United Kingdom</b>	<b>105,114</b>	<b>86,339</b>	<b>81,544</b>

Note

a The UK/Non-UK deposit analysis is based on the location of the office where the transactions are recorded.

Deposits at amortised cost in offices in the United Kingdom received from non-residents amounted to £40,084m (2021: £36,527m).

Of the deposits at amortised cost disclosed in the above table, there are uninsured deposits of £237,286m (2021: £208,534m; 2020: £194,109m) which are not insured through the UK Financial Services Compensation Scheme (FSCS) or other similar deposits schemes.

### Uninsured other time deposits

	2022	2021	2020
	£m	£m	£m
3 months or less	117,345	92,422	84,321
3 to 6 months	18,666	12,023	13,567
6 to 12 months	10,340	4,629	5,630
12 months and over	2,643	2,104	3,345
<b>Total</b>	<b>148,994</b>	<b>111,178</b>	<b>106,863</b>

As at 31 December 2022, £382m (2021: £263m; 2020: £649m) of U.S. time deposits were in excess of the Federal Deposit Insurance Corporation insurance limit.

# Additional unaudited information

## Additional financial disclosure

### Commitments and contractual obligations

Barclays Bank Group Commercial commitments include guarantees, contingent liabilities and standby facilities.

Commercial commitments	Amount of commitment expiration per period				Total amounts committed £m
	Less than one year £m	Between one to three years £m	Between three to five years £m	After five years £m	
<b>Barclays Bank Group</b>					
<b>As at 31 December 2022</b>					
Guarantees and letters of credit pledged as collateral security	17,700	—	—	—	17,700
Performance guarantees, acceptances and endorsements	8,099	1	—	—	8,100
Documentary credits and other short-term trade related transactions	1,748	—	—	—	1,748
Standby facilities, credit lines and other commitments	333,192	37	—	—	333,229
<b>As at 31 December 2021</b>					
Guarantees and letters of credit pledged as collateral security	15,759	—	—	—	15,759
Performance guarantees, acceptances and endorsements	7,987	—	—	—	7,987
Documentary credits and other short-term trade related transactions	1,584	—	—	—	1,584
Standby facilities, credit lines and other commitments	282,867	—	—	—	282,867

Contractual obligations include debt securities.

Contractual obligations	Payments due by period				Total £m
	Less than one year £m	Between one to three years £m	Between three to five years £m	After five years £m	
<b>Barclays Bank Group</b>					
<b>As at 31 December 2022</b>					
Long-term debt <sup>a</sup>	52,519	14,436	11,897	32,448	111,300
Purchase obligations	35	45	19	—	99
<b>Total</b>	<b>52,554</b>	<b>14,481</b>	<b>11,916</b>	<b>32,448</b>	<b>111,399</b>
<b>As at 31 December 2021</b>					
Long-term debt <sup>a</sup>	42,002	13,207	7,749	21,352	84,310
Purchase obligations	32	12	—	—	44
<b>Total</b>	<b>42,034</b>	<b>13,219</b>	<b>7,749</b>	<b>21,352</b>	<b>84,354</b>

Note

a Long-term debt has been prepared to reflect cash flows on an undiscounted basis, which includes interest payments.

Net cash flows from derivatives used to hedge long-term debt amount to £(2.7)bn (2021: £1.1bn).

Further information on the contractual maturity of the Barclays Bank Group's assets and liabilities is given in the Liquidity risk section.

## Additional unaudited information

### Additional financial disclosure

#### Securities

Investment securities include securities reported within loans and advances at amortised cost and financial assets at fair value through other comprehensive income.

Investment debt securities include government securities held as part of the Barclays Bank Group's treasury management portfolio for asset and liability, liquidity and regulatory purposes and are for use on a continuing basis in the activities of the Barclays Bank Group. In addition, the Barclays Bank Group holds as investments listed and unlisted corporate securities.

#### Maturities and yield of investment debt securities

	Maturing within one year		Maturing after one but within five years		Maturing after five but within ten years		Maturing after ten years		Total	
	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %
<b>As at 31 December 2022</b>										
Loans and advances at amortised cost	1,770	0.8%	17,955	2.9%	1,401	3.0%	6,177	1.8%	27,303	2.5%
Financial assets at fair value through other comprehensive income	7,005	1.8%	22,332	2.1%	8,724	2.0%	6,800	1.9%	44,861	2.0%
<b>Total book Value</b>	<b>8,775</b>		<b>40,287</b>		<b>10,125</b>		<b>12,977</b>		<b>72,164</b>	

The above table is only for debt securities held at the reporting date and does not include associated hedges.

# Additional unaudited information

## Additional financial disclosure

### Average balance sheet

Average balances are based upon monthly averages.

Assets		2022				
		Average balance £m	Interest income £m	Interest expense <sup>a</sup> £m	Total interest £m	Rate %
Cash and balances at central banks	UK	67,386	850	—	850	1.3
Cash and balances at central banks	Non-UK	137,155	1,247	(190)	1,057	0.8
<b>Cash and balances at central banks</b>	<b>Total</b>	<b>204,541</b>	<b>2,097</b>	<b>(190)</b>	<b>1,907</b>	<b>0.9</b>
Loans and advances at amortised cost	UK	92,966	3,059	—	3,059	3.3
Loans and advances at amortised cost	Non-UK	84,273	4,395	—	4,395	5.2
<b>Loans and advances at amortised cost<sup>b</sup></b>	<b>Total</b>	<b>177,239</b>	<b>7,454</b>	<b>—</b>	<b>7,454</b>	<b>4.2</b>
Cash collateral	UK	57,514	366	(1)	365	0.6
Cash collateral	Non-UK	23,592	39	(15)	24	0.1
<b>Cash collateral</b>	<b>Total</b>	<b>81,106</b>	<b>405</b>	<b>(16)</b>	<b>389</b>	<b>0.5</b>
Reverse repurchase agreements	UK	607	17	—	17	2.8
Reverse repurchase agreements	Non-UK	2,383	12	(2)	10	0.4
<b>Reverse repurchase agreements</b>	<b>Total</b>	<b>2,990</b>	<b>29</b>	<b>(2)</b>	<b>27</b>	<b>0.9</b>
Interest earning assets at fair value through other comprehensive income	UK	41,150	1,392	—	1,392	3.4
Interest earning assets at fair value through other comprehensive income	Non-UK	4,447	101	—	101	2.3
<b>Interest earning assets at fair value through other comprehensive income</b>	<b>Total</b>	<b>45,597</b>	<b>1,493</b>	<b>—</b>	<b>1,493</b>	<b>3.3</b>
Other interest and similar income <sup>c</sup>		—	301	(208)	93	—
<b>Total interest earning assets not at fair value through income statement</b>		<b>511,473</b>	<b>11,779</b>	<b>(416)</b>	<b>11,363</b>	<b>2.2</b>
Less interest and similar expense		—	(6,381)	416	(5,965)	—
<b>Net interest</b>		<b>511,473</b>	<b>5,398</b>	<b>—</b>	<b>5,398</b>	<b>—</b>
Interest earning assets at fair value through income statement	UK	208,206				
Interest earning assets at fair value through income statement	Non-UK	113,918				
<b>Interest earning assets at fair value through income statement</b>	<b>Total</b>	<b>322,124</b>				
<b>Total interest earning assets</b>		<b>833,597</b>				
Impairments		(3,608)				
Non-interest earning assets		464,243				
<b>Total</b>		<b>1,294,232</b>				
<b>Percentage of total average interest earning assets in offices outside the UK</b>			<b>44%</b>			

#### Notes

- a Negative interest earned on assets (which is presented within interest and similar expense in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table.
- b Loans and advances at amortised cost include all doubtful lendings, including non-accrual lendings. Interest receivable on such lendings has been included to the extent to which either cash payments have been received or interest has been accrued in accordance with the income recognition policy of the Barclays Bank Group
- c Other interest and similar income principally relates to hedging activity.

## Additional unaudited information

### Additional financial disclosure

Assets		2021				
		Average balance £m	Interest income £m	Interest expense <sup>a</sup> £m	Total net interest £m	Rate %
Cash and balances at central banks	UK	45,958	56	—	56	0.1
Cash and balances at central banks	Non-UK	130,493	72	(304)	(232)	(0.2)
<b>Cash and balances at central banks</b>	<b>Total</b>	<b>176,451</b>	<b>128</b>	<b>(304)</b>	<b>(176)</b>	<b>(0.1)</b>
Loans and advances at amortised cost	UK	76,236	1,876	—	1,876	2.5
Loans and advances at amortised cost	Non-UK	64,389	2,389	(1)	2,388	3.7
<b>Loans and advances at amortised cost<sup>b</sup></b>	<b>Total</b>	<b>140,625</b>	<b>4,265</b>	<b>(1)</b>	<b>4,264</b>	<b>3.0</b>
Cash collateral	UK	47,035	109	(29)	80	0.2
Cash collateral	Non-UK	20,358	24	(36)	(12)	(0.1)
<b>Cash collateral</b>	<b>Total</b>	<b>67,393</b>	<b>133</b>	<b>(65)</b>	<b>68</b>	<b>0.1</b>
Reverse repurchase agreements	UK	598	11	—	11	1.8
Reverse repurchase agreements	Non-UK	4,078	7	(4)	3	0.1
<b>Reverse repurchase agreements</b>	<b>Total</b>	<b>4,676</b>	<b>18</b>	<b>(4)</b>	<b>14</b>	<b>0.3</b>
Interest earning assets at fair value through other comprehensive income	UK	45,029	342	—	342	0.8
Interest earning assets at fair value through other comprehensive income	Non-UK	3,006	38	—	38	1.3
<b>Interest earning assets at fair value through other comprehensive income</b>	<b>Total</b>	<b>48,035</b>	<b>380</b>	<b>—</b>	<b>380</b>	<b>0.8</b>
Other interest and similar income <sup>c</sup>		—	748	(248)	500	
<b>Total interest earning assets not at fair value through income statement</b>		<b>437,180</b>	<b>5,672</b>	<b>(622)</b>	<b>5,050</b>	<b>1.2</b>
Less interest and similar expense		—	(2,599)	622	(1,977)	
<b>Net interest</b>		<b>437,180</b>	<b>3,073</b>	<b>—</b>	<b>3,073</b>	
Interest earning assets at fair value through income statement	UK	190,258				
Interest earning assets at fair value through income statement	Non-UK	103,179				
<b>Interest earning assets at fair value through income statement</b>	<b>Total</b>	<b>293,437</b>				
<b>Total interest earning assets</b>		<b>730,617</b>				
Impairments		(4,251)				
Non-interest earning assets		401,358				
<b>Total</b>		<b>1,127,724</b>				
<b>Percentage of total average interest earning assets in offices outside the UK</b>						<b>45%</b>

#### Notes

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- c Other interest and similar income principally relates to hedging activity.

## Additional unaudited information

### Additional financial disclosure

Assets		2020				
		Average balance £m	Interest income £m	Interest expense <sup>a</sup> £m	Total net interest £m	Rate £m
Cash and balances at central banks	UK	44,950	84	—	84	0.2
Cash and balances at central banks	Non-UK	123,162	142	(281)	(139)	(0.1)
<b>Cash and balances at central banks</b>	<b>Total</b>	<b>168,112</b>	<b>226</b>	<b>(281)</b>	<b>(55)</b>	<b>—</b>
Loans and advances at amortised cost	UK	78,833	1,500	—	1,500	1.9
Loans and advances at amortised cost	Non-UK	73,781	3,010	(4)	3,006	4.1
<b>Loans and advances at amortised cost<sup>b</sup></b>	<b>Total</b>	<b>152,614</b>	<b>4,510</b>	<b>(4)</b>	<b>4,506</b>	<b>3.0</b>
Cash collateral	UK	61,503	196	(31)	165	0.3
Cash collateral	Non-UK	18,110	36	—	36	0.2
<b>Cash collateral</b>	<b>Total</b>	<b>79,613</b>	<b>232</b>	<b>(31)</b>	<b>201</b>	<b>0.3</b>
Reverse repurchase agreements	UK	675	8	—	8	1.2
Reverse repurchase agreements	Non-UK	8,917	4	(9)	(5)	(0.1)
<b>Reverse repurchase agreements</b>	<b>Total</b>	<b>9,592</b>	<b>12</b>	<b>(9)</b>	<b>3</b>	<b>—</b>
Interest earning assets at fair value through other comprehensive income	UK	47,665	549	—	549	1.2
Interest earning assets at fair value through other comprehensive income	Non-UK	2,927	55	—	55	1.9
<b>Interest earning assets at fair value through other comprehensive income</b>	<b>Total</b>	<b>50,592</b>	<b>604</b>	<b>—</b>	<b>604</b>	<b>1.2</b>
Other interest and similar income <sup>c</sup>		—	422	—	422	—
<b>Total interest earning assets not at fair value through P&amp;L</b>		<b>460,523</b>	<b>6,006</b>	<b>(325)</b>	<b>5,681</b>	<b>1.2</b>
Less interest and similar expense		—	(2,846)	325	(2,521)	—
<b>Net interest</b>		<b>460,523</b>	<b>3,160</b>	<b>—</b>	<b>3,160</b>	<b>—</b>
Interest earning assets at fair value through P&L	UK	184,701				
Interest earning assets at fair value through P&L	Non-UK	76,369				
<b>Interest earning assets at fair value through P&amp;L</b>	<b>Total</b>	<b>261,070</b>				
<b>Total interest earning assets</b>		<b>721,593</b>				
Impairments		(4,852)				
Non-interest earning assets		412,510				
<b>Total</b>		<b>1,129,251</b>				
<b>Percentage of total average interest earning assets in offices outside the UK</b>						<b>42%</b>

#### Notes

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- b Loans and advances at amortised cost include all doubtful lending. Interest receivable on such lending has been included to the extent to which either cash payments have been received or interest has been accrued in accordance with the income recognition policy of the Barclays Bank Group.
- c Other interest and similar income principally includes interest income relating to hedging activity.

## Additional unaudited information

### Additional financial disclosure

		2022					Rate %
		Average balance £m	Interest expense £m	Interest income <sup>a</sup> £m	Total net interest £m		
Deposits at amortised cost	UK	153,385	2,000	(8)	1,992	1.3	
Deposits at amortised cost	Non-UK	81,715	1,077	(67)	1,010	1.2	
<b>Deposits at amortised cost</b>	<b>Total</b>	<b>235,100</b>	<b>3,077</b>	<b>(75)</b>	<b>3,002</b>	<b>1.3</b>	
Federal funds purchased	UK	—	—	—	—	—	
Federal funds purchased	Non-UK	1,189	27	—	27	2.3	
<b>Federal funds purchased</b>	<b>Total</b>	<b>1,189</b>	<b>27</b>	<b>—</b>	<b>27</b>	<b>2.3</b>	
Cash collateral	UK	50,430	365	(63)	302	0.6	
Cash collateral	Non-UK	22,610	31	—	31	0.1	
<b>Cash collateral</b>	<b>Total</b>	<b>73,040</b>	<b>396</b>	<b>(63)</b>	<b>333</b>	<b>0.5</b>	
Debt securities in issue	UK	11,677	538	—	538	4.6	
Debt securities in issue	Non-UK	21,987	539	—	539	2.5	
<b>Debt securities in issue</b>	<b>Total</b>	<b>33,664</b>	<b>1,077</b>	<b>—</b>	<b>1,077</b>	<b>3.2</b>	
Commercial paper	UK	14,655	130	(62)	68	0.5	
Commercial paper	Non-UK	15,247	266	(5)	261	1.7	
<b>Commercial paper</b>	<b>Total</b>	<b>29,902</b>	<b>396</b>	<b>(67)</b>	<b>329</b>	<b>1.1</b>	
Subordinated liabilities	UK	32,664	943	—	943	2.9	
Subordinated liabilities	Non-UK	527	23	—	23	4.4	
<b>Subordinated liabilities</b>	<b>Total</b>	<b>33,191</b>	<b>966</b>	<b>—</b>	<b>966</b>	<b>2.9</b>	
Repurchase agreements	UK	10,036	41	—	41	0.4	
Repurchase agreements	Non-UK	2,982	12	(3)	9	0.3	
<b>Repurchase agreements</b>	<b>Total</b>	<b>13,018</b>	<b>53</b>	<b>(3)</b>	<b>50</b>	<b>0.4</b>	
Other interest and similar expense <sup>b</sup>		—	389	(208)	181	—	
<b>Total interest bearing liabilities not at fair value through income statement</b>		<b>419,104</b>	<b>6,381</b>	<b>(416)</b>	<b>5,965</b>	<b>1.4</b>	
Interest bearing liabilities at fair value through income statement	UK	273,623					
Interest bearing liabilities at fair value through income statement	Non-UK	66,573					
<b>Interest bearing liabilities at fair value through income statement</b>	<b>Total</b>	<b>340,196</b>					
<b>Total interest bearing liabilities</b>		<b>759,300</b>					
Interest free customer deposits	UK	46,670					
Interest free customer deposits	Non-UK	17,131					
<b>Interest free customer deposits</b>	<b>Total</b>	<b>63,801</b>					
Other non-interest bearing liabilities		412,674					
Shareholders' equity		58,457					
<b>Total</b>		<b>1,294,232</b>					
<b>Percentage of total average interest earning liabilities in offices outside the UK</b>						<b>28%</b>	

- Notes
- a Negative interest earned on liabilities (which is presented within interest and similar income in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table.
- b Other interest and similar expense principally relates to hedging activity.



## Additional unaudited information

### Additional financial disclosure

Liabilities		2021				
		Average balance £m	Interest expense £m	Interest income <sup>a</sup> £m	Total net interest £m	Rate %
Deposits at amortised cost	UK	130,828	112	(55)	57	—
Deposits at amortised cost	Non-UK	69,811	218	(77)	141	20.0
<b>Deposits at amortised cost</b>	<b>Total</b>	<b>200,639</b>	<b>330</b>	<b>(132)</b>	<b>198</b>	<b>10.0</b>
Federal funds purchased	UK	—	—	—	—	—
Federal funds purchased	Non-UK	788	1	—	1	10.0
<b>Federal funds purchased</b>	<b>Total</b>	<b>788</b>	<b>1</b>	<b>—</b>	<b>1</b>	<b>10.0</b>
Cash collateral	UK	44,591	42	(40)	2	—
Cash collateral	Non-UK	16,036	22	—	22	10.0
<b>Cash collateral</b>	<b>Total</b>	<b>60,627</b>	<b>64</b>	<b>(40)</b>	<b>24</b>	<b>—</b>
Debt securities in issue	UK	9,295	290	—	290	310.0
Debt securities in issue	Non-UK	12,745	95	—	95	70.0
<b>Debt securities in issue</b>	<b>Total</b>	<b>22,040</b>	<b>385</b>	<b>—</b>	<b>385</b>	<b>170.0</b>
Commercial paper	UK	9,094	4	(26)	(22)	(20.0)
Commercial paper	Non-UK	11,337	24	(6)	18	20.0
<b>Commercial paper</b>	<b>Total</b>	<b>20,431</b>	<b>28</b>	<b>(32)</b>	<b>(4)</b>	<b>—</b>
Subordinated liabilities	UK	29,757	922	—	922	310.0
Subordinated liabilities	Non-UK	227	12	—	12	530.0
<b>Subordinated liabilities</b>	<b>Total</b>	<b>29,984</b>	<b>934</b>	<b>—</b>	<b>934</b>	<b>310.0</b>
Repurchase agreements	UK	8,793	15	—	15	20.0
Repurchase agreements	Non-UK	2,542	1	(44)	(43)	(170.0)
<b>Repurchase agreements</b>	<b>Total</b>	<b>11,335</b>	<b>16</b>	<b>(44)</b>	<b>(28)</b>	<b>(20.0)</b>
Other interest and similar expense <sup>b</sup>		—	841	(374)	467	—
<b>Total interest bearing liabilities not at fair value through income statement</b>		<b>345,844</b>	<b>2,599</b>	<b>(622)</b>	<b>1,977</b>	<b>60.0</b>
Interest bearing liabilities at fair value through income statement	UK	268,067				
Interest bearing liabilities at fair value through income statement	Non-UK	55,754				
<b>Interest bearing liabilities at fair value through income statement</b>	<b>Total</b>	<b>323,821</b>				
<b>Total interest bearing liabilities</b>		<b>669,665</b>				
Interest free customer deposits	UK	45,498				
Interest free customer deposits	Non-UK	15,179				
<b>Interest free customer deposits</b>	<b>Total</b>	<b>60,677</b>				
<b>Other non-interest bearing liabilities</b>		<b>343,510</b>				
Shareholders' equity		53,872				
<b>Total</b>		<b>1,127,724</b>				
<b>Percentage of total average interest earning liabilities in offices outside the UK</b>			<b>25%</b>			

- Notes
- a Negative interest earned on liabilities (which is presented within interest and similar income in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table
- b Other interest and similar expense principally includes interest expense relating to hedging activity.

## Additional unaudited information

### Additional financial disclosure

Liabilities		2020				
		Average balance £m	Interest expense £m	Interest income <sup>a</sup> £m	Total net interest £m	Rate %
Deposits at amortised cost	UK	130,760	200	(15)	185	0.1
Deposits at amortised cost	Non-UK	70,552	443	(15)	428	0.6
<b>Deposits at amortised cost</b>	<b>Total</b>	<b>201,312</b>	<b>643</b>	<b>(30)</b>	<b>613</b>	<b>0.3</b>
Federal funds purchased	UK	—	—	—	—	—
Federal funds purchased	Non-UK	155	1	—	1	0.6
<b>Federal funds purchased<sup>b</sup></b>	<b>Total</b>	<b>155</b>	<b>1</b>	<b>—</b>	<b>1</b>	<b>0.6</b>
Cash collateral	UK	53,245	96	(31)	65	0.1
Cash collateral	Non-UK	13,921	38	—	38	0.3
<b>Cash collateral</b>	<b>Total</b>	<b>67,166</b>	<b>134</b>	<b>(31)</b>	<b>103</b>	<b>0.2</b>
Debt securities in issue	UK	10,208	54	—	54	0.5
Debt securities in issue	Non-UK	13,358	274	(2)	272	2.0
<b>Debt securities in issue</b>	<b>Total</b>	<b>23,566</b>	<b>328</b>	<b>(2)</b>	<b>326</b>	<b>1.4</b>
Commercial paper	UK	7,727	16	—	16	0.2
Commercial paper	Non-UK	10,185	80	—	80	0.8
<b>Commercial paper<sup>b</sup></b>	<b>Total</b>	<b>17,912</b>	<b>96</b>	<b>—</b>	<b>96</b>	<b>0.5</b>
Subordinated liabilities	UK	34,573	1,104	—	1,104	3.2
Subordinated liabilities	Non-UK	220	8	—	8	3.6
<b>Subordinated liabilities</b>	<b>Total</b>	<b>34,793</b>	<b>1,112</b>	<b>—</b>	<b>1,112</b>	<b>3.2</b>
Repurchase agreements	UK	7,245	29	—	29	0.4
Repurchase agreements	Non-UK	1,321	7	(5)	2	0.2
<b>Repurchase agreements</b>	<b>Total</b>	<b>8,566</b>	<b>36</b>	<b>(5)</b>	<b>31</b>	<b>0.4</b>
Other interest and similar expense <sup>c</sup>		—	496	—	496	—
<b>Total interest bearing liabilities not at fair value through income statement</b>		<b>353,470</b>	<b>2,846</b>	<b>(68)</b>	<b>2,778</b>	<b>0.8</b>
Interest bearing liabilities at fair value through income statement	UK	239,987				
Interest bearing liabilities at fair value through income statement	Non-UK	51,887				
<b>Interest bearing liabilities at fair value through income statement</b>	<b>Total</b>	<b>291,874</b>				
<b>Total interest bearing liabilities</b>		<b>645,344</b>				
Interest free customer deposits	UK	38,136				
Interest free customer deposits	Non-UK	12,860				
<b>Interest free customer deposits</b>	<b>Total</b>	<b>50,996</b>				
Other non-interest bearing liabilities		377,157				
Shareholders' equity		55,754				
<b>Total</b>		<b>1,129,251</b>				
<b>Percentage of total average interest earning liabilities in offices outside the UK</b>		<b>25%</b>				

#### Notes

- a Negative interest earned on liabilities (which is presented within interest and similar income in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table.
- b Following a change in reporting requirements, federal funds purchased and commercial paper have been presented separately for the average balance sheet. Federal funds purchased were previously shown within deposits at amortised cost and commercial paper was previously shown within debt securities in issue. Prior year comparatives have been re-presented.
- c Other interest and similar expense principally includes interest expense relating to hedging activity.

## Additional unaudited information

### Additional financial disclosure

#### Changes in total interest – volume and rate analysis

The following tables allocate changes in interest between changes in volume and changes in interest rates for the last two years. Volume and rate variances have been calculated on the movement in the average balances and the change in the interest rates on average interest earning assets and average interest bearing liabilities. Where variances have arisen from changes in both volumes and interest rates, these have been allocated proportionately between the two.

Interest income		2022/2021 Change due to increase/(decrease) in:			2021/2020 Change due to increase/(decrease) in:		
		Total change £m	Volume £m	Rate £m	Total change £m	Volume £m	Rate £m
Cash and balances at central banks	UK	794	38	756	(28)	2	(30)
Cash and balances at central banks	Non-UK	1,289	(11)	1,300	(93)	(8)	(85)
<b>Cash and balances at central banks</b>	<b>Total</b>	<b>2,083</b>	<b>27</b>	<b>2,056</b>	<b>(121)</b>	<b>(6)</b>	<b>(115)</b>
Loans and advances at amortised cost	UK	1,183	467	716	376	(50)	426
Loans and advances at amortised cost	Non-UK	2,007	867	1,140	(618)	(363)	(255)
<b>Loans and advances at amortised cost</b>	<b>Total</b>	<b>3,190</b>	<b>1,334</b>	<b>1,856</b>	<b>(242)</b>	<b>(413)</b>	<b>171</b>
Cash collateral	UK	285	22	263	(85)	(33)	(52)
Cash collateral	Non-UK	36	(2)	38	(48)	4	(52)
<b>Cash collateral</b>	<b>Total</b>	<b>321</b>	<b>20</b>	<b>301</b>	<b>(133)</b>	<b>(29)</b>	<b>(104)</b>
Reverse repurchase agreements	UK	6	—	6	3	(1)	4
Reverse repurchase agreements	Non-UK	7	(1)	8	8	2	6
<b>Reverse repurchase agreements</b>	<b>Total</b>	<b>13</b>	<b>(1)</b>	<b>14</b>	<b>11</b>	<b>1</b>	<b>10</b>
Interest earning assets at fair value through other comprehensive income	UK	1,050	(31)	1,081	(207)	(29)	(178)
Interest earning assets at fair value through other comprehensive income	Non-UK	63	24	39	(17)	1	(18)
<b>Interest earning assets at fair value through other comprehensive income</b>	<b>Total</b>	<b>1,113</b>	<b>(7)</b>	<b>1,120</b>	<b>(224)</b>	<b>(28)</b>	<b>(196)</b>
<b>Other interest and similar income</b>		<b>(407)</b>	<b>—</b>	<b>(407)</b>	<b>78</b>	<b>—</b>	<b>78</b>
<b>Total interest receivable</b>		<b>6,313</b>	<b>1,373</b>	<b>4,940</b>	<b>(631)</b>	<b>(475)</b>	<b>(156)</b>

## Additional unaudited information

### Additional financial disclosure

Interest expense		2022/2021 Change due to increase/(decrease) in:			2021/2020 Change due to increase/(decrease) in: <sup>a</sup>		
		Total change £m	Volume £m	Rate £m	Total change £m	Volume £m	Rate £m
Deposits at amortised cost	UK	1,935	12	1,923	(128)	—	(128)
Deposits at amortised cost	non-UK	869	28	841	(287)	(4)	(283)
<b>Deposits at amortised cost</b>	<b>Total</b>	<b>2,804</b>	<b>40</b>	<b>2,764</b>	<b>(415)</b>	<b>(4)</b>	<b>(411)</b>
Federal funds purchased	UK	—	—	—	—	—	—
Federal funds purchased	non-UK	26	2	24	—	2	(2)
<b>Federal funds purchased</b>	<b>Total</b>	<b>26</b>	<b>2</b>	<b>24</b>	<b>—</b>	<b>2</b>	<b>(2)</b>
Cash Collateral	UK	300	—	300	(63)	(10)	(53)
Cash Collateral	non-UK	9	9	—	(16)	5	(21)
<b>Cash Collateral</b>	<b>Total</b>	<b>309</b>	<b>9</b>	<b>300</b>	<b>(79)</b>	<b>(5)</b>	<b>(74)</b>
Debt securities in issue	UK	248	86	162	236	(5)	241
Debt securities in issue	non-UK	444	107	337	(177)	(11)	(166)
<b>Debt securities in issue</b>	<b>Total</b>	<b>692</b>	<b>193</b>	<b>499</b>	<b>59</b>	<b>(16)</b>	<b>75</b>
Commercial paper	UK	90	(6)	96	(38)	3	(41)
Commercial paper	non-UK	243	8	235	(62)	8	(70)
<b>Commercial paper</b>	<b>Total</b>	<b>333</b>	<b>2</b>	<b>331</b>	<b>(100)</b>	<b>11</b>	<b>(111)</b>
Subordinated liabilities	UK	21	86	(65)	(182)	(150)	(32)
Subordinated liabilities	non-UK	11	13	(2)	4	—	4
<b>Subordinated liabilities</b>	<b>Total</b>	<b>32</b>	<b>99</b>	<b>(67)</b>	<b>(178)</b>	<b>(150)</b>	<b>(28)</b>
Repurchase agreements	UK	26	2	24	(14)	5	(19)
Repurchase agreements	non-UK	52	(6)	58	(45)	—	(45)
<b>Repurchase agreements</b>	<b>Total</b>	<b>78</b>	<b>(4)</b>	<b>82</b>	<b>(59)</b>	<b>5</b>	<b>(64)</b>
<b>Other interest and similar expense</b>		<b>(286)</b>	<b>—</b>	<b>(286)</b>	<b>(29)</b>	<b>—</b>	<b>(29)</b>
<b>Total interest payable</b>		<b>3,988</b>	<b>341</b>	<b>3,647</b>	<b>(801)</b>	<b>(157)</b>	<b>(644)</b>

#### Note

- a. Following a change in reporting requirements, federal funds purchased and commercial paper have been presented separately for the average balance sheet. Federal funds purchased were previously shown within deposits at amortised cost and commercial paper was previously shown within debt securities in issue. Prior year comparatives have been re-presented.

## Additional unaudited information

### Additional financial disclosure

#### Average deposits at amortised cost and the average interest rate paid

The following tables present average deposits at amortised cost and their associated interest expense by deposit type.

	Average deposits at amortised cost	Interest expense	Average interest rate
	£m	£m	%
<b>For the year ended 31 December 2022</b>			
Current and demand accounts			
– interest free	63,801	—	—
– interest bearing	54,152	386	0.7
Savings accounts	35,139	346	1.0
Other time deposits- retail	19,601	213	1.1
Other time deposits- wholesale	127,397	2,159	1.7
<b>Total</b>	<b>300,090</b>	<b>3,104</b>	<b>1.0</b>

	Average deposits at amortised cost	Interest expense	Average interest rate
	£m	£m	%
<b>For the year ended 31 December 2021</b>			
Current and demand accounts			
– interest free	60,677	—	—
– interest bearing	49,488	36	0.1
Savings accounts	34,778	75	0.2
Other time deposits- retail	14,814	31	0.2
Other time deposits- wholesale	102,347	189	0.2
<b>Total</b>	<b>262,104</b>	<b>331</b>	<b>0.1</b>

	Average deposits at amortised cost	Interest expense	Average interest rate
	£m	£m	%
<b>For the year ended 31 December 2020</b>			
Current and demand accounts			
– interest free	50,996	—	—
– interest bearing	42,717	63	0.1
Savings accounts	32,257	113	0.4
Other time deposits- retail	17,242	81	0.5
Other time deposits- wholesale	109,252	387	0.4
<b>Total</b>	<b>252,464</b>	<b>644</b>	<b>0.3</b>

## Additional unaudited information

### Additional financial disclosure

#### Credit risk additional disclosure

This section of the report contains supplementary information that is more detailed or contains longer histories than the data presented in the Risk review section.

#### Risk elements in loans and advances at amortised cost

##### Loans assessed as Stage 3 credit impaired

Stage 3 credit impaired loans are loans in default assessed for lifetime expected credit losses. Further details on the approach to expected credit loss provisioning, including the classification into stages of gross exposures and approach to the measurement of lifetime expected credit losses, can be found in Note 1 Significant Accounting Policies.

This risk element in loans and advances at amortised cost may be analysed between the United Kingdom and Rest of the World as follows:

Risk elements in loans and advances at amortised cost			
	2022	2021	2020
As at 31 December	£m	£m	£m
<b>Gross stage 3 credit impaired loans</b>			
United Kingdom	580	609	1,016
Rest of the world	2,990	2,739	4,103
<b>Total</b>	<b>3,570</b>	<b>3,348</b>	<b>5,119</b>

#### Interest forgone on risk elements in loans and advances

	2022	2021	2020
As at 31 December	£m	£m	£m
<b>Interest income that would have been recognised under the original contractual terms</b>			
United Kingdom	—	—	—
Rest of the World	44	39	69
<b>Total</b>	<b>44</b>	<b>39</b>	<b>69</b>

## Additional unaudited information

### Additional financial disclosure

#### Potential Problem Loans

Potential problem loans are those loans for which serious doubt exists as to the ability of the borrower to continue to comply with repayment terms in the near future.

Loans and advances at amortised cost by product on page 64 includes gross exposure and associated impairment allowance for assets classified as Stage 2, but not past due i.e. assets satisfying the criteria for a Significant Increase in Credit Risk, but which are still complying with repayment terms.

Forbearance measures consist of concessions towards a debtor that is experiencing or is about to experience difficulties in meeting their financial commitments. Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definition of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forbore state.

In order to assess asset credit quality, 12-month PDs are used to map assets into strong, satisfactory, higher risk or credit impaired. A credit risk profile by internal PD grade for gross loans and advances at amortised cost and allowance for ECL is shown in the credit risk section on page 81, analysing each of these categories by stage.

Wholesale accounts that are deemed to contain heightened levels of risk are recorded on graded watchlists comprising four categories, graded in line with the perceived severity of the risk attached to the lending, and its probability of default. Where a counterparty's financial health gives grounds for concern, it is immediately placed into the appropriate category. Once an account has been placed on a watchlist, the exposure is monitored and, where appropriate, exposure reductions are effected.

#### Impairment

Loans and Advances at fair value are not subject to ECL under IFRS 9 and are excluded from the disclosure below.

#### Allocation of the Allowance for Credit Losses

Balance at end of period applicable to:	Amount			% of loans in each category to total loans		
	2022	2021	2020	2022	2021	2020
As at 31 December	£m	£m	£m			
Loans and Advances at amortised cost to Banks	11	2	4	5.7 %	6.8 %	7.2 %
Loans and Advances at amortised cost to Customers	3,768	3,484	5,052	94.2 %	93.2 %	92.6 %
Financial Assets at Fair Value through Other Comprehensive Income	—	—	—	0.1 %	— %	0.2 %
<b>Loans and Advances<sup>a</sup></b>				<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

#### Net Charge offs during the period to average loans outstanding

As at 31 December	Amount		
	2022	2021	2020
	£m	£m	£m
Loans and Advances at amortised cost to Banks			
Net charge off	—	—	—
Average loans	10,225	9,381	9,703
Ratio %	—	—	—
Loans and Advances at amortised cost to Customers			
Net charge off	750	1,417	969
Average loans	139,710	114,757	128,770
Ratio %	0.5 %	1.2 %	0.8 %
Financial Assets at Fair Value through Other Comprehensive Income			
Net charge off	—	—	—
Average loans	221	110	418
Ratio	— %	— %	— %

## Additional unaudited information

### Additional financial disclosure

#### Consolidated Basis

#### Allowance for Credit losses to total loans outstanding

As at 31 December	Amount		
	2022 £m	2021 £m	2020 £m
Allowance for credit losses <sup>b</sup>	3,779	3,486	5,055
Total loans outstanding <sup>c</sup>	159,205	129,304	124,352
Ratio	2.4 %	2.7 %	4.1 %

#### Notes

- Total Loans outstanding excludes Debt Securities at amortised cost.
- Allowance for credit losses: Impairment allowance on Loans & Advances at amortized cost has increased to £3.8bn (2021: £3.5bn), On balance sheet coverage has reduced to 2.4%(2021:2.7%) driven by changes in portfolio mix.
- Loans Outstanding: Gross loans and Advances increased to £159bn (2021: £129bn), Growth of £30bn is attributable to strong customer demand in investment banking £17bn, £9bn in credit cards driven by organic growth and strategic acquisitions and £1.8bn increase in corporate banking driven by higher working capital demand.



## Additional unaudited information

### Additional financial disclosure

#### Maturity analysis of Gross loans and advances

Traded Loans are included in the 'on demand' column at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity since these items are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value.

#### Maturity analysis of Gross loans and advances

	Less than 1 year £m	One to Five Years £m	Five to fifteen years £m	Over fifteen years £m	Total £m
<b>As at 31 December 2022</b>					
Loans and Advances at Amortised cost to banks	8,972	—	—	—	8,972
Loans and Advances at Amortised cost to Customers	44,071	74,965	23,213	7,762	150,011
Financial Assets at Fair Value Through Other Comprehensive Income	—	222	—	—	222
Loans and Advances at Fair Value through Profit and Loss	32,869	2,882	836	863	37,450
Traded loans	13,198	—	—	—	13,198
<b>Total Gross loans and advances</b>	<b>99,110</b>	<b>78,069</b>	<b>24,049</b>	<b>8,625</b>	<b>209,853</b>
	Less than 1 year £m	One to Five Years £m	Five to fifteen years £m	Over fifteen years £m	Total £m
<b>As at 31 December 2021</b>					
Loans and Advances at Amortised cost to banks	8,751	—	—	—	8,751
Loans and Advances at Amortised cost to customers	35,881	57,528	20,036	7,055	120,500
Financial Assets at Fair Value Through Other Comprehensive Income	53	—	—	—	53
Loans and Advances at Fair Value through Profit and Loss	30,386	2,621	1,737	1,158	35,902
Traded loans	12,525	—	—	—	12,525
<b>Total Gross loans and advances</b>	<b>87,596</b>	<b>60,149</b>	<b>21,773</b>	<b>8,213</b>	<b>177,731</b>

#### Interest rate sensitivity of gross loans and advances. Maturity > 1 year

	2022			2021		
	Fixed rate £m	Variable rate £m	Total £m	Fixed rate £m	Variable rate £m	Total £m
<b>As at 31 December</b>						
Loans and Advances at Amortised cost to banks	—	—	—	—	—	—
Loans and Advances at Amortised cost to customers	16,153	89,787	105,940	11,691	72,928	84,619
Financial Assets at Fair Value Through Other Comprehensive Income	—	222	222	—	—	—
Loans and Advances at Fair Value through Profit and Loss	1,318	3,262	4,580	3,333	2,183	5,516
<b>Gross loans and advances</b>	<b>17,471</b>	<b>93,271</b>	<b>110,742</b>	<b>15,024</b>	<b>75,111</b>	<b>90,135</b>

## Additional unaudited information

### Additional financial disclosure

Notional principal amounts of credit derivatives			
	2022	2021	2020
As at 31 December	£m	£m	£m
Credit derivatives held or issued for trading purposes <sup>a</sup>	1,727,220	1,272.104	847,845

Note

a Includes credit derivatives held as economic hedges which are not designated as hedges for accounting purposes.

# Additional unaudited information

## Additional financial disclosure

### Performance Review

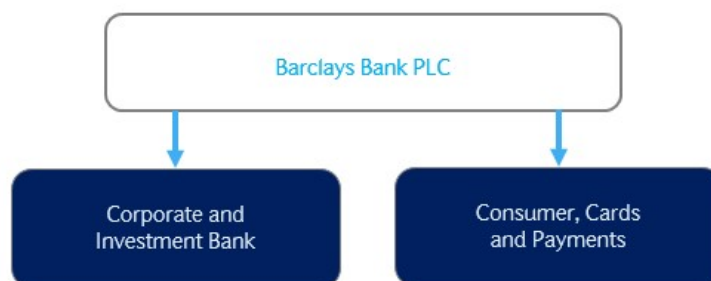
#### Overview

Barclays Bank PLC (BBPLC or the Company) is a wholly-owned subsidiary of Barclays PLC. The consolidation of Barclays Bank PLC and its subsidiaries is referred to as the Barclays Bank Group. The term Barclays refers to either Barclays PLC (BPLC) or, depending on the context, the Barclays Group. The term Barclays Group refers to BPLC together with its subsidiaries.

Barclays Bank PLC is the non ring-fenced bank within the Barclays Group. The Barclays Bank Group contains the majority of the Barclays Group's Barclays International division, which is comprised of the Corporate and Investment Bank (CIB) and Consumer, Cards and Payments (CC&P) businesses. Barclays Bank PLC offers customers and clients a range of products and services spanning consumer and wholesale banking and is supported by the Barclays Group-wide service company, Barclays Execution Services Limited (BX), which provides technology, operations and functional services to businesses across the Barclays Group.

Barclays Bank PLC is focused on delivering for customers and clients around the world. Our diversified business portfolio provides balance, resilience and exciting opportunities. Barclays Bank PLC has strong global market positions and continues to invest in people and technology with the aim of delivering sustainable returns.

#### Our structure



#### CIB

The CIB comprises Investment Banking, Corporate Banking and Global Markets, aiding money managers, financial institutions, governments, supranational organisations and corporate clients to manage their funding, financing, strategic and risk management needs.

- Investment Banking provides clients with strategic advice on mergers and acquisitions (M&A), corporate finance and financial risk management solutions, as well as equity and debt issuance services.
- Corporate Banking provides working capital, transaction banking (including trade and payments), and lending for multinational, large and medium corporates, and for financial institutions.
- Our Global Markets business provides a broad range of clients with market insight, execution services, tailored risk management and financing solutions across equities, credit, securitisations, rates and foreign exchange products.

#### CC&P

CC&P is comprised of our International Cards and Consumer Bank, Private Bank and Barclaycard Payments business.

- As part of our International Cards and Consumer Bank, in the US we have a partnership-focused business model, offering co-branded and private-label credit cards to consumers through our relationships with some of America's well known brands, including American Airlines and Gap Inc. We also offer online retail deposits products (savings and certificates of deposit), personal loans, instalment payments and point-of-sale financing.
- In Germany, we offer multiple consumer products, including own-branded and co-branded credit cards, online loans, electronic Point of Sale (ePOS) financing and deposits.
- Our Private Bank offers banking, credit and investment capabilities to meet the needs of our clients across the UK, Europe, the Middle East and Africa, and Asia.
- Barclaycard Payments enables businesses of all sizes to make and receive payments.

#### Market and operating environment

##### CIB

We saw geopolitical unrest due to the conflict in Ukraine, global inflationary pressures and responsive monetary policy action. Bond markets in particular were affected, with growths in yields not seen for decades. Global equity markets declined double digit percentages in the context of these macro drivers<sup>1</sup>.

As a consequence of this macroeconomic instability, global capital markets retreated to pre-pandemic levels from their record highs in 2021. Market volatility, inflation and geopolitical uncertainty created headwinds for dealmaking across all products, with significant declines in High Yield bonds (-80%) and Initial Public Offerings (-70%)<sup>2</sup>.

Across our CIB businesses, the opportunities presented by the climate transition change and the broader sustainability agenda continued to grow despite challenging market conditions.

##### Note

<sup>1</sup> Bloomberg

<sup>2</sup> Dealogic for the period covering 1 January 2021 to 31 December 2022

## Additional unaudited information

### Additional financial disclosure

#### CC&P

We continue to see recovery in consumer activity and spending post the COVID-19 pandemic. As cash usage declines and online transactions grow, the shift towards digital services and payments continues.

We are seeing a rise in the popularity of alternative payment methods such as Buy Now Pay Later and Open Banking, not only online but also face to face, as consumer behaviour continues to evolve and the need for omni-channel integrated solutions increases.

The rise in inflation and the interest rate environment are driving changes in consumer behaviour, particularly around demand for personal loans and the impact of the increasing cost of borrowing.

Market uncertainty has moderated Private Bank clients' appetite to invest in regular equity related strategies, while the comeback of significant positive fixed income yields has created strong tailwinds for alternate strategies. In parallel, higher market volatility is supporting strong investment in transactional activity and revenue as well as supporting demand for private market funds.

With an increasing regulatory focus on consumer protection (including the FCA's Consumer Duty due to come into force in July 2023), we continue to provide customers and clients with the information and tools to select the right products and services best suited for their needs. This is at the foundation of our business, ensuring we act to deliver good outcomes and avoid harms for our customers and clients.

#### Focus areas

#### CIB

We continue to invest to deliver sustainable growth in the CIB.

- **Investing in high-growth sectors and maintaining high returns in Investment Banking:** We are continuing to invest in high-growth sectors such as Technology and Healthcare, and we aim to sustain the investment we have made in our high-returning, fee-driven M&A and Equities businesses.
- **Becoming an electronic-first Global Markets business, growing in targeted areas:** In Global Markets, we are prioritising service excellence for our clients through simplification of our systems architecture, investing in Prime Brokerage, further bolstering our intermediation businesses and focusing on financing solutions to build a diversified portfolio that performs across the economic cycle.
- **Capturing opportunities as we transition to a low-carbon economy:** We aim to support clients who want to make their business models more sustainable, and use our scale and capital markets expertise to mobilise capital for the transition to a low-carbon economy.
- **Improving integration:** Across our businesses we are focused on serving clients in an integrated way. Our efforts to broaden and deepen our CIB offering across Europe will form an important part of this effort. In Corporate Banking we will continue to focus on delivering enhancements to how we engage with clients through our digital proposition, and will continue to build our capabilities in the US and Europe. Broadly we are focused on being a leading provider of digitally-enabled lending and transaction banking services to our clients in our chosen markets across the globe.

#### CC&P

We strive to deliver next-generation, digitised consumer financial services, offering best-in-class finance, private banking and payment solutions.

- **Responding to changing consumer behaviour:** We continue to invest in the digitalisation of our businesses, delivering new products and capabilities to reflect growing trends. This includes focusing on scaling our existing e-commerce solutions to add further value to our digitally engaged customers, small businesses and corporates.
- **Building a more efficient and seamless business:** We are accelerating our automation agenda to drive operational efficiency and create a more seamless digital customer experience.
- **Winning new partnerships:** We are focused on broadening relationships with our existing partners and pursuing new partnerships, particularly in the US. We are also building capabilities to offer new financing solutions across all our markets.
- **Growing in key markets:** We are continuing to drive growth in our strategic home and international markets. In 2023 the planned integration of the Private Bank and Barclays Bank UK's Wealth and Investment Management business will strengthen our position in the UK, while we continue to deepen our existing footprint outside the UK and further strengthen and expand our product capabilities.

#### Barclays Climate Strategy

Our climate strategy is driven by consideration of relevant risks and opportunities and our Purpose to deploy finance responsibly to support people and businesses, acting with empathy and integrity, championing innovation and sustainability, for the common good and the long-term.

In March 2020, Barclays announced its ambition to be a net zero bank by 2050, becoming one of the first banks to do so.

We are committed to achieving net zero operations and have made progress, having sourced 100% renewable electricity for our global real estate portfolio operations<sup>a</sup> and created a pathway to address our supply chain emissions. We achieved 100% renewable energy by matching 100% of our electricity consumption with energy attribute certificates and green tariffs which is for us a transitional solution as we seek to increase the proportion of on-site renewable electricity sources and Power Purchase Agreements.

We are also committed to reducing our financed emissions, those deriving from the activities of the clients that we finance and those generated in their respective value chains, by providing financial advice and support as they transition to a low-carbon economy. We have now set 2030 reduction targets across five of the highest emitting sectors in our portfolio: Energy, Power, Cement, Steel and Automotive manufacturing and have assessed the baseline and convergence point for our Residential real estate portfolio.

We have developed a methodology for measuring our financed emissions and tracking them at a portfolio level against the goals and timelines of the Paris Agreement – this methodology is called BlueTrack™. All of our 2030 target-setting includes the integration of 1.5°C aligned scenarios, such as the IEA Net Zero 2050 scenario in our financed emission targets, and including the upper end of ranges for certain sectors.

#### Note

a. Global real estate portfolio includes offices, branches, campuses and data centres.

## Additional unaudited information

### Additional financial disclosure

#### 1) Achieving net zero operations

Barclays is working to reduce its Scope 1, Scope 2 and Scope 3<sup>b</sup> operational emissions consistent with a 1.5°C aligned pathway and counterbalance any residual emissions.

#### 2) Reducing our financed emissions

Barclays is committed to aligning its financing with the goals and timelines of the Paris Agreement, consistent with scenarios limiting the increase in global temperatures to 1.5°C.

#### 3) Financing the transition

Barclays is helping to provide the green and sustainable finance required to transform the economies, customers and clients we serve.

Our strategy is underpinned by the way we assess and manage our exposure to climate-related risk.

As a large global financial intermediary, Barclays also has an important role in helping channel investment into new green technologies and low-carbon infrastructure projects.

The transition to a low-carbon economy is today's defining opportunity for innovation and growth. With the scale of investment needed estimated to be \$4trn per year in renewables and a further \$4-6trn<sup>c</sup> per year to get to a low carbon economy over the next 30 years, Barclays is helping to provide the green and sustainable finance required to transform the economies we serve. We surpassed our 2018 target to deliver £150bn of social and environmental financing by 2025 and we are still on track to meet our goal to deliver £100bn of green finance well ahead of 2030.

We keep our policies, targets and progress under review in light of the rapidly changing external environment and the need to support governments and clients in delivering an orderly energy transition and providing energy security. The trajectory for our clients' transition to a low-carbon economy is influenced by a number of external factors, including market developments, technological advancement, the public policy environment, geopolitical developments and regional variations, behavioural change in society and the scale of change needed to adapt their business models. Client transition pathways will vary, even within the same sectors and geographies.

Many highly carbon-intensive sectors require finance to transition. Restricting the flow of capital to these sectors could be harmful to the pace of the transition, limiting the real terms impact on global warming. However, we anticipate that companies which are unwilling to reduce or eliminate their emissions consistent with internationally accepted pathways may find it increasingly difficult to access financing, including through Barclays.

Our strategy is underpinned by the way we assess and manage our exposure to climate-related risk. Climate risk became a Principal Risk at Barclays in 2022.

We monitor financing transactions through our due diligence and have declined financing to clients that have not been able to meet our policies after taking into account all relevant considerations.

After a strategic review of the Group's capabilities, market demand and growth opportunities, we announced in December 2022, new targets to:

- facilitate \$1 trillion of Sustainable and Transition Financing between 2023 and the end of 2030.
- increase investment into global climate tech start-ups to £500m through our Sustainable Impact Capital portfolio by the end of 2027.

Over the coming years, our strategy will continue to evolve and adapt to reflect external factors affecting the shape and timing of the transition to a low-carbon economy, similar to those impacting our clients' transitions. Progress is likely to vary year to year and we need to be able to adapt our approach to respond to external circumstances and to manage the effectiveness and impact of our support for the transition, whilst remaining focused on our ambition of becoming a net zero bank by 2050.

#### Note

b. We define our Scope 3 operational emissions to include supply chain, waste, business travel and leased assets

c. \$4-6trn as referenced at COP27 at [unfccc.int/documents/624444](https://unfccc.int/documents/624444) as well as the United Nations Environment Programme - Emissions Gap Report 2022 at [unep.org/resources/emissions-gap-report-2022](https://unep.org/resources/emissions-gap-report-2022).

## Glossary of terms

**'Advanced Internal Ratings Based (A-IRB)'** See 'Internal Ratings Based (IRB)'.

**'Acceptances and endorsements'** An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer, for which reimbursement by the customer is normally immediate. Endorsements are to change the payee of a bill of exchange but with no change to the bank's liability.

**'Additional Tier 1 (AT1) capital'** A type of capital as defined in the CRR largely comprising eligible non-common equity capital securities and any related share premium.

**'Additional Tier 1 (AT1) securities'** Non-common equity securities that are eligible as AT1 capital.

**'Advanced Measurement Approach (AMA)'** An approach used to quantify required capital for operational risk. Under the AMA, banks are allowed to develop their own empirical model to quantify required capital for operational risk. Banks can only use this approach subject to approval from their local regulators.

**'Agency Bonds'** Bonds issued by state and/or government agencies or government-sponsored entities.

**'Agency Mortgage-Backed Securities'** Mortgage-Backed Securities issued by government-sponsored entities.

**'All price risk (APR)'** An estimate of all the material market risks, including rating migration and default, for the correlation trading portfolio.

**'American Depository Receipts (ADR)'** A negotiable certificate that represents the ownership of shares in a non-US company (e.g. Barclays) trading on US financial markets.

**'Americas'** Geographic segment comprising the US, Canada and countries where Barclays operates within Latin America.

**'Annual Earnings at Risk (AEaR)'** A measure of the potential change in Net Interest Income (NII) due to an interest rate movement over a one-year period.

**'Annualised cumulative weighted average lifetime PD'** The Probability of Default (PD) over the remaining life of the asset, expressed as an annual rate, reflecting a range of possible economic scenarios.

**'Application scorecards'** Algorithm based decision-making tools used to aid business decisions and manage credit risk based on available customer data at the point of application for a product.

**'Arrears'** Customers are said to be in arrears when they are behind in fulfilling their obligations with the result that an outstanding loan is unpaid or overdue. Such customers are also said to be in a state of delinquency. When a customer is in arrears, their entire outstanding balance is said to be delinquent, meaning that delinquent balances are the total outstanding loans on which payments are overdue.

**'Asia'** Geographic segment comprising countries where Barclays operates within Asia and the Middle East.

**'Asset Backed Commercial Paper (ABCP)'** Typically short-term notes secured on specified assets issued by consolidated special purpose entities for funding purposes.

**'Asset Backed Securities (ABS)'** Securities that represent an interest in an underlying pool of referenced assets. The referenced pool can comprise any assets which attract a set of associated cash flows but are commonly pools of residential or commercial mortgages and, in the case of a Collateralised Debt Obligation (CDO), the referenced pool may be ABS or other classes of assets.

**'Attributable profit'** Profit after tax that is attributable to ordinary equity holders of Barclays adjusted for the after tax amounts of capital securities classified as equity.

**'Average allocated tangible equity'** Calculated as the average of the previous month's period end allocated tangible equity and the current month's period end allocated tangible equity. The average allocated tangible equity for the period is the average of the monthly averages within that period.

**'Average tangible shareholders' equity'** Calculated as the average of the previous month's period end tangible shareholders' equity and the current month's period end tangible shareholders' equity. The average tangible shareholders' equity for the period is the average of the monthly averages within that period.

**'Average UK leverage ratio'** As per the PRA rulebook, calculated as the average capital measure based on the last day of each month in the quarter divided by the average exposure measure for the quarter, where the average exposure is based on each day in the quarter.

**'Back testing'** Includes a number of techniques that assess the continued statistical validity of a model by simulating how the model would have predicted recent experience.

**'Bank of England (BoE)'** The central bank of the United Kingdom with devolved responsibility for managing monetary policy and to oversee regulation of the UK's financial sector. Through the Prudential Regulation Committee, the BoE exercises control over the PRA.

**'Barclays Africa' or 'Absa' or 'Absa Group Limited'** Barclays Africa Group Limited (now Absa Group Limited), which was previously a subsidiary of the Barclays Group. As a consequence of its disposals of shares in April 2022 and September 2022, the Barclays Group has now exited its shareholding in Absa Group Limited.

**'Balance weighted Loan to Value (LTV) ratio'** In the context of the credit risk disclosures on secured home loans, a means of calculating marked to market LTVs derived by calculating individual LTVs at account level and weighting it by the balances to arrive at the average position. Balance weighted Loan to Value (LTV) ratio is calculated using the following formula:  $LTV = ((\text{loan 1 balance} \times \text{Marked to market (MTM) LTV\% for loan 1}) + (\text{loan 2 balance} \times \text{Marked to market (MTM) LTV\% for loan 2}) + \dots) / \text{total outstanding balances in portfolio}$ .

**'Barclays' or 'Barclays Group'** Barclays PLC, together with its subsidiaries.

**'Barclays Bank Group'** Barclays Bank PLC, together with its subsidiaries.

**'Barclays Bank UK Group'** Barclays Bank UK PLC, together with its subsidiaries.

**'Barclays Operating Businesses'** The core Barclays businesses operated by Barclays UK (which consists of the UK Personal Banking; UK Business Banking and the Barclaycard Consumer UK businesses) and Barclays International (consists of the Corporate and Investment Bank and Consumer, Cards and Payments businesses).

**'Barclays Execution Services' or 'BX' or 'Group Service Company'** Barclays Execution Services Limited, the Group-wide service company providing technology, operations and functional services to businesses across the Group.

**'Barclays International'** The segment of Barclays held by Barclays Bank PLC. The division consists of the Corporate and Investment Bank and Consumer, Cards and Payments businesses.

**'Barclays UK'** The segment of Barclays held by Barclays Bank UK PLC. The division includes the UK Personal Banking; UK Business Banking and the Barclaycard Consumer UK businesses.

**'Basel 3' or 'Basel III'** The third of the Basel Accords, setting minimum requirements and standards that apply to internationally active banks. Basel 3 is a set of measures developed by the Basel Committee on Banking Supervision aiming to strengthen the regulation, supervision and risk management of banks.

**'Basel Committee on Banking Supervision (BCBS)' or 'The Basel Committee'** A forum for regular cooperation on banking supervisory matters which develops global supervisory standards for the banking industry. Its 45 members are officials from central banks or prudential supervisors from 28 jurisdictions.

**'Basic Indicator Approach (BIA)'** An approach used to quantify required capital for operational risk. Under the BIA, banks are required to hold regulatory capital for operational risk equal to 15% of the annual average, calculated over a rolling three-year period, of the relevant income indicator for the bank as whole.

**'Basis point(s)' or 'bp(s)'** One hundredth of a per cent (0.01%); 100 basis points is 1%. The measure is used for quoting movements in interest rates, yields on securities and for other purposes.

**'Basis risk'** Index/tenor risk that arises when floating rate products are linked to different interest rate indices, which are imperfectly correlated, especially under stressed market conditions.

**'Behavioural scorecards'** Algorithm-based decision tools used to aid business decisions and manage credit risk based on existing customer data derived from account usage.

**'Book quality'** In the context of the Capital Risk section of the Barclays PLC Annual Report (or equivalent section in quarterly or half yearly results), changes in RWAs caused by factors such as underlying customer behaviour or demographics leading to changes in risk profile.

**'Book size'** In the context of the Capital Risk section of the Barclays PLC Annual Report (or equivalent section in quarterly or half yearly results), changes in RWAs driven by business activity, including net originations or repayments.

**'Bounce Back Loan Scheme (BBLS)'** A UK Government (British Business Bank) backed loan scheme which allowed SMEs to borrow between £2,000 and £50,000. The UK Government guarantees 100% of the loan and pays the first 12 months of interest on behalf of the borrowers, subject to terms and conditions. The scheme closed on 31 March 2021.

**'Business Banking'** Serves business clients, from high growth start-ups to small and medium-sized businesses, with specialist advice for their business banking needs.

**'Business scenario stresses'** Multi-asset scenario analysis of extreme, but plausible, events that may impact the market risk exposures of the Investment Bank.

**'Buy to let mortgage'** A mortgage whereby the intention of the customer is to let the property at origination.

**'Capital Conservation Buffer (CCB)'** A capital buffer of 2.5% of a bank's total exposures that needs to be met with an additional amount of Common Equity Tier 1 capital above the 4.5% minimum requirement for Common Equity Tier 1 set out in CRR. Its objective is to conserve a bank's capital by ensuring that banks build up surplus capital outside periods of stress which can be drawn down if losses are incurred.

**'Capital ratios'** Key financial ratios measuring the bank's capital adequacy or financial strength expressed as a percentage of RWAs.

**'Capital Requirements Directive (CRD)'** Directive 2013/36/EU, a component of the CRD IV package which accompanies the Capital Requirements Regulation and sets out macroprudential standards including the Countercyclical Capital Buffer and capital buffers for systemically important institutions. Directive (EU) 2019/878, published as part of the EU Risk Reduction Measure package, amends the CRD. These amendments entered into force from 27 June 2019, with EU member states required to adopt the measures within Directive (EU) 2019/878 by 28 December 2020. CRD forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended.

**'Capital Requirements Regulation (CRR)'** Regulation (EU) No 575/2013, a component of the CRD IV package which accompanies the Capital Requirements Directive and sets out detailed rules for capital eligibility, the calculation of RWAs, the measurement of leverage, the management of large exposures and minimum standards for liquidity. Between 27 June 2019 and 28 June 2023, CRR will be amended in line with the requirements of amending Regulation (EU) 2019/876 (CRR II). CRR, as amended by CRR II, forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended.

**'Capital Requirements Regulation II (CRR II)'** Regulation (EU) 2019/876, amending Regulation (EU) No 575/2013 (CRR). This is a component of the EU Risk Reduction Measure package. The requirements set out in CRR II will be introduced between 27 June 2019 and 28 June 2023. Following a consultation process in 2021, the PRA finalised their implementation of the CRR II package through Policy Statement 22/21. The finalised requirements were implemented in the UK through the PRA Rulebook with effect from 1 January 2022.

**'Capital requirements on the underlying exposures (KIRB)'** An approach available to banks when calculating RWAs for securitisation exposures. This is based upon the RWA amounts that would be calculated under the IRB approach for the underlying pool of securitised exposures in the programme, had such exposures not been securitised.

**'Capital resources'** Common Equity Tier 1, Additional Tier 1 capital and Tier 2 capital that are eligible to satisfy capital requirements under CRD. Referred to as 'own funds' within EU and UK regulatory texts.

**'Capital risk'** The risk that the Barclays Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This includes the risk from the Barclays Group's pension plans.

**'Central Counterparty' or 'Central Clearing Counterparties (CCPs)'** A clearing house mediating between the buyer and the seller in a financial transaction, such as a derivative contract or repurchase agreement (repo). Where a Central Counterparty is used, a single bilateral contract between the buyer and seller is replaced with two contracts, one between the buyer and the CCP and one between the CCP and the seller. The use of CCPs allows for greater oversight and improved credit risk mitigation in over-the-counter (OTC) markets.

**'Charge-off'** In the retail segment this refers to the point in time when collections activity changes from the collection of arrears to the recovery of the full balance. This is normally when six payments are in arrears.

**'Client Assets'** Assets managed or administered by the Barclays Group on behalf of its clients including assets under management (AUM), custody assets, assets under administration and client deposits.

**'Climate risk'** The impact on Financial and Operational Risks arising from climate change through physical risks, risks associated with transitioning to a lower carbon economy and connected risks arising as a result of second order impacts of these two drivers on portfolios.

- **Physical risks:** Physical risks resulting from a changing climate can be event driven (acute risks), including increased severity of extreme weather events such as cyclones, hurricanes and floods. Longer term shifts in climate patterns (chronic risks) arise from sustained higher temperatures that may cause rises in sea levels, rising mean temperatures and more severe weather events. These changes are likely to lead to risks for sovereigns, business models and supply chains.
- **Transition risks:** The transition to a lower carbon economy will involve significant rapid policy, regulatory and legal changes, as evolving technology and markets adapt to a changing climate and associated impacts. These changes will lead to risks for sovereigns, business models and supply chains.
- **Connected risks:** The second-order risks arising from physical or transition risk impacts. Connected risk is diverse, impacting customer and wholesale portfolios.

**'CLOs and Other insured assets'** Highly-rated CLO positions wrapped by monolines, non-CLOs wrapped by monolines and other assets wrapped with Credit Support Annex (CSA) protection.

**'Collateralised Debt Obligation (CDO)'** A security issued by a third party which references Asset Backed Securities and/or certain other related assets purchased by the issuer. CDOs may feature exposure to sub-prime mortgage assets through the underlying assets.

**'Collateralised Loan Obligation (CLO)'** A security backed by repayments from a pool of commercial loans. The payments may be made to different classes of owners (in tranches).

**'Collateralised Mortgage Obligation (CMO)'** A security backed by mortgages. A special purpose entity receives income from the mortgages and passes them on to investors in the security.

**'Combined Buffer Requirement (CBR)'** In the context of the CRD capital obligations, the total Common Equity Tier 1 capital required to meet the combined requirements of the Capital Conservation Buffer, the GSII Buffer, the counter-cyclical buffer, and the O-SII buffer if applicable to a firm.

**'Commercial paper (CP)'** Typically short-term notes issued by entities, including banks, for funding purposes.

**'Commercial real estate (CRE)'** Commercial real estate includes office buildings, medical centres, hotels, retail stores, shopping centres, farm land, multifamily housing buildings, warehouses, garages, industrial properties and other similar properties. Commercial real estate loans are loans backed by a package of commercial real estate. Note: for the purposes of the Credit Risk section, the UK CRE portfolio includes property investment, development, trading and housebuilders but excludes social housing contractors.

**'Commissions and other incentives'** Includes commission-based arrangements, guaranteed incentives and Long Term Incentive Plan awards.



**'Committee of Sponsoring Organizations of the Treadway Commission Framework (COSO)'** A joint initiative of five private sector organisations dedicated to the development of frameworks and providing guidance on enterprise risk management, internal control and fraud deterrence.

**'Commodity derivatives'** Exchange traded and over-the-counter (OTC) derivatives based on an underlying commodity (e.g. metals, precious metals, oil and oil related products, power and natural gas).

**'Commodity risk'** Measures the impact of changes in commodity prices and volatilities, including the basis between related commodities (e.g. Brent vs. WTI crude prices).

**'Common Equity Tier 1 (CET1) capital'** The highest quality form of regulatory capital under CRR that comprises common shares issued and related share premium, retained earnings and other reserves, less specified regulatory adjustments.

**'Common Equity Tier 1 (CET1) ratio'** A measure of Common Equity Tier 1 capital expressed as a percentage of RWAs.

**'Compensation: income ratio'** The ratio of compensation expense over total income. Compensation represents total staff costs less non-compensation items consisting of outsourcing, staff training, redundancy costs and retirement costs.

**'Comprehensive Capital Analysis and Review (CCAR)'** An annual exercise, required by and evaluated by the Federal Reserve, through which the largest bank holding companies operating in the US assess whether they have sufficient capital to continue operations through periods of economic and financial stress and have robust capital-planning processes that account for their unique risks.

**'Comprehensive Risk Capital Charge (CRCC)'** An estimate of all the material market risks, including rating migration and default, for the correlation trading portfolio.

**'Comprehensive Risk Measure (CRM)'** An estimate of all the material market risks, including rating migration and default, for the correlation trading portfolio. Also referred to as All Price Risk (APR) and Comprehensive Risk Capital Charge (CRCC).

**'Conduct risk'** The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Group's products and services.

**'Constant Currency Basis'** Excluding the impact of foreign currency conversion to GBP when comparing financial results in two different financial periods.

**'Consumer, Cards and Payments (CC&P)'** Comprises the International Cards and Consumer Bank (including Barclays US Consumer Bank and Barclaycard Germany), Payments (including merchant acquiring and commercial payments) and Private Bank businesses.

**'Coronavirus Business Interruption Loan Scheme (CBILS)'** A loan scheme by the British Business Bank (BBB) to support UK based small and medium-sized businesses (turnover of up to £45 million) adversely impacted by COVID-19. The CBILS scheme provided loans of up to £5 million which are backed by an 80% UK Government (BBB) guarantee. The UK Government will pay interest and fees for the first 12 months on behalf of the borrowers, subject to terms and conditions. This scheme ended on 31 March 2021.

**'Coronavirus Large Business Interruption Loan Scheme (CLBILS)'** A loan scheme by the British Business Bank (BBB) to support UK based medium-sized businesses (turnover above £45 million, but with no access to Covid Corporate Finance Facility (CCFF)) adversely impacted by COVID-19. The CLBILS scheme provided loans of up to £200 million which are backed by an 80% UK Government (BBB) guarantee. This scheme ended on 31 March 2021.

**'Corporate and Investment Bank (CIB)'** The Investment Banking, Corporate Banking and Global Markets businesses which form part of Barclays International.

**'Correlation risk'** Refers to the change in marked to market value of a security when the correlation between the underlying assets changes over time.

**'Cost of Equity'** The rate of return targeted by the equity holders of a company.

**'Cost: income jaws'** Relationship of the percentage change movement in operating expenses relative to total income.

**'Cost: income ratio'** Total operating expenses divided by total income.

**'Countercyclical Capital Buffer (CCyB)'** An additional buffer introduced as part of the CRD IV package that requires banks to have an additional cushion of CET 1 capital with which to absorb potential losses, enhancing their resilience and contributing to a stable financial system.

**'Countercyclical leverage ratio buffer (CCLB)'** A macroprudential buffer that has applied to specific PRA regulated institutions since 2018 and is calculated at 35% of any risk weighted countercyclical capital buffer set by the Financial Policy Committee (FPC). The CCLB applies in addition to the minimum of 3.25% and any G-SII additional leverage ratio buffer that applies.

**'Counterparty credit risk (CCR)'** The risk that a counterparty to a transaction could default before the final settlement of a transaction's cash flows. In the context of RWAs, a component of RWAs that represents the risk of loss from derivatives, repurchase agreements and similar transactions as a result of the default of the counterparty.

**'Coverage ratio'** This represents the percentage of impairment allowance reserve against the gross exposure.

**'Covered bonds'** Debt securities backed by a portfolio of mortgages that are segregated from the issuer's other assets solely for the benefit of the holders of the covered bonds.

**'Covid Corporate Financing Facility (CCFF)'** Bank of England (BOE) scheme to support liquidity among larger investment grade firms which make a material UK contribution, helping to bridge COVID-19 disruption to their cash flows. The Bank of England provided

liquidity by purchasing short-term debt in the form of commercial paper from corporates. Barclays acts as dealer. This scheme closed for new purchases of commercial paper with effect from 23 March 2021.

**'CRD IV'** The Fourth Capital Requirements Directive, comprising an EU Directive and an accompanying Regulation (CRR) that together prescribe EU capital adequacy and liquidity requirements, and which implements Basel 3 in the European Union.

**'CRD V'** The Fifth Capital Requirements Directive, comprising an EU amending Directive and an accompanying amending Regulation (CRR II) that together prescribe EU capital adequacy and liquidity requirements, and which implements enhanced Basel 3 proposals in the European Union.

**'Credit conversion factor (CCF)'** A factor used to estimate the risk from off-balance sheet commitments for the purpose of calculating the total Exposure at Default (EAD) used to calculate RWAs.

**'Credit default swaps (CDS)'** A contract under which the protection seller receives premiums or interest-related payments in return for contracting to make payments to the protection buyer in the event of a defined credit event. Credit events normally include bankruptcy, payment default on a reference asset or assets, or downgrades by a rating agency.

**'Credit derivatives (CDs)'** An arrangement whereby the credit risk of an asset (the reference asset) is transferred from the buyer to the seller of the protection.

**'Credit impairment charges'** Impairment charges on loans and advances to customers and banks and impairment charges on fair value through other comprehensive income assets and reverse repurchase agreements.

**'Credit market exposures'** Assets and other instruments relating to commercial real estate and leveraged finance businesses that have been significantly impacted by the deterioration in the global credit markets. The exposures include positions subject to fair value movements in the Income Statement, positions that are classified as loans and advances, and available for sale and other assets.

**'Credit quality step'** An indicator of credit risk. In the context of the Standardised Approach to calculating credit risk RWAs, a "credit quality assessment scale" maps the credit assessments of a recognised credit rating agency or export credit agency to certain "credit quality steps" that determine the risk weight to be applied to an exposure.

**'Credit rating'** An evaluation of the creditworthiness of an entity seeking to enter into a credit agreement.

**'Credit risk'** The risk of loss to Barclays from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to Barclays, including the whole and timely payment of principal, interest, collateral and other receivables. In the context of RWAs, it is the component of RWAs that represents the risk of loss in loans and advances and similar transactions resulting from the default of the counterparty.

**'Credit risk mitigation'** A range of techniques and strategies used to actively mitigate credit risks to which the bank is exposed. These can be broadly divided into three types: collateral, netting and set-off, and risk transfer.

**'Credit spread'** The premium over the benchmark or risk-free rate required by the market to accept a lower credit quality.

**'Credit Valuation Adjustment (CVA)'** The difference between the risk-free value of a portfolio of trades and the market value which takes into account the counterparty's risk of default. The CVA therefore represents an estimate of the adjustment to fair value that a market participant would make to incorporate the credit risk of the counterparty due to any failure to perform contractual agreements.

**'Customer assets'** Represents loans and advances to customers. Average balances are calculated as the sum of all daily balances for the year to date divided by number of days in the year to date.

**'Customer deposits'** In the context of the Liquidity Risk section, money deposited by all individuals and companies that are not credit institutions. Such funds are recorded as liabilities in the Barclays Group's balance sheet under "deposits at amortised cost".

**'Customer liabilities'** See 'Customer deposits'.

**'Daily Value at Risk (DVaR)'** An estimate of the potential loss which might arise from market movements under normal market conditions if the current positions were to be held unchanged for one business day, measured to a specified confidence level.

**'DBRS'** DBRS Morningstar, a credit rating agency.

**'Debit Valuation Adjustment (DVA)'** The opposite of Credit Valuation Adjustment (CVA). It is the difference between the risk-free value of a portfolio of trades and the market value which takes into account the Barclays Group's risk of default. The DVA, therefore, represents an estimate of the adjustment to fair value that a market participant would make to incorporate the credit risk of the Barclays Group due to any failure to perform contractual obligations. The DVA decreases the value of a liability to take into account a reduction in the remaining balance that would be settled should the Barclays Group default or not perform any contractual obligations.

**'Debt buybacks'** Purchases of the Barclays Group's issued debt securities, including equity accounted instruments, leading to their de-recognition from the balance sheet.

**'Debt securities in issue'** Transferable securities evidencing indebtedness of the Barclays Group. These are liabilities of the Barclays Group and include certificates of deposit and commercial paper.

**'Default grades'** The Barclays Group classifies ranges of default probabilities into a set of 21 intervals called default grades, in order to distinguish differences in the PD risk.

**'Default fund contributions'** The contribution made by members of a Central Counterparty (CCP). All members are required to contribute to this fund in advance of using a CCP. The default fund can be used by the CCP to cover losses incurred by the CCP where losses are greater than the margins provided by a defaulting member.

'Delinquency' See 'Arrears'.

'Derivatives netting' Adjustments applied across asset and liability marked to market derivative positions pursuant to legally enforceable bilateral netting agreements and eligible cash collateral received in derivative transactions that meet the requirements of BCBS 270 (Basel III leverage ratio framework and disclosure requirements).

'Diversification effect' Reflects the fact that the risk of a diversified portfolio is smaller than the sum of the risks of its constituent parts. It is measured as the sum of the individual asset class Daily Value at Risk (DVaR) estimates less the total DVaR.

'Dodd-Frank Act (DFA)' The US Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

'Domestic Liquidity Sub-Group Arrangement (DoLSub)' An intra-group capital and liquidity support agreement that secures certain regulatory permissions authorised by the Prudential Regulation Authority (PRA).

'Economic Value of Equity (EVE)' A measure of the potential change in value of expected future cash flows due to an adverse interest rate movement, based on existing balance sheet run-off profile.

'Effective Expected Positive Exposure (EEPE)' The weighted average over time of effective expected exposure. The weights are the proportion that an individual exposure represents of the entire exposure horizon time interval.

'Effective interest rate (EIR)' As defined in IFRS 9 *Financial Instruments*, effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

'Eligible liabilities' Liabilities and capital instruments that are eligible to meet MREL that do not already qualify as own funds.

'Encumbrance' The use of assets to secure liabilities, such as by way of a lien or charge.

'Enterprise Risk Management Framework (ERMF)' The Barclays Group's risk management responsibilities are laid out in the Enterprise Risk Management Framework, which describes how Barclays identifies and manages risk. The framework identifies the principal risks faced by the Barclays Group, sets out risk appetite requirements, sets out roles and responsibilities for risk management, and sets out risk committee structure.

'Equities' Trading businesses encompassing Cash Equities, Equity Derivatives & Equity Financing, part of CIB.

'Equity and stock index derivatives' Derivatives whose value is derived from equity securities. This category includes equity and stock index swaps and options (including warrants, which are equity options listed on an exchange). The Barclays Group also enters into fund-linked derivatives, being swaps and options whose underlyings include mutual funds, hedge funds, indices and multi-asset portfolios. An equity swap is an agreement between two parties to exchange periodic payments, based upon a notional principal amount, with one side paying fixed or floating interest and the other side paying based on the actual return of the stock or stock index. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock, basket of stocks or stock index at a specified price or level on or before a specified date.

'Equity risk' In the context of trading book capital requirements, the risk of change in market value of an equity investment.

'Equity structural hedge' An interest rate hedge in place to reduce earnings volatility of the overnight/short-term equity investment and to smooth the income over a medium/long term.

'EU Risk Reduction Measure package' A collection of amending Regulations and Directives that update core EU regulatory texts and which came into force on 27 June 2019.

'Euro Interbank Offered Rate (EURIBOR)' A benchmark interest rate at which banks can borrow funds from other banks in the European interbank market.

'Europe' Geographic segment comprising countries in which Barclays operates within the EU (excluding the UK), Northern Continental and Eastern Europe.

'European Banking Authority (EBA)' The EBA is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, stability, efficiency and orderly functioning of the banking sector.

'European Securities and Markets Authority (ESMA)' An independent European Supervisory Authority with the remit of enhancing the protection of investors and reinforcing stable and well-functioning financial markets in the European Union.

'Eurozone' Represents the 20 European Union countries that have adopted the Euro as their common currency. The 19 countries are Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain.

'Expected Credit Losses (ECL)' A present value measure of the credit losses expected to result from default events that may occur during a specified period of time. ECLs must reflect the present value of cash shortfalls, and the unbiased and probability weighted assessment of a range of outcomes.

'Expected Losses' A regulatory measure of anticipated losses for exposures captured under an Internal Ratings Based credit risk approach for capital adequacy calculations. It is measured as the Barclays Group's modelled view of anticipated losses based on Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), with a one-year time horizon.

'Expert lender models' Models of risk measures that are used for parts of the portfolio where the risk drivers are specific to a particular counterparty, but where there is insufficient data to support the construction of a statistical model. These models utilise the knowledge of credit experts that have in depth experience of the specific customer type being modelled.

**'Exposure'** Generally refers to positions or actions taken by a bank, or consequences thereof, that may put a certain amount of a bank's resources at risk.

**'Exposure at Default (EAD)'** The estimation of the extent to which the Barclays Group may be exposed to a customer or counterparty in the event of, and at the time of, that customer's or counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure may be less than the approved loan limit.

**'External Credit Assessment Institutions (ECAI)'** Institutions whose credit assessments may be used by credit institutions for the determination of risk weight exposures according to CRR.

**'External ratings based approach / internal assessment approach (SEC-ERBA / IAA)'** This is a method to calculate risk-weighted exposure amounts for securitisation positions. Under the SEC-ERBA approach, regulatory capital is assigned to securitisation tranches on the basis of their external credit rating. The SEC-ERBA approach can also be used for unrated ABCP exposures where the institution has the regulatory permission to use the Internal Assessment Approach (IAA) to assign a credit rating to the unrated ABCP exposure.

**'Exchange-traded notes'** Unsecured debt securities that track an underlying index of securities and trade on a stock exchange.

**'Federal Housing Finance Agency (FHFA)'** An independent federal agency in the United States that oversees the secondary mortgage market and regulates Fannie Mae and Freddie Mac, as well as 11 Federal Home Loan banks. The FHFA also sets the Housing Price Index (HPI) in the United States.

**'Federal Reserve Board (FRB)'** The Board of Governors of the Federal Reserve System, commonly known as the Federal Reserve Board, is responsible for – amongst other things – setting monetary policy in the US.

**'FICC'** Represents Macro (including rates and currency), Credit and Securitised products, part of CIB.

**'Financial Policy Committee (FPC)'** The Bank of England's Financial Policy Committee identifies, monitors and takes action to remove or reduce systemic risks with a view to protecting and enhancing the resilience of the UK financial system. The FPC also has a secondary objective to support the economic policy of the UK Government.

**'Financial Conduct Authority (FCA)'** The statutory body responsible for conduct of business regulation and supervision of UK authorised firms. The FCA also has responsibility for the prudential regulation of firms that do not fall within the PRA's scope.

**'Financial Services Compensation Scheme (FSCS)'** The UK's fund for compensation of customers of authorised financial services firms that are unable to pay claims.

**'Financial collateral comprehensive method (FCCM)'** A counterparty credit risk exposure calculation approach which applies volatility adjustments to the market value of exposure and collateral when calculating RWA values.

**'Financial Stability Board (FSB)'** An international body that monitors and makes recommendations about the global financial system. It promotes international financial stability by coordinating national financial authorities and international standard-setting bodies as they work toward developing strong regulatory, supervisory and other financial sector policies. It fosters a level playing field by encouraging coherent implementation of these policies across sectors and jurisdictions.

**'Fitch'** A credit rating agency.

**'Forbearance Programmes'** Forbearance programmes assist customers in financial difficulty through agreements to accept less than contractual amounts due where financial distress would otherwise prevent satisfactory repayment within the original terms and conditions of the contract. These agreements may be initiated by the customer, Barclays or a third party and include approved debt counselling plans, minimum due reductions, interest rate concessions and switches from capital and interest repayments to interest-only payments.

**'Foreclosures in Progress'** The process by which a bank initiates legal action against a customer with the intention of terminating a loan agreement whereby the bank may repossess the property used as collateral for the loan subject to applicable law and recover amounts it is owed.

**'Foreign exchange derivatives'** The Barclays Group's principal exchange rate-related contracts are forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate. Currency swaps generally involve the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. Currency options provide the buyer with the right, but not the obligation, either to purchase or sell a fixed amount of a currency at a specified exchange rate on or before a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

**'Foreign exchange risk'** In the context of DVaR, the impact of changes in foreign exchange rates and volatilities.

**'Foundation Internal Ratings Based (F-IRB)'** See 'Internal Ratings Based (IRB)'.

**'Full time equivalent (FTE)'** Full time equivalent units are the on-job hours paid for employee services divided by the number of ordinary-time hours normally paid for a full-time staff member when on the job (or contract employees where applicable).

**'Fully loaded'** When a measure is presented or described as being on a fully loaded basis, it is calculated without applying the transitional provisions set out in Part Ten of CRR.

**'Funded credit protection'** A technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution derives from the right of that institution, in the event of the default of the counterparty or on the occurrence of other specified credit events relating to the counterparty, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to

reduce the amount of the exposure to, or to replace it with the amount of the difference between the amount of the exposure and the amount of a claim on the institution.

**'Gains on acquisitions'** The amount by which an acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, recognised in a business combination, exceeds the cost of the combination.

**'General Data Protection Regulation (GDPR)'** GDPR (Regulation (EU) 2016/679) is a regulation intended to strengthen and unify data protection for all individuals within the European Union. GDPR forms part of UK law pursuant to the European Union (Withdrawal) Act 2018, as amended.

**'General market risk'** The risk of a price change in a financial instrument due to a change in the level of interest rates or owing to a broad equity market movement unrelated to any specific attributes of individual securities.

**'Global Systemically Important Banks (G-SIBs or G-SIIs)'** Global financial institutions whose size, complexity and systemic interconnectedness, mean that their distress or failure would cause significant disruption to the wider financial system and economic activity. The Financial Stability Board and the Basel Committee on Banking Supervision publish a list of global systemically important banks.

**'G-SII additional leverage ratio buffer (G-SII ALRB)'** A macroprudential buffer that applies to G-SIBs and other major domestic UK banks and building societies, including banks that are subject to ring-fencing requirements. The G-SII ALRB will be calibrated as 35% (on a phased basis) of the combined buffers that apply to the bank.

**'G-SII Buffer'** Common Equity Tier 1 capital required to be held under CRD to ensure that G-SIBs build up surplus capital to compensate for the systemic risk that such institutions represent to the financial system.

**'Grandfathering'** In the context of capital resources, the phasing in of the application of instrument eligibility rules which allows CRR and CRR II non-compliant capital instruments to be included in regulatory capital subject to certain thresholds which decrease over the transitional period.

**'Gross charge-off rates'** Represents the balances charged-off to recoveries in the reporting period, expressed as a percentage of average outstanding balances excluding balances in recoveries. Charge-off to recoveries generally occurs when the collections focus switches from the collection of arrears to the recovery of the entire outstanding balance, and represents a fundamental change in the relationship between the bank and the customer. This is a measure of the proportion of customers that have gone into default during the period.

**'Gross Domestic Product (GDP)'** Measures the total value of goods and services produced in a country within a specific time period.

**'Gross write-off rates'** Expressed as a percentage and represent balances written off in the reporting period divided by gross loans and advances held at amortised cost at the balance sheet date.

**'Gross new lending'** New lending advanced to customers during the period.

**'Guarantee'** Unless otherwise described, an undertaking by a third party to pay a creditor should a debtor fail to do so. It is a form of credit substitution.

**'Head Office'** Comprises head office central support, central treasury operations, Barclays Execution Services assets and legacy businesses.

**'High-Net-Worth'** Businesses within Barclays UK and Barclays International that provide banking and other services to high net worth customers.

**'High quality liquidity assets (HQLA)'** HQLA comprise eligible and unencumbered cash or assets that can be converted into cash at little or no loss of value in private markets, to meet liquidity needs arising from a liquidity stress scenario or event. Please refer to 'Level 1 assets' and 'Level 2 assets'.

**'High Risk'** In retail banking, 'High Risk' is defined as the subset of up-to-date customers who, either through an event or observed behaviour, exhibit potential financial difficulty. Where appropriate, these customers are proactively contacted to assess whether assistance is required.

**'Home loan'** A loan to purchase a residential property. The property is then used as collateral to guarantee repayment of the loan. The borrower gives the lender a lien against the property and the lender can foreclose on the property if the borrower does not repay the loan per the agreed terms. Also known as a residential mortgage.

**'IHC' or 'US IHC'** Barclays US LLC, the intermediate holding company established by Barclays in July 2016, which holds most of Barclays' subsidiaries and assets in the US.

**'Internal Model Approach (IMA)'** In the context of RWAs, a method for calculating RWAs where the exposure amount has been derived via the use of a PRA approved internal market risk model.

**'Internal Model Method (IMM)'** In the context of RWAs, a method for calculating RWAs where the exposure amount has been derived via the use of a PRA approved internal counterparty credit risk model.

**'Identified Impairment (II)'** Specific impairment allowances for financial assets, estimated individually.

**'IFRS 9 transitional arrangements'** Following the application of IFRS 9 as of 1 January 2018, transitional arrangements under which Article 473a of CRR permits institutions to phase-in the impact on capital and leverage ratios of the impairment requirements under the new accounting standard.

**'Impairment Allowances'** A provision held on the balance sheet as a result of the raising of a charge against profit for expected losses in the lending book. An impairment allowance may either be identified or unidentified, and individual or collective.

**'Income'** Total income, unless otherwise specified.

**'Incremental Risk Charge (IRC)'** An estimate of the incremental risk arising from rating migrations and defaults for traded debt instruments beyond what is already captured in specific market risk VaR for the non-correlation trading portfolio.

**'Independent Validation Unit (IVU)'** The function within Barclays responsible for independent review, challenge and approval of all models.

**'Individual liquidity guidance (ILG)'** Guidance given to a bank about the amount, quality and funding profile of liquidity resources that the PRA has asked the bank to maintain.

**'Inflation risk'** In the context of DVaR, the impact of changes in inflation rates and volatilities on cash instruments and derivatives.

**'Insurance Risk'** The risk of the Barclays Group's aggregate insurance premiums received from policyholders under a portfolio of insurance contracts being inadequate to cover the claims arising from those policies.

**'Interchange'** Income paid to a credit card issuer for the clearing and settlement of a sale or cash advance transaction.

**'Interest rate derivatives'** Derivatives linked to interest rates. This category includes interest rate swaps, collars, floors options and swaptions. An interest rate swap is an agreement between two parties to exchange fixed rate and floating rate interest by means of periodic payments based upon a notional principal amount and the interest rates defined in the contract. Certain agreements combine interest rate and foreign currency swap transactions, which may or may not include the exchange of principal amounts. A basis swap is a form of interest rate swap, in which both parties exchange interest payments based on floating rates, where the floating rates are based upon different underlying reference indices. In a forward rate agreement, two parties agree a future settlement of the difference between an agreed rate and a future interest rate, applied to a notional principal amount. The settlement, which generally occurs at the start of the contract period, is the discounted present value of the payment that would otherwise be made at the end of that period.

**'Interest rate risk'** The risk of interest rate volatility adversely impacting the Barclays Group's Net Interest Margin. In the context of the calculation of market risk DVaR, measures the impact of changes in interest (swap) rates and volatilities on cash instruments and derivatives.

**'Interest rate risk in the banking book (IRRBB)'** The risk that the Barclays Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

**'Internal Assessment Approach (IAA)'** One of three types of calculation that a bank with permission to use the Internal Ratings Based (IRB) approach may apply to securitisation exposures. It consists of mapping a bank's internal rating methodology for credit exposures to those of an External Credit Assessment Institution (ECAI) to determine the appropriate risk weight based on the ratings based approach. Its applicability is limited to ABCP programmes related to liquidity facilities and credit enhancement.

**'Internal Capital Adequacy Assessment Process (ICAAP)'** It describes how the Group identifies, manages and qualifies the risks it is exposed to, in pursuit of its business strategy. It assesses whether the quality and quantity of capital is available to absorb capital losses for the risks the firm undertakes. The capital adequacy is assessed on a point of time basis and on a forward looking basis taking into account baseline and stressed economic capital conditions.

**'Internal Ratings Based (IRB)'** An approach under the CRR framework that relies on the bank's internal models to derive the risk weights. The IRB approach is divided into two alternative applications, Advanced and Foundation:

- **Advanced Internal Ratings Based (A-IRB):** the bank uses its own estimates of Probability of Default (PD), Loss Given Default (LGD) and credit conversion factor to model a given risk exposure.
- **Foundation Internal Ratings Based (F-IRB):** the bank applies its own PD as for A-IRB, but it uses standard parameters for the LGD and the credit conversion factor. The Foundation IRB approach is specifically designed for wholesale credit exposures. Hence retail, equity, securitisation positions and non-credit obligations asset exposures are treated under standardised or A-IRB.

**'Internal Ratings Based approach (SEC-IRBA)'** This is a method to calculate risk-weighted exposure amounts for securitisation positions. Under this method, an institution must be able to model regulatory capital requirements for underlying exposures in the securitisation as if these had not been securitised ('K<sub>IRB</sub>'), subject to certain other inputs and criteria.

**'IRB Roadmap'** Introduction of several EBA technical standards and sets of guidelines developed with the intent to reduce unwarranted variability across firms in IRB Risk-Weighted Assets for Credit Risk. PRA required UK firms to implement these changes from 1 January 2022.

**'Investment Bank'** The Barclays Group's investment bank which consists of origination led and returns focused Global Markets and Investment Banking businesses, which forms part of the Corporate and Investment Bank segment of Barclays International.

**'Investment Banking Fees'** In the context of Investment Bank analysis of Total Income, fees generated from origination activity businesses – including financial advisory, debt and equity underwriting.

**'Investment grade'** A debt security, treasury bill or similar instrument with a credit rating of AAA to BBB as measured by external credit rating agencies.

**'ISDA Master Agreement'** The most commonly used master contract for OTC derivative transactions internationally. It is part of a framework of documents, designed to enable OTC derivatives to be documented fully and flexibly. The framework consists of a master agreement, a schedule, confirmations, definitions booklets, and a credit support annex. The ISDA Master Agreement is published by the International Swaps and Derivatives Association, commonly known as "ISDA".

**'Key Risk Scenarios (KRS)'** Key Risk Scenarios are a summary of the extreme potential risk exposure for each Key Risk in each business and function, including an assessment of the potential frequency of risk events, the average size of losses and three extreme scenarios. The Key Risk Scenario assessments are a key input to the Advanced Measurement Approach (AMA) calculation of regulatory and economic capital requirements.

**'Large exposure'** A large exposure is defined as the total exposure of a bank to a counterparty or group of connected clients, whether in the banking book or trading book or both, which in aggregate equals or exceeds 10% of the bank's eligible capital.

**'Legal risk'** The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Group to meet its legal obligations including regulatory or contractual requirements.

**'Lending'** In the context of Investment Bank analysis of Total Income, lending income includes Net Interest Income (NII), gains or losses on loan sale activity, and risk management activity relating to the loan portfolio.

**'Letters of credit'** A letter typically used for the purposes of international trade guaranteeing that a debtor's payment to a creditor will be made on time and in full. In the event that the debtor is unable to make payment, the bank will be required to cover the full or remaining amount of the purchase.

**'Level 1 assets'** High quality liquid assets (HQLA) under the Basel Committee's Liquidity Coverage Ratio (LCR), including cash, central bank reserves and higher quality government securities.

**'Level 2 assets'** High quality liquid assets (HQLA) under the Basel Committee's Liquidity Coverage Ratio (LCR), comprising Level 2A assets, including, e.g. lower quality government securities, Covered Bonds and corporate debt securities, and Level 2B assets, including, e.g. lower rated corporate bonds, Residential Mortgage-Backed Securities and equities that meet certain conditions.

**'Lifetime expected credit losses'** An assessment of expected losses associated with default events that may occur during the life of an exposure, reflecting the present value of cash shortfalls over the remaining expected life of the asset.

**'Lifetime Probability'** The likelihood of accounts entering default during the expected remaining life of the asset.

**'Liquidity Coverage Ratio (LCR)'** The ratio of the stock of High quality liquid assets to expected net cash outflows over the next 30 days. High-quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible. These include cash and claims on central governments and central banks.

**'Liquidity Pool'** The Barclays Group liquidity pool comprises cash at central banks and highly liquid collateral specifically held by the Barclays Group as a contingency to enable the bank to meet cash outflows in the event of stressed market conditions.

**'Liquidity Risk'** The risk that the Barclays Group is unable to meet its contractual or contingent obligations, or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

**'Liquidity risk appetite (LRA)'** The level of liquidity risk that the Barclays Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations.

**'Liquidity Risk Management Framework (the Liquidity Framework)'** The Liquidity Risk Management Framework, which is sanctioned by the Board Risk Committee, incorporates liquidity policies, systems and controls that the Barclays Group has implemented to manage liquidity risk within tolerances approved by the Board and regulatory agencies.

**'Litigation and conduct charges' or 'Litigation and conduct'** Litigation and conduct charges include regulatory fines, litigation settlements and conduct-related customer redress.

**'Loan loss rate'** Quoted in basis points and represents total impairment charges divided by gross loans and advances held at amortised cost at the balance sheet date.

**'Loan to deposit ratio' or 'Loan: deposit ratio'** Loans and advances at amortised costs divided by deposits at amortised cost.

**'London Interbank Offered Rate (LIBOR)'** A benchmark interest rate at which banks can borrow funds from other banks in the London interbank market, currently phased out for certain currencies.

**'Loss Given Default (LGD)'** The percentage of Exposure at Default (EAD) that will not be recovered following default. LGD comprises the actual loss (the part that is not expected to be recovered), together with the economic costs associated with the recovery process.

**'Management VaR'** A measure of the potential loss of value arising from unfavourable market movements at a specific confidence level, if current positions were to be held unchanged for a predefined period. Corporate and Investment Bank uses Management VaR with a two-year equally weighted historical period, at a 95% confidence level, with a one day holding period.

**'Mandatory break clause'** In the context of counterparty credit risk, a contract clause that means a trade will be ended on a particular date.

**'Marked to market approach'** A counterparty credit risk exposure calculation approach which uses the current marked to market value of derivative positions as well as a potential future exposure add-on to calculate an exposure to which a risk weight can be applied. This is also known as the Current Exposure Method.

**'Marked to market (MTM) LTV ratio'** The loan amount as a percentage of the current value of the asset used to secure the loan. Also see 'Balance weighted Loan to Value (LTV) ratio' and 'Valuation weighted Loan to Value (LTV) ratio'.

**'Market risk'** The risk of loss arising from potential adverse changes in the value of the Barclays Group's assets and liabilities from fluctuations in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

**'Master netting agreement'** An agreement that provides for a single net settlement of all financial instruments and collateral covered by the agreement in the event of the counterparty's default, bankruptcy or insolvency, resulting in a reduced exposure.

**'Master trust securitisation programme'** A securitisation structure where a trust is set up for the purpose of acquiring a pool of receivables. The trust issues multiple series of securities backed by these receivables.

**'Material Risk Takers (MRTs)'** Categories of staff whose professional activities have or are deemed to have a material impact on Barclays' risk profile, as determined in accordance with the European Banking Authority regulatory technical standard on the identification of such staff.

**'Maximum Distributable Amount (MDA)'** The MDA is a factor representing the available distributable profit of an institution whilst remaining in excess of its Combined Buffer Requirement (CBR). CRD IV places restrictions on a bank's dividend, AT1 coupon and variable compensation decisions depending on its proximity to meeting the buffer.

**'Medium-Term Notes (MTNs)'** Corporate notes (or debt securities) continuously offered by a company to investors through a dealer. Investors can choose from differing maturities, ranging from under 1 year to 30 years. They can be issued on a fixed or floating coupon basis or with an exotic coupon; with a fixed maturity date (non-callable) or with embedded call or put options or early repayment triggers. MTNs are most generally issued as senior, unsecured debt.

**'Methodology and policy'** In the context of the Capital Risk section of the Barclays PLC Annual Report (or equivalent section in quarterly or half yearly results), the effect on RWAs of methodology changes driven by regulatory policy changes.

**'MiFID II'** Refers to either the Markets in Financial Instruments Directive 2014/65/EC and the Markets in Financial Instruments Regulation 600/2014 (as amended from time to time), which together are European Union law that provide harmonised regulation for investment services across the member states of the European Economic Area, or these rules and regulations as they form part of UK law pursuant to the European Union (Withdrawal) Act 2018 (as amended from time to time), as applicable.

**'Minimum requirement for own funds and eligible liabilities (MREL)'** A European Union-wide requirement under the Bank Recovery and Resolution Directive for all European banks and investment banks to hold a minimum level of equity and/or loss absorbing eligible liabilities to ensure the operation of the bail-in tool to absorb losses and recapitalise an institution in resolution or these rules and regulations as they form part of UK law pursuant to the European Union (Withdrawal) Act 2018 (as amended from time to time), as applicable. An institution's MREL requirement is set by its resolution authority. Amendments in the EU Risk Reduction Measure package are designed to align MREL and TLAC for EU G-SIBs.

**'Model risk'** The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.

**'Model updates'** In the context of the Capital Risk section of the Barclays PLC Annual Report (or equivalent section in quarterly or half yearly results), changes in RWAs caused by model implementation, changes in model scope or any changes required to address model malfunctions.

**'Model validation'** Process through which models are independently challenged, tested and verified to prove that they have been built, implemented and used correctly, and that they continue to be fit-for-purpose.

**'Modelled VaR'** In the context of RWAs, market risk calculated using Value at Risk models laid down by the CRR and supervised by the PRA.

**'Money market funds'** Investment funds typically invested in short-term debt securities.

**'Monoline derivatives'** Derivatives with a monoline insurer such as credit default swaps referencing the underlying exposures held.

**'Moody's'** A credit rating agency.

**'Multilateral development banks'** Financial institutions created for the purposes of development, where membership transcends national boundaries.

**'National discretion'** Discretions in CRD given to EU member states to allow the local regulator additional powers in the application of certain CRD rules in its jurisdiction.

**'Net asset value per share'** Calculated by dividing shareholders' equity, excluding non-controlling interests and other equity instruments, by the number of issued ordinary shares.

**'Net Interest Income (NII)'** The difference between interest income on assets and interest expense on liabilities.

**'Net Interest Margin (NIM)'** Net Interest Income (NII) divided by the sum of average customer assets.

**'Net investment income'** Changes in the fair value of financial instruments designated at fair value, dividend income and the net result on disposal of available for sale assets.

**'Net Stable Funding Ratio (NSFR)'** The ratio of available stable funding to required stable funding over a one-year time horizon, assuming a stressed scenario. The ratio is required to be over 100%. Available stable funding would include items such as equity



capital, preferred stock with a maturity of over one year, or liabilities with a maturity of over one year. The required amount of stable funding is calculated as the sum of the value of the assets held and funded by the institution, multiplied by a specific required stable funding factor assigned to each particular asset type, added to the amount of potential liquidity exposure multiplied by its associated required stable funding factor.

**'Net trading income'** Gains and losses arising from trading positions which are held at fair value, in respect of both market-making and customer business, together with interest, dividends and funding costs relating to trading activities.

**'Net write-off rate'** Expressed as a percentage and represents balances written off in the reporting period less any post write-off recoveries divided by gross loans and advances held at amortised cost at the balance sheet date.

**'Net written credit protection'** In the context of leverage exposure, the net notional value of credit derivatives protection sold and credit derivatives protection bought.

**'New bookings'** The total of the original balance on accounts opened in the reporting period, including any applicable fees and charges included in the loan amount.

**'Non-asset backed debt instruments'** Debt instruments not backed by collateral, including government bonds, US agency bonds, corporate bonds, commercial paper, certificates of deposit, convertible bonds, corporate bonds and issued notes.

**'Non-Model Method (NMM)'** In the context of RWAs, a method for calculating RWAs where the exposure amount has been derived through the use of CRR norms, as opposed to an internal model.

**'Non-Traded Market Risk'** The risk that the current or future exposure in the banking book (i.e. non-traded book) will impact the bank's capital and/or earnings due to adverse movements in Interest or foreign exchange rates.

**'Non-Traded VaR'** Reflects the volatility in the value of the fair value through other comprehensive income (FVOCI) investments in the liquidity pool which flow directly through capital via the FVOCI reserve. The underlying methodology to calculate non-traded VaR is similar to Traded Management VaR, but the two measures are not directly comparable. The Non-Traded VaR represents the volatility to capital driven by the FVOCI exposures. These exposures are in the banking book and do not meet the criteria for trading book treatment.

**'Notch'** A single unit of measurement in a credit rating scale.

**'Notional amount'** The nominal or face amount of a financial instrument, such as a loan or a derivative, that is used to calculate payments made on that instrument.

**'Open Banking'** The Payment Services Directive (PSD2) and the Open API standards and data sharing remedy imposed by the UK Competition and Markets Authority following its Retail Banking Market Investigation Order.

**'Operating leverage'** Operating expenses compared to total income less credit impairment charges and other provisions.

**'Operational risk'** The risk of loss to the Barclays Group from inadequate or failed processes or systems, human factors or due to external events (e.g. fraud) where the root cause is not due to credit or market risks.

**'Operational Riskdata eXchange Association (ORX)'** The Operational Riskdata eXchange Association (ORX) is a not-for-profit industry association dedicated to advancing the measurement and management of operational risk in the global financial services industry. Barclays is a member of ORX.

**'Origination led'** Focus on high-margin, low-capital fee-based activities and related hedging opportunities.

**'O-SII Buffer'** Common Equity Tier 1 capital required to be held under CRD to ensure that O-SIIs build up surplus capital to compensate for the systemic risk that such institutions represent to the financial system. As part of the implementation of CRD V requirements in the UK, the Other Systemically Important Institutions (O-SII) Buffer replaced the CRD IV Systemic Risk Buffer.

**'Other systemically important institutions (O-SII)'** Other systemically important institutions are institutions that are deemed to create risk to financial stability due to their systemic importance.

**'Over-issuance of Securities'** over-issuance of US securities under the Barclays Bank PLC's US shelf registration statements filed with the SEC in 2018 and 2019.

**'Over-the-counter (OTC) derivatives'** Derivative contracts that are traded (and privately negotiated) directly between two parties. They offer flexibility because, unlike standardised exchange-traded products, they can be tailored to fit specific needs.

**'Overall capital requirement'** The overall capital requirement is the sum of capital required to meet the total of a Pillar 1 requirement, a Pillar 2A requirement, a Global Systemically Important Institution (G-SII) buffer, a Capital Conservation Buffer (CCB) and a Countercyclical Capital Buffer (CCyB).

**'Own credit'** The effect of changes in the Barclays Group's own credit standing on the fair value of financial liabilities.

**'Owner occupied mortgage'** A mortgage where the intention of the customer was to occupy the property at origination.

**'Own funds'** The sum of Tier 1 and Tier 2 capital.

**'Own funds and eligible liabilities ratio'** A risk-based ratio representing the own funds and eligible liabilities of the institution expressed as a percentage of total RWAs.

**'Past due items'** Refers to loans where the borrower has failed to make a payment when due under the terms of the loan contract.

**'Payment Protection Insurance (PPI) redress'** Provision for the settlement of PPI mis-selling claims and related claims management costs.

**'Pension Risk'** The risk of the Barclays Group's earnings and capital being adversely impacted by the Barclays Group's defined benefit obligations increasing or the value of the assets backing these defined benefit obligations decreasing due to changes in both the level and volatility of prices.

**'Performance costs'** The accounting charge recognised in the period for performance awards. For deferred incentives and long-term incentives, the accounting charge is spread over the relevant periods in which the employee delivers service.

**'Personal Banking'** The business within the UK that offers retail solutions to help customers with their day-to-day banking needs.

**'Period end allocated tangible equity'** Allocated tangible equity is calculated as 13.5% (2020: 13.0%) of RWAs for each business, adjusted for capital deductions, excluding goodwill and intangible assets, reflecting assumptions the Barclays Group uses for capital planning purposes. Head Office allocated tangible equity represents the difference between the Barclays Group's tangible shareholders' equity and the amounts allocated to businesses.

**'Pillar 1 requirements'** The minimum regulatory capital requirements to meet the sum of credit (including counterparty credit), market risk and operational risk.

**'Pillar 2A requirements'** The additional regulatory capital requirement to meet risks not captured under Pillar 1 requirements. These requirements are the outcome of the bank's Internal Capital Adequacy Assessment Process (ICAAP) and the complementary supervisory review and evaluation carried out by the PRA.

**'Post-Model Adjustment (PMA)'** In the context of Basel models, a PMA is a short-term increase in regulatory capital applied at portfolio level to account for model input data deficiencies, inadequate model performance or changes to regulatory definitions (e.g. definition of default) to ensure the model output is accurate, complete and appropriate.

**'Potential Future Exposure (PFE) on derivatives'** A regulatory calculation in respect of the Barclays Group's potential future credit exposure on both exchange traded and OTC derivative contracts, calculated by assigning a standardised percentage (based on the underlying risk category and residual trade maturity) to the gross notional value of each contract.

**'PRA waivers'** PRA approvals that specifically give permission to the bank to either modify or waive existing rules. Waivers are specific to an organisation and require applications being submitted to and approved by the PRA.

**'Primary securitisations'** The issuance of securities (bonds and commercial papers) for fund-raising.

**'Primary Stress Tests'** In the context of Traded Market Risk, Stress Testing provides an estimate of potentially significant future losses that might arise from extreme market moves or scenarios. Primary Stress Tests apply stress moves to key liquidity risk factors for each of the major trading asset classes.

**'Prime Services'** Involves financing of fixed income and equity positions using Repo and stock lending facilities. The Prime Services business also provides brokerage facilitation services for hedge fund clients offering execution and clearance facilities for a variety of asset classes.

**'Principal'** In the context of a loan, the amount borrowed, or the part of the amount borrowed which remains unpaid (excluding interest).

**'Private equity investments'** Investments in equity securities in operating companies not quoted on a public exchange. Investment in private equity often involves the investment of capital in private companies or the acquisition of a public company that results in the delisting of public equity. Capital for private equity investment is raised by retail or institutional investors and used to fund investment strategies such as leveraged buyouts, venture capital, growth capital, distressed investments and mezzanine capital.

**'Principal Risks'** The principal risks affecting the Barclays Group, as described in the Risk Review section of the Barclays PLC Annual Report.

**'Pro-cyclicality'** Movements in financial variables (including capital requirements) following natural fluctuations in the economic cycle, where the subsequent impact on lending or other market behaviours acts as an amplification of the economic cycle by the financial sector.

**'Probability of Default (PD)'** The likelihood that a loan will not be repaid and will fall into default. PD may be calculated for each client who has a loan (normally applicable to wholesale customers/clients) or for a portfolio of clients with similar attributes (normally applicable to retail customers). To calculate PD, Barclays assesses the credit quality of borrowers and other counterparties and assigns them an internal risk rating. Multiple rating methodologies may be used to inform the rating decision on individual large credits, such as internal and external models, rating agency ratings, and for wholesale assets, market information such as credit spreads. For smaller credits, a single source may suffice such as the result from an internal rating model.

**'Product structural hedge'** An interest rate hedge put in place to reduce earnings volatility on product balances with instant access (such as non-interest bearing current accounts and managed rate deposits) and to smoothen the income over a medium/long term.

**'Properties in Possession held as "Loans and Advances to Customers"'** Properties in the UK and Italy where the customer continues to retain legal title but where the bank has enforced the possession order as part of the foreclosure process to allow for the disposal of the asset or the court has ordered the auction of the property.

**'Properties in Possession held as "Other Real Estate Owned"'** Properties in South Africa where the bank has taken legal ownership of the title as a result of purchase at an auction or similar and treated as 'Other Real Estate Owned' within other assets on the bank's balance sheet.

**'Proprietary trading'** When a bank, brokerage or other financial institution trades on its own account, at its own risk, rather than on behalf of customers, so as to make a profit for itself.

**'Prudential Regulation Authority (PRA)'** The statutory body responsible for the prudential supervision of banks, building societies, insurers and a small number of significant investment banks in the UK. The PRA is a subsidiary of the Bank of England.

**'Prudential Valuation Adjustment (PVA)'** A calculation which adjusts the accounting values of positions held on the balance sheet at fair value to comply with regulatory valuation standards, which place greater emphasis on the inherent uncertainty around the value at which a trading book position could be exited.

**'Public benchmark'** Unsecured medium-term notes issued in public syndicated transactions.

**'Qualifying central bank claims'** An amount calculated in line with the PRA policy statement allowing banks to exclude claims on the central bank from the calculation of the leverage exposure measure, as long as these are matched by liabilities denominated in the same currency and of identical or longer maturity. Prior to 1 January 2022, banks were only permitted to exclude claims on the central bank which were matched by deposits (rather than liabilities).

**'Qualifying Revolving Retail Exposure (QRRE)'** In the context of the IRB approach to credit risk RWA calculations, an exposure meeting the criteria set out in Capital Requirements Regulation (CRR) Article 154.4. It includes most types of credit card exposure.

**'Rates'** In the context of Investment Bank income analysis, trading revenue relating to government bonds and interest rate derivatives.

**'Re-aging'** The returning of a delinquent account to up-to-date status without collecting the full arrears (principal, interest and fees).

**'Real Estate Mortgage Investment Conduits (REMICs)'** An entity that holds a fixed pool of mortgages and that is separated into multiple classes of interests for issuance to investors.

**'Recovery book'** Represents the total amount of exposure which has been transferred to recovery units who set and implement strategies to recover the Group's exposure.

**'Recovery book Impairment Coverage Ratio'** Impairment allowance held against recoveries balances expressed as a percentage of balance in recoveries.

**'Recovery book proportion of outstanding balances'** Represents the amount of recoveries (gross month-end customer balances of all accounts that have charged-off) as at the period end compared to total outstanding balances. The size of the recovery book would ultimately have an impact on the overall impairment requirement on the portfolio. Balances in recovery will decrease if assets are written-off, amounts are collected, or assets are sold to a third party (i.e. debt sale).

**'Regulatory capital'** The amount of capital that a bank holds to satisfy regulatory requirements.

**'Renegotiated loans'** Loans are generally renegotiated either as part of an ongoing customer relationship or in response to an adverse change in the circumstances of the borrower. In the latter case, renegotiation can result in an extension of the due date of payment or repayment plans under which the Barclays Group offers a concessionary rate of interest to genuinely distressed borrowers. This will result in the asset continuing to be overdue, and individually impaired if the renegotiated payments of interest and principal will not recover the original carrying amount of the asset. In other cases, renegotiation will lead to a new agreement, which is treated as a new loan.

**'Repurchase agreement (Repo)' or 'Reverse repurchase agreement (Reverse repo)'** Arrangements that allow counterparties to use financial securities as collateral for an interest bearing cash loan. The borrower agrees to sell a security to the lender subject to a commitment to repurchase the asset at a specified price on a given date. For the party selling the security (and agreeing to repurchase it in the future), it is a Repurchase agreement or Repo; for the counterparty to the transaction (buying the security and agreeing to sell in the future), it is a Reverse repurchase agreement or Reverse repo.

**'Reputation risk'** The risk that an action, transaction, investment or event will reduce trust in the Barclays Group's integrity and competence by clients, counterparties, investors, regulators, employees or the public.

**'Re-securitisations'** The repackaging of securitised products into securities. The resulting securities are therefore securitisation positions where the underlying assets are also predominantly securitisation positions.

**'Reserve Capital Instruments (RCIs)'** Hybrid issued capital securities which may be debt or equity accounted, depending on the terms.

**'Residential Mortgage-Backed Securities (RMBS)'** Securities that represent interests in a group of residential mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and/or principal).

**'Residual maturity'** The remaining contractual term of a credit obligation associated with a credit exposure.

**'Restructured loans'** Comprises loans where, for economic or legal reasons related to the debtor's financial difficulties, a concession has been granted to the debtor that would not otherwise be considered. Where the concession results in the expected cash flows discounted at the original effective interest rate being less than the loan's carrying value, an impairment allowance will be raised.

**'Retail Loans'** Loans to individuals or small and medium sized enterprises rather than to financial institutions and larger businesses. It includes both secured and unsecured loans such as mortgages and credit card balances, as well as loans to certain smaller business customers, typically with exposures up to £3m or with a turnover of up to £5m.

**'Return on average Risk Weighted Assets'** Statutory profit after tax as a proportion of average RWAs.

**'Return on average tangible shareholders' equity (RoTE)** Profit after tax attributable to ordinary equity holders of the parent, as a proportion of average shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.

**'Return on average allocated tangible equity'** Profit after tax attributable to ordinary equity holders of the parent, as a proportion of average allocated tangible equity.

**'Risk appetite'** The level of risk that Barclays is prepared to accept whilst pursuing its business strategy, recognising a range of possible outcomes as business plans are implemented.

**'Risk weighted assets (RWAs) / Risk weighted exposure amounts (RWEAs)'** A measure of a bank's assets adjusted for their associated risks. Risk weightings are established in accordance with the Basel rules as implemented by CRR and local regulators.

**'Risks not in VaR (RNIVS)'** Refers to all the key market risks which are not captured or not well captured within the VaR model framework.

#### **'RWA Flow/movements in RWAs'**

##### **Book size/Asset size**

###### **Credit risk and counterparty risk (including CVA)**

This represents RWA movements driven by changes in the size and composition of underlying positions, measured using EAD values for existing portfolios over the period. This includes, but is not exclusive to:

- new business and maturing loans
- changes in product mix and exposure growth for existing portfolios
- book size reductions owing to risk mitigation and write-offs.

###### **Market risk**

This represents RWA movements owing to the changes in risk level i.e. trading positions and volumes driven by business activity.

##### **Book quality/Asset quality**

###### **Credit risk and counterparty risk (including CVA)**

This represents RWA movements driven by changes in the underlying credit quality and recoverability of portfolios and reflected through model calibrations or realignments where applicable. This includes, but is not exclusive to:

- PD migration and LGD changes driven by economic conditions
- ratings migration for standardised exposures

###### **Market risk**

This is the movement in RWAs owing to changing risk levels in the trading book caused by fluctuations in market conditions.

##### **Model updates**

###### **Credit risk and counterparty risk (including CVA)**

This is the movement in RWAs as a result of both internal and external model updates. This includes, but is not exclusive to:

- updates to existing model inputs driven by both internal and external review
- model enhancements to improve models performance

###### **Market risk**

This is the movement in RWAs reflecting change in model scope, changes to market data levels, volatilities, correlations, liquidity and ratings used as input for the internal modelled RWA calculations.

##### **Methodology and policy**

###### **Credit risk and counterparty risk (including CVA)**

This is the movement in RWAs as a result of both internal and external methodology, policy and regulatory changes. This includes, but is not exclusive to:

- updates to RWA calculation methodology, communicated by the regulator
- the implementation of credit risk mitigation to a wider scope of portfolios

###### **Market risk**

This is the movement in RWAs as a result of both internal and external methodology, policy and regulatory changes for market risk.

#### Acquisitions and disposals

This is the movement in RWAs as a result of the disposal or acquisition of business operations impacting the size of banking and trading portfolios.

#### Foreign exchange movements

This is the movement in RWAs as a result of changes in the exchange rate between the functional currency of the Barclays business area or portfolio and our presentational currency for consolidated reporting. It should be noted that foreign exchange movements shown in RWA flow or movements in RWAs tables do not include the impact of foreign exchange for the counterparty credit risk or market risk RWAs.

#### Other

This is the movement in RWAs driven by items that cannot be reasonably assigned to the other driver categories. In relation to market risk RWAs, this includes changes in measurement that are not driven by methodology, policy or model updates.

**'Sarbanes-Oxley requirements'** The Sarbanes-Oxley Act 2002 (SOX), which was introduced by the US Government to safeguard against corporate governance scandals such as Enron, WorldCom and Tyco. All US-listed companies must comply with SOX.

**'Second Lien'** Debt that is issued against the same collateral as higher lien debt but that is subordinate to such higher lien debt. In the case of default, compensation for this debt will only be received after the first lien has been repaid and thus represents a riskier investment than the first lien.

**'Secondary Stress Tests'** Secondary stress tests are used in measuring potential losses arising from illiquid market risks that cannot be hedged or reduced within the time period covered in Primary Stress Tests.

**'Secured Overnight Financing Rate (SOFR)'** A broad measure of the cost of borrowing cash overnight collateralised by US Treasury securities in the repurchase agreement (Repo) market.

**'Securities Financing Transactions (SFT)'** In the context of RWAs, any of the following transactions: a repurchase transaction, a securities or commodities lending or borrowing transaction, or a margin lending transaction whereby cash collateral is received or paid in respect of the transfer of a related asset.

**'Securities Financing Transactions adjustments'** In the context of leverage ratio, a regulatory add-on calculated as exposure less collateral, taking into account master netting agreements.

**'Securities lending arrangements'** Arrangements whereby securities are legally transferred to a third party subject to an agreement to return them at a future date. The counterparty generally provides collateral against non-performance in the form of cash or other assets.

**'Securitisation'** Typically, a process by which debt instruments, such as mortgage loans or credit card balances, are aggregated into a pool, which is used to back new securities. A company sells these pools of assets to a special purpose vehicle (SPV) which then issues securities backed by the assets. This allows the credit quality of the assets to be separated from the credit rating of the original borrower and transfers risk to external investors.

**'Set-off clauses'** In the context of Counterparty credit risk, contract clauses that allow Barclays to set off amounts owed to us by a counterparty against amounts owed by us to the counterparty.

**'Settlement balances'** Receivables or payables recorded between the date (the trade date) a financial instrument (such as a bond) is sold, purchased or otherwise closed out, and the date the asset is delivered by or to the entity (the settlement date) and cash is received or paid.

**'Settlement Netting'** Netting approach used in the calculation of the leverage exposure measure whereby firms may calculate their exposure value of regular way purchases and sales awaiting settlement in accordance with Article 429g of CRR, as amended by Regulation (EU) 2019/876 (CRR II).

**'Settlement risk'** The risk that settlement in a transfer system will not take place as expected, usually owing to a party defaulting on one or more settlement obligations.

**'Significant Increase in Credit Risk (SICR)'** Barclays assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments.

**'Slotting'** Slotting is internal Barclays terminology for what is known as "Specialised Lending" in the IRB approach as described in Capital Requirements Regulation (CRR) Article 147.8. A standard set of rules is required to be used in credit risk RWA calculations, based upon an assessment of factors such as the financial strength of the counterparty. The requirements for the application of the Specialised Lending approach are detailed in CRR Article 153.5.

**'Software intangibles benefit'** A benefit introduced as part of the EU response package to the COVID-19 pandemic and subsequently reversed as part of the UK implementation of CRR II from 1 January 2022. Since 1 January 2022, software assets are fully deducted from CET 1 capital.

**'Sovereign exposure(s)'** Exposures to central governments, including holdings in government bonds and local government bonds.

**'Specific market risk'** A risk that is due to the individual nature of an asset and can potentially be diversified or the risk of a price change in an investment due to factors related to the issuer or, in the case of a derivative, the issuer of the underlying investment.

**'Spread risk'** Measures the impact of changes to the swap spread, i.e. the difference between swap rates and government bond yields.

**'Stage 1'** This represents financial instruments where the credit risk of the financial instrument has not increased significantly since initial recognition. Stage 1 financial instruments are required to recognise a 12 month expected credit loss allowance.

**'Stage 2'** This represents financial instruments where the credit risk of the financial instrument has increased significantly since initial recognition. Stage 2 financial instruments are required to recognise a lifetime expected credit loss allowance.

**'Stage 3'** This represents financial instruments where the financial instrument is considered impaired. Stage 3 financial instruments are required to recognise a lifetime expected credit loss allowance.

**'Standard & Poor's'** A credit rating agency.

**'Standardised Approach for Counterparty Credit Risk (SA-CCR)'** The approach for the calculation of Exposure at Default for derivative and long-settlement transactions introduced in the UK under CRR II from 1 January 2022. This is a more risk sensitive approach that replaces the Current Exposure Method (CEM) and Standardised Method (SM) applicable under CRR.

**'Standardised Approach (SEC-SA)'** This is a method to calculate risk-weighted exposure amounts for securitisation positions. Under this method, an institution must be able calculate regulatory capital requirements per standardised approach for underlying exposures in the securitisation as if these had not been securitised ('K<sub>SA</sub>'), subject to certain other inputs and criteria.

**'Standby facilities, credit lines and other commitments'** Agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity but are cancellable by the lender subject to notice requirements.

**'Statutory'** Line items of income, expense, profit or loss, assets, liabilities or equity stated in accordance with the requirements of the UK Companies Act 2006 and the requirements of International Financial Reporting Standards (IFRS).

**'Statutory return on average shareholders' equity'** Statutory profit after tax attributable to ordinary shareholders as a proportion of average shareholders' equity.

**'STD' / 'Standardised Approach'** A method of calculating RWAs that relies on a mandatory framework set by the regulator to derive risk weights based on counterparty type and a credit rating provided by an External Credit Assessment Institute.

**'Sterling Over Night Index Average (SONIA)'** Reflects bank and building societies' wholesale overnight funding rates in the sterling unsecured market administered and calculated by the Bank of England.

**'Stress Testing'** A process which involves identifying possible future adverse events or changes in economic conditions that could have unfavourable effects on the Barclays Group (either financial or non-financial), assessing the Barclays Group's ability to withstand such changes, and identifying management actions to mitigate the impact.

**'Stressed Value at Risk (SVaR)'** An estimate of the potential loss arising from a 12-month period of significant financial stress calibrated to 99% confidence level over a 10-day holding period.

**'Structured entity'** An entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities.

**'Structural FX'** Foreign currency positions taken to hedge against the adverse effect of exchange rates on capital ratios. Under Article 352(2) of the CRR the PRA may permit banks to exclude such Structural FX positions from the calculation of its market risk RWAs. On 15 December 2021 the PRA issued Barclays this permission, taking effect from 31 December 2021. Any long FX positions that are in excess of what is required to hedge the adverse effects of exchange rates on the bank's capital ratio are not in scope of this exemption and will therefore be captured under the standardised market risk approach.

**'Structural hedge' or 'hedging'** An interest rate hedge in place to reduce earnings volatility and to smooth the income over a medium/long term on positions that exist within the balance sheet and do not re-price in line with market rates. See also 'Equity structural hedge' and 'Product structural hedge'.

**'Structural model of default'** A model based on the assumption that an obligor will default when its assets are insufficient to cover its liabilities.

**'Structured credit'** Includes the legacy structured credit portfolio primarily comprising derivative exposures and financing exposures to structured credit vehicles.

**'Structured finance or structured notes'** A structured note is an investment tool that pays a return linked to the value or level of a specified asset or index and sometimes offers capital protection if the value declines. Structured notes can be linked to equities, interest rates, funds, commodities and foreign currency.

**'Sub-prime'** Sub-prime is defined as loans to borrowers typically having weakened credit histories that include payment delinquencies and potentially more severe problems such as court judgments and bankruptcies. They may also display reduced repayment capacity as measured by credit scores, high debt-to-income ratios, or other criteria indicating heightened risk of default.

**'Subordinated liabilities'** Liabilities which, in the event of insolvency or liquidation of the issuer, are subordinated to the claims of depositors and other creditors of the issuer.

**'Supranational bonds'** Bonds issued by an international organisation, where membership transcends national boundaries (e.g. the European Union or World Trade Organisation).

**'Synthetic Securitisation Transactions'** Securitisation transactions effected through the use of derivatives.

**'Tangible Net Asset Value (TNAV)'** Shareholders' equity excluding non-controlling interests adjusted for the deduction of intangible assets and goodwill.

**'Tangible Net Asset Value per share'** Calculated by dividing shareholders' equity, excluding non-controlling interests and other equity instruments, less goodwill and intangible assets, by the number of issued ordinary shares.

**'Tangible shareholders' equity'** Shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.

**'Term premium'** Additional interest required by investors to hold assets with a longer period to maturity.

**'The Fundamental Review of the Trading Book (FRTB)'** A comprehensive suite of capital rules developed by the Basel Committee on Banking Supervision as part of Basel III and applicable to banks' wholesale trading activities.

**'The Standardised Approach (TSA)'** An approach used to quantify required capital for operational risk. Under TSA, banks are required to hold regulatory capital for operational risk equal to the annual average, calculated over a rolling three-year period, of the relevant income indicator (across all business lines), multiplied by a supervisory defined percentage factor by business lines.

**'The three lines of defence'** The three lines of defence operating model enables Barclays to separate risk management activities between those client facing areas of the Barclays Group and associated support functions responsible for identifying risk, operating within applicable limits and escalating risk events (first line); colleagues in Risk and Compliance who establish the limits, rules and constraints under which the first line operates and monitor their performance against those limits and constraints (second line); and, colleagues in Internal Audit who provide assurance to the Board and Executive Management over the effectiveness of governance, risk management and control over risks (third line). The Legal function does not sit in any of the three lines, but supports them all. The Legal function is, however, subject to oversight from Risk and Compliance with respect to operational and conduct risks.

**'Through-the-cycle'** A long-run average through a full economic cycle.

**'Tier 1 capital'** The sum of the Common Equity Tier 1 capital and Additional Tier 1 capital.

**'Tier 1 capital ratio'** The ratio which expresses Tier 1 capital as a percentage of RWAs under CRR.

**'Tier 2 (T2) capital'** A type of capital as defined in the CRR principally composed of capital instruments, subordinated loans and share premium accounts where qualifying conditions have been met.

**'Tier 2 (T2) securities'** Securities that are treated as Tier 2 (T2) capital for the purposes of CRR.

**'Total balances on forbearance programmes coverage ratio'** Impairment allowance held against forbearance balances expressed as a percentage of balance in forbearance.

**'Total capital ratio'** Total regulatory capital as a percentage of RWAs.

**'Total Loss Absorbing Capacity (TLAC)'** A standard published by the FSB which is applicable to G-SIBs and requires a G-SIB to hold a prescriptive minimum level of instruments and liabilities that should be readily available for bail-in within resolution to absorb losses and recapitalise the institution. See also 'Minimum requirement for own funds and eligible liabilities (MREL)'.

**'Total outstanding balance'** In retail banking, total outstanding balance is defined as the gross month-end customer balances on all accounts, including accounts charged off to recoveries.

**'Total return swap'** An instrument whereby the seller of protection receives the full return of the asset, including both the income and change in the capital value of the asset. The buyer of the protection in return receives a predetermined amount.

**'Traded Market Risk'** The risk of a reduction to earnings or capital due to volatility of trading book positions.

**'Trading book'** All positions in financial instruments and commodities held by an institution either with trading intent, or in order to hedge positions held with trading intent.

**'Traditional Securitisation Transactions'** Securitisation transactions in which an underlying pool of assets generates cash flows to service payments to investors.

**'Transitional'** When a measure is presented or described as being on a transitional basis, it is calculated in accordance with the transitional provisions set out in Part Ten of CRR.

**'Treasury and Capital Risk'** This comprises of Liquidity Risk, Capital Risk and Interest Rate Risk in the banking book.

**'Twelve month expected credit losses'** The portion of the lifetime ECL arising if default occurs within 12 months of the reporting date (or shorter period if the expected life is less than 12 months), weighted by the probability of said default occurring.

**'Twelve month PD'** The likelihood of accounts entering default within 12 months of the reporting date.

**'Unencumbered'** Assets not used to secure liabilities or not otherwise pledged.

**'United Kingdom (UK)'** Geographic segment where Barclays operates comprising the UK. Also see 'Europe'.

**'UK Bank Levy'** A levy that applies to UK banks, building societies and the UK operations of foreign banks. The levy is payable based on a percentage of the chargeable equity and liabilities of the bank on its balance sheet date.

**'UK leverage exposure'** Calculated as per the PRA rulebook, where the exposure calculation also includes the FPC's recommendation to allow banks to exclude claims on the central bank from the calculation of the leverage exposure measure, as long as these are matched by liabilities denominated in the same currency and of identical or longer maturity. Prior to 1 January 2022, banks were only permitted to exclude claims on the central bank which were matched by deposits (rather than liabilities).

**'UK leverage ratio'** As per the PRA rulebook, means a bank's Tier 1 capital divided by its total exposure measure, with this ratio expressed as a percentage. From 1 January 2022, UK banks are subject to a single UK leverage ratio requirement.

**'Unfunded credit protection'** A technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution derives from the obligation of a third party to pay an amount in the event of the default of the borrower or the occurrence of other specified credit events.

**'US Partner Portfolio'** Barclays co-branded credit card programmes with companies across various sectors including travel, entertainment and retail.

**'US Residential Mortgage-Backed Securities'** Securities that represent interests in a group of US residential mortgages.

**'Value at Risk (VaR)'** A measure of the potential loss of value arising from unfavourable market movements at a specific confidence level and within a specific timeframe.

**'Weighted off balance sheet commitments'** Regulatory add-ons to the leverage exposure measure based on credit conversion factors used in the Standardised Approach to credit risk.

**'Wholesale loans' or 'wholesale lending'** Lending to larger businesses, financial institutions and sovereign entities.

**'Working Group on Sterling Risk-Free Reference Rates (RFRWG)'** A group mandated with catalysing a broad-based transition to using 'Sterling Overnight Index Average (SONIA)' as the primary sterling interest rate benchmark in bond, loan and derivatives markets.

**'Write-off (gross)'** The point where it is determined that an asset is irrecoverable, or it is no longer considered economically viable to try to recover the asset or it is deemed immaterial or full and final settlement is reached and the shortfall written off. In the event of write-off, the customer balance is removed from the balance sheet and the impairment allowance held against the asset is released. Net write-offs represent gross write-offs less post write-off recoveries.

**'Wrong-way risk'** Arises in a trading exposure when there is significant correlation between the underlying asset and the counterparty, which in an event of default would lead to a significant mark to market loss. When assessing the credit exposure of a wrong-way trade, analysts take into account the correlation between the counterparty and the underlying asset as part of the sanctioning process.



## EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
1.1	<a href="#">Articles of Association of Barclays Bank PLC (incorporated by reference to the 2021 Form 20-F, as amended, filed with the SEC on May 23, 2022)</a>
2.1	Long Term Debt Instruments: Barclays Bank PLC is not party to any single instrument relating to long-term debt pursuant to which a total amount of securities exceeding 10% of its total assets (on a consolidated basis) is authorised to be issued. Barclays Bank PLC hereby agrees to furnish to the Securities and Exchange Commission (the "Commission"), upon its request, a copy of any instrument defining the rights of holders of its long-term debt or the rights of holders of the long-term debt of any of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed with the Commission.
2.2	<a href="#">Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934</a>
4.1	<a href="#">Barclays Bank PLC Directors Deferred Compensation Plan (incorporated by reference to the Barclays Bank PLC Registration Statement on Form S-8 (File no. 333-149301) filed on February 19, 2008)</a>
4.2	<a href="#">Barclays Bank PLC Senior Management Deferred Compensation Plan (incorporated by reference to the Barclays Bank PLC Registration Statement on Form S-8 (File no. 333-149302) filed on February 19, 2008)</a>
4.3	<a href="#">Barclays Bank PLC 1999 Barclays Bank PLC Deferred Compensation Plan (incorporated by reference to the Barclays Bank PLC Registration Statement on Form S-8 (File no. 333-112796) filed on February 13, 2004)</a>
4.4	<a href="#">Barclays Bank PLC U.S. Senior Management Deferred Compensation Plan (incorporated by reference to the Barclays Bank PLC Registration Statement on Form S-8 (File no. 333-112797) filed on February 13, 2004)</a>
12.1	<a href="#">Certifications filed pursuant to 17 CFR 240.13(a)-14(a)</a>
13.1	<a href="#">Certifications filed pursuant to 17 CFR 240.13(a) and 18 U.S.C 1350(a) and 1350(b)</a>
15.1	<a href="#">Consent of KPMG LLP for incorporation by reference of reports in certain securities registration statements of Barclays Bank PLC.</a>
99.1	<a href="#">A table setting forth the issued share capital of Barclays Bank Group's total shareholders' equity, indebtedness and contingent liabilities as at 31 December 2021.</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Schema Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Schema Definition Linkbase
101.LAB	XBRL Taxonomy Extension Schema Label Linkbase
101.PRE	XBRL Taxonomy Extension Schema Presentation Linkbase

**Signatures**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorised the undersigned to sign this annual report on its behalf.

Date February 15, 2023

**Barclays Bank PLC**  
(Registrant)

By

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Steven Ewart, Chief Financial Officer