Barclays Bank UK PLC
Annual Report

31 December 2023

Contents

The Strategic Report was approved by the Board of Directors on 19 February 2024 and signed on their behalf by the Chair.

Overview

Barclays Bank UK PLC (the Company) is a wholly-owned subsidiary of Barclays PLC. The consolidation of Barclays Bank UK PLC and its subsidiaries is referred to as the Barclays Bank UK Group. The term Barclays refers to Barclays PLC, or depending on context the Barclays Group, and Barclays Group refers to Barclays PLC, together with its subsidiaries.

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

Our structure

Barclays is one of the most recognisable brands in the UK. We serve customers across a wide range of retail banking needs, from credit card users, to start-up businesses, to homebuyers getting on the property ladder for the first time.

Personal Banking
Offers retail solutions to help customers with their day-to-day banking needs.

Business Banking
Serves business clients, from high growth start-ups to small and medium-sized businesses, with specialist advice.

Barclaycard Consumer UK
A leading credit card provider, offering flexible borrowing and payment solutions, while delivering a leading customer experience.

Barclays Bank UK PLC is supported by the Barclays Group service company, Barclays Execution Services Limited (BX), which provides technology, operations and functional services to businesses across the Barclays Group.

The world in which we operate

Barclays Bank UK PLC is driven by a common Purpose: working together for a better financial future. To do so we must be strong as an institution, prepared for the future, and able to navigate different market conditions and evolving trends.

We continually review our operating environment for emerging trends, and adapt to address them. As part of the Barclays Group in 2021 we called out three long-term trends and continue to make good progress preparing for these, as you will find detailed throughout the report:

- The impact of technology on consumer products and services
- The role of capital markets as the principal drivers of global growth
- The transition of the global economy towards a low-carbon economy

Most recently, we have adjusted our strategy and operating model to take account of a number of major trends, as well as changes in the environment we operate in, and evolving demands from our customers, clients, regulators and shareholders. These include shifts in risk and capital requirements, increasing external appetite to invest in technological advancements, and investor expectations.

Focus areas

- Offering banking services that meet the needs of today's and tomorrow's customers and clients, making money work for them.
- Pursuing digital innovation and helping colleagues focus on value-adding customer interactions.
- Making our customers' communities better tomorrow than they are today, and seeking out opportunities for an inclusive and sustainable future.

Year in review

In 2023 Barclays Bank UK PLC focused on strengthening our customer and client propositions and improving our execution. Our strong franchise and valuable brand are reflected in our financial performance, with the Barclays Bank UK Group delivering profit after tax of £1.9bn. Notwithstanding these results, and our progress over the course of 2023 to refine and enhance our customer service, we know we have more to do.

During 2023, cost of living pressures and the rising interest rate environment continued to impact our customers in the UK. In response we enhanced the tools and information available to customers via our Money Management Hub – helping them better understand their spending and the steps they can take to improve their financial wellbeing. We also launched our Money 1:1 service, offering customers a personalised financial coaching session with a specially trained Barclays Money Mentor.

To boost customers' long-term financial resilience, we provided options to switch to interest-only mortgages for six months and extensions of their mortgage term where appropriate. We helped over 103,000 new customers get on or move up the housing ladder during 2023, including 33,000 first time buyers. We also proactively contacted 1.2 million customers to let them know they could earn more interest by moving to a different savings product. For our business clients, we ran more than 900 Business Health Pledge masterclasses during 2023.

As part of our customer-centricity we remained focused on improving our customer experience, combining the best of digital with the human touch. The transformation of our physical service model means we are able to provide in-person support in our communities, while serving our customers more sustainably. In 2023 we expanded Barclays Local by more than 159 new sites and now have 351 sites in total - in addition to 306 branches and 16 mobile service points (vans). We are also participating in innovative new Shared Banking Hubs.

Improving existing propositions and adding innovative new ones, are important ways we continue to drive growth in Barclays Bank UK PLC. To this end, in 2023 we completed the acquisition of Kensington Mortgage Company – an award-winning mortgage lender[a] known for its strong support of specialist customer groups and the intermediary market.

Our Savings strategy is to help customers develop smart savings habits while supporting those already saving to make their money work harder. We offer personal customers interest rates of up to 5%, with our flexible products designed to help customers achieve their goals. For example, customers can segregate money from current accounts to develop savings habits, while Barclays Blue customers are rewarded with a higher rate in the months they have no withdrawals.

In parallel, we continue to make good progress to ensure digital banking with Barclays Bank UK PLC is smooth, easy and rewarding – including by improving the navigation and functionality of our app. As a consequence, active app customers increased 5% year on year in 2023. Across all our channels, over 80% of our customer transactions are now digitally enabled - up from 76% in 2022. While we will continue to help customers recognise and embrace the ease and convenience of our digital capabilities, our focus moving forward will shift to improving the depth and quality of engagement from customers already actively using them.

To further strengthen our customer propositions, we also launched Visa Cashback Rewards, giving Barclays Blue customers cash back on their everyday spending.

Our progress to improve the customer experience in 2023 is reflected in Barclays UK's improved Net Promoter Score, which increased by six points versus 2022. We recognise there is still more to do to improve our customer propositions and execution, and we will remain focused on doing so.

Our focus on making better communities making communities better tomorrow than they are today is reflected in our growing network of Barclays Eagle Labs. Our 37 business incubators across the UK – which include nine new locations added in 2023 – are part of our ambition to be a bank where entrepreneurs start, scale and achieve their growth ambitions. In 2023 Eagle Labs supported over 4,500 businesses, while Barclays UK more broadly supported over 47,000 new start-up or scale-up customers – including Climate Tech start-ups working on innovative technology to deliver a more sustainable future. We were also entrusted by the UK Government with a £12m Digital Growth Grant to further support the growth of UK tech start-ups and scale-ups over the next two years. The Grant will help deliver 20 national programmes and more than 8,000 business interventions, including our Sustainability Bridge programme, to enable ambitious entrepreneurs.

Another key way we support customers is through our focus on sustainability. This year we expanded and improved sustainability-related propositions for customers, including a new Green Barclayloan for Business that offers no arrangement fees for lending above £25,000 on a range of green assets – supporting our business customers in their transition to net zero. We also expanded our existing Asset Finance proposition via our partner Propel[b], offering business customers fixed rates on a wider range of green assets, including new fully electric vehicles and solar photovoltaic panels. Additionally, we extended our Greener Home Reward scheme, which offers a cash reward of up to £2,000 for eligible residential mortgage customers who install eligible energy-efficiency-related measures in their homes.[c]

Notes
a In 2023 Kensington Mortgage Company won 'Best Specialist Mortgage Lender' at both the What Mortgage Awards and Your Mortgage Awards. It was also 'Best Intermediary Lender' at the Personal Finance Awards and 'Best Online Mortgage Provider' at the Moneyfacts Awards
b Further detail can be found at barclays.co.uk/business-banking/borrow/asset-finance/
c Further detail can be found at barclays.co.uk/mortgages/greener-home-reward/

Spotlight

Shared Banking Hubs
To reflect the shift in demand away from traditional bank branches, and the need to improve efficiency for those who still require in-person services, Barclays has participated in the creation of innovative new Shared Banking Hubs.

These are physical spaces, similar to a traditional bank branch, but shared between customers of any high street bank. The Hubs consist of a counter service operated by Post Office colleagues, where customers can withdraw and deposit cash, make bill payments and carry out regular banking transactions, in addition to private spaces for financial conversations.

Over 100 Hubs have been announced by Cash Access UK in locations across the UK, helping Barclays UK provide our services in a better and more efficient way while serving our communities.

Kensington Mortgages
In March 2023, Barclays Bank UK PLC bolstered its support for the UK mortgage market by purchasing Kensington Mortgages, the UK's leading residential specialist mortgage lender. Kensington brings over 25 years' experience of providing innovative and flexible mortgage products, serving fast growing customer groups including the newly self-employed, contract workers, borrowers with multiple sources of income, and those with a weaker credit history. This acquisition will broaden our existing mortgage product range, and further enhance our product capabilities.

Acquisition of Tesco Personal Finance plc retail banking business
Barclays Bank UK PLC announced on 9 February 2024 that it has entered into an agreement with Tesco Personal Finance plc (operating using the trading name "Tesco Bank") to acquire its retail banking business, which includes credit cards, unsecured personal loans, deposits and the operating infrastructure. Additionally upon completion, Barclays Bank UK PLC will enter into a long-term, exclusive strategic partnership with Tesco Stores Limited for an initial period of 10 years to market and distribute credit cards, unsecured personal loans and deposits using the Tesco brand, as well as explore other opportunities to offer financial services to Tesco customers. Completion of the transaction is expected to occur in H2 2024, subject to court sanction and regulatory approvals.

Financial performance measures

The performance of Barclays Bank UK PLC contributes to the Barclays Group, upon which the delivery of strategy is measured.

Income statement

Barclays Bank UK Group results	2023	2022
For the year ended 31 December	£m	£m
Total income	**7,670**	7,397
Operating costs	**(4,576)**	(4,532)
Litigation and conduct	9	(45)
Total operating expenses	(4,567)	(4,577)
Loss on disposal of subsidiaries, associates and joint ventures	(124)	0
Profit before impairment	2,979	2,820
Credit impairment (charges)/releases	(308)	(268)
Profit before tax	2,671	2,552
Taxation	(749)	(745)
Profit after tax	1,922	1,807
Attributable to:		
Equity holders of the parent	1,745	1,634
Other equity instrument holders	177	173
Profit after tax	1,922	1,807

Income statement commentary

FY23 profit before tax increased to £2,671m (2022: £2,552m) supported by the higher interest rate environment and the continued investment in our transformation into a next-generation, digitised consumer bank.

Total income increased 4% to £7,670m, consisting of:

- Personal Banking income increased 3% to £4,843m, driven by higher interest rates, partially offset by mortgage margin compression and movements in deposit volumes and mix resulting from cost of living pressures and customers searching for yield

- Barclaycard Consumer UK income decreased 12% to £965m as higher customer spend volumes were more than offset by lower interest earning lending balances following repayments and ongoing prudent risk management

- Business Banking income increased 17% to £1,905m driven by higher interest rates, partially offset by lower government scheme lending as repayments continue and lower deposit volumes

- Head Office loss of £43m (2022: £27m), related primarily to hedge accounting

Credit impairment charge of £308m (2022: £268m), consistent with low delinquencies in UK cards and a high quality mortgage lending portfolio. As at 31 December 2023, UK cards 30 and 90 day arrears remained low at 0.9% (Q4 2022: 0.9%) and 0.2% (Q4 2022: 0.2%) respectively. The UK cards total coverage ratio was 6.8% (FY22: 7.6%).

Total operating expenses remained broadly stable at £4,567m (2022: £4,577m) driven by higher structural cost actions (SCA), the impact of inflation and the acquisition of Kensington Mortgage Company (KMC), largely offset by the sale of Wealth Management & Investments (WM&I) to Barclays Bank PLC. Ongoing efficiency savings continue to be reinvested, including in our transformation programme to support sustainable improvement to the cost: income ratio over the longer term.

The effective tax rate (ETR) was 28.0% (2022: 29.2%).

RWAs decreased to £72.1bn (December 2022: £72.7bn), primarily due to reduction across lending portfolios, partially offset by the acquisition of KMC.

Balance sheet information

The following assets and liabilities represent key balance sheet items for the Barclays Bank UK Group:

As at 31 December	2023 £m	2022 £m
Assets		
Debt securities at amortised cost	**17,794**	18,537
Loans and advances at amortised cost to banks	**1,213**	1,391
Loans and advances at amortised cost to customers	**200,782**	203,279
Financial assets at fair value through other comprehensive income	**20,409**	19,970
Cash and balances at central banks	**34,948**	54,208
Liabilities		
Deposits at amortised cost from banks	**6**	59
Deposits at amortised cost from customers	**241,218**	258,058

Balance sheet commentary

Loans and advances to customers at amortised cost decreased 1% to £200.8bn, primarily reflecting continued repayment of government scheme lending in Business Banking, subdued mortgage lending amid lower market demand, partially offset by the acquisition of KMC.

Customer deposits at amortised cost decreased 7% to £241.2bn, primarily driven by reduced current account balances in Personal and Business Banking, reflecting cost of living pressures and customers searching for yield. The Barclays Bank UK PLC liquidity pool assets, including cash and balances at central banks, decreased to £65bn (December 2022: £81bn) driven by lower customer deposits.

Capital and other metrics[a]

As at 31 December	2023	2022
Common equity tier 1 (CET1) ratio	**14.8%**	14.7%
Total risk weighted assets (RWAs)	**£72.1bn**	£72.7bn
UK leverage ratio	**5.2%**	5.3%
Liquidity coverage ratio [b]	**180%**	183%
Net stable funding ratio [c]	**165%**	168%

Note
a Capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangements of the Capital Requirement Regulation (CRR) as amended by the Capital Requirement Regulation II (CRR II).
b The Liquidity Coverage Ratio is now shown on an average basis, based on the average of the last 12 spot month end ratios. Prior period LCR comparatives have been updated for consistency.
c Represents the average of the last four spot quarter end positions.

Capital commentary

The Barclays Bank UK Group CET1 ratio as at 31 December 2023 was 14.8%, which exceeds the CET1 regulatory capital minimum requirement of 12.9%.

Non-financial performance measures

Barclays Bank UK PLC is part of the Barclays Group which uses a variety of quantitative and qualitative measures to track and assess holistic strategic delivery.

Barclays Bank UK PLC has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 (the Act) through the disclosure contained in the Barclays PLC 2023 Annual Report on pages 42 to 49.

Managing risk

The Barclays Bank UK Group 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 Barclays Bank UK Group, 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 Barclays Bank UK Group identifies and manages its risks. The ERMF is approved by the Barclays PLC Board on the recommendation of the Barclays Group Chief Risk Officer; it is then adopted by the Barclays Bank UK Group with minor modifications where needed.

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 Principal 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 Barclays Bank UK Group 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 and 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 Barclays Bank UK PLC Board and the Barclays Bank UK PLC 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 Barclays Bank UK Group 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 Barclays Bank UK Group is exposed.

Monitoring the risk profile

Together with a strong governance process, using business and the Barclays Group level Risk Committees as well as Board level forums, the Barclays Bank UK PLC Board receives regular information in respect of the risk profile of the Barclays Bank UK Group. Information received includes measures of risk profile against risk appetite as well as the identification of new and emerging risks, which are derived by mapping risk drivers, identified through horizon scanning, to risk themes, and similar analysis.

During 2023, the Barclays Bank UK Group ran a stress test to assess its capital adequacy and resilience under a severe but plausible macroeconomic scenario. This stress test targeted risks such as inflation, financial stress and a shock on demand; with terminal low rates set to test the Barclays Bank UK Group's vulnerabilities through NII (Net Interest Income) margin compression. The stress test outcome for macroeconomic tests assesses full financial performance over the horizon of the scenario in terms of profitability, capital, liquidity and leverage to ensure the Barclays Bank UK Group remains viable.

We believe that our structure and governance supports us in managing risk in the changing economic, political and market environments.

For further detailed analysis of approach to risk management and risk performance see the full Risk review on pages 40 to 150.

The Enterprise Risk Management Framework defines nine Principal Risks			
		Risks are classified into Principal Risks, as below	How risks are managed
Principal Risk	Credit Risk	The risk of loss to the Barclays Bank UK Group from the failure of clients, customers or counterparties (including sovereigns), to fully honour their obligations to the Barclays Bank UK Group, including the whole and timely payment of principal, interest, collateral and other receivables.	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.
	Market Risk	The risk of loss arising from potential adverse changes in the value of the Barclays Bank UK Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	Market risk teams use a range of complementary approaches to identify and evaluate market risk exposures. These risks are measured, limited and monitored by market risk specialists. The First Line conduct their activities within the risk appetite and all mandate & scale limits set by the Second Line.
	Treasury and Capital Risk	Liquidity Risk: The risk that the Barclays Bank UK Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.	Treasury and Capital risk is identified and managed by specialists in capital, liquidity and asset and liability management risks. A range of risk management approaches are used such as limits plan monitoring and stress testing. The First Line conduct their activities within the risk appetite and all mandate & scale limits set by the Second Line.
		Capital Risk: The risk that the Barclays Bank UK Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the Barclays Group's pension plans.	
		Interest Rate Risk in the banking book: The risk that the Barclays Bank UK Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.	
	Climate Risk	The impact on Financial and Operational Risks arising from climate change through physical risks, risks associated with transitioning to a lower carbon economy and connected risks arising as a result of second order impacts on portfolios of these two drivers.	The Group and Barclays Bank UK Group assesses and manages its climate risk across its businesses and functions in line with its net zero ambition by monitoring 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.
	Operational Risk	The risk of loss to the Barclays Bank UK Group from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.	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.
	Model Risk	The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.	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.
	Compliance Risk	The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Barclays Bank UK Group'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 Barclays Bank UK Group (also known as Laws, Rules and Regulations Risk 'LRR Risk').	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.

The Enterprise Risk Management Framework defines nine Principal Risks			
		Risks are classified into Principal Risks, as below	How risks are managed
Principal Risk	Reputation Risk	The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Barclays Bank UK Group's integrity and/or competence.	Reputation risk is managed by embedding our purpose and values, and maintaining a controlled culture within the Barclays Bank UK Group, with the objective of acting with integrity, enabling strong and trusted relationships to be built with customers and clients, colleagues and broader society. Each business assesses reputation risk using standardised tools and the governance is fulfilled through management committees and forums, clear escalation and reporting lines to the Barclays Bank UK Group Board.
	Legal Risk	The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank UK Group to meet applicable laws, rules and regulations or contractual requirements or to assert or defend its intellectual property rights.	Legal risk is managed by the identification and management of legal risks by the Legal function and the escalation of legal risk as necessary. The Barclays Bank UK Group's businesses and functions have responsibility for engagement of the Legal function in situations that have the potential for legal risk.

Note
The ERMF defines nine Principal Risks. For further information on the how these Principal Risks apply specifically to Barclays Bank UK Group, please see pages 59 to 70.

The following sub-sections include a summary of the Barclays Bank UK PLC specific items with references to Barclays UK referring to the businesses of Barclays Bank UK PLC and its subsidiaries. For further details, refer to the Customer and Clients section of the Barclays PLC 2023 Annual Report.

Barclays Bank UK PLC aims to build trust and loyalty by offering innovative products and services with an excellent customer and client experience. We seek to understand our customers' and clients' expectations and aspirations, and develop products and services to support them – especially during difficult economic conditions.

Engaging with customers and clients

Barclays is committed to serving our customers' and clients' best interests. To do so we regularly engage them, building our understanding of their evolving needs and enabling us to adapt our products and services accordingly. We engage in a wide variety of ways, including running regular surveys, analysing customer complaints, direct interaction and drawing on data from millions of individual transactions.

Our engagement is most significant with respect to our large retail presence in the UK, where we offer a wide range of products and services to approximately 20 million customers.

Barclays UK runs on average eight panels per month for Personal, Premier and Business customers and clients to share their views on our products and services, and on their own financial health. These panels provide regular insights to bring us closer to our customers, and to inform our design principles and the transformation of our customer journeys.

Inflation has been a dominant theme for customers during 2023 and we have adapted and enhanced our products and services to better serve our them in response. One example is our Barclays Money Worries Hub[a], which was launched to bring together the resources and advice our customers told us they needed in challenging economic times. This is in addition to our specific mortgages and personal savings initiatives.

More broadly, Barclays UK collected over 1.4 million pieces of customer feedback in 2023. Customers told us they wanted their experiences with Barclays to feel more personal, as well as showing continued demand for increased convenience and functionality of the Barclays app. In response we have introduced new design principles to ensure every new or updated customer experience feels personalised, and have continued to develop the capabilities of our app. Our work to ensure a seamless digital experience for customers is one of the reasons we have more active digital users than any other UK bank[b].

While we continue to make progress addressing the volume of Barclays UK customer complaints, we recognise there is still more work to do to improve the overall customer experience and address and remove the root causes of customer complaints. This focus is at the core of our new vision and strategy as we work towards improving our propositions and execution in our consumer businesses, in order to deliver best-in-class service and ensure we have highly-satisfied retail customers.

Supporting our customers and clients

Our aim at Barclays Bank UK PLC is to offer an accessible, empathetic and inclusive service for our customers, including for those who may typically face barriers to accessing banking services – such as people living with disabilities, complex needs or experiencing difficult life events.

During the course of 2023 we delivered a number of key measures to support the financial resilience of our customers against a challenging economic backdrop, including reaching out via SMS to 1.4 million customers to offer a free conversation about cost of living-related financial worries. In addition, we seek to support vulnerable customers and provide responsible and inclusive banking in an extensive range of ways.

Frauds and scams

A key way in which we support the financial resilience of vulnerable customers is through our focus on fraud and scams. While overall rates of fraud and scams continues to rise across the sector, Barclays has one of the lowest scam rates and highest reimbursement rates in the industry, due to our investment in robust security systems and commitment to educating customers[c].

Our fraud detection systems can determine in less than a second if a payment is likely to be a fraudster rather than a customer, and we continue to invest in security features that protect against fraud and scams – including 'App ID', which allows customers to verify they are speaking to a Barclays colleague. We are also part of the 'Do not originate' scheme, a partnership with the telecommunications industry, UK Finance and Ofcom, to prevent customer phone numbers from being spoofed.

Fraud can only be stopped through cross-sector collaboration. Barclays is a founding member of Stop Scams UK, a group made up of banks, telecoms and tech firms.

Note
a. barclays.co.uk/money-management/
b. The #1 for digital users score is from Curinos - eBenchmarkers Analyser and internal analysis, and is from their April 2023 report.
c. PSR report, October 2023, psr.org.uk/information-for-consumers/app-fraud-performance-data/

Consumer Duty

The new Consumer Duty marks the beginning of a step change in UK consumer regulation, requiring firms to act to deliver good outcomes for retail customers – a principle underpinning Barclays' ambition of being a consistently excellent organisation delivering best-in-class service for customers and clients.

We have undertaken significant work to implement the Duty across Barclays Bank UK PLC, and continue to embed this throughout the organisation. We continue to use and enhance data and insights to ensure that our strategy, products and services for retail customers deliver the intended outcomes, with a focus on meeting the needs of people with vulnerable characteristics.

For example, drawing on data and insights from our Rainy Day Saver product, we contacted over 1.2 million customers to advise them that alternative products may offer a better interest rate for balances over £5,000.

Barclays UK Net Promotor Score (NPS)

About this KPI and why we use it

NPS is used to measure the strength of customer relationships. We track NPS to identify both our strengths and where there is room for improvement, informing how we develop our services and products in the future.

How we performed

NPS for Barclays UK has improved through 2023 to +17. Personal Customers with Blue or Premier accounts feel more positive about their experience, but a decline in Business Banking NPS means re-building and deepening relationships with clients is high on our forward agenda. Barclaycard NPS has also increased through 2023.

Barclays UK complaints excluding PPI

About this KPI and why we use it

The FCA publishes complaints information every six months – a good measure of how well UK institutions are driving customer outcomes. We measure our volume of complaints, tracking against goals and reviewing root causes to inform changes to our products and services.

How we performed

We are striving for highly satisfied customers and recognise that better service is a key lever. However, complaint volumes increased during 2023, driven by specific issues encountered by customers and rising levels of fraud and scams across the industry. A rigorous plan is in place to address these and to reduce the reasons for customers to complain, including a focus on improving our propositions and execution to deliver best-in-class service.

Our colleagues

The following sub-sections include a summary of the Barclays Bank UK PLC specific items from the Barclays PLC 2023 Annual Report. For full details, refer to the Colleagues section of the Barclays PLC 2023 Annual Report. Figures mentioned are for the Barclays Group, other than where specifically mentioned.

Engaging with colleagues

Barclays Bank UK PLC Group has a diverse talent pool of around 14,900 colleagues largely across the UK. We engage in regular dialogue with our colleagues to understand what is working well and where there are opportunities to improve. This includes townhalls, skip-level meetings, site visits, leader-led engagement and surveys. We maintain an engagement approach in line with the UK's Financial Reporting Council (FRC) governance recommendations. 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 2023 Your View survey results, please visit the engaging with colleagues section of the Barclays PLC 2023 Annual Report.

Maintaining a strong and effective partnership with Unite[a] and national works councils 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 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 Barclays Group, we led Consistently Excellent workshops throughout 2023 for our 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. We relaunched our 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 at Barclays through our refreshed leadership framework. Together, these set clear behavioural expectations for our leaders, and enable our leaders to create the right culture for colleagues to deliver to a consistently excellent standard.

Using this framework we aim to empower Barclays' leaders to create an environment of psychological safety and inclusion, and to foster a culture of learning and curiosity where colleagues can thrive – supporting all colleagues across Barclays to grow and progress their careers. To empower our colleagues to attain sustainable high performance, we continued to deliver our flagship leadership development programmes: the Enterprise Leaders' Summit, our Strategic Leaders Programme, and our award-winning Aspire programme.

With our Diversity, Equity and Inclusion (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. In 2023, our graduate intake was over 36% female, while our undergraduate Discovery Diversity Programme focused on showcasing successful career paths for underrepresented minorities. These hiring programmes have helped drive applications from a diverse pool of candidates. To further promote social mobility, we will continue our extensive apprentice hiring programme through engagement with educational institutions.

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 continue to embed wellbeing into ways of working.

Introducing structured hybrid working

Following our continuous test and learn approach, Barclays 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[b] 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. The collective bargaining coverage of Unite in the UK represents 80% (2022: 82%) of our UK workforce and 40% (2022: 43%) of our global workforce.
b. 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.

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

Our success is judged not only by our commercial performance, but also by our contribution to society and the way we work together for a better financial future for all our stakeholders. Our focus on society falls broadly into three categories: Climate, Communities and Suppliers.

Climate

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

We have now set 2030 reduction targets for eight of the highest-emitting sectors in our portfolio: Energy, Power, Cement, Steel, Automotive manufacturing, Aviation, Agriculture and Commercial Real Estate; and assessed the baseline and convergence point for our UK Housing portfolio. This meets our commitment under the Net Zero Banking Alliance (NZBA) to set targets for material high-emitting sectors in our portfolio.

Our policies are a lever for reducing our financed emissions. In 2024, we updated our Climate Change Statement, to include[a].

- 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 lead 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.
- Expectations for energy companies to produce relevant information in relation to their transition plans or decarbonisation strategies by January 2025

We understand that capital is critical for a successful energy transition and are focusing our financing to those clients actively engaged in the energy transition.

The scale of our business gives us the opportunity to help finance the energy transition – to use our global reach, products, expertise and position in the global economy to work with our clients, including those in the energy sector, as they transition to a low-carbon business model.

In 2023, Barclays financed $67.8bn of Sustainable and Transition Finance, demonstrating good momentum towards our target of $1trn by the end of 2030.

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

Please see the Climate Report in the Barclays PLC 2023 Annual Report and the Climate and Sustainability Report from page 17 to 21 for information.

Communities

Barclays is committed to building a stronger, more inclusive economy that is better for everyone. We are supporting local communities where we operate by enabling people to develop the skills and confidence they need to succeed, and helping businesses to grow and create jobs.

We engage regularly with our community partners to help shape our strategy and deepen our understanding of evolving societal issues. We request formal quantitative and qualitative information from our charity partners on a quarterly basis and regularly seek feedback from the CEOs we support through our Unreasonable Impact programme, a partnership between Barclays and Unreasonable Group. Feedback and data from our community partners, charity partners and the businesses we support helps inform and evolve our programmes to ensure they best meet their needs.

Skills and employability

We believe everyone deserves the financial independence, security and opportunity that comes with a job – and a vibrant, skilled workforce ensures local communities and businesses can thrive. In 2023 our programmes reached more than 3.27 million people around the world, unlocking the skills and employment opportunities people need to progress.

Barclays' LifeSkills programme has been delivering a positive impact in UK communities for a decade, helping millions of people develop the vital employability and financial skills they need to succeed at work, thrive in the digital age and better manage their money. Through the next chapter of our LifeSkills programme, Barclays has committed to upskilling 8.7 million people and placing 250,000 people into work by the end of 2027.

In addition, Barclays' Military and Veterans Outreach programme provides support to service personnel, veterans and their families to develop the skills they need to transition to civilian life, build careers beyond the military and grow their own businesses, while our Digital Eagles programme, which upskilled more than 622,000 people in 2023, is enabling people to become more confident with technology and stay safe online.

We also recognise the power of sport to engage and strengthen communities. The Barclays Community Football Fund has helped more than 2,900 community sports groups make football more accessible to underrepresented groups, reaching more than 400,000 young people.

In 2023, as Official Banking Partner of The Championships, Wimbledon, Barclays made the largest ever partner donation to the Wimbledon Foundation and connected Barclays LifeSkills to the UK Set for Success programme and the Barclays Net Work programme in the US. Using sport, and through mentoring sessions with inspirational athletes, both initiatives provide young people from underserved communities the opportunity to develop valuable life skills. The UK Set for Success programme aims to support 3,900 people in 30 regions across the UK over the next four years.

LifeSkills in the UK

Barclays is proud of the positive impact LifeSkills has made over the past 10 years.

With social inequalities continuing to rise, there is more to do to support underserved communities – which is why we are putting socio-economic inclusion at the heart of the LifeSkills programme to give more help to people who would otherwise be left behind.

The focus of new investment is for people in the UK's most underserved communities and underrepresented groups. We are working in partnership with respected charities, the education sector, the business community and Barclays colleagues to support families, young people and young adults to thrive – now and in the future.

Female Founder Accelerator

In 2023, through Barclays' Eagle Labs, we launched our first Female Founder Accelerator, in partnership with AccelerateHER - supporting 40 female-led technology businesses to address the gender imbalance in the entrepreneur community.

In 2024, the Female Founder Accelerator is funded by UK Government and will support a further 100 businesses. During the nine-week programme, founders work with experts from across the entrepreneurial landscape in a series of masterclasses, with the focus on developing their business propositions further.

For further information please see here: labs.uk.barclays/what-we-offer/our-programmes/female-founder-accelerator/

Wimbledon

In 2023 Barclays launched a multi-year partnership with the All England Lawn Tennis Club as the Official Banking Partner of Wimbledon. In our first year, to accompany our partnership, we delivered an international campaign bringing in our customers, clients, colleagues and communities.

- We showcased two of our Unreasonable Impact businesses. 80 Acres Farms, a company also supported by Barclays Sustainable Impact Capital, built a one-of-a-kind vertical strawberry farm on site, while CLUBZERØ supported us with returnable packaging. Over 6,000 Wimbledon attendees interacted with these two businesses over the course of The Championships, providing unique exposure.

- Additionally, we delivered for our communities with the Wimbledon Foundation by leveraging Barclays LifeSkills to expand the UK Set for Success programme.

Suppliers

As a global institution, we have responsibility for a large supply chain. We engage directly with our suppliers - our Third Party Service Providers (TPSPs) to promote Diversity, Equity and Inclusion and we are committed to trying to identify and seeking to address the modern slavery risks in our supply chain.

We work closely with our TPSPs and set out our expectations in our Third Party Service Provider Code of Conduct (TPSP CoC). The TPSP CoC encourages our TPSPs to adopt our approach to doing business and details our expectations for matters including environmental management, human rights, diversity and inclusion, and also for living the Barclays Values.

Barclays is also proud to be a signatory of the Prompt Payment Code in the UK.

Section 172(1) Statement

How the Board has regard to the views of our stakeholders

In accordance with the Companies Act 2006 (the Act), this statement sets out how the Directors have had regard to the matters set out in Section 172(1) of the Act when performing their duty to promote the success of the Company under Section 172(1).

You can read about the key activities of the Board and decisions taken during the year in the Governance Report, in particular how we have complied with our corporate governance principles, on pages 24 to 32. You can also read about our key stakeholder groups and how we listen and respond to them in the Customer and clients, Our colleagues and Society sections of the Strategic Report on pages 10 to 14. Further relevant information regarding the Barclays Group's key stakeholder groups and how we listen and respond to them can be found in the Our stakeholders section of the Barclays PLC 2023 Annual Report.

How the Board engages with stakeholders

Throughout the year, the Board and individual Directors engage directly and indirectly with stakeholders to ensure they have a deep understanding of the impact of the Barclays Bank UK Group's operations on key stakeholders, as well as their interests and views. This includes meeting with customers and clients, colleagues, our regulators, and other stakeholders. This engagement, both directly and through regular reports from individual business areas and key functions, seeks to ensure the Board understands the key issues to enable the Directors to comply with their legal duty under Section 172(1).

You can find out more about how the Directors have had regard to the matters set out in Section 172(1) when discharging their duty, and – specifically – the effect of those considerations in reaching certain decisions taken by them in the context of the FCA's Consumer Duty, below.

Implementing and Embedding the new FCA Consumer Duty

In July 2023, the Consumer Duty came into force. The Consumer Duty is a new outcomes-based regulation, designed to ensure relevant financial services firms deliver good outcomes for retail customers consistent with the three cross-cutting rules to (i) act in good faith, (ii) avoid causing foreseeable harm, and (iii) enable and support retail customers; and the four retail customer outcomes relating to: (i) products and services, (ii) price and value, (iii) consumer understanding, and (iv) consumer support.

Building on the work done by the Board in 2022, during the first half of 2023, the Directors continued to consider planning and readiness for the first Consumer Duty implementation deadline of 31 July 2023 for in-scope products and services; this was done at nearly every scheduled meeting. In addition to receiving regular updates on the status of the Barclays Bank UK Group's implementation plans, the Board oversaw – through the Board Audit Committee – Barclays Internal Audit's coverage of the Consumer Duty as well as enhancements to the Barclays Bank UK Group's control environment resulting from Consumer Duty workstreams; similarly, the Board oversaw the risks associated with readiness for implementation through the Board Risk Committee. The Board received an update on the Barclays Bank UK Group's overall compliance readiness shortly before the 31 July deadline. This included information on work conducted to ensure all relevant Group frameworks align with the Consumer Duty rules and guidance and ongoing work to embed the Consumer Duty, including a requirement for colleagues to have a Consumer Duty-aligned performance objective and the roll-out of mandatory Consumer Duty training for colleagues.

Given the Group-wide significance of the Consumer Duty, there has been extensive engagement by the Boards of Barclays, Barclays Bank PLC and Barclays Bank UK PLC on this subject. H123 saw two of the Directors (including Chris Pilling, the Barclays Bank UK PLC Consumer Duty Champion) visit our contact centre in Wavertree, Liverpool with the Barclays Group Chairman and the Barclays Bank PLC Consumer Duty Champion to experience the Consumer Duty in action, meeting with customer-facing colleagues and learning about how Barclays is delivering the intended outcomes, with a focus on meeting the needs of people with vulnerable characteristics. It should be noted that this is just one of the ways in which the Barclays Bank UK PLC Consumer Duty Champion has engaged with the business, colleagues, the FCA and industry during the year before reporting back to the Board and thereby providing critical insight. This has been in addition to challenging management on how it is embedding the Duty and focusing on consumer outcomes, and supporting the Chair and the Chief Executive in raising the Consumer Duty regularly in all relevant discussions.

In terms of management's operationalisation of the Consumer Duty, a number of important actions were implemented – with the full support of the Board – in the first phase of the Consumer Duty programme. Some examples of Consumer Duty-driven changes that impacted stakeholders are set out below.

- Customer communications were simplified in order to make the language easier to follow, and so the purpose of the communication easier to identify. This involved making improvements to letters issued to customers in specific circumstances, including when a customer's credit card is blocked and reissued due to suspected fraud.
- Data and insights gathered for the purposes of the Consumer Duty resulted in over 1.2 million customers being proactively contacted and told that they could earn more interest by moving to a different savings product.
- Written communications were sent to over 100 suppliers, summarising the Consumer Duty requirements and the Group's expectations in terms of delivering and monitoring consumer outcomes.

Not long after the 31 July deadline, the Board and management participated in an internal workshop, the purpose of which was to facilitate a discussion in relation to and reflect on the learnings from the first Consumer Duty implementation period. The output from that workshop proved to be key in planning for the second Consumer Duty implementation deadline of 31 July 2024 for closed products, which has been one of the Board's areas of focus during the second half of 2023.

The other ongoing area of focus has been overseeing the embedment of the Consumer Duty and, in that context, monitoring outcomes for retail customers, particularly in relation to customer complaints and meeting the needs of people with vulnerable characteristics. The development of robust data and monitoring capabilities to assess customer outcomes and identify potential or actual risks, and for reporting at business, Executive and Board level, is a key component of this. Whilst work on those capabilities was still ongoing at the end of the year, the Board – through the Board Risk Committee – saw positive progress through H223 with the roll out of a new Consumer Duty Data Dashboard and the support being provided to colleagues through guidance and training.

In conclusion, the Board remains committed to ensuring that the Consumer Duty is demonstrably embedded throughout the organisation and to good outcomes for retail customers. This will continue into 2024, when the Board will review and approve its first assessment as to whether the Barclays Bank UK Group is delivering good outcomes which are consistent with the Consumer Duty.

Sir John Kingman
Chair – Barclays Bank UK PLC
19 February 2024

Embedding Barclays' climate strategy within Barclays Bank UK

The following sub-sections include a summary of the Barclays Bank UK specific items from the Barclays PLC 2023 Annual Report with references to Barclays UK referring to the businesses of Barclays Bank UK PLC and its subsidiaries. The content has been included to the extent this is relates to Barclays Bank UK as a subsidiary of the Barclays Group. For full details on targets and ambitions, refer to the Climate and sustainability Report in the Barclays PLC 2023 Annual Report.

The aim with the disclosures within this Annual Report is to outline the progress we have made over the past year in relation to climate and sustainability.

Climate related risks

The Barclays climate strategy is underpinned by the way it assesses and manages exposure to climate-related risk. Climate risk is a Principal Risk within the Barclays Enterprise Risk Management Framework.

Barclays faces exposure to climate-related risks, either directly through its operations and infrastructure or indirectly through its financing and investment activities. The two main categories of climate-related risks are physical risks and transition risks.

Physical risks result from a changing climate and can be event-driven (acute risks), including increased frequency and/or severity of extreme weather events such as cyclone, hurricanes and flooding. Physical risks can also be driven by longer-term shifts in climate patterns (chronic risks) from sustained higher temperatures, leading to rising sea levels, rising mean temperatures and more severe weather events.

Transition risks result from the transition to a lower-carbon economy. This is likely to involve significant, rapid policy, regulatory and legal changes, as well as the evolution of technology and markets to adapt to a changing climate and associated impacts.

Climate change as a driver of risk

The feedback effects of climate risk drivers through macro and micro transmission channels are observed in Barclays' portfolio through traditional risk categories such as credit risk, market risk, treasury and capital risk, operational risk and reputational risk. The approach to identifying, measuring and managing climate-related risks is consistent with other key risks, however, there remains significant uncertainty around when these risks will materialise.

Climate risk is integrated into the broader Barclays Enterprise Risk Management Framework, aligning with other Principal Risks and ensuring a holistic approach to risk identification, assessment and management. Barclays' Climate Risk Framework facilitates a structured integration of climate risk considerations into the Bank's operations. It undergoes regular reviews and updates - including changes to risk taxonomy, definitions and methodology - to align with changing regulatory expectations and external developments. Following the annual review of the Barclays Climate Risk Framework in 2023, Barclays no longer considers that a separate category is needed to capture second-order impacts of physical and transition risk, as these impacts are already being captured and managed within the existing assessments and frameworks. Therefore, connected risks no longer features as a separate category.

The potential impacts of physical and transition risk drivers will vary across Barclays' portfolios depending on composition, industry, geographic location, business operations and other contextual factors.

Climate-related opportunities

Barclays UK recognises the environmental and societal benefits - and the commercial opportunities - that can be delivered through financing the UK economy's transition to net zero. Embracing the challenge of capturing opportunities from the transition to a low-carbon economy aligns with Barclays' purpose and positions us to capitalise on the growing market for sustainable finance.

The Barclays' 2022 market review indicated that, within the UK, sustainable opportunities in retail and business banking represent a $225-286bn market opportunity by 2025, increasing to an estimated $640bn-1trn by 2030.

According to the Barclays' 2022 market review, Green Home Mortgages represent the largest individual market for Barclays UK by 2030. We are actively exploring ways to unlock the decarbonisation of homes at scale by developing secured and unsecured lending for energy-efficiency-related technologies. We are also exploring strategic partnerships to provide customers and businesses with financing and guidance to make more sustainable choices. However, there are significant dependencies for this opportunity to be realised - namely customer demand, supply chain maturity and policy intervention.

Progress against targets, convergence points and ambitions

UK Housing

Widened scope for UK Housing

Buildings contributed 17% of total UK green house gas (GHG) emissions in 2022, of which residential buildings represented 75%, primarily from the use of oil and gas in heating and hot water. Decarbonising UK homes is a complex challenge that will require widespread engagement and systemic change.

In an effort to confront and quantify these challenges, Barclays are expanding the scope of its previously announced UK Residential Real Estate convergence point. The expanded scope, renamed to UK Housing sector, now includes Social Housing and Business Banking Real Estate portfolios, alongside the previous scope of Barclays UK residential and Private Banking mortgage portfolios in the wider Barclays Group.

The real estate portfolios within the UK Housing sector share similar underlying assets (99% are UK residential properties), thereby referencing the same UK Climate Change Committee balanced net zero (CCC BNZ) pathway, and sharing similar decarbonisation levers. Barclays continues to support the UK Housing sector through the provision of mortgages, financing of social housing providers and expanded product offerings designed to support the decarbonisation of UK Housing stock.

Estimating financed emissions

The decarbonisation of the UK Housing sector in line with the UK CCC BNZ scenario depends mostly on external changes and public policy interventions. Without these external changes, Barclays cannot materially decrease the emissions intensity of its UK Housing portfolio. Barclays has therefore chosen to identify the 2030 emissions intensity 'convergence point' and measure its progress towards it, but not to set a formal target at this time. In 2022 we estimated the financed emissions and emissions intensity of our UK Residential Real Estate sector by integrating the Partnership for Carbon Accounting Financials (PCAF) approach into BlueTrack™.

In 2023 the emissions intensity for that sector increased by c.1% due to increased emissions from the UK electricity grid - despite an improvement in known EPC ratings for our Barclays UK mortgage portfolio. Going forwards, the additional portfolios making up the expanded scope of the UK Housing sector will be tracked. Barclays continue to use the CCC BNZ scenario as the benchmark for this sector as it is specific to the UK, independent, developed by a credible institution and aims to achieve net zero emissions for the UK by 2050. Please refer to the Barclays PLC 2023 Annual Report for details on the new convergence point as part of the wider Barclays Group social housing portfolio.

Drivers of reduction in emissions in UK Housing

Key drivers in the transition to net zero in the UK Housing sector are the decarbonisation of the UK electricity grid and the phasing out of fossil fuels in domestic heating through the switch to low-carbon heating - bringing cleaner energy into our customers' homes.

Another key driver required to reach net zero in the UK Housing sector is improving the energy efficiency of existing homes - which includes improving the fabric of homes and adopting other energy efficiency measures. Other key contributors include new homes being built to net zero standard, with low-carbon energy sources and high energy efficiency rating, and reduction in energy consumption through changes in behaviour.

As a mortgage lender to retail and business banking clients, we can support customers who choose to retrofit their properties, switch to low-carbon heating, and explore ways to reduce their energy consumption by providing financial products, services, and partner offers.

However, we expect the overall impact of our actions to be low, given the barriers to retrofitting such as high upfront costs and current low customer demand due to low incentives to change. Additionally, the potential management actions available to Barclays are limited due to this being a portfolio of customers or end users who are retail in nature and predominantly consisting of residential properties.

Barclays EPC ambition

Barclays is expanding its EPC ambition scope to include Social Housing, Business Banking Real Estate and Kensington Mortgage Company Limited, alongside the previous scope of the Barclays UK mortgages portfolio. Please refer to the Barclays PLC 2023 Annual Report for details of the updated EPC ambition as part of the wider Barclays Group social housing portfolio.

Agriculture

We finance customers and clients across the agriculture-food value chain, from farmers and producers of food products to retailers and restaurants. As one of the largest lenders to farmers in the UK, Barclays is well placed to provide support through the changing nature of the Agricultural sector - in particular, the ongoing shifts in consumer diets. Other factors important to consider are the impact of decarbonisation on broader food security and affordability, where upside and downside risks exist depending on the form the transition takes as well as the opportunity for carbon sequestration and improving biodiversity - given the sector controls 71% of land in the UK.

To support UK farmers through this transitional period, Barclays finances activities that aim to reduce emissions in Agriculture and result in nature-positive outcomes. This includes investment in lower-carbon farming measures and financing to improve machinery energy efficiency. We also have a dedicated Agriculture Technology Fund to support farming clients undertaking more sustainable practices or implementing energy efficiency improvements.

We engage with farmers to explore the challenges and opportunities that may emerge from the decarbonisation of the Agricultural sector. In 2023 we launched a survey of our UK Livestock and Dairy farming clients to better understand the challenges they may face in progressing towards net zero. We also work individually with clients using our Client Transition Tool (CTT) to identify nature and decarbonisation risks, as well as consider social risks. We support peer to peer learning through our Farm to Farm initiative that facilitates events for farmers in similar geographic areas to cultivate innovative sustainable farming practices. Over 100 farming clients attended Farm to Farm events in 2023, with further events planned for 2024.

Estimating our financed emissions

There are significant challenges to calculating emissions for the Agricultural sector, notably a critical lack of data on the activities and practices of our agricultural customers and clients, and modelling challenges around agricultural emissions intensity. This is exacerbated by the highly disaggregated nature of the farming industry - characterised by a large number of small farm holdings - which makes collating and processing data challenging and requires the use of estimated data.

As a result of these challenges, we have focused our initial assessment on the UK Dairy and Livestock sector - which is responsible for c.70% of UK total agricultural GHG emissions. We are setting a target to reduce the absolute emissions (MtCO2e) of our UK Dairy and Livestock portfolio by 21% by end of 2030 against a 2023 baseline - in line with the Balanced Net Zero (BNZ)1.5°C aligned scenario developed by the CCC.

To help advance approaches to Agriculture financed emissions measurement, and target setting in the banking sector more broadly, Barclays is a member of the Banking for Impact on Climate in Agriculture (B4ICA) working group - which produced an introductory guide on target setting for the sector in 2022 and worked on a further update over 2023. Barclays is also engaged in a three-year collaboration with Oxford University to develop food type production datasets for the UK. The aim is to quantify Barclays' financed emissions in more detail and consider additional transition risks.

Future progress against this target

To date, emissions reductions in the real economy have not been sufficient to align economies to a 1.5°C pathway.

Barclays expects progress against targets will continue to be non-linear, due to the many external dependencies and variables beyond Barclays' control that may determine the pace of transition.

Going forward metrics will continue to have the potential to reflect different levels of volatility and could be impacted by a variety of external factors, including but not limited to:

- The pace and timing of our clients' progress, on their individual transition pathways
- Future technological advancements
- The public policy and regulatory environment
- Geopolitical or regional developments
- Updates to data inputs used by BlueTrackTM (e.g. company valuations)

Progress against targets may also be impacted by management decisions based on key drivers unrelated to climate or the transition, for example prudent risk management practices.

Additionally, the transition of the UK Dairy and Livestock sector is significantly dependent on broader consumer behavioural change and public policy interventions – which are outside our control and may affect our ability to achieve this target.

Leadership

In 2023, we made a number of important hires to build our sustainability leadership team. These colleagues will help drive our client propositions and position us well to drive the strategy in 2024. We continue to upskill and engage colleagues on sustainability issues to build our capability, encouraging colleagues to integrate sustainability considerations into their work supporting customers. This includes tailored training for our Consumer Bank and Business Bank colleagues, introducing our Sustainability Champions community to bring together our most engaged colleagues, and launching our online Colleague Sustainability Hub to share educational sustainability-related content.

Head of Social Purpose and Sustainable Finance - Barclays UK

The role of Head of Social Purpose and Sustainable Finance for Barclays UK was created in 2022 with responsibility for the strategic direction and execution of the Barclays UK sustainability strategy. The role oversees the development and delivery of Barclays UK products and propositions to enable our retail and small business customers to adopt more sustainable practices – covering finance, tools, education and partnerships. The role also partners closely with the Barclays UK Government Relations team to develop advocacy positions, as well as Legal, Risk and Compliance functions to embed sustainability into processes and frameworks.

Product and services

We are engaging with our retail and business customers to better understand the steps they want to take to become more sustainable - and the role that finance can play. We are using this insight-led approach to design and develop sustainability related products, offers and initiatives that meet the needs of our customers.

Throughout 2023, we have used new digital journeys in app and online banking to support an additional 1.9 million customers to become paperless and reduce their paper waste by 8 million envelopes. In 2024, we will continue our work to encourage further adoption of paperless banking and digitisation of communications, further reducing paper volumes.

Consumer Bank

Barclays UK Consumer Sustainability Hub

Barclays UK engages consumers through our online Consumer Sustainability Hub, which provides information on financial products, services and partner offers that may support them in making more sustainable choices. In 2023, we began adding links to the Consumer Sustainability Hub in the Barclays app to further support customer engagement on this topic. We plan to create a dedicated in-app Sustainability Hub to host educational sustainability-related content, products and offers.

Greener Home Propositions

Barclays UK is supporting retail mortgage customers' transition to a more sustainable way of living, providing products and propositions focused on retrofitting. In 2023 we rolled out training on home energy efficiency and climate risk to our mortgage advisors, and hosted a webinar for mortgage brokers with retrofitting industry experts.

In collaboration with British Gas, we launched an offer of 50% off the purchase of a Hive Thermostat Mini for eligible residential mortgage customers.

We continue to support customers purchasing EPC A- and B-rated new-build homes with our Green Home Mortgage, following its expansion to include buy-to-let properties in 2022. In 2023 we lent £845m to Green Home Mortgage customers. Since inception in 2018, Barclays UK has lent over £3.5bn to Green Home Mortgage customers.

Barclays UK Greener Home Reward

In 2023 we extended registrations for the Greener Home Reward scheme, which offers a cash reward of up to £2,000 for eligible residential mortgage customers who install eligible energy-efficiency-related measures in their homes using a registered TrustMark installer. We have seen continuing interest in microgeneration, with 45% of applications so far for solar panels and solar battery storage. However, demand for the offer remains limited. This exemplifies the challenges the sector faces to increase the take up of retrofitting.

Barclays UK is also committed to working collaboratively with the UK Government to encourage and inform the development of strategies and policies to drive more energy efficient homes and retrofitting- including through industry groups where appropriate, and through our own engagement with policymakers.

Business Bank

We continue to support Business Bank customers to understand the case for sustainability, recognising that businesses are at varying stages of their transition to net zero.

Embedding sustainability across the Business Bank

We continue to build our net zero expertise to give eligible businesses that bank with us the chance to explore the options available to them, as part of transition plans towards net zero. In 2023 we provided sustainability training for Business Bank colleagues, including Real Estate, Agriculture and Specialist Client Solutions teams.

For customers that prefer to self-serve, we created a series of educational videos to raise awareness of themes relating to the transition to a low-carbon economy.

In 2023 we launched an EPC dashboard to enable Real Estate Relationship Managers to provide a view of EPC ratings across a clients' portfolio with Barclays UK - and use it to discuss potential benefits around EPC improvements.

In July 2023 we expanded our existing Asset Finance proposition via our partner, Propel, to offer fixed rates on a wider range of green assets including new fully electric vehicles, solar photovoltaic panels, battery storage units, LED lighting, heat pumps and electric vehicle charging points. In September 2023, we launched our Green Barclayloan for Business, which offers no arrangement fees for lending above £25,000 on a range of eligible green assets- supporting our business clients in their transition to net zero.

Barclays Eagle Labs

Barclays Eagle Labs look to help incubate, inspire and educate UK founders, start-ups and scale-ups and help them to succeed and grow . Its growing network already supports businesses through 37 physical sites, as well as virtually across the UK.

Eagle Labs is building a community of climate tech start-ups working on disruptive technology to deliver a more sustainable future. In October 2023 the Cambridge Eagle Lab was relaunched as a centre for Climate Tech start-ups and scale-ups. The lab has been retrofitted to improve energy efficiency in line with Barclays' net zero ambition - including hybrid solar technology generating both electricity and heat provided by Naked Energy, a company supported through our Unreasonable Impact programme and Barclays' Sustainable Impact Capital.

Information provided in climate and sustainability disclosures/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 our 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 the Barclays Bank UK PLC 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 Barclays 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 Barclays. 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 Barclays 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 the 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 the 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 the Annual Report. It is important for readers and users of the 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.

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

Governance	Page

The Board

The Directors who served during the year ended 31 December 2023 are set out in the table below, together with details of the composition of each of the Board Committees.

	Board	Board Audit Committee	Board Nominations Committee	Board Remuneration Committee	Board Risk Committee
Current Directors (all of whom served up to the date of signing this report)					
Sir John Kingman (appointed 1 June 2023) Chair of the Board	C		C		
Andrew Ratcliffe Deputy Chair of the Board[1] and Independent Non-Executive	M	C	M		M
Vanessa Bailey Independent Non-Executive Director	M	M	M		C
Tracy Corrigan Independent Non-Executive Director	M			M	
Avid Larizadeh Duggan OBE Independent Non-Executive Director	M			M	
Michael Jary CBE Independent Non-Executive Director	M		M	C	M
John Liver Independent Non-Executive Director	M	M			M
Chris Pilling Independent Non-Executive Director	M	M			M
Bernadette Wightman Independent Non-Executive Director	M				
Matt Hammerstein Chief Executive	M				
Claire Peel (appointed 2 October 2023) Chief Financial Officer	M				
Former Directors					
Crawford Gillies (resigned 31 May 2023) Chair of the Board	C		C		
James Mack (resigned 27 June 2023) Chief Financial Officer	M				
Rupert Fowden[2] (resigned 1 October 2023) Interim Chief Financial Officer	M				

[C] Chair of Board or Board Committee.
[M] Member of Board or Board Committee.
[1] Appointed as Deputy Chair on 31 October 2023. For more information on the Deputy Chair role, please see page 26.
[2] Appointed as an Executive Director and Interim Chief Financial Officer on 28 June 2023 pending Claire Peel joining the Board on 2 October 2023.

There were several changes to Board composition in 2023 - Sir John Kingman and Claire Peel both joined the Board while Crawford Gillies, James Mack and Rupert Fowden all stood down from the Board. In addition, Andrew Ratcliffe was appointed as Deputy Chair of the Board. For more information on these appointments and resignations, please refer to Principle Three, which begins on page 26.

Charter of Expectations

Executive and Non-Executive Directors share the same statutory duties and are subject to the same constraints. The expectations of each Director are set out in the Company's Charter of Expectations. This includes role profiles and the behaviours and competencies required for each role on the Board, namely: the Chair, Deputy Chair, Board Committee Chairs, Executive Directors and Non-Executive Directors.

Time commitment

The Company's Charter of Expectations also sets out the time commitment for each role. Non-Executive Directors, including the Chair, are informed of the minimum time commitment required prior to their appointment; they must, on appointment and on an ongoing basis, be able to devote sufficient time to the Company to effectively discharge their responsibilities. A Non-Executive Director's preparation for, and attendance at, Board and Board Committee meetings is only part of their role. In addition, Non-Executive Directors are expected to provide effective oversight and scrutiny, strategic guidance and constructive challenge whilst holding the Executive Directors to account against their agreed performance objectives.

The Directors' time commitments are considered by the Board on appointment and are reviewed annually. Before taking on any new external appointment, such appointment must be agreed with the Chair and disclosed to the Board, with an indication of the time involved. During the year, the Board kept under review the number of external directorships held by each Director and considered the limits on the number of directorships imposed by relevant regulations. The Board is satisfied that there are no Directors whose time commitment is considered to be a matter for concern.

Training and development

In order to enable the Board to discharge its responsibilities and undertake its work with due care, the Directors participate in an ongoing programme of training and development, with sessions on, for example, competition law, financial crime and the Senior Managers Regime. The Directors also participate in briefing sessions and deep dives in order to gain a more granular understanding of the Barclays Bank UK Group and the business which, in turn, contributes to informed and sound decision-making. This year, the focus remained on key areas of the Barclays Bank UK Group's strategy, including customer strategy, data strategy (including artificial intelligence), evolving our societal purpose (including but not limited to sustainable and transition financing), our operating and service models (including the transformation of the Barclays Bank UK Group's physical service model), technology (including operational resilience), and people matters such as strategic talent. In many cases, these topics were brought to life through interactive sessions with colleagues, customers and clients.

Those Directors who were new to the Board in 2023 - including the Chair and the Chief Financial Officer - received a comprehensive induction, which was structured around the core components of the Barclays Bank UK Group's strategy and tailored to their specific experience and knowledge.

Our corporate governance principles and how we applied them in 2023

During the year ended 31 December 2023, and up to and including the date of this report, the Company has continued to apply and has complied with its own corporate governance arrangements rather than the 2018 UK Corporate Governance Code or the Wates Corporate Governance Principles for Large Private Companies. This is on the basis that the Board continues to believe that our own governance arrangements are the most appropriate for the Company, a wholly-owned subsidiary of a premium listed company which is also a complex financial institution subject to a comprehensive regulatory regime. This approach is consistent with the approach of other significant subsidiaries in the Barclays Group which are subject to the Companies (Miscellaneous Reporting) Regulations 2018 (2018 Regs).

The primary aim of our governance arrangements remains as stated in the Company's 2022 Annual Report, namely that they:

- are effective, in particular to ensure the safety and soundness of the ring-fenced bank
- provide checks and balances and encourage constructive challenge
- drive informed, collaborative and accountable decision-making
- create long-term sustainable value for our shareholder, Barclays, the ultimate shareholders of Barclays and our wider stakeholders

Set out below is an explanation of how the six principles that underpin our governance arrangements have been applied during 2023.

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

Principle One: Board Leadership and Company Purpose

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

The Board is responsible for the overall leadership of the Company. The Board's role involves articulating a clear vision for the Company based on Barclays' Purpose, Values and Mindset - and through the lens of Consistently Excellent - and establishing a strategy for both the Company and the Barclays Bank UK Group, supported by a framework of effective controls that are designed to mitigate financial and other risks and to protect the reputation of the business. This ultimately ensures that the business is able to operate effectively and independently, and is run in a way that promotes the long-term success of the Company thereby creating and delivering sustainable value. For further details on internal control and risk management, please see pages 28 to 30.

The Board's role also involves ensuring that the necessary resources are in place to enable the Company to meet its objectives and measuring performance against those objectives.

What the Board did in 2023

As a matter of course, the Board ensures that the Company is managed in accordance with the ring-fencing legislation and monitors the ring-fence perimeter of the Barclays Bank UK Group to ensure ongoing compliance with the ring-fencing requirements. In addition to this, the principal activities of the Board during 2023 included the following:

Strategic and operational matters

- Against the backdrop of the macroeconomic environment, overseeing the ongoing execution and evolution of the Barclays Bank UK Group's strategy. This has included but has not been limited to overseeing actions to: offer banking services that meet the needs of today's and tomorrow's customers and clients; pursue digital innovation and help colleagues focus on value-adding customer interactions; and seek out opportunities for an inclusive and sustainable future. Further detail on the Barclays Bank UK Group's strategy, including its focus areas, can be found on pages 2 to 4 of the Strategic Report
- Endorsing the Barclays Bank UK Group's ambitions in relation to climate, and sustainable and transition financing, and overseeing execution of the same. For more information, please refer to the Climate and Sustainability Report on pages 17 to 21
- Overseeing customer, commercial, conduct, financial, operational, regulatory, risk, societal, climate and sustainability matters, with regular updates from the Chief Executive and Executive Committee members on these key aspects of the business, supported by key performance indicators and other metrics (where appropriate)

- Overseeing reputational risk matters, including in relation to access to cash, the transformation of the Barclays Bank UK Group's physical service model and significant customer remediation matters
- Overseeing, in conjunction with the Board Risk Committee, strategic projects including but not limited to: the acquisition of Kensington Mortgage Company; the transfer of the Wealth Management & Investments business to Barclays Bank PLC; the agreement with Tesco Personal Finance plc (operating using the trading name "Tesco Bank") to acquire its retail banking business; and the agreement to enter into a long-term, exclusive strategic partnership with Tesco Stores Limited for an initial period of 10 years upon completion of the aforementioned acquisition (which is expected to occur in H2 2024, subject to court sanction and regulatory approvals)
- Overseeing the embedment of the Consumer Duty and, in that context, monitoring outcomes for customers, with a focus on customer complaints and meeting the needs of people with vulnerable characteristics
- Receiving updates on developments in UK banking (for example, the Mortgage Charter and the response of the Barclays Bank UK Group thereto) and the evolving political and regulatory landscape (including but not limited to the emerging approach to artificial intelligence and the Online Safety Act 2023)
- Receiving updates on the macroeconomic and operational environment (including but not limited to cost of living pressures, the impact of technology on consumer products and services, and the transition of the global economy towards a low-carbon economy) and overseeing the Barclays Bank UK Group's ongoing support of customers, clients and colleagues through those lenses

Culture, colleagues and DEI
- Overseeing the embedment of the Group-wide cultural change programme, Consistently Excellent, and monitoring delivery against that higher operating standard
- Continuing to oversee the creation of an inclusive and supportive culture through the continued embedment of the Barclays Group Purpose, Values and Mindset, and DEI initiatives such as the DEI Employee Resource Groups and the Race at Work Action Plan as well as reviewing progress against key commitments
- Overseeing colleague engagement. Further details can be found on page 12 of the Strategic Report and, separately, in the Colleagues section of the Barclays PLC 2023 Annual Report

Finance
- Discussing and approving the Barclays Bank UK Group's Medium Term Plan (MTP), in which strategy is embedded, together with related funding and capital plans for the Barclays Bank UK Group
- Overseeing the financial performance of the Barclays Bank UK Group and its main businesses through regular reports from the Chief Financial Officer
- On the recommendation of the Board Audit Committee, approving the Barclays Bank UK Group's full year and half year financial statements, and approving the payment of a 2022 full year dividend and the payment of a 2023 half year dividend
- Overseeing, in conjunction with the Board Risk Committee, the results of a range of stress tests to assess capital adequacy and resilience under severe but plausible macroeconomic scenarios

Risk, control and regulatory matters
- On the recommendation of the Board Risk Committee, approving the adoption of the ERMF, approving the Company's qualitative and quantitative Risk Appetite Statements, and overseeing risk parameters
- On the recommendation of the Board Risk Committee, approving the Barclays Bank UK Group elements of the Barclays Group Recovery and Resolution Plan and Resolvability Assessment Framework and the conclusions of the annual assessment of ring-fencing compliance
- Overseeing, in conjunction with the Board Audit Committee, financial crime activity that impacted the Barclays Bank UK Group in 2023 and the execution of related remediation activities, including but not limited to enhancements to the Barclays Bank UK Group's control environment
- Overseeing, with the support of the Board Audit Committee, the Barclays Bank UK Group's internal controls framework through regular reports from the Chief Controls Officer
- Overseeing key risk matters, including themes and emerging risks, through regular reports from the Chief Risk Officer as well as an annual report from the Barclays Group Chief Risk Officer in order to better understand the Group risk context
- Overseeing the Barclays Bank UK Group's operational and technology capacity, including - in conjunction with the Board Risk Committee - the annual self-assessment of operational resilience, the Prudential Regulation Authority (PRA) Cyber Stress Test as well as the utilisation of more modern technology platforms
- Overseeing the services received from BX through - amongst other reports - an annual update from the BX Chief Executive

Governance
- Overseeing, in conjunction with the relevant Board Committees, the revision of the Board corporate governance documents to refer to the Consumer Duty and, specifically, the Board and respective Board Committees' responsibilities in relation to giving due consideration to customer and client outcomes under the Consumer Duty (where appropriate) as well as related matters
- Overseeing, with the support of the Board Nominations Committee, changes to Board composition (in particular, the appointment of Sir John Kingman and Claire Peel) and the renewal of the terms of office of Avid Larizadeh Duggan, Michael Jary, Chris Pilling and Andrew Ratcliffe
- Overseeing Directors' time commitments and the management of any Non-Executive Director conflicts of interest and conflicts of interest management procedures
- Receiving regular updates from the Chairs of the Board Committees on matters discussed at meetings
- In conjunction with the Board Nominations Committee, overseeing the 2023 internal Board, Board Committee and Non-Executive Director evaluations

Principle Two: Division of Responsibilities

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

Chair responsibilities

There is a clear division of responsibilities between the Chair and the Chief Executive. 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 also facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures Directors receive accurate, clear and timely information. In addition, the Deputy Chair is available, if needed, to deputise for and support the Chair in respect of the authorities and responsibilities conferred or delegated to him by the Board from time to time. This would be the case were there to be a conflict of interest between Barclays and Legal & General Group plc (L&G), of which Sir John Kingman is also Chair, or a stress scenario in which Sir John Kingman needed to prioritise his role at L&G.

The duties of the Board are executed in part through the Board Committees, which provide oversight and make recommendations on the matters delegated to them by the Board. The Chair of each Board Committee provides a report on Board Committee business at each Board meeting, including any matters being recommended for Board approval. Details on the principal Board Committees and their core responsibilities and activities in 2023 are set out in Principles Three to Five on pages 26 to 31.

Chief Executive responsibilities

Responsibility for the day-to-day management of the Company is delegated to the Chief Executive who is supported by the Company's Executive Committee. The Executive Committee meets weekly and is chaired by the Chief Executive. The Executive Committee supports the Chief Executive in ensuring that the values, strategy and culture align, and that those elements are implemented and communicated consistently to colleagues; for example, through townhalls, skip-level meetings, site visits, and leader-led engagement. Further details are set out on page 12 of the Strategic Report and, separately, in the Colleagues section of the Barclays PLC 2023 Annual Report.

Accountability

Accountability is driven through routine evaluations of the Board and Board Committees. For an overview of the recent internal evaluation of the Board, Board Committees and Non-Executive Directors (including the Chair), please see page 27.

Decision-making and independent challenge

The Board maintains a formal schedule of powers reserved to it in order to ensure that it has control over key decision-making. These powers include approval of key appointments, strategy, financial statements and any major acquisitions, mergers or disposals; the Board also has the power to approve material non-financial matters impacting the Barclays Bank UK Group including, but not limited to, matters involving material conduct risk and/or reputation risk considerations as well as significant customer remediation matters and strategic business changes.

There are policies and procedures in place to support effective decision-making and independent challenge, including the Barclays Group Corporate Governance Operating Manual, which clearly sets out how Barclays Group entities and their respective Boards and Board Committees should interact and, where appropriate, escalate issues.

For details of how the Directors have had regard to the matters set out in Section 172(1) of the Act when performing their duty to promote the success of the Company under Section 172, and the effect of those considerations in reaching certain decisions taken by them, please refer to the Section 172(1) Statement on pages 15 and 16 of the Strategic Report.

In accordance with the Act and the Company's Articles of Association, the Board has authority to authorise conflicts of interest, and this ensures that the influence of third parties does not compromise or override the independent judgement of the Board. The Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts, together with any Board authorisation of the conflict. Throughout the year, the Board has authorised a number of potential conflicts and, on occasion, put in place appropriate procedures to manage that potential conflict. Following authorisation, all conflicts - whether actual or potential - are monitored in order to assist the relevant individuals in discharging their duties as a Director.

Principle Three: Composition, Succession and Evaluation

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

Board Composition and Succession

Following the announcement by Barclays on 23 January 2023, and as reported in the 2022 Annual Report, Crawford Gillies stepped down from the Board as Chair and Non-Executive Director on 31 May 2023; this coincided with Crawford's retirement as a Barclays Non-Executive Director, having served on that Board for nine years. The Board Nominations Committee, under the steer of Andrew Ratcliffe, led a formal and rigorous Chair succession process, appointing Spencer Stuart to lead an external search. The process culminated in the Board Nominations Committee recommending Sir John Kingman's appointment to the Board, with such appointment being approved by the Directors in January 2023, subject to regulatory approval. Crawford remained on the Board until 31 May 2023 in order to ensure an orderly transition to Sir John, who joined the Board on 1 June 2023. Sir John has a deep background in financial services as a result of his executive and non-executive career, with his experience spanning the private and public sector. Sir John is currently Chair of L&G having stepped down as Chair of Tesco Bank on 22 January 2023.

In June 2023, James Mack stepped down from the Board as Chief Financial Officer and Executive Director. Rupert Fowden returned to the Board as Interim Chief Financial Officer pending Claire Peel joining the Board as Chief Financial Officer and Executive Director on 2 October 2023. The Board thanks James and Rupert for their hard work and significant contribution to the Barclays Bank UK Group.

In September 2023, the Board approved the appointment of Andrew Ratcliffe as Deputy Chair.

In November 2023, the Board approved the renewal of the terms of office of Avid Larizadeh Duggan, Michael Jary, Chris Pilling and Andrew Ratcliffe, all of whom have now served as Directors for six years. Where appropriate, this will allow for orderly succession in the years to come, particularly in relation to the Board Committee Chairs.

The Directors have assessed the composition and size of the Board in light of the above changes, and the appointment of the four new independent Non-Executive Directors in 2022, and have confirmed that they consider both to be appropriate for a large UK retail bank. This assessment is supported by a skills matrix (refreshed annually), which helps the Directors to evaluate the experience and skills on the Board in order to ensure that there is the necessary expertise and knowledge to support and challenge management in its execution of the strategy. There is currently a good balance between the Executive Directors and independent Non-Executive Directors who, together, have a strong combination of financial, retail banking, risk and technical skills as well as experience in colleague engagement, customer experience, culture, financial regulation, government, technology and transformation. Those newer members of the Board have embedded well, bringing significant expertise and insight across a broad range of industries as well as diversity of experience, gender and thought.

Succession planning will remain an area of focus in 2024 and beyond in order to ensure that there is the appropriate breadth and depth of talent on the Board. In particular, the Board Nominations Committee will - on behalf of the Board - be reviewing the medium-term succession plans for key Board positions. To the extent that any appointment(s) to the Board are made, such appointment(s) will be based on merit. Objective criteria are used to ensure that the Board has the necessary knowledge, skills and experience to be effective in the execution of the strategy whilst recognising the importance of diversity amongst the Directors including, but not limited to, diversity of experience, gender, ethnicity, geography and thought.

The Board Diversity Policy (which was revised in July 2023) sets out our ambition to ensure that, by 2025, the proportion of women on the Board is at least 40% and at least one of the following senior Board positions is held by a woman: Chair, Chief Executive, or Chief Financial Officer. We are pleased to report that, following Claire's appointment as Chief Financial Officer, female representation on the Board is now 45% and the second limb of our ambition has also been satisfied. With reference to ethnic diversity, the Board's current target is to ensure that at least one Board member is from a minority ethnic background (excluding white ethnic groups) and that, having been met, this is maintained.

With regards to independence, the majority of the Board is considered to be independent. Independence is reviewed annually, using the independence criteria set out in ring-fencing requirements, and the Chair meets privately with the Non-Executive Directors, where appropriate, in order to promote the required independence.

Board Evaluation

During December 2023 and January 2024, an internal evaluation of the Board, Board Committees and Non-Executive Directors (including the Chair) was conducted. The overall conclusion of the evaluation was that the Board has a collegiate and constructive culture, operated effectively during 2023, and that effectiveness is improving. The Board's effectiveness ensures that the Board makes high-quality, well informed decisions based on a clear line of sight into the business and consideration of the Directors' duties under Section 172(1) of the Act. However, certain areas were identified for continued focus. These include greater sustained strategic focus and clarity in the Board's dialogue with, and expectations of, management supported by more active agenda management and the ongoing simplification and timely circulation of Board papers; there is also appetite for more external benchmarking in the boardroom. Work is ongoing to progress these matters.

Board Nominations Committee

The Board Nominations Committee comprises independent Non-Executive Directors (see page 23).

Meetings are attended by the Chief Executive and the Human Resources Director, at the invitation of the Committee Chair.

The principal role and responsibilities of the Committee are set out in its terms of reference and include:

- Skills and Diversity - evaluating the balance of skills, knowledge, experience and diversity for the Board and Board Committees and more broadly across the senior management of the business
- Director Appointments - identifying, and recommending to the Board, candidates for appointment to the Board and Board Committees
- Director Independence - considering and assessing the independence of the Non-Executive Directors, including recommendations for any steps to manage actual or potential conflicts of interest
- Board Performance - assessing the performance of the Non-Executive Directors and their annual time requirements
- Board Evaluation - considering actions from the Board and Board Committee evaluation process and, in conjunction with the Board, reviewing the Board's progress against the recommendations arising from the evaluation process
- Board Development – leading the development and effective implementation of policies and procedures for the induction, training and professional development of all members of the Board
- Talent - overseeing the adoption of internal policies and talent progression for senior management

During 2023, the principal activities of the Committee were:

- Reviewing the Board's composition – including the skills and experience of Board members and the independence of the Non-Executive Directors (excluding the Chair)
- Concluding, on behalf of the Board, the Chair succession process following notification from Crawford Gillies of his intention to step down from the Board as Chair and Non-Executive Director during 2023. The Committee led the succession process, under the steer of Andrew Ratcliffe, in conjunction with the Barclays Board Nominations Committee, which is chaired by the Barclays Group Chairman, on the basis that the successful candidate would also be appointed as a Barclays Non-Executive Director. As part of that process, the Committee: agreed the appointment of Spencer Stuart to lead an external search; approved the role specification and search criteria; and approved the process regarding the recommendation and appointment of a new Chair (considering all options available for Chair succession), which culminated in the Committee recommending Sir John Kingman's appointment to the Board in January 2023
- Leading, on behalf of the Board, the process to appoint Rupert Fowden as an Executive Director and Interim Chief Financial Officer and, subsequently, Claire Peel as an Executive Director and Chief Financial Officer
- Leading, on behalf of the Board, the process to reappoint certain of the Non-Executive Directors who were approaching the end of their six-year term on the Board, which culminated in the Committee recommending to the Board that the terms of office of Avid Larizadeh Duggan, Michael Jary, Chris Pilling and Andrew Ratcliffe be renewed
- Reviewing the Company's talent and succession plans at Executive Committee level and one level down on a bi-annual basis and, when required, overseeing Executive Committee appointments
- Reviewing and updating the Board Diversity Policy, and monitoring the Board's progress against the same
- On behalf of the Board, reviewing and monitoring the Company's progress against its DEI agenda, and initiatives such as the Race at Work Action Plan
- Reviewing the results of the 2022 internal Board, Board Committee and Non-Executive Director evaluations, the overall conclusion of which was that the Board, Board Committees and the Non-Executive Directors are all operating effectively and meeting their required responsibilities

The Executive Committee

The Board and Board Nominations Committee regularly review the leadership and succession needs of the business, which helps the Directors to understand the breadth and depth of talent at Executive Committee level and one level down. Talent amongst these populations has been an area of focus during 2023 - the Board expanded its mentoring programme, Executive Committee members started presenting spotlights on the senior talent within their teams, and the Non-Executive Directors met with Managing Director colleagues to hear their views on challenges and opportunities within the business.

The Board remains comfortable that the Executive Committee has the capabilities and experience required to support the execution of the strategy against the backdrop of a challenging and competitive operating environment, with the changes made during the year serving to strength the Executive Committee's skill set. Talent and succession at both Executive Committee level and one level down will remain a key focus for 2024 and beyond.

Principle Four: Audit, Risk and Internal Control

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

The Company is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposure to unacceptable potential losses or reputational damage. The Principal Risks facing the Barclays Bank UK Group have been identified and robust processes are in place to evaluate and manage such risks including regular reporting to, and oversight by, the Board Risk Committee and the Board. A key component of the risk management framework is the 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 Barclays Bank UK Group 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 on pages 8 and 9 of the Strategic Report.

The Board has overall responsibility for ensuring that management maintains an effective system of risk management and internal control and for assessing its effectiveness. Such a system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Having said that, the effectiveness of the risk management and internal control system is reviewed regularly by the Board Risk Committee and the Board Audit Committee. Details of the role, responsibilities and activities of both Committees are set out below.

The Board receives regular reports on risk matters, including reputational risk matters, in order to ensure sufficient focus around strategic and emerging risks, including those arising from within the broader Barclays Group, which may impact the Barclays Bank UK Group. Oversight of the renamed "Compliance Risk", which incorporates conduct risk as well as risks from a failure to comply with laws, rules and regulations applicable to the firm, remains within the remit of the Board Risk Committee, as detailed below.

Board Audit Committee

The Board Audit Committee comprises independent Non-Executive Directors (see page 23).

At the invitation of the Committee Chair, meetings are attended by management and others, including the Chief Executive, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer, Chief Compliance Officer, Chief Controls Officer, Chief Operating Officer, General Counsel, the Company's statutory auditor and, at their request, Non-Executive Directors who are not members of the Committee who wish to further their knowledge and understanding of audit matters. The Board, together with the Board Audit Committee, is responsible for ensuring the independence and effectiveness of the internal audit function and the statutory auditor. The Committee Chair meets regularly with both the Chief Internal Auditor and the Senior Statutory Auditor throughout the year and Committee members meet with both without management present at least annually.

The Committee is responsible for overseeing financial reporting processes, reviewing the effectiveness of internal controls, considering whistleblowing arrangements and overseeing the work of the internal auditor and the statutory auditor. Throughout the year ended 31 December 2023 and to date, a comprehensive internal control framework has been in place within the Barclays Bank UK Group that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations. The Committee receives a quarterly report on the framework's operation (and its continued enhancements). This includes reports from the internal audit function, the statutory auditor and the Chief Controls Officer, as well as related plans and management actions to remediate control recommendations raised in those reports.

The principal role and responsibilities of the Committee are set out in its terms of reference and include:

- Financial Reporting - assessing the integrity of the Barclays Bank UK Group's financial statements and examining any significant reporting issues and judgements made
- Internal Controls - examining the operation and effectiveness of the Barclays Bank UK Group's system of internal controls
- Internal Audit - monitoring and examining the operation, effectiveness, independence and objectivity of the Internal Audit function
- Regulatory Reporting - reviewing arrangements established by management for compliance with regulatory and financial reporting, including compliance with the ring-fencing requirements
- External Audit - reviewing and monitoring the statutory auditor's independence, objectivity and effectiveness, including oversight of the regulatory developments within the delivery of audit services
- Whistleblowing - reviewing the integrity, independence and effectiveness of Barclays Bank UK Group's well-established policies and procedures on whistleblowing
- Material Legal Matters - overseeing significant contentious and non-contentious matters, together with current or emerging legal risks

In discharging its responsibilities, the Committee is to have regard to the interests of Barclays Bank UK Group's stakeholders and, following the Consumer Duty coming into force in July 2023, shall (where appropriate) consider whether the Company and the Barclays Bank UK Group as a whole are delivering good customer outcomes.

During 2023, the principal activities of the Committee were:

- Reviewing the Barclays Bank UK Group's full year and half year financial statements and recommending their approval to the Board
- Reviewing the Barclays Bank UK Group's Q1 and Q3 2023 results for incorporation into Barclays PLC's Q1 and Q3 2023 results
- Assessing the appropriateness of key management judgements, including consideration of material conduct and litigation provisions (including collections and recoveries, and other material items) and accounting policy judgements (including expected credit losses, impairment and recoverability of goodwill)
- Receiving updates on financial crime activity that impacted the Barclays Bank UK Group in 2023 and the execution of related remediation activities, including but not limited to enhancements to the Barclays Bank UK Group's control environment
- Overseeing the Company's Money Laundering Reporting Officer's report, regulatory correspondence and related work
- Receiving reports from the General Counsel on litigation matters pertinent to accounting provisions
- Receiving reports from the Chief Controls Officer on the internal controls framework and its effectiveness, and ensuring appropriate oversight of the BX control environment where it impacts the Barclays Bank UK Group's control environment
- Overseeing the statutory auditor's independence and objectivity and contributing to the Barclays Group's auditor effectiveness exercise
- Overseeing the performance of the Internal Audit function and approving the 2024 audit plan
- Receiving reports from management on certain areas of the business where reports from the internal audit function had recommended improvements to existing controls (for example, escalation of sanctions alerts) or on areas of new risks (for example, a new credit card product and digital account opening)
- Monitoring management progress on the embedding of a Risk Control Self-Assessment framework
- Reviewing and re-adopting the refreshed Barclays Group policy on the provision of non-audit services by the statutory auditor
- Monitoring the whistleblowing programme, including receiving regular whistleblowing metrics as they relate to the Barclays Bank UK Group, and ensuring that the procedures for protection from detrimental treatment of staff who raise concerns continue to be effective
- Receiving the Company's Data Protection Officer's report
- Considering future internal control needs
- Reviewing the Committee's effectiveness
- Revising the Committee's terms of reference to refer to the Consumer Duty and, specifically, the Committee's responsibilities in relation to giving due consideration to customer and client outcomes under the Consumer Duty (where appropriate), as referenced above

Board Risk Committee

The Board Risk Committee comprises independent Non-Executive Directors (see page 23).

At the invitation of the Committee Chair, meetings are attended by management, including the Chief Executive, Chief Risk Officer, Chief Compliance Officer, Chief Financial Officer, General Counsel, Chief Internal Auditor, the Company's statutory auditor and, at their request, Non-Executive Directors who are not members of the Committee who wish to further their knowledge and understanding of risk matters.

The Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures examining reports covering the Principal Risks including those that would threaten its business model, future performance, solvency or liquidity, as well as reports on risk measurement methodologies and risk appetite.

The principal role and responsibilities of the Committee are set out in its terms of reference and include:

- Risk Appetite and Risk Profile – reviewing and ensuring that the risks undertaken by the business are within the risk appetite of the Company, as set by the Board
- Risk Limits – reviewing and adopting risk limits and mandates for financial and non-financial risk, monitoring the risk profile and receiving and considering reports on key risk issues (including emerging risks)
- Regulatory – reviewing and monitoring the Company's capital and liquidity position including considering both the existing and forecasted Company risk profile and the potential impact of stress
- Internal Control and Risk Control – monitoring the Internal Control and Risk Control framework
- Credit Risk – reviewing credit risk performance (including concentration of credit risk and expected credit losses)
- Compliance Risk – reviewing the effectiveness of the management of compliance risk, seeking to ensure fair customer outcomes following the implementation of policies and reviewing the effectiveness of the Compliance Risk Management Framework, as it applies to the Company and its subsidiaries
- Climate Risk - considering matters including the impact on financial and operational risks arising from climate change through physical risks, risks associated with transitioning to a lower carbon economy and connected risks (with the exception of reputation risk which is a matter reserved to the Board)
- Risk Culture – monitoring to ensure a robust risk culture (relating to risk awareness, risk taking and risk management)
- Ring-fencing – reviewing the ring-fencing requirements (including attestation and ongoing compliance requirements)

In discharging its responsibilities, the Committee is to have regard to the interests of Barclays Bank UK Group's stakeholders and, following the Consumer Duty coming into force in July 2023, shall (where appropriate) consider whether the Company and the Barclays Bank UK Group as a whole are delivering good customer outcomes.

During 2023, the principal activities of the Committee were:

- Recommending to the Board the adoption of the ERMF and the approval of the qualitative and quantitative Risk Appetite Statements, including an amendment to the Legal and Compliance Risk Appetite Statements to reflect the update to "Conduct Risk", which 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
- Reviewing and adopting the relevant Barclays Group policies, including the Compliance Risk Management Framework
- Receiving and reviewing regular financial and non-financial risk reporting on each of the Principal Risks (detailed on pages 8 and 9 of the Strategic Report), and reviewing emerging risks, including enhanced reporting on climate risk (which became a Principal Risk in 2022)
- Reviewing compliance risk (as expanded), including enhanced reporting on financial crime risk, supplemented by a spotlight session, led by the first and second lines of defence, at which an interim Money Laundering Reporting Officer's Report was considered
- Adopting the 2023 Limits and Mandates and monitoring the risk profile in accordance with the same
- Monitoring the risks associated with the geopolitical and macroeconomic environment, including but not limited to receiving updates on operational risk, credit risk (specifically in Business Banking) and market risk exposures (to the extent applicable) as well as a regular focused update on the UK housing and mortgage market and its effect on the Barclays Bank UK Group's mortgage portfolio
- Monitoring compliance with key portfolio metrics, including the use of Chief Risk Officer discretion
- Overseeing risk resources and the independence of the Risk and Compliance functions
- Reviewing and recommending to the Board for approval the Barclays Bank UK Group elements of the 2023 Barclays Group Recovery Plan and the 2023 Barclays Group Resolvability Self-Assessment Report
- Reviewing and challenging the risks identified by the findings of internal audits
- Monitoring liquidity and capital levels and approving the Company sections of the Barclays Group 2023 Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process
- Reviewing and approving the Barclays Bank UK Group's stress testing scenarios and results, including but not limited to reviewing the results of the PRA's 2022 Annual Cyclical Stress Scenario as well as a climate internal stress test
- Overseeing the first and second line of defence elements of the risks and controls associated with the execution of the Barclays Bank UK Group's strategy, for which enhancements to reporting were made
- Reviewing the first and second line of defence reports on the risks associated with the acquisition of Kensington Mortgage Company and "day one" readiness as well as monitoring post-acquisition matters
- Reviewing the risks associated with other strategic projects during the year, including the transfer of the Wealth Management & Investments business to Barclays Bank PLC to create a combined Private Bank and Wealth Management business
- Reviewing and challenging management's preparations and actions to support customers facing, or who may face, difficulties as a result of increases in the cost of living and the rising interest rate environment (including oversight of management's response to the Mortgage Charter)
- Monitoring the risks associated with readiness for Consumer Duty implementation and the embedding of Consumer Duty throughout the organisation
- Overseeing the risks associated with technology and digital innovation, including public cloud migration, through regular reporting on operations and technology
- Considering regular reports on the Barclays Bank UK Group's operational resilience (including benchmarking analysis on its maturity) and recommending for Board approval the annual self-assessment of operational resilience
- Approving material new and amended product approvals, where considered necessary due to risk profile, with a particular focus on ensuring good outcomes for retail customers
- Reviewing the Barclays Bank UK Group's ring-fencing compliance
- Reviewing and challenging the effectiveness of risk management and internal control systems
- Reviewing the Committee's effectiveness
- Revising the Committee's terms of reference to refer to the Consumer Duty and, specifically, the Committee's responsibilities in relation to giving due consideration to customer and client outcomes under the Consumer Duty (where appropriate), as referenced above

Principle Five: Remuneration

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

The Barclays Group Remuneration Policy is set by the Barclays Board Remuneration Committee, and reviewed and adopted by the Company's independent Board Remuneration Committee. The policy ensures that remuneration is aligned to the Barclays Bank UK Group's strategy and risk management approach and designed to promote the long-term success of the Barclays Bank UK Group.

Executive and senior management remuneration approaches are developed in accordance with the Barclays Group's formal procedures (ensuring no individual is involved in deciding their own remuneration). Additionally, remuneration is considered in relation to wider workforce remuneration policies, and alignment of incentives and rewards with culture and performance is reviewed annually by the Barclays Group Remuneration Committee and reported to the Company's independent Board Remuneration Committee.

The Barclays Bank UK Group is committed to paying people fairly, with regards to their specific role, seniority, responsibilities, skills and experience and other factors which properly affect pay, in a way that balances the needs of all of the Barclays Bank UK Group's stakeholders. You can find more information on Barclays Fair Pay Agenda in the Barclays Fair Pay Report 2023. The Barclays Bank UK Group also remains focused on closing its gender and ethnicity pay gaps by increasing the representation of females and under-represented ethnic groups at more senior levels. You can find more information on our UK-wide gender and ethnicity pay gaps for 2023 in the UK Pay Gaps 2023 disclosure.

Board Remuneration Committee

The Committee comprises independent Non-Executive Directors (see page 23).

At the invitation of the Committee Chair, meetings are attended by management, including the Chief Executive, Chief Financial Officer, Chief Risk Officer, the HR Director and the Reward Director. The Barclays Group HR Director and the Barclays Group Reward and Performance Director also attend the Committee when requested to provide relevant updates.

The principal role and responsibilities of the Committee are set out in its terms of reference and include:

- Remuneration Policy – reviewing, adopting, and recommending for Board approval the Barclays Group Remuneration Policy (set by the Barclays Board Remuneration Committee)
- Remuneration Approach – reviewing and approving the remuneration approach developed for the Barclays Bank UK Group, which complies with the Barclays Group Remuneration Policy thereby ensuring such policy is aligned with the Barclays Bank UK Group's strategy and risk management protocols and that incentives do not encourage risk taking beyond the tolerated risk of the Barclays Bank UK Group, or undermine the Company's ability to comply with ring-fencing requirements
- Overall Pay Structure – overseeing overall pay and benefits across the Barclays Bank UK Group
- Incentive Pay – considering the annual incentive pool and individual remuneration proposals for senior colleagues and the assessment of incentives to be delivered to the wider workforce. This includes considering ex-ante (current and future) and ex-post (crystallised) risk adjustments to remuneration

During 2023, the principal activities of the Committee were:

- Overseeing reward and recognition across the Barclays Bank UK Group's workforce to ensure alignment with our desired culture and behaviours
- Receiving updates on the Barclays Bank UK Group's remuneration initiatives and developments, including Barclays' Fair Pay agenda and gender and ethnicity pay gaps
- Reviewing and approving the methodology and framework for 2023 incentive funding, including the further simplification of incentive and salary policies for junior colleagues in Barclays Bank UK PLC, with a particular focus on the Business Analyst population
- Reviewing and approving the incentive pool outcome, including considering financial and risk performance updates (and the appropriateness of risk adjustments to incentives)
- Reviewing and approving, for recommendation to the Barclays Board Remuneration Committee, where appropriate, the remuneration of the Barclays Bank UK PLC Executive Directors and other senior employees of the Barclays Bank UK PLC Group
- Considering legal, regulatory and stakeholder updates and ensuring that remuneration procedures and outcomes comply with regulatory requirements and that incentives do not encourage inappropriate risk taking
- Reviewing the Committee's effectiveness
- Revising the Committee's terms of reference to refer to the Consumer Duty and, specifically, the Committee's responsibilities in relation to giving due consideration to customer and client outcomes under the Consumer Duty (where appropriate)

The Committee also participated in an informal briefing session led by a third party adviser on trends in consumer retail banking and the wider stakeholder environment.

Principle Six: Stakeholder Relationships and Engagement

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

Throughout the year, the Board engages directly and indirectly (through regular reports from individual business areas and key functions) with its stakeholders to ensure it has a comprehensive understanding of the impact of the Barclays Bank UK Group's operations on key stakeholders, as well as their interests and views.

Customers and clients

Customers and clients are at the heart of the decisions we make. The Board is committed to ensuring good outcomes for retail customers and that the Consumer Duty is demonstrably embedded throughout the organisation.

In 2023, the Board engaged with customers and clients in a wide variety of ways, including analysing the key drivers underpinning customer metrics, including complaints data, and hearing directly from customers and clients during "breakout sessions", which provided first-hand insight into customers' and clients' needs, their digital behaviour and confidence, and how Barclays UK is serving them.

Colleagues

Details of our colleague engagement model can be found on page 12 of the Strategic Report and, separately, in the Colleagues section of the Barclays PLC 2023 Annual Report. The model ensures a regular, two-way dialogue with colleagues and, in this respect, there has been a combination of townhalls, skip-level meetings, site visits, leader-led engagement, and surveys. The Board also listens to feedback on a variety of topics via the bi-annual Your View surveys, which - together with direct engagement with colleagues, both inside and outside of the boardroom - enables the Board to take colleagues' views into account when making decisions likely to affect their interests.

In 2023, direct engagement with colleagues included the Board having regular meetings with senior management, participating in colleague events and DEI Employee Resource Group meetings, providing mentoring, and visiting branches, Eagle Labs, and operational and strategic sites.

The Board also participated in two offsite meetings in 2023. The first was a two-day Board meeting held at Barclays Glasgow campus. The campus was built with inclusivity and sustainability in mind, prioritising colleague wellbeing. The Board heard about the campus's impact on the community from two external speakers, learnt how the site is helping Barclays move closer to its ambition to be a net zero bank by 2050, met with colleagues as part of a "speed networking" event and over lunch, and met Glasgow Eagle Lab members. The second offsite involved the majority of the Board and Executive Committee visiting two key operational sites in India. Whilst in Noida and Pune, attendees met colleagues who are supporting the business by pursuing digital innovation and helping colleagues focus on value-adding customer interactions; attendees also participated in campus tours, floor walks and a colleague recognition event.

Suppliers

For information on our engagement with suppliers, please see page 34 of the Directors' Report.

Communities and society

The Barclays Bank UK Group continues to play a key role in local communities and society and, with this in mind, the Board has continued to engage with both the Barclays Group and management in relation to the Barclays Group's climate strategy and how the Barclays Bank UK Group can play its part in supporting the transition to a low-carbon economy. The Board is delighted that, with effect from 1 January 2024, Tracy Corrigan has joined the Barclays Board Sustainability Committee. This will provide the Board with critical and ongoing insight into the Barclays Board's oversight of climate and sustainability matters as well as the ability to represent the retail bank.

The Board fully supports - amongst other initiatives - the expanded EPC ambition scope, the updated EPC ambition, and the setting of a target to reduce the absolute emissions of the UK Dairy and Livestock portfolio. However, there remains much more to be done.

For more information on our role in society, please refer to pages 13 and 14 of the Strategic Report and the Climate and Sustainability Report on pages 17 to 21.

Shareholder

Finally, the Board continues to consider engagement with its shareholder as being crucial to its understanding of the Barclays Group's strategy and the Barclays Bank UK Group's role within that. Akin with previous years, we were pleased to welcome both the Barclays Group Chairman to our Board in 2023 - as well as certain Barclays' Executive Committee members - in order to discuss Barclays Group matters and for those individuals to gain a better understanding of the opportunities and risks of the retail consumer business; the Group Chief Executive joined the February 2024 Board meeting to provide his annual update to the Directors. The Chair's position on the Barclays Board also ensures the views of the Barclays Bank UK Group are represented at Barclays Group level. The Directors believe that this engagement model works well and intend to use it again in 2024, supported by any informal engagement opportunities that may arise during the course of the year.

For more information about the Barclays Bank UK Group's key stakeholders, how management and/or the Directors engaged with them, the key issues raised and actions taken, please refer to the Section 172(1) Statement on pages 15 to 16 of the Strategic Report.

The Directors present their report together with the audited accounts for the Company for the year ended 31 December 2023.

Section 414A of the Act requires the Directors to present a Strategic Report in the Annual Report. The information can be found on pages 2 to 16.

The Company has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Act through the disclosure contained in the Non-Financial and Sustainability Information Statement in the Barclays PLC 2023 Annual Report. In addition, the Company has chosen, in accordance with section 414C(11) of the Act and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report:

- an indication of likely future developments can be found in the Strategic Report
- the particulars of important events affecting the Company since 31 December 2023 can be found in the Strategic Report and Note 24 (Legal, competition and regulatory matters) to the financial statements.

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

	Page(s)
Performance measures	5 to 6
Managing risk, including Principal Risks	7 to 9
Society	13 to 14
Climate and Sustainability Report	17 to 21
Governance Report	23 to 32
Disclosures required pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (2008 Regs) as updated by the 2018 Regs can be found on the following pages:	
Engagement with employees (Sch.7 Para 11 and 11A 2008/2018 Regs)	12
Financial Instruments (Sch.7 Para 6 2008 Regs)	189 to 205
Hedge accounting policy (Sch.7 Para 6 2008 Regs)	190

Profits and dividends
The results of the Barclays Bank UK Group show statutory profit after tax of £1,922m (2022: £1,807m). The Barclays Bank UK Group had net assets of £16,861m at 31 December 2023 (2022: £15,413m).

The Company will pay a £750m dividend to its parent, Barclays PLC. Further details on dividends on ordinary shares paid in 2023 are set out in Note 10 to the financial statements.

Share capital
There was no increase in ordinary share capital during the year. Barclays PLC owns 100% of the issued ordinary shares. There are no restrictions on the transfer of ordinary shares or agreements between holders of ordinary shares known to the Company, which may result in restrictions on the transfer of ordinary shares or voting rights. Further information on the Company's share capital can be found in Note 26 to the financial statements.

Powers of Directors to issue or buy back the Company's shares
The powers of the Directors are determined by the Act and the Company's Articles of Association. No shares were repurchased in 2023.

Directors
The list of current Directors of the Company can be found in the Governance Report on page 23. Changes to Directors during the year and up to the date of signing this report are set out below.

Name	Role	Effective date of appointment / resignation
Crawford Gillies	Chair of the Board / Non-Executive Director	Resigned 31 May 2023
Sir John Kingman	Chair of the Board / Non-Executive Director	Appointed 1 June 2023
James Mack	Chief Financial Officer	Resigned 27 June 2023
Rupert Fowden	Interim Chief Financial Officer	Appointed 28 June 2023 Resigned 1 October 2023
Claire Peel	Chief Financial Officer	Appointed 2 October 2023

Directors' indemnities

'Qualifying third party indemnity' provisions (as defined by section 234 of the Act) were in force during the course of the financial year ended 31 December 2023 for the benefit of the then Directors of the Company and the then Directors of certain of the Company's subsidiaries and, at the date of this report, are in force for the benefit of the Directors of the Company and the Directors of certain of the Company's subsidiaries in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. The Barclays Group also maintains Directors' and Officers' Liability Insurance which gives appropriate cover for legal action brought against the Company's Directors.

Political donations

The Barclays Bank UK Group did not give any money for political purposes in the UK, or outside the UK, nor did it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure during the year. Details of any political contributions made by the wider Barclays Group can be found in the Barclays PLC 2023 Annual Report.

Support for candidates and colleagues with disabilities and long-term conditions

We are committed to attracting and retaining a diverse workforce, and our commitment to inclusion means we want to ensure that candidates with disabilities and long-term health conditions receive support and adjustments in the application process and beyond. Barclays welcomes applications from all candidates and is committed to ensuring reasonable adjustments (accommodations) are put in place to ensure a fair and inclusive recruitment process. Barclays is committed to providing all colleagues with the support and tools they need to have a productive and fulfilling career. We can consider making adjustments to remove or reduce barriers colleagues might face if they have a disability, health concern or mental health condition. We also ensure opportunities for training, career development and promotion are available to all.

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

For information on our engagement with customers and clients, please refer to pages 10 and 11 of the Strategic Report, page 32 of the Governance Report and the Customers and clients section of the Barclays PLC 2023 Annual Report.

Barclays must effectively manage, monitor and mitigate risks in its supply chain. The Directors, via management, have regard to the need to foster business relationships with suppliers. We expect our Third Party Service Providers (TPSP) to make responsible decisions that, where relevant, take our stakeholders' needs into account in both the short and the long term. Barclays expects the TPSPs to comply with applicable laws, regulations and standards within the geographies in which they operate. Barclays' standard approach to new TPSP on-boarding and renewal begins by assessing the services that are being provided and ascertaining the level of risk. TPSPs that are assessed as being above a low risk of exposure from a business risk perspective (at the point of onboarding and on an ongoing basis) are subject to Barclays' Supplier Control obligations (SCOs). TPSPs to whom the SCOs apply become managed TPSPs and are subject to ongoing management and controls assurance during the term of service. Prior to contractual agreement and service go live, these TPSPs are required to complete a pre-contractual questionnaire which captures their adherence to the SCOs and Barclays' TPSP Code of Conduct (TPSP CoC). The TPSP CoC encourages our TPSPs to adopt our approach to doing business and details our expectations for matters including environmental management, human rights, diversity and inclusion and also for living the Barclays Values.

Barclays is proud to be a signatory of the Prompt Payment Code in the UK and we also work closely with the Small Business Commissioner and other organisations, including Good Business Pays, to educate the public on late payments and the impact they can have on businesses and business owners, and to raise the social conscience of larger businesses who do not pay on time.

For more information on supporting our supply chain, please refer to the Society section of the Barclays PLC 2023 Annual Report.

Branches and Country-by-Country Reporting

The Barclays Bank UK Group operates through branches, offices and subsidiaries in the UK.

The Company is exempt from publishing information required by The Capital Requirements (Country-by-Country Reporting) Regulations 2013 as the information is published by its parent, Barclays PLC. The information is due to be published on or around 20 February 2024 and will be available at home.barclays/annualreport.

Research and development

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

The auditor

The Barclays Board Audit Committee reviews the appointment of the statutory auditor, as well as their relationship with the Barclays Group, including monitoring the Barclays Group's use of the statutory auditor for non-audit services and the balance of audit and non-audit fees paid to them. More details on this can be found in Note 34 to the financial statements. Detail of the oversight of the statutory auditor by the Company's Board Audit Committee is set out on pages 28 and 29.

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

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

Provided that KPMG continues to maintain its independence and objectivity, and the Barclays Board Audit Committee remains satisfied with its performance, the Barclays Group does not intend to tender for an alternative statutory auditor to be appointed before the end of the current required period of 10 years. Accordingly, any tender is expected to be in respect of the 2027 financial year onwards and is likely to take place in 2025. The Barclays Board Audit Committee has reconfirmed that it would not be appropriate to tender before this date. Further, there has been significant rotation of the senior members of the KPMG audit team since 2017 and more recent changes in certain members of the Barclays senior finance team, both of which have reduced any potential familiarisation threat.

Disclosure of information to the auditor

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

Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 152 to 161, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditor in relation to the financial statements.

Going concern

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

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

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

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

Preparation of accounts

The Directors are required by the Act to prepare the Company and the Barclays Bank UK Group accounts for each financial year and, with regard to Barclays Bank UK Group accounts, in accordance with UK-adopted international accounting standards. The Directors have prepared these accounts in accordance with (a) UK-adopted international accounting standards; and (b) International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretations Committee. Pursuant to the Act, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Barclays Bank UK Group and the Company and of their profit or loss for that period.

The Directors consider that, in preparing the financial statements on pages 162 to 233, the Barclays Bank UK Group and Company have used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors are satisfied that the Annual Report and financial statements, taken as a whole, provide the information necessary for its shareholder to assess the Barclays Bank UK Group and Company's position and performance, business model and strategy.

The Directors are responsible for 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.

Directors' responsibility statement

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

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

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

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

The current Directors, whose names and functions are set out on page 23, confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with (a) UK-adopted international accounting standards; and (b) IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(b) the management report, on pages 2 to 16, which is incorporated in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Katie Marshall
Company Secretary
19 February 2024

Barclays Bank UK PLC
Registered in England. Company No. 9740322
Registered office: 1 Churchill Place, London E14 5HP

Managing data privacy, security and resilience

We have strict policies to protect privacy and keep data secure.

Data privacy
Most of the jurisdictions in which Barclays operates have privacy and data protection laws in effect. While these may vary in detail, generally they reflect internationally recognised privacy principles found in the UN's Universal Declaration of Human Rights, the European Convention on Human Rights and the European Union's Charter of Fundamental Rights.

We strive to operate in accordance with these standards and recognise that respect for privacy rights is a key element of good corporate governance and social responsibility. We strive to be transparent about our use of personal information when delivering our products and services and acknowledge the responsibility we have for safeguarding privacy.

As Barclays increasingly adopts digital solutions to deliver next-generation consumer financial services, we appreciate our clients, customers and others may wish to understand how this may impact the use of their personal information. A globally applicable Barclays Data Privacy Standard sets out what is expected of all Barclays businesses and functions when collecting, using and sharing personal information.

To promote clear accountability, the Standard includes the requirement for each business to appoint an accountable executive who has ultimate responsibility for the processing of personal data within that business. An agreed assurance programme measures compliance with the Data Privacy Standard. Barclays colleagues must complete annual privacy training which is reviewed and refreshed each year, with additional tailored training provided as necessary. The Group Data Protection Officer (DPO) reports on data privacy issues to the highest level of management.

Through customer and employee privacy notices, we endeavour to explain clearly and openly how and why we use personal information and the legal grounds we rely on. When we receive complaints we seek to address them fairly. Several jurisdictions also provide individuals with specific rights, such as the right to have access to or request deletion of their personal information.

Barclays provides a public mailbox and secure channels via its website to enable individuals to make their privacy requests and receive responses from a dedicated team.

Barclays requires its suppliers to comply with data protection and privacy laws, regulations and standards relevant to the jurisdictions in which they operate and relevant to any transferred personal data. Our requirements are set out and managed through the Barclays Supplier Control Obligations, available online, which look to provide assurance that all new and existing suppliers commit to ensuring personal data shared with them is safeguarded and respected throughout the supply chain.

Data security
Barclays deploys automated controls to protect its sensitive information and the data that has been entrusted to us by customers and clients, in line with our standards, taking into account findings from internal and external reviews of our controls. As Barclays accelerates the migration of digital services to the cloud, we apply the same design principles that underpin our existing control environment. We have controls and monitoring in place designed to secure cloud-hosted data and maintain its integrity.

Barclays seeks to protect the security of data we share with third parties, including by conducting remote and on-site inspections with certain suppliers to review their controls against contractual obligations and industry standards. A Third Party Service Provider Framework is in place which sets out control requirements for business units to manage the operational, reputational, conduct and legal risks to Barclays through its supply chain.

As we have transitioned to a more hybrid working model, we have educated colleagues on cybersecurity risks in order to help minimise the risk of data exploitation or leakage.

Data resilience
Barclays' CSO operates key controls that mitigate cybersecurity-related risks. The CSO focuses on understanding internal and external threats and delivering on our capabilities to counteract them.

As part of our efforts to continuously review and improve our response and recovery plans in preparation for evolving threats, Barclays works with industry bodies to learn from risk events in other organisations. Our teams use intelligence to create plausible cybersecurity and data compromise scenarios which we simulate to help us focus on continuous improvement.

Operational resilience
Customers and clients have increased expectations for us to be 'Always On', and the interconnectivity of the financial sector means the stability and resilience of our systems, workforce and the continued provision of third-party services, all of which have a direct impact on the quality of our service.

Resilience and Security is a focus for the board. Barclays continues to invest in a multi-year resilience programme which is focused on our ability to recover from 'severe but plausible' scenarios which could cause detriment to our customers and clients and the broader financial market. To enable this, we define Group-wide business services and their interdependencies across the Group, including technology, third-party services and our workforce, and develop the recovery plans and business response plans for disruption events, such as cyber or data integrity disruptions. We review and validate these recovery plans through regular testing which supports our aim to reduce the volume and impact of operational incidents year on year. We also conduct regular assurance on third parties to assess their capability, as defined by our contractual Information & Cyber Security Supplier Control Obligations.

Resilience and security is the responsibility of everyone within the Group. All permanent employees are required to complete mandatory training on these topics at regular intervals across the year.

Please refer to the Barclays PLC 2023 Annual Report for details of Barclays PLC Board Risk Committee oversight relating to operational resilience. Please refer to the 'Material existing and emerging risks' section in our Risk review on pages 46 to 58 for further details on cyber-attacks, data management and information protection. Please refer to the 'Supervision and regulation' section in our Risk review on pages 146 to 150 for further details on our regulatory approach to managing such risks.

Chief Security Office
Barclays' CSO exists to keep the bank, its customers, clients, and colleagues safe and secure, and to maintain the resilience of our operations. CSO supports Barclays' business to operate in a protected and secure environment, and actively promotes the culture that security is everyone's responsibility.

The Chief Security Officer for the Group heads Barclays' CSO and reports up through the Chief Operating Officer, who sits on the Group Executive Committee. The Group CISO reports directly to the Chief Security Officer and is supported by a team of CISOs for individual business units and jurisdictions, as well as other teams of cybersecurity experts and analysts. Barclays' Group Chief Security Officer combines 10 years of law enforcement experience with over 20 years of experience serving in senior leadership roles managing security at global financial institutions. The Group CISO and supporting leadership team collectively have advanced degrees and senior level experience managing security risks in a variety of sectors, including those that represent critical national infrastructure, such as telecommunications and peer financial institutions. They are supported by analysts and subject matter experts in a variety of specialisations, such as intelligence, penetration testing, cyberforensic investigations, security engineering, and vulnerability management.

CSO leadership manages Barclays' cybersecurity activities and is accountable for the day-to-day monitoring of residual risk, identification of gaps, oversight of remedial actions and implementation of strategy. As described below, the Chief Security Officer and CISO for the Group provide updates to the BPLC Board and BPLC Board Risk Committee about cybersecurity risks facing the Group.

Within its oversight of Operational risk as a Principal Risk, the Board Risk Committee is responsible for oversight of risks arising from cybersecurity threats. Barclays assesses its cybersecurity activities against the industry-recognised National Institute of Standards and Technology (NIST) security maturity framework, and we periodically engage external security consultants to conduct independent benchmarking assessments.

Barclays' CSO partners with third-party security providers throughout the Group's cybersecurity activities, including for cyber recovery, penetration testing, software vulnerability scanning, distributed denial of service (DDoS) attack prevention, phishing simulations, third-party risk management, incident response, intelligence, fraud prevention, and industry benchmarking.

Under Barclays' Enterprise Risk Management Framework, there is an Information and Cyber Security Policy supported by ten Standards which define the minimum requirements for cybersecurity matters across the entire Barclays Group. These Standards cover the following topics: Cryptography, Network Security, Security Configuration, Data Loss Prevention, Vulnerability Management, Data Security, Incident Response & Threat Intelligence, Threat Management, Governance, and Identity & Access Management.

An important part of Barclays' cybersecurity environment is its Joint Operations Centres (JOCs), which operate 24x7x365 from three globally strategic locations, linking CSO's security professionals and incident response managers with control functions and business unit representatives. The JOCs deliver security responsiveness by uniting core security functions and providing a central information and coordination point for security incident management.

To manage security risk related to our third-party suppliers, many of which perform critical services for Barclays and handle sensitive Barclays data, we have a set of contractual Information & Cyber Security Supplier Control Obligations that are based off of the requirements of our internal standards. We conduct assurance over our third and fourth parties against those obligations through a dedicated External Cyber Assurance & Monitoring team (ECAM) and a set of control indicators. This is achieved through our own assurance capabilities and use of a third party assurance utility. Activity is structured on a risk-based approach that prioritizes suppliers that underpin our most important business services.

Identified issues are managed formally, but we also engage proactively with third-party suppliers to help them strengthen their security and resilience posture. To recognise the changing risk presented by third-party suppliers, which are increasingly targeted by threat actors, we regularly alert third-party suppliers where we anticipate that they may be more vulnerable and should take preventative action.

Notwithstanding such third-party risk management efforts, Barclays does not have direct control over the cybersecurity of the systems of its third parties, limiting the Group's ability to effectively protect and defend against certain threats.

Certifications
Barclays holds three ISO27001 certifications (i.e., the international standard on how to manage information security), Cyber Essentials / Cyber Essentials Plus Certification, and has a UK certification for Digital Banking.

Reporting phishing

CSO performs a number of key activities related to identifying, investigating, responding to and containing phishing/malicious email incidents. CSO has embedded an operational process that provides education and awareness content via email to colleagues who click a malicious link or attachment in a phishing email, with escalating training exercises and management interventions for repeated instances. To report suspected phishing to Barclays' JOC for further investigation, colleagues have a tool integrated into their email account, and colleagues receive feedback on whether the reported email was suspect or genuine. CSO also runs monthly phishing simulations to understand colleagues' susceptibility to real attacks, using the analysis to refine education and training.

Training

Barclays has adopted a 65-day window for mandatory training completion to allow colleagues sufficient time to complete training. The consequence of non-completion is a breach which can lead to disciplinary action and impact compensation.

The 65-day window covers many different colleague situations, including new joiners, returners from sick leave or parental leave and internal movers. Some of these situations are required by law to have a reasonable adjustment time to enable the successful completion of training. This process is managed by Barclays HR and Compliance.

Risk review
Content

The management of risk is a critical underpinning to the execution of the Barclays Bank UK Group's strategy. The material risks and uncertainties the Barclays Bank UK Group faces across its business and portfolios are key areas of management focus.

Risk performance

Supervision and regulation

The Barclays Bank UK Group's risk management strategy

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

Enterprise Risk Management Framework (ERMF)

The ERMF outlines the highest level principles for risk management by setting out standards, objectives and key responsibilities of different groups of employees of the Barclays Bank UK Group. It is approved by the Barclays PLC Board on recommendation of the Barclays Group Board Risk Committee and the Barclays Bank UK Group Chief Risk Officer (CRO). The Barclays Bank UK PLC Board then approves its adoption on the recommendation of its Risk Committee, with modifications where needed.

The ERMF sets out:
- risk management and segregation of duties: The ERMF defines a Three Lines of Defence model
- principal risks faced by the Barclays Bank UK Group, which guide the organisation of risk management processes
- risk appetite requirements: this helps define the level of risk we are willing to undertake in our business
- roles and responsibilities for risk management and governance.

The ERMF is complemented by frameworks, policies and standards that 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 Barclays Bank UK Group and all associated support functions, including Finance, Operations, Treasury, and Human Resources. The first line is responsible for identifying and managing the risks in which they are engaged, operating within applicable limits, and escalating risk events or issues as appropriate. Employees in the first line have primary responsibility for their risks and their activities are subject to oversight from the relevant parts of the second and third lines.
- The second line is comprised of the Risk and Compliance functions. The role of the second line is to establish the limits, rules and constraints, and the frameworks, policies and standards under which all activities shall be performed, consistent with the risk appetite of the Barclays Bank UK Group, and to oversee the performance of the Barclays Bank UK Group against these limits, rules and constraints. Controls for first line activities will ordinarily be established by the control officers operating within the control framework of the 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 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.

Principal risks

The ERMF identifies nine principal risks (see managing risk in the strategic report section) namely: credit risk, market risk, treasury and capital risk, climate 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 page 59 for more information.

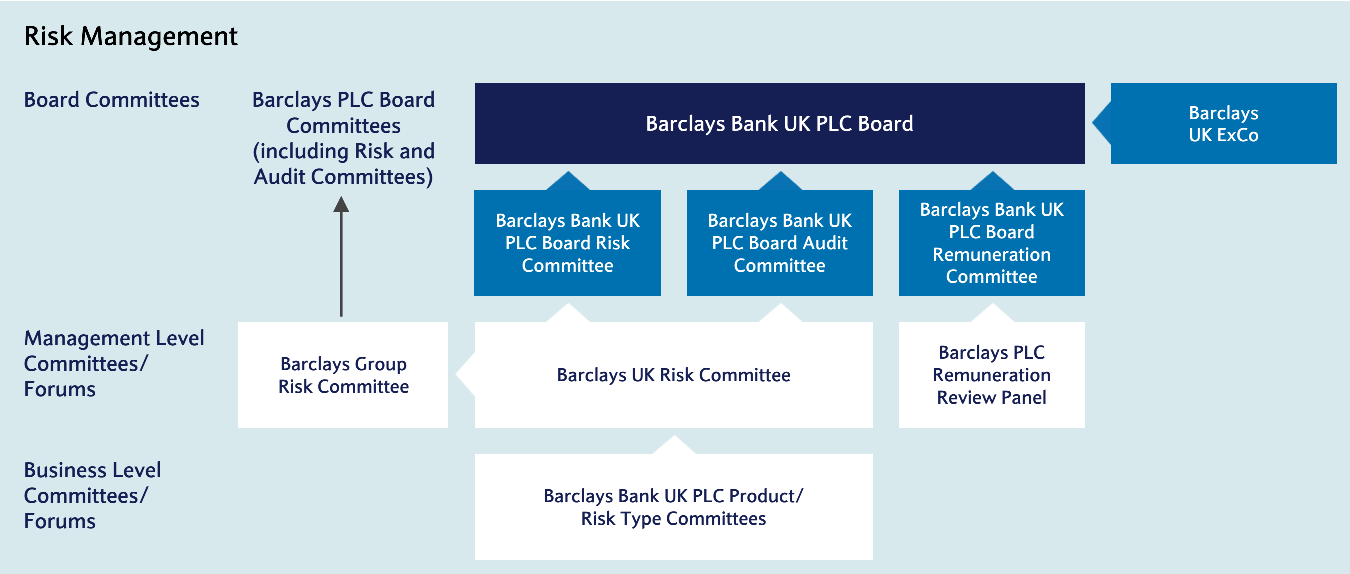
Each of the principal risks is overseen by an accountable executive at the Barclays Group level who is responsible for overseeing and/or assigning responsibilities for the framework, policies and standards that set out associated responsibilities and expectations, and detail the related requirements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

Risk appetite

Risk appetite is defined as the level of risk which the Barclays Group is prepared to accept in carrying out its activities. It provides a basis for ongoing dialogue between management and Board with respect to the Barclays Bank UK Group's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis. Risk appetite is approved by the Barclays PLC Board in aggregate and disseminated across legal entities and businesses, including the Barclays Bank UK Group. The Barclays Bank UK 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 Barclays Bank UK Group are supported by limits to enable and control specific exposures and activities that have material concentration risk implications.

Risk committees

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



The Barclays UK Risk Committee is the most senior executive body responsible for reviewing and monitoring the risk profile of the Barclays Bank UK Group. This includes coverage of all principal risks and any other material risks, to which the Barclays Bank UK Group is exposed. The Barclays UK Risk Committee reviews and recommends the proposed risk appetite and relative limits to the Barclays Group Risk Committee and the Barclays Bank UK PLC Board Risk Committee.

The Barclays Group Risk Committee receives regular updates on the risk profile of the Barclays Bank UK Group and will approve the risk appetite and limits for consideration by the Barclays PLC Board Risk Committee.

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

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

- **The Barclays Bank UK PLC Board Risk Committee (BRC)**: The BRC monitors Barclays Bank UK Group's risk profile against the agreed appetite. Where actual performance differs from expectations, the actions taken by management are reviewed to ascertain that the committee is comfortable with them. The Barclays Bank UK Group CRO regularly presents a report to the BRC summarising developments in the risk environment and performance trends in the key portfolios. The BRC also reviews certain key risk methodologies, the effectiveness of risk management, and Barclays Bank UK Group'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 Barclays Bank UK Group CRO or senior risk managers in the business.

- **The Barclays Bank UK PLC Board Audit Committee (BAC)**: The BAC receives regular reports on the effectiveness of internal control systems, on material control issues of significance and on accounting judgements (including impairment), and a quarterly review of the adequacy of impairment allowances.

- **The Barclays Bank UK 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.

The Barclays Bank UK Group's risk culture

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

The Barclays Bank UK Group is committed to maintaining a robust risk culture in which:
- management expect, model and reward the right behaviours from a risk and control perspective
- colleagues identify, manage and escalate risk and control matters, and meet their responsibilities around risk management

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

Our Code of Conduct – the Barclays Way

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

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

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

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

i) Business conditions, general economy and geopolitical issues

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

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

In particular:

- Global GDP growth in 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 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, including in the UK.

- 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 Group 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 Barclays Bank UK Group'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 (EU) which, together with the risk of regulatory divergence between the UK and the EU, could adversely impact the Barclays Bank UK Group's UK operations.

- Further, any trading disruption between the EU and the UK may have a significant impact on economic activity in the EU and the UK which, in turn, could have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

- Unstable economic conditions could result in (among other things):

  - a deeper slowdown in the UK, 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 Barclays Bank UK Group's portfolios (including, but not limited to, its UK mortgage portfolio, UK unsecured lending portfolio (including credit cards) and commercial real estate exposures

  - increased market and interest rate volatility, which could affect the underlying value of assets in the banking book and securities held by the Barclays Bank UK Group 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 Barclays Bank UK Group's liquidity position

  - a credit rating downgrade for Barclays Bank UK PLC (either directly or indirectly as a result of a downgrade in the UK sovereign credit ratings), which could significantly increase Barclays Bank UK PLC's cost of funding and/or reduce its access to funding, widen credit spreads and have a material adverse impact on Barclays Bank UK PLC's interest margins and liquidity position

  - a market-wide widening of credit spreads or reduced investor appetite for Barclays Bank UK PLC's debt securities, which could negatively impact Barclays Bank UK PLC's cost of and/or access to funding

- New strains of COVID-19 (or reduced vaccine efficacy) could impact the Barclays Bank UK Group'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 Barclays Bank UK Group for costs and losses incurred as a result of such interruptions), and result in potential litigation costs (including regulatory fines, penalties and other sanctions), as well as reputational damage. 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 Barclays Bank UK Group or not currently expected to be significant to the Barclays Bank UK Group's profitability, capital and liquidity.

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

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

Changes to the Bank of England base interest rate and swap rates are significant for the Barclays Bank UK Group, 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 paying deposits. Interest rate rises could positively impact the Barclays Bank UK Group's profitability as retail and corporate business net interest income increases due to margin decompression, as observed for the interest rate rises in 2023. However, increases in interest rates, if larger or more frequent than expected, could lead to generally weaker than expected growth, reduced business confidence and higher unemployment. This, combined with the impact interest rate rises may have on the affordability of loan arrangements for borrowers (especially when combined with inflationary pressures), could cause stress in the lending portfolio with resultant higher credit losses driving an increased impairment charge which would most notably impact retail unsecured portfolios and could have a material effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

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

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

iii) Competition in the banking and financial services industry

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

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

New technologies and changing consumer behaviour have previously required, and could continue to require, the Barclays Bank UK Group 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 banking services may put pressure on the pricing of the Barclays Bank UK Group's products and services, which could reduce the Barclays Bank UK Group's revenues and profitability, or may cause the Barclays Bank UK Group to lose market share, particularly with respect to traditional banking products such as deposits, bank accounts and mortgage lending. This competition may be on the basis of 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 Barclays Bank UK Group's businesses to meet the expectations of clients and customers, whether due to general market conditions, underperformance, a decision not to offer a particular product or service, branch closures, changes in client and customer expectations or other factors, could affect the Barclays Bank UK Group's ability to attract or retain clients and customers. Any such impact could, in turn, reduce the Barclays Bank UK Group's revenues.

iv) Regulatory change agenda and impact on business model

The Barclays Bank UK Group's businesses are subject to ongoing regulation and associated regulatory risks, including the effects of changes in laws, regulations, policies, voluntary codes of practice and interpretations of the foregoing in the UK and, in some cases, other jurisdictions. Many regulatory changes that are relevant to the Barclays Bank UK Group's business may have an effect beyond the country in which they are enacted, either because the Barclays Bank UK Group's regulators deliberately enact regulation with extra-territorial effect or because the nature or location of its operations, mean that the Barclays Bank UK Group gives 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 structural separation or prohibition of certain activities by banks, 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 the UK or elsewhere may intervene further in relation to areas of industry risk already identified, or in new areas, which could adversely affect the Barclays Bank UK Group.

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

- the increasing focus by regulators, international bodies, organisations and unions on how institutions conduct business, particularly with regard to the delivery of fair outcomes for customers and promoting effective competition in the interests of consumers, including the new Consumer Duty in the UK and measures resulting from ongoing thematic reviews into the workings of the retail, small and medium enterprises and wholesale banking sectors and the provision of financial advice to consumers;

- the implementation of any conduct measures as a result of regulators' focus on organisational culture, employee behaviour and whistleblowing;

- the demise of certain benchmark interest rates and the transition to new risk-free reference rates (as discussed further under 'vi) Impact of benchmark interest rate reforms on the Barclays Bank UK Group' below);

- 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, enhanced ESG disclosure and reporting obligations, and proposals for a new regulatory framework on diversity and inclusion in the UK;

- the continued evolution of the UK's regulatory framework following the UK's withdrawal from the EU, particularly following 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, and similarly regarding the access of UK and other non-EU financial institutions to EU markets;

- the implementation of the reforms to the Basel III package, which includes changes to the RWA approaches to credit risk, market risk, counterparty risk, operational risk, and credit valuation adjustments and the application of RWA floors and the leverage ratio;

- the implementation of more stringent capital, liquidity and funding requirements;

- the 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;

- the increased regulatory focus in the UK on the introduction of potential measures designed to maximise access to cash for consumers (including retention of specific branches) and, separately, regulatory scrutiny of the reasons for refusing to open or decisions to close customer bank accounts;

- proposed reforms to the UK ring-fencing regime, which requires the separation of core banking operations for retail and small and medium enterprise depositors from other wholesale and investment banking operations;

- the reform of corporate criminal liability in the Economic Crime and Corporate Transparency Act 2023, which includes a failure to prevent fraud offence;

- requirements to detail management accountability within the Barclays Bank UK Group (for example, the requirements of the Senior Managers and Certification Regime in the UK and similar regimes elsewhere that are either in effect or under consideration/ implementation), as well as requirements relating to executive remuneration;

- 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 Bank UK 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 and in the UK, reforms relating to authorised push payment fraud reimbursements;

- the application and enforcement of economic sanctions including those with extra-territorial effect and those arising from geopolitical tensions;
- requirements flowing from arrangements for the resolution strategy of the Barclays Group and its individual operating entities (including the Barclays Bank UK Group) that may have different effects in different countries
- the increasing regulatory expectations and requirements relating to various aspects of operational resilience, including an increasing focus on the response of institutions to operational disruptions and reviews of 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 Bank UK Group and other financial institutions.

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

v) Impact of benchmark interest rate reforms on the Barclays Bank UK Group

Global regulators have driven 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 LIBOR (London Interbank Offered Rate) tenors have either ceased or became 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 Barclays Bank UK Group, in respect of any financial instruments linked to, or referencing, any of these benchmarks.

The Barclays Bank UK Group predominantly offers products which reference central bank rates rather than benchmarks or other indices which are likely to be subject to reform. Consequently, the product offering and business model are unlikely to be significantly affected. Nevertheless, there are other ways the Barclays Bank UK Group could be affected.

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

- **Compliance risk**: in undertaking actions to transition away from using certain benchmarks to new alternative RFRs, the Barclays Bank UK Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank UK Group is considered to be (among other things): (i) undertaking market activities that are manipulative or create a false or misleading impression; (ii) misusing sensitive information or not identifying or appropriately managing 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 Barclays Bank UK Group may face legal proceedings, regulatory investigations and/or other actions or proceedings regarding (among other things): (i) the conduct risks identified above, (ii) the interpretation and enforceability of provisions in contracts and securities linked to a relevant benchmark, and (iii) the Barclays Bank UK Group's preparation and readiness for the replacement of benchmarks which have been ceased or will shortly cease to be published with alternative RFRs.
- **Financial risk**: the valuation of certain of the Barclays Bank UK Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the Barclays Bank UK Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because certain alternative RFRs (such as the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR)) are look-back rates which means that the amount 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 LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have an adverse effect on the Barclays Bank UK Group's cash flows.

- **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 Barclays Bank UK Group'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 Barclays Bank UK Group 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 Barclays Bank UK Group's financial results and performance.

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

vii) Change delivery and execution risks

The Barclays Bank UK Group 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. Accordingly, effective management of transformation projects is required to successfully deliver the Barclays Bank UK Group's strategic priorities, involving delivering both on externally driven programmes, as well as key business initiatives to deliver revenue growth, product enhancement and operational efficiency outcomes. The magnitude, complexity and, at times, concurrent demands of the projects required to meet these priorities can result in heightened execution risk.

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

The failure to successfully deliver or achieve any of the expected benefits of these strategic initiatives and/or the failure to meet customer and stakeholder expectations could have a material adverse effect on the Barclays Bank UK Group'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 & Capital) and Operational Risks arising from climate change through physical risks and risks associated with transitioning to a lower carbon economy.

The effects of climate change 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 customers and clients. Given this context and to support the Group's ambition to be a net zero bank by 2050, Climate Risk is a Principal Risk under Barclays' ERMF.

Physical Risks: Scientific research indicates that physical risks arising due to climate change such as acute events (e.g. cyclone, hurricanes and floods) and chronic events (longer term shifts in climate patterns) 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 business model and profitability of Barclays Bank UK Group and its clients. Damage to the properties and operations of Barclays Bank UK Group'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 Barclays Bank UK Group'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 Barclays Bank UK Group holds.

Transition Risks: A transition to a lower carbon economy requires policy and regulatory changes, new national or regional commitments, new technological innovations and changes to supply and demand systems within industries. The transition to a lower carbon economy will require, and is likely to produce, changes in customer behaviour and market sentiment. These changes may result in increased costs and reduced demand for the products and services of a company including early retirement and impairment of assets, or decreased revenue and profitability. Barclays Bank UK Group'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 Barclays Bank UK Group's clients, customers and counterparties (particularly in high carbon sectors), can also arise 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 Barclays Bank UK Group portfolios (for further details on credit risk, refer to ii) Credit Risk on page 51). 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 Barclays Bank UK Group.

Barclays Group's own premises may also suffer physical damage due to weather events leading to increased costs for the Group. 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 climate risk management 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.

Key Risks to Delivering Barclays Bank UK Group's Net Zero Strategy

In March 2020, the Group announced its ambition to become a net zero bank by 2050 and its commitment to align all of its financing activities with the goals and timelines of the Paris Agreement. In order to reach these ambitions and targets, and any other climate-related ambitions or targets the Group may commit to in future, Barclays Bank UK Group will continue to incorporate climate considerations into its strategy, business model, the products and services it provides to customers and its financial and non-financial risk management processes. These include processes to measure and manage the various financial and non-financial risks Barclays Bank UK Group faces as a result of climate change.

Barclays Bank UK Group also needs to ensure that its strategy and business model adapt to changing national and international standards, industry and scientific practices, regulatory requirements and market expectations regarding climate change, which remain under continuous development. There remains a possibility that these standards, practices, requirements and expectations could change in a manner that substantially increases the cost or effort for Barclays Bank UK Group to achieve such ambitions and targets. In addition, the Group's ambitions and targets may prove more challenging to achieve due to changing circumstances and external factors which are beyond Barclays Bank UK Group's control, including geopolitical issues, energy security, energy poverty and other considerations such as a just transition to a lower carbon economy. This may be exacerbated if Barclays Bank UK Group chooses or is required to accelerate its climate-related ambitions or targets as a result of (among other things) international regulatory developments or stakeholder expectations in the UK, the US, the EU or other markets.

Achieving Barclays' climate-related ambitions and targets will also depend on a number of factors outside Barclays Bank UK Group's control, including reliable forecast of hazards from the physical climate models and availability of data/models to measure/assess climate impact on clients. The pathway to net zero bank is uncertain, complex and dependent on progress in various areas such as advances in lower carbon technologies, collective action by clients to meet their own net zero goals, and supportive public policies in markets where Barclays operates. If there is a lack of progress or delayed actions in the aforementioned areas, Barclays may fail to achieve its climate-related ambitions and targets, and this could have a material adverse effect on Barclays' business, operations, financial condition, prospects and reputation.

For further detail on how Barclays Bank UK Group manages the risks associated with climate change, refer to the Climate Change Risk Management section.

ii) Credit risk

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

Impairment is calculated in line with the requirements of IFRS9. Loss allowances, based on ECLs, are measured on a forward-looking basis using a broad range of financial metrics and 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 Barclays Bank UK Group to accurately estimate credit losses through ECLs could have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition, and prospects. For further details, refer to Note 8.

a) Specific portfolios, sectors, and concentrations

The Barclays Bank UK Group is subject to risks arising from changes in credit quality and recovery rates for loans and advances due from borrowers and counterparties. Additionally, the Barclays Bank UK Group 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 Barclays Bank UK Group'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.

- **UK Retail, Hospitality and Leisure**: despite holding up reasonably well during most of 2023, continuing cost of living pressures, falling consumer confidence, or other macroeconomic factors adversely affecting consumers could trigger a contraction in demand which, together with rising business costs and, for UK retail, a structural shift to online shopping, would add pressure to sectors heavily reliant on consumer discretionary spending during 2024. This represents a potential risk in the Barclays Bank UK Group's corporate portfolio as a higher probability of default exists for retailers, hospitality providers and their landlords while these pressures remain.

- **Real Estate:** UK property represents a significant portion of the Barclays Bank UK Group's overall retail credit exposure, and the Barclays Bank UK Group remains at risk of increased impairment from a material fall in property prices. During 2023 rising mortgage interest rates and increasing economic concerns have reduced both housing market activity and customer borrowing capacity, resulting in modest house price declines year on year. These challenging market conditions are likely to continue in 2024 as the effect of higher interest rates continues to feed through to disposable incomes, especially in London and the South East of the UK where the Barclays Bank UK Group has a high exposure. Additionally, as mortgages roll off existing rates onto new higher rates, there is a risk of increased borrower defaults. This could put further downward pressure on property prices and, in turn, impact the Barclays Bank UK Group's impairment and capital position. Furthermore, certain segments of the housing market could be subject to specific valuation impacts (for example, certain properties within the Barclays Bank UK Group's residential loan portfolio may be subject to remediation activities relating to fire safety standards).

For further details on the Barclays Bank UK Group's approach to credit risk, refer to the credit risk management and credit risk performance sections. Impacts to the creditworthiness of the Barclays Bank UK Group's clients, customers and counterparties (particularly in high carbon sectors), can also arise out of climate-related legal actions or investigations commenced against the Barclays Bank UK Group'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 Barclays Bank UK Group portfolios.

iii) Treasury and capital risk

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

a) Liquidity risk

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

- **Stability of the Barclays Bank UK Group's deposit funding profile**: deposits which are payable on demand or at short notice could be adversely affected by the Barclays Bank UK Group failing to preserve the current level of customer and investor confidence or as a result of competition in the banking industry.

- **Impacts of market volatility:** adverse market conditions, with increased volatility in asset prices could: (i) negatively impact the Barclays Bank UK Group's liquidity position through increased derivative margin requirements and/or wider haircuts when monetising liquidity pool securities; and (ii) make it more difficult to execute secured financing transactions

- **Intraday liquidity usage:** increased collateral requirements for payments and securities settlement systems could negatively impact the Barclays Bank UK Group's liquidity position, as cash and liquid assets required for intraday purposes are unavailable to meet other outflows

- **Off-balance sheet commitments**: deterioration in economic and market conditions could cause customers to draw on off-balance sheet commitments provided to them, negatively affecting the Barclays Bank UK Group's liquidity position

- **Credit rating changes and impact on funding costs:** any reductions in a credit rating (in particular, any downgrade below investment grade) may affect the Barclays Bank UK Group's access to money markets and/or the terms on which the Barclays Bank UK Group is able to obtain market funding (for example, this could lead to increased costs of funding and wider credit spreads, the triggering of additional collateral or other requirements in derivative contracts and other secured funding arrangements, or limits on the range of counterparties who are willing to enter into transactions with the Barclays Bank UK Group)

b) Capital risk

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

- **Failure to meet prudential capital requirements**: this could lead to the Barclays Bank UK Group being unable to support some or all of its business activities, a failure to pass regulatory stress tests, increased cost of funding due to deterioration in investor appetite or credit ratings, restrictions on distributions and/or the need to take additional measures to strengthen the Barclays Bank UK Group's capital or leverage position.

- **Adverse changes in FX rates impacting capital ratios**: the Barclays Bank UK Group share capital is denominated in sterling. However, some capital resources and MREL are denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the sterling equivalent value of these items. As a result, the Barclays Bank UK Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Barclays Bank UK Group's balance sheet to take account of foreign currency movements could result in an adverse impact on its regulatory capital.

c) Interest rate risk in the banking book

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

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

iv) Operational risk

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

a) Operational resilience

The Barclays Bank UK Group functions in a highly competitive market, with customers and clients that expect consistent and smooth business processes. The loss of or disruption to business processing is a material inherent risk within the Barclays Bank UK Group and across the financial services industry, whether arising through failures in the Barclays Bank UK Group's technology systems, cyber and/or data integrity disruptions, unavailability of a Group site, closure of real estate services provided through its retail branch network, or unavailability of personnel or services supplied by third parties, and there are particular challenges with recovering from a major cyberattack. Failure to build resilience and recovery capabilities into business processes, or into the services on which the Barclays Bank UK Group's business processes depend, may result in significant customer detriment, costs to reimburse losses incurred by the Barclays Bank UK Group's customers and clients, and reputational damage.

b) Cyberattacks

Cyberattacks continue to be a global threat 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 Barclays Bank UK Group, like other financial institutions, experiences numerous attempts to compromise its cybersecurity protections. In 2023, cybersecurity incidents experienced by Barclays included distributed denial of service (DDoS), phishing, credential stuffing, and exploitation of software vulnerabilities.

The Barclays Bank UK Group 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. Other attacks may take advantage of the window during which patching or the deployment of other defences is underway, but not yet complete. Malicious actors are also increasingly developing methods to avoid prevention, detection and alerting capabilities, including employing counter-forensic tactics making response activities more difficult. Cyberattacks can originate from a wide variety of sources and target the Barclays Bank UK Group in numerous ways, including attacks on networks, systems, applications or devices used by the Barclays Bank UK Group or parties such as service providers and other suppliers, counterparties, employees, contractors, customers or clients, presenting the Barclays Bank UK Group with a vast and complex defence perimeter. Moreover, the Barclays Bank UK Group does not have direct control over the cybersecurity of the systems of its clients, customers, counterparties and third-party service providers and suppliers, limiting the Barclays Bank UK Group's ability to effectively protect and defend against certain threats Some of the Barclays Bank UK Group's third-party service providers 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 impacts on the Barclays Bank UK Group's operations. Such cyberattacks are likely to continue.

A failure in the Barclays Bank UK Group's adherence to its cybersecurity policies, procedures or controls, employee malfeasance, and human, governance or technological error could also compromise the Barclays Bank UK Group's ability to successfully prevent and defend against cyberattacks. Furthermore, certain legacy technologies that are at or approaching end-of-life may not be able to maintain acceptable levels of security. The Barclays Bank UK Group has experienced cybersecurity incidents and near-misses in the past, and it is inevitable that additional incidents will occur in the future. Cybersecurity risks are expected to increase, due to factors such as the increasing demand across the industry and customer expectations for continued expansion of services delivered over the Internet; increasing reliance on Internet-based products, applications and data storage; the onset of AI, which may be used to facilitate increasingly sophisticated attacks; and changes in ways of working by the Barclays Bank UK Group's employees, contractors, and third party service providers and suppliers and their subcontractors as a long-term consequence of the COVID-19 pandemic. Bad actors have taken advantage of remote working practices and modified customer behaviours, exploiting the situation in novel ways that may elude defences. Additionally, geopolitical turmoil may serve to increase the risk of a cyberattack that could impact Barclays directly, or indirectly through its critical suppliers or national infrastructure. In recent years, the Barclays Bank UK Group 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; denial of service and distributed denial of service 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 takeover; malicious activity facilitated by an insider; and credential validation or stuffing attacks using login and password pairs from unrelated breaches. A successful cyberattack of any type has the potential to cause serious harm to the Barclays Bank UK Group or its clients and customers, including exposure to potential contractual liability, claims, litigation, regulatory or other government action, loss of existing or potential customers, damage to the Barclays Bank UK Group's brand and reputation, and other financial loss. The impact of a successful cyberattack is also 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, result in significant regulatory fines on the Barclays Bank UK Group. In addition, any new regulatory measures introduced to mitigate these risks are likely to result in increased technology and compliance costs for the Barclays Bank UK Group.

c) New and emergent technology

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

d) External fraud

The nature of fraud is wide-ranging and continues to evolve, as criminals seek opportunities to target the Barclays Bank UK Group's business activities and exploit changes to 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 UK market has also seen significant growth in 'scams' where the Barclays Bank UK Group takes increased levels of liability as part of a voluntary code to provide additional safeguards to customers and clients who are tricked into making payments to fraudsters. The impact from fraud can lead to customer detriment, financial losses (including the reimbursement of losses incurred by customers) loss of business, missed business opportunities and reputational damage, all of which could have a material adverse impact on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

e) Data management and information protection

The Barclays Bank UK Group holds and processes large volumes of data, including personal information, financial data and other confidential information, and the Barclays Bank UK Group'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 Barclays Bank UK Group's clients, customers, prospective clients and customers and their employees; (ii) clients and customers of the Barclays Bank UK Group's clients and customers and their employees (iii) the Barclays Bank UK Group's suppliers, counterparties and other external parties, and their employees; and (iv) the Group's employees and prospective employees.

Concerns regarding the effectiveness of the Barclays Bank UK Group's measures to safeguard data, including personal information, or even the perception that those measures are inadequate, could expose the Barclays Bank UK Group to the risk of loss or unavailability of data or data integrity issues and/or cause the Barclays Bank UK Group to lose existing or potential clients and customers, and thereby reduce the Barclays Bank UK Group's revenues. Furthermore, any failure or perceived failure by the Barclays Bank UK Group to comply with applicable privacy or data protection laws and regulations may subject it to potential contractual liability, claims, litigation, regulatory or other government action (including significant regulatory fines) and require changes to certain operations or practices which could also inhibit the Barclays Bank UK Group's development or marketing of certain products or services, or increase the costs of offering them to customers. Any of these events could damage the Barclays Bank UK Group's reputation, subject the Barclays Bank UK Group to material fines or other monetary penalties, make the Barclays Bank UK Group 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 Barclays Bank UK Group, refer to the supervision and regulation section.

f) Processing errors

The Barclays Bank UK Group's businesses are highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are complex and occur at high volumes and frequencies. As the Barclays Bank UK Group's customer base expands and the volume, speed, frequency and complexity of transactions 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 Barclays Bank UK Group's control, such as a spike in transaction volume, could adversely affect the Barclays Bank UK Group's ability to process transactions or provide banking and payment services.

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

g) Supplier exposure

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

h) Estimates and judgements relating to critical accounting policies and regulatory disclosures

The preparation of financial statements requires the application of accounting policies and judgements to be made in accordance with IFRS. Regulatory returns and capital disclosures are prepared in accordance with the relevant capital reporting requirements and also require assumptions and estimates to be made. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements and regulatory returns and disclosures, include credit impairment provisions, fair value of financial instruments, goodwill and intangible assets, the calculation of RWAs and capital, and provisions including conduct and legal, competition and regulatory matters (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 Barclays Bank UK Group's regulators, this could result in material losses to the Barclays Bank UK Group, 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 Barclays Bank UK Group's distribution policy could be impacted and/or additional measures may be required to strengthen the Barclays Bank UK Group's capital or leverage position, which may also lead to the Barclays Bank UK Group's inability to achieve stated targets. Further development of accounting standards and regulatory interpretations could also materially impact the Barclays Bank UK Group's results of operations, financial condition and prospects.

i) Tax risk

The Barclays Bank UK Group is required to comply with the tax laws and practice of all countries in which it has business operations. There is a risk that the Barclays Bank UK Group could suffer losses due to additional tax charges, other financial costs or reputational damage as a result of failing to comply with such laws and practice (including where the Barclays Bank UK Group's interpretation of such laws differs from the interpretation of tax authorities), or by failing to manage its tax affairs in an appropriate manner. In addition, increasing tax authority focus on customer tax reporting requirements for UK and international customers and the digitisation of the administration of tax has potential to increase the Barclays Bank UK Group's tax compliance obligations further. In 2023, the UK Government enacted legislation on the OECD Inclusive Framework on Base Erosion and Profit Shifting Pillar Two Framework introducing a global minimum tax rate of 15%. The UK's Pillar Two rules apply for accounting periods beginning on or after 31 December 2023 which will increase the Barclays Bank UK Group's tax compliance obligations. This new tax regime requires systems and process changes that introduce potential additional operational risks.

j) Ability to hire and retain appropriately qualified employees

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

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

v) Model risk

Model risk is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. The Barclays Bank UK Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing, calculating RWAs and assessing capital adequacy, supporting new business acceptance, risk and reward evaluation, managing client assets, and meeting reporting requirements.

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

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

vi) Compliance risk

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

a) Market conduct

The Barclays Bank UK Group'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 Barclays Bank UK Group's business, financial condition and prospects. Examples of employee misconduct which could have a material adverse effect on the Barclays Bank UK Group's business include: (i) improperly selling or marketing the Barclays Bank UK Group's products and services; (ii) engaging in insider trading, market manipulation or unauthorised trading; or (iii) misappropriating confidential or proprietary information belonging to the Barclays Bank UK Group, its customers or third parties. These risks may be exacerbated in circumstances where the Barclays Bank UK Group 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 Barclays Bank UK Group must ensure that its customers, particularly those that are vulnerable, are able to make well-informed decisions on how best to use the Barclays Bank UK Group's financial services and understand the protection available to them if something goes wrong. Poor customer outcomes can result from the failure to: (i) communicate fairly and clearly with customers; (ii) provide services in a timely and fair manner; (iii) handle and protect customer data appropriately; and (iv) undertake appropriate activity to address customer detriment, including the adherence to regulatory and legal requirements on complaint handling. The Barclays Bank UK Group is at risk of financial loss and reputational damage as a result, also a risk of regulatory censure or enforcement action.

In July 2023, the FCA's new Consumer Duty came into force for new and existing products or services that are open to sale or renewal. It will apply to closed products and services from 31 July 2024. The duty sets higher expectations for the standard of care that firms provide to retail customers and impacts all aspects of Barclays' retail businesses, including every retail customer journey, product and service as well as our relationships with partners, suppliers and third parties. This has resulted in significant implementation costs and there will also be higher ongoing costs for the industry as a result of extensive monitoring and evidential requirements.

c) Product design and review risk

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

d) Financial crime

The Barclays Bank UK Group may be adversely affected if it fails to effectively mitigate the risk that third parties or its employees facilitate, or that its products and services are used to facilitate, financial crime (money laundering, terrorist financing, breaches of economic and financial sanctions, bribery and corruption, and the facilitation of tax evasion). UK and US regulations covering financial institutions continue to focus on combating financial crime. Failure to comply may lead to enforcement or other action by the Barclays Bank UK

Group's regulators, including severe penalties, which may have a material adverse effect on the Barclays Bank UK Group's business, financial condition, prospects and reputation.

e) Conflicts of interest

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

f) Regulatory focus on culture and accountability

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

g) Laws, Rules and Regulations

Barclays is subject to range of laws, rules and regulations across the world. A failure to comply with these may have an adverse effect on the Barclays Bank Group'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 Barclays Bank UK Group's approach to compliance risk, refer to the compliance risk management and compliance risk performance sections.

vii) Reputation risk

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

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

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

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

viii) Legal risk and legal, competition and regulatory matters

The Barclays Bank UK Group conducts activities in a highly regulated market which exposes it and its employees to legal risk arising from: (i) the multitude of laws, rules and regulations that apply to the businesses it operates, which are highly dynamic, may vary between jurisdictions and/or conflict, and may be unclear in their application to particular circumstances especially in new and emerging areas; and (ii) the diversified and evolving nature of the Barclays Bank UK Group's businesses and business practices. In each case, this exposes the Barclays Bank UK Group and its employees to the risk of loss or the imposition of penalties, damages or fines from the failure of members of the Barclays Bank UK Group 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 Barclays Bank UK Group or its employees could result in criminal prosecution, regulatory censure, potentially significant fines and other sanctions. Where clients, customers or other third parties are harmed by the Barclays Bank UK Group's conduct, this may also give rise to civil legal proceedings, including class actions. Other legal disputes may also arise between the Barclays Bank UK Group and third parties relating to matters such as breaches or enforcement of legal rights or obligations arising under contracts, statutes or common law. Adverse findings in any such matters may result in the Barclays Bank UK Group being liable to third parties or may result in the Barclays Bank UK Group's rights not being enforced or not being enforced in the manner intended or desired by the Barclays Bank UK Group.

Details of legal, competition and regulatory matters to which the Barclays Bank UK Group is currently exposed are set out in Note 24. In addition to matters specifically described in Note 24, the Barclays Bank UK Group is engaged in various other legal proceedings which arise in the ordinary course of business. The Barclays Bank UK Group is also subject to requests for information, investigations and other reviews (including skilled person reviews) by regulators, governmental and other public bodies. These may be in connection with business activities in which the Barclays Bank UK Group is, or has been, engaged, or areas of particular regulatory focus, such as financial crime, money laundering or terrorist financing. The Barclays Bank UK Group 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 members of the Barclays Bank UK Group (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 Barclays Bank UK Group, may through their business activities face increasing litigation, conduct, enforcement and contract liability risks related to climate change, environmental degradation and other social, governance and sustainability-related issues, 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 Barclays Bank UK Group for financing or contributing to climate change and environmental degradation or because the Barclays Bank UK Group's response to climate change or other ESG factors is perceived to be ineffective, insufficient or inappropriate.

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

Climate risk management

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

Physical risks: Result from a changing climate and can be event-driven (acute risks), including increased frequency and/or severity of extreme weather events such as cyclones, hurricanes and flooding. Physical risks can also be driven by longer term shifts in climate patterns (chronic risks) arising from sustained higher temperatures that may cause rises in sea levels, rising mean temperatures and more frequent/severe weather events

Transition risks: The transition to a lower carbon economy is likely to involve significant and rapid policy, regulatory and legal changes, as evolving technology and markets adapt to a changing climate and associated impacts

Overview

The physical and transition risks of climate change have the potential to drive other Principal Risks. For Barclays Bank UK Group, the impacts of climate risks are most pronounced in our 'elevated' portfolios, UK Mortgages and Business Banking Agriculture, through credit risk. These portfolios are therefore the primary focus for scenario analysis and carbon modelling within Barclays Bank UK Group. In the UK Mortgages portfolio this could materialise as impacts to affordability (i.e. through damage caused by flooding, or high insurance premiums) and devaluation of house prices (i.e. due to poor energy efficiency). Within Business Banking Agriculture, physical risks have the potential to drive declines in yield, whilst transition risks such as emissions taxation have the potential to increase costs, both impacting profitability.

Given the significance of climate change, and to support the Barclays Group's ambition to be a net zero bank by 2050, Climate Risk is a Principal Risk under Barclays' ERMF.

The Group has developed a Climate Risk Framework (CRF) for financial and operational risks stemming from climate change. This enables Barclays to foster a systematic and consistent approach for managing climate risk across the firm. The key principle underpinning this framework is that climate risk is recognised as a driver of other existing financial (Credit, Market, Treasury and Capital) and non-financial (including 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 risk
- Outlines the process for establishing climate risk appetite
- Summarises the impact of climate risk on other principal financial and operational risk types
- 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 Board Risk Committee (BRC). The Framework and Policy are applicable for Barclays' business activities, with a focus on lending, advisory, sales and trading, capital markets and investments. Climate risk may also drive non-financial risks such as reputational risk, which continue to be managed under the respective risk frameworks.

To support the embedment of the Principal Risk, in 2023 the Group delivered the following with three overarching objectives:

1. Enhance and improve risk appetite and associated controls for climate risk
2. Develop a plan for refining modelling and scenario analysis capabilities
3. Expand BlueTrack™, which now covers nine segments comprising of Energy, Power, Cement, Steel, Automotive Manufacturing, UK Housing, Commercial Real Estate, Agriculture and Aviation.

Organisation, Roles & Responsibilities

The Barclays Group Head of Climate Risk is the Principal Risk owner accountable for the management and oversight of the climate risk profile. The Barclays Group Head of Climate Risk reports directly to Group CRO.

On behalf of the Barclays PLC Board, the Barclays PLC BRC reviews and approves the Barclays Group's approach to managing climate risk. Reputation risk is the responsibility of the Barclays PLC Board, which directly handles the most material issues facing the Barclays Group. Broader sustainability matters and reputation risk associated with climate change are coordinated by the Sustainability and ESG Team, led by the Head of Public Policy and Corporate Responsibility.

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

The Head of Barclays Bank UK Climate Risk chairs the Barclays UK Climate Risk Forum. The Barclays UK Climate Risk Forum oversees the management of climate risk within Barclays Bank UK Group and undertakes duties such as recommending climate risk mandates and limits, monitoring the Barclays Bank UK climate risk profile, adherence with risk appetite, and considering emerging risks or expected trends pertaining to Barclays Bank UK elevated and non-elevated sectors. The Barclays UK Climate Risk Forum also monitors physical and transition risk exposure and reviews risk measurement developments in relation to risk appetite, stress testing, scenario analysis and stress loss quantification. The Barclays UK Climate Risk Forum escalates to the Barclays UK Risk Committee and also to the Barclays Group Climate Risk Committee (CRC).

Risk Appetite

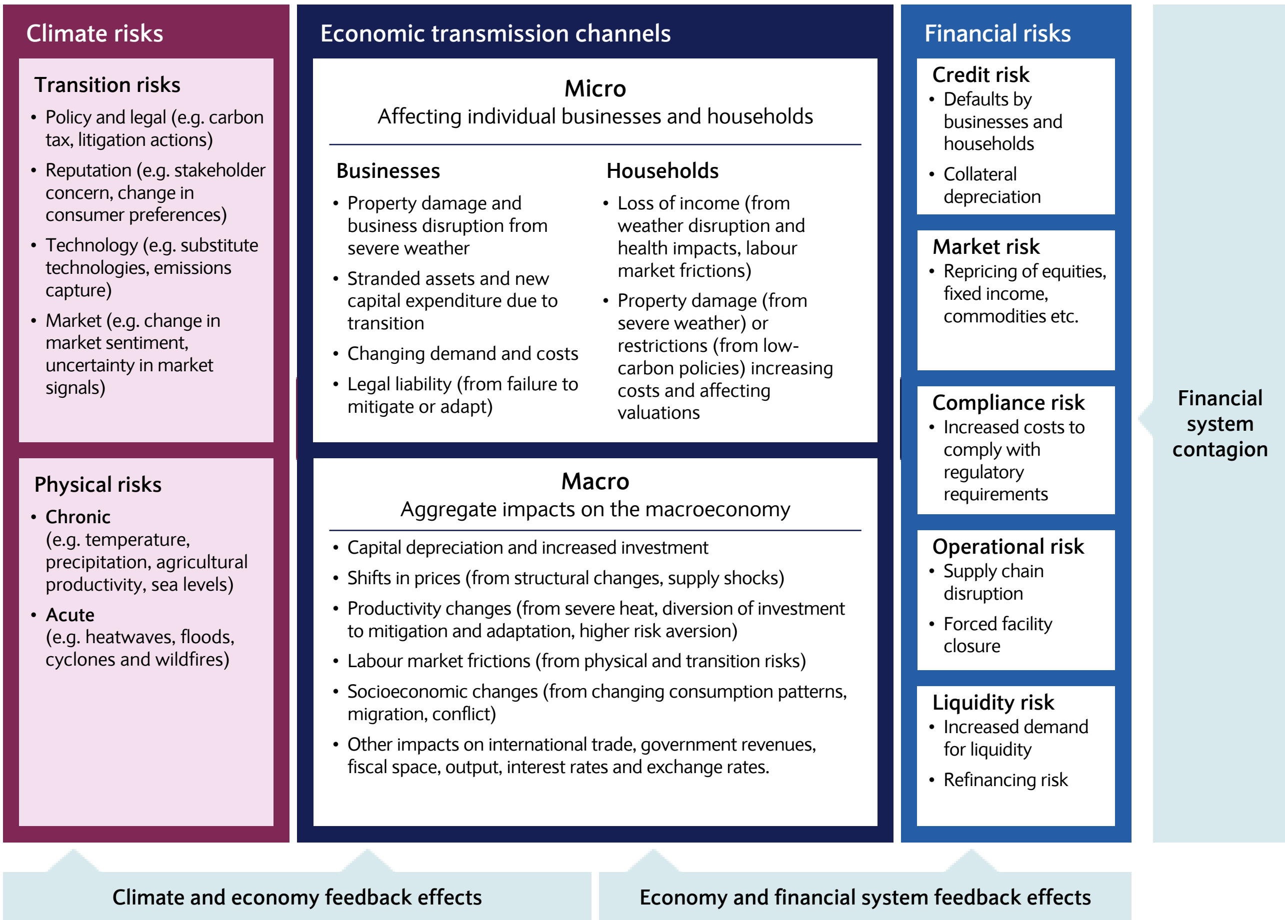
Barclays' climate risk constraint is aligned to its ambition to be a net zero bank by 2050, specifically reducing financed emissions in line with disclosed sector targets and in line with the goals and timelines of the Paris Agreement. Whilst Barclays Bank UK has not been in scope of the constraint to date, the announcement of a new BlueTrack™ target for the UK Dairy and Livestock portfolio moves Barclays Bank UK into scope. As such, Barclays Bank UK will now be required to manage its financing of emissions in line with disclosed targets to remain within climate risk appetite.

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. Barclays Bank UK continues to regularly review its risk appetite and enhance risk metrics including the expansion of risk limits for priority sectors.

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, either directly through their own operations and infrastructure or indirectly through their financing and investment activities - the diagram below illustrates these dynamics.

The potential impact of physical risk events at the macro level may include lower GDP growth, higher unemployment and significant changes in the availability and prices of products or commodities. At the micro level, damage to properties and operations of Barclays Bank UK's clients could lead to increasing costs and possible decline in revenues, which in turn might impact their ability to repay the loans. The impact of climate risk drivers may be significant and widespread affecting companies, households and the general economy leading to potential financial system contagion.



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

Barclays' work on assessing climate-related risks have 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 transmissions channels are observed in Barclays' portfolio through traditional risk categories such as credit risk, market risk, treasury and capital risk, operational risk (including legal risk) and reputational risk. Examples of these feedback effects are set out in the table below.

Principal risk	Example effects of climate 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 (i.e. exposed to higher litigation and reputational damages) or do not successfully transition to a lower carbon economy 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 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.
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 climate 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 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 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 climate 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 climate goals.

Barclays has developed an internal climate risk identification process to identify and assess the potential impact of climate risk as a driver of the other principal risks. Drivers of climate risk are identified and collated through quarterly horizon scanning exercises, following which information is disseminated to relevant principal risk teams to inform climate risk identification. The Climate Risk Register is maintained as per the ERMF and is integrated into the Group Risk Register.

The Barclays Bank UK Group Risk Register contains all material risks that may impact forward-looking business plans across Barclays Bank UK Group. Quantitative assessment is performed to quantify the impact of material risks on capital or liquidity positions of legal entities/ business units. Where quantitative assessments are not yet possible, qualitative assessment is informed by subject matter expert judgement. Each material risk is mapped to key drivers along with the risk ratings (which are derived based on magnitude of impact and materiality thresholds).

The Barclays Bank UK Group Risk Register is refreshed on an annual basis and is subsequently used to support strategic planning, scenario design, sensitivity analysis and capital adequacy assessments. The Climate Risk Register, elevated risk sector assessments and underlying exposures for industry sectors and geographies form the basis of our approach and priorities for further assessment and management of climate risk. Details on exposures to elevated risk sectors are on pages 71 to 75 of the Risk Performance section.

Risk Assessment

Scenario analysis continues to form a key part of Barclays Bank UK Group's approach to assessing and quantifying the impact of climate change. Simultaneously, Barclays Bank UK has enhanced our approach to engaging with clients on climate risk, most notably in 2023 through the 'Agriculture Net Zero Forum'. The approach to quantify our climate risk assessment has been improved through the enhancement of the Climate Lens questionnaire.

Climate Scenario Analysis

In 2023, Barclays Bank UK Group was included in two internal climate stress tests to assess the resilience of the business to simultaneous financial and climate stress, including most recently the Climate Internal Stress Test (C-IST). Both stress tests were conducted over a 5-year scenario, aligned to usual business planning horizons, to assess the incremental impact that climate factors can have on the financial stress used to calibrate the Bank's risk appetite. In the C-IST, Barclays Bank UK increased the number of portfolios in scope of the scenario analysis exercise. For further detail on scenario analysis, please see the Scenario Analysis section of the Climate and Sustainability Report, within the Barclays PLC Annual Report.

Client Level Assessment

The Climate Lens questionnaire was developed in 2019 to evaluate physical, transition and environmental risks associated with clients operating in elevated risk sectors with material exposures. The questionnaire is completed by either the Banking or Credit Risk teams across Barclays Bank UK. Each question is rated as Low, Moderate or High based on the client's exposure and vulnerability to various climate and environmental risk factors. The final rating is based on scoring from all questions but not mechanically linked to them. Data used for the assessment is collected from public sources and conversations with the client.

The Agriculture Net Zero Forum was established to review all new lending or refinancing requests over a certain threshold from clients in the Dairy and Cattle and Mixed Farming sectors. The review is focused on the clients' plans to adapt and transition to a lower carbon economy and a recommendation is made for further lending decisions.

Capital & Liquidity Risk Assessment
For Treasury and Capital Risk, Barclays conducts Group-wide climate stress tests to understand and assess the potential impact on Barclays' capital position. Climate risk considerations have also been incorporated into the Group's ICAAP process. 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 Group's ILAAP process.

Operational Risk Assessment
For operational risk, climate-related risks continue to be assessed as part of existing business-as-usual 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).

BlueTrack™ - Quantifying Financed Emission:

The emissions resulting from the activities of customers and clients to whom financing is provided, is measured using Barclays' bespoke tool BlueTrack™. Barclays Bank UK financed emissions can serve as an indicator for transition risk, given high emitting sectors will have the greatest challenges in adapting to a lower carbon economy. BlueTrack™ covers nine segments comprising of Energy, Power, Cement, Steel, Automotive Manufacturing, UK Housing, Commercial Real Estate, Agriculture and Aviation. For Barclays Bank UK, the UK Housing portfolio was the first to come into scope of BlueTrack™ in 2022. In 2023, Business Banking Agriculture sector was incorporated, whilst the scope of the Residential Real Estate sector was expanded, now covering Business Banking Real Estate & Social Housing in addition to UK Mortgages, and is now referred to as UK Housing.

Risk Monitoring and Reporting

In addition to the climate risk appetite, Barclays has integrated climate risk considerations into policies, standards and lending guidelines. Consistent with our purpose and taking into account considerations of all relevant business factors, tighter lending criteria and restrictive policies have been implemented to progressively curtail or prohibit financing of certain activities in sensitive sectors, including thermal coal mining and coal-fired power generation, arctic exploration and production, oil sands and hydraulic fracturing (fracking). These policies are reviewed regularly and updated with respect to external developments.

Mandate & scale
Mandate & scale exposure controls translate risk appetite into a detailed series of limits to control day-to-day risk taking. Barclays has implemented climate-aware limits and controls for priority sectors, including BlueTrack™ measures of emissions intensity. For Barclays Bank UK Group, physical and transition risk mandates are in place for the UK Mortgages and Business Banking Agriculture portfolios.

Barclays UK Climate Risk Dashboard
The Barclays UK Climate Risk Dashboard contains quantitative metrics on the climate risk profile of Barclays Bank UK Group portfolios. The Barclays UK Climate Risk Dashboard is reviewed at the Barclays UK Climate Risk Forum & Barclays UK Risk Committee on a quarterly basis. A Group-level Climate Risk Dashboard, which includes Barclays Bank UK Group metrics, is presented to Group Board Risk Committee on a quarterly basis. This is used to inform progress against sector targets, current exposure to portfolios with high physical and transition risks, concentrations, trends across industry sectors, portfolios and regions. For further detail on this, see *Climate Risk Performance*.

Credit risk management (audited)

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

Overview
The credit risk that the Barclays Bank UK Group faces arises from retail and wholesale loans and advances together with the counterparty credit risk arising from derivative contracts with market counterparties; trading activities, including: debt securities, settlement balances with market counterparties, Fair value through other comprehensive income (FVOCI) assets and reverse repurchase loans. Wholesale lending in the Barclays Bank UK Group includes Business Banking and Education, Social Housing and Local Authorities (ESHLA).

Credit risk management objectives are to:

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

Organisation, roles and responsibilities

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

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

The responsibilities of the credit risk management teams in the businesses, the sanctioning team and other shared services include: sanctioning new credit agreements; setting strategies for approval of transactions (principally retail); setting risk appetite; monitoring risk against limits and other parameters; setting recession readiness frameworks to protect portfolios in the event of economic stress, maintaining robust processes, data gathering, quality, storage and reporting methods for effective credit risk management; performing effective turnaround and workout scenarios for wholesale portfolios via dedicated restructuring and recoveries teams and maintaining robust collections and recovery processes/units for retail portfolios. The credit risk management teams in the Barclays Bank UK Group are accountable to the Barclays Bank UK Group CRO who, in turn, reports to the Barclays Group CRO.

For wholesale portfolios, credit risk managers are organised in sanctioning teams by client portfolio. In the wholesale portfolios, credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers entrusted with the higher levels of delegated authority. The largest credit exposures require the support of the Barclays Bank UK PLC Senior Credit Officer. For exposures in excess of the Barclays Bank UK PLC Senior Credit Officer's authority, approval by the Barclays Bank UK PLC CRO is also required. Where exposures are also of Barclays Group level significance, the Barclays Group Credit Risk Committee, attended by the Barclays Bank UK PLC Senior Credit Officer, provides a formal mechanism for the Barclays Group Senior Credit Officer to exercise the highest level of credit authority.

Credit risk mitigation

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

- netting and set-off
- collateral
- risk transfer

Netting and set-off

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

Collateral

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

Risk transfer

A range of instruments including guarantees 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
- first loss exposures across pools of credit risk can be hedged via synthetic securitisation structures, typically via CLN (credit lending notes) issuance. As these are fully funded upfront, they provide for a direct reduction in credit risk exposure on referenced pools

Market risk management (audited)

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

Overview
Market Risk within the Barclays Bank UK Group arises from the risk management of the assets held within the liquidity pool. As a result, the market risk in the Barclays Bank UK Group is minimal. Transactions carrying market risk are executed by the Barclays Bank UK Group Treasury function.

Organisation, roles and responsibilities
The objectives of market risk management are to:

- understand and control market risk by robust measurement, limit setting, reporting and oversight
- control market risk within the allocated risk appetite

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

The Barclays Bank UK PLC Board Risk Committee recommends market risk appetite to the Barclays Bank UK PLC Board for their approval, within the parameters set by the Barclays PLC Board. The Barclays Bank UK Group CRO confirms the Barclays Bank UK Group market risk appetite with the Barclays Group CRO. The Market Risk Committee (MRC) reviews and makes recommendations concerning the Barclays Group-wide market risk profile to the Barclays Group Risk Committee. This includes overseeing the operation of the Market Risk Framework and associated policies and standards, monitoring market and regulatory changes, and reviewing limit utilisation levels. The committee is chaired by the Market Risk Principal Risk Lead and attendees include the business heads of market risk and business aligned market risk managers.

The Barclays Bank UK Group Treasurer is accountable for all market risks associated with its activities, whilst the Barclays Bank UK Group CRO is the senior manager accountable for oversight of market risk, in line with the Barclays Group Framework.

Treasury and capital risk management (audited)

This comprises:

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

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

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

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

Liquidity risk management (audited)

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

Organisation, roles and responsibilities
Treasury has the primary responsibility for managing liquidity risk within the set risk appetite. Both Risk and Treasury contribute to the production of the Internal Liquidity Adequacy Assessment Process (ILAAP). The Barclays Bank UK Treasury and Capital Risk function is responsible for the management and governance of the liquidity risk framework, consistently with Barclays PLC Group policies and framework and with Barclays Bank UK CRO mandates.

The framework established by Treasury and Capital Risk is designed to deliver the appropriate term and structure of funding, consistent with the liquidity risk appetite set by the Board.

The framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Barclays Bank UK Group's balance sheet and contingent liabilities. Limit setting and transfer pricing are tools designed to control the level of liquidity risk taken, and drive the appropriate mix of funds. In addition, Barclays Group maintains a recovery plan which includes application to the Barclays Bank UK Group. Adherence to limits reduces the likelihood that a liquidity stress event could lead to an inability to meet the Barclays Bank UK Group's obligations as they fall due.

The Barclays Bank UK Board approves the Barclays Bank UK Group funding plan, internal stress tests, regulatory stress test results, and the Barclays Bank UK contribution to the Barclays Group recovery plan. The Barclays Bank UK PLC ALCO is responsible for monitoring and managing liquidity risk in line with the Barclays Bank UK Group's funding management objectives, funding plan and risk framework. The Barclays UK Risk Committee monitors and reviews the liquidity risk profile and control environment, providing second line oversight of the management of liquidity risk. The Barclays Bank UK PLC Board Risk Committee reviews the risk profile, and reviews liquidity risk appetite at least annually and the impact of stress scenarios on the Barclays Bank UK Group funding plan/forecast in order to agree the Barclays Bank UK Group'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 Barclays Bank UK Group 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 Barclays Bank UK Group 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 Barclays Bank UK Group 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

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

Capital risk management is underpinned by a control framework and policies. Capital plans reflect the capital management strategy and are implemented to deliver on the Barclays Bank UK Group's objectives, which are aligned to those of Barclays Group. The Barclays Bank UK Group-specific capital plans are developed in conformance with the Barclays Group control framework and policies for capital risk.

The Barclays Bank UK PLC Board approves the Barclays Bank UK Group capital plan, internal stress tests and results of regulatory stress tests. The Barclays Bank UK PLC Board also approves the recovery options documented in the Barclays Group recovery plan pertaining to the Barclays Bank UK Group. The Barclays Bank UK PLC ALCO is responsible for monitoring and managing capital risk in line with the Barclays Bank UK Group's capital management objectives, capital plan and risk frameworks. The Barclays UK Risk Committee monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk. The Barclays Bank UK PLC Board Risk Committee reviews the risk profile, and sets risk appetite at a minimum annually and the impact of stress scenarios on the Barclays Bank UK Group capital plan/forecast in order to agree Barclays Bank UK Group's projected capital resources.

Management assures compliance with minimum regulatory capital requirements by reporting to the Barclays Bank UK PLC ALCO with oversight by the Barclays Group Treasury Committee, as required. In 2023, Barclays complied with all regulatory minimum capital requirements. 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.

Barclays Bank UK PLC is a participating employer in the UK Retirement Fund (UKRF), whose assets and liabilities are currently held on the Barclays Bank PLC balance sheet. This participation is expected to cease in 2025. The nature of pension risk for Barclays Bank UK PLC is contingent, specifically on a Barclays Bank PLC default. Refer to note 28 Staff Costs for further detail.

Interest rate risk in the banking book management (IRRBB)

Overview

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

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

Organisation, roles and responsibilities

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

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

Operational risk management

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

Overview

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
- deliver a consistent and aggregated measurement of operational risk which will provide clear and relevant insights, so that the right management actions can be taken to keep the operational risk profile consistent with the Barclays Bank UK Group's strategy, the stated risk appetite and stakeholder needs

The Barclays Bank UK Group operates within a system of internal controls that enables business to be transacted and risk taken without exposing the Barclays Bank UK Group 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 business risk committees and control committees. Operational risk issues escalated from these meetings are considered through the second line of defence review meetings. Depending on their nature, the outputs of these meetings are presented to the Operational Risk Profile Forum, the Operational Risk Committee, the Barclays UK Operational Risk Committee, the Barclays UK Risk Committee, the Barclays Bank UK PLC Board Risk Committee or the Barclays Bank UK PLC Board Audit Committee. In addition, specific reports are prepared by Operational Risk on a regular basis for the GRC and the Barclays Bank UK PLC Board Risk Committee.

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

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

The Operational Risk function acts in a second line of defence capacity, and is responsible for defining and overseeing the implementation of the framework and monitoring the Barclays Bank UK Group's 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.

Operational risk categories

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

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

For definitions of the Barclays Bank UK Group's Operational Risk Categories and Connected Risks, refer to pages 137 to 138 of the Barclays Bank UK PLC Pillar 3 Report 2022.

Model risk management

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

Overview

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

Organisation, roles and responsibilities

The Barclays Group has a dedicated Model Risk Management ('MRM') function that consists of 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 & 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 Group Model Risk Committee is MRM's primary risk committee and a subcommittee of the Group Risk Committee. It is convened with senior executives in the first and second line of defence to oversee the model risk profile and risk appetite.

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

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

The key model risk management activities include:

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

Compliance risk management

The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Barclays Bank UK Group's products and services (conduct risk), and the risk its clients, customers or markets from a failure to comply with the laws, rules and regulations (LRR) applicable to the firm.

Overview

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

Organisation, roles and responsibilities

The Compliance Risk Management Framework (CRMF) outlines how the Barclays Bank UK Group manages and measures its Compliance Risk Profile. The Group Chief Compliance Officer is accountable for developing, maintaining and overseeing a group-wide CRMF. The Barclays Bank UK Group Chief Compliance Officer is responsible for providing effective oversight, management and escalation of compliance risk in line with the CRMF at the Entity and Subsidiary level. This includes overseeing the development and maintenance of the relevant compliance risk policies and standards including monitoring and reporting on the consistent application and effectiveness of the implementation of controls to manage compliance risk. It is the responsibility of the first line of defence to establish conduct related controls to manage its performance and assess conformance to these policies and controls. 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, as defined within their regulatory Statement of Responsibilities, and a dedicated team has been established in Compliance to oversee and support senior managers in LRR risk management.

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 Barclays achieve the right conduct outcomes and evolve a compliance-focused culture.

The governance of compliance risk within the Barclays Bank UK Group is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines into Board level committees. The Barclays Bank UK Group Risk Committee is the primary second line governance committees for the oversight of the compliance risk profile. The Barclays Bank UK risk committee's responsibilities include the identification and discussion of any emerging compliance risk exposures in the Barclays Bank UK Group. A new sub-committee of the BPLC Group Risk Committee was established in August 2023 to provide oversight on LRR risk. This committee is chaired by the BPLC Group Chief Compliance Officer.

Reputation risk management

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

Overview

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

Organisation, roles and responsibilities

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

The Barclays Bank UK Group Chief Compliance Officer is responsible for overseeing the management of Reputation Risk for Barclays Bank UK Group and the Head of Public Policy and Corporate Responsibility is responsible for the publication of appropriate Reputation Risk and associated standards, including tolerances against which data is monitored, reported on and escalated, as required. The Reputation Risk Management Framework sets out what is required to manage reputation risk across the Barclays Bank UK Group.

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 Barclays Bank UK Group is required to operate within established reputation risk appetite, and its component businesses prepare reports for its respective Risk and Board Risk Committees 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 Barclays UK Risk Committee and the Barclays Bank UK PLC Board.

Legal risk management

The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank UK Group to meet applicable laws, rules, regulations or contractual requirements or to assert or defend its intellectual property rights.

Overview

The multitude of laws and regulations that the Barclays Bank UK Group is subject to are highly dynamic and their application to particular circumstances is often unclear. This results in a high level of inherent legal risk which Barclays Bank UK Group 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 Barclays Group-wide legal risk policies, requiring engagement of legal professionals in situations that have the potential for legal risk, identification and management of legal risks by those legal professionals, and escalation of legal risk as necessary. Legal risk is also mitigated by the complementary requirements of the compliance risk management framework, including the responsibility of legal professionals to proactively identify, communicate and provide legal advice on applicable laws, rules and regulations. Notwithstanding these mitigating actions, Barclays Bank UK Group operates with a level of residual legal risk, for which the Barclays Bank UK Group has limited tolerance.

Organisation, roles and responsibilities

The Barclays Bank UK Group'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 Barclays Bank UK Group receives legal advice and support from appropriate legal professionals, working in partnership proactively to identify, manage and escalate legal risks as necessary.

The senior management of the Legal Function oversees, challenges and monitors the legal risk profile and effectiveness of the legal risk control environment across the Barclays Group. The Legal Function provides supports to all areas of the bank 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 Barclays Bank UK Group Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of risk management across the Barclays Bank UK Group. Escalation paths from this committee exist to the Barclays Group Risk Committee and Barclays Bank UK PLC Board Risk Committee.

Overview

Climate risk is the impact on Financial (Credit, Market, Treasury & Capital) and Operational Risks arising from climate change through physical risks and risks associated with transitioning to a lower carbon economy. As part of climate risk performance, we monitor carbon-related assets and elevated risk sectors, which are identified as portfolios with 'elevated' exposure to the physical and transition risks of climate change.

For Barclays Bank UK PLC, UK Mortgages and Business Banking Agriculture have been identified as portfolios with ‘elevated’ exposure to the physical and transition risks of climate change. Climate risks have been incorporated into annual mandate & scale reviews across Barclays Bank UK Group’s portfolios.

The UK Mortgages portfolio is affected by physical risks, including flooding, subsidence and coastal erosion. From a transition risk perspective, the UK Mortgages portfolio is exposed to potential changes in energy efficiency performance requirements. Both the physical and transition risks that the UK Mortgages portfolio is exposed to may impact property valuations and affordability.

The Business Banking Agriculture portfolio is exposed to the physical risks of climate change such as flooding and drought. The Dairy & Cattle sub-sector is exposed to the transition risks of climate change, including changes in consumer behaviour, as well as the potential introduction of emissions taxation given the sector’s significant contribution to the UK’s methane emissions.

Subsidence: Total Volume of stock (as % of total UK Mortgages portfolio) per risk band
Subsidence is driven by the interplay of precipitation, temperature and soil type factors, which result in volumetric changes to the soil. Increased volatility in weather conditions, as a result of climate change, contributes to the acceleration of subsidence impacts. Some areas, particularly those with high concentrations of clay soil (i.e. London), are more susceptible to subsidence. This shrink-swell impact can cause localised property level impacts, resulting in impacts to the valuation of a property, or impacts to affordability through remediation costs and high insurance premiums.

Barclays Bank UK Group works with a third-party climate data provider to support climate risk data enhancements within the UK Mortgages portfolio. This includes the ability to map the subsidence risk at a property level granularity. The subsidence risk is based on soil properties, in particular the extent to which the soil will shrink under hot and dry weather conditions, as well as the predicted temperature and probability of extreme rainfall. These variables are combined with subsidence claims per postcode to generate a pseudo-quantitative score, where a property in class 9 is around nine times as likely as a property in class 1 to make a subsidence claim. A small proportion of the UK Mortgages portfolio is not mapped to a subsidence risk score (c.5.2%). This is due either to a lack of data coverage (i.e. the property is not covered by underlying maps), or a lack of certainty in address matching.

As at 30 September 2023[a]		
Risk Band	Qualitative Risk Score	Volume %
0	No Subsidence Risk	0.01
1	Low	9.51
2		35.96
3		23.54
4	Moderate	4.71
5		4.72
6		3.36
7	High	2.41
8		—
9		0.25
10	Very High	5.43
11		—
12		2.64
13		—
14		—
15		2.26
Missing		5.20

Note
a Data collected from 3rd party source based on one quarter lag, 30 September 2023 closest available dataset.

Flood: Total Volume of stock (as % of total UK Mortgages portfolio) per risk band
Flooding in the UK is forecast to increase over time, with the potential for this increase to accelerate if greenhouse gas emissions are not reduced. The increased risk of flooding has the potential to impact the valuation of properties directly, as well as indirectly where areas may become high risk and property demand falls. Remediation costs, high insurance premiums or potential lack of insurance coverage have the potential to impact affordability.

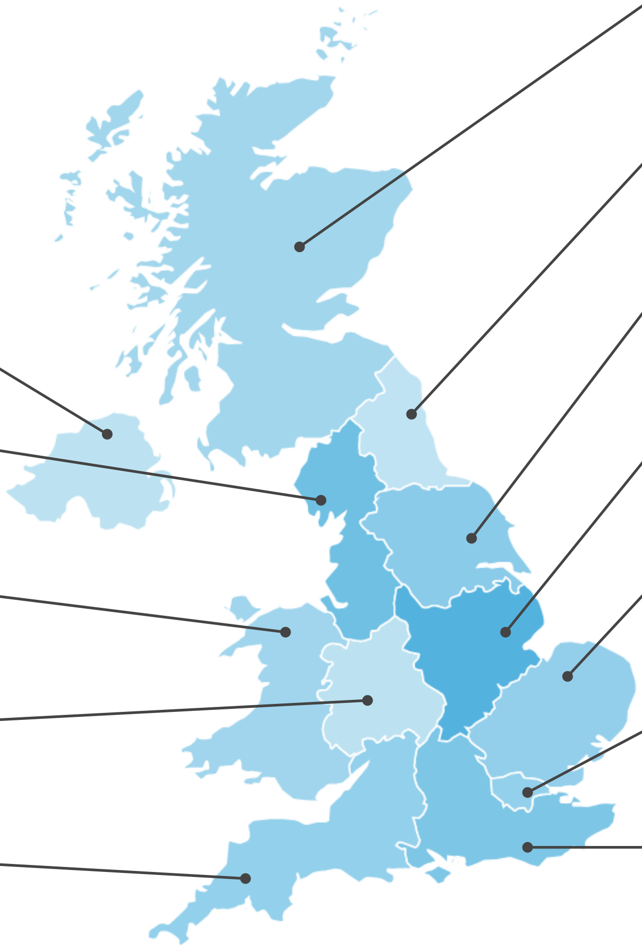
Barclays Bank UK works with a third-party climate data provider to support climate risk data enhancements within the UK Mortgages portfolio. This has enabled Barclays Bank UK Group to move from postcode level to property level flood data granularity. Flood Risk bands are based on average annual loss, generated using flood hazard frequency and flood depth from tidal, surface, pluvial and fluvial flooding and accounting for the mitigating impact of flood defences where these are present. Properties in the Moderate and High Risk bands are expected to face above average insurance costs given their elevated exposure to flood risk. Those within the Very High band are considered likely to be eligible for Flood Re (a subsidised flood insurance scheme).

As at 30 September 2023[a]

Risk Band	Volume %
Negligible	81.3
Very Low	7.6
Low	1.8
Moderate	1.6
High	2.6
Very High	1.2
Missing	3.8

Note
a Data collected from 3rd party source based on one quarter lag, 30 September 2023 closest available dataset.

Flood: Very High & High Flood Risk Exposure per region (as % of Total Regional Exposure)
The map below represents the proportion of properties within the UK Mortgages portfolio at High and Very High risk of flood per region as a percentage of the total regional exposure (excluding Kensington Mortgage Company originated properties). The flood metrics are presented on present day risk levels and are based on average annual loss, generated using flood hazard frequency and flood depth from tidal, surface, pluvial and fluvial flooding and accounting for the mitigating impact of flood defences where these are present. The mapping covers c.95% of the UK Mortgages portfolio on a total exposure basis - the remaining c.5% of properties are not currently mapped to flood risk ratings on a property level basis as a result of a lack of data coverage (i.e. the property is not covered by underlying maps), or a lack of certainty in address matching.



Darker shades indicate higher proportion of high or very high flood risk exposure
High and Very High Flood Risk are shown as % of regional exposure

Note
Data collected from 3rd party source based on one quarter lag, 30 September 2023 closest available dataset

EPC: Total Volume of stock (as % of total UK Mortgages portfolio) per EPC rating

The transition risk in the UK Mortgages portfolio is assessed via the distribution of EPC ratings across the portfolio. One of the levers to decarbonise the UK housing stock for the UK Government is to tighten energy efficiency requirements. It is anticipated that any tightening of minimum energy efficiency standards (MEES) will focus initially on buy-to-let properties. Buy-to-Let properties which are privately rented are currently required to have a minimum EPC rating of E. The transition risk identified has the potential to impact the valuation of properties directly, alongside impacting affordability as properties which fall under MEES may no longer be able to be rented out or the landlord may need to pay for retrofitting to be brought up to standard.

EPC ratings range from A (most efficient) to G (least efficient). EPC ratings are used as the basis for assessing expected energy costs but do not give a precise picture of emission intensity. The UK Mortgages portfolio is mapped to the Government EPC Register. Properties may not feature on the Government EPC Register as some properties may have never been required to have an EPC rating (not been sold or rented out since 2007), their EPC rating may have expired (EPC ratings are valid for 10 years) or the property may be in Scotland or Northern Ireland (which use separate databases). Whilst Barclays' proportion of 'missing EPC ratings' has declined year on year, the issue of missing EPC ratings is prevalent across the industry.

EPC: Residential & Buy-to-let balances and volumes per EPC rating as at September 2023

EPC Rating	Residential Balances (£m)	Balance as % of Residential Mortgages portfolio	Volume as % of Residential Mortgages portfolio	Buy-to-Let Balances (£m)	Balance as % of Buy-to-Let Mortgages portfolio	Volume as % of Buy-to-Let Mortgages portfolio
	£m	%	%	£m	%	%
A	487	0.3	0.2	20	0.1	0.1
B	22,514	15.8	14.3	2,144	10.7	8.9
C	24,954	17.5	16.6	5,781	28.9	29.6
D	41,575	29.3	26.4	6,842	34.3	34.4
E	17,546	12.3	10.2	1,991	10.0	10.1
F	4,132	2.9	2.2	129	0.6	0.7
G	780	0.5	0.4	31	0.2	0.2
Missing	30,528	21.4	29.7	3,033	15.2	16.0
Total	142,516	100	100	19,971	100	100

Note

a Data matching provided by 3rd party source based on one quarter lag, 30 September 2023 closest available dataset - EPC monitoring based on Sept-23 portfolio and Sept-23 Government EPC Register. If no valid EPC is mapped, the expired EPC (where available) is included as a proxy.

EPC: Residential & Buy-to-let balances and volumes per EPC rating as at September 2022

EPC Rating	Residential Balances (£m)	Balance as % of Residential Mortgages portfolio	Volume as % of Residential Mortgages portfolio	Buy-to-Let Balances (£m)	Balance as % of Buy-to-Let Mortgages portfolio	Volume as % of Buy-to-Let Mortgages portfolio
	£m	%	%	£m	%	%
A	341	0.2	0.2	17	0.1	0.1
B	18,913	13.5	12.0	1,966	9.6	8.1
C	21,585	15.4	14.5	5,053	24.6	25.6
D	38,179	27.3	24.5	6,445	31.5	32.2
E	17,022	12.1	9.7	2,066	10.1	10.2
F	4,118	2.9	2.1	157	0.8	0.8
G	746	0.5	0.4	36	0.2	0.2
Missing	39,458	28.1	36.5	4,716	23.1	22.8
Total	140,362	100	100	20,456	100	100

Note

a Data matching provided by 3rd party source based on one quarter lag, 30 September 2022 closest available dataset - EPC monitoring based on Sept-22 portfolio and Sept-22 Government EPC Register. If no valid EPC is mapped, the expired EPC (where available) is included as a proxy.

Business Banking Agriculture - Dairy & Cattle Exposure

The transition risk in the Business Banking portfolio is assessed via the percentage Dairy & Cattle lending of the Business Banking Agriculture portfolio. Given methane's global warming potential the Dairy & Cattle sector is a significant contributor to the UK's emissions footprint and is therefore susceptible to the transition risks of climate change, namely consumer preference changes and potential emissions taxation.

Barclays Bank UK Group utilises exposure data to identify what proportion of the Business Banking Agriculture portfolio consists of lending to Dairy & Cattle clients.

Carbon-related assets

According to TCFD, certain industry segments are more likely to be financially impacted than others due to their exposure to certain transition and physical risks around greenhouse gas (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' exposure to the industries within these groups are reported as carbon-related assets and can be found in the table on page 75.

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 will exist a range of vulnerabilities and not all our clients in these sectors have high emissions and 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 represent the sectors considered as elevated at the Group level

Elevated risk sector	Example 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.

Carbon-related assets (Incl. sub-sector breakdown) [a,b]

	2023			2022			
	Loans and advances [c]	Loan commitments	Total	Loans and advances [c]	Loan commitments	Total	% Change
	£m	£m	£m	£m	£m	£m	%
Agriculture, Food and Forest Products (logging)	3,518	799	4,317	3,673	744	4,417	(2)%
Agriculture	3,518	799	4,317	3,673	744	4,417	
Energy & Waters	11	2	13	13	3	16	(19)%
Power Utilities	5	—	5	5	—	5	
Metals (waste & recycling)	6	2	8	8	3	11	
Manufacturing	453	119	572	603	129	732	(22)%
Automotive	11	3	14	16	4	20	
Cements	6	1	7	8	1	9	
Chemicals	20	6	26	27	7	34	
Food, Bev and Tobacco	55	11	66	78	11	89	
Manufacturing - Others	326	86	412	425	93	518	
Metals	15	5	20	21	5	26	
Packaging Manufacturers: Metal, Glass and Plastics	3	1	4	5	1	6	
Paper and Forest Products (excluding logging)	15	5	20	20	6	26	
Steel	2	1	3	3	1	4	
Material and Building	8,283	295	8,578	9,230	675	9,905	(13)%
Construction and Materials	219	43	262	322	48	370	
Homebuilding and Property Development	809	162	971	1,168	188	1,356	
Real Estate Management and Development	7,255	90	7,345	7,740	439	8,179	
Mining and Quarrying	6	2	8	8	1	9	(11)%
Mining	4	1	5	5	1	6	
Oil and Gas (extraction)	2	1	3	3	—	3	
Transport & storage	345	58	403	484	62	546	(26)%
Aviation	3	1	4	5	1	6	
Other Transport Services	154	17	171	215	19	234	
Road Haulage	170	35	205	240	37	277	
Shipping	18	5	23	24	5	29	
Wholesale and retail distribution and leisure	335	63	398	435	68	503	(21)%
Oil and Gas (wholesale)	10	3	13	17	4	21	
Others	325	60	385	418	64	482	
Home Loans	163,510	8,184	171,694	162,365	12,103	174,468	(2)%
Residential Real Estate	163,510	8,184	171,694	162,365	12,103	174,468	
Subtotal (Elevated risk sectors)	167,279	9,040	176,319	166,391	12,908	179,299	(2)%
Carbon-related Assets Grand Total	176,461	9,522	185,983	176,811	13,785	190,596	(2)%
Total Loans & Advances and Loan Commitments	219,789	49,820	269,609	223,207	58,072	281,279	(4)%
Carbon-related assets / Total Loans & Advances and Loan Commitments	80%	19%	69%	79%	24%	68%	
Sub-total of sectors spanning in multiple industries							
Oil and Gas	12	4	16	20	4	24	(33)%

Notes
a The sectors have been represented 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 110). The prior year comparatives have been represented in line with the updated sector headings.
b 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
c Loans & advances includes debt securities at amortized cost amounting to £17,794m (2022: £18,537m) of which carbon related assets are Nil (2022: £63m) in Material & Buildings.

Summary of Contents

All disclosures in this section, pages 77 to 127, are unaudited unless otherwise stated.

Overview
Credit risk represents a significant risk to the Barclays Bank UK Group and mainly arises from exposure to loans and advances.

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.

Summary of performance in the period

Gross exposure: Gross loans and advances at amortised cost to customers and banks have decreased to £221bn in 2023 (2022: £225bn). Reduction is attributable to higher redemptions and repayments across portfolios partially offset by strategic acquisitions in Home Finance.

Maximum exposure: The Barclays Bank UK Group's net exposure to credit risk decreased to £143bn (2022: £171bn) driven by reduction in cash and balances at central Banks (£19bn). Overall, the extent to which the mitigation is held against its total exposure has increased to 58% (2022: 53%).

Credit quality: Delinquencies remain broadly stable. UK Cards provisioning continues to be underpinned by low delinquencies and strong credit quality. However, an increase is observed in UK mortgages driven by high interest rates. A range of activities are in place to protect our existing defensive positioning against current macroeconomic headwinds. Further analysis on the credit quality of assets is presented in the approach to management and representation of credit quality section.

Stage decomposition: A net decrease of £1.2bn is observed in Stage 2 gross exposure driven by an improved GDP forecast and repayments in Business Banking partially offset by an increase in UK mortgages in line with the expectation. Stage 3 balances decreased to £3.4bn (2022: £3.5bn) driven by repayments in Business Banking. Refer to pages 97 to 98 for further details.

Scenario: Economic uncertainty continues, linked to higher interest rates and ongoing inflation in major economies. For Q423, scenarios have been refreshed and are designed around a broad range of economic outcomes. The Downside 2 (DS2) scenario has been aligned to Barclays 2023 Internal Stress Test (IST23) which is less severe in terms of GDP deterioration, resulting in increased DS2 weights.

ECL: Impairment allowances on loans and advances at amortised cost including off-balance sheet has decreased to £1,686m (2022: £1,758m). On-balance sheet coverage has remained strong and stable at 0.8%.

Charge: Credit impairment charges were £308m (2022: £268m), consistent with low delinquencies in UK cards and a high quality mortgage lending portfolio.

Management adjustments: Economic uncertainty adjustments have decreased to £181m (2022: £218m). The reduction is informed by the rebuild of UK Cards impairment models which better capture the macroeconomic outlook. Further, adjustments have been reassessed to capture affordability headwinds in UK retail lending. Refer to the Management adjustment to models for impairment section on page 99 for further details.

Climate: Barclays 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 to the credit risk management section for details of governance, policies and procedures.

Maximum exposure and effects of netting, collateral and risk transfer

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

The Barclays Bank UK Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on the Group's policies to each of these forms of credit enhancement is presented on pages 63 to 64 of the credit risk management section.

Collateral obtained (audited)
Where collateral has been obtained in the event of default, the Barclays Bank UK Group does not, ordinarily, use such assets for its own operations and they are usually sold on a timely basis. The carrying value of assets held by the Barclays Bank UK Group as at 31 December 2023, as a result of the enforcement of collateral, was £nil (2022: £nil).

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

Barclays Bank UK Group 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	34,948	—	—	—	—	34,948
Cash collateral and settlement balances	5,507	—	—	—	—	5,507
Loans and advances at amortised cost:						
Retail mortgages	163,510	—	—	(163,508)	—	2
Retail credit cards	9,710	—	—	—	—	9,710
Retail other	4,292	—	(21)	(303)	—	3,968
Corporate loans	24,483	—	(28)	(10,787)	(9,494)	4,174
Total loans and advances at amortised cost	201,995	—	(49)	(174,598)	(9,494)	17,854
Of which credit-impaired (Stage 3):						
Retail mortgages	1,602	—	—	(1,601)	—	1
Retail Cards	91	—	—	—	—	91
Retail other	35	—	—	(18)	—	17
Corporate loans	1,068	—	—	(497)	(418)	153
Total credit-impaired loans and advances at amortised cost	2,796	—	—	(2,116)	(418)	262
Debt securities at amortised cost	17,794	—	—	—	(77)	17,717
Reverse repurchase agreements and other similar secured lending	3,567	—	—	(3,567)	—	—
Trading portfolio assets:						
Debt securities	43	—	—	—	—	43
Total trading portfolio assets	43	—	—	—	—	43
Financial assets at fair value through the income statement						
Loans and advances	1,715	—	—	(1,336)	—	379
Total financial assets at fair value through the income statement	1,715	—	—	(1,336)	—	379
Derivative financial instruments	1,566	(232)	(1,280)	(52)	—	2
Financial assets at fair value through other comprehensive income	20,409	—	—	—	(65)	20,344
Other assets	186	—	—	—	—	186
Total on-balance sheet	287,730	(232)	(1,329)	(179,553)	(9,636)	96,980
Off-balance sheet:						
Contingent liabilities	661	—	—	—	—	661
Loan commitments	49,820	—	(20)	(4,265)	(64)	45,471
Total off-balance sheet	50,481	—	(20)	(4,265)	(64)	46,132
Total	338,211	(232)	(1,349)	(183,818)	(9,700)	143,112

Off-balance sheet exposures are shown gross of provisions of £27m (2022: £46m). See Note 23 Contingent liabilities and commitments for further details. Corporate loans at amortised cost include £5bn (2022: £7.3bn) of BBLS and Coronavirus Business Interruption Loan Scheme (CBILS) supported by UK Government guarantees of £4.9bn (2022: £7.2bn), which are included within the Risk transfer column in the table. For further information on credit mitigation techniques, refer to the credit risk management section.

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

Barclays Bank UK Group As at 31 December 2022	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	54,208	—	—	—	—	54,208
Cash collateral and settlement balances	5,194	—	—	—	—	5,194
Loans and advances at amortised cost:						
Retail mortgages	162,365	—	—	(162,360)	—	5
Retail credit cards	9,182	—	—	—	—	9,182
Retail other	4,807	—	(56)	(412)	—	4,339
Corporate loans	28,316	—	(8)	(11,615)	(11,738)	4,955
Total loans and advances at amortised cost	204,670	—	(64)	(174,387)	(11,738)	18,481
Of which credit-impaired (Stage 3):						
Retail Mortgages	*1,378*	—	—	*(1,374)*	—	*4*
Retail credit cards	*114*	—	—	—	—	*114*
Retail other	*52*	—	*(3)*	*(31)*	—	*18*
Corporate loans	*1,383*	—	—	*(553)*	*(649)*	*181*
Total credit-impaired loans and advances at amortised cost	*2,927*	—	*(3)*	*(1,958)*	*(649)*	*317*
Debt securities at amortised cost	18,537	—	—	—	(102)	18,435
Reverse repurchase agreements and other similar secured lending	477	—	—	(477)	—	—
Trading portfolio assets:						
Debt securities	54	—	—	—	—	54
Total trading portfolio assets	54	—	—	—	—	54
Financial assets at fair value through the income statement						
Loans and advances	1,979	—	—	(1,483)	—	496
Total financial assets at fair value through the income statement	1,979	—	—	(1,483)	—	496
Derivative financial instruments	611	(407)	(193)	(11)	—	—
Financial assets at fair value through other comprehensive income	19,970	—	—	—	(197)	19,773
Other assets	288	—	—	—	—	288
Total on-balance sheet	305,988	(407)	(257)	(176,358)	(12,037)	116,929
Off-balance sheet:						
Contingent liabilities	810	—	—	—	—	810
Loan commitments	58,072	—	(36)	(4,546)	(41)	53,449
Total off-balance sheet	58,882	—	(36)	(4,546)	(41)	54,259
Total	364,870	(407)	(293)	(180,904)	(12,078)	171,188

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

Barclays Bank UK PLC 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	34,948	—	—	—	—	34,948
Cash collateral and settlement balances	5,507	—	—	—	—	5,507
Loans and advances at amortised cost:						
Retail mortgages	163,473	—	—	(163,471)	—	2
Retail credit cards	9,710	—	—	—	—	9,710
Retail other	4,292	—	(21)	(303)	—	3,968
Corporate loans	25,072	—	(6)	(10,787)	(9,494)	4,785
Total loans and advances at amortised cost	202,547	—	(27)	(174,561)	(9,494)	18,465
Of which credit-impaired (Stage 3):						
Retail mortgages	*1,602*	—	—	*(1,601)*	—	*1*
Retail credit cards	*91*	—	—	—	—	*91*
Retail other	*35*	—	—	*(18)*	—	*17*
Corporate loans	*1,068*	—	—	*(497)*	*(418)*	*153*
Total credit-impaired loans and advances at amortised cost	*2,796*	—	—	*(2,116)*	*(418)*	*262*
Debt securities at amortised cost	17,794	—	—	—	(77)	17,717
Reverse repurchase agreements and other similar secured lending	3,567	—	—	(3,567)	—	—
Trading portfolio assets:						
Debt securities	43	—	—	—	—	43
Total trading portfolio assets	43	—	—	—	—	43
Financial assets at fair value through the income statement						
Loans and advances	1,715	—	—	(1,336)	—	379
Total financial assets at fair value through the income statement	1,715	—	—	(1,336)	—	379
Derivative financial instruments	1,566	(232)	(1,265)	(52)	—	17
Financial assets at fair value through other comprehensive income	20,409	—	—	—	(65)	20,344
Other assets	193	—	—	—	—	193
Total on-balance sheet	288,289	(232)	(1,292)	(179,516)	(9,636)	97,613
Off-balance sheet:						
Contingent liabilities	661	—	—	—	—	661
Loan commitments	49,646	—	(20)	(4,265)	(64)	45,297
Total off-balance sheet	50,307	—	(20)	(4,265)	(64)	45,958
Total	338,596	(232)	(1,312)	(183,781)	(9,700)	143,571

Off-balance sheet exposures are shown gross of provisions of £27m (2022: £46m). See Note 23 Contingent liabilities and commitments for further details. Corporate loans at amortised cost include £5bn (2022: £7.3bn) of BBLS and CBILS supported by UK Government guarantees of £4.9bn (2022: £7.2bn), which are included within the Risk transfer column in the table. For further information on credit risk mitigation techniques, refer to the credit risk management section.

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

Barclays Bank UK PLC As at 31 December 2022	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	54,208	—	—	—	—	54,208
Cash collateral and settlement balances	5,136	—	—	—	—	5,136
Loans and advances at amortised cost:						
Retail mortgages	162,320	—	—	(162,314)	—	6
Retail credit cards	9,182	—	—	—	—	9,182
Retail other	4,806	—	(56)	(412)	—	4,338
Corporate loans	29,191	—	(8)	(11,631)	(11,738)	5,814
Total loans and advances at amortised cost	205,499	—	(64)	(174,357)	(11,738)	19,340
Of which credit-impaired (Stage 3):						
Retail mortgages	*1,378*	—	—	*(1,374)*	—	*4*
Retail credit cards	*114*	—	—	—	—	*114*
Retail other	*52*	—	*(3)*	*(31)*	—	*18*
Corporate loans	*1,383*	—	—	*(553)*	*(649)*	*181*
Total credit-impaired loans and advances at amortised cost	*2,927*	—	*(3)*	*(1,958)*	*(649)*	*317*
Debt securities at amortised cost	*18,537*	—	—	—	*(102)*	*18,435*
Reverse repurchase agreements and other similar secured lending	477	—	—	(477)	—	—
Trading portfolio assets:						
Debt securities	54	—	—	—	—	54
Total trading portfolio assets	54	—	—	—	—	54
Financial assets at fair value through the income statement						
Loans and advances	1,979	—	—	(1,483)	—	496
Total financial assets at fair value through the income statement	1,979	—	—	(1,483)	—	496
Derivative financial instruments	611	(407)	(193)	—	—	11
Financial assets at fair value through other comprehensive income	19,970	—	—	—	(197)	19,773
Other assets	284	—	—	—	—	284
Total on-balance sheet	306,755	(407)	(257)	(176,317)	(12,037)	117,737
Off-balance sheet:						
Contingent liabilities	810	—	—	—	—	810
Loan commitments	58,072	—	(36)	(4,546)	(41)	53,449
Total off-balance sheet	58,882	—	(36)	(4,546)	(41)	54,259
Total	365,637	(407)	(293)	(180,863)	(12,078)	171,996

Expected credit losses

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. Also included are stage allocation of debt securities by gross exposure, impairment allowance and coverage ratio.

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

Barclays Bank UK Group (audited)		Stage 2					
As at 31 December 2023	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total[a]
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Retail mortgages	142,943	16,492	1,957	632	19,081	1,709	163,733
Retail credit cards	8,094	2,040	53	35	2,128	198	10,420
Retail other	3,476	848	50	29	927	148	4,551
Corporate loans	19,292	4,318	13	4	4,335	1,320	24,947
Total loans and advances at amortised cost	173,805	23,698	2,073	700	26,471	3,375	203,651
Debt securities at amortised cost	17,639	158	—	—	158	—	17,797
Total loans and advances at amortised cost including debt securities	191,444	23,856	2,073	700	26,629	3,375	221,448
Impairment allowance							
Retail mortgages	39	50	17	10	77	107	223
Retail credit cards	111	452	21	19	492	107	710
Retail other	38	76	16	16	108	113	259
Corporate loans	107	104	1	—	105	252	464
Total loans and advances at amortised cost	295	682	55	45	782	579	1,656
Debt securities at amortised cost	3	—	—	—	—	—	3
Total loans and advances at amortised cost including debt securities	298	682	55	45	782	579	1,659
Net exposure							
Retail mortgages	142,904	16,442	1,940	622	19,004	1,602	163,510
Retail credit cards	7,983	1,588	32	16	1,636	91	9,710
Retail other	3,438	772	34	13	819	35	4,292
Corporate loans	19,185	4,214	12	4	4,230	1,068	24,483
Total loans and advances at amortised cost	173,510	23,016	2,018	655	25,689	2,796	201,995
Debt securities at amortised cost	17,636	158	—	—	158	—	17,794
Total loans and advances at amortised cost including debt securities	191,146	23,174	2,018	655	25,847	2,796	219,789
Coverage ratio	%	%	%	%	%	%	%
Retail mortgages	—	0.3	0.9	1.6	0.4	6.3	0.1
Retail credit cards	1.4	22.2	39.6	54.3	23.1	54.0	6.8
Retail other	1.1	9.0	32.0	55.2	11.7	76.4	5.7
Corporate loans	0.6	2.4	7.7	—	2.4	19.1	1.9
Total loans and advances at amortised cost	0.2	2.9	2.7	6.4	3.0	17.2	0.8
Debt securities at amortised cost	—	—	—	—	—	—	—
Total loans and advances at amortised cost including debt securities	0.2	2.9	2.7	6.4	2.9	17.2	0.7

Note
a. Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £26.2bn and an impairment allowance of £3m. This comprises £2m on £25.9bn Stage 1 exposure, £1m on £366m Stage 2 exposure and £0m on £0m Stage 3 exposure. Loan commitments and financial guarantee contracts have total impairment allowance of £27m.

As at 31 December 2022		Stage 2					
	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total[a]
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Retail mortgages	143,214	15,680	1,673	485	17,838	1,436	162,488
Retail credit cards	7,119	2,479	47	43	2,569	251	9,939
Retail other	4,026	811	53	32	896	163	5,085
Corporate loans	20,901	6,325	5	4	6,334	1,632	28,867
Total loans and advances at amortised cost	175,260	25,295	1,778	564	27,637	3,482	206,379
Debt securities at amortised cost	18,433	106	—	—	106	—	18,539
Total loans and advances at amortised cost including debt securities	193,693	25,401	1,778	564	27,743	3,482	224,918
Impairment allowance							
Retail mortgages	17	31	9	8	48	58	123
Retail credit cards	127	447	18	28	493	137	757
Retail other	42	91	17	17	125	111	278
Corporate loans	153	147	1	1	149	249	551
Total loans and advances at amortised cost	339	716	45	54	815	555	1,709
Debt securities at amortised cost	2	—	—	—	—	—	2
Total loans and advances at amortised cost including debt securities	341	716	45	54	815	555	1,711
Net exposure							
Retail mortgages	143,197	15,649	1,664	477	17,790	1,378	162,365
Retail credit cards	6,992	2,032	29	15	2,076	114	9,182
Retail other	3,984	720	36	15	771	52	4,807
Corporate loans	20,748	6,178	4	3	6,185	1,383	28,316
Total loans and advances at amortised cost	174,921	24,579	1,733	510	26,822	2,927	204,670
Debt securities at amortised cost	18,431	106	—	—	106	—	18,537
Total loans and advances at amortised cost including debt securities	193,352	24,685	1,733	510	26,928	2,927	223,207
Coverage ratio	%	%	%	%	%	%	%
Retail mortgages	—	0.2	0.5	1.6	0.3	4.0	0.1
Retail credit cards	1.8	18.0	38.3	65.1	19.2	54.6	7.6
Retail other	1.0	11.2	32.1	53.1	14.0	68.1	5.5
Corporate loans	0.7	2.3	20.0	25.0	2.4	15.3	1.9
Total loans and advances at amortised cost	0.2	2.8	2.5	9.6	2.9	15.9	0.8
Debt securities at amortised cost	—	—	—	—	—	—	—
Total loans and advances at amortised cost including debt securities	0.2	2.8	2.5	9.6	2.9	15.9	0.8

Note
a Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £25.6bn and an impairment allowance of £4m. This comprises £3m on £25.2bn Stage 1 exposure, £1m on £397m Stage 2 exposure and £0m on £0m Stage 3 exposure. Loan commitments and financial guarantee contracts have total impairment allowance of £47m.

Barclays Bank UK PLC (audited)		Stage 2					
As at 31 December 2023	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total[a]
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Retail mortgages	142,906	16,492	1,957	632	19,081	1,709	163,696
Retail credit cards	8,094	2,040	53	35	2,128	198	10,420
Retail other	3,476	848	50	29	927	148	4,551
Corporate loans	19,881	4,318	13	4	4,335	1,320	25,536
Total loans and advances at amortised cost	174,357	23,698	2,073	700	26,471	3,375	204,203
Debt securities at amortised cost	17,639	158	—	—	158	—	17,797
Total loans and advances at amortised cost including debt securities	191,996	23,856	2,073	700	26,629	3,375	222,000
Impairment allowance							
Retail mortgages	39	50	17	10	77	107	223
Retail credit cards	111	452	21	19	492	107	710
Retail other	38	76	16	16	108	113	259
Corporate loans	107	104	1	—	105	252	464
Total loans and advances at amortised cost	295	682	55	45	782	579	1656
Debt securities at amortised cost	3	—	—	—	—	—	3
Total loans and advances at amortised cost including debt securities	298	682	55	45	782	579	1,659
Net exposure							
Retail mortgages	142,867	16,442	1,940	622	19,004	1,602	163,473
Retail credit cards	7,983	1,588	32	16	1,636	91	9,710
Retail other	3,438	772	34	13	819	35	4,292
Corporate loans	19,774	4,214	12	4	4,230	1,068	25,072
Total loans and advances at amortised cost	174,062	23,016	2,018	655	25,689	2,796	202,547
Debt securities at amortised cost	17,636	158	—	—	158	—	17,794
Total loans and advances at amortised cost including debt securities	191,698	23,174	2,018	655	25,847	2,796	220,341
Coverage ratio	%	%	%	%	%	%	%
Retail mortgages	—	0.3	0.9	1.6	0.4	6.3	0.1
Retail credit cards	1.4	22.2	39.6	54.3	23.1	54.0	6.8
Retail other	1.1	9.0	32.0	55.2	11.7	76.4	5.7
Corporate loans	0.5	2.4	7.7	—	2.4	19.1	1.8
Total loans and advances at amortised cost	0.2	2.9	2.7	6.4	3.0	17.2	0.8
Debt securities at amortised cost	—	—	—	—	—	—	—
Total loans and advances at amortised cost including debt securities	0.2	2.9	2.7	6.4	2.9	17.2	0.7

Note
a. Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £26.2bn and an impairment allowance of £3m. This comprises £2m on £25.9bn Stage 1 exposure, £1m on £366m Stage 2 exposure and £0m on £0m Stage 3 exposure. Loan commitments and financial guarantee contracts have total impairment allowance of £27m.

As at 31 December 2022	Stage 1	Stage 2				Stage 3	Total[a]
		Not past due	<=30 days past due	>30 days past due	Total		
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Retail mortgages	143,169	15,680	1,673	485	17,838	1,436	162,443
Retail credit cards	7,119	2,479	47	43	2,569	251	9,939
Retail other	4,025	811	53	32	896	163	5,084
Corporate loans	21,776	6,325	5	4	6,334	1,632	29,742
Total loans and advances at amortised cost	176,089	25,295	1,778	564	27,637	3,482	207,208
Debt securities at amortised cost	18,433	106	—	—	106	—	18,539
Total loans and advances at amortised cost including debt securities	194,522	25,401	1,778	564	27,743	3,482	225,747
Impairment allowance							
Retail mortgages	17	31	9	8	48	58	123
Retail credit cards	127	447	18	28	493	137	757
Retail other	42	91	17	17	125	111	278
Corporate loans	153	147	1	1	149	249	551
Total loans and advances at amortised cost	339	716	45	54	815	555	1,709
Debt securities at amortised cost	2	—	—	—	—	—	2
Total loans and advances at amortised cost including debt securities	341	716	45	54	815	555	1,711
Net exposure							
Retail mortgages	143,152	15,649	1,664	477	17,790	1,378	162,320
Retail credit cards	6,992	2,032	29	15	2,076	114	9,182
Retail other	3,983	720	36	15	771	52	4,806
Corporate loans	21,623	6,178	4	3	6,185	1,383	29,191
Total loans and advances at amortised cost	175,750	24,579	1,733	510	26,822	2,927	205,499
Debt securities at amortised cost	18,431	106	—	—	106	—	18,537
Total loans and advances at amortised cost including debt securities	194,181	24,685	1,733	510	26,928	2,927	224,036
Coverage ratio	%	%	%	%	%	%	%
Retail mortgages	—	0.2	0.5	1.6	0.3	4.0	0.1
Retail credit cards	1.8	18.0	38.3	65.1	19.2	54.6	7.6
Retail other	1.0	11.2	32.1	53.1	14.0	68.1	5.5
Corporate loans	0.7	2.3	20.0	25.0	2.4	15.3	1.9
Total loans and advances at amortised cost	0.2	2.8	2.5	9.6	2.9	15.9	0.8
Debt securities at amortised cost	—	—	—	—	—	—	—
Total loans and advances at amortised cost including debt securities	**0.2**	**2.8**	**2.5**	**9.6**	**2.9**	**15.9**	**0.8**

Note
a Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £25.5bn and an impairment allowance of £3m. This comprises £2m on £25.1bn Stage 1 exposure, £1m on £397m Stage 2 exposure and £0m on £0m Stage 3 exposure. Loan commitments and financial guarantee contracts have total impairment allowance of £47m.

Movement in gross exposure and impairment allowance including provisions for loan commitments and financial guarantees (audited)

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, financial assets at fair value through other comprehensive income and other assets.

The movements are measured over a 12-month period.

Loans and advances at amortised cost (audited)								
	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Retail mortgages								
As at 1 January 2023	143,214	17	17,838	48	1,436	58	162,488	123
Transfers from Stage 1 to Stage 2	(9,283)	(2)	9,283	2	—	—	—	—
Transfers from Stage 2 to Stage 1	5,959	15	(5,959)	(15)	—	—	—	—
Transfers to Stage 3	(368)	—	(473)	(7)	841	7	—	—
Transfers from Stage 3	16	1	95	1	(111)	(2)	—	—
Business activity in the year[a]	22,991	12	978	7	26	11	23,995	30
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(8,990)	—	(1,036)	49	(238)	48	(10,264)	97
Final repayments	(10,071)	(2)	(1,641)	(8)	(240)	(12)	(11,952)	(22)
Disposals[b]	(525)	(2)	(4)	—	(2)	—	(531)	(2)
Write-offs	—	—	—	—	(3)	(3)	(3)	(3)
As at 31 December 2023	142,943	39	19,081	77	1,709	107	163,733	223
Retail credit cards								
As at 1 January 2023	7,119	127	2,569	493	251	137	9,939	757
Transfers from Stage 1 to Stage 2	(891)	(26)	891	26	—	—	—	—
Transfers from Stage 2 to Stage 1	1,344	216	(1,344)	(216)	—	—	—	—
Transfers to Stage 3	(121)	(4)	(244)	(82)	365	86	—	—
Transfers from Stage 3	44	27	25	14	(69)	(41)	—	—
Business activity in the year	847	15	101	36	5	5	953	56
Refinements to models used for calculation[c]	—	(1)	—	52	—	37	—	88
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(122)	(237)	170	177	(27)	145	21	85
Final repayments	(126)	(6)	(40)	(8)	(24)	(18)	(190)	(32)
Disposals[b]	—	—	—	—	(159)	(100)	(159)	(100)
Write-offs	—	—	—	—	(144)	(144)	(144)	(144)
As at 31 December 2023	8,094	111	2,128	492	198	107	10,420	710
Retail other								
As at 1 January 2023	4,026	42	896	125	163	111	5,085	278
Transfers from Stage 1 to Stage 2	(443)	(8)	443	8	—	—	—	—
Transfers from Stage 2 to Stage 1	276	25	(276)	(25)	—	—	—	—
Transfers to Stage 3	(66)	(2)	(92)	(32)	158	34	—	—
Transfers from Stage 3	10	2	6	4	(16)	(6)	—	—
Business activity in the year	1,279	12	158	17	18	14	1,455	43
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(994)	(29)	(157)	15	(18)	89	(1,169)	75
Final repayments	(612)	(4)	(51)	(4)	(31)	(18)	(694)	(26)
Disposals[b]	—	—	—	—	(49)	(34)	(49)	(34)
Write-offs	—	—	—	—	(77)	(77)	(77)	(77)
As at 31 December 2023	3,476	38	927	108	148	113	4,551	259

Notes
a. Business activity in the year reported within Retail mortgages includes an acquisition of Kensington Mortgage Company in UK Mortgages of £2.4bn.
b. The £531m of disposals reported within Retail mortgages relate to transfer of facilities to a non-consolidated special purpose vehicle for the purpose of securitisation. The £159m of disposals reported within Retail credit cards and £49m of disposals reported within Retail other relate to debt sales undertaken during the year.
c. Refinements to models used for calculation include a £88m movement in UK Cards. These reflect model enhancements made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

Loans and advances at amortised cost (audited)

Barclays Bank UK Group	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Corporate loans								
As at 1 January 2023	20,901	153	6,334	149	1,632	249	28,867	551
Transfers from Stage 1 to Stage 2	(1,625)	(16)	1,625	16	—	—	—	—
Transfers from Stage 2 to Stage 1	2,104	55	(2,104)	(55)	—	—	—	—
Transfers to Stage 3	(429)	(3)	(637)	(11)	1,066	14	—	—
Transfers from Stage 3	127	16	206	19	(333)	(35)	—	—
Business activity in the year	2,523	7	87	2	166	16	2,776	25
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[a]	(984)	(99)	(863)	(8)	(1,016)	92	(2,863)	(15)
Final repayments	(3,325)	(6)	(313)	(7)	(124)	(13)	(3,762)	(26)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(71)	(71)	(71)	(71)
As at 31 December 2023	19,292	107	4,335	105	1,320	252	24,947	464

Reconciliation of ECL movement to credit impairment charge/(release) for the year ended 31 December 2023

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Retail mortgages	24	29	52	105
Retail credit cards	(16)	(1)	214	197
Retail other	(4)	(17)	113	92
Corporate loans	(46)	(44)	74	(16)
ECL movement excluding disposals and write-offs[b]	(42)	(33)	453	378
ECL movement on loan commitments and financial guarantees	2	(22)	—	(20)
ECL movement on other financial assets	(1)	—	—	(1)
ECL movement on debt securities at amortised cost	*1*	—	—	1
Recoveries and reimbursements[c]	(2)	(3)	(28)	(33)
Total exchange and other adjustments				(17)
Total credit impairment charge for the year				308

Notes

a. 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes' reported within Corporate loans also include assets of £0.8bn de-recognised due to payment received on defaulted loans from government guarantees issued under government's Bounce Back Loans Scheme.

b. In 2023, gross write-offs amounted to £295m (2022: £625m) and post write-off recoveries amounted to £28m (2022: £32m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £267m (2022: £593m).

c. Recoveries and reimbursements include post write off recoveries of £28m and reimbursements expected to be received under the arrangement where Barclays Bank UK Group has entered into financial guarantee contracts which provide credit protection over certain assets with third parties of £5m.

Loan commitments and financial guarantees (audited)

Barclays Bank UK Group	Stage 1 Gross £m	Stage 1 ECL £m	Stage 2 Gross £m	Stage 2 ECL £m	Stage 3 Gross £m	Stage 3 ECL £m	Total Gross £m	Total ECL £m
Retail mortgages								
As at 1 January 2023	11,653	—	448	—	2	—	12,103	—
Net transfers between stages	(62)	—	53	—	9	—	—	—
Business activity in the year	4,159	—	—	—	—	—	4,159	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(7,672)	—	(11)	—	(8)	—	(7,691)	—
Limit management and final repayments	(344)	—	(44)	—	—	—	(388)	—
As at 31 December 2023	7,734	—	446	—	3	—	8,183	—
Retail credit cards								
As at 1 January 2023	33,813	9	3,387	38	221	—	37,421	47
Net transfers between stages	1,880	30	(1,961)	(30)	81	—	—	—
Business activity in the year	1,695	4	41	2	1	—	1,737	6
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,442)	(30)	(328)	16	(93)	—	(1,863)	(14)
Limit management and final repayments	(2,481)	(2)	(98)	(10)	(76)	—	(2,655)	(12)
As at 31 December 2023	33,465	11	1,041	16	134	—	34,640	27
Retail other								
As at 1 January 2023	5,402	—	437	—	15	—	5,854	—
Net transfers between stages	(46)	—	41	—	5	—	—	—
Business activity in the year	21	—	—	—	—	—	21	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(837)	—	(64)	—	(9)	—	(910)	—
Limit management and final repayments	(240)	—	—	—	—	—	(240)	—
As at 31 December 2023	4,300	—	414	—	11	—	4,725	—
Corporate loans								
As at 1 January 2023	3,034	—	417	—	53	—	3,504	—
Net transfers between stages	19	—	(30)	—	11	—	—	—
Business activity in the year	4	—	—	—	—	—	4	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(433)	—	(50)	—	(22)	—	(505)	—
Limit management and final repayments	(70)	—	—	—	—	—	(70)	—
As at 31 December 2023	2,554	—	337	—	42	—	2,933	—

Loans and advances at amortised cost (audited)

Barclays Bank UK PLC	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 2023	143,169	17	17,838	48	1,436	58	162,443	123
Transfers from Stage 1 to Stage 2	(9,283)	(2)	9,283	2	—	—	—	—
Transfers from Stage 2 to Stage 1	5,959	15	(5,959)	(15)	—	—	—	—
Transfers to Stage 3	(368)	—	(473)	(8)	841	8	—	—
Transfers from Stage 3	16	1	95	1	(111)	(2)	—	—
Business activity in the year[a]	22,991	12	978	7	26	11	23,995	30
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(8,990)	—	(1,036)	50	(238)	47	(10,264)	97
Final repayments	(10,071)	(2)	(1,641)	(8)	(240)	(12)	(11,952)	(22)
Disposals[b]	(517)	(2)	(4)	—	(2)	—	(523)	(2)
Write-offs	—	—	—	—	(3)	(3)	(3)	(3)
As at 31 December 2023	142,906	39	19,081	77	1,709	107	163,696	223
Retail credit cards								
As at 1 January 2023	7,119	127	2,569	493	251	137	9,939	757
Transfers from Stage 1 to Stage 2	(891)	(26)	891	26	—	—	—	—
Transfers from Stage 2 to Stage 1	1,344	216	(1,344)	(216)	—	—	—	—
Transfers to Stage 3	(121)	(4)	(244)	(82)	365	86	—	—
Transfers from Stage 3	45	27	25	14	(70)	(41)	—	—
Business activity in the year	847	15	101	36	5	5	953	56
Refinements to models used for calculation[c]	—	(1)	—	52	—	37	—	88
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(123)	(237)	170	177	(26)	145	21	85
Final repayments	(126)	(6)	(40)	(8)	(24)	(18)	(190)	(32)
Disposals[b]	—	—	—	—	(159)	(100)	(159)	(100)
Write-offs	—	—	—	—	(144)	(144)	(144)	(144)
As at 31 December 2023	8,094	111	2,128	492	198	107	10,420	710
Retail other								
As at 1 January 2023	4,025	42	896	125	163	111	5,084	278
Transfers from Stage 1 to Stage 2	(443)	(8)	443	8	—	—	—	—
Transfers from Stage 2 to Stage 1	276	25	(276)	(25)	—	—	—	—
Transfers to Stage 3	(66)	(2)	(92)	(32)	158	34	—	—
Transfers from Stage 3	10	2	6	4	(16)	(6)	—	—
Business activity in the year	1,279	12	158	17	18	14	1,455	43
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(993)	(29)	(157)	15	(18)	89	(1,168)	75
Final repayments	(612)	(4)	(51)	(4)	(31)	(18)	(694)	(26)
Disposals[b]	—	—	—	—	(49)	(34)	(49)	(34)
Write-offs	—	—	—	—	(77)	(77)	(77)	(77)
As at 31 December 2023	3,476	38	927	108	148	113	4,551	259

Notes

a. Business activity in the year reported within Retail mortgages includes the acquisition of Kensington Mortgage Company in UK Mortgages of £2.2bn.

b. The £523m of disposals reported within Retail mortgages relate to transfer of facilities to a non-consolidated special purpose vehicle for the purpose of securitisation. The £159m of disposals reported within Retail credit cards and £49m of disposals reported within Retail other relate to debt sales undertaken during the year.

c. Refinements to models used for calculation include a £88m movement in UK Cards, these reflect model enhancements made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

Barclays Bank UK PLC	Stage 1 Gross £m	Stage 1 ECL £m	Stage 2 Gross £m	Stage 2 ECL £m	Stage 3 Gross £m	Stage 3 ECL £m	Total Gross £m	Total ECL £m
Corporate loans								
As at 1 January 2023	21,776	153	6,334	149	1,632	249	29,742	551
Transfers from Stage 1 to Stage 2	(1,625)	(16)	1,625	16	—	—	—	—
Transfers from Stage 2 to Stage 1	2,104	55	(2,104)	(55)	—	—	—	—
Transfers to Stage 3	(429)	(3)	(637)	(11)	1,066	14	—	—
Transfers from Stage 3	127	16	206	19	(333)	(35)	—	—
Business activity in the year	2,723	7	87	2	166	16	2,976	25
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[a]	(1,350)	(99)	(863)	(8)	(1,016)	92	(3,229)	(15)
Final repayments	(3,445)	(6)	(313)	(7)	(124)	(13)	(3,882)	(26)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(71)	(71)	(71)	(71)
As at 31 December 2023	19,881	107	4,335	105	1,320	252	25,536	464

Reconciliation of ECL movement to credit impairment charge/(release) for the year ended 31 December 2023

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Retail mortgages	24	29	52	105
Retail credit cards	(16)	(1)	214	197
Retail other	(4)	(17)	113	92
Corporate loans	(46)	(44)	74	(16)
ECL movement excluding disposals and write-offs[b]	(42)	(33)	453	378
ECL movement on loan commitments and financial guarantees	2	(22)	—	(20)
ECL movement on other financial assets	—	—	—	—
ECL movement on debt securities at amortised cost	1	—	—	1
Recoveries and reimbursements[c]	(2)	(3)	(27)	(32)
Total exchange and other adjustments				(18)
Total credit impairment charge for the year				309

Notes
a. 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes reported within Corporate loans also include assets of £0.8bn de-recognised due to payment received on defaulted loans from government guarantees issued under government's Bounce Back Loans Scheme.
b. In 2023, gross write-offs amounted to £295m (2022: £625m) and post write-off recoveries amounted to £27m (2022: £32m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £268m (2022: £593m).
c. Recoveries and reimbursements include post write off recoveries of £27m and reimbursements expected to be received under the arrangement where Barclays Bank UK Group has entered into financial guarantee contracts which provide credit protection over certain assets with third parties of £5m.

Loan commitments and financial guarantees (audited)

Barclays Bank UK PLC	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 2023	11,653	—	448	—	2	—	12,103	—
Net transfers between stages	(62)	—	53	—	9	—	—	—
Business activity in the year	3,985	—	—	—	—	—	3,985	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(7,672)	—	(11)	—	(8)	—	(7,691)	—
Limit management and final repayments	(344)	—	(44)	—	—	—	(388)	—
As at 31 December 2023	7,560	—	446	—	3	—	8,009	—
Retail credit cards								
As at 1 January 2023	33,813	9	3,387	38	221	—	37,421	47
Net transfers between stages	1,880	30	(1,961)	(30)	81	—	—	—
Business activity in the year	1,695	4	41	2	1	—	1,737	6
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,442)	(30)	(328)	16	(93)	—	(1,863)	(14)
Limit management and final repayments	(2,481)	(2)	(98)	(10)	(76)	—	(2,655)	(12)
As at 31 December 2023	33,465	11	1,041	16	134	—	34,640	27
Retail other								
As at 1 January 2023	5,402	—	437	—	15	—	5,854	—
Net transfers between stages	(46)	—	41	—	5	—	—	—
Business activity in the year	21	—	—	—	—	—	21	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(837)	—	(64)	—	(9)	—	(910)	—
Limit management and final repayments	(240)	—	—	—	—	—	(240)	—
As at 31 December 2023	4,300	—	414	—	11	—	4,725	—
Corporate loans								
As at 1 January 2023	3,034	—	417	—	53	—	3,504	—
Net transfers between stages	19	—	(30)	—	11	—	—	—
Business activity in the year	4	—	—	—	—	—	4	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(433)	—	(50)	—	(22)	—	(505)	—
Limit management and final repayments	(70)	—	—	—	—	—	(70)	—
As at 31 December 2023	2,554	—	337	—	42	—	2,933	—

Loans and advances at amortised cost (audited)

Barclays Bank UK Group	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	138,298	11	18,847	24	1,164	54	158,309	89
Transfers from Stage 1 to Stage 2	(8,568)	(1)	8,568	1	—	—	—	—
Transfers from Stage 2 to Stage 1	7,096	8	(7,096)	(8)	—	—	—	—
Transfers to Stage 3	(207)	—	(686)	(3)	893	3	—	—
Transfers from Stage 3	14	1	196	1	(210)	(2)	—	—
Business activity in the year	28,141	5	1,142	7	6	—	29,289	12
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(8,716)	(6)	(1,073)	29	(132)	13	(9,921)	36
Final repayments	(12,844)	(1)	(2,060)	(3)	(281)	(6)	(15,185)	(10)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(4)	(4)	(4)	(4)
As at 31 December 2022	143,214	17	17,838	48	1,436	58	162,488	123
Retail credit cards								
As at 1 January 2022	7,300	146	2,114	773	517	348	9,931	1,267
Transfers from Stage 1 to Stage 2	(1,096)	(32)	1,096	32	—	—	—	—
Transfers from Stage 2 to Stage 1	658	239	(658)	(239)	—	—	—	—
Transfers to Stage 3	(129)	(4)	(215)	(104)	344	108	—	—
Transfers from Stage 3	31	18	2	1	(33)	(19)	—	—
Business activity in the year	434	8	129	25	5	3	568	36
Refinements to models used for calculation[a]	—	43	—	(232)	—	—	—	(189)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	97	(280)	153	252	11	202	261	174
Final repayments	(176)	(11)	(52)	(15)	(31)	(15)	(259)	(41)
Disposals[b]	—	—	—	—	(190)	(118)	(190)	(118)
Write-offs	—	—	—	—	(372)	(372)	(372)	(372)
As at 31 December 2022	7,119	127	2,569	493	251	137	9,939	757
Retail other								
As at 1 January 2022	4,150	55	696	117	312	225	5,158	397
Transfers from Stage 1 to Stage 2	(321)	(6)	321	6	—	—	—	—
Transfers from Stage 2 to Stage 1	205	26	(205)	(26)	—	—	—	—
Transfers to Stage 3	(51)	(2)	(80)	(33)	131	35	—	—
Transfers from Stage 3	5	4	15	8	(20)	(12)	—	—
Business activity in the year	1,835	16	303	42	21	18	2,159	76
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(1,076)	(46)	(112)	14	2	107	(1,186)	75
Final repayments	(721)	(5)	(42)	(3)	(28)	(19)	(791)	(27)
Disposals[b]	—	—	—	—	(37)	(25)	(37)	(25)
Write-offs	—	—	—	—	(218)	(218)	(218)	(218)
As at 31 December 2022	4,026	42	896	125	163	111	5,085	278

Notes

a. Refinements to models used for calculation include a £189m movement in UK Cards. These reflect model enhancements made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

b. The £190m of disposals reported within Retail credit cards and £37m of disposals reported within Retail other relate to debt sales undertaken during the year.

Loans and advances at amortised cost (audited)

Barclays Bank UK Group	Stage 1 Gross £m	ECL £m	Stage 2 Gross £m	ECL £m	Stage 3 Gross £m	ECL £m	Total Gross £m	ECL £m
Corporate loans								
As at 1 January 2022	31,470	183	2,982	57	1,857	186	36,309	426
Transfers from Stage 1 to Stage 2	(5,698)	(60)	5,698	60	—	—	—	—
Transfers from Stage 2 to Stage 1	685	12	(685)	(12)	—	—	—	—
Transfers to Stage 3	(1,226)	(5)	(477)	(6)	1,703	11	—	—
Transfers from Stage 3	150	15	310	27	(460)	(42)	—	—
Business activity in the year	3,431	27	148	6	230	24	3,809	57
Refinements to models used for calculation[a]	—	(66)	—	(42)	—	(374)	—	(482)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[b]	(5,696)	57	(1,387)	65	(1,528)	489	(8,611)	611
Final repayments	(2,215)	(10)	(255)	(6)	(139)	(14)	(2,609)	(30)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(31)	(31)	(31)	(31)
As at 31 December 2022	20,901	153	6,334	149	1,632	249	28,867	551

Reconciliation of ECL movement to credit impairment charge/(release) for the year ended 31 December 2022

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Retail mortgages	**6**	**24**	**8**	**38**
Retail credit cards	**(19)**	**(280)**	**279**	**(20)**
Retail other	**(13)**	**8**	**129**	**124**
Corporate loans	**(30)**	**92**	**94**	**156**
ECL movement excluding disposals and write-offs[c]	**(56)**	**(156)**	**510**	**298**
ECL movement on loan commitments and financial guarantees	**2**	**9**	**—**	**11**
ECL movement on other financial assets	**—**	**1**	**—**	**1**
ECL movement on debt securities at amortised cost	**2**	**—**	**—**	**2**
Recoveries and reimbursements[d]	**(2)**	**(2)**	**(32)**	**(36)**
Total exchange and other adjustments				**(8)**
Total credit impairment charge for the year				**268**

Notes
a. Refinements to models used for calculation include a £482m movement in Business Banking. These reflect model enhancements made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.
b. Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes' reported within Corporate loans also include assets of £1.3bn de-recognised due to payment received on defaulted loans from government guarantees issued under government's Bounce Back Loans Scheme.
c. In 2022, gross write-offs amounted to £625m. In Q422, £329m of balances with de minimis recovery expectations were written-off in line with policy in UK Cards and Unsecured Loans. Post write-off recoveries amounted to £32m. Net write-offs represent gross write-off less post write-off recoveries and amounted to £593m.
d. Recoveries and reimbursements include post write off recoveries of £32m and reimbursements expected to be received under the arrangement where Barclays Bank UK Group has entered into financial guarantee contracts which provide credit protection over certain assets with third parties of £4m.

Loan commitments and financial guarantees (audited)

Barclays Bank UK Group	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 2022	10,780	—	531	—	3	—	11,314	—
Net transfers between stages	14	—	(18)	—	4	—	—	—
Business activity in the year	8,007	—	—	—	—	—	8,007	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(6,797)	—	(21)	—	(5)	—	(6,823)	—
Limit management and final repayments	(351)	—	(44)	—	—	—	(395)	—
As at 31 December 2022	11,653	—	448	—	2	—	12,103	—
Retail credit cards								
As at 1 January 2022	35,047	7	2,003	29	177	—	37,227	36
Net transfers between stages	(1,850)	17	1,660	(17)	190	—	—	—
Business activity in the year	1,292	1	70	2	1	—	1,363	3
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	510	(14)	(248)	29	(66)	—	196	15
Limit management and final repayments	(1,186)	(2)	(98)	(5)	(81)	—	(1,365)	(7)
As at 31 December 2022	33,813	9	3,387	38	221	—	37,421	47
Retail other								
As at 1 January 2022	7,136	—	459	—	9	—	7,604	—
Net transfers between stages	(73)	—	53	—	20	—	—	—
Business activity in the year	106	—	—	—	—	—	106	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,621)	—	(75)	—	(12)	—	(1,708)	—
Limit management and final repayments	(146)	—	—	—	(2)	—	(148)	—
As at 31 December 2022	5,402	—	437	—	15	—	5,854	—
Corporate loans								
As at 1 January 2022	3,477	—	147	—	58	—	3,682	—
Net transfers between stages	(313)	—	313	—	—	—	—	—
Business activity in the year	7	—	—	—	—	—	7	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(137)	—	(37)	—	(5)	—	(179)	—
Limit management and final repayments	—	—	(6)	—	—	—	(6)	—
As at 31 December 2022	3,034	—	417	—	53	—	3,504	—

Loans and advances at amortised cost (audited)

Barclays Bank UK PLC	Stage 1 Gross £m	Stage 1 ECL £m	Stage 2 Gross £m	Stage 2 ECL £m	Stage 3 Gross £m	Stage 3 ECL £m	Total Gross £m	Total ECL £m
Retail mortgages								
As at 1 January 2022	138,298	11	18,847	24	1,164	54	158,309	89
Transfers from Stage 1 to Stage 2	(8,568)	(1)	8,568	1	—	—	—	—
Transfers from Stage 2 to Stage 1	7,096	8	(7,096)	(8)	—	—	—	—
Transfers to Stage 3	(207)	—	(686)	(3)	893	3	—	—
Transfers from Stage 3	14	1	196	1	(210)	(2)	—	—
Business activity in the year	28,141	5	1,142	7	6	—	29,289	12
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(8,716)	(6)	(1,073)	29	(132)	13	(9,921)	36
Final repayments	(12,844)	(1)	(2,060)	(3)	(281)	(6)	(15,185)	(10)
Disposals[a]	(45)	—	—	—	—	—	(45)	—
Write-offs	—	—	—	—	(4)	(4)	(4)	(4)
As at 31 December 2022	143,169	17	17,838	48	1,436	58	162,443	123
Retail credit cards								
As at 1 January 2022	7,300	146	2,114	774	517	347	9,931	1,267
Transfers from Stage 1 to Stage 2	(1,096)	(32)	1,096	32	—	—	—	—
Transfers from Stage 2 to Stage 1	658	239	(658)	(239)	—	—	—	—
Transfers to Stage 3	(129)	(4)	(215)	(104)	344	108	—	—
Transfers from Stage 3	32	18	2	1	(34)	(19)	—	—
Business activity in the year	434	8	129	25	5	3	568	36
Refinements to models used for calculation[b]	—	43	—	(232)	—	—	—	(189)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	96	(280)	153	251	12	203	261	174
Final repayments	(176)	(11)	(52)	(15)	(31)	(15)	(259)	(41)
Disposals[a]	—	—	—	—	(190)	(118)	(190)	(118)
Write-offs	—	—	—	—	(372)	(372)	(372)	(372)
As at 31 December 2022	7,119	127	2,569	493	251	137	9,939	757
Retail other								
As at 1 January 2022	4,150	55	696	117	310	225	5,156	397
Transfers from Stage 1 to Stage 2	(321)	(6)	321	6	—	—	—	—
Transfers from Stage 2 to Stage 1	205	26	(205)	(26)	—	—	—	—
Transfers to Stage 3	(51)	(2)	(80)	(33)	131	35	—	—
Transfers from Stage 3	5	4	15	8	(20)	(12)	—	—
Business activity in the year	1,835	16	303	42	21	18	2,159	76
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(1,077)	(46)	(112)	14	4	107	(1,185)	75
Final repayments	(721)	(5)	(42)	(3)	(28)	(19)	(791)	(27)
Disposals[a]	—	—	—	—	(37)	(25)	(37)	(25)
Write-offs	—	—	—	—	(218)	(218)	(218)	(218)
As at 31 December 2022	4,025	42	896	125	163	111	5,084	278

Notes

a. The £45m of disposals reported within Retail mortgages relate to transfer of UK Mortgage facilities to a special purpose vehicle for the purpose of securitisation. The £190m of disposals reported within Retail credit cards and £37m of disposals reported within Retail other relate to debt sales undertaken during the year.

b. Refinements to models used for calculation include a £189m movement in UK Cards. These reflect model enhancements made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

Loans and advances at amortised cost (audited)								
Barclays Bank UK PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Corporate loans								
As at 1 January 2022	31,863	182	2,982	57	1,857	186	36,702	425
Transfers from Stage 1 to Stage 2	(5,698)	(60)	5,698	60	—	—	—	—
Transfers from Stage 2 to Stage 1	685	12	(685)	(12)	—	—	—	—
Transfers to Stage 3	(1,226)	(5)	(477)	(6)	1,703	11	—	—
Transfers from Stage 3	150	15	310	27	(460)	(42)	—	—
Business activity in the year	3,551	27	148	6	230	24	3,929	57
Refinements to models used for calculation[a]	—	(66)	—	(42)	—	(374)	—	(482)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[b]	(5,334)	58	(1,387)	65	(1,528)	489	(8,249)	612
Final repayments	(2,215)	(10)	(255)	(6)	(139)	(14)	(2,609)	(30)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(31)	(31)	(31)	(31)
As at 31 December 2022	21,776	153	6,334	149	1,632	249	29,742	551

Reconciliation of ECL movement to credit impairment charge/(release) for the year ended 31 December 2022

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Retail mortgages	*6*	*24*	*8*	*38*
Retail credit cards	*(19)*	*(281)*	*280*	*(20)*
Retail other	*(13)*	*8*	*129*	*124*
Corporate loans	*(29)*	*92*	*94*	*157*
ECL movement excluding disposals and write-offs[c]	*(55)*	*(157)*	*511*	*299*
ECL movement on loan commitments and financial guarantees	2	9	—	11
ECL movement on other financial assets	—	1	—	1
ECL movement on debt securities at amortised cost	1	—	—	1
Recoveries and reimbursements[d]	(2)	(2)	(32)	(36)
Total exchange and other adjustments				(9)
Total credit impairment charge for the year				**267**

Notes

a. Refinements to models used for calculation include a £482m movement in Business Banking. These reflect model enhancement made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

b. 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes' reported within Corporate loans also include assets of £1.3bn de-recognised due to payment received on defaulted loans from government guarantees issued under government's Bounce Back Loans Scheme.

c. In 2022, gross write-offs amounted to £625m. In Q422, £329m of balances with de minimis recovery expectations were written-off in line with policy in UK Cards and Unsecured Loans. Post write-off recoveries amounted to £32m. Net write-offs represents gross write offs less post write off recoveries and amounted to £593m.

d. Recoveries and reimbursements include post write off recoveries of £32m and reimbursements expected to be received under the arrangement where the Bank has entered into financial guarantee contracts which provide credit protection over certain assets with third parties of £4m.

Loan commitments and financial guarantees (audited)								
	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK PLC	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Retail mortgages								
As at 1 January 2022	10,780	—	531	—	3	—	11,314	—
Net transfers between stages	14	—	(18)	—	4	—	—	—
Business activity in the year	8,007	—	—	—	—	—	8,007	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(6,797)	—	(21)	—	(5)	—	(6,823)	—
Limit management and final repayments	(351)	—	(44)	—	—	—	(395)	—
As at 31 December 2022	11,653	—	448	—	2	—	12,103	—
Retail credit cards								
As at 1 January 2022	35,047	7	2,003	29	177	—	37,227	36
Net transfers between stages	(1,850)	17	1,660	(17)	190	—	—	—
Business activity in the year	1,292	1	70	2	1	—	1,363	3
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	510	(14)	(248)	29	(66)	—	196	15
Limit management and final repayments	(1,186)	(2)	(98)	(5)	(81)	—	(1,365)	(7)
As at 31 December 2022	33,813	9	3,387	38	221	—	37,421	47
Retail other								
As at 1 January 2022	7,136	—	459	—	9	—	7,604	—
Net transfers between stages	(73)	—	53	—	20	—	—	—
Business activity in the year	106	—	—	—	—	—	106	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,621)	—	(75)	—	(12)	—	(1,708)	—
Limit management and final repayments	(146)	—	—	—	(2)	—	(148)	—
As at 31 December 2022	5,402	—	437	—	15	—	5,854	—
Corporate loans								
As at 1 January 2022	3,477	—	147	—	58	—	3,682	—
Net transfers between stages	(313)	—	313	—	—	—	—	—
Business activity in the year	7	—	—	—	—	—	7	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(137)	—	(37)	—	(5)	—	(179)	—
Limit management and final repayments	—	—	(6)	—	—	—	(6)	—
As at 31 December 2022	3,034	—	417	—	53	—	3,504	—

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 (0.9% of impairment allowance and 2.3% of gross exposure) are included in Stage 2. These accounts are not otherwise identified by the quantitative or qualitative tests but are more than 30 days past due. The percentage triggered by these backstop criteria is a measure of the effectiveness of the Stage 2 criteria in identifying deterioration prior to delinquency.

Loans and advances at amortised cost[a]	Gross Exposure				Impairment Allowance			
Barclays Bank UK Group	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
Retail mortgages	8,904	9,564	613	19,081	49	22	6	77
Retail credit cards	1,798	330	—	2,128	416	76	—	492
Retail other	752	172	3	927	99	8	1	108
Corporate loans	3,573	758	4	4,335	92	13	—	105
Total Stage 2	**15,027**	**10,824**	**620**	**26,471**	**656**	**119**	**7**	**782**

Loans and advances at amortised cost[a]	Gross Exposure				Impairment Allowance			
Barclays Bank UK Group	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
Retail mortgages	9,242	8,159	437	17,838	27	17	4	48
Retail credit cards	2,020	547	2	2,569	404	89	—	493
Retail other	681	213	2	896	114	10	1	125
Corporate loans	5,485	847	2	6,334	133	14	2	149
Total Stage 2	17,428	9,766	443	27,637	678	130	7	815

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

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	Gross Exposure			Impairment Allowance		
Barclays Bank UK Group	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	1,408	301	1,709	63	44	107
Retail credit cards	198	—	198	107	—	107
Retail other	106	42	148	71	42	113
Corporate loans	1,099	221	1,320	117	135	252
Total Stage 3	**2,811**	**564**	**3,375**	**358**	**221**	**579**

Loans and advances at amortised cost	Gross Exposure			Impairment Allowance		
Barclays Bank UK Group	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	1,201	235	1,436	51	7	58
Retail credit cards	167	84	251	123	14	137
Retail other	124	39	163	72	39	111
Corporate loans	1,425	207	1,632	109	140	249
Total Stage 3	2,917	565	3,482	355	200	555

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, and are presented by product below:

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

Barclays Bank UK Group	Impairment allowance pre management adjustments[b]	Economic uncertainty adjustments (a)	Other adjustments (b)	Management adjustments (a+b)	Total impairment allowance[c]	Proportion of Management adjustments to total impairment allowance
As at 31 December 2023	£m	£m	£m	£m	£m	%
Retail mortgages	**45**	**57**	**121**	**178**	**223**	**79.8**
Retail credit cards	**701**	**45**	**(9)**	**36**	**737**	**4.9**
Retail other	**187**	**8**	**64**	**72**	**259**	**27.8**
Corporate loans	**358**	**71**	**35**	**106**	**464**	**22.8**
Total	**1,291**	**181**	**211**	**392**	**1,683**	**23.3**
Debt securities at amortised cost	**3**	**—**	**—**	**—**	**3**	**—**
Total including debt securities at amortised cost	**1,294**	**181**	**211**	**392**	**1,686**	**23.3**
As at 31 December 2022	£m	£m	£m	£m	£m	%
Retail mortgages	34	4	85	89	123	72.4
Retail credit cards	680	93	31	124	804	15.4
Retail other	195	21	62	83	278	29.9
Corporate loans	321	100	130	230	551	41.7
Total	1,230	218	308	526	1,756	30.0
Debt securities at amortised cost	2	—	—	—	2	—
Total including debt securities at amortised cost	1,232	218	308	526	1,758	29.9

Economic uncertainty adjustments presented by stage (audited)

Barclays Bank UK Group	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	£m	£m	£m	£m
Retail mortgages	**12**	**32**	**13**	**57**
Retail credit cards	**8**	**37**	**—**	**45**
Retail other	**2**	**6**	**—**	**8**
Corporate loans	**48**	**12**	**11**	**71**
Total	**70**	**87**	**24**	**181**
	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2022	£m	£m	£m	£m
Retail mortgages	1	3	—	4
Retail credit cards	17	76	—	93
Retail other	5	15	1	21
Corporate loans	84	16	—	100
Total	107	110	1	218

Notes
a. Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.
b. Includes £1.1bn (2022: £1.1bn) of modelled ECL, £0.1bn (2022: £0.1bn) of individually assessed impairments and £0.1bn (2022 £0.05bn) ECL from non-modelled exposures and debt securities.
c. Total impairment allowance consists of ECL stock on drawn and undrawn exposure.

Economic uncertainty adjustments

Models have been developed with data from non-inflationary periods establishing a relationship between input variables and customer delinquency based on past behaviour. As such there is a risk that the modelled output fails to capture the appropriate response to changes in macroeconomic variables including higher interest rates and continuing inflationary stress with modelled impairment provisions impacted by uncertainty.

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

Economic uncertainty adjustments have decreased from last year following the re-build of UK cards impairment models which better capture the macroeconomic outlook. Furthermore, adjustments have been reassessed to capture affordability headwinds in UK retail lending.

The balance as at 31 December 2023 is £181m (2022: £218m) and includes:

Customer and client uncertainty provisions of £149m (2022: £228m):

UK retail lending includes adjustments applied to customers considered most vulnerable to affordability pressures.

- **Retail mortgages, £25m (2022: £4m):** The increase primarily reflects the risk of borrowers refinancing onto higher rates in the medium term.
- **Retail credit cards, £45m (2022: £93m):** The reduction reflects the re-build of UK cards impairment models which better capture sensitivity to movements in interest rates and inflation.
- **Retail other, £8m (2022: £21m):** The reduction reflects customer resilience to affordability headwinds.

Corporate loans, £71m (2022: £110m): This includes an adjustment to reflect possible cross default risk on Barclays Bank UK Group's lending in respect of clients who have taken bounce back loans. The reduction is informed by retirement of high-risk sectors adjustment following strong credit performance and an improved GDP forecast.

Model uncertainty provisions of £32m (2022: £(10)m):

Retail mortgages, £32m (2022: nil): This includes an adjustment to correct for higher recovery expectations impacted by model oversensitivity to certain macroeconomic variables.

Corporate loans, nil (2022: £(10)m): The adjustment held in the previous year to correct for model oversensitivity has been retired following the re-build of certain impairment models which more appropriately capture the macroeconomic outlook.

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 £211m (2022: £308m) includes:

Adjustments for definition of default (DOD) under the Capital Requirements Regulation and model monitoring in Retail mortgages, Retail other and Corporate loans.

Retail mortgages, £121m (2022: £85m): The increase reflects re-sizing of an adjustment for DOD and an ECL provision for Kensington Mortgages which was acquired during the year.

Retail credit cards, £(9)m (2022: £31m): The reduction is informed by retirement of operational adjustments following the re-build of UK cards impairment models.

Retail other, £64m (2022: £62m): The underlying adjustments remain broadly in line with the previous year.

Corporate loans, £35m (2022: £130m): The reduction is informed by operational adjustments introduced during the year to remediate conservative modelled recovery expectations in the ESHLA portfolio.

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, the UK Mortgage portfolio was reviewed to determine the impact of a plausible change in regulation requiring landlords to upgrade properties to minimum EPC rating of C in the buy-to-let portfolio. 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.

Measurement uncertainty and sensitivity analysis

The measurement of modelled ECL involves complexity and judgement, including estimation of probabilities of default (PD), loss given default (LGD), a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default (EAD) and assessing significant increases in credit risk. The Barclays Bank UK Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts) and Bloomberg (based on median of economic forecasts), which forms the Baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a broadly similar severity to the 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 rate), and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately seven years.

Scenarios used to calculate the Barclays Bank UK Group's ECL charge were refreshed in Q423 with the Baseline scenario reflecting the latest consensus macroeconomic forecasts available at the time of the scenario refresh. In the Baseline scenario, whilst the UK economy avoids 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 continues to ease over 2023 and 2024. The unemployment rates rise to 4.8% over 2024 and then stabilises. With the significant decline in inflationary pressures, the Bank of England refrains from further interest rate increases. House prices continue to decline in 2024 before stabilising and resuming an upward trend from 2025.

In the Downside 2 scenario, inflationary pressures are assumed to intensify again, mainly driven by strong wage growth. The Bank of England raises rates further, with the UK bank rate reaching 8.5% in Q324. High interest rates suddenly bring stress into the financial and non-financial system, causing joblessness to spike and triggering a housing markets crisis and The Bank of England is forced cut interest rates aggressively. Falling demand reduces GDP 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, the Bank of England lowers interest rates, further stimulating aggregate demand and GDP growth.

The methodology for estimating scenario probability weights involves simulating a range of future paths for UK GDP using historical data with 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 equate to 100%. The same scenarios used in the estimation of expected credit losses are also used to inform the Barclays Bank UK Group'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 103.

The economic uncertainty adjustments of £181m (2022: £218m) have been applied as overlays to the modelled ECL output. These adjustments consist of a customer and client uncertainty provision of £149m (2022: £228m) which has been applied to customers and clients considered most vulnerable to affordability pressures, and a model uncertainty adjustment of £32m (2022: £(10m)). For further details see page 100.

The tables below show the key UK 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).

Baseline average macroeconomic variables used in the calculation of ECL					
	2023	2024	2025	2026	2027
As at 31 December 2023	%	%	%	%	%
UK GDP[a]	0.5	0.3	1.2	1.6	1.6
UK unemployment[b]	4.2	4.7	4.7	4.8	5.0
UK HPI[c]	(3.3)	(5.1)	0.7	3.1	5.3
UK bank rate	4.7	4.9	4.1	3.8	3.5
Downside 2					
UK GDP[a]	0.5	(1.5)	(2.6)	2.4	1.6
UK unemployment[b]	4.2	5.2	7.9	6.3	5.5
UK HPI[c]	(3.3)	(19.3)	(16.8)	14.5	12.4
UK bank rate	4.7	6.6	1.3	1.0	1.0
Downside 1					
UK GDP[a]	0.5	(0.6)	(0.7)	2.0	1.6
UK unemployment[b]	4.2	4.9	6.3	5.6	5.2
UK HPI[c]	(3.3)	(12.4)	(8.3)	8.7	8.8
UK bank rate	4.7	5.8	2.7	2.5	2.3
Upside 2					
UK GDP[a]	0.5	2.4	3.7	2.9	2.4
UK unemployment[b]	4.2	3.9	3.5	3.6	3.6
UK HPI[c]	(3.3)	7.8	7.6	4.5	5.6
UK bank rate	4.7	4.3	2.7	2.5	2.5
Upside 1					
UK GDP[a]	0.5	1.4	2.5	2.3	2.0
UK unemployment[b]	4.2	4.3	4.1	4.2	4.3
UK HPI[c]	(3.3)	1.2	4.1	3.8	5.4
UK bank rate	4.7	4.6	3.4	3.3	3.0

Notes
a Average Real GDP seasonally adjusted change in year.
b Average UK unemployment rate 16-year+.
c Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.

Baseline	2022	2023	2024	2025	2026
As at 31 December 2022	%	%	%	%	%
UK GDP[a]	3.3	(0.8)	0.9	1.8	1.9
UK unemployment[b]	3.7	4.5	4.4	4.1	4.2
UK HPI[c]	8.4	(4.7)	(1.7)	2.2	2.2
UK bank rate	1.8	4.4	4.1	3.8	3.4
Downside2					
UK GDP[a]	3.3	(3.4)	(3.8)	2.0	2.3
UK unemployment[b]	3.7	6.0	8.4	8.0	7.4
UK HPI[c]	8.4	(18.3)	(18.8)	(7.7)	8.2
UK bank rate	1.8	7.3	7.9	6.6	5.5
Downside1					
UK GDP[a]	3.3	(2.1)	(1.5)	1.9	2.1
UK unemployment[b]	3.7	5.2	6.4	6.0	5.8
UK HPI[c]	8.4	(11.7)	(10.6)	(2.8)	5.2
UK bank rate	1.8	5.9	6.1	5.3	4.6
Upside 2					
UK GDP[a]	3.3	2.8	3.7	2.9	2.4
UK unemployment[b]	3.7	3.5	3.4	3.4	3.4
UK HPI[c]	8.4	8.7	7.5	4.4	4.2
UK bank rate	1.8	3.1	2.6	2.5	2.5
Upside 1					
UK GDP[a]	3.3	1.0	2.3	2.4	2.1
UK unemployment[b]	3.7	4.0	3.9	3.8	3.8
UK HPI[c]	8.4	1.8	2.9	3.3	3.2
UK bank rate	1.8	3.5	3.3	3.0	2.8

Notes
a Average Real GDP seasonally adjusted change in year.
b Average UK unemployment rate 16-year+.
c Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.

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 101.

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.

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

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
As at 31 December 2023					
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 HPI[d]	**23.8**	**11.5**	**0.1**	**(22.5)**	**(35.0)**
UK bank rate[c]	**2.5**	**3.0**	**4.2**	**6.8**	**8.5**
As at 31 December 2022					
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 HPI[d]	37.8	21.0	1.2	(17.9)	(35.0)
UK bank rate[c]	0.5	0.5	3.5	6.3	8.0

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.

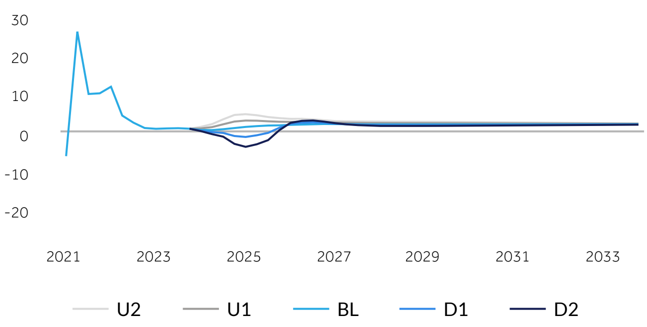
Macroeconomic variables used in the calculation of ECL (5-year averages) (audited)[a]

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
As at 31 December 2023					
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 HPI[g]	**4.4**	**2.2**	**0.1**	**(1.7)**	**(3.5)**
UK bank rate[f]	**3.3**	**3.8**	**4.2**	**3.6**	**2.9**
As at 31 December 2022					
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 HPI[g]	6.6	3.9	1.2	(2.6)	(6.4)
UK bank rate[f]	2.5	2.9	3.5	4.7	5.8

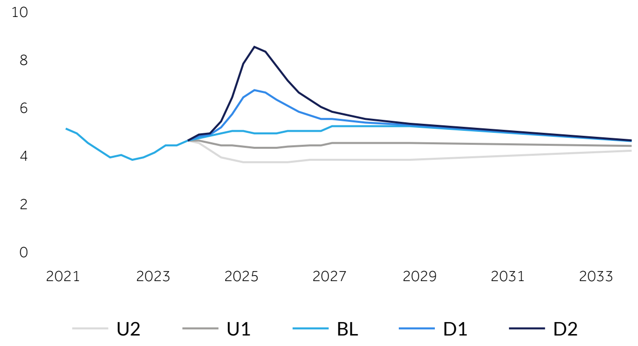
Notes
a UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index. 20 quarter period starts from Q123 (2022: Q122).
b Maximum growth relative to Q422 (2022: Q421), based on 20 quarter period in Upside scenarios; 5-year yearly average CAGR in Baseline; minimum growth relative to Q422 (2022: Q421), based on 20 quarter period in Downside scenarios.
c Lowest quarter in Upside scenarios; 5-year average in Baseline; highest quarter in Downside scenarios. Period based on 20 quarters from Q123 (2022: Q122).
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).

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

UK GDP (%)



UK unemployment (%)



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

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

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

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

Barclays Bank UK Group (audited)	Scenarios					
As at 31 December 2023	Weighted[a]	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (£m)						
Retail mortgages	142,368	144,524	143,776	142,549	139,715	136,140
Retail credit cards	17,425	17,438	17,441	17,438	17,419	17,338
Retail other	6,432	6,593	6,521	6,439	6,320	6,176
Corporate loans	18,114	20,325	19,363	18,221	16,897	15,343
Stage 1 Model ECL (£m)						
Retail mortgages	5	—	1	2	7	17
Retail credit cards	116	105	110	115	124	131
Retail other	24	23	24	24	24	23
Corporate loans	34	32	33	33	38	42
Stage 1 Coverage (%)						
Retail mortgages	—	—	—	—	—	—
Retail credit cards	0.7	0.6	0.6	0.7	0.7	0.8
Retail other	0.4	0.3	0.4	0.4	0.4	0.4
Corporate loans	0.2	0.2	0.2	0.2	0.2	0.3
Stage 2 Model exposure (£m)						
Retail mortgages	20,258	17,445	18,364	19,790	23,449	28,392
Retail credit cards	2,452	2,362	2,399	2,442	2,503	2,630
Retail other	1,334	1,173	1,245	1,326	1,445	1,590
Corporate loans	4,744	2,533	3,495	4,637	5,961	7,515
Stage 2 Model ECL (£m)						
Retail mortgages	12	1	2	5	22	82
Retail credit cards	493	441	459	479	533	615
Retail other	79	66	73	78	89	99
Corporate loans	147	119	130	145	165	198
Stage 2 Coverage (%)						
Retail mortgages	0.1	—	—	—	0.1	0.3
Retail credit cards	20.1	18.7	19.1	19.6	21.3	23.4
Retail other	5.9	5.6	5.9	5.9	6.2	6.2
Corporate loans	3.1	4.7	3.7	3.1	2.8	2.6
Stage 3 Model exposure (£m)[b]						
Retail mortgages	1,114	1,114	1,114	1,114	1,114	1,114
Retail credit cards	231	231	231	231	231	231
Retail other	129	129	129	129	129	129
Corporate loans	3,391	3,391	3,391	3,391	3,391	3,391
Stage 3 Model ECL (£m)						
Retail mortgages	21	6	9	14	32	66
Retail credit cards	86	85	85	86	88	90
Retail other	69	68	68	69	69	70
Corporate loans[c]	47	42	44	45	53	60
Stage 3 Coverage (%)						
Retail mortgages	1.9	0.5	0.8	1.3	2.9	5.9
Retail credit cards	37.2	36.8	36.8	37.2	38.1	39.0
Retail other	53.5	52.7	52.7	53.5	53.5	54.3
Corporate loans[c]	1.4	1.2	1.3	1.3	1.6	1.8
Total Model ECL (£m)						
Retail mortgages	38	7	12	21	61	165
Retail credit cards	695	631	654	680	745	836
Retail other	172	157	165	171	182	192
Corporate loans[c]	228	193	207	223	256	300
Total Model ECL	1,133	988	1,038	1,095	1,244	1,493

Reconciliation to total ECL	£m
Total weighted model ECL	**1,133**
ECL from individually assessed exposures[c]	**112**
ECL from non-modelled exposures and others	**46**
ECL from debt securities at amortised cost	**3**
ECL from post model management adjustments	**392**
Of which: ECL from economic uncertainty adjustments	***181***
Total ECL	**1,686**

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 31st December 2023 and not on macroeconomic scenario.

c Material corporate loan defaults are individually assessed across different recovery strategies. As a result, ECL of £112m is reported as an individually assessed impairment in the reconciliation table.

The use of five scenarios with associated weightings results in a total weighted ECL uplift from the Baseline ECL of 3.5%.

Retail mortgages: Total weighted ECL of £38m represents a £17m increase over the Baseline ECL (£21m), with coverage ratios remaining steady across the Upside scenarios, Baseline and Downside 1 scenario. Under the Downside 2 scenario, total ECL increases to £165m driven by a significant fall in UK HPI.

Retail credit cards: Total weighted ECL of £695m is broadly aligned to the Baseline ECL (£680m). Total ECL increases to £836m under the Downside 2 scenario, driven by an increase in UK unemployment rate.

Retail other: Total weighted ECL of £172m is aligned to the Baseline ECL (£171m). Total ECL increases to £192m under the Downside 2 scenario, largely driven by an increase in UK unemployment rate.

Corporate loans: Total weighted ECL of £228m represents a 2.2% increase over the Baseline ECL (£223m). Total ECL increases to £300m under the Downside 2 scenario, driven by a decrease in UK GDP.

Barclays Bank UK Group (audited)	Scenarios					
As at 31 December 2022	Weighted[a]	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (£m)						
Retail mortgages	141,079	144,102	143,231	141,695	139,005	135,062
Retail credit cards	16,287	16,767	16,538	16,282	15,973	15,615
Retail other	7,505	7,684	7,607	7,513	7,371	7,214
Corporate loans	19,362	23,328	21,554	19,422	17,359	15,431
Stage 1 Model ECL (£m)						
Retail mortgages	4	—	—	1	6	26
Retail credit cards	117	113	115	117	119	120
Retail other	29	25	28	30	30	28
Corporate loans	38	25	31	35	44	52
Stage 1 Coverage (%)						
Retail mortgages	—	—	—	—	—	—
Retail credit cards	0.7	0.7	0.7	0.7	0.7	0.8
Retail other	0.4	0.3	0.4	0.4	0.4	0.4
Corporate loans	0.2	0.1	0.1	0.2	0.3	0.3
Stage 2 Model exposure (£m)						
Retail mortgages	18,470	15,447	16,319	17,854	20,544	24,487
Retail credit cards	3,190	2,544	2,850	3,189	3,629	4,133
Retail other	1,314	1,134	1,212	1,306	1,447	1,604
Corporate loans	6,784	2,819	4,593	6,725	8,787	10,715
Stage 2 Model ECL (£m)						
Retail mortgages	9	—	1	1	11	107
Retail credit cards	521	378	444	520	628	752
Retail other	84	65	73	85	99	110
Corporate loans	83	32	52	80	127	196
Stage 2 Coverage (%)						
Retail mortgages	—	—	—	—	0.1	0.4
Retail credit cards	16.3	14.9	15.6	16.3	17.3	18.2
Retail other	6.4	5.7	6.0	6.5	6.8	6.9
Corporate loans	1.2	1.1	1.1	1.2	1.4	1.8
Stage 3 Model exposure (£m)[b]						
Retail mortgages	970	970	970	970	970	970
Retail credit cards	245	245	245	245	245	245
Retail other	134	134	134	134	134	134
Corporate loans	2,855	2,855	2,855	2,855	2,855	2,855
Stage 3 Model ECL (£m)						
Retail mortgages	13	3	4	6	19	68
Retail credit cards	41	34	38	42	44	46
Retail other	73	71	72	73	74	75
Corporate loans[c]	49	45	47	49	57	64
Stage 3 Coverage (%)						
Retail mortgages	1.3	0.3	0.4	0.6	2.0	7.0
Retail credit cards	16.7	13.9	15.5	17.1	18.0	18.8
Retail other	54.5	53.0	53.7	54.5	55.2	56.0
Corporate loans[c]	1.7	1.6	1.6	1.7	2.0	2.2
Total Model ECL (£m)						
Retail mortgages	26	3	5	8	36	201
Retail credit cards	679	525	597	679	791	918
Retail other	186	161	173	188	203	213
Corporate loans[c]	170	102	130	164	228	312
Total Model ECL	**1,061**	**791**	**905**	**1,039**	**1,258**	**1,644**

Reconciliation to total ECL	£m
Total model ECL	1,061
ECL from individually assessed exposures[c]	118
ECL from non-modelled exposures and others	51
ECL from debt securities at amortised cost	2
ECL from post model management adjustments	526
Of which: ECL from economic uncertainty adjustments	*218*
Total ECL	**1,758**

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 31st December 2022 and not on macroeconomic scenario.
c Material corporate loan defaults are individually assessed across different recovery strategies. As a result, ECL of £118m is reported as an individually assessed impairment in the reconciliation table.

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 Group 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.

Further detail on Barclays Bank UK Group's policies with regard to managing concentration risk is presented in the Barclays Bank UK PLC Pillar 3 report (unaudited).

Credit risk concentration by industry and geography (audited)

Loans and advances at amortised cost net of impairment allowance					
Industry	Geography				
	United Kingdom	Americas	Europe	Others	Total
Barclays Bank UK Group					
As at 31 December 2023	£m	£m	£m	£m	£m
Agriculture, Food and Forest Products	**3,518**	**—**	**—**	**—**	**3,518**
Mining and Quarrying	**6**	**—**	**—**	**—**	**6**
Manufacturing	**507**	**—**	**—**	**—**	**507**
Government and central bank	**4,722**	**—**	**—**	**—**	**4,722**
Banks	**174**	**61**	**56**	**—**	**291**
Energy and water	**58**	**—**	**—**	**—**	**58**
Materials and Building	**8,520**	**3**	**2**	**5**	**8,530**
Wholesale and retail distribution and leisure	**2,489**	**—**	**—**	**—**	**2,489**
Transport and storage	**345**	**—**	**—**	**—**	**345**
Home Loans	**163,510**	**—**	**—**	**—**	**163,510**
Business and other services	**3,766**	**4**	**—**	**—**	**3,770**
Other Financial Institutions	**247**	**—**	**—**	**—**	**247**
Cards, unsecured loans and other personal lending	**13,997**	**2**	**3**	**—**	**14,002**
Total loans and advances at amortised cost	**201,859**	**70**	**61**	**5**	**201,995**
Debt securities at amortised cost	**8,584**	**1,771**	**282**	**7,157**	**17,794**
Total loans and advances at amortised cost including debt securities	**210,443**	**1,841**	**343**	**7,162**	**219,789**
Contingent liabilities	**661**	**—**	**—**	**—**	**661**
Loan commitments	**49,800**	**10**	**6**	**4**	**49,820**
Total off-balance sheet	**50,461**	**10**	**6**	**4**	**50,481**
As at 31 December 2022					
Agriculture, Food and Forest Products	3,673	—	—	—	3,673
Mining and Quarrying	8	—	—	—	8
Manufacturing	678	—	—	—	678
Government and central bank	4,999	—	—	—	4,999
Banks	270	14	—	—	284
Energy and water	77	—	—	—	77
Materials and Building	9,493	6	2	5	9,506
Wholesale and retail distribution and leisure	3,198	—	—	—	3,198
Transport and storage	485	—	—	—	485
Home Loans	161,580	184	206	456	162,426
Business and other services	5,254	4	—	—	5,258
Other Financial Institutions	194	2	—	—	196
Cards, unsecured loans and other personal lending	13,875	1	4	2	13,882
Total loans and advances at amortised cost	**203,784**	**211**	**212**	**463**	**204,670**
Debt securities at amortised cost	6,867	1,397	852	9,421	18,537
Total loans and advances at amortised cost including debt securities	**210,651**	**1,608**	**1,064**	**9,884**	**223,207**
Contingent liabilities	810	—	—	—	810
Loan commitments	58,022	13	13	24	58,072
Total off-balance sheet	**58,832**	**13**	**13**	**24**	**58,882**

Loans and advances at amortised cost net of impairment allowance

Industry	Geography				
	United Kingdom	Americas	Europe	Others	Total
Barclays Bank UK PLC					
As at 31 December 2023	£m	£m	£m	£m	£m
Agriculture, Food and Forest Products	3,518	—	—	—	3,518
Mining and Quarrying	6	—	—	—	6
Manufacturing	507	—	—	—	507
Government and central bank	4,722	—	—	—	4,722
Banks	267	61	56	—	384
Energy and water	58	—	—	—	58
Materials and Building	8,520	3	2	5	8,530
Wholesale and retail distribution and leisure	2,489	—	—	—	2,489
Transport and storage	345	—	—	—	345
Home Loans	163,473	—	—	—	163,473
Business and other services	3,743	4	—	—	3,747
Other Financial Institutions	766	—	—	—	766
Cards, unsecured loans and other personal lending	13,997	2	3	—	14,002
Total loans and advances at amortised cost	**202,411**	**70**	**61**	**5**	**202,547**
Debt securities at amortised cost	8,584	1,772	282	7,156	17,794
Total loans and advances at amortised cost including debt securities	**210,995**	**1,842**	**343**	**7,161**	**220,341**
Contingent liabilities	661	—	—	—	661
Loan commitments	49,626	10	6	4	49,646
Total off-balance sheet	**50,287**	**10**	**6**	**4**	**50,307**
As at 31 December 2022					
Agriculture, Food and Forest Products	3,673	—	—	—	3,673
Mining and Quarrying	8	—	—	—	8
Manufacturing	678	—	—	—	678
Government and central bank	4,999	—	—	—	4,999
Banks	271	14	—	—	285
Energy and water	77	—	—	—	77
Materials and Building	9,493	6	2	5	9,506
Wholesale and retail distribution and leisure	3,198	—	—	—	3,198
Transport and storage	484	—	—	—	484
Home Loans	161,508	184	206	456	162,354
Business and other services	5,264	4	—	—	5,268
Other Financial Institutions	1,085	2	—	—	1,087
Cards, unsecured loans and other personal lending	13,875	1	4	2	13,882
Total loans and advances at amortised cost	**204,613**	**211**	**212**	**463**	**205,499**
Debt securities at amortised cost	6,867	1,397	852	9,421	18,537
Total loans and advances at amortised cost including debt securities	**211,480**	**1,608**	**1,064**	**9,884**	**224,036**
Contingent liabilities	810	—	—	—	810
Loan commitments	58,022	13	13	24	58,072
Total off-balance sheet	**58,832**	**13**	**13**	**24**	**58,882**

The Barclays Bank UK Group'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 in the Expected Credit Losses section on pages 81 to 97.

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

PD Range %	Internal DG Band	Default Probability >Min	Default Probability Mid	Default Probability <=Max	Credit Quality description	Moody's	Standard and Poor's
0.00 to < 0.15	1	0.00%	0.01%	0.02%	Strong	Aaa, Aa1, Aa2	AAA, AA+, AA
	2	0.02%	0.03%	0.03%		Aa3	AA-
	3	0.03%	0.04%	0.05%		A1, A2, A3	A+
	4	0.05%	0.08%	0.10%		A1, A2, A3	A, A-
	5	0.10%	0.13%	0.15%		Baa1	BBB+
0.15 to < 0.25	6	0.15%	0.18%	0.20%	Strong	Baa2	BBB
	7	0.20%	0.23%	0.25%		Baa2	BBB
0.25 to < 0.50	8	0.25%	0.28%	0.30%	Strong	Baa3	BBB-
	9	0.30%	0.35%	0.40%		Baa3	BBB-
	10	0.40%	0.45%	0.50%		Ba1	BB+
0.50 to < 0.75	11	0.50%	0.55%	0.60%	Strong	Ba1	BB+
	12	0.60%	0.68%	0.75%	Satisfactory	Ba1, Ba2	BB, BB-
0.75 to < 2.50	12	0.75%	0.98%	1.20%	Satisfactory	Ba1, Ba2, Ba3	BB, BB-
	13	1.20%	1.38%	1.55%		Ba3	BB-
	14	1.55%	1.85%	2.15%		Ba3	B+
	15	2.15%	2.33%	2.50%		B1	B+
2.50 to < 10.00	15	2.50%	2.78%	3.05%	Satisfactory	B1	B+
	16	3.05%	3.75%	4.45%		B2	B+
	17	4.45%	5.40%	6.35%		B3, Caa1	B
	18	6.35%	7.50%	8.65%		B3, Caa1	B-
	19	8.65%	9.32%	10.00%		B3, Caa1	B-
10.00 to < 100.00	19	10.00%	10.67%	11.35%	Satisfactory	B3, Caa1	B-
	20	11.35%	15.00%	18.65%	Higher Risk	Caa2	CCC+
	21	18.65%	30.00%	99.99%	Higher Risk	Caa3, Ca, C	CCC, CCC-,
100.00 (Default)	22	100%	100%	100%	Credit Impaired	D	D

For retail clients, a range of analytical tools are 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 Barclays Bank UK Group, the asset may not be collateralised, or may relate to unsecured retail facilities. At the lower end of this grade there are customers that are being more carefully monitored, for example, corporate customers which are indicating some evidence of deterioration, mortgages with a high loan to value, and unsecured retail loans operating outside normal product guidelines.

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

Loans that are past due are monitored closely, with impairment allowances raised as appropriate and in line with the Barclays Bank UK Group's impairment policies. These loans are all considered higher risk for the purpose of this analysis of credit quality.

Debt securities

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

Balance sheet credit quality

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

Overview

As at 31 December 2023 the ratio of the Barclays Bank UK Group's on-balance sheet assets classified as strong (0.0 < 0.60%) at 89% (2022: 90%) of total assets exposed to credit risk.

Balance sheet credit quality (audited)

Barclays Bank UK Group As at 31 December 2023	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35 to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35 to 100% %	Total %
Cash and balances at central banks		34,948	—	—	34,948	100	—	—	100
Cash collateral and settlement balances		5,507	—	—	5,507	100	—	—	100
Loans and advances at amortised cost									
Retail mortgages		155,200	6,200	2,110	163,510	95	4	1	100
Retail credit cards		3,123	5,967	620	9,710	32	62	6	100
Retail other		1,756	2,376	160	4,292	41	55	4	100
Corporate loans		11,188	11,485	1,810	24,483	46	47	7	100
Total loans and advances at amortised cost		171,267	26,028	4,700	201,995	85	13	2	100
Debt securities at amortised cost		17,596	198	—	17,794	99	1	—	100
Reverse repurchase agreements and other similar secured lending		3,567	—	—	3,567	100	—	—	100
Trading portfolio assets:									
Debt securities		43	—	—	43	100	—	—	100
Total trading portfolio assets		43	—	—	43	100	—	—	100
Financial assets at fair value through the income statement:									
Loans and advances		1,689	23	3	1,715	99	1	—	100
Other financial assets		—	—	—	—	—	—	—	—
Total financial assets at fair value through the income statement		1,689	23	3	1,715	99	1	—	100
Derivative financial instruments		1,566	—	—	1,566	100	—	—	100
Financial assets at fair value through other comprehensive income - debt securities		20,409	—	—	20,409	100	—	—	100
Other assets		186	—	—	186	100	—	—	100
Total on-balance sheet		256,778	26,249	4,703	287,730	89	9	2	100

Balance sheet credit quality (audited)

Barclays Bank UK Group As at 31 December 2022	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35 to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35 to 100% %	Total %
Cash and balances at central banks		54,208	—	—	54,208	100	—	—	100
Cash collateral and settlement balances		5,136	58	—	5,194	99	1	—	100
Loans and advances at amortised cost									
Retail mortgages		157,274	3,230	1,861	162,365	97	2	1	100
Retail credit cards		3,023	5,763	396	9,182	32	64	4	100
Retail other		2,196	2,437	174	4,807	46	50	4	100
Corporate loans		11,563	13,929	2,824	28,316	41	49	10	100
Total loans and advances at amortised cost		174,056	25,359	5,255	204,670	85	12	3	100
Debt securities at amortised cost		18,537	—	—	18,537	100	—	—	100
Reverse repurchase agreements and other similar secured lending		477	—	—	477	100	—	—	100
Trading portfolio assets:									
Debt securities		54	—	—	54	100	—	—	100
Total trading portfolio assets		54	—	—	54	100	—	—	100
Financial assets at fair value through the income statement:									
Loans and advances		1,915	57	7	1,979	97	3	—	100
Other financial assets		—	—	—	—	—	—	—	—
Total financial assets at fair value through the income statement		1,915	57	7	1,979	97	3	—	100
Derivative financial instruments		611	—	—	611	100	—	—	100
Financial assets at fair value through other comprehensive income - debt securities		19,970	—	—	19,970	100	—	—	100
Other assets		285	3	—	288	99	1	—	100
Total on-balance sheet		275,249	25,477	5,262	305,988	90	8	2	100

Balance sheet credit quality (audited)

Barclays Bank UK PLC As at 31 December 2023	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35 to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35 to 100% %	Total %
Cash and balances at central banks		34,948	—	—	34,948	100	—	—	100
Cash collateral and settlement balances		5,507	—	—	5,507	100	—	—	100
Loans and advances at amortised cost									
Retail mortgages		155,163	6,200	2,110	163,473	95	4	1	100
Retail credit cards		3,123	5,967	620	9,710	32	62	6	100
Retail other		1,756	2,376	160	4,292	41	55	4	100
Corporate loans		11,778	11,485	1,809	25,072	47	46	7	100
Total loans and advances at amortised cost		171,820	26,028	4,699	202,547	85	13	2	100
Debt securities at amortised cost		17,596	198	—	17,794	99	1	—	100
Reverse repurchase agreements and other similar secured lending		3,567	—	—	3,567	100	—	—	100
Trading portfolio assets:									
Debt securities		43	—	—	43	100	—	—	100
Total trading portfolio assets		43	—	—	43	100	—	—	100
Financial assets at fair value through the income statement:									
Loans and advances		1,689	23	3	1,715	99	1	—	100
Other financial assets		—	—	—	—	—	—	—	—
Total financial assets at fair value through the income statement		1,689	23	3	1,715	99	1	—	100
Derivative financial instruments		1,566	—	—	1,566	100	—	—	100
Financial assets at fair value through other comprehensive income - debt securities		20,409	—	—	20,409	100	—	—	100
Other assets		193	—	—	193	100	—	—	100
Total on-balance sheet		257,338	26,249	4,702	288,289	89	9	2	100

Balance sheet credit quality (audited)									
Barclays Bank UK PLC	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		54,208	—	—	54,208	100	—	—	100
Cash collateral and settlement balances		5,136	—	—	5,136	100	—	—	100
Loans and advances at amortised cost									
Retail mortgages		157,229	3,231	1,860	162,320	97	2	1	100
Retail credit cards		3,021	5,765	396	9,182	33	63	4	100
Retail other		2,198	2,434	174	4,806	46	50	4	100
Corporate loans		12,437	13,929	2,825	29,191	43	47	10	100
Total loans and advances at amortised cost		174,885	25,359	5,255	205,499	85	12	3	100
Debt securities at amortised cost		18,537	—	—	18,537	100	—	—	100
Reverse repurchase agreements and other similar secured lending		477	—	—	477	100	—	—	100
Trading portfolio assets:									
Debt securities		54	—	—	54	100	—	—	100
Total trading portfolio assets		54	—	—	54	100	—	—	100
Financial assets at fair value through the income statement:									
Loans and advances		1,915	57	7	1,979	97	3	—	100
Other financial assets		—	—	—	—	—	—	—	—
Total financial assets at fair value through the income statement		1,915	57	7	1,979	97	3	—	100
Derivative financial instruments		611	—	—	611	100	—	—	100
Financial assets at fair value through other comprehensive income - debt securities		19,970	—	—	19,970	100	—	—	100
Other assets		284	—	—	284	100	—	—	100
Total on-balance sheet		276,077	25,416	5,262	306,755	90	8	2	100

Credit exposures by internal PD grade

The below tables represent credit risk profiles 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 retail mortgages (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	25,758	587	—	26,345	1	—	—	1	26,344	—
4-5	0.05 to <0.15%	Strong	58,652	3,384	—	62,036	11	2	—	13	62,023	—
6-8	0.15 to <0.30%	Strong	51,237	7,235	—	58,472	19	8	—	27	58,445	—
9-11	0.30 to <0.60%	Strong	5,958	2,447	—	8,405	5	12	—	17	8,388	0.2
12-14	0.60 to <2.15%	Satisfactory	1,029	3,037	—	4,066	2	23	—	25	4,041	0.6
15-19	2.15 to <11.35%	Satisfactory	191	1,993	—	2,184	1	24	—	25	2,159	1.1
20-21	11.35 to <100%	Higher Risk	118	398	—	516	—	8	—	8	508	1.6
22	100%	Credit Impaired	—	—	1,709	1,709	—	—	107	107	1,602	6.3
Total			142,943	19,081	1,709	163,733	39	77	107	223	163,510	0.1

Credit risk profile by internal PD grade for retail credit cards (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	123	—	—	123	—	—	—	—	123	—
4-5	0.05 to <0.15%	Strong	975	4	—	979	1	—	—	1	978	0.1
6-8	0.15 to <0.30%	Strong	980	4	—	984	2	—	—	2	982	0.2
9-11	0.30 to <0.60%	Strong	1,038	6	—	1,044	4	—	—	4	1,040	0.4
12-14	0.60 to <2.15%	Satisfactory	2,650	48	—	2,698	27	3	—	30	2,668	1.1
15-19	2.15 to <11.35%	Satisfactory	2,168	1,386	—	3,554	62	193	—	255	3,299	7.2
20-21	11.35 to <100%	Higher Risk	160	680	—	840	15	296	—	311	529	37.0
22	100%	Credit Impaired	—	—	198	198	—	—	107	107	91	54.0
Total			8,094	2,128	198	10,420	111	492	107	710	9,710	6.8

Credit risk profile by internal PD grade for retail other (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	29	—	—	29	1	—	—	1	28	3.4
4-5	0.05 to <0.15%	Strong	218	3	—	221	1	—	—	1	220	0.5
6-8	0.15 to <0.30%	Strong	365	6	—	371	1	—	—	1	370	0.3
9-11	0.30 to <0.60%	Strong	1,099	50	—	1,149	8	3	—	11	1,138	1.0
12-14	0.60 to <2.15%	Satisfactory	1,234	235	—	1,469	11	15	—	26	1,443	1.8
15-19	2.15 to <11.35%	Satisfactory	513	473	—	986	14	39	—	53	933	5.4
20-21	11.35 to <100%	Higher Risk	18	160	—	178	2	51	—	53	125	29.8
22	100%	Credit Impaired	—	—	148	148	—	—	113	113	35	76.4
Total			3,476	927	148	4,551	38	108	113	259	4,292	5.7

Credit risk profile by internal PD grade for corporate loans (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Grading	PD range	Credit quality description	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
	%		£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	7,460	3	—	7,463	6	—	—	6	7,457	0.1
4-5	0.05 to <0.15%	Strong	1,845	—	—	1,845	2	—	—	2	1,843	0.1
6-8	0.15 to <0.30%	Strong	387	27	—	414	1	1	—	2	412	0.5
9-11	0.30 to <0.60%	Strong	1,422	64	—	1,486	9	1	—	10	1,476	0.7
12-14	0.60 to <2.15%	Satisfactory	5,303	1,282	—	6,585	53	37	—	90	6,495	1.4
15-19	2.15 to <11.35%	Satisfactory	2,748	2,326	—	5,074	34	50	—	84	4,990	1.7
20-21	11.35 to <100%	Higher Risk	127	633	—	760	2	16	—	18	742	2.4
22	100%	Credit Impaired	—	—	1,320	1,320	—	—	252	252	1,068	19.1
Total			19,292	4,335	1,320	24,947	107	105	252	464	24,483	1.9

Credit risk profile by internal PD grade for Loans and Advances at amortised cost (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Grading	PD range	Credit quality description	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
	%		£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	33,370	590	—	33,960	8	—	—	8	33,952	—
4-5	0.05 to <0.15%	Strong	61,690	3,391	—	65,081	15	2	—	17	65,064	—
6-8	0.15 to <0.30%	Strong	52,969	7,272	—	60,241	23	9	—	32	60,209	0.1
9-11	0.30 to <0.60%	Strong	9,517	2,567	—	12,084	26	16	—	42	12,042	0.3
12-14	0.60 to <2.15%	Satisfactory	10,216	4,602	—	14,818	93	78	—	171	14,647	1.2
15-19	2.15 to <11.35%	Satisfactory	5,620	6,178	—	11,798	111	306	—	417	11,381	3.5
20-21	11.35 to <100%	Higher Risk	423	1,871	—	2,294	19	371	—	390	1,904	17.0
22	100%	Credit Impaired	—	—	3,375	3,375	—	—	579	579	2,796	17.2
Total			173,805	26,471	3,375	203,651	295	782	579	1,656	201,995	0.8

Credit risk profile by internal PD grade for retail mortgages (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
Grading	PD range	Credit quality description	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
	%		£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	32,987	762	—	33,749	1	—	—	1	33,748	—
4-5	0.05 to <0.15%	Strong	93,382	8,850	—	102,232	9	5	—	14	102,218	—
6-8	0.15 to <0.30%	Strong	10,727	2,957	—	13,684	4	5	—	9	13,675	0.1
9-11	0.30 to <0.60%	Strong	5,356	2,288	—	7,644	2	9	—	11	7,633	0.1
12-14	0.60 to <2.15%	Satisfactory	537	1,621	—	2,158	1	13	—	14	2,144	0.6
15-19	2.15 to <11.35%	Satisfactory	61	1,035	—	1,096	—	10	—	10	1,086	0.9
20-21	11.35 to <100%	Higher Risk	164	325	—	489	—	6	—	6	483	1.2
22	100%	Credit Impaired	—	—	1,436	1,436	—	—	58	58	1,378	4.0
Total			143,214	17,838	1,436	162,488	17	48	58	123	162,365	0.1

Credit risk profile by internal PD grade for retail credit cards (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	81	2	—	83	—	—	—	—	83	—
4-5	0.05 to <0.15%	Strong	679	2	—	681	4	—	—	4	677	0.6
6-8	0.15 to <0.30%	Strong	923	3	—	926	6	—	—	6	920	0.6
9-11	0.30 to <0.60%	Strong	1,348	7	—	1,355	12	—	—	12	1,343	0.9
12-14	0.60 to <2.15%	Satisfactory	2,701	511	—	3,212	46	51	—	97	3,115	3.0
15-19	2.15 to <11.35%	Satisfactory	1,362	1,606	—	2,968	56	264	—	320	2,648	10.8
20-21	11.35 to <100%	Higher Risk	25	438	—	463	3	178	—	181	282	39.1
22	100%	Credit Impaired	—	—	251	251	—	—	137	137	114	54.6
Total			7,119	2,569	251	9,939	127	493	137	757	9,182	7.6

Credit risk profile by internal PD grade for retail other (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverag e ratio %
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	54	1	—	55	1	—	—	1	54	1.8
4-5	0.05 to <0.15%	Strong	360	6	—	366	1	—	—	1	365	0.3
6-8	0.15 to <0.30%	Strong	478	9	—	487	2	—	—	2	485	0.4
9-11	0.30 to <0.60%	Strong	1,249	55	—	1,304	8	4	—	12	1,292	0.9
12-14	0.60 to <2.15%	Satisfactory	1,304	237	—	1,541	12	17	—	29	1,512	1.9
15-19	2.15 to <11.35%	Satisfactory	557	434	—	991	16	50	—	66	925	6.7
20-21	11.35 to <100%	Higher Risk	24	154	—	178	2	54	—	56	122	31.5
22	100%	Credit Impaired	—	—	163	163	—	—	111	111	52	68.1
Total			4,026	896	163	5,085	42	125	111	278	4,807	5.5

Credit risk profile by internal PD grade for corporate loans (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	9,245	180	—	9,425	7	10	—	17	9,408	0.2
4-5	0.05 to <0.15%	Strong	1,200	—	—	1,200	1	—	—	1	1,199	0.1
6-8	0.15 to <0.30%	Strong	215	23	—	238	1	1	—	2	236	0.8
9-11	0.30 to <0.60%	Strong	691	40	—	731	9	2	—	11	720	1.5
12-14	0.60 to <2.15%	Satisfactory	5,147	1,384	—	6,531	70	42	—	112	6,419	1.7
15-19	2.15 to <11.35%	Satisfactory	4,118	3,519	—	7,637	58	69	—	127	7,510	1.7
20-21	11.35 to <100%	Higher Risk	285	1,188	—	1,473	7	25	—	32	1,441	2.2
22	100%	Credit Impaired	—	—	1,632	1,632	—	—	249	249	1,383	15.3
Total			20,901	6,334	1,632	28,867	153	149	249	551	28,316	1.9

Credit risk profile by internal PD grade for Loans and Advances at amortised cost (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	42,367	945	—	43,312	9	10	—	19	43,293	—
4-5	0.05 to <0.15%	Strong	95,621	8,858	—	104,479	15	5	—	20	104,459	—
6-8	0.15 to <0.30%	Strong	12,343	2,992	—	15,335	13	6	—	19	15,316	0.1
9-11	0.30 to <0.60%	Strong	8,644	2,390	—	11,034	31	15	—	46	10,988	0.4
12-14	0.60 to <2.15%	Satisfactory	9,689	3,753	—	13,442	129	123	—	252	13,190	1.9
15-19	2.15 to <11.35%	Satisfactory	6,098	6,594	—	12,692	130	393	—	523	12,169	4.1
20-21	11.35 to <100%	Higher Risk	498	2,105	—	2,603	12	263	—	275	2,328	10.6
22	100%	Credit Impaired	—	—	3,482	3,482	—	—	555	555	2,927	15.9
Total			175,260	27,637	3,482	206,379	339	815	555	1,709	204,670	0.8

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

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group												
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	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	661	—	—	661	—	—	—	—	661	—
4-5	0.05 to < 0.15%	Strong	—	—	—	—	—	—	—	—	—	—
6-8	0.15 to < 0.30%	Strong	—	—	—	—	—	—	—	—	—	—
9-11	0.30 to < 0.60%	Strong	—	—	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—	—	—
Total			661	—	—	661	—	—	—	—	661	—

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

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group												
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	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	810	—	—	810	—	—	—	—	810	—
4-5	0.05 to < 0.15%	Strong	—	—	—	—	—	—	—	—	—	—
6-8	0.15 to < 0.30%	Strong	—	—	—	—	—	—	—	—	—	—
9-11	0.30 to < 0.60%	Strong	—	—	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—	—	—
Total			810	—	—	810	—	—	—	—	810	—

Credit risk profile by internal PD grade for loan commitments (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group												
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	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	5,102	23	—	5,125	—	—	—	—	5,125	—
4-5	0.05 to < 0.15%	Strong	12,334	202	—	12,536	1	—	—	1	12,535	—
6-8	0.15 to < 0.30%	Strong	7,531	260	—	7,791	1	—	—	1	7,790	—
9-11	0.30 to < 0.60%	Strong	10,867	192	—	11,059	2	—	—	2	11,057	—
12-14	0.60 to < 2.15%	Satisfactory	9,478	526	—	10,004	2	1	—	3	10,001	—
15-19	2.15 to< 11.35%	Satisfactory	1,907	914	—	2,821	1	5	—	6	2,815	0.2
20-21	11.35 to < 100%	Higher Risk	173	121	—	294	4	10	—	14	280	4.8
22	100%	Credit Impaired	—	—	190	190	—	—	—	—	190	—
Total			47,392	2,238	190	49,820	11	16	—	27	49,793	0.1

Credit risk profile by internal PD grade for loan commitments (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	6,523	26	—	6,549	—	—	—	—	6,549	—
4-5	0.05 to < 0.15%	Strong	13,696	355	—	14,051	1	—	—	1	14,050	—
6-8	0.15 to < 0.30%	Strong	8,031	91	—	8,122	2	—	—	2	8,120	—
9-11	0.30 to < 0.60%	Strong	16,302	203	—	16,505	2	—	—	2	16,503	—
12-14	0.60 to < 2.15%	Satisfactory	7,365	2,322	—	9,687	3	13	—	16	9,671	0.2
15-19	2.15 to< 11.35%	Satisfactory	1,148	1,587	—	2,735	1	21	—	22	2,713	0.8
20-21	11.35 to < 100%	Higher Risk	27	105	—	132	—	4	—	4	128	3.0
22	100%	Credit Impaired	—	—	291	291	—	—	—	—	291	—
Total			53,092	4,689	291	58,072	9	38	—	47	58,025	0.1

Note
a. 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.

Credit risk profile by internal PD grade for retail mortgages (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Grading	PD range	Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
	%	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Barclays Bank UK PLC												
1-3	0.0 to <0.05%	Strong	25,758	587	—	26,345	1	—	—	1	26,344	—
4-5	0.05 to <0.15%	Strong	58,652	3,384	—	62,036	11	2	—	13	62,023	—
6-8	0.15 to <0.30%	Strong	51,237	7,235	—	58,472	19	8	—	27	58,445	—
9-11	0.30 to <0.60%	Strong	5,921	2,447	—	8,368	5	12	—	17	8,351	0.2
12-14	0.60 to <2.15%	Satisfactory	1,029	3,037	—	4,066	2	23	—	25	4,041	0.6
15-19	2.15 to <11.35%	Satisfactory	191	1,993	—	2,184	1	24	—	25	2,159	1.1
20-21	11.35 to <100%	Higher Risk	118	398	—	516	—	8	—	8	508	1.6
22	100%	Credit Impaired	—	—	1,709	1,709	—	—	107	107	1,602	6.3
Total			142,906	19,081	1,709	163,696	39	77	107	223	163,473	0.1

Credit risk profile by internal PD grade for retail credit cards (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Grading	PD range	Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
	%	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Barclays Bank UK PLC												
1-3	0.0 to <0.05%	Strong	123	—	—	123	—	—	—	—	123	—
4-5	0.05 to <0.15%	Strong	975	4	—	979	1	—	—	1	978	0.1
6-8	0.15 to <0.30%	Strong	980	4	—	984	2	—	—	2	982	0.2
9-11	0.30 to <0.60%	Strong	1,038	6	—	1,044	4	—	—	4	1,040	0.4
12-14	0.60 to <2.15%	Satisfactory	2,650	48	—	2,698	27	3	—	30	2,668	1.1
15-19	2.15 to <11.35%	Satisfactory	2,168	1,386	—	3,554	62	193	—	255	3,299	7.2
20-21	11.35 to <100%	Higher Risk	160	680	—	840	15	296	—	311	529	37.0
22	100%	Credit Impaired	—	—	198	198	—	—	107	107	91	54.0
Total			8,094	2,128	198	10,420	111	492	107	710	9,710	6.8

Credit risk profile by internal PD grade for retail other (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Grading	PD range	Credit quality description	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
	%		£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Barclays Bank UK PLC												
1-3	0.0 to <0.05%	Strong	29	—	—	29	1	—	—	1	28	3.4
4-5	0.05 to <0.15%	Strong	218	3	—	221	1	—	—	1	220	0.5
6-8	0.15 to <0.30%	Strong	365	6	—	371	1	—	—	1	370	0.3
9-11	0.30 to <0.60%	Strong	1,099	50	—	1,149	8	3	—	11	1,138	1.0
12-14	0.60 to <2.15%	Satisfactory	1,234	235	—	1,469	11	15	—	26	1,443	1.8
15-19	2.15 to <11.35%	Satisfactory	513	473	—	986	14	39	—	53	933	5.4
20-21	11.35 to <100%	Higher Risk	18	160	—	178	2	51	—	53	125	29.8
22	100%	Credit Impaired	—	—	148	148	—	—	113	113	35	76.4
Total			3,476	927	148	4,551	38	108	113	259	4,292	5.7

Credit risk profile by internal PD grade for corporate loans (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Grading	PD range	Credit quality description	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
	%		£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Barclays Bank UK PLC												
1-3	0.0 to <0.05%	Strong	8,029	3	—	8,032	6	—	—	6	8,026	0.1
4-5	0.05 to <0.15%	Strong	1,845	—	—	1,845	2	—	—	2	1,843	0.1
6-8	0.15 to <0.30%	Strong	387	27	—	414	1	1	—	2	412	0.5
9-11	0.30 to <0.60%	Strong	1,443	64	—	1,507	9	1	—	10	1,497	0.7
12-14	0.60 to <2.15%	Satisfactory	5,303	1,282	—	6,585	53	37	—	90	6,495	1.4
15-19	2.15 to <10%	Satisfactory	2,748	2,326	—	5,074	34	50	—	84	4,990	1.7
20-21	11.35 to <100%	Higher Risk	126	633	—	759	2	16	—	18	741	2.4
22	100%	Credit Impaired	—	—	1,320	1,320	—	—	252	252	1,068	19.1
Total			19,881	4,335	1,320	25,536	107	105	252	464	25,072	1.8

Credit risk profile by internal PD grade for Loans and Advances at amortised cost (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Grading	PD range	Credit quality description	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
	%		£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Barclays Bank UK PLC												
1-3	0.0 to <0.05%	Strong	33,939	590	—	34,529	8	—	—	8	34,521	—
4-5	0.05 to <0.15%	Strong	61,690	3,391	—	65,081	15	2	—	17	65,064	—
6-8	0.15 to <0.30%	Strong	52,969	7,272	—	60,241	23	9	—	32	60,209	0.1
9-11	0.30 to <0.60%	Strong	9,501	2,567	—	12,068	26	16	—	42	12,026	0.3
12-14	0.60 to <2.15%	Satisfactory	10,216	4,602	—	14,818	93	78	—	171	14,647	1.2
15-19	2.15 to <11.35%	Satisfactory	5,620	6,178	—	11,798	111	306	—	417	11,381	3.5
20-21	11.35 to <100%	Higher Risk	422	1,871	—	2,293	19	371	—	390	1,903	17.0
22	100%	Credit Impaired	—	—	3,375	3,375	—	—	579	579	2,796	17.2
Total			174,357	26,471	3,375	204,203	295	782	579	1,656	202,547	0.8

Credit risk profile by internal PD grade for retail mortgages (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK PLC												
1-3	0.0 to <0.05%	Strong	32,987	762	—	33,749	1	—	—	1	33,748	—
4-5	0.05 to <0.15%	Strong	93,382	8,850	—	102,232	9	5	—	14	102,218	—
6-8	0.15 to <0.30%	Strong	10,727	2,957	—	13,684	4	5	—	9	13,675	0.1
9-11	0.30 to <0.60%	Strong	5,311	2,288	—	7,599	2	9	—	11	7,588	0.1
12-14	0.60 to <2.15%	Satisfactory	537	1,622	—	2,159	1	13	—	14	2,145	0.6
15-19	2.15 to <11.35%	Satisfactory	61	1,035	—	1,096	—	10	—	10	1,086	0.9
20-21	11.35 to <100%	Higher Risk	164	324	—	488	—	6	—	6	482	1.2
22	100%	Credit Impaired	—	—	1,436	1,436	—	—	58	58	1,378	4.0
Total			143,169	17,838	1,436	162,443	17	48	58	123	162,320	0.1

Credit risk profile by internal PD grade for retail credit cards (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK PLC												
1-3	0.0 to <0.05%	Strong	81	2	—	83	—	—	—	—	83	—
4-5	0.05 to <0.15%	Strong	679	2	—	681	3	—	—	3	678	0.4
6-8	0.15 to <0.30%	Strong	923	3	—	926	6	—	—	6	920	0.6
9-11	0.30 to <0.60%	Strong	1,346	7	—	1,353	13	—	—	13	1,340	1.0
12-14	0.60 to <2.15%	Satisfactory	2,703	511	—	3,214	45	52	—	97	3,117	3.0
15-19	2.15 to <11.35%	Satisfactory	1,362	1,606	—	2,968	57	263	—	320	2,648	10.8
20-21	11.35 to <100%	Higher Risk	25	438	—	463	3	178	—	181	282	39.1
22	100%	Credit Impaired	—	—	251	251	—	—	137	137	114	54.6
Total			7,119	2,569	251	9,939	127	493	137	757	9,182	7.6

Credit risk profile by internal PD grade for retail other (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK PLC												
1-3	0.0 to <0.05%	Strong	53	1	—	54	1	—	—	1	53	1.9
4-5	0.05 to <0.15%	Strong	360	6	—	366	1	—	—	1	365	0.3
6-8	0.15 to <0.30%	Strong	478	9	—	487	2	—	—	2	485	0.4
9-11	0.30 to <0.60%	Strong	1,252	55	—	1,307	8	4	—	12	1,295	0.9
12-14	0.60 to <2.15%	Satisfactory	1,303	237	—	1,540	13	18	—	31	1,509	2.0
15-19	2.15 to <11.35%	Satisfactory	556	434	—	990	15	50	—	65	925	6.6
20-21	11.35 to <100%	Higher Risk	23	154	—	177	2	53	—	55	122	31.1
22	100%	Credit Impaired	—	—	163	163	—	—	111	111	52	68.1
Total			4,025	896	163	5,084	42	125	111	278	4,806	5.5

Credit risk profile by internal PD grade for corporate loans (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK PLC												
1-3	0.0 to <0.05%	Strong	10,136	180	—	10,316	7	10	—	17	10,299	0.2
4-5	0.05 to <0.15%	Strong	1,200	—	—	1,200	1	—	—	1	1,199	0.1
6-8	0.15 to <0.30%	Strong	215	23	—	238	1	1	—	2	236	0.8
9-11	0.30 to <0.60%	Strong	674	40	—	714	8	3	—	11	703	1.5
12-14	0.60 to <2.15%	Satisfactory	5,145	1,385	—	6,530	71	41	—	112	6,418	1.7
15-19	2.15 to <10%	Satisfactory	4,120	3,518	—	7,638	58	69	—	127	7,511	1.7
20-21	11.35 to <100%	Higher Risk	286	1,188	—	1,474	7	25	—	32	1,442	2.2
22	100%	Credit Impaired	—	—	1,632	1,632	—	—	249	249	1,383	15.3
Total			21,776	6,334	1,632	29,742	153	149	249	551	29,191	1.9

Credit risk profile by internal PD grade for Loans and Advances at amortised cost (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
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	Net exposure £m	Coverage ratio %
Barclays Bank UK Group												
1-3	0.0 to <0.05%	Strong	43,257	945	—	44,202	9	10	—	19	44,183	—
4-5	0.05 to <0.15%	Strong	95,621	8,858	—	104,479	14	5	—	19	104,460	—
6-8	0.15 to <0.30%	Strong	12,343	2,992	—	15,335	13	6	—	19	15,316	0.1
9-11	0.30 to <0.60%	Strong	8,583	2,390	—	10,973	31	16	—	47	10,926	0.4
12-14	0.60 to <2.15%	Satisfactory	9,688	3,755	—	13,443	130	124	—	254	13,189	1.9
15-19	2.15 to <11.35%	Satisfactory	6,099	6,593	—	12,692	130	392	—	522	12,170	4.1
20-21	11.35 to <100%	Higher Risk	498	2,104	—	2,602	12	262	—	274	2,328	10.5
22	100%	Credit Impaired	—	—	3,482	3,482	—	—	555	555	2,927	15.9
Total			176,089	27,637	3,482	207,208	339	815	555	1,709	205,499	0.8

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

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC												
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	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	**661**	—	—	**661**	—	—	—	—	**661**	—
4-5	0.05 to < 0.15%	Strong	—	—	—	—	—	—	—	—	—	—
6-8	0.15 to < 0.30%	Strong	—	—	—	—	—	—	—	—	—	—
9-11	0.30 to < 0.60%	Strong	—	—	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—	—	—
Total			**661**	—	—	**661**	—	—	—	—	**661**	—

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

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	810	—	—	810	—	—	—	—	810	—
4-5	0.05 to < 0.15%	Strong	—	—	—	—	—	—	—	—	—	—
6-8	0.15 to < 0.30%	Strong	—	—	—	—	—	—	—	—	—	—
9-11	0.30 to < 0.60%	Strong	—	—	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—	—	—
Total			810	—	—	810	—	—	—	—	810	—

Credit risk profile by internal PD grade for loan commitments (audited)

As at 31 December 2023			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	5,101	23	—	5,124	—	—	—	—	5,124	—
4-5	0.05 to < 0.15%	Strong	12,334	202	—	12,536	1	—	—	1	12,535	—
6-8	0.15 to < 0.30%	Strong	7,531	260	—	7,791	1	—	—	1	7,790	—
9-11	0.30 to < 0.60%	Strong	10,694	192	—	10,886	2	—	—	2	10,884	—
12-14	0.60 to < 2.15%	Satisfactory	9,478	526	—	10,004	2	1	—	3	10,001	—
15-19	2.15 to< 11.35%	Satisfactory	1,907	914	—	2,821	1	5	—	6	2,815	0.2
20-21	11.35 to < 100%	Higher Risk	173	121	—	294	4	10	—	14	280	4.8
22	100%	Credit Impaired	—	—	190	190	—	—	—	—	190	—
Total			47,218	2,238	190	49,646	11	16	—	27	49,619	—

Credit risk profile by internal PD grade for loan commitments (audited)

As at 31 December 2022			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	6,523	27	—	6,550	—	—	—	—	6,550	—
4-5	0.05 to < 0.15%	Strong	13,696	355	—	14,051	1	—	—	1	14,050	—
6-8	0.15 to < 0.30%	Strong	8,031	91	—	8,122	2	—	—	2	8,120	—
9-11	0.30 to < 0.60%	Strong	16,302	203	—	16,505	2	—	—	2	16,503	—
12-14	0.60 to < 2.15%	Satisfactory	7,365	2,321	—	9,686	3	13	—	16	9,670	0.2
15-19	2.15 to< 11.35%	Satisfactory	1,148	1,587	—	2,735	1	21	—	22	2,713	0.8
20-21	11.35 to <100%	Higher Risk	27	105	—	132	—	4	—	4	128	3.0
22	100%	Credit Impaired	—	—	291	291	—	—	—	—	291	—
Total			53,092	4,689	291	58,072	9	38	—	47	58,025	0.1

Note
a. 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.

Analysis of specific portfolios and asset types

Secured home loans

The UK home loan portfolio primarily comprises first lien mortgages and accounts for 100% of the Barclays Bank UK Group's total home loans balance.

Home loans principal portfolios		
As at 31 December 2023	2023	2022
Gross loans and advances (£m)	**163,639**	162,380
>90 day arrears, excluding recovery book (%)	**0.2**	0.1
Annualised gross charge-off rates (%)	**0.5**	0.5
Recovery book proportion of outstanding balances (%)	**0.6**	0.5
Recovery book impairment coverage ratio (%) [a]	**7.2**	5.2

Note
a Recovery Book Impairment Coverage Ratio excludes KMC.

Within the UK home loans portfolio:
- Gross loans and advances increased by £1.3bn (0.8%) following an increase in Residential (1.2%), and a decrease in Buy to Let (BTL) (2.1%).
- Owner-occupied interest-only home loans comprised 17% (2022: 17%) of total balances. The average balance weighted LTV on owner occupied loans increased to 53.1% (2022: 50.0%).
- BTL home loans comprised 12.3% (2022: 12.7%) of total balances. In BTL, the average balance weighted LTV increased to 56.9% (2022: 53.2.%).

Home loans principal portfolios - distribution of balances by LTV[a]	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
	%	%	%	%	%	%	%	%	%	%	%	%
As at 31 December 2023												
<=75%	**73.5**	**10.4**	**0.9**	**84.8**	**8.5**	**16.2**	**26.7**	**51.4**	**—**	**0.2**	**3.8**	**0.1**
>75% and <=90%	**12.3**	**1.2**	**0.1**	**13.6**	**7.4**	**16.7**	**12.8**	**36.9**	**0.1**	**1.9**	**27.9**	**0.4**
>90% and <=100%	**1.5**	**0.1**	**—**	**1.6**	**1.2**	**2.5**	**3.6**	**7.3**	**0.1**	**2.6**	**63.3**	**0.6**
>100%	**—**	**—**	**—**	**—**	**0.3**	**0.7**	**3.4**	**4.4**	**1.0**	**12.1**	**100.0**	**12.4**
As at 31 December 2022												
<=75%	78.8	10.5	0.8	90.1	10.2	30.8	33.2	74.2	—	0.2	2.9	0.1
>75% and <=90%	8.8	0.5	—	9.3	3.9	9.7	5.2	18.8	—	1.4	30.8	0.1
>90% and <=100%	0.6	—	—	0.6	0.3	0.3	2.4	3.0	—	1.5	85.0	0.4
>100%	—	—	—	—	0.1	0.6	3.3	4.0	0.4	21.4	64.9	13.1

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.

Home loans principal portfolios – average LTV		
As at 31 December 2023	2023	2022
Overall portfolio LTV (%):		
Balance weighted %	**53.6**	50.4
Valuation weighted %	**40.0**	37.3
For >100% LTVs:		
Balances £m	**75**	34
Marked to market collateral £m	**65**	26
Average LTV: Balance weighted %	**146.7**	210.6
Average LTV: Valuation weighted %	**123.6**	145.5
% of Balances in Recoveries	**11.5**	18.9

Home loans principal portfolios - new lending		
As at 31 December 2023	2023	2022
New Home loan bookings (£m)	22,669	30,307
New home loan proportion above 90% LTV (%)	0.6	2.8
Average LTV on new home loan: balance weighted (%)	62.6	68.1
Average LTV on new home loan: valuation weighted (%)	53.8	59.6

New home loans bookings in 2023 decreased 25% to £22.7bn (2022: £30.3bn) and the 90 day arrears rate increased to 0.2% (2022: 0.1%), mainly driven by economic conditions that resulted in general mortgage market suppression, including higher mortgage payments as rates continued to rise and increased cost of living factors in line with inflation in 2023.

Retail Credit Cards and Retail Other

The principal portfolios listed below accounted for 94% (2022: 93%) of Barclays Bank UK Group's total retail credit cards and retail other.

Retail Credit Cards and Retail Other	Gross Exposure	30 Day Arrears, excluding recoveries book	90 Day Arrears, excluding recoveries book	Annualised Gross Write-off Rates	Annualised Net Write-off Rates
	£m	%	%	%	%
As at 31 December 2023					
UK cards	10,420	0.9	0.2	1.4	1.3
UK personal loans	3,641	1.5	0.6	1.3	1.0
As at 31 December 2022					
UK cards	9,939	0.9	0.2	3.7	3.6
UK personal loans	4,023	1.4	0.6	4.1	3.8

UK cards: 30 day and 90 day arrears rates remained stable at 0.9% (2022: 0.9%) and 0.2% (2022: 0.2%) respectively. Total exposure increased from £9.9bn to £10.4bn due to growth in spend and promotional balances. Both the gross and net write off rates decreased by 2.3% driven by the impact of a strategy change in 2022 to align the point of charge off and write off in that year and lower charge off rates in 2023.

UK personal loans: 30 and 90 day arrears rates have remained broadly stable at 1.5% (2022: 1.4%) and 0.6% (2022: 0.6%) respectively. Both the gross and net write off rates decreased by 2.8%, driven by the impact of a strategy change in 2022 to align the point of charge off and write off in that year and by the impact of large bulk sales in 2022 which reduced the flow to write off in 2023.

All disclosures in this section are unaudited unless otherwise stated.

Overview

Market Risk within the Barclays Bank UK Group arises from the risk management of the assets held within the liquidity pool. As a result, the market risk in the Barclays Bank UK Group is minimal. Transactions carrying market risk are executed by the Barclays Bank UK Group Treasury function.

Management VaR (audited)

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

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

Average management VaR in the Barclays Bank UK Group in 2023 was £0.8m (2022: £0.8m) and remained broadly stable throughout the period. Management VaR in the Barclays Bank UK Group in 2023 was driven by interest rate risk and basis risk in Barclays Bank UK Group Treasury.

Barclays Bank UK PLC adopts a standardised methodology for calculating capital requirements and as a result regulatory VaR is not applicable while management VaR is used only for internal risk calculations.

Summary of Contents

Liquidity risk

All disclosures in this section, pages 130 to 137, are unaudited unless otherwise stated.

Overview

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

Liquidity regulation

The bank monitors its position against both the LCR and NSFR according to the PRA regulatory requirements which include certain Basel III standards that were retained in the UK regulatory framework from 1 January 2022 as part of the UK's withdrawal from the EU.

The LCR is designed to promote short-term resilience of a bank's liquidity risk profile by holding sufficient High Quality Liquid Assets (HQLA) to survive an acute stress scenario lasting for 30 days. The LCR requirement takes into account the relative stability of different sources of funding and potential incremental funding requirements in a stress. The NSFR has been developed to promote a sustainable and stable structure of assets and liabilities.

Liquidity risk stress testing

The Internal Liquidity Stress Test (ILST) measures the potential contractual and contingent stress outflows under a range of stress scenarios, which are then used to determine the size of the liquidity pool that is immediately available to meet anticipated outflows if a stress occurs. The scenarios include a 30 day Barclays-specific stress event, a 90 day market-wide stress event and a 30 day combined scenario consisting of both a Barclays specific and market-wide stress event. Barclays Bank UK also runs a liquidity stress test which measures the anticipated outflows over a 12 month market-wide scenario.

As at 31 December 2023, Barclays Bank UK Group held eligible liquidity assets in excess of 100% of the net stress outflows as measured according to its internal and external regulatory requirements. A significant portion of the liquidity pool was held in cash and deposits with central banks. The liquidity pool was held entirely within Barclays Bank UK PLC.

The liquidity pool decreased to £65bn (December 2022: £81bn) and the LCR to 180% (December 2022: 186%) driven by a decline in customer deposits.

	As at 31.12.23	As at 31.12.22
	£bn	£bn
Barclays Bank UK Group liquidity pool	**65**	81
	%	%
Barclays Bank UK Group liquidity coverage ratio [a]	**180**	186

Note
a The Liquidity Coverage Ratio is now shown on an average basis, based on the average of the last 12 spot month end ratios. Prior period LCR comparatives have been updated for consistency.

Barclays Bank UK Group maintains access to a variety of sources of wholesale funds in major currencies, including those available from term investors across a variety of distribution channels and geographies, short-term funding markets and repo markets. Key sources of wholesale funding include money markets, certificates of deposit, commercial paper, covered bonds and other securitisations. This funding capacity enables Barclays Bank UK Group to maintain a stable and diversified funding base.

Barclays Bank UK Group also supports various central bank monetary initiatives, such as the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME). These are reported under 'repurchase agreements and other similar secured borrowing' on the balance sheet. Barclays Bank UK Group had £15bn TFSME balances outstanding at the year-end.

Net Stable Funding Ratio (NSFR)

The external NSFR metric requires banks to maintain a stable funding profile taking into account both on and certain off-balance sheet exposures over a medium to long-term period. The ratio is defined as the Available Stable Funding (capital and certain liabilities which are treated as stable sources of funding) relative to the Required Stable Funding (a measure of assets on the balance sheet and certain off-balance sheet exposures which may require long term funding). The NSFR (average of the last four spot quarter end positions) was 165% at December 2023, equivalent to a surplus of £102bn above the regulatory requirement and demonstrates Barclays Bank UK's stable funding balance sheet profile.

Net Stable Funding Ratio[a]	As at 31.12.23 £bn	As at 31.12.22 £bn
Total Available stable funding	**259**	266
Total Required stable funding	**157**	158
Surplus	**102**	108
Net stable funding ratio	**165%**	168%

Note
a Represents the average of the last four spot quarter end ratios.

As part of the liquidity risk appetite, Barclays establishes minimum LCR, NSFR and internal liquidity stress test limits. The Barclays Bank UK Group plans to maintain its surplus to the internal and regulatory requirements at an efficient level. Risks to market funding conditions, the 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.

Contractual maturity of financial assets and liabilities

The table below provides detail on the contractual maturity of all financial instruments and other assets and liabilities. Derivatives (other than those designated in a hedging relationship) and trading portfolio assets and liabilities are included in the '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)

Barclays Bank UK Group	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
As at 31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m
Assets								
Cash and balances at central banks	34,948	—	—	—	—	—	—	34,948
Cash collateral and settlement balances	5,507	—	—	—	—	—	—	5,507
Loans and advances at amortised cost to banks and customers	2,765	304	1,432	1,256	8,671	9,446	178,121	201,995
Debt securities at amortised cost	—	—	279	790	5,593	3,586	7,546	17,794
Reverse repurchase agreements and other similar secured lending	2,041	382	—	449	695	—	—	3,567
Trading portfolio assets	43	—	—	—	—	—	—	43
income statement	—	—	—	—	104	103	1,509	1,716
Derivative financial instruments	249	—	91	160	796	270	—	1,566
comprehensive income	511	747	82	4,281	4,842	6,414	3,532	20,409
Other financial assets	157	—	25	1	1	—	2	186
Total financial assets	46,221	1,433	1,909	6,937	20,702	19,819	190,710	287,731
Other assets								5,828
Total assets								293,559
Liabilities								
Deposits at amortised cost from banks and customers	218,849	5,109	2,415	9,498	5,353	—	—	241,224
Cash collateral and settlement balances	1,370	—	—	—	—	—	—	1,370
Repurchase agreements and other similar secured borrowing	68	—	—	—	8,105	7,092	—	15,265
Debt securities in issue	1,731	—	—	—	—	663	913	3,307
Subordinated liabilities	—	—	—	380	3,066	2,894	5,159	11,499
Trading portfolio liabilities	908	—	—	—	—	—	—	908
Financial liabilities designated at fair value	196	—	—	—	—	—	—	196
Derivative financial instruments	311	—	—	23	54	10	—	398
Other financial liabilities	1,146	—	11	21	64	22	32	1,296
Total financial liabilities	224,579	5,109	2,426	9,922	16,642	10,681	6,104	275,463
Other liabilities								1,235
Total liabilities								276,698

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK Group As at 31 December 2022	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
Assets								
Cash and balances at central banks	54,208	—	—	—	—	—	—	54,208
Cash collateral and settlement balances	5,194	—	—	—	—	—	—	5,194
Loans and advances at amortised cost to banks and customers	3,237	421	2,024	1,332	5,796	15,406	176,454	204,670
Debt securities at amortised cost	—	1,258	612	785	6,206	3,641	6,035	18,537
Reverse repurchase agreements and other similar secured lending	477	—	—	—	—	—	—	477
Trading portfolio assets	54	—	—	—	—	—	—	54
income statement	—	1	10	9	75	104	1,781	1,980
Derivative financial instruments	181	—	14	39	244	133	—	611
comprehensive income	1,591	1,450	1,664	2,367	5,114	4,925	2,859	19,970
Other financial assets	259	—	27	—	—	—	2	288
Total financial assets	65,201	3,130	4,351	4,532	17,435	24,209	187,131	305,989
Other assets								6,190
Total assets								312,179
Liabilities								
Deposits at amortised cost from banks and customers	250,063	1,000	794	2,930	3,330	—	—	258,117
Cash collateral and settlement balances	553	—	—	—	—	—	—	553
secured borrowing	2,183	416	—	—	5,034	10,069	—	17,702
Debt securities in issue	5,938	35	502	—	—	501	1,033	8,009
Subordinated liabilities	—	—	—	—	3,845	1,895	2,528	8,268
Trading portfolio liabilities	464	—	—	—	—	—	—	464
Financial liabilities designated at fair value	—	—	—	—	—	—	—	—
Derivative financial instruments	726	24	4	7	41	160	—	962
Other financial liabilities	1,145	13	13	25	117	43	40	1,396
Total financial liabilities	261,072	1,488	1,313	2,962	12,367	12,668	3,601	295,471
Other liabilities								1,295
Total liabilities								296,766

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK PLC	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
As at 31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m
Assets								
Cash and balances at central banks	34,948	—	—	—	—	—	—	34,948
Cash collateral and settlement balances	5,507	—	—	—	—	—	—	5,507
Loans and advances at amortised cost to banks and customers	3,074	547	1,432	1,256	8,671	9,446	178,121	202,547
Debt securities at amortised cost	—	—	279	790	5,593	3,586	7,546	17,794
Reverse repurchase agreements and other similar secured lending	2,041	382	—	449	695	—	—	3,567
Trading portfolio assets	43	—	—	—	—	—	—	43
Financial assets at fair value through the income statement	1	—	1	1	104	103	1,506	1,716
Derivative financial instruments	249	—	91	160	796	270	—	1,566
comprehensive income	511	747	82	4,281	4,842	6,414	3,532	20,409
Other financial assets	158	—	33	—	1	—	2	194
Total financial assets	46,532	1,676	1,918	6,937	20,702	19,819	190,707	288,291
Other assets								5,813
Total assets								294,104
Liabilities								
Deposits at amortised cost from banks and customers	219,499	5,109	2,415	9,498	5,353	—	—	241,874
Cash collateral and settlement balances	1,370	—	—	—	—	—	—	1,370
secured borrowing	68	—	—	—	8,105	7,092	—	15,265
Debt securities in issue	1,731	—	—	—	—	663	913	3,307
Subordinated liabilities	—	—	—	380	3,066	2,873	5,180	11,499
Trading portfolio liabilities	908	—	—	—	—	—	—	908
Financial liabilities designated at fair value	196	—	—	—	—	—	—	196
Derivative financial instruments	340	—	—	23	54	10	—	427
Other financial liabilities	1,139	—	11	21	64	22	32	1,289
Total financial liabilities	225,251	5,109	2,426	9,922	16,642	10,660	6,125	276,135
Other liabilities								1,161
Total liabilities								277,296

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK PLC	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
As at 31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m
Assets								
Cash and balances at central banks	54,208	—	—	—	—	—	—	54,208
Cash collateral and settlement balances	5,136	—	—	—	—	—	—	5,136
Loans and advances at amortised cost to banks and customers	3,902	421	2,024	1,332	5,960	15,406	176,454	205,499
Debt securities at amortised cost	—	1,258	612	785	6,206	3,641	6,035	18,537
Reverse repurchase agreements and other similar secured lending	477	—	—	—	—	—	—	477
Trading portfolio assets	54	—	—	—	—	—	—	54
Financial assets at fair value through the income statement	—	1	10	9	75	104	1,781	1,980
Derivative financial instruments	181	—	14	39	244	133	—	611
Financial assets at fair value through other comprehensive income	1,591	1,450	1,664	2,367	5,114	4,925	2,859	19,970
Other financial assets	247	—	35	—	—	—	2	284
Total financial assets	65,796	3,130	4,359	4,532	17,599	24,209	187,131	306,756
Other assets								6,424
Total assets								313,180
Liabilities								
Deposits at amortised cost from banks and customers	251,025	1,000	794	2,928	3,330	—	—	259,077
Cash collateral and settlement balances	486	—	—	—	—	—	—	486
secured borrowing	2,183	416	—	—	5,034	10,069	—	17,702
Debt securities in issue	5,938	35	502	—	—	501	1,033	8,009
Subordinated liabilities	—	—	—	—	3,845	1,895	2,528	8,268
Trading portfolio liabilities	464	—	—	—	—	—	—	464
Financial liabilities designated at fair value	—	—	—	—	—	—	—	—
Derivative financial instruments	769	24	4	7	41	160	—	1,005
Other financial liabilities	1,108	13	13	25	123	43	40	1,365
Total financial liabilities	261,973	1,488	1,313	2,960	12,373	12,668	3,601	296,376
Other liabilities								1,251
Total liabilities								297,627

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 Barclays Bank UK Group's trading strategies
- retail and business bank 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 Barclays Bank UK Group's operations and liquidity needs because of the broad base of customers, both numerically and by depositor type
- loans to retail and business bank customers, which are included within loans and advances at amortised cost and financial assets at fair value, may be repaid earlier in line with terms and conditions of the contract
- debt securities in issue and subordinated liabilities may include early redemption features

Contractual maturity of financial liabilities on an undiscounted basis

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

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

Derivative financial instruments held for trading and trading portfolio liabilities are included in the 'not more than one month' column at their fair value.

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank UK Group	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	218,880	5,178	2,491	9,804	5,580	—	—	241,933
Cash collateral and settlement balances	1,370	—	—	—	—	—	—	1,370
Repurchase agreements and other similar secured borrowing	68	—	—	—	8,868	7,902	—	16,838
Debt securities in issue	1,732	—	—	—	—	778	1,246	3,756
Subordinated liabilities	—	—	—	391	3,256	3,397	7,089	14,133
Trading portfolio liabilities	908	—	—	—	—	—	—	908
Financial liabilities designated at fair value	196	—	—	—	—	—	—	196
Derivative financial instruments	311	—	—	24	59	12	—	406
Other financial liabilities	1,147	—	12	24	72	26	47	1,328
Total financial liabilities	**224,612**	**5,178**	**2,503**	**10,243**	**17,835**	**12,115**	**8,382**	**280,868**
As at 31 December 2022								
Deposits at amortised cost from banks and customers	250,063	1,000	794	2,930	3,331	—	—	258,118
Cash collateral and settlement balances	553	—	—	—	—	—	—	553
Repurchase agreements and other similar secured borrowing	2,188	419	—	—	5,736	12,234	—	20,577
Debt securities in issue	5,956	35	513	—	—	616	1,337	8,457
Subordinated liabilities	—	—	—	—	4,117	2,210	3,456	9,783
Trading portfolio liabilities	464	—	—	—	—	—	—	464
Financial liabilities designated at fair value	—	—	—	—	—	—	—	—
Derivative financial instruments	727	24	4	8	46	186	—	995
Other financial liabilities	1,145	15	15	28	126	49	56	1,434
Total financial liabilities	261,096	1,493	1,326	2,966	13,356	15,295	4,849	300,381

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank UK PLC	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	**219,529**	**5,178**	**2,491**	**9,804**	**5,580**	**—**	**—**	**242,582**
Cash collateral and settlement balances	**1,370**	**—**	**—**	**—**	**—**	**—**	**—**	**1,370**
Repurchase agreements and other similar secured borrowing	**68**	**—**	**—**	**—**	**8,868**	**7,902**	**—**	**16,838**
Debt securities in issue	**1,732**	**—**	**—**	**—**	**—**	**778**	**1,246**	**3,756**
Subordinated liabilities	**—**	**—**	**—**	**391**	**3,256**	**3,376**	**7,110**	**14,133**
Trading portfolio liabilities	**908**	**—**	**—**	**—**	**—**	**—**	**—**	**908**
Financial liabilities designated at fair value	**196**	**—**	**—**	**—**	**—**	**—**	**—**	**196**
Derivative financial instruments	**340**	**—**	**—**	**23**	**59**	**12**	**—**	**434**
Other financial liabilities	**1,142**	**—**	**12**	**24**	**71**	**26**	**47**	**1,322**
Total financial liabilities	**225,285**	**5,178**	**2,503**	**10,242**	**17,834**	**12,094**	**8,403**	**281,539**
As at 31 December 2022								
Deposits at amortised cost from banks and customers	251,025	1,000	794	2,928	3,331	—	—	259,078
Cash collateral and settlement balances	486	—	—	—	—	—	—	486
Repurchase agreements and other similar secured borrowing	2,188	419	—	—	5,736	12,234	—	20,577
Debt securities in issue	5,957	35	513	—	—	616	1,337	8,458
Subordinated liabilities	—	—	—	—	4,117	2,210	3,456	9,783
Trading portfolio liabilities	464	—	—	—	—	—	—	464
Financial liabilities designated at fair value	—	—	—	—	—	—	—	—
Derivative financial instruments	769	25	4	8	45	187	—	1,038
Other financial liabilities	1,108	16	15	28	132	49	56	1,404
Total financial liabilities	261,997	1,495	1,326	2,964	13,361	15,296	4,849	301,288

Maturity of off-balance sheet commitments given (audited)
The maturity split of off-balance sheet commitments given (see Note 23 on page 215) represents the undiscounted cash flows (i.e. nominal values) on the basis of the earliest opportunity at which they are available. All off-balance sheet commitments given for both Barclays Bank UK Group and Barclays Bank UK PLC are under not more than one month maturity.

Capital risk

All disclosures in this section, page 138, are unaudited unless otherwise stated.

Overview

The disclosures below provide key capital metrics for the Barclays Bank UK Group with further information on its risk profile included in the Barclays Bank UK PLC Pillar 3 Report 2023, due to be published on 20 February 2024 and which will be available at home.barclays/investor-relations/reports-and-events/annual-reports.

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

As at 31 December 2023, the Barclays Bank UK Group CET1 ratio was 14.8% which is above its minimum regulatory requirement of 12.9%.

Capital ratios[a,b]	As at 31 December 2023	As at 31 December 2022
CET1	**14.8%**	14.7%
Tier 1 (T1)	**18.1%**	18.2%
Total regulatory capital	**21.6%**	21.8%

Capital resources (audited)	£m	£m
CET1 capital	**10,638**	10,701
T1 capital	**13,067**	13,261
Total regulatory capital	**15,596**	15,828
Total risk weighted assets (RWAs) (unaudited)	**72,102**	72,719

Notes
a Capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
b The fully loaded CET1 ratio was 14.8%, with £10.6bn of CET1 capital and £72.1bn of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II.

Leverage ratios and exposures

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

As at 31 December 2023, the Barclays Bank UK Group UK leverage ratio was 5.2% which is above the leverage ratio requirement.

Leverage ratios[a]	As at 31 December 2023 £m	As at 31 December 2022 £m
UK leverage ratio[b]	**5.2%**	5.3%
T1 Capital	**13,067**	13,261
UK leverage exposure	**250,163**	250,092
Average UK leverage ratio	**5.2%**	5.3%
Average T1 Capital	**13,072**	13,270
Average UK leverage exposure	**251,762**	251,425

Notes
a Capital and leverage are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
b Although the leverage ratio is expressed in terms of T1 capital, the leverage ratio buffers and 75% of the minimum requirement must be covered solely with CET1 capital. The CET1 capital held against the 0.35% Other Systemically Important Institutions (O-SII) additional leverage ratio buffer (ALRB) was £0.9bn and against the 0.7% countercyclical leverage ratio buffer (CCLB) was £1.8bn.

Interest rate risk in the banking book

All disclosures in this section, pages 139 to 140, are unaudited unless otherwise stated.

Overview

The treasury and capital risk framework covers interest rate sensitive exposures held in the banking book, mostly relating to accrual accounted and FVOCI instruments. The potential volatility of Net Interest Income (NII) is measured by an Annual Earnings at Risk (AEaR) metric which is monitored regularly and reported to senior management and the Barclays Bank UK PLC Board Risk Committee as part of the limit monitoring framework.

Summary of performance in the period

NII sensitivity to a -25bp shock has increased due to changes in balance sheet composition of the customer banking book during the year. NII sensitivity asymmetry is due to the timing impact of customer rate changes following the rate shock.

Key metrics

(£78)m

AEaR across the Barclays Bank UK Group from a -25bps shock to forward interest rate curves.

Analysis of net interest income and equity sensitivity

The analysis of equity sensitivity measures the overall impact of a +/- 25bps movement in interest rates on net interest income, fair value through other comprehensive income, and cash flow hedge reserves using approaches below:

- NII sensitivity for non-traded financial assets and liabilities, including the effect of any hedging utilising the Net Interest Income (NII) metric as described on page 134 of the Barclays Bank UK PLC Pillar 3 Report 2023 (unaudited), which includes documentation of the main model assumptions. This analysis is not a forward guidance on NII and is intended as a quantification of risk exposure.

- For non-NII items, a DV01 metric is used which represents a change in value for a one basis point shift in the yield curve.

Analysis of equity sensitivity (audited)	31 December 2023		31 December 2022	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank UK Group	£m	£m	£m	£m
Net interest income	45	(78)	15	(59)
Taxation effects on the above	(12)	22	(4)	16
Effect on profit for the year	33	(56)	11	(43)
As percentage of net profit after tax	1.7%	(2.9%)	0.6%	(2.4%)
Effect on profit for the year (per above)	33	(56)	11	(43)
Fair value through other comprehensive income reserve	(13)	13	(8)	8
Cash flow hedge reserve	(153)	153	(157)	157
Taxation effects on the above	46	(46)	45	(45)
Effect on equity	(87)	64	(109)	77
As percentage of equity	(0.5%)	0.4%	(0.7%)	0.5%

Analysis of equity sensitivity (audited)	31 December 2023		31 December 2022	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank UK PLC	£m	£m	£m	£m
Net interest income	45	(78)	15	(59)
Taxation effects on the above	(12)	22	(4)	16
Effect on profit for the year	33	(56)	11	(43)
As percentage of net profit after tax	1.9%	(3.2%)	0.6%	(2.4%)
Effect on profit for the year (per above)	33	(56)	11	(43)
Fair value through other comprehensive income reserve	(13)	13	(8)	8
Cash flow hedge reserve	(153)	153	(157)	157
Taxation effects on the above	46	(46)	45	(45)
Effect on equity	(87)	64	(109)	77
As percentage of equity	(0.5%)	0.4%	(0.7%)	0.5%

Movements in the FVOCI reserve impact CET1 capital, however the movement in the cash flow hedge reserve does not affect CET1 capital.

Volatility of the FVOCI portfolio in the liquidity pool

Changes in value of FVOCI exposures flow directly through equity via the FVOCI reserve. The volatility of the value of the FVOCI investments in the liquidity pool is captured and managed through a value measure rather than an earning measure, i.e. non-traded market risk VaR.

Although the underlying methodology to calculate the non-traded VaR is identical to the one used in traded management VaR, the two measures are not directly comparable. The non-traded VaR represents the volatility to capital driven by the FVOCI exposures. These exposures are in the banking book and do not meet the criteria for trading book treatment.

Analysis of volatility of the FVOCI portfolio in the liquidity pool	2023			2022		
	Average	High	Low	Average	High	Low
For the year ended 31 December	£m	£m	£m	£m	£m	£m
Non-traded market value at risk (daily, 95%)	11	14	9	9	12	5

Daily Value at Risk has trended upwards in H1 2023 due to increase in time series volatility. Towards the end of H2 2023, Daily Value at Risk trended downwards as time series volatility subsided along with a reduction in interest rate risk positioning.

All disclosures in this section, pages 141 to 143, are unaudited unless otherwise stated.

Overview

Operational risks are inherent in the Barclays Bank UK Group's business activities, and it is not cost effective or possible to attempt to eliminate all operational risks. The Operational Risk Framework is therefore focused on identifying operational risks, assessing them and managing them within the Barclays Bank UK 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: Cybersecurity, Data, and Resilience. These themes represent threats to the Barclays Bank Group that extend across multiple risk types, and therefore require an integrated risk management approach.

For definitions of these risks refer to pages 137 to 138 of the Barclays PLC Pillar 3 Report 2023. To provide complete coverage of the potential adverse impacts on the Barclays Bank UK Group arising from operational risk, the operational risk taxonomy extends beyond the risks listed above to cover operational risks associated with other principal risks too.

This section provides an analysis of the Barclays Bank UK Group's operational risk profile, including events above the Barclays Bank UK Group's reportable threshold, which have had a financial impact in 2023. The Barclays Bank UK Group's operational risk profile is informed by bottom-up risk assessments undertaken by each business unit and top-down qualitative review for each risk type. Fraud, Transaction Operations, Information Security and Technology continue to be highlighted as key operational risk exposures.

For information on compliance risk events, see the compliance risk section.

Summary of performance in the period

During 2023, total operational risk losses[a] fell slightly to £84m (2022: £88m) while the number of recorded events for 2023 remained broadly stable at 2,046 (2022: 2,032). The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery & Process Management and External Fraud categories, which tend to be high volume but low impact events.

Note
a The data disclosed includes operational risk losses for reportable events impacting the Barclays Bank UK Group business areas, having impact of > £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 are updated.

Key metrics

84%

of the Barclays Bank UK Group's reportable operational risk events had a loss value of £50,000 or less

95%

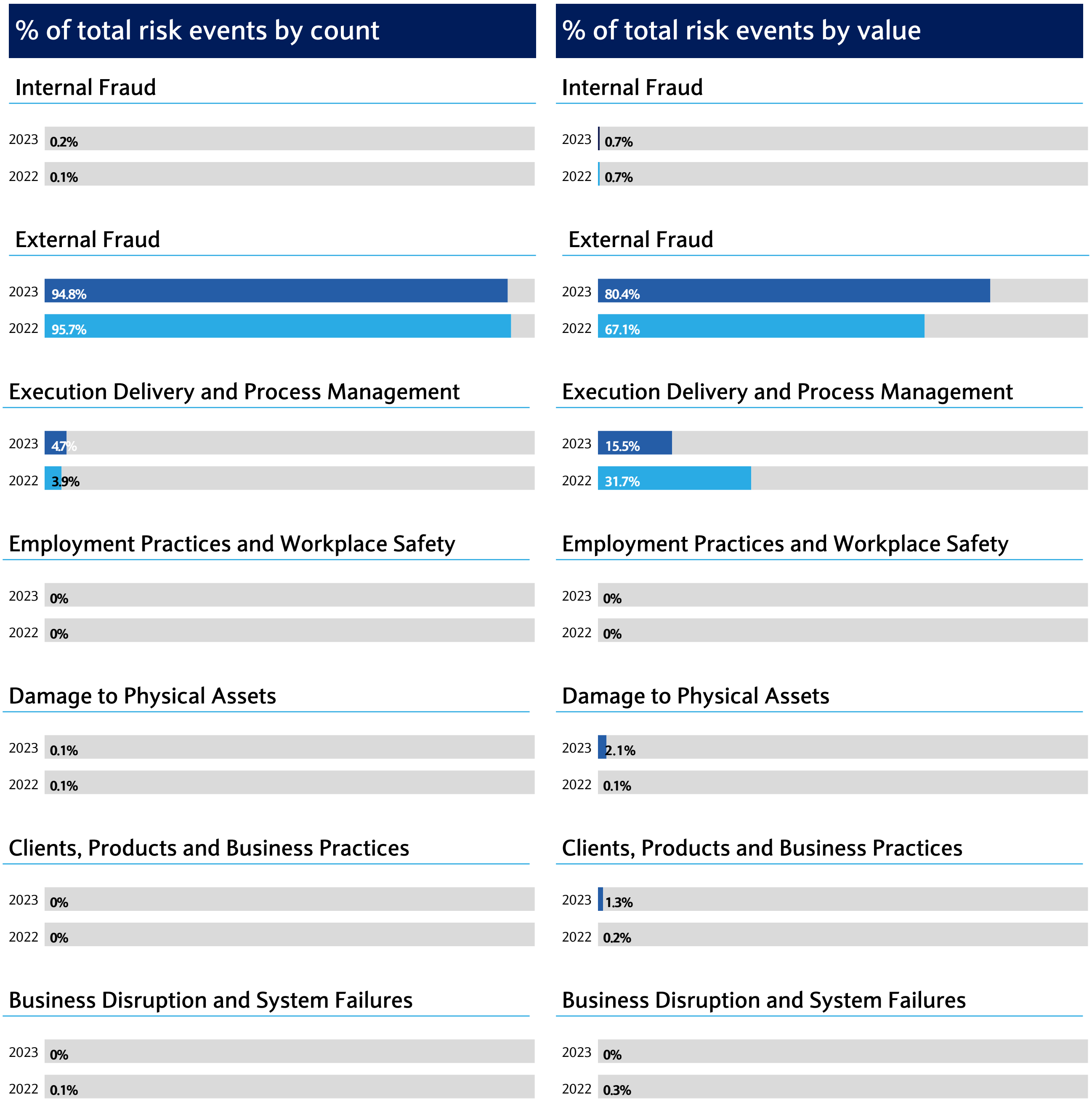
of events by number are due to External Fraud

Operational risk profile

Within operational risk, there are a large number of smaller value risk events. In 2023, 84% (2022: 86%) of the Barclays Bank UK Group's reportable operational risk events by volume had a value of less than £50,000 each. Cumulatively, events under this £50,000 threshold accounted for only 42% (2022: 42%) of the Barclays Bank UK Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Barclays Bank UK Group.

The analysis below presents the Barclays Bank UK Group's operational risk events by Basel event category[a]:

Operational risk events by BASEL event category



Note
a The data disclosed includes operational risk losses for reportable events impacting the Barclays Bank UK Group business areas, having impact of > £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 are updated.

- External Fraud remains the category with the highest frequency of events at 95% of total events in 2023 (2022: 96%) with number of events remaining stable at 1,940 (2022: 1,945). Losses increased to £68m accounting for 80% of total losses (2022: £59m / 67%). In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage. Note: Total External Fraud losses in 2023 including those from events with impacts < £10,000 amounted to £119m (2022: £123m).

- Execution, Delivery and Process Management impacts decreased to £13m (2022: £28m), accounting for 16% of overall operational risk losses (2022: 32%). The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis, mapping mainly to Barclays Transaction Operations risk type. The volume of events in this category increased year-on-year to 96 (2022: 80), accounting for 5% of total events (2022: 4%).

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

Operational Resilience remains a key area of focus for the Barclays Bank UK Group, having been reinforced in recent years due to potential operational disruption from the COVID-19 pandemic. The Barclays Bank UK Group continues to strengthen its resilience approach across its most important business services to improve recoverability and assurance thereof by reviewing scenarios based on current global climates.

Operational risk associated with cybersecurity remains a top focus for the Barclays Bank UK Group. The sophistication of threat actors continues to grow as noted by multiple external risk events observed throughout the year. Ransomware attacks across the global Barclays supplier base were observed and we worked closely with the affected suppliers to manage potential impacts to the Barclays Bank UK Group and its clients and customers. The Barclays Bank UK Group’s cybersecurity events were managed within its risk tolerances, and cybersecurity incidents did not materially impact the Barclays Bank UK Group's business strategy, results of operations, or financial condition.

For further information, refer to the operational risk management section.

All disclosures in this section, pages 144 and 145, are unaudited unless otherwise stated.

Model risk

The Barclays Bank UK Group is committed to continuously improving model risk management and made a number of enhancements in 2023, including:

- 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 Group 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 program and further embedment of a validation quality assurance process.
- Executed on hiring strategy by expanding the model risk team to support a wider range of model validation demand, newly emerging model risks, and enhanced focus on regulatory models.

Compliance risk

The Barclays Bank UK Group is committed to continuing to drive the right culture throughout all levels of the organisation. The Barclays Bank UK Group 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 the management of compliance risk is ongoing and, alongside other relevant business and control management information, the Barclays Bank UK Group Conduct Risk Dashboards is a key component of this.

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

In 2023, the Group 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.

A key area of focus has been the implementation and embedment of the FCA's new Consumer Duty, with rules for open products and services taking effect at the end July 2023.

Businesses have continued to assess the potential customer, client and market impacts of strategic change. As part of the 2023 Medium-Term Planning Process and associated Strategic Risk Assessment, material Compliance risks associated with strategic and financial plans were assessed.

Throughout 2023, Compliance risks were raised by each business area for consideration by the Barclays Bank UK PLC Board Risk Committee. The Committee reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

A key area of focus has been the implementation and embedment of the FCA's new Consumer Duty, with rules for open products and services taking effect at the end July 2023.

During 2023, laws, rules and regulation risk (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 Barclays Bank UK Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 24 Legal, competition and regulatory matters and Note 22 Provisions, for further details. Costs include customer redress and remediation. Resolution of these matters remains a necessary and important part of delivering the Barclays Bank UK Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

The Barclays Bank UK PLC Board Risk Committee 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 Group operates within Risk Appetite. The tolerance adherence is assessed by the business through key indicators and reported to the Barclays Bank UK PLC Board Risk Committee as part of the Conduct Risk Dashboard governance process.

The Barclays Bank UK Group 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.

For further details on the non-financial performance measures, please refer to page 6 of the Strategic Report.

Reputation risk

Barclays Bank UK Group is committed to identifying reputation risks and issues as early as possible and managing them appropriately. At a Barclays Bank UK Group level throughout 2023, reputation risks and issues were overseen by the Barclays Bank UK Board. The top live and emerging reputation risks and issues within the Barclays Bank UK Group are included within an over-arching quarterly report at the respective Board level. The Barclays Bank UK PLC Board reviews reputation risks raised by businesses and considered whether management's proposed actions, for example attaching conditions to proposed client transactions or increased engagement with impacted stakeholders, were appropriate to mitigate the risks effectively. The Board also received regular updates with regard to key reputation risks and issues, including: Barclays' response to the cost of living crisis; Barclays' association with sensitive sectors; access to banking; lending practices and the resilience of key Barclays systems and processes.

The Barclays Bank UK Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 24 Legal, competition and regulatory matters and Note 22 Provisions, for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains an ongoing commitment to improve oversight of culture and conduct and management of reputation risks.

As part of Barclays 2023 Medium Term Planning process, material reputation risks associated with strategic and financial plans were also assessed.

Legal risk

The Barclays Bank UK Group 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 compliance risk management framework, which include a requirement for the Legal Function to proactively identify, communicate and provide legal advice on applicable laws, rules and regulations.

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 compliance risk management framework referred to above (and described in more detail on page 68) also mitigate legal risk.

Supervision of the Barclays Bank UK Group

The Barclays Bank UK Group's operations are subject to a large number of rules and regulations applicable to the conduct of banking and financial services business. These apply to business operations, impact financial returns and include capital, leverage and liquidity requirements, authorisation, registration and reporting requirements, restrictions on certain activities, and conduct of business regulations, amongst other applicable regulatory requirements.

The day-to-day regulation and supervision of the Barclays Bank UK Group is divided between the Prudential Regulation Authority (PRA) (a division of the Bank of England (BoE)) and the Financial Conduct Authority (FCA). In addition, the Financial Policy Committee (FPC) of the BoE has influence on the prudential requirements that may be imposed on the banking system through its powers of direction and recommendation. Certain members of the Barclays Bank UK Group are also subject to regulatory initiatives undertaken by the UK Payment Systems Regulator (PSR), as a participant in payment systems regulated by the PSR.

Barclays Bank UK PLC is an authorised person, with permission to accept deposits, amongst other things, and is subject to prudential regulation and supervision by the PRA and to conduct regulation and supervision by the FCA. The Barclays Bank UK Group is subject to prudential supervision on a group sub-consolidated basis and Barclays Bank UK PLC is subject to prudential supervision on an individual basis. The Barclays Group as a whole is subject to prudential supervision by the PRA on a group consolidated basis. Barclays PLC has been approved by the PRA as a financial holding company.

The PRA's supervision of the Barclays Bank UK Group is conducted through a variety of regulatory tools, including the collection of information by way of prudential returns or cross-firm reviews, reports obtained from skilled persons, information gathering, regular supervisory visits to firms and regular meetings with management and directors to discuss issues such as strategy, governance, financial resilience, operational resilience, risk management, and recovery and resolution.

Further, the BoE, as the UK resolution authority, informs prudential requirements and sets requirements for the Group relating to resolution preparedness.

The FCA's supervision of the Barclays Bank UK Group is carried out through a combination of proactive engagement meetings, regular supervisory visits, information gathering and regular meetings with Barclays Bank UK Group's management and directors to discuss issues such as customer strategy, fair treatment of customers, and financial crime controls, as well as cross-sectoral reviews which analyse the different areas of the market and the risks that may lie ahead.

The FCA and the PRA also apply the Senior Managers and Certification Regime (the SMCR) which imposes a regulatory approval, individual accountability and fitness and propriety framework in respect of senior individuals within relevant firms.

FCA supervision has focused on conduct risk and customer/client outcomes through implementation of the Consumer Duty (including product design and fair value), fraud and anti-money laundering controls, access to cash, fair treatment of vulnerable customers and payment account access and closures.

PRA supervision has focused on financial and operational resilience, controls, credit risk management, systems and controls, climate risk and resolvability, where resolvability is reviewed in conjunction with the Resolution Directorate (a division of the BoE).

Both the PRA and the FCA apply standards that generally either anticipate or go beyond requirements established by global or EU standards, whether in relation to capital, leverage and liquidity, resolvability and resolution or matters of conduct. The UK is in the process of reviewing and revising the EU legislation that was onshored into English law following the UK's departure from the EU. This process is ongoing, but based on current indications potential areas of divergence in approach between the UK and the EU in existing areas of regulation appear moderate and are not expected to result in materially different standards of regulation. Divergence might become more marked in new areas of regulation, such as ESG and Digital. The Financial Services and Markets Act 2023 (FSMA 2023) established a framework for the revocation of retained EU law relating to financial services, with HM Treasury intending to repeal retained EU legislative provisions subject to the transfer of its provisions to the UK regulators' rules where appropriate. The Government is not expected to revoke retained EU law relating to financial services unless the FCA and/or PRA have drafted and consulted on rules in the relevant areas, where it is appropriate that the provisions are replaced. However, HM Treasury may specify parts of retained EU law where the regulators are exempt from such requirements, for example where they are restating retained EU law revoked through FSMA 2023 in their rulebooks without material changes or where they are replacing revoked retained EU law with material changes but the only material effect is to reduce a regulatory burden. Where changes also have other material effects, which may include impacts on the regulators' objectives, for example, the Government has indicated that it is appropriate to require the regulators to consult. The medium term outlook for the costs and impact of operating under the post-Brexit UK regime remains unclear as the regulatory landscape continues to develop. There is potential for an increase in regulatory implementation costs in the near term to adapt systems and controls.

Prudential regulation

Certain Basel III standards were implemented in EU law through the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV), as amended by CRR II and CRD V. These standards were retained in the UK regulatory framework via a series of onshoring instruments when the UK withdrew from the European Union. Beyond the minimum standards required by CRR, the PRA has expected the Barclays Group, in common with other major UK banks and building societies, to meet a 7% Common Equity Tier 1 (CET1) ratio at the level of the consolidated group since 1 January 2016. The 7% CET1 ratio is made up of a Pillar 1 minimum capital requirement of 4.5% CET1 and a capital conservation buffer which must be met entirely with CET1 capital.

Global systemically important banks (G-SIBs), such as the Barclays Group, are subject to a number of additional prudential requirements, including the requirement to hold additional loss-absorbing capacity and additional capital buffers above the level required by Basel III standards. The level of the G-SIB buffer is set by the Financial Stability Board (FSB) according to a bank's systemic importance and can range from 1% to 3.5% of risk-weighted assets (RWAs). The G-SIB buffer must be met with CET1 capital. In November 2023, the FSB published an update to its list of G-SIBs, maintaining the 1.5% G-SIB buffer that applies to the Barclays Group.

The Barclays Group is subject to a 'combined buffer requirement' consisting of (i) a capital conservation buffer of 2.5% of RWAs, and (ii) a countercyclical capital buffer (CCyB). The CCyB is based on rates determined by the regulatory authorities in each jurisdiction in which the Barclays Group maintains exposures. In the UK, the CCyB rate is set by the FPC and is currently 2%.

The PRA requires UK firms to hold additional capital to cover risks which the PRA assesses are not fully captured by the Pillar 1 capital requirement. The PRA sets this additional capital requirement (Pillar 2A) at least annually, derived from each firm's individual capital guidance. Under current PRA rules, the Pillar 2A requirement must be met with at least 56.25% CET1 capital and no more than 25% tier 2 capital. In addition, the capital that firms use to meet their minimum requirements (Pillar 1 and Pillar 2A) cannot be counted towards meeting the combined buffer requirement.

The PRA may also impose a confidential 'PRA buffer' to cover risks over a forward looking planning horizon, including with regard to firm-specific stresses or management and governance weaknesses. The PRA buffer must be met separately to the combined buffer requirement, and must be met fully with CET1 capital.

In addition, Barclays Bank UK Group is subject to prudential regulation by the PRA and is required to meet a minimum Common Equity Tier 1 (CET1) ratio of 12.9% comprising a 4.5% Pillar 1 requirement, a 2.5% capital conservation buffer, a 2% countercyclical buffer, a 1% O-SII buffer and a 2.9% Pillar 2A add on.

As part of its approach to ring fencing, the FPC established a framework to apply a firm-specific systemic risk buffer (SRB) to increase the capacity of ring-fenced bodies, such as Barclays Bank UK PLC, to absorb stress. With the implementation of CRD V, the Other Systemically Important Institutions Buffer (O-SII buffer) replaced the SRB. The O-SII buffer can be set between 0% and 3% and has to be met solely with CET1 capital. The O-SII buffer rate applicable to Barclays Bank UK PLC is currently set by the PRA at 1%. Previously, total assets were used as the metric to determine O-SII buffer rates but the FPC announced in 2022 that this would change to the UK leverage exposure measure and that it would recalibrate the thresholds used to determine O-SII buffer rates to prevent an overall tightening or loosening of the framework relative to its pre-Covid level. The PRA's 2023 review of the O-SII buffer was based on end-2022 leverage exposure measures and maintained the O-SII buffer rate applicable to Barclays Bank UK PLC at 1% (applicable from January 2025). For future reviews, the average of firms' quarter-end leverage exposure measure over the year will be used to determine O-SII buffer rates, rather than the year-end value.

On 30 November 2022 the PRA published a consultation paper concerning the implementation of the remaining Basel III standards, which include a revised standardised approach for credit risk, the elimination of modelled approaches for certain credit risk exposure categories, a new standardised approach for operational risk, a new market risk approach and the implementation of an output floor requiring reported RWAs calculated under standardised and modelled approaches to be a minimum of 72.5% of fully standardised calculations. In December 2023 the PRA published its first collection of near-final policy proposals for implementing these measures, including those for market risk, operational risk and the Credit Valuation Adjustment (CVA) and counterparty credit risk. A further collection of policies, including those for credit risk and credit risk mitigation, are expected to be published by the PRA in Q2 2024. The implementation date for these standards has been extended to 1 July 2025.

Stress testing

The Barclays Group and certain of its members, including Barclays Bank UK PLC, are subject to supervisory stress testing exercises pursuant to the annual stress testing programme of the BoE. These exercises are designed to assess the resilience of banks to adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on such elements as data provision and stress testing capability, including model risk management and internal management processes and controls.

Recovery and Resolution

Stabilisation and resolution framework

The current UK framework for recovery and resolution was established by the Banking Act 2009, as amended.

The BoE, as the UK resolution authority, has the power to resolve a UK financial institution that is failing or likely to fail by exercising certain stabilisation tools, including (i) bail-in: the cancellation, transfer or dilution of a relevant entities' equity and write-down or conversion of the claims of a relevant entities' unsecured creditors (including holders of capital instruments) and conversion of those claims into equity as necessary to restore solvency; (ii) the transfer of all or part of a relevant entities' business to a private sector purchaser; and (iii) the transfer of all or part of a relevant entities' business to a "bridge bank" controlled by the BoE. When exercising any of its stabilisation powers, the BoE must generally provide that shareholders bear first losses, followed by creditors in accordance with the priority of their claims in insolvency.

In order to enable the exercise of its stabilisation powers, the BoE may impose a temporary stay on the rights of creditors to terminate, accelerate or close out contracts, or override events of default or termination rights that might otherwise be invoked as a result of a resolution action and modify contractual arrangements in certain circumstances (including a variation of the terms of any securities).

HM Treasury may also amend the law for the purpose of enabling it to use its powers under this regime effectively, potentially with retrospective effect.

In addition and distinct from bail-in, the BoE has the power to permanently write-down, or convert into equity, tier 1 capital instruments, tier 2 capital instruments and internal eligible liabilities at the point of non-viability of an institution pursuant to broader resolution powers under the Banking Act.

The BoE's preferred approach for the resolution of the Barclays Group is a bail-in strategy with a single point of entry at Barclays PLC. Under such a strategy, Barclays PLC's subsidiaries (including entities within the Barclays Bank UK Group) would remain operational while Barclays PLC's capital instruments and eligible liabilities would be written down or converted to equity in order to recapitalise the Barclays Group and allow for the continued provision of services and operations throughout the resolution. The order in which the bail-in tool is applied reflects the hierarchy of capital instruments under applicable UK legislation and rules, and otherwise respecting the hierarchy of claims in an ordinary insolvency. Accordingly, the more subordinated the claim, the more likely losses will be suffered by owners of the claim.

The PRA has made rules that require authorised firms to draw up recovery plans and resolution packs. Recovery plans are designed to outline credible actions that authorised firms could implement in the event of severe stress in order to restore their business to a stable and sustainable condition. The submission of resolution packs was suspended by the PRA in 2018 until further notice and replaced by annual resolution reporting. It continues to be suspended pending PRA assessment of areas of potential duplication between different reporting expectations. The Barclays Group, however, is required to provide the PRA with a recovery plan biennially, although the Barclays Group maintains and refreshes this on an annual basis.

Removal of potential impediments to an orderly resolution of a banking group or one or more of its subsidiaries is considered as part of the BoE's resolution planning for each firm, and the BoE can require firms to make significant changes in order to enhance their resolvability. Under the BoE's Resolvability Assessment Framework (RAF), firms are required to have in place capabilities covering three resolvability outcomes: (i) adequate financial resources; (ii) being able to continue to do business through resolution and restructuring; and (iii) being able to communicate and co-ordinate within the firm and with authorities. Barclays Group's second self-assessment report on resolvability under the RAF was submitted to the PRA/BoE in 2023 and public disclosures by both Barclays Group and the PRA/BoE on the most recent report are due in in June 2024. Updated reports and disclosures are required every two years. The BoE's assessment on the 2021 report, published in June 2022, concluded that there were no shortcomings, deficiencies or substantive impediments identified in the Barclays Group's resolution capabilities that could impede its ability to execute the preferred resolution strategy. In future, should any such issues be identified, the PRA/BoE could exercise its various powers to direct the Barclays Group to address the relevant issues.

TLAC and MREL

The Barclays Group is under the supervision of the BoE, as the UK resolution authority, and is subject to a Minimum Requirement for Own Funds and Eligible Liabilities (MREL), which includes a component reflecting the FSB's standards on total loss absorbency capacity (TLAC).

Since 1 January 2022, G-SIBs with resolution entities incorporated in the UK have been required to meet an MREL equivalent to the higher of: (i) two times the sum of their Pillar 1 and Pillar 2A requirements; or (ii) the higher of two times their leverage ratio requirement or 6.75% of leverage exposures. Internal MREL for operating subsidiaries is subject to a scalar in the 75-90% range of the external requirement that would apply to the subsidiary if it were a resolution entity. The starting point for the scalar is 90% for ring-fenced bank sub-groups.

Bank Levy and FSCS

The BRRD established a requirement for EU member states to set up a pre-funded resolution financing arrangement with funding equal to 1% of covered deposits by 31 December 2024 to cover the costs of bank resolutions. The UK implemented this requirement by way of a tax on the balance sheets of banks known as the 'Bank Levy', which remains in place.

In addition, the UK has a statutory compensation fund called the Financial Services Compensation Scheme (FSCS), which is funded by way of annual levies on most authorised financial services firms including Barclays Bank UK PLC.

Structural reform

In the UK, the Financial Services (Banking Reform) Act 2013 put in place a framework for ring-fencing certain operations of large banks. Ring-fencing requires, among other things, the separation of the retail and smaller deposit-taking business activities of UK banks into a legally distinct, operationally separate and economically independent entity (a 'ring-fenced bank'), which is not permitted to undertake a range of activities. In 2023, HM Treasury issued a public call for evidence on aligning the ring-fencing and resolution regimes, amongst other things, and a consultation on reforms to the ring-fencing regime, including amendments to the thresholds above which the regime applies, permitting ring-fenced banks to establish branches and subsidiaries outside the UK or the EEA and the introduction of a transitional period for compliance with the ring-fencing regime following mergers or acquisitions. HM Treasury plans to introduce legislation to implement these reforms in early 2024. The PRA consulted on complementary reforms to HM Treasury's proposals in 2023 and, separately, conducted a review of its ring-fencing rules in compliance with its statutory duty under FSMA to do so every five years. The PRA announced in early 2024 that it intends to consult on targeted reforms to its ring-fencing rules as a result of its review, although the overall conclusion was that most of those rules are performing satisfactorily.

Market infrastructure regulation

In recent years, regulators as well as global-standard setting bodies such as the International Organization of Securities Commissions (IOSCO) have focused on improving transparency and reducing risk in markets, particularly risks related to over-the-counter (OTC) derivative transactions. This focus has resulted in a variety of new regulations across the G20 countries and beyond that require or encourage on-venue trading, clearing, posting of margin and disclosure of information related to many derivatives transactions.

The UK Benchmarks Regulation applies to the administration, contribution and use of benchmarks within the UK. Financial institutions within the UK, as applicable, are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the UK. This prohibition does not currently apply in respect of third country benchmark administrators, as the prohibition on usage of such benchmarks will take effect from the end of 2030. The 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.

Other regulation

Consumer protection, culture, and diversity and inclusion

In July 2023, the FCA's new Consumer Duty came into force for new and existing products or services that are open to sale or renewal. It will apply to closed products and services from 31 July 2024. The duty sets higher expectations for the standard of care that firms provide to retail customers and impacts all aspects of Barclays' retail businesses, including every retail customer journey, product and service as well as our relationships with partners, suppliers and third parties. This has resulted in significant implementation costs and there will also be higher ongoing costs for the industry as a result of extensive monitoring and evidential requirements.

Our regulators have enhanced their focus on the promotion of cultural values as a key area for banks. The UK regulators have also begun focusing on diversity and inclusion in financial services firms, with the PRA and FCA having published a consultation on the introduction of a new regulatory framework on diversity and inclusion in September 2023. The UK regulators expect to publish final rules on this issue in 2024.

FSMA 2023 has introduced new rules under which HM Treasury may designate current account providers that have a significant role in the provision of UK cash access and empowers the FCA to make rules to ensure the reasonable provision of cash access services. In December 2023, the FCA issued a consultation on proposed new rules. This follows the FCA's publication of guidance in June 2022, to ensure that firms consider the impact of a planned closure of a branch or conversion of free-to-use ATMs (cash machines or cashpoints) on their customers' everyday banking needs and the availability and provision of alternatives.

Another area of increasing regulatory focus in 2023 has been the reasons for payment account access and closures, with the FCA having published a report on this topic in September following concerns that customer accounts were being terminated on the basis of customers' political views. HM Treasury subsequently announced that it plans to require banks to provide clear and tailored reasons for the termination of payment accounts as well as extending the notice period of such termination to 90 days.

FSMA 2023 contains provisions mandating that the Payment Systems Regulator (PSR) require the reimbursement of authorised push payment scams by payment service providers, including Barclays. This reimbursement requirement will be split 50:50 between the sending and receiving firms. Changes to the rules of the Faster Payments Scheme and a new Specific Direction issued by the PSR to require reimbursement will take effect in October 2024.

Data protection

Most jurisdictions where 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) and the UK's General Data Protection Regulation (UK GDPR) provide a framework of rights and duties designed to safeguard personal data and apply to the activities conducted from an establishment in the EU or the UK, respectively. The extraterritorial effect of the GDPR and the UK GDPR means entities established outside the EU or the UK may fall within the GDPR or UK GDPR's ambit when offering goods or services to EU/UK based customers or clients or conducting behavioural monitoring of individuals in the EU/UK. The Data Protection and Digital Information (No.2) Bill was introduced to the UK Parliament in March 2023, which if enacted will bring some divergence between the EU GDPR and UK GDPR. The UK government has indicated that it expects the Bill to become law in mid-2024, although there is still some uncertainty on timing and content.

The data regime in China is likely to continue to evolve, governing the collection, processing and cross-border transfers of China-based individuals' personal data and related restricted data (e.g., macro/derived characteristics data which, if tampered with, divulged or destroyed, may endanger China's economic operation, social stability, national security - among other things - having regard to the volume and granularity of the data). In India, the Digital Personal Data Protection Act, 2023, may be implemented in phases during 2024 and beyond. Except under certain exemptions, its scope would include the processing of personal data in India and would extend to the profiling of, and offering goods and services to, India-based individuals outside of India. As the global data protection regulatory landscape develops, non-compliance with any such requirements and rules could lead to regulatory fines and other penalties.

Cybersecurity and operational resilience

Regulators globally continue to focus on cybersecurity risk management, organisational operational resilience and overall soundness across all financial services firms, with customer and market expectations of uninterrupted access to financial services remaining at an all-time high.

The regulatory focus has been further heightened by the increasing number of high-profile ransomware and other supply chain attacks seen across the industry in recent years and the growing reliance of financial services on Cloud and other third party service providers. This is evidenced by the continuing introduction of new laws and regulatory frameworks directed at enhancing resilience of both firms and their critical third party providers. A new UK framework introduced in March 2021 requires firms to be able to remain within impact tolerances set for their important business services, in severe but plausible disruption scenarios such as a cyber attack, by no later than 31 March 2025. FSMA 2023 introduced a new regime for designated critical third party providers, and in December 2023 the FCA and PRA issued a consultation on proposed rules and guidance for supervising the resilience of critical third party providers.

The existing and anticipated requirements for increased controls will serve to improve industry standardisation and resilience capabilities, enhancing our ability to deliver services during periods of potential disruption. However, such measures are likely to result in increased technology and compliance costs for the Barclays Bank UK Group.

Regulatory initiatives on ESG disclosure

In the UK, the FCA published final rules on the UK Sustainability Disclosure Requirements regime in November 2023 which set out new requirements to prepare sustainability-related product and entity level disclosures for certain firms, as well as a new sustainable investment labelling regime and anti-greenwashing rule applicable to all authorised firms. Currently, the new anti-greenwashing rule (and associated guidance) is due to apply from 31 May 2024, whilst the rest of the changes will take effect on a phased basis, beginning in the second half of 2024. The UK Government has expressed its intention to consider how best to incorporate the Taskforce on Nature-related Financial Disclosures framework for nature-related risk management and disclosures into UK legislation and to consult on introducing Transition Plan Taskforce Disclosure Framework (TPT Framework) related requirements for the UK's largest companies. The Government is also progressing plans to endorse UK Sustainability Disclosure Standards based on the International Sustainability Standards Board (ISSB) sustainability reporting standards (IFRS S1 on general requirements for sustainability disclosures and IFRS S2 on climate disclosures) for use in the UK by July 2024. The FCA plans to consult in 2024 on incorporating provisions relating to the ISSB standards and TPT Framework into its Handbook. Additionally, TCFD-aligned reporting requirements apply to UK publicly quoted companies, large private companies and LLPs (in addition to existing TCFD-related reporting requirements under the Listing Rules).

The UK Government has confirmed its intention to develop a UK Green Taxonomy, and the Green Technical Advisory Group continues to publish advice and reports on the development of a Green Taxonomy. Reporting against the Taxonomy will form part of the UK's new Sustainability Disclosure Requirements (SDR). Certain companies will be required to disclose which portion of their activities are Taxonomy-aligned. The structure of the Taxonomy is expected to draw on the EU approach and has six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity).

Recent EU developments in ESG disclosure initiatives will also impact UK companies which fall within the scope of applicable regimes. The EU Corporate Sustainability Reporting Directive introduces 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. In December 2023, the Council and European Parliament also reached political agreement on the Directive on Corporate Sustainability Due Diligence which will require EU and certain non-EU firms, including financial institutions, to carry out due diligence with regard to their own operations and companies in their upstream value chain, in order to identify and prevent, 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. These obligations are expected to come into force on a phased basis from the second half of 2027, at the earliest.

Sanctions and financial crime

The UK Bribery Act 2010 introduced a new form of corporate criminal liability focused broadly on a company's failure to prevent bribery on its behalf. The Criminal Finances Act 2017 introduced new corporate criminal offences of failing to prevent the facilitation of UK and overseas tax evasion. In 2023, the Economic Crime and Corporate Transparency Act 2023 became law. This creates a new offence of failing to prevent a person associated with the Group from committing fraud for the benefit of the Group. The UK Bribery Act 2010 requires the Barclays Bank UK Group to have adequate procedures to prevent bribery which, due to the extraterritorial nature of the Act, makes this both complex and costly. Additionally, the Criminal Finances Act 2017 requires the Barclays Bank UK Group to have reasonable procedures in place to prevent the criminal facilitation of tax evasion by persons acting for, or on behalf of, any entity in the Barclays Bank UK Group. The Economic Crime and Corporate Transparency Act similarly requires the Group to have reasonable procedures in place to prevent a person associated with the Group from committing fraud.

The Sanctions and Anti-Money Laundering Act 2018 (the Sanctions Act) became law in the UK in 2018. Following the UK's withdrawal from the EU, the Sanctions Act allowed for the adoption of an autonomous UK sanctions regime which came into force in 2021, as well as a more flexible licensing regime post-Brexit. This sanctions regime applies within the UK and in relation to the conduct of all UK persons wherever they are in the world; it also applies to overseas branches of UK companies.

In some cases, US state and federal regulations addressing sanctions, money laundering and other financial crimes may impact entities, persons or activities located or undertaken outside the US, including Barclays PLC and its subsidiaries. US government authorities have aggressively enforced these laws against financial institutions in recent years. As a result of the conflict in Ukraine, there has been an increased regulatory focus on sanctions compliance in various jurisdictions, including the US, UK and EU. Failure of a financial institution to ensure compliance with such laws could have serious legal, financial and reputational consequences for the institution.

Financial statements
Contents

Detailed analysis of our statutory accounts, independently audited and providing in-depth disclosure on the financial performance of the Barclays Bank UK Group.

Independent Auditor's report to the members of Barclays Bank UK PLC

1 Our opinion is unmodified

We have audited the financial statements of Group and Parent company of Barclays Bank UK PLC for the year ended 31 December 2023 which comprise the consolidated and Parent company balance sheets as at 31 December 2023, the consolidated income statement and statement of comprehensive income, the consolidated and Parent company statements of changes in equity and cash flow statements for the year then ended and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the Group and Parent company's financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. 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 (BAC).

We were first appointed as auditor by the directors on 21 March 2018 for the audit of the financial year ended 31 December 2017. The period of total uninterrupted engagement is for the seven financial years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2 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. We summarise below the key audit matters (unchanged from 2022), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures.

These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Independent Auditor's report to the members of Barclays Bank UK PLC

<table>
<tr><th>Key audit matter</th><th>The risk</th><th>Our response</th></tr>
<tr><td>Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements

31 December 2023 £1,686m, 31 December 2022 £1,758m

See page 180 for the accounting policy for the impairment of financial assets under IFRS 9, page 76 for the credit risk disclosures, and page 180 for the financial disclosure note 8; Credit Impairment charge / (release)</td><td>Subjective estimate:

Risk vs 2022: ▲

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 and Parent company's estimation of ECL are:

• Model estimations – Inherently judgemental modelling and assumptions are used to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"). ECL 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 and Parent company's calculation of the ECL estimate.

• Economic scenarios – IFRS 9 requires the Group and Parent company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios. There is also a high level of complexity of models used to derive the probability weightings.

• Qualitative adjustments – Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations, emerging trends, or risks not captured by models. They represent approximately 23% of the ECL. These adjustments are inherently uncertain and significant management judgement is involved in identifying and estimating certain post model adjustments ("PMA's") and management overlays.

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 of the allowance 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, and possibly many times that amount. The credit risk sections of the financial statements (page 77-127) disclose the sensitivities estimated by the Group and Parent company.</td><td>Our procedures to address the risk included:

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 of the allowance within the Group's and Parent company's financial statements. As part of these risk assessment procedures, we identified the portfolios 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.

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.
Key aspects of our controls testing involved evaluating the design and implementation and testing the operating effectiveness of the key controls over the:

• completeness and accuracy of the key inputs into the IFRS 9 impairment models;
• application of the staging criteria;
• model validation, implementation and monitoring;
• completeness, authorisation and calculation of post model adjustments and management overlays; and
• selection and implementation of economic variables and the controls over the economic scenario selection and probabilities

Our credit risk modelling expertise: We involved our own credit risk modellers who assisted in the following:
• evaluating the Group's and Parent company's impairment methodologies for compliance with IFRS 9;
• inspecting model code for the calculation of certain components of the ECL model to assess its consistency with the Group's and Parent company's model methodology;
• evaluating whether model changes (including updated model code), for a selection of models which were changed or updated during the year were appropriate by assessing the updated model methodology against the applicable accounting standard;
• reperforming the calculation of certain adjustments to assess consistency with the qualitative adjustment methodologies;
• 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.</td></tr>
</table>

Key audit matter	The risk	Our response
	Disclosure quality The disclosures regarding the Group's and Parent company's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results.	**Our economics expertise**: We involved our own economic specialists who assisted us in: • assessing the reasonableness of the Group's and Parent company's methodology and models for determining the economic scenarios used and the probability weightings applied to them; • assessing key economic variables which included comparing samples of economic variables to external sources; • assessing the overall reasonableness of the economic forecasts by comparing the Group's and Parent company's forecasts to our own modelled forecasts; and • assessing the reasonableness of the Group's and Parent company's qualitative adjustments by challenging key economic assumptions applied in their calculation based on external sources. **Other test of details**: Key aspects of our testing in addition to those set out above involved: • sample testing over key inputs into the ECL calculations; • selecting a sample of post model adjustments, considering the size and complexity of management overlays, to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data; and • assessing the completeness of post model adjustments identified. **Assessing transparency**: We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions was sufficiently clear. **Our results**: The results of our testing were satisfactory and we considered the ECL charge, Impairment allowance and the related disclosures to be acceptable (2022 result: acceptable).

Independent Auditor's report to the members of Barclays Bank UK PLC

Key audit matter	The risk	Our response
Valuation of financial instruments held at fair value 31 December 2023 £1,927m, 31 December 2022 £1,844m Refer to page 171 (accounting policy for financial assets and liabilities) and page 198 (financial disclosure note 16 Fair value of financial instruments)	**Subjective valuation** **Risk vs 2022: ◄►** The fair value of the Group and Parent company'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). Where significant pricing inputs are unobservable, management has limited reliable and 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. We identified a significant risk in respect of the Education, Social Housing and Local Authority (ESHLA) loan portfolio which is classified as level 3. Valuation for this portfolio requires significant judgement due to the long dated nature of the portfolio, the lack of secondary market in the relevant loans and unobservable loan spreads. At 31 December 2023, Level 3 instruments (£1,927m) represented 8% of the Group's and Parent company's financial assets carried at fair value. **Disclosure quality** The disclosures are key to explaining the valuation techniques, key judgements, assumptions and material inputs.	Our procedures to address the risk included: **Risk assessment**: We performed granular and detailed risk assessment procedures throughout the audit period over the ESHLA balances within the Group and Parent company's financial statements. As part of these risk assessment procedures, we identified the associated valuation inputs that have a risk of material misstatement including those arising from significant judgements over valuation due to unobservable inputs. **Controls testing**: We attended management's Valuation Committee throughout the year and observed discussions and challenge over valuation themes. We performed end to end process walkthroughs to identify the key systems, applications and controls used in the valuations processes. We tested the design, implementation and operating effectiveness of key controls relating to this portfolio. Key aspects of our controls testing involved evaluating the design and testing the operating effectiveness of the key controls over: • Independent price verification (IPV), performed by a control function of key market pricing inputs, including completeness of positions and valuation inputs subject to the IPV process; • FVAs, including exit adjustments (to mark the portfolio to bid or offer prices) and model shortcoming reserves to address model limitations; • the validation, completeness, implementation and usage of 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. **Our valuations expertise**: We involved our own valuations specialists in the following: • Independently re-pricing a selection of fair value financial instruments and challenging management on the valuations where they were outside our tolerance; and • challenging the appropriateness of significant models and methodologies used in calculating fair values, risk exposures and in calculating FVAs, including comparison to industry practice. **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. **Historical comparison**: We performed a retrospective review by inspecting significant gains and losses on a selection of trade exits and restructurings throughout the audit period and evaluated whether those 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. **Assessing transparency**: We assessed the adequacy of the Group and Parent company's financial statements disclosures in the context of the relevant accounting standards. **Our results**: The results of our testing were satisfactory and we considered the fair value of level 3 financial assets recognised to be acceptable (2022 result: acceptable).

<table>
<tr><th>Key audit matter</th><th>The risk</th><th>Our response</th></tr>
<tr><td>User access management</td><td>Control performance

Risk vs 2022: ◄►

The Group and Parent company's IT operations 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. 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, such as an assessment of compensating controls implemented by management.</td><td>Our procedures to address the risk included:

Controls testing: We tested the design, implementation and operating effectiveness of automated controls that support material balances in the financial statements. We also tested the design and operating effectiveness of the relevant preventative and detective general IT controls over user access management including:
• 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
• access to make changes to systems and data.

We performed procedures to assess whether additional detective compensating controls operate at the same level of precision to support our assessed risk of unauthorised activities and we tested management's incremental detective controls.

Our results: Our testing did not identify unauthorised user activities in the systems relevant to financial reporting which would have required us to significantly expand the extent of our planned detailed testing.</td></tr>
</table>

3 Our application of materiality and an overview of the scope of our audit

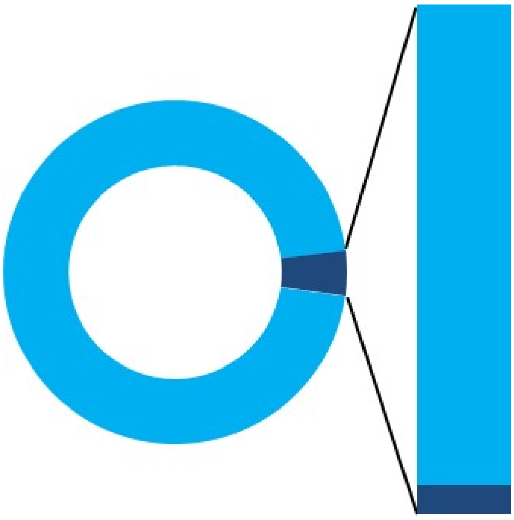
Materiality for the Group and Parent company financial statements as a whole was set at £136m (2022: £101m) and £135m (2022: £100m) respectively, determined with reference to a benchmark of profit before tax from continuing operations, of which it represents 4.9% (2022: 4.5%) for the Group and 4.9% (2022: 4.5%) for the Parent company, normalised upwards by £124m and £297m for the Group and Parent company respectively to adjust for the loss incurred on the disposal of wealth management business in the year as the transaction is considered to be outside the normal course of operations. In the prior year materiality was determined by normalising the benchmark downwards by £338 million to adjust to the average ECL charge over the last four years given the observed volatility in the ECL charge from economic uncertainty as the economy recovered from the COVID-19 pandemic.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group and Parent company was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £102m (2022: £75m) for the Group and £101m (2022: £75m) for the Parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £6.75m (2022: £5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Group profit before tax
£2,795m* (2022 £2,214m)**



£136m
Whole financial statements materiality (2022: £101m)

£102m
Whole financial statements performance materiality (2022: £75m)

£6.75m
Misstatements reported to the Audit Committee (2022: £5m)

* adjusted to add back the loss on disposal of the wealth management business in the period which does not represent normal, continuing operations

** normalised by adjusting to the average ECL charge for the past four years given the observed volatility in the ECL charge arising from economic uncertainty as the economy recovered from COVID-19 pandemic.

Scope – general

We were able to rely upon the Group's internal control over financial reporting in all areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work.

The Group engagement team performed the audit of the Group as if it was a single aggregated set of financial information, using the materiality levels set out above.

The Group has certain centralised processes in India, the outputs of which are also included in the aggregated set of financial information. These services are subject to specified audit procedures, predominantly the testing of transaction processing and controls. We evaluated the work which the participating auditor performed in these areas. We communicated with the participating audit team throughout the audit by holding regular meetings and visiting their office.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent company or to cease their operations, and as they have concluded that the Group's and the Parent company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group and Parent 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's and Parent company's financial resources or ability to continue operations over the going concern period. The risks that management considered most likely to adversely affect the Group's and Parent company's available financial resources over this period and which we challenged 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 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 financial forecasts.

Our procedures also included an assessment of whether the going concern disclosure in note 1 to the financial statements gives a complete and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and

- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. In this risk assessment we considered the following:

- Our meetings throughout the year with the Group and Parent company Head of Risk, Head of Compliance and Head of Legal and reviews of Barclays' internal ethics and compliance reporting summaries, including those concerning investigations and regulatory correspondence;

- Enquiries of operational managers, internal audit, and the Board Audit Committee, and inspection of policy documentation as to the Group's and Parent company's policies and procedures relating to:
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud, including the appropriateness and impact of changes made to these controls to facilitate remote/hybrid working;

- The Group's and Parent company's remuneration policies, key drivers for remuneration and bonus levels;

- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with banks, and this experience was relevant to the discussion about where fraud risks may arise. The discussions also involved our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group and Parent company, including consideration of fraudulent schemes that had arisen in similar sectors and industries. The forensic specialists participated in the initial fraud risk assessment discussion and were consulted throughout the audit where further guidance was deemed necessary.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, which we isolate to certain assumptions used in the calculation of the Effective Interest Rate (EIR) on the mortgages portfolio, and the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgments.

We also identified a fraud risk related to qualitative adjustments to the model-driven ECL results given these adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts, and the valuation of level 3 ESHLA loans held at fair value given there is significant management judgement around the valuation. Further detail in respect of these is set out in section 2 of this report.

Our audit procedures included evaluating the design and implementation and operating effectiveness of relevant internal controls, assessing significant accounting estimates for bias as well as substantive procedures to address the fraud risks.

These procedures also included identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements. For this risk assessment, matters considered include the following:

- our general commercial and sector experience;
- discussion with the directors and other management (as required by auditing standards);
- inspection of the Group's and Parent company's regulatory and legal correspondence;
- inspection of the policies and procedures regarding compliance with laws and regulations;
- relevant discussions with the Group's and Parent company's external legal counsel;
- relevant discussions with the Group's and Parent company's key regulatory supervisors including the Prudential Regulation Authority and Financial Conduct Authority; and
- the Group's and Parent company's own assessment of the risks of non-compliance with laws and regulations and the internal controls established to mitigate these.

As the Group and Parent company operates in a highly regulated environment, our assessment of risks of material misstatement also considered the control environment, including the Group and Parent company's higher level procedures for complying with regulatory requirements. Our assessment included inspection of key frameworks, policies and standards in place, understanding and evaluating the role of the compliance function in establishing these and monitoring compliance and testing of related controls around whistleblowing and complaints.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group and Parent company is subject to laws and regulations that directly impact the financial statements including:

- financial reporting legislation (including related companies' legislation);
- distributable profits legislation; and
- taxation legislation (direct and indirect).

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group and Parent company 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. 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, including securities issuance law;
- Customer conduct rules (including the consumer duty);
- Money laundering;
- Ring-fencing rules;
- Sanctions list and financial crime;
- Market abuse regulations;
- 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 laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. If a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

In relation to the legal, competition and regulatory matters disclosed in note 24 we performed audit procedures which included making enquiries of Barclays internal counsel and inspection of minutes of meetings and regulatory correspondence. For a subset of these matters which we deemed to be more significant we also made enquiries of external counsel and obtained legal confirmations from Barclays' external counsel.

In respect of regulatory matters relating to conduct risk, our procedures included inspection of regulatory correspondence, independent enquiry of the Group's and Parent company's main regulators and performing audit procedures to respond to risks of material misstatement identified in recognised conduct provisions.

We consider management's response where potential non-compliance with laws and regulations has been identified that could reasonably be expected to have a material effect on the financial statements, including their communication with those charged with governance and regulators, remediation actions and controls implemented to prevent future recurrence. Refer to further disclosures in note 24.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 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.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. 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.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 35, 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 and Parent 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 Parent 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Michael McGarry (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

19 February 2024

Consolidated income statement

For the year ended 31 December	Notes	2023 £m	2022 £m
Interest and similar income	3	11,024	6,981
Interest and similar expense	3	(4,597)	(1,340)
Net interest income		6,427	5,641
Fee and commission income	4	1,605	1,689
Fee and commission expense	4	(370)	(322)
Net fee and commission income		1,235	1,367
Net trading income	5	35	385
Net investment income	6	(91)	1
Other income		64	3
Total income		7,670	7,397
Staff costs	28	(1,209)	(1,170)
Infrastructure costs	7	(343)	(385)
Administration and general expenses	7	(3,024)	(2,977)
Provisions for litigation and conduct	22	9	(45)
Operating expenses	7	(4,567)	(4,577)
Loss on disposal of subsidiaries, associates and joint ventures	36	(124)	—
Profit before impairment		2,979	2,820
Credit impairment (charges)/releases	8	(308)	(268)
Profit before tax		2,671	2,552
Taxation	9	(749)	(745)
Profit after tax		1,922	1,807
Attributable to:			
Equity holders of the parent		1,745	1,634
Other equity instrument holders		177	173
Profit after tax		1,922	1,807

Note
As permitted by section 408(3) of the Companies Act 2006 an income statement for the parent company has not been presented.

Consolidated statement of comprehensive income

For the year ended 31 December	2023 £m	2022 £m
Profit after tax	**1,922**	1,807
Other comprehensive income/(loss) that may be recycled to profit or loss:		
Fair value through other comprehensive income reserve movement relating to debt securities		
Net gains/(losses) from changes in fair value	**346**	(1,139)
Net (losses)/gains due to fair value hedging	**(335)**	824
Net losses transferred to net profit on disposal	**76**	42
Net losses/(gains) relating to (releases of) impairment	**—**	1
Tax	**(24)**	74
Cash flow hedging reserve		
Net gains/(losses) from changes in fair value	**1,942**	(2,409)
Net (gains)/losses transferred to net profit	**(462)**	71
Tax	**(415)**	623
Other comprehensive income/(loss) that may be recycled to profit or loss	**1,128**	(1,913)
Total comprehensive income/(loss) for the year	**3,050**	(106)

Consolidated balance sheet

As at 31 December	Notes	2023 £m	2022 £m
Assets			
Cash and balances at central banks		**34,948**	54,208
Cash collateral and settlement balances		**5,507**	5,194
Debt securities at amortised cost		**17,794**	18,537
Loans and advances at amortised cost to banks		**1,213**	1,391
Loans and advances at amortised cost to customers		**200,782**	203,279
Reverse repurchase agreements and other similar secured lending at amortised cost		**3,567**	477
Trading portfolio assets	11	**43**	54
Financial assets at fair value through the income statement	12	**1,716**	1,980
Derivative financial instruments	13	**1,566**	611
Financial assets at fair value through other comprehensive income	14	**20,409**	19,970
Goodwill and intangible assets	20	**3,870**	3,528
Property, plant and equipment	18	**261**	382
Deferred tax assets	9	**1,296**	1,916
Other assets		**587**	652
Total assets		**293,559**	312,179
Liabilities			
Deposits at amortised cost from banks		**6**	59
Deposits at amortised cost from customers		**241,218**	258,058
Cash collateral and settlement balances		**1,370**	553
Repurchase agreements and other similar secured borrowing at amortised cost		**15,265**	17,702
Debt securities in issue		**3,307**	8,009
Subordinated liabilities	25	**11,499**	8,268
Trading portfolio liabilities	11	**908**	464
Financial liabilities designated at fair value	15	**196**	—
Derivative financial instruments	13	**398**	962
Current tax liabilities		**540**	578
Provisions	22	**364**	338
Other liabilities	21	**1,627**	1,775
Total liabilities		**276,698**	296,766
Equity			
Called up share capital and share premium	26	**5**	5
Other equity instruments	26	**2,429**	2,560
Other reserves	27	**(1,151)**	(2,279)
Retained earnings		**15,578**	15,127
Total equity		**16,861**	15,413
Total liabilities and equity		**293,559**	312,179

The Board of Directors approved the financial statements on pages 162 to 233 on 19 February 2024.

Sir John Kingman
Chair

Matt Hammerstein
Chief Executive

Claire Peel
Chief Financial Officer

Consolidated financial statements

Consolidated statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2023	**5**	**2,560**	**(2,279)**	**15,127**	**15,413**
Profit after tax	**—**	**177**	**—**	**1,745**	**1,922**
Financial assets at fair value through other comprehensive income	**—**	**—**	**63**	**—**	**63**
Cash flow hedges	**—**	**—**	**1,065**	**—**	**1,065**
Other	**—**	**—**	**—**	**—**	**—**
Total comprehensive income for the year	**—**	**177**	**1,128**	**1,745**	**3,050**
Employee share schemes	**—**	**—**	**—**	**22**	**22**
Issue and redemption of other equity	**—**	**(131)**	**—**	**2**	**(129)**
Other equity instruments coupons paid	**—**	**(177)**	**—**	**—**	**(177)**
Vesting of Barclays Plc shares under share based payment schemes	**—**	**—**	**—**	**(16)**	**(16)**
Dividends paid	**—**	**—**	**—**	**(1,305)**	**(1,305)**
Other reserve movements	**—**	**—**	**—**	**3**	**3**
Balance as at 31 December 2023	**5**	**2,429**	**(1,151)**	**15,578**	**16,861**
Balance as at 1 January 2022	5	2,560	(366)	15,201	17,400
Profit after tax	—	173	—	1,634	1,807
Financial assets at fair value through other comprehensive income	—	—	(198)	—	(198)
Cash flow hedges	—	—	(1,715)	—	(1,715)
Total comprehensive income for the year	—	173	(1,913)	1,634	(106)
Employee share schemes	—	—	—	22	22
Issue and exchange of other equity	—	—	—	—	—
Other equity instruments coupons paid	—	(173)	—	—	(173)
Vesting of Barclays Plc shares under share based payment schemes	—	—	—	(14)	(14)
Dividends paid	—	—	—	(1,715)	(1,715)
Other reserve movements	—	—	—	(1)	(1)
Balance as at 31 December 2022	5	2,560	(2,279)	15,127	15,413

Notes
a For further details, refer to Note 26.
b For further details, refer to Note 27.

Consolidated cash flow statement

For the year ended 31 December	Note	2023 £m	2022 £m
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit before tax		**2,671**	2,552
Adjustment for non-cash items:			
Credit impairment charges/(releases)		**308**	268
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		**146**	187
Loss on disposal of subsidiaries		**124**	—
Other provisions		**69**	47
Other non-cash movements		**2,401**	(878)
Changes in operating assets and liabilities			
Cash collateral and settlement balances		**1,108**	335
Loans and advances at amortised cost		**4,402**	2,893
Repurchase and reverse repurchase agreements		**(5,527)**	(870)
Deposits at amortised cost		**(17,016)**	(2,615)
Debt securities in issue		**(4,702)**	(675)
Derivative financial instruments		**(1,519)**	427
Trading assets and liabilities		**455**	(299)
Financial assets and liabilities at fair value through the income statement		**264**	787
Other assets and liabilities		**(52)**	(298)
Corporate income tax paid		**(583)**	(395)
Net cash from operating activities		**(17,451)**	1,466
Financial assets at fair value through other comprehensive income		**(304)**	(6,792)
Financial liabilities designated at fair value		**196**	—
Property, plant and equipment and intangibles		**(25)**	(13)
Debt securities at amortised cost		**(178)**	(5,796)
Disposal of subsidiaries, net of cash disposed		**(141)**	—
Acquisition of subsidiaries, net of cash		**(2,378)**	—
Net cash from investing activities		**(2,830)**	(12,601)
Dividends paid and coupon payments on other equity instruments		**(1,482)**	(1,888)
Issuance of subordinated debt	25	**4,393**	829
Redemption of subordinated debt	25	**(1,136)**	(2,017)
Lease liability payments		**(63)**	(71)
Issue of shares and other equity instruments	26	**619**	—
Redemption of shares and other equity instruments	26	**(750)**	—
Vesting of employee share schemes		**(16)**	(14)
Net cash from financing activities		**1,565**	(3,161)
Net (decrease)/ increase in cash and cash equivalents		**(18,716)**	(14,296)
Cash and cash equivalents at beginning of year		**59,080**	73,376
Cash and cash equivalents at end of year		**40,364**	59,080
Cash and cash equivalents comprise:			
Cash and balances at central banks		**34,948**	54,208
Loans and advances to banks with original maturity less than three months		**291**	347
Cash collateral at central banks		**5,125**	4,525
Cash and cash equivalents at end of year		**40,364**	59,080

Interest received by Barclays Bank UK Group was £11,023m (2022: £6,982m) and interest paid by Barclays Bank UK Group was £4,597m (2022: £1,340m). These amounts include interest paid and received arising from trading activities.

As at 31 December 2023, the Barclays Bank UK Group was required to maintain balances with central banks in respect of interbank payment schemes of £1,032m (2022: £966m).

Balance sheet

As at 31 December	Notes	2023 £m	2022 £m
Assets			
Cash and balances at central banks		**34,948**	54,208
Cash collateral and settlement balances		**5,507**	5,136
Debt securities at amortised cost		**17,794**	18,537
Loans and advances at amortised cost to banks		**1,305**	1,412
Loans and advances at amortised cost to customers		**201,242**	204,087
Reverse repurchase agreements and other similar secured lending at amortised cost		**3,567**	477
Trading portfolio assets	11	**43**	54
Financial assets at fair value through the income statement	12	**1,716**	1,980
Derivative financial instruments	13	**1,566**	611
Financial assets at fair value through other comprehensive income	14	**20,409**	19,970
Investment in subsidiaries	36	**495**	432
Goodwill and intangible assets	20	**3,380**	3,380
Property, plant and equipment	18	**259**	382
Deferred tax assets	9	**1,287**	1,916
Other assets		**586**	598
Total assets		**294,104**	313,180
Liabilities			
Deposits at amortised cost from banks		**6**	59
Deposits at amortised cost from customers		**241,868**	259,018
Cash collateral and settlement balances		**1,370**	486
Repurchase agreements and other similar secured borrowing at amortised cost		**15,265**	17,702
Debt securities in issue		**3,307**	8,009
Subordinated liabilities	25	**11,499**	8,268
Trading portfolio liabilities	11	**908**	464
Financial liabilities designated at fair value	15	**196**	—
Derivative financial instruments	13	**427**	1,005
Current tax liabilities		**536**	567
Provisions	22	**311**	328
Other liabilities	21	**1,603**	1,721
Total liabilities		**277,296**	297,627
Equity			
Called up share capital and share premium	26	**5**	5
Other equity instruments	26	**2,429**	2,560
Other reserves	27	**(1,049)**	(2,177)
Retained earnings[a]		**15,423**	15,165
Total equity		**16,808**	15,553
Total liabilities and equity		**294,104**	313,180

Note
a As permitted by section 408(3) of the Companies Act 2006 an income statement for the parent company has not been presented. Included in shareholders' equity for the Bank is a profit after tax for the year ended 31 December 2023 of £1,734m (2022: £1,807m).

The Board of Directors approved the financial statements on pages 167 to 169 on 19 February 2024.

Sir John Kingman
Chair

Matthew Hammerstein
Chief Executive

Claire Peel
Chief Financial Officer

Statement of changes in equity

	Called up share capital and share premium[a] £m	Other equity instruments[a] £m	Other reserves[b] £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2023	**5**	**2,560**	**(2,177)**	**15,165**	**15,553**
Profit after tax	—	**177**	—	**1,557**	**1,734**
Financial assets at fair value through other comprehensive income	—	—	**63**	—	**63**
Cash flow hedges	—	—	**1,065**	—	**1,065**
Other	—	—	—	—	—
Total comprehensive income for the year	—	**177**	**1,128**	**1,557**	**2,862**
Equity settled share schemes	—	—	—	**22**	**22**
Issue and redemption of other equity	—	**(131)**	—	**2**	**(129)**
Other equity instruments coupons paid	—	**(177)**	—	—	**(177)**
Vesting of Barclays Plc shares under share based payment schemes	—	—	—	**(16)**	**(16)**
Dividends paid	—	—	—	**(1,305)**	**(1,305)**
Other movements	—	—	—	**(2)**	**(2)**
Balance as at 31 December 2023	**5**	**2,429**	**(1,049)**	**15,423**	**16,808**
Balance as at 1 January 2022	5	2,560	(265)	15,240	17,540
Profit after tax	—	173	—	1,634	1,807
Financial assets at fair value through other comprehensive income	—	—	(197)	—	(197)
Cash flow hedges	—	—	(1,715)	—	(1,715)
Other	—	—	—	—	—
Total comprehensive income for the year	—	173	(1,912)	1,634	(105)
Equity settled share schemes	—	—	—	22	22
Other equity instruments coupons paid	—	(173)	—	—	(173)
Vesting of Barclays Plc shares under share based payment schemes	—	—	—	(14)	(14)
Dividends paid	—	—	—	(1,715)	(1,715)
Other movements	—	—	—	(2)	(2)
Balance as at 31 December 2022	5	2,560	(2,177)	15,165	15,553

Notes
a For further details, refer to Note 26.
b For further details, refer to Note 27.

Cash flow statement

For the year ended 31 December 2023	Notes	2023 £m	2022 £m
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit before tax		2,478	2,552
Adjustment for non-cash items:			
Credit impairment charges/(releases)		310	268
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		140	187
Loss on disposal of subsidiaries		296	—
Other provisions		106	35
Other non-cash movements		2,368	(890)
Changes in operating assets and liabilities			
Cash collateral and settlement balances		1,113	333
Loans and advances at amortised cost		4,833	2,393
Reverse repurchase agreements and other similar lending		(5,527)	(870)
Deposits at amortised cost		(17,203)	(2,209)
Debt securities in issue		(4,702)	(675)
Derivative financial instruments		(1,533)	470
Trading assets and liabilities		455	(299)
Financial assets and liabilities at fair value		264	787
Other assets and liabilities		(166)	(297)
Corporate income tax paid		(583)	(392)
Net cash from operating activities		(17,351)	1,393
Financial assets at fair value through other comprehensive income		(304)	(6,780)
Financial liabilities designated at fair value		196	—
Property, plant and equipment and intangibles		(22)	(13)
Debt securities at amortised cost		(178)	(5,797)
Acquisition of subsidiaries, net of cash		(2,466)	—
Disposal of subsidiaries, net of cash		—	—
Net cash from investing activities		(2,774)	(12,590)
Dividends paid and other coupon payments on equity instruments		(1,482)	(1,888)
Issuance of subordinated debt	25	4,393	829
Redemption of subordinated debt	25	(1,136)	(2,017)
Lease liability payments		(63)	(71)
Issue of shares and other equity instruments	26	619	—
Redemption of shares and other equity instruments	26	(750)	—
Vesting of employee share schemes		(16)	(14)
Net cash from financing activities		1,565	(3,161)
Effect of exchange rates on cash and cash equivalents		—	—
Net decrease in cash and cash equivalents		(18,560)	(14,358)
Cash and cash equivalents at beginning of year		59,018	73,376
Cash and cash equivalents at end of year		40,458	59,018
Cash and cash equivalents comprise:			
Cash and balances at central banks		34,948	54,208
Loans and advances to banks with original maturity less than three months		385	285
Cash collateral at central banks		5,125	4,525
Cash and cash equivalents at end of year		40,458	59,018

Interest received by Barclays Bank UK PLC was £11,399m (2022: £6,967m) and interest paid by Barclays Bank UK PLC was £4,986 (2022: £1,342m). Dividends received were £28m (2022: £17m). These amounts include interest paid and received arising from trading activities.

As at 31 December 2023, Barclays Bank UK PLC was required to maintain balances with central banks in respect of interbank payment schemes of £1,032m (2022: £966m).

This section describes the Barclays Bank UK Group's material policies and critical accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a particular note, the accounting policy and/or critical accounting estimate is contained within the relevant note.

1 Material accounting policies

1. Reporting entity
Barclays Bank UK PLC is a public company limited by shares, registered in England under company number 9740322, having its registered office at 1 Churchill Place, London, E14 5HP.

These financial statements are prepared for Barclays Bank UK PLC and its subsidiaries (the Barclays Bank UK Group) under Section 399 of the Companies Act 2006. The Barclays Bank UK Group is a major UK financial services provider engaged in retail banking, credit cards, and wholesale banking. In addition, separate financial statements have been presented for the parent company.

2. Compliance with International Financial Reporting Standards
The consolidated financial statements of the Barclays Bank UK Group, and the separate financial statements of Barclays Bank UK PLC, have been prepared in accordance with UK-adopted international accounting standards.

The consolidated financial statements of the Barclays Bank UK Group, and the separate financial statements of Barclays Bank UK PLC, have also been prepared in accordance with IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee, as there are no applicable differences from IFRS as issued by the IASB for the periods presented.

The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied, with the exception of International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12), which is effective from 1 January 2023 and applies retrospectively; 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 separate 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 set out in the relevant accounting policies.

The financial statements are stated in millions of Pounds Sterling (£m), the functional currency of Barclays Bank UK PLC.

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2006 as applicable to companies using IFRS. The financial statements are prepared on a going concern basis, as the Board is satisfied that the Barclays Bank UK Group and parent company have the resources to continue in business for a period of at least 12 months from approval of the financial statements. In making this assessment, the Board has considered a wide range of information relating to present and future conditions and includes a review of a working capital report (WCR). The WCR is used by the Board to assess the future performance of the Barclays Bank UK Group and 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 the Barclays Bank UK Group's medium term plan as well as projections of regulatory capital requirements and business funding needs. The WCR also includes an assessment of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based upon an assessment of reasonably possible downside economic scenarios that the Barclays Bank UK Group could experience.

The WCR showed that the Barclays Bank UK Group had sufficient capital in place to support its future business requirements and remained above its regulatory minimum requirements in the stress scenarios. Accordingly, the Board concluded that there was a reasonable expectation that the Barclays Bank UK Group has adequate resources to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

1 **Material accounting policies** (continued)

4. Accounting policies

The Barclays Bank UK Group prepares financial statements in accordance with IFRS. The Barclays Bank UK Group'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 those items, are set out under the relevant notes. Accounting policies that affect the financial statements as a whole are set out below.

(i) Consolidation

The consolidated financial statements combine the financial statements of Barclays Bank UK PLC and all its subsidiaries. Subsidiaries are entities over which Barclays Bank UK PLC has control. The Barclays Bank UK Group has control over another entity when the Barclays Bank UK Group has all of the following:

1) power over the relevant activities of the investee, for example through voting or other rights;
2) exposure to, or rights to, variable returns from its involvement with the investee; and
3) the ability to affect those returns through its power over the investee.

None of the Barclays Bank UK Group's subsidiaries are significant in the context of the Barclays Bank UK Group's business, results or financial position. A complete list of all subsidiaries is presented in Note 38.

In the individual financial statements of Barclays Bank UK PLC, investments in subsidiaries are stated at cost less impairment.

(ii) Foreign currency translation

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into Sterling at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement.

(iii) Financial assets and liabilities

Recognition

The Barclays Bank UK Group recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement

Financial assets are classified on the basis of two criteria:
i) the business model within which financial assets are managed; and
ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Barclays Bank UK Group assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. 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 Barclays Bank UK Group's policies for determining the fair values of the assets and liabilities are set out in Note 16.

1. Material accounting policies (continued)

Derecognition

The Barclays Bank UK Group derecognises a financial asset, or a portion of a financial asset, from its balance sheet where (i) the contractual rights to cash flows from the asset have expired, or (ii) the contractual rights to cash flows have been transferred (usually by sale) and with them either (a) substantially all the risks and rewards of the asset have been transferred, or (b) where neither substantially all the risks and rewards have been transferred or retained, where control over the asset has been lost.

Financial liabilities are de-recognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms – generally a difference of 10% or more in the present value of the cash flows or a substantive qualitative amendment – is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

It may not be obvious whether substantially all of the risks and rewards of a transferred asset, or portion of an asset, have been transferred. It is often necessary to perform a quantitative analysis that compares the Barclays Bank UK Group's exposure to variability in asset cash flows before the transfer with its retained exposure after the transfer. A cash flow analysis of this nature may require judgement. In particular, it is necessary to estimate the asset's expected future cash flows as well as potential variability around this expectation. The method of estimating expected future cash flows depends on the nature of the asset, with market and market-implied data used to the greatest extent possible. The potential variability around this expectation is typically determined by stressing underlying parameters to create reasonable alternative upside and downside scenarios. Probabilities are then assigned to each scenario. Stressed parameters may include default rates, loss severity, or prepayment rates.

Accounting for reverse repurchase and repurchase agreements including other similar lending and borrowing

Reverse repurchase agreements (and stock borrowing or similar transactions) are a form of secured lending whereby the Barclays Bank UK Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Barclays Bank UK Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Barclays Bank UK Group purchases (a reverse repurchase agreement) or borrows securities subject to a commitment to resell or return them. The securities are not included in the balance sheet as the Barclays Bank UK Group does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset at amortised cost, unless it is designated or mandatorily at fair value through profit and loss.

The Barclays Bank UK Group may also sell (a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the Barclays Bank UK Group retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost, unless it is designated at fair value through profit and loss.

(iv) Issued debt and equity instruments

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Barclays Bank UK Group having an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the members at the Annual General Meeting and treated as a deduction from equity.

Where issued financial instruments contain both liability and equity components, these are accounted for separately. The fair value of the debt is estimated first and the balance of the proceeds is included within equity.

1 **Material accounting policies** (continued)

(v) Cash flow statement

Cash comprises cash on hand and balances at central banks. Cash equivalents comprise loans and advances to banks, cash collateral balances with central banks related to payment schemes and treasury and other eligible bills, all with original maturities of three months or less. Investments in debt securities at amortised cost, presented within loans and advances on the balance sheet, are deemed to be investing activities for the purposes of the cash flow statement, except those instruments considered to be cash equivalents.

(vi) Accounting for business combinations

In accordance with IFRS 3, the Barclays Bank UK Group accounts for business combinations using the acquisition method. Under the acquisition method, the identifiable assets and liabilities of the acquiree are recognised by the acquirer on the acquisition date, which is determined to be the date the acquirer obtains control of the acquiree under IFRS 10.

The identifiable assets and liabilities are initially recognised at fair value by the acquirer, unless required otherwise by another accounting standard, such as IAS 12 Income Taxes and IAS 19 Employee Benefits.

A non-controlling interest, also known as a minority interest, arises where the acquirer does not acquire 100% of the acquiree.

Goodwill is recognised if the fair value of the consideration transferred is greater than the fair value of the identifiable assets and liabilities assumed. Goodwill is tested annually for impairment or more frequently if an indicator of impairment is identified. If the fair value of consideration transferred is less than the fair value of the identifiable assets and liabilities assumed then a gain is recognised in the income statement.

If the acquisition is incomplete at the end of the reporting period, then the acquirer prepares its financial statements using the information available. The financial statements are then retrospectively adjusted for new information of facts and circumstances that existed as at the acquisition date becomes available, but the adjustment period may not exceed one year from the acquisition date.

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 185.

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 Barclays Bank UK Group adopted the amendments effective 1 January 2023. Whilst these amendments do not change the Barclays Bank UK Group's accounting policies, the Barclays Bank UK Group 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 primary 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.

1. Material accounting policies (continued)

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 Barclays Bank UK Group 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.

6. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity or areas where assumptions are significant to the consolidated and individual financial statements are highlighted under the relevant note.

Critical accounting estimates and judgements are disclosed in:

- Credit impairment charges on pages 180 to 184
- Fair value of financial instruments on pages 198 to 203
- Goodwill and intangible assets on pages 209 to 212
- Provisions including conduct and legal, competition and regulatory matters on pages 213 to 214.

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 63 to 64 and the tables on pages 77 to 127
- Market risk on page 64 and the narratives on page 128
- Treasury and capital risk – capital on pages 65 to 67 and the tables on page 138
- Treasury and capital risk – liquidity on pages 65 to 67 and the tables on pages 130 to 137.

These disclosures are covered by the Audit opinion (included on pages 152 to 161) where referenced as audited.

The notes included in this section focus on the results and performance of the Barclays Bank UK Group. Information on the income generated, expenditure incurred, segmental performance, tax and dividends are included here.

2 Segmental reporting

Presentation of segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker. All transactions between business segments are conducted on an arm's-length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

For segmental reporting purposes, the Barclays Bank UK Group divisions are defined as:
- **Personal Banking** which comprises Personal and Premier banking, Mortgages including KMC, Savings, Wealth and Investment Management. Note that the UK Wealth Management and Investments portfolio was transferred to Barclays Bank PLC in May 2023, subsequently the Personal Banking segment below will only include the impact of Wealth and Investment to this date.
- **Barclaycard Consumer UK** which comprises the Barclaycard UK consumer credit cards business.
- **Business Banking** which offers products, services and specialist advice to clients ranging from start-ups to medium-sized businesses and is where the ESHLA loan portfolio is held.

The below table also includes Head Office which includes central support functions.

Analysis of results by business

	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
For the year ended 31 December 2023					
Total income	**4,843**	**965**	**1,905**	**(43)**	**7,670**
Operating costs	**(3,086)**	**(582)**	**(961)**	**53**	**(4,576)**
Litigation and conduct	**(7)**	**(1)**	**18**	**(1)**	**9**
Total operating expenses	**(3,093)**	**(583)**	**(943)**	**52**	**(4,567)**
Loss on disposal of subsidiaries, associates and joint	**(124)**	**—**	**—**	**—**	**(124)**
Profit before impairment	**1,626**	**382**	**962**	**9**	**2,979**
Credit impairment (charges)/release	**(175)**	**(162)**	**29**	**—**	**(308)**
Profit/(loss) before tax	**1,451**	**220**	**991**	**9**	**2,671**
Total assets (£bn)	**219.0**	**10.3**	**64.3**	**—**	**293.6**
Total liabilities (£bn)	**218.9**	**0.5**	**56.9**	**0.4**	**276.7**
Number of employees (full time equivalent)	**3,200**	**100**	**3,500**	**8,100**	**14,900**
Average number of employees (full time equivalent)					**16,100**
Average number of employees (headcount)					**17,500**
For the year ended 31 December 2022					
Total income	4,700	1,095	1,629	(27)	7,397
Operating costs	(3,038)	(545)	(905)	(44)	(4,532)
Litigation and conduct	(5)	(16)	(19)	(5)	(45)
Total operating expenses	(3,043)	(561)	(924)	(49)	(4,577)
Other net income	2	(1)	(1)	—	—
Profit before impairment	1,659	533	704	(76)	2,820
Credit impairment (charges)/releases	(149)	30	(149)	—	(268)
Profit/(loss) before tax	1,510	563	555	(76)	2,552
Total assets (£bn)	230.4	9.8	72.0	—	312.2
Total liabilities (£bn)	232.9	0.5	63.2	0.2	296.8
Number of employees (full time equivalent)	3,100	100	3,000	10,200	16,400
Average number of employees (full time equivalent)					16,600
Average number of employees (headcount)					18,300

Income by geographic region
The Barclays Bank UK Group generates income from business activities in the United Kingdom.

3 Net interest income

Accounting for interest income and expenses
Interest income on loans and advances at amortised cost and financial assets at fair value through other comprehensive income, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Barclays Bank UK Group to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

The Barclays Bank UK Group derives certain fees and incurs certain costs in the origination of mortgage products. Such fees and costs where directly attributable and incremental to the origination of the instrument, are deferred on the balance sheet and subsequently included within the calculation of the effective interest rate. They are amortised to interest income over the period of expected life.

Similarly, for mortgage products with distinct periods (initial and follow-on) and contractual margins over the original term wherein the initial contractual margin varies from the average calculated return, additional interest is deferred on the balance sheet and released to interest income over the remaining expected life. This adjustment results in a constant rate of return over contractual rate(s) recognised in the income statement.

There is judgement involved in application of the effective interest rate (EIR) method for loans measured at amortised cost, in particular developing repayment expectations for long dated instruments such as mortgages. Application of the EIR method adjusts the timing and amount of interest recognition, with qualifying revenue and expenses deferred and recognised through the life of the instrument as well as the deferred or accelerated recognition of interest where instruments have contractually specified decreases or increases in the calculation of interest.

EIR is subject to judgements regarding the rate at which loans are repaid, the key judgement being the prepayment rate following the end of the initial discount period, which is informed by internal modelling and reviewed quarterly. The review considers prepayment estimates against recent observed customer behaviour, with the carrying value of the EIR asset adjusted accordingly.

EIR calculations are performed at a portfolio level, aggregating financial instruments with similar characteristics and contractual terms. The values in the table below reflect net interest income post application of the EIR method.

	2023 £m	2022 £m
Cash and balances at central banks	1,878	819
Debt securities at amortised cost	530	225
Loans and advances at amortised cost	7,015	5,356
Fair value through other comprehensive income	1,099	470
Other [a]	502	111
Interest and similar income	11,024	6,981
Deposits at amortised cost	(2,707)	(345)
Debt securities in issue	(414)	(165)
Subordinated liabilities	(617)	(287)
Other [b]	(859)	(543)
Interest and similar expense	(4,597)	(1,340)
Net interest income	6,427	5,641

Note:
a Other interest and similar income includes interest income from cash collaterals and reverse repurchase agreements and other similar secured lending at amortised cost
b Other interest and similar expense includes interest expense from cash collaterals and repurchase agreements and other similar secured borrowing at amortised cost

Interest and similar income presented above represents interest revenue calculated using the effective interest method. The EIR calculation in relation to mortgage products requires the Barclays Bank UK Group to predict how long customers will stay on the follow-on rate after their initial rate period finishes. If customers are predicted to stay on the follow-on rate for a shorter period, the size of the EIR asset reduces. Conversely, if customers are predicted to remain on the follow-on rate for longer, the asset increases. Noting the level of the rising rate environment in 2023 against historical rate movements and other factors, the Barclays Bank UK Group has observed customers switching their mortgages more quickly than in prior periods. How those factors change and how switching behaviour develops will affect the entire behavioural life of the mortgage product and assumptions are made based on an appropriate period of historical experience. The lookback period applied has remained consistent year on year. The carrying value of the mortgage assets impacting the EIR calculation is £140bn (2022: £142bn). For every 1% decrease/increase in the number of customers leaving within 6 months of their initial rate maturing (and associated impact on timing of when they leave during the 6 months), an income statement gain/(charge) of £64m (2022: £41m) to interest income would occur based on the current mortgage asset. When considering indicators of the potential sensitivity in future financial years, the movement in the EIR asset in each of the last five financial years has been below the 1% sensitivity level of £64m.

4 Net fee and commission income

Accounting for net fee and commission income
The Barclays Bank UK Group recognises fee and commission income charged for services provided by the Barclays Bank UK Group 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 Barclays Bank UK Group recognising financial instruments in scope of IFRS 9, such financial instruments are initially recognised at fair value in accordance with IFRS 9 before applying the provisions of IFRS 15.

Fee and commission income is disaggregated below by fee types that reflect the nature of the services offered across the Barclays Bank UK Group and operating segments, in accordance with IFRS 15. The below table includes a total for fees in scope of IFRS 15. Refer to Note 2 for more detailed information about operating segments.

	2023				
	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Total £m
Fee type					
Transactional	653	202	269	—	1,124
Advisory	52	—	—	—	52
Brokerage and execution	128	—	106	—	234
Other	145	—	25	25	195
Fee and commission income	978	202	400	25	1,605
Fee and commission expense	(303)	(55)	(12)	—	(370)
Net fee and commission income	675	147	388	25	1,235

	2022				
	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Total £m
Fee type					
Transactional[a]	636	171	278	—	1,085
Advisory	161	—	—	—	161
Brokerage and execution	147	—	109	—	256
Other[a]	158	1	6	22	187
Fee and commission income	1,102	172	393	22	1,689
Fee and commission expense	(272)	(42)	(8)	—	(322)
Net fee and commission income	830	130	385	22	1,367

a From 2023, the Barclays Bank UK Group has changed its presentation of intra segment transaction between the Personal Banking and Business Banking on interchange fees. The change impacts the fee type from “Other” to “Transactional”. Interchange fees of intra segment transaction previously recognised in “Other” fee type (2022: £113m) have been included within “Transactional” fee type. There is no impact on overall fee type and 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.

The Barclays Bank UK Group incurs certain card related costs including those related to cardholder reward programmes. 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 customer that continuously carry an outstanding balance (revolvers) are included in the effective interest rate of the receivable (refer to Note 3). Payments to partners for new cardholder account originations related to transactor accounts are deferred as costs to obtain a contract under IFRS 15, while costs related to revolver accounts are included in the effective interest rate of the receivable (refer to Note 3). Those costs deferred under IFRS 15 are capitalised and amortised over the estimated life of the customer relationship. Payments to co-brand partners based on revenue sharing to the extent the revenue share relates to "revolvers" are included in the effective interest rate of the receivable and to the extent revenue share relates to “transactors” it must be presented in fee and commission expense. Payments based on profitability are presented in fee and commission expense.

Advisory
Advisory fees are generated from wealth management services. Wealth management advisory are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined.

Brokerage and execution

Brokerage and execution fees are earned for facilitating foreign exchange transactions for spot/forward contracts. Brokerage and execution fees are recognised at the point in time the associated service has been completed which is generally the trade date of the transaction.

Contract assets and contract liabilities

The Barclays Bank UK Group had no material contract assets or contract liabilities as at 31 December 2023 (2022: £nil).

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 balance.

Remaining performance obligations

The Barclays Bank UK Group applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or because the Barclays Bank UK Group has a right to consideration that corresponds directly with the value of the service provided to the client or customer.

Costs incurred in obtaining or fulfilling a contract

The Barclays Bank UK Group expects that incremental costs of obtaining a contract such as success fee and commission fees paid are recoverable and therefore capitalise such contract costs. Capitalised contract costs net of amortisation as at 31 December 2023 are £14m (2022: £8m).

Capitalised contract costs are amortised over the customer relationship period depending on the transfer of services to which the asset pertains. In 2023, the amount of amortisation was £3m (2022: £2m) and there was no impairment loss recognised in connection with the capitalised contract costs (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 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 and from changes in fair value caused by movements in interest and exchange rates 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.

	2023 £m	2022 £m
Net gains from assets and liabilities held for trading[a]	**17**	378
Net gains from financial instruments designated at fair value	**18**	7
Net trading income	**35**	385

Note

a Net trading income within Barclays Bank UK Group predominantly comprises gains and losses on derivatives in treasury which are held as economic hedges to manage risk and foreign exchange revaluations.

6 Net investment (expense)/income

Accounting for net investment (expense)/income

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 and Note 14.

	2023 £m	2022 £m
Net losses from disposal of debt instruments at fair value through other comprehensive income	**(76)**	(42)
Net (losses)/gains from disposal of financial assets and liabilities measured at amortised cost	**(9)**	48
Net losses on other investments	**(6)**	(5)
Net investment (expense)/income	**(91)**	1

7 Operating expenses

	2023 £m	2022 £m
Infrastructure costs		
Property and equipment	197	198
Depreciation and amortisation	99	153
Impairment of property, equipment and intangible assets	47	34
Total infrastructure costs	343	385
Administration and general expenses		
Consultancy, legal and professional fees	116	85
Marketing and advertising	93	124
UK bank levy	30	25
Other administration and general expenses	2,785	2,743
Total administration and general expenses	3,024	2,977
Staff costs[a]	1,209	1,170
Provisions for litigation and conduct	(9)	45
Operating expenses	4,567	4,577

Note
a For further details on staff costs including accounting policies, refer to Note 28.

8 Credit impairment charge/(release)

Accounting for the impairment of financial assets

Impairment

The Barclays Bank UK Group is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures in the individual financial statements, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Expected credit loss measurement is based on the ability of borrowers to make payments as they fall due. The Barclays Bank UK Group also considers sector specific risks and whether additional adjustments are required in the measurement of ECL. Credit risk may be impacted by climate considerations for certain sectors, such as oil and gas.

Determining a significant increase in credit risk since initial recognition:

The Barclays Bank UK Group assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

i) Quantitative test
The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the portfolio's risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate. Application of quantitative PD floors does not represent the use of the low credit risk exemption as exposures can separately move into stage 2 via the qualitative route described below.

Wholesale assets apply a 100% increase in PD and 0.2% PD floor to determine a significant increase in credit risk.

Retail assets apply bespoke relative increase and absolute PD thresholds based on product type and origination PD. Thresholds are subject to maximums defined by Barclays Bank UK Group policy including absolute PD floor maximum of 0.3% and maximum relative PD increase of 400% (applied to strongest credit quality customers only).

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, including but not limited to bureau scores and high consumer indebtedness index, wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

iii) Backstop criteria
This is relevant for accounts that are more than 30 calendar days past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at 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 forborne 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 effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

Refer to the Measurement uncertainty and sensitivity analysis section on page 101 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, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due. When exposures are identified as credit impaired at the time when they are purchased or originated, interest income is calculated on the carrying value net of the impairment allowance.

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Bank UK Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement. The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery.

Accounting for purchased financial guarantee contracts

The Barclays Bank UK Group may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the Barclays Bank UK Group for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. For these separate financial guarantee contracts, the Barclays Bank UK Group recognises a reimbursement asset aligned with the recognition of the underlying ECLs, if it is considered virtually certain that a reimbursement would be received if the specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Loan modifications and renegotiations that are not credit-impaired

When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to the credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile. In respect of payment holidays granted to borrowers which are not due to forbearance, if the revised cash flows on a present value basis (based on the original EIR) are not substantially different from the original cash flows, the loan is not considered to be substantially modified.

Where terms are substantially different, the existing loan will be derecognised and 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 revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For revolving facilities, expected life is analytically derived to reflect the behavioural life of the asset, i.e. the full period over which the business expects to be exposed to credit risk. Behavioural life is typically based upon historical analysis of the average time to default, closure or withdrawal of facility. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

Discounting

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk-free rate. Lease receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

Modelling techniques

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.

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, based on the Barclays Bank UK Group's experience of managing credit risk. The determination of expected life is most material for Barclays' credit card portfolios which is obtained via behavioural life analysis to materially capture the risk of these facilities.

Within the retail and small businesses portfolios, which comprise large numbers of small homogenous assets with similar risk characteristics where credit scoring techniques are generally used, the impairment allowance is calculated using forward looking modelled parameters which are typically run at account level. There are many models in use, each tailored to a product, line of business or customer category. Judgement and knowledge are needed in selecting the statistical methods to use when the models are developed or revised. Management adjustments to impairment models, which contain an element of subjectivity, are applied in order to factor in certain conditions or changes in policy that are not fully incorporated into the impairment models, or to reflect additional facts and circumstances at the period end. Management adjustments are reviewed and incorporated into future model development where appropriate.

For individually significant assets in Stage 3, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows across a range of economic scenarios are taken into account. These considerations can be particularly subjective and can include the business prospects for the customer, the realisable value of collateral, the Barclays Bank UK Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

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 99 in credit risk performance section.

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.

	2023			2022		
	Impairment charges / (releases)	Recoveries and reimbursements[a]	Total	Impairment charges / (releases)	Recoveries and reimbursements[a]	Total
	£m	£m	£m	£m	£m	£m
Loans and advances at amortised cost[b]	**360**	**(33)**	**327**	293	(36)	257
Off-balance sheet loan commitments and financial guarantee contracts	**(19)**	**—**	**(19)**	10	—	10
Total	**341**	**(33)**	**308**	303	(36)	267
Financial instruments at fair value through other comprehensive income	**—**	**—**	**—**	1	—	1
Other financial asset measured at cost	**—**	**—**	**—**	—	—	—
Credit impairment charges /(releases)	**341**	**(33)**	**308**	304	(36)	268

Note
a Recoveries and reimbursements include £5m (2022: £4m) for reimbursements expected to be received under the arrangement where the Barclays Bank UK Group has entered into financial guarantee contracts which provide credit protection over certain assets with third parties and cash recoveries of previously written off amounts of £28m (2022: £32m).
b Includes Debt securities at amortised cost.

Write-off that can still be subjected to enforcement activity

The contractual amount outstanding on financial assets that were written off during the period ended 31 December 2023 and that can still be subjected to enforcement activity is £186m (2022: £419m). This is lower than the write-offs presented in the movement in gross exposures and impairment allowance table due to assets sold during the year post write-offs and post write-off recoveries.

Modification of financial assets

Financial assets of £513m (2022: £175m), with a loss allowance measured at an amount equal to lifetime ECL, were subject to non-substantial modifications during the period, with a resulting loss of £2m (2022: £3m). There is no material movement in financial assets subject to non-substantial modification for which the loss allowance has changed to a 12 month ECL.

9 Tax

Accounting for income taxes

The Barclays Bank UK Group applies IAS 12 Income Taxes in accounting for taxes on income. Income tax payable on taxable profits (current tax) is recognised as an expense in the periods in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior periods. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences except for the initial recognition of goodwill. Deferred tax is not recognised where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

The Barclays Bank UK Group considers an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in the Barclays Bank UK Group'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 Barclays Bank UK Group ultimately expects to pay the tax authority to resolve the position.

Deferred tax assets have been recognised based on business profit forecasts which included consideration for the current view of climate impacts.

	2023 £m	2022 £m
Current tax charge/(credit)		
Current year	**662**	537
Adjustments in respect of prior years	**(100)**	20
	562	557
Deferred tax charge/(credit)		
Current year	**48**	232
Adjustments in respect of prior years	**139**	(44)
	187	188
Tax charge	**749**	745

In 2023, the adjustments in respect of prior years are principally a result of a reclassification of £128m of deferred tax to current tax balances.

The table below shows the reconciliation between the actual tax charge and the tax charge that would result from applying the standard UK corporation tax rate to the Barclays Bank UK Group's profit before tax.

	2023 £m	2023 %	2022 £m	2022 %
Profit before tax	**2,671**		2,552	
Tax charge based on the applicable UK corporation tax rate of 23.5% (2022: 19%)	**628**	**23.5%**	485	19.0%
Recurring items:				
Banking surcharge[a] and other items	**105**	**3.9%**	179	7.0%
Adjustments in respect of prior years	**39**	**1.5%**	(24)	(1.0%)
Non-deductible expenses	**8**	**0.3%**	12	0.5%
Impact of UK bank levy being non-deductible	**7**	**0.3%**	5	0.2%
Tax relief on holdings of inflation-linked government bonds	**(20)**	**(0.8%)**	(46)	(1.8%)
Tax relief on payments made under AT1 instruments	**(42)**	**(1.6%)**	(33)	(1.3%)
Non-recurring items:				
Remeasurement of UK deferred tax assets due to tax rate changes	**—**	**—**	163	6.4%
Non-deductible provisions for UK customer redress	**(5)**	**(0.2%)**	4	0.2%
Non-deductible loss on transfer of Wealth & Investments business	**29**	**1.1%**	—	—
Total tax charge/(credit)	**749**	**28.0%**	745	29.2%

Note
a Banking surcharge includes the impact of the 4.25% UK banking surcharge rate on profits and tax adjustments relating to UK banking entities.

Factors influencing the effective tax rate

As a result of the increase in the UK corporation tax rate from 19% to 25% from 1 April 2023, the applicable UK corporation tax rate for the year ended 31 December 2023 is 23.5%. In addition, the banking surcharge rate reduced from 8% to 3% from 1 April 2023 resulting in a total tax rate applicable to banks' UK profits of 27.75% for the year ended 31 December 2023.

The effective tax rate of 28% is higher than the applicable UK corporation tax rate of 23.5% primarily due to banking surcharge and other items, and adjustments in respect of prior years. These factors, which have each increased the effective tax rate, are partially offset by tax relief on payments made under AT1 instruments.

Barclays Bank UK Group's future tax charge will be sensitive to the tax rates in force and changes to the tax rules in the UK.

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 UK Government enacted legislation on 11 July 2023 to implement the global minimum tax rules and a UK domestic minimum tax. The UK'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 Barclays Bank UK Group operates.

The Barclays Bank UK Group has adopted the International Tax Reform - Pillar Two Model Rules amendments to IAS 12, which were issued on 23 May 2023 and approved by the UK Endorsement Board on 19 July 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 Barclays Bank UK Group has reviewed the published UK legislation alongside the OECD model rules and guidance and has performed an assessment of the expected impact of the new regime. No additional taxes resulting from the implementation of Pillar Two are expected to arise in the Bank. The Barclays Bank UK Group will continue to review further guidance due to be released by the OECD and governments implementing this new tax regime to assess the potential impact.

Tax in the consolidated statement of comprehensive income

Tax relating to each component of other comprehensive income can be found in the consolidated statement of comprehensive income.

Tax included directly in equity

Tax included directly in equity comprises a £2m credit (2022: £nil) relating to share-based payments and deductible costs on issuing other equity instruments.

Deferred tax assets and liabilities

The deferred tax asset on the balance sheet for Barclays Bank UK Group is £1,296m (2022: £1,916m) and for Barclays Bank UK PLC is £1,287m (2022: £1,916m). All of these deferred tax assets are in the UK Tax Group and relate entirely to temporary differences. Business profit forecasts indicate these amounts will be fully recovered.

Of the deferred tax asset of £1,296m (2022: £1,916m), an amount of £nil (2022: £nil) relates to entities which have suffered a loss in either the current or prior year. This has been taken into account in reaching the above conclusion that these deferred tax assets will be fully recovered in the future.

The table below shows movements on deferred tax assets and liabilities during the year. The amounts are different from those disclosed on the balance sheet as they are presented before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Barclays Bank UK Group	Fixed asset timing differences £m	Cash flow hedges £m	Loan impairment allowance £m	Other temporary differences £m	Total £m
Assets	**801**	**836**	**153**	**126**	**1,916**
Liabilities	**—**	**—**	**—**	**—**	**—**
At 1 January 2023	**801**	**836**	**153**	**126**	**1,916**
Income statement	**(119)**	**—**	**(30)**	**(38)**	**(187)**
Other comprehensive income and reserves	**—**	**(415)**	**—**	**(27)**	**(442)**
Other movements	**2**	**—**	**—**	**7**	**9**
	684	**421**	**123**	**68**	**1,296**
Assets	**684**	**421**	**123**	**114**	**1,342**
Liabilities	**—**	**—**	**—**	**(46)**	**(46)**
At 31 December 2023	**684**	**421**	**123**	**68**	**1,296**
Assets	875	213	209	71	1,368
Liabilities	—	—	—	—	—
At 1 January 2022	875	213	209	71	1,368
Income statement	(115)	—	(56)	(17)	(188)
Other comprehensive income and reserves	—	623	—	72	695
Other movements	41	—	—	—	41
	801	836	153	126	1,916
Assets	801	836	153	126	1,916
Liabilities	—	—	—	—	—
At 31 December 2022	801	836	153	126	1,916

Barclays Bank UK PLC	Fixed asset timing differences £m	Cash flow hedges £m	Loan impairment allowance £m	Other temporary differences £m	Total £m
Assets	**801**	**836**	**153**	**126**	**1,916**
Liabilities	**—**	**—**	**—**	**—**	**—**
At 1 January 2023	**801**	**836**	**153**	**126**	**1,916**
Income statement	**(119)**	**—**	**(30)**	**(38)**	**(187)**
Other comprehensive income and reserves	**—**	**(415)**	**—**	**(27)**	**(442)**
Other movements	**—**	**—**	**—**	**—**	**—**
	682	**421**	**123**	**61**	**1,287**
Assets	**682**	**421**	**123**	**104**	**1,330**
Liabilities	**—**	**—**	**—**	**(43)**	**(43)**
At 31 December 2023	**682**	**421**	**123**	**61**	**1,287**
Assets	875	213	209	71	1,368
Liabilities	—	—	—	—	—
At 1 January 2022	875	213	209	71	1,368
Income statement	(115)	—	(56)	(17)	(188)
Other comprehensive income and reserves	—	623	—	72	695
Other movements	41	—	—	—	41
	801	836	153	126	1,916
Assets	801	836	153	126	1,916
Liabilities	—	—	—	—	—
At 31 December 2022	801	836	153	126	1,916

The amount of deferred tax asset expected to be recovered after more than 12 months for the Barclays Bank UK Group is £1,287m (2022: £1,869m). The amount of deferred tax liability expected to be settled after more than 12 months for the Barclays Bank UK Group is £46m (2022: £nil). These amounts are before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

The amount of deferred tax asset expected to be recovered after more than 12 months for Barclays Bank UK PLC is £1,276m (2022: £1,869m). The amount of deferred tax liability expected to be settled after more than 12 months for Barclays Bank UK PLC is £43m (2022: £nil). These amounts are before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Unrecognised deferred tax

Tax losses and temporary differences
Deferred tax assets have not been recognised in respect of gross tax losses of £270m (2022: £274m) in Barclays Bank UK Group and Barclays Bank UK PLC. These tax losses are comprised entirely of capital losses 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 gains will be available against which they can be utilised.

Barclays Bank UK Group investments in subsidiaries, branches and associates
The amount of unrecognised deferred tax relating to temporary differences on investments in subsidiaries, branches and associates in both Barclays Bank UK Group and Barclays Bank UK PLC is £nil (2022: £nil).

10 Dividends on ordinary shares

The 2023 financial statements include £1,305m (2022: £1,715m) of dividends paid on ordinary shares. This comprises 2023 interim dividend of £600m (2022: £705m) and 2022 full year dividend £705m (2022: £1,010m). This results in a total dividend for the year of £2.58 (2022: £3.40) per ordinary share.

The Directors have approved a 2023 full year dividend of £750m. The financial statements for the year ended 31 December 2023 do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2024.

The notes included in this section focus on assets and liabilities the Barclays Bank UK Group holds and recognises at fair value. Detail regarding the Barclays Bank UK Group's approach to managing market risk can be found on page 64.

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).

	Barclays Bank UK Group and PLC	
	2023	2022
	£m	£m
Debt securities and other eligible bills	43	54
Trading portfolio assets	**43**	**54**
Debt securities and other eligible bills	(908)	(464)
Trading portfolio liabilities	**(908)**	**(464)**

Trading debt securities (assets) are part of managed assets within treasury. Trading debt securities (liabilities) relate to short positions held for hedging fair value loans and managed assets within treasury.

12 Financial assets at fair value through the income statement

Accounting for financial assets designated at fair value
Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch.

Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

The details on how the fair value amounts are arrived at for financial assets at fair value are described in Note 16.

Accounting for financial assets mandatorily at fair value
Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are 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.

	Barclays Bank UK Group and PLC	
	2023	2022
	£m	£m
Loans and advances	1,715	1,979
Financial assets designated at fair value	**1,715**	1,979
Equity Securities	1	1
Financial assets mandatorily at fair value	**1**	1
Total	**1,716**	1,980

Credit risk of financial assets designated at fair value and related credit derivatives
The following table shows the maximum exposure to credit risk, the changes in fair value attributable to changes in credit risk, and the cumulative changes in fair value since initial recognition for loans and advances.

	Barclays Bank UK Group and PLC					
	Maximum exposure as at 31 December		Changes in fair value during the year ended		Cumulative changes in fair value from inception	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	£m	£m
Loans and advances designated at fair value, attributable to credit risk	1,715	1,979	—	10	(4)	(6)

13 Derivative financial instruments

Accounting for derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Barclays Bank UK Group's net interest income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet.

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.

Hedge accounting

The Barclays Bank UK Group applies the requirements of IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting purposes. The Barclays Bank UK Group applies hedge accounting to represent the economic effects of its interest rate, currency and contractually linked inflation risk management strategies. Derivatives are used to hedge interest rate, exchange rate, and exposures to certain indices such as house price indices and retail price indices related to non-trading positions. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Barclays Bank UK Group applies fair value hedge accounting and cash flow hedge accounting.

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	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2023						
Total derivative assets/(liabilities) held for trading	**619,446**	**249**	**(311)**	**619,927**	**249**	**(340)**
Total derivative assets/(liabilities) held for risk management	**70,995**	**1,317**	**(87)**	**70,995**	**1,317**	**(87)**
Derivative assets/(liabilities)	**690,441**	**1,566**	**(398)**	**690,922**	**1,566**	**(427)**
As at 31 December 2022						
Total derivative assets/(liabilities) held for trading	583,402	181	(726)	584,492	181	(769)
Total derivative assets/(liabilities) held for risk management	78,801	430	(236)	78,801	430	(236)
Derivative assets/(liabilities)	662,203	611	(962)	663,293	611	(1,005)

Further information on netting arrangements of derivative financial instruments can be found within Note 17.

The fair values and notional amounts of derivatives held for trading are set out in the following table:

Derivatives held for trading[a]	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2023						
Foreign exchange derivatives						
OTC derivatives	10,468	190	(215)	10,346	175	(215)
Foreign exchange derivatives	10,468	190	(215)	10,346	175	(215)
Interest rate derivatives						
OTC derivatives	4,387	6	(95)	4,387	6	(96)
Interest rate derivatives cleared by central counterparty	604,591	53	(1)	604,591	53	(1)
Interest rate derivatives	608,978	59	(96)	608,978	59	(97)
Derivatives with subsidiaries	—	—	—	603	15	(28)
Derivative assets/(liabilities) held for trading	619,446	249	(311)	619,927	249	(340)
Total OTC derivatives	14,855	196	(310)	14,733	181	(311)
Total derivatives cleared by central counterparty	604,591	53	(1)	604,591	53	(1)
Derivatives with subsidiaries	—	—	—	603	15	(28)
Derivative assets/(liabilities) held for trading	619,446	249	(311)	619,927	249	(340)

Derivatives held for trading[a]	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2022						
Foreign exchange derivatives						
OTC derivatives	13,584	138	(583)	13,462	126	(584)
Foreign exchange derivatives	13,584	138	(583)	13,462	126	(584)
Interest rate derivatives						
OTC derivatives	4,340	41	(112)	4,340	41	(112)
Interest rate derivatives cleared by central counterparty	565,478	2	(31)	565,477	2	(31)
Interest rate derivatives	569,818	43	(143)	569,817	43	(143)
Derivatives with subsidiaries	—	—	—	1,213	12	(42)
Derivative assets/(liabilities) held for trading	583,402	181	(726)	584,492	181	(769)
Total OTC derivatives	17,924	179	(695)	17,802	167	(696)
Total derivatives cleared by central counterparty	565,478	2	(31)	565,477	2	(31)
Derivatives with subsidiaries	—	—	—	1,213	12	(42)
Derivative assets/(liabilities) held for trading	583,402	181	(726)	584,492	181	(769)

Note
a Derivatives held for trading mainly includes derivatives held as economic hedges to manage risk.

The fair values and notional amounts of derivative instruments held for risk management are set out in the following table:

Derivatives held for risk management	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2023						
Derivatives designated as cash flow hedges						
Currency Swaps	**8,666**	**1,278**	**—**	**8,666**	**1,278**	**—**
Interest rate swaps	**647**	**—**	**—**	**647**	**—**	**—**
Interest rate derivatives cleared by central counterparty	**27,498**	**—**	**—**	**27,498**	**—**	**—**
Derivatives designated as cash flow hedges	**36,811**	**1,278**	**—**	**36,811**	**1,278**	**—**
Derivatives designated as fair value hedges						
Interest rate swaps	**4,040**	**39**	**(87)**	**4,040**	**39**	**(87)**
Interest rate derivatives cleared by central counterparty	**30,144**	**—**	**—**	**30,144**	**—**	**—**
Derivatives designated as fair value hedges	**34,184**	**39**	**(87)**	**34,184**	**39**	**(87)**
Derivative assets/(liabilities) held for risk management	**70,995**	**1,317**	**(87)**	**70,995**	**1,317**	**(87)**
Total OTC derivatives	**13,353**	**1,317**	**(87)**	**13,353**	**1,317**	**(87)**
Total derivatives cleared by central counterparty	**57,642**	**—**	**—**	**57,642**	**—**	**—**
Derivative assets/(liabilities) held for risk management	**70,995**	**1,317**	**(87)**	**70,995**	**1,317**	**(87)**
As at 31 December 2022						
Derivatives designated as cash flow hedges						
Currency Swaps	9,946	374	(199)	9,946	374	(199)
Interest rate swaps	—	—	—	—	—	—
Interest rate derivatives cleared by central counterparty	32,918	—	—	32,918	—	—
Derivatives designated as cash flow hedges	42,864	374	(199)	42,864	374	(199)
Derivatives designated as fair value hedges						
Interest rate swaps	3,252	56	(37)	3,252	56	(37)
Interest rate derivatives cleared by central counterparty	32,685	—	—	32,685	—	—
Derivatives designated as fair value hedges	35,937	56	(37)	35,937	56	(37)
Derivative assets/(liabilities) held for risk management	78,801	430	(236)	78,801	430	(236)
Total OTC derivatives	13,198	430	(236)	13,198	430	(236)
Total derivatives cleared by central counterparty	65,603	—	—	65,603	—	—
Derivative assets/(liabilities) held for risk management	78,801	430	(236)	78,801	430	(236)

Hedge accounting

Hedge accounting is applied predominantly for the following risks:
- Interest rate risk – arises due to a mismatch between fixed interest rates and floating interest rates. Interest rate risk also includes exposure to inflation risk for certain types of investments.
- Currency risk – arises due to assets or liabilities being denominated in different currencies than the functional currency of the relevant entity.
- Contractually linked inflation risk – arises from financial instruments within contractually specified inflation risk. The Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the Group uses the following hedging instruments:
- Interest rate derivatives to swap interest rate exposures into either fixed or variable rates.
- Currency derivatives to swap foreign currency exposure into the entity's functional currency.
- Inflation derivatives to swap inflation exposure into either fixed or variable interest rates.

In some cases, certain items which are economically hedged may be ineligible hedged items for the purposes of IAS 39, such as core deposits and equity. In these instances, a proxy hedging solution can be utilised whereby portfolios of floating rate assets are designated as eligible hedged items in cash flow hedges.

In some hedging relationships, the Barclays Bank UK Group 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.
- Inflation risk as a contractually specified component of a debt instrument.
- Forward exchange rate risk for foreign currency financial assets or financial liabilities.
- Components of cash flows of hedged items, for example certain interest payments for part of the life of an instrument.

Using the benchmark interest rate risk results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship.

In respect of many of the Barclays Bank UK Group's hedge accounting relationships, the hedged item and hedging instrument change frequently due to the dynamic nature of the risk management and hedge accounting strategy. The Barclays Bank UK Group applies hedge accounting to dynamic scenarios, predominantly in relation to interest rate risk, with a combination of hedged items in order for its financial statements to reflect as closely as possible the economic risk management undertaken. In some cases, if the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated and a de-designated relationship 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.

Hedged items in fair value hedges

Barclays Bank UK Group and PLC Hedged item statement of financial position classification and risk category	Carrying amount £m	Accumulated fair value adjustment included in carrying amount: Total £m	Of which: Accumulated fair value adjustment on items no longer in a hedge relationship £m	Change in fair value used as a basis to determine ineffectiveness £m	Hedge ineffectiveness recognised in the income statement[a] £m
2023					
Assets					
Loans and advances at amortised cost					
– Interest rate risk	2,712	(3,040)	(1,863)	79	12
Debt securities classified at amortised cost					
– Inflation risk	1,659	(81)	(60)	(63)	(8)
Financial assets at fair value through other comprehensive income					
– Interest rate risk	9,553	(219)	(8)	283	42
– Inflation risk	3,129	(151)	(115)	(89)	(13)
Total Assets	17,053	(3,491)	(2,046)	210	33
Liabilities					
Debt securities in issue[b]					
– Interest rate risk	(12,215)	612	142	(369)	(11)
Total Liabilities	(12,215)	612	142	(369)	(11)
Total Hedged items	4,838	(2,879)	(1,904)	(159)	22
2022					
Assets					
Loans and advances at amortised cost					
– Interest rate risk	2,951	(3,339)	(1,274)	(4,092)	35
Debt securities classified at amortised cost					
– Inflation risk	1,004	(17)	(1)	(34)	2
Financial assets at fair value through other comprehensive income					
– Interest rate risk	8,395	(642)	(4)	(965)	24
– Inflation risk	2,495	(79)	(3)	(115)	16
Total Assets	14,845	(4,077)	(1,282)	(5,206)	77
Liabilities					
Debt securities in issue[b]					
– Interest rate risk	(8,912)	1,032	113	1,092	(47)
Total Liabilities	(8,912)	1,032	113	1,092	(47)
Total Hedged items	5,933	(3,045)	(1,169)	(4,114)	30

Note
a Hedge ineffectiveness is recognised in net interest income.
b Includes debt securities in issue and subordinated liabilities.

For items classified as fair value through other comprehensive income, the hedge accounting adjustment is not included in the carrying amount, but rather adjusts other comprehensive income.

The following table shows the fair value hedging instruments which are carried on the balance sheet:

Barclays Bank UK Group and PLC		Carrying value			
		Derivative assets	Derivative liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness
Hedge type	Risk category	£m	£m	£m	£m
As at 31 December 2023					
Fair value	Interest rate risk	**—**	**—**	**30,144**	**50**
	Inflation risk	**39**	**(87)**	**4,040**	**131**
	Total	**39**	**(87)**	**34,184**	**181**
As at 31 December 2022					
Fair value	Interest rate risk	—	—	32,133	3,977
	Inflation risk	56	(37)	3,804	167
	Total	56	(37)	35,937	4,144

The following table profiles the expected notional values of current hedging instruments in future years:

Barclays Bank UK Group and PLC	2023 £m	2024 £m	2025 £m	2026 £m	2027 £m	2028 £m	2029 and later £m
As at 31 December 2023							
Fair value hedges of:							
Interest rate risk (outstanding notional amount)	**30,144**	**29,406**	**25,795**	**19,718**	**16,677**	**13,538**	**12,498**
Inflation risk (outstanding notional amount)	**4,040**	**3,729**	**3,572**	**2,119**	**309**	**114**	**114**

There are 1,023 (2022: 1,052) interest rate risk fair value hedges with an average fixed rate of 2.81% (2022: 2.4%) across the relationships in Barclays Bank UK Group and PLC, and 57 (2022: 45) inflation risk fair value hedges with an average rate of 0.52% (2022: 0.50%) across the relationships.

The following table shows hedged items in cash flow hedges:

Hedged items in cash flow hedges

Barclays Bank UK Group and PLC Description of hedge relationship and hedged risk	Change in value of hedged item used as the basis for recognising ineffectiveness £m	Balance in cash flow hedging reserve for continuing hedges £m	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied £m	Hedging (gains) or losses recognised in other comprehensive income £m	Hedge ineffectiveness recognised in the income statement[a] £m
2023					
Cash flow hedge of:					
Interest rate risk					
Loans and advances at amortised cost	(547)	185	324	(547)	(6)
Cash and balances in Central Banks	(307)	38	621	(307)	2
Foreign exchange risk					
Debt securities classified at amortised cost	(1,088)	333	—	(1,088)	1
Total cash flow hedge	(1,942)	556	945	(1,942)	(3)
2022					
Cash flow hedge of:					
Interest rate risk					
Loans and advances at amortised cost	917	860	297	917	(29)
Cash and balances in Central Banks	1,009	507	716	1,009	(19)
Foreign exchange risk					
Debt securities classified at amortised cost	483	601	—	483	—
Total cash flow hedge	2,409	1,968	1,013	2,409	(48)

Note
a Hedge ineffectiveness is recognised in net interest income.

There are 48 (2022: 56) foreign exchange risk cash flow hedges with an average foreign exchange rate of 147.95 JPY: 1 GBP (2022: 148.01 JPY: 1 GBP) across the relationships.

The following table shows the cash flow hedging instruments which are carried on the balance sheet:

Barclays Bank UK Group and PLC		Carrying value			
Hedge type	Risk category	Derivative assets £m	Derivative liabilities £m	Nominal amount £m	Change in fair value used as a basis to determine ineffectiveness £m
As at 31 December 2023					
Cash flow	Interest rate risk	—	—	28,145	850
	Foreign exchange risk	1,278	—	8,666	1,089
	Total	1,278	—	36,811	1,939
As at 31 December 2022					
Cash flow	Interest rate risk	—	—	32,918	(1,974)
	Foreign exchange risk	374	(199)	9,946	(483)
	Total	374	(199)	42,864	(2,457)

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:

	2023		2022	
	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale or disposal of investment	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale or disposal of investment
	£m	£m	£m	£m
Barclays Bank UK Group and PLC				
Cash flow hedge of interest rate risk				
Recycled to net interest income	**(358)**	—	(67)	1
Cash flow hedge of foreign exchange risk				
Recycled to net trading income	**820**	—	(5)	—

A detailed reconciliation of the movements of the cash flow hedging reserve is as follows:

	2023	2022
Barclays Bank UK Group and PLC	Cash flow hedging reserve	Cash flow hedging reserve
	£m	£m
Balance on 1 January	**(2,146)**	(431)
Hedging gains/(losses) for the year	**1,942**	(2,409)
Amounts reclassified in relation to cash flows affecting profit or loss	**(462)**	71
Tax	**(415)**	623
Balance on 31 December	**(1,081)**	(2,146)

14 Financial assets at fair value through other comprehensive income

Accounting for financial assets at fair value through other comprehensive income (FVOCI)

Financial assets that are debt instruments held in a business model that is achieved by both collecting contractual cash flows and selling, and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at FVOCI. They are subsequently re-measured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Interest (calculated using the effective interest method) is recognised in the income statement in net interest income (Note 3). Upon disposal, the cumulative gain or loss recognised in other comprehensive income is included in net investment income (Note 6).

In determining whether the business model is achieved by both collecting contractual cash flows and selling financial assets, it is determined that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. The Barclays Bank UK Group will consider past sales and expectations about future sales to establish if the business model is achieved.

	Barclays Bank UK Group and PLC	
	2023	2022
	£m	£m
Debt securities and other eligible bills	**20,409**	19,970
Financial assets at fair value through other comprehensive income	**20,409**	19,970

15. Financial liabilities designated at fair value

Accounting for liabilities designated at fair value through profit and loss
In accordance with IFRS 9, financial liabilities may be designated at fair value, with gains and losses taken to the income statement within net trading income (Note 5) and net investment income (Note 6). Movements in own credit are reported through other comprehensive income, unless the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit and loss. In these scenarios, all gains and losses on that liability (including the effects of changes in the credit risk of the liability) are presented in profit and loss. On derecognition of the financial liability no amounts relating to own credit risk are recycled to the income statement. The Barclays Bank Group has the ability to make the fair value designation when holding the instruments at fair value reduces an accounting mismatch (caused by an offsetting liability or asset being held at fair value), or is managed by the Barclays Bank Group on the basis of its fair value, or includes terms that have substantive derivative characteristics (Note 13).

The details on how the fair value amounts are arrived at for financial liabilities designated at fair value are described in Note 16.

	Barclays Bank UK Group and PLC			
	2023		2022	
	Fair value	Contractual amount due on maturity	Fair value	Contractual amount due on maturity
	£m	£m	£m	£m
Debt securities	196	196	—	—
Financial liabilities designated at fair value	196	196	—	—

16. Fair value of financial instruments

Accounting for financial assets and liabilities – fair values
Financial instruments that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

Wherever possible, fair value is determined by reference to a quoted market price for that instrument. For many of the Barclays Bank UK Group's financial assets and liabilities for which quoted prices are not available, valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market inputs including, for example, interest rate yield curves 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 201.

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. Within less active markets, for counterparties and instruments identified as being more susceptible to climate change risk, an impact assessment was performed through increasing their probability of default. The change in the valuation of the assets and liabilities from this assessment was sufficiently immaterial to necessitate any amendment to the reported 2023 year end valuations.

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 with judgement applied in determining the boundary between Level 2 and 3 classification.

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.

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

Assets and liabilities held at fair value

	2023				2022			
	Valuation technique using				Valuation technique using			
Barclays Bank UK Group	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	43	—	—	43	9	45	—	54
Financial assets at fair value through the income statement	—	87	1,629	1,716	—	136	1,844	1,980
Derivative financial assets	—	1,566	—	1,566	—	611	—	611
Financial assets at fair value through other comprehensive income	9,168	10,943	298	20,409	5,675	14,295	—	19,970
Total assets	9,211	12,596	1,927	23,734	5,684	15,087	1,844	22,615
Trading portfolio liabilities	(894)	(14)	—	(908)	(448)	(16)	—	(464)
Financial liabilities designated at fair value	—	(196)	—	(196)	—	—	—	—
Derivative financial liabilities	—	(398)	—	(398)	—	(962)	—	(962)
Total liabilities	(894)	(608)	—	(1,502)	(448)	(978)	—	(1,426)

Assets and liabilities held at fair value are materially similar between Barclays Bank UK Group and Barclays Bank UK PLC.

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 transfer between Level 3 and Level 2 is due to an increase in observable market activity related to an input.

Analysis of movements in Level 3 assets and liabilities

Barclays Bank UK Group and PLC	As at 1 January 2023 £m	Purchases £m	Sales £m	Issues £m	Settlements £m	Total (losses) and gains in the period recognised in the income statement: Trading income[a] £m	Total (losses) and gains in the period recognised in the income statement: Other income £m	Total gains or (losses) recognised in OCI £m	Transfers: In £m	Transfers: Out £m	As at 31 December 2023 £m
Loans	1,844	—	—	—	(344)	140	—	—	—	(11)	1,629
Financial assets at fair value through the income statement	1,844	—	—	—	(344)	140	—	—	—	(11)	1,629
Corporate debt	—	193	—	—	—	—	—	—	105	—	298
Assets at fair value through other comprehensive income	—	193	—	—	—	—	—	—	105	—	298
Total	**1,844**	**193**	**—**	**—**	**(344)**	**140**	**—**	**—**	**105**	**(11)**	**1,927**

	As at 1 January 2022 £m	Purchases £m	Sales £m	Issues £m	Settlements £m	Total (losses) and gains in the period recognised in the income statement: Trading income[a] £m	Total (losses) and gains in the period recognised in the income statement: Other income £m	Total gains or (losses) recognised in OCI £m	Transfers: In £m	Transfers: Out £m	As at 31 December 2022 £m
Loans	2,662	—	—	—	(284)	(471)	—	—	—	(63)	1,844
Financial assets at fair value through the income statement	2,662	—	—	—	(284)	(471)	—	—	—	(63)	1,844
Total	**2,662**	**—**	**—**	**—**	**(284)**	**(471)**	**—**	**—**	**—**	**(63)**	**1,844**

Note

a Trading income represents gains/(losses) on Level 3 financial assets which are offset by losses/gains on derivative hedges disclosed within Level 2.

Valuation technique and sensitivity analysis

Loans

Description: Largely made up of fixed rate loans, extended to counterparties in the Education, Social Housing and Local Authority sectors.

Valuation: Fixed rate loans are valued using models that discount expected future cash flows based on interest rates and loan spreads.

Observability: Within this loan population, the loan spread is generally unobservable. Unobservable loan spreads are determined by incorporating funding costs, the level of comparable assets such as gilts, issuer credit quality and other factors.

Level 3 sensitivity: The sensitivity of fixed rate loans is calculated by applying a shift to loan spreads, aligned to the prudent valuation framework for calculating market data uncertainty around an unobservable valuation input. The prudent valuation framework additionally requires Barclays Bank UK plc to be capitalised to 50% of the impact of such valuation uncertainty being realised in the income statement. On a portfolio level, the sensitivity is equivalent to an average stress to the input loan spread of 25bps.

Corporate Debt

Description: Primarily corporate bonds.

Valuation: Corporate bonds are valued using observable market prices sourced from broker quotes, inter-dealer prices or other reliable pricing sources.

Observability: Prices for actively traded bonds are considered observable. Unobservable bonds prices are generally determined by reference to bond yields or CDS spreads for actively traded instruments issued by or referencing the same (or a similar) issuer.

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

Barclays Bank UK Group and PLC	2023				2022			
	Income statement		Other comprehensive income		Income statement		Other comprehensive income	
	Trading income [a]	Other income		Total	Trading income [a]	Other income		Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets at fair value through the income statement	140	—	—	140	(471)	—	—	(471)
Assets at fair value through other comprehensive income	—	—	—	—	—	—	—	—
Total	**140**	—	—	**140**	(471)	—	—	(471)

Note
a Trading income represents gains/(losses) on Level 3 financial assets which are offset by losses/gains on derivative hedges disclosed within Level 2.

Significant unobservable inputs

	Valuation technique(s)	Significant unobservable inputs	2023 Range		2022 Range		
			Min	Max	Min	Max	Units[a]
Loans	Discounted cash flows	Loan spread	40	307	50	589	bps
Corporate debt	Comparable Pricing	Price	91	100	—	—	points

Note
a The units used to disclose ranges for significant unobservable inputs are percentages, points and basis points. Points are a percentage of par; for example, 100 points equals 100% of par. A basis point equals 1/100th of 1%; for example, 150 basis points equals 1.5%.

The following section describes the significant unobservable inputs identified in the table above, and the sensitivity of fair value measurement of the instruments categorised as Level 3 assets or liabilities to increases in significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Where reliable interrelationships can be identified between significant unobservable inputs used in fair value measurement, a description of those interrelationships is included below.

Loan spread
Loan spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Loan spreads typically reflect credit quality, the level of comparable assets such as gilts and other factors, and form part of the yield used in a discounted cash flow calculation.

The ESHLA portfolio primarily consists of long-dated fixed rate loans extended to counterparties in the UK Education, Social Housing and Local Authority sectors. The loans are categorised as Level 3 in the fair value hierarchy due to their illiquid nature and the significance of unobservable loan spreads to the valuation. Valuation uncertainty arises from the long-dated nature of the portfolio, the lack of secondary market in the loans and the lack of observable loan spreads. The majority of ESHLA loans are to borrowers in heavily regulated sectors that are considered low credit risk, and have a history of near zero defaults since inception and where Barclays is often afforded a position as a secured creditor. While the overall loan spread range is from 40 bps to 307 bps (2022: 50bps to 589bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 98% of the loan notional being valued with spreads less than 200 bps for the current period.

In general, a significant increase in loan spreads in isolation will result in a fair value decrease for a loan.

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.

Sensitivity analysis of valuations using unobservable inputs

	2023		2022	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	£m	£m	£m	£m
Loans	67	(39)	71	(68)
Total	**67**	**(39)**	**71**	**(68)**

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 £67m (2022: £71m) or to decrease fair values by up to £39m (2022: £68m) with substantially all the potential effect impacting profit and loss. The reduction in the unfavourable impact year-on-year is attributable to market moves in £ rates. A methodology asymmetry in calculating the favourable and unfavourable changes in the sensitivity analysis exists and is attributable to Investing and Funding costs contributing to the unfavourable side only. This can result in asymmetric numerical outcomes for favourable and unfavourable sensitivities.

Portfolio exemptions

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

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: £10m) for financial instruments measured at fair value and £174m (2022: £191m) for financial instruments carried at amortised cost. The decrease in financial investments measured at fair value of £4m (2022: £2m) was driven by amortisation and releases of £4m (2022: £2m). The decrease of £17m (2022: £11m) in financial instruments carried at amortised cost is driven by amortisation and releases of £17m (2022: £11m).

Comparison of carrying amounts and fair values:

The following tables summarise the fair value of financial assets and liabilities measured at amortised cost on Barclays Bank UK Group's and Barclays Bank UK PLC's balance sheet disaggregated by balance sheet classification::

Barclays Bank UK Group	2023					2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets										
Debt securities at amortised cost	17,794	17,721	—	17,721	—	18,537	18,162	808	17,354	—
Loans and advances at amortised cost	201,995	192,890	1	15,135	177,754	204,670	198,716	7	18,860	179,849
Reverse repurchase agreements and other similar secured lending	3,567	3,567	—	3,567	—	477	477	—	477	—
Financial liabilities										
Deposits at amortised cost	(241,224)	(240,885)	(216,258)	(19,529)	(5,098)	(258,117)	(257,886)	(249,057)	(5,590)	(3,239)
Repurchase agreements and other similar secured borrowing	(15,265)	(15,265)	—	(15,265)	—	(17,702)	(17,702)	—	(17,702)	—
Debt securities in issue	(3,307)	(3,400)	—	(2,238)	(1,162)	(8,009)	(8,163)	—	(6,980)	(1,183)
Subordinated liabilities	(11,499)	(11,847)	—	(11,847)	—	(8,268)	(8,370)	—	(8,370)	—

Barclays Bank UK PLC[a]	2023					2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets										
Loans and advances at amortised cost	**202,547**	**193,442**	**1**	**15,687**	**177,754**	205,499	199,544	7	19,688	179,849
Financial liabilities										
Deposits at amortised cost	**(241,874)**	**(241,535)**	**(216,258)**	**(20,179)**	**(5,098)**	(259,077)	(258,846)	(249,057)	(6,550)	(3,239)

Note
a Balance sheet classifications where underlying financial instruments are materially similar to Barclays Bank UK Group have not been re-presented

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

Loans and advances at amortised cost
The fair value of loans and advances, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Where market data or credit information on the underlying borrowers is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rates. For 2023, the fair value is lower than carrying value mainly on fixed rate products driven by rising interest rates. The majority will be part of a wider portfolio which includes fair valued instruments that are not presented in this table.

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

Deposits at amortised cost
In many cases, the fair value disclosed approximates carrying value because the instruments are short term in nature or have interest rates that reprice frequently, such as customer accounts, other deposits and short-term debt securities.

The fair value for deposits with longer-term maturities, mainly time deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities. Consequently, the fair value discount is minimal.

Repurchase agreements and other similar secured borrowing
The fair value of repurchase agreements approximates carrying amounts as these balances are generally short dated.

Debt securities in issue
Fair values of other debt securities in issue are based on quoted prices where available, or where the instruments are short dated, carrying amount approximates fair value.

Subordinated liabilities
Fair values for dated and undated convertible and non-convertible loan capital are based on quoted market rates for the issuer concerned or issuers with similar terms and conditions.

17. Offsetting financial assets and financial liabilities

The Barclays Bank UK Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- all financial assets and liabilities that are reported net on the balance sheet
- all derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

The 'Net amounts' presented are not intended to represent the Barclays Bank UK Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Barclays Bank UK Group	Amounts subject to enforceable netting arrangements							
	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	Amounts not subject to enforceable netting arrangements[c]	Balance sheet total[d]
As at 31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	**1,566**	**—**	**1,566**	**(232)**	**(1,332)**	**2**	**—**	**1,566**
Reverse repurchase agreements and other similar secured lending[e]	**5,168**	**(1,601)**	**3,567**	**—**	**(3,567)**	**—**	**—**	**3,567**
Total assets	**6,734**	**(1,601)**	**5,133**	**(232)**	**(4,899)**	**2**	**—**	**5,133**
Derivative financial liabilities	**(384)**	**—**	**(384)**	**232**	**152**	**—**	**(14)**	**(398)**
Repurchase agreements and other similar secured borrowing[e]	**(1,669)**	**1,601**	**(68)**	**—**	**68**	**—**	**(15,197)**	**(15,265)**
Total liabilities	**(2,053)**	**1,601**	**(452)**	**232**	**220**	**—**	**(15,211)**	**(15,663)**
As at 31 December 2022								
Derivative financial assets	611	—	611	(407)	(204)	—	—	611
Reverse repurchase agreements and other similar secured lending[e]	2,547	(2,070)	477	—	(477)	—	—	477
Total assets	3,158	(2,070)	1,088	(407)	(681)	—	—	1,088
Derivative financial liabilities	(936)	—	(936)	407	415	(114)	(26)	(962)
Repurchase agreements and other similar secured borrowing[e]	(4,669)	2,070	(2,599)	—	2,599	—	(15,103)	(17,702)
Total liabilities	(5,605)	2,070	(3,535)	407	3,014	(114)	(15,129)	(18,664)

Notes
a No other significant recognised financial assets and liabilities were offset in the balance sheet. Therefore, the only balance sheet categories necessary for inclusion in the table are those shown above.
b Financial collateral of £1,332m (2022: £204m) was received in respect of derivative assets, including £1,280m (2022: £193m) of cash collateral and £52m (2022: £11m) of non-cash collateral. Financial cash collateral of £152m (2022: £415m) was placed in respect of derivative liabilities. 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 Repurchase and other similar secured lending and Reverse Repurchase and other similar secured lending held at amortised cost.

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 Barclays Bank UK are further explained in the Credit risk mitigation section on page 64.

Barclays Bank UK PLC	Amounts subject to enforceable netting arrangements							
	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	Amounts not subject to enforceable netting arrangements[c]	Balance sheet total[d]
As at 31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	**1,566**	**—**	**1,566**	**(232)**	**(1,317)**	**17**	**—**	**1,566**
Reverse repurchase agreements and other similar secured lending[e]	**5,168**	**(1,601)**	**3,567**	**—**	**(3,567)**	**—**	**—**	**3,567**
Total assets	**6,734**	**(1,601)**	**5,133**	**(232)**	**(4,884)**	**17**	**—**	**5,133**
Derivative financial liabilities	**(412)**	**—**	**(412)**	**232**	**152**	**(28)**	**(15)**	**(427)**
Repurchase agreements and other similar secured borrowing[e]	**(1,669)**	**1,601**	**(68)**	**—**	**68**	**—**	**(15,197)**	**(15,265)**
Total liabilities	**(2,081)**	**1,601**	**(480)**	**232**	**220**	**(28)**	**(15,212)**	**(15,692)**
As at 31 December 2022								
Derivative financial assets	611	—	611	(407)	(193)	11	—	611
Reverse repurchase agreements and other similar secured lending[e]	2,547	(2,070)	477	—	(477)	—	—	477
Total assets	3,158	(2,070)	1,088	(407)	(670)	11	—	1,088
Derivative financial liabilities	(979)	—	(979)	407	415	(157)	(26)	(1,005)
Repurchase agreements and other similar secured borrowing[e]	(4,669)	2,070	(2,599)	—	2,599	—	(15,103)	(17,702)
Total liabilities	(5,648)	2,070	(3,578)	407	3,014	(157)	(15,129)	(18,707)

Notes
a No other significant recognised financial assets and liabilities were offset in the balance sheet. Therefore, the only balance sheet categories necessary for inclusion in the table are those shown above.
b Financial cash collateral of £1,317m (2022: £193m) was received in respect of derivative assets, including £1,265m (2022: £193m) of cash collateral and £52m (2022: Nil) of non-cash collateral. Financial cash collateral of £152m (2022: £415m) was placed in respect of derivative liabilities. 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 Repurchase and other similar secured lending and Reverse Repurchase and other similar secured lending held at amortised cost.

The notes included in this section focus on the Barclays Bank UK Group's loans and advances and deposits at amortised cost, leases, property, plant and equipment and goodwill and intangible assets. Details regarding the Barclays Bank UK Group's liquidity and capital position can be found on pages 130 to 140.

18. 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 to 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 Barclays Bank UK Group and Barclays Bank UK PLC 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 freehold and leasehold property	6%-10%
Equipment installed in freehold and leasehold property	6%-10%
Computers and similar equipment	17%-33%
Fixtures and fittings and other equipment	9%-20%

	Barclays Bank UK Group			
	Property	Equipment	Right of use assets[a]	Total
	£m	£m	£m	£m
Cost				
As at 1 January 2023	**658**	**—**	**466**	**1,124**
Additions	**25**	**1**	**3**	**29**
Disposals[b]	**(97)**	**—**	**(29)**	**(126)**
Exchange and other movements	**—**	**—**	**(2)**	**(2)**
As at 31 December 2023	**586**	**1**	**438**	**1,025**
Accumulated depreciation and impairment				
As at 1 January 2023	**(455)**	**—**	**(287)**	**(742)**
Disposals[b]	**92**	**—**	**28**	**120**
Depreciation charge	**(44)**	**—**	**(50)**	**(94)**
Impairment charge	**(33)**	**—**	**(14)**	**(47)**
Exchange and other movements	**—**	**—**	**(1)**	**(1)**
As at 31 December 2023	**(440)**	**—**	**(324)**	**(764)**
Net book value	**146**	**1**	**114**	**261**
Cost				
As at 1 January 2022	839	—	500	1,339
Additions	11	—	7	18
Disposals[b]	(194)	—	(38)	(232)
Exchange and other movements	2	—	(3)	(1)
As at 31 December 2022	658	—	466	1,124
Accumulated depreciation and impairment				
As at 1 January 2022	(548)	—	(229)	(777)
Disposals[b]	189	—	34	223
Depreciation charge	(72)	—	(80)	(152)
Impairment charge	(22)	—	(12)	(34)
Exchange and other movements	(2)	—	—	(2)
As at 31 December 2022	(455)	—	(287)	(742)
Net book value	203	—	179	382

	Barclays Bank UK PLC			
	Property	Equipment	Right of use assets[a]	Total
	£m	£m	£m	£m
Cost				
As at 1 January 2023	**658**	**—**	**466**	**1,124**
Additions	**22**	**—**	**1**	**23**
Disposals[b]	**(97)**	**—**	**(29)**	**(126)**
Exchange and other movements	**—**	**—**	**(3)**	**(3)**
As at 31 December 2023	**583**	**—**	**435**	**1,018**
Accumulated depreciation and impairment				
As at 1 January 2023	**(455)**	**—**	**(287)**	**(742)**
Disposals[b]	**94**	**—**	**28**	**122**
Depreciation charge	**(44)**	**—**	**(49)**	**(93)**
Impairment charge	**(33)**	**—**	**(14)**	**(47)**
Exchange and other movements	**1**	**—**	**—**	**1**
As at 31 December 2023	**(437)**	**—**	**(322)**	**(759)**
Net book value	**146**	**—**	**113**	**259**
Cost				
As at 1 January 2022	839	—	500	1,339
Additions	11	—	7	18
Disposals[b]	(194)	—	(38)	(232)
Exchange and other movements	2	—	(3)	(1)
As at 31 December 2022	658	—	466	1,124
Accumulated depreciation and impairment				
As at 1 January 2022	(548)	—	(229)	(777)
Disposals[b]	189	—	34	223
Depreciation charge	(72)	—	(80)	(152)
Impairment charge	(22)	—	(12)	(34)
Exchange and other movements	(2)	—	—	(2)
As at 31 December 2022	(455)	—	(287)	(742)
Net book value	203	—	179	382

Notes
a Right of use (ROU) asset balances relate to Property Leases under IFRS 16. Refer Note 19 for further details.
b Disposals primarily pertain to fully depreciated assets which are not in use.

There is no significant Income from property rentals in 2023 (2022: Nil) in Barclays Bank UK Group and Barclays Bank UK PLC.

19. Leases

Accounting for leases
When the Barclays Bank UK Group and Barclays Bank UK PLC are the lessee, it is required to recognise both:
- A lease liability, measured at the present value of remaining cash flows on the lease, and
- A right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

The Barclays Bank UK Group and Barclays Bank UK PLC apply 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 Barclays Bank UK Group and Barclays Bank UK PLC lease various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, Barclays Bank UK Group and Barclays Bank UK PLC will sublease property to third parties when it is no longer needed to meet business requirements. Currently, Barclays Bank UK Group and Barclays Bank UK PLC do not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 18 for the carrying amount of ROU assets.

The Barclays Bank UK Group and Barclays Bank UK PLC recognised total expense of £1m (2022: £1m) for short term leases during the year. The portfolio of short term leases to which Barclays Bank UK Group and Barclays Bank UK PLC are exposed at the end of the year is not dissimilar to the expenses recognised in the year.

Lease liabilities	Barclays Bank UK Group and PLC	
	2023	2022
	£m	£m
As at 1 January	**224**	288
Interest	**8**	10
New leases	**2**	7
Disposals	**(6)**	(7)
Cash payments	**(63)**	(71)
Exchange and other movements	**(3)**	(3)
As at 31 December (see Note 21)	**162**	224

The below table sets out a maturity analysis of undiscounted lease liabilities, showing the lease payments after the reporting date.

Undiscounted lease liabilities maturity analysis	Barclays Bank UK Group and PLC	
	2023	2022
	£m	£m
Not more than one year	**49**	61
One to two years	**44**	52
Two to three years	**28**	46
Three to four years	**16**	30
Four to five years	**10**	17
Five to ten years	**26**	31
Greater than ten years	**22**	27
Total undiscounted lease liabilities as at 31 December	**195**	264

In addition to the cash flows identified above, Barclays Bank UK Group and Barclays Bank UK PLC are exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments. Currently, 435 leases (2022: 331 leases) out of the total 593 leases (2022: 714 leases) have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £156m (2022: £175m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

- Extension and termination options: The table above represents Barclays Bank UK Group and Barclays Bank UK PLC’s best estimate of future cash outflows for leases, including assumptions regarding the exercising of contractual extension and termination options. The above gross cash flows have been reduced by £4m (2022: £10m) for leases where it is highly expected to exercise an early termination option. However, there is no significant impact where it is expected to exercise an extension option.

Barclays Bank UK Group and Barclays Bank UK PLC do not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

20. Goodwill and intangible assets

Accounting for goodwill and intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Barclays Bank UK Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of the cash generating unit (CGU) including goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the CGU to which the goodwill relates, or the CGU's fair value if this is higher.

Intangible assets

Intangible assets 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 incurred.

Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less accumulated amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally using the amortisation periods set out below:

Annual rates in calculating amortisation	Amortisation period
Goodwill	Not amortised
Other Software	12 months to 6 years
Customer lists	12 months to 25 years
Licences and other	12 months to 25 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.

	Barclays Bank UK Group						Barclays Bank UK PLC			
	Goodwill	Other Software	Customer lists	Brand	Licences and other	Total	Goodwill	Customer lists	Licences and other	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost										
As at 1 January 2023	3,526	—	90	—	2	3,618	3,378	90	2	3,470
Addition	311	30	—	7	—	348	—	—	—	—
Disposals	—	—	—	—	—	—	—	—	—	—
Exchange and other adjustments	—	—	—	—	—	—	—	—	—	—
As at 31 December 2023	3,837	30	90	7	2	3,966	3,378	90	2	3,470
Accumulated amortisation and impairment										
As at 1 January 2023	—	—	(90)	—	—	(90)	—	(90)	—	(90)
Disposals	—	—	—	—	—	—	—	—	—	—
Amortisation charge	—	(4)	—	(1)	—	(5)	—	—	—	—
Exchange and other adjustments	—	(1)	—	—	—	(1)	—	—	—	—
As at 31 December 2023	—	(5)	(90)	(1)	—	(96)	—	(90)	—	(90)
Net book value	3,837	25	—	6	2	3,870	3,378	—	2	3,380
Cost										
As at 1 January 2022	3,526	—	90	—	—	3,616	3,378	90	—	3,468
Addition	—	—	—	—	2	2	—	—	2	2
Disposals	—	—	—	—	—	—	—	—	—	—
Exchange and other adjustments	—	—	—	—	—	—	—	—	—	—
As at 31 December 2022	3,526	—	90	—	2	3,618	3,378	90	2	3,470
Accumulated amortisation and impairment										
As at 1 January 2022	—	—	(90)	—	—	(90)	—	(90)	—	(90)
Disposals	—	—	—	—	—	—	—	—	—	—
Amortisation charge	—	—	—	—	—	—	—	—	—	—
Exchange and other adjustments	—	—	—	—	—	—	—	—	—	—
As at 31 December 2022	—	—	(90)	—	—	(90)	—	(90)	—	(90)
Net book value	3,526	—	—	—	2	3,528	3,378	—	2	3,380

As part of the Barclays Group strategy, internally generated software and other purchased software are held in Barclays Execution Services Limited. Barclays Bank UK Group receives the required services from Barclays Execution Services Limited, which are charged on a cost plus basis.

Critical accounting estimates and judgements

Goodwill
Testing goodwill for impairment involves a significant amount of judgement. Goodwill is allocated to CGUs for the purpose of impairment testing. The review of goodwill for impairment involves calculating a value in use (VIU) valuation which is compared to the carrying value of a CGU associated with the goodwill to determine whether any impairment has occurred. This includes the identification of independent CGUs across the organisation and the allocation of goodwill to those CGUs.

The calculation of a value in use contains a high degree of uncertainty in estimating the future cash flows and the rates used to discount them. Key judgements include determining the carrying value of the CGU, the cash flows and discount rates used in the calculation.

- The cash flow forecasts used by management involve judgement and are based upon a view of the future prospects of the business and market conditions at the point in time the assessment is prepared. The estimation of cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows.
- The discount rates applied to the future cash flows also involve judgement as they can have a significant impact on the valuation. The discount rates used are compared to market participants to ensure that they are appropriate and based on an estimated cost of equity for each CGU.
- The choice of a terminal growth rate used to determine the present value of the future cash flows of the CGUs is also a judgement that can impact the outcome of the assessment. The terminal growth rate and discount rates used may vary due to external market rates and economic conditions that are beyond management's control, including the potential effect of climate change.

Further details of some of the key judgements are set out below.

2023 impairment review

The 2023 impairment review was performed during Q4 2023, with the approach and results of this analysis set out below.

Determining the carrying value of CGUs

The carrying value for each CGU is the sum of the tangible equity, goodwill and intangible asset balances associated with that CGU.

The Group manages the assets and liabilities of its CGUs with reference to the tangible equity of the respective businesses. That tangible equity is derived from the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU and therefore reflects its relative risk, as well as the level of capital that management consider a market participant would require to hold and retain to support business growth.

Goodwill is initially allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the acquisition that generated it. Goodwill is only reallocated if there is a change in its use or when reporting structures are altered in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated. The goodwill allocated to the Group's CGUs is unchanged in the year. The intangible asset balances are allocated to the CGUs based upon their expected usage of these assets.

Cash flows

The five-year cash flows used in the calculation are based on the formally agreed medium-term plans approved by the Board. These are prepared using macroeconomic assumptions which management consider reasonable and supportable, and reflect business agreed initiatives for the forecast period. The macroeconomic assumptions underpinning the medium-term plan were determined during 2023 and management has considered whether there are subsequent significant changes in those assumptions which would adversely impact the results of the impairment review.

As required by IAS 36, all estimates of future cash flows exclude cash inflows or outflows that are expected to arise from restructuring initiatives where a constructive obligation to carry out the plan does not yet exist.

In line with prior year treatment, the Education, Social Housing and Local Authority (ESHLA) portfolio has been excluded from the Business Banking CGU cash flows. This is a legacy loan portfolio which was previously within the Non-Core bank and was not part of the business to which the goodwill relates. As such, the cash flows relating to this portfolio have been excluded from the Business Banking VIU calculation.

Discount rates

IAS 36 requires that the discount rate used in a value in use calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those that the entity expects to generate from the asset. In determining the discount rate, management identified the cost of equity associated with market participants that closely resemble the Group's CGUs. The cost of equity has been used as the discount rate in the 2023 impairment assessment and applied to the post tax cash flows of the CGU. This post-tax method incorporates the impact of changing tax rates on the cash flows and is expected to produce the same VIU result as the pre-tax method adjusted for varying tax rates. Using the resultant VIU the equivalent pre-tax discount rate has been calculated. The cost of equity rate used for all CGUs in this year's calculation has been increased to reflect the relative volatility of Barclays PLC's stock price versus the average of its peers. The range of equivalent pre-tax discount rates applicable across the CGUs range from 17.40% to 18.55% (2022: 15.6% to 16.5%).

Terminal growth rate

The terminal growth rate is used to estimate the effect of projecting cash flows to the end of an asset's useful economic life. It is management's judgement that the cash flows associated with the CGUs will grow in line with the UK economy in which the Barclays Bank UK Group operates. Inflation rates are used as an approximation of future growth rates and form the basis of the terminal growth rates applied. The terminal growth rate used is 2.0% (2022: 2.0%).

Outcome of goodwill review

The Personal Banking and Business Banking retail banking CGUs carry the majority of the Group's goodwill balance, predominantly as a consequence of the Woolwich acquisition. As at 31 December 2023, the goodwill within Personal Banking was £3,029m (2022: £2,718m), of which £2,501m (2022: £2,501m) was attributable to Woolwich, and within Business Banking was £629m (2022: £629m), fully attributable to Woolwich. The recoverable amount for Personal Banking, Business Banking and Barclaycard Consumer UK have decreased in comparison to the 2022 impairment review, reflective of expected changes in the interest rate and macroeconomic outlook.

Based on management's plans and assumptions, no impairment has been recognised.

The outcome of the impairment review for Personal Banking, Business Banking and Barclaycard Consumer UK are set out below:

Cash generating unit	Tangible equity	Goodwill	Intangibles	Carrying value	Value in use	Value in use exceeding carrying value 2023	Value in use exceeding carrying value 2022
	£m	£m	£m	£m	£m	£m	£m
Personal Banking	6,130	3,031	32	9,193	12,404	3,211	5,685
Business Banking	1,836	629	—	2,465	5,723	3,258	6,584
Barclaycard Consumer UK	1,938	179	2	2,119	2,119	—	299
Total	**9,904**	**3,839**	**34**	**13,777**	**20,246**	**6,469**	12,568

The value in use for all CGUs has seen a decrease in the year impacted by the increase in the discount rate caused by the change in yields and the introduction of the Barclays share price volatility premium.

The VIU shown for Barclaycard Consumer UK acknowledges that the CGU has a range of potential outcomes. The value in use for Barclaycard Consumer UK has reduced to a level such that an adverse movement in any of the key judgement areas would result in an impairment.

Sensitivity of key judgements

The CGUs are sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

Cash Flows: The medium-term plans used to determine the cash flows used in the VIU calculation rely on macroeconomic forecasts, including interest rates, GDP and unemployment, and forecast levels of market and client activity. Interest rate assumptions impact planned cash flows from both customer income and structural hedge contributions and therefore cash flow expectations are highly sensitive to movements in the yield curve. The cash flows also contain assumptions with regards to the prudential and financial conduct regulatory environment which may be subject to change. Given the current level of economic uncertainty, a 10% reduction in cash flows has been provided to show the sensitivity of the outcome to a change in these key assumptions.

Discount rate: The discount rate should reflect the market risk-free rate adjusted for the inherent risks of the business it is applied to. Management have identified discount rates for comparable businesses and consider these to be a reasonable estimate of a suitable market rate for the profile of the business unit being tested. The risk that these discount rates may not be appropriate is quantified below and show the impact of a 100 bps change in the discount rate.

Terminal growth rate: The terminal growth rate is used to estimate the cash flows into perpetuity based on the expected longevity of the CGU's businesses. The terminal growth rate is sensitive to uncertainties in the macroeconomic environment. The risk that using inflation data may not be appropriate for its determination is quantified below and shows the impact of a 100bps change in the terminal growth rate.

Allocated capital rate: Tangible equity is allocated based on the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU which is dependent on the relative risk of businesses. The capital ratio used in determining the level of tangible equity allocated to the CGU and its capital cash flows could move over time as a result of a change to the prudential regulatory environment or the risk profile of the business. The impact of a 50bps increase in capital ratio is quantified below.

The sensitivity of the value in use to key judgements in the calculations for Personal Banking is set out below:

						Reduction in headroom				Change required to reduce headroom to zero			
Cash generating unit	Carrying value	Value in use	Value in use exceeding carrying value	Discount rate	Terminal growth rate	100bps increase in the discount rate	100bps decrease in terminal growth rate	50bps increase to allocated capital rate	10% reduction in forecasted cash flows	Discount rate	Terminal growth rate	Allocated Capital rate	Cash flows
	£m	£m	£m	%	%	£m	£m	£m	£m	%	%	%	%
Personal Banking	9,193	12,404	3,211	18.2%	2.0%	(1,043)	(712)	(262)	(1,344)	3.8%	(6.4)%	6.1%	(23.9)%

The notes included in this section focus on the Barclays Bank UK Group's accruals, provisions and contingent liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Contingent liabilities reflect potential liabilities that are not recognised on the balance sheet.

21. Other liabilities

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2023	2022	2023	2022
	£m	£m	£m	£m
Accruals and deferred income	**332**	380	**313**	355
Other creditors	**1,084**	1,141	**1,079**	1,112
Items in the course of collection due to other banks	**49**	30	**49**	30
Lease liabilities (refer to Note 19)	**162**	224	**162**	224
Other liabilities	**1,627**	1,775	**1,603**	1,721

22. 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 24 for more detail of legal, competition and regulatory matters.

	Redundancy and restructuring £m	Customer redress £m	Legal, competition and regulatory matters £m	Sundry provisions £m	Total £m
Barclays Bank UK Group					
As at 1 January 2023	40	141	4	107	292
Additions	108	27	2	80	217
Amounts utilised	(56)	(25)	(4)	(44)	(129)
Unused amounts reversed	(10)	(35)	(1)	(41)	(87)
Exchange and other movements[a]	—	45	—	(1)	44
As at 31 December 2023	82	153	1	101	337
Undrawn contractually committed facilities and guarantees[b]					
As at 1st January 2023					46
Net change in expected credit loss provision and other movements					(19)
As at 31 December 2023					27
Total Provisions					
As at 1st January 2023					338
As at 31 December 2023					364
Barclays Bank UK PLC					
As at 1 January 2023	40	135	4	103	282
Additions	108	27	2	74	211
Amounts utilised	(56)	(24)	(4)	(39)	(123)
Unused amounts reversed	(10)	(35)	(1)	(40)	(86)
Exchange and other movements	—	—	—	—	—
As at 31 December 2023	82	103	1	98	284
Undrawn contractually committed facilities and guarantees[a]					
As at 1st January 2023					46
Net change in expected credit loss provision and other movements					(19)
As at 31 December 2023					27
Total Provisions					
As at 1st January 2023					328
As at 31 December 2023					311

Notes
a. As part of the acquisition of Kensington Mortgages Company, the Barclays Bank UK Group assumed provisions of £45m measured under IFRS 3.
b. Undrawn contractually committed facilities and guarantees provisions are accounted for under IFRS 9. Further analysis of the movement in the expected credit loss provision is disclosed within the 'Movement in gross exposures and impairment allowance including provisions for loan commitments and financial guarantees' table on pages 88 and 91.

Provisions expected to be recovered or settled within no more than 12 months after 31 December 2023 were £279m (2022: £273m) for Barclays Bank UK Group and £226m (2022: £262m) for Barclays Bank UK PLC.

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 inappropriate judgement in the execution of the Barclays Bank UK Group's business activities.

Legal, competition and regulatory matters
The Barclays Bank UK Group is engaged in various legal proceedings. For further information in relation to legal proceedings and discussion of the associated uncertainties, please refer to Note 24.

Sundry provisions
This category includes provisions that do not fit into any of the other categories, such as fraud losses 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 the Credit risk section for loan commitments and financial guarantees on page 88 and 91.

23. Contingent liabilities and commitments

Accounting for contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow of economic resources is remote.

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

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2023	2022	2023	2022
	£m	£m	£m	£m
Guarantees and letters of credit pledged as collateral security	511	660	511	660
Performance guarantees, acceptances and endorsements	150	150	150	150
Total contingent liabilities and financial guarantees	661	810	661	810
Standby facilities, credit lines and other commitments	49,820	58,072	49,646	58,072
Total commitments	49,820	58,072	49,646	58,072

Provisions for expected credit losses held against contingent liabilities and commitments equal £27m (2022: £46m) for Barclays Bank UK Group and Barclays Bank UK PLC and are reported in Note 22.

Further details on contingent liabilities relating to legal, competition and regulatory matters can be found in Note 24.

24. Legal, competition and regulatory matters

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

The recognition of provisions in relation to such matters involves critical accounting estimates and judgments in accordance with the relevant accounting policies applicable to Note 22 Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank UK Group of contingent liabilities where it is not currently practicable to do so. Various matters detailed in this note seek damages of an unspecified amount. While certain matters specify the damages claimed, such claimed amounts do not necessarily reflect the Barclays Bank UK Group's potential financial exposure in respect of those matters.

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

In 2018, HMRC issued notices that have the effect of either removing certain Barclays overseas subsidiaries that have operations in the UK from Barclays' UK VAT group or preventing them from joining it. Supplies between members of a UK VAT group are generally free from VAT. The notices had both retrospective and prospective effect. Barclays has appealed HMRC's decisions to the First Tier Tribunal (Tax Chamber) in relation to both the retrospective VAT assessments and the on-going VAT payments made since 2018. £181m of VAT (inclusive of interest) was assessed retrospectively by HMRC covering the periods 2014 to 2018, of which approximately £128m is expected to be attributed to Barclays Bank UK PLC and £53m to Barclays Bank PLC. This retrospectively assessed VAT was paid in 2018 and an asset, adjusted to reflect expected eventual recovery, is recognised. Since 2018 Barclays has paid, and recognised as an expense, VAT on intra-group supplies from the relevant subsidiaries to the members of the VAT group.

FCA investigation into transaction monitoring

The FCA has been investigating Barclays' compliance with UK money laundering regulations and the FCA's rules and Principles for Businesses in an enforcement investigation which is focussed on aspects of Barclays' transaction monitoring in relation to certain business lines now in Barclays Bank UK PLC. The FCA has informed Barclays that it is closing the enforcement investigation into this matter.

General

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

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

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

The notes included in this section focus on the Barclays Bank UK Group'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 Barclays Bank UK Group maintains sufficient capital to meet our regulatory requirements refer to page 65.

25. Subordinated liabilities

Accounting for subordinated liabilities

Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9.

	Barclays Bank UK Group and PLC	
	2023	2022
	£m	£m
As at 1 January	**8,268**	9,516
Issuances	**4,393**	829
Redemptions	**(1,136)**	(2,017)
Other	**(26)**	(60)
As at 31 December	**11,499**	8,268

Issuances of £4,393m comprise £3,889m intra-group loans from Barclays PLC and £504m USD 7.119% Fixed-to-Floating Rate Subordinated Callable Notes issued to Barclays PLC.

Redemptions of £1,136m comprise £599m partial repurchase of USD 4.375% Fixed Rate Subordinated Notes issued to Barclays PLC and £537m intra-group loans from Barclays PLC.

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

Subordinated liabilities include accrued interest and none of the subordinated liabilities are secured.

			Barclays Bank UK Group and PLC [a]	
			2023	2022
	Initial call date	Maturity date	£m	£m
Barclays Bank UK PLC notes issued intra-group to Barclays PLC				
4.375% Fixed Rate Subordinated Notes (USD 1,250m)		2024	**380**	1,013
3.75% Fixed Rate Resetting Subordinated Callable Notes (GBP 500m)	2025	2030	**466**	444
5.20% Fixed Rate Subordinated Notes (USD 683m)		2026	**509**	524
4.836% Fixed Rate Subordinated Callable Notes (USD 800m)	2027	2028	**599**	620
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 200m)	2029	2030	**144**	148
3.564% Fixed Rate Resetting Subordinated Callable Notes (USD 1,000m)	2030	2035	**653**	662
7.119% Fixed-to-Floating Rate Subordinated Callable Notes (USD 640m)	2033	2034	**500**	—
Barclays Bank UK PLC intra-group loans from Barclays PLC				
Various Fixed,Fixed-to-Floating and Floating Rate Subordinated Loans			**8,248**	4,857
Total subordinated liabilities			**11,499**	8,268

Note

a Instrument values are disclosed to the nearest million.

Subordinated liabilities

Subordinated liabilities are issued by Barclays Bank UK PLC for the development and expansion of the business and to strengthen the capital base. The principal terms of these liabilities are described below:

Currency and Maturity

In addition to the individual subordinated liabilities listed in the table, the £8,248m (2022: £4,857m) balance of intra-group loans is made up of various fixed, fixed-to-floating and floating rate loans from Barclays PLC with notional amounts denominated in USD 8,490m, EUR 350m and GBP 1,400m, with maturities ranging from 2025 to 2041. Certain intra-group loans have a call date one year prior to their maturity.

Subordination

All subordinated liabilities are issued intra-group to Barclays PLC. Both the subordinated notes and the subordinated loans rank behind the claims of depositors and other unsecured unsubordinated creditors but before the claims of the holders of Barclays Bank UK PLC equity. However, the subordinated notes rank behind the subordinated loans.

Interest

Interest on the floating rate loans is set by reference to market rates at the time of issuance and is fixed periodically in advance, based on the related market rate.

Interest on fixed rate notes and loans is set by reference to market rates at the time of issuance and fixed until maturity.

Interest on fixed rate callable notes and loans is set by reference to market rates at the time of issuance and fixed until the call date. After the call date, in the event that the notes or loans are not redeemed, the interest rate will be re-set to either a fixed or floating rate until maturity based on market rates.

Repayment

Those notes and loans with a call date are repayable at the option of Barclays Bank UK 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 remaining instruments outstanding at 31 December 2023 are redeemable only on maturity, subject in particular cases to provisions allowing an early redemption in the event of certain changes in tax law or to certain changes in legislation or regulations.

Any repayments prior to maturity may require the prior consent of the PRA or BoE.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

26. Ordinary shares, share premium, and other equity

Called up share capital, allotted and fully paid

	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	**505**	**5**	**—**	**5**	**2,560**
AT1 securities issuance	**—**	**—**	**—**	**—**	**619**
AT1 securities redemption	**—**	**—**	**—**	**—**	**(750)**
As at 31 December 2023	**505**	**5**	**—**	**5**	**2,429**
As at 1 January 2022	505	5	—	5	2,560
AT1 securities issuance	—	—	—	—	—
AT1 securities redemption	—	—	—	—	—
As at 31 December 2022	**505**	**5**	**—**	**5**	**2,560**

Ordinary shares

The issued ordinary share capital of Barclays Bank UK PLC, as at 31 December 2023, comprised 505m (2022: 505m) ordinary shares of £0.01 each.

Other equity instruments

Other equity instruments of £2,429m (2022: £2,560m) include AT1 securities issued to Barclays PLC. Barclays PLC uses funds from its own market issuance of AT1 securities to purchase AT1 securities from Barclays Bank UK Group. The AT1 securities are perpetual securities with no fixed maturity and are structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

In 2023, there was one issuance of AT1 instruments in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities for £619m which includes issuance costs of £6m (2022: no issuances) and one redemption for £750m (2022: no redemptions).

AT1 equity instruments

	Initial call date	2023 £m	2022 £m
AT1 equity instruments - Barclays Bank UK Group			
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	**—**	750
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	**622**	622
7.125% Perpetual Subordinated Contingent Convertible Securities	2025	**693**	693
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	**495**	495
9.25% Perpetual Subordinated Contingent Convertible Securities	2028	**619**	—
Total AT1 equity instruments		**2,429**	2,560

27. Reserves

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

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.

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

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2023	2022	2023	2022
	£m	£m	£m	£m
Fair value through other comprehensive income reserve	(159)	(222)	(159)	(222)
Cash flow hedging reserve	(1,081)	(2,146)	(1,081)	(2,146)
Other reserves and other shareholders' equity	89	89	191	191
Total	(1,151)	(2,279)	(1,049)	(2,177)

The notes included in this section focus on the costs and commitments associated with employing our staff.

28. 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.

The accounting policy for share-based payments is included in Note 29.

	2023 £m	2022 £m
Performance costs	**91**	88
Salaries	**714**	688
Social security costs	**86**	90
Post-retirement benefits[a]	**56**	134
Other compensation costs	**33**	34
Total compensation costs	**980**	1,034
Other resourcing costs		
Outsourcing	**82**	102
Redundancy and restructuring	**98**	(27)
Temporary staff costs	**31**	43
Other	**18**	18
Total other resourcing costs	**229**	136
Total staff costs	**1,209**	1,170

Note
a Post-retirement benefits charge relates to £56m (2022: £134m) in respect of defined contribution schemes.

Participation in the UK Retirement Fund

As permitted under the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015, from 1 September 2017, until late 2025, Barclays Bank UK PLC will participate as an employer in the UK Retirement Fund (UKRF). Barclays Bank UK PLC will make contributions for the future service of its employees who are currently Afterwork members and, in the event of Barclays Bank PLC's insolvency during this period, Barclays Bank UK PLC would step in as principal employer of the UKRF. Barclays Bank PLC remains the sponsoring employer of the UKRF.

Under IAS 19, the UKRF is a defined benefit plan that share risks between entities under common control. Barclays Bank PLC accounts for the defined benefit obligation and Barclays Bank UK PLC recognises a cost equal to its contributions to the scheme. In accordance with accounting standards, Barclays Bank UK PLC does not account for any potential additional liability to the scheme at the end of the transitional phase.

29. 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.

The charge for the year arising from share based payment schemes was as follows:

	Charge for the year	
	2023	2022
	£m	£m
Deferred Share Value Plan / Share Value Plan	5	5
Others	16	18
Total equity settled	21	23
Cash settled	—	—
Total share based payments	21	23

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 an 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.

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 (000s)	Weighted average fair value per award granted in year £	Weighted average share price at exercise/ release during year £	Weighted average remaining contractual life in years	Number of options/ awards outstanding (000s)
DSVP / SVP[a,b]	**1.44**	**1.68**	**2**	**12,265**	1.38	1.61	2	12,379
Others[a]	**0.31-1.69**	**1.43-1.69**	**0-2**	**93,867**	0.38-1.64	1.61-1.65	0-2	114,368

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 / SVP[a,b]		Others[a,c]			
	Number (000s)		Number (000s)		Weighted average ex. price (£)	
	2023	2022	2023	2022	2023	2022
Outstanding at beginning of year/ acquisition date	**12,379**	11,780	**114,368**	132,204	**0.96**	0.95
Transfers in the year[d]	**427**	367	**(6,175)**	(3,645)	**—**	—
Granted in the year	**4,493**	5,294	**34,509**	16,660	**1.17**	1.33
Exercised/released in the year	**(3,768)**	(3,499)	**(40,231)**	(17,370)	**0.87**	1.12
Less: forfeited in the year	**(1,266)**	(1,563)	**(7,393)**	(11,912)	**1.20**	1.00
Less: expired in the year	**—**	—	**(1,211)**	(1,569)	**1.40**	1.14
Outstanding at end of year	**12,265**	12,379	**93,867**	114,368	**1.05**	0.96
Of which exercisable:	**—**	—	**26,359**	12,854	**0.88**	1.18

Notes
a Options/award granted over Barclays PLC shares.
b Weighted average exercise price is not applicable for SVP and DSVP awards as these are not share option schemes.
c The number of awards within Others at the end of the year principally relates to Sharesave (number of awards exercisable at end of year was 18,040,568). The weighted average exercise price relates to Sharesave.
d Awards of employees transferred between Barclays Bank UK Group and the rest of the Barclays PLC Group.

Awards and options granted to employees and former employees of Barclays Bank UK Group under the Barclays PLC Group share plans may be satisfied using new issue shares, treasury shares and market purchase shares of Barclays PLC. Awards granted to employees and former employees of Barclays Bank UK Group under DSVP may only be satisfied using market purchase shares of Barclays PLC.

There were no significant modifications to the share based payments arrangements in 2023 and 2022.

As at 31 December 2023, the total liability arising from cash-settled share based payments transactions was £nil (2022: £nil).

The section presents information on the Barclays Bank UK Group's interests in structured entities. Detail is also given on securitisation transactions the Barclays Bank UK Group has entered into and arrangements that are held off-balance sheet.

30. 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. Voting rights may relate to administrative tasks only, with the relevant activities of the entity being directed by means of contractual arrangements. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Depending on the Barclays Bank UK Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

The Barclays Bank UK Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

Securitisation vehicles

The Barclays Bank UK Group uses securitisation as a source of financing and a means of risk transfer. Refer to Note 31 for further detail.

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to structured entities not controlled by the Barclays Bank UK Group, and are established by the Barclays Bank UK Group or a third party. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Barclays Bank UK Group. Such interests include holding of debt or equity securities, lending, loan commitments and financial guarantees.

The Barclays Bank UK Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions, to provide risk management services and for specific investment opportunities. Structured entities may take the form of funds, trusts, securitisation vehicles, and private investment companies. The largest transactions for Barclays Bank UK Group include holding notes issued by securitisation vehicles, loans to trusts, and facilitating customer requirements through funds. As at 31 December 2023, Barclays entered into transactions with approximately 145 (2022: 170) structured entities.

The Barclays Bank UK Group's interests in structured entities are set out below, summarised by the nature of the interest and limited to significant categories, based on maximum exposure to loss.

Summary of interests in unconsolidated structured entities

	Lending	Other	Total [a]
As at 31 December 2023	£m	£m	£m
Financial assets at fair value through the income statement	**35**	**—**	**35**
Loans and advances at amortised cost	**154**	**—**	**154**
Debt securities at amortised cost	**—**	**9,270**	**9,270**
Other assets	**—**	**—**	**—**
Total on-balance sheet exposures	**189**	**9,270**	**9,459**
Total off-balance sheet notional amounts	**19**	**—**	**19**
Maximum exposure to loss	**208**	**9,270**	**9,478**
Total assets of the entity	**4,882**	**24,008**	**28,890**
As at 31 December 2022			
Financial assets at fair value through the income statement	50	—	50
Loans and advances at amortised cost	222	—	222
Debt securities at amortised cost	—	7,228	7,228
Other assets	—	4	4
Total on-balance sheet exposures	272	7,232	7,504
Total off-balance sheet notional amounts	24	—	24
Maximum exposure to loss	296	7,232	7,528
Total assets of the entity	5,500	24,921	30,421

Note
a None of the structured entities are Barclays Bank UK Group owned and not consolidated per IFRS 10 Consolidated Financial Statements.

Maximum exposure to loss

Unless specified otherwise below, the Barclays Bank UK Group's maximum exposure to loss is the total of its on-balance sheet positions and its off-balance sheet arrangements, being loan commitments and financial guarantees. Exposure to loss is mitigated through collateral, financial guarantees, the availability of netting and credit protection held.

Lending
The portfolio includes lending provided by the Barclays Bank UK Group to unconsolidated structured entities in the normal course of its lending business to earn income in the form of interest and lending fees and includes loans to structured entities that are generally collateralised by property, equipment or other assets. All loans are subject to the Barclays Bank UK Group's credit sanctioning process. Collateral arrangements are specific to the circumstances of each loan with additional guarantees and collateral sought from the sponsor of the structured entity for certain arrangements. During the period the Barclays Bank UK Group incurred immaterial impairment against such facilities.

Other
This includes interests in debt securities issued by securitisation vehicles and investment funds with interests restricted to management fees based on performance of the fund and trusts held on behalf of beneficiaries with interests restricted to unpaid fees.

Assets transferred to sponsored unconsolidated structured entities
The Barclays Bank UK Group is considered to sponsor another entity if, it had a key role in establishing that entity, it transferred assets to the entity, the Barclays name appears in the name of the entity or it provides guarantees on the entity's performance. As at 31 December 2023, no assets were transferred to sponsored unconsolidated structured entities.

31. Securitisations

Accounting for securitisations
The Barclays Bank UK Group uses securitisations as a source of finance and a means of risk transfer. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction; lead to partial continued recognition of the assets to the extent of the Barclays Bank UK Group's continuing involvement in those assets or lead to derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer. Full derecognition only occurs when the Barclays Bank UK group transfers both its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

In the course of its normal banking activities, the Barclays Bank UK Group makes transfers of financial assets, either where legal rights to the cash flows from the asset are passed to the counterparty or beneficially, where the Barclays Bank UK Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty. Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer.

A summary of the main transactions, and the assets and liabilities and the financial risks arising from these transactions, is set out below:

Transfers of financial assets that do not result in derecognition

The Barclays Bank UK Group was party to securitisation transactions involving its mortgage loan balances. In these transactions, the assets, interests in the assets, or beneficial interests in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues interest bearing debt securities to third party investors.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction. Partial continued recognition of the assets to the extent of the Barclays Bank UK Group's continuing involvement in those assets can also occur or derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer.

The following table shows the carrying amount of securitised assets that have not resulted in full derecognition, together with the associated liabilities, for each category of asset on the balance sheet:

	2023				2022			
	Assets		Liabilities		Assets		Liabilities	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Barclays Bank UK Group	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances at amortised cost								
Mortgage Loans	478	499	(45)	(51)	496	439	(45)	(45)

Balances included within loans and advances at amortised cost represent securitisations where substantially all the risks and rewards of the asset have been retained by the Group.

The relationship between the transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes, although the contractual terms of their notes may be different to the maturity and interest of the transferred assets.

Barclays Bank UK PLC	2023				2022			
	Assets		Liabilities		Assets		Liabilities	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances at amortised cost								
Mortgage Loans	**435**	**454**	**—**	**—**	451	399	—	—

Balances included within loans and advances at amortised cost represent securitisations where the risks and rewards are neither substantially transferred nor retained. Total Financial assets of £496m were transferred in this manner and the carrying value of the asset representing continued involvement is included in the table above.

Continuing involvement in financial assets that have been derecognised

In some cases, the Barclays Bank UK Group may have transferred a financial asset in its entirety but may have continuing involvement in it. This arises in asset securitisations where loans and asset backed securities were derecognised as a result of the Barclays Bank UK Group's involvement with residential mortgage backed securities. Continuing involvement largely arises from providing financing into these structures in the form of retained notes, which do not bear first losses.

The table below shows the potential financial implications of such continuing involvement:

Type of transfer	Continuing involvement [a]			Gain/(loss) from continuing involvement	
	Carrying amount	Fair value	Maximum exposure to loss	For the year ended	Cumulative to 31 December
	£m	£m	£m	£m	£m
2023					
Residential mortgage backed securities	**600**	**600**	**600**	**(10)**	**(10)**
Total	**600**	**600**	**600**	**(10)**	**(10)**
2022					
Residential mortgage backed securities	481	481	481	—	—
Total	481	481	481	—	—

Note
a Assets which represent the Barclays Bank UK Group's continuing involvement in derecognised assets are recorded in Loans and advances at amortised cost.

32. Assets pledged, collateral received and assets transferred

Assets are pledged or transferred as collateral to secure liabilities under repurchase agreements, securitisations and stock lending agreements or as security deposits relating to derivatives. Assets transferred are non-cash assets transferred to a third party that do not qualify for derecognition from the Barclays Bank UK Group balance sheet, for example because Barclays Bank UK Group retains substantially all the exposure to those assets under an agreement to repurchase them in the future for a fixed price.

Where non-cash assets are pledged or transferred as collateral for cash received, the asset continues to be recognised in full, and a related liability is also recognised on the balance sheet. Where non-cash assets are pledged or transferred as collateral in an exchange for non-cash assets, the transferred asset continues to be recognised in full, and there is no associated liability as the non-cash collateral received is not recognised on the balance sheet. The Barclays Bank UK Group is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these pledged assets. Unless stated, the counterparty's recourse is not limited to the transferred assets.

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 :

	Barclays Bank UK Group and PLC	
	2023	2022
	£m	£m
Loans and advances at amortised cost	**25,704**	27,987
Cash collateral and settlement balances	**3,650**	3,390
Financial assets at fair value through other comprehensive income	**1,264**	3,317
Trading portfolio assets	**—**	11
Assets pledged	**30,618**	34,705

The following table summarises the transferred financial assets and the associated liabilities. The transferred assets represents the gross carrying value of the assets pledged and the associated liabilities represents the IFRS balance sheet value of the related liability recorded on the balance sheet.

	Barclays Bank UK Group and PLC	
	Transferred assets	Associated liabilities
	£m	£m
As at 31 December 2023		
Repurchase agreements	**22,590**	**(15,264)**
Debt securities in issue	**2,170**	**(1,525)**
Derivatives	**1,247**	**(1,247)**
Other	**4,611**	**(3,495)**
	30,618	**(21,531)**
As at 31 December 2022		
Repurchase agreements	24,762	(17,681)
Debt securities in issue	4,703	(3,297)
Derivatives	1,552	(1,552)
Other	3,688	(2,894)
	34,705	(25,424)

For repurchase agreements, the difference between transferred assets and associated liabilities is predominantly due to IFRS netting.

Barclays Bank UK Group has an additional £3.7bn (2022: £2.6bn) of loans and advances within its asset backed funding programmes that can readily be used to raise additional secured funding and are available to support future issuances.

Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, Barclays Bank UK Group is allowed to resell or re-pledge the collateral held. 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 fair value at the balance sheet date of collateral accepted and re-pledged to others was as follows:

	Barclays Bank UK Group and PLC	
	2023	2022
	£m	£m
Fair value of securities accepted as collateral	**6,285**	2,893
Of which fair value of securities re-pledged/transferred to others	**1,296**	1,250

The notes included in this section focus on related party transactions, Auditors' remuneration and Directors' remuneration. Related parties include any subsidiaries, associates, joint ventures and key management personnel.

33. Related party transactions and Directors' remuneration

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both.

Parent company

The parent company, which is also the ultimate parent company, is Barclays PLC, which holds 100% of the issued ordinary shares of Barclays Bank UK PLC. The largest group in which the results of the Company are consolidated is headed by Barclays PLC, 1 Churchill Place London E14 5HP. The consolidated financial statements of the group are available to the public and may be obtained from Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

Subsidiaries

Transactions between Barclays Bank UK PLC and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Barclays Bank UK Group's financial statements.

Fellow subsidiaries

Transactions between the Barclays Bank UK Group and other subsidiaries of the parent company also meet the definition of related party transactions.

Associates, joint ventures and other entities

There were no material related party transactions with associates, joint ventures or pension funds during the year.

Amounts included in the Barclays Bank UK Group's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Fellow subsidiaries £m
For the year ended and as at 31 December 2023		
Total income	**(484)**	**185**
Credit impairment charges	**—**	**—**
Operating expenses	**(52)**	**(2,453)**
Total assets	**—**	**2,846**
Total liabilities	**12,027**	**535**
For the year ended and as at 31 December 2022		
Total income	(286)	140
Credit impairment charges	—	—
Operating expenses	(38)	(2,442)
Total assets	—	1,709
Total liabilities	9,155	860

Amounts included in Barclays Bank UK PLC's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Subsidiaries £m	Fellow subsidiaries £m
As at 31 December 2023			
Total assets	**—**	**1,136**	**2,817**
Total liabilities	**12,027**	**735**	**535**
As at 31 December 2022			
Total assets	—	1,346	1,692
Total liabilities	9,155	1,046	857

It is the normal practice of Barclays Bank UK PLC to provide its subsidiaries with support and assistance by way of guarantees, indemnities, letters of comfort and commitments, as may be appropriate, with a view to enabling them to meet their obligations and to maintain their good standing, including commitment of capital and facilities. For dividends paid to Barclays PLC see Note 10.

Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Barclays Bank UK PLC (directly or indirectly) and comprise the Directors and Officers of Barclays Bank UK PLC, certain direct reports of the Chief Executive Officer and the heads of major business units and functions.

The Barclays Bank UK Group provides banking services to Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding were as follows:

Loans outstanding

	2023 £m	2022 £m
As at 1 January	**10.6**	11.8
Loans issued during the year[a]	**2.1**	1.1
Loan repayments during the year[b]	**(8.5)**	(2.3)
As at 31 December	**4.2**	10.6

Notes
a Includes loans issued to existing Key Management Personnel and new or existing loans issued to newly appointed Key Management Personnel.
b Includes loan repayments by existing Key Management Personnel and loans to former Key Management Personnel.

No allowances for impairment were recognised in respect of loans to Key Management Personnel (or any connected person).

Deposits outstanding

	2023 £m	2022 £m
As at 1 January	**5.4**	3.6
Deposits received during the year[a]	**28.2**	21.5
Deposits repaid during the year[b]	**(28.5)**	(19.7)
As at 31 December	**5.1**	5.4

Notes
a Includes deposits received from existing Key Management Personnel and new or existing deposits received from newly appointed Key Management Personnel.
b Includes deposits repaid by existing Key Management Personnel and deposits of former Key Management Personnel.

Total commitments outstanding

Total commitments outstanding refer to the total of any undrawn amounts on credit card and/or overdraft facilities provided to Key Management Personnel. Total commitments outstanding as at 31 December 2023 were £0.5m (2022: £0.6m).

All loans to Key Management Personnel (and persons connected to them) were made in the ordinary course of business; were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons; and did not involve more than a normal risk of collectability or present other unfavourable features.

Remuneration of Key Management Personnel

Total remuneration awarded to Key Management Personnel below represents salaries, short term benefits and pensions contributions received during the year and awards made as part of the latest remuneration decisions in relation to the year. Costs recognised in the income statement reflect the accounting charge for the year included within operating expenses. The difference between the values awarded and the recognised income statement charge principally relates to the recognition of costs for deferred awards. Figures are provided for the period that individuals met the definition of Key Management Personnel.

	2023 £m	2022 £m
Salaries and other short-term benefits	15.5	13.7
Pension costs	0.1	0.1
Other long-term benefits	1.2	1.3
Share-based payments	1.9	1.7
Employer social security charges on emoluments	2.6	2.5
Costs recognised for accounting purposes	21.3	19.3
Employer social security charges on emoluments	(2.6)	(2.5)
Other long-term benefits – difference between awards granted and costs recognised	1.4	0.3
Share-based payments – difference between awards granted and costs recognised	0.7	(0.1)
Total remuneration awarded	20.8	17.0

Disclosure required by the Companies Act 2006

The following information regarding the Barclays Bank UK PLC Board of Directors is presented in accordance with the Companies Act 2006:

	2023 £m	2022 £m
Aggregate emoluments[a]	4.8	4.5

Note

a The aggregate emoluments include amounts paid for the 2023 year. In addition, deferred cash and share awards for 2023 with a total value at grant of £1.8m (2022: £1.2m) will be made to Directors which will only vest subject to meeting certain conditions.

Pension contributions totalling £7,500 were paid to defined contribution schemes on behalf of Directors (2022: £nil). There were no notional pension contributions to defined contribution schemes.

As at 31 December 2023, there were no Directors accruing benefits under a defined benefit scheme (2022: nil).

The aggregate amount of compensation payable to departing officers in respect of loss of office was £524,895 (2022: £nil).

Of the figures in the table above, the amounts attributable to the highest paid Director in respect of qualifying services are as follows:

	2023 £m	2022 £m
Aggregate emoluments[a]	1.8	1.8

Note

a The aggregate emoluments include amounts paid for the 2023 year. In addition, deferred cash and share awards for 2023 with a total value at grant of £1.1m (2022: £0.9m) will be made to highest paid Director which will only vest subject to meeting certain conditions.

There were no actual pension contributions paid to defined contribution schemes on behalf of the highest paid Director (2022: £nil). There were no notional pension contributions to defined contribution schemes.

Advances and credit to Directors and guarantees on behalf of Directors

In accordance with Section 413 of the Companies Act 2006, the total amount of advances and credits made available in 2023 to persons who served as Directors during the year was £0.4m (2022: £0.3m). The total value of guarantees entered into on behalf of Directors during 2023 was £nil (2022: £nil).

34. Auditor's remuneration

Auditor's remuneration is included within consultancy, legal and professional fees in administration and general expenses and comprises:

	2023 £m	2022 £m
Audit of the Barclays Bank UK Group's annual accounts	12	9
Other services:		
Audit of the Company's subsidiaries[a]	1	1
Other audit related fees[b]	2	2
Total Auditor's remuneration	15	12

Notes
a Comprises the fees for the statutory audit of the subsidiaries and fees for the work performed by associates of KPMG in respect of the consolidated financial statements of the Company.
b Comprises services in relation to statutory and regulatory filings. These include audit services for the review of the interim financial information under the Listing Rules of the UK listing authority.

35. Business acquisitions

Accounting for business acquisitions
IFRS 3 establishes principles and requirements for how an acquirer in a business combination:

- recognises and measures in its financial statements the assets and liabilities acquired, and any interest in the acquiree held by other parties;
- recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and
- determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

The core principles in IFRS 3 are that an acquirer measures the cost of the acquisition at the fair value of the consideration paid; allocates that cost to the acquired identifiable assets and liabilities on the basis of their fair values; allocates the rest of the cost to goodwill; and recognises any excess of acquired assets and liabilities over the consideration paid (a 'bargain purchase') in profit or loss immediately. The acquirer discloses information that enables users to evaluate the nature and financial effects of the acquisition.

On 1 March 2023, Barclays Bank UK PLC acquired Kensington Mortgage Company Limited (KMC) and a portfolio of UK mortgages consisting primarily of mortgages originated by KMC from October 2021 (Mortgage Assets). KMC is a leading UK specialist residential mortgage lender. The acquisition presents an opportunity to broaden Barclays Bank UK PLC's existing mortgage product range by adding a specialist mortgage lender with an established track record in the UK market, further enhancing its product capabilities consistent with Barclays' strategic priority to deliver next-generation, digitised consumer financial services. The acquisition consisted of 100% of the shares of KMC and £2,091m of Mortgage Assets for total consideration of £2,414m in cash. Consequently, Barclays Bank UK PLC recognised Investment in subsidiaries of £323m.

As part of the acquisition, Barclays Bank UK PLC also acquired 100% of the shares of Kensington Mortgage Services Limited (KMS), which provides mortgage related management services, and is an immaterial part of the acquisition.

Barclays Bank UK PLC will, in the 12 months following the acquisition, continually assess the fair values of the acquired balances for any impact of new information regarding conditions that existed as at the acquisition date that would result in a measurement period adjustment.

	Acquisition of KMC, KMS and Mortgage Assets [a]	
	Barclays Bank UK Group	Barclays Bank UK PLC
As at acquisition date	£m	£m
Assets		
Loans and advances at amortised cost [b]	2,127	2,091
Investment in subsidiaries	—	323
Goodwill and intangible assets [c]	346	—
Property, plant and equipment	4	—
Current tax assets	1	—
Deferred tax assets [d]	8	—
Other assets	9	—
Total Assets	2,495	2,414
Liabilities		
Other liabilities [e]	34	—
Provisions [f]	47	—
Total liabilities	81	—

a This financial information represents the acquisition of KMC, KMS and Mortgage Assets by the Barclays Bank UK Group and Barclays Bank UK PLC as at the acquisition date 1 March 2023.
b Loans and advances at amortised cost acquired include total Mortgage Assets of £2,091m, recognised initially at fair value at the point of acquisition and subsequently measured at amortised cost. This represents a gross contractual amount receivable of £2,166m. As at the acquisition date, there was no impairment recognised. The amount in the Barclays Bank UK Group includes £36m cash balances KMC held with Barclays Bank PLC.
c Goodwill represents the replacement cost of recreating the acquired KMC capabilities and cashflows and has a net book value of £312m. As goodwill arises on consolidation, none of the goodwill recognised is expected to be deductible for tax purposes. Refer to note 20 Goodwill and intangible assets for more information. Intangible assets include technology and software and brands value with a net book value of £34m.
d Deferred tax assets of £8m include the result of the temporary difference arising from the fair value remeasurement of the assets and liabilities at acquisition.
e Other liabilities of £34m comprise mainly of staff and other expense accruals.
f Provisions of £47m represent possible outflows of economic benefits related to probable obligations for possible customer redress outflows estimated by Barclays Bank UK PLC at acquisition. Refer to note 22 Provisions.

The Barclays Bank UK Group has accounted for the acquisition of KMC and KMS as a business combination using the acquisition method. Consequently, the Barclays Bank UK Group recognised at fair value all identifiable assets, including those not currently on the KMC and KMS balance sheets (such as brand value), and assumed liabilities of KMC and KMS, and the Mortgage Assets on its consolidated balance sheet. There were no contingent considerations or indemnification arrangements connected to the acquisition. The Barclays Bank UK Group recognised the Mortgage Assets as financial assets initially at fair value at the point of acquisition and subsequently at amortised cost. Fair valuation was performed based on the discounting of expected cash flows.

Since the acquisition date, total income of £152.4m and profit before tax of £70.8m from KMC, KMS and the Mortgage Assets have been recognised within the Consolidated income statement and the Consolidated statement of comprehensive income for the year ended 31 December 2023. Had KMC, KMS and the Mortgage Assets been acquired from 1 January 2023, an additional income of £11.7m and loss before tax of £6.6m would have been recognised. Acquisition-related costs of £15.1m, mainly attributable to professional and legal fees, have been recognised as an expense in the Consolidated income statement mainly within Administrative and general expenses, £6.6m in the year ended 31 December 2022 and £8.5m in the year ended 31 December 2023.

36. Barclays Bank UK PLC (the Parent company)

The investment in subsidiaries of £495m (December 2022: £432m) predominantly relates to investments in Barclays Insurance Services Company Limited and KMC. During the year, Barclays Bank UK PLC sold the entire issued share capital of Barclays Asset Management Limited and Barclays Investment Solutions Limited along with certain other assets and liabilities, business guarantees and business contracts (together with the transfer of associated employees of Barclays Bank UK PLC) to Barclays Bank PLC. The purchase price for the business transfer was a nominal consideration of £3 representing the fair value of the transferring business. The transfer resulted in a reduction in the Investment in subsidiaries and loss on disposal of £296m in Barclays Bank UK PLC. The loss on disposal for the Barclays Bank UK Group was £124m.

In March 2023, Barclays Bank UK PLC acquired KMC as a subsidiary increasing the Investment in subsidiaries by £373m which includes a £50m capital contribution post acquisition. Solution Personal Finance Limited was liquidated and Firstplus Financial Group PLC was impaired during the year resulting in a reduction of Investment in subsidiaries of £14m.

At the end of each reporting period an impairment review is undertaken in respect of investment in subsidiaries. Impairment is indicated where the investment exceeds the recoverable amount. The recoverable amount is calculated as a value in use (VIU) which is derived from the present value of future cash flows expected to be received from the investment. The VIU calculation uses future years forecast profits from financial budgets approved by management as an approximation of future cash flows. In 2022 and 2023, the recoverable amount was higher than the carrying value of all investments in ordinary shares held by Barclays Bank UK PLC.

37. Subsequent events

Acquisition of Tesco Personal Finance plc retail banking business

Barclays Bank UK PLC announced on 9 February 2024 that it has entered into an agreement with Tesco Personal Finance plc (operating using the trading name "Tesco Bank") to acquire its retail banking business, which includes credit cards, unsecured personal loans, deposits and the operating infrastructure. Additionally upon completion, Barclays Bank UK PLC will enter into a long-term, exclusive strategic partnership with Tesco Stores Limited for an initial period of 10 years to market and distribute credit cards, unsecured personal loans and deposits using the Tesco brand, as well as explore other opportunities to offer financial services to Tesco customers. The transaction involves the acquisition of approximately £8.3bn of unsecured lending balances, including approximately £4.2bn of gross credit card receivables and £4.1bn of gross unsecured personal loans, together with approximately £6.7bn in customer deposits. Completion of the transaction is expected to occur in H2 2024, subject to court sanction and regulatory approvals.

38. Related undertakings

The Barclays Bank UK Group's corporate structure consists of a number of related undertakings, comprising subsidiary undertakings, joint ventures, associated undertakings and significant holdings. A full list of these related undertakings is set out below, together with the country of incorporation, registered office (or principal place of business) and the identity and percentage of each share class held by the Barclays Bank UK Group. The information is provided as at 31 December 2023.

The entities are grouped by the countries in which they are incorporated. The profits earned by the activities of these entities are in some cases taxed in countries other than the country of incorporation, for example where the entity carries on business through a branch in a territory outside of its country of incorporation. The Barclays PLC 2023 Country Snapshot provides details of where the Barclays Group carries on its business, where its profits are subject to tax and the taxes it pays in each country it operates in.

Wholly owned subsidiaries

Unless otherwise stated, the undertakings below are wholly owned and included in the consolidation, and the share capital held by the Barclays Bank UK Group comprises ordinary and/or common shares, which are held by subsidiaries within the Barclays Bank UK Group. Unless otherwise stated, Barclays Bank UK PLC holds 100% of the nominal value of each share class.

Notes

A. Directly held by Barclays Bank UK PLC

B. Partnership Interest

C. A Ordinary Shares

Wholly owned subsidiaries	Note
United Kingdom	
1 Churchill Place, London, E14 5HP	
Barclays Insurance Services Company Limited	A
Barclays SAMS Limited	A
FIRSTPLUS Financial Group Limited	A
Woolwich Homes Limited	A
Ascot House, Maidenhead Office Park, Maidenhead, SL6 3QQ	
Kensington Mortgage Company Limited	A
Kensington Mortgage Services Limited	A
C/O Teneo Financial Advisory Limited 3rd Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, West Midlands, B4 6AT	
Solution Personal Finance Limited (In Liquidation)	A

Other Related Undertakings

Unless otherwise stated, the undertakings below are included in the consolidation, and the share capital held by the Barclays Bank UK Group comprises ordinary and/or common shares, which are directly held by Barclays Bank UK PLC. The percentage of the nominal value of each share class held by Barclays Bank UK PLC is provided below.

Other Related Undertakings	%	Note
United Kingdom		
1 Churchill Place, London, E14 5HP		
Barclaycard Funding PLC	100.00	A, C
Barclays Covered Bonds Limited Liability Partnership	50.00	A, B

Joint Ventures

The related undertaking below is dealt with as a Joint Venture in accordance with s.18, Schedule 4, The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and is proportionally consolidated. The proportion of the capital of the related undertaking held by Barclays Bank UK PLC is stated below.

Joint Venture	%	Note
United Kingdom		
All Saints Triangle, Caledonian Road, London, N1 9UT		
Vaultex UK Limited	50.00	A

Joint management factors

The Joint Venture board comprises two Barclays representative directors, two Joint Venture partner directors and three non Joint Venture partner directors. The Board of Directors are responsible for setting the company strategy and budgets. For IFRS purposes, Vaultex is accounted for as a Joint Operation in the Barclays Bank UK Group financial statements.

The last financial year of the above Joint Venture ended on 6 October 2023 and the average number of monthly employees reported in the accounts was 1,216.

The term Barclays Bank UK Group refers to Barclays Bank UK PLC together with its subsidiaries. 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 Pounds Sterling respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

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

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

Forward-looking statements

This document contains certain forward-looking statements with respect to the Barclays Bank UK Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Barclays Bank UK Group (including during management presentations) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank UK Group'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 and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; the Barclays Bank UK Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents, pandemics and similar events beyond the Barclays Bank UK Group'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; macroeconomic and business conditions, including inflation, in the UK and in any systemically important economy which impacts the UK; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; reforms to benchmark interest rates and indices; higher or lower asset valuations; changes in credit ratings of any entity within the Barclays Bank UK Group 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 Barclays Bank UK Group's reputation, business or operations; the Barclays Bank UK Group's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the Barclays Bank UK Group's control. As a result, the Barclays Bank UK Group's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Barclays Bank UK Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank UK Group's future financial condition and performance are identified in the description of material existing and emerging risks beginning on page 46 of this Annual Report, which is available on barclays.com.

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