

Barclays Bank Ireland PLC

Annual Report

31 December 2023

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Strategic report

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The Strategic Report was approved by the Board of Directors on 14 March 2024.

OVERVIEW

Barclays Bank Ireland PLC (the 'Bank', 'BBI', 'Barclays Europe' or the 'Company') is a wholly owned subsidiary of Barclays Bank PLC ('BB PLC'). BB PLC is a wholly owned subsidiary of Barclays PLC ('B PLC'). The consolidation of B PLC and its subsidiaries is referred to as the Barclays Group. The term Barclays refers to either B PLC or, depending on the context, the Barclays Group as a whole.

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

The Bank has issued debt securities listed on regulated European markets and as a result, the Bank has prepared and published this Annual Report in accordance with the requirements for periodic financial information under the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, which apply to the Bank.

The Bank is the primary legal entity within the Barclays Group serving Barclays European Economic Area ('EEA') clients, with branches in Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden, in addition to its Irish Head Office.

The Bank continues to explore a potential move of its EU headquarters from Dublin to Paris as outlined in the Barclays Europe 2023 half-yearly financial report. The Bank is making good progress, including in its engagement with regulators and other stakeholders.

The global strategic initiatives announced at the Barclays Group's Investor Update on 20 February 2024 are expected to further enhance the franchise. For more details on the Barclays Group's strategy, please see the strategy section on page 11 of the B PLC Annual Report.

OUR STRUCTURE

The Bank has two business segments, the Corporate and Investment Bank ('CIB') and Consumer, Cards and Payments ('CC&P'). The resegmentation, as announced in Barclays Group strategy update held on 20 February 2024, will be applied on a go forward basis. This report has been prepared based on the CIB and CC&P segments consistent with how the Bank was managed during 2023. Going forward, the Bank will be managed as Investment Bank, comprising International Corporate Banking, Investment Banking and Markets, as well as Private Banking as a separate segment.

The previously reported Head Office, currently comprising Treasury and the Italian Residential Mortgage run off book, will additionally include the held for sale Consumer Bank Europe business previously reported within CC&P.

Based on the applicable segmentation in 2023, the CIB is comprised of the Corporate Banking, Investment Banking and Global Markets businesses, providing products and services to money managers, financial institutions, governments, supranational organisations and corporate clients to manage their funding, financing, strategic and risk management needs.

CC&P is comprised of Barclays Consumer Bank Europe ('CBE') and the Private Bank. The Private Bank offers investment, banking and credit capabilities to meet the needs of our wealth and family office clients across the EEA. CBE provides credit cards, online loans, instalment purchase financing, electronic point-of-sale financing and deposits in certain German-speaking countries. Barclays is currently engaged in a process to sell CBE, as part of our ambition to simplify Barclays and support our focus on growing our key businesses. Any sale is expected to complete in 2024.

As stated above, the Bank's Italian mortgage portfolio (which is being run off) is held within the Bank's Head Office. The Bank is also in the process of arranging disposal of this mortgage portfolio.

MARKET AND OPERATING ENVIRONMENT

In 2023, global economic activity experienced a broad-based slowdown (specifically in continental Europe), a period of exceptional levels of inflation, and uncertainty driven by the ongoing war in Ukraine and the outbreak of conflict in the Middle East. In addition to the cost-of-living crisis, tightening financial conditions in most regions, and monetary policy actions in the form of interest rate increases by central banks had a profound effect on the macroeconomic environment in Europe.

In the CIB segment, market volatility, inflation and geopolitical uncertainty continued to create headwinds for deal-making across all products. However, market volatility also provided the conditions for a strong year for our Global Markets franchise, particularly the Rates and Fixed Income Financing businesses, whilst our Corporate Banking franchise has benefited from increasing interest rates and payment flows.

We continued to assist our clients, ranging from supranational and sovereign to corporate, to access the capital markets for liquidity, capital and investment purposes. Our Investment Banking business continued to capitalise on the opportunities presented by the transition to a low-carbon economy. This included sustainable finance offerings that contributed materially to the Sustainable and Transition Financing targets set by Barclays Group. Our Corporate Banking business supported our clients with multiple bespoke solutions and an expanded ESG product offering.

Within CC&P, Ireland continues to drive growth in the Private Bank. Given interest rate rises globally, banking has driven Client Assets and Liabilities ('CAL') growth and revenue. We have also seen greater allocations to Fixed Income Portfolios. In particular, Multi Asset and Equity Discretionary Portfolio Management ('DPM') portfolios have performed very well and as interest rates start to plateau we are seeing

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more allocation out of cash into investments. For CBE, as highlighted earlier, the process to divest the business is ongoing. In 2023, the increasing rate environment stimulated growth of the deposit book, while relatively high consumer spending enabled strong underlying performance in the Cards business.

Consistent with Barclays' strategic priority to capture opportunities as we transition to a low-carbon economy, we continue to innovate our product offering and support our clients' issuance of green and other sustainability-linked securities.

Our ability to adapt to an ever-changing macroeconomic and regulatory environment and still deliver for our customers and clients is evidence of the resilience and dedication of our colleagues. Throughout 2024, we will work hard to protect and strengthen our culture, continue to implement the Employee Value Proposition to attract and develop talent that suitably reflects the diversity of our communities, and build a supportive working environment within the Bank which can enable us to operate for the benefit of all our stakeholders.

The following sub-sections include a summary of the BBI's specific items from the Barclays Group PLC 2023 Annual Report. For full details, refer to the 'Society' section of the Barclays Group PLC 2023 Annual Report.

Climate

The Bank applies the policies of the Barclays Group in response to climate change.

The Barclays Group is committed to achieving its ambition to be a net zero bank by 2050. It is focused on reducing its financed emissions through its policies, targets and financing. This includes working with its clients as they decarbonise their business models, and supporting their efforts to transition the real economy in a manner that is just, orderly and provides energy security.

The Barclays Group continues to assess financed emissions (i.e. the emissions arising from activities that Barclays finances) across its portfolio and measure the baseline emissions it finances across sectors. In particular, it has continued to make progress setting 2030 targets for the Aviation and Commercial Real Estate sectors (in addition to the UK Agriculture sector, which is not part of BBI), in line with the ambitions of the Net-Zero Banking Alliance ('NZBA') for all material¹ high-emitting sectors in the Barclays Group's portfolio. This year, Barclays has further extended the scope of its calculations to cover the full in-scope balance sheet financed emissions as at December 2022, based on a methodology which has been developed using the PCAF Standard². Barclays uses its methodology for measuring its financed emissions and tracking them at a portfolio level against the goals and timelines of the Paris Agreement – this methodology is called BlueTrack™. Each of its 2030 target ranges is developed with reference to a 1.5°C-aligned scenario, such as the International Energy Agency ('IEA') "Net Zero by 2050" scenario. For full details, refer to the 'Reducing our Financed Emissions' section of the Barclays Group PLC 2023 Annual Report.

In 2024, Barclays updated its Climate Change Statement, which also applies to BBI, to include³:

- no project finance, or other direct finance to energy companies, for upstream oil and gas expansion projects or related infrastructure;
- restrictions for new energy company clients engaged in expansion from January 2025;
- restrictions on non-diversified energy companies engaged in long lead⁴ expansion;
- additional restrictions on unconventional oil and gas, including Amazon and extra heavy oil;
- requirements for energy companies to have 2030 methane reduction targets, a commitment to end all routine/ non-essential venting and flaring by 2030 and near-term net zero aligned Scope 1 and 2 targets from January 2026; and
- expectations for energy companies to produce relevant information in relation to their transition plans or decarbonisation strategies by January 2025.

Notes

1 As defined in Foundations of Climate Mitigation Target Setting published by the UNEP Finance Initiative ('UNEP-FI') (unepfi.org/wordpress/wp-content/uploads/2022/05/Foundations-for-climate-mitigation-target-setting.pdf).

2 PCAF Standard - PCAF (2022). The Global Greenhouse Gas ('GHG') Accounting and Reporting Standard Part A: Financed Emissions. Second Edition

3 For details on the scope and application of the updated positions please refer to the Climate Change Statement found at: home.barclays/sustainability/esg-resourcehub/statements-and-policy-positions.

4 This definition is informed by the IEA Net Zero Roadmap, 2023 update, which highlights that the decline in fossil fuel demand in the IEA NZE Scenario means that no new long-lead time oil and gas projects are approved for development. It also notes that investment in existing fossil fuel supply projects is still needed in the NZE Scenario to ensure that supply does not fall faster than the decline in demand. This includes the use of in-fill drilling and improved management of reservoirs, as well as some enhanced oil recovery and tight oil drilling to avoid a sudden near-term drop in supply.

It is our role and responsibility, as a Bank and as a subsidiary of a global financial institution, to serve the real economy, mobilise and provide the capital for the net zero transition. It is estimated that the transition of the real economy to limit global warming to 1.5°C requires \$4trn of annual investment by 2030¹.

In 2022, Barclays set a Group target to finance \$1trn of Sustainable and Transition Finance between 2023 and the end of 2030. In 2023, Barclays Group financed \$67.8bn of Sustainable and Transition Finance and in 2024 published its Transition Finance Framework, outlining the criteria for Transition Finance transactions. During 2023, BBI facilitated \$27.6bn of the above amount in 2023 and plays a significant role in the Barclays Group achieving its target.

In 2024, Barclays also published the Barclays Transition Finance Framework, outlining the criteria for transactions to be included towards Barclays' target to facilitate \$1trn of Sustainable and Transition Finance between 2023 and the end of 2030.

Barclays' Client Transition Framework allows us to continue to evaluate our clients' transition plans and decarbonisation strategies, and the impact this has on Barclays' own financed emissions.

For more details on the Bank's response to climate change and the environment, please see the climate and sustainability section on pages 22 to 34.

Note

1. International Energy Agency, 2023. [iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach](https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach)

Strategic report

Society

Communities

The Barclays Group, which includes the Bank, is committed to building a stronger, more inclusive economy that is better for everyone. It is supporting local communities where the Barclays Group operates by enabling people to develop the skills and confidence they need to succeed and helping businesses to grow and create jobs.

In 2023, the Barclays Group supported more than 3.27m people to unlock skills and employment opportunities, and Barclays colleagues in Europe have been a part of delivering this agenda – giving their time and expertise to create impactful volunteering opportunities in collaboration with our charity partners in the region. In 2023, we expanded our LifeSkills partnership with INCO to support people in six countries (Czech Republic, France, Germany, Ireland, Italy and Spain) with free technology skills training. INCO works with people facing barriers to employment, including: young people not in education, employment or training; women who are underrepresented in science, technology, engineering and mathematics jobs; people experiencing intergenerational poverty; migrants, refugees and asylum seekers; and people with disabilities. The programmes aim to secure jobs for at least 80% of its graduates. Colleagues have also been working with charities like Focus Ireland, a LifeSkills partner that provides services for people who are experiencing homelessness and people at risk of homelessness in Ireland, to help these people gain access to education and employment.

More information on how the Barclays Group is supporting communities can be found in the Barclays Group PLC 2023 Annual Report.

Suppliers

As a global institution, the Barclays Group has responsibility for a large supply chain. The Barclays Group engages directly with suppliers seeking to promote Diversity, Equity and Inclusion ('DEI') and are committed to identifying and seeking to address the modern slavery risks across our operations, supply chain, and customer and client relationships.

Barclays Group, which includes the Bank, works closely with its Third Party Service Providers ('TPSPs') and sets out its expectations in Barclays Third Party Service Provider Code of Conduct ('CoC'). The CoC encourages Barclays TPSPs to adopt its approach to doing business and details its expectations for matters including environmental management, human rights, diversity and inclusion and also for living the Barclays Values.

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Performance measures

Key performance highlights

	2023 €m	2022 ^a €m
Income statement:		
Continuing operations		
Total income	1,275	1,075
Operating expenses	(979)	(891)
Profit before impairment	296	184
Credit impairment charges	(32)	(33)
Profit before tax	264	151
Tax charge	(72)	(52)
Profit after tax from continuing operations	192	99
Profit after tax from discontinued operations	50	1
Profit after tax	242	100
Attributable to other equity instrument holders ^b	(74)	(48)
Profit attributable to ordinary shareholders	168	52
Cost: income ratio ^b	77%	83%
No. of employees at 31 December (full time equivalent)	1,816	1,776
Balance Sheet information:		
	€bn	€bn
Assets		
Cash and balances at central banks	33.8	30.5
Cash collateral and settlement balances	15.8	18.5
Debt securities at amortised cost	2.5	0.1
Loans and advances at amortised cost to banks	1.2	1.4
Loans and advances at amortised cost to customers	9.4	13.9
Trading portfolio assets	17.1	7.7
Financial assets at fair value through the income statement	22.0	17.2
Derivative financial instruments	33.6	40.4
Assets included in disposal groups classified as held for sale ^c	4.5	—
Other assets	2.7	2.8
Total assets	142.6	132.5
Liabilities		
Deposit from banks	2.2	3.6
Deposits from customers	29.8	25.8
Cash collateral and settlement balances	21.0	24.7
Trading portfolio liabilities	16.2	12.9
Subordinated liabilities	4.8	4.7
Financial liabilities designated at fair value	25.5	14.9
Derivative financial instruments	27.7	32.5
Liabilities included in disposal groups classified as held for sale ^c	3.6	—
Other liabilities	4.9	6.9
Total liabilities	135.7	126.0
Total equity	6.9	6.5
Credit quality:		
% of loans and advances to customers impaired ^e (%)	3.3%	4.2%
% of loans and advances to customers impaired, including held for sale ^f (%)	3.6%	4.2%
Expected Credit Loss ('ECL') coverage on loans and advances to customers ^g (%)	1.7%	3.7%
ECL coverage on loans and advances to customers, including held for sale ^h (%)	3.0%	3.7%
ECL coverage on impaired loans and advances to customers ⁱ (%)	21%	43%
ECL coverage on impaired loans and advances to customers, including held for sale ^j (%)	41%	43%
Capital and liquidity^k:		
Total risk weighted assets ('RWAs') ^{l,m} (€bn)	36.9	35.2
Common equity tier 1 ('CET1') ^{n,o} (€bn)	5.9	5.9
CET1 ratio ^{l,o,p} (%)	16.0%	16.7%
Total regulatory capital ratio ^{l,o,p} (%)	21.5%	22.4%
CRR leverage ratio ^l (%)	5.0%	5.8%
Liquidity pool ^{o,q} (€bn)	37.3	30.7
Liquidity coverage ratio ('LCR') ^r (%)	221%	194%
Net stable funding ratio ('NSFR') ^r (%)	147%	149%
Loan to Deposit ratio ^s	32%	54%
Loan to Deposit ratio, including held for sale ^t	42%	54%

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Performance measures

Notes:

- a Comparative results have been re-presented from those previously published to reclassify certain items as discontinued operations as described in Note 39 to the consolidated financial statements.
- b Of the AT1 attributable profit €11m relates to CBE business discontinued operation. The Bank will consider its capital structure and potential retirement of some AT1 securities at their first call date. All AT1 instruments issued by the Bank are held by BBPLC.
- c Operating expenses (excluding impairment charges) divided by total income (see page 144), both from continuing operations.
- d Assets and liabilities held for sale of €4.5bn and €3.6bn respectively, relates to the CBE portfolio being presented as 'held for sale' in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'. (see note 39 for further details).
- e Stage 3 gross loans and advances to customers divided by total gross loans and advances to customers (see page 72).
- f Stage 3 gross loans and advances to customers including held for sale of €521m divided by total gross loans and advances to customers including held for sale of €14,313m.
- g Total ECL on loans and advances to customers divided by total gross loans and advances to customers (see page 72).
- h Total ECL on loans and advances to customers including held for sale of €431m divided by total gross loans and advances to customers including held for sale of €14,313m.
- i Stage 3 ECL on loans and advances to customers divided by stage 3 gross loans and advances to customers (see page 72).
- j Stage 3 ECL on loans and advances to customers including held for sale of €215m divided by stage 3 gross loans and advances to customers including held for sale of €521m.
- k Capital and liquidity requirements are part of the regulatory framework governing how banks and depository institutions are supervised.
- l Capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangements of the Capital Requirements Regulation ('CRR') as amended by CRR II.
- m RWAs are measured in accordance with the provisions of the CRR and the Capital Requirements Directive IV ('CRD IV') as amended by the Capital Requirements Regulation II ('CRR II') and the Capital Requirements Directive V ('CRD V').
- n CET1 is a measure of capital that is predominantly common equity as defined by the CRR, as amended by CRR II.
- o The classification of CBE as held for sale on Balance sheet has no impact on the liquidity metrics and capital ratios of the Bank.
- p Capital ratios express a bank's capital as a percentage of its RWAs (see page 123).
- q The Bank's liquidity pool represents its stock of high quality liquid assets ('HQLAs'), which are high or extremely high liquidity and credit quality assets as defined by Commission Delegated Regulation (EU) 2015/61, commonly referred to as the 'Delegated Act'.
- r The LCR expresses a bank's HQLAs as a percentage of its stressed net outflows over a 30 day period as defined by the Delegated Act.
- s Loans and advances to customers, net of ECL, divided by deposits from customers (see page 146).
- t Loans and advances to customers including CBE as held for sale, net of ECL €13,882m divided by deposits from customers including held for sale €33,395m.

Income statement commentary

Continuing Operations

The Bank earned a profit before impairment in the year ended 31 December 2023 of €296m (2022: profit before impairment €184m), an improvement of €112m, due to an increase in total income of €200m, partially offset by an increase in costs of €88m.

The Bank earned a profit before tax from its continuing operations in the year ended 31 December 2023 of €264m (2022: profit before tax of €151m). This represented an increase of €113m, impairment charges were in line with prior year. The CIB segment showed a profit before tax of €369m, an increase of €99m on 2022. Private Bank earned a profit before tax of €14m, an increase of €8m from 2022. The loss before tax in Head Office was €(100)m, a decrease of €5m from the loss before tax of €(105)m in 2022. This loss in Head Office is primarily driven by Treasury activities and the Italian mortgage portfolio.

Total income increased by €200m to €1,275m (2022: €1,075m), largely reflecting:

- an increase in CIB income to €1,254m; an increase of €137m or 12.3% (2022: €1,117m), primarily due to growth in our Corporate business and also the beneficial impact of the rising interest rate environment; and
- an increase in Private Bank income to €44m, €10m or 29.4% higher (2022: €34m), driven by the continued delivery from Private Bank's market strategy.

Partly offset by:

- negative income in Head Office of €(3)m, a decrease of €52m (2022: €55m loss), primarily driven by Treasury activities and the Italian mortgage portfolio.

Operating expenses in continuing operations increased by €88m to €979m (2022: €891m), primarily due to investment spend on the growth initiatives underway in CIB.

Credit impairment charges in continuing operations (net) of €32m were in line with prior year (2022: net charge of €33m).

The Bank's tax charge from its continuing operations was €(72)m (2022: €(52)m). The effective tax rate of 27.3% is higher than the corporation tax rate in Ireland of 12.5%, due to a number of factors including profits earned outside of Ireland being taxed at local statutory tax rates that are higher than the Irish tax rate and adjustments in respect of prior years.

Discontinued Operations

Profit after tax from discontinued operations stood at €50m (2022: €1m), representing the P&L relating to the disposal group. This P&L excludes the allocation of funding expense of €20m (2022: €21m) from treasury operations within the Bank. The main driver of the year-on-year increase is a reduction in credit impairment charges and an increase in net interest income, partly offset by an increase in operating expenses.

Balance sheet commentary

As at 31 December 2023, total assets including CBE as Held for Sale was €142.6bn, an increase of €10.1bn compared to 31 December 2022 (€132.5bn), primarily driven by increases in trading portfolio assets, financial assets at fair value through the income statement, cash and balances at central banks and debt securities at amortised cost, partially offset by a decrease in derivative financial instruments.

Trading portfolio assets increased by €9.4bn to €17.1bn primarily driven by market making activity to meet client demand within the Markets business.

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Performance measures

Financial assets at fair value through the income statement increased by €4.8bn to €22.0bn driven by secured lending.

The increase in central bank placings by €3.3bn to €33.8bn was primarily driven by an increase in customer deposits.

Debt securities at amortised cost increased by €2.4bn to €2.5bn, driven by the investment of an element of the Bank's liquidity pool in debt securities.

Derivative financial instruments decreased by €6.9bn to €33.6bn, primarily driven by the impact of a decrease in forward interest rates and reduced market volatility.

Customer deposits increased by €4.1bn or 16% in 2023 to €29.8bn primarily in Treasury and CIB, partly offset by deposits in the CBE portfolio being classified as liabilities held for sale in 2023. Customer loans and advances decreased by €4.4bn or 32% to €9.4bn primarily due to the CBE portfolio being classified as assets held for sale in 2023. As a result, the loan to deposit ratio reduced from 54% as at 31 December 2022 to 32% as at 31 December 2023, primarily driven by the classification of the CBE portfolio to held for sale and increased customer deposits during the year. The loan to deposit ratio of 32% reflects a position where the Bank continues to be able to fund customer loans from customer deposits.

As at 31 December 2023, assets and liabilities held for sale of €4.5bn and €3.6bn respectively, relates to the CBE portfolio being presented as 'held for sale' in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'.

ECL provisions on loans and advances at amortised cost, including debt securities, decreased by €374m from €541m to €167m, primarily driven by the classification of the CBE portfolio and its ECL provisions to 'assets held for sale' in 2023 of €272m (2022: €334m). ECL provisions include post model adjustments of €16m (2022: €38m) primarily introduced to provide for downside uncertainties on European corporates reflecting recent changes in the macroeconomic outlook. ECL coverage on loans and advances to customers, including CBE as held for sale reduced from 3.7% as at 31 December 2022 to 3.0% as at 31 December 2023, primarily driven by model remediation in the CBE portfolio.

Other Metrics and Capital

The Bank forecasts its liquidity position on a daily basis as the balance sheet asset and liability maturity profile changes. The Bank has sufficient buffers over the required minimum levels of daily liquidity necessary to meet its regulatory liquidity requirements and its own risk appetite. In addition, the Bank has a contingency funding plan in place.

The Bank held a liquidity pool of €37.3bn as at 31 December 2023 (2022: €30.7bn). This comprises balances with central banks of €33.1bn^a (2022: €29.9bn^a), highly liquid securities of €4.2bn (2022: €0.8bn), which meet the requirements for classification as HQLA.

The LCR increased from 194% to 221%, primarily due to increased deposits (including money markets), a reduction in Market funding requirements and reduced customer lending partially offset by repayment of ECB and Group funding and increased off balance sheet stressed outflows.

The Bank's NSFR at 31 December 2023 was 147% (2022: 149%), which is above the regulatory minimum requirement of 100% under CRR II for the Bank.

The Bank's CET1 ratio (transitional basis) was 16.0% as at 31 December 2023 (2022: 16.7%). The movement in the year was primarily due to issuances of CET1, partially offset by increased RWAs in the year. The Bank's total regulatory capital ratio (transitional basis) was 21.5% as at 31 December 2023 (2022: 22.4%). The Bank's capital continues to be managed on an ongoing basis to ensure there are sufficient capital resources.

Note

a. Residual central bank balances related to minimum reserves.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Bank since year end.

FUTURE DEVELOPMENTS

The Bank continues to review opportunities to optimise its business portfolio and operational approach, which could lead to further changes in 2024.

NON-FINANCIAL INFORMATION

Information required in accordance with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 can be found in the Non-financial information statement on pages 18 to 20.

OTHER INFORMATION

Information on research and development, existence of branches of the Bank and financial risk management objectives and policies can be found in the Directors' Report on page 11.

Strategic Report

Managing risk

The Bank is exposed to internal and external risks as part of its ongoing activities. These risks are managed as part of our business model.

Enterprise Risk Management Framework

Within the Bank, risks are identified and overseen in accordance with 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 governs the way in which the Bank identifies and manages its risks. The management of risk is then embedded into each level of the business, with all colleagues being responsible for identifying and controlling risk.

In 2023, the 'Conduct Risk' was renamed 'Compliance Risk' and now incorporates Conduct Risk as well as risks from a failure to comply with laws, rules and regulations applicable to the firm.

Risk appetite

Risk appetite defines the level of risk we are prepared to accept across the different risk types, taking into consideration varying levels of financial and operational stress. Risk appetite is key to our decision-making processes, including ongoing business planning and setting of strategy, new product approvals and business change initiatives.

The Bank may choose to adopt a lower risk appetite than allocated to it by the Barclays Group.

Three Lines of Defence

The First Line of Defence is comprised of the revenue-generating and client-facing areas, along with all associated support functions, including Finance, Treasury, Human Resources, Operations and Technology. The first line identifies the risks, sets the controls and escalates risk events to the Second Line of Defence. 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 of Defence is made up of Risk and Compliance and oversees the first line by setting limits, rules and constraints on their operations, consistent with the risk appetite.

The Third Line of Defence is comprised of Internal Audit, providing independent assurance to the BBI Board and the BBI Executive Committee on the effectiveness of governance, risk management and control over current, systemic and evolving risks.

The Legal function provides support to all areas of the Bank and is not formally part of any of the Three Lines of Defence. The Legal function is responsible for proactively identifying, communicating and providing legal advice on applicable laws, rules and regulations. 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 compliance risks, as well as with respect to the legal risk to which the Bank is exposed.

For further detailed analysis of our approach to Risk management and Risk performance see the full Risk review on pages 35 to 133.

The Enterprise Risk Management Framework defines nine Principal Risks¹			
	Principal Risks	Risks are classified into Principal Risks, as below	How risks are managed
Principal Risk	Credit Risk	<i>The risk of loss to the Bank from the failure of clients, customers or counterparties (including sovereigns), to fully honour their obligations to the Bank, including the whole and timely payment of principal, interest, collateral and other receivables.</i>	<i>Credit Risk teams identify, evaluate, sanction, limit and monitor various forms of credit exposure, individually and in aggregate. The First Line delivers business plans and products within risk appetite and all limits set by the Second Line, by maintaining detailed financial forecasts, applying controls and managing risks to which they are exposed.</i>
	Market Risk	<i>The risk of loss arising from potential adverse changes in the value of the Bank's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange ('FX'), equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.</i>	<i>Market Risk teams use a range of complementary approaches to identify and evaluate traded market risk exposures. These risks are measured, limited and monitored by market risk specialists. The First Line conduct trading activities within the risk appetite and all mandate & scale ('M&S') limits set by the Second Line.</i>

The Enterprise Risk Management Framework defines nine Principal Risks ¹		
Principal Risks	Risks are classified into Principal Risks, as below	How risks are managed
Principal Risk	Treasury and Capital Risk	<p>Liquidity Risk:</p> <p>The risk that the Bank 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.</p> <hr/> <p>Capital Risk:</p> <p>The risk that the Bank 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 Bank's defined benefit pension plans.</p> <hr/> <p>Interest Rate Risk in the banking book:</p> <p>The risk that the Bank is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities. In addition, methodologies to measure and risk manage credit spread risk in the banking book are under review.</p>
	Climate Risk	<p>The Barclays Group, and the Bank, assesses and manages its Climate Risk across its businesses and functions in line with Barclays Group's net zero ambition by monitoring its exposure to elevated risk sectors, conducting scenario analysis and risk assessments for key portfolios. The First Line delivers business plans and manages exposures within the Climate Risk appetite and limits set by the Second Line. Climate Risk controls are embedded across the financial and operational principal risk types through the Barclays Group's frameworks, policies and standards (that apply to the Bank).</p>
	Operational Risk	<p>The risk of loss to the Bank from inadequate or failed processes or systems, human factors or due to external events (for example fraud or cyberattacks) where the root cause is not due to credit or market risks.</p> <p>Operational Risks are managed in accordance with the Operational Risk Framework, owned and overseen by the Second Line, and the standards within the Barclays Control Framework. The primary responsibility for the management of operational risk rests within the business and functional units where the risk arises. Management complete Risk and Control Self-Assessments to assess operational risks and the effectiveness of the controls within processes. Identified risks, events and issues are escalated to senior management and the Board to ensure timely notification and to agree the appropriate response.</p>
	Model Risk	<p>The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.</p> <p>The range of controls owned by First Line include: timely model identification, robust model development, testing, documentation, annual assessment, and ongoing performance monitoring. The range of controls owned by Second Line include: independent model validation, oversight over on-going model performance, and execution of overall model risk governance covering oversight and reporting and escalation to appropriate forums and committees.</p>
	Compliance Risk	<p>The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Bank's products and services (also known as 'Conduct Risk') and the risk to Barclays, its clients, customers or markets from a failure to comply with the laws, rules and regulations applicable to the Bank (also known as Laws, Rules and Regulations Risk ('LRR Risk')).</p> <p>The First Line are accountable for the overall assessment and management of compliance risks in their business or function and are responsible for implementing the requirements outlined in the Compliance Risk Management Framework ('CRMF'). Compliance must oversee adherence to the CRMF and the management of compliance risk, and provide independent Second Line of Defence oversight to all Barclays businesses, providing advice and challenge where appropriate.</p>

Strategic Report

Managing risk

<i>The Enterprise Risk Management Framework defines nine Principal Risks¹</i>		
<i>Principal Risks</i>	<i>Risks are classified into Principal Risks, as below</i>	<i>How risks are managed</i>
Principal Risk	Reputation Risk	<i>The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Bank's integrity and/or competence.</i>
	Legal Risk	<i>The risk of loss or imposition of penalties, damages or fines from the failure of the Bank to meet applicable LRR or contractual requirements or to assert or defend its intellectual property rights.</i>

Notes

1. The ERMF defines nine Principal Risks. For further information on how these Principal Risks apply specifically to the Bank, please see pages 51 to 63.
2. Definition of Climate Risk amended as part of the updated Climate Risk Policy in 2023.

Directors' Report

The Directors present their report together with the financial statements for the financial year ended 31 December 2023.

The Bank has chosen, as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report.

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	5
Non-financial information statement	18
Risk management	51
Principal risks	51
Financial instruments	167

REVIEW OF THE BUSINESS AND LIKELY FUTURE DEVELOPMENTS

A detailed review of the Bank's business activities is provided on page 2, and the performance for the year and an indication of likely future developments are detailed on page 7, in each case within the Strategic Report.

PROFITS AND DIVIDENDS

The Bank's profit after tax for the financial year ended 31 December 2023 was €242m (2022: €100m). No dividends were paid on the Bank's ordinary shares in 2023 (2022: €nil) and the Directors do not propose to make a dividend payment on the Bank's ordinary shares for the financial year ended 31 December 2023 (2022: €nil).

SHARE CAPITAL

At 31 December 2023, the Bank had 898,669,134 ordinary shares of €1.00 each in issue (2022: 898,669,034). Further details on the Bank's capital is set out in Note 27 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Bank is exposed to internal and external risks as part of its ongoing activities. These risks include (among other things) Credit Risk, Market Risk, Liquidity Risk, Climate Risk, Operational Risk and Compliance Risk. For a description of the Bank's ERMF, the risks faced by the Bank and the management of those risks, please see the Risk review on pages 35 to 133.

The Bank continues to monitor the impact on its risk profile of the macroeconomic headwinds of sustained inflationary pressure, including on energy prices and the cost of living, higher interest rates, the Russian invasion of Ukraine and increased market volatility.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Information regarding the Bank's financial risk management objectives and policies in relation to the use of financial instruments is set out in the Risk review on pages 35 to 133.

POLITICAL DONATIONS

The Directors have satisfied themselves that there were no political donations that require disclosure under the Electoral Act, 1997 (as amended, supplemented, or replaced).

ENVIRONMENT

Information regarding the Bank's approach to environmental matters can be found on pages 22 to 34.

RESEARCH AND DEVELOPMENT

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

BRANCHES OUTSIDE THE STATE

At 31 December 2023, in addition to its Irish Head Office, the Bank had branches in Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden.

Directors' Report

GOING CONCERN

In preparing the Bank's financial statements, the Directors are required to:

- assess the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

This involves an assessment of the future performance of the business, to provide assurance that the Bank has the resources in place that are required to meet its ongoing regulatory requirements. The assessment is based upon business plans which contain future forecasts of profitability taken from management's five year medium term plan as well as projections of future regulatory capital requirements and business funding needs. This also includes details of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based upon management's assessment of reasonably possible economic scenarios that the Bank could experience.

This assessment showed that the Bank had sufficient capital in place to support its future business requirements and remained above its regulatory minimum requirements in the stress test scenarios. It also showed that the Bank has an expectation that it can continue to meet its funding requirements during the scenarios. The Directors concluded that there was a reasonable expectation that the Bank has adequate resources to continue as a going concern for the foreseeable future.

The Bank'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 Strategic Report and Risk Management sections of this report.

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

ACCOUNTING RECORDS

The measures taken by the Directors to secure compliance with the Bank's obligation to keep adequate accounting records are the appointment of professionally qualified accounting personnel with appropriate expertise, ensuring the provision of adequate resources to the Bank's Finance function and the use of appropriate systems. The Bank's accounting records are kept at its registered office at 1 Molesworth Street, Dublin 2, Ireland.

STATUTORY AUDITORS

KPMG, Chartered Accountants, were first appointed Statutory Auditor on 24 April 2017 and, pursuant to section 383(2) of the Companies Act 2014, as amended ('Companies Act 2014'), will continue in office.

DISCLOSURE OF RELEVANT INFORMATION TO AUDITORS

The Directors in office at the date of this report have confirmed that, as far as they are aware:

- there is no relevant audit information of which the Bank's auditor is unaware; and
- they have taken all the steps that ought to be taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

CORPORATE GOVERNANCE

The Bank is subject to the CBI's Corporate Governance Requirements for Credit Institutions 2015 (the 'Requirements'), including the additional obligations set out in the Requirements as the Bank is designated as High Impact by the CBI. A statement of compliance with the Requirements is prepared and signed annually by the Board and is submitted to the CBI alongside the Annual Report.

The Board aspires to have high standards of corporate governance and has adopted corporate governance arrangements which it believes are appropriate to apply and are designed to ensure effective decision-making to promote the Bank's success for the long term.

The Board's primary aim is that its governance arrangements:

- are effective in providing advice and support to management;
- provide checks and balances and encourage constructive challenge;
- drive informed, collaborative and accountable decision-making; and
- create long-term sustainable value for the Bank's shareholder, the ultimate shareholders of B PLC and our wider stakeholders.

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

Directors' Report

A description of the main features of the Bank's internal control and risk management systems in relation to its financial reporting process is set out in the section titled 'Controls over Financial Reporting' on page 15.

The Bank is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006.

DIRECTORS

The names of persons who were Directors at any time during the financial year ended 31 December 2023, or who have been appointed since that date, are set out below.

Directors	Appointed/Resigned	Nationality	Position
Tim Breedon CBE ^{(1),(4)}		British	Board Chair and Chair of Board Nominations Committee
Etienne Boris ^{(1), (2), (3), (4)}		French	Board Audit Committee Chair
Thomas Huertas ^{(1), (2), (3), (4), (5)}	Resigned 23 May 2023	American	
Eoin O'Driscoll ^{(1), (2), (3), (4), (5)}	Resigned 11 January 2024	Irish	
Jennifer Allerton ^{(1), (2),(3), (4), (5)}		British	Board Remuneration Committee Chair
Francesco Ceccato ⁽⁶⁾		Italian	Chief Executive Officer
Jasper Hanebuth ⁽⁶⁾		German	Chief Financial Officer
Joanna Nader ^{(1), (2), (3), (4), (5)}		British/ Canadian	Board Risk Committee Chair
Eduardo Stock da Cunha ^{(1), (2), (3), (4), (5)}	Appointed 11 January 2024	Portuguese	
Sylvie Matherat ^{(1), (3), (4)}	Appointed 26 February 2024	French	

- (1): Independent non-executive Director
(2): Member of the Board Audit Committee
(3): Member of the Board Risk Committee
(4): Member of the Board Nominations Committee
(5): Member of the Board Remuneration Committee
(6): Executive Director

COMPANY SECRETARY

Francesca Carbonaro

COMPANY NUMBER

396330

DIRECTORS' AND COMPANY SECRETARY'S INTERESTS

During the year ended 31 December 2023, certain of the Directors and the Company Secretary had interests in the ordinary shares of the Bank's ultimate parent company, B PLC. At no point during the year ended 31 December 2023 did any interest held by a Director or Company Secretary and any connected person of such Director/Company Secretary held by a Director or Company Secretary and any connected person of such Director/Company Secretary exceed 1% of B PLC's ordinary share capital.

Same as provided above, none of the Directors or Company Secretary had any interests in ordinary shares, debentures or other debt securities of any member of the Barclays Group during the year ended 31 December 2023.

THE BOARD

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, demonstrating objective judgement and promoting a culture of openness and constructive debate between all Directors. The Chair facilitates the effective contribution of the Board and ensures Directors receive accurate, clear and timely information. It is the Board's responsibility to ensure that management delivers on short-term objectives, whilst promoting the long-term success of the Bank in the context of the Barclay's 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.

The Bank's Schedule of Matters Reserved to the Board specifies those decisions to be taken by the Board, including but not limited to material decisions relating to strategy, risk appetite, medium term plans, capital and liquidity plans, risk management and controls frameworks, reputation risk, approval of financial statements, and approval of share allotments and dividends. The Board has delegated the responsibility for making and implementing operational decisions and running the Bank's business on a day-to-day basis to the Chief Executive Officer ('CEO') and his senior management team.

Directors' Report

The current Board comprises of a Chair, two Executive Directors, and five independent Non-Executive Directors. The majority of the Board are independent Non-Executive Directors bringing significant expertise (including external perspectives) and independent challenge.

BOARD COMMITTEES

The Board has established four board sub-committees, which are the Audit Committee, Risk Committee, Nominations Committee and Remuneration Committee. Each Board Committee has delegated authority from the Board in respect of the functions and powers, which are set out in each Committee's Terms of Reference.

The Chair of each Board Committee provides a report on the proceedings of each Committee meeting at the next scheduled Board meeting, including any matters being recommended for approval.

Audit Committee

The Bank's Board Audit Committee ('BAC') is comprised solely of independent Non-Executive Directors, is a Committee of the Board and assists the Board in monitoring:

- the integrity of the Bank's accounting policies and contents of its financial statements and the disclosure controls and procedures;
- the effectiveness of the Bank's internal controls;
- the effectiveness of the internal and external audit functions and processes;
- the performance and independence of the external auditors; and
- the effectiveness of the Bank's whistleblowing procedures.

Risk Committee

The Bank's Board Risk Committee ('BRC') is comprised solely of independent Non-Executive Directors, is a Committee of the Board and assists the Board in:

- reviewing the risk profile of the Bank;
- considering the risk appetite and risk tolerance for financial and non-financial risks bearing in mind the current financial situation of the Bank and the present and future strategy;
- reviewing the management of the Principal Risks in the ERMF to ensure that they are in line with the Bank's business strategy, objectives, corporate culture and values;
- overseeing the implementation of strategies for capital and liquidity management, as well as for all relevant risks, such as market, credit, climate and operational risks (including legal, human resources and IT risks), in order to assess their adequacy against the approved risk appetite and strategy; and
- assessing the risks associated with the Bank's offered financial products and services, taking into account the alignment between the prices assigned to and the profits gained from those products and services.

Nominations Committee

The Bank's Board Nominations Committee is comprised solely of independent Non-Executive Directors, is a Committee of the Board and assists the Board in fulfilling its responsibilities relating to:

- identifying individuals who are best able to discharge the duties and responsibilities of Directors and Key Function Holders (individuals holding CBI Pre-Approval Controlled Function roles) for the Bank in line with legal and regulatory requirements;
- the composition, appointments, succession and evaluating the effectiveness of the Board, ensuring that both appointments and succession policies are based on suitability, merit and objective criteria including promoting diversity of gender, age and social and ethnic background, cognitive and personal strengths; and
- the adoption of appropriate internal policies on the assessment of the suitability of Directors, members of the Bank's Executive Committee and other key personnel subject to regulatory approval.

Remuneration Committee

The Bank's Board Remuneration Committee is comprised solely of independent Non-Executive Directors, is a Committee of the Board and assists the Board in fulfilling its responsibilities relating to:

- the over-arching principles and parameters of the Remuneration Policy for the Bank;
- the incentive pool for the Bank and the remuneration of key BBI executives and other specified individuals as determined by the Committee; and
- oversight of remuneration issues.

ACCOUNTABILITY

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

The Board is responsible for setting the Bank's risk appetite within the overall parameters set by BB PLC, that is the level of risk it is prepared to take in the context of achieving the Bank's and the Barclays Group's strategic objectives. The ERMF is designed to identify and set minimum requirements in respect of the main risks to achieving the Bank's strategic objectives and to provide reasonable assurance that internal controls are effective.

Directors' Report

The Board, assisted by the BRC, conducts robust assessments of the principal risks facing the Bank, including those that would threaten its business model, future performance, solvency or liquidity.

The BAC oversees the effectiveness of the Bank's internal and external auditors. The Directors also review the effectiveness of the Bank's systems of internal control and risk management.

CONTROLS OVER FINANCIAL REPORTING

A framework of disclosure controls and procedures is in place to support the approval of the Bank's financial statements. Specific committees and accountable individuals 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.

Relevant accountable individuals report their conclusions to the BAC, which debates the conclusions and provides further challenge. Finally, the Board scrutinises and approves the results announcement 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 Bank's financial statements and other significant disclosures before they are made public.

AUDIT, RISK AND INTERNAL CONTROL

The Bank 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.

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 provide only reasonable, rather than absolute, assurance against material misstatement or loss.

Processes are in place for identifying, evaluating and managing the principal risks facing the Bank. 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 Bank's strategic objectives and to provide reasonable assurance that internal controls are effective. Further detail on the Principal Risks and management of them can be found in the Risk review on pages 51 to 63.

The effectiveness of the risk management and internal control systems is reviewed regularly by the BRC and the BAC (as detailed above).

The BRC 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 the Bank's business model, future performance, solvency or liquidity, as well as reports on risk measurement methodologies and risk appetite.

As referenced above, the BAC 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.

Throughout the year ended 31 December 2023 and to the date of this report, the Bank has operated an effective system of internal control that provides reasonable assurance of financial and operational controls and compliance with laws and regulations.

The Board, assisted by the BAC, is responsible for ensuring the independence and effectiveness of the internal and external audit functions. For this reason, the BAC members met periodically with the Bank's Chief Internal Auditor and the Key Audit Partner/Lead Audit Engagement Partner of the external auditor without management present.

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 International Financial Reporting Standards ('IFRS') as adopted by the EU. 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 IFRS as adopted by the EU and that receipts and expenditures are being made only in accordance with authorisations of management and the respective Directors; and
- 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.

Directors' Report

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Bank's internal control over financial reporting that occurred during the period covered by this report which have materially affected or are reasonably likely to materially affect the Bank's internal control over financial reporting.

EXECUTIVE COMMITTEE

During 2023, the Executive Committee membership included the Bank's CEO, Chief Financial Officer ('CFO'), Chief Operating Officer ('COO'), Chief Risk Officer ('CRO'), and leaders of each business unit, Human Resources, Legal and Compliance. The Executive Committee meets regularly (albeit virtually for the majority of the year) and is chaired by the CEO. The Executive Committee is also attended by the Bank's Chief Internal Auditor to ensure full transparency of all matters discussed at the Committee and to inform the audit plan. In addition to the day-to-day management of the Bank, the Executive Committee supports the CEO in ensuring that the 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.

DIVERSITY, EQUITY AND INCLUSION

The BBI Board Diversity Policy recognises the importance of ensuring that there is broad diversity among the Directors inclusive of, but not limited to, gender, ethnicity, geography and business experience. In addition, the Bank aims to ensure that employees of all backgrounds are treated equally and have the opportunity to be successful. The Barclays Group's global Diversity, Equity and Inclusion ('DEI') strategy, which is supported by the Bank, sets objectives, initiatives and plans across six areas of focus: Gender, LGBT+, Disability, Multicultural, Multigenerational and Socio-economic inclusion, in support of that ambition.

DIRECTORS' COMPLIANCE STATEMENT

The Directors acknowledge that they are responsible for securing the Bank's compliance with its relevant obligations under the Companies Act 2014.

The Directors confirm that:

- a compliance policy statement setting out the Bank's policies, that in the Directors' opinion are appropriate to the Bank, regarding compliance by the Bank with its relevant obligations has been drawn up;
- appropriate arrangements or structures that are designed to secure material compliance with the Bank's relevant obligations have been put in place; and
- a review of these arrangements and structures has been conducted during the financial year ended 31 December 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the consolidated and Company financial statements in accordance with, and subject to, applicable law and regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the Consolidated and Company financial statements in accordance with IFRS as adopted by the EU.

Under Irish company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the Bank's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Bank for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Bank and which enable them to ensure that the financial statements of the Bank comply with the provisions of the Companies Act 2014. The 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, and have general responsibility for taking all reasonable steps to ensure such records are kept which enable them to ensure that the financial statements of the Bank comply with the provisions of the Companies Act 2014.

The Directors are responsible for safeguarding the assets of the Bank, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

Directors' Report

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

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

The current Directors, whose names and functions are set out on page 13, confirm to the best of their knowledge that:

- they have complied with the above requirements in preparing the Consolidated and Company financial statements;
- the Consolidated and Company financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank;
- the management report contained within the Strategic Report, on pages 2 to 10, includes a fair review of the development and performance of the business and the position of the Bank, together with a description of the principal risks and uncertainties that the Bank faces; and
- the Annual Report and the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for the Bank's shareholder to assess the Bank's position and performance, business model and strategy.

On behalf of the Board



Tim Breedon CBE
Chair



Francesco Ceccato
Chief Executive Officer



Jasper Hanebuth
Chief Financial Officer

14 March 2024

Non-financial information statement

The Non-Financial Reporting requirements contained in the European Union (Disclosure of Non-Financial and Diversity information by certain large undertakings and groups) Regulations 2017 are addressed within this section by means of cross reference. We have used cross referencing as appropriate to deliver clear, concise and transparent reporting.

The Barclays Group has a range of policies and guidance (available at home.barclays/sustainability/esg-resource-hub/), which also apply to the Bank, that support key outcomes in respect of non-financial performance for all of its stakeholders. Across the Barclays Group, policies and statements of intent are in place to ensure consistent governance on a range of issues. For the purposes of the Non-Financial Reporting requirements, these include, but are not limited to:

Environmental related statements and policies ^a		
Statement or policy position	Description	Information to help understand the Bank, and its impact, policies, due diligence and outcomes
Climate Change statement	The Barclays Group Climate Change Statement, which also applies to the Bank, sets out our approach based on a consideration of all risk and market factors to certain energy and power sectors with higher carbon-related exposures or emissions from extraction or consumption, or those which may have an impact on certain sensitive environments or on communities, namely thermal coal mining, coal-fired power generation, mountain top coal removal, upstream oil and gas and unconventional oil and gas, including oil sands, Arctic oil and gas, Amazon oil and gas, hydraulic fracturing ('fracking'), ultra-deep water and extra heavy oil. The statement outlines Barclays' focus on supporting our clients to transition to a low-carbon economy, while helping to limit the threat that climate change poses to people and to the natural environment. We conduct due diligence on a case-by-case basis on clients in sensitive energy sectors that fall outside the restrictions set out in our statement.	See our 'Climate and Sustainability' section from page 22 to 34.
Forestry and Agricultural Commodities statement	The Barclays Group and the Bank recognise that the forestry and agricultural commodities sectors are responsible for producing a range of agricultural commodities, such as timber, pulp & paper, palm oil, beef and soy, that are often associated with environmental and social impacts, including climate change, deforestation, biodiversity loss and human rights issues. Barclays' Forestry and Agricultural Commodities Statement, which also applies to the Bank, outlines our restrictions and due diligence approach for clients involved in these activities.	See our <ul style="list-style-type: none"> 'Managing impacts in lending and financing' section on pages 25 to 26. 'Our approach to nature and biodiversity' section on pages 26 to 27.
World Heritage Site and Ramsar Wetlands statement	The Barclays Group and the Bank understand that industries can impact areas of high biodiversity value including United Nations Educational, Scientific and Cultural Organization ('UNESCO') World Heritage Sites ('WHS') and Ramsar Wetlands ('RW') and their buffer zones. Our statement outlines our restrictions and client due diligence approach that aims to preserve and safeguard these sites.	See our 'Nature and biodiversity' section on pages 26 to 27 within our 'Climate and Sustainability' section.
Climate Risk Policy	The Barclays Group Climate Risk Policy, which also applies to the Bank, outlines the requirements and policy objectives for assessing and managing the impact on Financial and Operational Risks arising from the physical and transition risks associated with climate change. This incorporates identification, measurement, management and reporting for Financial and Operational Risks. Risks associated with Climate Change are being managed in accordance with the requirements set out in this policy.	See our Climate Risk section on pages 51 to 56.

Note

^a The Bank applies the policies of Barclays Group in response to climate change and the environment and applicable laws and/or regulations in the EU.

Non-financial information statement

Human rights-related statements

Statement or policy position	Description	Information to help understand the Bank, and its impact, policies, due diligence and outcomes
Human rights	The Barclays Group human rights statement, which also applies to the Bank, expresses our commitment to respecting human rights as defined in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Our approach to respecting human rights is guided by the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The statement provides an overview of the evolving framework of policies and processes that seek to embed our commitments across our business.	See the 'Managing impacts in lending and financing' section on pages 25 to 26 within the 'Climate and Sustainability' section.
Modern slavery	Barclays Group publishes a Modern Slavery Statement made according to the requirements of section 54 of the UK Modern Slavery Act 2015 and section 14 of the Australian Modern Slavery Act 2018 (Cth). The Barclays Group Modern Slavery Statement sets out policies and procedures that apply across the Barclays Group, including the Bank. We recognise that the nature of our business and global footprint means we may be exposed to modern slavery risks across our operations, supply chain, and customer and client relationships. We are committed to trying to identify and seeking to address human rights risks, such as modern slavery, across our value chain. In this Statement we report the progress made over the course of the year and outline our plans for the year ahead.	Further details on our Barclays Group Statement on Modern Slavery can be found at: home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/ .
Defence and Security Sector	Barclays Group's Statement on the Defence and Security Sector, which also applies to the Bank, outlines its approach to defence-related transactions and relationships. We recognise the need for the sector to achieve internationally accepted goals, such as legitimate national defence and security purposes as set forth in the Charter of the United Nations, or peacekeeping missions. At the same time, we also recognise that the Defence and Security Sector involves equipment and activities that have the potential to lead to significant impacts on individuals, communities and the broader geopolitical landscape. Barclays conducts enhanced due diligence as appropriate on clients in scope of the Defence and Security Statement.	N/A

Colleagues and Suppliers

Statement or policy position	Description	Information to help understand the Bank, and its impact, policies, due diligence and outcomes
Code of Conduct	The Barclays Way, which also applies to the Bank, is our CoC and outlines the Purpose, Values and Mindset which govern our way of working across Barclays business globally. It constitutes a reference point covering all aspects of colleagues' working relationships, and provides guidance on working with colleagues, customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community with the aim of creating the best possible working environment for our colleagues.	N/A
Board Diversity Policy	The BBI Board Diversity Policy is designed to ensure that all Board appointments and succession plans are based on merit against objective criteria, recognising the benefits of diversity, in all its forms, and that due regard is given to diversity and inclusion characteristics when considering Board appointments.	See detail on 'Colleagues' on page 21.
Third-party code of conduct	Our approach to the way we do business needs to be adopted by our suppliers when acting on behalf of Barclays (including the Bank). To ensure a common understanding of our approach which will help us collectively drive the highest standards of conduct, Barclays has created its Third Party CoC, which also applies to the Bank, which details Barclays expectations for Environmental Management, Human Rights, Diversity and Inclusion; and living the Barclays Values.	N/A
Statement of Commitment to Health and Safety	Barclays health, safety and wellbeing statement of commitment, which also applies to the Bank, sets out Barclays commitment to protecting the safety and wellbeing of its employees, customers, suppliers, and any individuals using Barclays premises, by providing and maintaining a safe working environment that protects both physical and mental wellbeing. The effective implementation of the statement of commitment has resulted in the continual improvement of health and safety related performance and proactive hazard management, as well as increasing the number of sites where Barclays occupational health and safety management system is independently certified to ISO45001.	N/A

Non-financial information statement

Governance and Financial Crime statements

Information to help understand our Group and its impact, policies, due diligence and outcomes

Statement or policy position	Description	
Financial Crime Statement	<p>Barclays Group has adopted a holistic approach to Financial Crime and has one group-wide Financial Crime Policy, which also applies to the Bank, that sets the minimum control requirements in four key risk areas: anti-bribery & corruption ('ABC'); anti-money laundering & counter-terrorist financing ('AML'); anti-tax evasion facilitation ('ATEF') and sanctions. This combined approach allows us to identify and manage relevant synergies and connections between the key risk areas.</p> <p>Eleven group-wide Financial Crime Standards and associated risk-based systems & controls support the Financial Crime Policy, which is:</p> <ul style="list-style-type: none"> • designed to ensure that all Barclays employees, businesses and legal entities comply with all Irish, extra-territorial and locally applicable legal and regulatory obligations; • supported by the Barclays plc Board of Directors and applicable to all Barclays' legal entities (including the Bank) and business dealings globally; • approved by the Global Head of Compliance (a member of the Barclays Group Executive Committee); and • regularly reviewed for content and effectiveness, which provides senior executive management oversight committees and the Barclays plc BAC with the necessary assurance regarding the operating effectiveness of the Barclays Financial Crime control framework. 	N/A
Data Protection	Barclays Group and the Bank aim to ensure that the privacy and security of personal information is respected and protected. Barclays privacy notices, which also apply to the Bank, available on our websites, describe how we collect, handle, store, share, use and dispose of information about people. We regard sound privacy practices as a key element of corporate governance and accountability.	N/A
Donations	The Barclays Group and the Bank carefully evaluate non-profit organisations prior to partnering with them to ensure they align with our values. Barclays will not make any donation that is, or could be perceived to be, an incentive to win or retain business or one that delivers a business advantage. We will not make any donation that is contrary to Barclays Financial Crime Policy (Anti-Bribery & Anti-Corruption Policy, Sanctions), or any other Barclays Compliance policies and standards, which also apply to the Bank. The Bank is unfortunately unable to provide funding to many of the requests that we receive and does not accept unsolicited donation requests.	N/A
Resilience	The Barclays Group, including the Bank, maintains a robust resilience framework focusing on the end-to-end resilience of the business services we provide to customers and clients, aiming to ensure that all service components can deliver during business disruptions, crises, adverse events and other types of threats.	N/A
Tax	The Barclays Group's Tax Principles, which also apply to the Bank, are central to our approach to tax planning, for ourselves or on behalf of our clients. We believe the Barclays Group's Tax Principles have been a strong addition to the way we manage tax, ensuring that we take into account all of our stakeholders when making decisions related to our tax affairs. The same applies to the Barclays Tax CoC, which also applies to the Bank, which is designed to ensure we file our returns on time and pay the correct amount of tax in a responsible and transparent manner.	N/A

Colleagues

The following sub-sections include a summary of the BBI's specific items from the Barclays Group PLC Annual Report 2023. For full details, refer to the Colleagues section of the Barclays Group PLC Annual Report 2023.

Barclays use a variety of tools to track and measure its strategic delivery, and collects both quantitative and qualitative information to develop a full picture of its performance. The measures of success for BBI include:

	2023	2022
Females at Managing Director and Director level (%)	27%	26%
Colleague engagement (%)	77%	76%
"it's safe to speak up" (%)	78%	78%
"I would recommend Barclays to people I know as a great place to work" (%)	76%	77%

Engaging with colleagues

The Bank has a diverse talent pool of around 1,800 colleagues across Europe. We engage in regular dialogue with our colleagues to understand what is working well and where there are opportunities to improve. Our regular all-colleague 'Your View' surveys give individuals the opportunity to share their views on how they find working at Barclays. To learn more about the Barclays Group's 2023 'Your View' survey results, please visit the engaging with colleagues section of the Barclays Group PLC Annual Report.

Maintaining a strong and effective partnership with national work councils and the Barclays Group European Forum also helps us gather feedback. We continue to consult with colleague representatives on major change programmes impacting our people, to minimise compulsory job losses and focus on reskilling and redeployment.

Achieving a consistently excellent standard

Barclays continues to focus on delivering to a higher operating standard throughout 2023 via our Group-wide cultural change programme, 'Consistently Excellent'. This programme challenges colleagues to address five key areas – Precision, Service, Focus, Efficiency and Diversity of thought – to establish a new operating standard.

This higher standard is becoming part of our culture and we are working hard to equip everyone with the right skills to achieve this, while rewarding progress. We have incorporated it into our existing Values and Mindset behaviours and as part of an enhanced set of leadership behaviours. We also began updating our key processes for attracting, retaining and developing talent, planning for succession, and recognising and rewarding performance.

To help create a common understanding across the Group, Barclays led 'Consistently Excellent' workshops throughout 2023 for its senior leaders. In 2024, all colleagues will be invited to attend these workshops.

Investing in our talent

Our talent ambition underpins Barclays' approach to talent attraction, retention and development. Barclays Group relaunched its ambition in 2023 to focus on the skills and capabilities we require for the future, and set the benchmark for what it means to lead and how to behave as a leader at Barclays through our refreshed leadership framework. Together, these behaviours enable our leaders to create the right culture for colleagues to deliver to a consistently excellent standard.

With our DEI agenda in mind, we continue to attract candidates who possess the capabilities, critical skills and experience required to provide exceptional service to our customers and clients.

Maintaining our focus on wellbeing

We remain committed to supporting colleague wellbeing using data-driven insights and engagement through leader-led initiatives such as the "Healthy to Talk" campaign on World Mental Health Day. This is supplemented by dedicated people leader workshops exploring practical ways to embed wellbeing into ways of working.

Introducing structured hybrid working

Following a period of test and learn, the Barclays Group has adapted its ways of working to introduce structured hybrid working – supporting colleagues to connect in-person and plan their work to make the most of both their time in the office and remotely.

Our people policies

Our people policies^a help us recruit the best people, provide equal opportunities and create an inclusive culture in line with our Purpose, Values and Mindset, and in support of our long-term success. They are regularly reviewed and updated to ensure alignment with our broader people strategy.

Note:

a. Our policies 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.

Climate and sustainability

The Barclays Group's climate-related strategy, which the Bank is aligned to, is set out below, and details of climate governance and our approach to climate risk are set out in the Risk review section of this Annual Report.

The Bank's approach to climate and sustainability reporting is informed by the requirements of external sustainability reporting standards, regulations and frameworks, including the EU Taxonomy and the guidance from the Taskforce on Climate-related Financial Disclosure ('TCFD'). As these evolve, we will continue to assess and amend our approach to climate and sustainability disclosures appropriately. In this regard, we anticipate additional climate and sustainability disclosures in our Annual Report for the year ended 31 December 2024 in accordance with the implementation of the Corporate Sustainability Reporting Directive ('CSRD') and European Sustainability Reporting Standards ('ESRS').

Climate and sustainability are addressed in this Annual Report as follows:

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Barclays Group Climate Strategy

In March 2020, the Barclays Group announced its ambition to be a net zero bank by 2050, becoming one of the first banks to do so. Barclays has a three-part strategy to turn its net zero ambition into action. All entities in the Barclays Group, including BBI, are aligned to this three-part strategy.

1. Achieving net zero operations - Barclays Group 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 financed emissions - Barclays Group 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 Group is helping to provide the green and sustainable finance required to transform the economies, customers and clients it serves.

For details of how the Bank stress tests its financial plans for climate and environmental risk, see page 28.

Climate and sustainability

The Barclays Group continues to review and develop its approach to net zero operations as standards to understand and define net zero evolve rapidly. In 2023, Barclays Group achieved its milestone¹ of 50% reduction of its Scope 1 and 2 location-based greenhouse gas emissions - reducing these emissions by 51%^Δ. In 2023, Barclays Group continued to source 100%^Δ renewable electricity² for its global real estate³ portfolio, including the BBI portfolio, and Barclays Group continued to meet its 90% Scope 1 and 2 market-based emissions reduction target¹, reducing these emissions by 93%^Δ.

We expect that Barclays Group's progress against its net zero operations targets and milestones is likely to be variable and nonlinear. Barclays Group's net zero operations strategy is dependent on broader industry, technological and regulatory changes that are outside Barclays Group's control and may affect its ability to achieve its targets and milestones. Further, as the accounting standards and data underlying our net zero operations strategy continue to evolve and be refined, this could impact our metrics, targets and milestones.

Set out below is a split of the BBI's Scope 1 and Scope 2 location and market-based emissions. Scope 1 emissions increased in 2023 as end of life refrigerant assets have been replaced, resulting in an increase in disposal emissions. In 2023, we maintained our focus on improving energy efficiency and 'right-sized' our real estate portfolio⁴, resulting in an 11% reduction in energy use compared to 2022.

Notes

- 1 In the context of Barclays Group's net zero operations strategy, a reference to a "target" denotes an indicator linked to Barclays Group executive remuneration. In the context of Barclays Group's net zero operations section, a reference to a "milestone" denotes an indicator we are working towards and report against.
- 2 Barclays Group maintained 100% renewable electricity sourcing for our global real estate portfolio through instruments including green tariffs (55%) and energy attribute certificates (EACs)(45%).
- 3 Global real estate portfolio includes offices, branches, campuses and data centres.
- 4 By 'right-sizing' we are optimising our space and associated resources for our operational needs.

Δ Barclays PLC 2023 data subject to independent limited assurance under ISAE (UK) 3000 and ISAE 3410. Current limited assurance scope and opinion can be found within the ESG Resource Hub: home.barclays/sustainability/esg-resource-hub/reporting-anddisclosures/

BBI Operational footprint dashboard¹

Total GHG emissions by Scope (location-based) '000 tonnes CO₂e²



Total GHG emissions by Scope (market-based) '000 tonnes CO₂e²



Total energy use (MWh)



1 Our operational footprint data follows a reporting period of 1 October 2022 to 30 September 2023. The methodology used to calculate our Greenhouse Gas ('GHG') emissions follows the 'Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)', defined by the World Resources Institute/World Business Council for Sustainable Development. We have adopted the operational control approach on reporting boundaries. We continuously review and update our performance data based on updated GHG emission factor, improvements in data quality and updates to estimates previously applied. For 2023, we have applied the latest emissions factors as of 31 December 2023. All location- and market-based figures are gross and do not include netted figures from carbon credits.

2 Scope 1 emissions include our direct GHG emissions from natural gas, fuel oil and Hydrofluorocarbon ('HFC') refrigerants. Scope 2 GHG emissions include our indirect GHG emissions from purchased electricity, purchased heat, cooling, chilled water and steam. Location-based method is a GHG Protocol accounting method for Scope 2 emissions, where a company's energy consumption emissions are calculated based on the average emissions intensity of local grids on which energy consumption occurs. Market-based method is a GHG Protocol accounting method for Scope 2 emissions, where a company's energy consumption emissions are calculated based on the electricity the company chose to purchase. Market-based emissions have been reported for 2023 and 2022. We have used a zero emission factor where we have green tariffs or energy attribute certificates in place as part of our Group commitment to source 100% renewable electricity. Green tariffs are programmes in regulated electricity markets offered by utilities, allowing large commercial and industrial customers to buy bundled renewable electricity from a specific project through a special utility tariff rate. Energy attribute certificates are the official documentation to prove renewable energy procurement. Each EAC represents proof that 1 MWh of renewable energy has been produced and added to the grid. Global EAC standards for renewable claims are primarily Guarantees of Origin in Europe and, of relevance for the Barclays Group, the UK, Renewable Energy Certificates (RECs) in North America and International RECs ('I-RECs') in a growing number of countries in Asia, Africa, the Middle East and Latin America

Climate and sustainability

³ Scope 3 emissions are currently not separately measured for BBI and are therefore not included in this disclosure. Please see Barclays Group's net zero operations disclosure for further details of how we address our Scope 3 emissions.

Barclays Group, including BBI, 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.

The Barclays Group has now set 2030 emissions reduction targets for eight of the highest-emitting sectors in its portfolio: Energy, Power, Cement, Steel, Automotive manufacturing, Aviation, Agriculture and Commercial Real Estate (in addition to setting a convergence point for its UK Housing portfolio, which is not part of BBI). For these sectors, Barclays uses its BlueTrack™ methodology to measure and track financed emissions at a portfolio level against the goals and timelines of the Paris Agreement. The exposures held by BBI are included in this measurement.

In 2023, Barclays Group also calculated an estimate of the full in-scope balance sheet financed emissions as at December 2022, based on a methodology developed using the PCAF (Partnership for Carbon Accounting Financials) Standard. Barclays continues to use the BlueTrack methodology to assess financed emissions for material sectors and set 2030 targets integrating 1.5°C scenarios. Further information on the methodology and how it has been used is set out in the Barclays Group PLC 2023 Annual Report and the Group's Financed Emissions Methodology paper (published in February 2024).

Capital is important for a successful energy transition and we are focusing our financing to those clients actively engaged in the energy transition.

The Barclays Group, including the Bank, is committed to help finance the energy transition and to help do this, in 2022 Barclays Group set a target to facilitate \$1trillion of Sustainable and Transition Financing between 2023 and the end of 2030. The Bank is a significant contributor to Barclays Group meeting this target. In 2023, Barclays Group facilitated \$67.8bn of Sustainable and Transition Financing, of which \$27.6bn was facilitated by Barclays Europe.

Federal Republic of Germany: Green Bonds

Barclays Bank Ireland Plc acted as Joint Lead Manager on the Federal Republic of Germany's €5.25bn 10Y Green Bond in April 2023, and €4.5bn 30Y Green Bond in June 2023. These transactions are intended to support the country's transition towards a low-carbon, resource-efficient and sustainable economy. The funds raised from the bonds will be allocated towards eligible green expenditures including all areas of the federal budget that support the overall climate and sustainability targets set out in the Federal Republic of Germany's Green Bond Framework. Furthermore, the eligible expenditures are mapped to the six environmental objectives of the EU taxonomy for environmentally sustainable economic activities.

More information on Barclays' Group Climate Strategy can be found in the Barclays PLC 2023 Annual Report.

Restrictive policies

Barclays has set Group-level explicit restrictions, which also apply to the Bank, to curtail or prohibit financing of certain activities in sensitive sectors. These policies are listed below and set out in detail within the Group's statements and policy positions.

Barclays' restrictive policies are regularly reviewed and updated in light of the rapidly changing external environment and are informed by engagement with our stakeholders, including shareholders, clients, subject specialists and civil society groups. In 2023, this included a review of nature-related impacts and dependencies and social risks of different technology types to help inform Barclays' approach to due diligence.

Barclays' Climate Change Statement, which also applies to the Bank, sets out Barclays Group's positions and approach to sensitive sectors, with tightening policy criteria and increasing expectations over time. In 2024, Barclays updated its Climate Change Statement to include new requirements for upstream oil and gas and restrictions on the type of exposures and risk that the Barclays Group, including BBI, will finance going forward, as well as additional restrictions on financing in relation to the Amazon Biome, ultra-deep water and extra heavy oils and additional Enhanced Due Diligence ('EDD') requirements for biomass.

Barclays Group, including BBI, will continue to support an energy sector in transition, focusing on the diversified energy companies investing in low carbon and with greater scrutiny on those engaged in developing new upstream oil and gas projects.

The experience of the last few years leads us to recognise that client transition pathways will vary and the ability of our clients to meet our requirements may be affected (positively or negatively) by external factors, including, for example, the public policy and regulatory environment, technological advancement, geopolitical or regional developments, energy security, cost of living and just transition factors. We intend to continue to work with and support our clients as they transition their business and will monitor and engage with them on their progress and the impact of external factors over time, through Barclays' EDD and Client Transition Framework ('CTF').

We anticipate that companies which are unable or unwilling to reduce or eliminate their emissions consistent with internationally accepted pathways may find it increasingly difficult to access financing through regulated markets, including through Barclays. Further restrictions are set out in Barclays' Position Statements relating to Forestry & Agricultural Commodities as well as World Heritage Site and Ramsar

Climate and sustainability

Wetlands, which also apply to the Bank, and which were reviewed in April 2023. In the latter case, only minor changes were made. For further details on updates to the Forestry & Agricultural Commodities statement, please see page 100 of the Barclays Group PLC 2023 Annual Report.

Barclays will continue to keep its policies, targets and progress under review in light of the output of both EDD and CTF reviews, the rapidly changing external environment and the need to support governments and clients, in our efforts to meet Barclays Group's ambition of being a net zero bank by 2050.

For further details, see Barclays' position statements on the Barclays ESG Resource Hub at: <https://home.barclays/sustainability/esg-resource-hub/statements-and-policy-positions/>.

Managing impacts in lending and financing

At Barclays Europe we recognise the importance of risk identification and management in the provision of financial services to our customers and clients.

Our assessment of environmental and social risks informs our wholesale credit risk management and helps safeguard our reputation. This supports the longevity of the business and also enhances our ability to serve our clients and support them in improving their own sustainability practices and disclosures.

In 2023, the Bank has taken further steps in addressing climate and environmental ('C&E') risks by (i) introducing new wholesale credit risk sector limits focusing on high emitting sectors, (ii) refreshing its existing quantitative limits to incorporate transition risk and flood risk, and (iii) establishing a new paradigm for climate risk identification, appetite, and limit setting considering its internal climate stress exercise. With the creation of a balance sheet monitoring mechanism that went live in Q3 2023, BBI has established quarterly monitoring of its sustainable finance progress, assessing its contribution towards the \$1trn sustainable and transitional finance target that the Barclays Group set in 2022. This climate balance sheet monitoring report has been reviewed by the BBI Board.

Managing environmental and social risks

Environmental and social risks are governed and managed through Barclays' ERMF, setting out the Group's strategic approach for risk management by defining standards, objectives and responsibilities for all areas of the Barclays Group, including BBI. The ERMF is complemented by a number of other frameworks, policies and standards, all of which are aligned to individual Principal Risks.

Barclays' Climate Change Statement, which was updated in 2024 and which also applies to the Bank, sets out the Group's current restrictions on business appetite and includes restrictions in respect of certain sensitive energy subsectors (namely thermal coal mining, coal-fired power generation, mountain-top coal removal, upstream oil & gas and unconventional oil & gas including oil sands, Arctic oil & gas, Amazon oil & gas, fracking, ultra-deep water and extra heavy oil), and includes new EDD requirements for biomass.

The Barclays Group has also established positions, which apply to the Bank, on Forestry and Agricultural Commodities, World Heritage and Ramsar Wetlands and on the Defence and Security sector. In addition, Barclays Group has developed internal standards, which also apply to the Bank, for each of these which reflect these positions in more detail.

These standards determine our approach to climate change and relevant sensitive sectors and are considered as part of our existing transaction origination, review and approval process.

For further information on how the Group manages Climate Risk, see page 272 of the Barclays Group PLC 2023 Annual Report.

Enhanced due diligence

The Barclays Group standards currently include an EDD approach, which also applies to the Bank, for certain clients operating in the energy sub-sectors covered by its Climate Change Statement (including thermal coal mining, coal-fired power generation, mountain-top coal removal, oil sands, Arctic oil & gas projects and fracking) (which are not already excluded from obtaining financing through Barclays Group altogether through the operation of the policies described above) and clients in-scope of the Group's Forestry and Agricultural Commodities, WHS and RW and Defence and Security standards where a similar approach is taken. As mentioned above, the Barclays' updated Climate Change Statement also includes new EDD for biomass which apply from 30 June 2024.

All clients in-scope of the above mentioned standards must be assessed annually via a detailed Sustainability EDD questionnaire, which is used to evaluate their performance on a range of environmental and social issues and may be supplemented by a review of client policies / procedures, further client engagement and adverse media checks as appropriate. This annual review either generates an Environmental and Social Impact ('ESI') risk rating (low, medium, high), or in the case of Defence and Security an assessment against risk appetite, which in turn determines whether further review and client engagement may be required throughout the year.

High and certain medium ESI rated clients would require further risk assessment prior to execution of transactions with those clients.

Monitoring

As part of the Barclays Group's management of environmental and social risks, we may require further client engagement in relation to the specific environmental and social risks that we have identified as part of our EDD process.

We have used this engagement as an opportunity to gain a more detailed understanding of the risks and challenges that the client is facing and to better understand any climate transition plan that they may have.

Climate and sustainability

Escalation and decision making

Where client relationships or transactions are assessed as higher-risk (high or medium ESI rating) or outside appetite (in the case of Defence and Security) following a Sustainability EDD review, they are then considered for escalation to the appropriate business unit review committee (e.g. BB plc Transaction Review Committee ('TRC'), which covers BBI transactions) for consideration and a decision on whether to proceed if transaction related. Business unit review committees comprise of Business management and representatives from the control functions, including Reputation Risk. For transaction-related oversight and approval, the TRC has absorbed the responsibilities of the Climate TRC and reflects the business-as-usual ('BAU') approach to reviewing transactions. For further details of the Barclays Group climate and sustainability related governance changes during 2023, please see the "Climate and sustainability governance" section of the Barclays Group 2023 Annual Report.

The TRC has responsibility to ensure alignment with local entity and regulatory expectations and requirements when making decisions that impact the various subsidiaries of BBPLC, including BBI.

If BBI is expected to be party to, or materially involved in, a transaction being reviewed by the TRC, then one of the Authorized Approvers¹ in the quorum will be drawn from BBI, and typically be one of BBI's Executive Directors. In addition, the quorum will also include BBI's Chief Compliance Officer or delegate. Should the issues be assessed as presenting material reputational risk, the TRC would escalate these to Group Reputation Risk Committee ('GRRC'), which comprises members of the Group Executive Committee. Recent instances of GRRC meetings that considered a BBI related subject have included representation by the BBI CEO.

Note

¹ Authorised Approvers are the voting members of the TRC. They comprise members of senior management and senior business leads across CIB with representation at the TRC depending on the client and region.

These Committees may make the following determinations:

- approve the transaction or relationship;
- reject the transaction or relationship;
- approve the transaction or relationship, subject to prescribed modifications; or
- escalate the review of the transaction or relationship to the Barclays Group CEO.

In addition to Group-wide escalation, BBI transactions considered to pose reputational risks will be escalated to the Barclays Europe CEO and Chair, as appropriate.

Training

The Barclays Group, including the Bank, continues to expand the range and coverage of training to educate colleagues on ESG and climate risks, its impact on society and Barclays' strategy and response.

Barclays Group has continued to work on embedding climate and sustainability considerations into the culture of the organisation through training and knowledge building. Barclays Group has developed several climate and sustainability-related mandatory and non-mandatory training initiatives across the organisation and provided training to a number of functions across the Bank.

Our approach to nature and biodiversity

Banks have an important role to play in contributing to nature-positive finance and managing their nature-related risks.

Nature is a key sustainability focus for Barclays, including the Bank, and the wider industry going forward, given that nature and the ecosystem services fundamentally underpin economies and societies. Nature is also important to the banking sector due to the interlinkages with climate change and social impacts, with disclosure requirements moving towards a holistic approach to nature, climate and social risks and opportunities. During 2023, nature loss continued to be recognised within new and emerging guidance and regulation. Significantly for companies and financial institutions, the Taskforce on Nature-related Financial Disclosures ('TNFD') finalised its framework for organisations to assess and disclose nature-related risks and opportunities. Upcoming disclosure requirements on nature-related topics were confirmed under the EU CSRD.

The Barclays Group, including the Bank, recognise the important role of the finance sector in contributing to a nature-positive future. We continue to work to build an understanding of the ways our activities and those of our clients impact and depend on nature. This includes engaging with industry and cross-sector groups. Barclays continues to explore how to integrate these considerations into policy and process and reviewing the ways our financing activities can contribute to nature.

Given the interdependencies across the climate, nature and social agendas, reviewing ways we can address these areas holistically is important.

During 2023, the Barclays Group, including the Bank, worked on setting the foundation to its approach on nature through planning and preparation to understand nature-related regulatory obligations and disclosure frameworks, and build consensus for strategic action in 2024. We recognise the need for continuous improvement with regard to available data and technologies, in particular noting the complexity and challenge given the number of nature attributes and their associated metrics. During 2023, the Barclays Group engaged with a number of data providers to better understand data availability and capability.

Climate and sustainability

Nature-related risk in financing

In 2023, Barclays Group have put financing restrictions in place, which also apply to the Bank, that seek to address nature-related risk within its position statements on Forestry and Agricultural Commodities, WHS and RW, and Climate Change. Barclays continues to review and monitor the ways in which it can strengthen its approach.

In 2023, Barclays undertook a significant update of its Forestry and Agricultural Commodities Statement¹ to expand the scope to include, for the first time, requirements for companies producing or primary processing of South American beef – and enhanced the existing requirements for clients involved in palm oil and soy.

Note

¹ For further information, please see our Forestry and Agricultural Commodities Statement: home.barclays/content/dam/home-barclays/documents/citizenship/ourreporting-and-policy-positions/Forestry-and-Agricultural-Commodities-Statement.pdf

Barclays has continued to develop its approach to evaluating nature-related risk in financing. This included building on work across 2022-23 in which the Barclays Group piloted the TNFD Framework on the Group's lending portfolio for Agriculture and Food in Europe.

Barclays refined the work undertaken in 2022 to develop a sectoral heatmap, refreshing the industries included to align with the TNFD's priority sector list. The Group's proposed next steps include consideration of the TNFD and Locate, Evaluate, Assess, Prepare ('LEAP') framework to conduct further sector-level analysis.

Nature-related financing

Nature-related financing presents significant future opportunities for the financial sector, given the capital requirements to address and reverse nature loss. The biodiversity financing gap is estimated to be \$700bn per year¹.

Barclays Group, including the Bank will continue to work towards meeting Barclays Group's green and sustainable finance targets, which include financing relevant to nature.

Note

¹ <https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-04-en.pdf>

Nature and biodiversity in our operations

The Barclays Group is working to embed circular economy principles across our operations by seeking to eliminate waste at the source through resource use reductions and by improving recycling rates.

Even though more colleagues have returned to work in Barclays' office locations, causing the total tonnage of waste to increase since 2022, the waste diversion rate from landfill and incineration has improved. This result illustrates that, while more waste has been created, Barclays is diverting more of it through increased waste segregation and reduced waste stream contamination – as well as through the introduction of more reusable items in Barclays' campuses.

Climate and sustainability

Climate Scenario Analysis

Purpose of Scenario Analysis and Barclays Evolution

Climate scenario analysis forms a key part of Barclays Group's approach to assessing and quantifying the impact of physical and transition climate risks on the Group's portfolios^a, including the Bank's. It enables Barclays Group to translate these risks into financial impacts to help understand the resilience of its business strategy to climate risk.

Barclays Group has progressively developed its internal scenario analysis capabilities in recent years, including its climate assessment methodologies. This has included engaging external subject matter experts to develop internal targeted exercises, participation in regulatory climate stress testing and development of internal climate risk stress testing ('CRST').

Note

^a Informed by the Basel Committee on Banking Supervision's 2021 'Climate-related financial risks - measurement methodologies' report, Barclays considers climate scenario analysis as forward-looking projections of climate risk outcomes, with climate stress-testing a subset of this where the exercise is designed to evaluate financial resiliency to a severe but plausible scenario.

Climate Internal Stress Test

In 2023, Barclays Group and the Bank conducted a climate internal stress test ('CIST'), as part of its annual stress testing framework. The incremental impact of climate risk was added to the financial stress used for capital assessment and to calibrate the Bank's risk appetite. The scenario covered a 5 year timeframe, aligned to the Bank's Medium Term Plan, and was designed as incremental to the Internal Stress Test scenario. The CIST scenario assessed the impact of a climate policy announcement that triggered immediate asset repricing, followed by the roll out of more stringent policies over the scenario, leading to a dampened recovery in outer years. The scenario also included consideration for physical risk, notably a flood impact. A number of significant impacts were expected for the Bank, including:

- amplified market shocks across both existing macroeconomic shocks as well as further equity and credit shocks to brown industries;
- amplified credit deterioration in brown industries as a result of lower earning expectations and re-financing risks; and
- overall increase in frequency of physical risks events, such as flood, hurricane and drought.

Climate-related impairment losses in the scenario represented a 52% uplift from the Bank's internal stress test, largely driven by a more severe macro-economic stress rather than specific vulnerability. Whilst this is significant, in absolute terms, it remains manageable within the Bank's existing risk profile and overall, the business remained resilient under the climate scenario with a 10% profit before tax drag over the 5 years. In particular:

- In addition to the impact from the macro-economic scenario, in the CIB portfolio, losses were largely driven by exposure to carbon-intensive industries who are most impacted from a fast transition scenario subject to rising carbon prices, as well as rapidly falling demand due to shifting consumer behaviour, in the scenario.
- Losses in the Italian Mortgages portfolio were observed due to a susceptibility to flood risk, however remain resilient given the low LTV profile of lending.
- Losses in the Consumer Credit and Payments business were a result of the scenario's GDP trajectory which gave rise to higher unemployment, inflation and would impact consumer affordability through job losses and an overall weaker macroeconomic environment.

2023 Enhancements and Beyond

Barclays is in the process of implementing several key enhancements to its climate stress testing framework, including:

- a climate scenario developed by the Barclays Group internal scenario expansion team, leveraging the tools and approaches of existing macro-economic scenario processes, supplemented with detailed climate analysis; and
- climate Risk models developed according to Barclays Group Climate Credit Risk Adjustment ('CCRA') framework, such that they follow a consistent process and adhere to defined principles.

The Bank will incorporate climate risk within its risk appetite (risk limit setting) and the Internal Capital Adequacy Assessment Process ('ICAAP') process in 2024 (informed by the 2023 CIST) and enabling annual review of capital adequacy, and the Bank's resilience to climate risks. Further, during 2024 the bank intends to progress the incorporation of climate risk into business strategy and financial planning.

Looking forward, Barclays Group and the Bank recognise further modelling capabilities and data availability are needed to fully understand the extent of potential future climate-related losses. Barclays Group, will be doing further enhancement to its climate models (which will also apply to the Bank) such as incorporating consideration of physical and transition risks as one. More information on this, as well as challenges and limitations associated with climate scenario design uncertainty, data quality and modelling are outlined in pages 134-136 of Barclays Group 2023 Annual Report. In addition to the internal stress testing cycle, the Bank is participating in the EBA's 2024 'Fit For 55' Scenario Analysis to assess the resiliency of EU banks in the lead up to the European Union's 2030 target to achieve 55% reduction in emissions.

Climate and sustainability

EU Taxonomy

Overview

In 2020, the EU Taxonomy Regulation^a ('the Regulation' or 'the Taxonomy') was published with the objective of establishing a classification system for environmentally sustainable economic activities that is expected to play an important role in helping the EU scale up sustainable investment and implement the European Green Deal^b.

The EU Taxonomy has six environmental objectives namely:

- 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 and ecosystems.

The Regulation defines what can be considered as an environmentally sustainable economic activity. Article 8 of the Regulation requires entities subject to the obligation to publish non-financial information pursuant to Article 19a or Article 29a of the Accounting Directive as amended from time to time, including by the Non-Financial Reporting Directive ('NFRD')^c, such as the Bank, to disclose to the public how and to what extent their activities are associated with environmentally sustainable economic activities as defined under the Regulation.

From the financial year ended 31 December 2021, the Bank was required by the Regulation to identify economic activities that are "taxonomy-eligible" in the context of the environmental objectives of climate change mitigation and climate change adaptation. Eligible activities qualify for further screening to determine whether they are taxonomy-aligned, and thus considered environmentally sustainable.

From the financial year ended 31 December 2023, the Bank is required to analyse "taxonomy-eligible" activities across the four additional environmental objectives referred to above. However, as many of our clients have not yet published their FY23 annual reports, in which they will be disclosing information on the four additional objectives for the first time, and as our approach is to use actual published information provided by counterparties to produce our EU Taxonomy disclosures, we have not been able to conduct this analysis and therefore we have reported nil exposures for those objectives in the EU Taxonomy disclosures for financial year ended December 2023. For the same reason, we are also unable to analyse and to report taxonomy-eligibility of the additional economic activities in relation to the climate change mitigation or climate change adaptation objectives, which were introduced as a result of amendments to the Climate Delegated Act in 2023 (Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139).

From the financial year ended 31 December 2023, the Bank is required to identify economic activities that are "taxonomy-aligned" in the context of the environmental objectives of climate change mitigation and climate change adaptation.

These disclosures are set out in templates available to view on the Barclays Group website at <https://home.barclays/investor-relations/reports-and-events/annual-reports/>

Taxonomy-alignment is assessed at an activity level. The criteria for EU taxonomy-alignment requires the taxonomy-eligible activity to meet all the following requirements:

- a) substantially contribute to at least one of the Taxonomy's six objectives;
- b) do no significant harm to any of the environmental objectives set out in the Regulation;
- c) the company as a whole must meet minimum social safeguards; and
- d) compliance of the economic activity with the relevant technical screening criteria set out in the Taxonomy delegated acts.

The Regulation uses the term Green Asset Ratio ('GAR'), which is calculated as Taxonomy Aligned Assets as a % of Total Covered Assets. Total Covered Assets comprise total assets as defined under IFRS as adopted by the EU, minus trading book assets and minus exposures to central banks, central governments and supranational issuers. (Total covered assets are also referred to as total GAR assets).

The GAR is quoted on two bases. One, referred to as the "Turnover basis", uses the % of each counterparty's turnover that they report as taxonomy-aligned to quantify how much of our loan exposure to that counterparty is taxonomy-aligned. The other, referred to as the "CapEx basis", uses the % of each counterparty's CapEx that is taxonomy-aligned to quantify how much of our loan exposure to that counterparty is taxonomy-aligned.

On Turnover KPI basis, 16.6% of our exposures are taxonomy-eligible and 0.30% are taxonomy-aligned. On CapEx KPI basis, 15.2% of our exposures are taxonomy-eligible and 0.51% are taxonomy-aligned. For both Turnover KPI and CapEx KPI, all aligned activities contribute to the objective of climate change mitigation only. The sectors that contributed to our aligned activities are "Electricity, gas, steam and air conditioning supply", "Manufacturing", "Construction", and "Information and Communication".

The differences between our taxonomy-aligned assets and our taxonomy-eligible assets comprise:

- the Bank's Italian residential mortgage exposure (€4.0bn); and
- CIB exposures that do not meet the all of the four criteria referred to at a)-d) above (€0.8bn).

The EU Taxonomy disclosures presented in this section are unaudited and have been prepared on a 'best efforts' basis using corporate disclosures and published financial reports (which primarily cover activity in FY22 and not FY23) and third party data providers. We have not contacted individual counterparties to obtain data in relation to FY23 reporting, including on the taxonomy-eligibility of the four additional environmental objectives nor for the new economic activities introduced in 2023 in relation to the climate change mitigation and adaptation objectives.

Climate and sustainability

EU Taxonomy

The EU Taxonomy related disclosures presented in this section have been made on the basis of the Bank's understanding of the terms and concepts used under the Regulation and its implementing acts (as the case may be, as clarified by the European Commission through additional guidance). As the EU Taxonomy reporting requirements evolve over the coming years and the industry's understanding of them matures, the Bank will continue to further enhance its reporting methodology. In this regard, for reporting in relation to the period from 1 January 2023 to 31 December 2023, we have reviewed and updated numbers previously reported as at 31 December 2022, for the following matters:

- i) in previous years, we only excluded trading book amounts reported on the face of the balance sheet within trading portfolio assets from covered assets. Following a review of reporting methodologies across the industry and the Taxonomy regulation, we now exclude all balances within trading books from covered assets. This has the impact of reducing total covered assets at 31 December 2022 by €60,886m from €89,712m to €28,826m, with a resultant impact on ratios expressed as a percentage of total covered assets.
- ii) in previous years, exposures to financial undertakings were not assessed as taxonomy-eligible. Further to the Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 and draft Commission notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy, a proportion thereof is now assessed as taxonomy-eligible, determined by each financial counterparty's taxonomy-eligible ratio. This has the impact of increasing taxonomy-eligible assets at 31 December 2022 by €409m.
- iii) in previous years, exposures to central banks, central governments and supranational issuers were expressed as a proportion of total covered assets, as were total trading book exposures. Following a review of peer practice, we now show them as a proportion of total assets.

In general, given our nature as a wholesale bank which also intermediates financing through listed and wholesale markets, we believe that the EU Taxonomy Regulation does not fully capture the impact of the Bank on financing the green transition, and ratios derived from it are similarly limited.

To ensure legibility, the Bank has presented the following templates on the Barclays Group website at <https://home.barclays/investor-relations/reports-and-events/annual-reports/>

	Description
Green Asset Ratio:	
1. Assets for the calculation of GAR	Taxonomy-eligible loans and taxonomy-aligned loans, analysed by asset class
2. GAR sector information	Taxonomy-eligible loans and taxonomy-aligned loans to non-financial undertakings (other than mining and quarrying), analysed by NACE sector
3. GAR KPI stock	Taxonomy-eligible loans and taxonomy-aligned loans, analysed by asset class, as a % of NFRD eligible loans, and as a % of total assets
4. GAR KPI flow	New taxonomy-eligible loans and new taxonomy-aligned loans as a % of new NFRD eligible loans, analysed by asset class
5. KPI off-balance sheet exposures	Taxonomy-eligible financial guarantees and assets under management ('AUM') and taxonomy-aligned financial guarantees and AUM, as a % of financial guarantees and AUM that are NFRD eligible
Nuclear energy and fossil gas:	
Nuclear energy and fossil gas related disclosures	Description of nuclear energy and/or fossil gas related activities
Template 1- Nuclear and fossil gas-related activities	Qualitative disclosure to indicate whether the Bank has exposure to nuclear energy and/or fossil gas related activities
Template 2 - Taxonomy-aligned economic activities (denominator)	Analysis of 'Taxonomy-aligned lending' between nuclear, fossil gas and other activities as a percentage of total covered assets
Template 3- Taxonomy-aligned economic activities (numerator)	Analysis of 'Taxonomy-aligned lending' between nuclear, fossil gas and other activities as a percentage of total aligned assets
Template 4- Taxonomy-eligible but not Taxonomy-aligned economic activities	Analysis of 'Taxonomy-eligible but not Taxonomy aligned' lending between nuclear, fossil gas and other activities as a percentage of total covered assets
Template 5- Taxonomy non-eligible economic activities	Analysis of 'Taxonomy non-eligible lending' between nuclear, fossil gas and other activities as a percentage of total covered assets

Each of these tables are shown both on a Turnover basis and on a CapEx basis.

Climate and sustainability

EU Taxonomy

The table below sets out the Bank's taxonomy alignment and eligibility of its economic activities in the context of the environmental objectives of climate change mitigation and climate change adaptation.

Reconciliation of EU Taxonomy KPIs to total assets	FY 2023 Turnover basis		FY 2023 CapEx basis		FY2022 Updated Turnover basis		Description
	(€ m)	KPI (% of total covered assets)	(€ m)	KPI (% of total covered assets)	(€ m)	KPI (% of total covered assets)	
Taxonomy-aligned activities	89	0.3%	150	0.5%			Green Assets Ratio KPI
Taxonomy-eligible but not aligned	4,838		4,358				Economic activities that are taxonomy-eligible but not taxonomy-aligned
Taxonomy-eligible activities ^d	4,927	16.6%	4,508	15.2%	5,452	18.9%	Economic activities with undertakings subject to NFRD, together with households that have been assessed as eligible
Less: Households classified as Taxonomy-eligible	(3,989)		(3,989)		(4,794)		Economic activities with households that have been assessed as taxonomy-eligible (retail mortgages)
Taxonomy-eligible activities subject to NFRD (A)	938	3.2%	519	1.7%	658	2.3%	Economic activities with undertakings subject to NFRD other than households
Taxonomy non-eligible activities subject to NFRD (B)	3,688	12.4%	4,107	13.8%	2,792	9.7%	Economic activities with undertakings subject to NFRD assessed as non-eligible
Exposures to undertakings in scope of NFRD (A+B)	4,626	15.6%	4,626	15.6%	3,450	12.0%	Covered assets that are exposures to entities subject to NFRD
Exposures to undertakings out of scope for NFRD ^e (C)	25,037	84.4%	25,037	84.4%	25,376	88.0%	Covered assets that are exposures to entities not subject to NFRD, including exposures to local government and households
Total covered assets (A+B+C)	29,663	100.0%	29,663	100.0%	28,826	100.0%	Total covered assets are total assets as defined under IFRS as adopted by the EU, less trading book (including trading portfolio assets) and exposures to central banks, central governments and supranational issuers.
of which Derivatives (Banking book)	16	0.1%	16	0.0%	19	0.1%	Banking Book derivatives (these are part of total covered assets).
of which On demand interbank exposures	659	2.2%	659	1.5%	1,320	4.6%	Exposures to on-demand interbank loans
	(€ m)	KPI (% of total assets)	(€ m)	KPI (% of total assets)	(€ m)	KPI (% of total assets)	Description
Exposures to central banks, central governments and supranational	36,995	25.9%	36,995	25.9%	31,472	23.7%	Exposures to central banks, central governments and supranational issuers, not included in covered assets.
Trading book	76,155	53.3%	76,155	53.3%	72,777	54.7%	Trading book exposures, not included in covered assets.
Total assets not included in GAR calculation	113,150	79.2%	113,150	79.2%	104,249	78.3%	Assets not included in denominator the calculation of the GAR
Total covered assets (as above)	29,663	20.8%	29,663	20.8%	28,826	21.7%	
Total assets (Gross of ECL)	142,813	100.0 %	142,813	100%	133,075	100%	IFRS total assets, together with ECL deducted in the calculation of total assets
ECL	(169)		(169)		(541)		Excludes ECL on commitments, as reported within provisions and not netted against total assets
Total assets	142,644		142,644		132,534		Total assets as per IFRS balance sheet
Taxonomy aligned activities (as above)	89	0.06%					
Assets excluded from the numerator for GAR calculation (covered in the denominator) ^f	20,666	14.5%	20,666	14.5%	20,204	15.2%	Represents banking book non-NFRD exposures, which are included in the denominator for the Green Asset Ratio calculation (i.e., total non-NFRD exposures of €25,037m less households of €3,989m and local government financing of €382m) , expressed as a % of total assets, which include central bank and trading book exposures.

a. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

b. https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en. Please note that the information on this website does not form part of our report.

c. Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, as amended from time to time, including by Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014.

d. Taxonomy eligible activities comprise of certain wholesale lending, cash collateral and financial assets at fair value through profit and loss ('FVTPL') in banking book which are subject to NFRD. Collateralized home loans (refers to the Italian mortgage portfolio which is in the process of being run off) are also included in the calculation for taxonomy-eligibility however are not included in the calculation for taxonomy-alignment. The remainder of loans and advances to customers relates to unsecured loans and other retail lending which are not taxonomy eligible, and are excluded from the calculation of taxonomy-eligible activities.

e. Exposures to undertakings out of scope of NFRD comprises of non-NFRD exposures of €18,747m, entities for which we have not yet able to determine based on available information if the entity is in the scope of the NFRD of €1,919m, household exposure of €3,989m and local government financing of €382m.

f. Assets excluded from taxonomy aligned assets (i.e. the numerator for GAR calculation), but included in total covered assets i.e. the denominator for the GAR calculation) comprise exposures to undertakings out of scope for NFRD above of €25,037m, less household exposures assessed as taxonomy eligible of €3,989m and less government exposures of €382m (that are not taxonomy eligible).

Climate and sustainability

EU Taxonomy

In line with the draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets ("Third Commission Notice") dated 21 December 2023, the taxonomy-aligned lending is calculated as the % of taxonomy-aligned Turnover and CapEx reported by each counterparty, applied to the Bank's loan exposure to each counterparty. The proportion of NFRD counterparties in a bank's banking book is a key driver of the GAR.

Summary of KPIs to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation

		Total environmentally sustainable assets (€ m) ^a	Turnover KPI (%) ^b	CapEx KPI (%) ^c	% coverage (over total assets) ^d	% of assets excluded from the numerator of the GAR ^e	% of assets excluded from the denominator of the GAR ^f
Main KPI	Green asset ratio (GAR) stock	89	0.3 %	0.5 %	0.06 %	14.5 %	79.2 %

		Total environmentally sustainable activities (€ m) ^a	Turnover KPI (%) ^b	CapEx KPI (%) ^c	% coverage (over total assets) ^d	% of assets excluded from the numerator of the GAR ^e	% of assets excluded from the denominator of the GAR ^f
Additional KPIs	GAR (flow)	51	1.6 %	3.2 %	0.04 %	1.9 %	1.7 %
	Trading book ^g	NA	NA	NA			
	Financial guarantees	81	8.2 %	31.7 %			
	Assets under management ^h	0	0	0			
	Fees and commissions income ^g	NA	NA	NA			

- a. Total environmental sustainable assets/activities represent the Taxonomy aligned activities based on the Turnover KPI.
- b. Based on Turnover KPI of the counter-parties. It is calculated as the percentage of Taxonomy aligned exposures over total GAR assets.
- c. Based on CapEx KPI of the counter-parties. It is calculated as the percentage of Taxonomy aligned exposures over total GAR assets. Total environmental sustainable assets based on CapEx KPI amounts to €150m for GAR stock and €103m for GAR flow.
- d. Percentage of assets covered by the taxonomy aligned exposures based on Turnover KPI over Bank's total assets.
- e. Percentage of banking book exposures that are not eligible for Taxonomy screening (i.e., exposures that only form part of the denominator for the GAR calculation) over Bank's total assets, as described in Article 7(2) and (3) and Section 1.1.2. of Annex V.
- f. Percentage of assets not covered for the GAR calculation (i.e. central banks, central governments and Supranational issuers and trading book exposures) over Bank's total assets, as described in Article 7(1) and Section 1.2.4 of Annex V.
- g. Trading book and fees and commission KPIs are applicable from 1 January 2026.
- h. Exposures to financial corporations were not assessed for taxonomy eligibility and alignment to avoid double counting, in line with the Third Commission Notice published on 21 December 2023. Assets under management KPIs are not material for the year end 2023..

Climate and sustainability

EU Taxonomy

Business strategy

The Bank supports the objectives of the Taxonomy Regulation. Addressing climate change is an urgent and complex challenge but also an opportunity. It requires a fundamental transformation of the global economy. The financial sector has an important role to play in supporting the transition to a low-carbon economy.

In March 2020, the Barclays Group was one of the first banking groups to announce its ambition to be a net zero bank by 2050, across all of our direct and indirect emissions, and committed to aligning all financing activities with the goals and timelines of the Paris Agreement. Barclays Group has a three-part strategy to turn the net-zero ambition into action which is underpinned by the way it assesses and manages its exposure to climate-related risk. Details on this three-part strategy are set out on page 22.

As the requirements of the EU Taxonomy are still being phased in and because data from non-financial corporates on taxonomy-aligned activities is very limited at the moment, the Bank is not in a position to fully utilise taxonomy alignment in product design and processes, or engagement with counterparties. However, the Bank is considering how to incorporate it into its ESG frameworks, as detailed below.

Within Global Markets, Barclays has developed an ESG framework for the governance, product construction and suitability assessment of our current and future ESG product suite. In line with the Sustainable Finance Disclosure Regulation^a ('SFDR') and Markets in Financial Instruments Directive in Europe ('MiFID') ESG regulations^b, the Group defined a set of principles for an ESG Index utilised on our structured products, derivative and investment solutions businesses which broadly aligns with principles of the EU Taxonomy. Since SFDR has become effective in early 2021, BBI's Private Bank, in its function as both financial market participant and financial advisor, has implemented policy, procedure, and process changes, along with relevant controls, in order to meet its SFDR regulatory obligations.

An overview of the Barclays Group climate strategy can be found on page 3 of this report, and more information, including progress against targets, is set out in the Climate and Sustainability section of the Barclays Group PLC Annual Report 2023.

As outlined on page 28, the Bank is working to implement Climate (and Environmental) aspects into its business planning.

Notes:

- a. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.
- b. Commission Delegated Regulation (EU) 2021/1253 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks and preferences into certain organisational requirements and operating conditions for investment firms and Commission Delegated Directive (EU) 2021/1269 amending Delegated Directive (EU) 2017/593 as regards the integration of sustainability factors into the product governance obligations.

Climate and sustainability

Important information / Disclaimers

What is important to our investors and stakeholders evolves over time, and we aim to anticipate and respond to these changes. Disclosure expectations in relation to climate change and sustainability matters are particularly fast moving, and differ from more traditional areas of reporting including in relation to the level of detail and forward-looking nature of the information involved and the consideration of impacts on the environment and other persons. We have adapted our approach in relation to the disclosure of such matters. Our climate and sustainability disclosures take into account the wider context relevant to these topics, which may include evolving stakeholder views, the development of Barclays' climate strategy, longer timeframes for assessing potential risks and impacts, international long-term climate- and nature-based policy goals and evolving sustainability-related policy frameworks. Our climate and sustainability disclosures are subject to more uncertainty than disclosures relating to other subjects, given market challenges in relation to data reliability, consistency and timeliness – the use of estimates, judgements and assumptions which are likely to change over time, the application and development of data, models, scenarios and methodologies, the change in regulatory landscape, and variations in reporting standards. These factors mean disclosures may be amended, updated, and recalculated in future as market practice and data quality and availability develops, and could cause actual achievements, results, performance or other future events or conditions to differ, in some cases materially, from those stated, implied and/or reflected in any forward-looking statements or metrics included in our climate and sustainability disclosures. We give no assurance as to the likelihood of the achievement or reasonableness of any projections, estimates, forecasts, targets, commitments, ambitions, prospects or returns contained in our climate and sustainability disclosures and make no commitment to revise or update any such disclosures to reflect events or circumstances occurring or existing after the date of such statements.

In preparing the climate and sustainability content within this Annual Report wherever it appears, we have:

- made certain key judgements, estimations and assumptions. This is, for example, the case in relation to financed emissions, portfolio alignment, classification of environmental and social financing, operational emissions and sustainability metrics, measurement of climate risk and scenario analysis;
- used climate and sustainability data, models, scenarios and methodologies we consider to be appropriate and suitable for these purposes as at the date on which they were deployed. This includes data, models, scenarios and methodologies made available by third parties (over which we have no control) and which may have been prepared using a range of different methodologies, or where the basis of preparation may not be known to us. Methodologies, interpretations or assumptions may not be capable of being independently verified and may therefore be inaccurate. Climate and sustainability data, models, scenarios and methodologies are subject to future risks and uncertainties and may change over time. Climate and sustainability disclosures in this document, including climate and sustainability-related data, models and methodologies, are not of the same standard as those available in the context of other financial information and use a greater number and level of judgements, assumptions and estimates, including with respect to the classification of climate and sustainable financing activities. Climate and sustainability disclosures are also not subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. Historical data cannot be relied on as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data, scenario analysis and the application of methodologies will also be affected by underlying data quality, which can be hard to assess or challenges in accessing data on a timely basis;
- continued (and will continue) to review and develop our approach to data, models, scenarios and methodologies in line with market principles and standards as this subject area matures. The data, models, scenarios and methodologies used (including those made available by third parties) and the judgements, estimates and/or assumptions made in them or by us are rapidly evolving, and this may directly or indirectly affect the metrics, data points, targets, convergence points and milestones contained in the climate and sustainability content within this Annual Report. Further, changes in external factors which are outside of our control such as accounting and/or reporting standards, improvements in data quality, data availability, or updates to methodologies and models and/or updates or restatements of data by third parties, could impact – potentially materially – the performance metrics, data points, targets, convergence points and milestones contained in the climate and sustainability content within this Annual Report. In future reports we may present some or all of the information for this reporting period (including information made available by third parties) using updated or more granular data or improved models, scenarios methodologies, market practices or standards. Equally we may need to re-baseline, restate, revise, recalculate or recalibrate performance against targets, convergence points or milestones on the basis of such updated data. Such updated information may result in different outcomes than those included in this Annual Report. It is important for readers and users of this Annual Report to be aware that direct, like-for-like comparisons of each piece of information disclosed may not always be possible from one reporting period to another. The “Implementing our climate strategy” section of the Barclays Group PLC 2023 Annual Report highlights where information in respect of a previous reporting period has been updated. Barclays' principles-based approach to reporting financed emissions data is set out in the Barclays Group PLC 2023 Annual Report (on page 84) sets out when financed emissions information in respect of a prior year will be identified and explained; and
- included in this Annual Report is a number of graphics, infographics, text boxes and illustrative case studies and credentials which aim to give a high-level overview of certain elements of the climate and sustainability content within this Annual Report and improve accessibility for readers. These graphics, infographics, text boxes and illustrative case studies and credentials are designed to be read within the context of this Annual Report as a whole.

There are a variety of internal and external factors which may impact our reported metrics and progress against our targets, convergence points and milestones.

Risk review

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Risk review

Risk management strategy

Risk Management Strategy

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

Enterprise Risk Management Framework

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 Bank. The Bank's ERMF is adapted from and consistent with the Barclays Group ERMF as approved by the Barclays PLC Board on the recommendation of the Group BRC and the Barclays Group CRO. This is then reviewed and formally adopted by the Bank's Board at local legal entity level.

The ERMF sets out:

- risk management and segregation of duties: the ERMF defines a "Three Lines of Defence" model;
- Principal Risks faced by the Bank which guides the organisation of risk management processes;
- risk appetite requirements: this helps define the level of risk we are willing to undertake in our business; and
- roles and responsibilities for 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 the 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 Bank and all associated support functions, including Finance, Operations, Treasury, and Human Resources etc. The First Line is responsible for identifying and managing the risks in which they are engaged in, 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 Bank, and to oversee the performance of the Bank 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 firm. These 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 Bank and is not formally part of any of the Three Lines of Defence. The Legal function is responsible for proactively identifying, communicating and providing legal advice on applicable LRR. 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 compliance risks, as well as with respect to the legal risk to which the Bank is exposed.

Principal Risks

The ERMF identifies nine principal risks namely: Climate Risk, Credit Risk, Market Risk, Treasury and Capital Risk, Operational Risk, Model Risk, Compliance Risk, Reputation Risk and Legal Risk. Note that "Compliance Risk" replaced "Conduct Risk" in 2023 with an expanded definition; see pages 51 to 63 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 on behalf of the BBI CRO. In addition, certain risks span across more than one Principal Risk.

Risk appetite

Risk appetite is defined as the level of risk which the Bank is prepared to accept in carrying out its activities. It provides a basis for ongoing dialogue between management and the Board with respect to the Bank'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 Bank. The Bank 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.

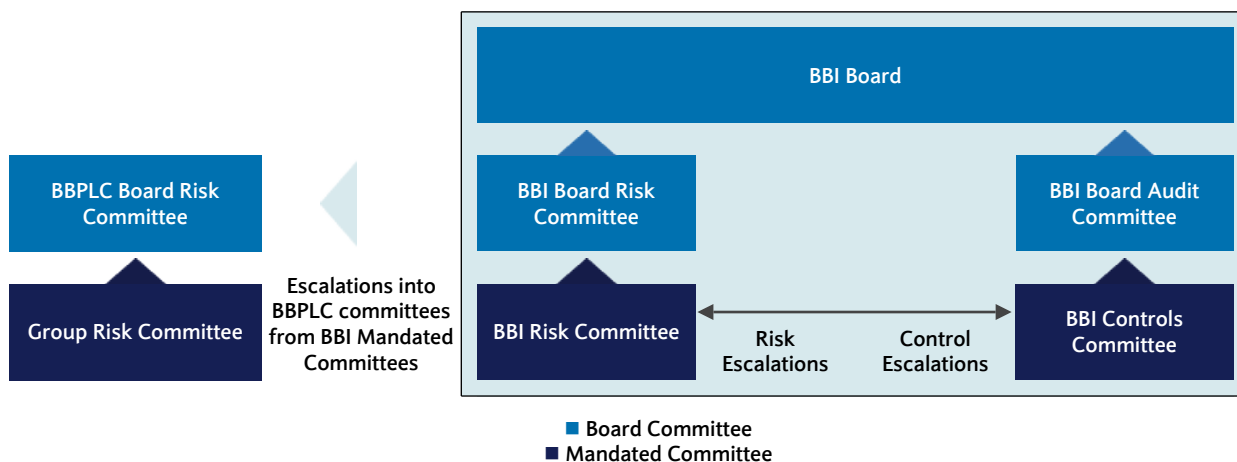
The Barclays Group total risk appetite and its allocation to the Bank are supported by limits to enable and control specific exposures and activities that have material concentration risk implications.

Risk review

Risk management strategy

Risk Committees

The Bank's executive-level and Board-level risk committee consider risk matters relevant to BBI. Escalation occurs within the entity to Board-level committees and the Bank's Board, and to requisite committees for BBI's direct parent, BBPLC. Control matters are escalated to the BBI Controls Committee, BBI Board Audit Committee and, as required, BBI Board.



The Barclays Bank Ireland PLC Board receives regular information on the Bank's risk profile, and has ultimate responsibility for risk appetite and capital plans, within the parameters set by the Barclays PLC Board. One of the responsibilities of the Bank's Board is the approval of risk appetite allocated to the Bank. The Bank's 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 the Bank. These are: the Barclays Bank Ireland PLC Board Risk Committee and the Barclays Bank Ireland PLC BAC. Additionally, the Barclays Bank Ireland PLC Board Remuneration Committee oversees pay practices focusing on aligning pay to performance along the criteria of "what and how".

- **The Barclays Bank Ireland PLC Board Risk Committee ('BRC')**: The BRC monitors the Bank'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 Bank's CRO regularly presents a report to the BRC summarising developments in the risk environment and performance trends in the key portfolios. The BRC receives regular reports on risk methodologies, the effectiveness of the risk management framework, and the Bank's risk profile, including the material issues affecting each business portfolio and forward risk trends. The committee also commissions in-depth analyses of significant risk topics, which are presented by the Bank's CRO or senior risk managers in the businesses.
- **The Barclays Bank Ireland 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 semi-annual review of the adequacy of impairment allowances.
- **The Barclays Bank Ireland 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 Bank identifies, escalates and manages risk matters.

The Bank 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 CEO works with the Executive Management to embed a strong risk culture within the Bank, with particular regard to the identification, escalation and management of risk matters, in accordance with the ERMF. This is supported by our Purpose, Values and Mindset, as well as by setting a standard of consistent excellence. Specifically, all employees regardless of their positions, functions or locations must play their part in the Bank'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 Barclays colleagues must attest to a familiarity with the "Barclays Way", our CoC, and all frameworks, policies and standards applicable to their roles. The CoC 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/ for more details.

Risk review

Material existing and emerging risks

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

The Bank 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 Bank'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 Bank'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 Bank.

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

i) Business conditions, general economy and geopolitical issues

The Bank'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 Bank'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 collateral held by the Bank and require the Bank 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 Bank'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 gross domestic product ('GDP') growth in 2023 was severely hampered by inflationary pressures resulting from: (i) restricted labour markets, industrial disputes, and upward pressure on employment costs; (ii) high energy prices intensified by the conflicts in Ukraine and the Middle East; and (iii) resilient consumer spending, particularly on services, funded by drawing household savings. High inflation has led to the on-going 'cost of living' pressures in much of the world.
- In response to persistent inflation, 2023 saw central banks continue to tighten monetary policy through raising interest rates and exercising quantitative tightening. While markets are forecasting that rates are at or near their cycle peak and inflation has begun to ease back (albeit remaining well above Central Banks' targets), economies in which the Bank operates are vulnerable to recession risk in 2024. Such risk is heightened by the turbulent geopolitical outlook and volatile market conditions with these factors acting as a drag on potential global economic growth. Higher mortgage rates, rising taxes, elevated bond yields, depleted household savings, higher corporate insolvencies, and rising unemployment have potentially negative implications for the Bank's performance, including increased impairment allowances.
- The loss of 'the presumption of compliance' is widely reported to have raised costs for UK customers exporting to the European Union which, together with the risk of regulatory divergence between UK and EU, could adversely impact the Bank's EU operations.
- An escalation in geopolitical tensions or increased use of protectionist measures (such as the US and EU implementing reciprocal trade tariffs) may have a material adverse effect on the Bank's business in the affected regions.
- 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 Bank's business, results of operations, financial condition and prospects.
- Unstable economic conditions could result in (among other things):
 - a deeper slowdown in one or more member states of the EU in which the Bank operates, with lower growth, higher unemployment and a greater fall in property prices, which could lead to increased impairments in relation to a number of the portfolios (including, but not limited to, 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 Bank's trading book positions and affect the underlying value of assets in the banking book and securities held by the Bank for liquidity purposes. In addition, depositor perceptions of banking fragility as seen in certain institutions in 2023 could increase the severity and velocity of deposit outflows, impacting the Bank's liquidity position.
 - a credit rating downgrade for the Bank (either directly or indirectly as a result of a downgrade in the Irish sovereign credit ratings) or its parent (Barclays Bank PLC), which could significantly increase the Bank's cost of funding and/or reduce its access to funding, widen credit spreads and materially adversely affect the Bank's interest margins and liquidity position; and/or a market-wide widening of credit spreads or reduced investor appetite for the Bank's debt securities, which could negatively impact the Bank's cost of and/or access to funding.
- New strains of COVID-19 (or reduced vaccine efficacy) could impact the Bank's ability to conduct business in the jurisdictions in which it operates through disruptions to: (i) infrastructure and supply chains, (ii) business processes and technology services provided by third parties and (iii), the availability of staff due to illness. These interruptions to business may be detrimental to customers (who may seek reimbursement from the Bank for costs and losses incurred as a result of such interruptions), and result in potential litigation costs

Risk review

Material existing and emerging risks

(including regulatory fines, penalties and other sanctions), as well as reputational damage. It may also have the effect of increasing the likelihood and/or magnitude of other risks described herein (with consequential impairment charge volatility) or may pose other risks which are not presently known to the Bank or not currently expected to be significant to the Bank's profitability, capital and liquidity.

ii) The impact of interest rate changes on the Bank's profitability

Changes to interest rates are significant for the Bank, especially given the uncertainty as to the size and frequency of such changes. Interest rate rises result in higher funding costs either due to higher refinancing costs or due to deposit balance mix changes as customers prefer higher rate deposits. Interest rate rises, however, could also positively impact the Bank's profitability as corporate business net interest income increases due to margin decompression, as observed for the interest rate rises in 2023. Furthermore, increases in interest rates, if larger or more frequent than expected, could lead to generally weaker than expected growth, reduced business confidence, investment 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 Bank's lending portfolio and underwriting activity. This could result in higher credit losses driving increased impairment charges which could have a material effect on the Bank's business, results of operations, financial condition and prospects.

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

iii) Competition in the banking and financial services industry

The Bank 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, the prevailing market environment and changes to economic conditions. The Bank expects that competition in the financial services industry will continue to be intense and may have a material adverse effect on the Bank'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 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 compared to many activities undertaken by banks. Furthermore, the introduction of central bank digital currencies could have significant impact on the banking system and the role of commercial banks by disrupting the current provision of banking products and services. This disruption could allow new competitors, some previously hindered by banking regulation (such as certain FinTechs), to provide customers with alternative access to financial services and increase the disintermediation of banking services.

New technologies and changing consumer behaviour have previously required, and could continue to require, the Bank to incur additional costs 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 our services may put pressure on the pricing of the Bank's products and services, which could reduce the Bank's revenues and profitability, or may cause the Bank to lose market share, particularly with respect to traditional banking products such as deposits and bank accounts. This competition may be on the basis of the 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 Bank'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 Bank's ability to attract or retain clients and customers. Any such impact could, in turn, reduce the Bank's revenues.

iv) Regulatory change agenda and impact on business model

The Bank'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 Ireland, the EU and the other markets in which it operates. Many regulatory changes relevant to the Bank's business may have an effect beyond the country in which they are enacted, either because the Bank's regulators deliberately enact regulation with extra-territorial impact or its global operations mean that the Bank 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 and customers are treated. The governments and regulators in Ireland, 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 Bank.

Risk review

Material existing and emerging risks

Current and anticipated areas of particular focus for the Bank's regulators, where regulatory changes could have a material effect on the Bank'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 the delivery of fair outcomes for customers and 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 'v) Impact of benchmark interest rate reforms on the Bank' 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, including the use of artificial intelligence ('AI'), digital assets and digital money (including central bank digital currencies), financial technology risks, payments and related infrastructure, operational resilience and cybersecurity. This also includes the introduction of new and/or enhanced regulatory standards in these areas underpinned by customer protection principles;
- increasing regulatory expectations of firms around governance and risk management frameworks, particularly for the 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 the introduction of the Financial Services and Markets Act 2023 ('FSMA 2023') which provides for the revocation of retained EU law relating to financial services and the UK financial services regulatory reform agenda announced in December 2022;
- 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 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 Bank (for example, the expected requirements of the Individual Accountability Framework in Ireland (including the Senior Executive Accountability Regime) and similar regimes elsewhere that are either in effect or under consideration/implementation), as well as requirements relating to executive remuneration;
- changes in national or supra-national requirements regarding the ability to offshore or outsource the provision of services and resources or transfer material risk or data to companies located in other countries, which could impact the Barclays 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, 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 Bank) 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 and the role of critical third party providers;
- 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 on the Barclays Group and other financial institutions.

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

Risk review

Material existing and emerging risks

v) Impact of benchmark interest rate reforms on the Bank

Regulators have been driving international efforts to reform benchmarks and indices, which are used to determine the amounts payable under a wide range of transactions to increase reliability and robustness. These 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 benchmarks and the introduction of implementing legislation and regulations.

Specifically, certain London Interbank Offered Rate ('LIBOR') tenors have either ceased or become permanently unrepresentative, with synthetic 3-month GBP LIBOR ceasing to be published at the end March 2024 and synthetic 1-, 3- and 6-month USD LIBOR settings intended to cease being published at the end September 2024. Notwithstanding these developments, given the unpredictable consequences of benchmark reform, any of these developments could have an adverse impact on market participants, including the Bank, in respect of any financial instruments linked to, or referencing, any of these benchmarks.

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 an affected benchmark to determine an amount payable which are included in the Bank's financial assets and liabilities) that use these benchmarks and indices, and present several risks for the Bank, including but not limited to:

- **Compliance Risk:** in undertaking actions to transition away from using benchmarks to new alternative RFRs, the Bank faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Bank 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 and 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 exposures, leaving them insufficient time to prepare; or (vi) colluding or inappropriately sharing information with competitors.
- **Litigation Risk:** members of the Bank 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 contracts and securities linked to a relevant benchmark, and (iii) the Bank's preparation and readiness for the replacement of benchmarks which have ceased or will shortly cease to be published with alternative RFRs.
- **Financial Risk:** the valuation of certain of the Bank's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the Bank 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 RFRs (such as the European Short Term Rate ('ESTR'), Sterling Overnight Index Average ('SONIA') and the Secured Overnight Financing Rate ('SOFR')) are look-back rates which means that the amount of interest payable is only known after the period has finished because it is calculated by reference to observed historical rates. In contrast, forward-looking term rates (such as the Euro Inter Bank Offered Rate ('Euribor')) 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 Bank's cash flows.
- **Pricing Risk:** changes to existing benchmarks and indices, discontinuation of any benchmark or index and transition to alternative RFRs may impact the pricing mechanisms used by the Bank on certain transactions.
- **Operational Risk:** changes to existing benchmarks and indices, the discontinuation of any benchmark or index and transition to alternative RFRs may require changes to the Bank's IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any benchmark or index is no longer available to calculate amounts payable, the Bank may incur expenses in amending documentation for new and existing transactions and/or effecting the transition from the original benchmark or index to a new one.
- **Accounting Risk:** an inability to apply hedge accounting in accordance with IAS 39 could lead to increased volatility in the Bank's financial results and performance.

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

vi) Change delivery and execution risks

The Bank constantly adapts and transforms the way it conducts business in response to changing customer behaviour and needs, technological developments, regulatory expectations, increased competition and cost management initiatives. Furthermore, changes to the Bank's business model might also arise from the ECB's ongoing cross industry review of how international banking groups (such as Barclays) manage their EU businesses, including through the ECB's cross industry desk mapping review. Accordingly, effective management of transformation projects is required to successfully deliver the Bank'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 Bank's strategy may be limited by operational capacity and the increasing complexity of the regulatory environment in which the Bank operates. In addition, whilst the Bank continues to pursue cost management initiatives, they may not be as effective as expected and cost saving targets may not be met.

Risk review

Material existing and emerging risks

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 Bank's business, results of operations, financial condition, customer outcomes, prospects and reputation.

Material existing and emerging risks impacting individual principal risks

i) Climate Risk

Climate Risk is the impact on Financial (Credit, Market, Treasury and Capital) and Operational Risks arising from climate change through physical risks and risks associated with transitioning to a lower carbon economy.

The effects of C&E risk may be highly significant in their breadth and magnitude, and could affect a large number of firms operating in different sectors and geographies, leading to potential downstream effects to the financial system. There is potential direct impact on banks and other financial institutions through their operations, as well as indirectly through their customers and clients. C&E risks present complex challenges for banks. Given this context, BBI is addressing the issue by incorporating C&E risk factors into its business strategy during 2024 and further enhancing risk management practices. Additionally, to support the Group's ambition to be a net zero bank by 2050, in 2022, Climate Risk was elevated to a Principal Risk under Barclays' ERMF. The Bank recognises that climate risk knowledge is more advanced and established compared to knowledge on environmental (nature) risks. Environmental risk is presently managed within Barclays' Principal Risk frameworks, noting that it is in its early stages of development alongside the broader spectrum of environmental and nature-related risks.

Scientific research suggests that physical risks arising due to C&E change such as acute events (e.g. cyclone, hurricanes, outbreak of infectious diseases) and chronic events (such as longer term shifts in climate patterns, deterioration in soil quality, biodiversity loss) may occur in increasing frequency and severity, potential tipping points can cause unprecedented damage to particular geographies. Some regions are expected to be more severely affected than others if they are more exposed and/or more vulnerable to certain events.

The potential impact of physical risk events on the economy may include lower GDP growth, higher unemployment, shortage of raw materials and products due to supply chain disruptions and significant changes in asset prices. These factors could subsequently impact the business model and profitability of the Bank and its clients. Damage to the properties and operations of the Bank's clients could decrease their production capacity, increase operating costs, affect insurability and decrease value of those properties. This in turn would lead to a decline in the creditworthiness of clients, which may result in higher defaults, delinquencies, write-offs and impairment charges in the Bank's portfolios. Physical hazards may also impact the creditworthiness of the sovereigns of countries in which they occur. The deterioration in the credit ratings of sovereign bonds could affect their access to capital and their eligibility for inclusion in banks' liquidity buffers. These hazards may also impact the value of investments which the Bank holds.

A transition to a low-carbon or nature positive economy requires policy and regulatory changes, new national or regional commitments, new technological innovations as well as changes to supply and demand systems within industries. The transition to a low-carbon or nature positive economy may also trigger changes in consumer behaviour and market sentiment. These changes may result in increased costs of and reduced demand for the products and services of a company including early retirement and impairment of assets, or decreased revenue and profitability. The Bank's clients that are more susceptible and exposed to these changes may face financial difficulties which in turn may impact their creditworthiness. In addition, impacts to the creditworthiness of the Bank's clients, customers and counterparties (particularly in high carbon sectors), can arise as a result of climate-related legal actions or investigations, where outcomes of such actions have material financial impacts. This in turn can increase credit risk within the Bank portfolios (for further details on credit risk, refer to 'ii) Credit Risk' on page 43). Both transition and physical risk drivers may lead to increased price volatility and repricing of market instruments, which in turn may impact the value of market instruments held by the Bank.

The Bank's own premises may also suffer physical damage due to weather events leading to increased costs for the Bank. As the economy transitions to a lower carbon economy, financial institutions also face significant and rapid developments in stakeholder expectations, policy, law and regulation, which could impact lending activities and the risks associated with lending portfolios as well as asset values. Failure to adequately embed C&E risks into the risk framework may have a material and adverse impact on the Barclays' brand, competitiveness, profitability, capital requirements, cost of funding, financial condition and ability to expand its business.

With escalating concerns and heightened global awareness of C&E risks, it is likely that litigation linked to these risks will increase. The Barclays Group, including the Bank, may face greater scrutiny of the type of business it conducts – including in the form of adverse media coverage and an increase in climate-related litigation cases.

The Bank 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 C&E risks, which remain under continuous development and vary between regions, sometimes to a significant extent. 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 Bank, and this could have a material adverse effect on the Bank's business, operations, financial condition, prospects and reputation.

For further details on the Bank's approach to C&E risks, refer to the Climate risk management section on page 51 of this Annual Report.

Risk review

Material existing and emerging risks

ii) Credit Risk

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

a) Impairment

Impairment is calculated in line with the requirements of IFRS 9. Loss allowances, based on ECLs, are measured on a forward-looking basis using a broad range of financial metrics and the application of complex judgements. Accordingly, impairment charges are potentially volatile and may not successfully predict actual credit losses, particularly under stressed conditions. Failure by the Bank to accurately estimate credit losses through ECLs could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects. For further details, refer to Note 8 in Notes to financial statements.

b) Specific portfolios, sectors and concentrations

The Bank is subject to risks arising from changes in credit quality and recovery rates for loans and advances due from borrowers and counterparties. Additionally, the Bank is subject to a concentration of those risks where it 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 Bank's business, results of operations, financial condition, and prospects:

- **Consumer affordability:** this remains a key area of focus, particularly in unsecured lending as cost of living pressures persist. Macroeconomic factors, such as unemployment, high interest rates or broader inflationary pressures, which impact a customer's ability to service debt payments could lead to increased arrears in both unsecured and secured products. The Bank is exposed to the adverse credit performance of unsecured products, particularly in Germany, through the CBE business (which the Bank expect to dispose of during 2024).
- **Italian mortgage and wholesale exposure:** the Bank is exposed to a decline in the Italian economic environment through a mortgage portfolio in run-off and positions to wholesale customers. Italian economic growth in 2024 is forecast to be below 1%, insufficient to counteract the 5% yield charged on Italian sovereign bonds. With net public debt of around 144% of GDP and an estimated budget deficit of over 5% (on top of nearly €70bn received from the EU's post-pandemic recovery fund) failure to reduce public spending could cause debt levels to become unmanageable. This risks placing the Italian government in conflict with the European Commission and ECB, and damaging investor confidence, potentially delaying economic recovery which, in turn, could materially adversely affect the Bank's results of operations including, but not limited to, increased credit losses and higher impairment charges.
- **Leveraged finance underwriting:** the Bank takes on non-investment grade underwriting exposure, including single name risk. The subdued investor appetite in the underwriting market during 2023 exposed the Bank to extended underwriting periods and negative movements in marks, which could deteriorate further and result in losses for the Bank (and higher capital charges) if market conditions are challenging during 2024 and exposures are retained for further extended periods.
- **Air travel:** the sector returned to profit in 2023 as lower margin (tourist) demand for air travel recovered to pre-pandemic levels. That said, there remains a heightened risk to the revenue streams of the Bank's clients and, consequentially, their ability to service debt obligations. These risks stem from the structural decline in higher margin business travel, consolidation within the European airline market, reputational damage and/or costs associated with the emerging 'fake parts' scandal, volatile oil prices, increasingly extreme weather patterns and concerns about the impact of air travel on climate change.
- **Information technology sector:** While dominated by well-known US firms, many companies struggle to monetise their product offerings and face increasing reputational risk particularly as regulatory scrutiny increases. Given the nature of their activities, the Bank's clients in this sector face heightened risk from data security breaches and ransomware and/or cyberattacks as well as from the malicious use of AI, all of which could negatively impact their ability to service debt obligations.

The Bank also has large individual exposures to single name counterparties (such as brokers, central clearing houses, dealers, banks, mutual funds, and other institutional clients) in both 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 Bank's results due to, for example, increased credit losses and higher impairment charges.

For further details on the Bank's approach to Credit Risk, refer to the Credit risk management and Credit risk performance sections. Impacts to the creditworthiness of the Bank's clients, customers and counterparties (particularly in high carbon sectors), can arise out of climate-related legal actions or investigations commenced against the Bank's clients, customers and counterparties (particularly in high carbon sectors), where outcomes of such actions have material financial impacts, which can in turn increase credit risk within the Bank's portfolios.

Risk review

Material existing and emerging risks

iii) Market Risk

Market Risk is the risk of loss arising from potential adverse changes in the value of the Bank's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, FX rates, 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 geopolitical conflicts and idiosyncratic market events. A disruptive adjustment to higher or lower interest rate levels and deteriorating trade and geopolitical tensions are some of the factors that could heighten market risks for the Bank's portfolios.

In addition, the Bank's trading business could be vulnerable were there to be a prolonged period of elevated asset price volatility, particularly if it adversely affects market liquidity. Such a scenario could impact the Bank'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 assets. 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 Bank's business, results of operations, financial condition and prospects.

For further details on the Bank's approach to Market Risk, refer to the Market risk management and Market risk performance sections.

iv) Treasury and Capital Risk

There are three primary types of Treasury and Capital Risk faced by the Bank:

a) Liquidity Risk

Liquidity Risk is the risk that the Bank 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 Bank 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 Bank faces include:

- stability of the Bank's deposit funding profile: deposits which are payable on demand or at short notice could be adversely affected by the Bank 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 Bank 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 Bank's unsecured and secured wholesale funding or affect the Bank's access to such funding;
- impacts of market volatility: adverse market conditions, with increased volatility in asset prices, could: (i) negatively impact the Bank'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 Bank to execute secured financing transactions;
- intraday liquidity usage: increased collateral requirements for payments and securities settlement systems could negatively impact the Bank'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 ('RCF'), negatively affecting the Bank's liquidity position; and
- credit rating changes and impact on funding costs: any reductions in a credit rating (in particular, any downgrade below investment grade) may affect the Bank's access to money or capital markets and/or the terms on which the Bank 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 Bank).

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

b) Capital Risk

Capital Risk is the risk that the Bank 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 Bank's defined benefit pension plans. Key capital risks that the Bank faces include:

- failure to meet prudential capital requirements: this could lead to the Bank being unable to support some or all of its business activities, a failure to perform adequately in 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 Bank's capital or leverage position; and
- adverse changes in FX rates impacting capital ratios: the Bank has RWAs and leverage exposures denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the Euro equivalent value of these items. As a result, the Bank's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Bank's balance sheet to take account of foreign currency movements could result in an adverse impact on the Bank's regulatory capital and leverage ratios.

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c) Interest Rate Risk in the banking book

Interest Rate Risk in the banking book is the risk that the Bank is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities. The Bank'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 in Euro and other G3 currencies may also compress net interest margins on banking book liabilities. In addition, the Bank's liquid asset buffer is exposed to income reduction due to adverse movements in market rates which may have a material adverse effect on the capital position of the Bank.

For further details on the Bank's approach to Treasury and Capital Risk, refer to the Treasury and Capital risk management and Treasury and Capital risk performance sections.

v) Operational Risk

Operational Risk is the risk of loss to the Bank 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 Bank functions in a highly competitive market, with customers and clients that expect consistent, repeatable and reliable business processes. The loss of or disruption to business processing is a material inherent risk within the Bank and across the financial services industry, whether arising through failures in the Bank's technology systems, closure of the Bank's real estate services including its retail branch network, availability of personnel to perform business operations or capability of service providers supplied by third parties. Failure to build resilience and recovery capabilities into business processes, or into the services on which the Bank's business processes depend, may result in significant customer detriment, costs to reimburse losses incurred by the Bank's customers and clients, 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 hacktivists. The Bank, like other financial institutions, experiences numerous attempts to compromise its cybersecurity protections.

The Bank (and the Barclays Group) dedicates significant resources to reducing cybersecurity risks, but it cannot provide absolute security against cyberattacks. Malicious actors, who are increasingly sophisticated in their methods, tactics, techniques, and procedures, seek to steal money, gain unauthorised access to, destroy or manipulate data, and disrupt operations. Further, 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 Bank in numerous ways, including attacks on networks, systems, applications or devices used by the Bank or parties such as service providers and other suppliers, counterparties, employees, contractors, customers or clients, presenting the Bank with a vast and complex defence perimeter. Moreover, the Bank 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 Bank's ability to effectively protect and defend against certain threats. Some of the Bank's TPSP and suppliers have experienced successful attempts to compromise their cybersecurity. These have included ransomware attacks that have disrupted the service providers' or suppliers' operations and, in some cases, have had an impact on the Bank's operations. Such cyberattacks are likely to continue.

A failure in the Bank's adherence to its cybersecurity policies, procedures or controls, employee malfeasance, and human, governance or technological error could also compromise the Bank'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 modern levels of security. The Bank has experienced cybersecurity incidents and near-misses whether it be directly or affecting its suppliers 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 Bank'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 recent years, the Bank has faced a heightened risk of cyberattack as a result of the conflicts in Eastern Europe and the Middle East.

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 (where a vulnerability in a system is unknown to its owner); 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 Bank or its clients and customers, including exposure to potential contractual liability, claims, litigation, regulatory or other government investigation or action, loss of existing or potential customers, damage to the Bank'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 a 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,

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result in significant regulatory fines on the Bank. In addition, any new regulatory measures introduced to mitigate these risks are likely to result in increased technology and compliance costs for the Bank.

For further details on the Bank's approach to cyberattacks, see the Operational risk performance section. For further details on cybersecurity regulation applicable to the Bank, refer to the supervision and regulation section.

a) New and emergent technology

Technology is fundamental to the Bank's business and the financial services industry. Technological advancements present opportunities to develop new and innovative ways of doing business across the Bank, 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 Bank'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 Bank's cost base, it may, conversely, reduce the commissions, fees and margins made by the Bank on these transactions which could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects. The rapid development in AI is another area the Bank is monitoring closely. This includes the identification of potential use cases for responsible adoption of AI in the Bank's own operations as well as managing the threats third party usage of AI may pose, including with respect to cybersecurity and fraud.

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 Bank's business, results of operations, financial condition and prospects.

b) External fraud

The nature of fraud is wide-ranging and continues to evolve, as criminals seek opportunities to target the Bank'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 Bank's business, results of operations, financial condition and prospects. AI is another area the Bank is staying abreast of both for the beneficial applicability of AI to its own operations and to monitor the exposure to risk related to inadequate, inappropriate, or incorrect use of AI against the Bank.

c) Data management and information protection

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

The nature of both the Bank'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 Bank 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 Bank'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 Bank's management; and (v) require the Bank to review some elements of the structure of its businesses, operations and systems in less efficient ways.

Concerns regarding the effectiveness of the Bank's measures to safeguard data, including personal information, or even the perception that those measures are inadequate, could expose the Bank to the risk of loss or unavailability of data or data integrity issues and/or cause the Bank to lose existing or potential clients and customers, and thereby reduce the Bank's revenues. Furthermore, any failure or perceived failure by the Bank 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 Bank'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 Bank's reputation subject the Bank to material fines or other monetary penalties, make the Bank liable for 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 Bank, refer to the Supervision and regulation section on page 128.

d) 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 Bank's pricing abilities, which could have a material adverse effect on the Bank's business, results of operations, financial condition, prospects and reputation.

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e) Processing errors

The Bank'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 Bank'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. The risk of systems or human error in connection with such transactions increases with these developments, 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 Bank's control, such as a spike in transaction volume, could adversely affect the Bank's ability to process transactions or provide banking and payment services.

Processing errors could result in the Bank, 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 Bank's customers, clients and counterparties (including them suffering financial loss) and/or result in a loss of confidence in the Bank which, in turn, could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects. Any of these events could also lead to breaches of laws, rules or regulations and, hence, regulatory enforcement actions, which could result in significant financial loss, imposition of additional capital requirements, enhanced regulatory supervision and reputational damage.

f) Supplier exposure

The Bank depends on suppliers for the provision of many of its services and the development of technology. Whilst the Bank 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 subcontracting of outsourced services introduces concentration risk where the failure of specific suppliers could have an impact on the Bank's ability to continue to provide material services to its customers. Failure to adequately manage supplier risk could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

g) 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 financial statements and regulatory returns and disclosures, include credit impairment provisions, fair value of financial instruments, the calculation of RWAs and capital, and taxes (please 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 or are altered as a result of subsequent feedback from the Bank's regulators, this could result in material losses to the Bank, beyond what was anticipated or provided for, including as a result of changes to treatments in regulatory returns and capital disclosures. If capital requirements are not met as the result of changes in interpretation, compliance with the Bank's distribution policy could be impacted and/or additional measures may be required to strengthen the Bank's capital or leverage position, which may also lead to the Bank's inability to achieve stated targets. Further development of accounting standards and regulatory interpretations could also materially impact the Bank's results of operations, financial condition and prospects.

h) Tax risk

The Bank 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 Bank 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 Bank'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 pan-European structure of the Bank. In addition, the introduction of new international tax regimes as well as increasing tax authority focus on reporting and disclosure requirements and the digitisation of the administration of tax in Europe have the potential to increase the Bank's tax compliance obligations further. For example, the OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting announced plans under the Pillar Two Framework to introduce a global minimum tax rate of 15% and the EU Minimum Tax Directive (Pillar 2) entered into force on 23 December 2022 which will increase the Bank's tax compliance obligations. Any systems and process changes associated with complying with these obligations introduce potential additional operational risk.

i) Ability to hire and retain appropriately qualified employees

As a regulated financial institution, the Bank requires diversified and specialist skilled colleagues. The Bank'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 Bank 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 Bank'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. The introduction of the Individual Accountability Framework in Ireland may have adverse consequences on our ability to hire branch management vs. other competitors operating in those jurisdictions with an EU point of origin that is not Ireland.

For further details on the Bank'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 Bank relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing, calculating

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Material existing and emerging risks

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 Bank 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 Bank making inappropriate business decisions and/or inaccuracies or errors in the Bank'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 Bank's business, results of operations, financial condition and prospects.

For further details on the Bank's approach to Model Risk, refer to the Model risk management and Model risk performance sections.

vii) Compliance Risk

Compliance Risk is the risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Bank's products and services (Conduct Risk) and the risk to Barclays, its clients, customers or markets from a failure to comply with the LRR applicable to the firm. This risk could manifest itself in a variety of ways, including:

a) Market conduct

The Bank's businesses are exposed to risk from potential non-compliance with its policies and standards (which incorporates regulatory requirements set by law and our regulators) 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 Bank's business, results of operations, financial condition and prospects. Examples of employee misconduct which could have a material adverse effect on the Bank's business include: (i) improperly selling or marketing the Bank's products and services; (ii) engaging in insider trading, market manipulation or unauthorised trading; or (iii) misappropriating confidential or proprietary information belonging to the Bank, its customers or third parties. These risks may be exacerbated in circumstances where the Bank is unable to rely on physical oversight and supervision of employees, noting the move to a hybrid working model for many colleagues.

b) Customer protection

The Bank must ensure that its customers, particularly those that are vulnerable, are able to make well-informed decisions on how best to use the Bank'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 Bank is at risk of financial loss and reputational damage as a result, also a risk of regulatory censure or enforcement action.

c) Product design and review risk

Products and services must meet the needs of clients, customers, markets and the Bank throughout their life cycle. However, there is a risk that the design and review of the Bank's 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 Bank.

d) Financial crime

The Bank 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). EU regulations covering financial institutions continue to focus on combating financial crime. Failure to comply may lead to enforcement or other action by the Bank's regulators, including severe penalties, which may have a material adverse effect on the Bank's business, financial condition, prospects and reputation.

e) Conflicts of Interest

Identifying and managing conflicts of interest is fundamental to the conduct of the Bank's business, relationships with customers, and the markets in which the Bank operates. Understanding the conflicts of interest that impact or potentially impact the Bank 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 Bank and its employees. If the Bank does not identify and manage conflicts of interest (business or personal) appropriately, it could have an adverse effect on the Bank'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 ECB and CBI's Fitness and Probity Regimes as well as the recently introduced CBI Individual Accountability Framework, Senior Executive Accountability Regime and related Conduct Standards reinforce additional accountabilities for individuals across the Bank 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 Bank.

Risk review

Material existing and emerging risks

g) Laws, rules and regulations

The Bank is subject to a range of LRR across the world. A failure to comply with these may have an adverse effect on the Bank's business, customers and the markets within which it operates and could result in reputational damage, penalties, damages or fines.

For further details on the Bank's approach to Compliance Risk, refer to the Compliance risk management and Compliance 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 Bank'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 Bank's overall reputation and any one transaction, investment or event (in the perception of key stakeholders) can reduce trust in the Bank's integrity and competence. The Bank's association with certain 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 Bank'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 Bank (including its employees, clients and other associations) conducts its business activities, or the Bank'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 Bank'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 Bank's business, results of operations, financial condition and prospects. Claims of potential greenwashing arising from sustainability-related statements made by Barclays may also give rise to reputation risk.

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 Bank (refer to 'v) Operational Risk' on page 45).

For further details on the Bank's approach to Reputation Risk, refer to the Reputation risk management and Reputation risk performance sections.

ix) Legal Risk, and competition and regulatory matters

The Bank conducts activities in a highly regulated market which exposes it and its employees to legal risk arising from: (i) the multitude of LRR 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 Bank's businesses and business practices. In each case, this exposes the Bank and its employees to the risk of loss or the imposition of penalties, damages or fines from the failure of the Bank to meet applicable laws, rules, regulations or contractual requirements or to assert or defend their intellectual property rights. Legal risk may arise in relation to any number of the material existing and emerging risks identified above.

A breach of applicable laws, rules and/or regulations by the Bank and/or its employees could result in criminal prosecution, regulatory censure, potentially significant fines and other sanctions in the jurisdictions in which the Bank operates. Where clients, customers or other third parties are harmed by the Bank's conduct, this may also give rise to civil legal proceedings, including class actions. Other legal disputes may also arise between the Bank 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 Bank being liable to third parties or may result in the Bank's rights not being enforced or not being enforced in the manner intended or desired by the Bank.

There are no legal, competition or regulatory matters to which the Bank is currently exposed that give rise to a material contingent liability. Nonetheless, the Bank is engaged in various legal proceedings which arise in the ordinary course of business. The Bank is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies. These may be in connection with business activities in which the Bank is, or has been, engaged, or areas of particular regulatory focus, such as financial crime, money laundering or terrorist financing. The Bank may also (from time to time) be subject to claims and/or legal proceedings and other investigations relating to financial and non-financial disclosures made by the Bank (including, but not limited to, regulatory capital and liquidity reporting and ESG disclosures). Additionally, due to the increasing number of new climate and sustainability-related laws and regulations, growing demand from investors and customers for sustainable products and services, and regulatory and NGO scrutiny, financial institutions, including the Bank, 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, including greenwashing risk. This may include laws and regulatory processes and policies seeking to restrict or prohibit doing certain business with entities identified as "boycotting" or "discriminating" against particular industries or considering ESG factors in their investment processes, including to protect the energy and other high carbon sectors from any risks of divestment or challenges in accessing finance. Furthermore, there is a risk that shareholders, campaign groups, customers and other interest groups could seek to take legal action (including under "soft law" mechanisms) against the Bank for financing or contributing to climate change and environmental degradation or because the Bank's response to climate change or other ESG factors is perceived to be ineffective, insufficient or inappropriate.

Risk review

Material existing and emerging risks

The outcome of legal, competition and regulatory matters, both those to which the Bank is currently exposed and any others which may arise in the future, is difficult to predict (and any provision made in the Bank's financial statements relating to those matters may not be sufficient to cover actual losses). In connection with such matters, the Bank may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Bank 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 Bank'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 Bank'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 Bank's business, results of operations, financial condition and prospects.

Risk review

Principal risk management

Climate risk Management

Climate risk is the impact on Financial (Credit, Market, Treasury and Capital Risks) and Operational Risks arising from climate change through physical risks and risks associated with transitioning to a lower carbon economy. In addition to Climate Risk, the Bank has developed a working definition of Environmental Risk (nature-related risk), which is subject to further enhancement. This definition will be reviewed during 2024 with the intention of including it in the Banks' standards. Environmental risk is considered as the impact on Financial and Operational Risks arising from a degradation in nature through physical risks and risks associated with adjustments towards a more sustainable economy aimed at protecting, restoring and/or reducing negative impacts on nature. These risks can manifest due to nature degradation and the related loss of ecosystem services (physical risk) and changes in government policies, technologies, and market demand (transition factors).

The two sub categories of C&E risks are given below:

Physical risks: this is the risk of financial losses from a changing climate or due to Barclays' (including the Bank's) dependency on nature within its own operations or through its clients and/or supply chain. Physical risks can be event driven (acute risks), including extreme changes in weather events and ecosystem services, such as cyclones, hurricanes, flood and water scarcity. Longer term shifts in climate patterns and ecosystems (chronic risks) may lead to rises in sea levels, rising mean temperatures and more severe weather events, deterioration in soil quality, biodiversity loss and resource scarcity.

Transition risks: this is the risk of financial losses caused by the extensive policy, legal, technology and market changes aimed at transitioning to a lower carbon economy and protecting, restoring and/or reducing negative impacts on nature. Nature-related physical risks can (in part) be driven by climate change. Likewise, climate-related physical risk can be exacerbated by a decline in nature. As a result, it may be challenging (and unnecessary) to assign a physical risk against a defined climate or environmental risk boundary. In the short term, these need to be developed and implemented independently due to differing levels of maturity and regulatory focus, however in the longer term, we expect the management of these risks to be integrated together.

Overview

The Barclays Group has developed a Climate Risk Framework ('CRF') for managing financial and Operational Risks stemming from climate change. The Bank also applies the same framework. Environmental risk is presently managed within the Bank's climate and other Principal Risk frameworks, recognising the emerging nature of certain aspects of environmental risk and wider scope of environmental challenges.

The CRF enables Barclays to foster a systematic and consistent approach for managing Climate Risks across the Group. The key principle underpinning this framework is that climate risks are recognised as a driver of other existing financial (Credit, Market, Treasury and Capital) and non-financial (Operational and Reputational) risks, and not treated as a standalone risk type. The CRF is supported by policies, standards and other relevant documents which contain control objectives that must be met.

The CRF:

- defines Climate Risk;
- establishes principles for the identification, measurement, monitoring and reporting of climate risks;
- outlines the process for incorporating climate risks into the firm's risk appetite;
- summarises the impact of climate risks on other principal financial and operational risk types; and
- outlines roles and responsibilities applicable to the CRF.

The Climate Risk Policy sets objectives for the management of climate risks and establishes key principles for quantifying and reporting, including escalations required to senior stakeholders up to and including the Group BRC and relevant legal entity committees. The Framework and Policy are applicable for Barclays' business activities, with a focus on lending, advisory, sales and trading, capital markets and investments.

Climate risks may also drive non-financial risks such as Reputational Risk, which continue to be managed under the respective risk frameworks.

To support the embedding of the Climate Risk Principal Risk, in 2023 the Group delivered the following:

1. Improved risk appetite and associated controls for C&E risks.
2. A plan for refining modelling and scenario analysis capabilities.
3. BlueTrack™ expansion, which now covers nine segments, comprising of Energy, Power, Cement, Steel, Automotive Manufacturing, UK Housing, Commercial Real Estate, Agriculture and Aviation.

Organisation and structure

On behalf of the BBI Board, the Bank's BRC reviews and approves the Bank's approach to managing the Financial and Operational Risks associated with Climate Risks. Broader sustainability matters and other Reputational Risk issues associated with Climate Risks are coordinated by the Group Sustainability Team who report through the Group Board Sustainability Committee and then to the Group Board.

The Barclays Group Head of Climate Risk is the Group-wide Principal Risk owner accountable for the management and oversight of the Climate Risk profile. The Group Head of Climate Risk reports directly to Group CRO. The BBI CRO and BBI Head of Climate Risk, are responsible for the oversight and management of the BBI Climate Risk profile. The Head of Climate Risk for BBI reports to the BBI Deputy CRO and BBI CRO.

Risk review

Principal risk management

At the Group level, the Group Risk Committee ('GRC') is the most senior executive body responsible for reviewing and challenging risk practices for climate. To support the oversight of Barclays' Climate Risk profile, a Climate Risk Committee ('CRC') has been established as a sub-committee of the GRC. The Group Head of Climate Risk is the Chair of the CRC. Any material issues are escalated by the CRC to the GRC, and the GRC subsequently escalates to the Group BRC as appropriate. The BBI CRO and BBI Head of Climate Risk are members of the CRC and other BBI colleagues participate. BBI CRO and BBI Head of Climate Risk discuss climate related portfolio risks on a monthly basis at the Barclays Europe Risk Committee ('BERC'). Any material C&E risks are escalated to BERC by the BBI Head of Climate Risk. BERC escalates into BBI BRC. The BBI Board Risk Committee reports to the BBI Board.

The BBI BRC receives regular updates on C&E risks through comprehensive reports and presentations on BBI's portfolios from the BBI Head of Climate Risk. These updates ensure that committee members are well-informed about emerging trends, regulatory developments, progress on integration of C&E risks, enabling informed decision making and proactive risk management. During 2023, updates included:

- areas of elevated Climate Risk in the BBI portfolio (Market Risk, WCR, and CBE Climate related limits);
- progress on the integration of C&E risks into the firms processes and practices (e.g. risk register, risk appetite, stress testing, risk limits, risk monitoring); and
- regulatory remediation against the ECB 2022 Thematic Review and ECB C&E Guide.

The BBI Board is supported in its work by its committees (including in respect of climate-related matters), each of which has its own Committee Terms of Reference, clearly setting out its remit and decision-making powers. Committees meet for ten occurrences per year, Board meetings are held a minimum of quarterly.

A Climate Risk control environment has been established at Group level in alignment with the Barclays' Control Framework. A Group Climate Risk Control Forum ('CRCF') was established in 2022 to oversee implementation and operation of the Barclays Control Framework, including reviewing risk events, policy and issues management. The BBI Head of Climate Risk is a member of the CRCF. A risk assurance group has been established and is responsible for performing C&E risk specific reviews to support the embedding of the CRF and Policy.

Group and BBI Governance Committees

Governance	Enterprise Risk Management Framework ('ERMF')	
	Climate Risk Framework ('CRF')	Reputation Risk Management Framework ('RRMF')
	Group Board Risk Committee ('BRC') & BBI BRC	Group Board Sustainability Committee ('BSC')
Risk	Credit, Market, Climate, Treasury and Capital, and Operational risks	Sustainability matters and reputation risk associated with climate change
Ownership	Group Risk Committee ('GRC') and Barclays Europe Risk Committee ('BERC')	Group Sustainability Committee ('GSC')
	Group Chief Risk Officer and BBI Chief Risk Officer	Head of Public Policy and Corporate Responsibility
	Group Head of Climate Risk & BBI Head of Climate Risk	Group Head of Sustainability

Risk appetite

The Barclays Group's approach to setting the Climate Risk appetite is aligned with its ambition to be a Net Zero Bank by 2050 and reducing financed emissions in line with its disclosed sector targets. In accordance with its risk appetite policy and tolerance standards, Barclays has established a Climate Risk appetite at the Group level, comprising of qualitative risk appetite statements and quantitative constraints. The Group's Climate Risk appetite is cascaded to BBI through additional limits and controls. BBI intends to formally adopt a quantitative Climate Risk appetite in 2024, this will be reviewed and approved by the BBI Board. BBI will introduce a climate-informed stress loss limit as part of the risk appetite process. The entity level stress loss limit will be informed by a climate scenario which will assess the incremental impact of Climate Risk over and above a traditional macro scenario (see page 28 for further details).

In 2023, Barclays has enhanced its approach for the quantification of Climate Risk appetite by implementing additional limits and controls, including around the expected financed emissions target (BlueTrack™) pathways. The progress against these targets is monitored on a regular basis whilst acknowledging the challenges and external dependencies to reduce financed emissions. The Group continues to expand coverage of limits for its priority sectors.

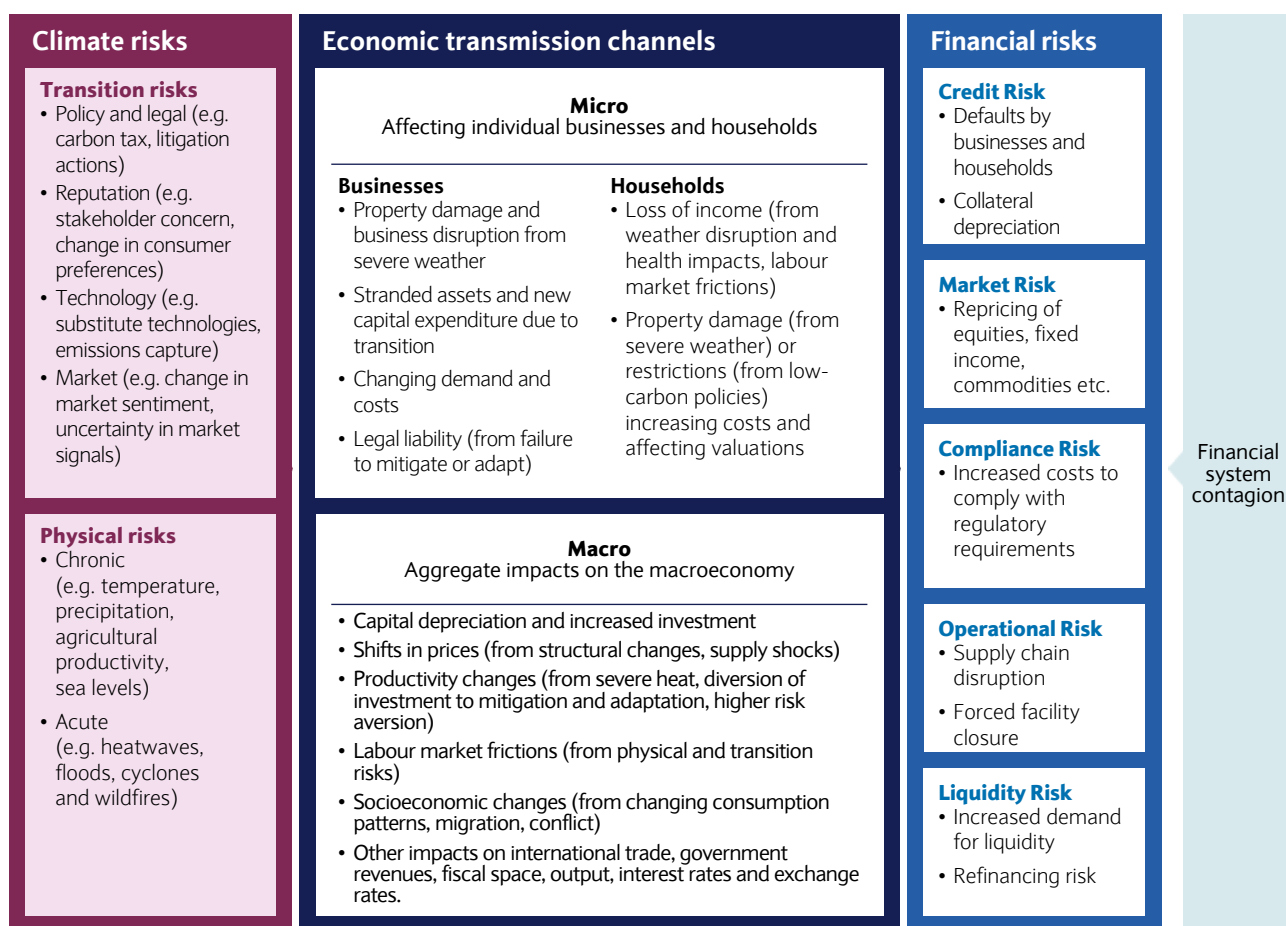
Risk review

Principal risk management

Risk identification

Physical and transition risk drivers can lead to adverse financial impacts through various transmission channels. Transmission channels are causal chains that explain how climate risk drivers impact firms, such as Barclays Group and the Bank, either directly through their own operations and infrastructure or indirectly through financing and investment activities. The diagram below illustrates these dynamics and provides stylised examples.

For example, the potential impact of physical risk events at the macro level may include lower GDP growth, higher unemployment and significant changes in availability and prices of products or commodities. At the micro level, damage to properties and operations of the Bank's clients could lead to increasing costs and possible decline in revenues, which in turn might impact their ability to repay the loans. Thus through these transmission channels, risks for the Bank may materialise in its traditional risk categories such as Credit Risk, Market Risk, Treasury and Capital Risk, Operational Risk and Reputational risk. The impact of climate risk drivers may be significant and widespread, affecting companies, households and the general economy leading to potential financial system contagion.



Climate and economy feedback effects

Economy and financial system feedback effects

Adapted from Network for Greening the Financial System ('NGFS'), September 2022 and in consideration of transmission channels relevant to Barclays Group and the Bank.

The assessment for Climate Risk has been focused on the short (0-1 year) and medium term (1-5 years) horizons, in line with our financial planning cycle. The feedback effects of Climate Risk drivers through macro and micro transmission channels are observed in the Bank's portfolio through traditional risk categories such as Credit Risk, Market Risk, Treasury and Capital Risk, Operational Risk (including Legal Risk) and Reputational Risk. The examples of these feedback effects are set out in the table below:

Principal Risk	Example effects of C&E risk drivers
Credit Risk	Increase in credit risk due to reduction in borrowers' ability to repay and service debt if the borrower is affected by physical risk events that severely damages its infrastructure and operations. Borrowers that are subjected to higher carbon taxes, penalties or fines for not adequately addressing their impact on climate and environment (i.e. exposed to higher litigation and reputational damages) or do not successfully transition to a lower carbon economy and reduce negative impacts on nature might see deterioration in their credit ratings. In some instances, this could lead to borrowers going into default and impact banks' ability to recover loan value.
Market Risk	Uncertainty about timing, severity and frequency of extreme physical climate events may lead to higher volatility in financial markets. Equity prices of corporates operating in carbon intensive sectors or sectors that cause negative impacts on nature may decrease due to reduced demand for products or services. Reduction in financial asset values can potentially lead to abrupt price adjustments, resulting in market risk losses where climate risk is not priced into the asset value.

Risk review

Principal risk management

Treasury & Capital Risk	Severe physical events could trigger a sharp increase in demand for liquidity for financial firms, corporates and households. Reduction in banks' access to stable sources of funding or withdrawal of deposits due to climate risk drivers may negatively impact banks' liquidity positions. Deterioration of clients' risk profile due to C&E risk drivers may also lead to higher capital requirements.
Operational Risk	Acute physical risk events may cause damage to banks' essential infrastructure and disrupt operations leading to higher operational risks. Banks rely on a complex network of supplier and service providers. Climate and ecosystem change can disrupt supply chains by affecting the availability of goods and services leading to delays or interruptions in critical operations. Increasingly stringent climate and sustainability-related laws and regulations and the pace at which the regulations are implemented means that banks, through their business activities, may face increasing litigation and other claims if they are perceived to have contributed to or failed to prevent climate change or environmental damage, including by financing client activities.
Reputation Risk	Banks may face reputational risks related to climate change and environmental damages in various ways, as the public and stakeholders increasingly expect banks to demonstrate their commitment to environmental sustainability. Banks that are perceived as not adequately addressing C&E risks may face reputational damage. Additionally, banks can be accused of greenwashing if the information disclosed is misleading or if they are not able to meet their C&E goals.

BBI has developed an internal Climate Risk identification process to identify and assess the potential impact (materiality assessment) of Climate Risks as a driver of the other principal risks. Quantitative (typically based on stress testing) or qualitative materiality assessments are performed to assess the impact of Climate Risks on Market, Credit and Liquidity Risks. Following this assessment, each material risk is mapped to key drivers along with the risk materiality ratings (which are derived based on magnitude of impact and materiality thresholds related to the CET 1 ratio and liquidity buffer). The BBI Risk Register is refreshed on at least an annual basis and is subsequently used to support scenario design and capital adequacy assessments.

The 2023 BBI Risk Register materiality rating for Climate Risk was based on the internal climate stress test (as referenced earlier on page 28); a severe but plausible scenario that explored a physical risk event in years 1-3 and a late policy action, transition risk scenario in years 4-5. The impact on BBI was considered to be manageable. The BBI Risk Register is used to support scenario design, sensitivity analysis and capital adequacy assessments. BBI performed an initial qualitative assessment of materiality for environmental risk as part of the BBI Risk Register. BBI will enhance its assessment through an exploratory environmental/nature risk stress scenario exercise in 2024 and incorporate this assessment in the BBI Risk Register.

Barclays has developed processes to identify elevated industry sectors and sovereigns which other Principal Risks prioritise for assessment of Climate Risks. Within these processes, Barclays analyses and assesses the sensitivity and vulnerability of different industry sectors and geographies to various climate physical and transition risk drivers and categorises them into different risk buckets using a heat-mapping approach. Industry sector assessments are benchmarked against external studies and research, incorporating inputs from subject matter experts.

For BBI, this analysis has been extended to include the impact of environmental risks, using a third-party study and heat mapping exercise. From an environmental risk perspective, the key risk drivers from a transition and physical risk perspective were considered in relation to water quantity and quality, pollination, soil quality, flood and storm protection, deforestation and land-use change, air pollution (non-GHG), water pollution and over-fishing. For BBI, four nature/environmental sectors based on their materiality (size of exposure/ portfolio analysis) have been identified as elevated risk sectors namely construction and materials, water utilities, other transport services and certain real estate. Credit Risk management perform additional due diligence on these sectors, as part of their Climate Lens questionnaire. We have also disclosed sectors defined by TNFD as nature priority sectors on page 66 of this Annual Report. BBI will continue to review its portfolio in relation to environmental risk drivers and consider the TNFD framework.

The outcomes of the above mentioned processes namely the BBI Climate Risk Register, elevated sector and sovereign assessments and underlying exposures, form the basis of the Bank's approach and priorities for further granular assessment. Details of exposures to elevated climate sectors are on pages 64 to 66 of this Annual Report.

Additionally, through individual client assessments and scenario analysis exercises, portfolios that are specifically vulnerable to climate risks are identified. The Group has advanced its scenario analysis capabilities for Climate Risk and is working to extend its capabilities to include environmental risk considerations.

Risk assessment

The emissions resulting from the activities of customers and clients to whom financing is provided, is measured using the Group's bespoke tool, BlueTrack™. The Energy, Power, Cement, Steel, Automotive manufacturing, and Aviation segments covered under BlueTrack™ are relevant to the BBI portfolio. The emissions metrics are incorporated into various risk assessment processes and support the formulation of client engagement strategies. Details on the BlueTrack™ methodology and targets are set out in the section on 'Reducing our Financed Emissions' in the Barclays Group PLC 2023 Annual Report.

Furthermore, and as referenced above, Barclays has developed the Client Transition Framework ('CTF') to evaluate the Group's (including the Bank's) clients' progress as they transition to a low-carbon business model. Using BlueTrack™ data and public disclosures, the framework evaluates both qualitative and quantitative components to assess transition trajectories against Barclays' targets and benchmarks (BBI clients are in scope). This allows us to prioritise engagement with clients based on their CTF scores. Details on the CTF methodology are set out on pages 90 and 91 in the Barclays Group PLC 2023 Annual Report.

During 2023, Barclays conducted industry-specific deep dives to identify risk factors and characteristics for those sectors. For example, the power sector review incorporated analysis of carbon intensity, transition plans and the results of a bespoke power utilities scenario analysis (such as the effect of carbon pricing on client financial performance).

Risk review

Principal risk management

Furthermore, Barclays has established industry-specific risk management processes where appropriate to assess the impact of climate risk on those sectors. Granular asset-level assessment is performed in the oil and gas portfolio, prioritising the assessment of clients that are non-investment grade and operating in the upstream and midstream sub-sectors. Taking into account factors such as breakeven costs, geological concerns, infrastructure constraints and regulatory/geopolitical uncertainty, the Bank has subsequently classified clients and their assets into tiers from 1 to 3, with tier 3 considered the riskiest. Asset tiering and assessment for these clients are reviewed at least annually.

For Credit Risk, the Bank continues to embed C&E risk assessment into the credit assessment, annual review and transaction approval processes to ensure that climate-related risks are considered for wholesale credit.

At a client level, the Climate Lens questionnaire is also used to evaluate the impact of C&E risks on firms. The Climate Lens questionnaire is completed for the firms in C&E elevated risk sectors. Each question is rated as Low, Moderate or High based on the client's exposure and vulnerability to various climate and environmental risk factors. Climate Lens is currently being re-developed with the aim of making it more quantitative and improving its integration within the credit processes.

For the other Principal Risk categories, the assessment is primarily focused on Climate Risk and Barclays is developing its capabilities to extend these assessments to include environmental risk drivers where applicable.

For Market Risk, the impact of Climate Risk is measured by applying a range of stress scenarios that stress the core risks (equities and credit risk asset classes) susceptible to climate change over long and short-term horizons to individual risk factors. The pattern of stress losses arising from the stress scenario is used to estimate and set ongoing limits, under which BBI monitors and controls Market Risk arising from transition related climate change. The BBI Market risk stress loss limit for transition risk considers a late action stress scenario, and applies stressed shocks to the Equities and Credit Risk asset classes. Given the dynamic nature of market risk portfolios and hedging strategies, the scenario is assessed over a 1 month horizon.

For Treasury and Capital Risk, Barclays' conducts Group-wide climate stress tests (including for the Bank) to understand and assess the potential impact on Barclays' capital position. Climate Risk considerations have also been incorporated into the BBI ICAAP. For Liquidity Risk, Barclays identifies and assesses potential vulnerabilities of certain industries and asset classes that may deteriorate under a climate stress scenario, and subsequently impact funding and liquidity ratios. Climate Risk considerations have also been incorporated into the Internal Liquidity Adequacy Assessment Process ('ILAAP').

For Operational Risk, climate-related risks continue to be assessed as part of existing Operational Risk processes. This includes working with Premises and Operational Recovery Planning teams to evaluate and respond to climate-related impacts and regulatory requirements. Climate factors have been integrated into Structured Scenario Assessments, which capture extreme but plausible operational tail risks. As part of the assessment in 2023, Climate Risk has been included in the building destruction scenario (physical risks) and greenwashing-related scenarios (transition risks).

For Reputation Risk, the primary responsibility for identifying and managing Reputation Risk and adherence sits with the front line business and support functions where the risk arises. The EDD process and other relevant processes in these business units facilitate the assessment of C&E related reputational risk - details on this are on page 26 of this Annual Report, while details on oversight and management are embedded within the Barclays governance framework on pages 12 and 13. The client relationships or transactions that have been assessed as higher risk (for further details on this risk rating see section titled "Escalation and decision making" on page 26 of this Annual Report) from EDD or other relevant processes may be subject to further escalation including escalation to the Group Reputational Risk Committee. The clients and transactions deemed as presenting material reputational risks to the Bank are carefully reviewed for recommendations to proceed or reject transactions or client relationships.

Across the Bank's' portfolios, scenario analysis continues to form a key part of the approach to assessing and quantifying the impact of climate risks. Details on the progress and outcomes of BBI scenario analysis and stress testing exercises are available on page 28 of this Annual Report. BBI is considering carrying out an environmental risk/nature risk stress scenario in 2024, to assess vulnerabilities in the BBI portfolio.

Risk monitoring and reporting

In addition to the Climate Risk appetite, Barclays (including the Bank) has integrated C&E risk considerations into policies, standards and lending guidelines. Consistent with Barclays' Group net zero ambition and taking into account considerations of all relevant business factors restrictive policies have been implemented by the Group (including the Bank) to progressively curtail or prohibit financing of certain activities in sensitive sectors, including thermal coal mining and coal-fired power generation, Arctic oil and gas, oils sands, fracking, Amazon oil and gas, extra heavy oil and ultra-deep water. These policies are reviewed regularly and updated with respect to external developments. Details on the Group's restrictive policies are on page 24 of this Annual Report.

The Bank has implemented climate-aware limits and controls for priority sectors, including based on BlueTrack™ measures of emissions intensity and the CTF. For BBI portfolios, specific limits and sub-limits have been established with careful consideration of materiality, portfolio composition and other relevant factors. The specific limits for BBI are listed below:

- Wholesale Credit Risk ('WCR') sub limits for key elevated sectors, namely Automotive, Power, Steel and Cement for the Wholesale credit portfolio (primarily focusing on client transition plans and emissions);
- Consumer Bank limits for areas prone to flood risks;
- stress loss limits for Market risk portfolio (primarily focusing on late transition risk scenario); and
- Liquidity Risk limits for C&E risk, taking into account additional drawdown of RCFs.

Risk review

Principal risk management

A BBI Climate Risk Dashboard is presented to the BEREC. Subsequently an update is presented to the BBI BRC on a quarterly basis by the BBI CRO. This Dashboard is used to inform current exposure to portfolios with high physical and transition risks, concentrations and climate risk trends.

The Bank recognises that climate risk knowledge is more advanced and established compared to knowledge on environmental risks. Consequently, its practices and processes for addressing climate risks are more mature and well-defined. Given the evolving nature of environmental risk (primarily new elements and features of TNFD), the Bank acknowledges that its understanding and capabilities in this area are still in their early stages.

Barclays Group, including the Bank, continues to enhance and sophisticate its risk management capabilities with increased knowledge and ability to quantify and manage C&E risks.

Risk review

Principal risk management

Credit risk management (audited)

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

Overview

Credit Risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit Risk exists as a result of the Bank providing loans, advances and loan commitments arising from such lending activities and from credit enhancements provided by the Bank such as financial guarantees, letters of credit, endorsements and acceptances.

The granting of credit is one of the Bank's major sources of income and the Bank dedicates considerable resources to its control. The sanctioning of individual exposures is performed by the Bank's Credit Sanctioning Team (in accordance with sanctioning discretions).

Organisation, roles and responsibilities

Responsibility for oversight of credit sanctioning lies with the Credit Risk Management Forum which is chaired by the Bank's Head of Credit Risk, who reports to the Bank's CRO.

The Bank's Credit Risk Management Forum exercises oversight through regular review of the Bank's credit portfolio examining, inter alia the constitution of the portfolio in terms of sectorial and individual exposures against the Bank's overall risk appetite. The CRO, who is a Co-Chair of the Bank's Credit Risk Management Forum, reports the views of this forum to the BRC as part of the CRO Risk Report, which is a standing agenda item.

Corporate loans which are identified as showing signs of credit stress/deterioration are recorded on graded problem exposure lists known as watch lists. These lists are updated monthly and circulated to the relevant Management Committees. Once listing has taken place, exposures are closely monitored and, where appropriate, reduced and/or cancelled.

Watch list exposures are categorised in line with the perceived degree of the risk attached to the lending, and its probability of default. In line with the wider Group's policy, the Bank works to four watch list categories based on the degree of concern. By the time an account becomes credit impaired it will normally have passed through all four categories, each of which reflect the need for ever-increasing caution and control.

Where a customer's financial condition gives grounds for concern, it is placed into the appropriate category. Corporate customers, regardless of financial health, are typically subject to a full review of all facilities on, at least, an annual basis. More frequent interim reviews may be undertaken should circumstances dictate. Retail customers are greater in number and, therefore, are managed in aggregated segments.

Credit Risk mitigation

The Bank mitigates Credit Risk to which it is exposed through netting and set-off, collateral and risk transfer.

Netting and set-off

Credit risk exposures can be reduced by applying netting and set-off. For derivative transactions, the Bank's normal practice is to enter into standard master agreements with counterparties (e.g. International Swaps Derivatives Association master agreements ('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 FX transactions) by allowing payments on the same day in the same currency to be set-off against one another.

Collateral

The Bank 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;
- derivatives: the Bank also often seeks to enter into a margin agreement (e.g. Credit Support Annex) with counterparties with which the Bank 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 Bank subject to an agreement to return them for a fixed price; and
- financial guarantees and similar off-balance sheet commitments: cash collateral or collateral in the form of securities may be held against these arrangements.

Risk transfer

A range of instruments including guarantees, sub participations, credit insurance, credit derivatives and securitisation can be used to transfer credit risk from one counterparty to another. These mitigate credit risk in three 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; and
- first loss exposures across pools of credit risk can be hedged via synthetic securitisation structures, typically via credit lending notes ('CLN') issuance. As these are fully funded upfront they provide for a direct reduction in credit risk exposure on referenced pools.

Risk review

Principal risk management

Market risk management (audited)

The risk of loss arising from potential adverse changes in the value of the Bank's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, FX, 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 Bank 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.

The Bank's market risk is managed with intragroup and external market counterparts and the Bank is committed to sourcing external hedges, where required, in line with the Bank's operating model. Some desks within the Bank employ a back to back booking model (structured credit and equity derivatives as two examples). In the back to back model, market risk is transferred to a Barclays affiliate (BB PLC, Barclays Capital Securities Limited ('BCSL') and/or Barclays Capital International ('BCI') or a third party on a one to one, trade by trade basis).

A measurement technique used to measure and control market risk is Management Value at Risk ('VaR'). Management VaR is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a confidence level of 95%. Daily losses exceeding the Management VaR figure are likely to occur, on average five times in every 100 business days. Management VaR is calculated with Barclays Group models using the historical simulation method with a historical sample of one year.

The Management VaR model in some instances may not appropriately measure some market risk exposures, especially for market moves that are not directly observable via prices. When reviewing Management VaR estimates, the following considerations are taken into account:

- the historical simulation uses the most recent year of past data to generate possible future market moves, but the past year may not be a good indicator of the future;
- the one-day time horizon may not fully capture the market risk of positions that cannot be closed out or hedged within one day;
- management VaR is based on positions as at close of business and consequently, it is not an appropriate measure for intra-day risk arising from a position bought and sold on the same day; and
- management VaR does not indicate the size of potential loss beyond the Management VaR confidence level.

Organisation, roles and responsibilities

The Market Risk Sub Committee reviews and makes recommendations concerning the Bank's market risk profile. This includes overseeing the operation of the Market Risk Framework and associated policies and standards; reviewing market dynamics or regulatory issues and reviewing limits and utilisation. The Barclays Europe Market Risk Sub Committee reviews and makes recommendations concerning the Bank's market risk profile. This includes reviewing market dynamics, regulatory issues and limit utilisation levels. The committee is chaired by the Head of Market Risk and attendees include business aligned market risk managers and the co-heads of the Markets business.

Treasury and Capital risk management

This comprises:

Liquidity Risk: The risk that the Bank 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 Bank 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 Bank's defined benefit pension plans.

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

BBI Treasury manages Treasury and Capital Risk exposure on a day-to-day basis, with the Asset and Liability Committee ('ALCO') acting as the principal management body. 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.

Risk review

Principal risk management

Liquidity risk management (audited)

Overview

The efficient management of liquidity is essential to the Bank in retaining the confidence of the financial markets and maintaining the sustainability of the business. Treasury and Capital Risk has a control framework in place for managing liquidity risk and this is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to remain within the Liquidity Risk appetite as expressed by the Bank's Board based on internal and regulatory liquidity metrics. This is achieved via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

Roles and responsibilities

Treasury and Capital Risk function is responsible for the management and governance of the liquidity risk mandate defined by the Bank's Board. Treasury has the primary responsibility for managing liquidity risk within the set risk appetite and for the production of the ILAAP.

The control framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Bank's balance sheet and contingent liabilities and Recovery Plan. Limit setting and transfer pricing are tools designed to control the level of liquidity risk taken and drive the appropriate mix of funds. Together these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet the Bank's obligations as they fall due. The control framework is subject to internal conformance testing and internal audit review.

The Board approves the Bank's funding plan, internal stress tests and results of regulatory stress tests, Contingency Funding Plan and the Bank's Recovery Plan.

The Bank's ALCO is responsible for monitoring and managing liquidity risk in line with the Bank's funding management objectives, funding plan and risk frameworks. The Risk Committee monitors and reviews the liquidity risk profile, control environment, and the utilization of Liquidity Risk appetite. The Bank's BRC reviews the risk profile, and reviews Liquidity Risk appetite at least annually and the impact of stress scenarios on the Bank's funding plan/forecast in order to agree the Bank's projected funding abilities.

Capital risk management (audited)

Overview

Capital risk is managed through ongoing monitoring and management of the capital and leverage position, regular stress testing and a robust capital governance framework. The objectives of the framework are to maintain adequate capital for the entity 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. The Bank aims to prudently manage its overall leverage position (including risk of excessive leverage) by utilising plausible stress scenarios, reviewing and deploying management actions in response to deteriorating economic and commercial positions. In order to manage contingent leverage risk, the Bank considers the context from which the business consumption arises, the impact of client utilisation on leverage and the available actions to manage.

Organisation, roles and responsibilities

The management of capital risk is integral to the Bank's approach to financial stability and sustainability management, and is embedded in the way businesses and legal entities operate.

Capital Risk management is underpinned by a control framework and policy. The capital management strategy, outlined in the Bank's 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 Bank's objectives.

The Board approves the Bank's capital plan, internal stress tests and results of regulatory stress tests, and the Bank's recovery plan. The ALCO is responsible for monitoring and managing capital risk in line with the Bank's capital management objectives, capital plan and risk frameworks. The Risk Committee monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk. The BRC reviews the risk profile, and reviews risk appetite at least annually and the impact of stress scenarios on the Bank's capital plan/forecast in order to agree the Bank's projected capital adequacy.

Management assures compliance with the Bank's minimum regulatory capital requirements by reporting to the ALCO, with oversight also from the Risk Committee.

Treasury has the primary responsibility for managing and monitoring capital adequacy. The Treasury and Capital Risk function provides oversight of capital risk. Production of the Bank's ICAAP is the responsibility of the Bank's Treasury function. Contingent leverage risk is managed by; i) setting comprehensive leverage (and RWA) targets for each business as part of the Treasury capital management process, taking into account adherence to early warning indicators and maintain a healthy leverage ratio, and ii) monitoring execution of actions taken to course-correct as necessary.

The Bank 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. BBI 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 Bank could be required or might choose to make extra contributions to the pension fund.

Risk review

Principal risk management

Interest rate risk in the banking book

Overview

Interest rate risk in the banking book ('IRRBB') is driven by customer deposit taking and lending activities and funding activities. As per the Bank's policy to remain within the defined risk appetite, businesses and Treasury execute hedging strategies to mitigate the various IRRBB risks that result from these activities. However, the Bank 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 Bank. This risk is often referred to by industry regulators as 'embedded option risk'.

Organisation, roles and responsibilities

The Bank's ALCO, is responsible for monitoring and managing IRRBB risk in line with the Bank's management objectives and risk frameworks. The 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 Bank's banking books.

In addition, the Bank'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 Bank 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

The management of operational risk has three key objectives:

- deliver and oversee 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; and
- 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 Bank's strategy, the stated risk appetite and stakeholder needs.

The Bank 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 with the business and functional units where the risk arises. The operational risk profile and control environment is reviewed by business management through specific meetings which cover these items. 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 Barclays Group Risk Committee, the Operational Risk Committee, the Bank's BRC or the Bank's BAC.

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 and for overseeing the portfolio of operational risk across Barclays Group. The Bank's Head of Operational Risk is responsible for recommending the Bank's adoption of the Operational Risk Management Framework, ensuring the Bank's specific requirements are recognised through the Bank's addenda where appropriate, and is responsible for monitoring the portfolio of operational risk across the Bank.

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' operational risk profile, including risk-based review and challenge. 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.

Specific reports are prepared by Operational Risk on a regular basis for the Bank Risk Committee, and the Bank BRC.

Risk review

Principal risk management

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 and Cyber Risk; Operational Recovery Planning Risk; Payments Processing 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 Bank's strategic objectives. These are referred to as Connected Risks and require an overarching and integrated risk management and/or reporting approach. The Bank's Connected Risks include Cyber, Data, Resilience and TPSPs.

For definitions of the Bank's Operational Risk Categories and Connected Risks, refer to the Bank's Pillar 3 Report.

Model risk management

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

Overview

The Bank 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 six 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) Infrastructure Delivery and Oversight, responsible for the delivery of model inventory including associated data quality and reporting and oversight of Quantitative Processes;
- (v) COO, responsible for strategy, communications and business management; and
- (vi) 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. VCoE is aligned to the Group Model Risk Governance team.

The Bank's Board has designated a subcommittee of the executive Risk Committee to provide executive oversight of model issues and to assist the Chief Risk Officer to review and challenge the management of model risk by the MRM function within the Bank. This subcommittee escalates issues to the Bank's Executive Risk or Control Committees as appropriate, and regular updates are provided to the Bank's Board.

The Model Risk Framework is defined and implemented through Model Risk Policy and Standards that prescribe 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 key MRM activities include:

- correctly identifying models across all relevant areas of the Bank 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; and
- defining Model Risk appetite in terms of risk tolerance, and qualitative metrics which are used to track and report model risk.

Risk review

Principal risk management

Compliance risk management

The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Bank's products and services (Conduct Risk), and the risk to the Bank, its clients, customers or markets from a failure to comply with the LRR applicable to the firm.

Overview

Compliance Risk incorporates market integrity, customer protection, financial crime, product design and review and the newly created LRR risks. The Bank acts at all times to operate its business in full accordance with all applicable LRR, and to deliver good outcomes for/avoid harm to customers, clients and markets. The Bank will act in good faith; avoid causing foreseeable harm and enable and support customers to pursue their financial objectives.

Organisation, roles and responsibilities

The CRMF outlines how the Bank manages and measures its Compliance risk profile. The Barclays Group Chief Compliance Officer is accountable for developing, maintaining and overseeing the CRMF. This includes defining and owning the relevant Compliance Risk policies which detail the control objectives, principles and other core requirements for the activities of the Bank. The Bank's Chief Compliance Officer oversees the performance of these responsibilities for the Bank. It is the responsibility of the First Line of Defence to establish conduct related controls to manage its performance and assess conformance to the CRMF. The responsibility for LRR risk management sits across various functions and business units, including Legal, Chief Controls Office, Risk and Compliance.

Senior managers are accountable within their areas of responsibility for owning and managing Compliance Risk in accordance with the CRMF.

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

The governance of Compliance Risk within the Bank is fulfilled through management committees and forums operated by the First and Second Lines of Defence with clear escalation and reporting lines to the BBI Board. The BBI Risk Committee is the primary second line governance committee for the oversight of the Compliance Risk profile. The Risk Committee's responsibilities include the identification and discussion of any emerging Compliance risk exposures in the Bank. The BBI Conduct and Reputational Risk Committee, a subcommittee of the Bank's Executive Committee, is dedicated to providing executive oversight of Conduct and Reputation risk within BBI.

Reputation risk management

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

Overview

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

Organisation, roles and responsibilities

The BBI Board is the most senior body responsible for reviewing and monitoring the effectiveness of the Bank's management of reputation risk. The Conduct and Reputational Risk Committee is dedicated to providing executive oversight of conduct and reputation risk and escalating to the Board as appropriate.

The Group Chief Compliance Officer is accountable for developing a Reputation Risk Management Framework ('RRMF'), and Policy and Corporate Responsibility is responsible for the publication of appropriate Reputation Risk Policies, Standards and control requirements and overseeing adherence, as well as providing Reputation Risk management advice and guidance and acting as subject matter experts on Reputation Risk matters. Reputation Risk is by nature pervasive and can be difficult to quantify, requiring more subjective judgement than many other risks. RRMF sets out what is required to manage reputation risk across the Bank.

The primary responsibility for identifying and managing reputation risk and adherence to the control requirements sits with the business and support functions where the risk arises. The Bank's Chief Compliance Officer is responsible for providing independent second line oversight of the Business' adherence to the RRMF.

The Bank is required to operate within an established Reputation Risk appetite, and the component businesses prepare reports highlighting their most significant current and potential reputation risks and issues and how they are being managed. These reports are a key internal source of information for the quarterly reputation risk reports which are prepared for the Conduct and Reputational Risk Committee and reviewed by the BBI Board.

Risk review

Principal risk management

Legal risk management

The risk of loss or imposition of penalties, damages or fines from the failure of the Bank to meet applicable LRR or contractual requirements or to assert or defend its intellectual property rights.

Overview

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 the Bank seeks to mitigate through the operation of a Barclays Group-wide Legal Risk management framework. This seeks to mitigate Legal Risk, including through the implementation of Group-wide Legal Risk policies requiring engagement of legal professionals in situations that have the potential for legal risk, identification and management of legal risk by those legal professionals, and escalation of legal risk as necessary. Legal Risk is also mitigated by the complementary requirements of the CRMF, including the responsibility of legal professionals to proactively identify, communicate and provide legal advice on applicable LRR. Notwithstanding these mitigating actions, the Bank operates with a level of residual legal risk, for which the Bank has limited tolerance.

Organisation, roles and responsibilities

The Bank's businesses and functions have responsibility for identifying and escalating to the Legal Function legal risk in their areas, 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 Bank receives legal advice and support from appropriate legal professionals, working in partnership proactively to identify, manage and escalate legal risks as necessary. The Bank is supported specifically by the BBI General Counsel, who draws on the support of the wider Barclays Legal Function as appropriate.

The senior management of the wider Barclays 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 provides support to all areas of the Barclays Group and is not formally part of any of the Three Lines of Defence. Except in relation to the legal advice it provides or procures, the Legal Function is subject to oversight from the Second Line of Defence with respect to its own operational and compliance risks, as well as with respect to the legal risk to which the bank is exposed.

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, producing the Barclays Group-wide risk appetite statement 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 BBI Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of risk management across the Bank. Escalation paths from this committee exist to the Barclays GRC and BBI BRC.

Risk review

Climate risk performance

All disclosures in this section, pages 64 to 66, are unaudited unless otherwise stated.

Climate risk performance

Carbon-related asset

According to the TCFD, certain industry segments more likely to be financially impacted than others due to their exposure to certain transition and physical risks around GHG emissions, energy, or water dependencies associated with their operations and products. These non-financial industries are grouped into four key areas: Energy; Transportation; Materials and Buildings; and Agriculture, Food, and Forest Products. Barclays' exposures to the industries within these groups are reported as carbon-related assets and can be found in the table on page 65.

Elevated risk sectors

Based on portfolio level assessments (including for industry sectors) on climate risk, Barclays identifies and categorises sectors with heightened risk to climate change as elevated sectors. However, in each sector there are a range of vulnerabilities and not all clients in these sectors have high emissions and the sectors should not be interpreted as an indicator of relative carbon intensity. Residential Real Estate exposures are also included in this table. (Barclays recognises Residential Real Estate portfolio as elevated risk, therefore on that basis they have been included in the table). The sectors highlighted blue in the table on page 65 represent the sectors considered as elevated by the Barclays Group.

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. Vulnerable to shift in consumer preferences.
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	Technological advances in low-carbon and sustainable alternatives along with new and more stringent environmental regulations, including carbon tax. 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, vulnerable to litigation cases and reputational damage.
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 and move to renewable sources of energy, 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.
Residential Real Estate	Evolving minimum energy efficiency requirements and increasing physical risks from flood, subsidence and coastal erosion have the potential to impact house prices and homeowner affordability.
Shipping*	More stringent carbon tax regulations and policy pressure to cut emissions and adopt low-emission fuels, requiring higher levels of R&D expenditure and 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.

* Barclays Europe has no exposure to these sectors.

Risk review

Climate risk performance

Carbon-related assets (Incl. sub-sector breakdown) ^{a,b,c,h}

	2023			2022			% Change
	€m			€m			
	Loans & advances ^d	Loan commitments ^e	Total	Loans & advances ^d	Loan commitments ^e	Total	
Agriculture, Food and Forest Products (logging)	—	34	34	—	—	—	NA
Agriculture	—	34	34	—	—	—	
Energy & Waters	114	3,342	3,456	174	3,806	3,980	(13)%
Power Utilities	114	3,342	3,456	174	3,806	3,980	
Manufacturing	694	7,384	8,078	599	6,677	7,276	11 %
Automotive	146	2,451	2,597	106	1,959	2,065	
Cements	—	2	2	—	2	2	
Chemicals	73	1,515	1,588	41	1,246	1,287	
Food, Bev and Tobacco	139	781	920	158	759	917	
Manufacturing - Others	258	2,243	2,501	233	2,320	2,553	
Metals	8	53	61	48	30	78	
Oil and Gas (refining)	6	203	209	—	203	203	
Packaging Manufacturers: Metal, Glass and Plastics	38	42	80	5	39	44	
Paper and Forest Products (excl logging)	26	94	120	8	119	127	
Materials and Building	221	910	1,131	291	1,123	1,414	(20)%
Construction and Materials	39	303	342	90	450	540	
Homebuilding and Property Development	26	99	125	27	68	95	
Real Estate Management and Development	156	508	664	174	605	779	
Mining and Quarrying	307	1,486	1,793	157	1,769	1,926	(7)%
Mining (incl diversified miners) ^f	9	80	89	22	64	86	
Oil and Gas (extraction)	298	1,406	1,704	135	1,705	1,840	
Transport & storage	185	993	1,178	188	745	933	26 %
Aviation	37	306	343	106	284	390	
Other Transport Services	145	609	754	81	377	458	
Road Haulage	2	78	80	1	84	85	
Wholesale and retail distribution and leisure	35	221	256	124	195	319	(20)%
Oil and Gas (wholesale)	—	85	85	21	91	112	
Others	35	136	171	103	104	207	
Other Financial Institutions	71	44	115	87	27	114	1 %
Real Estate Management and Development (REIT)	71	44	115	87	27	114	
Home Loans	3,626	—	3,626	4,405	—	4,405	(18)%
Residential Real Estate	3,626	—	3,626	4,405	—	4,405	
Subtotal (Elevated risk sectors)	4,313	9,502	13,815	5,011	9,444	14,455	(4)%
Carbon-related Assets Grand Total	5,255	14,414	19,669	6,025	14,342	20,367	(3)%
Total Loans & Advances and Loan commitments^g	13,163	26,515	39,678	15,360	30,731	46,091	(14)%
Carbon-related assets / Total Loans & Advances and Loan commitments	40%	54%	50%	39%	47%	44%	
Sub-total of sectors spanning in multiple industries							
Oil and Gas	305	1,694	1,999	156	1,999	2,155	(7)%

Notes

- The sectors have been re-presented based on the standard nomenclature of economic activities (NACE codes) this year. These sector headings are consistent across our disclosures on credit risk concentration by industry and geography (page 100). The prior year comparatives have been re-presented in line with the updated sector headings.
- As industries decarbonize, sectors will increasingly include both carbon and non-carbon related activities e.g. Power Utilities will also include, in part, their generation capacity from renewable energy sources.
- This table excludes sectors for which BBI has Nil exposure, being the "Metals (waste & recycling)", "Steel", "Coal mining and coal terminal" "Oil & Gas (midstream)", "Ports" and "Shipping" sectors.

Risk review

Climate risk performance

d. Loans and advances includes debt securities at amortized cost amounting to €2,495m (2022: €87m) of which carbon related assets are Nil.

e. Loan commitments excludes fair value exposures of €2,280m in 2023 and €1,729m in 2022.

f. Diversified miners with minority interests in thermal coal mining are included in this category.

g. Loans at December 2023 exclude loans of €4,444m classified as "held for sale". Commitments at December 2023 exclude commitments of €6,851m relating loans classified as "held for sale".

h. Whilst a counterparty can have activities across several industries, each counterparty is assigned to an individual sector in the table above.

Credit exposure to nature priority sectors

For the first time we disclose credit exposure to sectors defined by TNFD in its Additional Guidance for Financial Institutions as "Nature priority sectors" which we note is a core TNFD metric for banks under the TNFD disclosure framework published in September 2023. As part of our efforts to calculate and disclose this metric, we have mapped the industry codes provided by TNFD to Barclays Industry classifications. The monitoring and reporting of our exposures to these TNFD identified nature priority sectors will continue to evolve in line with approaches taken to nature-related risk management and as the list of priority sectors set out in the TNFD Guidance for Financial Institutions is updated and as such, are subject to change in future. Nature-related risks within a sector may vary substantially according to company and project.

Credit exposure to nature priority sectors^{a,b,c,i}

	2023			2022			% Change
	€m			€m			
	Loans & advances ^d	Loan commitments ^e	Total	Loans & advances ^d	Loan commitments ^e	Total	
Agriculture	—	34	34	—	—	—	NA
Food, Bev and Tobacco	139	781	920	158	759	917	— %
Paper and Forest Products	26	94	120	8	119	127	(6)%
Oil and Gas	305	1,694	1,999	156	1,999	2,155	(7)%
Power Utilities	114	3,342	3,456	174	3,806	3,980	(13)%
Cement	—	2	2	—	2	2	— %
Chemicals	73	1,515	1,588	41	1,246	1,287	23 %
Construction and Materials	39	303	342	90	450	540	(37)%
Homebuilding and Property Development	26	99	125	27	68	95	32 %
Manufacturing - Semiconductors and semiconductor Equipments	1	365	366	1	356	357	3 %
Metals	8	53	61	48	30	78	(22)%
Mining (incl. diversified miners) ^f	9	80	89	22	64	86	3 %
Packaging Manufacturers: Metal, Glass and Plastics	38	42	80	5	39	44	82 %
Automotive	146	2,451	2,597	106	1,959	2,065	26 %
Aviation	37	306	343	106	284	390	(12)%
Other Transport Services	145	609	754	81	377	458	65 %
Road Haulage	2	78	80	1	84	85	(6)%
Pharmaceuticals	64	951	1,015	28	925	953	7 %
Power Utilities - Renewable	107	788	895	—	265	265	238 %
Water Utilities	—	205	205	—	265	265	(23)%
Priority sectors assets for Nature Grand Total	1,279	13,792	15,071	1,052	13,097	14,149	7 %
Total loans & advances and Loan commitments^g	13,163	26,515	39,678	15,360	30,731	46,091	(14)%
Priority sectors assets for Nature / Total loans & advances and Loan commitments	10 %	52 %	38 %	7 %	43 %	31 %	

Notes

a As industries decarbonize, sectors will increasingly include both carbon and non-carbon related activities e.g. Power Utilities will also include, in part, their generation capacity from renewable energy sources.

b The TNFD highlights real estate development as a high-priority sector for nature. Barclays has €780m (2022: €893m) of Loans & Advances and Loan Commitments to Real Estate Management and Development, of which the majority is from real estate investment activity. As a result, this has been excluded from the Priority sector assets for Nature.

c This table excludes sectors for which BBI has Nil exposure, being the "Manufacturing - Personal care products", "Manufacturing - Textiles, apparel and luxury goods", "Steel", "Coal mining and coal terminal", "Ports", "Shipping" and "Sewerage, waste collection, treatment and disposal" sectors.

d Loans and advances includes debt securities at amortized cost amounting to €2,495m (2022: €87m) of which nature priority sector assets are Nil.

e Loan commitments excludes the fair value exposures of €2,280m in 2023 and €1,729m in 2022.

f Diversified miners with minority interests in thermal coal mining are included in this category.

g Loans at December 2023 exclude loans of €4,444m classified as "held for sale". Commitments at December 2023 exclude commitments of €6,851m relating loans classified as "held for sale".

h The sectors above are the sectors considered as a priority by the TNFD. The Bank identifies its own elevated environmental risk sectors, namely construction and materials, water utilities, other transport services and certain real estate (based on portfolio analysis and a third party heat map, see page 54 for more detail). The Bank will continue to review its portfolio in relation to environmental risk drivers and consider the TNFD framework as environmental risk management practices evolve.

i Whilst a counterparty can have activities across several industries, each counterparty is assigned to an individual sector in the table above.

Risk review

Credit risk performance

Credit risk performance contents		Page
Credit risk represents a significant risk to the Bank and mainly arises from exposure to loans and advances together with the counterparty credit risk arising from derivative contracts entered into with clients.	Credit risk overview and summary of performance	68
	Maximum exposure and effects of netting, collateral and risk	69
This section outlines the ECL allowances, the movements in allowances during the period, material management adjustments to model output and measurement uncertainty and sensitivity analysis.	Expected credit losses	72
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The Bank reviews and monitors risk concentrations in a variety of ways. This section outlines performance against key concentration risks.	Analysis of the concentration of credit risk	100
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	Approach to management and representation of credit quality	101
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Credit Risk monitors exposure performance across a range of significant portfolios.	Analysis of specific portfolios and asset types	109
	Assets held for sale	110
This section outlines the ECL allowances, material management adjustments to model output, sensitivity analysis and monitors risk concentration for assets held for sale.		

Risk review

Credit risk performance

All disclosures in this section pages 68 to 113 are unaudited unless otherwise stated.

Overview

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

Task force on Disclosures about Expected Credit Losses ('DECL')

Credit risk disclosures have been enhanced to include DECL III recommendations for minimum product grouping for this period and prior period comparatives have been aligned.

Assets held for sale

A section has been introduced to provide credit risk disclosures relating to the CBE portfolio which has been classified as assets held for sale. Refer pages 110 to 113.

Summary of performance in the period

Gross exposure: Gross loans and advances at amortised cost to customers and banks have decreased to €13.3bn (2022: €15.9bn). The reduction is due to the CBE portfolio classified as assets held for sale partially offset by an increase in the debt securities driven by Treasury investments.

Maximum exposure: The Bank's net exposure to credit risk has increased to €111.3bn (2022: €95.9bn) driven by an increase in debt securities (€11bn) and loan commitments (€3.6bn), both of which are considered to be low risk. Overall, the extent to which the Bank held mitigation against its total exposure have decreased to 39% (2022: 43%).

Credit quality: On an overall basis, delinquencies have remained broadly stable across the Bank with increased delinquencies in mortgages on account of higher interest rates. Corporate loans 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: Decrease observed in gross exposures across stages driven by the CBE portfolio classified as assets held for sale. This is partially offset by an increase observed in Stage 2 in Mortgages due to higher delinquencies and in Corporate loans driven by an increased probability of defaults (PDs). Refer pages 82 to 83 for further details.

Scenario: Economic uncertainty continues, linked to higher interest rates and ongoing inflation in major economies. For Q4/23, scenarios have been refreshed and are designed around a broad range of economic outcomes. The Downside 2 ('DS2') scenario has been aligned to the Bank's 2023 Internal Stress Test ('IST23') which is less severe compared to prior year internal stress test in terms of GDP deterioration, resulting in increased DS2 weights.

ECL: ECL provisions have decreased to €207m (2022: €587m), due to €274m of the CBE portfolio classified as assets held for sale. As a result, on balance sheet coverage ratio for loans and advances to customers and banks have decreased to 1.3% (2022: 3.4%), further impacted by an increase in the debt securities which carries low risk.

Charge: Credit impairment charges from continuing operations have remained broadly stable at €32m (2022: €33m).

Management adjustments: Economic uncertainty adjustments at 31 December 2023 have remained broadly stable at €12m (2022: €13m). Refer to the Management adjustment to models for impairment section on pages 83 to 84 for further details.

Climate: Bank has performed a credit risk assessment of physical and transition risk due to climate change. This was delivered through a combination of a scenario approach and targeted reviews on specific portfolios identified as more susceptible to climate risk. The analysis did not result in a separately identifiable impairment charge for year end 2023 reporting.

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. Refer the credit risk management section for details of governance, policies and procedures.

Risk review

Credit risk performance

Maximum exposure and effects of netting, collateral and risk transfer

Basis of preparation

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

For financial assets recognised on the balance sheet, maximum exposure to credit risk represents the balance sheet carrying value after allowance for impairment. For off-balance sheet guarantees, the maximum exposure is the maximum amount that the Bank would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure is the full amount of the committed facilities.

This and subsequent analyses of credit risk exclude other financial assets not subject to credit risk.

The Bank mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on the Bank's policies to each of these forms of credit enhancement is presented on page 57 of the Credit risk management section.

Collateral obtained

Where collateral has been obtained in the event of default, the Bank 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 Bank as at 31 December 2023, as a result of the enforcement of collateral, was €nil (2022: €nil).

Risk review

Credit risk performance

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

As at 31 December 2023	Maximum exposure €m	Netting and set-off €m	Cash collateral €m	Non-cash collateral €m	Risk transfer €m	Exposure net of risk mitigation €m
On-balance sheet:						
Cash and balances at central banks	33,814	—	—	—	—	33,814
Cash collateral and settlement balances	15,809	—	—	—	—	15,809
Loans and advances at amortised cost:						
Retail mortgages	3,626	—	—	(3,626)	—	—
Retail cards	—	—	—	—	—	—
Retail other	66	—	(40)	(26)	—	—
Corporate loans	5,746	—	(109)	(828)	(1,572)	3,237
Loans and advances to customers	9,438	—	(149)	(4,480)	(1,572)	3,237
Loans and advances to banks	1,230	—	—	—	—	1,230
Total loans and advances at amortised cost	10,668	—	(149)	(4,480)	(1,572)	4,467
<i>Of which credit-impaired (Stage 3):</i>						
Retail mortgages	129	—	—	(129)	—	—
Retail cards	—	—	—	—	—	—
Retail other	3	—	—	(3)	—	—
Corporate loans	118	—	—	(1)	(77)	40
Total credit impaired loans and advances at amortised cost	250	—	—	(133)	(77)	40
Debt securities at amortised cost	2,495	—	—	—	—	2,495
Reverse repurchase agreements and other similar secured lending	2,064	—	—	(2,064)	—	—
Trading portfolio assets:						
Debt securities	15,907	—	—	—	—	15,907
Traded loans	2	—	—	—	—	2
Total trading portfolio assets	15,909	—	—	—	—	15,909
Financial assets at fair value through the income statement:						
Loans and advances	1,160	—	—	(524)	—	636
Debt securities	29	—	—	—	—	29
Reverse repurchase agreements	20,802	—	(449)	(20,353)	—	—
Total financial assets at fair value through the income statement	21,991	—	(449)	(20,877)	—	665
Derivative financial instruments	33,580	(19,689)	(10,872)	(1,304)	(47)	1,668
Other assets	142	—	—	—	—	142
Assets held for sale	4,444	—	—	—	—	4,444
Total on-balance sheet	140,916	(19,689)	(11,470)	(28,725)	(1,619)	79,413
Off-balance sheet:						
Contingent liabilities and Financial Guarantees	5,280	—	(683)	(6)	(534)	4,057
Loan commitments	35,646	—	(208)	(493)	(7,077)	27,868
Total off-balance sheet	40,926	—	(891)	(499)	(7,611)	31,925
Total	181,842	(19,689)	(12,361)	(29,224)	(9,230)	111,338

Off-balance sheet exposures are shown gross of provisions of €40m (2022: €46m). See Note 24 for further details. In addition to the above, the Bank holds forward starting reverse repos amounting to €12.4bn (2022: €9.4bn). For further information on credit risk mitigation techniques, refer to the credit risk management section. Loan commitments reported also include exposures relating to financial assets classified as assets held for sale.

Risk review

Credit risk performance

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

	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Risk transfer	Exposure net of risk mitigation
	€m	€m	€m	€m	€m	€m
As at 31 December 2022						
On-balance sheet:						
Cash and balances at central banks	30,540	—	—	—	—	30,540
Cash collateral and settlement balances	18,540	—	—	—	—	18,540
Loans and advances at amortised cost:						
Retail mortgages	4,405	—	—	(4,402)	—	3
Retail cards	2,014	—	—	—	(9)	2,005
Retail other	2,686	—	(83)	(134)	—	2,469
Corporate loans	4,756	—	—	(662)	(2,141)	1,953
Loans and advances to customers	13,861	—	(83)	(5,198)	(2,150)	6,430
Loans and advances to banks	1,412	—	—	—	—	1,412
Total loans and advances at amortised cost	15,273	—	(83)	(5,198)	(2,150)	7,842
<i>Of which credit-impaired (Stage 3):</i>						
Retail mortgages	144	—	—	(144)	—	—
Retail cards	21	—	—	—	—	21
Retail other	61	—	—	(43)	—	18
Corporate loans	120	—	—	(1)	(79)	40
Total credit impaired loans and advances at amortised cost	346	—	—	(188)	(79)	79
Debt securities at amortised cost	87	—	—	—	—	87
Reverse repurchase agreements and other similar secured lending	1,764	—	—	(1,764)	—	—
Trading portfolio assets:						
Debt securities	7,307	—	—	—	—	7,307
Traded loans	255	—	—	—	(54)	201
Total trading portfolio assets	7,562	—	—	—	(54)	7,508
Financial assets at fair value through the income statement:						
Loans and advances	1,767	—	—	(323)	—	1,444
Debt securities	24	—	—	—	—	24
Reverse repurchase agreements	15,423	—	(887)	(14,536)	—	—
Total financial assets at fair value through the income statement	17,214	—	(887)	(14,859)	—	1,468
Derivative financial instruments	40,439	(23,787)	(12,797)	(1,651)	(1,496)	708
Other assets	377	—	—	—	—	377
Assets held for sale	—	—	—	—	—	—
Total on-balance sheet	131,796	(23,787)	(13,767)	(23,472)	(3,700)	67,070
Off-balance sheet:						
Contingent liabilities and Financial Guarantees	4,771	—	(113)	(7)	(610)	4,041
Loan commitments	32,460	—	(19)	(288)	(7,332)	24,821
Total off-balance sheet	37,231	—	(132)	(295)	(7,942)	28,862
Total	169,027	(23,787)	(13,899)	(23,767)	(11,642)	95,932

Risk review

Credit risk performance

Expected Credit Losses

Impairment allowance (audited)		
	2023	2022
As at 31 December	€m	€m
On loans and advances at amortised cost	161	541
On loan commitments and financial guarantees	40	46
On debt securities at amortised cost	6	—
On assets held for sale ^a	274	—
Total impairment allowance	481	587

Note

a The €274m of impairment allowance includes €2m ECL on loan commitments and financial guarantees.

Loans and advances at amortised cost by product

Total loans and advances at amortised cost in the credit risk performance section includes loans and advances at amortised cost to banks and loans and advances at amortised cost to customers.

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 corporate portfolios, the impairment allowance on the undrawn exposure is reported on the liability side of the balance sheet as a provision.

Loans and advances at amortised cost by product (audited)

As at 31 December 2023							
	Stage 1	Stage 2			Total	Stage 3	Total
		Not past due	<=30 days past due	>30 days past due			
	€m	€m	€m	€m	€m	€m	€m
Gross exposure							
Retail mortgages	3,150	355	17	13	385	161	3,696
Retail credit cards	—	—	—	—	—	—	—
Retail other	63	—	—	—	—	12	75
Corporate loans	5,976	897	—	38	935	147	7,058
Total	9,189	1,252	17	51	1,320	320	10,829
Impairment allowance							
Retail mortgages	5	27	3	3	33	32	70
Retail credit cards	—	—	—	—	—	—	—
Retail other	—	—	—	—	—	9	9
Corporate loans	14	39	—	—	39	29	82
Total	19	66	3	3	72	70	161
Net exposure							
Retail mortgages	3,145	328	14	10	352	129	3,626
Retail credit cards	—	—	—	—	—	—	—
Retail other	63	—	—	—	—	3	66
Corporate loans	5,962	858	—	38	896	118	6,976
Total	9,170	1,186	14	48	1,248	250	10,668
Coverage ratio	%	%	%	%	%	%	%
Retail mortgages	0.2	7.6	17.6	23.1	8.6	19.9	1.9
Retail credit cards	—	—	—	—	—	—	—
Retail other	—	—	—	—	—	75.0	12.0
Corporate loans	0.2	4.3	—	—	4.2	19.7	1.2
Total	0.2	5.3	17.6	5.9	5.5	21.9	1.5

Risk review

Credit risk performance

	Stage 1			Stage 2			Stage 3			Total ^a		
	Gross	ECL	Coverage	Gross	ECL	Coverage	Gross	ECL	Coverage	Gross	ECL	Coverage
Loans and advances at amortised cost	€m	€m	%	€m	€m	%	€m	€m	%	€m	€m	%
Loans and advances to customers ^b	7,959	19	0.2	1,320	72	5.5	318	68	21.4	9,597	159	1.7
Loans and advances to banks	1,230	—	—	—	—	—	2	2	100.0	1,232	2	0.2
Total loans and advances at amortised cost	9,189	19	0.2	1,320	72	5.5	320	70	21.9	10,829	161	1.5
Debt securities at amortised cost	1,161	—	—	1,340	6	0.4	—	—	—	2,501	6	0.2
Total loans and advances at amortised cost including debt securities	10,350	19	0.2	2,660	78	2.9	320	70	21.9	13,330	167	1.3

Notes

a Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and other assets. These have a total gross exposure of €16bn and an impairment allowance of €5m. This comprises €1m impairment allowance on €16bn Stage 1 assets and €4m Stage 3 assets.

b Exposures reported within loans and advances to customers exclude the CBE portfolio which has now been classified as assets held for sale.

Italian home loans and advances at amortised cost reduced to €3.7bn (2022: €4.5bn) and continue to run-off since new bookings ceased in 2016. The portfolio is secured on residential property with an average balance weighted mark to market LTV of 53.7% (2022: 57.4%). At 31 December 2023, the book value of the portfolio where payment holidays remain in place was €42m (2022: €19m), representing 1.1% (2022: 0.4%) of the portfolio.

Risk review

Credit risk performance

Loans and advances at amortised cost by product (audited)

As at 31 December 2022	Stage 2					Stage 3	Total
	Stage 1	Not past due	<=30 days past due	>30 days past due	Total		
	€m	€m	€m	€m	€m	€m	€m
Gross exposure							
Retail mortgages	4,025	247	11	7	265	190	4,480
Retail credit cards	1,148	947	25	19	991	97	2,236
Retail other	2,496	148	17	18	183	164	2,843
Corporate loans	5,357	711	27	—	738	160	6,255
Total	13,026	2,053	80	44	2,177	611	15,814
Impairment allowance							
Retail mortgages	3	23	2	1	26	46	75
Retail credit cards	15	120	5	6	131	76	222
Retail other	26	19	3	6	28	103	157
Corporate loans	22	25	—	—	25	40	87
Total	66	187	10	13	210	265	541
Net exposure							
Retail mortgages	4,022	224	9	6	239	144	4,405
Retail credit cards	1,133	827	20	13	860	21	2,014
Retail other	2,470	129	14	12	155	61	2,686
Corporate loans	5,335	686	27	—	713	120	6,168
Total	12,960	1,866	70	31	1,967	346	15,273
Coverage ratio	%	%	%	%	%	%	%
Retail mortgages	0.1	9.3	18.2	14.3	9.8	24.2	1.7
Retail credit cards	1.3	12.7	20.0	31.6	13.2	78.4	9.9
Retail other	1.0	12.8	17.6	33.3	15.3	62.8	5.5
Corporate loans	0.4	3.5	—	—	3.4	25.0	1.4
Total	0.5	9.1	12.5	29.5	9.6	43.4	3.4

	Stage 1			Stage 2			Stage 3			Total ^a		
	Gross	ECL	Coverage	Gross	ECL	Coverage	Gross	ECL	Coverage	Gross	ECL	Coverage
	€m	€m	%	€m	€m	%	€m	€m	%	€m	€m	%
Loans and advances at amortised cost												
Loans and advances to customers	11,632	66	0.6	2,159	210	9.7	609	263	43.2	14,400	539	3.7
Loans and advances to banks	1,394	—	—	18	—	—	2	2	100.0	1,414	2	0.1
Total loans and advances at amortised cost	13,026	66	0.5	2,177	210	9.6	611	265	43.4	15,814	541	3.4
Debt securities at amortised cost	69	—	—	18	—	—	—	—	—	87	—	—
Total loans and advances at amortised cost including debt securities	13,095	66	0.5	2,195	210	9.6	611	265	43.4	15,901	541	3.4

Note

a Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances and other assets. These have a total gross exposure of €19bn and an impairment allowance of €4m. This comprises €nil impairment allowance on €19bn Stage 1 assets and €4m on €4m Stage 3 assets.

Risk review

Credit risk performance

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.

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

The movements are measured over a 12-month period.

Risk review

Credit risk performance

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	€m	€m	€m	€m	€m	€m	€m	€m
Retail mortgages								
As at 1 January 2023	4,025	3	265	26	190	46	4,480	75
Transfers from Stage 1 to Stage 2	(267)	—	267	—	—	—	—	—
Transfers from Stage 2 to Stage 1	94	7	(94)	(7)	—	—	—	—
Transfers to Stage 3	(38)	—	(40)	(5)	78	5	—	—
Transfers from Stage 3	—	—	23	1	(23)	(1)	—	—
Business activity in the year	—	—	—	—	—	—	—	—
Refinements to models used for calculations	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(281)	(5)	(22)	20	(8)	15	(311)	30
Final repayments	(385)	—	(16)	(2)	(10)	(1)	(411)	(3)
Net transfers to Barclays Bank Group	2	—	2	—	(63)	(29)	(59)	(29)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(3)	(3)	(3)	(3)
As at 31 December 2023	3,150	5	385	33	161	32	3,696	70
Retail credit cards								
As at 1 January 2023	1,148	15	991	131	97	76	2,236	222
Transfers from Stage 1 to Stage 2	(69)	(2)	69	2	—	—	—	—
Transfers from Stage 2 to Stage 1	559	71	(559)	(71)	—	—	—	—
Transfers to Stage 3	(13)	(1)	(39)	(8)	52	9	—	—
Transfers from Stage 3	—	—	1	—	(1)	—	—	—
Business activity in the year	141	3	17	3	3	2	161	8
Refinements to models used for calculations ^a	—	5	—	(133)	—	—	—	(128)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	106	(70)	33	123	11	33	150	86
Final repayments	(4)	(3)	—	—	—	—	(4)	(3)
Transfers to assets held for sale ^b	(1,868)	(18)	(513)	(47)	(106)	(78)	(2,487)	(143)
Disposals ^c	—	—	—	—	(31)	(17)	(31)	(17)
Write-offs	—	—	—	—	(25)	(25)	(25)	(25)
As at 31 December 2023	—	—	—	—	—	—	—	—
Retail other								
As at 1 January 2023	2,496	26	183	28	164	103	2,843	157
Transfers from Stage 1 to Stage 2	(256)	(3)	256	3	—	—	—	—
Transfers from Stage 2 to Stage 1	51	5	(51)	(5)	—	—	—	—
Transfers to Stage 3	(49)	(1)	(35)	(9)	84	10	—	—
Transfers from Stage 3	2	1	—	—	(2)	(1)	—	—
Business activity in the year	512	5	27	3	7	5	546	13
Refinements to models used for calculations	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(508)	(8)	(37)	18	(17)	36	(562)	46
Final repayments	(385)	(2)	(11)	(1)	(1)	—	(397)	(3)
Transfers to assets held for sale ^b	(1,800)	(23)	(332)	(37)	(97)	(69)	(2,229)	(129)
Disposals ^c	—	—	—	—	(98)	(47)	(98)	(47)
Write-offs	—	—	—	—	(28)	(28)	(28)	(28)
As at 31 December 2023	63	—	—	—	12	9	75	9

Notes

a Refinements to models used for calculation reported within Retail credit cards include a €(128)m movement in Germany Cards. These reflect model enhancements made during the year. Barclays continually reviews the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This helps to ensure that the models used continue to reflect the risks inherent across the businesses.

b Transfers to assets held for sale reported within Retail credit cards and Retail other relate to the CBE portfolio.

c The €31m of disposals reported within Retail credit cards relate to debt sales undertaken during the year. The €98m of disposals reported within Retail other include €73m part sale of Wealth portfolio in Italy and €25m relate to other debt sales undertaken during the year.

Risk review

Credit risk performance

Corporate loans

As at 1 January 2023	5,357	22	738	25	160	40	6,255	87
Transfers from Stage 1 to Stage 2	(300)	(8)	300	8	—	—	—	—
Transfers from Stage 2 to Stage 1	204	5	(204)	(5)	—	—	—	—
Transfers to Stage 3	—	—	(63)	(1)	63	1	—	—
Transfers from Stage 3	—	—	79	—	(79)	—	—	—
Business activity in the year	2,120	5	111	7	—	—	2,231	12
Refinements to models used for calculations	—	(5)	—	6	—	—	—	1
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	135	(3)	97	—	14	(1)	246	(4)
Final repayments	(1,540)	(2)	(123)	(1)	—	—	(1,663)	(3)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(11)	(11)	(11)	(11)
As at 31 December 2023	5,976	14	935	39	147	29	7,058	82

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

	Stage 1	Stage 2	Stage 3	Total
	€m	€m	€m	€m
Retail mortgages	2	7	18	27
Retail credit cards	3	(84)	44	(37)
Retail other	(3)	9	50	56
Corporate loans	(8)	14	—	6
ECL movement excluding transfers to assets held for sale, disposals and write-offs^a	(6)	(54)	112	52
ECL movement on loan commitments and financial guarantees	(9)	3	—	(6)
ECL movement on other financial assets	1	—	—	1
ECL movements on debt securities at amortised cost	—	6	—	6
Recoveries and reimbursements ^b	(5)	(2)	5	(2)
ECL charge on assets held for sale ^c	—	—	—	(21)
Total exchange and other adjustments	—	—	—	2
Total credit impairment charge for the year	—	—	—	32

Notes

a In 2023, gross write-offs amounted to €67m (2022: €50m) and post write-off recoveries amounted to €nil (2022: €nil). Net write-offs represent gross write-offs less post write-offs recoveries and amounted to €67m (2022: €50m).

b Recoveries and reimbursements primarily include reimbursements expected to be received under the financial guarantee contracts held with third parties through Barclays Bank PLC which provide credit protection over certain assets.

c ECL charge of €21m relating to the CBE portfolio which were reclassified to assets held for sale.

Risk review

Credit risk performance

Loan commitments and financial guarantees (audited) ^a	Stage 1		Stage 2		Stage 3		Total	
	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m
Retail credit cards^b								
As at 1 January 2023	5,130	—	402	—	10	—	5,542	—
Net transfers between stages	143	—	(154)	—	11	—	—	—
Business activity in the year	595	—	4	—	1	—	600	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(60)	—	(13)	—	(8)	—	(81)	—
Limit management and final repayments	(8)	—	—	—	—	—	(8)	—
As at 31 December 2023	5,800	—	239	—	14	—	6,053	—
Retail other^b								
As at 1 January 2023	826	—	18	—	1	—	845	—
Net transfers between stages	(20)	—	16	—	4	—	—	—
Business activity in the year	68	—	1	—	—	—	69	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	119	—	(1)	—	(3)	—	115	—
Limit management and final repayments	(131)	—	—	—	—	—	(131)	—
As at 31 December 2023	862	—	34	—	2	—	898	—
Corporate loans								
As at 1 January 2023	24,559	21	4,507	25	49	—	29,115	46
Net transfers between stages	1,007	(1)	(1,007)	1	—	—	—	—
Business activity in the year	6,838	4	166	6	—	—	7,004	10
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,402)	(8)	(694)	2	6	—	(2,090)	(6)
Limit management and final repayments	(1,838)	(4)	(487)	(6)	(11)	—	(2,336)	(10)
As at 31 December 2023	29,164	12	2,485	28	44	—	31,693	40

Notes

a There were no loan commitments or financial guarantees for Retail mortgages during 2023.

b Loan commitments reported within Retail credit cards and Retail other also include financial assets classified as held for sale.

Risk review

Credit risk performance

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m
Retail mortgages								
As at 1 January 2022	4,355	3	485	41	196	41	5,036	85
Transfers from Stage 1 to Stage 2	(136)	—	136	—	—	—	—	—
Transfers from Stage 2 to Stage 1	323	17	(323)	(17)	—	—	—	—
Transfers to Stage 3	(13)	—	(27)	(4)	40	4	—	—
Transfers from Stage 3	—	—	28	2	(28)	(2)	—	—
Business activity in the year	—	—	—	—	—	—	—	—
Refinements to models used for calculations	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(298)	(17)	(17)	6	(7)	7	(322)	(4)
Final repayments	(206)	—	(17)	(2)	(7)	—	(230)	(2)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(4)	(4)	(4)	(4)
As at 31 December 2022	4,025	3	265	26	190	46	4,480	75
Retail credit cards								
As at 1 January 2022	1,252	7	619	98	113	76	1,984	181
Transfers from Stage 1 to Stage 2	(342)	(4)	342	4	—	—	—	—
Transfers from Stage 2 to Stage 1	118	25	(118)	(25)	—	—	—	—
Transfers to Stage 3	(11)	—	(23)	(6)	34	6	—	—
Transfers from Stage 3	—	1	1	—	(1)	(1)	—	—
Business activity in the year	112	6	21	5	2	1	135	12
Refinements to models used for calculations	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	23	(16)	150	55	(4)	27	169	66
Final repayments	(4)	(4)	(1)	—	—	—	(5)	(4)
Disposals ^a	—	—	—	—	(27)	(13)	(27)	(13)
Write-offs	—	—	—	—	(20)	(20)	(20)	(20)
As at 31 December 2022	1,148	15	991	131	97	76	2,236	222
Retail other								
As at 1 January 2022	2,188	20	116	16	175	92	2,479	128
Transfers from Stage 1 to Stage 2	(111)	(2)	111	2	—	—	—	—
Transfers from Stage 2 to Stage 1	47	5	(47)	(5)	—	—	—	—
Transfers to Stage 3	(37)	(2)	(22)	(6)	59	8	—	—
Transfers from Stage 3	3	2	1	1	(4)	(3)	—	—
Business activity in the year	1,246	9	57	7	9	7	1,312	23
Refinements to models used for calculations	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(347)	(4)	(25)	14	(11)	39	(383)	49
Final repayments	(493)	(2)	(8)	(1)	(24)	(9)	(525)	(12)
Disposals ^a	—	—	—	—	(22)	(13)	(22)	(13)
Write-offs	—	—	—	—	(18)	(18)	(18)	(18)
As at 31 December 2022	2,496	26	183	28	164	103	2,843	157

Note

a The €27m of disposals reported within Retail credit cards and €22m of disposals reported within Retail other relate to debt sales undertaken during the year.

Risk review

Credit risk performance

Corporate loans

As at 1 January 2022	4,030	4	694	15	134	37	4,858	56
Transfers from Stage 1 to Stage 2	(259)	(1)	259	1	—	—	—	—
Transfers from Stage 2 to Stage 1	383	6	(383)	(6)	—	—	—	—
Transfers to Stage 3	—	—	(37)	(2)	37	2	—	—
Transfers from Stage 3	—	—	18	—	(18)	—	—	—
Business activity in the year	1,923	5	146	3	3	2	2,072	10
Refinements to models used for calculations	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	487	8	137	17	16	7	640	32
Final repayments	(1,207)	—	(59)	(3)	(4)	—	(1,270)	(3)
Disposals ^a	—	—	(37)	—	—	—	(37)	—
Write-offs	—	—	—	—	(8)	(8)	(8)	(8)
As at 31 December 2022	5,357	22	738	25	160	40	6,255	87

Reconciliation of ECL movement to credit impairment charge/(release) for the period (audited)	Stage 1	Stage 2	Stage 3	Total
	€m	€m	€m	€m
Retail mortgages	—	(15)	9	(6)
Retail credit cards	8	33	33	74
Retail other	6	12	42	60
Corporate loans	18	10	11	39
ECL movement excluding disposals and write-offs^b	32	40	95	167
ECL movement on loan commitments and financial guarantees	3	16	—	19
ECL movement on other financial assets	—	—	—	—
ECL movement on debt securities at amortised cost	—	—	—	—
Recoveries and reimbursements ^c	(10)	(18)	3	(25)
ECL charge on assets held for sale ^d	—	—	—	(134)
Total exchange and other adjustments	—	—	—	6
Total credit impairment charge for the year	—	—	—	33

Notes

a The €37m of disposals reported within Corporate loans relate to debt sales undertaken during the year.

b In 2022, gross write-offs amounted to €50m and post write-off recoveries amounted to €nil. Net write-offs represent gross write-offs less post write-off recoveries and amounted to €50m.

c Recoveries and reimbursements primarily include reimbursements expected to be received under the financial guarantee contracts held with third parties through Barclays Bank PLC which provide credit protection over certain assets.

d ECL charge of €134m relating to the CBE portfolio which were reclassified to assets held for sale.

Risk review

Credit risk performance

Loan commitments and financial guarantees (audited) ^a	Stage 1		Stage 2		Stage 3		Total	
	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m	Gross €m	ECL €m
Retail credit cards								
As at 1 January 2022	4,865	—	283	—	13	—	5,161	—
Net transfers between stages	(173)	—	167	—	6	—	—	—
Business activity in the year	548	—	7	—	—	—	555	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(107)	—	(55)	—	(9)	—	(171)	—
Limit management and final repayments	(3)	—	—	—	—	—	(3)	—
As at 31 December 2022	5,130	—	402	—	10	—	5,542	—
Retail other								
As at 1 January 2022	528	—	8	—	1	—	537	—
Net transfers between stages	(18)	—	16	—	2	—	—	—
Business activity in the year	184	—	1	—	—	—	185	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	206	—	(7)	—	(2)	—	197	—
Limit management and final repayments	(74)	—	—	—	—	—	(74)	—
As at 31 December 2022	826	—	18	—	1	—	845	—
Corporate loans								
As at 1 January 2022	21,572	18	2,621	9	70	—	24,263	27
Net transfers between stages	(664)	3	669	(3)	(5)	—	—	—
Business activity in the year	2,945	3	865	4	1	—	3,811	7
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	3,389	(3)	563	17	(1)	—	3,951	14
Limit management and final repayments	(2,683)	—	(211)	(2)	(16)	—	(2,910)	(2)
As at 31 December 2022	24,559	21	4,507	25	49	—	29,115	46

Note

^a There were no loan commitments or financial guarantees for Retail mortgages during 2022.

Risk review

Credit risk performance

Stage 2 decomposition

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.

A small number of other accounts (€5m of impairment allowance and €64m 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.

Loans and advances at amortised cost ^a (audited)									
	Gross Exposure				Impairment Allowance				
	Quantitative test	Qualitative test	30 days past due backstop	Total Stage 2	Quantitative test	Qualitative test	30 days past due backstop	Total Stage 2	
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m
Retail mortgages	334	25	26	385	26	2	5	33	
Retail credit cards ^b	—	—	—	—	—	—	—	—	
Retail other ^b	—	—	—	—	—	—	—	—	
Corporate loans	713	184	38	935	38	1	—	39	
Total Stage 2	1,047	209	64	1,320	64	3	5	72	

Loans and advances at amortised cost ^a (audited)									
	Gross Exposure				Impairment Allowance				
	Quantitative test	Qualitative test	30 days past due backstop	Total Stage 2	Quantitative test	Qualitative test	30 days past due backstop	Total Stage 2	
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m	€m	€m
Retail mortgages	217	27	21	265	20	2	4	26	
Retail credit cards	949	39	3	991	120	10	1	131	
Retail other	168	11	4	183	26	1	1	28	
Corporate loans	637	119	—	756	24	1	—	25	
Total Stage 2	1,971	196	28	2,195	190	14	6	210	

Notes

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

b Exposures reported within Retail credit cards and Retail other exclude the CBE portfolio which has now been classified as assets held for sale.

Stage 3 decomposition

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.

Loans and advances at amortised cost (audited)							
	Gross Exposure			Impairment Allowance			
	Exposures not charged-off	Exposures individually assessed or in recovery book	Total Stage 3	Exposures not charged-off	Exposures individually assessed or in recovery book	Total Stage 3	
As at 31 December 2023	€m	€m	€m	€m	€m	€m	
Retail mortgages	144	17	161	26	6	32	
Retail credit cards ^a	—	—	—	—	—	—	
Retail other ^a	—	12	12	—	9	9	
Corporate loans	—	147	147	—	29	29	
Total Stage 3	144	176	320	26	44	70	

Risk review

Credit risk performance

Loans and advances at amortised cost (audited)

	Gross Exposure			Impairment Allowance		
	Exposures not charged-off	Exposures individually assessed or in recovery book	Total Stage 3	Exposures not charged-off	Exposures individually assessed or in recovery book	Total Stage 3
As at 31 December 2022	€m	€m	€m	€m	€m	€m
Retail mortgages	122	68	190	16	30	46
Retail credit cards	84	15	99	63	14	77
Retail other	55	107	162	38	64	102
Corporate loans	—	160	160	—	40	40
Total Stage 3	261	350	611	117	148	265

Note

a Exposures reported within Retail credit cards and Retail other exclude the CBE portfolio which has now been classified as assets held for sale.

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)^a

	Impairment allowance pre management adjustments ^b	Economic uncertainty adjustments (a)	Other adjustments (b)	Management adjustments (a)+(b)	Total impairment allowance ^d	Proportion of Management adjustments to total impairment allowance
As at 31 December 2023	€m	€m	€m	€m	€m	%
Retail mortgages	70	—	—	—	70	—
Retail credit cards ^c	—	—	—	—	—	—
Retail other ^c	9	—	—	—	9	—
Corporate loans	106	12	4	16	122	13.1
Total	185	12	4	16	201	8.0
Debt securities at amortised cost	6	—	—	—	6	—
Total including debt securities at amortised cost	191	12	4	16	207	7.7
As at 31 December 2022	€m	€m	€m	€m	€m	%
Retail mortgages	75	—	—	—	75	—
Retail credit cards	223	—	(1)	(1)	222	(0.5)
Retail other	135	2	20	22	157	14.0
Corporate loans	116	11	6	17	133	12.8
Total	549	13	25	38	587	6.5
Debt securities at amortised cost	—	—	—	—	—	—
Total including debt securities at amortised cost	549	13	25	38	587	6.5

Economic uncertainty adjustments presented by stage (audited)

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	€m	€m	€m	€m
Retail mortgages	—	—	—	—
Retail credit cards	—	—	—	—
Retail other ^c	—	—	—	—
Corporate loans	3	9	—	12
Total	3	9	—	12

Risk review

Credit risk performance

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

Notes

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

b. Includes €157m (2022: €460m) of modelled ECL, €32m (2022: €79m) of individually assessed impairments and €2m (2022: €10m) ECL from non-modelled exposures and debt securities.

c. Adjustments reported within Retail credit cards and Retail other exclude the CBE portfolio which has now been classified as assets held for sale.

d. Total impairment allowance consists of ECL stock on drawn and undrawn exposures.

Economic uncertainty adjustments

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

Customer and client uncertainty provisions include an adjustment of €12m in Corporate loans to provide for downside uncertainties on European Corporates reflecting recent changes in the macroeconomic outlook.

During the period, a re-build of certain CIB impairment models and a granular credit risk assessment have resulted in retirement of high risk sectors and model sensitivity adjustments.

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 €4m (2022: €25m) includes:

- Retail other, €nil (2022: €20m): The reduction is informed by the CBE portfolio classified as assets held for sale; and
- Corporate loans, €4m (2022: €6m): This include adjustments informed by model monitoring, re-sized during the year.

Risk review

Credit risk performance

Climate Risk ECL assessment

Barclays performed a credit risk assessment of physical and transition risk due to climate change. This was delivered through a combination of a scenario approach and targeted reviews on specific portfolios identified as more susceptible to climate risk. The analysis did not result in a separately identifiable impairment charge for year end 2023 reporting.

Scenario Approach: The climate stress test macroeconomic scenario was used in lieu of the production Downside 2 scenario to determine impact on the weighted average ECL output. The output of this analysis was not significant to warrant an additional climate-related impairment charge.

Specific Approach: The approach reviewed portfolios previously identified from both internal and external stress tests as more susceptible to climate risks. In particular, within the Wholesale portfolio, certain elevated risk sectors (predominantly Oil & Gas, Automotive and Power sectors) were subject to a review that considered probability of default impact at a counterparty level determined by individual susceptibility to transition climate risks. The output of this review did not provide variances in ECL deemed sufficiently certain to warrant raising an additional climate-related charge in 2023.

Barclays acknowledges that impairment could increase over time as risks become more tangible and impact consumers and clients through physical risks or via impacts from the transition to a low carbon economy. Therefore, Barclays continues to review credit risk outputs to determine if any additional physical or transition climate risks are identified that are not sufficiently captured via model output. Further work will be carried out during 2024 to consider a pilot approach for an Environmental risk ECL assessment.

Risk review

Credit risk performance

Measurement uncertainty and sensitivity analysis (audited)

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 Bank uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including 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 Bank'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), 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 Bank's ECL charge were refreshed in Q423 with the Baseline scenario reflecting the latest consensus macroeconomic forecasts available at the time of the scenario refresh. In the Baseline scenario, whilst major economies avoid a recession, GDP growth remains weak in the coming quarters and beyond as restrictive monetary policies, which impact economies with a lag, continue to restrain growth. Having peaked in 2022, consumer price inflation in key regions continues to ease over 2023 and 2024. Italy and Germany unemployment rates follow similar trends peaking at 8% and 3.2% respectively. The UK and US unemployment rates rise to 4.8% and 4.4% respectively over 2024 and then stabilise. With the significant decline in inflationary pressures, major central banks refrain from further interest rate increases.

In the Downside 2 scenario, inflationary pressures are assumed to intensify again, mainly driven by strong wage growth. Central banks raise rates further, with the ECB refi rate reaching 7.0% in Q324 and the UK bank rate and the US federal fund rate each reaching 8.5% in the same quarter. High interest rates suddenly bring stress into the financial and non-financial system, causing joblessness to spike and triggering a housing markets crisis and central banks are forced to cut interest rates aggressively. Falling demand reduces GDP in the Eurozone, the UK and the US and headline inflation drops to close to zero. In the Upside 2 scenario, tighter and more productive labour markets help to accelerate economic growth whilst keeping inflationary pressures under control. With inflation quickly returning to target, central banks lower interest rates, further stimulating aggregate demand and GDP growth.

The methodology for estimating scenario probability weights involves simulating a range of future paths for GDP using historical data with the five scenarios mapped against the distribution of these future paths. The median is centred around the Baseline with scenarios further from the Baseline attracting a lower weighting before the five weights are normalised to total 100%. The same scenarios used in the estimation of expected credit losses are also used to inform the Bank's 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, credit cards and unsecured consumer loans are highly sensitive to unemployment. The increases in the Downside scenario weightings reflected a reduction in GDP stress severity in the Downside scenarios which brought the GDP of these scenarios closer to the Baseline. The increases in the Upside scenario weightings were driven by the improvement in actual GDP and the Baseline scenario, bringing the Baseline scenario closer to the Upside scenarios. For further details see page 84.

The economic uncertainty adjustments of €12m (2022: €13m) includes customer and client uncertainty provisions of €12m (2022: €16m) and model uncertainty provisions of €nil (2022: €(3)m). For further details see page 83.

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

Credit risk performance

Baseline average macroeconomic variables used in the calculation of ECL (audited)

	2023	2024	2025	2026	2027
As at 31 December 2023	%	%	%	%	%
Italy GDP ^a	0.7	0.6	1.2	1.2	1.2
Italy unemployment ^b	7.7	7.8	8.1	8.1	8.1
Italy HPI ^c	0.3	(3.4)	(1.3)	0.2	0.6
Germany GDP ^a	(0.3)	0.5	1.5	1.6	1.6
Germany unemployment ^d	3.0	3.2	3.1	3.1	3.1
Germany HPI ^e	(5.8)	(0.6)	2.0	2.8	2.8
EA GDP ^{a,i}	0.5	0.6	1.5	1.6	1.6
EU unemployment ^f	6.0	6.1	6.0	6.0	5.9
ECB Refi	4.1	4.0	3.1	3.0	3.0
UK GDP ^a	0.5	0.3	1.2	1.6	1.6
UK unemployment ^g	4.2	4.7	4.7	4.8	5.0
UK bank rate	4.7	4.9	4.1	3.8	3.5
US GDP ^a	2.4	1.3	1.7	1.9	1.9
US unemployment ^h	3.7	4.3	4.3	4.3	4.3
US federal funds rate	5.1	5.0	3.9	3.8	3.8

	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
Italy GDP ^a	3.6	0.3	1.3	1.4	1.4
Italy unemployment ^b	8.2	8.5	8.5	8.5	8.5
Italy HPI ^c	0.4	(3.0)	(1.4)	(0.7)	(0.3)
Germany GDP ^a	1.8	(0.3)	1.5	1.6	1.6
Germany unemployment ^d	3.0	3.5	3.5	3.5	3.5
Germany HPI ^e	2.1	2.0	3.0	3.5	3.8
EA GDP ^{a,i}	2.9	0.0	1.8	2.0	2.0
EU unemployment ^f	6.2	6.5	6.4	6.3	6.3
ECB Refi	0.9	3.4	3.1	2.8	2.8
UK GDP ^a	3.3	(0.8)	0.9	1.8	1.9
UK unemployment ^g	3.7	4.5	4.4	4.1	4.2
UK bank rate	1.8	4.4	4.1	3.8	3.4
US GDP ^a	1.8	0.5	1.2	1.5	1.5
US unemployment ^h	3.7	4.3	4.7	4.7	4.7
US federal funds rate	2.1	4.8	3.6	3.1	3.0

Risk review

Credit risk performance

Downside 2 average macroeconomic variables used in the calculation of ECL (audited)

	2023	2024	2025	2026	2027
As at 31 December 2023	%	%	%	%	%
Italy GDP ^a	0.7	(2.3)	(3.6)	2.1	1.6
Italy unemployment ^b	7.7	9.0	12.5	10.9	10.1
Italy HPI ^c	0.3	(14.7)	(21.1)	(0.7)	7.0
Germany GDP ^a	(0.3)	(1.8)	(2.0)	2.9	2.2
Germany unemployment ^d	3.0	3.9	6.2	5.0	4.4
Germany HPI ^e	(5.8)	(19.0)	(11.9)	9.3	7.9
EA GDP ^{a,i}	0.5	(1.6)	(2.5)	2.4	1.8
EU unemployment ^f	6.0	7.1	10.3	8.8	8.0
ECB Refi	4.1	5.3	1.3	1.0	1.0
UK GDP ^a	0.5	(1.5)	(2.6)	2.4	1.6
UK unemployment ^g	4.2	5.2	7.9	6.3	5.5
UK bank rate	4.7	6.6	1.3	1.0	1.0
US GDP ^a	2.4	(0.6)	(2.0)	3.1	2.0
US unemployment ^h	3.7	5.2	7.2	5.9	5.2
US federal funds rate	5.1	6.3	1.8	1.5	1.5

	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
Italy GDP ^a	3.6	(3.8)	(3.3)	(0.1)	0.0
Italy unemployment ^b	8.2	10.4	12.9	12.5	11.4
Italy HPI ^c	0.4	(12.0)	(13.0)	(7.9)	2.3
Germany GDP ^a	1.8	(2.8)	(1.6)	0.9	0.9
Germany unemployment ^d	3.0	4.1	5.2	5.6	5.1
Germany HPI ^e	2.1	(19.0)	(21.1)	(13.3)	5.7
EA GDP ^{a,i}	2.9	(3.4)	(3.9)	1.9	3.0
EU unemployment ^f	6.2	8.3	10.7	10.2	9.1
ECB Refi	0.9	5.2	5.9	5.1	4.2
UK GDP ^a	3.3	(3.4)	(3.8)	2.0	2.3
UK unemployment ^g	3.7	6.0	8.4	8.0	7.4
UK bank rate	1.8	7.3	7.9	6.6	5.5
US GDP ^a	1.8	(2.7)	(3.4)	2.0	2.6
US unemployment ^h	3.7	6.0	8.5	8.1	7.1
US federal funds rate	2.1	6.6	6.9	5.8	4.6

Risk review

Credit risk performance

Downside 1 average macroeconomic variables used in the calculation of ECL (audited)

	2023	2024	2025	2026	2027
As at 31 December 2023	%	%	%	%	%
Italy GDP ^a	0.7	(0.9)	(1.2)	1.6	1.4
Italy unemployment ^b	7.7	8.4	10.3	9.5	9.1
Italy HPI ^c	0.3	(9.1)	(11.6)	(0.3)	3.7
Germany GDP ^a	(0.3)	(0.7)	(0.2)	2.3	1.9
Germany unemployment ^d	3.0	3.5	4.6	4.0	3.7
Germany HPI ^e	(5.8)	(10.1)	(5.1)	6.0	5.4
EA GDP ^{a,i}	0.5	(0.5)	(0.5)	2.0	1.7
EU unemployment ^f	6.0	6.6	8.2	7.4	7.0
ECB Refi	4.1	4.7	2.3	2.0	2.0
UK GDP ^a	0.5	(0.6)	(0.7)	2.0	1.6
UK unemployment ^g	4.2	4.9	6.3	5.6	5.2
UK bank rate	4.7	5.8	2.7	2.5	2.3
US GDP ^a	2.4	0.3	(0.2)	2.5	1.9
US unemployment ^h	3.7	4.7	5.8	5.1	4.8
US federal funds rate	5.1	5.7	2.9	2.8	2.8

	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
Italy GDP ^a	3.6	(1.7)	(1.0)	0.7	0.7
Italy unemployment ^b	8.2	9.5	10.7	10.5	10.0
Italy HPI ^c	0.4	(7.6)	(7.4)	(4.3)	1.0
Germany GDP ^a	1.8	(1.6)	0.0	1.2	1.3
Germany unemployment ^d	3.0	3.8	4.4	4.5	4.3
Germany HPI ^e	2.1	(8.5)	(7.7)	(2.8)	4.5
EA GDP ^{a,i}	2.9	(1.7)	(1.1)	2.0	2.5
EU unemployment ^f	6.2	7.4	8.5	8.3	7.7
ECB Refi	0.9	4.4	4.6	3.9	3.6
UK GDP ^a	3.3	(2.1)	(1.5)	1.9	2.1
UK unemployment ^g	3.7	5.2	6.4	6.0	5.8
UK bank rate	1.8	5.9	6.1	5.3	4.6
US GDP ^a	1.8	(1.1)	(1.1)	1.7	2.1
US unemployment ^h	3.7	5.1	6.6	6.4	5.9
US federal funds rate	2.1	5.8	5.4	4.4	3.9

Risk review

Credit risk performance

Upside 2 average macroeconomic variables used in the calculation of ECL (audited)

	2023	2024	2025	2026	2027
As at 31 December 2023	%	%	%	%	%
Italy GDP ^a	0.7	1.9	3.5	2.5	2.1
Italy unemployment ^b	7.7	7.3	7.1	7.1	7.2
Italy HPI ^c	0.3	1.7	5.2	2.6	1.9
Germany GDP ^a	(0.3)	1.9	3.6	2.0	1.8
Germany unemployment ^d	3.0	3.0	2.9	2.9	2.9
Germany HPI ^e	(5.8)	7.1	6.4	3.8	4.1
EA GDP ^{a,i}	0.5	2.3	4.1	2.6	2.0
EU unemployment ^f	6.0	5.9	5.7	5.6	5.6
ECB Refi	4.1	3.5	2.1	2.0	2.0
UK GDP ^a	0.5	2.4	3.7	2.9	2.4
UK unemployment ^g	4.2	3.9	3.5	3.6	3.6
UK bank rate	4.7	4.3	2.7	2.5	2.5
US GDP ^a	2.4	2.8	3.1	2.8	2.8
US unemployment ^h	3.7	3.5	3.6	3.6	3.6
US federal funds rate	5.1	4.3	2.9	2.8	2.8

	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
Italy GDP ^a	3.6	3.7	5.0	3.1	2.2
Italy unemployment ^b	8.2	8.0	7.8	7.4	7.4
Italy HPI ^c	0.4	4.2	2.5	0.5	0.7
Germany GDP ^a	1.8	3.3	4.8	2.7	2.4
Germany unemployment ^d	3.0	3.0	2.9	2.9	2.9
Germany HPI ^e	2.1	9.5	5.9	4.4	4.5
EA GDP ^{a,i}	2.9	3.6	5.0	2.7	2.2
EU unemployment ^f	6.2	6.1	6.1	6.0	5.9
ECB Refi	0.9	2.1	1.6	1.5	1.5
UK GDP ^a	3.3	2.8	3.7	2.9	2.4
UK unemployment ^g	3.7	3.5	3.4	3.4	3.4
UK bank rate	1.8	3.1	2.6	2.5	2.5
US GDP ^a	1.8	3.3	3.5	2.8	2.8
US unemployment ^h	3.7	3.3	3.3	3.3	3.3
US federal funds rate	2.1	3.6	2.9	2.8	2.8

Risk review

Credit risk performance

Upside 1 average macroeconomic variables used in the calculation of ECL (audited)

	2023	2024	2025	2026	2027
As at 31 December 2023	%	%	%	%	%
Italy GDP ^a	0.7	1.2	2.4	1.8	1.6
Italy unemployment ^b	7.7	7.6	7.6	7.6	7.6
Italy HPI ^c	0.3	(0.9)	1.9	1.4	1.2
Germany GDP ^a	(0.3)	1.2	2.6	1.8	1.7
Germany unemployment ^d	3.0	3.1	3.0	3.0	3.0
Germany HPI ^e	(5.8)	3.2	4.2	3.3	3.4
EA GDP ^{a,i}	0.5	1.5	2.8	2.1	1.8
EU unemployment ^f	6.0	6.0	5.9	5.8	5.7
ECB Refi	4.1	3.8	2.6	2.5	2.5
UK GDP ^a	0.5	1.4	2.5	2.3	2.0
UK unemployment ^g	4.2	4.3	4.1	4.2	4.3
UK bank rate	4.7	4.6	3.4	3.3	3.0
US GDP ^a	2.4	2.0	2.4	2.4	2.4
US unemployment ^h	3.7	3.9	3.9	4.0	4.0
US federal funds rate	5.1	4.7	3.5	3.3	3.3

	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
Italy GDP ^a	3.6	2.0	3.1	2.3	1.8
Italy unemployment ^b	8.2	8.3	8.1	8.0	8.0
Italy HPI ^c	0.4	0.6	0.5	(0.1)	0.2
Germany GDP ^a	1.8	1.5	3.1	2.2	2.0
Germany unemployment ^d	3.0	3.3	3.2	3.2	3.2
Germany HPI ^e	2.1	5.7	4.5	4.0	4.2
EA GDP ^{a,i}	2.9	1.8	3.4	2.3	2.1
EU unemployment ^f	6.2	6.3	6.2	6.2	6.1
ECB Refi	0.9	2.5	2.3	2.1	1.9
UK GDP ^a	3.3	1.0	2.3	2.4	2.1
UK unemployment ^g	3.7	4.0	3.9	3.8	3.8
UK bank rate	1.8	3.5	3.3	3.0	2.8
US GDP ^a	1.8	1.9	2.3	2.2	2.2
US unemployment ^h	3.7	3.8	4.0	4.0	4.0
US federal funds rate	2.1	3.9	3.4	3.0	3.0

Notes:

- a Average real GDP seasonally adjusted change in year.
- b Average Italy unemployment rate.
- c Change in year end Italy HPI, relative to prior year end.
- d Average Germany unemployment rate.
- e Change in year end Germany HPI, relative to prior year end.
- f Average EU unemployment rate.
- g Average UK unemployment rate 16-year+.
- h Average US civilian unemployment rate 16-year+.
- i EA GDP refers to Euro Area GDP.

Scenario probability weighting (audited)^a

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
As at 31 December 2023					
Scenario probability weighting	13.8	24.7	32.4	18.3	10.8
As at 31 December 2022					
Scenario probability weighting	10.9	23.1	39.4	17.6	9.0

Note:

- a. For further details on changes to scenario weights see page 86.

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

Risk review

Credit risk performance

Macroeconomic variables used in the calculation of ECL (specific bases)^a (audited)

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
As at 31 December 2023	%	%	%	%	%
Italy GDP ^b	11.5	8.2	1.0	(2.2)	(5.9)
Italy unemployment ^c	7.1	7.4	8.0	10.6	13.0
Italy HPI ^d	12.4	4.4	(0.7)	(19.9)	(33.7)
Germany GDP ^b	10.2	8.0	1.0	(1.6)	(4.4)
Germany unemployment ^c	2.9	3.0	3.1	4.8	6.5
Germany HPI ^d	16.0	8.3	0.2	(19.9)	(32.8)
EA GDP ^{b,h}	12.4	9.3	1.2	(1.4)	(4.4)
EU unemployment ^c	5.5	5.7	6.0	8.4	10.8
ECB Refi ^c	2.0	2.5	3.5	5.5	7.0
UK GDP ^b	13.4	9.6	1.1	(1.3)	(4.1)
UK unemployment ^c	3.5	3.9	4.7	6.5	8.3
UK bank rate ^c	2.5	3.0	4.2	6.8	8.5
US GDP ^b	15.1	12.3	1.8	0.6	(1.7)
US unemployment ^c	3.4	3.5	4.2	5.9	7.5
US federal funds rate ^c	2.8	3.3	4.3	6.8	8.5

As at 31 December 2022

Italy GDP ^b	16.9	11.5	1.6	(2.0)	(6.0)
Italy unemployment ^c	7.4	7.9	8.4	10.8	13.0
Italy HPI ^d	9.4	2.9	(1.0)	(17.7)	(29.2)
Germany GDP ^b	16.0	10.9	1.2	(1.5)	(3.9)
Germany unemployment ^c	2.9	2.9	3.4	4.6	5.7
Germany HPI ^d	29.1	22.2	2.9	(16.3)	(43.4)
EA GDP ^{b,h}	16.1	11.9	1.7	(2.1)	(6.7)
EU unemployment ^c	5.9	6.1	6.3	8.6	10.8
ECB Refi ^c	0.0	0.0	2.6	4.8	6.0
UK GDP ^b	13.9	9.4	1.4	(3.2)	(6.8)
UK unemployment ^c	3.4	3.6	4.2	6.6	8.5
UK bank rate ^c	0.5	0.5	3.5	6.3	8.0
US GDP ^b	14.1	9.6	1.3	(2.5)	(6.3)
US unemployment ^c	3.3	3.6	4.4	6.7	8.6
US federal funds rate ^c	0.1	0.1	3.3	6.0	7.0

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

Risk review

Credit risk performance

Macroeconomic variables used in the calculation of ECL (5-year averages)^a (audited)

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
As at 31 December 2023	%	%	%	%	%
Italy GDP ^e	2.1	1.5	1.0	0.3	(0.3)
Italy unemployment ^f	7.3	7.6	8.0	9.0	10.0
Italy HPI ^g	2.3	0.8	(0.7)	(3.6)	(6.4)
Germany GDP ^e	1.8	1.4	1.0	0.6	0.2
Germany unemployment ^f	3.0	3.0	3.1	3.8	4.5
Germany HPI ^g	3.0	1.6	0.2	(2.1)	(4.5)
EA GDP ^{e,h}	2.3	1.7	1.2	0.6	0.1
EU unemployment ^f	5.7	5.9	6.0	7.0	8.1
ECB Refi ^f	2.8	3.1	3.5	3.0	2.5
UK GDP ^e	2.4	1.7	1.1	0.6	0.1
UK unemployment ^f	3.7	4.2	4.7	5.2	5.8
UK bank rate ^f	3.3	3.8	4.2	3.6	2.9
US GDP ^e	2.8	2.3	1.8	1.4	0.9
US unemployment ^f	3.6	3.9	4.2	4.8	5.4
US federal funds rate ^f	3.6	4.0	4.3	3.9	3.2

As at 31 December 2022					
Italy GDP ^e	3.5	2.6	1.6	0.4	(0.7)
Italy unemployment ^f	7.8	8.1	8.4	9.8	11.1
Italy HPI ^g	1.6	0.3	(1.0)	(3.6)	(6.3)
Germany GDP ^e	3.0	2.1	1.2	0.5	(0.2)
Germany unemployment ^f	2.9	3.2	3.4	4.0	4.6
Germany HPI ^g	5.2	4.1	2.9	(2.6)	(9.8)
EA GDP ^{e,h}	3.3	2.5	1.7	0.9	0.1
EU unemployment ^f	6.1	6.2	6.3	7.6	8.9
ECB Refi ^f	1.5	1.9	2.6	3.5	4.3
UK GDP ^e	3.0	2.2	1.4	0.7	0.0
UK unemployment ^f	3.5	3.8	4.2	5.4	6.7
UK bank rate ^f	2.5	2.9	3.5	4.7	5.8
US GDP ^e	2.9	2.1	1.3	0.7	0.0
US unemployment ^f	3.4	3.9	4.4	5.5	6.7
US federal funds rate ^f	2.8	3.1	3.3	4.3	5.2

Notes

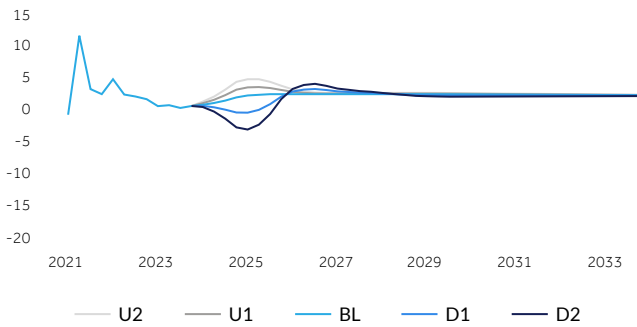
- a GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA HPI. 20 quarter period starts from Q123 (2022: Q122).
- b Maximum growth relative to Q422 (2022: Q421), based on 20 quarter period in Upside scenarios; 5-year yearly average Compound Annual Growth Rate ('CAGR') in Baseline; minimum growth relative to Q422 (2022: Q421), based on 20 quarter period in Downside scenarios.
- c Lowest quarter in 20 quarter period in Upside scenarios; 5-year average in Baseline; highest quarter in 20 quarter period in Downside scenarios.
- d Maximum growth relative to Q422 (2022: Q421), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q422 (2022: Q421), based on 20 quarter period in Downside scenarios.
- e 5-year yearly average CAGR, starting 2022 (2022: 2021).
- f 5-year average. Period based on 20 quarters from Q123 (2022: Q122).
- g 5-year quarter end CAGR, starting Q422 (2022: Q421).
- h EA GDP refers to Euro Area GDP.

Risk review

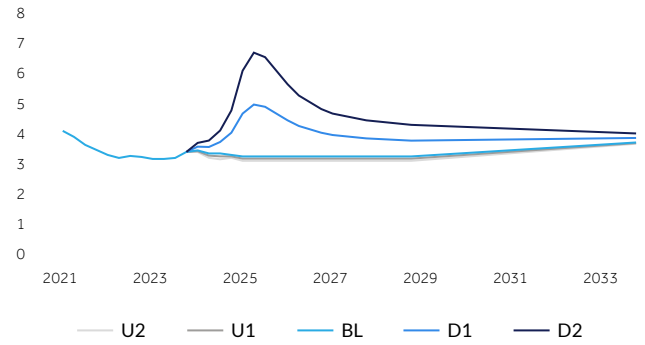
Credit risk performance

The graphs below plot the historical data for GDP growth rate (Q v Q-4) and unemployment in Germany and Italy as well as the forecasted data under each of the five scenarios.

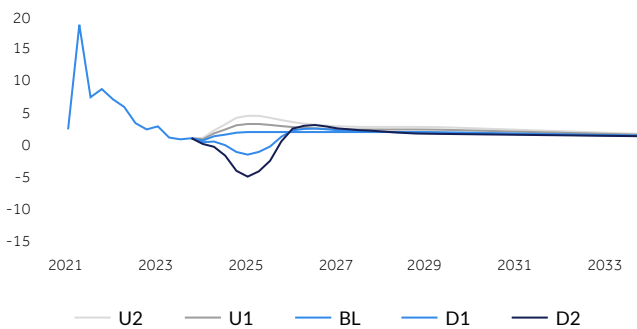
Germany GDP (%)



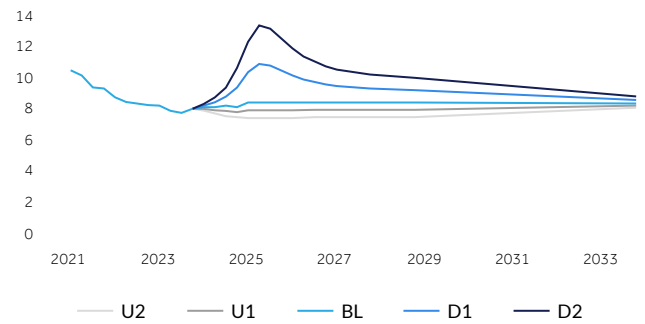
Germany unemployment (%)



Italy GDP (%)



Italy unemployment (%)



Notes:

Y axis = GDP growth rate/unemployment rate

X axis = Year

U2 = Upside 2

U1 = Upside 1

BL = Baseline

D1 = Downside 1

D2 = Downside 2

Risk review

Credit risk performance

ECL under 100% weighted scenarios for key principal portfolios (audited)

The table below shows the modelled ECL assuming each of the five modelled 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 in this report.

Risk review

Credit risk performance

ECL Sensitivity Analysis (audited)

As at 31 December 2023	Scenarios					
	Weighted ^a	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (€m)						
Retail mortgages	3,294	3,332	3,316	3,292	3,260	3,210
Retail credit cards ^b	—	—	—	—	—	—
Retail other ^b	—	—	—	—	—	—
Corporate loans	17,708	17,883	17,867	17,819	17,605	17,383
Stage 1 Model ECL (€m)						
Retail mortgages	5	5	5	5	5	6
Retail credit cards ^b	—	—	—	—	—	—
Retail other ^b	—	—	—	—	—	—
Corporate loans	21	20	21	22	22	23
Stage 1 Coverage (%)						
Retail mortgages	0.2	0.2	0.2	0.2	0.2	0.2
Retail credit cards	—	—	—	—	—	—
Retail other	—	—	—	—	—	—
Corporate loans	0.1	0.1	0.1	0.1	0.1	0.1
Stage 2 Model exposure (€m)						
Retail mortgages	411	373	389	414	446	495
Retail credit cards ^b	—	—	—	—	—	—
Retail other ^b	—	—	—	—	—	—
Corporate loans	2,259	2,084	2,100	2,148	2,362	2,584
Stage 2 Model ECL (€m)						
Retail mortgages	34	25	29	33	42	48
Retail credit cards ^b	—	—	—	—	—	—
Retail other ^b	—	—	—	—	—	—
Corporate loans	56	39	44	50	68	97
Stage 2 Coverage (%)						
Retail mortgages	8.3	6.7	7.5	8.0	9.4	9.7
Retail credit cards	—	—	—	—	—	—
Retail other	—	—	—	—	—	—
Corporate loans	2.5	1.9	2.1	2.3	2.9	3.8
Stage 3 Model exposure (€m)^c						
Retail mortgages	203	203	203	203	203	203
Retail credit cards ^b	—	—	—	—	—	—
Retail other ^b	—	—	—	—	—	—
Corporate loans	—	—	—	—	—	—
Stage 3 Model ECL (€m)						
Retail mortgages	41	37	38	40	43	46
Retail credit cards ^b	—	—	—	—	—	—
Retail other ^b	—	—	—	—	—	—
Corporate loans ^d	—	—	—	—	—	—
Stage 3 Coverage (%)						
Retail mortgages	20.2	18.2	18.7	19.7	21.2	22.7
Retail credit cards	—	—	—	—	—	—
Retail other	—	—	—	—	—	—
Corporate loans ^d	—	—	—	—	—	—
Total Model ECL (€m)						
Retail mortgages	80	67	72	78	90	100
Retail credit cards ^b	—	—	—	—	—	—
Retail other ^b	—	—	—	—	—	—
Corporate loans ^d	77	59	65	72	90	120
Total Model ECL (€m)	157	126	137	150	180	220

Risk review

Credit risk performance

Reconciliation to total ECL	€m
Total weighted model ECL	157
ECL from individually assessed exposures ^d	32
ECL from non-modelled exposures and others	(4)
ECL from debt securities at amortised cost	6
ECL from post model management adjustments	16
<i>Of which: ECL from economic uncertainty adjustments</i>	<i>12</i>
Total ECL	207

Notes

- 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 Model exposures and ECL reported within Retail credit cards and Retail other exclude the CBE portfolio which has now been classified as assets held for sale.
- c 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 31 December 2023 and not on macroeconomic scenario.
- d Material corporate loan defaults are individually assessed across different recovery strategies. As a result, ECL of €32m is reported as an individually assessed impairment in the reconciliation table.

The use of five scenarios with associated weighting results in a total weighted ECL uplift of 4.7% over the Baseline ECL.

Retail mortgages: Total weighted ECL of €80m represents a 2.6% increase over the Baseline ECL (€78m) reflecting stress on customer affordability.

Corporate loans: Total weighted ECL of €77m represents a 6.9% increase over the Baseline ECL (€72m) reflecting the range of economic scenarios used, with exposures in the Corporate and Investment Bank particularly sensitive to the Downside 2 scenario.

Risk review

Credit risk performance

ECL Sensitivity Analysis (audited)

As at 31 December 2022	Scenarios					
	Weighted ^a	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (€m)						
Retail mortgages	4,018	4,050	4,040	4,023	3,987	3,947
Retail credit cards	3,184	3,139	3,093	3,071	3,157	3,208
Retail other	2,546	2,505	2,495	2,483	2,511	2,560
Corporate loans	10,849	10,942	10,939	10,913	10,544	10,097
Stage 1 Model ECL (€m)						
Retail mortgages	3	3	3	3	4	4
Retail credit cards	10	8	10	10	11	11
Retail other	15	11	13	14	16	20
Corporate loans	25	23	24	26	25	26
Stage 1 Coverage (%)						
Retail mortgages	0.1	0.1	0.1	0.1	0.1	0.1
Retail credit cards	0.3	0.3	0.3	0.3	0.3	0.3
Retail other	0.6	0.4	0.5	0.6	0.6	0.8
Corporate loans	0.2	0.2	0.2	0.2	0.2	0.3
Stage 2 Model exposure (€m)						
Retail mortgages	265	233	244	260	297	336
Retail credit cards	1,156	930	1,102	1,243	1,316	1,436
Retail other	227	237	260	284	273	242
Corporate loans	2,154	2,061	2,064	2,090	2,459	2,906
Stage 2 Model ECL (€m)						
Retail mortgages	25	15	19	23	36	47
Retail credit cards	159	113	137	160	190	225
Retail other	36	27	32	37	42	46
Corporate loans	49	41	41	44	62	82
Stage 2 Coverage (%)						
Retail mortgages	9.4	6.4	7.8	8.8	12.1	14.0
Retail credit cards	13.8	12.2	12.4	12.9	14.4	15.7
Retail other	15.9	11.4	12.3	13.0	15.4	19.0
Corporate loans	2.3	2.0	2.0	2.1	2.5	2.8
Stage 3 Model exposure (€m)^b						
Retail mortgages	190	190	190	190	190	190
Retail credit cards	75	75	75	75	75	75
Retail other	55	55	55	55	55	55
Corporate loans	—	—	—	—	—	—
Stage 3 Model ECL (€m)						
Retail mortgages	46	41	43	45	49	53
Retail credit cards	53	52	53	53	55	55
Retail other	39	39	39	39	39	39
Corporate loans ^c	—	—	—	—	—	—
Stage 3 Coverage (%)						
Retail mortgages	24.2	21.6	22.6	23.7	25.8	27.9
Retail credit cards	70.7	69.3	70.7	70.7	73.3	73.3
Retail other	70.9	70.9	70.9	70.9	70.9	70.9
Corporate loans ^c	—	—	—	—	—	—
Total Model ECL (€m)						
Retail mortgages	74	59	65	71	89	104
Retail credit cards	222	173	200	223	256	291
Retail other	90	77	84	90	97	105
Corporate loans ^c	74	64	65	70	87	108
Total Model ECL (€m)	460	373	414	454	529	608

Risk review

Credit risk performance

Reconciliation to total ECL	€m
Total weighted model ECL	460
ECL from individually assessed exposures ^c	79
ECL from non-modelled exposures and others	10
ECL from debt securities at amortised cost	—
ECL from post model management adjustments	38
<i>Of which: ECL from economic uncertainty adjustments</i>	<i>13</i>
Total ECL	587

Notes

- 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 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 31 December 2022 and not on macroeconomic scenario.
- c Material corporate loan defaults are individually assessed across different recovery strategies. As a result, ECL of €79m is reported as an individually assessed impairment in the reconciliation table.

Risk review

Credit risk performance

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. The Bank implements limits on concentrations in order to mitigate the risk.

The table below presents an industry credit risk concentration analysis of loans and advances at amortised cost net of impairment allowance including breakdown by geographical location of the counterparty or customers. Further includes debt securities at amortised cost, off- balance sheet commitments and financial guarantees and contingent liabilities at amortised cost by geography.

Credit risk concentration by industry and geography (audited)

Loans and advances at amortised cost net of impairment allowance

Industry	Geography										
	France	Germany	Ireland	Italy	Netherlands	Spain	Rest of Europe	Europe	United Kingdom	Rest of World	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
As at 31 December 2023											
Agriculture, Food and Forest Products	—	—	—	—	—	—	—	—	—	—	—
Mining and Quarrying	—	—	—	254	4	—	40	298	4	5	307
Manufacturing	120	94	—	221	9	9	140	593	97	70	760
Government and central bank	—	—	—	—	—	—	6	6	—	—	6
Banks	13	58	31	24	—	1	101	228	856	147	1,231
Energy and water	73	37	31	11	7	21	1	181	—	41	222
Materials and Building	—	—	177	—	—	12	26	215	6	—	221
Wholesale and retail distribution and leisure	112	—	63	37	—	53	105	370	4	3	377
Transport and storage	—	—	39	—	—	45	50	134	—	51	185
Home Loans	1	2	—	3,606	—	—	7	3,616	6	4	3,626
Business and other services	397	264	310	160	18	30	36	1,215	31	4	1,250
Other Financial Institutions	339	—	318	86	89	89	1,195	2,116	244	57	2,417
Cards, unsecured loans and other personal lending	—	8	22	3	—	—	32	65	—	1	66
Total loans and advances at amortised cost	1,055	463	991	4,402	127	260	1,739	9,037	1,248	383	10,668
Debt securities at amortised cost	—	—	37	1,334	—	—	—	1,371	—	1,124	2,495
Total loans and advances at amortised cost including debt securities	1,055	463	1,028	5,736	127	260	1,739	10,408	1,248	1,507	13,163
Contingent liabilities	447	424	647	1,224	111	957	546	4,356	661	261	5,278
Loan commitments	6,292	12,502	1,445	2,316	957	1,691	5,484	30,687	929	1,750	33,366
Total off-balance sheet^a	6,739	12,926	2,092	3,540	1,068	2,648	6,030	35,043	1,590	2,011	38,644
As at 31 December 2022											
Agriculture, Food and Forest Products	—	—	—	—	—	—	—	—	—	—	—
Mining and Quarrying	—	—	—	118	18	—	6	142	1	14	157
Manufacturing	25	23	22	164	5	121	103	463	98	78	639
Government and central bank	—	—	—	—	—	—	18	18	—	—	18
Banks	12	28	6	20	1	1	432	500	755	157	1,412
Energy and water	97	38	35	—	—	—	1	171	3	—	174
Materials and Building	—	—	203	5	—	60	28	296	—	2	298
Wholesale and retail distribution and leisure	95	6	177	39	—	41	184	542	6	102	650
Transport and storage	—	—	76	—	—	—	45	121	33	34	188
Home Loans	1	2	—	4,382	1	1	7	4,394	8	5	4,407
Business and other services	175	141	80	153	37	27	117	730	64	7	801
Other Financial Institutions	235	—	259	27	19	86	887	1,513	103	62	1,678
Cards, unsecured loans and other personal lending	45	4,567	113	49	—	—	73	4,847	4	—	4,851
Total loans and advances at amortised cost	685	4,805	971	4,957	81	337	1,901	13,737	1,075	461	15,273
Debt securities at amortised cost	—	—	87	—	—	—	—	87	—	—	87
Total loans and advances at amortised cost including debt securities	685	4,805	1,058	4,957	81	337	1,901	13,824	1,075	461	15,360
Contingent liabilities	233	422	549	1,342	33	977	309	3,865	652	254	4,771
Loan commitments	7,274	11,464	1,002	2,084	993	1,437	4,116	28,370	959	1,402	30,731
Total off-balance sheet^a	7,507	11,886	1,551	3,426	1,026	2,414	4,425	32,235	1,611	1,656	35,502

Notes

a The Off-balance sheet contingent liabilities and loan commitments excludes the fair value balance of €2,282m (2022: €1,729m) and includes exposures relating to financial assets classified as assets held for sale.

Risk review

Credit risk performance

The Bank's 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 on pages 72 to 84.

The Bank 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%	Strong	Aaa, Aa1, Aa2	AAA, AA+, AA
		2	0.02%	0.03%		Aa3	AA-
		3	0.03%	0.04%		A1, A2, A3	A+
		4	0.05%	0.08%		A1, A2, A3	A, A-
		5	0.10%	0.13%		Baa1	BBB+
0.15 to < 0.25		6	0.15%	0.18%	Strong	Baa2	BBB
		7	0.20%	0.23%		Baa2	BBB
0.25 to < 0.50		8	0.25%	0.28%	Strong	Baa3	BBB-
		9	0.30%	0.35%		Baa3	BBB-
		10	0.40%	0.45%		Ba1	BB+
0.50 to < 0.75		11	0.50%	0.55%	Strong	Ba1	BB+
		12	0.60%	0.68%	Satisfactory	Ba1, Ba2	BB, BB-
0.75 to < 2.50		12	0.75%	0.98%	Satisfactory	Ba1, Ba2, Ba3	BB, BB-
		13	1.20%	1.38%		Ba3	BB-
		14	1.55%	1.85%		Ba3	B+
		15	2.15%	2.33%		B1	B+
2.50 to < 10.00		15	2.50%	2.78%	Satisfactory	B1	B+
		16	3.05%	3.75%		B2	B+
		17	4.45%	5.40%		B3, Caa1	B
		18	6.35%	7.50%		B3, Caa1	B-
		19	8.65%	9.32%		B3, Caa1	B-
10.00 to < 100.00		19	10.00%	10.67%	Satisfactory	B3, Caa1	B-
		20	11.35%	15.00%	Higher Risk	Caa2	CCC+
		21	18.65%	30.00%	Higher Risk	Caa3, Ca, C	CCC, CCC-, CC+, CC, C
100.00 (Default)		22	100%	100%	Credit Impaired	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.

For loans that are not past due, these 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 Bank, 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. 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 Bank 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 Bank will use its own internal ratings for the securities.

Risk review

Credit risk performance

Balance sheet credit quality

The following tables present the credit quality of the Bank's assets exposed to credit risk.

Overview

As at 31 December 2023, the ratio of the Bank's on-balance sheet assets classified as strong (0.0 to < 0.60%) remained stable at 93% (2022: 93%) of total assets exposed to credit risk.

Balance sheet credit quality (audited)

	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 2023		€m	€m	€m	€m	%	%	%	%
Cash and balances at central banks		33,814	—	—	33,814	100	—	—	100
Cash collateral and settlement balances		14,924	885	—	15,809	94	6	—	100
Loans and advances at amortised cost									
Retail mortgages		1,070	2,372	184	3,626	30	65	5	100
Retail credit cards		—	—	—	—	—	—	—	—
Retail other		63	—	3	66	95	—	5	100
Corporate loans		4,263	1,274	209	5,746	74	22	4	100
Loans and advances to customers		5,396	3,646	396	9,438	57	39	4	100
Loans and advances to banks		1,207	23	—	1,230	98	2	—	100
Total loans and advances at amortised cost		6,603	3,669	396	10,668	62	34	4	100
Debt securities at amortised cost		2,493	2	—	2,495	100	—	—	100
Reverse repurchase agreements and other similar secured lending		2,064	—	—	2,064	100	—	—	100
Trading portfolio assets:									
Debt securities		15,455	452	—	15,907	97	3	—	100
Traded loans		—	2	—	2	—	100	—	100
Total trading portfolio assets		15,455	454	—	15,909	97	3	—	100
Financial assets at fair value through the income statement:									
Loans and advances		607	486	67	1,160	52	42	6	100
Debt securities		11	18	—	29	38	62	—	100
Reverse repurchase agreements		19,777	1,024	—	20,801	95	5	—	100
Total financial assets at fair value through the income statement		20,395	1,528	67	21,990	93	7	—	100
Derivative financial instruments		32,571	980	29	33,580	97	3	—	100
Other assets		142	—	—	142	100	—	—	100
Assets held for sale		1,280	3,017	147	4,444	29	68	3	100
Total on-balance sheet		129,741	10,535	639	140,915	93	7	—	100

Risk review

Credit risk performance

Balance sheet credit quality (audited)

	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		30,540	—	—	30,540	100	—	—	100
Cash collateral and settlement balances		17,510	1,024	6	18,540	94	6	—	100
Loans and advances at amortised cost									
Retail mortgages		3,636	572	197	4,405	83	13	4	100
Retail credit cards		694	1,248	72	2,014	34	62	4	100
Retail other		1,229	1,365	92	2,686	46	51	3	100
Corporate loans		3,176	1,358	222	4,756	66	29	5	100
Loans and advances to customers		8,735	4,543	583	13,861	63	33	4	100
Loans and advances to banks		1,390	22	—	1,412	98	2	—	100
Total loans and advances at amortised cost		10,125	4,565	583	15,273	66	30	4	100
Debt securities at amortised cost		69	18	—	87	79	21	—	100
Reverse repurchase agreements and other similar secured lending		1,764	—	—	1,764	100	—	—	100
Trading portfolio assets:									
Debt securities		7,221	86	—	7,307	99	1	—	100
Traded loans		183	10	62	255	72	4	24	100
Total trading portfolio assets		7,404	96	62	7,562	98	1	1	100
Financial assets at fair value through the income statement:									
Loans and advances		1,484	252	31	1,767	84	14	2	100
Debt securities		3	—	21	24	13	—	87	100
Reverse repurchase agreements		14,292	988	143	15,423	93	6	1	100
Total financial assets at fair value through the income statement		15,779	1,240	195	17,214	92	7	1	100
Derivative financial instruments		39,307	1,103	29	40,439	97	3	—	100
Other assets		371	6	—	377	98	2	—	100
Assets held for sale		—	—	—	—	—	—	—	—
Total on-balance sheet		122,869	8,052	875	131,796	93	6	1	100

Risk review

Credit risk performance

Credit exposures by internal PD grade

The below tables represents 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, including relative movement in probability of default since initial recognition. There is therefore no direct relationship between credit quality and IFRS 9 stage classification.

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

As at 31 December 2023			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	1,126	—	—	1,126	—	—	—	—	1,126	—
4-5	0.05 to < 0.15%	Strong	69	—	—	69	—	—	—	—	69	—
6-8	0.15 to < 0.30%	Strong	9	—	—	9	—	—	—	—	9	—
9-11	0.30 to < 0.60%	Strong	3	—	—	3	—	—	—	—	3	—
12-14	0.60 to < 2.15%	Satisfactory	18	—	—	18	—	—	—	—	18	—
15-19	2.15 to < 11.35%	Satisfactory	5	—	—	5	—	—	—	—	5	—
20-21	11.35 to < 100%	Higher Risk	—	—	—	—	—	—	—	—	—	—
22	100%	Credit Impaired	—	—	2	2	—	—	2	2	—	100
Total			1,230	—	2	1,232	—	—	2	2	1,230	—

Credit risk profile by internal PD grade for loans and advances to customers at amortised cost for retail mortgages (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	1	—	—	1	—	—	—	—	1	—
4-5	0.05 to < 0.15%	Strong	4	—	—	4	—	—	—	—	4	—
6-8	0.15 to < 0.30%	Strong	62	—	—	62	—	—	—	—	62	—
9-11	0.30 to < 0.60%	Strong	1,004	—	—	1,004	1	—	—	1	1,003	0.1
12-14	0.60 to < 2.15%	Satisfactory	2,076	91	—	2,167	4	2	—	6	2,161	0.3
15-19	2.15 to < 11.35%	Satisfactory	3	227	—	230	—	19	—	19	211	8.3
20-21	11.35 to < 100%	Higher Risk	—	67	—	67	—	12	—	12	55	17.9
22	100%	Credit Impaired	—	—	161	161	—	—	32	32	129	19.9
Total			3,150	385	161	3,696	5	33	32	70	3,626	1.9

Credit risk profile by internal PD grade for loans and advances to customers at amortised cost for retail other^d (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	—	—	—	—	—	—	—	—	—	—
4-5	0.05 to < 0.15%	Strong	—	—	—	—	—	—	—	—	—	—
6-8	0.15 to < 0.30%	Strong	—	—	—	—	—	—	—	—	—	—
9-11	0.30 to < 0.60%	Strong	63	—	—	63	—	—	—	—	63	—
12-14	0.60 to < 2.15%	Satisfactory	—	—	—	—	—	—	—	—	—	—
15-19	2.15 to < 11.35%	Satisfactory	—	—	—	—	—	—	—	—	—	—
20-21	11.35 to < 100%	Higher Risk	—	—	—	—	—	—	—	—	—	—
22	100%	Credit Impaired	—	—	12	12	—	—	9	9	3	75
Total			63	—	12	75	—	—	9	9	66	12.0

Risk review

Credit risk performance

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

As at 31 December 2023			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	345	—	—	345	—	—	—	—	345	—
4-5	0.05 to <0.15%	Strong	1,891	75	—	1,966	1	—	—	1	1,965	0.1
6-8	0.15 to <0.30%	Strong	1,087	23	—	1,110	2	1	—	3	1,107	0.3
9-11	0.30 to <0.60%	Strong	831	16	—	847	1	—	—	1	846	0.1
12-14	0.60 to <2.15%	Satisfactory	497	392	—	889	5	8	—	13	876	1.5
15-19	2.15 to <11.35%	Satisfactory	89	334	—	423	5	20	—	25	398	5.9
20-21	11.35 to <100%	Higher Risk	6	95	—	101	—	10	—	10	91	9.9
22	100%	Credit Impaired	—	—	145	145	—	—	27	27	118	18.6
Total			4,746	935	145	5,826	14	39	27	80	5,746	1.4

Credit risk profile by internal PD grade for loans and advances to customers at amortised cost^d (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	346	—	—	346	—	—	—	—	346	—
4-5	0.05 to <0.15%	Strong	1,895	75	—	1,970	1	—	—	1	1,969	0.1
6-8	0.15 to <0.30%	Strong	1,149	23	—	1,172	2	1	—	3	1,169	0.3
9-11	0.30 to <0.60%	Strong	1,898	16	—	1,914	2	—	—	2	1,912	0.1
12-14	0.60 to <2.15%	Satisfactory	2,573	483	—	3,056	9	10	—	19	3,037	0.6
15-19	2.15 to <11.35%	Satisfactory	92	561	—	653	5	39	—	44	609	6.7
20-21	11.35 to <100%	Higher Risk	6	162	—	168	—	22	—	22	146	13.1
22	100%	Credit Impaired	—	—	318	318	—	—	68	68	250	21.4
Total			7,959	1,320	318	9,597	19	72	68	159	9,438	1.7

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

As at 31 December 2022			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	1,106	—	—	1,106	—	—	—	—	1,106	—
4-5	0.05 to <0.15%	Strong	249	—	—	249	—	—	—	—	249	—
6-8	0.15 to <0.30%	Strong	17	—	—	17	—	—	—	—	17	—
9-11	0.30 to <0.60%	Strong	10	8	—	18	—	—	—	—	18	—
12-14	0.60 to <2.15%	Satisfactory	6	—	—	6	—	—	—	—	6	—
15-19	2.15 to <11.35%	Satisfactory	6	10	—	16	—	—	—	—	16	—
20-21	11.35 to <100%	Higher Risk	—	—	—	—	—	—	—	—	—	—
22	100%	Credit Impaired	—	—	2	2	—	—	2	2	—	100
Total			1,394	18	2	1,414	—	—	2	2	1,412	0.1

Risk review

Credit risk performance

Credit risk profile by internal PD grade for loans and advances to customers at amortised cost for retail mortgages (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	4	—	—	4	—	—	—	—	4	—
4-5	0.05 to <0.15%	Strong	6	—	—	6	—	—	—	—	6	—
6-8	0.15 to <0.30%	Strong	696	—	—	696	—	—	—	—	696	—
9-11	0.30 to <0.60%	Strong	2,931	2	—	2,933	3	—	—	3	2,930	0.1
12-14	0.60 to <2.15%	Satisfactory	387	54	—	441	—	2	—	2	439	0.5
15-19	2.15 to <11.35%	Satisfactory	1	146	—	147	—	14	—	14	133	9.5
20-21	11.35 to <100%	Higher Risk	—	63	—	63	—	10	—	10	53	15.9
22	100%	Credit Impaired	—	—	190	190	—	—	46	46	144	24.2
Total			4,025	265	190	4,480	3	26	46	75	4,405	1.7

Credit risk profile by internal PD grade for loans and advances to customers at amortised cost for retail credit cards (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	127	—	—	127	—	—	—	—	127	—
4-5	0.05 to <0.15%	Strong	186	—	—	186	1	—	—	1	185	0.5
6-8	0.15 to <0.30%	Strong	131	—	—	131	1	—	—	1	130	0.8
9-11	0.30 to <0.60%	Strong	246	9	—	255	2	1	—	3	252	1.2
12-14	0.60 to <2.15%	Satisfactory	341	521	—	862	4	53	—	57	805	6.6
15-19	2.15 to <11.35%	Satisfactory	117	389	—	506	7	56	—	63	443	12.5
20-21	11.35 to <100%	Higher Risk	—	72	—	72	—	21	—	21	51	29.2
22	100%	Credit Impaired	—	—	97	97	—	—	76	76	21	78.4
Total			1,148	991	97	2,236	15	131	76	222	2,014	9.9

Credit risk profile by internal PD grade for loans and advances to customers at amortised cost for retail other (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	—	—	—	—	—	—	—	—	—	—
4-5	0.05 to <0.15%	Strong	49	—	—	49	—	—	—	—	49	—
6-8	0.15 to <0.30%	Strong	223	—	—	223	—	—	—	—	223	—
9-11	0.30 to <0.60%	Strong	968	—	—	968	11	—	—	11	957	1.1
12-14	0.60 to <2.15%	Satisfactory	995	20	—	1,015	9	3	—	12	1,003	1.2
15-19	2.15 to <11.35%	Satisfactory	261	121	—	382	6	14	—	20	362	5.2
20-21	11.35 to <100%	Higher Risk	—	42	—	42	—	11	—	11	31	26.2
22	100%	Credit Impaired	—	—	164	164	—	—	103	103	61	62.8
Total			2,496	183	164	2,843	26	28	103	157	2,686	5.5

Risk review

Credit risk performance

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

As at 31 December 2022			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	300	—	—	300	—	—	—	—	300	—
4-5	0.05 to <0.15%	Strong	1,285	—	—	1,285	—	—	—	—	1,285	—
6-8	0.15 to <0.30%	Strong	709	122	—	831	1	1	—	2	829	0.2
9-11	0.30 to <0.60%	Strong	630	134	—	764	1	1	—	2	762	0.3
12-14	0.60 to <2.15%	Satisfactory	736	210	—	946	10	3	—	13	933	1.4
15-19	2.15 to <11.35%	Satisfactory	282	169	—	451	10	16	—	26	425	5.8
20-21	11.35 to <100%	Higher Risk	21	85	—	106	—	4	—	4	102	3.8
22	100%	Credit Impaired	—	—	158	158	—	—	38	38	120	24.1
Total			3,963	720	158	4,841	22	25	38	85	4,756	1.8

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

As at 31 December 2022			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	431	—	—	431	—	—	—	—	431	—
4-5	0.05 to <0.15%	Strong	1,526	—	—	1,526	1	—	—	1	1,525	0.1
6-8	0.15 to <0.30%	Strong	1,759	122	—	1,881	2	1	—	3	1,878	0.2
9-11	0.30 to <0.60%	Strong	4,775	145	—	4,920	17	2	—	19	4,901	0.4
12-14	0.60 to <2.15%	Satisfactory	2,459	805	—	3,264	23	61	—	84	3,180	2.6
15-19	2.15 to <11.35%	Satisfactory	661	825	—	1,486	23	100	—	123	1,363	8.3
20-21	11.35 to <100%	Higher Risk	21	262	—	283	—	46	—	46	237	16.3
22	100%	Credit Impaired	—	—	609	609	—	—	263	263	346	43.2
Total			11,632	2,159	609	14,400	66	210	263	539	13,861	3.7

Credit risk profile by internal PD grade for contingent liabilities (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range ^b %	Credit quality description	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	887	—	—	887	—	—	—	—	887	—
4-5	0.05 to <0.15%	Strong	1,058	3	—	1,061	—	—	—	—	1,061	—
6-8	0.15 to <0.30%	Strong	1,083	21	—	1,104	1	—	—	1	1,103	0.1
9-11	0.30 to <0.60%	Strong	325	139	—	464	—	—	—	—	464	—
12-14	0.60 to <2.15%	Satisfactory	551	382	—	933	1	1	—	2	931	0.2
15-19	2.15 to <11.35%	Satisfactory	333	404	—	737	1	9	—	10	727	1.4
20-21	11.35 to <100%	Higher Risk	4	46	—	50	—	3	—	3	47	6.0
22	100%	Credit Impaired	—	—	42	42	—	—	—	—	42	—
Total			4,241	995	42	5,278	3	13	—	16	5,262	0.3

Risk review

Credit risk performance

Credit risk profile by internal PD grade for contingent liabilities (audited)

As at 31 December 2022												
Grading	PD range ^b %	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	550	2	—	552	—	—	—	—	552	—
4-5	0.05 to < 0.15%	Strong	1,142	4	—	1,146	1	—	—	1	1,145	0.1
6-8	0.15 to < 0.30%	Strong	798	52	—	850	—	—	—	—	850	—
9-11	0.30 to < 0.60%	Strong	589	185	—	774	3	1	—	4	770	0.5
12-14	0.60 to < 2.15%	Satisfactory	479	483	—	962	5	2	—	7	955	0.7
15-19	2.15 to < 11.35%	Satisfactory	197	230	—	427	3	10	—	13	414	3.0
20-21	11.35 to < 100%	Higher Risk	4	10	—	14	—	1	—	1	13	7.1
22	100%	Credit Impaired	—	—	46	46	—	—	—	—	46	—
Total			3,759	966	46	4,771	12	14	—	26	4,745	0.5

Credit risk profile by internal PD grade for loan commitments^{a,c} (audited)

As at 31 December 2023												
Grading	PD range ^b %	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	7,285	—	—	7,285	—	—	—	—	7,285	—
4-5	0.05 to < 0.15%	Strong	11,365	1	—	11,366	1	—	—	1	11,365	—
6-8	0.15 to < 0.30%	Strong	7,721	23	—	7,744	2	—	—	2	7,742	—
9-11	0.30 to < 0.60%	Strong	2,357	139	—	2,496	1	—	—	1	2,495	—
12-14	0.60 to < 2.15%	Satisfactory	2,125	364	—	2,489	3	4	—	7	2,482	0.3
15-19	2.15 to < 11.35%	Satisfactory	713	1,060	—	1,773	2	8	—	10	1,763	0.6
20-21	11.35 to < 100%	Higher Risk	19	176	—	195	—	3	—	3	192	1.5
22	100%	Credit Impaired	—	—	18	18	—	—	—	—	18	—
Total			31,585	1,763	18	33,366	9	15	—	24	33,342	0.1

Credit risk profile by internal PD grade for loan commitments^{a,c} (audited)

As at 31 December 2022												
Grading	PD range ^b %	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	7,576	—	—	7,576	—	—	—	—	7,576	—
4-5	0.05 to < 0.15%	Strong	8,482	1,357	—	9,839	—	—	—	—	9,839	—
6-8	0.15 to < 0.30%	Strong	5,987	531	—	6,518	1	—	—	1	6,517	—
9-11	0.30 to < 0.60%	Strong	2,502	489	—	2,991	—	1	—	1	2,990	—
12-14	0.60 to < 2.15%	Satisfactory	1,391	540	—	1,931	5	1	—	6	1,925	0.3
15-19	2.15 to < 11.35%	Satisfactory	813	962	—	1,775	3	8	—	11	1,764	0.6
20-21	11.35 to < 100%	Higher Risk	5	82	—	87	—	1	—	1	86	1.1
22	100%	Credit Impaired	—	—	14	14	—	—	—	—	14	—
Total			26,756	3,961	14	30,731	9	11	—	20	30,711	0.1

Notes

a Excludes loan commitments of €2,282mn (2022: €1,729m) carried at fair value.

b PD bandings 2.15% to <10% and 10% to <11.35% have been merged for an enhanced presentation. The prior period comparative has been aligned accordingly.

c Loan commitments reported also include exposures relating to financial assets classified as assets held for sale.

d The Bank does not have retail credit card lending and balances related to the CBE portfolio transferred to assets held for sale during the year.

Risk review

Credit risk performance

Analysis of specific portfolios and asset types

Secured home loans

The Italian home loan portfolio primarily comprises first lien mortgages.

Home loans principal portfolios - distribution of balances by Loan To Value ("LTV") ^a (audited)												
As at 31 December 2023												
	Distribution of balances				Distribution of impairment allowance				Coverage ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	€m	€m	€m	€m	€m	€m	€m	€m	%	%	%	%
<=75%	2,732	309	115	3,156	4	24	18	46	0.1%	7.8%	15.7%	1.5%
>75% and <=90%	262	47	22	331	1	5	6	12	0.4%	10.6%	27.3%	3.6%
>90% and <=100%	84	15	10	109	—	2	3	5	—%	13.3%	30.0%	4.6%
>100%	72	14	14	100	—	2	5	7	—%	14.3%	35.7%	7.0%
Total	3,150	385	161	3,696	5	33	32	70	0.2%	8.6%	19.9%	1.9%

Home loans principal portfolios - distribution of balances by Loan To Value ("LTV") ^a (audited)												
As at 31 December 2022												
	Distribution of balances				Distribution of impairment allowance				Coverage ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	€m	€m	€m	€m	€m	€m	€m	€m	%	%	%	%
<=75%	3,301	201	110	3,612	2	17	17	36	0.1%	8.5%	15.5%	1.0%
>75% and <=90%	421	35	22	478	1	4	6	11	0.2%	11.4%	27.3%	2.3%
>90% and <=100%	150	13	15	178	—	2	4	6	—%	15.4%	26.7%	3.4%
>100%	153	16	43	212	—	3	19	22	—%	18.8%	44.2%	10.4%
Total	4,025	265	190	4,480	3	26	46	75	0.1%	9.8%	24.2%	1.7%

Home loans principal portfolios - distribution of balances by LTV ^a (audited)												
As at 31 December 2023												
	Distribution of balances				Distribution of impairment allowance							
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	%	%	%	%	%	%	%	%	%	%	%	%
<=75%	73.9	8.4	3.1	85.4	5.7	34.3	25.7	65.7				
>75% and <=90%	7.1	1.3	0.6	9.0	1.4	7.1	8.6	17.1				
>90% and <=100%	2.3	0.4	0.3	2.9	—	2.9	4.3	7.1				
>100%	1.9	0.4	0.4	2.7	—	2.9	7.1	10.0				

Home loans principal portfolios - distribution of balances by LTV ^a (audited)												
As at 31 December 2022												
	Distribution of balances				Distribution of impairment allowance							
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	%	%	%	%	%	%	%	%	%	%	%	%
<=75%	73.7	4.5	2.5	80.6	2.7	22.7	22.7	48.0				
>75% and <=90%	9.4	0.8	0.5	10.7	1.3	5.3	8.0	14.7				
>90% and <=100%	3.3	0.3	0.3	4.0	—	2.7	5.3	8.0				
>100%	3.4	0.4	1.0	4.7	—	4.0	25.3	29.3				

Note

a Portfolio marked to market based on the most updated valuation including recovery book balances. Updated valuations reflect the application of the latest HPI available as at 31 December 2023.

The balance weighted average LTV% on the portfolio as at 31 December 2023 of 57.4% (2022: 53.7%).

Risk review

Credit risk performance

Assets held for sale

During 2023, gross loans and advances and related impairment allowance for the CBE portfolio were reclassified from loans and advances to customers to assets held for sale in the balance sheet.

For further details on assets held for sale, see Note 39 to the financial statements on page 210.

Loans and advances by product

Loans and advances to customers classified as assets held for sale (audited)													
	Stage 1			Stage 2			Stage 3			Total ^a			
	Gross €m	ECL €m	Coverage %	Gross €m	ECL €m	Coverage %	Gross €m	ECL €m	Coverage %	Gross €m	ECL €m	Coverage %	
As at 31 December 2023^b													
Retail credit cards	1,868	18	1.0	513	47	9.2	106	78	73.6	2,487	143	5.7	
Retail other	1,800	23	1.3	332	37	11.1	97	69	71.1	2,229	129	5.8	
Total	3,668	41	1.1	845	84	9.9	203	147	72.4	4,716	272	5.8	

Notes

a This exposure relates to cards, unsecured loans and other personal lending industry within Germany region.

b In 2022, total gross exposure of €4.8bn and impairment allowance of €334m with a coverage of 6.9% was included in loans and advances at amortised cost which has now been classified as assets held for sale. This comprises €41m ECL on €3.5bn Stage 1 exposure, €159m on €1.2bn Stage 2 exposure and €134m on €173m Stage 3 exposure.

Stage 2 decomposition

Loans and advances at amortised cost (audited)									
	Gross Exposure				Impairment Allowance				
	Quantitative test €m	Qualitative test €m	30 days past due backstop ^a €m	Total Stage 2 €m	Quantitative test €m	Qualitative test €m	30 days past due backstop ^a €m	Total Stage 2 €m	
As at 31 December 2023^b									
Retail credit cards	447	64	2	513	39	7	1	47	
Retail other	306	23	3	332	34	2	1	37	
Total Stage 2	753	87	5	845	73	9	2	84	

Notes

a A small number of other accounts (€2m of impairment allowance and €5m 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.

b In 2022, total gross exposure of €1.2bn and impairment allowance of €159m was included in Stage 2. This comprises €146m impairment allowance on €1.1bn quantitative test exposure, €11m on €50m qualitative test exposure and €2m on €7m 30 days past due backstop exposure.

Stage 3 decomposition

Loans and advances at amortised cost (audited)							
	Gross Exposure			Impairment Allowance			
	Exposures not charged-off €m	Exposures individually assessed or in recovery book €m	Total Stage 3 €m	Exposures not charged-off €m	Exposures individually assessed or in recovery book €m	Total Stage 3 €m	
As at 31 December 2023^a							
Retail credit cards	75	31	106	52	26	78	
Retail other	70	27	97	44	25	69	
Total Stage 3	145	58	203	96	51	147	

Note

a In 2022, total gross exposure of €173m and impairment allowance of €134m was included in Stage 3. This comprises €101m impairment allowance on €135m exposures not charged off and €33m on €38m exposures individually assessed or in recovery book.

Risk review

Credit risk performance

Management adjustments to models for impairment (audited)

Management adjustments to models for impairment allowance presented by product (audited)

	Impairment allowance pre management adjustments	Economic uncertainty adjustments (a)	Other adjustments (b)	Management adjustments ^a (a)+(b)	Total impairment allowance	Proportion of Management adjustments to total impairment allowance
As at 31 December 2023	€m	€m	€m	€m	€m	%
Retail mortgages	—	—	—	—	—	—
Retail credit cards	128	—	16	16	144	11.1
Retail other	111	—	19	19	130	14.6
Corporate loans	—	—	—	—	—	—
Total	239	—	35	35	274	12.8

Note

a. Management adjustments of €35m include an adjustment for definition of default under the CRR and an adjustment for recalibration of LGD to reflect revised recovery expectations partially offset by adjustments for model monitoring.

Risk review

Credit risk performance

ECL under 100% weighted scenarios for key principal portfolios (audited)

ECL Sensitivity Analysis (audited)

As at 31 December 2023	Scenarios					
	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (€m)						
Retail credit cards	3,932	3,915	3,884	3,852	3,976	4,110
Retail other	2,194	2,171	2,168	2,167	2,248	2,382
Stage 1 Model ECL (€m)						
Retail credit cards	15	15	14	14	16	16
Retail other	17	14	15	16	22	31
Stage 1 Coverage (%)						
Retail credit cards	0.4	0.4	0.4	0.4	0.4	0.4
Retail other	0.8	0.6	0.7	0.7	1.0	1.3
Stage 2 Model exposure (€m)						
Retail credit cards	492	383	439	499	627	700
Retail other	379	379	387	394	349	248
Stage 2 Model ECL (€m)						
Retail credit cards	58	51	53	57	67	76
Retail other	50	43	46	49	54	50
Stage 2 Coverage (%)						
Retail credit cards	11.8	13.3	12.1	11.4	10.7	10.9
Retail other	13.2	11.3	11.9	12.4	15.5	20.2
Stage 3 Model exposure (€m)						
Retail credit cards	75	75	75	75	75	75
Retail other	60	60	60	60	60	60
Stage 3 Model ECL (€m)						
Retail credit cards	55	55	55	55	55	55
Retail other	44	44	44	44	44	45
Stage 3 Coverage (%)						
Retail credit cards	73.3	73.3	73.3	73.3	73.3	73.3
Retail other	73.3	73.3	73.3	73.3	73.3	75.0
Total Model ECL (€m)						
Retail credit cards	128	121	122	126	138	147
Retail other	111	101	105	109	120	126
Total Model ECL (€m)	239	222	227	235	258	273
Reconciliation to total ECL						
Total weighted model ECL						239
ECL from post model management adjustments						35
<i>Of which: ECL from economic uncertainty adjustments</i>						—
Total ECL						274

Credit exposures by internal PD grade

Loans and advances to customers classified as assets held for sale for retail credit cards (audited)

As at 31 December 2023 ^a			Gross carrying amount				Allowance for ECL				Net exposure €m	Coverage ratio %
Grading	PD range %	Credit quality description	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	60	—	—	60	—	—	—	—	60	—
4-5	0.05 to < 0.15%	Strong	268	—	—	268	—	—	—	—	268	—
6-8	0.15 to < 0.30%	Strong	171	—	—	171	1	—	—	1	170	0.6
9-11	0.30 to < 0.60%	Strong	261	—	—	261	1	—	—	1	260	0.4
12-14	0.60 to < 2.15%	Satisfactory	868	85	—	953	8	5	—	13	940	1.4
15-19	2.15 to < 11.35%	Satisfactory	240	348	—	588	8	26	—	34	554	5.8
20-21	11.35 to < 100%	Higher Risk	—	80	—	80	—	16	—	16	64	20.0
22	100%	Credit Impaired	—	—	106	106	—	—	78	78	28	73.6
Total			1,868	513	106	2,487	18	47	78	143	2,344	5.7

Note

a In 2022, net exposure of €2bn was included in loans and advances at amortised cost which has now been classified as assets held for sale. This comprises €0.7bn in PD band 0.0 to <0.60%, €1.2bn in PD band 0.60 to <11.35% and €0.1bn in PD band 11.35% to 100%.

Risk review

Credit risk performance

Loans and advances to customers classified as assets held for sale for retail other (audited)

As at 31 December 2023^a

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	—	—	—	—	—	—	—	—	—	—
4-5	0.05 to <0.15%	Strong	18	—	—	18	—	—	—	—	18	—
6-8	0.15 to <0.30%	Strong	104	—	—	104	—	—	—	—	104	—
9-11	0.30 to <0.60%	Strong	401	—	—	401	1	—	—	1	400	0.2
12-14	0.60 to <2.15%	Satisfactory	912	21	—	933	10	3	—	13	920	1.4
15-19	2.15 to <11.35%	Satisfactory	365	277	—	642	12	27	—	39	603	6.1
20-21	11.35 to <100%	Higher Risk	—	34	—	34	—	7	—	7	27	20.6
22	100%	Credit Impaired	—	—	97	97	—	—	69	69	28	71.1
Total			1,800	332	97	2,229	23	37	69	129	2,100	5.8

Note

a In 2022, net exposure of €2.5bn was included in loans and advances at amortised cost which has now been classified as assets held for sale. This comprises €1.1bn in PD band 0.0 to <0.60% and €1.4bn in PD band 0.60 to <11.35%.

Risk review

Market risk performance

All disclosures in this section, (pages 114 to 115), are unaudited unless otherwise stated.

Traded market risk overview:

This section contains key statistics describing the market risk profile of the Bank. The Market risk management section provides a description of Management VaR.

Measures of market risk

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

- a. Balance sheet measures show accruals-based balances or marked to market values as at the reporting date.
- b. VaR measures also take account of current marked to market values, but in addition hedging effects between positions are considered.
- c. 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.

Review of management measures

The following disclosures provide details on 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 the trading and certain banking books (those where the accounting treatment is fair value through profit or loss). In addition, it captures risk add-ons in the form of risks not in model engine ('RNIME') where a small population of risk factors are not well captured in VaR.

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.

Risk review

Market risk performance

The daily average, high and low values of management VaR

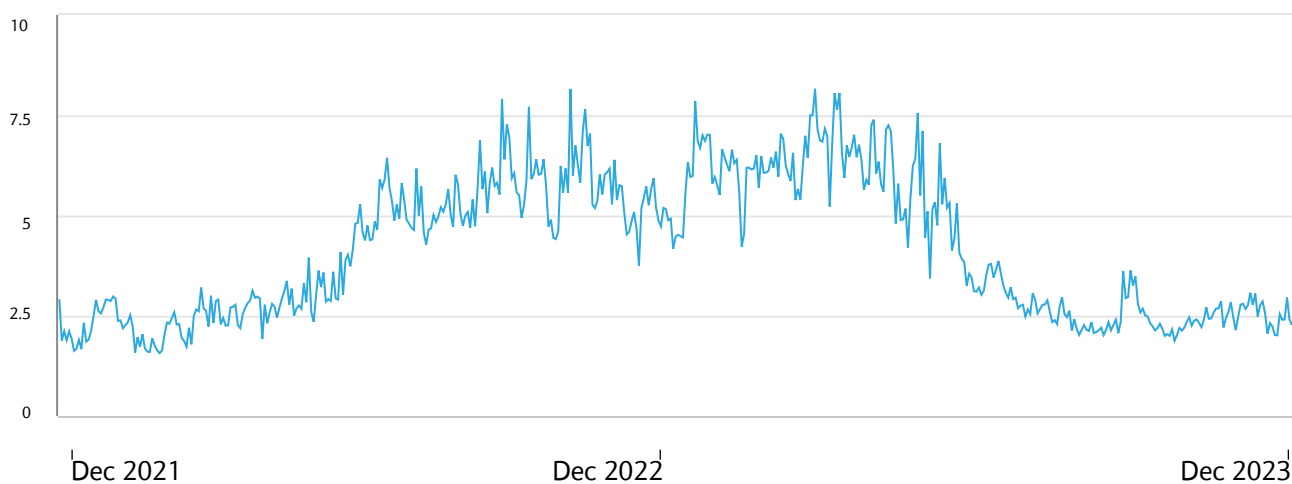
Management VaR (95%, one day) (audited)	2023			2022		
	Average	High	Low	Average	High	Low
	€m	€m	€m	€m	€m	€m
Credit risk	1.47	2.77	0.81	1.49	3.53	0.63
Interest rate risk	1.93	5.82	0.58	1.73	4.20	0.48
Equity risk	0.05	0.30	—	0.06	0.20	0.03
Basis risk	0.76	1.84	0.39	0.60	1.55	0.21
Spread risk	3.57	7.67	0.87	3.00	6.70	0.78
Foreign exchange risk	0.14	0.64	0.04	0.32	0.84	0.03
Commodity risk	0.03	0.15	—	0.05	0.37	—
Inflation risk	0.82	3.46	0.37	0.95	2.54	0.16
Diversification effect ^a	(4.55)	n/a	n/a	(4.06)		
Total management VaR	4.23	8.16	1.88	4.15	8.16	1.57

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.

Average Management VaR increased slightly to €4.23m (2022: €4.15m). Rate, Credit and Cross Markets businesses were the main contributors to interest rate, spread risk and to credit risk VaR. The year on year Management VaR increase is primarily attributed to spread risk taking notably in the Rates business, running slightly lower levels of risk than in December 2022, on the back of a risk reduction in EGBs during the second half of the year. The rise of inflation in US and Europe through the first half of the year and the market anticipation of a central bank pivot towards the end of the year lead to an increased volatility in rates and credit spread. Risk taking remained within agreed risk appetite limits at all times in 2023.

Management VaR (€m)



Risk review

Treasury and Capital risk performance

All disclosures in this section, (pages 116 to 122), are unaudited unless otherwise stated.

Treasury and Capital risk

Credit ratings

In addition to monitoring and managing key metrics related to the financial strength of the Bank, as a stand-alone issuer, the entity also solicits independent credit ratings from Standard & Poor's Global ('S&P') and Fitch.

Credit ratings		
As at 31 December 2023	Standard & Poor's	Fitch
Long-term	A+ / Stable	A+ / Stable
Short-term	A-1	F1

In May 2023, S&P upgraded all Barclays rated entities, including the Bank, by one notch and reverted the outlooks to stable, reflecting S&P's view that Barclays PLC's diversified international banking franchise has performed well against a difficult economic and financial backdrop and S&P's expectation that Barclays PLC will generate solid earnings over the next 12-24 months, even as interest rates approach their peak. This action upgraded Barclays Bank Ireland PLC's long-term rating to A+.

In July 2023, Fitch affirmed all ratings for Barclays PLC and its related entities, including the Bank.

A credit rating downgrade could result in outflows to meet collateral requirements on existing contracts. Outflows related to credit rating downgrades are included in the Bank's Internal Liquidity Stress Test and a portion of the liquidity pool is held against this risk. Credit ratings downgrades could also result in reduced funding capacity and increased funding costs.

Risk review

Treasury and Capital risk performance

Overview

The efficient management of liquidity is essential to BBI 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 BAU 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 BBI Board. The Liquidity Risk appetite is monitored against both internal and regulatory liquidity metrics.

Liquidity risk stress testing

The liquidity risk stress assessment measures the potential contractual and contingent stress outflows under a range of scenarios, which are then used to determine the size of the liquidity pool that is immediately available to meet anticipated outflows if a stress occurs. The scenarios include a 30 day Barclays-specific stress event, a 90 day market-wide stress event, a 30 day combined scenario consisting of both a Barclays specific and a market-wide stress event, and a 1 year macroeconomic stress scenario.

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

As at 31 December 2023, the Bank held eligible liquid assets in excess of the net stress outflows to its internal and external regulatory requirements. The Bank maintains an appropriate proportion of the liquidity pool between cash and deposits with central banks and other HQLA eligible securities.

	31 December 2023	31 December 2022
	€m	€m
Liquidity pool ^{abc}	37,293	30,709
	%	%
Liquidity coverage ratio	221	194

Note

- a Comprises of balances with central banks €33.1bn (2022: €29.9bn), highly liquid securities of €4.2bn (2022: €0.8bn), which met the requirements of the Commission Delegated Regulation (EU) 2015/61 as amended by the Commission Delegated Regulation (EU) 2018/1620 for inclusion as HQLA in the liquidity pool. The increase in the liquidity pool is primarily driven by increased deposits (including money markets), reduction in Market funding requirements (including impact of settlement fails) and customer lending partially offset by repayment of ECB and Group funding.
- b The classification of CBE as held for sale on Balance sheet has no impact on the liquidity metrics of the Bank at the reporting date.
- c Residual central bank balances related to minimum reserves.

As at 31 December 2023, the Bank's NSFR stood at 147% (December 2022: 149%), which was above the regulatory minimum requirement under CRR II for the Bank. The NSFR is intended to build on banks' improved funding profiles and establishes a harmonised standard for how much stable, long-term sources of funding a bank needs to weather periods of stress. It is defined as the amount of available stable funding relative to the amount of required stable funding with a minimum ratio of 100% required on an ongoing basis.

	2023	2022
	€bn	€bn
Net Stable Funding Ratio		
Total Available Stable Funding	48.5 €	34.20
Total Required Stable Funding	33.1 €	22.90
Surplus	15.4	11.3
Net Stable Funding Ratio	147%	149%

As part of the Liquidity Risk appetite, BBI establishes minimum LCR, NSFR and internal liquidity stress test limits and plans to maintain its surplus to the internal and regulatory requirements at an efficient level. Risks to market funding conditions and BBI'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

Treasury and Capital risk performance

Contractual maturity of financial assets and liabilities

The table below provides detail on the contractual maturity of all financial instruments and other financial assets and liabilities. Derivatives (other than those designated in a hedging relationship) and trading portfolio assets and liabilities are included in the 'not more than one month' column at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity since they 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)								
	Not more than one month	Over one month but not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than three years	Over three years but not more than five years	Over five years	Total
	€m	€m	€m	€m	€m	€m	€m	€m
As at 31 December 2023								
Assets								
Cash and balances at central banks	33,814	—	—	—	—	—	—	33,814
Cash collateral and settlement balances	8,890	6,919	—	—	—	—	—	15,809
Loans and advances at amortised cost to banks and customers	2,158	349	194	972	2,790	1,499	2,706	10,668
Debt securities at amortised cost	—	—	9	—	1,194	1,156	136	2,495
Reverse repurchase agreements and other similar secured lending at amortised cost	313	—	—	—	1,751	—	—	2,064
Trading portfolio assets	17,145	—	—	—	—	—	—	17,145
Financial assets at fair value through the income statement	14,973	1,603	986	1,672	1,282	963	516	21,995
Derivative financial instruments	33,565	—	—	—	2	13	—	33,580
Assets included in disposal groups classified as held for sale ^a	—	—	—	4,514	—	—	—	4,514
Other financial assets	143	—	—	—	—	—	—	143
Total financial assets	111,001	8,871	1,189	7,158	7,019	3,631	3,358	142,227
Other assets								417
Total assets								142,644
Liabilities								
Deposits at amortised cost from banks and customers	22,040	4,603	3,129	1,537	287	5	417	32,018
Cash collateral and settlement balances	15,039	5,981	—	—	—	—	—	21,020
Repurchase agreements and other similar secured borrowing at amortised cost	471	1,027	—	63	—	—	—	1,561
Debt securities in issue	—	103	222	632	1,500	—	—	2,457
Subordinated liabilities	—	433	95	—	1,773	1,705	827	4,833
Trading portfolio liabilities	16,232	—	—	—	—	—	—	16,232
Financial liabilities designated at fair value	13,418	1,974	582	2,842	2,797	2,263	1,575	25,451
Derivative financial instruments	27,655	—	—	—	3	2	3	27,663
Liabilities included in disposal groups classified as held for sale ^a	—	—	—	3,649	—	—	—	3,649
Other financial liabilities	356	1	2	5	21	23	34	442
Total financial liabilities	95,211	14,122	4,030	8,728	6,381	3,998	2,856	135,326
Other liabilities								354
Total liabilities								135,680

Note

a. The contractual maturity of 'assets included in disposal groups classified as held for sale' and 'liabilities included in disposal groups classified as held for sale' are disclosed based on the expected sale date of CBE portfolio.

Risk review

Treasury and Capital risk performance

Contractual maturity of financial assets and liabilities (audited)

	Not more than one month	Over one month but not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than three years	Over three years but not more than five years	Over five years	Total
	€m	€m	€m	€m	€m	€m	€m	€m
As at 31 December 2022								
Assets								
Cash and balances at central banks	30,540	—	—	—	—	—	—	30,540
Cash collateral and settlement balances	15,171	3,369	—	—	—	—	—	18,540
Loans and advances at amortised cost to banks and customers	2,120	560	474	1,158	3,739	2,586	4,636	15,273
Debt securities at amortised cost	—	—	—	9	29	—	49	87
Reverse repurchase agreements and other similar secured lending	204	—	—	—	—	1,560	—	1,764
Trading portfolio assets	7,700	—	—	—	—	—	—	7,700
Financial assets at fair value through the income statement	12,869	2,466	6	740	563	113	459	17,216
Derivative financial instruments	40,435	—	—	—	—	—	4	40,439
Assets included in disposal groups classified as held for sale	—	—	—	—	—	—	—	—
Other financial assets	14	—	342	—	21	—	—	377
Total financial assets	109,053	6,395	822	1,907	4,352	4,259	5,148	131,936
Other assets								598
Total assets								132,534
Liabilities								
Deposits at amortised cost from banks and customers	19,596	4,915	2,849	1,323	263	74	401	29,421
Cash collateral and settlement balances	21,661	3,023	—	—	—	—	—	24,684
Repurchase agreements and other similar secured borrowing	410	527	—	1,000	1,027	—	—	2,964
Debt securities in issue	—	398	756	485	800	—	700	3,139
Subordinated liabilities	—	—	—	—	1,425	1,752	1,502	4,679
Trading portfolio liabilities	12,872	—	—	—	—	—	—	12,872
Financial liabilities designated at fair value	8,019	1,208	171	948	2,362	624	1,526	14,858
Derivative financial instruments	32,493	—	—	—	1	—	—	32,494
Liabilities included in disposal groups classified as held for sale	—	—	—	—	—	—	—	—
Other financial liabilities	414	3	3	6	31	20	26	503
Total financial liabilities	95,465	10,074	3,779	3,762	5,909	2,470	4,155	125,614
Other liabilities								405
Total liabilities								126,019

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

- trading portfolio assets and liabilities and derivative financial instruments, which may not be held to maturity as part of Bank's trading strategies;
- corporate and retail deposits, which are included within deposits at amortised cost, are repayable on demand or at short notice on a contractual basis. In practice, these instruments form a stable base for Bank's operations and liquidity needs because of the broad base of customers, both numerically and by depositor type;
- 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; and
- debt securities in issue, subordinated liabilities, and financial liabilities designated at fair value, may include early redemption features.

Risk review

Treasury and Capital risk performance

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Bank 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 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 ("HfT") are included in the "Not more than one month" column at their fair value.

Contractual maturity of financial liabilities - undiscounted (audited)

	Not more than one month €m	Over one month but 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 €m	Total €m
As at 31 December 2023								
Deposits at amortised cost from banks and customers	22,048	4,636	3,177	1,573	301	6	483	32,224
Cash collateral and settlement balances	15,044	6,045	—	—	—	—	—	21,089
Repurchase agreements and other similar secured borrowing	472	1,031	—	63	—	—	—	1,566
Debt securities in issue	—	104	222	649	1,579	—	—	2,554
Subordinated liabilities	—	450	100	—	1,944	2,013	1,049	5,556
Trading portfolio liabilities	16,232	—	—	—	—	—	—	16,232
Financial liabilities designated at fair value	13,423	1,994	591	2,924	2,964	2,505	2,722	27,123
Derivative financial instruments	27,655	—	—	—	3	3	4	27,665
Liabilities included in disposal groups classified as held for sale ^a	—	—	—	3,649	—	—	—	3,649
Other financial liabilities	356	1	2	6	24	26	38	453
Total financial liabilities	95,230	14,261	4,092	8,864	6,815	4,553	4,296	138,111
As at 31 December 2022								
Deposits at amortised cost from banks and customers	19,596	4,915	2,872	1,337	281	84	509	29,594
Cash collateral and settlement balances	21,661	3,051	—	—	—	—	—	24,712
Repurchase agreements and other similar secured borrowing	411	530	—	1,000	1,061	—	—	3,002
Debt securities in issue	—	400	760	492	897	—	898	3,447
Subordinated liabilities	—	—	—	—	1,624	2,178	1,994	5,796
Trading portfolio liabilities	12,872	—	—	—	—	—	—	12,872
Financial liabilities designated at fair value	8,031	1,212	174	971	2,481	778	2,675	16,322
Derivative financial instruments	32,493	—	—	—	1	—	—	32,494
Liabilities included in disposal groups classified as held for sale	—	—	—	—	—	—	—	—
Other financial liabilities	414	3	3	7	34	22	30	513
Total financial liabilities	95,478	10,111	3,809	3,807	6,379	3,062	6,106	128,752

Note

a. The contractual maturity of 'liabilities included in disposal groups classified as held for sale' are disclosed based on the expected sale date of CBE portfolio.

Risk review

Treasury and Capital risk performance

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

	Not more than one month	Over one month but not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than three years	Over three years but not more than five years	Over five years	Total
	€m	€m	€m	€m	€m	€m	€m	€m
As at 31 December 2023								
Guarantees and letters of credit	2,969	—	—	—	—	—	—	2,969
Other contingent liabilities	2,311	—	—	—	—	—	—	2,311
Documentary credits	63	—	—	—	—	—	—	63
Commitments ^a	35,583	—	—	—	—	—	—	35,583
Total off-balance sheet	40,926	—	—	—	—	—	—	40,926
As at 31 December 2022								
Guarantees and letters of credit	2,815	—	—	—	—	—	—	2,815
Other contingent liabilities	1,956	—	—	—	—	—	—	1,956
Documentary credits	69	—	—	—	—	—	—	69
Commitments	32,391	—	—	—	—	—	—	32,391
Total off-balance sheet	37,231	—	—	—	—	—	—	37,231

Note

a. Commitments comprise of standby facilities, credit lines and other commitments. Commitments reported for 2023 also include exposures of €6,851m relating to financial assets classified as 'disposal group assets held for sale'.

Risk review

Treasury and Capital risk performance

Capital Risk

Overview

The disclosures below provide key capital metrics for the Bank.

As at 31 December 2023, the Bank's CET1 ratio was 16.0%, which is above its externally imposed minimum regulatory requirement of 10.3%. During the period, the Bank has issued additional share capital, together with associated share premium, totalling €150m to support further growth in the business (audited).

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

Capital ratios ^{a,b,c}		
As at 31 December	2023	2022
CET1	16.0%	16.7%
Tier 1 ('T1')	18.2%	19.0%
Total regulatory capital	21.5%	22.4%

Capital resources		
As at 31 December	2023	2022
	€m	€m
CET1 capital	5,911	5,887
T1 capital	6,716	6,692
Total regulatory capital	7,911	7,887
Total risk weighted assets ('RWAs') ^a	36,876	35,216

Capital Requirements Regulation ('CRR') leverage ratio ^{a,b,d}		
As at 31 December	2023	2022
	€m	€m
CRR leverage ratio	5.0%	5.8%
T1 capital	6,716	6,692
CRR leverage exposure	133,135	114,408

Notes

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

b The fully loaded CET1 ratio was 16.0% with €5.9bn of CET1 capital and €36.9bn of RWAs. The fully loaded leverage ratio was 5.0%, with €6.7bn of T1 capital and €133.1bn of CRR leverage exposure. Fully loaded capital and leverage ratios are calculated without applying the transitional arrangement of CRR as amended by CRR II.

c The classification of CBE as held for sale on Balance sheet has no impact on the capital ratios of the Bank.

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

Foreign exchange risk (audited)

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

Bank risk management policies prevent the holding of significant open positions in foreign currencies outside the Bank's trading portfolio, which is monitored through VaR. (See Market risk review on page 44).

Other banking book transactional FX risk is monitored on a daily basis by the market risk function and minimised by the businesses.

Risk review

Operational risk performance

All disclosures in this section are unaudited unless otherwise stated.

Overview

Operational risks are inherent in BBI'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 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 BBI that extend across multiple risk types, and therefore require an integrated risk management approach.

For definitions of these risks refer to pages 181 to 183 of the Barclays Group PLC Pillar 3 Report 2023. To provide complete coverage of the potential adverse impacts on BBI 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 BBI's operational risk profile, including events above BBI's reportable threshold, which have had a financial impact in 2023. BBI'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 compliance risk events, see the compliance risk section.

Summary of performance in the period

During 2023, total operational risk losses^a decreased to €2.70m (2022: €3.29m) and the number of recorded events for 2023 increased to 34 (2022: 28). The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery and Process Management category, which tend to be high volume but low impact events.

Key metrics

71%

of the Bank's net reportable operational risk events had a loss of €58000 (£50,000^b) or less

74%

of events by number are due to Execution, Delivery and Process Management

97%

of losses are from events aligned to Execution, Delivery and Process Management

Note

a The data disclosed includes operational risk losses for reportable events having impact of > €11,600 and excludes events that are compliance 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, prior year losses have been updated.

b Losses are recorded in GBP and converted for reporting here in EUR at an FX rate 1.1600.

Operational risk profile

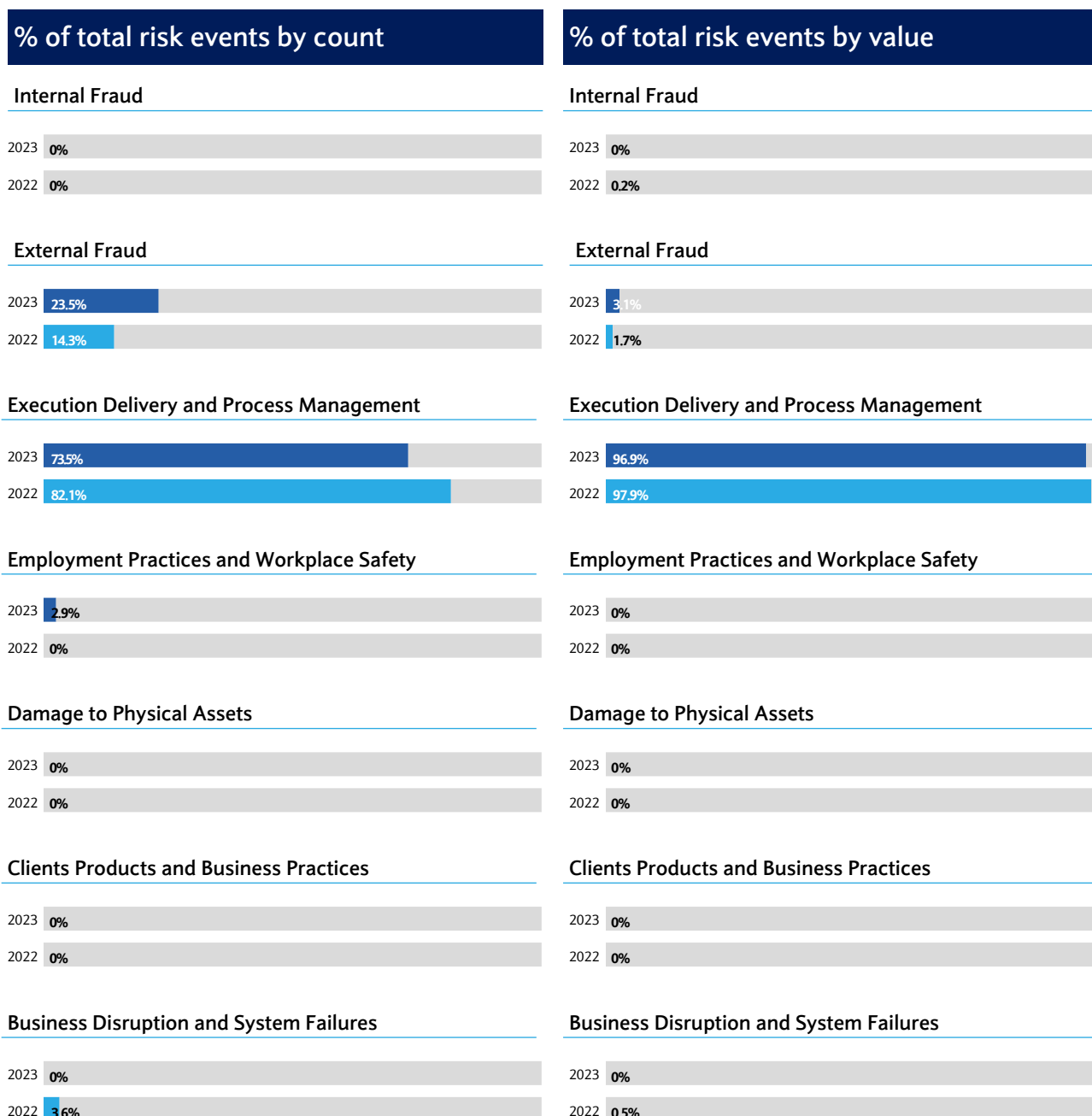
Within operational risk, a high proportion of risk events have a low financial cost whilst a very small proportion of operational risk events have a material impact on the financial results of the Bank. During 2023, 71% (2022: 64%) of the Bank's reportable operational risk events by volume had a value of less than €58,000, although this type of event accounted for only 18% (2022: 15%) of the Bank's total net operational risk losses.

Risk review

Operational risk performance

The analysis below presents the Bank's operational risk events by Basel event category:

Operational risk events by BASEL event category^{a,b}



Notes

a The data disclosed includes operational risk losses for reportable events having impact of > €11,600 (£10,000) and excludes events that are compliance 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, prior year losses have been updated.

b Losses are recorded in GBP and converted for reporting here in EUR at an FX rate 1.1600.

- Execution, Delivery and Process Management impacts for 2023 amounted to €2.62m (2022: €3.22m) and accounted for 97% (2022: 98%) of overall operational risk losses. Volume of events increased to 25 (2022: 23) accounting for 74% of total events (2022: 82%). 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.

Investment continues to be made in improving the control environment across BBI. Specific 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 BBI continues to work closely with external partners on various prevention initiatives. Additionally, BBI continues to invest in its processing infrastructure to manage the risk of processing errors as well as ensuring scalability of operations.

Risk review

Operational risk performance

Operational Resilience remains a key area of focus for BBI, having been reinforced in recent years due to potential operational disruption from the COVID-19 pandemic. BBI 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 BBI. 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 BBI and its clients and customers. BBI'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, Compliance Risk, Reputation Risk and Legal Risk

Model Risk

Barclays and the Bank are committed to continuously improving MRM and have made a number of enhancements in 2023, including:

- continuing to enhance the function and operation of the Second-Line-of-Defence for model risk within the Bank;
- continued improvements to the transparency and oversight of model risk through further upgrades to model risk governance structure;
- continued enhancements to Model Risk Policy and standards to ensure comprehensiveness, consistency and cohesiveness of the model risk framework;
- continued focus on improving the model risk control framework;
- enhanced the Bank's Model Risk Appetite Statement, incorporating model quality and uncertainty around a model's output;
- continued strengthening of validation practices through expansion of model-level validation procedures, use of an on-going validation training programme and further embedment of a validation quality assurance process;
- executing on hiring strategy by expanding the model risk team to support a wider range of model validation demand, newly emerging model risks, and an enhanced focus on regulatory models; and
- progressed model inception validation by bringing more models into compliance with the MRM framework.

Compliance Risk

The Bank is committed to continuing to drive the right culture throughout all levels of the organisation. The Bank will continue to enhance effective management of Compliance risk, and appropriately consider the relevant tools, governance and management information in decision-making processes. Focus on management of Compliance risk is ongoing and alongside other relevant business and control management information, the Bank's Conduct Risk Dashboard is a key component of this.

The Bank continues to review the role and impact of Compliance risk events and issues in remuneration decisions at both the individual and business level.

Throughout 2023, the Bank maintained focus on new and heightened inherent Compliance risks including those relating to the cost of living crisis, the evolving threat landscape as related to financial crime, and challenges in ensuring customer and client data is handled appropriately. These risks continue to be monitored on an ongoing basis.

Businesses have continued to assess the potential customer, client and market impacts of strategic change. As part of the 2023 medium-term planning process, material Compliance risks associated with strategic and financial plans were assessed.

Throughout 2023, Compliance risks were raised for consideration by relevant Board level Committees. These Committees reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

During 2023, LRR risk was created as a new risk under the Compliance Principal risk. LRR is intended to mitigate the risk of failing to identify applicable LRRs, and ensure appropriate steps are in place to monitor and oversee LRRs. Work is underway to implement processes to support the management and oversight of LRR Risk.

The Bank's Board Risk Committees and senior management received Conduct Risk Dashboards setting out key indicators in relation to conduct and financial crime risk. These continue to be evolved and enhanced to allow effective oversight and decision-making. Work is ongoing to enhance the Compliance Risk Control Environment in a timely and effective manner to ensure the Bank operates within risk appetite. The tolerance adherence is assessed by the business through key indicators and reported to the Bank's BRC as part of the Conduct Risk Dashboard governance process.

The Bank remains focused on the 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 Bank is committed to identifying reputation risks and issues as early as possible and managing them appropriately. Throughout 2023, reputation risks and issues were overseen by the BBI Conduct and Reputational Risk Committee, a subcommittee of the BBI Executive Committee, which is dedicated to providing executive oversight of conduct and reputation risk within BBI. The top live and emerging reputation risks and issues within the Bank (and impacting BBI) are included within an overarching quarterly report which is prepared for the Bank's ExCo and reviewed by the BBI Board.

Risk review

Risk performance

The BBI Conduct and Reputational Risk Committee reviewed risks escalated by the businesses and considered whether management's proposed actions were appropriate to mitigate the risks effectively. The Committee also received regular updates with regard to key reputation risks and issues, including: access to banking; lending practices and the resilience of key Barclays' systems and processes.

Legal Risk

The Bank remains committed to continuous improvements in managing legal risk effectively. During 2023, the Barclays Group-wide legal risk management framework was updated to complement and accommodate the introduction of changes to the CRMF, which include a requirement for the Legal Function to proactively identify, communicate and provide legal advice on applicable LRR.

Other improvements during 2023 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 implementation of changes to the CRMF referred to above (and described in more detail on page 126) also mitigate legal risk.

Risk review

Supervision and regulation

Supervision of the Bank

The Bank is a subsidiary of BB PLC and a part of the Barclays Group. The Barclays 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 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.

The Bank is headquartered in Dublin, Ireland, and conducts business primarily across the EEA. Although regulatory developments globally impact the Barclays Group, it is EU regulatory developments which impact the Bank directly as it is licensed within the EU.

Supervision in the EU

The Bank is licensed as a credit institution by the CBI and is designated as a 'Significant Institution' falling under direct supervision of the ECB for CRD/CRR purposes, with supervision being carried out by a joint supervisory team ('JST') comprising staff from the ECB and the CBI. The Bank's EU branches are supervised by the ECB and are also subject to direct supervision for local conduct purposes by the Host (national) supervisory authorities in the jurisdictions where they are established.

The CBI introduced a Fitness and Probity Regime ('F&P Regime') under the Central Bank Reform Act, 2010, which the Bank is subject to. The aim of the F&P Regime is to ensure that individuals engaged in certain designated functions, taking up positions on the Board or that have significant influence are persons of integrity who possess the requisite knowledge and competence to perform their roles. The Bank is required to ensure that personnel who are designated as control function holders comply with the F&P Regime.

The Bank is subject to supervision by the CBI for the purposes of EU financial regulation that has a Home State competence, including the Markets in Financial Instruments Directive, Market Abuse Regulation ('MAR'), the European Markets Infrastructure Regulation, the Payments Services Directive ('PSD2') (as implemented in Ireland) and the EU Funds Transfer Regulation ('FTR'). In addition, it also faces Host State supervision where appropriate in relation to its activities in EEA Member States.

The Bank has also been designated by the CBI as an 'Other Systemically Important Institution' ('O-SII') by the CBI since 2 December 2019 as it has been identified by the CBI, in its role as national macro prudential authority, as being systemically important to the domestic Irish economy or the European economy. As a result, the Bank is required by the CBI to hold an O-SII capital buffer.

The ECB's and CBI's continuing supervision of the Bank is conducted using a variety of supervisory and regulatory tools, including the collection of information by way of prudential returns or cross-bank reviews, 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.

The Barclays Group provides the majority of its cross-border banking and investment services to EEA clients via Barclays Bank Ireland PLC. Additionally, in certain EEA Member States, BB PLC and 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. BBPLC also has a Paris branch (to facilitate access to Target2 and any replacement systems thereof), which is regulated by the Autorité de contrôle prudentiel et de résolution ('ACPR').

The Bank continues to explore a potential move of its EU headquarters from Dublin to Paris as outlined in the Barclays Europe 2023 half-yearly financial report. The Bank is making good progress in its exploratory work, including in its engagement with regulators and other stakeholders.

Financial regulatory framework

a) Prudential regulation

Certain Basel III standards were implemented in EU law through the CRR and CRD IV as amended by CRR II and CRD V.

O-SIIs, such as the Bank, are subject to a number of additional prudential requirements, including the requirement to hold additional capital buffers above the level required by Basel III standards. The level of the O-SII buffer is set by the CBI according to a bank's systemic importance and can range from 1% to 3.0% of RWAs. The O-SII buffer must be met with CET1 capital. The O-SII buffer rate for the Bank is currently set to 1% and was last revised on 1 January 2022.

The Bank is also subject to a 'combined buffer requirement' consisting of (i) a capital conservation buffer, and (ii) a countercyclical capital buffer ('CCyB'). The CCyB is based on rates determined by the regulatory authorities in each jurisdiction in which the Bank maintains exposures. These rates may vary in either direction.

Firms are required to hold additional capital to cover risks which the SSM assesses are not fully captured by the Pillar 1 capital requirement. The SSM sets this additional capital requirement ('Pillar 2R') at least annually. Pillar 2R for BBI is 3.04% of RWAs.

Risk review

Supervision and regulation

The SSM may also determine a Pillar 2 Guidance ('Pillar 2G') on firms to cover risks over a forward-looking planning horizon, including with regard to stresses. If the Pillar 2G buffer is determined for a specific firm, it applies separately to the combined buffer requirement, and it is expected that it would be met fully with CET1 capital.

Final Basel Committee on Banking Supervision ('BCBS') standards on counterparty credit risk, leverage, large exposures and a NSFR) have been implemented under EU law via the Risk Reduction Measures package, which was published in the Official Journal in June 2019 and included the CRR II regulation ('CRR II'), the CRD V directive and the BRRD II directive. Some aspects of CRR II were implemented through the 'CRR quick fix' as part of the EU's response to the Covid-19 pandemic; these included the introduction of an infrastructure support factor and a more extensive adding back of IFRS 9 expected loss provisions to CET1 capital. The remaining changes introduced by CRR II including SA-CCR (Standardised approach to Counterparty Credit Risk) were implemented on 28 June 2021.

The BCBS's finalisation of 'Basel III – post-crisis regulatory reforms' in December 2017, among other things, eliminated model-based approaches for certain categories of RWAs, revised the standardised approach's risk weights for a variety of exposure categories, replaced the four current approaches for operational risk (including the advanced measurement approach) with a single standardised measurement approach and established 72.5% of standardised approach RWAs for exposure categories as a floor for RWAs calculated under advanced approaches (referred to as the 'output floor'). On 27 October 2021, the European Commission published the Banking Package 2021 including a proposal for the CRR III regulation ('CRR III') whereby the final Basel III reforms will be implemented. In December 2023, the final elements of the European Commission banking package were agreed, endorsed by the European Council and European Parliament and will be implemented in EU law. The majority of the final Basel III changes are due to be implemented from 1 January 2025, although the output floor will be applied with a five-year phase-in period. CRR III has also introduced a number of amendments to Market Risk to align the calculation of own funds requirements in line with the revised FRTB (Fundamental Review of Trading Book) Standards.

Stress testing

The Bank is subject to supervisory stress testing exercises, designed to assess the resilience of banks to adverse economic or financial assumptions 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 MRM and Internal Management processes and controls. An emerging development is the introduction of C&E risk related stress tests by supervisory authorities including the ECB.

b) Recovery and Resolution

Stabilisation and resolution framework

The 2014 Bank Recovery and Resolution Directive ('BRRD') established a framework for the recovery and resolution of EU credit institutions and investment firms. The European Union (Bank Recovery and Resolution) Regulations 2015 (S.I. No 289 of 2015) came into effect on 15 July 2015 (with the exception of the bail-in tool which came into effect on 1 January 2016) and transposed the BRRD into Irish law. Amendments to the BRRD by Directive (EU) 2019/879 ('BRRD II') were made via the finalisation of the EU Risk Reduction Measures. BRRD II was transposed into national law in Ireland by way of the European Union (Bank Recovery and Resolution) (Amendment) Regulations 2020 (S.I. No. 713/2020) and came into operation on 28 December 2020.

In accordance with the requirements of Title II, Chapter I of the BRRD, and Commission Delegated Regulation (EU) No 2016/1075, the Bank is required by the CBI and the ECB to submit a standalone BRRD-compliant recovery plan on an annual basis.

The BRRD laid the foundation for the one of the pillars of Banking Union, namely the Single Resolution Mechanism Regulation (Regulation (EU) No 806/2014) ('SRMR'). The SRMR established the single resolution mechanism, which is comprised of the Single Resolution Board ('SRB') and the National Resolution Authorities of participating countries (for the Bank, this is the CBI). The purpose of the SRMR is to ensure an orderly resolution of failing banks with minimal costs for taxpayers and to the real economy. BBI Treasury conducts regular operational tests of the effectiveness of its funding sources and access to available external liquidity facilities (including Monetary Policy Operations).

The Bank, as a significant institution under the SRMR, is subject to the powers of the SRB as the Eurozone resolution authority. The SRB has the power to require data submissions specific to the Bank under powers conferred upon it by the BRRD and the SRMR. The SRB can exercise these powers to determine the optimal resolution strategy for the Bank in the context of the Bank of England's preferred resolution strategy (as home regulator of the Barclays Group) of single point of entry with bail-in at B PLC. The SRB also has the power under the BRRD and the SRMR to develop a resolution plan for the Bank.

TLAC and MREL

The Bank is subject to both total loss absorption capacity ('TLAC') and minimum requirement for own funds and eligible liabilities ('MREL') requirements. In each case, this will include both RWA based and leverage exposure based requirements.

The Bank became subject to TLAC requirements under CRR from 1 January 2021 when the Bank became a material EU subsidiary of a non EU Global systemically important bank ('G-SiB') following the end of the UK's withdrawal from the EU ('Brexit') transitional period. As a subsidiary bank, the Bank's TLAC requirements are subject to a scalar and are set at 90% of the G-SiBs' TLAC requirements.

In addition, the Bank became subject to MREL requirements set by the Single Resolution Board ('SRB') from 1 January 2022. This was initially introduced, in 2022, as an intermediate requirement to be phased in by 1 January 2024. This MREL requirement is set in line with the SRB's MREL policy. The SRB MREL policy does not currently envisage the application of any scalar to a subsidiary's MREL requirement.

Risk review

Supervision and regulation

Single Resolution Fund

In accordance with the SRMR, the SRB calculates the ex-ante contributions to the Single Resolution Fund ('SRF') on an annual basis. The SRB performs the calculation on the basis of the Council Implementing Regulation (EU) 2015/81 and Commission Delegated Regulation (EU) 2015/63. The Bank is subject to the requirement to contribute to the SRF, as required. In February 2024, the SRB has announced that fund has achieved its target level, and so there is no additional funding requirement for 2024.

Deposit Guarantee Scheme ('DGS')

The EU Directive on Deposit Insurance (Directive 2014/49/EU) was transposed into Irish law through the European Union (Deposit Guarantee Schemes) Regulations 2015 which came into effect on 20 November 2015. The CBI as the 'designated authority' is required to calculate risk based deposit insurance contributions in accordance with the EBA's guidelines "on methods for calculating contributions to deposit guarantee schemes". The DGS is administered by the CBI and is funded by the credit institutions covered by the scheme. The Bank is covered by this scheme and contributes to the funding of this scheme in accordance with the CBI's requirements.

Investor Compensation Scheme ('ICS')

The Investor Compensation Directive (97/9/EC) sets out the basis for clients of investment firms (including banks that carry out investment services, such as the Bank) to receive statutory compensation when an authorised investment firm fails. In Ireland, the Investor Compensation Act 1998 ('ICA') provides for the establishment of the Investor Compensation Company DAC which administers the ICS. The Bank contributes to the funding of the ICS in accordance with the ICA. The deposit-taking business of the Bank is not covered by the ICS.

c) Market infrastructure regulation

In recent years, regulators as well as global-standard setting bodies such as the International Organisation of Securities Commissions 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 Bank and the Barclays Group operate, 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 the EU as part of the EU's ongoing focus on the development of a stronger Capital Markets Union.

Regulation on benchmarks

The EU Benchmarks Regulation applies to the administration, contribution and use of benchmarks within the EU. Financial institutions within the EU are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the EU. This prohibition does not currently apply in respect of third country benchmark administrators as the prohibition on usage of non-recognised third country benchmarks will take effect from the end of 2025. The UK's Financial Conduct Authority ('FCA') has also been working to phase out use of LIBOR, with all LIBOR panels now having ended. Synthetic versions of GBP and USD LIBOR have been made available only for a limited period of time for holders of legacy contracts. 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') introduced requirements designed to improve transparency and reduce the risks associated with the derivatives market. EMIR has operational and financial impacts on the Barclays Group, including by imposing collateral requirements and a requirement to centrally clear certain OTC derivatives contracts transacted with a broad range of market participants. Access to the clearing services of certain Central Counterparties (CCPs) used by Barclays 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 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 Group (and the Bank), as could the removal of temporary recognition of non-UK CCPs by the UK. The EU has introduced two legislative proposals to amend EMIR which introduce, inter alia, changes to the intragroup transactions exemption making it easier to rely on the exemption, as well as aiming to reduce the concentration of exposures to systemically important third-country central counterparties (in particular, UK Central Counterparties). The legislative process is ongoing.

United States of America ('US') regulators have imposed similar rules as in 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. In December 2017, the Commodity Futures Trading Commission ('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.

Certain participants in US swap markets are required to register with the CFTC as 'swap dealers' or 'major swap participants' and/or, with the Securities and Exchange Commission ('SEC') as 'security-based swap dealers' or 'major security-based swap participants'. Such registrants are subject to CFTC and/or SEC regulation and oversight. The Bank is registered with the CFTC as a swap dealer and is subject to CFTC oversight. The Bank is not registered with the SEC as a security-based swap dealer.

Risk review

Supervision and regulation

Accordingly, the Bank is subject to CFTC rules on business conduct, record-keeping and reporting. However, since the Bank is a non-US swap dealer, it is only subject to certain of the CFTC's requirements in respect of swap transactions with US persons and certain persons guaranteed by or affiliated with US persons. Additionally, the Bank has elected to comply with certain EU/UK requirements in lieu of CFTC requirements through 'substituted compliance' pursuant to relevant determinations and related relief issued by the CFTC.

The Bank is subject to Federal Reserve Board ('FRB') rules with respect to margin.

Regulation on securities financing transactions

To the extent that the Bank transacts applicable securities financing transactions (including but not limited to securities lending and repurchase agreements (repos)), it is subject to the reporting and other obligations of Regulation (EU) 2015/2365, the Securities Financing Transactions Regulation ('SFTR').

d) Other regulation

Data protection

Most jurisdictions where the Barclays Group operates have adopted or are considering comprehensive laws concerning data protection and privacy. 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') provides rights and duties designed to safeguard personal data and apply to the activities conducted from an establishment in the EU. The extraterritorial effect of the GDPR means entities established outside the EEA may fall within the GDPR's scope when offering goods or services to EEA-based customers or clients or conducting monitoring of behaviour occurring within the EEA.

Entities based in EEA member states are generally permitted to transfer personal data to (i) entities in other EEA Member States, and (ii) to entities based in non-EEA jurisdictions with an adequacy decision issued by the European Commission. Transfers of personal data from EEA member states to entities based in the United States ('US') can also take place without the need for further, extensive compliance steps where the receiving US entity is a participant in the EU-US Data Privacy Framework ('DPF'). Nevertheless, the Barclays Group takes a cautious approach towards the DPF and where possible ensures that an alternative transfer mechanism is also available. For all other transfers of personal data from EEA member states to another jurisdiction, Barclays will need to undertake additional compliance steps. These compliance steps are discussed in more detail in the paragraph below (e.g. risk assessments and supplemental measures).

The UK continues to apply the GDPR as transcribed into UK law. In 2021 the European Commission granted the UK an adequacy decision for four years and the UK government stated transfers of personal data from the UK to the EU are permitted, which allows personal data transfers between the UK and EU to continue without further compliance steps. Following the 'Schrems II' judgement by the Court of Justice of the EU in July 2020 the Bank, like all data controllers, must assess all data transfers to third countries to determine whether personal data in that country will receive an equivalent level of protection to that of the GDPR. If not, the data controller must implement appropriate additional safeguards, which can be based on the guidelines published by the European Data Protection Board, to achieve an equivalent level of protection. In 2022 the Bank implemented a new Data Transfer Impact Assessment procedure, relevant additional safeguards and executed new Standard Contractual Clauses where required.

Cybersecurity

Regulators in the EU continue to focus on cybersecurity risk management, organisational operational resilience and overall soundness across all financial services firms, with customer and market expectations of continuous access to financial services at an all-time high. This is evidenced by an increased cadence of proposed new and amended laws and regulatory frameworks published by the European Commission, including the EU Cyber Resilience Act and EU Cyber Security Act.

Prominently, the European Union's Digital Operational Resilience Act ('DORA') entered into force in January 2023 and will apply from the 17th January 2025. This EU regulation introduces comprehensive and sector specific regulation on Information Communication Technologies ('ICT') Risk Management, ICT Incident Management and Reporting, Information Sharing, Digital Operational Resilience Testing and providing for Oversight by the European Supervisory Authorities of Critical Third-Party Providers servicing the EU financial services sector. In addition, DORA imposes new requirements relating to the management of ICT TPSPs (including the requirement to include certain provisions in the contracts between ICT service providers and financial institutions. The resultant requirements for increased controls should serve to improve industry standardisation and resilience capabilities, enhancing our ability to deliver services during periods of potential disruption. Such measures are likely however to result in increased technology and compliance costs for the Bank.

Requirements concerning outsourcing (and relevant to cybersecurity) are set out in the European Bank Authority Guidelines on Outsourcing Arrangements ('EBA Guidelines') and the CBI's Cross-Industry Guidance on Outsourcing ('CBI Guidelines'). The EBA Guidelines and CBI Guidelines are particularly focused on critical or important outsourcings and require financial institutions to implement governance structures to effectively oversee and monitor their outsourced service providers. They also require that certain provisions be included in the contract between a critical outsourced service provider and a financial institution. A register of outsourcing arrangements must also be maintained by the financial institution and there is a requirement to notify the CBI of any proposed new critical or important outsourcing arrangements (or material changes to an existing critical or important outsourcing arrangement).

Risk review

Supervision and regulation

Additionally, the EU has adopted a new Directive on measures for a high common level of cybersecurity ('NIS 2 Directive') across the EU. This requires Member States to adopt its cybersecurity rules by 18th October 2024. Guidelines published by the European Commission in September 2023 have clarified however that DORA is to be considered a sector specific Union legal act for financial entities, including Barclays, that are covered by the NIS 2 Directive. Consequently, the relevant provisions of DORA shall have primacy and apply instead of those provided for within the NIS 2 Directive.

Regulatory initiatives on ESG-related disclosures

The EU SFDR introduces obligations requiring Financial Market Participants ('FMPs') to explain how they integrate environmental, social and governance factors in their investment decisions for certain financial products and to publish principal adverse impact statements. The SFDR applies to entities established in the EU and in-scope products marketed in the EU, regardless of the location of the entity. The SFDR is currently under review by the Commission.

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. It sets mandatory entity-level disclosure requirements for companies which fall under the scope of the EU Accounting Directive, in relation to eligibility and alignment of their business activities with the EU Taxonomy Regulation. The EU Taxonomy Regulation also imposes product level disclosure obligations for FMPs on the extent to which their financial products are Taxonomy aligned or not. The Taxonomy, and with it the Taxonomy Regulation, is under review in the EU to include further sectors and, for example, social elements.

The EU CSRD will introduce sustainability related reporting obligations for various entities, including EU banks and certain non-EU companies and banks (by virtue of having EU listings or significant business in the EU), with reporting to commence on a phased basis from the financial year 2024. Related technical sustainability reporting standards (i.e. European Sustainability Reporting Standards) have been developed by the European Financial Reporting Advisory Group.

Since June 2022, the second EU CRR has required certain large financial institutions, including BBI, to disclose information on environmental, social and governance risks, including physical risks and transition risks in a Pillar 3 report. The CRR established, for certain large financial institutions, a Pillar 3 disclosure framework for information on environmental, social and governance ('ESG') risks, including physical risks and transition risks. Amendments proposed by the CRR III and CRD VI banking package will extend the scope of these disclosures and the emphasis on ESG. The ECB has made, and continues to regard, the supervision of the approach of institutions to ESG risk a priority.

In December 2023, the European Council and Parliament institutions reached a provisional political agreement on the Directive on the Corporate Sustainability Due Diligence Directive. This will require financial institutions to carry out due diligence with regard to their own operations and their upstream value chain in order to identify, prevent and bring to an end or mitigate the adverse impact of their activities on human rights and the environment. Firms will also be required to establish a climate change transition plan. Depending on the political process, these obligations are expected to come into force on a phased basis from the second half of 2027.

Financial crime

EU Member States were required to transpose the 6th EU Anti-Money Laundering ('AML') Directive ('MLD6') into national law by 3 December 2020. The aims of MLD6 are to:

- (i) toughen criminal penalties;
- (ii) expand the scope of existing legislation to better fight against money laundering and the financing of terrorism; and
- (iii) harmonise criminal laws relating to predicate money laundering offences across the EU. Although MLD6 is not specifically targeted at financial institutions (the obligations under MLD6 are imposed at EU Member State-level), its transposition across the EU has been monitored for any potential impacts on BBI (Note: Ireland opted out of transposing MLD6 under a separate EU protocol).

Following a number of prominent cases of alleged money laundering involving credit institutions in the EU, the European Commission concluded that significant AML reforms were necessary to strengthen the existing framework. On 7 May 2020, the European Commission adopted an action plan for a comprehensive EU policy on preventing money laundering and terrorist financing ('Action Plan'). The Action Plan builds on six pillars:

- Effective implementation of the existing EU AML framework.
- A single rulebook for AML / counter-terrorism funding ('CFT').
- EU-level AML supervision by a new AML authority – the Anti-Money Laundering Authority of the EU, otherwise known as AMLA ('AMLA').
- Establishing a support and cooperation mechanism for Financial Intelligence Units ('FIU').
- Enforcing EU-level criminal law provisions through better use of information exchange.
- Strengthening the international dimension of the EU AML / CFT framework.

The EU AML legislative reform package (which consists of three EU-level regulations and one directive) was presented by the European Commission in July 2021 ('EU AML Reform Package'). As a result of the introduction of the EU AML Reform Package (once implemented) the 4th EU AML Directive and the 5th EU AML Directive will be repealed and replaced, resulting in a new and more coherent framework for AML / CFT rules in the EU. Of particular note, and at the core of the Action Plan and the EU AML Reform Package, is the creation of a new EU agency – AMLA – which will have a role in coordinating with national AML/CFT supervisors, in addition to directly supervising the

Risk review

Supervision and regulation

riskiest credit and financial institutions in EU Member States. On 23 February 2024, the European Council and the European Parliament representatives have agreed on the seat of the future AMLA. AMLA will be based in Frankfurt and will begin operations mid-2025.

The new proposals under the EU AML Reform Package also interact with EU legislation in other areas of financial services legislation, including, EU legislation on payments and the transfer of funds.

In February 2024 the European Council announced it has provisionally agreed with the European Parliament certain parts of the proposed EU AML Reform Package. The EU AML Reform Package contains legislative proposals the purpose of which is to strengthen the EU's AML/CFT regulations.

Ireland Safe Deposit Box Bank and Payment Accounts Register ('ISBAR'):

ISBAR is a central register that identifies the holders and beneficial owners of bank accounts, payment accounts and safe-deposit boxes held with credit institutions. ISBAR is operated by the CBI on behalf of the Irish state and assists competent authorities (including the CBI) in preventing and combatting money laundering and terrorist financing.

Sanctions

The main driver for the implementation of recent sanctions packages is the Russian invasion of Ukraine, which occurred on 24 February 2022. The recent sanctions packages that have been introduced by the EU supplementing previously existing measures (albeit not as extensive) which were imposed on Russia from 2014 onwards as a result of Russia's annexation of Crimea.

The sanctions include targeted restrictive measures (individual sanctions), economic sanctions (including trade-related restrictions as well as activity-based sanctions) and visa measures.

In December 2023, the EU imposed its twelfth (12th) sanctions package ('12th Sanctions Package') against Russia, continuing to tighten restrictive measures and implementing new reporting obligations targeted to prevent circumvention of the sanctions measures. The 12th Sanctions Package introduced certain reporting requirements for the transfer of funds out of the EU by EU entities that are more than 40% owned (whether directly or indirectly) by Russian nationals, residents or entities, among various other measures introduced under the 12th Sanctions Package.

The US's recent Executive Order ('E.O') allows the US Office of Foreign Assets Control ('OFAC') to sanction foreign financial institutions that facilitated significant transactions or services, involving Russia's military industrial base (including technology, defence and related construction, aerospace, and manufacturing sectors). Under these new authorities, OFAC can impose blocking or restricting of correspondent accounts in the US for foreign financial institutions.

In addition, the US can in general, impose sanctions on non-US persons and entities ('Secondary Sanctions') who facilitate significant transactions with countries like Iran, Russia, Syria and North Korea with no US nexus, which are broadly sanctioned by OFAC. The purpose of these sanctions is to prevent non-US persons from engaging in significant activities that could create corridors of circumvention of US sanctions. Secondary Sanctions have significant consequences including restrictions on entering US markets, dealings in USD currency (both direct and indirect) and limitations on participating in the US financial system.

In response to the 12th Sanctions Package and the E.O., Russia has imposed counter-sanctions, which impact entities that have subsidiaries or branches in Russia.

Financial statements

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Independent Auditor's report to the member of Barclays Bank Ireland PLC

Opinion

We have audited the financial statements of Barclays Bank Ireland PLC ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2023 set out on pages 144 to 212, contained within the reporting package bbi-2023-12-31-en.zip, which comprise the consolidated and company income statement, consolidated and company statement of comprehensive income, consolidated and company balance sheet, consolidated and company statement of changes in equity, consolidated and company cash flow statement and related notes, including the material accounting policies set out in note 1.4. Certain required disclosures have been presented under the Risk Review section in the Annual Report, rather than in the notes to the financial statements. These disclosures are incorporated in the financial statements by cross-reference and are identified as audited.

The financial reporting framework that has been applied in their preparation is Irish Law, including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format ('ESEF') and International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2023 and of the Group's and Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Board Audit Committee.

We were appointed as auditor by the Directors on 24 April 2017. The period of total uninterrupted engagement is the seven years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA') as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- We used our knowledge of the Group and Company, the financial services industry, and the general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group and Company's available financial resources over this period were:
 - the availability of funding and liquidity in the event of a market wide stress scenario; and
 - the impact on regulatory capital requirements in the event of an economic slowdown.
- We also considered whether these risks could plausibly affect the availability of financial resources in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's and Company's financial forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

We found the assumptions associated with the use of the going concern basis of accounting, outlined in the disclosure in Note 1.3 to be reasonable. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:

- inquiring of Board Audit Committee and senior management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims;
- inquiring of Board Audit Committee, internal audit and senior management and inspecting of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- inquiring of Board Audit Committee regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud;
- inspecting the Group's significant regulatory and legal correspondences;

Independent Auditor's report to the member of Barclays Bank Ireland PLC

- reading Board, Board Audit Committee and other Board committees meeting minutes; and
- performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. This included communication from the Group audit team to Component audit teams of relevant laws and regulations and any fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: specific aspects of regulatory capital and liquidity, other banking laws and regulations, customer conduct rules, money laundering, sanctions list and financial crime, market abuse regulations and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Board Audit Committee and senior management and inspection of regulatory and legal correspondence, if any. Through these procedures, we identified actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items.

The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. We identified fraud risks in relation to the Group's impairment allowances on loans and advances at amortised cost, including off-balance sheet elements (in particular material qualitative adjustments and identification of stage 3 wholesale loans), valuation of financial instruments held at fair value (in particular unobservable pricing inputs into Level 3 fair value instruments) and existence and accuracy of unconfirmed OTC bi-lateral derivatives.

Further details in respect of impairment allowances on loans and advances at amortised cost, including off-balance sheet elements (material qualitative adjustments) and valuation of financial instruments held at fair value (unobservable pricing inputs into Level 3 fair value instruments) are set out in the key audit matter disclosures in this report.

In response to the fraud risks, we also performed procedures including:

- identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation;
- evaluating the business purpose of significant unusual transactions;
- assessing significant accounting estimates for bias; and
- assessing the disclosures in the financial statements.

As the Company is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Company operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the prior year, we identified a key audit matter in respect of transfer pricing income included within net fee and commission income (Service fees from affiliates) following the implementation of new Platform Fee transfer pricing methodology which we continue to perform procedures for the current year. However, given that there have been no significant changes to transfer pricing methodologies and models in the current year, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Independent Auditor's report to the member of Barclays Bank Ireland PLC

The key audit matter		How the matter was addressed in our audit
<p>Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements</p> <p>31 December 2023: €481m</p> <p>31 December 2022: €587m</p> <p>Refer to note 8 (accounting policy) and Risk review pages 67 to 113 (financial disclosures)</p>	<p>Subjective estimate The estimation of expected credit losses ('ECL') on financial instruments, involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group's estimation of ECLs are:</p> <ul style="list-style-type: none"> • Model estimations; • Appropriateness of economic scenarios; and • Material qualitative adjustments. <p>Model estimations Inherently judgemental modelling and assumptions are used to estimate ECL which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). ECLs may be inappropriate if certain models or underlying assumptions do not accurately predict defaults or recoveries over time, become out of line with wider industry experience, or fail to reflect the credit risk of financial assets. As a result, certain IFRS 9 models and model assumptions are the key drivers of complexity and uncertainty in the Group's calculation of the ECL estimate.</p> <p>Economic scenarios Economic scenarios have a direct impact on the proportion of loans in stage 2 and the resultant ECL. Significant management judgement is applied to the determination of the economic scenarios and the weightings applied to them especially when considering the continued uncertain economic environment.</p>	<p>Our audit procedures included:</p> <p>Risk assessment: We performed granular and detailed risk assessment procedures over the entirety of the loan and advances at amortised cost including off-balance sheet elements within the Group's financial statements. As part of these risk assessment procedures, we identified which portfolios are associated with a risk of material misstatement including those arising from significant judgements over the estimation of ECL either due to inputs, methods or assumptions.</p> <p>Controls testing: We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual, general IT and application controls over key systems used in the ECL process.</p> <p>Key aspects of our controls testing involved evaluating the design and implementation and testing the operating effectiveness of the key controls over the:</p> <ul style="list-style-type: none"> • completeness and accuracy of the key inputs into the IFRS 9 impairment models; • application of the staging criteria; • model validation, implementation and monitoring; • authorisation and calculation of post-model adjustments and management overlays; • selection and implementation of economic variables and the controls over the economic scenario selection and probabilities; and • calculation, review and approval of individually assessed impairments. <p>Our testing of financial risk models: We involved our own financial risk modelling specialists who assisted in the following:</p> <ul style="list-style-type: none"> • evaluating the Group's IFRS 9 impairment methodologies; • inspecting model code for the calculation of certain components of the ECL model to assess its consistency with the Group'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 model adjustments to assess consistency with the qualitative adjustment methodologies; • assessing and reperforming for a selection of models, the reasonableness of the model predictions by comparing them against actual results and evaluating the resulting differences; • 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 • independently recalculating a selection of model assumptions using more recent data for certain portfolios. This is used to develop a range for ECL which is compared to management's point estimate.

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The key audit matter	How the matter was addressed in our audit
<p>Material qualitative adjustments Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or emerging trends as well as risks not captured by models. Post-model adjustments (PMAs) including those included in respect of the portfolio held for sale represent approximately 10.6% net of the ECL. These adjustments are inherently uncertain and significant management judgement is involved in estimating certain PMAs and management overlays.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers including off balance sheet elements has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p> <p>Disclosure quality</p> <p>The disclosures regarding the Group's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results.</p> <p>We determined this matter to be a Key Audit Matter for the reasons set out above.</p>	<p>Economic scenarios: We involved our own economic specialists to assist us in:</p> <ul style="list-style-type: none"> • assessing the reasonableness of the Group's methodology and models for determining the economic scenarios used and the probability weightings applied to them; • reperforming the calculation of the probability weightings applied to economic scenarios and deriving an independent estimate of the scenario weightings using EU GDP variable; • assessing key economic variables which included comparing key economic variables to external sources; • assessing the overall reasonableness of the economic forecasts by comparing the Group's forecasts to market consensus, where available, or to our own modelled forecasts; and • assessing the reasonableness of the Group's qualitative adjustments by challenging key economic assumptions applied in their calculation using external sources. <p>Tests of detail: Key other aspects of our substantive testing in addition to those set out above involved:</p> <ul style="list-style-type: none"> • sample testing over key inputs into ECL calculations to supporting documentation and market data, where available; • selecting a sample of post model adjustments, considering the size and complexity of management overlays, in order to assess the reasonableness of the adjustments by challenging judgements made in the adjustments to the model outputs, inspecting the calculation methodology and tracing a sample of the data used back to source documentation; • assessing the completeness of PMAs identified based on our knowledge gained from other risk-assessment and substantive audit procedures; and • selecting a sample of credit reviews in order to assess the reasonableness of customer risk ratings by challenging key judgements and considering disconfirming contradictory evidence. <p>Assessing transparency: We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As a part of this, we assessed the sensitivity analysis disclosures. In addition, we assessed whether the disclosure of the key judgements and assumptions was sufficiently clear.</p> <p>Our results: We found the significant judgements used by management in determining the ECL charge, provision recognised and the related disclosures, application of PMAs and use of economic scenarios to be reasonable.</p>

Independent Auditor's report to the member of Barclays Bank Ireland PLC

The key audit matter	Subjective valuation	How the matter was addressed in our audit
<p>Valuation of financial instruments held at fair value – unobservable and complex pricing inputs</p> <p><i>Level 2 instruments*:</i> 31 December 2023: €66,784m assets; €66,659m liabilities</p> <p>31 December 2022: €63,941m assets; €58,335m liabilities</p> <p><i>Level 3 instruments:</i> 31 December 2023: €712 m assets; €202m liabilities</p> <p>31 December 2022: €893m assets; €478m liabilities</p> <p><i>* The key audit matter identified relates to one derivative portfolio within this balance, and certain XVA adjustments made to derivative valuations, both of which we considered to be harder to value.</i></p> <p>Refer to note 15 (accounting policy and financial disclosures)</p>	<p>The fair value of the Group's financial instruments is determined through the application of valuation techniques which can involve the exercise of significant judgement by management in relation to the choice of the valuation models, pricing inputs and post-model pricing adjustments, including fair value adjustments ('FVAs') and credit and funding adjustments (together referred to as 'XVAs').</p> <p>Where significant pricing inputs are unobservable, management has limited reliable, relevant market data available in determining the fair value and hence estimation uncertainty can be high. These financial instruments are classified as Level 3, with management having controls in place over the boundary between Level 2 and 3 positions. Our significant audit risk for the Level 3 portfolios is therefore primarily due to these unobservable outputs.</p> <p>In addition, for the Level 2 portfolios, there may also be valuation complexity, specifically where valuation modelling techniques result in significant limitations or where there is greater uncertainty around the choice of an appropriate pricing methodology, and consequently more than one valuation methodology could be used for that product across the market.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the subjective estimates in fair value measurement of certain portfolios, and harder-to-value Level 2 portfolios have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 15) disclose the sensitivity estimated by the Group.</p> <p>Disclosure quality</p> <p>For the Level 3 portfolios, the disclosures are key to explaining the valuation techniques, key judgements, assumptions and material inputs.</p> <p>We determine this matter to be a Key Audit Matter for the reasons set out below.</p>	<p>Our procedures included:</p> <p>Risk assessment: We performed granular and detailed risk assessment procedures throughout the audit period over the entirety of the balances (i.e. all of the fair value financial instruments held by the Group) within the Group's financial statements. As part of these risk assessment procedures, we identified which portfolios and the associated valuation inputs have a risk of material misstatement including those arising from significant judgements over valuation either due to unobservable inputs or complex models.</p> <p>Control testing: We attended management's Valuation Committee throughout the year and observed discussion and challenge over valuation themes including items related to the valuation of certain harder-to-value financial instruments recorded at fair value. We obtained an understanding and evaluated the design and implementation and tested the operating effectiveness of key controls used in the valuations processes. Key aspects of our controls testing involved evaluating the design and implementation and testing the operating effectiveness of the key controls over:</p> <ul style="list-style-type: none"> independent price verification ('IPV'), performed by a control function, of key market pricing inputs, including completeness of positions and valuation inputs subject to IPV, as well as controls over unobservable inputs which are not subject to price verification; FVAs, including exit adjustments (to mark the portfolio to bid or offer prices), model shortcoming reserves to address model limitations and XVAs; the validation, completeness, implementation and usage of significant valuation models. This included controls over assessment of model limitations and assumptions; and the assessment of the observability of a product and their unobservable inputs. <p>Independent re-performance: With the assistance of our own valuation specialists we:</p> <ul style="list-style-type: none"> independently re-priced a selection of trades; and challenged the appropriateness of significant models and methodologies used in calculating fair values, risk exposures and in calculating FVAs, including comparison to industry practice. <p>Seeking contradictory evidence: For a selection of collateral disputes identified through management's control we challenged management's valuation where significant fair value differences were observable with the market participant on the other side of the trade. We also utilised collateral dispute data to identify fair value financial instruments with significant fair value differences against market counter parties and selected these to independently reprice.</p> <p>Inspection of movements: We inspected trading revenue arising on Level 3 positions to assess whether material gains or losses generated were in line with the accounting standards.</p> <p>Historical comparison: We performed a retrospective review by inspecting significant gains and losses on a selection of new fair value financial instruments, position exits, novations and restructurings throughout the audit period and evaluated whether these data points indicated elements of fair value not incorporated in the current valuation methodologies. We also inspected movements in unobservable inputs throughout the period to challenge whether any gain or loss generated was appropriate.</p> <p>Assessing transparency: We assessed the adequacy of the Group's financial statements disclosures in the context of the relevant accounting standards.</p> <p>Our results: We found the subjective assumptions made in respect of the fair value of Level 3 financial instruments and the modelling techniques associated with harder-to value Level 2 financial instruments to be reasonable.</p>

Independent Auditor's report to the member of Barclays Bank Ireland PLC

The key audit matter		How the matter was addressed in our audit
<p>User access management</p>	<p>User access management has a potential impact throughout the financial statements</p> <p>Control Performance Operations across several countries support a wide range of products and services resulting in a large and complex IT infrastructure relevant to the financial reporting processes and related internal controls. User access management controls are an integral part of the IT environment to ensure both system access and changes made to systems and data are authorised and appropriate. Our audit approach relies on the effectiveness of IT access management controls.</p> <p>We determined this matter to be a Key Audit Matter for the reasons set out above.</p>	<p>Our procedures included:</p> <p>Control testing: We evaluated the design and implementation and tested the operating effectiveness of automated controls that support significant account balances in the financial statements. We also evaluated the design and implementation and tested the operating effectiveness of the relevant preventative and detective general IT controls over user access management including:</p> <ul style="list-style-type: none"> • authorising access rights for new joiners; • timely removal of user access rights; • logging and monitoring of user activities; • privileged user access management and monitoring; • developer access to transaction and balance information; • segregation of duties; • re-certification of user access rights; and • restricting access to make changes to systems and data. <p>Our audit procedures identified deficiencies in certain IT access controls for systems relevant to financial reporting. More specifically, previously identified control deficiencies remain open around monitoring of activities performed by privileged users on infrastructure components. Management has an ongoing programme to remediate the deficiencies. Since these deficiencies were open during the year, we performed additional procedures to respond to the risk of unauthorised changes to automated controls over financial reporting.</p> <p>We performed procedures to assess whether additional detective compensating controls operate at the required level of precision to support our assessed risk of unauthorised activities and we tested management's detective controls.</p> <p>Our results: Our testing did not identify unauthorised user activities relevant to financial reporting which would have required us to significantly expand the extent of our planned detailed testing.</p>

Our application of materiality and an overview of the scope of our audit

Materiality

Materiality for the Group financial statements as a whole was set at €30m (2022: €30m), determined with reference to benchmark of net assets. This produced a benchmark of €6,964m (2022: €6,515m), to which we applied a percentage of 0.4% (2022: 0.5%) in determining materiality.

Materiality for the current year was determined in the aforementioned manner consistently with the prior year due to the continued volatility of the profit before tax of the Group whilst the balance sheet of the Group has been growing. We consider net assets to be the most appropriate benchmark as it provides a more stable measure year on year than profit before tax and is the metric we consider to most influence the decisions of users of the financial statements.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. In applying our judgement in determining performance materiality, we considered a number of factors including the number and value of misstatements detected and the number and severity of deficiencies in control activities identified in the prior year financial statements audit.

Performance materiality for the Group financial statements as a whole was set at €19.5m (2022: €19.5m), determined with reference to materiality (of which it represents 65% (2022: 65%)).

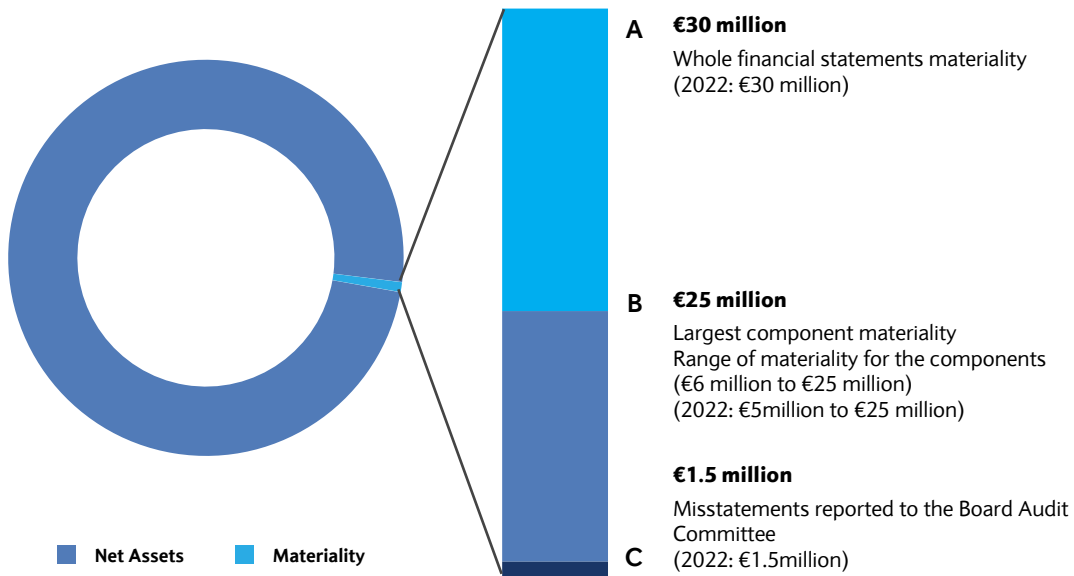
We reported to the Board Audit Committee any corrected or uncorrected identified misstatements exceeding €1.5m (2022: €1.5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The same level of materiality, performance materiality and reporting threshold were applied to the Company financial statements.

Independent Auditor's report to the member of Barclays Bank Ireland PLC

Net assets

€6,964m (2022: €6,515m)

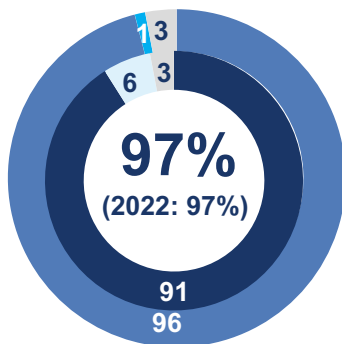


Scope - general

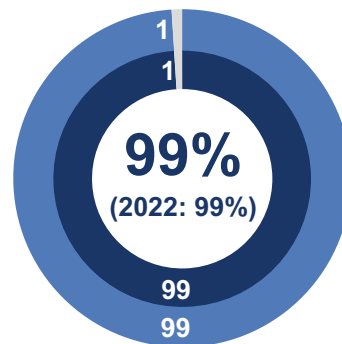
The Group operates in various locations across Europe. Significant components were subject to audit procedures performed by component auditors. In planning the audit we used materiality to determine the scope of work of the components, that is six (2022: six) components as full scope audits and three components (2022: three) as audit of account balances. The remaining 3% (2022: 3%) of total income and 1% (2022: 1%) of total assets is represented by a number of other components, none of which were individually significant. For these residual components we performed analysis at an aggregated level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on six of the nine components (2022: six of the nine components) was performed by component auditors and the remaining work was performed by the Group audit team. The components within the scope of our work accounted for the percentages illustrated below.

Total income



Total assets



- Full scope for Group audit purposes 2023
- Full scope for Group audit purposes 2022
- Account balance audit scope 2023
- Account balance audit scope 2022
- Residual components

Independent Auditor's report to the member of Barclays Bank Ireland PLC

Team structure

We applied materiality to assist us determine what risks were significant risks and the group audit team instructed component auditors as to the significant areas to be covered by them, including the relevant risks detailed above and the information to be reported back. The Group audit team approved component materiality, ranging from €6m to €25m (2022: €5m to €25m), having regard to the mix of size and risk profiles of the components.

A combination of in-person and virtual planning meetings were held led by us to discuss key audit risks and obtain input from component auditors and other participating locations. Regular video-conference meetings were held with all component auditors throughout the duration of the audit, including attending closing meetings with management of the components and review of risk assessment documentation. We have also visited all component locations that were subject to audit procedures. During these visits, we inspected the components' key working papers. We used Group materiality to assist us in determining the extent of the review to understand and challenge the audit approach and findings of each component auditor. In addition, the findings reported to us were discussed in detail, and further work required by the Group audit team was then performed by the component auditors as necessary.

The Group has centralised certain Barclays Group-wide processes primarily in the UK and India, the outputs of which are included in the financial information of the reporting components they service and therefore are not considered separate reporting components. These Group-wide processes are subject to specified audit procedures, predominantly the testing of general IT and IT automated controls, IFRS 9 expected credit loss modelling (UK), IFRS 13 fair value measurement (UK) and transaction processing, reconciliations and review controls (India). We visited the centralised service teams in the UK and India, in addition to our regular virtual meetings and calls. We executed the same level of interaction and oversight with KPMG teams where these group-wide processes reside and performed consistent procedures as described above for components.

Other information

The Directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Strategic report, Directors' report and the Non-financial information statement and Risk review (other than those sections identified as audited, which form part of the Group and Company financial statements).

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the Directors' report;
- in our opinion, the information given in the Directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate governance statement

As required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 12 to 13, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process is consistent with the financial statements and has been prepared in accordance with the Act; and
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Statement.

The Company is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and therefore not required to include information relating to voting rights and other matters required by those Regulations and specified by the Companies Act for our consideration in the Corporate Governance Statement.

Our opinions on other matters prescribed the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Independent Auditor's report to the member of Barclays Bank Ireland PLC

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made; and
- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2022 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on pages 16 to 17, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's or Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's member, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

14 March 2024



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

Financial statements

Consolidated and Company income statement

For the year ended 31 December	Notes	2023 €m	2022 ^a €m
Continuing operations			
Interest income	3	2,229	456
Interest expense	3	(1,965)	(461)
Net interest income		264	(5)
Fee and commission income	4	1,030	962
Fee and commission expense	4	(76)	(63)
Net fee and commission income		954	899
Net trading income	5	111	218
Net investment expense	6	(54)	(37)
Total income		1,275	1,075
Staff costs	29	(401)	(381)
Infrastructure costs	7	(44)	(45)
Administration and general expenses	7	(534)	(465)
Operating expenses		(979)	(891)
Profit before impairment		296	184
Credit impairment charges	8	(32)	(33)
Profit before tax		264	151
Taxation	9	(72)	(52)
Profit after tax from continuing operations		192	99
Profit after tax from discontinued operations^b	39	50	1
Profit after tax		242	100
Attributable to:			
Ordinary shareholders		168	52
Other equity instrument holders		74	48
Profit after tax		242	100

Notes

a Comparative results have been re-presented from those previously published to reclassify certain items as discontinued operations, as described in Note 39 to the consolidated financial statements.

b The results of discontinued operations, comprising the post-tax profit, is shown as a single amount on the face of the income statement. An analysis of this amount is presented in Note 39 to the consolidated financial statements.

Financial statements

Consolidated and Company statement of comprehensive income

	2023	2022 ^a
For the year ended 31 December	€m	€m
Profit after tax	242	100
Profit after tax from continuing operations	192	99
Profit after tax from discontinued operations	50	1
Other comprehensive Income/(loss) that may be recycled to profit or loss from continuing operations		
Cash flow hedging reserve		
Net gain/(losses) from changes in fair value	114	(234)
Net losses transferred to net profit	46	9
Tax	(20)	28
Other comprehensive income/(loss) that may be recycled to profit or loss from continuing operations	140	(197)
Other comprehensive income/(loss) not recycled to profit or loss from continuing operations		
Retirement benefit measures		
Retirement benefit remeasurements	(1)	14
Tax	—	(2)
Own credit reserve		
Own credit	(8)	140
Tax	1	(18)
Other comprehensive income/(loss) not recycled to profit or loss	(8)	134
Total comprehensive income for the year, net of tax from continuing operations	324	36
Total comprehensive income for the year, net of tax from discontinued operations	50	1
Total comprehensive income for the year	374	37
Attributable to:		
Ordinary shareholders	300	(11)
Other equity instrument holders	74	48
Total comprehensive income for the year	374	37

Notes

a Comparative results have been re-presented from those previously published to reclassify certain items as discontinued operations as described in Note 39 to the consolidated financial statements.

Financial statements

Consolidated and Company balance sheet

As at 31 December	Notes	2023 €m	2022 €m
Assets			
Cash and balances at central banks		33,814	30,540
Cash collateral and settlement balances	20	15,809	18,540
Debt securities at amortised cost		2,495	87
Loans and advances at amortised cost to banks		1,230	1,412
Loans and advances at amortised cost to customers		9,438	13,861
Reverse repurchase agreements and other similar secured lending at amortised cost		2,064	1,764
Trading portfolio assets	11	17,145	7,700
Financial assets at fair value through the income statement	12	21,995	17,216
Derivative financial instruments	13	33,580	40,439
Intangible assets	19	—	59
Property, plant and equipment	17	110	114
Current tax assets		5	1
Deferred tax assets	9	185	206
Retirement benefit assets	31	3	4
Assets included in disposal groups classified as held for sale	39	4,514	—
Other assets	21	257	591
Total assets		142,644	132,534
Liabilities			
Deposits from banks		2,171	3,628
Deposits from customers		29,847	25,793
Cash collateral and settlement balances	20	21,020	24,684
Repurchase agreements and other similar secured borrowing at amortised cost	35	1,561	2,964
Debt securities in issue		2,457	3,139
Subordinated liabilities	26	4,833	4,679
Trading portfolio liabilities	11	16,232	12,872
Financial liabilities designated at fair value	14	25,451	14,858
Derivative financial instruments	13	27,663	32,494
Current tax liabilities		47	53
Deferred tax liabilities	9	—	1
Retirement benefit obligations	31	10	12
Provisions	23	139	99
Liabilities included in disposal groups classified as held for sale	39	3,649	—
Other liabilities	22	600	743
Total liabilities		135,680	126,019
Equity			
Called up share capital and share premium	27	4,022	3,872
Other equity instruments	27	805	805
Other reserves	28	(138)	(271)
Retained earnings		2,275	2,109
Total equity		6,964	6,515
Total liabilities and equity		142,644	132,534

The Board of Directors approved the financial statements on pages 144 to 212 on 14 March 2024.



Tim Breedon CBE
Chair



Francesco Ceccato
Chief Executive Officer



Jasper Hanebuth
Chief Financial Officer



Francesca Carbonaro
Company Secretary

Financial statements

Consolidated and Company statement of changes in equity

	Called up share capital and share premium ^a	Other equity instruments ^a	Other reserves ^b	Retained earnings ^c	Total equity ^c
	€m	€m	€m	€m	€m
Balance as at 1 January 2023	3,872	805	(271)	2,109	6,515
Profit after tax	—	74	—	118	192
Cash flow hedges	—	—	140	—	140
Retirement benefit remeasurement	—	—	—	(1)	(1)
Own credit reserve	—	—	(7)	—	(7)
Total comprehensive income net of tax from continuing operations	—	74	133	117	324
Total comprehensive income net of tax from discontinued operations	—	—	—	50	50
Total comprehensive income for the year	—	74	133	167	374
Issue of new ordinary shares	150	—	—	—	150
Other equity instruments coupons paid	—	(74)	—	—	(74)
Other reserve movements	—	—	—	(1)	(1)
Balance as at 31 December 2023	4,022	805	(138)	2,275	6,964
Balance as at 1 January 2022	3,247	805	(196)	2,043	5,899
Profit after tax	—	48	—	51	99
Cash flow hedges	—	—	(197)	—	(197)
Retirement benefit remeasurement	—	—	—	12	12
Own credit reserve	—	—	122	—	122
Total comprehensive income net of tax from continuing operations	—	48	(75)	63	36
Total comprehensive income net of tax from discontinued operations	—	—	—	1	1
Total comprehensive income for the year	—	48	(75)	64	37
Issue of new ordinary shares	625	—	—	—	625
Other equity instruments coupons paid	—	(48)	—	—	(48)
Other reserve movements	—	—	—	2	2
Balance as at 31 December 2022	3,872	805	(271)	2,109	6,515

Notes

a For further details refer to Note 27.

b For further details refer to Note 28.

c Comparative results have been re-presented from those previously published to reclassify certain items as discontinued operations as described in Note 39 to the consolidated financial statements.

Financial statements

Consolidated and Company cash flow statement

For the year ended 31 December	Notes	2023 €m	2022 €m
Continuing operations			
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit before tax from continuing operations		264	151
Adjustment for non-cash items:			
Credit impairment charges/(releases) on financial instruments		32	167
Depreciation and amortisation of property, plant and equipment and intangibles		80	42
Other provisions		60	39
Other non-cash movements		154	(89)
Changes in operating assets and liabilities			
Net decrease/(increase) in cash collateral and settlement balances		(933)	6,670
Net increase in loans and advances to banks and customers		(195)	(805)
Net decrease/(increase) in reverse repurchase agreements and other similar secured lending		(300)	1,464
Net decrease in trading assets and liabilities		(6,085)	3,090
Net increase in financial assets and liabilities designated at fair value		5,929	(849)
Net increase in derivative financial instruments		2,028	(7,587)
Net increase in deposits and customer accounts		3,843	3,551
Net (decrease)/increase in debt securities in issue		(682)	(258)
Net (decrease)/increase in repurchase agreements and other similar secured borrowing		(1,403)	(632)
Net (increase)/decrease in other assets and liabilities		220	(39)
Corporate income tax paid		(81)	(30)
Net cash from operating activities		2,931	4,885
Investing activities			
Purchase of debt securities at amortised cost		(2,408)	—
Purchase of financial assets designated at fair value		(115)	—
Purchase of property, plant and equipment and intangibles		(26)	(30)
Net cash from investing activities		(2,549)	(30)
Financing activities			
Coupon payments on other equity instruments		(74)	(48)
Issuance of subordinated debt	26	275	1,500
Redemption of subordinated debt	26	(125)	—
Issue of shares and other equity instruments		150	625
Lease liability payments		(16)	(16)
Net cash from financing activities		210	2,061
Net cash from discontinued operations	39	2,398	(273)
Net increase in cash and cash equivalents		2,990	6,643
Cash and cash equivalents at beginning of year		31,090	24,447
Cash and cash equivalents at end of year		34,080	31,090
Cash and cash equivalents comprise:			
Cash and balances at central banks		33,814	30,540
Loans and advances to banks with original maturity less than three months		266	550
		34,080	31,090

Interest received by the Bank was €4,241m (2022: €797m) of which €413m relates to discontinued operations (2022: €325m) and interest paid by the Bank was €3,822m (2022: €524m) of which €51m relates to discontinued operations (2022:nil). The Bank is required to maintain balances with central banks and other regulatory authorities. These amounted to €547m (2022: €953m) and are included within cash and cash equivalents.

Notes to the financial statements

Accounting policies

This section describes the Bank's material accounting policies and critical accounting estimates and judgements that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate or judgement relates to a particular note, the accounting policy and/or critical accounting estimate/judgement is contained with the relevant note.

1 Material accounting policies

1. Reporting entity

The Bank is a public limited company, registered in Ireland under the company number 396330.

These financial statements are prepared for the Bank under the Companies Act 2014. The principal activities of the Bank are the provision of corporate and investment banking services to EU corporate entities, retail banking services in Germany and Italy and private banking services to EU clients.

2. Compliance with International Financial Reporting Standards

The consolidated and company financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations ('IFRICs') issued by the Interpretations Committee, as published by the International Accounting Standards Board ('IASB') and endorsed by the EU. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied, with the exception of International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12), which is effective for annual accounting periods beginning on or after 1 January 2023; and the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of an Accounting Estimate (Amendments to IAS 8) which were applied from 1 January 2023.

3. Basis of preparation

The consolidated and company financial statements have been prepared under the historical cost convention modified to include the fair valuation of particular financial instruments, to the extent required or permitted under IFRS as adopted by the EU, as set out in the relevant accounting policies. They are stated in millions of Euro (€m), the functional currency of the Bank. The Bank has not prepared separate parent company financial statements as the results and financial position of the Barclays Bank Ireland PLC consolidated group and the parent company, Barclays Bank Ireland PLC, are materially the same. There are no significant differences between the two to report, as the assets of the consolidated subsidiary entities were acquired from, and have not been derecognised by the parent, and the consolidated subsidiary entities' liabilities are to the parent in relation to the same assets.

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2014 as applicable to companies using IFRS as adopted by the EU. The financial statements are prepared on a going concern basis, as the Board is satisfied that the Bank has the resources to continue in business for the foreseeable future.

In making this assessment, the Board has considered a wide range of information relating to present and future conditions. This involves an assessment of the future performance of the business to provide assurance that it has the resources in place that are required to meet its ongoing regulatory requirements. The assessment is based upon business plans which contain future forecasts of profitability taken from management's three year medium term plan as well as projections of future regulatory capital requirements and business funding needs. This also includes details of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based upon management's assessment of reasonably possible economic scenarios that the Bank could experience.

This assessment showed that the Bank had sufficient capital in place to support its future business requirements and remained above its regulatory minimum requirements in the stress test scenarios. It also showed that the Bank has an expectation that it can continue to meet its funding requirements during the scenarios. The Board concluded that there was a reasonable expectation that the Bank has adequate resources to continue as a going concern for the foreseeable future. The Board 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.

4. Accounting policies

The Bank prepares financial statements in accordance with IFRS as adopted by the EU. The Bank's material accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out under the relevant notes. Accounting policies that affect the financial statements as a whole are set out below.

(i) Consolidation

The consolidated financial statements combine the financial statements of the Bank and its subsidiaries. Subsidiaries are entities over which the Bank has control. The Bank has control over another entity when the Bank 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.

Details of the consolidated entities are given in Note 36.

(ii) Foreign currency translation

Transactions in foreign currencies are translated into Euro at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into Euro at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement.

Notes to the financial statements

Accounting policies

(iii) Financial assets and liabilities

Recognition

The Bank 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 Bank 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. 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, (iii) features that could modify the time value of money, and (iv) Social, Environmental and Sustainability-linked features. Terms with de-minimis impact do not preclude cash flows from representing SPPI.

The accounting policy for each type of financial asset or liability is included within the relevant note for the item. The Bank's policies for determining the fair values of the assets and liabilities are set out in Note 15.

Derecognition

The Bank 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% 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.

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 Bank 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 Bank obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Bank 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 Bank 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 at fair value through profit or loss.

The Bank 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 Bank 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 or loss.

Accounting for cash collateral

Cash collateral provided is accounted for as a loan asset at amortised cost, unless it is designated at fair value through profit or loss.

Cash collateral received is accounted for as a financial liability at amortised cost, unless it is designated at fair value through profit or loss.

(iv) Issued debt and equity instruments

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Bank 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. Ordinary dividends to equity holders are recognised when paid or declared by the members at the annual general meeting ('AGM') 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) Cash flow statement

Cash comprises cash on hand and balances at central banks. Cash equivalents comprise loans and advances to banks and treasury and other eligible bills with original maturities of three months or less.

Notes to the financial statements

Accounting policies

5. New and amended standards and interpretations

The accounting policies adopted have been consistently applied, with the exception of the following:

International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

On 23 May 2023, the IASB issued amendments to IAS 12 to provide a mandatory temporary exemption to the requirements to account for deferred taxes assets and liabilities related to Pillar Two income taxes, as published by the Organisation for Economic Co-operation and Development ('OECD').

The amendments are effective for accounting periods beginning on or after 1 January 2023 and the mandatory temporary exemption is applied retrospectively to prior periods. Disclosures related to the amendments are made in note 9 on page 164.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments require entities to disclose their material rather than their significant accounting policies. The Bank adopted the amendments effective 1 January 2023. Whilst these amendments do not change the Bank's accounting policies, the Bank has reviewed the accounting policy information disclosed in these financial statements against the new requirements.

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 users of general purpose financial statements make on the basis of those financial statements.

Definition of an Accounting Estimate (Amendments to IAS 8)

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 1 January 2023 and were adopted on this date.

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 reinsurance), 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 apply.

IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 but the impact to the Bank is not material.

Future accounting developments

The following accounting standards have been issued by the IASB but are not yet effective:

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.

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 12 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.

Notes to the financial statements

Accounting policies

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 Bank's financial statements are highlighted under the relevant note.

Critical accounting estimates and judgements are disclosed in:

- Credit impairment charges on page 160.
- Tax on page 164.
- Fair value of financial instruments on page 175.
- Assets included in disposal groups classified as held for sale, associated liabilities and discontinued operations on page 210.

Significant management judgement is applied in assessing whether the business model for managing assets that fall within the scope of IFRS 9 has changed. In particular it requires consideration of whether any changes have occurred in how the assets are being managed, whether a change is demonstrable to external parties and whether the Bank has begun or ceased to perform an activity that is significant to its operations.

The Bank is in discussions with respect to the disposal of its Italian retail mortgage book and has applied significant management judgement in assessing whether, as a result, the business model has changed. At 31 December 2023 the assets continue to be held in a hold-to-collect business model.

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 67 to 113.
- Market risk on pages 114 to 115.
- Treasury and capital risk on pages 116 to 122.

These disclosures are covered by the Audit opinion (included on pages 135 to 143) where referenced as audited.

Notes to the financial statements

Financial performance and return

The notes included in this section focus on the results and performance of the Bank. Information on the income generated, expenditure incurred, segmental performance, tax and dividends are included here. For further detail on performance, see Strategic Report on pages 2 to 10.

2 Segmental reporting

Presentation of segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Bank's 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. Income and expenses directly associated with each segment are included in determining business segment performance.

The Bank's divisions, for segmental reporting purposes, have been defined as CIB and CC&P:

- **Corporate and Investment Bank ('CIB')** includes the Barclays Group's EU Corporate business, Markets and Investment Banking.
- **Consumer, Cards and Payments ('CC&P')** includes Barclays CBE and the Barclays Group's EU Private Banking business.

The below table also includes the Head Office segment, which comprises Head Office, central support functions and an Italian mortgage portfolio which is being run off. Head Office also includes net revenue from the CIB and CC&P segments of €130m (2022: €61m).

Analysis of results by business

	CIB	CC&P	Of which: Assets included in disposal groups classified as held for sale, liabilities associated and discontinued operation ^a	Head Office	Of which: Assets included in disposal groups classified as held for sale, liabilities associated and discontinued operation ^a	Total ^b
	€m	€m	€m	€m	€m	€m
For the year ended 31 December 2023						
Net interest income/(expense)	267	366	337	(7)	—	626
Other income	987	49	34	4	—	1,040
Total income	1,254	415	371	(3)	—	1,666
Operating costs	(890)	(292)	(263)	(97)	(37)	(1,279)
Profit/(loss) before impairment	364	123	108	(100)	(37)	387
Credit impairment (charges)/releases	5	(21)	(21)	(37)	—	(53)
Profit/(loss) before tax	369	102	87	(137)	(37)	334
Total assets (€bn)	94	5	5	44	—	143
Total liabilities (€bn)	112	9	4	15	—	136
Number of employees (full time equivalent)	650	671	624	495	—	1,816

Analysis of results by business

	CIB	CC&P	Of which: Assets included in disposal groups classified as held for sale, liabilities associated and discontinued operation ^{a,c}	Head Office	Of which: Assets included in disposal groups classified as held for sale, liabilities associated and discontinued operation ^a	Total ^b
	€m	€m	€m	€m	€m	€m
For the year ended 31 December 2022						
Net interest income/(expense)	102	323	301	(105)	—	320
Other income	1,015	45	33	50	—	1,110
Total income	1,117	368	334	(55)	—	1,430
Operating costs	(813)	(242)	(215)	(51)	—	(1,106)
Profit/(loss) before impairment	304	126	119	(106)	—	324
Credit impairment (charges)/ releases	(34)	(134)	(134)	1	—	(167)
Profit/(loss) before tax	270	(8)	(15)	(105)	—	157
Total assets (€bn)	89	5	—	39	—	133
Total liabilities (€bn)	106	6	—	14	—	126
Number of employees (full time equivalent)	593	710	—	473	—	1,776

Notes to the financial statements

Financial performance and return

Notes

- €50m (2022: €(15)m) represents the profit before tax from discontinued operations relating to CBE portfolio now presented as an operation 'held for sale' in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'. The disposal group above includes allocation of funding expense of €20m (2022: €21m) from Head Office treasury operations within the Bank.
- The total represents a combination of the Bank's income statement from continuing operations (see page 144) and discontinued operations in Note 39 (see page 210).
- Comparative results have been re-presented from those previously published to reclassify certain items as discontinued operations as described in Note 39 to the consolidated financial statements.

The global strategic initiatives announced at the Barclays Group's Investor update held on 20 February 2024 are expected to further enhance the franchise and are effective from January 2024.

From H124, the Bank will present its reporting through the Investment Bank segment as its sole reportable operating segment.

The previously reported Head Office, currently comprising Treasury and the Italian Residential Mortgage run off book (where the bank is in discussions with respect to the disposal of the book), will additionally include the held for sale CBE business previously reported within CC&P.

Considering the revised segmentation from January 2024, our assessment has not led to any further financial impacts to the Banks's previously reported consolidated financials.

Income by geographic region^a

Continuing operations	2023	2022
For the year ended 31 December	€m	€m
Ireland	498	271
France	300	328
Germany	208	139
Italy	115	204
Spain	76	78
Netherlands	24	17
Luxembourg	20	8
Sweden	17	17
Rest of Europe ^b	17	13
Total	1,275	1,075

Notes

- The geographical analysis is based on the location of the office where the transactions are recorded.
- Countries with total revenue over 1% are listed in the table above.

Notes to the financial statements

Financial performance and return

3 Net interest income

Accounting for interest income and expenses

Interest income on loans and advances at amortised cost, 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 Bank 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 Bank incurs certain costs to originate credit card balances and personal loans. To the extent these costs are attributed to customers that continuously carry an outstanding balance (revolver) and incremental to the origination of credit card balances, they are capitalised and subsequently included within the calculation of the effective interest rate ('EIR'). They are amortised to interest income over the period of the expected repayment of the originated balance. There are no other individual estimates involved in the calculation of EIR that are material to the results or financial position.

Continuing operations	2023	2022
	€m	€m
Interest and similar income		
Cash and balances at central banks	962	101
Debt securities at amortised cost	64	1
Loans and advances at amortised cost	367	196
Negative interest on liabilities	—	96
Cash Collateral	788	41
Other	48	21
	2,229	456
Interest and similar expense		
Deposits at amortised cost	(831)	(193)
Debt securities in issue	(102)	(14)
Subordinated liabilities	(246)	(65)
Negative interest on assets	—	(102)
Cash Collateral	(737)	(56)
Other	(49)	(31)
	(1,965)	(461)
Net interest income	264	(5)

Interest income presented above represents interest revenue calculated using the effective interest method.

Notes to the financial statements

Financial performance and return

4 Net fee and commission income

Accounting for net fee and commission income under IFRS 15

The Bank recognises fee and commission income charged for services provided by the Bank as and when performance obligations are satisfied, for example, on completion of the underlying transaction. Incremental costs are reported within fee and commission expense if they are directly attributable to generating identifiable fee and commission income. Where the contractual arrangements also result in the Bank 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 Bank 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.

2023	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	€m	€m	€m	€m
Continuing operations				
Fee type				
Transactional	61	—	—	61
Advisory	77	9	—	86
Brokerage and execution	55	1	—	56
Underwriting and syndication	209	—	—	209
Service fees from affiliates	332	—	—	332
Other	20	1	24	45
Total revenue from contracts with customers	754	11	24	789
Other non-contract fee income	241	—	—	241
Fee and commission income	995	11	24	1,030
Fee and commission expense-non affiliates	(59)	(1)	—	(60)
Fee and commission expense-affiliates	(15)	(1)	—	(16)
Fee and commission expense	(74)	(2)	—	(76)
Net fee and commission income	921	9	24	954
2022	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	€m	€m	€m	€m
Continuing operations				
Fee type				
Transactional	55	—	—	55
Advisory	120	8	—	128
Brokerage and execution	39	1	—	40
Underwriting and syndication	182	—	—	182
Service fees from affiliates ^a	293	—	—	293
Other	20	1	19	40
Total revenue from contracts with customers	709	10	19	738
Other non-contract fee income ^a	224	—	—	224
Fee and commission income	933	10	19	962
Fee and commission expense-non affiliates	(38)	—	—	(38)
Fee and commission expense-affiliates	(24)	(1)	—	(25)
Fee and commission expense	(62)	(1)	—	(63)
Net fee and commission income	871	9	19	899

Note

a 'Service fees from affiliates' and 'Other non-contract fee income' for 2022 (€120m) have been re-presented to align with 2023. There is no impact on total fee and commission income reported.

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.

Notes to the financial statements

Financial performance and return

The Bank incurs certain card related costs including those related to cardholder reward programmes and payments to co-brand partner schemes. 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 EIR 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 EIR 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 EIR 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 OTC markets and assisting clients in clearing transactions and facilitating FX 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.

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 the underwriting and syndication fees are loan commitment fees, when the draw down is not probable. Such commitment fees are recognised over time through to the contractual maturity of the commitment.

Service fees from affiliates

Service fee from affiliates are compensation for services provided by the Bank to an affiliate entity. This includes sales credits and cost recharge revenues. Sales credits from affiliates are compensation for sales services provided to that affiliate. Cost recharge revenues relate to the recharge of infrastructure or business support costs incurred by the Bank in support of the activities of an affiliate. Service fees are in scope of IFRS 15 and are recognised as the performance obligation is satisfied which is generally aligned with when the Bank is entitled to the compensation, which may be on completion of an individual performance obligation or over time as the performance obligation is performed. Service fees include a fee arrangement governing the way in which the Bank is remunerated for enabling its Parent to benefit from the Bank's access to EEA counterparties.

The prices applied to the Bank's intra-group transactions are representative of the prices that would be paid in respect of transactions between independent parties (also known as 'arm's-length pricing'). The 'arm's-length prices' that the Bank applies are derived from established and widely accepted international standards such as the OECD Transfer Pricing Guidelines, which are applied on a globally consistent basis across all countries in which the Bank operates. The Bank seeks to comply with the BEPS Action 13 report (Transfer Pricing Documentation and Country by Country reporting) documentation requirements to support the arm's-length prices applied to the Bank's intra-group transactions including, for instance, the preparation of a master file and local files and undertaking external economic benchmarking studies of comparable transactions between third parties.

Other non-contract fee income

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

Fee and commission expenses - affiliates

Fee and commission expense paid to affiliates include sales credits paid to affiliates for sales services provided to the Bank. These sales services are directly incremental to the Bank generating income.

Fee and commission expenses - non affiliates

Fee and commission expense paid to non affiliates include incremental costs that are directly attributable to generating fee and commission income.

Contract assets and contract liabilities

The Bank had no material contract assets or contract liabilities as at 31 December 2023 (2022: €nil).

Notes to the financial statements

Financial performance and return

Impairment of fee receivables and contract assets

During 2023, there have been no material impairments recognised in relation to fees receivable and contract assets (2022: €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 balances.

Remaining performance obligations

The Bank 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 Bank 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 Bank had no material capitalised contract costs as at 31 December 2023 (2022: €nil).

5 Net trading income

Accounting for net trading income

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. Incremental costs are reported within net trading income if they are directly attributable to generating identifiable trading income.

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.

Continuing operations	2023	2022
	€m	€m
Net gains from assets and liabilities held for trading	99	189
Net gains on financial instruments mandatorily at fair value	12	29
Net trading income	111	218

6 Net investment expense

Accounting for net investment income/(expense)

Dividends are recognised when the right to receive the dividend has been established. Incremental costs are reported within net investment income if they are directly attributable to generating identifiable investment income. Other accounting policies relating to net investment income are set out in Note 12.

Continuing operations	2023	2022
	€m	€m
Net losses on other investments ^a	(48)	(53)
Net losses from disposal of financial assets and liabilities measured at amortised cost	(3)	—
Net (losses)/gains from financial assets mandatorily at fair value	(3)	16
Net investment expense	(54)	(37)

Note

a. Primarily comprises of the premium paid on non-integral financial guarantees held.

Notes to the financial statements

Financial performance and return

7 Operating expenses

Continuing operations	2023	2022
	€m	€m
Infrastructure costs		
Property and equipment	24	22
Depreciation and amortisation	20	23
Total infrastructure costs	44	45
Administration and general expenses		
Consultancy, legal and professional fees	31	19
Bank levies	75	72
Service charges from affiliates ^a	354	314
Other administration and general expenses	74	60
Total administration and general expenses	534	465
Staff costs (See Note 29)	401	381
Operating expenses	979	891

Note

a Primarily reflects the cost of services provided by Barclays Execution Services Limited, the Barclays Group-wide service company.

Notes to the financial statements

Financial performance and return

8 Credit Impairment (charges)/ release

Accounting for the impairment of financial assets

Impairment

The Bank is required to recognise expected credit losses ('ECLs') based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, loan commitments and financial guarantee contracts.

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 ECL 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.

ECL measurement is based on the ability of borrowers to make payments as they fall due. The Bank 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.

To determine if there has been a significant increase in credit risk since initial recognition, the Bank 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 the Bank's policy 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, including industry and Group wide customer level data 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.

Notes to the financial statements

Financial performance and return

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.

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 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.

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:

- a) 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
- b) (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 EIR. ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

Refer to the Measurement uncertainty and sensitivity analysis section on page 86 for further details.

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 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 as such 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 Bank'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 Bank may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the Bank 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 Bank 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.

Notes to the financial statements

Financial performance and return

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 new loan 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.

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 revolving 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. 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

Currently, Internal Ratings- Based models are leveraged to calculate the point-in-time PD and LGD, which serve as key inputs to the IFRS 9 models. Thereafter, these inputs are extrapolated by the IFRS 9 models to create macroeconomic sensitive forecast of PDs, LGDs and in turn ECL.

Notes to the financial statements

Financial performance and return

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 forborne 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.

The calculation of impairment involves the use of judgement, based on the Bank's experience of managing credit risk. Within the retail portfolios, which comprise large numbers of small homogenous assets with similar risk characteristics, the impairment allowance is calculated using forward looking modelled parameters which are typically run at account and portfolio 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 Bank'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 EIR), 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.

Temporary adjustments to calculated IFRS 9 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 68 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.

Continuing operations	2023			2022		
	Impairment charges/ (releases)	Recoveries and reimbursements ^a	Total ^b	Impairment charges/ (releases)	Recoveries and reimbursements ^a	Total ^b
	€m	€m	€m	€m	€m	€m
Loans and advances at amortised cost ^c	40	(2)	38	38	(25)	13
Off-balance sheet loan commitments and financial guarantee contracts	(6)		(6)	20	—	20
Total Credit impairment charges / (releases)	34	(2)	32	58	(25)	33

Notes

a Recoveries and reimbursements primarily include reimbursements expected to be received under the financial guarantee contracts held with third parties through Barclays Bank Plc which provide credit protection over certain assets.

b Excludes net impairment charge of €21m (2022: €134m) relating to the CBE portfolio classified as assets held for sale during year.

c Includes Debt securities at amortised cost.

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 €58m (2022: €39m). This is lower than the write-off 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.

Notes to the financial statements

Financial performance and return

Modification of financial assets

Financial assets with a loss allowance measured at an amount equal to life time ECL of €64m (2022: €53m) were subject to non-substantial modification during the period, with a resulting loss of €2m (2022: €nil). The gross carrying amount 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 €7m (2022: €nil).

9 Tax

Accounting for income taxes

The Bank 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 Bank 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 Bank's tax returns.

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 Bank ultimately expects to pay the tax authority to resolve the position.

Critical accounting estimates and judgements

There are two key areas of judgement that impacts the reported tax position. Firstly, the level of provisioning for uncertain tax positions; and secondly, the recognition and measurement of deferred tax assets.

The Bank does not consider there to be a significant risk of a material adjustment to the carrying amount of current and deferred tax balances, including the provisions for uncertain tax positions in the next financial year. The provisions for uncertain tax positions cover a 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 which included consideration for the current view of climate impacts.

Continuing operations	2023	2022
	€m	€m
Current tax charge		
Current year	60	47
Adjustment in respect of prior years	13	12
	73	59
Deferred tax (credit)/charge		
Current year	(1)	(12)
Adjustment in respect of prior years	—	5
	(1)	(7)
Tax charge	72	52

Notes to the financial statements

Financial performance and return

The table below shows the reconciliation between the actual tax charge and the tax charge that would result from applying the standard Irish corporation tax rate to the Bank's profit before tax.

Continuing operations	2023	2023	2022	2022
	€m	%	€m	%
Profit/(loss) before tax	264		151	
Tax charge/(credit) based on the standard Ireland corporation tax rate of 12.5% (2022: 12.5%)	33	12.5%	19	12.5%
Impact of profits/losses earned in territories with different statutory rates to Ireland (weighted average statutory tax rate including in respect of Ireland is 17.8% (2022: 47.6%))	14	5.3%	53	35.1%
Non-deductible expenses and other tax adjustments	28	10.6%	13	8.6%
Adjustments in respect of prior years	13	4.9%	17	11.3%
Changes in recognition of deferred tax and unrecognised tax losses	(7)	(2.6%)	(44)	(29.1%)
Tax relief on payments made under AT1 instruments	(9)	(3.4%)	(6)	(4.0%)
Total tax charge	72	27.3%	52	34.4%

Factors influencing the effective tax rate

The effective tax rate of 27.3% is higher than the Ireland corporation tax rate of 12.5% due to a number of factors including profits earned outside of Ireland being taxed at local statutory tax rates that are higher than the Irish tax rate and adjustments in respect of prior years. These factors which have increased the effective tax rate are partially offset by tax relief on payments made under AT1 instruments.

The Bank'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 Bank operates in.

The OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting announced plans under the Pillar Two Framework to introduce a global minimum tax rate of 15% and the OECD issued model rules in 2021. Further OECD guidance has been released during 2022 and 2023 and the EU Minimum Tax Directive ('Pillar 2') entered into force on 23 December 2022. The EU's Pillar Two rules apply for accounting periods beginning on or after 31 December 2023 and will apply in respect of profits for every jurisdiction where the Bank operates. Concurrently, the UK's Pillar Two rules, for which UK legislation was enacted on 11 July 2023, are applicable to accounting periods beginning on or after 31 December 2023 and will apply in respect of every jurisdiction where the Barclays Group operates.

The Bank has adopted the International Tax Reform - Pillar Two Model Rules amendments to IAS 12, which were issued on 23 May 2023 and has applied the exception set out in paragraph 4A in respect of recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Bank has reviewed the OECD model rules and guidance and has performed an assessment of the expected impact of the new regime. Additional tax resulting from the implementation of Pillar Two is not expected to significantly increase the Bank's future tax charge from 1 January 2024, although actual future tax liabilities will be dependent on levels of profits in particular jurisdictions. An additional tax charge in the region of €3m has been estimated in respect of profits arising in Ireland in 2024, by virtue of its low statutory tax rate.

Tax in the statement of comprehensive income

The tax relating to each component of other comprehensive income can be found in the statement of comprehensive income.

Tax in respect of discontinued operation

Tax relating to the discontinued operation can be found in the disposal income statement (see Note 39). The tax charge of €20m relates entirely to the profit from the ordinary activities of the discontinued operation.

Deferred tax assets

The deferred tax amounts on the balance sheet were as follows:

	2023	2022
	€m	€m
Spain	77	79
Germany	73	78
France	22	17
Ireland	13	32
Deferred tax asset	185	206
Deferred tax liability - Ireland	—	(1)

Of the deferred tax asset of €185m (2022: €206m), an amount of €75m (2022: €76m) relates to tax losses in Spain which do not expire and €110m (2022: €130m) relates to temporary differences. The recognition of these deferred tax assets is based on profit forecasts or local country laws which indicate that it is probable they will be fully recovered. In respect of deferred tax assets of €75m (2022: €76m) an amount of €69m (2022: €70m) relates to tax losses which may under local country laws be offset against other taxes or converted into government securities, to the extent they are not used to offset taxable profits before 2032.

Notes to the financial statements

Financial performance and return

Of the deferred tax asset of €185m (2022: €206m), an amount of €13m (2022: €32m) relates to jurisdictions which have incurred a loss in either the current or prior year and for which the utilisation of the deferred tax asset is dependent on 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.

Deferred tax assets and liabilities

	Loan impairment allowance €m	Retirement benefit obligations €m	Other temporary differences ^a €m	Tax losses carried forward €m	Total €m
As at 1 January 2023	85	11	33	76	205
Income statement	(18)	(2)	20	(1)	(1)
Other comprehensive income and reserves	—	—	(19)	—	(19)
Other movements	—	—	—	—	—
	67	9	34	75	185
Assets	67	9	34	75	185
Liabilities	—	—	—	—	—
As at 31 December, 2023	67	9	34	75	185

As at 1 January 2022	62	13	32	71	178
Income statement ^b	23	—	(14)	5	14
Other comprehensive income and reserves	—	(2)	10	—	8
Other movements	—	—	5	—	5
	85	11	33	76	205
Assets	85	12	33	76	206
Liabilities	—	(1)	—	—	(1)
As at 31 December, 2022	85	11	33	76	205

Note

a Other temporary differences includes deferred tax assets relating to cash flow hedges and own credit

b The Income statement movement includes the impact of continuing and discontinued operations

The amount of deferred tax assets expected to be settled after more than 12 months is €161m (2022: €156m). The amount of deferred tax liabilities expected to be recovered after more than 12 months is € nil (2022: €1m).

Unrecognised deferred tax

Tax losses and temporary differences

Deferred tax assets have not been recognised in respect of unused tax credits of €180m (2022: €130m), and gross tax losses of €1,798m (2022: €1,972m) which 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.

10 Dividends on ordinary shares

No ordinary dividend was paid in 2023 (2022: €nil).

Notes to the financial statements

Assets and liabilities held at fair value

The notes included in this section focus on assets and liabilities the Bank 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. Detail regarding the Bank's approach to managing market risk can be found on page 58.

11 Trading portfolio

Accounting for trading portfolio assets and liabilities

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).

	2023	2022
	€m	€m
Debt securities and other eligible bills	15,907	7,307
Equity securities	1,236	138
Traded loans	2	255
Trading portfolio assets	17,145	7,700
Debt securities and other eligible bills	(16,232)	(12,872)
Trading portfolio liabilities	(16,232)	(12,872)

12 Financial assets at fair value through the income statement

Accounting for financial assets mandatorily at fair value

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 expense, 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 15.

	2023	2022
	€m	€m
Loans and advances	1,160	1,767
Debt securities	29	24
Equity securities	4	2
Reverse repurchase agreements and other similar secured lending	20,802	15,423
Financial assets mandatorily at fair value	21,995	17,216

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 Bank'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 risk.

All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

Notes to the financial statements

Assets and liabilities held at fair value

Hedge Accounting

The Bank applies the requirements of IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting purposes. The Bank applies hedge accounting to represent, the economic effects of its interest rate risk management strategy. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Bank applies fair value hedge accounting or cash flow hedge accounting as appropriate to the risks being hedged.

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.

Total derivatives	2023			2022		
	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	8,695,308	33,565	(27,655)	6,821,204	40,435	(32,493)
Total derivative assets/(liabilities) held for risk management	9,602	15	(8)	5,469	4	(1)
Derivative assets/(liabilities)	8,704,910	33,580	(27,663)	6,826,673	40,439	(32,494)

Information on netting arrangements of derivative financial instruments can be found within Note 16.

Trading derivatives are managed within the Bank's market risk management policies, which are outlined on page 58.

The Bank's exposure to credit risk arising from derivative contracts are outlined in the Credit Risk section on pages 67 to 113.

The fair values and notional amounts of derivatives held for trading and held for risk management are set out in the following table in next page:

Notes to the financial statements

Assets and liabilities held at fair value

Derivatives held for trading	2023			2022		
	Notional contract amount €m	Fair value		Notional contract amount €m	Fair value	
		Assets €m	Liabilities €m		Assets €m	Liabilities €m
Foreign exchange derivatives						
OTC derivatives	873,708	6,067	(5,291)	806,891	6,833	(6,067)
Exchange traded futures and options – bought and sold	3,176	1	(1)	4,108	—	—
Foreign exchange derivatives	876,884	6,068	(5,292)	810,999	6,833	(6,067)
Interest rate derivatives						
OTC derivatives	4,534,409	25,417	(20,322)	4,267,780	31,725	(24,483)
Interest rate derivatives cleared by central counterparty	3,100,040	337	(145)	1,556,677	344	(202)
Exchange traded futures and options – bought and sold	23,896	1	(1)	17,562	1	(1)
Interest rate derivatives	7,658,345	25,755	(20,468)	5,842,019	32,070	(24,686)
Credit derivatives						
OTC swaps	62,730	156	(249)	71,858	230	(346)
Credit derivatives cleared by central counterparty	5,137	88	(95)	3,604	16	(23)
Credit derivatives	67,867	244	(344)	75,462	246	(369)
Equity and stock index derivatives						
OTC derivatives	67,145	1,117	(1,176)	64,911	953	(1,039)
Exchange traded futures and options – bought and sold	22,619	350	(350)	26,253	332	(332)
Equity and stock index derivatives	89,764	1,467	(1,526)	91,164	1,285	(1,371)
Commodity derivatives						
OTC derivatives	1,273	6	—	823	1	—
Exchange traded futures and options – bought and sold	1,175	25	(25)	737	—	—
Commodity derivatives	2,448	31	(25)	1,560	1	—
Derivative assets/(liabilities) held for trading	8,695,308	33,565	(27,655)	6,821,204	40,435	(32,493)
Total OTC derivatives held for trading	5,539,265	32,763	(27,038)	5,212,263	39,742	(31,935)
Total derivatives cleared by central counterparty held for trading	3,105,177	425	(240)	1,560,281	360	(225)
Total exchange traded derivatives held for trading	50,866	377	(377)	48,660	333	(333)
Derivative assets/(liabilities) held for trading	8,695,308	33,565	(27,655)	6,821,204	40,435	(32,493)
Derivatives held for risk management						
Derivatives held for risk management	2023			2022		
	Notional contract amount €m	Fair value		Notional contract amount €m	Fair value	
		Assets €m	Liabilities €m		Assets €m	Liabilities €m
Derivatives designated as cash flow hedges						
Interest rate swaps	438	—	—	531	4	(1)
Interest rate derivatives cleared by central counterparty	6,392	—	—	4,295	—	—
Derivatives designated as cash flow hedges	6,830	—	—	4,826	4	(1)
Derivatives designated as fair value hedges						
Interest rate swaps	2,371	15	(8)	631	—	—
Interest rate derivatives cleared by central counterparty	401	—	—	12	—	—
Derivatives designated as fair value hedges	2,772	15	(8)	643	—	—
Derivative assets/(liabilities) held for risk management	9,602	15	(8)	5,469	4	(1)
Total OTC derivatives held for risk management	2,809	15	(8)	1,162	4	(1)
Total derivatives cleared by central counterparty held for risk management	6,793	—	—	4,307	—	—
Derivative assets/(liabilities) held for risk management	9,602	15	(8)	5,469	4	(1)

Notes to the financial statements

Assets and liabilities held at fair value

Hedge accounting

Hedge accounting is applied predominantly for the following risk:

- Interest rate risk – arises due to a mismatch between fixed interest rates and floating interest rates.

In order to hedge this risk, the Bank uses the following hedging instruments:

- Interest rate derivatives to swap interest rate exposures into either fixed or variable 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 Bank designates risk components of hedged items as follows:

- Benchmark interest rate risk as a component of interest rate risk, such as the Risk Free Rate ('RFR') component.
- 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 Bank'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 Bank 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.

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.
- Cash flow hedges using external swaps with non-zero fair values.

Notes to the financial statements

Assets and liabilities held at fair value

Amount, timing and uncertainty of future cash flows

Hedged items in fair value hedge accounting relationships

Hedged item statement of financial position classification and risk category	Carrying amount	Accumulated fair value adjustment included in carrying amount		Change in fair value used as a basis to determine ineffectiveness	Hedge ineffectiveness recognised in the income statement
		Total	Of which: Accumulated fair value adjustment on items no longer in a hedge relationship		
	€m	€m	€m	€m	€m
2023					
Asset					
Loans and advances at amortised cost					
- Interest rate risk	1	1	1	—	—
Debt securities classified at amortised cost					
- Interest rate risk	397	7	—	7	1
- Inflation risk	1,734	(21)	(7)	(21)	—
Total Assets	2,132	(13)	(6)	(14)	1
Liabilities					
Debt securities in issue					
- Interest rate risk	(650)	(6)	(73)	(22)	(1)
Total Liabilities	(650)	(6)	(73)	(22)	(1)
Total Hedged Items	1,482	(19)	(79)	(36)	—
2022					
Asset					
Loans and advances at amortised cost					
- Interest rate risk	4	4	4	—	—
Liabilities					
Debt securities in issue					
- Interest rate risk	(639)	6	—	134	(3)
Total	(635)	10	4	134	(3)

The following table shows the fair value hedging instruments which are carried on the Bank's balance sheet:

Hedge Type	Risk Category	Carrying value			Change in fair value used as a basis to determine ineffectiveness
		Derivative assets	Derivative liabilities	Notional amount	
		€m	€m	€m	€m
As at 31 December 2023					
Fair Value	Interest rate risk	—	—	1,022	15
	Inflation risk	15	(8)	1,750	21
Total		15	(8)	2,772	36
As at 31 December 2022					
Fair Value	Interest rate risk	—	—	643	(137)
Total		—	—	643	(137)

Notes to the financial statements

Assets and liabilities held at fair value

The following table profiles the expected notional values of current hedging instruments in future years:

	2023	2024	2025	2026	2027	2028	2029 and later
	€m	€m	€m	€m	€m	€m	€m
2023							
Fair value hedges of:							
interest rate risk (outstanding notional amount)	1,022	1,022	869	555	413	413	313
inflation risk (outstanding notional amount)	1,750	1,750	1,750	950	950	90	—

	2022	2023	2024	2025	2026	2027	2028 and later
	€m	€m		€m	€m	€m	€m
2022							
Fair value hedges of interest rate risk							
interest rate risk (outstanding notional amount)	643	638	633	480	410	405	405

The Bank has 35 (2022: 37) fair value hedges of Interest rate risk with an average fixed rate of 4.13% (2022: 4.45%) across the relationships and 16 (2022: Nil) inflation risk fair value hedges with an average rate of 0.83% (2022: Nil) across the relationships.

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	Balances remaining in cash flow hedging 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 ^a
2023					
Cash flow hedge of interest rate risk					
Loans and advances at amortised cost	(16)	(5)	9	(16)	1
Cash and balances at Central Banks	(98)	(7)	83	(98)	18
Total Cash flow hedge	(114)	(12)	92	(114)	19
2022					
Cash flow hedge of interest rate risk					
Loans and advances at amortised cost	22	11	11	22	(1)
Cash and balances at Central Banks	212	100	119	212	(4)
Total Cash flow hedge	234	111	130	234	(5)

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 hedging instruments which are carried on the Bank's balance sheet:

Hedge Type	Risk Category	Carrying value		Notional amount €m	Change in fair value used as a basis to determine ineffectiveness €m
		Derivative assets €m	Derivative liabilities €m		
As at 31 December 2023					
Cash Flow	Interest rate risk	—	—	6,830	133
Total		—	—	6,830	133
As at 31 December 2022					
Cash Flow	Interest rate risk	4	(1)	4,826	(239)
Total		4	(1)	4,826	(239)

The effect on the income statement and other comprehensive income of recycling amounts in respect of cash flow hedges is set out in the following table:

Description of hedge relationship and hedged risk	2023		2022	
	Amount recycled from other comprehensive income due to hedged item affecting income statement €m	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur €m	Amount recycled from other comprehensive income due to hedged item affecting income statement €m	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur €m
Cash flow hedge of interest rate risk				
Recycled to net interest income	(46)	—	(9)	—

A detailed reconciliation of the movements of the cash flow hedging reserve is as follows:

Description of hedge relationship and hedged risk	2023	2022
	Cash flow hedging reserve €m	Cash flow hedging reserve €m
Balance on 1 January	(211)	(14)
Hedging gains/(losses) for the year	114	(234)
Amounts reclassified in relation to cash flows affecting profit or loss	46	9
Tax	(20)	28
Balance on 31 December	(71)	(211)

Notes to the financial statements

Assets and liabilities held at fair value

14 Financial liabilities designated at fair value

Accounting for liabilities designated at fair value through profit or 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 expense (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 or 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 or loss. On derecognition of the financial liability no amount relating to own credit risk are recycled to the income statement. The Bank 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 Bank 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 for financial liabilities designated at fair value are described in Note 15.

	2023		2022	
	Fair value	Contractual amount due on maturity	Fair value	Contractual amount due on maturity
	€m	€m	€m	€m
Debt securities	3,183	3,486	2,469	2,724
Deposits	3,019	4,136	3,251	4,426
Repurchase agreements and other similar secured borrowing	19,249	19,489	9,138	9,171
Financial liabilities designated at fair value	25,451	27,111	14,858	16,321

The cumulative own credit net loss recognised (gross of tax) is €25m (2022: €17m loss).

Notes to the financial statements

Assets and liabilities held at fair value

15 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.

Wherever possible, fair value is determined by reference to a quoted market price for that instrument. For many of the Bank'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 where applicable including where available, 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.

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 181.

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

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

Assets and liabilities held at fair value				
	Level 1	Level 2	Level 3	Total
	€m	€m	€m	€m
As at 31 December 2023				
Trading portfolio assets	5,224	11,921	—	17,145
Financial assets at fair value through the income statement	—	21,556	439	21,995
Derivative financial instruments	—	33,307	273	33,580
Total assets	5,224	66,784	712	72,720
Trading portfolio liabilities	(2,485)	(13,747)	—	(16,232)
Financial liabilities designated at fair value	—	(25,377)	(74)	(25,451)
Derivative financial instruments	—	(27,535)	(128)	(27,663)
Total liabilities	(2,485)	(66,659)	(202)	(69,346)

Assets and liabilities held at fair value				
	Level 1	Level 2	Level 3	Total
	€m	€m	€m	€m
As at 31 December 2022				
Trading portfolio assets	521	7,085	94	7,700
Financial assets at fair value through the income statement	—	16,806	410	17,216
Derivative financial instruments	—	40,050	389	40,439
Total assets	521	63,941	893	65,355
Trading portfolio liabilities	(1,411)	(11,452)	(9)	(12,872)
Financial liabilities designated at fair value	—	(14,766)	(92)	(14,858)
Derivative financial instruments	—	(32,117)	(377)	(32,494)
Total liabilities	(1,411)	(58,335)	(478)	(60,224)

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

Level 3 assets and liabilities held at fair value by product type				
	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	€m	€m	€m	€m
Interest rate derivatives	203	(47)	99	(44)
Foreign exchange derivatives	3	(2)	101	(124)
Credit derivatives	1	(10)	1	(13)
Equity derivatives	66	(69)	188	(196)
Structured deposits	—	(74)	—	(92)
Loans	407	—	453	—
Other	32	—	51	(9)
Total	712	(202)	893	(478)

Valuation techniques and sensitivity analysis

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

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

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 and other exotic interest rate derivatives.

Notes to the financial statements

Assets and liabilities held at fair value

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.

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 FX market. The category includes FX forward contracts, FX swaps and FX options. The majority are traded as 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. Deal Contingent FX Forwards are generally classified as level 3 as the probability of deal completion is unobservable.

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.

Loans

Description: Largely made up of portfolio of EUR-denominated mortgage loans secured on residential properties located in Italy. The majority of mortgages are indexed to EUR/CHF FX rate and Swiss Average Rate Overnight ('SARON') 3 month compound rate.

Valuation: The loans are valued using a model that discounts projections of loan-level cash flows at an appropriate margin.

Observability: Spreads for Italian residential mortgages are generally unobservable. The spreads used in the valuation model are based on data for other Italian mortgages securities, alongside any transactional data that is available.

Level 3 sensitivity: The sensitivity of the mortgage portfolio is calculated by applying a shift to the discount spread, conditional prepayment rate ('CPR') and constant default rate ('CDR') model inputs aligned to the prudent valuation framework for additional valuation adjustments.

Assets and liabilities reclassified between Level 1 and Level 2

During the period, there were no material transfers between Level 1 and Level 2 (2022: 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 period. Transfers have been reflected as if they had taken place at the beginning of the year.

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

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 2023 €m	Purchases €m	Sales €m	Issues €m	Settlements €m	Total gains and (losses) in the period recognised in the income statement		Total gains or (losses) recognis ed in OCI €m	Transfers		As at 31 December 2023 €m
						Trading income/ (losses) €m	Investment income €m		In €m	Out €m	
Loans	67	22	—	—	(60)	—	—	—	—	(29)	—
Other	27	—	(27)	—	—	—	—	—	—	—	—
Trading portfolio assets	94	22	(27)	—	(60)	—	—	—	—	(29)	—
Loans	386	133	(49)	—	(58)	—	(5)	—	—	—	407
Other	24	9	—	—	—	—	(1)	—	—	—	32
Financial assets at fair value through the income statement	410	142	(49)	—	(58)	—	(6)	—	—	—	439
Trading portfolio liabilities	(9)	—	9	—	—	—	—	—	—	—	—
Financial liabilities designated at Fair value	(92)	—	—	—	—	—	—	—	(74)	92	(74)
Interest rate derivatives	55	—	—	—	(12)	8	—	—	96	9	156
Foreign exchange derivatives	(23)	—	—	—	—	3	—	—	1	20	1
Credit derivatives	(12)	(2)	—	—	2	2	—	—	—	1	(9)
Equity derivatives	(8)	(13)	—	—	21	(3)	—	—	—	—	(3)
Net derivative financial instruments^a	12	(15)	—	—	11	10	—	—	97	30	145
Total	415	149	(67)	—	(107)	10	(6)	—	23	93	510

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 2022	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement		Total gains or (losses) recognis- ed in OCI	Transfers		As at 31 December 2022
						Trading income	Investment income		In	Out	
Loans	50	121	(104)	—	—	—	—	—	—	—	67
Other	—	26	—	—	—	—	—	—	1	—	27
Trading portfolio assets	50	147	(104)	—	—	—	—	—	1	—	94
Loans	326	76	—	—	(27)	(4)	15	—	—	—	386
Other	24	1	—	—	—	(1)	—	—	—	—	24
Financial assets at fair value through the income statement	350	77	—	—	(27)	(5)	15	—	—	—	410
Trading portfolio liabilities	(4)	(4)	—	—	—	—	—	—	(5)	4	(9)
Financial liabilities designated at Fair value	—	—	—	—	—	—	—	—	(92)	—	(92)
Interest rate derivatives	88	—	—	—	(3)	3	—	—	(15)	(18)	55
Foreign exchange derivatives	(7)	—	—	—	(9)	(12)	—	—	1	4	(23)
Credit derivatives	—	(1)	1	—	—	(5)	—	—	(7)	—	(12)
Equity derivatives	—	—	—	—	—	—	—	—	(8)	—	(8)
Net derivative financial instruments^a	81	(1)	1	—	(12)	(14)	—	—	(29)	(14)	12
Total	477	219	(103)	—	(39)	(19)	15	—	(125)	(10)	415

Note

a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are €273m (2022: €389m) and derivative financial liabilities are €128m (2022: €377m).

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.

Unrealised gains and (losses) recognised during the period on Level 3 assets and liabilities held at year end

	2023			2022		
	Income statement			Income statement		
	Trading income	Investment income	Total	Trading income	Investment losses	Total
As at 31 December	€m	€m	€m	€m	€m	€m
Financial assets at fair value through the income statement	—	(6)	(6)	(5)	15	10
Net derivative financial instruments	10	—	10	(16)	—	(16)
Total	10	(6)	4	(21)	15	(6)

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 material assets and liabilities recognised at fair value and classified as Level 3 along with the range of values used for those significant unobservable inputs:

	Valuation technique(s)	Significant unobservable inputs	2023 Range		2022 Range		Units ^a
			Min	Max	Min	Max	
Derivative financial instruments							
Interest rate derivatives	Discounted cash flows	Inflation forwards	0.3	3	2	5	%
	Option Model	Interest rate volatility	41	248	42	261	bps vol
Equity derivatives	Discounted cash flows	Discount margin	(180)	110	(205)	26	bps
	Option model	Equity volatility	9	67	17	46	%
	Option model	Equity-equity correlation	40	93	40	92	%
Foreign exchange derivatives	Option Model	Option Volatility	—	—	4	13	points
	Discounted cash flows	Yield	—	—	(3)	2	%
Non-derivative financial instruments							
Loans	Discounted cash flows	Credit spread	230	345	200	300	bps
	Comparable Pricing	Price	89	89	96	100	points
Certificates of Deposit, Commercial paper and other money market instruments	Discounted cash flows	Credit spread	—	—	128	128	bps
	Option Model	FX - IR Correlation	(6)	66	—	—	%

Note

a The units used to disclose ranges for significant unobservable inputs are percentages, points and basis points ('bps'). Points are a percentage of par; for example, 100 points equals 100% of par. A bps equals 1/100th of 1%; for example, 150 basis points equals 1.5%.

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 inter-relationships can be identified between significant unobservable inputs used in fair value measurement, a description of those inter-relationships is included below.

Inflation 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 (for example currency, bond, commodity), but the sensitivity is dependent 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.

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.

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.

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.

Notes to the financial statements

Assets and liabilities held at fair value

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.

Sensitivity analysis of valuations using unobservable inputs

	2023		2022	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	€m	€m	€m	€m
Interest rate derivatives	1	(16)	2	(3)
Credit derivatives	1	(1)	1	(1)
Loans	44	(56)	27	(36)
Total	46	(73)	30	(40)

The effect of stressing unobservable inputs to a range of reasonably possible alternatives, alongside considering the impact of using alternative models, would be to increase fair values by up to €46m (2022: €30m) or to decrease fair values by up to €73m (2022: €40m) with substantially all the potential effect impacting profit and loss rather than reserves. Note there are Level 3 Equity derivatives where the impact of stressing unobservable inputs would be minimal due to these positions being typically back to back.

Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	2023	2022
	€m	€m
Exit price adjustments derived from market bid-offer spreads	(35)	(29)
Uncollateralised derivative funding	7	11
Derivative credit valuation adjustments	(24)	(28)
Derivative debit valuation adjustments	14	23

Exit price adjustments derived from market bid-offer spreads

The Bank 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 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 have increased by €6m to €(35)m due to a combination of market moves, position changes and additional exit adjustments recorded on Level 3 positions.

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 €7m is 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. The derivative funding adjustment has moved year-over-year by €4m to €7m.

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 the Bank'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.

Notes to the financial statements

Assets and liabilities held at fair value

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.

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 decreased by €4m to €(24)m as a result of as a result of tightening input counterparty credit spreads . Derivative debit valuation adjustments decreased by €9m to €14 as a result of tightening input Barclays Bank PLC credit spreads .

Portfolio exemptions

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

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 €6m (2022: €11m) for financial instruments measured at fair value. The decrease in unrecognised gains of €5m (2022: €11m) was driven by amortisation and releases of €5m (2022: €11m).

Notes to the financial statements

Assets and liabilities held at fair value

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

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

	2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	€m	€m	€m	€m	€m
Financial assets					
Debt securities at amortised cost	2,495	2,490	—	2,482	8
Loans and advances to banks	1,230	1,230	98	1,132	—
Loans and advances to customers	9,438	9,193	72	3,163	5,958
Reverse repurchase agreements and other similar secured lending	2,064	1,979	—	1,979	—
Assets included in disposal groups classified as held for sale	4,444	4,444	—	4,444	—
Financial liabilities					
Deposits from banks	(2,171)	(2,171)	(995)	(1,176)	—
Deposits from customers	(29,847)	(29,929)	(11,840)	(18,089)	—
Repurchase agreements and other similar secured borrowing	(1,561)	(1,561)	—	(1,561)	—
Debt securities in issue	(2,457)	(2,457)	—	(2,457)	—
Subordinated liabilities	(4,833)	(4,833)	—	(4,833)	—
Liabilities included in disposal groups classified as held for sale	(3,548)	(3,548)	—	(3,548)	—

	2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	€m	€m	€m	€m	€m
Financial assets					
Debt securities at amortised cost	87	87	—	—	87
Loans and advances to banks	1,412	1,412	278	1,134	—
Loans and advances to customers	13,861	13,492	—	2,071	11,421
Reverse repurchase agreements and other similar secured lending	1,764	1,611	—	1,611	—
Financial liabilities					
Deposits from banks	(3,628)	(3,628)	(940)	(2,687)	—
Deposits from customers	(25,793)	(25,793)	(13,068)	(12,726)	—
Repurchase agreements and other similar secured borrowing	(2,964)	(2,964)	—	(2,964)	—
Debt securities in issue	(3,139)	(3,139)	—	(3,139)	—
Subordinated liabilities	(4,679)	(4,313)	—	(4,313)	—

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) is determined in accordance with the accounting policy section.

Loans and advances to banks and customers

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.

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, debt securities in issue and subordinated liabilities) is determined in accordance with the accounting policy section.

Notes to the financial statements

Assets and liabilities held at fair value

Deposits from banks and customers

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 lending

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.

16 Offsetting financial assets and financial liabilities

The Bank 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; and
- 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 below are not intended to represent the Bank's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

	Amounts subject to enforceable netting arrangements							Amounts not subject to enforceable netting arrangements ^c	Balance sheet total ^d
	Effects of offsetting on-balance sheet			Related amounts not offset					
	Gross amounts	Amounts offset ^a	Net amounts reported on the balance sheet	Financial instruments	Financial collateral ^b	Net amount			
	€m	€m	€m	€m	€m	€m	€m	€m	
As at 31 December 2023									
Derivative financial assets	58,247	(24,874)	33,373	(19,689)	(12,176)	1,508	207	33,580	
Reverse repurchase agreements and other similar secured lending ^e	49,326	(26,494)	22,832	—	(22,832)	—	33	22,865	
Total assets	107,573	(51,368)	56,205	(19,689)	(35,008)	1,508	240	56,445	
Derivative financial liabilities	(52,121)	24,658	(27,463)	19,689	6,155	(1,619)	(200)	(27,663)	
Repurchase agreements and other similar secured borrowing ^e	(46,711)	26,494	(20,217)	—	20,217	—	(593)	(20,810)	
Total liabilities	(98,832)	51,152	(47,680)	19,689	26,372	(1,619)	(793)	(48,473)	
As at 31 December 2022									
Derivative financial assets	72,964	(32,666)	40,298	(23,787)	(14,448)	2,063	141	40,439	
Reverse repurchase agreements and other similar secured lending ^e	44,156	(26,996)	17,160	—	(17,160)	—	27	17,187	
Total assets	117,120	(59,662)	57,458	(23,787)	(31,608)	2,063	168	57,626	
Derivative financial liabilities	(65,862)	33,712	(32,150)	23,787	6,363	(2,000)	(344)	(32,494)	
Repurchase agreements and other similar secured borrowing ^e	(37,565)	26,996	(10,569)	—	10,569	—	(1,533)	(12,102)	
Total liabilities	(103,427)	60,708	(42,719)	23,787	16,932	(2,000)	(1,877)	(44,596)	

Notes

a Amounts offset for Derivative financial assets additionally includes cash collateral netted of €3,248m (2022: €7,253m). Amounts offset for Derivative financial liabilities additionally includes cash collateral netted of €3,464m (2022: €6,207m). Settlements assets and liabilities have been offset amounting to €2,715m (2022: €3,306m).

b Financial collateral of €12,176m (2022: €14,448m) was received in respect of derivative assets, including €10,872m (2022: €12,797m) of cash collateral and €1,304m (2022: €1,651m) of non-cash collateral. Financial collateral of €6,155m (2022: €6,363m) was placed in respect of derivative liabilities, including

Notes to the financial statements

Assets and liabilities held at fair value

€5,853m (2022: €6,119m) of cash collateral and €302m (2022: €244m) 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 €22,865m (2022: €17,187m) is split by fair value €20,801m (2022: €15,423m) and amortised cost €2,064m (2022: €1,764m). Repurchase agreements and other similar secured borrowing of €20,810m (2022: €12,102m) is split by fair value €19,249m (2022: €9,138m) and amortised cost €1,561m (2022: €2,964m).

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.

Repurchase and reverse 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 and collateral arrangements and other credit risk mitigation strategies used by the Bank are further explained in the Credit risk mitigation section on page 57.

Notes to the financial statements

Assets and liabilities held at amortised cost

The notes included in this section focus on the Bank's property, plant and equipment, leases, intangible assets, cash collateral and settlement balances and Other assets. Details regarding the Bank's assets and liabilities at amortised cost can be found on pages 186 to 190.

17 Property, plant and equipment

Accounting for property, plant and equipment

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 including consideration on future Climate and Sustainability investments.

The Bank uses the following annual rates in calculating depreciation:

Annual rates in calculating depreciation	Depreciation rate
Freehold Land	Not depreciated
Freehold buildings	2-3.3%
Leasehold property	Over the remaining life of the lease
Costs of adaptation of leasehold property	6-10%
Equipment installed in 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

	Property €m	Equipment €m	Right of use assets ^a €m	Total €m
Cost				
As at 1 January 2023	56	57	131	244
Additions	2	16	1	19
Disposals ^b	(10)	(17)	—	(27)
Held for Sale	(1)	(24)	(12)	(37)
Other movements ^c	—	—	25	25
As at 31 December 2023	47	32	145	224
Accumulated depreciation and impairment				
As at 1 January 2023	(35)	(41)	(54)	(130)
Disposals ^b	10	16	—	26
Depreciation charge	(4)	(7)	(14)	(25)
Held for Sale	1	7	1	9
Other movements ^c	2	—	4	6
As at 31 December 2023	(26)	(25)	(63)	(114)
Net book value	21	7	82	110
Cost				
As at 1 January 2022	50	51	97	198
Additions	6	8	10	24
Disposals	—	(2)	—	(2)
Other movements	—	—	24	24
As at 31 December 2022	56	57	131	244

Notes to the financial statements

Assets and liabilities held at amortised cost

Accumulated depreciation and impairment				
As at 1 January 2022	(32)	(35)	(41)	(108)
Disposals	—	2	—	2
Depreciation charge	(3)	(8)	(15)	(26)
Other movements	—	—	2	2
As at 31 December 2022	(35)	(41)	(54)	(130)
Net book value	21	16	77	114

Notes

a Right of use ('ROU') asset balances relate to property leases under IFRS 16. Refer to Note 18 for further details.

b Disposals primarily pertain to fully depreciated assets which are not in use.

c Other movements in ROU includes modifications of €29m

18 Leases

Accounting for leases

When the Bank 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 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.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

The Bank 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.

As a Lessee

The Bank leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, Bank will sublease property to third parties when it is no longer needed to meet business requirements. Currently, the Bank does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 17 for the carrying amount of ROU assets.

The Bank did not have material short term leases during the year.

Lease liabilities

	2023	2022
	€m	€m
As at 1 January	81	58
Interest	5	2
New leases	—	10
Cash payments	(16)	(16)
Modifications and other movements	17	27
As at 31 December (see Note 22)	87	81

Notes to the financial statements

Assets and liabilities held at amortised cost

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		
	2023	2022
	€m	€m
Not more than one year	15	15
One to two years	15	16
Two to three years	14	16
Three to four years	13	10
Four to five years	10	8
Five to ten years	29	19
Greater than ten years	9	12
Total undiscounted lease liabilities as at 31 December	105	96

In addition to the cash flows identified above, the Bank is exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments. Currently, the Bank has 12 leases (2022: 15) out of the total 18 leases (2022: 21) which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, €105m (2022: €95m) 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 Bank'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 Nil (2022: €29m) for leases where the Bank is highly expected to exercise an early termination option. There is no significant impact where the Bank is expected to exercise an extension option.

The Bank does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

19 Intangible assets

Accounting for intangible assets

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. Expenditures in the research phase are expensed when it is incurred.

Intangible assets are stated at cost 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
Other software	12 months to 6 years
Internally generated software ^a	12 months to 6 years

Note

a Exceptions to the above rate relate to useful lives of certain core banking platforms that are assessed individually and, if appropriate, amortised over longer periods ranging from 10 to 15 years.

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.

Notes to the financial statements

Assets and liabilities held at amortised cost

	Internally generated software €m	Other software €m	Licenses and Other contracts €m	Total €m
Cost				
As at 1 January 2023	156	8	4	168
Additions	13	—	—	13
Disposals ^a	(68)	—	(2)	(70)
Held for Sale	(25)	—	(2)	(27)
Other adjustments	—	(2)	—	(2)
As at 31 December 2023	76	6	—	82
Accumulated amortisation and impairment				
As at 1 January 2023	(100)	(7)	(2)	(109)
Disposals ^a	68	—	2	70
Impairment charge	(37)	—	—	(37)
Amortisation charge	(17)	—	(1)	(18)
Held for Sale	9	—	1	10
Other adjustments	1	1	—	2
As at 31 December 2023	(76)	(6)	—	(82)
Net book value	—	—	—	—
Cost				
As at 1 January 2022	141	8	3	152
Additions	15	—	1	16
Disposals	—	—	—	—
Other adjustments	—	—	—	—
As at 31 December 2022	156	8	4	168
Accumulated amortisation and impairment				
As at 1 January 2022	(85)	(7)	(1)	(93)
Disposals	—	—	—	—
Amortisation charge	(15)	—	(1)	(16)
Other adjustments	—	—	—	—
As at 31 December 2022	(100)	(7)	(2)	(109)
Net book value	56	1	2	59

Note

a Disposals primarily pertain to fully depreciated assets which are not in use.

The CBE business moved to assets held for sale during the year and this resulted in an impairment of intangible assets of €37m.

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.

20 Cash collateral and settlement balances

	2023 €m	2022 €m
Assets		
Cash collateral	11,937	10,303
Settlement balances	3,872	8,237
Cash collateral and settlement balances	15,809	18,540
Liabilities		
Cash collateral	17,277	17,052
Settlement balances	3,743	7,632
Cash collateral and settlement balances	21,020	24,684

Notes to the financial statements

Assets and liabilities held at amortised cost

21 Other assets

	2023	2022
	€m	€m
Credit related fees receivable	34	51
Amounts receivable from Barclays Group companies	142	362
Other debtors and prepaid expenses	81	178
Other assets	257	591

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

The notes included in this section focus on the Bank's other liabilities, provisions, contingent liabilities and commitments and legal competition and regulatory matters and can be found on pages 191 to 192.

22 Other liabilities

	2023	2022
	€m	€m
Accruals and deferred income	159	241
Payable to Barclays Group companies	107	182
Other creditors	222	210
Items in the course of collection due to banks	25	29
Lease liabilities (See Note 18)	87	81
Other liabilities	600	743

23 Provisions

Accounting for provisions

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.

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 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.

	Redundancy and restructuring	Customer redress	Legal, competition and regulatory matters	Sundry provisions ^a	Total
	€m	€m	€m	€m	€m
As at 1 January 2023	9	1	6	37	53
Additions	33	—	1	35	69
Amounts utilised	(9)	—	(2)	(1)	(12)
Unused amounts reversed	(4)	—	(1)	(2)	(7)
Exchange and other movements ^b	(1)	(1)	—	(2)	(4)
As at 31 December 2023	28	—	4	67	99
Undrawn contractually committed facilities and guarantees^c					
As at 1st January 2023					46
Net change in ECL provision and other movements ^b					(6)
As at 31 December 2023					40
Total Provisions					
As at 1st January 2023					99
As at 31 December 2023					139

Notes

a Sundry provisions as at 31 December 2023 predominately consist of provisions for indirect and other taxes/levies of €55m (2022: €26m) and dilapidation provisions of €4m (2022: €4m).

b Includes provisions of €5m transferred to liabilities included in disposal groups classified as held for sale.

c Undrawn contractually committed facilities and guarantees provisions are accounted for under IFRS 9. Further analysis of the movement in the ECL provision is disclosed within the 'Movement in gross exposures and impairment allowance including provisions for loan commitments and financial guarantees' table on page 78.

Provisions expected to be recovered or settled within no more than 12 months after 31 December 2023 were €80m (2022: €86m).

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

Redundancy and restructuring

These provisions comprise the estimated cost of restructuring, including redundancy costs where an obligation exists. For example, when the 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.

Customer redress

Customer redress provisions comprise the estimated cost of making redress payments to customers, clients and counterparties for losses or damages associated with certain judgements in the execution of the Bank's business activities.

Legal, competition and regulatory matters

The Bank is engaged in various legal proceedings. 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 provisions for taxes/levies and dilapidation provisions.

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 Credit Risk section for loan commitments and financial guarantees on page 78.

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:

	2023	2022
	€m	€m
Guarantees and letters of credit pledged as collateral security	2,969	2,815
Performance guarantees, acceptances and endorsements	2,311	1,956
Total contingent liabilities and financial guarantees	5,280	4,771
<i>Of which: Financial guarantees and letters of credit carried at fair value</i>	2	—
Documentary credits and other short-term trade related transactions	63	69
Standby facilities, credit lines and other commitments	35,583	32,391
Total commitments^a	35,646	32,460
<i>Of which: Loan commitments carried at fair value</i>	2,280	1,729

Note

a. Total commitments reported for 2023 also include exposures of €6,851m relating to financial assets classified as 'disposal group assets held for sale'.

Provisions for ECL held against commitments at 31 December 2023 amounted to €40m (2022: €46m) and are reported in Note 23. ECL are accounted for in accordance with the impairment of financial assets requirements outlined in Note 8.

25 Legal, competition and regulatory matters

The Bank faces legal, competition and regulatory challenges, many of which are beyond the Bank's control, in the jurisdictions in which it operates, including (but not limited to) proceedings brought by and against the Bank. Matters arising from a set of similar circumstances can give rise to either a contingent liability or a provision, or both, depending on the relevant facts and circumstances. The recognition of provisions in relation to such matters involves critical accounting estimates and judgments in accordance with the relevant accounting policies applicable to Note 1, Provisions. At the present time, the Bank is not subject to any legal, competition or regulatory matters which give rise to a material contingent liability. However, in light of the uncertainties involved in such matters, there can be no assurance that the outcome of a particular matter or matters (including formerly active matters or those matters arising after the date of this note) will not be material to the Bank's results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

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

Notes to the financial statements

Capital instruments, equity and reserves

The notes included in this section focus on the Bank's loan capital and shareholders' equity including issued share capital, retained earnings and other equity balances. For more information on capital management and how the Bank maintains sufficient capital to meet the Bank's regulatory requirements refer to page 59.

26 Subordinated liabilities

Accounting for subordinated liabilities

Subordinated debt is measured at amortised cost using the effective interest method under IFRS 9.

	2023 €m	2022 €m
As at 1 January	4,679	3,171
Issuances	275	1,500
Redemptions	(125)	—
Other	4	8
As at 31 December	4,833	4,679

Issuances comprise of €275m Euribor and €STR intra-group subordinated loans from BBPLC which qualify as MREL.

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

Other movements comprise accrued interest.

Subordinated liabilities include accrued interest. None of the Bank's subordinated liabilities are secured.

	Rate	Initial Call date	Maturity date	2023 €m	2022 €m
Tier 3 Floating Rate Subordinated Loan (€125m)	1m Euribor plus 1.79%	2023	2024	—	125
Tier 2 Floating Rate Subordinated Loan (€375m)	1m Euribor plus 4.04%	2024	2029	378	377
Tier 2 Floating Rate Subordinated Loan (€56m)	1m Euribor plus 3.851%	2024	2029	56	56
Tier 2 Floating Rate Subordinated Loan (€95m)	1m Euribor plus 3.855%	2024	2029	95	95
Tier 3 Floating Rate Subordinated Loan (€600m)	1m €STR plus 2.27%	2025	2026	602	602
Tier 3 Floating Rate Subordinated Loan (€150m)	1m Euribor plus 1.55%	2025	2026	150	—
Tier 2 Floating Rate Subordinated Loan (€170m)	1m Euribor plus 1.81%	2025	2030	170	170
Tier 3 Floating Rate Subordinated Loan (€350m)	1m Euribor plus 0.84%	2026	2027	351	350
Tier 3 Floating Rate Subordinated Loan (€200m)	1m Euribor plus 0.86%	2026	2027	200	200
Tier 3 Floating Rate Subordinated Loan (€100m)	1m Euribor plus 0.77%	2026	2027	100	100
Tier 2 Floating Rate Subordinated Loan (€160m)	1m Euribor plus 1.625%	2026	2031	160	160
Tier 2 Floating Rate Subordinated Loan (€39m)	1m Euribor plus 3.32%	2026	2031	39	39
Tier 3 Floating Rate Subordinated Loan (€300m)	1m Euribor plus 2.40%	2027	2028	301	301
Tier 3 Floating Rate Subordinated Loan (€300m)	1m Euribor plus 2.24%	2027	2028	301	301
Tier 2 Floating Rate Subordinated Loan (€300m)	1m Euribor plus 4.35%	2027	2032	301	301
Tier 3 Floating Rate Subordinated Loan (€800m)	1m Euribor plus 0.94%	2028	2029	803	802
Tier 3 Floating Rate Subordinated Loan (€125m)	1m €STR plus 2.03%	2029	2030	125	—
Tier 3 Floating Rate Subordinated Loan (€370m)	1m Euribor plus 1.07%	2031	2032	371	370
Tier 3 Floating Rate Subordinated Loan (€200m)	1m Euribor plus 1.01%	2031	2032	200	200
Tier 3 Floating Rate Subordinated Loan (€130m)	1m Euribor plus 1.10%	2031	2032	130	130
Total subordinated liabilities^a				4,833	4,679

Note

a Instrument values are disclosed to the nearest million.

Subordinated liabilities

Subordinated liabilities are issued for the development and expansion of the business and to strengthen the Bank's capital base. The principal terms of these liabilities are described below:

Subordination

Tier 3 floating rate subordinated loans rank behind the claims of depositors and other unsecured unsubordinated creditors but above the claims of the holders of the Tier 2 Subordinated Loans, Additional Tier 1 Capital and ordinary shares.

Notes to the financial statements

Capital instruments, equity and reserves

Tier 2 floating rate subordinated loans rank behind the claims of depositors, other unsecured unsubordinated creditors and the holders of the Tier 3 Loans but above the claims of the holders of Additional Tier 1 Capital and ordinary shares.

Interest

Interest on the floating rate loans is fixed periodically, based on the related market or local central bank rates.

Repayment

The subordinated loans have a call date prior to their maturity. Those loans are repayable at the option of Barclays Bank Ireland PLC on such call date in accordance with the conditions governing the respective liabilities, some in whole or in part, and some only in whole, or otherwise on maturity. The loans also contain provisions allowing an early redemption in the event of certain changes in tax law or to certain changes in legislation or regulations.

Any prepayment prior to maturity requires the prior written consent of the regulator.

27 Ordinary shares, share premium, and other equity

Authorised ordinary share capital

	2023		2022	
	Number of shares	Ordinary share capital	Number of shares	Ordinary share capital
	m	€m	m	€m
At 31 December	5,000	5,000	5,000	5,000

Called up share capital, allotted and fully paid and other equity instruments

	Number of shares	Ordinary share capital	Ordinary share premium	Total share capital and share premium	Other equity instruments
	m	€m	€m	€m	€m
As at 1 January 2023	899	899	2,973	3,872	805
Issue of ordinary shares	—	—	150	150	—
As at 31 December 2023	899	899	3,123	4,022	805
As at 1 January 2022	899	899	2,348	3,247	805
Issue of ordinary shares	—	—	625	625	—
AT1 securities issuance	—	—	—	—	—
As at 31 December 2022	899	899	2,973	3,872	805

Ordinary shares

The issued ordinary share capital of the Bank, as at 31 December 2023, comprised 898,669,134 (2022: 898,669,034) ordinary shares of €1 each. During the year 2023 the Bank issued 100 ordinary shares of €1 each at a premium of €150m.

Other equity instruments

Other equity instruments of €805m (2022: €805m) is comprised of AT1 securities issued by the Bank and purchased by BB PLC. 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.

The coupon payments on the AT1 instrument are fully discretionary and non-cumulative and are recognised directly in equity upon payment.

In 2023, there were no issuances of AT1 instruments (2022: no issuances).

AT1 equity instruments	Rate	2023	2022
		€m	€m
AT1 Floating Rate Perpetual Contingent Write-down Securities (€300m)	1m Euribor plus 7.356%	300	300
AT1 Floating Rate Perpetual Contingent Write-down Securities (€69m)	1m Euribor plus 6.682%	69	69
AT1 Floating Rate Perpetual Contingent Write-down Securities (€36m)	1m Euribor plus 5.950%	36	36
AT1 Floating Rate Perpetual Contingent Write-down Securities (€85m)	1m Euribor plus 6.240%	85	85
AT1 Floating Rate Perpetual Contingent Write-down Securities (€75m)	1m Euribor plus 6.240%	75	75
AT1 Floating Rate Perpetual Contingent Write-down Securities (€100m)	1m Euribor plus 4.343%	100	100
AT1 Floating Rate Perpetual Contingent Write-down Securities (€140m)	1m Euribor plus 3.720%	140	140
Total AT1 securities		805	805

Notes to the financial statements

Capital instruments, equity and reserves

The principal terms of the AT1 securities are described below:

- The AT1 securities rank behind the claims against the Bank of: 1) unsubordinated creditors; 2) claims which are expressed to be subordinated to the claims of unsubordinated creditors of the Bank, but no further or otherwise; 3) claims which are, or are expressed to be, junior to the claims of other creditors of the Bank, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, pari passu with, or junior to, the claims of the holders of the AT1 securities.
- The AT1 securities bear a floating rate of interest. Interest on the AT1 securities is due and payable only at the sole discretion of the Bank, and the Bank shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date.
- AT1 securities are undated and are redeemable, at the option of the Bank, in whole but not in part on their fifth anniversary from the date of issue and every interest payment date thereafter. In addition, the AT1 securities are redeemable, at the option of the Bank, in whole in the event of certain changes in the tax or regulatory treatment of the AT1 securities. Any redemptions require the prior consent of the CBI and/or the ECB.
- Should the CET1 ratio of the Bank fall below 7%, the AT1 securities are irrevocably written down by an amount equal to the lower of 1) the amount necessary to generate sufficient CET1 capital to restore the Bank's CET1 ratio to at least 7%; or 2) the amount that would reduce the principal amount of the AT1 securities to zero.

28 Reserves

Cash flow hedging reserve

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

Own credit reserve

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

Other reserves and other shareholders' equity

Other reserves and other shareholders' equity relate to the merger reserve and group reconstruction relief for the Bank, in respect of the transfer of European branches from BB PLC in 2018 and 2019, and represents the excess of the book value at transfer over the fair value.

	2023	2022
	€m	€m
Cash flow hedging reserve	(71)	(211)
Own credit reserve	(22)	(15)
Other reserves and other shareholders' equity	(45)	(45)
Total	(138)	(271)

Notes to the financial statements

Other disclosure matters

The notes included in this section focus on the Bank's staff costs, share-based payments and pensions and post-retirement benefits, structured entities, financing activities, assets pledged, collateral received and assets transferred, repurchase agreements and other similar borrowing, consolidated entities, related party transactions and directors' remuneration, auditor's remuneration, assets included in disposal groups classified as held for sale, liabilities associated and discontinued operations and post balance sheet events can be found on pages 196 to 212.

29 Staff costs

Accounting for staff costs

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 Bank considers that it is appropriate to recognise the awards over the period from the date of grant to the date that the awards vest.

The accounting policies for share-based payments, and pensions and other post-retirement benefits are included in Notes 30 and 31 respectively.

Continuing operations	2023	2022
	€m	€m
Salaries	178	165
Social security costs	63	67
Post-retirement benefits ^a	9	8
Performance costs	75	94
Other compensation costs ^b	20	17
Total compensation costs	345	351
Other resourcing costs		
Outsourcing	20	18
Redundancy and restructuring	31	9
Temporary staff costs	—	—
Other resourcing costs	5	3
Total other resourcing costs	56	30
Total staff costs	401	381

Notes

a Post-retirement benefits charge includes €9m (2022: €8m) in respect of defined contribution schemes and €nil (2022: €nil) in respect of defined benefit schemes.

b Other compensation expenses include allowances and incentives, benefits in kind and other non-performance cost recharges.

In accordance with Section 317(2) of the Companies Act 2014, the table below details staff costs on an incurred basis, incorporating costs of both continuing and discontinued operations.

Continuing and Discontinued operations	2023	2022
	€m	€m
Salaries	222	206
Social security costs	71	75
Post-retirement benefits ^a	12	11
Performance costs	83	99
Other compensation costs ^b	22	19
Total compensation costs	410	410
Other resourcing costs		
Outsourcing	22	16
Redundancy and restructuring	32	8
Temporary staff costs	1	2
Other resourcing costs	6	5
Total other resourcing costs	61	31
Total staff costs	471	441

Notes to the financial statements

Other disclosure matters

Notes

- a Post-retirement benefits charge includes €12m (2022: €11m) in respect of defined contribution schemes and €nil (2022: €nil) in respect of defined benefit schemes.
- b Other compensation expenses include allowances and incentives, benefits in kind and other non-performance cost recharges.

At 31 December 2023, the number of staff (full time equivalents) was 1,816 (31 December 2022: 1,776), of which discontinued operations are 624. The average FTE for the year was 1,803 (31 December 2022: 1,748), of which discontinued operations are 639.

The average headcount for the year 2023 was 1,855, of which discontinued operations are 680.

30 Share-based payments

Accounting for share-based payments

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. For other share-based payment schemes such as Sharesave and Sharepurchase, there are non-vesting conditions which must 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.

Barclays enters into share based payment awards with Bank Staff.

The cost to the Bank of all share based payments as recharged by Barclays PLC Group for the financial year ended 31 December 2023 was €20m (2022: €22m).

The terms of the main current plans are as follows:

Share Value Plan ('SVP')

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 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.

Notes to the financial statements

Other disclosure matters

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:

	2023				2022			
	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	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
DSVP and SVP ^{a,b}	1.51	1.69	1	18,797,369	1.45	1.61	1	19,558,688
Sharesave ^a	—	1.47	2	979,473	—	1.75	2	1,404,488
Others ^a	1.53-1.69	1.60-1.69	—	123,642	1.60-1.63	1.57-1.67	—	129,457

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 34.10% for 3 years and 33.12% for 5 years. The risk free interest rates used for valuations are 4.60% and 4.36% for 3 years and 5 years respectively. The pure dividend yield rates used for valuations are 5.27% and 5.02% for 3 years and 5 years respectively. The repo rates used for valuations are (0.50)% and (0.57)% 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 market data.

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 and SVP ^{a,b}		Sharesave ^a				Others ^a	
	Number		Number		Weighted average ex. price (€)		Number	
	2023	2022	2023	2022	2023	2022	2023	2022
Outstanding at beginning of year/acquisition date^c	19,558,688	15,468,680	1,404,488	1,615,979	0.86	0.88	129,457	119,378
Transfers in the year ^d	158,548	192,145	91,111	75,886	—	—	30,827	9,384
Granted in the year	8,418,138	12,149,246	—	—	—	—	4,076,157	4,094,680
Exercised/released in the year	(7,911,241)	(7,296,344)	(379,358)	(74,768)	0.86	1.28	(4,106,743)	(4,087,129)
Less: forfeited in the year	(1,426,764)	(955,039)	(134,008)	(208,039)	0.85	0.88	(6,056)	(6,856)
Less: expired in the year	—	—	(2,760)	(4,570)	1.16	1.40	—	—
Outstanding at end of year	18,797,369	19,558,688	979,473	1,404,488	0.88	0.86	123,642	129,457
Of which exercisable:	—	—	295,562	27,539	0.85	1.17	62,205	60,400

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 Weighted average exercise price for outstanding at the beginning of the year includes transfers in the year.

d Awards of employees transferred between the Bank and the rest of the Barclays PLC Group.

Awards and options granted to employees and former employees of the Bank under the Barclays 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 Bank 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 2023 and 2022.

As at 31 December 2023, the total liability arising from cash-settled share based payments transactions was €0.02m (2022: €nil).

Notes to the financial statements

Other disclosure matters

31 Pensions and post-retirement benefits

Accounting for pensions and post-retirement benefits

The Bank operates a number of pension schemes and post-employment benefit schemes.

Defined contribution schemes – the Bank 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 Bank 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 (re-measurements) 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. Re-measurements 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). The risks that Bank runs in relation to the post retirement schemes 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.

Accounting estimates

There are four assumptions that impact the net defined benefit liability. These are the discount rate, the inflation rate, the rate of increase for pensions and mortality. These are set out in detail in pages 201 to 202.

The Bank operates a funded defined benefit pension scheme in Ireland (The Barclays Bank Irish Retirement and Life Assurance Plan) which was closed to new accrual on 31 May 2013.

The most recent triennial valuation was carried out at 31 December 2020. The fair value of assets represented 96% of the value of accrued benefits. The Bank agreed to pay €0.5 million per annum over 5 years from 2021 to 2025. The next triennial valuation will be completed in 2024 as at 31 December 2023. The actuary has confirmed that the Plan satisfied the Irish Pensions Authority Minimum Funding Standard ('MFS') at 31 December 2023.

In addition to the above, the Bank has defined benefit pension liabilities relating to immaterial schemes operating in France, Germany and Portugal.

The benefits provided, the approach to funding, and the legal basis of the plans reflect local environments.

The following tables include amounts recognised in the income statement and an analysis of benefit obligations and scheme assets for all the Bank's 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.

Income statement charge

	2023	2022
	€m	€m
Interest cost on Defined Benefit Obligation ('DBO')	2	(1)
Interest income on assets	(2)	(1)
Net finance cost/(income) on net defined benefit liability^a	—	(2)
Current service cost	1	1
Total service cost	1	1
Pension expense	1	(1)

Note

a Income statement charge is immaterial, due to which the charge appears to be nil but is rounded off to nearest million.

The amounts recognised in other comprehensive income are as follows:

Statement of other comprehensive income

	2023	2022
	€m	€m
Actuarial (gain)/loss - experience	1	3
Actuarial (gain)/loss - financial	4	(27)
Actuarial (gain)/loss arising during period	5	(24)
Return on plan assets (greater)/less than discount rate	(4)	12
Remeasurement effects recognised in OCI	1	(12)

Notes to the financial statements

Other disclosure matters

Note

As part of external disclosure analysis, it has been discussed that the region wise disclosure of the numbers is not required considering materiality and to make the disclosure consistent with the group's disclosure report.

The following table outline the balance sheet position:

Balance sheet	2023	2022
	€m	€m
Present value of funded liabilities	(49)	(45)
Present value of the unfunded liabilities	(10)	(12)
Present value of total liabilities	(59)	(57)
Fair value of scheme assets	52	49
Retirement benefit asset/(liability)	(7)	(8)

Reconciliation of defined benefit asset/liability	2023	2022
	€m	€m
Net defined benefit asset/(liability) at period beginning	(8)	(21)
Current service cost	(1)	1
Interest cost on DBO	(2)	1
Interest income on assets	2	1
Remeasurement gain/(loss) recognised in OCI	(1)	12
Employer contributions	2	—
Settlement	—	2
Other movements	1	(4)
Net defined benefit asset/(liability) at period end	(7)	(8)

Movement in Scheme Assets	2023	2022
	€m	€m
Scheme assets at period beginning	49	61
Interest income on plan assets	2	1
Return on plan assets greater/(less) than discount rate	4	(12)
Benefits paid – from plan assets	(5)	(1)
Employer contributions paid	2	—
Scheme assets at period end	52	49

Movement in Scheme Liabilities	2023	2022
	€m	€m
Scheme liabilities at period beginning	(57)	(82)
Current service cost	(1)	1
Interest cost on DBO	(2)	1
Actuarial gain/(loss)- experience	(1)	(3)
Actuarial gain/(loss) - financial	(4)	27
Benefits paid – from plan assets	5	1
Benefits paid – directly by the Bank	—	2
Other movements	1	(4)
Scheme liabilities at period end	(59)	(57)

The weighted average duration of the benefit payments reflected in the defined benefit obligation for Ireland 20 years.

Where a scheme's assets exceed its obligation, 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 Ireland the asset ceiling is not applied as, in certain specified circumstances, such as wind-up, the Bank expects to be able to recover any surplus. Similarly, a liability in respect of future minimum funding requirements is not recognised. The Trustee does not have a substantive right to augment benefits, nor do they have the right to wind up the plan except in the dissolution of the Group or termination of contributions by the Group. The application of the asset ceiling to other plans and recognition of additional liabilities in respect of future minimum funding requirements are considered on an individual plan basis.

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Analysis of scheme assets

A long-term investment strategy has been set for the Irish plan with its asset allocation comprising a mix of equities, bonds, property, mixed investment funds and other assets. This recognises that different asset classes are likely to produce different returns and some asset classes may be more volatile than others. The long-term investment strategy aims to ensure, among other objectives, that investments are adequately diversified and the overall level of investment risk is acceptable.

ESG related factors are considered in determining investment policy for the Irish plan. In particular, the equity fund is designed to deliver equity market returns with enhanced exposure to more sustainable companies and a better alignment to the low carbon transition economy.

The value of the asset classes and their percentages in relation to the total assets are set out below:

	2023		2022	
	Value ^a	% of total fair value of scheme assets	Value ^a	% of total fair value of scheme assets
	€m	%	€m	%
Equities	14	27%	20	40%
Bonds	25	48%	18	36%
Property	2	4%	2	4%
Mixed Investment Funds ^b	10	19%	9	19%
Other	1	2%	—	1%
Fair value of scheme assets	52	100%	49	100%

Notes

a All assets in the above table are quoted assets.

b Ireland's Diversified Growth Fund is included under Mixed Investment Funds category.

Assumptions

Actuarial valuation of the schemes' obligation is dependent upon a series of assumptions. Below is a summary of the main financial and demographic assumptions adopted for the material defined benefit schemes within Ireland.

Ireland

Key financial assumptions	2023	2022
	% p.a.	% p.a.
Discount rate	3.10%	3.60%
Inflation rate ('CPI')	2.25%	2.25%
Rate of increase for pension	2.25%	2.25%

Assumptions regarding future mortality are set based on advice from published statistics and experience. The mortality assumptions are based on standard mortality tables and life expectancies are set out below:

Assumed life expectancy	2023	2022
Life expectancy at 60 for current pensioners (years)		
– Males	26.9	26.7
– Females	29.4	29.2
Life expectancy at 60 for future pensioners currently aged 40 (years)		
– Males	29.2	29.1
– Females	31.4	31.3

Sensitivity analysis on actuarial assumptions

To illustrate the sensitivity of the results to changes in the key financial assumptions, the following table highlights the impact of a change in each of the main financial assumptions to the material plan (Ireland). The sensitivity analysis has been calculated by valuing the 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

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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 Bank expressing any specific view of the probability of such movements happening.

Change in key assumptions (Irish Pension Plan)	2023	2022
	(Decrease)/ Increase in defined benefit obligation	(Decrease)/ Increase in defined benefit obligation
	€m	€m
Discount rate		
0.50% p.a. increase	(4)	(4)
Assumed Inflation		
0.50% p.a. increase	5	5

Expected employer contributions

The Bank's expected contributions to the Barclays Bank Irish Retirement and Life Assurance Plan in respect of defined benefits in 2024 is €0.5m. In addition, the expected contributions to the Irish defined contribution scheme in 2024 is €3m. The next triennial valuation is due to be carried out as at 31 December 2023 which will assess the long-term funding position and may lead to a requirement for additional contributions beyond 2025.

32 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 Bank'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.

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to structured entities not consolidated by Barclays, and are established by 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 Bank. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to the Bank, lending, loan commitments, financial guarantees and investment management agreements.

The Bank enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions, risk management services and for specific investment opportunities. This is predominately within the CIB business. Structured entities may take the form of funds, trusts, securitisation vehicles, and private investment companies. The largest transactions for Barclays include loans and derivatives with hedge fund structures and special purpose entities and holding notes issued by securitisation vehicles.

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The nature and extent of the Bank'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
As at 31 December 2023					
Assets					
Trading portfolio assets	—	14	—	—	14
Financial assets at fair value through the income statement	182	—	—	33	215
Derivative financial instruments	—	—	272	—	272
Loans and advances at amortised cost	—	—	—	607	607
Debt securities at amortised cost	—	—	—	37	37
Other assets	—	—	—	1	1
Total assets	182	14	272	678	1,146
Liabilities					
Derivative financial instruments	—	—	266	—	266
As at 31 December 2022					
Assets					
Trading portfolio assets	—	70	—	—	70
Financial assets at fair value through the income statement	544	—	—	11	555
Derivative financial instruments	—	—	313	—	313
Loans and advances at amortised cost	—	—	—	365	365
Debt securities at amortised cost	—	—	—	92	92
Other assets	—	—	—	—	—
Total assets	544	70	313	468	1,395
Liabilities					
Derivative financial instruments	—	—	329	—	329

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 lending where the interest is driven by normal customer demand. As at 31 December 2023, Barclays entered into transactions with approximately 114 (2022: 168) structured entities.

Secured financing

The Bank routinely enters into reverse repurchase contracts, 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 Bank is able to manage its variable exposure to the performance of the structured entity counterparty. The counterparties included in secured financing include hedge fund limited structures, investment companies, funds and special purpose entities.

Short-term traded interests

As part of its market making activities, the Bank 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 Bank 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.

Traded derivatives

The Bank enters into a variety of derivative contracts with structured entities which reference market risk variables such as interest rates, FX rates and credit indices among other things. The main derivative types which are considered interests in structured entities include index-based and entity specific credit default swaps, balance guaranteed swaps, total return swaps, commodities swaps, and equity swaps. Interest rate swaps, FX derivatives that are not complex and which expose the Bank 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

Notes to the financial statements

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waterfall. Such margining requirements are consistent with market practice for many derivative arrangements and in line with the Bank's normal credit policies.

Derivative transactions require the counterparty to provide cash or other collateral under margining agreements to mitigate counterparty credit risk. The Bank is mainly exposed to settlement risk on these derivatives which is mitigated through daily margining. Total notional contract amounts were €6,761m (2022: €8,314m).

Except for CDS 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 Bank'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 Bank'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

	Lending	Others	Total ^a
	€m	€m	€m
As at 31 December 2023			
Assets			
Financial assets at fair value through the income statement	3	30	33
Loans and advances at amortised cost	607	—	607
Debt securities at amortised cost	—	37	37
Other assets	1	—	1
Total on-balance sheet exposures	611	67	678
Total off-balance sheet notional amounts	616	—	616
Maximum exposure to loss	1,227	67	1,294
Total assets of the entity	10,484	1,094	11,587
As at 31 December 2022			
Assets			
Financial assets at fair value through the income statement	—	11	11
Loans and advances at amortised cost	365	—	365
Debt securities at amortised cost	—	92	92
Other assets	—	—	—
Total on-balance sheet exposures	365	103	468
Total off-balance sheet notional amounts	569	—	569
Maximum exposure to loss	934	103	1,037
Total assets of the entity	8,650	1,240	9,890

Note

a None of the structured entities are Barclays Bank Ireland plc owned and not consolidated per IFRS 10 Consolidated Financial Statements.

Maximum exposure to loss

Unless specified otherwise below, the Bank'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.

Lending

The portfolio includes lending provided by the Bank 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 Bank'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 period the Bank incurred immaterial impairment against such facilities.

Other

This includes interests in debt securities issued by securitisation vehicles.

Assets transferred to sponsored unconsolidated structured entities

BBI 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 2023, no assets were transferred to sponsored unconsolidated structured entities.

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33 Analysis of change in financing during the year

The below table represents a reconciliation of movements of liabilities to cash flow arising from financing activities.

	Liabilities		Called up share capital	Equity				Total
	Subordinated debt	Lease liabilities ^a		Share premium	Other equity	Other reserve	Retained earnings	
	€m	€m		€m	€m	€m	€m	
Balance as at 1 January 2023	4,679	81	899	2,973	805	(271)	2,109	11,275
Proceeds from the issuance of subordinated debt	275							275
Lease liability paid		(16)						(16)
Other equity instruments coupons paid					(74)			(74)
Redemption of subordinated debt	(125)							(125)
Issue of ordinary shares				150				150
Total changes from financing cash flows	150	(16)	—	150	(74)	—	—	210
Other changes								
Interest expense	246	5						251
Interest paid	(242)							(242)
Modifications and other movements		17						17
Total liability related other changes	4	22	—	—	—	—	—	26
Total equity related other changes					74	133	166	373
Balance as at 31 December 2023	4,833	87	899	3,123	805	(138)	2,257	11,884
Balance as at 1 January 2022	3,171	58	899	2,348	805	(196)	2,043	9,128
Proceeds from the issuance of subordinated debt	1,500	—	—	—	—	—	—	1,500
Lease liability paid	—	(16)	—	—	—	—	—	(16)
Other equity instruments coupons paid	—	—	—	—	(48)	—	—	(48)
Redemption of subordinated debt	—	—	—	—	—	—	—	—
Issue of ordinary shares	—	—	—	625	—	—	—	625
Additional Tier 1 issuance	—	—	—	—	—	—	—	—
Total changes from financing cash flows	1,500	(16)	—	625	(48)	—	—	2,061
Other changes								
Interest expense	65	2	—	—	—	—	—	67
Interest paid	(57)	—	—	—	—	—	—	(57)
Modifications and other movements	—	37	—	—	—	—	—	37
Total liability related other changes	8	39	—	—	—	—	—	47
Total equity related other changes					48	(75)	66	39
Balance as at 31 December 2022	4,679	81	899	2,973	805	(271)	2,109	11,275

Note

a See note 18 (Leases) for further details.

Notes to the financial statements

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34 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 Bank's balance sheet, for example because the Bank 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 Bank 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.

Collateralised transactions, such as securities lending and borrowing, repurchase and derivative transactions are conducted in accordance with standard terms which are customary in the market.

The following table summarises the nature and carrying amount of the assets pledged as security against these liabilities:

	2023	2022
	€m	€m
Cash collateral and settlement balances	11,759	10,303
Trading portfolio assets	14,458	5,811
Loans and advances at amortised cost	923	2,040
Financial assets at fair value through the income statement	351	1,127
Assets pledged	27,491	19,281

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.

	Transferred assets 2023 €m	Associated liabilities 2023 €m	Transferred assets 2022 €m	Associated liabilities 2022 €m
Derivative financial instruments	12,313	12,313	10,737	10,737
Repurchase agreements	14,151	6,067	8,006	2,293
Other	1,027	89	538	—
	27,491	18,469	19,281	13,030

For repurchase agreements the difference between transferred assets and associated liabilities is predominantly due to IFRS netting. There are no agreements where a counterparty's recourse is limited to only the transferred assets.

Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, the Bank 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:

	2023	2022
	€m	€m
Fair value of securities accepted as collateral	101,570	73,811
Of which fair value of securities re-pledged/transferred to others	78,738	50,807

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35 Repurchase agreements and other similar secured borrowing

Repurchase agreements and other similar secured borrowing of €1,561m at 31 December 2023 (31 December 2022: €2,964m) includes €564m (31 December 2022: €1,526m) in relation to secured borrowings under the third series of the ECB's Targeted Longer Term Refinancing Operations ('TLTRO III'). Through the course of 2023 Barclays repaid two drawdowns of TLTRO III (€500m June, €500m September) as the operations matured. Through 2023 there were no further changes to the Terms of TLTRO III which required income adjustments to be booked, and the ongoing cost of TLTRO III since November 2022 has effectively been pegged to the ECB Deposit Rate, accordingly the funding cost has increased in step with ECB Deposit rate hikes through the course of 2023.

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

On an ongoing basis, the Bank continues to accrue at the original EIR adjusted for ECB Deposit Rate hikes throughout the year. Interest expense includes €25m recognised on the TLTRO III liability (31 December 2022: loss of €15m within interest income).

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

36 Consolidated entities

The Bank has assessed its involvement with structured entities in accordance with the definitions and guidance in:

- IFRS 10 Consolidated financial statements;
- IFRS 11 Joint arrangements;
- IAS 28 Investments in associates and joint ventures, and
- IFRS 12 Disclosure of interests in other entities.

The Bank consolidates a structured entity if it controls the investee. Under IFRS 10, this is when the Bank is exposed or has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. The Bank generally considers it has control over securitisation vehicles whose purpose is to securitise loans and advances to the customers to provide the Bank with collateral for financing activities, see note 34.

The Bank consolidates a structured entity whose purpose is to acquire loans and other financial assets. A list of these structures, the country of incorporation and the nature of business is set out below. The information is provided as at 31 December 2023.

Company Name	Registered office	% nominal value held	Principal place of business or incorporation	Nature of business
Alstertal Consumer Finance 2021-1 DAC	3rd Floor, Fleming Court, Fleming's Place, Dublin 4, Ireland	—	Ireland	Special Purpose Vehicle

The Bank has three subsidiary undertakings, being Barclays Europe Nominees DAC, Barclays Europe Firm Nominees DAC, and Barclays Europe Client Nominees DAC, each having its registered office at One Molesworth Street, Dublin 2, D02 RF29, Ireland. In each case, the Bank holds 100% of the ordinary shares in the subsidiary undertaking, and the business of the subsidiary undertaking is to act as a nominee company and hold shares as such.

Significant restrictions

The Bank does not have significant restrictions on its ability to access or use its assets or repay the liabilities of the consolidated entities.

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 is BB PLC, which holds 100% (31 December 2022: 100%) of the issued ordinary shares of the Bank and 100% (31 December 2022: 100%) of the AT1 securities issued by the Bank. The ultimate controlling parent of the Bank is B PLC.

Fellow subsidiaries

Transactions between the Bank and other subsidiaries of the parent company also meet the definition of related party transactions.

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Amounts included in the Bank's financial statements, in aggregate, by category of related party entity are as follows:

	Parent €m	Fellow subsidiaries €m	Pension funds €m
For the year ended and as at 31 December 2023			
Total income	(111)	38	—
Operating expenses	(14)	(422)	(1)
Total assets	10,176	2,421	—
Total liabilities	21,729	2,772	—
For the year ended and as at 31 December 2022			
Total income	371	13	—
Operating expenses	(5)	(371)	(1)
Total assets	8,504	4,427	3
Total liabilities	16,960	5,320	—

Total income from parent and fellow subsidiaries above of a €73m expense (2022: €384m income) includes net fee and commission income of €565m (2022: €501m) offset with net interest expense of €232m (2022: €66m) and net trading expense of €406m (2022: €51m). Further information on net fees and commission income can be found within note 4.

Operating expenses payable to fellow subsidiaries above of €422m (2022: €371m) primarily reflects the cost of services provided by Barclays Execution Services Limited, the Barclays Group-wide service company. Out of €422m, €342m related to continued operations and €80m related to discontinued operations, refer note 39 on page 210.

During the year ended 31 December 2023, the Bank issued 100 (2022: 100) ordinary shares of €1 each to its parent, at a premium of €150m (2022: €625m).

The Bank made coupon payments of €74m (2022: €48m) to its parent during the year on AT1 securities.

As at 31 December 2023, the Bank has collateralised financial guarantees from its parent totalling €10,151m (2022: €10,876m).

Total assets and liabilities with parent and fellow subsidiaries comprise:

As at 31 December	2023 €m	2022 €m
Cash collateral and settlement balances	1,606	5,247
Loans and advances at amortised cost	953	801
Reverse repurchase agreements and other similar secured lending	2,064	1,764
Financial assets at fair value through the income statement	7,449	4,284
Derivative financial instruments	384	473
Other assets ^a	141	362
Total assets with parents and fellow subsidiaries	12,597	12,931
Deposits at amortised cost	822	2,477
Cash collateral and settlements balances	1,253	4,970
Repurchase agreements and other similar secured borrowing	998	1,437
Debt securities in issue	1,500	1,500
Subordinated liabilities	4,833	4,679
Financial liabilities designated at fair value	14,446	6,130
Derivative financial instruments	542	905
Other liabilities	107	182
Total liabilities with parents and fellow subsidiaries	24,501	22,280

Note

a. Other assets includes an amount of nil (2022: €119m) receivable from BB PLC under a sub-participation agreement.

Derivatives with the parent and fellow subsidiaries are collateralised with cash and other financial instruments. Reverse repurchase agreements, repurchase agreements and financial assets/liabilities at fair value through the income statement are secured on underlying financial instruments.

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Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank (directly or indirectly) and comprise the Board of Directors and the Executive Committee of the Bank.

As at 31 December	2023 €m	2022 €m
Loans	0.9	1.0
Undrawn amount or credit cards and/or overdraft facilities	0.6	0.6
Deposits	0.7	1.0

All loans to Key Management Personnel (and persons connected to them) were made in the ordinary course of business in accordance with the Bank's Related Party Lending policy; 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.

No allowances for impairment were recognised in respect of loans to Key Management Personnel (or any connected person).

Remuneration of Key Management Personnel

Total remuneration awarded to Key Management Personnel below represents the awards made to individuals that have been approved by the BRC as part of the latest remuneration decisions. 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 deferred costs for prior year awards. Figures are provided for the period that individuals met the definition of Key Management Personnel.

	2023 €m	2022 €m
Short-term employee benefits	13.7	11.8
Post-employment benefits	0.4	0.4
Share-based payments	3.0	3.2
Termination benefits	—	1.0
Other long term benefits	1.9	1.4
Total Key Management Personnel remuneration	19.0	17.8

Directors' remuneration

	2023 €m	2022 €m
Emoluments in respect of qualifying services	3.5	3.6
Benefits under long term incentive schemes	1.0	1.5
Total Directors' remuneration	4.5	5.1

During the year ended 31 December 2023, Directors accrued benefits under a defined benefit scheme or defined contribution scheme of €0.1m (2022: €0.1m).

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38 Auditor's remuneration

Auditor's remuneration is included within administration and general expenses and comprises:

	2023	2022
	€m	€m
Audit of the Bank's financial statements	3.3	3.3
Other services:		
Other assurance services	0.6	0.8
Tax advisory services	—	—
Other non-audit services	—	—
Total Auditor's remuneration^a	3.9	4.1

Note

a Of the 2023 audit fees, €1.5m of the statutory audit fees (2022: €1.5m) and €0.2m (2022: €0.3m) of the non-audit services fees relates to fees paid to other KPMG network firms.

39 Assets included in disposal groups classified as held for sale, liabilities associated and discontinued operations

Accounting for non-current assets held for sale, associated liabilities and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use. In order to be classified as held for sale, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary, and the sale must be highly probable. Non-current assets (or disposal groups) held for sale are measured at the lower of carrying amount and fair value less cost to sell. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

A component of an entity that is clearly distinguished both operationally and for financial reporting purposes from the rest of an entity is presented as a discontinued operation when it

- has been disposed of or classified as held for sale; and
- represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resell.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Critical accounting estimates and judgements

Significant management judgement is required in determining whether the IFRS 5 held for sale classification criteria are met, in particular whether the sale is highly probable and expected to qualify for recognition as a completed sale within 12 months of classification. This assessment requires consideration of how committed management is to the sales plan, the likelihood of obtaining regulatory or other external approvals which is often required for sales of banking operations and how committed the buyer is to complete the sales transaction within the agreed timelines.

Similarly, there is significant management judgement in applying the measurement requirements of IFRS 5 as it involves estimates which are based on expectation of future events linked with the sales process.

The Bank is currently engaged in a process to sell its CBE business (comprising credit cards, unsecured personal loans and deposits), currently within CC&P. Any sale is expected to complete in 2024.

The perimeter of the disposal group has been accounted for in line with the requirements of IFRS 5, with balance sheet assets of €4.5bn and liabilities of €3.6bn presented as Assets included in disposal groups classified as held for sale and Liabilities included in disposal groups classified as held for sale as at 31 December 2023. As presented within Note 15, the fair value of Assets and Liabilities included in disposal groups classified as held for sale approximates to their carrying values. As of the reclassification date, management assessed remeasurement impact is not material. A detailed analysis of the disposal group and discontinued operations on the Bank's income statement has been presented in the note below and separately within Note 2 Segmental reporting.

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As at 31 December	2023 €m
Assets included in disposal groups classified as held for sale	
Loans and advances to customers	4,444
Intangible assets	17
Property, plant and equipment	28
Other assets	25
Total assets classified as held for sale	4,514
Liabilities included in disposal groups classified as held for sale	
Deposits from customers	3,548
Other liabilities	96
Provisions	5
Total liabilities classified as held for sale	3,649
Net assets classified as held for sale	865

The disposal group meets the requirements for presentation as a discontinued operation. As such, the results, which have been presented as the profit after tax in respect of the discontinued operation on the face of the Bank's income statement, are analysed in the income statement below.

Income Statement - discontinued operations		
For the year ended 31 December	2023 €m	2022 €m
Interest income	413	325
Interest expense	(51)	—
Net interest income	362	325
Fee and commission income	52	50
Fee and commission expense	(23)	(20)
Net fee and commission income	29	30
Total income	391	355
Staff costs	(70)	(60)
Infrastructure costs ^a	(78)	(37)
Administration and general expenses ^b	(152)	(118)
Operating expenses	(300)	(215)
Profit before impairment	91	140
Credit impairment charges	(21)	(134)
Profit before tax	70	6
Taxation	(20)	(5)
Profit after tax from discontinued operations	50	1

This P&L excludes the allocation of funding expense of €20m (2022: €21m) from treasury operations within the Bank

Note

a Includes impairment of intangible assets of €37m

b Administration and general expenses of €152m (2022: €118m) includes expenses payable to fellow subsidiaries of €80m (2022: €62m) which primarily reflects the cost of services provided by Barclays Execution Services Limited, the Barclays Group-wide service company.

The cash flows attributed to the discontinued operations are as follows:

For the year ended 31 December	2023 €m	2022 €m
Net cash from operating activities	2,407	(272)
Net cash from investing activities	(9)	(1)
Net cash from financing activities	—	—
Net increase/ decrease in cash and cash equivalents	2,398	(273)

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40 Post balance sheet events

There have been no significant events affecting the Bank since year end.

41 Approval of financial statements

The Board of Directors approved the financial statements on 14 March 2024.

Abbreviations

ABC	Anti-bribery & corruption	C&E	Climate & environment
ACPR	Autorité de contrôle prudentiel et de résolution	CAGR	Compound Annual Growth Rate
AGM	Annual General Meeting	CAL	Client Assets and Liabilities
AI	Artificial Intelligence	CBE	Consumer Bank Europe
ALCO	Asset & Liability Committee	CBI	Central Bank of Ireland
AML	Anti-money laundering & counter-terrorist financing	CC&P	Consumer, Cards and Payments
AMLA	Anti-Money Laundering Authority	CCM	Climate Change Mitigation
AT1	Additional Tier 1	CCP	Central Counterparty Clearing
ATEF	Anti-tax evasion facilitation	CCRA	Climate Credit Risk Adjustment
AuM	Assets under Management	CCyB	Countercyclical Capital Buffer
B PLC	Barclays PLC	CDR	Constant Default Rate
BAC	Board Audit Committee	CDS	Credit Default Swap
BAU	Business-as-usual	CEO	Chief Executive Officer
BB PLC	Barclays Bank PLC	CET1	Common Equity Tier 1
BBI	Barclays Bank Ireland PLC	CFO	Chief Financial Officer
BBI BEREC	Barclays Europe Risk Committee	CFTC	Commodity Futures Trading Commission
BCBS	Basel Committee on Banking Supervision	CIB	Corporate and Investment Bank
BCI	Barclays Capital International	CIST	Climate Internal Stress Test
BCSL	Barclays Capital Securities Limited	CLN	Client Lending Notes
bps	Basis Points	COO	Chief Operating Officer
BRC	Board Risk Committee	CPI	Consumer Price Index
Brexit	UK's withdrawal from the EU	CPR	Conditional Prepayment Rate
CoC	Code of Conduct	CRC	Climate Risk Committee
BRRD	Bank Recovery and Resolution Directive	CRCF	Climate Risk Control Forum
BSC	Board Sustainability Committee	CRD	Capital Requirements Directive

Abbreviations

CRF	Climate Risk Framework	ERMF	Enterprise Risk Management Framework
CRMF	Compliance Risk Management Framework	ESEF	Single Electronic Reporting Format
CRO	Chief Risk Officer	ESG	Environmental, Social and Governance
CRR	Capital Requirements Regulation	ESI	Environmental and Social Impact
CRST	Climate Risk Stress Test	ESRS	European Sustainability Reporting Standards
CSA	Credit Support Annex	ESTR	European Short Term Rate
CSRD	Corporate Sustainability Reporting Directive	EU	European Union
CTF	Client Transition Framework	Euribor	Euro Inter Bank Offered Rate
DBO	Defined Benefit Obligation	F&P	Fitness and Probity
DDoS	Distribute Denial of Service	FCA	Financial Conduct Authority
DECL	Disclosures about Expected Credit Losses	FIUs	Financial Intelligence Units
DEI	Diversity, Equity and Inclusion	FMP	Financial Market Participants
DGS	Deposit Guarantee Scheme	FMSA 2023	Financial Services and Markets Act 2023
DORA	Digital Operational Resilience Act	Fracking	Hydraulic fracturing
DPM	Discretionary Portfolio Management	FRB	Federal Reserve Board
DS2	Downside 2 scenario	FRTB	Fundamental review of Trading Book
DSVP	Deferred Share Value Plan	FTR	Funds Transfer Regulation
EAD	Exposure at Default	FVAs	Fair Value Adjustment
EBA	European Banking Authority	FVTPL	Fair Value Through Profit or Loss
EC	European Commission	FX	Foreign Exchange
ECB	European Central Bank	GAR	Green Asset Ratio
ECL	Expected credit losses	GDP	Gross Domestic Product
EDD	Enhanced Due Diligence	GDPR	General Data Protection Regulation
EEA	European Economic Area	GHGs	Greenhouse gases
EIR	Effective Interest Rate	GMD	Group Models Database
EMIR	European Market Infrastructure Regulation	GRC	Group Risk Committee

Abbreviations

GRRC	Group Reputation Risk Committee	IST23	2023 Internal Stress Test
GSC	Group Sustainability Committee	IVU	Independent Validation Unit
G-SIB	Global systemically important banks	JST	Joint Supervisory Team
HFC	Hydrofluorocarbon	KPI	Key Performance Indicators
HfT	Held for Trading	LCR	Liquidity Coverage Ratio
HPI	House Price Index	LGD	Loss Given Default
HQLA	High Quality Liquid Assets	LEAP	Locate, Evaluate, Assess and Prepare
IAASA	Irish Auditing and Accounting Supervisory Authority	LIBOR	London Inter Bank Offered Rate
IAS	International Accounting Standard	LRR	Laws, Rules and Regulations
IASB	International Accounting Standards Board	LRR	Liquidity Reserve Requirement
ICA	Investor Compensation Act	LTV	Loan to Value
ICAAP	Internal Capital Adequacy Assessment Process	M&S	Mandate & scale
ICS	Investor Compensation Scheme	MAR	Market Abuse Regulation
ICT	Information Communication Technologies	MFS	Minimum Funding Standard
IEA	International Energy Agency	MiFID	Markets in Financial Instruments Directive in Europe
IFRICs	International Financial Reporting interpretations	MLD6	6th EU Anti-Money Laundering Directive
IFRS	International Financial Reporting Standard	MREL	Minimum Requirement for own Funds and Eligible Liabilities
ILAAP	Internal Liquidity Adequacy Assessment Process	MRM	Model Risk Management
ILO	International Labour Organisation	MRMQ	Model Risk Measurement and Quantification
IPV	Independent price verification	NACE	Nomenclature statistique des activités économiques dans la Communauté européenne
I-REC	International Renewable Energy Certification	NFRD	Non-Financial Reporting Directive
IRRBB	Interest Rate Risk in the Banking Book	NGFS	Network for Greening the Financial System
ISAs	International Standards on Auditing	NSFR	Net Stable Funding Ratio
ISBAR	Ireland Safe Deposit Box, Banks and Payments Accounts	NZBA	Net-Zero Banking Alliance
ISDAs	International Swaps Derivatives Association master agreements	OECD	Organisation for Economic Co-operation and Development

Abbreviations

OFAC	Office of Foreign Assets Control	SFTR	Securities Financing Transactions Regulation
O-SII	Other Systemically Important Institution	SMEs	Small to medium-sized enterprises
OTC	Over the Counter	SOFR	Secured Overnight Funding Rate
PCAF	Partnership for Carbon Accounting Financials	SONIA	Sterling Overnight Index Average
PD	Probability of Default	SPPI	Solely payments of principal and interest
Pillar 2G	Pillar 2 Guidance	SRF	Single Resolution Fund
Pillar 2R	Pillar 2 Requirements	SRMR	Single Resolution Mechanism Regulations
PMAAs	Post Model Adjustments	SSM	Single Supervisory Mechanism
PS	Probabilities of Survival	SVP	Share Value Plan
PSD2	Payments Services Directive	T1	Tier 1
R&D	Research & development	TCFD	Taskforce on Climate-related Financial Disclosures
RCF	Revolving credit facility	TFND	Taskforce on Nature-related Disclosures
REC	Renewable Energy Certification	TLAC	Total Loss Absorption Capacity
REIT	Real Estate Investment Trust	TLTRO	Targeted Longer Term Refinancing Operations
RemCo	Remuneration Committee	TNFD	Taskforce on Nature-related Financial Disclosures
RFRs	Risk-Free Reference Rates	TPSP	Third Party Service Provider
RNIME	Risks not in model engine	TRC	Transaction Review Committee
ROU	Right of use	UN	United Nations
RRMF	Reputation Risk Management Framework	UNEP-FI	United Nations Environment Programme Finance Initiative
RW	Ramsar Wetlands	UNESCO	United Nations Educational, Scientific and Cultural Organisation
RWAs	Risk weighted assets	VaR	Value at Risk
S&P	Standard & Poor's Global	VCoE	Validation Centre of Excellence
SA-CCR	Standardised Approach to Counterparty Credit Risk	WCR	Working capital requirement
SARON	Swiss Average Rate Overnight	WHS	World Heritage Sites
SEC	Securities and Exchange Commission	XVAs	X-Value Adjustments
SFDR	Sustainability Finance Disclosure Regulation	€STR	Euro short-term rate

Notes

Notes

The terms 'Bank', 'BBI', 'Barclays Europe' or 'Company' refer to Barclays Bank Ireland PLC. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2023 to the corresponding twelve months of 2022 and balance sheet analysis as at 31 December 2023 with comparatives relating to 31 December 2022. The abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

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

Statutory financial statements for the year ended 31 December 2023, which contain an unmodified statutory auditor report under Section 391 of the Companies Act 2014, will be delivered to the Registrar of Companies in accordance with Part 6 of the Companies Act 2014 and the European Communities (Credit Institutions: Financial Statements) Regulations, 2015 (S.I. 266 of 2015).

The Bank is an issuer in the debt capital markets and it may from time to time over the coming half year meet with investors to discuss these results and other matters relating to the Bank.

Forward-looking statements

This document contains certain forward-looking statements with respect to the Bank. The Bank cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Bank (including during management presentations) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Bank's future financial position, business strategy, income levels, costs, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including policy on dividends 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), 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, regulations, governmental and regulatory policies, expectations and actions, voluntary codes of practices and the interpretation thereof, changes in International Financial Reporting Standards and other accounting standards, including practices with regard to the interpretation and application thereof and emerging ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; the Bank's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents, pandemics and similar events beyond the Bank's control; the impact of competition in the banking and financial services industry; capital, liquidity, leverage and other regulatory rules and requirements applicable to past, current and future periods; Eurozone and global macroeconomic and business conditions, including inflation; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; reforms to benchmark interest rates and indices; higher or lower asset valuations; changes in credit ratings of the Bank or any securities issued by it; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the conflicts in Ukraine and the Middle East on European and global macroeconomic conditions, political stability and financial markets; political elections; developments in the UK's relationship with the European Union ('EU'); the risk of cyberattacks, information or security breaches, technology failures or other operational disruptions and any subsequent impacts on the Bank's reputation, business or operations; the Bank's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the Bank's control. As a result, the Bank's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Bank's forward-looking statements. Additional risks and factors which may impact the Bank's future financial condition and performance are identified in the description of material existing and emerging risks on pages 38 to 50 of this Annual Report.

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