Barclays Bank PLC
Annual Report

31 December 2019

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Strategic report
Performance review

The Strategic Report was approved by the Board of Directors on 12 February 2020 and signed on their behalf by the Chairman.

Overview

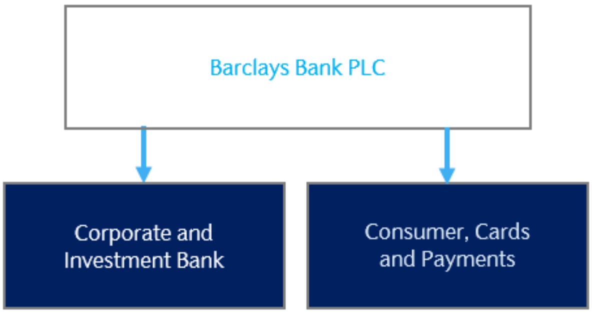
Barclays Bank PLC is a wholly-owned subsidiary of Barclays PLC and consists of the Corporate and Investment Bank (CIB), Consumer, Cards and Payments (CC&P) and the Head Office.

The consolidation of Barclays Bank PLC and its subsidiaries, is referred to as the Barclays Bank Group. The consolidation of Barclays Bank PLC's parent entity, Barclays PLC and its subsidiaries, is referred to as the Barclays Group.

With relentless focus on delivering for customers and clients around the world, Barclays Bank PLC's diversified business portfolio provides balance, resilience and exciting growth opportunities. Barclays Bank PLC has strong global market positions and continues to invest in people and technology in order to deliver sustainable improved returns.

Barclays Bank PLC offers customers and clients a range of products and services spanning consumer and wholesale banking.

Our structure



CIB

Our CIB is one of the world's leading providers of funding, financing, cash management, advisory and risk management products and services. We work with money managers, financial institutions, governments and corporate clients globally to help them innovate and grow.

CC&P

CC&P includes the following key businesses:

In the UK, our payments business enables clients ranging from small businesses to large corporates to make and receive payments. We are a leading corporate card issuer for large and small businesses, and have expanded into providing business-to-business supplier payment solutions. We also help businesses accept payments from their customers in-store, in-app and online. We are also one of the UK's largest finance partners for retailers, providing point of sale finance solutions to consumers.

In the US, our co-branded cards business provides credit cards to consumers. Our partners include American Airlines, JetBlue and Wyndham Hotels & Resorts.

In Germany, we offer market leading consumer credit cards[a], while continuing to develop our lending offering.

Globally, our Private Bank provides a diverse range of personal and institutional wealth management products and services, including investments, credit and cash management solutions.

Barclays Bank PLC is supported by the Barclay PLC Group-wide service company, Barclays Execution Services (BX) providing technology, operations and functional services to businesses across the Barclays Group.

Strategic priorities

Barclays Bank Group's business model provides a diversified earnings portfolio to its shareholder, Barclays PLC.

Our diversification is a real strength, and we will maintain and increase our diversity as we evolve. Our revenue today comes from different businesses, different types of customer and client, different types of income, and different geographies. We believe this diversification creates the balance and resilience required to deliver through the economic cycle.

Notes
a Basis: Ranking by revolving balances. Sources: Bankenfachverband, Statistisches Bundesamt, own calculations

CIB
Over the last few years, our US competitors have consolidated their strong position, and our European peers have focused efforts on a narrower product set.

Barclays Bank PLC is therefore able to differentiate itself as a European headquartered provider of universal banking services. As our clients look to diversify their service providers, and decrease their exposure to the US credit cycle, we believe our ability to provide this diversification is a real strength.

Our strategy is also shaped by the increasingly sophisticated needs of our clients, and technological evolution across our industry.

We are focused on three areas:

Adapting to the evolving needs of our clients
We are investing in technology that makes it easier for our clients to do business with us. That includes the development of our electronic offering in Markets and the digitalisation of our Corporate Banking client service platform.

Running an efficient and effective business
Achieving better operational performance and driving improvements in market share, while maintaining cost discipline and driving more productive use of capital by recycling risk-weighted assets to the highest returning opportunities.

Improving returns by growing high returning and capital efficient businesses
Focused growth in areas such as transaction banking in Corporate Banking and fee-led, advisory and equity origination work in Banking. We are also developing other higher-returning businesses where we see opportunities, such as securitised products.

CC&P
We plan to grow our payments business by deepening our relationships where we have through tighter integration across Barclays and through significant investment in our digital and reporting capabilities, historically had gaps.

We will also build upon our deep payments experience by integrating with the software providers our clients use in order to scale our payments solutions more quickly across the UK and into Europe. Further investment in our digital infrastructure and innovative solutions will be key to continuing to simplify processes and make it easy for our clients to access an end-to-end payment service from Barclays Bank PLC in the UK and across Europe.

In the US, we are strengthening our foundations through platform upgrades, infrastructure improvements and process automation to meet evolving customer needs. Our co-branded business model is well proven and is creating opportunities for growth. We continue to target strong renewal activity and deeper engagement with current partners, whilst expanding our reach with new strategic opportunities.

Our Private Bank remains focused on delivering bespoke solutions for global high-net-worth, ultra-high-net-worth and family office clients. We have made a number of digital enhancements to streamline onboarding for our Private Bank clients and this will remain an area of focus.

Operating environment

CIB
The economic conditions of 2019 continued to provide a challenging context for corporate and institutional banking and financing activity. Features such as the low interest rate environment, the UK's withdrawal from the EU and global trade tensions combined to dampen and delay deal activity, particularly primary issuance.

That meant the global Markets revenue pool shrank by 2%[a].

Our Banking business has also seen its available fee pool shrink, with declines of 14-18%[b] compared with 2018 in the UK and Europe, and 2-3%[b] in the Americas and Asia.

We expect many of these macroeconomic trends to continue, and are shaping our business accordingly.

CC&P
Market changes are primarily driven by changes in consumer behaviour. For example, the UK card payment market is growing significantly, with a shift from in-store to online payments. Digital and e-commerce focused players are growing fast and gaining market share.

The continued low interest rate environment means consumers are borrowing more, creating opportunities for new entrants focused solely on point of sale financing competing with traditional card issuers like Barclays.

Private Banking continues to be highly fragmented, and while digital penetration is lower than other segments, technology and automation are playing an increasing role.

Notes
a Source: Coalition FY19 vs FY18 Preliminary Competitor Analysis of total industry revenue pool
b Source: Dealogic

Our achievements in 2019

CIB

Despite the challenging conditions, many of our businesses have performed well. We have continued to gain market share in Markets and Banking and all of our businesses continue to deliver for our clients. However, our CIB as a whole must make further progress in generating the returns our shareholders expect.

In Markets we have helped clients navigate the volatile trading environment and continued to grow, despite subdued financial markets, with revenue share up 20 basis points[a] in a highly competitive environment.

That was, in part, a result of continued investment in our electronic capabilities, particularly through investment in our BARX and options platforms. We are now part way through a multi-year effort to provide our clients with market-leading execution capabilities and liquidity access, and increase the strength of our digital offering.

In Corporate Banking we have also invested in our digital proposition with over 80% of our clients now using iPortal, our digital self- service platform, creating a 'single window' for clients to self-serve for many day-to-day corporate banking needs through a reliable, easy to use interface.

We have also broadened our business across Europe, with our single platform now live across seven of our nine target European countries, without the overheads of a branch network. We continue to focus on capital productivity and transaction banking revenue growth to improve returns.

In Banking we saw notable improvements in share and revenue in both advisory and equity underwriting. Our ambition is to continue to deliver a more diversified product mix, and improve the proportion of income generated by capital-light businesses. In this context, we increased our global market fee share to 4.2%[b], despite a declining market.

We also continued to invest and evolve to meet the changing needs of our clients. This saw us create one of the first Sustainable and Impact Banking (SIB) teams in the market, enabling us to provide thoughtful content and execution capabilities to serve the Environmental, Social and Governance (ESG) needs of our clients.

CC&P

On top of strong renewal activity in the US, we launched a refresh Uber credit card with new reward features to maximise customer engagement and value for our partner and cardholders. We also launched a new American Airlines Aviator Red card and we relaunched our Barclaycard Financing Visa, a simplified financing-focused product for Apple consumers in the US.

We have also made progress in upgrading the US platform and data infrastructure, which has both improved customer experience and made our business more efficient.

In point-of-sale lending in the UK, we have worked with Apple to launch the 'Trade-In- With-Instalment' solution. This offers customers the opportunity to upgrade their iPhone through a 24-month instalment loan with 0% interest; it is a good example of how we are providing value for both consumers and clients.

In the UK, we have retained key strategic clients and forged new partnerships with companies like Coupa and TouchBistro, highlighting our unique payments integration capabilities.

With a third of all card payments made in the UK[c], Barclays is one of the largest payment processors in Europe[d], and is a leading corporate card issuer. We recently won the B2B Payments Innovation Award at the 2019 Payments Awards, which highlights the strength of our franchise in payments.

Making it easier for small businesses to join our payments network has been at the centre of our digital transformation. We have successfully streamlined a paper-based journey into a digital experience, now with same day onboarding for most of our clients.

In the US, we continue to see strong net promoter scores. We maintained our ranking in the top 10 of US credit card issuers[e].

Our role in society

Our success over the long-term is tied inextricably to the preservation of our environment and the progress of our communities. For detail on our integration of social and environmental issues into our business, please refer to pages 32 to 35 in the Barclays PLC Annual Report 2019.

Notes
a Source: Coalition FY19 vs FY18 Preliminary Competitor Analysis. Market share represents Barclays' share of the total industry revenue pool
b Source: Dealogic
c Source: UK Finance
d Source: Nilson Report #1153
e Source: Nilson Report #1161

Managing Risk

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

Enterprise Risk Management Framework

Within the Barclays Bank Group, risks are identified and overseen through the Enterprise Risk Management Framework (ERMF), which supports the business in its aim to embed effective risk management and a strong risk management culture.

This ERMF governs the way in which the Barclays Bank Group identifies and manages its risks. The ERMF is approved by the Barclays PLC board on recommendation of the Barclays Group Chief Risk Officer; it is then adopted by the Barclays Bank Group with minor modifications where needed.

The management of risk is embedded into each level of the business, with all colleagues being responsible for identifying and controlling risk.

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 for our decision making processes, including ongoing business planning and setting of strategy, new product approvals and business change initiatives. The Barclays Bank Group may choose to adopt a lower risk appetite than allocated to it by 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.

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 over the effectiveness of governance, risk management and control over current, systemic and evolving risks.

Although the Legal function does not sit in any of the three lines, it works to support them all and plays a key role in overseeing Legal risk throughout the bank. The Legal function is also subject to oversight from the Risk and Compliance functions (second line) with respect to the management of operational and conduct risks.

Monitoring the risk profile

Together with a strong governance process, using business and Group level Risk Committees as well as Board level forums, the Barclays Bank PLC Board receives regular information in respect of the risk profile of the Barclays Bank Group. Information received includes measures of risk profile against risk appetite as well as the identification of new and emerging risks.

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

The ERMF defines eight Principal Risks			How risks are managed
Financial Principal Risks	Credit Risk	The risk of loss to the Barclays Bank Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to Barclays Bank 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.
	Market Risk	The risk of loss arising from potential adverse changes in the value of the Barclays Bank Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	A range of complementary approaches to identify and evaluate market risk are used to capture exposure to market risk. These are measured, limited and monitored by market risk specialists.
	Treasury and Capital Risk	Liquidity risk: The risk that the Barclays Bank Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. Capital risk: The risk that the Barclays Bank Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This includes the risk from the Barclays Bank Group's pension plans. Interest rate risk in the Banking Book: The risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.	Treasury and capital risk is identified and managed by specialists in Capital Planning, Liquidity, Asset and Liability Management and Market risk. A range of approaches are used appropriate to the risk, such as; limits; plan monitoring; internal and external stress testing.
Non-Financial Principal Risks	Operational Risk	The risk of loss to the Barclays Bank Group from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.	Operational risk comprises the following risks; data management and information, execution risk, financial reporting, fraud, payments processing, people, physical security, premises, prudential regulation, supplier, tax, technology and transaction operations. It is not always cost effective or possible to attempt to eliminate all operational risks. Operational risk is managed across the businesses and functions through an internal control environment with a view to limiting the risk to acceptable residual levels.
	Model Risk	The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.	Models are independently validated and approved prior to implementation and their performance is monitored on a continual basis.
	Conduct Risk	The risk of detriment to customers, clients, market integrity, effective competition or the Barclays Bank Group from the inappropriate supply of financial services, including instances of wilful or negligent misconduct.	The Compliance function sets the minimum standards required, and provides oversight to monitor that these risks are effectively managed and escalated where appropriate.
	Reputation Risk	The risk that an action, transaction, investment or event, decision or business relationship will reduce trust in the Barclays Bank 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 Group, with the objective of acting with integrity, enabling strong and trusted relationships with customers and clients, colleagues and broader society.
	Legal Risk	The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank Group to meet its legal obligations including regulatory or contractual requirements.	The Legal function supports colleagues in identifying and limiting legal risks.

Performance measures

Financial performance measures

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

Income Statement

Barclays Bank Group results For the year ended 31 December	2019 £m	2018 £m	2017 £m
Total income	**14,151**	13,600	13,730
Credit impairment charges	**(1,202)**	(643)	(1,553)
Net operating income	**12,949**	12,957	12,177
Operating expenses	**(9,718)**	(9,893)	(10,230)
GMP charge[a]	**-**	(140)	-
Litigation and conduct	**(264)**	(1,706)	(448)
Total operating expenses	**(9,982)**	(11,739)	(10,678)
Other net income	**145**	68	259
Profit before tax	**3,112**	1,286	1,758
Tax charge[b]	**(332)**	(229)	(1,352)
Profit after tax in respect of continuing operations	**2,780**	1,057	406
(Loss)/profit after tax in respect of discontinued operations[c]	**-**	(47)	(1,386)
Non-controlling interests in respect of continuing operations	**-**	-	(4)
Non-controlling interests in respect of discontinued operations[c]	**-**	-	(140)
Other equity instrument holders	**(660)**	(647)	(639)
Attributable profit/(loss)	**2,120**	363	(1,763)

Notes
a A £140m charge for Guaranteed Minimum Pensions in relation to the equalisation of obligations for members of the Barclays Bank UKRF. There was no capital impact of this charge as at 31 December 2018, as the Barclays Bank UKRF remained in accounting surplus.
b From 2019, due to an IAS 12 update, the tax relief on payments in relation to equity instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded within retained earnings. Comparatives have been restated, reducing the tax charge for FY18 and FY17 by £175m and £174m respectively. Further detail can be found in Note 1.
c Barclays Bank PLC transferred its UK banking business on 1 April 2018 to Barclays Bank UK PLC. Results relating to the UK banking business for the three months ended 31 March 2018 and for the year ended 31 December 2017 have been reported as a discontinued operation. 2017 also included results relating to Barclays Africa Group Limited (BAGL) for the five months ended 31 May 2017.

Income Statement commentary

2019 compared to 2018

Profit before tax increased 142% to £3,112m driven by reduced losses in Head Office of £598m (2018: £2,245m), primarily due to a non-recurrence of the £1.4bn settlement with US Department of Justice (DoJ) relating to Residential Mortgage-Backed Securities (RMBS), and an 8% increase in CIB to £2,590m (2018: 2,394m). This was partially offset by a decrease in CC&P to £1,120m (2018: £1,137m).

The 4% appreciation of average USD against GBP positively impacted income and profits, and adversely impacted credit impairment charges and operating expenses.

Total Income increased 4% to £14,151m. CIB income increased 3% to £10,009m. Within CIB, Markets income increased 3%, reflecting further gains in market share in a declining revenue pool[a], and Banking fees income increased 1%. The Banking business also continued to gain market share in a declining fee pool[b]. CC&P income increased 5% to £4,462m reflecting growth in US co-branded cards and payments partnerships.

Head Office income expense improved 22% to £320m (2018: £408m) driven by lower hedge accounting losses and legacy capital funding costs, partially offset by a non-recurrence of a prior year gain of £155m from the settlement of receivables relating to the Lehman Brothers acquisition and the Absa Group Limited (formerly known as BAGL) dividend income.

Credit impairment charges increased 87% to £1,202m. CIB credit impairment charges increased to £157m (2018: release of £152m) due to the non-recurrence of favourable macroeconomic scenario updates and single name recoveries in 2018. CC&P credit impairment charges increased to £1,016m (2018: £808m) due to cards balance growth and the non-recurrence of favourable US macroeconomic scenario updates in 2018, as well as higher unsecured gross exposures due to balance growth in cards. Credit metrics remained stable, with US cards 30 and 90 day arrears of 2.7% (Q418: 2.7%) and 1.4% (Q418: 1.4%) respectively.

Total operating expenses decreased 15% to £9,982m. Head Office total operating expenses decreased to £241m (2018: £1,849m) due to the non-recurrence of a settlement relating to RMBS with the US DoJ of £1.4bn and the £140m charge for the GMP in relation to the equalisation of obligations for members of the Barclays Bank UKRF.

CIB total operating expenses decreased 2% to £7,375m as cost efficiencies were partially offset by continued investment. CC&P total operating expenses were stable at £2,366m (2018: £2,363m) reflecting continued investment and efficiencies.

Other net income increased to £145m (2018: £68m) reflecting gains on disposals following the sale of number of subsidiaries to Barclays Principal Investment Limited in Q4 2019.

Notes
a Data Source: Coalition, FY19 Preliminary Competitor Analysis. Market share represents Barclays share of the total industry Revenue Pool. Analysis is based on Barclays internal business structure and internal revenues.
b Data Source: Dealogic, for the period covering 1 January to 31 December 2019.

Balance Sheet Information

The following assets and liabilities represent key balance sheet items for Barclays Bank Group.

As at 31 December	2019 £m	2018 £m
Assets		
Cash and balances at central banks	**125,940**	136,359
Loans and advances at amortised cost	**141,636**	136,959
Trading portfolio assets	**113,337**	104,038
Financial assets at fair value through the income statement	**129,470**	145,250
Derivative financial instruments	**229,641**	222,683
Liabilities		
Deposits at amortised cost	**213,881**	199,337
Financial liabilities designated at fair value	**204,446**	217,741
Derivative financial instruments	**228,940**	219,592

Balance Sheet commentary

- Cash and balances at central banks decreased £10.4bn to £125.9bn predominantly due to a reduction in cash at central banks held as part of the liquidity pool
- Loans and advances increased £4.7bn to £141.6bn mainly due to an increase in debt securities
- Trading portfolio assets increased £9.3bn to £113.3bn due to increased trading activity, principally relating to the Equities business
- Financial assets at fair value through the income statement decreased £15.8bn to £129.5bn driven by a focus on capital-efficient secured financing
- Derivative financial instrument assets and liabilities increased £7.0bn to £229.6bn and £9.3bn to £228.9bn respectively driven by a decrease in major interest rate curves, partially offset by a decrease in foreign exchange volumes
- Deposits at amortised cost increased £14.5bn to £213.9bn due to increased deposits within CIB including the broadening of the business across Europe
- Financial liabilities designated at fair value decreased £13.3bn to £204.4bn as a result of more capital-efficient secured lending partially offset by increased issuances of equity linked notes.

The financial information above is extracted from the financial statements. This information should be read together with the information included in the accompanying consolidated financial statements.

Other Metrics and Capital[a]

Barclays Bank PLC is regulated by the Prudential Regulation Authority (PRA) on a solo-consolidated basis. Barclays Bank PLC solo-consolidated comprises Barclays Bank PLC plus certain additional subsidiaries, subject to PRA approval. The disclosures below provide key metrics for Barclays Bank PLC solo-consolidated.

	2019	2018	2017
Common equity tier 1 (CET1) ratio	**13.9%**	13.5%	13.6%
Total risk weighted assets (RWAs)	**£158.4bn**	£173.2bn	£261.4bn
Capital Requirements Regulation (CRR) leverage ratio	**3.9%**	4.0%	4.5%

Note

a Capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangement of the Capital Requirement Regulation (CRR) as amended by the Capital Requirements Regulation II (CRR II) applicable as at the reporting date. For further information on the implementation of CRR II see page 100.

Capital commentary

As at 31 December 2019, Barclays Bank PLC Solo's transitional CET1 ratio was 13.9% which exceeded the 2019 minimum requirement.

Non-financial performance measures

Barclays Bank PLC is part of the Barclays Group which uses a variety of quantitative and qualitative measures to track and assess holistic strategic delivery. Barclays Group maintains a robust internal and external assurance process for our key metrics, ensuring that we have strong controls and clear data management in place.

Barclays Bank PLC has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 through the disclosure contained in Barclays PLC Annual report on pages 39 to 40.

Our people and culture

We believe that the culture of Barclays is built and shaped by the thousands of professionals around the world who serve our customers and clients with a shared purpose and values. Our people make a critical difference to our success, and our investment in them protects and strengthens our culture. The following sub-sections are therefore consistent with those detailed in the People Section of the Barclays PLC Annual Report and figures mentioned are for Barclays Group other than specifically mentioned.

Colleague engagement

We have an established approach to engaging colleagues which includes the majority of mechanisms recommended by the UK's Financial Reporting Council and with new governance requirements in 2019. This ensures that we understand their perspective, take it into account in our decision making at the most senior level, and share with them our strategy and progress.

That extends to those who work for us indirectly as well, such as contractors, although in a more limited way. In 2020, our supplier code of conduct will require organisations with more than 250 employees to demonstrate that they have an effective workforce engagement approach of their own.

It's important to us that our Board members are engaged with our people – directly, and indirectly through our management team. The Board regularly receives reports on colleague engagement.

Together with direct engagement, this reporting approach and dedicated time at board meetings helps our Board take the issues of interest to our colleagues into account in their decision making. This has enabled them to confirm that our workforce engagement approach is effective.

Listening to our people

Our regular colleague survey formally captures the views of our people and is a key part of how we track colleague engagement, alongside more granular colleague sentiment tracking across our businesses. Barclays Bank Group overall engagement score reduced slightly to 73% in 2019, but 77% of our colleagues would still recommend Barclays Group as a good place to work.

The results from the survey are an important part of the conversations our leaders have about how we run the business, and it's a specific focus for our Executive Committee and our Board.

We monitor our culture across the organisation, and in individual business areas, through Culture Dashboards. These combine colleague survey data with other metrics about our business, so that we can see the effect our people's engagement has on our performance, and on the continued strength of our culture. 82% of our people have heard or read the speeches of senior leaders across the Barclays Group talking about the character and culture of Barclays.

Keeping our people informed

In addition to these data sources, our leaders, including our Board, engage face to face with colleagues to hear what they think. That might be through site visits, large-scale town halls, training and development activity, mentoring, informal breakfast sessions, committee membership, diversity and wellbeing programmes, or focus and consultative groups.

We make sure we're regularly keeping everyone up to date on the strategy, performance and progress of the organisation through a strategically-coordinated, multichannel approach across a combination of leader-led engagement, and digital and print communication, including blogs, vlogs and podcasts.

We also engage with our people collectively through a strong and effective partnership with Unite, in the parts of BBPLC where they are recognised as well as the Barclays Group European Forum, which represents all Barclays Group colleagues within the European Union.

These conversations help us to deliver things like a collective pay deal for our Unite covered colleagues, who represent 84% of our UK-based colleagues, as well as more complex business change and our long-term focus on colleague wellbeing. We regularly brief our union partners on the strategy and progress of the business and seek their input on ways in which we can improve the colleague experience of working in Barclays.

Building a supportive culture

Diversity of thought and experience works best when everyone feels included. People who feel they can be themselves at work are happier and more productive, so we believe that creating an inclusive and diverse culture isn't just the right thing to do, but is also best for our business.

Our policies require managers to give full and fair consideration to those with a disability on the basis of their aptitudes and abilities; both when hiring and through ongoing people management, as well as ensuring opportunities for training, career development and promotion are available to all. As part of our commitment to the UK government Disability Confident scheme, we encourage applications from people with a disability, or a physical or mental health condition.

We encourage our people to benefit from Barclays' performance by enrolling in our share plans, further strengthening their commitment to the organisation.

Section 172(1) statement

The directors of large organisations like Barclays are required by law to consider a range of factors when making decisions, and to make a clear statement about how they have done that.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

Details on who our stakeholders are, how management and/or the Directors engaged with them, the key issues raised and actions taken are set out in the 2019 Barclays PLC Annual Report on pages 12 to 17 and is incorporated by reference into this statement. The Directors also took into account the views and interests of a wider set of stakeholders, including our pensioners, regulators, the Government, and non-governmental organisations.

Considering this broad range of interests is an important part of the way the Board makes decisions, although in balancing those different perspectives it won't always be possible to deliver everyone's desired outcome.

How does the Board engage with stakeholders

The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of Barclays means that stakeholder engagement often takes place at an operational level.

The Board considers and discusses information from across the organisation to help it understand the impact of Barclays' operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

For more details on how our Board operates, and the way in which it reaches decisions, including the matters it discussed and debated during the year, please see page 16.

Engagement in action

Mitigating Customer impact
In reviewing Barclays' plans for the Barclays Group in the context of the planned UK withdrawal from the European Union, the Board received regular updates on the business transfers into Barclays Bank Ireland PLC and considered how to minimise the resultant impacts on a range of stakeholders including customers and clients, colleagues and suppliers. The Board's decision to use a banking business transfer scheme (under Part VII of the Financial Services and Markets Act 2000) gave the Directors the flexibility to oversee key decision points in line with developments in the political environment, in particular "go/no-go" decisions for business transfers in March and October 2019, in order to minimise unnecessary disruption to customers and clients.

Improving the quality of our decision-making
The Board's agenda in 2019 was aligned to the board agenda of Barclays PLC in respect of matters which were relevant to the Barclays Bank Group. Following his appointment, Nigel Higgins, Chairman of Barclays PLC and the Company, undertook a comprehensive "listening tour" before he became Chairman in May. Nigel Higgins held around 50 meetings with Barclays PLC shareholders and other stakeholders as part of this "listening tour" and has also subsequently spent considerable time this year meeting with stakeholders across the globe, including our investors, customers and colleagues. The Board, together with the Barclays PLC board and Group Executive Committee used all this feedback to agree a prioritised series of deep dives which now form a significant part of each Board meeting. These deep dives have helped to facilitate an in-depth understanding of issues relevant to the Barclays Bank Group with a view to helping management and the Board make well-informed decisions both now and in the future. The deep dives conducted in 2019 covered a wide range of topics including focus on particular business areas within the Barclays Bank Group, capital allocation, our culture, our societal purpose and environmental matters.

Nigel Higgins
Chairman – Barclays Bank Group

12 February 2020

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

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The 2019 corporate governance report ("Governance Report") for Barclays Bank PLC ("BBPLC" or the "Company”) provides an overview of how the BBPLC governance framework operates and of the Board’s key areas of focus during the year.

Following the structural reform to realign the Barclays Group and ring-fence the Group's UK consumer banking business, BBPLC became the non-ring-fenced bank in April 2018. Initially, BBPLC and its parent company, BPLC, had different (and non-overlapping) board and board committee members. However, as we moved into 2019, following a further review of the corporate governance structure of BBPLC and BPLC and reflecting the outcomes of discussions with the Group's regulators, a decision was taken to consolidate and streamline the membership of the BBPLC and BPLC boards, such that membership of our Board now comprises a subset of that of the BPLC Board, with all members of the BPLC board, except the Senior Independent Director, the Chairman of BBUKPLC and one Non-Executive Director, now also serving on the board of BBPLC.

This has significantly increased coordination and efficiency, and reduced complexity and duplication. This revised structure vests oversight over the activities of BBPLC in a board the members of which also have direct accountability to BPLC’s shareholders through their separate responsibilities as members of the BPLC board.

As a result of this consolidation, during 2019 the former Board members of BBPLC all stepped down and a new Board, including myself, took office. We thank those Board members who left us this year for their valued contribution.

Strategy

During 2019, the Board spent considerable time overseeing the development of the Company's strategy that is being shaped by the increasingly sophisticated needs of our clients and technological evolution across our industry, in order to fulfil Barclays' common purpose of "Creating Opportunities to Rise". Read more about our strategy in our Strategic Report on pages 1 to 9 and about the Board's role in the creation of the strategy on page 16 of the Corporate Governance Statement.

Governance

This year, as required under the Companies (Miscellaneous Reporting) Regulations 2018 (the "2018 Regulations"), we have included on page 17, a statement of the Company's corporate governance arrangements and, separately, on page 9 of our Strategic Report, we have set out a statement of how the Board has had regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when discharging their duty to promote the success of the Company and the effect of that regard on certain of the decisions taken by the Board during the year. In addition, the Governance Report reflects the enhanced requirements to report on the Company’s engagement with employees, suppliers, customers and others in a business relationship with the Company, which are now in force pursuant to the 2018 Regulations. These new requirements have prompted us to look afresh at the governance principles that underpin our corporate governance arrangements. You can read more about these principles and how we apply them in our Corporate Governance Statement, where you can also find out more about the work of the Board and our Board Committees during 2019.

I would like to thank fellow Board members and our colleagues for their support and hard work throughout 2019.

Nigel Higgins
Chairman – Barclays Bank Group

12 February 2020

Governance
Corporate Governance Statement

The Board aspires to have high standards of corporate governance and, in accordance with the 2018 Regulations, has during the year considered which corporate governance arrangements would be most appropriate to apply.

The Board has chosen not to adopt and report against the 2018 UK Corporate Governance Code, which is designed for premium listed companies and, whilst we fully support the introduction of the Wates Corporate Governance Principles for Large Private Companies (in particular the focus on purpose, culture and employee and stakeholder engagement), the Board considers they are less appropriate for a wholly-owned subsidiary of a premium listed company which is also a complex financial institution subject to a comprehensive regulatory regime. This approach is consistent with the approach of other significant subsidiaries within the Barclays Group which are subject to the 2018 Regulations, we have therefore adopted our own corporate governance arrangements which we believe are most appropriate for the Company and are designed to ensure effective decision-making to promote the Company's success for the long term.

Our primary aim is that our governance is:

- effective in providing challenge, advice and support to management;
- providing checks and balances, and encouraging constructive challenge;
- driving informed, collaborative and accountable decision-making; and
- creating long-term sustainable value for our shareholder, the ultimate shareholders of Barclays PLC ('Barclays'), and our wider stakeholders.

Set out below are the principles which underpin our corporate governance arrangements and how these principles have been applied during 2019. Certain additional information, signposted throughout this section, will be available in the Strategic Report and the 'Board and Committee Governance' section on pages 15 to 23.

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

Our corporate governance principles and how the Company has applied them during 2019 and to the date of this report

Principle One: Board leadership and company purpose

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

- Through the leadership of the Board, a clear vision for the Company's purpose and overall values is articulated, underpinning and defining the strategy and culture of the organisation. This is embedded at every level of management.
- Time was spent in 2019 overseeing the development of the Company's strategy that is shaped by the increasingly sophisticated needs of our clients, and technological evolution across our industry, to fulfil the Barclays common purpose of 'Creating Opportunities to Rise'. Further detail on our strategy can be found from page 1 of the Strategic Report and separately pages 8 to 11 of the BPLC 2019 Annual Report and the Board's role in creation of the strategy on page 16 'What we did in 2019'.
- Culture remains a core area of focus with the Board actively promoting ethical leadership and accountability and supporting and reinforcing the Barclays' Code of Conduct, the Barclays Way, and the Barclays values, to achieve a dynamic and positive culture.

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.

- Clear division of responsibilities between the Chairman and Chief Executive Officer. Detail on the role of each can be found on page 15. Page 16 lists 'who is on the Board' with a majority of the Board comprised of independent Non-Executive Directors.
- Policies and protocols are in place to support effective decision-making and independent challenge, including the Company's Charter of Expectations, setting out clearly the role and responsibilities of each Director. The Chairman meets privately with the Non-Executive Directors when appropriate, to promote required independence.
- Board duties are executed in part through Board Committees, which provide oversight and make recommendations on the matters delegated to them by the Board. Detail on the principal Committees, their core responsibilities and activities in 2019 is set out on pages 17 to 23.
- Appropriate information and support is provided to the Board, to enable them to undertake their work with due care and discharge their responsibilities. See page 16 for further details.
- The Barclays Group's Corporate Governance Manual clearly sets out guidelines of how the Barclays Group entities and their respective Boards and Board committees should interact, while also providing guidance and clarity for management and directors as to how these relationships and processes should work in practice. It is a dynamic document that continues to evolve with the changing nature of the Barclays Group.

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 board and senior management. A successful board is a cohesive board that provides informed and constructive challenge to the management team and measures its effectiveness.

- The size and composition of the Board is appropriate for the business of the Barclays Bank Group. There is a good balance between Executive and independent Non-Executive Directors with the Non-Executive Directors providing independent challenge. The Board members have a strong combination of technical, finance (including significant financial services experience) and commercial skills, and have broader experience in culture and colleague engagement.
- Diversity across the Barclays Group remains a key area of focus and the Board diversity target of 33% female directors was reached in 2019.
- All appointments to the Board and senior management are based on merit and objective criteria. With a continued strong belief in the benefits of diversity (gender, ethnicity and thought) for an effective Board and organisation. This will remain a key area of focus as we continue to strive to build a workforce that reflects the diversity of our customers and the communities we serve. The approach is set out in the Barclays Group Diversity Policy and further detail can be found on page 23.
- There is regular review of the leadership and succession needs of the business to ensure the depth and diversity of the talent and succession pipeline at the Board, Executive and one level down. This remains a key focus for 2020 to ensure the quality of leadership is in place to lead the business in the delivery of the strategy, against a challenging economic and operating environment.
- As part of the simpler and more effective governance structure, the membership of the Board was largely consolidated with the BPLC board with effect from 25 September 2019. Further detail can be found on page 15.
- Effectiveness is driven through routine evaluations of the Board and Board Committees. Key findings are included for each committee on pages 17 to 21.
- Ongoing focus on training and professional development to provide Board members with a deeper and more granular understanding of the business contributing to informed and sound decision-making. Further detail on 'training and induction' can be found on page 23.

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.

- Principal risks have been identified, as articulated on pages 4 to 5 in line with the ERMF, with robust processes in place to evaluate and manage such risks; including regular reporting to, and oversight by the Risk Committee and the Board.
- The Board approves the Company's risk appetite within the parameters set by the BPLC risk committee; the level of risk the Company is prepared to accept across different risk types. Significant steps have been taken in recent years to de-risk the business, to support sustainable growth and value creation in the future.
- Effectiveness of risk management and internal controls is reviewed regularly by the Risk Committee (responsible for providing oversight on current and potential future risk exposures) and the Audit Committee (responsible for controls, including reviewing audit reports, internal controls and risk management systems). Please see pages 17 to 21 for further detail on the role of these Committees.
- The Audit Committee continues to provide its oversight of the financial reporting processes and the work of the external and internal auditors (including independence and effectiveness). Further detail can be found on page 17.

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.

- Barclays' Remuneration Policy is set by the BPLC remuneration committee, but adopted by the Company's independent Remuneration Committee. Remuneration is aligned to the Company's strategy and risk management approach and designed to promote the long-term success of the Company.
- Executive and senior management remuneration approaches are developed in accordance with the Group's formal procedures (ensuring no Director is involved in deciding their own remuneration outcome) and having regard to workforce remuneration policies and alignment of incentives and rewards with culture and performance as reviewed annually by the BPLC remuneration committee and shared with the Company's Remuneration Committee.

- The Remuneration Committee has clearly defined terms of reference, with responsibility for the development of a remuneration approval framework to ensure an appropriate level of oversight of senior remuneration decisions, as well as annual consideration of the Company incentive pool to ensure alignment with delivery of the Company's strategic ambitions.
- Barclays remains focussed on improving its gender pay gap position, with the 2019 gender pay gap statistics due to be published on the Government's Gender Pay Gap reporting portal on 13 February 2020, along with a Pay Gaps report in which Barclays makes both statutory gender pay gap disclosures and voluntary ethnicity pay gap disclosures.

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.

- Through the Company's defined purpose and strategy, key stakeholders on whom the success of the Company depends are identified. Please see page 9 of the Strategic Report for detail of our key stakeholders.
- The Board seeks to understand the views of key stakeholders', and the impact of our behaviour and business on customers and clients, colleagues, suppliers, communities and society more broadly. Details of the Company's engagement with our stakeholders in 2019, and the link between stakeholder management and key decisions is set out in the section172(1) statement on page 9 of the Strategic Report. There is more to be done in this regard in 2020.
- The Board monitors key indicators across areas such as culture, citizenship, conduct and customer satisfaction on a continuing and ongoing basis.
- Engagement by Board and management throughout the year with broader stakeholders through participation in forums and roundtables and joining industry, sector and topic debates.
- Our long-standing commitment to the importance and value of colleague engagement continues; our people are our most valuable asset. Further detail on our workforce commitment and engagement model can be found on page 8 of the Strategic Report.

Current Directors

Nigel Higgins – Chairman
Mike Ashley – Non-Executive Director and Board Audit Committee Chairman
Tim Breedon – Non-Executive Director, Board Risk Committee and Remuneration Committee Chairman
Mary Anne Citrino – Non-Executive Director
Mohamed A. El-Erian (Appointed 1 January 2020) - Non-Executive Director
Dawn Fitzpatrick - Non-Executive Director
Mary Francis - Non-Executive Director
Diane Schueneman - Non-Executive Director
Jes Staley – Chief Executive Officer
Tushar Morzaria – Executive Director

The Board

Executive and Non-Executive Directors share the same duties and are subject to the same constraints. However, a clear division of responsibilities has been established. The Chairman 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 Chairman facilitates the effective contribution of all Non-Executive Directors and ensures Directors receive accurate, clear and timely information. It is our responsibility as the Board to ensure that management deliver on short-term objectives, whilst promoting the long-term success of the Company and the Barclays Group. We are also responsible for ensuring that management maintains an effective system of internal control which should provide assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. In meeting this responsibility, we consider what is appropriate for the Company's business and reputation, the materiality of financial and other risks and the relevant costs and benefits of implementing controls.

Since BBPLC became a non-ring fenced bank in April 2018, the Board has been responsible for the Barclays Bank Group, Barclays International division, some of its head office and legacy matters. The previous Chairman, Sir Gerry Grimstone, resigned from the BBPLC Board in February 2019 and Nigel Higgins was appointed in his stead on 1 March 2019. Since his appointment, Nigel has, with BPLC board and regulators, been reviewing the operation of the Board particularly with a view to optimising the effectiveness of the Barclays Groups' governance through consolidation and simplification wherever possible, reducing duplication and complexity, ensuring that the most critical issues for the Barclays Group are handled directly by the BPLC board. This has ultimately resulted in a decision to largely consolidate membership of the Board with that of the BPLC board to create a simpler, more efficient governance structure. This resulted in the reconstitution of the Board with its membership drawn exclusively from the BPLC board.

The BBPLC Schedule of Matters Reserved to the Board has been reviewed and revised to ensure that appropriate coordination with the governance of the consolidated boards is in place. Similarly, a review has been undertaken to ensure the Board Committees are appropriately constituted and coordinated with the Board committees of BPLC. The Matters Reserved specifies those decisions to be taken by the Board, including but not limited to material decisions relating to strategy, risk appetite, medium term plans, capital and liquidity plans, risk management and controls frameworks, approval of financial statements, approval of share allotments and dividends. The Board has delegated the responsibility for making and implementing operational decisions and running the Company's business on a day-to-day basis to the Chief Executive Officer and his senior management team.

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

Corporate Governance Statement

Attendance

Directors are expected to attend every Board meeting. In 2019, attendance was very strong at scheduled meetings, as reflected in the table below:

Director	Eligible Meeting Attendance (excluding ad hoc meetings)	Appointment Dates
Nigel Higgins	7/7	Appointed 1 March 2019
Mike Ashley	3/3	Appointed 25 September 2019
Tim Breedon	3/3	Appointed 25 September 2019
Mary Anne Citrino	3/3	Appointed 25 September 2019
Mary Francis	3/3	Appointed 25 September 2019
Dawn Fitzpatrick	3/3	Appointed 25 September 2019
Matthew Lester	3/3	Appointed 25 September 2019; retired 1 January 2020
Tushar Morzaria*	3/3	Appointed 25 September 2019
Diane Schueneman	3/3	Appointed 25 September 2019
Jes Staley**	6/6	Appointed 26 March 2019
Sir Gerry Grimstone	2/2	Resigned 28 February 2019
Peter Bernard	6/7	Resigned 25 September 2019
Steven Ewart*	7/7	Resigned 25 September 2019
Helen Keelan	6/7	Resigned 25 September 2019
Maria Richter	6/7	Resigned 25 September 2019
Jeremy Scott	7/7	Resigned 25 September 2019
Tim Throsby**	3/3	Resigned 26 March 2019
Alex Thursby	6/7	Resigned 25 September 2019
Hélène Vletter-van Dort	7/7	Resigned 25 September 2019

* Following Steven Ewart's resignation as a Director on 25 September 2019, Tushar Morzaria was appointed as an Executive Director. Steven Ewart remains as the Chief Financial Officer.
** Following Tim Throsby's resignation as Chief Executive Officer and Director, Jes Staley was appointed as Chief Executive Officer and Executive Director of Barclays Bank PLC.

What we did in 2019

During 2019, the Board focused on the following specific areas:

Strategy and operational matters

- Received deep dive business presentations including from Banking, Merchant Acquiring, Barclays Partner Finance and Private Banking and Overseas Services.
- Provided with an overview of BX, its structure and costs.
- Discussed and considered the impact of the UK's decision to leave the EU and the transfer of the Company's European business to Barclays Bank Ireland PLC under the European Referendum Response Programme.
- Discussed regular updates from the Chief Executive Officer and BBPLC President on the progress being made against the BBPLC strategy and business performance, operational and technology matters.

Finance and liquidity

- Regularly assessed financial performance of the various businesses and the Barclays Bank Group results through reports from the BBPLC Chief Financial Officer and through business specific updates to the Board.
- Reviewed and approved BBPLC's financial results prior to publication.
- Considered and approved the BBPLC elements of the Barclays Group Recovery Plan.
- Considered and approved the BBPLC Medium Term Plan ('MTP') in which strategy is embedded, together with related funding and capital plans for BBPLC.

Governance and risk (including regulatory issues)

- Delegated authority to the Risk Committee to consider and recommend, on behalf of the Board, the adoption by the Company of the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process.
- Received regular updates on key risk themes and approved the Company's risk appetite.
- Received reports on cyber risk capability and resilience, and a service management update in respect of services provided by BX Limited, the Barclays Group service company.
- Considered and approved appointments to the BBPLC Board and appointments of senior executives following recommendation from the Nominations Committee.
- Received regular reports from the Chairmen of each Board Committee. See the reports from the Committee Chairmen below and on the following page.
- Received and considered the feedback from the Barclays Group's principal regulators.
- Provided an attestation to the PRA in respect of the ring-fenced bank and operational resilience.
- Considered the results of the external Board evaluation conducted by Independent Board Evaluation.

Board Committees

The main Board Committees are the Audit Committee, the Nominations Committee, the Remuneration Committee and the Risk Committee. Pursuant to authority granted under our Articles of Association, each Board Committee has had specific responsibilities delegated to it by the Board. You can read about what each of the Committees did during 2019 on the following pages.

The Chairmen of each Board Committee provide a report on Committee business at each Board meeting, including the matters being recommended by a Committee for Board approval.

Board Audit Committee

The Audit Committee is comprised solely of independent Non-Executive Directors, with membership designed to provide the breadth of financial expertise and commercial acumen it needs to fulfil its responsibilities. Its members as a whole have recent and relevant experience of the banking and financial services sector, in addition to general management and commercial experience, and are financially literate. The Audit Committee is chaired by Mike Ashley who has over 20 years accounting and audit experience. Diane Schueneman and Tim Breedon are members of the Committee. Matthew Lester was a member of the Committee until he stepped down from the Board on 1 January 2020. The Audit Committee met nine times during 2019. Audit Committee meetings were attended by representatives from management in respect of matters relevant to their function or business area, including the BBPLC Chief Financial Officer and, Barclays Group and/or BBPLC Chief Compliance Officer, Chief Controls Officer, Chief Operating Officer, Chief Internal Auditor, General Counsel, as appropriate and the Company's External Auditors, KPMG. The Audit Committee held a number of separate private sessions with each of the Chief Internal Auditor and the lead external audit partner, which were not attended by management.

As part of the Company's commitment to effective oversight and allocation of responsibilities between the BPLC audit committee, the Barclays Bank UK PLC audit committee and the Committee, the Audit Chairs of these committees met regularly during 2019 to share relevant information and to ensure embedment of information flows and governance practice. In addition, regular dialogue has been held with the Audit Committee Chairs of the Company's major subsidiaries, Barclays Bank Ireland PLC and the Barclays US LLC.

An externally facilitated review of the effectiveness of the Board and Board members was undertaken in the first quarter of 2019. Following the consolidation and streamlining of the membership of the BPLC and BBPLC boards and the change in membership of the Audit Committee, it was agreed that the recommendations from the review of the performance of the BPLC Audit Committee would be adopted as the review of Audit Committee performance for 2019. The results confirm that the Audit Committee is operating effectively and provides an effective level of challenge and oversight of the areas within its remit. It was noted that coverage of BBPLC matters within concurrent meetings was considered appropriate and would benefit from further embedment.

Attendance at the Audit Committee during 2019 was as follows:

Member	Eligible Meeting Attendance	Appointment Dates
Mike Ashley (Chairman)	2/2	Appointed 25 September 2019
Tim Breedon	2/2	Appointed 25 September 2019
Matthew Lester	2/2	Appointed 25 September 2019; retired 1 January 2020
Diane Schueneman	2/2	Appointed 25 September 2019
Jeremy Scott (Former Chairman)	7/7	Retired 25 September 2019
Peter Bernard	7/7	Retired 25 September 2019
Helen Keelan	7/7	Retired 25 September 2019
Alex Thursby	7/7	Retired 25 September 2019

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

- Assessing the integrity of the Barclays Bank Group's financial reporting and satisfying itself that any significant financial judgements made by management are sound;
- Evaluating the effectiveness of the Barclays Bank Group's internal controls, including internal financial controls;
- Scrutinising the activities and performance of the internal and external auditors, including monitoring their independence and objectivity;
- Overseeing the relationship with the Barclays Bank Group's external auditor;
- Reviewing and monitoring the effectiveness of the Barclays Bank Group's whistleblowing procedures;
- Overseeing significant legal and regulatory investigations, including the proposed litigation statement for inclusion in the Company's statutory accounts.

During 2019, the principal activities of the Audit Committee included:

- Financial reporting: assessing the appropriateness of key accounting themes, disclosures, issues and judgements, including in respect of IFRS9.
- Impairment: assessing the appropriateness of impairment experience against forecast and considering whether impairment provisions were appropriate.
- Conduct provisions: analysing the judgements and estimates made with regard to the Barclays Bank Group's material conduct provisions.
- Legal, competition and regulatory provisions: evaluating advice on the status of current legal, competition and regulatory matters and considering the adequacy of disclosures; assessing management's judgements and estimates regarding provisions.
- Valuations: monitoring the valuation methods applied by management to significant valuation items and areas of judgement.
- Tax: overseeing tax matters relating to the Barclays Bank Group, including tax risk provisions and regulatory matters.

- Internal controls and business control environment: evaluating the status of the most material control issues identified by management, including the Barclays Group Internal Control Enhancement Programme; receiving deep dives on the status of specific control issues across the business of the Barclays Bank Group and functions, and on progress of the related remediation programmes and lessons learned from critical risk events. Utilising the output from the Risk and Control Self Assessments (RCSA) to review and monitor the control environment and related risks.
- Raising concerns: reviewing the annual report on whistleblowing matters, including reporting and training and key areas of the Barclays Bank Group's whistleblowing procedures and controls. Monitoring whistleblowing metrics and instances of retaliation reports, including whether any instances had been substantiated.
- Internal audit: receiving thematic control and operational reporting from Barclays Internal Audit; overseeing issues arising from unsatisfactory audit reports; evaluating reports regarding Barclays Internal Audit's assessment of the management control approach and control environment in the Barclays Bank Group.
- External audit: reviewing and approving the annual audit plan for the Barclays Bank Group, including the main areas of focus, and assessing the progress of the 2019 audit. The Audit Committee also reviewed audit quality and discussed KPMG's feedback on the Company's critical accounting estimates and judgements.

In 2020 the Committee will still continue to monitor the embedment of IFRS 9 processes and further enhancements to our disclosure, particular as regards sensitivities. We will also be looking to assess the reporting of control issues after the conclusion of Barclays Internal Controls Enhancement Programme ('BICEP') as well as monitor the satisfactory completion of remediation programmes which are due to extend beyond 31 March 2020, in particular the Designated Market Activities ('DMA') remediation plan.

Board Nominations Committee
The Nominations Committee is comprised solely of independent Non-Executive Directors. Nigel Higgins, as Chairman of the BBPLC Board, Mike Ashley, Tim Breedon and Diane Schueneman, are also members.

The Nominations Committee met three times during 2019. Attendance by the Nominations Committee members is shown in the table below, and Nominations Committee meetings were attended during the year by the Chief Executive Officer, President of BBPLC, the BPLC HR Director and the BBPLC Head of Talent as appropriate.

An externally facilitated review of the effectiveness of the Board and Board members was undertaken in the first quarter of 2019. Following the consolidation and streamlining of the membership of the BPLC and BBPLC Boards and the change in membership of the nominations committee, it was agreed that the recommendations from the review of the performance of the BPLC Nominations Committee would be adopted as the review of Nominations Committee performance for 2019. The results confirm that the Nominations Committee is operating effectively and provides an effective level of challenge and oversight of the areas within its remit. It was noted that coverage of BBPLC matters within concurrent meetings was considered appropriate and would benefit from further embedment.

Attendance at the Nominations Committee during 2019 was as follows:

Member	Eligible Meeting Attendance (excluding ad hoc meetings)	Appointment Dates
Nigel Higgins (Chairman)	2/2	Appointed 1 March 2019
Mike Ashley	2/2	Appointed 25 September 2019
Tim Breedon	2/2	Appointed 25 September 2019
Diane Schueneman	2/2	Appointed 25 September 2019
Sir Gerry Grimstone (Former Chairman)	1/1	Resigned 28 February 2019
Jeremy Scott	1/1	Resigned 25 September 2019
Peter Bernard	1/1	Resigned 25 September 2019
Hélène Vletter-van Dort	1/1	Resigned 25 September 2019

The principal role and responsibilities of the Nominations Committee, pursuant to its Terms of Reference, are:
- Considering board appointments to the Board, its Committees and its significant subsidiaries;
- Considering composition of the Board and its Committees;
- Considering succession planning and talent management;
- Evaluating Board effectiveness;
- Assessing serving Directors tenure;
- Considering board induction and training;
- Evaluating conflicts of interest; and
- Evaluating governance matters.

During 2019, the principal activities of the Committee included:
- Reviewing the Board and Board Committee composition, taking into account time commitment, skills, knowledge, experience and diversity of the Directors, and identifying any desirable skills to aid the Company in operating and competing effectively;
- Review and approval of proposed changes to the Board of a number of the Company's significant subsidiaries, including but not limited to reviewing the composition of the boards of Barclays US LLC, Barclays Bank Delaware and Barclays Capital Securities Limited; and
- Receiving updates on the Company's executive governance framework, talent and succession management and key appointments to the Executive Committee, the succession planning review process for the Executive Committee and the global Barclays Group campaigns to promote a diverse and inclusive workforce.

Board Remuneration Committee
The Remuneration Committee is comprised solely of independent Non-Executive Directors. The Remuneration Committee is chaired by Tim Breedon with Mary Francis as a member.

The principal role and responsibilities of the Remuneration Committee, pursuant to its Terms of Reference, is to:
- Adopt the over-arching principles of remuneration policy for the Barclays Bank Group within the parameters set by the BPLC remuneration committee;
- Consider and endorse the incentive pool for the Company and its subsidiaries and the remuneration of key BBPLC executives and other specified individuals as determined by the Remuneration Committee from time to time;
- Exercise oversight of remuneration issues within the Barclays Bank Group and of matters that more generally concern people and culture within the Barclays Bank Group; and
- Approve the remuneration and compensation arrangement of employees that fall within the remit of the Remuneration Committee.

The Remuneration Committee met five times during 2019. Attendance by the Remuneration Committee members is shown in the table below. Remuneration Committee meetings are attended by management, including the Chief Executive Officer and the BPLC HR Director.

An externally facilitated review of the effectiveness of the Board and Board members was undertaken in the first quarter of 2019. Following the streamlining of the membership of the BPLC and BBPLC boards and the change in membership of the Remuneration Committee, it was agreed that the recommendations from the review of the performance of the BPLC Remuneration Committee would be adopted as the review of Remuneration Committee performance for 2019. The results confirm that the Remuneration Committee is operating effectively and provides an effective level of challenge and oversight of the areas within its remit. It was noted that coverage of BBPLC matters within concurrent meetings was considered appropriate and would benefit from further embedment.

Attendance at the Remuneration Committee during 2019 was as follows:

Member	Eligible Meeting Attendance (excluding ad hoc meetings)	Appointment Dates
Tim Breedon (Chairman)	2/2	Appointed 25 September 2019
Mary Francis	2/2	Appointed 25 September 2019
Hélène Vletter-van Dort (Former Chair)	3/3	Resigned 25 September 2019
Helen Keelan	3/3	Resigned 25 September 2019
Maria Richter	3/3	Resigned 25 September 2019
Alex Thursby	3/3	Resigned 25 September 2019

During the period, the Remuneration Committee's activities have included:
- Approving the Group People Risk Reward Policy, Material Risk Taker Identification Methodology, and 2019 Incentive Funding Frameworks;
- Endorsing the funding ratio;
- Approving the 2019 Ex Ante Risk adjustments;
- Approving the ex-post risk and conduct adjustments approach for individual remuneration;
- Receiving regular stakeholder, regulatory and legal updates, financial and risk performance updates, pay round timings and approach, and consolidation of the Fair Pay Agenda; and
- Reviewing specific remuneration arrangements for individuals within the Remuneration Committee's remit.

Board Risk Committee
The Risk Committee is comprised solely of independent Non-Executive Directors. Following the consolidation and streamlining of the BPLC and BBPLC boards in September 2019, membership of the Risk Committee was aligned with the BPLC risk committee. The Risk Committee is chaired by Tim Breedon. Mike Ashley, Mary Anne Citrino, Dawn Fitzpatrick and Diane Schueneman are members of the Committee. Matthew Lester was a member of the Committee until he stepped down from the Board on 1 January 2020. During 2019, the Risk Committee met eight times, and also held a number of ad hoc meetings during the year. One of the key roles of the Risk Committee is to review and challenge the risk profile and risk appetite of the Barclays Bank Group, and to consider key risk issues and internal control and risk policies concerning the Barclays Bank Group. Risk Committee meetings are attended by management, including the BBPLC Chief Financial Officer and, Barclays Group and/or BBPLC Chief Risk Officer, Chief Compliance Officer, Chief Internal Auditor, General Counsel, as appropriate and the Company's External Auditors, KPMG. Following the BPLC and BBPLC consolidation, the Committee continued to invite the relevant BBPLC Senior Manager to attend meetings for the appropriate agenda items.

An externally facilitated review of the effectiveness of the Board and Board members was undertaken in the first quarter of 2019. Following the streamlining of the membership of the BPLC and BBPLC boards and the change in membership of the Risk Committee, it was agreed that the recommendations from the review of the performance of the BPLC risk committee would be adopted as the review of Risk Committee performance for 2019. The results confirm that the Risk Committee is operating effectively and provides an effective level of challenge and oversight of the areas within its remit. It was noted that coverage of BBPLC matters within concurrent meetings was considered appropriate and would benefit from further embedment.

Attendance at the Risk Committee during 2019 was as follows:

Member	Eligible Meeting Attendance in 2019 (excluding ad hoc meetings)	Appointment Dates
Tim Breedon (Chairman)	3/3	Appointed 25 September 2019
Mike Ashley	3/3	Appointed 25 September 2019
Mary Anne Citrino	3/3	Appointed 25 September 2019
Dawn Fitzpatrick	Nil	Appointed 1 January 2020
Matthew Lester	3/3	Appointed 25 September 2019; retired 1 January 2020
Diane Schueneman	3/3	From 25 September 2019
Peter Bernard (Former Chairman)	5/5	Retired 25 September 2019
Jeremy Scott	5/5	Retired 25 September 2019
Maria Richter	5/5	Retired 25 September 2019
Hélène Vletter-van Dort	5/5	Retired 25 September 2019

The principal role and responsibilities of the Risk Committee, pursuant to its Terms of Reference, is to review, on behalf of the Board, management's recommendations on the principal risks as set out in the ERMF with the exception of Reputation risk which is a matter reserved to the Board, and in particular:

- Review, on behalf of the Board, the management of the principal risks in the ERMF;
- Consider and recommend to the Board, within the risk parameters set by the BPLC risk committee, the Company's risk appetite and tolerance for those principal risks;
- Review, on behalf of the Board, the Barclays Bank Group's risk profile for those principal risks; and
- Commission, receive and consider reports on key risk issues.

During 2019, the principal activities of the Risk Committee included:

- Advising the Board on the appropriate risk appetite and risk tolerance for the principal risks in the ERMF when determining strategy, including recommending to the Board for approval the proposed overall risk appetite and risk limits for the Company.
- Considering and approving the Company's capital and liquidity stress test scenarios, and the results of different stress and reverse stress assumptions, including both internal stress tests and those proposed by external regulatory bodies.
- Ensuring that the Company has enough capital, liquidity and financial resources to meet its regulatory requirements and obligations.
- Reviewing and considering the operational risks arising from the Company's procedures, processes, systems and policies, and annual approval of the operational risk tolerance statement.
- Evaluating the appropriateness of Barclays' Model risk management framework and receiving and considering reports from management on specific modelling processes.
- Overseeing the management of Conduct risk within BBPLC, and the performance of the Compliance function.
- Overseeing the Company's regulatory requirements, as they relate to risk management, including regulatory and internal capital and funding requirements, approving the Company's Internal Capital Adequacy Assessment Process and Individual Liquidity Adequacy Assessment Process and considering and recommending the BBPLC elements of the Barclays Group Recovery Plan to the Board for approval.
- Reviewing the frameworks, policies and resources in place to support effective risk management and oversight of the Barclays Bank Group.
- Reviewing performance against risk metrics and advising the Remuneration Committee when making remuneration decisions for 2019.
- Reviewing and approving strategic transactions above standard thresholds, taking account of the impact on the Company's risk profile and overall risk appetite.
- Reviewing and endorsing statements in relation to the Company's principal risks and the effectiveness of the Company's risk management systems made in the Company's Strategic Report, Annual Report, and BBPLC elements of the BPLC Pillar 3 reporting.

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

- Risk appetite and risk profile: to review the key themes arising from the current and prospective macroeconomic, geopolitical, macro-prudential and financial environment and their impact on the Company's risk appetite and risk profile.
- Conduct risk: to receive an overview of the oversight and management of Conduct risk across the Barclays Bank Group and the role of the Compliance function in the management of Conduct risk.
- Stress testing: the Risk Committee considered the 2019 Group Recovery Plan for BBPLC ahead of approval by the Board and the initial submission of the Biennial Exploratory Scenario submission to the Bank of England.
- Deep dive on the Structured Products business: to provide the Risk Committee with an update on the governance processes embedded by the Risk Function to ensure the structured products business is grown in a controlled manner.
- Certain important sovereign exposures of the bank.
- US credit card risk: to inform the Risk Committee on the risk profile and risk performance of the business within both current and stressed macro-economic conditions; and continued progress in embedding the control environment.
- Strategic transactions: to review and approve strategic transactions above standard thresholds, taking account of the impact on the Company's risk profile and overall risk appetite.

In 2020, the Risk Committee will continue to focus on the impact of the external environment on the risk profile of the Barclays Bank Group, particularly as the negotiations on the future trade relationship with the EU progress and the broader geopolitical context evolves in the run up to the US presidential election. The Risk Committee will continue to evaluate progress made by the Risk function in further developing its capabilities and impact.

Leadership
Individual roles on the Board and their responsibilities 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 Chairman, Non-Executive Directors, Executive Directors and Committee Chairs. Pursuant to the Charter of Expectations, Non-Executive Directors provide effective oversight and scrutiny, strategic guidance and constructive challenge whilst holding the Executive Directors to account against their agreed performance objectives. A copy of the Charter of Expectations can be found at home.barclays/corporate governance.

Appointment and retirement of Directors
The appointment and retirement of Directors is governed by the Company's Articles of Association (the Articles), the Act and related legislation.

The Articles may only be amended by a special resolution of the shareholders. The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any such Director holds office only until the next Annual General Meeting ('AGM') and may offer himself/herself for re-election. All Directors will stand for election or re-election at the 2020 AGM.

All appointments to the Board and senior management are viewed through a diversity lens and are based on merit and objective criteria, which focus on the skills and experience required for the Board's effectiveness and the delivery of the Company's strategy. Board appointments are made following a rigorous and transparent process facilitated by the Nominations Committee, with the aid of an external search consultancy firm. You can read more about the work of the Nominations Committee on page 18.

Diversity across the Barclays Group remains a key area of focus. For more detail on the Barclays Bank Group actions to increase diversity please see page 23.

The Nominations Committee regularly reviews the composition of the Board, Board Committees and Executive Committee and the core competencies, diversity and experience required. For the Board, it is standard practice to appoint any new non-executive director or chairman for an initial three-year term subject to annual re-election at the AGM, which may be extended for up to a further three-year term. As such, non-executive directors typically serve up to a total of six years.

Effectiveness
Appointments to the Board were made via a formal, rigorous and transparent process, based on merit, taking into account the skills, experience and diversity needed on the Board in the context of the Barclays' Group's strategic direction.

As at the date of this report, we have met the Board gender diversity target of 33% with four female directors. The Board is committed to regularly reviewing its broad diversity profile.

The Company considers the composition of principal Board Committees to meet the independence criteria of the 2018 UK Corporate Governance Code as it applied to BBPLC and there is appropriate cross-membership on the Board Committees to further promote effectiveness.

All Directors are expected to commit sufficient time to fulfil their duties to the Company. This includes attending, and being well-prepared for, all Board and Board Committee meetings, as well as making time to understand the business and meet with executives. The Company's Charter of Expectations sets out responsibilities for providing the Board with accurate, timely and high-quality information necessary for it to fulfil its duties.

Director effectiveness assessment: disclosure of regulatory investigation
Barclays PLC has disclosed the following in relation to its annual director effectiveness assessment:

In accordance with the UK Corporate Governance Code, all of the current Directors of Barclays PLC will be submitting themselves for election or re-election at the Annual General Meeting to be held on 7 May 2020, and will be unanimously recommended by the Barclays PLC Board for election or re-election as appropriate. Further information in this regard will be set out in the Notice of Meeting which will be published in due course.

In deciding whether to recommend Jes Staley for re-election, the Board has carried out its usual formal and rigorous performance assessment, which it does in respect of the effectiveness of each of the Directors. As part of its determination in respect of Mr. Staley, the Board has had regard to media reports in the past 6 months that have highlighted historical links between Mr. Staley and Jeffrey Epstein.

As has been widely reported, earlier in his career Mr. Staley developed a professional relationship with Mr. Epstein. In the summer of 2019, in light of the renewed media interest in the relationship, Mr. Staley volunteered and gave to certain executives, and the Chairman, an explanation of his relationship with Mr. Epstein. Mr. Staley also confirmed to the Board that he has had no contact whatsoever with Mr. Epstein at any time since taking up his role as Barclays Group CEO in December 2015.

The relationship between Mr. Staley and Mr. Epstein was the subject of an enquiry from the Financial Conduct Authority (FCA), to which the Company responded. The FCA and the Prudential Regulation Authority subsequently commenced an investigation, which is ongoing, into Mr. Staley's characterisation to the Company of his relationship with Mr. Epstein and the subsequent description of that relationship in the Company's response to the FCA.

Based on these reviews and the additional review in respect of Mr. Staley described below, conducted with the support of external counsel, of the information available to us and representations made by Mr. Staley, the Board (the Executive Directors having been recused) believes that Mr. Staley has been sufficiently transparent with the Company as regards the nature and extent of his relationship with Mr. Epstein. Accordingly, Mr. Staley retains the full confidence of the Board, and is being unanimously recommended for re-election at the Annual General Meeting.

The Board will continue to cooperate fully with the regulatory investigation, and will provide a further update as and when it is appropriate to do so.

Accountability

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

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

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

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

Remuneration

The Remuneration Committee reviews and adopts the Barclays Group's Remuneration Policy for use in the Barclays Bank Group. The purpose and activities of this Committee are contained in the Remuneration Committee report on page 19.

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

Controls over financial reporting

A framework of disclosure controls and procedures is in place to support the approval of the financial statements of the Barclays Bank Group. Specific governance committees are responsible for examining the financial reports and disclosures to ensure that they have been subject to adequate verification and comply with applicable standards and legislation.

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

Audit, Risk and Internal Control

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

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

Processes are in place for identifying, evaluating and managing the Principal Risks facing the Company. A key component of the framework is the ERMF which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF is designed to identify and set minimum requirements, in respect of the main risks, to achieving the Company's strategic objectives and to provide reasonable assurance that internal controls are effective. Further detail on the Principal Risks and management of them can be found in the Risk Management section of the Strategic Report on pages 4 to 5.

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

The Risk Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures examining reports covering the principal risks including those that would threaten its business model, future performance, solvency or liquidity, as well as reports on risk measurement methodologies and risk appetite. Further detail of the work of the Risk Committee can be found on pages 19 to 20.

As referenced above, the Audit Committee carries out several duties, delegated to it by the Board, including oversight of financial reporting processes, reviewing the effectiveness of internal controls, considering whistle-blowing arrangements and oversight of the work of the external and internal auditors. Throughout the year ended 31 December 2019 and to date, the Company has operated a system of internal control that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations.

The Board together with the Audit Committee is responsible for ensuring the independent and effectiveness of the internal and external audit functions. For this reason the Audit Committee members met regularly with the Chief Barclays Internal Audit and the External Audit Partner without management present. Further detail of the work of the Audit Committee can be found on pages 17 to 18.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting under the supervision of the principal executive and financial officers, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements, in accordance with International Financial Reporting Standards (IFRS). Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail:

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

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

Management has assessed the internal control over financial reporting as of 31 December 2019. In making its assessment, management utilised the criteria set out in the 2013 COSO framework and concluded that, based on its assessment, the internal control over financial reporting was effective as of 31 December 2019.

The system of internal financial and operational controls is also subject to regulatory oversight in the UK and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk review section on page 111 to 117.

Changes in internal control over financial reporting

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

Executive Committee

During 2019, the Executive Committee membership included the BBPLC President, Chief Financial Officer, Chief Risk Officer, and leaders of each business unit, Human Resources, Legal and Compliance. The Executive Committee meets weekly and is chaired by the Chief Executive Officer. In addition to the day-to-day management of the Company, the Executive Committee supports the Chief Executive Officer in ensuring that the values, strategy and culture align, are implemented and are communicated consistently to colleagues – for example through regular leadership team conferences, roadshows and communications that are available to all colleagues.

Non-Executive Directors time commitment and conflict of interest

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

The time commitments of Directors are considered by the Board on appointment and are reviewed when appropriate. External appointments must be agreed with the Chairman and disclosed to the Board, before appointment, with an indication of the time involved The Board is satisfied that there are no Directors whose time commitment is considered to be a matter for concern

In accordance with the Act and the 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 independent judgement of the Board. The Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts, together with any Board authorisation of the conflict.

Training and induction

During 2019, Directors met regularly with senior management, as well as attending town halls and senior leadership gatherings. In addition, Directors are regularly provided with the opportunity to take part in ongoing training and development and can also request specific training they may consider necessary or useful. During 2019, the Directors received training on legal and regulatory developments, including whistleblowing and the Senior Manager's Regime.

There is an induction programme for all new Directors which is tailored to their specific experience and knowledge, providing access to all parts of the business, to support Directors in understanding the nature of the business and the key issues the Company faces. When a Director joins a Board Committee, the schedule includes an induction to the operation of that Board Committee.

Diversity and inclusion

The Board recognises the importance of ensuring that there is broad diversity among the Directors inclusive of, but not limited to, gender, ethnicity, geography and business experience. In addition, the Company aims to ensure that employees of all backgrounds are treated equally and have the opportunity to be successful. The Barclays Group's Global Diversity and Inclusion (D&I) strategy sets objectives, initiatives and plans across five core pillars: Gender, LGBT+, Disability, Multicultural and Multigenerational, in support of that ambition. Further information on the Barclays Group's Board Diversity Policy, as adopted by the Board, and D&I strategy can be found on pages 62 of the Barclays PLC Annual Report 2019.

Governance
Directors' report

The Directors present their report together with the audited accounts for the Company for the year ended 31 December 2019.

Section 414A of the Companies Act 2006 (the 'Act') requires the Directors to present a Strategic Report in the Annual Report. The information can be found on pages 1 to 9.

BBPLC has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Act through the disclosure contained in the Barclays PLC Annual Report on pages 39 to 40. 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.

The particulars of important events affecting the Company since the financial year end can be found in the notes to the financial statements. An indication of likely future developments may be found in the Strategic Report.

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

	Pages
Corporate Governance Report	12
Performance measures	6
Risk Management	31
Principal Risks	44
Disclosures required pursuant to Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as updated by Companies (Miscellaneous Reporting) 2018 Regulations can be found on the following pages:	
Engagement with employees (Sch.7 Para 11 and 11A 2008/2018 Regs and S172(1) Statement)	8
Policy concerning the employment of disabled persons (Sch.7 Para 10 2008 Regs)	8
Financial Instruments (Sch.7 Para 6 2008 Regs)	44
Hedge accounting policy (Sch.7 Para 6 2008 Regs)	162

Profits and dividends
The results of the Barclays Bank Group show statutory profit after tax of £2,780m (2018: £1,010m[1]). The Barclays Bank Group had net assets of £50,615m at 31 December 2019 (2018: £47,711m).

Barclays PLC will pay a full year dividend in respect of 2019 of 6p per ordinary share on 3 April 2020 to shareholders on the share register on 28 February 2020. The Company will pay a dividend to Barclays PLC in order to fund its external dividend payment. The Directors of BBPLC recommend a dividend of no more than £263m to satisfy this requirement. Further details on total dividends on ordinary shares paid in 2019 are set out in Note 9 to the financial statements. Dividends paid on preference shares for the year ended 31 December 2019 amounted to £41m (2018: £204m).

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 securities or voting rights. Further information on the Company's share capital can be found in Note 27 of 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 issued or bought back in 2019. The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2019 AGM. It will be proposed at the 2020 AGM that the Directors be granted new authorities to allot and buy-back shares.

Repurchase of preference shares
No preference shares were redeemed by the Company during 2019.

[1] From 2019, due to an IAS 12 update, the tax relief on payments in relation to equity instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded within retained earnings. Comparatives have been restated, reducing the tax charge for FY18 by £175m. Further detail can be found in Note 1.

Directors

The list of current Directors of the Company can be found in the Corporate Governance Statement. 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
Mike Ashley	Non-Executive Director	Appointed 25 September 2019
Peter Bernard	Non- Executive Director	Resigned 25 September 2019
Tim Breedon	Non- Executive Director	Appointed 25 September 2019
Mary Anne Citrino	Non- Executive Director	Appointed 25 September 2019
Steven Ewart	Executive Director	Resigned 25 September 2019
Mohamed A. El-Erian	Non- Executive Director	Appointed 1 January 2020
Mary Francis	Non- Executive Director	Appointed 25 September 2019
Dawn Fitzpatrick	Non- Executive Director	Appointed 25 September 2019
Sir Gerry Grimstone	Non- Executive Director	Resigned 28 February 2019
Nigel Higgins	Non- Executive Director	Appointed 1 March 2019
Helen Keelan	Non- Executive Director	Resigned 25 September 2019
Matthew Lester	Non- Executive Director	Appointed 25 September 2019 and Resigned 1 January 2020
Tushar Morzaria	Executive Director	Appointed 25 September 2019
Maria Richter	Non- Executive Director	Resigned 25 September 2019
Diane Schueneman	Non- Executive Director	Appointed 25 September 2019
Jeremy Scott	Non- Executive Director	Resigned 25 September 2019
Jes Staley	Executive Director	Appointed 26 March 2019
Tim Throsby	Executive Director	Resigned 26 March 2019
Alexander Thursby	Non- Executive Director	Resigned 25 September 2019
Helene Vletter Van Dort	Non- Executive Director	Resigned 25 September 2019

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 2019 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. In addition, the Company maintains Directors' & Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Qualifying pension scheme indemnity provisions (as defined by section 235 of the Act) were in force during the course of the financial year ended 31 December 2019 for the benefit of the then Directors, and at the date of this report are in force for the benefit of Directors of Barclays Pension Funds Trustees Limited as Trustee of the Barclays Bank UK Retirement Fund. The Directors of the Trustee are indemnified against liability incurred in connection with the company's activities as Trustee of the Barclays Bank UK Retirement Fund.

Similarly, qualifying pension scheme indemnities were in force during 2019 for the benefit of Directors of Barclays Executive Schemes Trustees Limited as Trustee of Barclays Bank International Limited Zambia Staff Pension Fund (1965), Barclays Capital International Pension Scheme (No.1), and Barclays PLC Funded Unapproved Retirement Benefits Scheme. The Directors of the Trustee are indemnified against liability incurred in connection with the Company's activities as Trustee of the schemes above.

Political donations

The Barclays Bank Group did not give any money for political purposes in the UK, the rest of the EU or outside the EU, 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 2019 Barclays PLC Annual Report.

Environment

Barclays focuses on addressing environmental issues where we believe we have the greatest potential to make a difference. We focus on managing our own carbon footprint and reducing our absolute carbon emissions, developing products and services to help enable the transition to a low-carbon economy, and managing the risks of climate change to our operations, clients, customers and society at large.

We invest in improving the energy efficiency of our operations and offset the emissions remaining through the purchase of carbon credits. We also have a long-standing commitment to managing the environmental and social risks associated with our lending practices, which is embedded into our risk processes. A governance structure is in place to facilitate clear dialogue across the business and with suppliers around issues of potential environmental and social risk.

Disclosure of global greenhouse gas emissions is done at a Barclays Group level with information available in the Barclays PLC 2019 Annual Report with fuller disclosure available on our website at home.barclays.com/citizenship.

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

Customers and clients are the heart of the Barclays business – without them, Barclays would not exist. Barclays works hard to understand the needs of its customers and clients to inform and improve its products and services. Barclays engages with them in a variety of ways, including conducting a wide-range of customer and client research; using the invaluable insight to inform business decisions on the development of services and initiatives. As an illustration, during 2019, the Company continued the roll out of the Corporate Bank's European platform, providing clients with a consistent digital cash management offering and servicing model across the continent and launched BARX as a newly integrated, cross-asset electronic trading platform to create a better experience for Investment Bank clients.

Barclays supply chain helps it deliver for all of its customers, clients and stakeholders. Barclays engages with its suppliers through its contractual arrangements and requirements to ensure suppliers adhere to the Barclays' Supplier Control Obligations and the Supplier Code of Conduct. From such engagement suppliers have identified prompt payment as critical. Barclays is a signatory to the Prompt Payment Code in the UK and is committed to paying its suppliers within clearly defined terms, and to ensuring there is a proper process for dealing with any issues that may arise. Please see page 33 of the Barclays PLC 2019 Annual Report for detail on Barclays' supplier payment on-time performance in 2019.

For further detail on customer, client and supplier engagement is set out on page 33 of the Barclays PLC 2019 Annual Report.

Branches and Country-by-Country reporting

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

The Company is exempt from publishing information required by The Capital Requirements (Country-by-Country Reporting) Regulations 2013 as this information is published by its parent Barclays PLC. This information is due to be published on or around 13 February 2020 and will be available at home.barclays.com/citizenship.

Research and development

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

Change of control

There are no significant agreements to which the Company is a party that are affected by a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Auditors

The BPLC audit committee reviews the appointment of the external auditors, as well as their relationship with the Barclays Group, including monitoring the Barclays Group's use of the external auditors for non-audit services and the balance of audit and non-audit fees paid to them. The BBPLC Audit Committee also monitors the use of the external auditors for non-audit services within BBPLC. More details on this can be found in Note 40 to the financial statements.

An external audit tender was conducted in 2015 and the decision was made to appoint KPMG as Barclays Group's external 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 external auditor and the setting of a policy on the provision of non-audit services.

Provided that KPMG continue to maintain their independence and objectivity, and the BPLC audit committee remains satisfied with their performance, the Barclays Group has no intention of appointing an alternative external auditor before the end of the current required period of 10 years.

Non-audit services

In order to safeguard the auditor's independence and objectivity, the Barclays Group has in place a policy setting out the circumstances in which the Auditor may be engaged to provide services other than those covered by the Barclays Group audit. The Barclays Group Policy on the Provision of Services by the Group Statutory Auditor (the Policy) applies to all Barclays' subsidiaries and other material entities over which Barclays has significant influence. The core principle of the Policy is that non-audit services (other than those legally required to be carried out by the Barclays Group's Auditor) should only be performed by the Auditor in certain, controlled circumstances. The Policy sets out those types of services that are strictly prohibited and those that are allowable in principle. Any service types that do not fall within either list are considered by the chairman of the BPLC audit committee a case-by-case basis, supported by a risk assessment provided by management.

Under the policy the BPLC audit committee has pre-approved all allowable services for which fees are less than £100,000. All requests to engage the Auditor are assessed by independent management before work can commence. Requests for allowable service types in respect of which the fees are expected to meet or exceed the above threshold must be approved by the chairman of the BPLC audit committee before work is permitted to begin. Services where the fees are expected to be £250,000 or higher must be approved by the BPLC audit committee as a whole. All expenses and disbursements must be included in the fees calculation. More information on this can be found in the Barclays PLC 2019 Annual Report.

The fees payable to KPMG for the year ended 31 December 2019 amounted to £35m, of which £7m (2018: £7m) was payable in respect of non-audit services. A breakdown of the fees payable to the auditor for statutory audit and non-audit work can be found in Note 40.

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 auditors are 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 auditors are 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 auditors' report set out on page 119 to 126, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

Going concern

BBPLC'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 considered it appropriate to prepare the financial statements on a going concern basis.

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

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

The Barclays Bank Group's business activities, financial position (including the implications of the UK's decision to leave the European Union), 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 Group accounts for each financial year and, with regards to Barclays Bank Group accounts, in accordance with article 4 of the IAS regulation. The Directors have prepared these accounts in accordance with IFRS as adopted by the EU. Under the Act, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Barclays Bank Group and the Company and of their profit or loss for that period.

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

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

Directors are responsible for such internal 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 Group keeps accounting records which disclose with reasonable accuracy the financial position of the Company and the Barclays Bank Group and which enable them to ensure that the accounts comply with the Act.

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 Directors, whose names are set out on page 16, confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
(b) the management report, on pages 1 to 9, which is incorporated in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Stephen Shapiro
Company Secretary
12 February 2020

Barclays Bank PLC
Registered in England. Company No. 1026167

Contents

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

Risk performance continued

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Risk management

Barclays' risk management strategy

The Barclays Bank Group's risk management strategy

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

Enterprise Risk Management Framework (ERMF)

The ERMF sets the strategic approach for risk management by defining standards, objectives and responsibilities for all areas of the Barclays Group. It is approved by the Barclays PLC Board on recommendation of the Barclays Group Chief Risk Officer (CRO); it is then adopted by the Barclays Bank Group with modifications where needed. It supports senior management in effective risk management and developing a strong risk culture.

The ERMF sets out:

- Segregation of duties: The ERMF defines a Three Lines of Defence model.
- Principal risks faced by the Barclays Bank Group: This list guides the organisation of the risk management function, and the identification, management and reporting of risks.
- Risk appetite requirements: This helps define the level of risk we are willing to undertake in our business.
- Roles and responsibilities for risk management: The ERMF sets out the accountabilities of the Barclays Bank Group CEO and other senior managers, as well as the Barclays Bank Group committees.

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

- Frameworks cover the management approach for a collection of related activities and define the associated policies used to govern them.
- Policies set out principles and other core requirements for the activities of the Barclays Bank Group. Policies describe "what" must be done.
- Standards set out the key control objectives that describe how the requirements set out in the policy are met, and who needs to carry them out. Standards describe "how" controls should be undertaken.

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:

- First line comprises all employees engaged in the revenue generating and client facing areas of the Barclays Bank Group and all associated support functions, including Finance, Treasury, and Human Resources. The first line is responsible for identifying and managing the risks they generate, establishing a control framework, and escalating risk events to Risk and Compliance.
- Second line is comprised of the Risk and Compliance functions. The role of the second line is to establish the limits, rules and constraints under which first line activities shall be performed, consistent with the risk appetite of the Barclays Bank Group, and to monitor the performance of the first line against these limits and constraints. Note that limits for a number of first line activities, related to operational risk, will be set by the first line and overseen by the Chief Controls Office. These will remain subject to supervision by the second line.
- Third line of defence is Internal Audit, who are responsible for providing independent assurance over the effectiveness of governance, risk management and control over current, systemic and evolving risks.
- The Legal function provides support to all areas of the bank and is not formally part of any of the three lines. However, it is subject to second line oversight.

Principal risks

The ERMF identifies eight principal risks (see table on page 5 of this report) and sets out associated responsibilities and expectations around risk management.

Each of the principal risks is overseen by an accountable executive within the Barclays Group who is responsible for the framework, policies and standards that detail the related requirements. Risk reports to executive and Board committees are clearly organised by principal risk. In addition, certain risks span more than one principal risk; these are also subject to the ERMF and are reported to executive and Board committees.

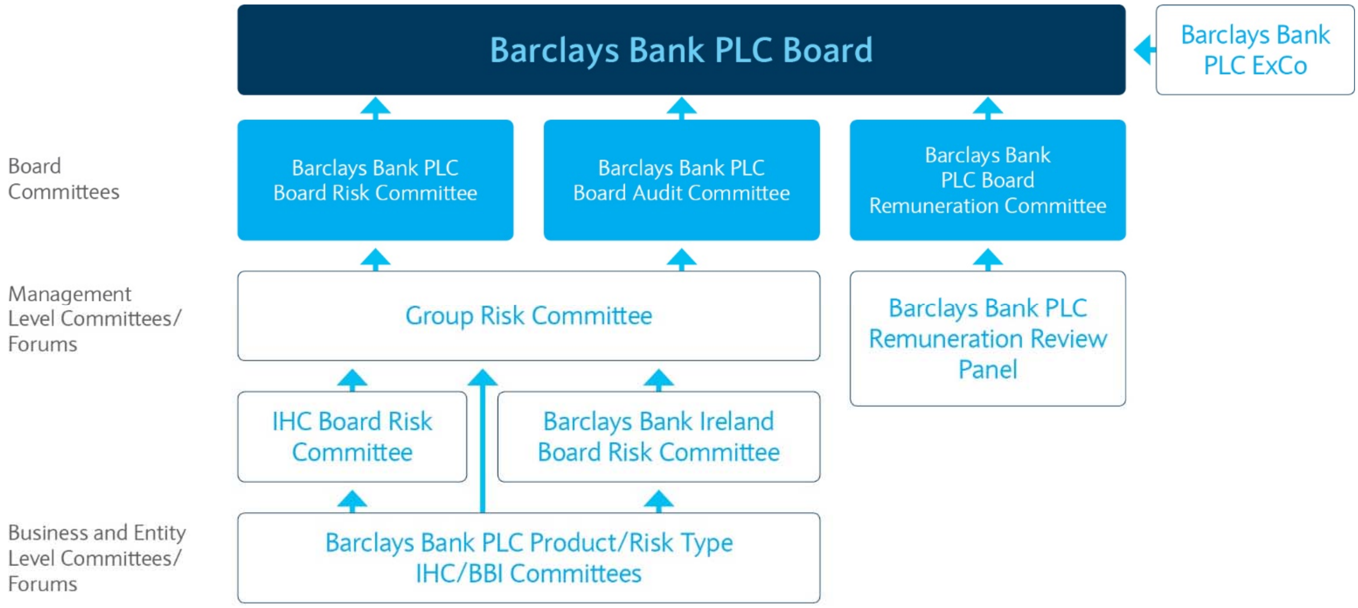
Risk appetite for the principal risks

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

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

Risk management

Barclays' risk management strategy



Risk Committees

Barclays Bank Group Product/Risk Type Committees consider risk matters relevant to their business, and escalate as required to the Barclays Group Risk Committee, whose Chairman, in turn, escalates to the Barclays Bank PLC Board Committees and the Barclays Bank PLC Board.

There are two Board-level forums which oversee the application of the ERMF and review and monitor risk across Barclays Bank PLC. These are: the Barclays Bank PLC Board Risk Committee and the Barclays Bank PLC Board Audit Committee. Additionally, the Barclays Bank PLC Board Remuneration Committee oversees pay practices focusing on aligning pay to sustainable performance in line with policies. Finally, the Barclays Bank PLC Board receives regular information on the risk profile of Barclays Bank Group, and has ultimate responsibility for risk appetite and capital plans, within the parameters set by the Barclays PLC Board.

- **The Barclays Bank PLC Board:** One of the Board's responsibilities is the approval of the risk appetite of Barclays Bank Group. Risk appetite is approved by the Barclays PLC Board and disseminated across legal entities, including the Barclays Bank Group. The Barclays Bank Group may choose to adopt a lower risk appetite than allocated to it by the Barclays Group. The Barclays Bank PLC Board is also responsible for the adoption of the ERMF.
- **The Barclays Bank PLC Board Risk Committee (BRC)**: The BRC monitors Barclays Bank Group's risk profile against the agreed appetite. Where actual performance differs from expectations, the actions taken by management are reviewed to ascertain that the BRC is comfortable with them. The Barclays Bank Group CRO regularly presents a report to the BRC summarising developments in the risk environment and performance trends in the key portfolios. The BRC also reviews certain key risk methodologies, the effectiveness of risk management, and the Barclays Bank Group risk profile, including the material issues affecting each business portfolio and forward risk trends. The committee also commissions in-depth analyses of significant risk topics, which are presented by the Barclays Bank Group CRO or senior risk managers in the businesses.

  All members are independent non-executive Directors. The Chairman of the BRC also sits on the BAC.
- **The Barclays Bank PLC Board Audit Committee (BAC):** The BAC receives regular reports on the effectiveness of internal control systems, on material control issues of significance, and on accounting judgements (including impairment). It also receives a half-yearly review of the adequacy of impairment allowances, which it reviews relative to the risk inherent in the portfolios, the business environment and Barclays Bank Group policies and methodologies. The Chairman of the BAC also sits on the BRC.
- **The Barclays Bank PLC Board Remuneration Committee (RemCo):** The RemCo receives a detailed report on risk management performance and risk profile, and proposals on ex-ante and ex-post risk adjustments to variable remuneration. These inputs are considered in the setting of performance incentives.

A small number of risk management forums, supported by reporting processes, include representation from the Barclays Group risk management executives, as well as from the operating entities (including the Barclays Bank Group) as appropriate. This is typically to consider matters that are relevant to the risk profile of the Barclays Group, and/or where it is appropriate to make decisions that apply uniformly across the Barclays Group (for instance, the Barclays Group Impairment Committee approves impairment results).

Role of the Barclays Group Risk Management Processes and Forums in the Barclays Bank Group

The Barclays Group Risk teams and Board Committees conduct risk management activity, and oversight, in respect of the Barclays Bank Group:

- The Barclays Group Board allocates a portion of the overall risk appetite to the Barclays Bank Group;
- Certain Barclays Group Committees and executives review, and take decisions on, matters, events or transactions originating in the Barclays Bank Group that are relevant to the risk profile of the Barclays Group;
- Barclays Group-wide risk policies are owned by the Barclays Group Risk Function teams, and adopted by the Barclays Bank Group. Entity-specific addenda are agreed with the Barclays Group where local regulations would otherwise preclude adoption, or to clarify or emphasise particular aspects.

Barclays' risk culture

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

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

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

Specifically, all employees regardless of their positions, functions or locations must play their part in the Barclays Bank Group's risk management. Employees are required to be familiar with risk management policies which are relevant to their responsibilities, know how to escalate actual or potential risk issues, and have a role-appropriate level of awareness of the risk management process as defined by the ERMF.

Our Code of Conduct – the Barclays Way

Globally, all colleagues must attest to the "Barclays Way", our Code of Conduct, and comply with all frameworks, policies and standards applicable to their roles. The Code of Conduct outlines the purpose and values which govern our "Barclays Way" of working across our business globally. It constitutes a reference point covering the aspects of colleagues' working relationships, with other Barclays employees, customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community.

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

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

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

i) Business conditions, general economy and geopolitical issues

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

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

Geopolitical events may lead to further financial instability and affect economic growth. In particular:

- In the UK, the decision to leave the European Union (EU) may give rise to further economic and political consequences including for investment and market confidence in the UK and the remainder of EU. See "(ii) Process of UK withdrawal from the EU" below for further details.
- A significant proportion of the Barclays Bank Group's portfolio is located in the US, including a major credit card portfolio and a range of corporate and investment banking exposures. The possibility of significant continued changes in US policy in certain sectors (including trade, healthcare and commodities), may have an impact on the Barclays Bank Group's associated portfolios. Stress in the US economy, weakening GDP and the associated exchange rate fluctuations, heightened trade tensions (such as the current dispute between the US and China), an unexpected rise in unemployment and/or an increase in interest rates could lead to increased levels of impairment, resulting in a negative impact on the Barclays Bank Group's profitability.
- Global GDP growth weakened in 2019, as elevated policy uncertainty weighed on manufacturing activity and investment. As a result, a number of central banks, most notably the Federal Reserve and European Central Bank (ECB), pursued monetary easing. Growth is expected to stabilise in 2020, but macroeconomic risks remain skewed to the downside, while concerns around the efficacy of existing policy tools to counter these risks persist. An escalation in geopolitical tensions, increased use of protectionist measures or a disorderly withdrawal from the EU may negatively impact the Barclays Bank Group's business in the affected regions.
- In China the pace of credit growth remains a concern, given the high level of leverage and despite government and regulatory action. A stronger than expected slowdown could result if authorities fail to appropriately manage growth during the transition from manufacturing towards services and the end of the investment and credit-led boom. Deterioration in emerging markets could affect the Barclays Bank Group if it results in higher impairment charges via sovereign or counterparty defaults.

ii) Process of UK withdrawal from the EU

The manner in which the UK withdraws from the EU will likely have a marked impact on general economic conditions in the UK and the EU. The UK's future relationship with the EU and its trading relationships with the rest of the world could take a number of years to resolve. This may lead to a prolonged period of uncertainty, unstable economic conditions and market volatility, including fluctuations in interest rates and foreign exchange rates.

Whilst the exact impact of the UK's withdrawal from the EU is unknown, the Barclays Bank Group continues to monitor the risks that may have a more immediate impact for its business, including, but not limited to:

- Market volatility, including in currencies and interest rates, might increase which could have an impact on the value of the Barclays Bank Group's trading book positions.
- Credit spreads could widen leading to reduced investor appetite for the Barclays Bank Group's debt securities. This could negatively impact the Barclays Bank Group's cost of and/or access to funding. In addition, market and interest rate volatility could affect the underlying value of assets in the banking book and securities held by the Barclays Bank Group for liquidity purposes.
- A credit rating agency downgrade applied directly to the Barclays Bank Group, or indirectly as a result of a credit rating agency downgrade to the UK Government, could significantly increase the Barclays Bank Group's cost of and/or reduce its access to funding, widen credit spreads and materially adversely affect the Barclays Bank Group's interest margins and liquidity position.
- A UK recession with lower growth, higher unemployment and falling UK property prices could lead to increased impairments in relation to a number of the Barclays Bank Group's portfolios, including, but not limited to, its corporate portfolios and commercial real estate exposures.

- The ability to attract, or prevent the departure of, qualified and skilled employees may be impacted by the UK's and the EU's future approach to the EU freedom of movement and immigration from the EU countries and this may impact the Barclays Bank Group's access to the EU talent pool.
- A disorderly exit from the EU may put a strain on the capabilities of the Barclays Bank Group's systems, increasing the risk of failure of those systems and potentially resulting in losses and reputational damage for the Barclays Bank Group.
- Changes to current EU 'Passporting' rights may require further adjustment to the current model for the Barclays Bank Group's cross-border banking operation which could increase operational complexity and/or costs for the Barclays Bank Group.
- The legal framework within which the Barclays Bank Group operates could change and become more uncertain if the UK takes steps to replace or repeal certain laws currently in force, which are based on EU legislation and regulation (including EU regulation of the banking sector) following its withdrawal from the EU. Certainty around the ability to maintain existing contracts, enforceability of certain legal obligations and uncertainty around the jurisdiction of the UK courts may be affected until the impacts of the loss of the current legal and regulatory arrangements between the UK and EU and the enforceability of UK judgements across the EU are fully known.
- Should the UK see reduced access to financial markets infrastructures (including exchanges, central counterparties and payments services, or other support services provided by third party suppliers) service provision for clients could be impacted, likely resulting in reduced market share and revenue and increased operating costs for the Barclays Bank Group.

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

Any changes to interest rates are significant for the Barclays Bank Group, especially given the uncertainty as to the direction of interest rates and the pace at which interest rates may change particularly in the Barclays Bank Group's main markets of the UK and the US.

A continued period of low interest rates and flat yield curves, including any further cuts, may affect and continue to put pressure on the Barclays Bank Group's net interest margins (the difference between its lending income and borrowing costs) and could adversely affect the profitability and prospects of the Barclays Bank Group.

However, whilst interest rate rises could positively impact the Barclays Bank Group's profitability as retail and corporate business income increases due to margin de-compression, further 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, which in turn could cause stress in the lending portfolio and underwriting activity of the Barclays Bank Group. Resultant higher credit losses driving an increased impairment charge would most notably impact retail unsecured portfolios and wholesale non-investment grade lending and could have a material effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

In addition, changes in interest rates could have an adverse impact on the value of the securities held in the Barclays Bank Group's liquid asset portfolio. Consequently, this could create more volatility than expected through the Barclays Bank Group's FVOCI reserves.

iv) The competitive environments of the banking and financial services industry

The Barclays Bank Group's businesses are conducted in competitive environments (in particular, in the UK and US), with increased competition scrutiny, and the Barclays Bank Group's financial performance depends upon the Barclays Bank Group's ability to respond effectively to competitive pressures whether due to competitor behaviour, new entrants to the market, consumer demand, technological changes or otherwise.

This competitive environment, and the Barclays Bank Group's response to it, may have a material adverse effect on the Barclays Bank Group's ability to maintain existing or capture additional market share, business, results of operations, financial condition and prospects.

v) Regulatory change agenda and impact on business model

The Barclays Bank Group remains subject to ongoing significant levels of regulatory change and scrutiny in many of the countries in which it operates (including, in particular, the UK and the US). As a result, regulatory risk will remain a focus for senior management. Furthermore, a more intensive regulatory approach and enhanced requirements together with the potential lack of international regulatory co-ordination as enhanced supervisory standards are developed and implemented may adversely affect the Barclays Bank Group's business, capital and risk management strategies and/or may result in the Barclays Bank Group deciding to modify its legal entity, capital and funding structures and business mix, or to exit certain business activities altogether or not to expand in areas despite otherwise attractive potential.

There are several significant pieces of legislation and areas of focus which will require significant management attention, cost and resource, including:

- Changes in prudential requirements may impact minimum requirements for own funds and eligible liabilities (MREL) (including requirements for internal MREL), leverage, liquidity or funding requirements, applicable buffers and/or add-ons to such minimum requirements and risk weighted assets calculation methodologies all as may be set by international, EU or national authorities. Such or similar changes to prudential requirements or additional supervisory and prudential expectations, either individually or in aggregate, may result in, among other things, a need for further management actions to meet the changed requirements, such as:
  - increasing capital, MREL or liquidity resources, reducing leverage and risk weighted assets;
  - restricting distributions on capital instruments;
  - modifying the terms of outstanding capital instruments;
  - modifying legal entity structure (including with regard to issuance and deployment of capital, MREL and funding);
  - changing the Barclays Bank Group's business mix or exiting other businesses;
  - and/or undertaking other actions to strengthen the Barclays Bank Group's position.

- The derivatives market has been the subject of particular focus for regulators in recent years across the G20 countries and beyond, with regulations introduced which require the reporting and clearing of standardised over the counter (OTC) derivatives and the mandatory margining of non-cleared OTC derivatives. These regulations may increase costs for market participants, as well as reduce liquidity in the derivatives markets. More broadly, changes to the regulatory framework (in particular, the review of the second Markets in Financial Instruments Directive and the implementation of the Benchmarks Regulation) could entail significant costs for market participants and may have a significant impact on certain markets in which the Barclays Bank Group operates.
- The Barclays Group and certain of its members including Barclays Bank PLC are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programmes of the Bank of England (BoE), the European Banking Authority (EBA), the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board (FRB). Failure to meet the requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Barclays Group, could result in the Barclays Group or certain of its members including Barclays Bank PLC being required to enhance their capital position, limit capital distributions or position additional capital in specific subsidiaries.

For further details on the regulatory supervision of, and regulations applicable to, the Barclays Bank Group, see Supervision and regulation on pages 111 to 117.

vi) The impact of climate change on the Barclays Bank Group's business

The risks associated with climate change are subject to rapidly increasing societal, regulatory and political focus, both in the UK and internationally. Embedding climate risk into the Barclays Bank Group's risk framework in line with regulatory expectations, and adapting the Barclays Bank Group's operations and business strategy to address both the financial risks resulting from: (i) the physical risk of climate change; and (ii) the risk from the transition to a low carbon economy, could have a significant impact on the Barclays Bank Group's business.

Physical risks from climate change arise from a number of factors and relate to specific weather events and longer-term shifts in the climate. The nature and timing of extreme weather events are uncertain but they are increasing in frequency and their impact on the economy is predicted to be more acute in the future. The potential impact on the economy includes, but is not limited to, lower GDP growth, higher unemployment and significant changes in asset prices and profitability of industries. Damage to the properties and operations of borrowers could impair asset values and the creditworthiness of customers leading to increased default rates, delinquencies, write-offs and impairment charges in the Barclays Bank Group's portfolios. In addition, the Barclays Bank Group's premises and resilience may also suffer physical damage due to weather events leading to increased costs for the Barclays Bank Group.

As the economy transitions to a low-carbon economy, financial institutions such as the Barclays Bank Group may face significant and rapid developments in stakeholder expectations, policy, law and regulation which could impact the lending activities the Barclays Bank Group undertakes, as well as the risks associated with its lending portfolios, and the value of the Barclays Bank Group's financial assets. As sentiment towards climate change shifts and societal preferences change, the Barclays Bank Group may face greater scrutiny of the type of business it conducts, adverse media coverage and reputational damage, which may in turn impact customer demand for the Barclays Bank Group's products, returns on certain business activities and the value of certain assets and trading positions resulting in impairment charges.

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

If the Barclays Bank Group does not adequately embed risks associated with climate change into its risk framework to appropriately measure, manage and disclose the various financial and operational risks it faces as a result of climate change, or fails to adapt its strategy and business model to the changing regulatory requirements and market expectations on a timely basis, it may have a material and adverse impact on the Barclays Bank Group's level of business growth, competitiveness, profitability, capital requirements, cost of funding, and financial condition.

For further details on the Barclays Bank Group's approach to climate change, see page 43 of climate change risk management.

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

For several years, global regulators and central banks have been driving international efforts to reform key benchmark interest rates and indices, such as the London Interbank Offered Rate ("LIBOR"), which are used to determine the amounts payable under a wide range of transactions and make them more reliable and robust. This has resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of alternative "risk-free" reference rates and the proposed discontinuation of certain reference rates (including LIBOR), with further changes anticipated.

Uncertainty as to the nature of such potential changes, the availability and/or suitability of alternative "risk-free" reference rates and other reforms may adversely affect a broad range of transactions (including any securities, loans and derivatives which use LIBOR to determine the amount of interest payable that are included in the Barclays Bank Group's financial assets and liabilities) that use these reference rates and indices and introduce a number of risks for the Barclays Bank Group, including, but not limited to:

- **Conduct risk:** in undertaking actions to transition away from using certain reference rates (including LIBOR), the Barclays Bank Group faces conduct risks, which may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank Group is (i) considered to be undertaking market activities that are manipulative or create a false or misleading impression, (ii) misusing sensitive information or not identifying or appropriately managing or mitigating conflicts of interest, (iii) providing customers with inadequate advice, misleading information, unsuitable products or unacceptable service, (iv) not taking an appropriate or consistent response to remediation activity or customer complaints, (v) providing regulators with inaccurate regulatory reporting or (vi) colluding or inappropriately sharing information with competitors;

- **Financial risks:** the valuation of certain Barclays Bank Group's financial assets and liabilities may change. Moreover, transitioning to alternative "risk-free" reference rates may impact the ability of members of the Barclays Bank Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because currently alternative "risk-free" reference rates (such as the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR)) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have a material adverse effect on the Barclays Bank Group's cashflows;
- **Pricing risk:** changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative "risk-free" reference rates may impact the pricing mechanisms used by the Barclays Bank Group on certain transactions;
- **Operational risk:** changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative "risk-free" reference rates may require changes to the Barclays Bank Group's IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any reference rate or index (such as LIBOR) is no longer available to calculate amounts payable, the Barclays Bank Group may incur additional expenses in amending documentation for new and existing transactions and/or effecting the transition from the original reference rate or index to a new reference rate or index; and
- **Accounting risk:** an inability to apply hedge accounting in accordance with IFRS could lead to increased volatility in the Barclays Bank Group's financial results and performance.

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

For further details on the impacts of benchmark interest rate reforms on the Barclays Bank Group, see Note 13.

Material existing and emerging risks impacting individual principal risks

i) Credit risk

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

a) Impairment
The introduction of the impairment requirements of IFRS 9 *Financial Instruments*, resulted in impairment loss allowances that are recognised earlier, on a more forward-looking basis and on a broader scope of financial instruments, and may continue to have, a material impact on the Barclays Bank Group's business, results of operations, financial condition and prospects.

Measurement involves complex judgement and impairment charges could be volatile, particularly under stressed conditions. Unsecured products with longer expected lives, such as credit cards, are the most impacted. Taking into account the transitional regime, the capital treatment on the increased reserves has the potential to adversely impact the Barclays Bank Group's regulatory capital ratios.

In addition, the move from incurred losses to ECLs has the potential to impact the Barclays Bank Group's performance under stressed economic conditions or regulatory stress tests. For more information, refer to Note 1.

b) Specific sectors and concentrations
The Barclays Bank Group is subject to risks arising from changes in credit quality and recovery rates of loans and advances due from borrowers and counterparties in any specific portfolio. Any deterioration in credit quality could lead to lower recoverability and higher impairment in a specific sector. The following are areas of uncertainties to the Barclays Bank Group's portfolio which could have a material impact on performance:

- **UK retail, hospitality & leisure.** Softening demand, rising costs and a structural shift to online shopping is fuelling pressure on the UK High Street and other sectors heavily reliant on consumer discretionary spending. As these sectors continue to reposition themselves, the trend represents a potential risk in the Barclays Bank Group's UK corporate portfolio from the perspective of the its interactions with both retailers and their landlords.
- **Consumer affordability** has remained a key area of focus, particularly in unsecured lending. Macroeconomic factors, such as rising unemployment, that impact a customer's ability to service unsecured debt payments could lead to increased arrears in unsecured products. Barclays Bank Group is exposed to the adverse credit performance of unsecured products, particularly in the US through its US Cards business.
- **UK real estate market.** UK property represents a significant portion of the Barclays Bank Group's overall corporate credit exposure. In 2019, property price growth across the UK has slowed, particularly in London and the South East where the Barclays Bank Group's exposure has high concentration. The Barclays Bank Group is at risk of increased impairment from a material fall in property prices.
- **Leverage finance underwriting.** The Barclays Bank Group takes on sub-investment grade underwriting exposure, including single name risk, particularly in the US and Europe. The Barclays Bank Group is exposed to credit events and market volatility during the underwriting period. Any adverse events during this period may potentially result in loss for the Barclays Bank Group, or an increased capital requirement should there be a need to hold the exposure for an extended period.
- **Italian mortgage portfolio.** The Barclays Bank Group is exposed to a decline in the Italian economic environment through a mortgage portfolio in run-off and positions to wholesale customers. Growth in the Italian economy remained weak in 2019 and should the economy deteriorate

further, there could be a material adverse effect on the Barclays Bank Group's results including, but not limited to, increased credit losses and higher impairment charges.

The Barclays Bank Group also has large individual exposures to single name counterparties, both in its lending activities and in its financial services and trading activities, including transactions in derivatives and transactions with brokers, central clearing houses, dealers, other banks, mutual and hedge funds and other institutional clients. The default of such counterparties could have a significant impact on the carrying value of these assets. In addition, where such counterparty risk has been mitigated by taking collateral, credit risk may remain high if the collateral held cannot be realised, or has to be liquidated at prices which are insufficient to recover the full amount of the loan or derivative exposure. Any such defaults could have a material adverse effect on the Barclays Bank Group's results due to, for example, increased credit losses and higher impairment charges.

For further details on the Barclays Bank Group's approach to credit risk, see credit risk management on pages 44 to 45 and credit risk performance on pages 82 to 86.

ii) Market risk

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

A broadening in trade tensions between the US and its major trading partners, slowing global growth and political concerns in the US and Europe (including Brexit) are some of the factors that could heighten market risks for the Barclays Bank Group's portfolios. In addition, the Barclays Bank Group's trading business is generally exposed to a prolonged period of elevated asset price volatility, particularly if it negatively affects the depth of marketplace liquidity. Such a scenario could impact the Barclays Bank Group's ability to execute client trades and may also result in lower client flow-driven income and/or market-based losses on its existing portfolio of market risks. These can include having to absorb higher hedging costs from rebalancing risks that need to be managed dynamically as market levels and their associated volatilities change.

It is difficult to predict changes in market conditions, and such changes could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

For further details on the Barclays Bank Group's approach to market risk, see market risk management on page 45 and market risk performance on pages 88 to 90.

iii) Treasury and capital risk

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

a) Liquidity risk
Liquidity risk is the risk that the Barclays Bank Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. This could cause the Barclays Bank Group to fail to meet regulatory liquidity standards or be unable to support day-to-day banking activities. Key liquidity risks that the Barclays Bank Group faces include:

- **The stability of the Barclays Bank Group's current funding profile:** In particular, that part which is based on accounts and deposits payable on demand or at short notice, could be affected by the Barclays Bank Group failing to preserve the current level of customer and investor confidence. The Barclays Bank Group also regularly accesses the money and capital markets to provide short-term and long-term funding to support its operations. Several factors, including adverse macroeconomic conditions, adverse outcomes in conduct and legal, competition and regulatory matters and loss of confidence by investors, counterparties and/or customers in the Barclays Bank Group, can affect the ability of the Barclays Bank Group to access the capital markets and/or the cost and other terms upon which the Barclays Bank Group is able to obtain market funding.
- **Credit rating changes and the impact on funding costs**: Rating agencies regularly review credit ratings given to Barclays Bank PLC and certain members of the Barclays Bank Group. Credit ratings are based on a number of factors, including some which are not within the Barclays Bank Group's control (such as political and regulatory developments, changes in rating methodologies, macro-economic conditions and the sovereign credit ratings of the countries in which the Barclays Bank Group operates).

  Whilst the impact of a credit rating change will depend on a number of factors (including the type of issuance and prevailing market conditions), any reductions in a credit rating (in particular, any downgrade below investment grade) may affect the Barclays Bank Group's access to the money or capital markets and/or terms on which the Barclays Bank Group is able to obtain market funding, increase costs of funding and credit spreads, reduce the size of the Barclays Bank Group's deposit base, trigger additional collateral or other requirements in derivative contracts and other secured funding arrangements or limit the range of counterparties who are willing to enter into transactions with the Barclays Bank Group. Any of these factors could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

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

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

- **Adverse changes in FX rates impacting capital ratios**: The Barclays Bank Group has capital resources, risk weighted assets and leverage exposures denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the Sterling equivalent value of these items. As a result, the Barclays Bank Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Barclays Bank Group's balance sheet to take account of foreign currency movements could result in an adverse impact on the Barclays Bank Group's regulatory capital and leverage ratios.

- **Adverse movements in the pension fund**: Adverse movements in pension assets and liabilities for defined benefit pension schemes could result in deficits on a funding and/or accounting basis. This could lead to the Barclays Bank Group making substantial additional contributions to its pension plans and/or a deterioration in its capital position. Under IAS 19, the liabilities discount rate is derived from the yields of high quality corporate bonds. Therefore, the valuation of the Barclays Bank Group's defined benefits schemes would be adversely affected by a prolonged fall in the discount rate due to a persistent low interest rate and/or credit spread environment. Inflation is another significant risk driver to the pension fund as the liabilities are adversely impacted by an increase in long-term inflation expectations.

c) **Interest rate risk in the banking book**
Interest rate risk in the banking book is the risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities. The Barclays Bank Group's hedge programmes for interest rate risk in the banking book rely on behavioural assumptions and, as a result, the success of the hedging strategy cannot be guaranteed. A potential mismatch in the balance or duration of the hedge assumptions could lead to earnings deterioration. A decline in interest rates in G3 currencies may also compress net interest margin on retail portfolios. In addition, the Barclays Bank Group's liquidity pool is exposed to potential capital and/or income volatility due to movements in market rates and prices.

For further details on the Barclays Bank Group's approach to treasury and capital risk, see treasury and capital risk management on page 45 and treasury and capital risk performance on pages 92 to 106.

iv) Operational risk

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

a) Operational resilience
The loss of or disruption to business processing is a material inherent risk within the Barclays Bank Group and across the financial services industry, whether arising through impacts on the Barclays Bank Group's technology systems or availability of personnel or services supplied by third parties. Failure to build resilience and recovery capabilities into business processes or into the services of technology, real estate or suppliers on which the Barclays Bank Group's business processes depend, may result in significant customer detriment, costs to reimburse losses incurred by the Barclays Bank Group's customers, and reputational damage.

b) Cyber threats
The frequency of cyber-attacks continues to grow and is a global threat that is inherent across all industries. The financial sector remains a primary target for cyber criminals, hostile nation states, opportunists and hacktivists and there is an increasing level of sophistication in criminal hacking for the purpose of stealing money, stealing, destroying or manipulating data (including customer data) and/or disrupting operations, where multiple threats exist including threats arising from malicious emails, distributed denial of service (DDoS) attacks, payment system compromises, insider attackers, supply chain and vulnerability exploitation. Cyber events have a compounding impact on services and customers, e.g. data breaches in social networking sites, retail companies and payments networks.

Any failure in the Barclays Bank Group's cyber-security policies, procedures or controls and/or its IT systems, may result in significant financial losses, major business disruption, inability to deliver customer services, or loss of data or other sensitive information (including as a result of an outage) and may cause associated reputational damage. Any of these factors could increase costs (including, but not limited to, costs relating to notification of, or compensation for customers) or may affect the Barclays Bank Group's ability to retain and attract customers. Regulators in the UK, US and Europe continue to recognise cyber-security as an increasing systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience (particularly of critical services) to cyber-attacks, and to provide timely notification of them, as appropriate. Given the Barclays Bank Group's reliance on technology, a cyber-attack could have a material adverse effect on its business, results of operations, financial condition and prospects.

For further details on the Barclays Bank Group's approach to cyber threats, see operational risk performance on pages 107 to 109.

c) New and emergent technology
Technological advancements present opportunities to develop new and innovative ways of doing business across the Barclays Bank Group, with new solutions being developed both in-house and in association with third-party companies. Introducing new forms of technology, however, also has the potential to increase inherent risk. Failure to evaluate, actively manage and closely monitor risk exposure during all phases of business development could introduce new vulnerabilities and security flaws and have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

d) External fraud
The level and nature of fraud threats continues to evolve, particularly with the increasing use of digital products and the greater functionality available online. Criminals continue to adapt their techniques and are increasingly focused on targeting customers and clients through ever more sophisticated methods of social engineering. External data breaches also provide criminals with the opportunity to exploit the growing levels of compromised data. These fraud threats could lead to customer detriment, loss of business, missed business opportunity and reputational damage,

all of which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

e) Data management and information protection

The Barclays Bank Group holds and processes large volumes of data, including personally identifiable information, intellectual property, and financial data. The General Data Protection Regulation (GDPR) has strengthened the data protection rights of customers and increased the accountability of the Barclays Bank Group in its management of such data. Failure to accurately collect and maintain this data, protect it from breaches of confidentiality and interference with its availability exposes the Barclays Bank Group to the risk of loss or unavailability of data (including customer data discussed under "vi) Conduct risk, c) Data protection and privacy" below) or data integrity issues. Any of these failures could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

f) Algorithmic trading

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

g) Processing error

As a large, complex financial institution, the Barclays Bank Group faces the risk of material errors in existing operational processes, or from new processes as a result of on-going change activity, including payments and client transactions. Material operational or payment errors could disadvantage the Barclays Bank Group's customers, clients or counterparties and could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

h) Supplier exposure

The Barclays Bank Group depends on suppliers, including Barclays Execution Services Limited, for the provision of many of its services and the development of technology. Whilst the Barclays Bank Group depends on suppliers, it remains fully accountable for any risk arising from the actions of suppliers. The dependency on suppliers and sub-contracting of outsourced services introduces concentration risk where the failure of specific suppliers could have an impact on the Barclays Bank Group's ability to continue to provide material services to its customers. Failure to adequately manage supplier risk could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

i) 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 relevant 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, include credit impairment charges for amortised cost assets, taxes, fair value of financial instruments, pensions and post-retirement benefits, and provisions including conduct and legal, competition and regulatory matters. There is a risk that if the judgement exercised, or the estimates or assumptions used, subsequently turn out to be incorrect, this could result in material losses to the Barclays Bank Group, beyond what was anticipated or provided for. Further development of standards and interpretations under IFRS could also materially impact the financial results, condition and prospects of the Barclays Bank Group. For further details on the accounting estimates and policies, see the Notes to the audited financial statements on pages 139 to 236.

j) Tax risk

The Barclays Bank Group is required to comply with the domestic and international tax laws and practice of all countries in which it has business operations. There is a risk that the Barclays Bank Group could suffer losses due to additional tax charges, other financial costs or reputational damage as a result of failing to comply with such laws and practice, or by failing to manage its tax affairs in an appropriate manner, with much of this risk attributable to the international structure of the Barclays Bank Group. In addition, increasing reporting and disclosure requirements around the world and the digitisation of the administration of tax has potential to increase the Barclays Bank Group's tax compliance obligations further.

k) Ability to hire and retain appropriately qualified employees

As a regulated financial institution, the Barclays Bank Group requires diversified and specialist skilled colleagues. The Barclays Bank Group's ability to attract, develop and retain a diverse mix of talent is key to the delivery of its core business activity and strategy. This is impacted by a range of external and internal factors, such as the UK's decision to leave the EU and the enhanced individual accountability applicable to the banking industry. Failure to attract or prevent the departure of appropriately qualified and skilled employees could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects. Additionally, this may result in disruption to service which could in turn lead to disenfranchising certain customer groups, customer detriment and reputational damage.

For further details on the Barclays Bank Group's approach to operational risk, see operational risk management on page 47 and operational risk performance on pages 107 to 109.

v) Model risk

Model risk is the risk of potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports. The Barclays Bank Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing, assessing capital adequacy, supporting new business acceptance and risk and reward evaluation, managing client assets, and meeting reporting requirements. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs. For instance, the quality of the data used in models across the Barclays Bank Group has a material impact on the accuracy and completeness of its risk and financial metrics. Models may also be misused. Model errors or misuse may result in (among other things) the Barclays Bank Group making inappropriate business decisions and/or inaccuracies or errors being identified in the Barclays Bank Group's risk management and regulatory reporting processes. This could result in significant financial loss, imposition of additional capital requirements, enhanced regulatory supervision and reputational damage, all of which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

For further details on the Barclays Bank Group's approach to model risk, see model risk management on page 48 and model risk performance on pages 110.

vi) Conduct risk

Conduct risk is the risk of detriment to customers, clients, market integrity, effective competition or the Barclays Bank Group from the inappropriate supply of financial services, including instances of wilful or negligent misconduct. This risk could manifest itself in a variety of ways:

a) Employee misconduct
The Barclays Bank Group's businesses are exposed to risk from potential non-compliance with its policies and instances of wilful and negligent misconduct by employees, all of which could result in enforcement action or reputational harm. It is not always possible to deter employee misconduct, and the precautions we take to prevent and detect this activity may not always be effective. Employee misconduct could have a material adverse effect on the Barclays Bank Group's customers, clients, market integrity as well as reputation, financial condition and prospects.

b) Product governance and life cycle
The ongoing review, management and governance of new and amended products has come under increasing regulatory focus (for example, the recast of the Markets in Financial Instruments Directive and guidance in relation to the adoption of the EU Benchmarks Regulation) and the Barclays Bank Group expects this to continue. The following could lead to poor customer outcomes: (i) ineffective product governance, including design, approval and review of products, and (ii) inappropriate controls over internal and third party sales channels and post sales services, such as complaints handling, collections and recoveries. The Barclays Bank Group is at risk of financial loss and reputational damage as a result.

c) Financial crime
The Barclays Bank Group may be adversely affected if it fails to effectively mitigate the risk that third parties or its employees facilitate, or that its products and services are used to facilitate, financial crime (money laundering, terrorist financing and proliferation 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 action by the Barclays Bank Group's regulators, including severe penalties, which may have material adverse effect on the Barclays Bank Group's business, financial condition and prospects.

d) Data protection and privacy
Proper handling of personal data is critical to sustaining long-term relationships with our customers and clients and complying with privacy laws and regulations. Failure to protect personal data can lead to potential detriment to our customers and clients, reputational damage, enforcement action and financial loss, which may be substantial (see "iv) Operational risk, (e) Data management and information protection" above).

e) 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 have driven additional accountabilities for individuals across the Barclays Bank 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 Group.

For further details on the Barclays Bank Group's approach to conduct risk, see conduct risk management on page 48 and conduct risk performance on page 110.

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 Group's integrity and competence.

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

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

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

For further details on the Barclays Bank Group’s approach to reputation risk, see reputation risk management on page 48 and reputation risk performance on pages 110.

viii) Legal risk and legal, competition and regulatory matters

The Barclays Bank Group conducts activities in a highly regulated market which exposes it and its employees to legal risk arising from (i) the multitude of laws and regulations that apply to the businesses it operates, which are highly dynamic, may vary between jurisdictions, and are often unclear in their application to particular circumstances especially in new and emerging areas; and (ii) the diversified and evolving nature of the Barclays Bank Group’s businesses and business practices. In each case, this exposes the Barclays Bank Group and its employees to the risk of loss or the imposition of penalties, damages or fines from the failure of members of the Barclays Bank Group to meet their respective legal obligations, including legal or contractual requirements. Legal risk may arise in relation to a number of the risk factors identified above, including (without limitation) as a result of (i) the UK’s withdrawal from the EU, (ii) benchmark reform, (iii) the regulatory change agenda, and (iv) rapidly evolving rules and regulations in relation to data protection, privacy and cyber-security.

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

Details of legal, competition and regulatory matters to which the Barclays Bank Group is currently exposed are set out in Note 25. In addition to matters specifically described in Note 25, the Barclays Bank Group is engaged in various other legal proceedings which arise in the ordinary course of business. The Barclays Bank Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Barclays Bank Group is, or has been, engaged.

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

Climate change risk management

Climate Change Risk Management

Overview

The Barclays Group has a longstanding commitment to Environmental Risk Management (ERM) and its approach, aided by regulatory initiatives, has continued to evolve, incorporating climate change in recent years as the understanding of associated risks has grown. In 2018, a dedicated Sustainability team was created to consider how the Barclays Group approaches wider sustainability and ESG matters, working closely with the ERM function.

In 2019, the Barclays Group published an Energy & Climate Change Statement (**https://home.barclays/statements/barclays-energy-and-climate-change-statement**) which articulates our focus on three areas: financing growth of renewables and businesses addressing environmental challenges; taking a responsible approach to financing energy sources with a greater carbon intensity; and reducing our own carbon footprint. It is supported by an internal standard containing guidelines for restricting or supporting financing activities in carbon-intensive energy sectors, as well as enhanced due diligence requirements for environmentally or socially sensitive sectors.

For more detail on how climate change risks arise and their impact on the Barclays Bank Group, refer to material existing and emerging risks on page 36.

Organisation and Structure

The matters and risks associated with climate change are managed at a Barclays Group level, with additional input and oversight provided by the Barclays Bank Group CRO for matters pertaining to the Barclays Bank Group.

On behalf of the Barclays PLC Board, the Barclays PLC BRC reviews and approves the Barclays Group's approach to managing the financial and operational risks associated with climate change.

Broadly, climate change matters are co-ordinated by the Sustainability team, including reputation risks linked to the Barclays Group's financial and societal impact. In 2019, reputation risk became the responsibility of the Barclays PLC Board, where the most material issues facing the Barclays Group are escalated to and directly handled by the Barclays PLC Board.

Risk management – Policy

In 2019, the Barclays Group published a 'Climate Change Financial Risk and Operational Risk Policy'. This introduced climate change as an overarching risk impacting certain principal risks: credit risk, market risk, treasury & capital risk and operational risk. The policy is jointly owned by the relevant Principal Risk Leads with oversight by the Barclays PLC BRC, and applies across the Barclays Group including within the Barclays Bank Group.

Each relevant Principal Risk Lead has developed a methodology and implementation plan for quantifying climate change risk.

Risk	Measurement approach
Credit risk	A Credit Risk Materiality Matrix (Climate Lens) assesses the climate change risk of a counterparty to which the Group is exposed. The Climate Lens considers transition factors such as a counterparty's reliance on fossil fuels, sensitivity to policy changes and ability to diversify, as well as exposure to physical risks. Where an obligor is rated as Medium or High, the details are referred to the Environmental Risk Management team, who conduct enhanced due diligence.
Market risk	Stress tests are used to assess and aggregate exposures arising from climate related risks. Stress test scenarios are applied to a range of assets, reflecting the impact of climate change across sectors, countries and regions.
Treasury and capital risk	Stress tests are used to assess and aggregate exposures arising from climate related risks. They are measured as part of existing stress testing, ICAAP and capital planning.
Operational risk	The risks associated with Climate Change are relevant to the following Operational Risk Categories/Themes, which are managed through the Operational Risk Framework: Premises Risk, Supplier Risk and Resilience. Climate Change has been included in the Strategic Risk Assessment to understand exposure on a forward looking basis across the five-year business planning cycle.

Risk review
Principal risk management

Credit risk management (audited)

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

Overview

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

Credit risk management objectives are to:

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

Organisation, roles and responsibilities

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

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

The responsibilities of the credit risk management teams in the businesses, the sanctioning team and other shared services include: sanctioning new credit agreements (principally wholesale); setting strategies for approval of transactions (principally retail); setting risk appetite; monitoring risk against limits and other parameters; 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; maintaining robust collections and recovery processes/units for retail portfolios; and review and validation of credit risk measurement models. The credit risk management teams in the Barclays Bank Group are accountable to the Barclays Bank PLC CRO, who reports to the Barclays Group CRO.

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

Credit risk mitigation

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

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

Netting and set-off

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

Collateral

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

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

- **financial guarantees and similar off-balance sheet commitments:** cash collateral may be held against these arrangements.

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

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

Market risk management (audited)

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

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

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

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

The objectives of market risk management are to:

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

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

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

The Market Risk Committee approves 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 standards and policies; reviewing market or regulatory issues and limits and utilisation. 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.

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

In some instances, historical data is not available for particular market risk factors for the entire look-back period, for example, complete historical data would not be available for an equity security following an initial public offering. In these cases, market risk managers will proxy the unavailable market risk factor data with available data for a related market risk factor.

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

See page 88 for a review of management VaR in 2019.

Treasury and capital risk management

This comprises:

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

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

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

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

Risk review
Principal risk management

Liquidity risk management (audited)

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

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

The liquidity risk control framework is designed to deliver the appropriate term and structure of funding, consistent with the liquidity risk appetite set by the Barclays Bank PLC Board.

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

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

Capital risk management (audited)

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

Organisation, roles and responsibilities
Treasury has the primary responsibility for managing and monitoring capital. The Barclays Bank Group Treasury and Capital Risk function provides oversight of capital risk and is an independent risk function that reports to the Barclays Bank Group CRO. Production of the Barclays Bank PLC Internal Capital Adequacy Assessment Process (ICAAP) is the responsibility of Treasury.

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

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

For the relevant Barclays Bank Group subsidiaries, local management assures compliance with an entity's minimum regulatory capital requirements by reporting to local Asset and Liability Committees (or equivalents) with oversight by the Barclays Bank PLC Treasury Committee and the Barclays Group Treasury Committee, as required. In 2019, Barclays complied with all regulatory minimum capital requirements.

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

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

Interest rate risk in the banking book management (IRRBB)

Overview
Interest rate risk in the banking book is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. As per the Barclays Bank Group's policy to remain within the defined risk appetite, businesses and Treasury execute hedging strategies to mitigate the risks. However, the Barclays Bank Group remains susceptible to interest rate risk and other non-traded market risks from 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 their contractual obligations with the Barclays Bank Group. This risk is often referred to by industry regulators as 'embedded option risk'.
- **Investment risks in the liquid asset portfolio:** the risk that the fair value of assets held in the liquid asset portfolio and associated risk management portfolios could be adversely impacted by market volatility, creating volatility in capital directly.

Organisation, roles and responsibilities

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

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

Operational risk management

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

Overview

The management of operational risk has three key objectives:

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

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

Organisation, roles and responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests within the business and functional units where the risk arises. The operational risk profile and control environment is reviewed by management through business risk committees and control committees. Businesses and functions are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks that may threaten the achievement of their objectives and the effectiveness of key controls, operational risk events and a review of scenarios.

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

Operational Risk Management (ORM) acts in a second line of defence capacity, and is responsible for defining and overseeing the implementation of the framework and monitoring Barclays Bank Group's operational risk profile. ORM 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 issues escalated from these meetings are considered through the second line of defence review meetings. Depending on their nature, the outputs of these meetings are presented to the Barclays Bank Risk Forum, BRC or the BAC. In addition, specific reports are prepared by the business and Barclays Bank PLC Head of Operational Risk on a regular basis for the Barclays Bank Risk Forum and the BRC.

Operational risk categories

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

In addition to the above, operational risk encompasses risks associated with prudential regulation. This includes the risk of failing to: adhere to prudential regulatory requirements, provide regulatory submissions; or monitor and manage adherence to new prudential regulatory requirements.

Enterprise risk themes

The Barclays Bank Group also recognises that there are certain threats/risk drivers that are more thematic and have the potential to impact the Barclays Bank Group's strategic objectives. These are enterprise risk themes which require an overarching and integrated risk management approach. The Barclays Bank Group's enterprise risk themes include Cyber, Data and Resilience.

For definitions of the Barclays Bank Group's operational risk categories and enterprise risk themes, refer to pages 199 to 200 of the Barclays PLC Pillar 3 Report 2019.

Model risk management

The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.

Overview

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

Since models are imperfect and incomplete representations of reality, they may be subject to errors affecting the accuracy of their output. Model errors and misuse are the primary sources of model risk.

Organisation, roles and responsibilities

The Barclays Group has a dedicated Model Risk Management (MRM) function that consists of two main units: the Independent Validation Unit (IVU), responsible for model validation and approval, and Model Governance and Controls (MGC), covering model risk governance, controls and reporting, including ownership of model risk policy and the model inventory.

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

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

The key model risk management activities include:

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

Conduct risk management

The risk of detriment to customers, clients, market integrity, effective competition or Barclays from the inappropriate supply of financial services, including instances of wilful or negligent misconduct.

Overview

The Barclays Bank Group defines, manages and mitigates conduct risk with the goal of providing positive customer and client outcomes, protecting market integrity and promoting effective competition.

Product Lifecycle, Culture and Strategy and Financial Crime are the risk categories under the Barclays Group definition of conduct risk.

Organisation, roles and responsibilities

The governance of conduct risk within the Barclays Bank Group is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Barclays Bank PLC Board committees. The Barclays Group Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of both the Barclays Bank Group and the Barclays Group's management of conduct risk.

The Conduct Risk Management Framework (CRMF) comprises a number of elements that allow the Barclays Bank Group to manage and measure its conduct risk profile.

Senior managers have accountability for managing conduct risk in their areas of responsibility. This is expressed in their Statement of Responsibilities which identifies the activities and areas for which they are accountable. The primary responsibility for managing conduct risk and compliance with control requirements sits with the business where the risk arises. The Barclays Bank Group Controls Committee provides oversight of controls relating to conduct risk.

The Barclays Bank Group Chief Compliance Officer is responsible for providing effective oversight, management and escalation of conduct risk in line with the CRMF. This includes overseeing the development and maintenance of the relevant conduct risk policies and standards and monitoring and reporting on the consistent application and effectiveness of the implementation of controls to manage conduct risk.

The Barclays Group Risk Committee is the primary second line governance committee for the oversight of conduct risk profile and implementation of the CRMF for the Barclays Bank Group. The responsibilities of the Barclays Group Risk Committee in relation to the Barclays Bank Group include adoption of the conduct risk tolerance and the business defined key indicators. Additional responsibilities include the identification and discussion of any emerging conduct risks exposures that have been identified.

Reputation risk management

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

Overview

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

Organisation, roles and responsibilities

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

The Barclays Group Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of the Barclays Bank Group management of reputation risk.

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

The Barclays Bank PLC Chief Compliance Officer is responsible for assessing the appropriateness of the relevant reputation risk policy and standards and oversight of the implementation of controls to manage the risk. The Barclays Bank Group is required to prepare reports for the Barclays Group Risk Committee highlighting the most significant current and potential reputation risks and issues and how they are being managed.

Legal risk management

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

Overview

The Barclays Bank Group has no tolerance for wilful breaches of laws, regulations or other legal obligations. However, the multitude of laws and regulations across the globe are highly dynamic and their application to particular circumstances is often unclear; this results in a level of inherent legal risk, for which the Barclays Bank Group has limited tolerance.

Organisation, roles and responsibilities

The Barclays Bank Group's businesses and functions have primary responsibility for identifying, managing and escalating legal risk in their area as well as responsibility for adherence to minimum control requirements.

The Legal Function organisation and coverage model aligns expertise to businesses, functions, products, activities and geographic locations so that the Barclays Bank Group receives legal support from appropriate legal professionals. The senior management of the Legal Function oversees, monitors and challenges legal risk across the Barclays Group. The Legal Function does not sit in any of the three lines of defence but supports them all.

The Barclays Group General Counsel is responsible for maintaining an appropriate Barclays Group-wide legal risk management framework. This includes defining the relevant legal risk policies 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 BRC is the most senior body responsible for reviewing and monitoring the effectiveness of risk management across the Barclays Bank Group. Escalation paths from this committee exist to the Barclays Group Risk Committee.

Summary of Contents

All disclosures in this section (pages 51 to 86) are unaudited unless otherwise stated.

Overview

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

Further detail can be found in the Financial statements section in Note 7 Credit impairment charges. Descriptions of terminology can be found in the glossary, available at home.barclays/annualreport.

Summary of performance in the period

Credit impairment charges increased 87% to £1,202m. CIB credit impairment charges increased to £157m (2018: release of £152m) due to the non-recurrence of favourable macroeconomic scenario updates and single name recoveries in 2018. CC&P credit impairment charges increased to £1,016m (2018: £808m) due to growth in cards balance and the non-recurrence of favourable US macroeconomic scenario updates in 2018. Credit metrics remained stable, with US cards 30 and 90 day arrears of 2.7% (Q418: 2.7%) and 1.4% (Q418: 1.4%) respectively.

Key metrics

Decrease of £112m impairment allowance

Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements of the allowance in Barclays Bank Group decreased by £112m to £3,948m (2018: £4,060m) during the year. This is driven by a decrease in Home Loans £32m, Credit cards, unsecured loans and other retail lending of £144m offset by an increase in Wholesale Loans of £29m and an increase in off- balance sheet provisions of £35m. Please refer to Page 57 Expected Credit loss section for further details.

Please see risk management section on pages 44 to 45 for details of governance, policies and procedures.

Analysis of the Balance Sheet

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

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

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

This and subsequent analyses of credit risk exclude other financial assets not subject to credit risk, mainly equity securities.

The Barclays Bank Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on these forms of credit enhancement is presented on pages 44 to 45 of the credit risk management section.

Overview
As at 31 December 2019, the Barclays Bank Group's net exposure to credit risk, after taking into account credit risk mitigation, increased 0.4% to £657.7bn. Overall, the extent to which the Barclays Bank Group holds mitigation against its total exposure remained unchanged at 40% (2018: 40%).

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held at central banks, cash collateral and settlement balances, and debt securities issued by governments, all of which are considered to be lower risk. The increase in the Barclays Bank Group's net exposure to credit risk has been driven by increases in cash collateral and settlement balances, wholesale corporate loans and off-balance sheet loan commitments, offset by decreases in cash and balances at central banks and trading portfolio assets. Trading portfolio liability positions, which to a significant extent economically hedge trading portfolio assets but which are not held specifically for risk management purposes, are excluded from the analysis. The credit quality of counterparties to derivatives, financial investments and wholesale loan assets are predominantly investment grade and there are no significant changes from prior year. Further analysis on the credit quality of assets is presented on pages 79 to 85.

Collateral obtained
Where collateral has been obtained in the event of default, the Barclays Bank Group does not, ordinarily, use such assets for its own operations and they are usually sold on a timely basis. The carrying value of assets held by the Barclays Bank Group as at 31 December 2019, as a result of the enforcement of collateral, was £6m (2018: £6m).

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

Barclays Bank Group As at 31 December 2019	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	125,940	-	-	-	-	125,940
Cash collateral and settlement balances	79,486	-	-	-	-	79,486
Loans and advances at amortised cost:						
Home loans	10,986	-	(293)	(10,582)	(69)	42
Credit cards, unsecured loans and other retail lending	33,503	-	(695)	(4,753)	(256)	27,799
Wholesale loans	97,147	(7,636)	(146)	(25,915)	(4,550)	58,900
Total loans and advances at amortised cost	141,636	(7,636)	(1,134)	(41,250)	(4,875)	86,741
Of which credit-impaired (Stage 3):						
Home loans	*764*	-	*(2)*	*(749)*	*(13)*	-
Credit cards, unsecured loans and other retail lending	*658*	-	*(7)*	*(271)*	*(3)*	*377*
Wholesale loans	*780*	-	*(9)*	*(209)*	*(19)*	*543*
Total credit-impaired loans and advances at amortised cost	*2,202*	-	*(18)*	*(1,229)*	*(35)*	*920*
Reverse repurchase agreements and other similar secured lending	1,731	-	-	(1,731)	-	-
Trading portfolio assets:						
Debt securities	51,880	-	-	(423)	-	51,457
Traded loans	5,378	-	-	(134)	-	5,244
Total trading portfolio assets	57,258	-	-	(557)	-	56,701
Financial assets at fair value through the income statement:						
Loans and advances	19,137	-	(14)	(14,791)	(57)	4,275
Debt securities	5,220	-	-	-	-	5,220
Reverse repurchase agreements	97,823	-	(1,132)	(96,672)	-	19
Other financial assets	742	-	-	-	-	742
Total financial assets at fair value through the income statement	122,922	-	(1,146)	(111,463)	(57)	10,256
Derivative financial instruments	229,641	(176,022)	(33,469)	(5,403)	(5,564)	9,183
Financial assets at fair value through other comprehensive income	45,405	-	-	(305)	(727)	44,373
Other assets	614	-	-	-	-	614
Total on-balance sheet	804,633	(183,658)	(35,749)	(160,709)	(11,223)	413,294
Off-balance sheet:						
Contingent liabilities	23,777	-	(400)	(4,412)	(159)	18,806
Loan commitments	270,027	-	(48)	(42,420)	(1,913)	225,646
Total off-balance sheet	293,804	-	(448)	(46,832)	(2,072)	244,452
Total	1,098,437	(183,658)	(36,197)	(207,541)	(13,295)	657,746

Off-balance sheet exposures are shown gross of provisions of £252m (2018: £217m). See Note 24 for further details.

In addition to the above, Barclays Bank Group holds forward starting reverse repos amounting to £31.1bn (2018: £35.5bn). The balances are fully collateralised.

For further information on credit risk mitigation techniques, refer to page 44 within the credit risk management section.

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

Barclays Bank Group As at 31 December 2018	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	136,359	-	-	-	-	136,359
Cash collateral and settlement balances	74,352	-	-	-	-	74,352
Loans and advances at amortised cost:						
Home loans	13,160	-	(294)	(12,675)	(129)	62
Credit cards, unsecured loans and other retail lending	33,791	-	(607)	(5,063)	(427)	27,694
Corporate loans	90,008	(7,546)	(63)	(27,853)	(3,971)	50,575
Total loans and advances at amortised cost	136,959	(7,546)	(964)	(45,591)	(4,527)	78,331
Of which credit-impaired (Stage 3):						
Home loans	*887*	-	*(3)*	*(854)*	*(30)*	-
Credit cards, unsecured loans and other retail lending	*645*	-	*(6)*	*(231)*	*(38)*	*370*
Corporate loans	*558*	-	-	*(150)*	*(17)*	*391*
Total credit-impaired loans and advances at amortised cost	*2,090*	-	*(9)*	*(1,235)*	*(85)*	*761*
Reverse repurchase agreements and other similar secured lending	1,613	-	(17)	(1,565)	-	31
Trading portfolio assets:						
Debt securities	57,134	-	-	(451)	-	56,683
Traded loans	7,234	-	-	(154)	-	7,080
Total trading portfolio assets	64,368	-	-	(605)	-	63,763
Financial assets at fair value through the income statement:						
Loans and advances	15,644	-	(11)	(9,690)	-	5,943
Debt securities	4,515	-	-	(445)	-	4,070
Reverse repurchase agreements	119,391	-	(2,996)	(115,951)	-	444
Other financial assets	528	-	-	-	-	528
Total financial assets at fair value through the income statement	140,078	-	(3,007)	(126,086)	-	10,985
Derivative financial instruments	222,683	(172,014)	(31,475)	(5,502)	(4,712)	8,980
Financial assets at fair value through other comprehensive income	44,983	-	-	-	(399)	44,584
Other assets	699	-	-	-	-	699
Total on-balance sheet	822,094	(179,560)	(35,463)	(179,349)	(9,638)	418,084
Off-balance sheet:						
Contingent liabilities	19,394	.	(399)	(1,418)	(190)	17,387
Loan commitments	257,768	-	(89)	(36,852)	(1,288)	219,539
Total off-balance sheet	277,162	-	(488)	(38,270)	(1,478)	236,926
Total	1,099,256	(179,560)	(35,951)	(217,619)	(11,116)	655,010

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

Barclays Bank PLC As at 31 December 2019	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	112,287	-	-	-	-	112,287
Cash collateral and settlement balances	75,822	-	-	-	-	75,822
Loans and advances at amortised cost:						
Home loans	4,846	-	(277)	(4,524)	(34)	11
Credit cards, unsecured loans and other retail lending	4,333	-	(630)	(2,195)	(77)	1,431
Wholesale loans	152,484	(7,651)	(9,380)	(26,094)	(4,534)	104,825
Total loans and advances at amortised cost	161,663	(7,651)	(10,287)	(32,813)	(4,645)	106,267
Of which credit-impaired (Stage 3):						
Home loans	*607*	-	*(2)*	*(591)*	*(14)*	-
Credit cards, unsecured loans and other retail lending	*211*	-	*(7)*	*(200)*	*(3)*	*1*
Wholesale loans	*782*	-	*(9)*	*(206)*	*(19)*	*548*
Total credit-impaired loans and advances at amortised cost	*1,600*	-	*(18)*	*(997)*	*(36)*	*549*
Reverse repurchase agreements and other similar secured lending	4,939	-	-	(4,939)	-	-
Trading portfolio assets:						
Debt securities	38,457	-	-	(423)	-	38,034
Traded loans	5,177	-	-	(134)	-	5,043
Total trading portfolio assets	43,634	-	-	(557)	-	43,077
Financial assets at fair value through the income statement:						
Loans and advances	33,671	-	(9)	(8,504)	(57)	25,101
Debt securities	6,117	-	-	-	-	6,117
Reverse repurchase agreements	122,497	-	(1,062)	(121,434)	-	1
Other financial assets	19	-	-	-	-	19
Total financial assets at fair value through the income statement	162,304	-	(1,071)	(129,938)	(57)	31,238
Derivative financial instruments	229,338	(177,955)	(29,949)	(5,179)	(5,564)	10,691
Financial assets at fair value through other comprehensive income	43,760	-	-	(305)	(727)	42,728
Other assets	719	(27)	-	-	-	692
Total on-balance sheet	834,466	(185,633)	(41,307)	(173,731)	(10,993)	422,802
Off-balance sheet:						
Contingent liabilities	27,343	-	(400)	(4,382)	(126)	22,435
Loan commitments	190,850	-	(35)	(46,227)	(1,905)	142,683
Total off-balance sheet	218,193	-	(435)	(50,609)	(2,031)	165,118
Total	1,052,659	(185,633)	(41,742)	(224,340)	(13,024)	587,920

Off-balance sheet exposures are shown gross of provisions of £214m (2018: £174m). See Note 24 for further details.

In addition to the above, Barclays Bank PLC holds forward starting reverse repos amounting to £27.9bn (2018: £33.4bn). The balances are fully collateralised.

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

Barclays Bank PLC As at 31 December 2018	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	126,002	-	-	-	-	126,002
Cash collateral and settlement balances	66,196	-	-	-	-	66,196
Loans and advances at amortised cost:						
Home loans	12,229	-	(267)	(11,820)	(95)	47
Credit cards, unsecured loans and other retail lending	4,716	-	(532)	(2,437)	(305)	1,442
Wholesale loans	139,819	(7,548)	(7,856)	(25,579)	(3,934)	94,902
Total loans and advances at amortised cost	156,764	(7,548)	(8,655)	(39,836)	(4,334)	96,391
Of which credit-impaired (Stage 3):						
Home loans	*828*	-	*(3)*	*(795)*	*(30)*	-
Credit cards, unsecured loans and other retail lending	*270*	-	*(6)*	*(220)*	*(38)*	*6*
Wholesale loans	*554*	-	-	*(149)*	*(17)*	*388*
Total credit-impaired loans and advances at amortised cost	*1,652*	-	*(9)*	*(1,164)*	*(85)*	*394*
Reverse repurchase agreements and other similar secured lending	5,766	-	-	(5,766)	-	-
Trading portfolio assets:						
Debt securities	37,812	-	-	(451)	-	37,361
Traded loans	7,234	-	-	(154)	-	7,080
Total trading portfolio assets	45,046	-	-	(605)	-	44,441
Financial assets at fair value through the income statement:						
Loans and advances	31,902	-	(11)	(7,452)	-	24,439
Debt securities	3,997	-	-	-	-	3,997
Reverse repurchase agreements	143,277	-	(799)	(142,478)	-	-
Other financial assets	57	-	-	-	-	57
Total financial assets at fair value through the income statement	179,233	-	(810)	(149,930)	-	28,493
Derivative financial instruments	221,247	(171,095)	(31,191)	(5,474)	(4,712)	8,775
Financial assets at fair value through other comprehensive income	43,697	-	-	-	(399)	43,298
Other assets	762	-	-	(15)	-	747
Total on-balance sheet	844,713	(178,643)	(40,656)	(201,626)	(9,445)	414,343
Off-balance sheet:						
Contingent liabilities	25,652	-	(390)	(1,348)	(187)	23,727
Loan commitments	191,732	-	(57)	(38,756)	(1,286)	151,633
Total off-balance sheet	217,384	-	(447)	(40,104)	(1,473)	175,360
Total	1,062,097	(178,643)	(41,103)	(241,730)	(10,918)	589,703

Expected Credit Losses

Loans and advances at amortised cost by product

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

Impairment allowance under IFRS 9 considers both the drawn and the undrawn counterparty exposure. For retail portfolios, the total impairment allowance is allocated to the 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.

Barclays Bank Group (audited)		Stage 2					
As at 31 December 2019	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
Home loans	9,604	544	48	82	674	1,056	11,334
Credit cards, unsecured loans and other retail lending	29,541	3,806	304	340	4,450	2,129	36,120
Wholesale loans	89,200	6,489	354	672	7,515	1,163	97,878
Total	128,345	10,839	706	1,094	12,639	4,348	145,332
Impairment allowance							
Home loans	16	24	9	7	40	292	348
Credit cards, unsecured loans and other retail lending	362	523	99	162	784	1,471	2,617
Wholesale loans	114	219	8	7	234	383	731
Total	492	766	116	176	1,058	2,146	3,696
Net exposure							
Home loans	9,588	520	39	75	634	764	10,986
Credit cards, unsecured loans and other retail lending	29,179	3,283	205	178	3,666	658	33,503
Wholesale loans	89,086	6,270	346	665	7,281	780	97,147
Total	127,853	10,073	590	918	11,581	2,202	141,636
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.2	4.4	18.8	8.5	5.9	27.7	3.1
Credit cards, unsecured loans and other retail lending	1.2	13.7	32.6	47.6	17.6	69.1	7.2
Wholesale loans	0.1	3.4	2.3	1.0	3.1	32.9	0.7
Total	0.4	7.1	16.4	16.1	8.4	49.4	2.5
As at 31 December 2018							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	11,486	663	50	147	860	1,194	13,540
Credit cards, unsecured loans and other retail lending	29,548	4,381	305	240	4,926	2,078	36,552
Wholesale loans	81,555	7,480	315	443	8,238	917	90,710
Total	122,589	12,524	670	830	14,024	4,189	140,802
Impairment allowance							
Home loans	26	29	9	9	47	307	380
Credit cards, unsecured loans and other retail lending	356	694	118	160	972	1,433	2,761
Wholesale loans	107	214	11	11	236	359	702
Total	489	937	138	180	1,255	2,099	3,843
Net exposure							
Home loans	11,460	634	41	138	813	887	13,160
Credit cards, unsecured loans and other retail lending	29,192	3,687	187	80	3,954	645	33,791
Wholesale loans	81,448	7,266	304	432	8,002	558	90,008
Total	122,100	11,587	532	650	12,769	2,090	136,959
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.2	4.4	18.0	6.1	5.5	25.7	2.8
Credit cards, unsecured loans and other retail lending	1.2	15.8	38.7	66.7	19.7	69.0	7.6
Wholesale loans	0.1	2.9	3.5	2.5	2.9	39.1	0.8
Total	0.4	7.5	20.6	21.7	8.9	50.1	2.7

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 £125.5bn (December 2018: £120.1bn) and impairment allowance of £22m (December 2018: £11m). This comprises £10m (December 2018: £9m) ECL on £124.7bn (December 2018: £119.6bn) Stage 1 assets and £2m (December 2018:£2m) on £0.8bn (December 2018: £0.5bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £10m (December 2018: £nil) on £10m Stage 3 (December 2018: £nil) other assets. Loan commitments and financial guarantee contracts have total ECL of £252m (December 2018: £217m).

Barclays Bank PLC		Stage 2					
As at 31 December 2019	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
Home loans	4,138	48	2	62	112	878	5,128
Credit cards, unsecured loans and other retail lending	3,619	505	9	48	562	287	4,468
Wholesale loans	145,094	5,981	326	650	6,957	1,131	153,182
Total	152,851	6,534	337	760	7,631	2,296	162,778
Impairment allowance							
Home loans	9	-	-	2	2	271	282
Credit cards, unsecured loans and other retail lending	24	23	6	6	35	76	135
Wholesale loans	112	223	7	7	237	349	698
Total	145	246	13	15	274	696	1,115
Net exposure							
Home loans	4,129	48	2	60	110	607	4,846
Credit cards, unsecured loans and other retail lending	3,595	482	3	42	527	211	4,333
Wholesale loans	144,982	5,758	319	643	6,720	782	152,484
Total	152,706	6,288	324	745	7,357	1,600	161,663
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.2	-	-	3.2	1.8	30.9	5.5
Credit cards, unsecured loans and other retail lending	0.7	4.6	66.7	12.5	6.2	26.5	3.0
Wholesale loans	0.1	3.7	2.1	1.1	3.4	30.9	0.5
Total	0.1	3.8	3.9	2.0	3.6	30.3	0.7
As at 31 December 2018							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	10,673	604	49	146	799	1,134	12,606
Credit cards, unsecured loans and other retail lending	3,915	548	10	34	592	383	4,890
Wholesale loans	131,654	7,197	307	429	7,933	907	140,494
Total	146,242	8,349	366	609	9,324	2,424	157,990
Impairment allowance							
Home loans	24	29	9	9	47	306	377
Credit cards, unsecured loans and other retail lending	19	29	7	6	42	113	174
Wholesale loans	99	201	11	11	223	353	675
Total	142	259	27	26	312	772	1,226
Net exposure							
Home loans	10,649	575	40	137	752	828	12,229
Credit cards, unsecured loans and other retail lending	3,896	519	3	28	550	270	4,716
Wholesale loans	131,555	6,996	296	418	7,710	554	139,819
Total	146,100	8,090	339	583	9,012	1,652	156,764
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.2	4.8	18.4	6.2	5.9	27.0	3.0
Credit cards, unsecured loans and other retail lending	0.5	5.3	70.0	17.6	7.1	29.5	3.6
Wholesale loans	0.1	2.8	3.6	2.6	2.8	38.9	0.5
Total	0.1	3.1	7.4	4.3	3.3	31.8	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 £120.3bn (December 2018: £110.7bn) and impairment allowance of £19m (December 2018: £12m). This comprises £11m ECL (December 2018: £10m) on £119.5bn Stage 1 assets (December 2018: £110.2bn) and £2m (December 2018: £2m) on £0.8bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2018: £0.5bn) and £6m (December 2018: £nil) on £6m Stage 3 other assets (December 2018: £nil). Loan commitments and financial guarantee contracts have total ECL of £214m (December 2018: £174m).

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

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included on page 149. The disclosure has been enhanced in 2019 to provide further granularity by product. Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the year. The movements are measured over a 12-month period.

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	11,486	26	860	47	1,194	307	13,540	380
Transfers from Stage 1 to Stage 2	(320)	(1)	320	1	-	-	-	-
Transfers from Stage 2 to Stage 1	301	11	(301)	(11)	-	-	-	-
Transfers to Stage 3	(103)	-	(94)	(12)	197	12	-	-
Transfers from Stage 3	13	-	70	2	(83)	(2)	-	-
Business activity in the year	785	1	-	-	-	-	785	1
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(793)	(19)	(58)	19	(70)	1	(921)	1
Final repayments	(1,042)	(1)	(61)	(2)	(159)	(5)	(1,262)	(8)
Disposals[b]	(723)	(1)	(62)	(4)	(2)	-	(787)	(5)
Write-offs[c]	-	-	-	-	(21)	(21)	(21)	(21)
As at 31 December 2019[d]	9,604	16	674	40	1,056	292	11,334	348
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	29,548	356	4,926	972	2,078	1,433	36,552	2,761
Transfers from Stage 1 to Stage 2	(1,611)	(41)	1,611	41	-	-	-	-
Transfers from Stage 2 to Stage 1	2,134	312	(2,134)	(312)	-	-	-	-
Transfers to Stage 3	(585)	(15)	(524)	(244)	1,109	259	-	-
Transfers from Stage 3	4	3	16	8	(20)	(11)	-	-
Business activity in the year	6,007	75	311	56	45	10	6,363	141
Changes to models used for calculation[a]	-	16	-	(57)	-	(7)	-	(48)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(3,690)	(318)	410	346	341	1,018	(2,939)	1,046
Final repayments	(2,266)	(26)	(166)	(26)	(202)	(31)	(2,634)	(83)
Disposals[b]	-	-	-	-	(54)	(32)	(54)	(32)
Write-offs[c]	-	-	-	-	(1,168)	(1,168)	(1,168)	(1,168)
As at 31 December 2019[d]	29,541	362	4,450	784	2,129	1,471	36,120	2,617
Wholesale loans								
As at 1 January 2019	81,555	107	8,238	236	917	359	90,710	702
Transfers from Stage 1 to Stage 2	(2,465)	(6)	2,465	6	-	-	-	-
Transfers from Stage 2 to Stage 1	2,905	42	(2,905)	(42)	-	-	-	-
Transfers to Stage 3	(305)	(1)	(381)	(13)	686	14	-	-
Transfers from Stage 3	52	-	92	15	(144)	(15)	-	-
Business activity in the year	31,714	44	1,496	22	31	-	33,241	66
Changes to models used for calculation[a]	-	(9)	-	(19)	-	-	-	(28)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	7,366	(33)	615	70	139	220	8,120	257
Final repayments	(31,622)	(30)	(2,105)	(41)	(362)	(91)	(34,089)	(162)
Disposals[b]	-	-	-	-	-	-	-	-
Write-offs[c]	-	-	-	-	(104)	(104)	(104)	(104)
As at 31 December 2019[d]	89,200	114	7,515	234	1,163	383	97,878	731

Notes

a Changes to models used for calculation include a £48m movement in Credit cards, unsecured loans and other retail lending and a £28m movement in Wholesale loans. These reflect methodology changes 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 £787m movement of gross loans and advances disposed of across Home Loans relates to the sale of a portfolio of mortgages from the Italian loan book. The £54m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year.

c In 2019, gross write-offs amounted to £1,293m (2018: £1,456m) and post write-off recoveries amounted to £73m (2018: £86m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,220m (2018: £1,370m).

d 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 £125.5bn (December 2018: £120.1bn) and impairment allowance of £22m (December 2018: £11m). This comprises £10m ECL (December 2018 £9m) on £124.7bn stage 1 assets (December 2018: £119.6bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2018: £0.5bn) and £10m (December 2018: £nil) on £10m Stage 3 other assets (December 2018: £nil).

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	(6)
Credit cards, unsecured loans and other retail lending	1,056
Wholesale loans	133
ECL movement excluding assets derecognised due to disposals and write-offs	1,183
Post write-off recoveries	(73)
Exchange and other adjustments[a]	31
Impairment charge on loan commitments and financial guarantees	55
Impairment charge on other financial assets[b]	6
Income statement charge for the period	1,202

Notes
a Includes foreign exchange and interest and fees in suspense.
b 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 £125.5bn (December 2018: £120.1bn) and impairment allowance of £22m (December 2018: £11m). This comprises £10m ECL (December 2018 £9m) on £124.7bn stage 1 assets (December 2018: £119.6bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2018: £0.5bn) and £10m (December 2018: £nil) on £10m Stage 3 other assets (December 2018: £nil).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	15	-	1	-	-	-	16	-
Net transfers between stages	-	-	-	-	-	-	-	-
Business activity in the year	18	-	-	-	-	-	18	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1	-	(1)	-	-	-	-	-
Final repayments	-	-	-	-	-	-	-	-
As at 31 December 2019	34	-	-	-	-	-	34	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	74,624	32	4,304	21	69	20	78,997	73
Net transfers between stages	251	4	(981)	(3)	730	(1)	-	-
Business activity in the year	13,322	2	173	-	6	6	13,501	8
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1,169	(15)	(810)	(2)	(725)	(10)	(366)	(27)
Final repayments	(11,109)	(1)	(633)	(1)	(13)	(1)	(11,755)	(3)
As at 31 December 2019	78,257	22	2,053	15	67	14	80,377	51
Wholesale loans								
As at 1 January 2019	173,951	59	12,139	83	352	2	186,442	144
Net transfers between stages	(881)	7	585	(8)	296	1	-	-
Business activity in the year	53,666	22	2,777	22	16	-	56,459	44
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	686	(1)	1,211	36	238	41	2,135	76
Final repayments	(44,421)	(24)	(4,659)	(36)	(266)	(3)	(49,346)	(63)
As at 31 December 2019	183,001	63	12,053	97	636	41	195,690	201

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	10,673	24	799	47	1,134	306	12,606	377
Transfers from Stage 1 to Stage 2	(102)	-	102	-	-	-	-	-
Transfers from Stage 2 to Stage 1	107	2	(107)	(2)	-	-	-	-
Transfers to Stage 3	(83)	-	(54)	(5)	137	5	-	-
Transfers from Stage 3	12	-	29	1	(41)	(1)	-	-
Business activity in the year	759	1	-	-	-	-	759	1
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(543)	(9)	(34)	4	(74)	(6)	(651)	(11)
Final repayments	(811)	(1)	(48)	(1)	(112)	(1)	(971)	(3)
Transfer to Barclays Bank Ireland	(5,874)	(8)	(575)	(42)	(146)	(12)	(6,595)	(62)
Disposals	-	-	-	-	-	-	-	-
Write-offs[b]	-	-	-	-	(20)	(20)	(20)	(20)
As at 31 December 2019[c]	4,138	9	112	2	878	271	5,128	282
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	3,915	19	592	42	383	113	4,890	174
Transfers from Stage 1 to Stage 2	(183)	(1)	183	1	-	-	-	-
Transfers from Stage 2 to Stage 1	183	14	(183)	(14)	-	-	-	-
Transfers to Stage 3	(171)	-	(31)	(7)	202	7	-	-
Transfers from Stage 3	-	-	5	-	(5)	-	-	-
Business activity in the year	974	6	22	2	35	4	1,031	12
Changes to models used for calculation[a]	-	4	-	(7)	-	(7)	-	(10)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	23	(15)	24	20	(7)	39	40	44
Final repayments	(1,078)	(3)	(50)	(2)	(167)	(9)	(1,295)	(14)
Transfer to Barclays Bank Ireland	(44)	-	-	-	(116)	(33)	(160)	(33)
Disposals	-	-	-	-	-	-	-	-
Write-offs[b]	-	-	-	-	(38)	(38)	(38)	(38)
As at 31 December 2019[c]	3,619	24	562	35	287	76	4,468	135
Wholesale loans								
As at 1 January 2019	131,654	99	7,933	223	907	353	140,494	675
Transfers from Stage 1 to Stage 2	(2,406)	(6)	2,406	6	-	-	-	-
Transfers from Stage 2 to Stage 1	2,786	38	(2,786)	(38)	-	-	-	-
Transfers to Stage 3	(304)	(1)	(377)	(13)	681	14	-	-
Transfers from Stage 3	52	-	92	15	(144)	(15)	-	-
Business activity in the year	50,498	41	1,394	21	31	-	51,923	62
Changes to models used for calculation[a]	-	(9)	-	(19)	-	-	-	(28)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	5,991	(18)	438	84	179	201	6,608	267
Final repayments	(41,968)	(30)	(1,894)	(36)	(355)	(84)	(44,217)	(150)
Transfer to Barclays Bank Ireland	(1,209)	(2)	(249)	(6)	(72)	(24)	(1,530)	(32)
Disposals	-	-	-	-	-	-	-	-
Write-offs[b]	-	-	-	-	(96)	(96)	(96)	(96)
As at 31 December 2019[c]	145,094	112	6,957	237	1,131	349	153,182	698

Notes

a Changes to models used for calculation include a £10m movement in Credit cards, unsecured loans and other retail lending and a £28m movement in Wholesale loans. These reflect methodology changes 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 In 2019, gross write-offs amounted to £154m (2018: £565m) and post write-off recoveries amounted to £39m (2018: £50m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £115m (£515m).

c 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 £120.3bn (December 2018: £110.7bn) and impairment allowance of £19m (December 2018: £12m). This comprises £11m ECL (December 2018 £10m) on £119.5bn stage 1 assets (December 2018: £110.2bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and other settlement balances (December 2018: £0.5bn) and£6m (December 2018: £nil) on £6m Stage 3 other assets (December 2018: £nil).

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	(75)
Credit cards, unsecured loans and other retail lending	(1)
Wholesale loans	119
ECL movement excluding assets derecognised due to disposals and write-offs	43
Post write-off recoveries	(39)
Exchange and other adjustments[a]	159
Impairment charge on loan commitments and financial guarantees	64
Impairment charge on other financial assets[b]	8
Income statement charge for the period	235

Notes
a Includes foreign exchange and interest and fees in suspense.
b 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 £120.3bn (December 2018: £110.7bn) and impairment allowance of £19m (December 2018: £12m). This comprises £11m ECL (December 2018 £10m) on £119.5bn stage 1 assets (December 2018: £110.2bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and other settlement balances (December 2018: £0.5bn) and£6m (December 2018: £nil) on £6m Stage 3 other assets (December 2018: £nil).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	4	-	-	-	-	-	4	-
Net transfers between stages	-	-	-	-	-	-	-	-
Business activity in the year	7	-	-	-	-	-	7	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	-	-	-	-	-	-	-	-
Final repayments	-	-	-	-	-	-	-	-
As at 31 December 2019	11	-	-	-	-	-	11	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	4,950	5	1,069	6	23	20	6,042	31
Net transfers between stages	263	5	(330)	(3)	67	(2)	-	-
Business activity in the year	1,212	2	27	-	6	6	1,245	8
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(404)	(4)	88	1	(67)	(10)	(383)	(13)
Final repayments	(930)	(1)	(191)	(1)	(2)	(1)	(1,123)	(3)
Transfer to Barclays Bank Ireland	(20)	-	-	-	-	-	(20)	-
As at 31 December 2019	5,071	7	663	3	27	13	5,761	23
Wholesale loans								
As at 1 January 2019	187,226	57	12,053	84	352	2	199,631	143
Net transfers between stages	(947)	7	651	(8)	296	1	-	-
Business activity in the year	49,486	22	2,376	21	16	-	51,878	43
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,180)	(3)	977	34	228	42	25	73
Final repayments	(40,889)	(24)	(4,583)	(36)	(266)	(3)	(45,738)	(63)
Transfer to Barclays Bank Ireland	(9,994)	(2)	(434)	(3)	(13)	-	(10,441)	(5)
As at 31 December 2019	183,702	57	11,040	92	613	42	195,355	191

Gross exposure for loans and advances at amortised cost (audited)				
Barclays Bank Group	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	266,173	49,592	9,081	324,846
Disposal of business to Barclays Bank UK PLC	(155,390)	(27,978)	(4,202)	(187,570)
Net transfers between stages	4,999	(6,196)	1,197	-
Business activity in the year	51,044	1,650	122	52,816
Net drawdowns and repayments	(5,635)	767	155	(4,713)
Final repayments	(33,493)	(3,811)	(654)	(37,958)
Disposals	(5,109)	-	(54)	(5,163)
Write-offs	-	-	(1,456)	(1,456)
As at 31 December 2018	122,589	14,024	4,189	140,802

Impairment allowance on loans and advances at amortised cost (audited)				
Barclays Bank Group	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	608	3,112	3,382	7,102
Disposal of business to Barclays Bank UK PLC	(168)	(1,490)	(1,278)	(2,936)
Net transfers between stages	664	(995)	331	-
Business activity in the year	191	114	57	362
Net re-measurement and movement due to exposure and risk parameter changes	(740)	597	1,189	1,046
UK economic uncertainty adjustment	-	50	-	50
Final repayments	(66)	(133)	(72)	(271)
Disposals	-	-	(54)	(54)
Write-offs	-	-	(1,456)	(1,456)
As at 31 December 2018[a]	489	1,255	2,099	3,843

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
ECL movement excluding assets derecognised due to disposals and write-offs	1,187
Post write-off recoveries	(86)
Exchange and other adjustments	(212)
Impairment release on loan commitments and financial guarantees[b]	(48)
Impairment charge on other financial assets	3
Income statement charge/(release) for the period[c]	844

Notes

a Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £120.1bn (1 January 2018: £128.1bn) and impairment allowance of £11m (1 January 2018: £9m). This comprises £9m ECL on £119.6bn stage 1 assets and £2m on £0.5bn stage 2 fair value through other comprehensive income assets.

b Impairment release of £48m on loan commitments and financial guarantees represents reduction in impairment allowance excluding disposal of business to Barclays Bank UK PLC of £116m and exchange and other adjustments of £68m.

c Barclays Bank PLC transferred its UK banking business on 1 April 2018 to Barclays Bank UK PLC. Net impairment charge of £201m (Impairment charges: £217m and recoveries: £16m) relating to the UK banking business for the three months ended 31 March 2018 is included in the reconciliation in "Income statement charge/(release) for the period".

Risk performance

Credit risk

Gross exposure for loan commitments and financial guarantees (audited)

Barclays Bank Group	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	275,364	38,867	1,442	315,673
Disposal of business to Barclays Bank UK PLC	(60,848)	(6,113)	(294)	(67,255)
Net transfers between stages	14,517	(14,577)	60	-
Business activity in the year	64,155	749	-	64,904
Net drawdowns and repayments	(16,826)	5,505	(562)	(11,883)
Final repayments	(27,772)	(7,987)	(225)	(35,984)
As at 31 December 2018	248,590	16,444	421	265,455

Impairment allowance on loan commitments and financial guarantees (audited)

Barclays Bank Group	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	133	259	28	420
Disposal of business to Barclays Bank UK PLC	(36)	(51)	-	(87)
Net transfers between stages	42	(43)	1	-
Business activity in the year	18	-	-	18
Net re-measurement and movement due to exposure and risk parameter changes	(51)	(17)	44	(24)
Final repayments	(15)	(44)	(51)	(110)
As at 31 December 2018	91	104	22	217

Gross exposure for loans and advances at amortised cost				
Continuing operations				
Barclays Bank Group	Stage 1 £m	Stage2 £m	Stage3 £m	Total £m
As at 1 January 2018	113,375	19,913	4,831	138,119
Net transfers between stages	3,795	(4,588)	793	-
Business activity in the year	43,520	1,188	48	44,756
Net drawdowns and repayments	(2,773)	1,117	486	(1,170)
Final repayments	(30,219)	(3,606)	(590)	(34,415)
Disposals	(5,109)	-	(54)	(5,163)
Write-offs	-	-	(1,325)	(1,325)
As at 31 December 2018	122,589	14,024	4,189	140,802

Impairment allowance on loans and advances at amortised cost				
Continuing operations				
Barclays Bank Group	Stage 1 £m	Stage2 £m	Stage3 £m	Total £m
As at 1 January 2018	437	1,713	2,108	4,258
Net transfers between stages	446	(697)	251	-
Business activity in the year	167	86	30	283
Net re-measurement and movement due to exposure and risk parameter changes	(506)	220	1,151	865
UK economic uncertainty adjustment	-	50	-	50
Final repayments	(55)	(117)	(62)	(234)
Disposals	-	-	(54)	(54)
Write-offs	-	-	(1,325)	(1,325)
As at 31 December 2018	489	1,255	2,099	3,843

Gross exposure for loans and advances at amortised cost				
Discontinued operations				
Barclays Bank Group	Stage 1 £m	Stage2 £m	Stage3 £m	Total £m
As at 1 January 2018	152,798	29,679	4,250	186,727
Net transfers between stages	1,204	(1,608)	404	-
Business activity in the year	7,524	462	74	8,060
Net drawdowns and repayments	(2,862)	(350)	(331)	(3,543)
Final repayments	(3,274)	(205)	(64)	(3,543)
Write-offs	-	-	(131)	(131)
Transferred to Barclays Bank UK PLC on 1 April 2018	155,390	27,978	4,202	187,570

Impairment allowance on loans and advances at amortised cost				
Discontinued operations				
Barclays Bank Group	Stage 1 £m	Stage2 £m	Stage3 £m	Total £m
As at 1 January 2018	171	1,399	1,274	2,844
Net transfers between stages	218	(298)	80	-
Business activity in the year	24	28	27	79
Net re-measurement and movement due to exposure and risk parameter changes	(234)	377	38	181
Final repayments	(11)	(16)	(10)	(37)
Write-offs	-	-	(131)	(131)
Transferred to Barclays Bank UK PLC on 1 April 2018	168	1,490	1,278	2,936

Risk performance

Credit risk

Gross exposure for loans and advances at amortised cost (audited)				
Barclays Bank PLC	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	303,609	43,447	7,759	354,815
Disposal of business[a]	(157,618)	(29,226)	(4,367)	(191,211)
Net transfers between stages	4,045	(4,528)	483	-
Business activity in the year	57,094	1,406	110	58,610
Net drawdowns and repayments	(1,972)	1,536	(316)	(752)
Final repayments	(53,807)	(3,311)	(629)	(57,747)
Disposals	(5,109)	-	(51)	(5,160)
Write-offs	-	-	(565)	(565)
As at 31 December 2018	146,242	9,324	2,424	157,990

Impairment allowance on loans and advances at amortised cost (audited)				
Barclays Bank PLC	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	337	2,023	2,427	4,787
Disposal of business[a]	(186)	(1,621)	(1,385)	(3,192)
Net transfers between stages	372	(493)	121	-
Business activity in the year	83	64	48	195
Net re-measurement and movement due to exposure and risk parameter changes	(427)	389	236	198
UK economic uncertainty adjustment	-	50	-	50
Final repayments	(37)	(100)	(59)	(196)
Disposals	-	-	(51)	(51)
Write-offs	-	-	(565)	(565)
As at 31 December 2018[b]	142	312	772	1,226

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
ECL movement excluding assets derecognised due to disposals and write-offs	247
Post write-off recoveries	(50)
Exchange and other adjustments	(101)
Impairment release on loan commitments and financial guarantees[c]	(22)
Impairment charge on other financial assets	4
Income statement charge/(release) for the period[d]	78

Notes

a Disposal of business represents transfer of 1) UK banking business by Barclays Bank PLC to Barclays Bank UK PLC on 1 April 2018 with Gross exposures for loans and advances at amortised cost of £187.7bn and associated impairment allowance of £2.9bn, and 2) the German business largely comprising of Barclaycard and Business Banking Barclays Bank Ireland PLC on 1 December 2018 with Gross exposures for loans and advances at amortised cost of £3.5bn and associated impairment allowance of £0.3bn.

b 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 £110.7bn and impairment allowance of £12m This comprises £10m ECL on £110.2bn stage 1 assets and £2m on £0.5bn stage 2 fair value through other comprehensive income assets.

c Impairment release of £22m on loan commitments and financial guarantees represents reduction in impairment allowance excluding disposal of business to Barclays Bank UK PLC of £90m and exchange and other adjustments of £68m.

d Barclays Bank PLC transferred its UK banking business on 1 April 2018 to Barclays Bank UK PLC. Net impairment charge of £201m (Impairment charges: £217m and recoveries: £16m) relating to the UK banking business for the three months ended 31 March 2018 is included in the reconciliation in “Income statement charge/(release) for the period”.

Gross exposure for loan commitments and financial guarantees (audited)				
Barclays Bank PLC	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	230,630	29,259	1,442	261,331
Disposal of business	(64,643)	(6,345)	(341)	(71,329)
Net transfers between stages	9,658	(9,151)	(507)	-
Business activity in the year	55,720	606	1	56,327
Net drawdowns and repayments	(13,478)	5,895	4	(7,579)
Final repayments	(25,707)	(7,142)	(224)	(33,073)
As at 31 December 2018	192,180	13,122	375	205,677

Impairment allowance on loan commitments and financial guarantees (audited)				
Barclays Bank PLC	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	116	225	10	351
Disposal of business	(36)	(51)	-	(87)
Net transfers between stages	42	(43)	1	-
Business activity in the year	17	-	-	17
Net re-measurement and movement due to exposure and risk parameter changes	(63)	2	62	1
Final repayments	(14)	(43)	(51)	(108)
As at 31 December 2018	62	90	22	174

Gross exposure for loans and advances at amortised cost Continuing operations Barclays Bank PLC	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	148,891	12,370	3,334	164,595
Net transfers between stages	2,811	(2,784)	(27)	-
Business activity in the year	49,008	875	32	49,915
Net drawdowns and repayments	1,027	1,940	34	3,001
Final repayments	(50,386)	(3,077)	(555)	(54,018)
Disposals	(5,109)	-	-	(5,109)
Write-offs	-	-	(394)	(394)
As at 31 December 2018	146,242	9,324	2,424	157,990

Impairment allowance on loans and advances at amortised cost Continuing operations Barclays Bank PLC	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	149	418	1,035	1,602
Net transfers between stages	111	(130)	19	-
Business activity in the year	53	30	19	102
Net re-measurement and movement due to exposure and risk parameter changes	(147)	26	136	15
UK economic uncertainty adjustment	-	50	-	50
Final repayments	(24)	(82)	(43)	(149)
Disposals	-	-	-	-
Write-offs	-	-	(394)	(394)
As at 31 December 2018	142	312	772	1,226

Gross exposure for loans and advances at amortised cost Discontinued operations Barclays Bank PLC	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	154,718	31,077	4,425	190,220
Net transfers between stages	1,234	(1,744)	510	-
Business activity in the year	8,086	531	78	8,695
Net drawdowns and repayments	(2,999)	(404)	(350)	(3,753)
Final repayments	(3,421)	(234)	(74)	(3,729)
Write-offs	-	-	(222)	(222)
Disposal of business	157,618	29,226	4,367	191,211

Impairment allowance on loans and advances at amortised cost Discontinued operations Barclays Bank PLC	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
As at 1 January 2018	188	1,605	1,392	3,185
Net transfers between stages	261	(363)	102	-
Business activity in the year	30	34	29	93
Net re-measurement and movement due to exposure and risk parameter changes	(280)	363	100	183
Final repayments	(13)	(18)	(16)	(47)
Write-offs	-	-	(222)	(222)
Disposal of business	186	1,621	1,385	3,192

Stage 2 decomposition

Loans and advances at amortised cost[a]	2019		2018	
	Gross Exposure	Impairment allowance	Gross Exposure	Impairment allowance
As at 31 December	£m	£m	£m	£m
Quantitative test	**8,415**	**848**	10,357	1,116
Qualitative test	**3,365**	**181**	3,324	118
30 days past due backstop	**859**	**29**	343	21
Total Stage 2	**12,639**	**1,058**	14,024	1,255

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

Stage 2 exposures are predominantly identified using quantitative tests where the lifetime PD has deteriorated more than a pre-determined amount since origination. This is augmented by inclusion of accounts meeting the designated high risk criteria (including watchlist) for the portfolio under the qualitative test. Qualitative tests include £1.7bn relating to Corporate and Investment Bank, £0.9bn relating to Barclaycard International and £0.7bn relating to Private Bank.

A small number of other accounts (3% of impairment allowances and 7% of gross exposure) are included in Stage 2. These accounts are not otherwise identified by the quantitative or qualitative tests but are more than 30 days past due. The percentage triggered by these backstop criteria is a measure of the effectiveness of the Stage 2 criteria in identifying deterioration prior to delinquency. These balances include items in Corporate and Investment Bank for reasons such as outstanding interest and fees rather than principal balances.

For further detail on the three criteria for determining a significant increase in credit risk required for Stage 2 classification, refer to Note 7.

Stage 3 decomposition

Loans and advances at amortised cost

	2019		2018	
	Gross Exposure	Impairment allowance	Gross Exposure	Impairment allowance
As at 31 December	£m	£m	£m	£m
Exposures not charged-off including within cure period[a]	1,429	490	1,410	509
Exposures individually assessed or in recovery book[b]	2,919	1,656	2,779	1,590
Total Stage 3	4,348	2,146	4,189	2,099

Notes
a Includes £0.6bn of gross exposure in a cure period that must remain in Stage 3 for a minimum of 12 months before moving to Stage 2.
b Exposures individually assessed or in recovery book cannot cure out of Stage 3.

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.

Total management adjustments to impairment allowance are presented by product below.

Management adjustments to models for impairment (audited)[a]

	2019		2018	
	Management adjustments to impairment allowances	Proportion of total impairment allowances	Management adjustments to impairment allowances	Proportion of total impairment allowances
As at 31 December	£m	%	£m	%
Home loans	-	-	4	1.1
Credit cards, unsecured loans and other retail lending	3	0.1	(18)	(0.7)
Wholesale loans	(40)	(5.5)	(12)	(1.7)
Total	(37)	(1.0)	(26)	(0.7)

Note
a Positive values relate to an increase in impairment allowance.

Credit cards, unsecured loans and other retail lending: Following recent portfolio analysis and industry benchmarking, a release was applied to the US Cards portfolio to account for changes in the modelled lifetime of credit cards in Stage 2. This adjustment will be removed once updates to the model have been incorporated.

Wholesale loans: Adjustments include a release in Investment Bank to reduce inappropriate ECL sensitivity to a macroeconomic variable and model adjustments in CIB related to Probability of Default at origination and Loss Given Default floors.

A £50m ECL adjustment is held in CIB for the anticipated impact of economic uncertainty in the UK, first taken in December 2018 and retained as at 2019 year-end.

Measurement uncertainty and sensitivity analysis

The measurement of ECL involves complexity and judgement, including estimation of probabilities of default (PD), loss given default (LGD), a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default (EAD) and assessing significant increases in credit risk.

The Barclays Bank Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts), Bloomberg (based on median of economic forecasters) and the Urban Land Institute (for US House Prices), 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 similar severity to internal stress tests, whilst also considering IFRS 9 specific sensitivities and non-linearity. Downside 2 is benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenario from Moody's inventory, but is not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. All scenarios are regenerated at a minimum annually. The scenarios include eight economic variables, (GDP, unemployment, House Price Index (HPI) and base rates in both the UK and US markets), and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years.

Scenario weights (audited)

The methodology for estimating probability weights for each of the scenarios involves a comparison of the distribution of key historical UK and US macroeconomic variables against the forecast paths of the five scenarios. The methodology works such that the Baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the Baseline; the further from the Baseline, the smaller the weight. This is reflected in the table below where the probability weights of the scenarios as of 31 December 2019 are shown. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios and weights that are used in the estimation of expected credit losses are also used for the Barclays Bank Group internal planning purposes. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices and base rates, credit cards and unsecured consumer loans are highly sensitive to unemployment.

The tables below show the macroeconomic variables for each scenario and their respective scenario weights. Macroeconomic variables are presented using the most relevant basis for each variable. 5-year average tables and movement over time graphs provide additional transparency.

Scenario probability weighting (audited)

	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 31 December 2019					
Scenario probability weighting	**10.1**	**23.1**	**40.8**	**22.7**	**3.3**
As at 31 December 2018					
Scenario probability weighting	9.0	24.0	41.0	23.0	3.0

The weights of Upside 2 and Downside 2 have increased slightly reflecting the small decrease in dispersion in the scenarios. The impact on ECL is immaterial.

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 2019					
UK GDP[b]	**4.2**	**2.9**	**1.6**	**0.2**	**(4.7)**
UK unemployment[c]	**3.4**	**3.8**	**4.2**	**5.7**	**8.7**
UK HPI[d]	**46.0**	**32.0**	**3.1**	**(8.2)**	**(32.4)**
UK bank rate[c]	**0.5**	**0.5**	**0.7**	**2.8**	**4.0**
US GDP[b]	**4.2**	**3.3**	**1.9**	**0.4**	**(3.4)**
US unemployment[c]	**3.0**	**3.5**	**3.9**	**5.3**	**8.5**
US HPI[d]	**37.1**	**23.3**	**3.0**	**0.5**	**(19.8)**
US federal funds rate[c]	**1.5**	**1.5**	**1.7**	**3.0**	**3.5**
As at 31 December 2018					
UK GDP[b]	4.5	3.1	1.7	0.3	(4.1)
UK unemployment[c]	3.4	3.9	4.3	5.7	8.8
UK HPI[d]	46.4	32.6	3.2	(0.5)	(32.1)
UK bank rate[c]	0.8	0.8	1.0	2.5	4.0
US GDP[b]	4.8	3.7	2.1	0.4	(3.3)
US unemployment[c]	3.0	3.4	3.7	5.2	8.4
US HPI[d]	36.9	30.2	4.1	-	(17.4)
US federal funds rate[c]	2.3	2.3	2.7	3.0	3.5

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 2019					
UK GDP	**3.2**	**2.4**	**1.6**	**0.8**	**(0.7)**
UK unemployment	**3.5**	**3.9**	**4.2**	**5.4**	**7.7**
UK HPI	**7.9**	**5.7**	**3.1**	**(1.1)**	**(6.5)**
UK bank rate	**0.5**	**0.5**	**0.7**	**2.5**	**3.7**
US GDP	**3.5**	**2.8**	**1.9**	**1.0**	**(0.5)**
US unemployment	**3.1**	**3.6**	**3.9**	**5.0**	**7.5**
US HPI	**6.5**	**4.3**	**3.0**	**1.3**	**(3.7)**
US federal funds rate	**1.6**	**1.7**	**1.7**	**2.9**	**3.4**
As at 31 December 2018					
UK GDP	3.4	2.6	1.7	0.9	(0.6)
UK unemployment	3.7	4.0	4.3	5.1	7.9
UK HPI	7.9	5.8	3.2	0.9	(6.4)
UK bank rate	0.8	0.8	1.0	2.3	3.7
US GDP	3.7	3.0	2.1	1.1	(0.5)
US unemployment	3.1	3.5	3.7	4.7	7.4
US HPI	6.5	5.4	4.1	2.4	(2.6)
US federal funds rate	2.3	2.3	2.7	3.0	3.4

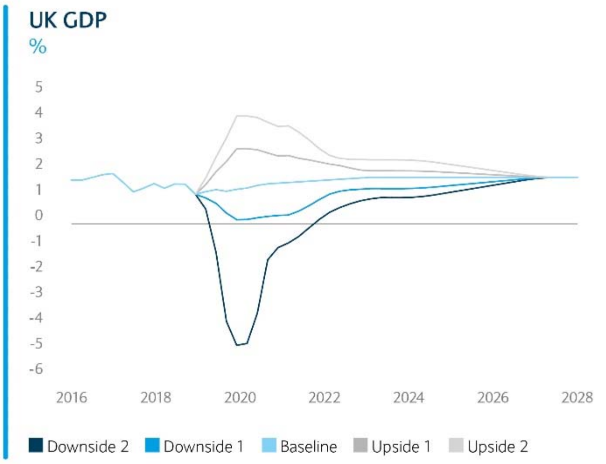
Notes
a UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA house price index.
b Highest annual growth in Upside scenarios; 5-year average in Baseline; lowest annual growth in Downside scenarios.
c Lowest yearly average in Upside scenarios; 5-year average in Baseline; highest yearly average in Downside scenarios.
d Cumulative growth (trough to peak) in Upside scenarios; 5-year average in Baseline; cumulative fall (peak-to-trough) in Downside scenarios.

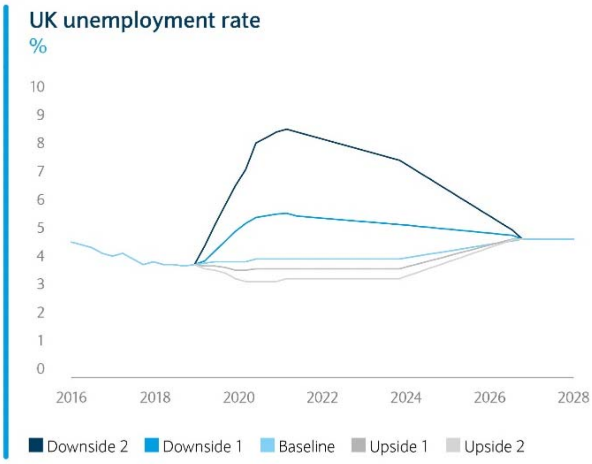
Over the year, the macroeconomic baseline variables have worsened in the US, in part due to the trade dispute with China. Baseline expectations for the US federal funds rate have also moved lower from 2.7% to 1.7% averaged over the first five years. Macroeconomic baseline variables in the UK have remained fairly flat with a small decrease in bank rates driven by market expectations of lower interest rates in the next few years. The other scenarios are generally unchanged from 2018, with the exception of UK HPI in the Downside 1 scenario where the cumulative fall in house prices now represents a more severe fall of 8.2% versus 0.5% in 2018.

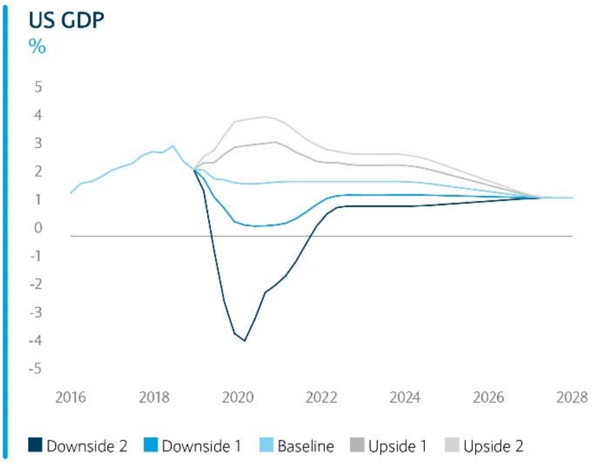
Risk performance

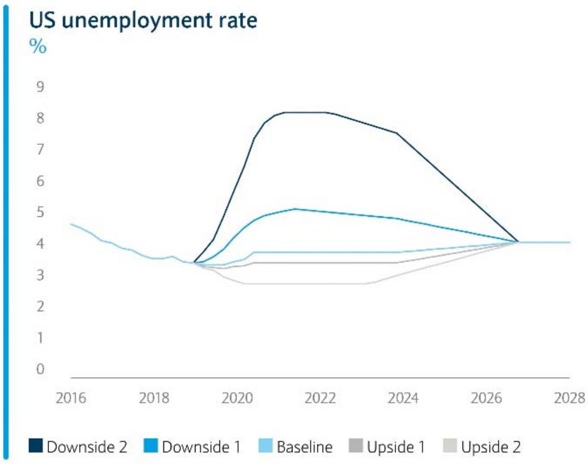
Credit risk

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









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

The table on the next page shows the ECL assuming scenarios have been 100% weighted. Model exposures are allocated to a stage based on the individual scenario rather than through a probability-weighted approach as required for Barclays reported impairment allowances. As a result, it is not possible to back solve to the final reported weighted ECL from the individual scenarios as a balance may be assigned to a different stage dependent on the scenario. Model exposure uses exposure at default (EAD) values and is not directly comparable to gross exposure used in prior disclosures. For Credit cards, unsecured loans and other retail lending, an average EAD measure is used (12 month or lifetime depending on stage allocation in each scenario). Therefore, the model exposure movement into Stage 2 is higher than the corresponding Stage 1 reduction.

All ECL using a model is included, with the exception of Treasury assets (£7.7m of ECL), providing additional coverage as compared to the 2018 year-end disclosure. Non-modelled exposures and management adjustments are excluded. Management adjustments can be found on page 69. The prior year comparative includes key principal portfolios amounting to circa 80% of total impairment allowance.

Model Exposures allocated to Stage 3 do not change in any of the scenarios as the transition criteria relies only on observable evidence of default as at 31 December 2019 and not on macroeconomic scenarios.

The Downside 2 scenario represents a severe global recession with substantial falls in both UK and US GDP. Unemployment rises towards 9% and there are substantial falls in asset prices including housing.

Under the Downside 2 scenario, model exposure moves between stages as the economic environment weakens. This can be seen in the movement of £17bn of model exposure into Stage 2 between the Weighted and Downside 2 scenario. ECL increases in Stage 2 predominantly due to unsecured portfolios as economic conditions deteriorate.

As at 31 December 2019	Scenarios					
	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model Exposure (£m)						
Home loans	4,887	4,902	4,894	4,887	4,876	4,863
Credit cards, unsecured loans and other retail lending	37,599	37,361	37,534	37,269	37,921	38,414
Wholesale loans	141,272	142,393	142,125	141,806	139,227	126,882
Stage 1 Model ECL (£m)						
Home loans	5	4	4	5	5	5
Credit cards, unsecured loans and other retail lending	350	344	347	342	349	356
Wholesale loans	184	141	152	164	244	268
Stage 1 Coverage (%)						
Home loans	0.1	0.1	0.1	0.1	0.1	0.1
Credit cards, unsecured loans and other retail lending	0.9	0.9	0.9	0.9	0.9	0.9
Wholesale loans	0.1	0.1	0.1	0.1	0.2	0.2
Stage 2 Model Exposure (£m)						
Home loans	511	496	505	512	522	535
Credit cards, unsecured loans and other retail lending	4,228	3,350	3,540	4,025	5,615	7,204
Wholesale loans	13,099	11,979	12,246	12,566	15,145	27,489
Stage 2 Model ECL (£m)						
Home loans	36	32	34	35	41	47
Credit cards, unsecured loans and other retail lending	784	584	638	739	1,115	2,450
Wholesale loans	352	253	280	314	493	1,240
Stage 2 Coverage (%)						
Home loans	7.1	6.6	6.7	6.8	7.8	8.8
Credit cards, unsecured loans and other retail lending	18.5	17.4	18.0	18.4	19.8	34.0
Wholesale loans	2.7	2.1	2.3	2.5	3.3	4.5
Stage 3 Model Exposure (£m)						
Home loans	711	711	711	711	711	711
Credit cards, unsecured loans and other retail lending	1,697	1,697	1,697	1,697	1,697	1,697
Wholesale loans[a]	279	279	279	279	279	279
Stage 3 Model ECL (£m)						
Home loans	260	258	259	260	261	264
Credit cards, unsecured loans and other retail lending	1,382	1,367	1,374	1,380	1,395	1,418
Wholesale loans[a]	3	2	2	3	4	5
Stage 3 Coverage (%)						
Home loans	36.5	36.3	36.4	36.5	36.7	37.2
Credit cards, unsecured loans and other retail lending	81.5	80.5	81.0	81.3	82.2	83.6
Wholesale loans[a]	1.0	0.8	0.9	0.9	1.3	1.9
Total Model ECL (£m)						
Home loans	301	294	297	300	307	316
Credit cards, unsecured loans and other retail lending	2,516	2,295	2,359	2,461	2,859	4,224
Wholesale loans[a]	539	396	434	481	741	1,513

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £398m is reported as non-modelled in the table below.

Reconciliation to total ECL	£m
Total model ECL	3,355
ECL from non-modelled, individually assessed, and other adjustments	630
ECL from management adjustments	(37)
Total ECL	3,948

The total weighted ECL represents a 4% uplift from the Baseline ECL, largely driven by wholesale loans.

Home loans: Total weighted ECL of £301m represents a 0.4% increase over the Baseline ECL (£300m), reflecting the nature of the Italy portfolio.

Credit cards, unsecured loans and other retail lending: Total weighted ECL of £2,516m represents a 2% increase over the Baseline ECL (£2,461m) reflecting the range of economic scenarios used, mainly impacted by Unemployment. Total ECL increases to £4,224m under Downside 2 scenario, mainly driven by Stage 2, where coverage rates increase to 34.0% from a weighted scenario approach of 18.5% and a £3bn increase in model exposure that meets the Significant Increase in Credit Risk criteria and transitions from Stage 1 to Stage 2.

Wholesale loans: Total weighted ECL of £539m represents a 12% increase over the Baseline ECL (£481m) reflecting the range of economic scenarios used, with exposures in the Investment Bank particularly sensitive to Downside 2 scenario.

	Scenarios					
As at 31 December 2018	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Gross Exposure (£m)						
Credit cards, unsecured loans and other retail lending	15,399	16,345	15,629	15,437	15,063	12,125
Wholesale loans	80,835	81,346	81,180	80,941	80,517	73,715
Stage 1 ECL (£m)						
Credit cards, unsecured loans and other retail lending	208	168	202	205	212	231
Wholesale loans	175	161	163	162	203	242
Stage 1 Coverage (%)						
Credit cards, unsecured loans and other retail lending	1.4	1.0	1.3	1.3	1.4	1.9
Wholesale loans	0.2	0.2	0.2	0.2	0.3	0.3
Stage 2 Gross Exposure (£m)						
Credit cards, unsecured loans and other retail lending	4,084	3,138	3,853	4,046	4,420	7,358
Wholesale loans	11,377	10,866	11,031	11,271	11,694	18,496
Stage 2 ECL (£m)						
Credit cards, unsecured loans and other retail lending	937	719	830	901	1,111	2,414
Wholesale loans	323	277	290	302	397	813
Stage 2 Coverage (%)						
Credit cards, unsecured loans and other retail lending	22.9	22.9	21.5	22.3	25.1	32.8
Wholesale loans	2.8	2.5	2.6	2.7	3.4	4.4
Stage 3 Gross Exposure (£m)						
Credit cards, unsecured loans and other retail lending	1,396	1,396	1,396	1,396	1,396	1,396
Wholesale loans[a]	1,165	n/a	n/a	1,165	n/a	n/a
Stage 3 ECL (£m)						
Credit cards, unsecured loans and other retail lending	1,181	1,168	1,174	1,181	1,189	1,207
Wholesale loans[a]	333	n/a	n/a	323	n/a	n/a
Stage 3 Coverage (%)						
Credit cards, unsecured loans and other retail lending	84.6	83.7	84.1	84.6	85.2	86.5
Wholesale loans[a]	28.6	n/a	n/a	27.7	n/a	n/a
Total ECL (£m)						
Credit cards, unsecured loans and other retail lending	2,326	2,055	2,206	2,287	2,512	3,852
Wholesale loans[a]	831	n/a	n/a	787	n/a	n/a

Note
a Material corporate loan defaults are individually assessed across different recovery strategies which are impacted by the macroeconomic variables. As a result, only the Baseline scenario is shown together with the weighted estimate which reflects alternative recovery paths.

Staging sensitivity (audited)

An increase of 1% (£1,453m) of total gross exposure into Stage 2 (from Stage 1), would result in an increase in ECL impairment allowance of £116m based on applying the difference in Stage 2 and Stage 1 average impairment coverage ratios to the movement in gross exposure (refer to Loans and advances at amortised cost by product on page 57).

Analysis of the concentration of credit risk

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

Geographic concentrations

Exposure is concentrated in the Americas 43% (2018: 43%), in the UK 26% (2018: 26%) and Europe 24% (2018: 25%).

Credit risk concentrations by geography (audited)

Barclays Bank Group

As at 31 December 2019	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
On-balance sheet:						
Cash and balances at central banks	29,791	28,273	52,003	15,128	745	125,940
Cash collateral and settlement balances	23,775	23,593	25,955	5,326	837	79,486
Loans and advances at amortised cost	62,568	45,863	24,450	5,881	2,874	141,636
Reverse repurchase agreements and other similar secured lending	12	15	401	470	833	1,731
Trading portfolio assets	11,538	27,249	12,922	4,786	763	57,258
Financial assets at fair value through the income statement	26,363	70,832	11,272	12,534	1,921	122,922
Derivative financial instruments	70,256	63,337	83,165	11,189	1,694	229,641
Financial assets at fair value through other comprehensive income	8,383	16,092	17,884	2,945	101	45,405
Other assets	407	124	81	2	-	614
Total on-balance sheet	233,093	275,378	228,133	58,261	9,768	804,633
Off-balance sheet:						
Contingent liabilities	6,789	10,838	3,862	1,562	726	23,777
Loan commitments	39,247	192,857	33,182	3,130	1,611	270,027
Total off-balance sheet	46,036	203,695	37,044	4,692	2,337	293,804
Total	279,129	479,073	265,177	62,953	12,105	1,098,437
As at 31 December 2018						
On-balance sheet:						
Cash and balances at central banks	39,143	36,045	51,395	9,064	712	136,359
Cash collateral and settlement balances	24,611	22,184	22,309	4,872	376	74,352
Loans and advances at amortised cost	54,700	46,799	27,470	4,952	3,038	136,959
Reverse repurchase agreements and other similar secured lending	45	68	97	83	1,320	1,613
Trading portfolio assets	12,296	34,369	13,374	3,616	713	64,368
Financial assets at fair value through the income statement	30,305	73,475	20,984	13,556	1,758	140,078
Derivative financial instruments	69,943	58,699	80,003	12,172	1,866	222,683
Financial investments - debt securities	9,529	10,959	21,546	2,786	163	44,983
Other assets	448	110	137	3	1	699
Total on-balance sheet	241,020	282,708	237,315	51,104	9,947	822,094
Off-balance sheet:						
Contingent liabilities	5,001	8,996	3,572	1,289	536	19,394
Loan commitments	42,224	175,951	34,447	3,310	1,836	257,768
Total off-balance sheet	47,225	184,947	38,019	4,599	2,372	277,162
Total	288,245	467,655	275,334	55,703	12,319	1,099,256

Credit risk concentrations by geography (audited)

Barclays Bank PLC

As at 31 December 2019	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
On-balance sheet:						
Cash and balances at central banks	29,790	26,554	40,687	14,512	744	112,287
Cash collateral and settlement balances	28,493	20,587	21,609	4,425	708	75,822
Loans and advances at amortised cost	108,085	23,280	20,256	7,745	2,297	161,663
Reverse repurchase agreements and other similar secured lending	12	2	1,017	3,075	833	4,939
Trading portfolio assets	11,465	15,778	11,945	3,762	684	43,634
Financial assets at fair value through the income statement	72,151	57,756	14,927	15,609	1,861	162,304
Derivative financial instruments	76,364	55,994	84,414	10,874	1,692	229,338
Financial assets at fair value through other comprehensive income	7,609	16,086	17,081	2,883	101	43,760
Other assets	672	31	8	7	1	719
Total on-balance sheet	334,641	216,068	211,944	62,892	8,921	834,466
Off-balance sheet:						
Contingent liabilities	13,120	10,820	1,165	1,519	719	27,343
Loan commitments	41,881	124,981	19,448	3,115	1,425	190,850
Total off-balance sheet	55,001	135,801	20,613	4,634	2,144	218,193
Total	389,642	351,869	232,557	67,526	11,065	1,052,659
As at 31 December 2018						
On-balance sheet:						
Cash and balances at central banks	39,142	32,241	45,336	8,572	711	126,002
Cash collateral and settlement balances	22,728	18,070	21,782	3,288	328	66,196
Loans and advances at amortised cost	94,810	23,447	30,471	5,456	2,580	156,764
Reverse repurchase agreements and other similar secured lending	63	815	80	3,488	1,320	5,766
Trading portfolio assets	12,255	16,771	13,131	2,196	693	45,046
Financial assets at fair value through the income statement	67,657	60,032	33,438	16,390	1,716	179,233
Derivative financial instruments	77,140	50,548	80,037	11,662	1,860	221,247
Financial investments - debt securities	9,219	10,954	20,637	2,724	163	43,697
Other assets	702	18	39	2	1	762
Total on-balance sheet	323,716	212,896	244,951	53,778	9,372	844,713
Off-balance sheet:						
Contingent Liabilities	11,504	8,993	3,332	1,289	534	25,652
Loan Commitments	46,109	113,637	27,253	3,297	1,436	191,732
Total off-balance sheet	57,613	122,630	30,585	4,586	1,970	217,384
Total	381,329	335,526	275,536	58,364	11,342	1,062,097

Industry concentrations

Total assets concentrated in banks and other financial institutions is 46% (2018: 46%), predominantly within derivative financial instruments and financial assets. The proportion of the overall balance concentrated in governments and central banks is 20% (2018: 21%).

Credit risk concentrations by industry (audited)

Barclays Bank Group

As at 31 December 2019	Banks £m	Other financial institutions £m	Manu-facturing £m	Const-ruction and property £m	Govern-ment and central bank £m	Energy and water £m	Wholesale and retail distribution and leisure £m	Business and other services £m	Home loans £m	Cards, unsecured loans and other personal lending £m	Other £m	Total £m
On-balance sheet:												
Cash and balances at central banks	4	-	-	-	125,936	-	-	-	-	-	-	125,940
Cash collateral and settlement balances	16,638	54,582	516	64	6,122	536	51	642	-	-	335	79,486
Loans and advances at amortised cost	9,185	20,230	7,940	13,610	11,402	5,278	8,226	14,588	10,986	33,560	6,631	141,636
Reverse repurchase agreements and other similar secured lending	1,172	486	-	-	73	-	-	-	-	-	-	1,731
Trading portfolio assets	2,806	9,050	2,787	1,053	32,298	2,996	842	3,158	-	-	2,268	57,258
Financial assets at fair value through the income statement	11,694	97,824	620	3,609	5,340	37	-	3,318	358	-	122	122,922
Derivative financial instruments	125,612	83,286	2,049	2,273	7,811	3,077	562	1,635	-	2	3,334	229,641
Financial assets at fair value through other comprehensive income	13,158	2,938	-	208	28,489	-	-	415	-	-	197	45,405
Other assets	180	312	1	-	2	7	-	104	-	2	6	614
Total on-balance sheet	180,449	268,708	13,913	20,817	217,473	11,931	9,681	23,860	11,344	33,564	12,893	804,633
Off-balance sheet:												
Contingent liabilities	1,250	8,043	3,549	703	1,231	3,318	1,072	2,831	-	109	1,671	23,777
Loan commitments	1,861	47,619	42,001	13,358	1,703	29,865	14,320	22,491	49	73,573	23,187	270,027
Total off-balance sheet	3,111	55,662	45,550	14,061	2,934	33,183	15,392	25,322	49	73,682	24,858	293,804
Total	183,560	324,370	59,463	34,878	220,407	45,114	25,073	49,182	11,393	107,246	37,751	1,098,437
As at 31 December 2018												
On-balance sheet:												
Cash and balances at central banks	-	-	-	-	136,359	-	-	-	-	-	-	136,359
Cash collateral and settlement balances	17,294	48,340	498	75	6,470	386	223	717	-	-	349	74,352
Loans and advances at amortised cost	9,692	17,734	8,379	13,143	3,474	5,442	9,678	17,222	13,160	32,818	6,217	136,959
Reverse repurchase agreements and other similar secured lending	1,369	169	-	37	38	-	-	-	-	-	-	1,613
Trading portfolio assets	3,502	9,550	3,825	897	34,817	4,202	1,202	3,481	-	-	2,892	64,368
Financial assets at fair value through the income statement	30,374	96,708	-	5,371	5,295	31	13	1,881	405	-	-	140,078
Derivative financial instruments	123,999	80,302	2,390	1,974	5,987	2,791	486	2,012	-	-	2,742	222,683
Financial assets at fair value through other comprehensive income	11,066	1,880	-	200	31,701	-	-	136	-	-	-	44,983
Other assets	288	411	-	-	-	-	-	-	-	-	-	699
Total on-balance sheet	197,584	255,094	15,092	21,697	224,141	12,852	11,602	25,449	13,565	32,818	12,200	822,094
Off-balance sheet:												
Contingent liabilities	939	3,841	3,470	626	980	3,491	952	3,445	-	116	1,524	19,384
Loan commitments	1,265	42,844	39,827	12,280	1,629	26,520	14,127	21,702	1,409	71,781	24,384	257,768
Total off-balance sheet	2,204	46,685	43,297	12,906	2,609	30,011	15,079	25,147	1,409	71,897	25,908	277,162
Total	199,788	301,779	58,389	34,603	226,750	42,863	26,681	50,606	14,974	104,715	38,108	1,099,256

Credit risk concentrations by industry (audited)

Barclays Bank PLC

As at 31 December 2019	Banks £m	Other financial institutions £m	Manufacturing £m	Construction and property £m	Government and central bank £m	Energy and water £m	Wholesale and retail distribution and leisure £m	Business and other services £m	Home loans £m	Cards, unsecured loans and other personal lending £m	Other £m	Total £m
On-balance sheet:												
Cash and balances at central banks	-	-	-	-	112,287	-	-	-	-	-	-	112,287
Cash collateral and settlement balances	16,098	52,313	446	64	5,723	523	48	412	-	-	195	75,822
Loans and advances at amortised cost	15,060	75,321	7,146	12,887	11,009	4,845	7,569	12,628	4,846	4,358	5,994	161,663
Reverse repurchase agreements and other similar secured lending	1,775	3,091	-	-	73	-	-	-	-	-	-	4,939
Trading portfolio assets	2,383	5,193	2,624	792	24,103	2,749	807	2,910	-	-	2,073	43,634
Financial assets at fair value through the income statement	10,742	140,562	617	3,298	4,985	25	-	1,957	-	-	118	162,304
Derivative financial instruments	129,873	80,815	1,870	2,174	6,732	2,685	539	1,642	-	2	3,006	229,338
Financial assets at fair value through other comprehensive income	12,354	2,939	-	208	27,647	-	-	415	-	-	197	43,760
Other assets	352	306	-	-	-	-	-	61	-	-	-	719
Total on-balance sheet	**188,637**	**360,540**	**12,703**	**19,423**	**192,559**	**10,827**	**8,963**	**20,025**	**4,846**	**4,360**	**11,583**	**834,466**
Off-balance sheet:												
Contingent Liabilities	2,049	13,110	2,445	503	1,231	2,798	963	2,622	-	35	1,587	27,343
Loan commitments	1,554	51,408	38,798	12,822	1,690	27,079	13,282	21,211	17	1,405	21,584	190,850
Total off-balance sheet	**3,603**	**64,518**	**41,243**	**13,325**	**2,921**	**29,877**	**14,245**	**23,833**	**17**	**1,440**	**23,171**	**218,193**
Total	**192,240**	**425,058**	**53,946**	**32,748**	**195,480**	**40,704**	**23,208**	**43,858**	**4,863**	**5,800**	**34,754**	**1,052,659**
As at 31 December 2018												
On-balance sheet:												
Cash and balances at central banks	-	-	-	-	126,002	-	-	-	-	-	-	126,002
Cash collateral and settlement balances	16,452	41,821	386	50	6,442	356	87	262	-	-	340	66,196
Loans and advances at amortised cost	13,471	68,312	7,942	12,535	3,060	5,030	9,100	15,560	12,229	3,778	5,747	156,764
Reverse repurchase agreements and other similar secured lending	1,320	4,371	-	37	38	-	-	-	-	-	-	5,766
Trading portfolio assets	3,487	4,920	3,168	836	22,644	3,646	1,177	2,497	-	-	2,671	45,046
Financial assets at fair value through the income statement	19,732	146,973	-	5,371	5,295	-	13	1,423	401	-	-	179,208
Derivative financial instruments	124,499	78,384	2,390	1,974	5,987	2,791	478	2,004	-	-	2,740	221,247
Financial assets at fair value through other comprehensive income	10,183	1,865	-	200	31,313	-	-	136	-	-	-	43,697
Other assets	493	269	-	-	-	-	-	-	-	-	-	762
Total on-balance sheet	189,637	346,915	13,886	21,003	200,781	11,823	10,855	21,882	12,630	3,778	11,498	844,713
Off-balance sheet:												
Contingent Liabilities	1,795	9,471	3,456	614	978	3,445	877	3,408	-	90	1,518	25,652
Loan commitments	6,033	44,522	39,288	12,129	1,629	26,471	13,816	21,039	1,397	1,086	24,322	191,732
Total off-balance sheet	7,828	53,993	42,744	12,743	2,607	29,916	14,693	24,447	1,397	1,176	25,840	217,384
Total	197,465	400,908	56,630	33,746	203,388	41,764	25,548	46,329	14,027	4,954	37,338	1,062,097

Approach to management and representation of credit quality

Asset credit quality

The credit quality distribution is based on the IFRS 9 12 month probability of default (PD) at the reporting date to ensure comparability with other ECL disclosures on pages 57 to 69.

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

Default Grade	Retail and Wholesale lending Probability of default	Credit Quality Description
1-3	0.0 to < 0.05%	Strong
4-5	0.05 to < 0.15%	
6-8	0.15 to < 0.30%	
9-11	0.30 to < 0.60%	
12-14	0.60 to < 2.15%	Satisfactory
15-19	2.15 to < 10%	
19	10 to < 11.35%	
20-21	11.35% to < 100%	Higher Risk
22	100%	Credit Impaired

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

These credit quality descriptions can be summarised as follows:

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

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

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

Debt securities

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

Balance sheet credit quality

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

Overview

As at 31 December 2019, the ratio of the Barclays Bank Group's on-balance sheet assets classified as strong (0.0 < 0.60%) remained stable at 85% (2018: 86%) of total assets exposed to credit risk.

Balance sheet credit quality (audited)

Barclays Bank Group PD Range	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total
As at 31 December 2019	£m	£m	£m	£m	%	%	%	%
Cash and balances at central banks	125,940	-	-	125,940	100	-	-	100
Cash collateral and settlement balances	69,351	10,135	-	79,486	87	13	-	100
Loans and advances at amortised cost								
Home loans	7,536	2,626	824	10,986	68	24	8	100
Credit cards, unsecured loans and other retail lending	13,631	18,019	1,853	33,503	40	54	6	100
Wholesale loans	75,638	19,716	1,793	97,147	78	20	2	100
Total loans and advances at amortised cost	96,805	40,361	4,470	141,636	69	28	3	100
Reverse repurchase agreements and other similar secured lending	1,642	89	-	1,731	95	5	-	100
Trading portfolio assets:								
Debt securities	48,258	3,479	143	51,880	93	7	-	100
Traded loans	864	3,219	1,295	5,378	16	60	24	100
Total trading portfolio assets	49,122	6,698	1,438	57,258	85	12	3	100
Financial assets at fair value through the income statement:								
Loans and advances	11,030	7,880	227	19,137	58	41	1	100
Debt securities	4,786	404	30	5,220	91	8	1	100
Reverse repurchase agreements	63,411	34,232	180	97,823	65	35	-	100
Other financial assets	736	6	-	742	99	1	-	100
Total financial assets at fair value through the income statement	79,963	42,522	437	122,922	65	35	-	100
Derivative financial instruments	216,508	13,012	121	229,641	94	6	-	100
Financial assets at fair value through other comprehensive income	45,405	-	-	45,405	100	-	-	100
Other assets	501	113	-	614	82	18	-	100
Total on-balance sheet	685,237	112,930	6,466	804,633	85	14	1	100
As at 31 December 2018								
Cash and balances at central banks	136,359	-	-	136,359	100	-	-	100
Cash collateral and settlement balances	67,585	6,763	4	74,352	91	9	-	100
Loans and advances at amortised cost								
Home loans	8,993	3,220	947	13,160	69	24	7	100
Credit cards, unsecured loans and other retail lending	14,893	17,489	1,409	33,791	44	52	4	100
Wholesale loans	65,080	23,562	1,366	90,008	72	26	2	100
Total loans and advances at amortised cost	88,966	44,271	3,722	136,959	65	32	3	100
Reverse repurchase agreements and other similar secured lending	1,125	444	44	1,613	69	28	3	100
Trading portfolio assets:								
Debt securities	51,747	4,998	389	57,134	90	9	1	100
Traded loans	1,903	4,368	963	7,234	27	60	13	100
Total trading portfolio assets	53,650	9,366	1,352	64,368	83	15	2	100
Financial assets at fair value through the income statement:								
Loans and advances	9,487	6,109	48	15,644	61	39	-	100
Debt securities	4,378	76	61	4,515	97	2	1	100
Reverse repurchase agreements	86,237	31,813	1,341	119,391	72	27	1	100
Other financial assets	524	4	-	528	99	1	-	100
Total financial assets at fair value through the income statement	100,626	38,002	1,450	140,078	72	27	1	100
Derivative financial instruments	211,841	10,790	52	222,683	95	5	-	100
Financial assets at fair value through other comprehensive income	44,835	148	-	44,983	100	-	-	100
Other assets	426	273	-	699	61	39	-	100
Total on-balance sheet	705,413	110,057	6,624	822,094	86	13	1	100

Balance sheet credit quality (audited)

Barclays Bank 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 2019		£m	£m	£m	£m	%	%	%	%
Cash and balances at central banks		112,287	-	-	112,287	100	-	-	100
Cash collateral and settlement balances		70,537	5,285	-	75,822	93	7	-	100
Loans and advances at amortised cost									
Home loans		4,128	108	610	4,846	85	2	13	100
Credit cards, unsecured loans and other retail lending		3,256	846	231	4,333	75	20	5	100
Wholesale loans		132,180	18,562	1,742	152,484	87	12	1	100
Total loans and advances at amortised cost		139,564	19,516	2,583	161,663	86	12	2	100
Reverse repurchase agreements and other similar secured lending		4,850	89	-	4,939	98	2	-	100
Trading portfolio assets:									
Debt securities		34,689	3,638	130	38,457	91	9	-	100
Traded loans		663	3,219	1,295	5,177	13	62	25	100
Total trading portfolio assets		35,352	6,857	1,425	43,634	81	16	3	100
Financial assets at fair value through the income statement:									
Loans and advances		29,371	4,106	194	33,671	87	12	1	100
Debt securities		5,811	276	30	6,117	95	5	-	100
Reverse repurchase agreements		92,873	29,444	180	122,497	76	24	-	100
Other financial assets		19	-	-	19	100	-	-	100
Total financial assets at fair value through the income statement		128,074	33,826	404	162,304	79	21	-	100
Derivative financial instruments		218,324	10,893	121	229,338	95	5	-	100
Financial assets at fair value through other comprehensive income		43,760	-	-	43,760	100	-	-	100
Other assets		629	90	-	719	87	13	-	100
Total on-balance sheet		753,377	76,556	4,533	834,466	90	9	1	100

As at 31 December 2018									
Cash and balances at central banks		126,002	-	-	126,002	100	-	-	100
Cash collateral and settlement balances		62,702	3,494	-	66,196	95	5	-	100
Loans and advances at amortised cost									
Home loans		8,226	3,117	886	12,229	68	25	7	100
Credit cards, unsecured loans and other retail lending		3,656	764	296	4,716	78	16	6	100
Wholesale loans		115,484	23,003	1,332	139,819	83	16	1	100
Total loans and advances at amortised cost		127,366	26,884	2,514	156,764	81	17	2	100
Reverse repurchase agreements and other similar secured lending		5,260	462	44	5,766	91	8	1	100
Trading portfolio assets:									
Debt securities		34,115	3,311	386	37,812	90	9	1	100
Traded loans		1,903	4,368	963	7,234	27	60	13	100
Total trading portfolio assets		36,018	7,679	1,349	45,046	80	17	3	100
Financial assets at fair value through the income statement:									
Loans and advances		18,718	13,136	48	31,902	59	41	-	100
Debt securities		3,871	76	50	3,997	97	2	1	100
Reverse repurchase agreements		106,645	35,291	1,341	143,277	74	25	1	100
Other financial assets		57	-	-	57	100	-	-	100
Total financial assets at fair value through the income statement		129,291	48,503	1,439	179,233	72	27	1	100
Derivative financial instruments		211,580	9,617	50	221,247	96	4	-	100
Financial assets at fair value through other comprehensive income		43,549	148	-	43,697	100	-	-	100
Other assets		498	264	-	762	65	35	-	100
Total on-balance sheet		742,266	97,051	5,396	844,713	88	11	1	100

Credit exposures by internal PD grade

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

Stage 1 higher risk assets, presented gross of associated collateral held, are of weaker credit quality but have not significantly deteriorated since origination. Examples would include leveraged corporate loans or non-prime credit cards. IFRS 9 Stage 1 and Stage 2 classification is not dependent solely on the absolute probability of default but on elements that determine a Significant Increase in Credit Risk (see Note 7 on page 149), including relative movement in probability of default since initial recognition. There is therefore no direct relationship between credit quality and IFRS 9 stage classification.

Barclays Bank Group

As at 31 December 2019

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

			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 %
1-3	0.0 to < 0.05%	Strong	37,430	564	-	37,994	9	15	-	24	37,970	0.1
4-5	0.05 to < 0.15%	Strong	17,117	783	-	17,900	6	-	-	6	17,894	-
6-8	0.15 to < 0.30%	Strong	15,020	581	-	15,601	16	1	-	17	15,584	0.1
9-11	0.30 to < 0.60%	Strong	24,490	944	-	25,434	71	6	-	77	25,357	0.3
12-14	0.60 to < 2.15%	Satisfactory	24,211	1,740	-	25,951	134	102	-	236	25,715	0.9
15-19	2.15 to < 10%	Satisfactory	7,491	5,450	-	12,941	185	339	-	524	12,417	4.0
19	10 to < 11.35%	Satisfactory	1,945	339	-	2,284	21	34	-	55	2,229	2.4
20-21	11.35 to < 100%	Higher Risk	641	2,238	-	2,879	50	561	-	611	2,268	21.2
22	100%	Credit Impaired	-	-	4,348	4,348	-	-	2,146	2,146	2,202	49.4
Total			128,345	12,639	4,348	145,332	492	1,058	2,146	3,696	141,636	2.5

As at 31 December 2018

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

			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 %
1-3	0.0 to < 0.05%	Strong	27,116	434	-	27,550	21	7	-	28	27,522	0.1
4-5	0.05 to < 0.15%	Strong	17,651	556	-	18,207	2	1	-	3	18,204	-
6-8	0.15 to < 0.30%	Strong	12,531	353	-	12,884	19	7	-	26	12,858	0.2
9-11	0.30 to < 0.60%	Strong	29,577	880	-	30,457	64	11	-	75	30,382	0.2
12-14	0.60 to < 2.15%	Satisfactory	28,638	3,344	-	31,982	178	139	-	317	31,665	1.0
15-19	2.15 to < 10%	Satisfactory	5,696	5,101	-	10,797	163	404	-	567	10,230	5.3
19	10 to < 11.35%	Satisfactory	1,141	1,307	-	2,448	15	57	-	72	2,376	2.9
20-21	11.35 to < 100%	Higher Risk	239	2,049	-	2,288	27	629	-	656	1,632	28.7
22	100%	Credit Impaired	-	-	4,189	4,189	-	-	2,099	2,099	2,090	50.1
Total			122,589	14,024	4,189	140,802	489	1,255	2,099	3,843	136,959	2.7

As at 31 December 2019

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

			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 %
1-3	0.0 to < 0.05%	Strong	6,198	118	-	6,316	1	-	-	1	6,315	-
4-5	0.05 to < 0.15%	Strong	4,199	40	-	4,239	1	-	-	1	4,238	-
6-8	0.15 to < 0.30%	Strong	2,953	103	-	3,056	1	-	-	1	3,055	-
9-11	0.30 to < 0.60%	Strong	4,551	136	-	4,687	2	2	-	4	4,683	0.1
12-14	0.60 to < 2.15%	Satisfactory	2,529	654	-	3,183	7	8	-	15	3,168	0.5
15-19	2.15 to < 10%	Satisfactory	663	244	-	907	4	8	-	12	895	1.3
19	10 to < 11.35%	Satisfactory	421	172	-	593	9	9	-	18	575	3.0
20-21	11.35 to < 100%	Higher Risk	117	282	-	399	-	30	-	30	369	7.5
22	100%	Credit Impaired	-	-	354	354	-	-	5	5	349	1.4
Total			21,631	1,749	354	23,734	25	57	5	87	23,647	0.4

As at 31 December 2018

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

Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	Gross carrying amount Stage 2 £m	Gross carrying amount Stage 3 £m	Gross carrying amount Total £m	Allowance for ECL Stage 1 £m	Allowance for ECL Stage 2 £m	Allowance for ECL Stage 3 £m	Allowance for ECL Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	5,763	38	-	5,801	2	-	-	2	5,799	-
4-5	0.05 to < 0.15%	Strong	3,687	129	-	3,816	1	-	-	1	3,815	-
6-8	0.15 to < 0.30%	Strong	1,433	55	-	1,488	1	-	-	1	1,487	0.1
9-11	0.30 to < 0.60%	Strong	3,206	222	-	3,428	1	3	-	4	3,424	0.1
12-14	0.60 to < 2.15%	Satisfactory	2,544	509	-	3,053	4	5	-	9	3,044	0.3
15-19	2.15 to < 10%	Satisfactory	464	252	-	716	1	3	-	4	712	0.6
19	10 to < 11.35%	Satisfactory	534	203	-	737	6	5	-	11	726	1.5
20-21	11.35 to < 100%	Higher Risk	48	229	-	277	-	11	-	11	266	4.0
22	100%	Credit Impaired	-	-	74	74	-	-	2	2	72	2.7
Total			17,679	1,637	74	19,390	16	27	2	45	19,345	0.2

As at 31 December 2019

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

Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	Gross carrying amount Stage 2 £m	Gross carrying amount Stage 3 £m	Gross carrying amount Total £m	Allowance for ECL Stage 1 £m	Allowance for ECL Stage 2 £m	Allowance for ECL Stage 3 £m	Allowance for ECL Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	77,725	990	-	78,715	4	-	-	4	78,711	-
4-5	0.05 to < 0.15%	Strong	53,910	1,480	-	55,390	3	-	-	3	55,387	-
6-8	0.15 to < 0.30%	Strong	43,728	811	-	44,539	6	1	-	7	44,532	-
9-11	0.30 to < 0.60%	Strong	28,813	1,294	-	30,107	10	2	-	12	30,095	-
12-14	0.60 to < 2.15%	Satisfactory	27,115	2,066	-	29,181	26	9	-	35	29,146	0.1
15-19	2.15 to < 10%	Satisfactory	4,322	2,050	-	6,372	7	21	-	28	6,344	0.4
19	10 to < 11.35%	Satisfactory	3,454	1,814	-	5,268	4	7	-	11	5,257	0.2
20-21	11.35 to < 100%	Higher Risk	594	1,852	-	2,446	-	15	-	15	2,431	0.6
22	100%	Credit Impaired	-	-	349	349	-	-	50	50	299	14.3
Total			239,661	12,357	349	252,367	60	55	50	165	252,202	0.1

As at 31 December 2018

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

Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	Gross carrying amount Stage 2 £m	Gross carrying amount Stage 3 £m	Gross carrying amount Total £m	Allowance for ECL Stage 1 £m	Allowance for ECL Stage 2 £m	Allowance for ECL Stage 3 £m	Allowance for ECL Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	71,089	1,590	-	72,679	4	1	-	5	72,674	-
4-5	0.05 to < 0.15%	Strong	50,221	1,368	-	51,589	3	1	-	4	51,585	-
6-8	0.15 to < 0.30%	Strong	24,109	581	-	24,690	3	1	-	4	24,686	-
9-11	0.30 to < 0.60%	Strong	26,740	1,045	-	27,785	7	1	-	8	27,777	-
12-14	0.60 to < 2.15%	Satisfactory	41,076	2,766	-	43,842	31	10	-	41	43,801	0.1
15-19	2.15 to < 10%	Satisfactory	16,089	4,388	-	20,477	23	23	-	46	20,431	0.2
19	10 to < 11.35%	Satisfactory	919	596	-	1,515	1	7	-	8	1,507	0.5
20-21	11.35 to < 100%	Higher Risk	668	2,473	-	3,141	3	33	-	36	3,105	1.1
22	100%	Credit Impaired	-	-	347	347	-	-	20	20	327	5.8
Total			230,911	14,807	347	246,065	75	77	20	172	245,893	0.1

Note
a Excludes loan commitments and financial guarantees carried at fair value of £17.7bn (2018: £11.7bn) for Barclays Bank Group.

Barclays Bank PLC

As at 31 December 2019

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

			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 %
1-3	0.0 to < 0.05%	Strong	97,841	449	-	98,290	14	22	-	36	98,254	-
4-5	0.05 to < 0.15%	Strong	12,883	736	-	13,619	2	-	-	2	13,617	-
6-8	0.15 to < 0.30%	Strong	10,513	489	-	11,002	6	1	-	7	10,995	0.1
9-11	0.30 to < 0.60%	Strong	15,940	809	-	16,749	46	5	-	51	16,698	0.3
12-14	0.60 to < 2.15%	Satisfactory	11,575	1,121	-	12,696	33	63	-	96	12,600	0.8
15-19	2.15 to < 10%	Satisfactory	2,039	3,003	-	5,042	29	72	-	101	4,941	2.0
19	10 to < 11.35%	Satisfactory	1,785	214	-	1,999	13	11	-	24	1,975	1.2
20-21	11.35 to < 100%	Higher Risk	275	810	-	1,085	2	100	-	102	983	9.4
22	100%	Credit Impaired	-	-	2,296	2,296	-	-	696	696	1,600	30.3
Total			152,851	7,631	2,296	162,778	145	274	696	1,115	161,663	0.7

As at 31 December 2018

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

			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 %
1-3	0.0 to < 0.05%	Strong	76,382	279	-	76,661	17	-	-	17	76,644	-
4-5	0.05 to < 0.15%	Strong	17,629	600	-	18,229	4	6	-	10	18,219	0.1
6-8	0.15 to < 0.30%	Strong	8,756	324	-	9,080	6	7	-	13	9,067	0.1
9-11	0.30 to < 0.60%	Strong	22,607	875	-	23,482	35	11	-	46	23,436	0.2
12-14	0.60 to < 2.15%	Satisfactory	17,667	2,792	-	20,459	41	104	-	145	20,314	0.7
15-19	2.15 to < 10%	Satisfactory	2,077	2,475	-	4,552	25	84	-	109	4,443	2.4
19	10 to < 11.35%	Satisfactory	1,012	1,151	-	2,163	11	25	-	36	2,127	1.7
20-21	11.35 to < 100%	Higher Risk	112	828	-	940	3	75	-	78	862	8.3
22	100%	Credit Impaired	-	-	2,424	2,424	-	-	772	772	1,652	31.8
Total			146,242	9,324	2,424	157,990	142	312	772	1,226	156,764	0.8

As at 31 December 2019

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

			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 %
1-3	0.0 to < 0.05%	Strong	12,190	118	-	12,308	2	-	-	2	12,306	-
4-5	0.05 to < 0.15%	Strong	3,429	21	-	3,450	1	-	-	1	3,449	-
6-8	0.15 to < 0.30%	Strong	2,323	89	-	2,412	1	-	-	1	2,411	-
9-11	0.30 to < 0.60%	Strong	4,391	71	-	4,462	2	-	-	2	4,460	-
12-14	0.60 to < 2.15%	Satisfactory	2,205	335	-	2,540	6	7	-	13	2,527	0.5
15-19	2.15 to < 10%	Satisfactory	647	180	-	827	4	6	-	10	817	1.2
19	10 to < 11.35%	Satisfactory	421	172	-	593	9	9	-	18	575	3.0
20-21	11.35 to < 100%	Higher Risk	117	255	-	372	-	29	-	29	343	7.8
22	100%	Credit Impaired	-	-	336	336	-	-	5	5	331	1.5
Total			25,723	1,241	336	27,300	25	51	5	81	27,219	0.3

As at 31 December 2018

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

			Gross carrying amount				Allowance for ECL				Net exposure	Coverage ratio
	PD range	Credit quality description	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Grading	%		£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	12,236	38	-	12,274	2	-	-	2	12,272	-
4-5	0.05 to < 0.15%	Strong	3,639	129	-	3,768	1	-	-	1	3,767	-
6-8	0.15 to < 0.30%	Strong	1,379	40	-	1,419	1	-	-	1	1,418	0.1
9-11	0.30 to < 0.60%	Strong	3,133	204	-	3,337	1	3	-	4	3,333	0.1
12-14	0.60 to < 2.15%	Satisfactory	2,539	507	-	3,046	4	5	-	9	3,037	0.3
15-19	2.15 to < 10%	Satisfactory	464	252	-	716	1	3	-	4	712	0.6
19	10 to < 11.35%	Satisfactory	534	203	-	737	6	5	-	11	726	1.5
20-21	11.35 to < 100%	Higher Risk	48	229	-	277	-	11	-	11	266	4.0
22	100%	Credit Impaired	-	-	74	74	-	-	2	2	72	2.7
Total			23,972	1,602	74	25,648	16	27	2	45	25,603	0.2

As at 31 December 2019

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

			Gross carrying amount				Allowance for ECL				Net exposure	Coverage ratio
	PD range	Credit quality description	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Grading	%		£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	78,903	956	-	79,859	3	-	-	3	79,856	-
4-5	0.05 to < 0.15%	Strong	34,481	1,373	-	35,854	2	-	-	2	35,852	-
6-8	0.15 to < 0.30%	Strong	16,148	675	-	16,823	3	-	-	3	16,820	-
9-11	0.30 to < 0.60%	Strong	12,463	789	-	13,252	6	2	-	8	13,244	0.1
12-14	0.60 to < 2.15%	Satisfactory	14,553	1,674	-	16,227	18	7	-	25	16,202	0.2
15-19	2.15 to < 10%	Satisfactory	2,554	1,487	-	4,041	3	14	-	17	4,024	0.4
19	10 to < 11.35%	Satisfactory	3,430	1,803	-	5,233	4	7	-	11	5,222	0.2
20-21	11.35 to < 100%	Higher Risk	529	1,705	-	2,234	-	14	-	14	2,220	0.6
22	100%	Credit Impaired	-	-	304	304	-	-	50	50	254	16.4
Total			163,061	10,462	304	173,827	39	44	50	133	173,694	0.1

As at 31 December 2018

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

			Gross carrying amount				Allowance for ECL				Net exposure	Coverage ratio
	PD range	Credit quality description	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Grading	%		£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	79,892	1,576	-	81,468	2	1	-	3	81,465	-
4-5	0.05 to < 0.15%	Strong	40,820	1,353	-	42,173	3	1	-	4	42,169	-
6-8	0.15 to < 0.30%	Strong	13,515	568	-	14,083	2	1	-	3	14,080	-
9-11	0.30 to < 0.60%	Strong	11,137	1,020	-	12,157	5	1	-	6	12,151	-
12-14	0.60 to < 2.15%	Satisfactory	15,600	2,451	-	18,051	20	10	-	30	18,021	0.2
15-19	2.15 to < 10%	Satisfactory	6,204	2,638	-	8,842	12	19	-	31	8,811	0.4
19	10 to < 11.35%	Satisfactory	771	473	-	1,244	1	6	-	7	1,237	0.6
20-21	11.35 to < 100%	Higher Risk	269	1,441	-	1,710	1	24	-	25	1,685	1.5
22	100%	Credit Impaired	-	-	301	301	-	-	20	20	281	6.6
Total			168,208	11,520	301	180,029	46	63	20	129	179,900	0.1

Note
a Excludes loan commitments and financial guarantees carried at fair value of £17.1bn (2018: £11.7bn) for Barclays Bank PLC.

Analysis of specific portfolios and asset types

Credit cards, unsecured loans and other retail lending

The principal portfolios listed below accounted for 83% (2018: 82%) of Barclays Bank Group's total credit cards, unsecured loans and other retail lending.

Credit cards and unsecured loans principal portfolios

	Gross exposure	30 day arrears rate, excluding recovery book	90 day arrears rate, excluding recovery book	Annualised gross write-off rate	Annualised net write-off rate
	£m	%	%	%	%
As at 31 December 2019					
US cards	**22,041**	**2.7**	**1.4**	**4.5**	**4.4**
Barclays Partner Finance	**4,134**	**0.9**	**0.3**	**1.7**	**1.7**
Germany consumer lending	**3,683**	**1.7**	**0.7**	**1.1**	**1.0**
As at 31 December 2018					
US cards	22,178	2.7	1.4	3.6	3.4
Barclays Partner Finance	4,216	1.1	0.4	1.7	1.7
Germany consumer lending	3,545	1.9	0.8	1.2	1.1

US cards: 30 and 90-day arrears rates remained stable. The annualised gross and net write-off rates increased to 4.5% (2018: 3.6%) and 4.4% (2018: 3.4%) respectively primarily driven by an increase in charge-offs in 2018. The percentage of write-offs to charge-offs was stable year on year.

Barclays Partner Finance: Improvement in 30 and 90 days arrears was driven by better arrears management and improved customer selection. Annualised write-off rates remained flat.

Germany consumer lending: Improvement in 30 and 90 days arrears was driven by better collections performance across all products.

Summary of Contents

All disclosures in this section (pages 88-89) are unaudited unless otherwise stated.

Overview

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

- page 45 covers the management of market risk. Management measures are shown on page 88.

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

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

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

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

Summary of performance in the period

Overall, the Barclays Bank Group has maintained a steady market risk profile. Average management VaR increased by 15% to £23m in 2019 (2018: £20m) and remained relatively stable during the period. The increase in average management VaR in 2019 was driven by a small increase in equity risk and credit risk, partially offset by a slight decrease in interest rate risk compared to 2018.

Traded market risk review

Review of management measures

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

The table below shows the total management VaR on a diversified basis by risk factor. Total management VaR includes all trading positions in CIB and the supporting Barclays Bank Group Treasury desks.

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

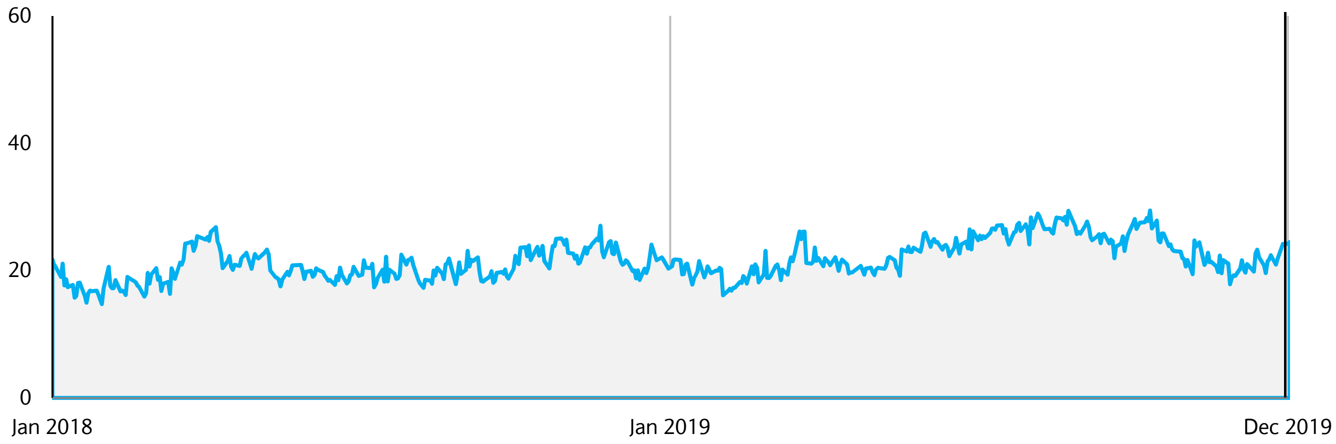
The daily average, maximum and minimum values of management VaR

Management VaR (95%, one day) (audited)

	2019			2018		
	Average	High[b]	Low[b]	Average	High[b]	Low[b]
For the year ended 31 December[a]	£m	£m	£m	£m	£m	£m
Credit risk	12	17	8	11	16	8
Interest rate risk	6	11	3	8	18	3
Equity risk	10	22	5	7	14	4
Basis risk	8	11	6	6	8	4
Spread risk	4	5	3	6	9	3
Foreign exchange risk	3	5	2	3	7	1
Commodity risk	1	2	-	1	2	-
Inflation risk	2	3	1	3	4	2
Diversification effect[b]	(23)	n/a	n/a	(25)	n/a	n/a
Total management VaR	23	29	16	20	27	15

Notes
a Excludes BAGL from 23 July 2018.
b Diversification effects recognise that forecast losses from different assets or businesses are unlikely to occur concurrently, hence the expected aggregate loss is lower than the sum of the expected losses from each area. Historical correlations between losses are taken into account in making these assessments. The high and low VaR figures reported for each category did not necessarily occur on the same day as the high and low VaR reported as a whole. Consequently, a diversification effect balance for the high and low VaR figures would not be meaningful and is therefore omitted from the above table.

Barclays Bank Group Management VaR[a] (£m)



a Excludes BAGL from 23 July 2018.

Business scenario stresses

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

In 2019, the scenario analyses showed that the largest market risk related impacts would be due to a severe deterioration in financial liquidity and a global recession.

Summary of Contents

Liquidity risk

All disclosures in this section (pages 91 to 99) are unaudited unless otherwise stated.

Overview

The liquidity pool decreased to £169bn (December 2018: £182bn). The liquidity pool, LCR and surplus have been managed down through the course of the year, supporting increased business funding requirements while maintaining a prudent liquidity position.

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

Liquidity risk stress testing

The liquidity risk assessment 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.

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

As at 31 December 2019, Barclays Bank PLC DoLSub held eligible liquidity assets in excess of 100% of the net stress outflows to its internal and external regulatory requirements. The proportion of the liquidity pool between cash and deposits with central banks, government bonds and other eligible securities is broadly similar to that for the Barclays Group.

A significant portion of the liquidity pool is located in Barclays Bank PLC and Barclays Bank Ireland PLC. The residual portion of the liquidity pool, which is predominantly in the US subsidiaries, is held against entity-specific stress outflows and to meet local regulatory requirements.

	As at 31.12.19 £bn	As at 31.12.18 £bn
Barclays Bank Group liquidity pool	169	182
	%	%
Barclays Bank PLC DoLSub liquidity coverage ratio	141	147

Contractual maturity of financial assets and liabilities

The table on the next page provides detail on the contractual maturity of all financial instruments and other assets and liabilities. Derivatives (other than those designated in a hedging relationship) and trading portfolio assets and liabilities are included in the 'on demand' column at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity since 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 Group As at 31 December 2019	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets											
Cash and balances at central banks	125,065	766	109	–	–	–	–	–	–	–	125,940
Cash collateral and settlement balances	2,122	77,361	3	–	–	–	–	–	–	–	79,486
Loans and advances at amortised cost	11,396	10,376	9,764	4,513	6,227	17,780	18,460	26,294	14,565	22,261	141,636
Reverse repurchase agreements and other similar secured lending	13	1,449	–	–	–	77	190	–	–	2	1,731
Trading portfolio assets	113,337	–	–	–	–	–	–	–	–	–	113,337
Financial assets at fair value through the income statement	14,257	90,292	13,969	3,431	1,150	1,082	313	888	1,803	2,285	129,470
Derivative financial instruments	229,460	49	–	–	–	7	21	1	78	25	229,641
Financial assets at fair value through other comprehensive income	–	3,176	1,672	817	455	3,510	4,305	9,737	17,544	4,190	45,406
Other financial assets	307	168	126	–	13	–	–	–	–	–	614
Total financial assets	495,957	183,637	25,643	8,761	7,845	22,456	23,289	36,920	33,990	28,763	867,261
Other assets											9,411
Total assets											876,672
Liabilities											
Deposits at amortised cost	158,218	39,831	7,127	2,291	3,147	1,102	536	530	545	554	213,881
Cash collateral and settlement balances	3,077	64,592	13	–	–	–	–	–	–	–	67,682
Repurchase agreements and other similar secured borrowing	7	1,489	–	–	–	–	–	470	–	66	2,032
Debt securities in issue	–	12,418	4,601	3,262	3,036	2,989	131	3,444	3,366	289	33,536
Subordinated liabilities	–	207	834	397	832	7,999	6,836	7,627	4,784	3,909	33,425
Trading portfolio liabilities	35,212	–	–	–	–	–	–	–	–	–	35,212
Financial liabilities designated at fair value	13,952	128,078	10,890	6,519	3,797	6,968	6,235	7,702	7,127	13,178	204,446
Derivative financial instruments	228,338	–	–	8	–	36	41	42	88	387	228,940
Other financial liabilities	217	1,388	19	18	16	777	29	86	183	70	2,803
Total financial liabilities	439,021	248,003	23,484	12,495	10,828	19,871	13,808	19,901	16,093	18,453	821,957
Other liabilities											4,100
Total liabilities											826,057
Cumulative liquidity gap	56,936	(7,430)	(5,271)	(9,005)	(11,988)	(9,403)	78	17,097	34,994	45,304	50,615

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank Group As at 31 December 2018	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets											
Cash and balances at central banks	134,824	1,353	118	–	64	–	–	–	–	–	136,359
Cash collateral and settlement balances	2,388	71,909	27	–	22	2	–	4	–	–	74,352
Loans and advances at amortised cost	8,902	9,674	6,047	3,882	5,497	19,601	18,900	25,858	15,019	23,579	136,959
Reverse repurchase agreements and other similar secured lending	31	550	–	–	–	586	446	–	–	–	1,613
Trading portfolio assets	104,038	–	–	–	–	–	–	–	–	–	104,038
Financial assets at fair value through the income statement	13,590	112,648	7,108	3,124	2,279	3,921	154	286	535	1,605	145,250
Derivative financial instruments	222,522	–	6	1	4	14	11	11	93	21	222,683
Financial investments	–	–	–	–	–	–	–	–	–	–	–
Financial assets at fair value through other comprehensive income	11	2,474	1,361	1,119	2,041	5,535	2,402	7,290	17,387	5,374	44,994
Other financial assets	333	303	56	–	7	–	–	–	–	–	699
Total financial assets	486,639	198,911	14,723	8,126	9,914	29,659	21,913	33,449	33,034	30,579	866,947
Other assets											10,753
Total assets											877,700
Liabilities											
Deposits at amortised cost	155,788	29,273	6,062	2,410	2,314	1,160	694	541	349	746	199,337
Cash collateral and settlement balances	3,446	64,283	5	2	–	–	–	–	–	–	67,736
Repurchase agreements and other similar secured borrowing	1,331	5,560	–	–	–	3	–	–	484	–	7,378
Debt securities in issue	26	13,718	5,740	4,361	4,235	4,373	982	1,152	4,278	198	39,063
Subordinated liabilities	–	306	–	78	45	1,951	8,269	11,850	5,940	6,888	35,327
Trading portfolio liabilities	36,614	–	–	–	–	–	–	–	–	–	36,614
Financial liabilities designated at fair value	14,280	144,561	6,809	9,050	3,577	10,365	5,689	7,116	4,415	11,879	217,741
Derivative financial instruments	219,527	10	–	–	–	3	3	3	3	43	219,592
Other financial liabilities	141	1,982	–	–	–	343	–	–	–	–	2,466
Total financial liabilities	431,153	259,693	18,616	15,901	10,171	18,198	15,637	20,662	15,469	19,754	825,254
Other liabilities											4,735
Total liabilities											829,989
Cumulative liquidity gap	55,486	(5,296)	(9,189)	(16,964)	(17,221)	(5,760)	516	13,303	30,868	41,693	47,711

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank PLC As at 31 December 2019	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets											
Cash and balances at central banks	111,672	506	109	–	–	–	–	–	–	–	112,287
Cash collateral and settlement balances	4,599	71,223	–	–	–	–	–	–	–	–	75,822
Loans and advances at amortised cost	9,969	53,050	8,675	3,650	3,962	13,441	15,186	21,957	15,973	15,800	161,663
Reverse repurchase agreements and other similar secured lending	–	4,054	616	–	–	77	190	–	–	2	4,939
Trading portfolio assets	79,079	–	–	–	–	–	–	–	–	–	79,079
Financial assets at fair value through the income statement	33	121,294	16,820	11,743	3,891	2,565	367	2,397	1,869	1,521	162,500
Derivative financial instruments	228,963	32	–	–	–	7	21	–	78	238	229,339
Financial assets at fair value through other comprehensive	–	1,557	1,645	817	455	3,510	4,305	9,737	17,544	4,190	43,760
Other financial assets	244	66	409	–	–	–	–	–	–	–	719
Total financial assets	434,559	251,782	28,274	16,210	8,308	19,600	20,069	34,091	35,464	21,751	870,108
Other assets											21,013
Total assets											891,121
Liabilities											
Deposits at amortised cost	144,293	60,282	6,149	1,805	2,537	569	336	2,529	3,362	18,769	240,631
Cash collateral and settlement balances	2,137	57,311	–	–	–	–	–	–	–	–	59,448
Repurchase agreements and other similar secured borrowing	–	8,306	43	171	128	–	–	470	–	67	9,185
Debt securities in issue	–	5,475	3,197	2,850	2,806	2,972	22	1,205	1,356	–	19,883
Subordinated liabilities	–	–	759	322	832	7,999	6,836	7,627	4,784	4,046	33,205
Trading portfolio liabilities	45,130	–	–	–	–	–	–	–	–	–	45,130
Financial liabilities designated at fair value	18	137,800	13,776	10,202	6,538	7,337	4,805	9,155	6,932	11,202	207,765
Derivative financial instruments	225,021	–	–	8	–	36	43	42	88	369	225,607
Other financial liabilities	104	1,202	1	1	1	24	23	41	95	51	1,543
Total financial liabilities	416,703	270,376	23,925	15,359	12,842	18,937	12,065	21,069	16,617	34,504	842,397
Other liabilities											2,299
Total liabilities											844,696
Cumulative liquidity gap	17,856	(738)	3,611	4,462	(72)	591	8,595	21,617	40,464	27,711	46,425

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank PLC As at 31 December 2018	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets											
Cash and balances at central banks	124,467	1,353	118	–	64	–	–	–	–	–	126,002
Cash collateral and settlement balances	3,499	62,548	23	5	8	30	83	–	–	–	66,196
Loans and advances at amortised cost	7,226	45,573	4,065	3,534	5,762	20,108	14,961	20,758	16,400	18,377	156,764
Reverse repurchase agreements and other similar secured lending	–	4,734	–	–	–	586	446	–	–	–	5,766
Trading portfolio assets	73,480	–	–	–	–	–	–	–	–	–	73,480
Financial assets at fair value through the income statement	–	140,213	10,172	10,279	5,146	6,671	337	1,742	677	4,128	179,365
Derivative financial instruments	221,086	–	6	1	4	14	11	11	93	21	221,247
Financial assets at fair value through other comprehensive income	7	1,334	1,328	1,115	2,039	5,479	2,385	7,258	17,387	5,374	43,706
Other financial assets	229	533	–	–	–	–	–	–	–	–	762
Total financial assets	429,994	256,288	15,712	14,934	13,023	32,888	18,223	29,769	34,557	27,900	873,288
Other assets											20,108
Total assets											893,396
Liabilities											
Deposits at amortised cost	143,896	53,144	6,473	3,752	2,858	1,615	489	1,502	5,298	11,990	231,017
Cash collateral and settlement balances	2,418	53,766	109	8	25	31	–	1	–	–	56,358
Repurchase agreements and other similar secured borrowing	–	10,626	–	–	–	3	–	–	484	–	11,113
Debt securities in issue	–	8,002	4,589	3,511	4,456	3,231	750	180	1,634	38	26,391
Subordinated liabilities	–	–	–	–	45	1,951	8,269	11,851	5,940	7,029	35,085
Trading portfolio liabilities	46,626	–	–	–	–	–	–	–	–	–	46,626
Financial liabilities designated at fair value	15	152,553	8,646	9,788	5,150	11,696	5,088	7,689	4,521	11,820	216,966
Derivative financial instruments	221,476	10	–	–	–	3	3	3	3	92	221,590
Other financial liabilities	145	1,621	–	–	–	44	–	–	–	–	1,810
Total financial liabilities	414,576	279,722	19,817	17,059	12,534	18,574	14,599	21,226	17,880	30,969	846,956
Other liabilities											2,803
Total liabilities											849,759
Cumulative liquidity gap	15,418	(8,016)	(12,121)	(14,246)	(13,757)	557	4,181	12,724	29,401	26,332	43,637

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 Group's trading strategies
- Corporate and retail deposits, reported under deposits at amortised cost, are repayable on demand or at short notice on a contractual basis. In practice, their behavioural maturity is typically longer than their contractual maturity, and thererfore provide stable funding for Barclays Bank Group's operations and liquidity needs.
- Loans to corporate and retail customers, which are included within loans and advances at amortised cost and financial assets at fair value, may be repaid earlier in line with terms and conditions of the contract
- Debt securities in issue, subordinated liabilities, and financial liabilities designated at fair value, may include early redemption features.

Contractual maturity of financial liabilities on an undiscounted basis

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

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

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

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank Group	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2019									
Deposits at amortised cost	158,218	39,844	7,138	5,457	1,648	532	554	595	213,986
Cash collateral and settlement balances	3,077	64,614	13	–	–	–	–	–	67,704
Repurchase agreements and other similar secured borrowing	7	1,491	–	–	–	485	–	149	2,132
Debt securities in issue	–	12,473	4,627	6,332	3,229	3,582	3,508	290	34,041
Subordinated liabilities	–	207	845	1,302	18,750	9,875	6,364	8,617	45,960
Trading portfolio liabilities	35,212	–	–	–	–	–	–	–	35,212
Financial liabilities designated at fair value	13,952	128,203	11,020	10,597	13,500	8,054	7,519	19,392	212,237
Derivative financial instruments	228,338	–	–	8	79	45	99	396	228,965
Other financial liabilities	217	1,388	19	34	819	99	197	98	2,871
Total financial liabilities	439,021	248,220	23,662	23,730	38,025	22,672	18,241	29,537	843,108
As at 31 December 2018									
Deposits at amortised cost	155,788	29,301	6,066	4,739	1,887	568	412	816	199,577
Cash collateral and settlement balances	3,446	64,295	5	2	–	–	–	–	67,748
Repurchase agreements and other similar secured borrowing	1,331	5,561	–	–	3	–	486	–	7,381
Debt securities in issue	26	13,749	5,779	8,637	5,454	1,195	4,519	229	39,588
Subordinated liabilities	–	306	–	123	10,477	12,420	6,867	10,393	40,586
Trading portfolio liabilities	36,614	–	–	–	–	–	–	–	36,614
Financial liabilities designated at fair value	14,280	144,693	6,948	12,731	16,528	7,679	5,008	17,621	225,488
Derivative financial instruments	219,527	13	–	–	6	3	4	59	219,612
Other financial liabilities	141	1,982	–	–	343	–	–	–	2,466
Total financial liabilities	431,153	259,900	18,798	26,232	34,698	21,865	17,296	29,118	839,060

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank PLC	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2019									
Deposits at amortised cost	144,293	60,307	6,160	4,365	921	2,734	3,709	23,039	245,528
Cash collateral and settlement balances	2,137	57,347	–	–	–	–	–	–	59,484
Repurchase agreements and other similar secured borrowing	–	8,692	43	299	–	485	–	149	9,668
Debt securities in issue	–	5,509	3,212	5,694	3,105	1,351	1,538	–	20,409
Subordinated liabilities	–	–	770	1,226	18,750	9,875	6,364	8,776	45,761
Trading portfolio liabilities	45,130	–	–	–	–	–	–	–	45,130
Financial liabilities designated at fair value	18	137,952	13,825	17,155	12,475	9,406	7,760	17,263	215,854
Derivative financial instruments	225,021	–	–	8	82	45	99	379	225,634
Other financial liabilities	104	1,203	1	3	60	53	122	65	1,611
Total financial liabilities	**416,703**	**271,010**	**24,011**	**28,750**	**35,393**	**23,949**	**19,592**	**49,671**	**869,079**
As at 31 December 2018									
Deposits at amortised cost	143,896	53,184	6,479	6,640	2,147	1,638	5,527	19,340	238,851
Cash collateral and settlement balances	2,418	53,784	109	33	32	1	–	–	56,377
Repurchase agreements and other similar secured borrowing	–	10,630	–	–	3	–	486	–	11,119
Debt securities in issue	–	8,013	4,626	8,019	4,071	191	1,717	38	26,675
Subordinated liabilities	–	–	–	45	10,477	12,420	6,867	10,597	40,406
Trading portfolio liabilities	46,626	–	–	–	–	–	–	–	46,626
Financial liabilities designated at fair value	15	152,713	8,790	15,095	17,310	8,294	5,131	17,553	224,901
Derivative financial instruments	221,476	13	–	–	6	3	4	107	221,609
Other financial liabilities	145	1,621	–	–	44	–	–	–	1,810
Total financial liabilities	414,576	279,958	20,004	29,832	34,090	22,547	19,732	47,635	868,374

Maturity of off-balance sheet commitments received and given

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

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

Barclays Bank Group	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2019											
Guarantees, letters of credit and credit insurance	**5,205**	**106**	**22**	**81**	**–**	**11**	**12**	**21**	**12**	**34**	**5,504**
Other commitments received	**91**	**–**	**–**	**2,373**	**–**	**–**	**–**	**–**	**–**	**–**	**2,464**
Total off-balance sheet commitments received	**5,296**	**106**	**22**	**2,454**	**–**	**11**	**12**	**21**	**12**	**34**	**7,968**
As at 31 December 2018											
Guarantees, letters of credit and credit insurance	5,581	110	20	13	16	65	10	33	10	5	5,863
Other commitments received	93	42	–	–	–	–	–	–	–	–	135
Total off-balance sheet commitments received	5,674	152	20	13	16	65	10	33	10	5	5,998

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

Barclays Bank Group	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2019											
Contingent liabilities	**22,836**	**366**	**86**	**125**	**140**	**143**	**42**	**28**	**3**	**8**	**23,777**
Documentary credits and other short-term trade related transactions	**1,287**	**3**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,291**
Standby facilities, credit lines and other commitments	**264,346**	**1,134**	**792**	**973**	**638**	**118**	**98**	**273**	**139**	**225**	**268,736**
Total off-balance sheet commitments given	**288,469**	**1,503**	**879**	**1,098**	**778**	**261**	**140**	**301**	**142**	**233**	**293,804**
As at 31 December 2018											
Contingent liabilities	15,435	1,102	553	145	170	415	435	641	319	179	19,394
Documentary credits and other short-term trade related transactions	70	1,263	325	55	14	11	3	–	–	–	1,741
Standby facilities, credit lines and other commitments	250,802	1,734	1,311	397	667	311	257	424	19	105	256,027
Total off-balance sheet commitments given	266,307	4,099	2,189	597	851	737	695	1,065	338	284	277,162

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

Barclays Bank PLC	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2019									
Guarantees, letters of credit and credit insurance	**5,137**	**9**	**–**	**4**	**18**	**19**	**12**	**34**	**5,233**
Other commitments received	**–**	**–**	**–**	**2,373**	**–**	**–**	**–**	**–**	**2,373**
Total off balance sheet commitments received	**5,137**	**9**	**–**	**2,377**	**18**	**19**	**12**	**34**	**7,606**
As at 31 December 2018									
Guarantees, letters of credit and credit insurance	5,539	16	4	17	55	22	9	5	5,667
Other commitments received	-	–	-	-	-	-	-	-	–
Total off balance sheet commitments received	5,539	16	4	17	55	22	9	5	5,667

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

Barclays Bank PLC	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2019											
Contingent liabilities	**26,403**	**366**	**86**	**126**	**140**	**143**	**42**	**28**	**3**	**6**	**27,343**
Documentary credits and other short-term trade related transactions	**1,212**	**3**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,216**
Standby facilities, credit lines and other commitments	**185,983**	**770**	**766**	**968**	**624**	**78**	**23**	**269**	**44**	**109**	**189,634**
Total off-balance sheet commitments given	**213,598**	**1,139**	**853**	**1,094**	**764**	**221**	**65**	**297**	**47**	**115**	**218,193**
As at 31 December 2018											
Contingent liabilities	21,720	1,075	553	145	170	415	435	641	319	179	25,652
Documentary credits and other short-term trade related transactions	70	1,263	325	55	14	11	3	-	-	-	1,741
Standby facilities, credit lines and other commitments	184,979	1,718	1,311	397	667	311	60	424	19	105	189,991
Total off-balance sheet commitments given	206,769	4,056	2,189	597	851	737	498	1,065	338	284	217,384

Capital risk

All disclosures in this section (page 100) are unaudited unless otherwise stated.

Overview

Barclays Bank PLC is currently regulated by the PRA on a solo-consolidated basis. Barclays Bank PLC solo-consolidated comprises Barclays Bank PLC plus certain additional subsidiaries, subject to PRA approval. The disclosures below provide key capital metrics for Barclays Bank PLC solo-consolidated with further information on its risk profile to be included in the Barclays PLC Pillar 3 Report FY 2019, available at home.barclays/investor-relations/reports-and-events/annual-reports.

On 27 June 2019, CRR II came into force amending CRR. As an amending regulation, the existing provisions of CRR apply unless they are amended by CRR II.

Certain provisions took immediate effect. Amendments within this section include changes to qualifying criteria for CET1, Additional Tier 1 (AT1) and Tier 2 instruments, and an amendment to the treatment of deferred tax assets. Other CRR II amendments are expected to take effect from 28 June 2021.

Certain aspects of CRR II are dependent on final technical standards to be issued by the European Banking Authority (EBA) and adopted by the European Commission as well as UK implementation of the rules. The disclosures in the following section reflect Barclays' interpretation of the current rules and guidance.

As at 31 December 2019, Barclays Bank PLC Solo's transitional CET1 ratio was 13.9% which exceeded the 2019 minimum requirement.

Capital ratios[a,b,c]

As at 31 December	2019	2018
CET1	**13.9%**	13.5%
Tier 1 (T1)	**18.1%**	18.4%
Total regulatory capital	**22.1%**	22.2%

Capital resources (audited)

As at 31 December	2019 £bn	2018 £bn
CET1 capital	**22.1**	23.4
T1 capital	**28.6**	31.9
Total regulatory capital	**35.0**	38.4
Total risk weighted assets (RWAs) (unaudited)	**158.4**	173.2

Capital Requirements Regulation (CRR) leverage ratio[a]

As at 31 December	2019 £bn	2018 £bn
CRR leverage ratio	**3.9%**	4.0%
T1 capital	**28.6**	31.9
CRR leverage exposure	**732**	791

Notes

a Capital, RWAs and leverage are calculated applying the transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date. This includes IFRS 9 transitional arrangements and the grandfathering of CRR and CRR II non-compliant capital instruments.

b The fully loaded CET1 ratio was 13.6%, with £21.4bn of CET1 capital and £157.8bn of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.

c The Barclays PLC CET1 ratio, as is relevant for assessing against the conversion trigger in Barclays Bank PLC Tier 2 Contingent Capital Notes, was 13.8%. For this calculation CET1 capital and RWAs are calculated applying the transitional arrangements under the CRR, including the IFRS 9 transitional arrangements. The benefit of the Financial Services Authority (FSA) October 2012 interpretation of the transitional provisions, relating to the implementation of CRD IV, expired in December 2017.

Foreign exchange risk (audited)

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

a) Transactional foreign currency exposure

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

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

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

b) Translational foreign exchange exposure

Barclays Bank Group investments in overseas subsidiaries and branches create capital resources denominated in foreign currencies, principally USD and EUR. Changes in the GBP value of the net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in CET1 capital.

Barclays Bank Group strategy is to minimise the volatility of the capital ratios caused by foreign exchange movements, by matching the CET1 capital movements to the revaluation of Barclays Bank Group foreign currency RWA exposures.

Functional currency of operations (audited)

	Foreign currency net investments	Borrowings which hedge the net investments	Derivatives which hedge the net investments	Structural currency exposures pre- economic hedges	Economic hedges	Remaining structural currency exposures
	£m	£m	£m	£m	£m	£m
As at 31 December 2019						
USD	**25,628**	**(8,073)**	**(1,111)**	**16,443**	**(5,339)**	**11,104**
EUR	**2,987**	**(3)**	**-**	**2,984**	**(1,122)**	**1,862**
JPY	**533**	**-**	**-**	**533**	**-**	**533**
Other	**1,741**	**-**	**(34)**	**1,707**	**-**	**1,707**
Total	**30,889**	**(8,076)**	**(1,145)**	**21,667**	**(6,461)**	**15,206**
As at 31 December 2018						
USD	28,857	(12,322)	(2,931)	13,604	(4,827)	8,777
EUR	2,672	(3)	-	2,669	(2,146)	523
JPY	489	-	-	489	-	489
Other	2,026	-	(37)	1,989	-	1,989
Total	34,044	(12,325)	(2,968)	18,751	(6,973)	11,778

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

During 2019, total structural currency exposure net of hedging instruments increased by £3.4bn to £15.2bn (2018: £11.8bn). Foreign currency net investments decreased by £3.1bn to £30.9bn (2018: £34.0bn) driven predominantly by a £3.3bn decrease in US Dollars and a £0.2bn decrease in other currencies offset by a £0.3bn increase in Euro. The hedges associated with these investments decreased by £6.1bn to £9.2bn (2018: £15.3bn).

Pension risk review

The UKRF represents approximately 97% (2018: 97%) of the Barclays Bank Group's total retirement benefit obligations globally. As such this risk review section focuses exclusively on the UKRF. The UKRF is closed to new entrants and there is no new final salary benefit being accrued. Existing active members accrue a combination of a cash balance benefit and a defined contribution element. Pension risk arises as the market value of the pension fund assets may decline, investment returns may reduce or the estimated value of the pension liabilities may increase.

Assets

The Trustee Board of the UKRF defines its overall long-term investment strategy with investments across a broad range of asset classes. This results in an appropriate mix of return seeking assets as well as liability matching assets to better match future pension obligations. The two largest market risks within the asset portfolio are interest rates and equities. The split of scheme assets is shown within Note 32. The fair value of the UKRF assets was £31.4bn as at 31 December 2019 (2018: £29.0bn).

Liabilities

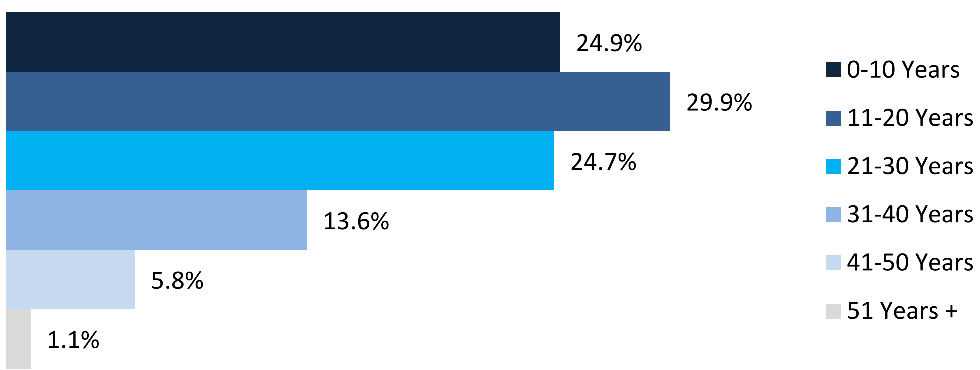
The UKRF retirement benefit obligations are a series of future cash flows with relatively long duration. On an IAS 19 basis these cash flows are sensitive to changes in the expected long-term price inflation rate (RPI) and the discount rate (GBP AA corporate bond yield):

- An increase in long-term expected inflation corresponds to an increase in liabilities
- A decrease in the discount rate corresponds to an increase in liabilities.

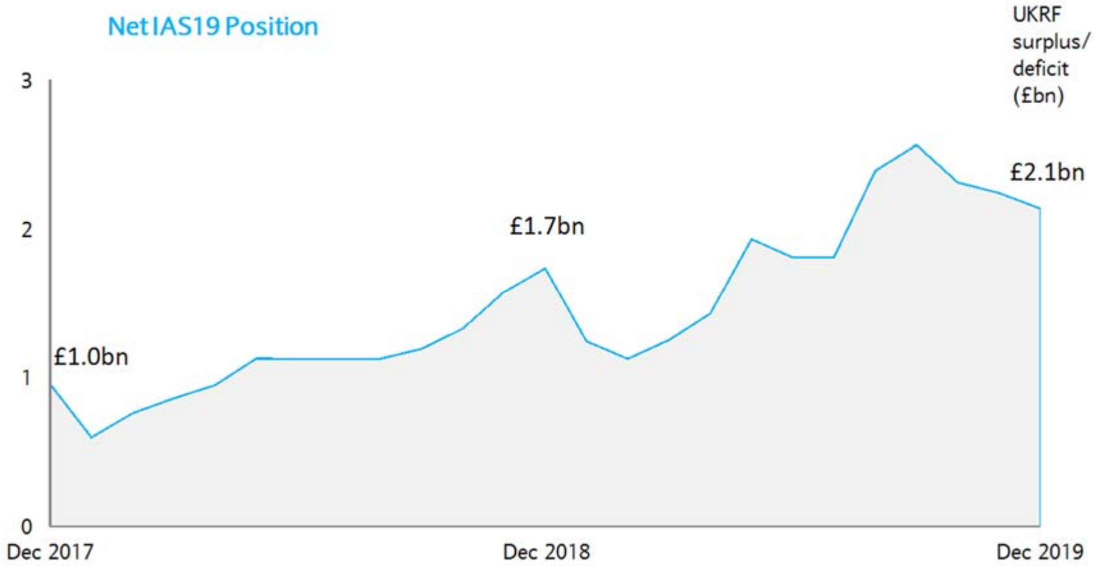
Pension risk is generated through the Barclays Bank Group's defined benefit schemes and this risk is set to reduce over time as the main defined benefit scheme is closed to new entrants. The chart below outlines the shape of the UKRF's liability cash flow profile as at 31 December 2019 that takes account of the future inflation indexing of payments to beneficiaries. The majority of the cash flows (approximately 93%) fall between 0 and 40 years, peaking between 11 and 20 years and reducing thereafter. The shape may vary depending on changes to inflation and longevity expectations and any members who elect to transfer out. Transfers out will bring forward the liability cash flows.

For more detail on the UKRF's financial and demographic assumptions see Note 32 to the financial statements.

Proportion of liability cash flows



IAS 19 pension position in 2019



The graph above shows the evolution of the UKRF's net IAS 19 position over the last two years. During 2019 the net improvement in the IAS 19 position was largely driven by bank contributions. Credit spreads tightening during the year had a negative impact which was broadly offset by changes in other market levels, in particular equity prices and interest rates, and updates to demographic assumptions.

Refer to Note 32 for the sensitivity of the UKRF to changes in key assumptions.

Risk measurement

In line with the Barclays Bank Group's risk management framework the assets and liabilities of the UKRF are modelled within a VaR framework to show the volatility of the pension position at a total portfolio level. This enables the risks, diversification and liability matching characteristics of the UKRF obligations and investments to be adequately captured. VaR is measured and monitored on a monthly basis. Risks are reviewed and reported regularly at forums including the Barclays PLC BRC, the Barclays Group Risk Committee, the Pensions Management Group and the Pension Executive Board. The VaR model takes into account the valuation of the liabilities on an IAS 19 basis (see Note 32). The Trustee receives quarterly VaR measures on a funding basis.

The pension liability is also sensitive to post-retirement mortality assumptions which are reviewed regularly. See Note 32 for more details.

In addition, the impact of pension risk to the Barclays Bank Group is taken into account as part of the stress testing process. Stress testing is performed internally on at least an annual basis. The UKRF exposure is also included as part of regulatory stress tests.

The Barclays Bank Group's defined benefit pension schemes affects capital in two ways:

- An IAS 19 deficit is treated as a liability on the Barclays Bank Group's balance sheet. Movement in a deficit due to remeasurements, including actuarial losses, are recognised immediately through Other Comprehensive Income and as such reduces shareholders' equity and CET1 capital. An IAS 19 surplus is treated as an asset on the balance sheet and increases shareholders' equity; however, it is deducted for the purposes of determining CET1 capital.
- In the Barclays Bank Group's statutory balance sheet an IAS 19 surplus or deficit is partially offset by a deferred tax liability or asset respectively. These may or may not be recognised for calculating CET1 capital depending on the overall deferred tax position of the Barclays Bank Group at the particular time.

Pension risk is taken into account in the Pillar 2A capital assessment undertaken by the PRA at least annually. The Pillar 2A requirement forms part of the Barclays Bank Group's overall regulatory minimum requirement for CET1 capital, Tier 1 capital and total capital.

Interest rate risk in the banking book

All disclosures in this section (pages 104-106) 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 is measured by an Annual Earnings at Risk (AEaR) metric which is monitored regularly and reported to senior management and the Barclays Bank PLC Board Risk Committee as part of the limit monitoring framework.

Summary of performance in the period

- Annual Earnings at Risk (AEaR), is a key measure of interest rate risk in the banking book (IRRBB).

Key metrics

+£25m

AEaR across the Barclays Bank Group from a positive 25bps shock to forward interest rate curves.

Net interest income sensitivity

The table below shows a sensitivity analysis on pre-tax net interest income for non-traded financial assets and liabilities, including the effect of any hedging. NII sensitivity uses the Annual Earnings at Risk (AEaR) metric. Note that this metric assumes an instantaneous parallel change to forward interest rate curves. The model does not apply floors to shocked market rates, but does recognise contractual product specific interest rate floors where relevant. The main model assumptions are: (i) one-year ahead time horizon; (ii) balance sheet is held constant; (iii) balances are adjusted for assumed behavioural profiles (i.e. considers that customers may prepay the mortgages before the contractual maturity); and (iv) behavioural assumptions are kept unchanged in all rate scenarios.

Net Interest Income Sensitivity (AEaR) by currency[a, b] (audited)	2019		2018	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank Group	£m	£m	£m	£m
GBP	19	(34)	23	(36)
USD	29	(32)	39	(40)
EUR	(14)	(16)	(8)	6
Other currencies	(9)	8	1	(3)
Total	25	(74)	55	(73)

Net Interest Income Sensitivity (AEaR) by currency[a, b] (audited)	2019		2018	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank PLC	£m	£m	£m	£m
GBP	3	(18)	9	(12)
USD	9	(10)	7	(7)
EUR	-	-	(2)	1
Other currencies	(3)	3	-	(1)
Total	9	(25)	14	(19)

Notes
a Excludes minor investment banking business.
b NII sensitivity for December 2018 restated due to increased portfolio coverage, primarily the inclusion of the Treasury portfolio.

NII asymmetry arises due to the current low interest rate levels as some customer products have embedded floors. NII sensitivity to a +25bp shock to rates has decreased year on year as a result of increased bond holdings outright in the liquidity pool.

Analysis of equity sensitivity

Equity sensitivity table measures the overall impact of a +/- 25bps movement in interest rates on retained earnings, fair value through other comprehensive income (FVOCI), cash flow hedge reserves and pensions. For non-NII items a DV01 metric is used, which is an indicator of the shift in value for a 1 basis point movement in the yield curve.

Analysis of equity sensitivity[a] (audited)	31 December 2019		31 December 2018	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank Group	£m	£m	£m	£m
Net interest income	25	(74)	55	(73)
Taxation effects on the above	(6)	18	(14)	19
Effect on profit for the year	19	(56)	41	(54)
As percentage of net profit after tax	0.7%	(2.0%)	4.1%	(5.3%)
Effect on profit for the year (per above)	19	(56)	41	(54)
Fair value through other comprehensive income reserve	(295)	303	(238)	245
Cash flow hedge reserve	(497)	497	(446)	446
Taxation effects on the above	198	(200)	171	(173)
Effect on equity	(575)	544	(472)	464
As percentage of equity	(1.1%)	1.1%	(1.0%)	1.0%

Analysis of equity sensitivity[a] (audited)	31 December 2019		31 December 2018	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank PLC	£m	£m	£m	£m
Net interest income	9	(25)	14	(19)
Taxation effects on the above	(2)	7	(4)	6
Effect on profit for the year	7	(18)	10	(13)
As percentage of net profit after tax	0.3%	(0.7%)	1.4%	(1.9%)
Effect on profit for the year (per above)	7	(18)	10	(13)
Fair value through other comprehensive income reserve	(295)	303	(238)	245
Cash flow hedge reserve	(488)	488	(446)	446
Taxation effects on the above	196	(198)	171	(173)
Effect on equity	(580)	575	(503)	505
As percentage of equity	(1.3%)	1.2%	(1.2%)	1.2%

Note
a December 2018 sensitivities restated due to increased portfolio coverage, primarily the inclusion of the Treasury portfolio.

Movements in the FVOCI reserve impact CET1 capital. However, movements in the cash flow hedge reserve and pensions remeasurement reserve recognised in FVOCI do not affect CET1 capital.

Volatility of the FVOCI portfolio in the liquidity pool

Changes in value of FVOCI exposures flow directly through capital via the FVOCI reserve. The volatility 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

	2019			2018		
	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%)	**42**	**49**	**34**	42	56	27

DVaR trended upwards for the first 3 quarters of 2019 as outright duration and asset swap spread risk increased. The liquidity pool de-risked substantially in early Q4, causing an associated reduction in DVaR.

Risk performance

Operational risk

All disclosures in this section are unaudited unless otherwise stated.

Overview

Operational risks are inherent in the Barclays Bank Group's business activities and it is not cost effective or possible to attempt to eliminate all operational risks. The Operational Risk Framework is therefore focused on identifying operational risks, assessing them and managing them within the Barclays Bank Group's approved risk appetite.

The Operational Risk principal risk comprises the following risks: Data Management & Information Risk; Financial Reporting Risk; Fraud Risk; Payments Process Risk; People Risk; Premises Risk; Physical Security Risk; Supplier Risk; Tax Risk; Technology Risk; Transaction Operations Risk and Execution Risk. The operational risk profile is also informed by a number of risk themes: Cyber, Data and Resilience. These 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 199 to 200 of the Barclays PLC Pillar 3 Report 2019. In order to provide complete coverage of the potential adverse impacts on the Barclays Bank Group arising from operational risk, the operational risk taxonomy extends beyond the risks listed above to cover operational risks associated with other principal risks too.

This section provides an analysis of the Barclays Bank Group's operational risk profile, including events above the Barclays Bank Group's reportable threshold, which have had a financial impact in 2019. The Barclays Bank Group's operational risk profile is informed by bottom-up risk assessments undertaken by each business unit and top-down qualitative review by the Operational Risk specialists for each risk type. Fraud, Transaction Operations and Technology continue to be highlighted as key operational risk exposures.

For information on conduct risk please see page 48.

Summary of performance in the period

During 2019, total operational risk losses[a] decreased to £119m (2018[b]: £127m) and the number of recorded events for 2019 decreased to 1,057 from 1,363 events recorded during the prior year. The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery and Process Management and External Fraud categories, which tend to be high volume but low impact events.

Key metrics

79%

of the Barclays Bank Group's net reportable operational risk events had a loss value of £50,000 or less

51%

of events by number are due to external fraud

66%

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

Operational risk profile

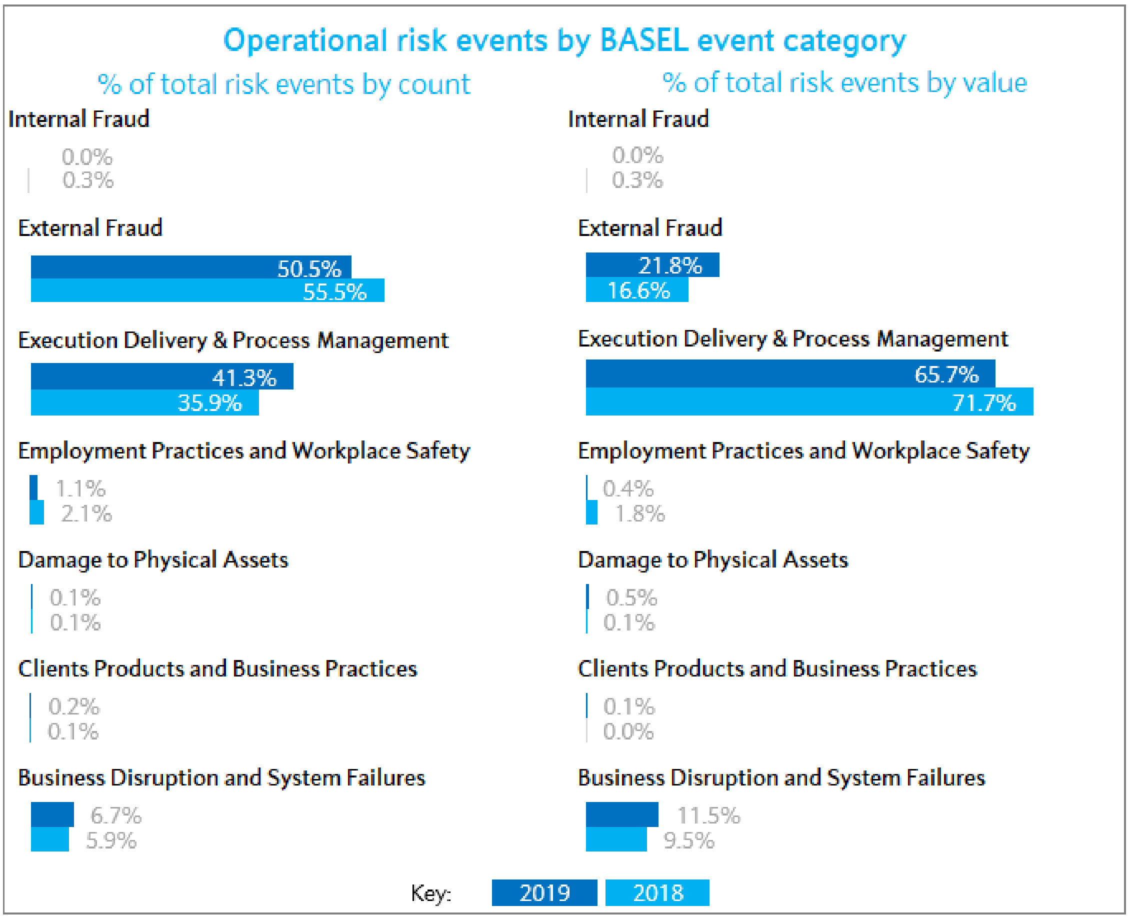
Within operational risk, there are a large number of small risk events. In 2019, 79% (2018: 81%) of the Barclays Bank Group's reportable operational risk events by volume had a value of less than £50,000 each. Cumulatively, events under this £50,000 threshold accounted for only 13% (2018: 17%) of the Barclays Bank Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Barclays Bank Group.

Notes

a The data disclosed includes operational risk losses for reportable events impacting the Barclays Bank Group business areas, having impact of ≥ £10,000 and excludes Gain or Insurance Recovery impacts, events that are Conduct or Legal risk, aggregate and boundary events. A boundary event is an operational risk event that results in a credit risk impact. Due to the nature of risk events that keep evolving, prior year losses are updated.

b Amendments were made to the combination of organisational units that make up this entity at the end of Q1 2018, which will impact comparison against prior year values.

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



- Execution, Delivery and Process Management impacts decreased to £78m (2018: £91m) and accounted for a reduced level of 66% (2018: 72%) of total operational risk losses. The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis, mapping mainly to Barclays Transaction Operations risk type. The overall frequency of events in this category increased slightly in 2019 to 41% of total events by volume (2018: 36%), the decrease in total impacts was due to a lower number of events with high loss values compared to the prior year.
- External Fraud remains the category with the highest frequency of events at 51% of total events in 2019, although down from 56% in prior year. In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage. Ratio of losses in this category increased to 22% of total 2019 losses (2018: 17%), driven mainly by increased fraud attacks on the Barclays Bank Group's systems following implementation of Cheque Imaging as part of the clearing process.
- Business Disruption and System Failures impacts remained broadly stable at £14m (2018: £12m) and, while the count of events decreased slightly year-on-year to 71 (2018: 81), losses in this category accounted for 12% of total losses, slightly increased from the previous year (2018: 10%).

Investment continues to be made in improving the control environment across the Barclays Bank Group. Particular areas of focus include new and enhanced fraud prevention systems and tools to combat the increasing level of fraud attempts being made and to minimise any disruption to genuine transactions. Fraud remains an industry wide threat and the Barclays Bank Group continues to work closely with external partners on various prevention initiatives.

Operational Resilience is a key area of focus for the Barclays Bank Group. Disruption to our business activities is a material inherent risk within the Group and across the financial services industry, whether arising through impacts on our technology systems, our real estate services, availability of personnel or services supplied by third parties. Failure to build resilience and recovery capabilities into our business activities may result in significant customer detriment, costs to reimburse losses incurred by the Barclays Bank Group's customers, market impact and reputational damage. In common with the rest of the Financial Services industry, the Barclays Bank Group expects continued regulatory scrutiny in relation to resilience. Technology, resilience and cyber security risks evolve rapidly so the Barclays Bank Group maintains continued focus and investment in our control environment to manage these risks, and actively partners with peers and relevant organisations to understand and disrupt threats originating outside the Barclays Bank Group.

Cyber-attacks are a global threat that are inherent across all industries. The financial sector remains a primary target for cyber criminals, hostile nation states, opportunists and hacktivists. There are high levels of sophistication in criminal hacking for the purpose of stealing money, stealing, destroying or manipulating data (including customer data) and/or disrupting operations, where multiple threats exist including threats arising from malicious emails, distributed denial of service (DDoS) attacks, payment system compromises, insider attackers, supply chain and vulnerability exploitation. Cyber events can have a compounding impact on services and customers, e.g. data breaches in social networking sites, retail companies and payments networks.

The threat of cyber-attack is recognised by the Barclays Bank Group along with the significant potential impact on all areas of its business ranging from operational matters to its scrutiny of its relationships with its suppliers, customers and other external stakeholders. Regulators in the UK, US and Europe continue to focus on cyber-security risk management in the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience (particularly of critical services) to cyber-attacks, and to provide timely notification of them, as appropriate. This has resulted in a number of proposed laws, regulations and other requirements that necessitate implementation of a variety of increased controls and enhancement activities for regulated Barclays Bank Group entities. These include, among others, the adoption of cyber security policies and procedures meeting specified criteria, minimum required security measures, controls and procedures for enhanced reporting and public disclosures, compliance certification requirements, and other cyber and information risk governance measures. The Barclays Bank Group continues to use an intelligence-driven defence approach, analysing external events for current and emerging cyber threats which allows the delivery of proactive counter measures; the Barclays Bank Group also completes cyber threat scenarios and incident playbooks to assess our security posture and business impacts and runs an internal adversarial capability which simulates hackers to proactively test controls and responses. The increased control environment will continue to enhance our security posture and our ability to better protect the organisation and our customers. Cyber-attacks however are increasingly sophisticated and there can be no assurance that the measures implemented will be fully effective to prevent or mitigate future attacks, the consequences of which could be significant to the Barclays Bank Group. Furthermore, such measures have resulted and will result in increased technology and other costs in connection with cyber security mitigation and compliance for the Barclays Bank Group.

For further information, see operational risk management section (page 47).

Risk performance

Model risk, Conduct risk, Reputation risk and Legal risk

All disclosures in this section are unaudited unless otherwise stated.

Model risk

Since the inception of model risk as a principal risk, key achievements to date include creating a complete model inventory across the firm, roll out of a robust Model Risk Management (MRM) framework and the validation of all high material models. In 2019 the framework and governance of model risk was further improved by:

- enhancing the Barclays Bank PLC Board oversight of model risk, through the reporting of the model risk tolerance framework and periodic updates to the Barclays Bank PLC Board on the progress of the MRM implementation;
- validating a third of the population of low material models;
- strengthening the model inventory identification process, including enhancing the model lifecycle technology platform; and
- better alignment of documentation requirements to model materiality.

Conduct risk

The Barclays Bank Group is committed to continuing to drive the right culture throughout all levels of the organisation. The Barclays Bank Group will continue to enhance effective management of conduct risk and appropriately consider the relevant tools, governance and management information in decision-making processes. Focus on management of conduct risk is ongoing and the Barclays Bank Group Conduct Dashboards are a key component of this.

The Barclays Bank Group continues to review the role and impact of conduct issues in the remuneration process at both the individual and business level.

Businesses have continued to assess the potential customer, client and market impacts of strategic change. As part of the 2019 Medium-Term Planning Process, material conduct risks associated with strategic and financial plans were assessed.

Throughout 2019, conduct risks were raised by businesses for consideration by the Barclays Bank PLC Board Risk Committee. The Committee reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively. The Barclays Bank PLC Board Risk Committee received regular updates with regards to key risks and issues including those relating to structural reform and regulatory change.

Although certain legacy litigation and conduct issues have been resolved, the Barclays Bank Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 25 Legal, competition and regulatory matters and Note 23 Provisions, for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains a necessary and important part of delivering the Barclays Bank Group strategy and an ongoing commitment to improve oversight of culture and conduct.

The Barclays Bank Group has operated at the overall set tolerance for conduct risk throughout 2019. The tolerance is assessed by the business through Key Indicators which are aggregated and provide an overall rating which is reported to the Barclays Bank PLC Board Risk Committee as part of the Conduct Dashboard.

For further details on the non-financial performance measures, please refer to page 7 of the Strategic Report.

Reputation risk

The Barclays Bank Group is committed to continuing to drive the right culture throughout all levels of the organisation. The Barclays Bank Group will continue to enhance effective management of reputation risk and appropriately consider the relevant tools, governance and management information in decision-making processes.

The Barclays Bank PLC Board considers reputation risks raised by businesses. The Board has also considered whether management's proposed actions have been appropriate to mitigate the risks effectively.

Barclays Bank Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 25 Legal, competition and regulatory matters and Note 23 Provisions, for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters is an ongoing commitment to improve oversight of culture and conduct and management of reputation risks arising.

The Barclays Bank Group remains focused on the continuous improvements being made to manage risk effectively, with an emphasis on enhancing governance and management information to help identify risks at earlier stages.

For further details on the non-financial performance measures, please refer to page 7 of the Strategic report.

Legal risk

The Barclays Bank Group remains committed to continuous improvements to manage legal risk effectively. A number of enhancements have been implemented during 2019, including updating the Barclays Group framework for managing legal risk and associated policies as well as reviewing legal risk tolerances and risk appetite. Updated legal risk mandatory training was also implemented across the Barclays Group, reinforced by ongoing engagement and education of the Barclays Group's businesses and functions.

Throughout 2019, the Barclays Bank Group operated within set tolerances for legal risk. Tolerance adherence is assessed through key indicators, which are reviewed through the relevant risk and control committees. In addition to ongoing monitoring, legal risk controls are reviewed and assessed annually as part of the Risk and Control Self-Assessment process.

Supervision and regulation

Supervision of the Barclays Bank Group

The Barclays Bank Group's operations, including its overseas branches, subsidiaries and associates, are subject to a large number of rules and regulations that are a condition for authorisation to conduct banking and financial services business in each of the jurisdictions in which the Barclays Bank Group operates. These apply to business operations, impact financial returns and include capital, leverage and liquidity requirements, authorisation, registration and reporting requirements, restrictions on certain activities, conduct of business regulations and many others. Regulatory developments impact the Barclays Bank Group globally. We focus particularly on EU, UK and US regulation due to the location of the Barclays Bank Group's principal areas of business. Regulations elsewhere may also have a significant impact on the Barclays Bank Group due to the location of its branches, subsidiaries and, in some cases, clients. For more information on the risks related to the supervision and regulation of the Barclays Bank Group, including regulatory change, see the Risk Factor entitled 'Regulatory Change agenda and impact on Business Model' on page 35.

Supervision in the UK and EU

The Barclays Bank Group's operations in Europe are authorised and regulated by a combination of its UK home regulators and host regulators in the European countries where the Barclays Group operates. The impact of the UK's departure from the EU in this respect and, more broadly, its impact on the UK domestic regulatory framework, is yet to be finally determined. In the UK, day-to-day regulation and supervision of the Barclays Bank Group is divided between the Prudential Regulation Authority (PRA) (a division of the Bank of England (BoE)) and the Financial Conduct Authority (FCA). In addition, the Financial Policy Committee (FPC) of the BoE has influence on the prudential requirements that may be imposed on the banking system through its powers of direction and recommendation.

Barclays Bank PLC is an authorised credit institution and subject to solo-consolidated prudential supervision by the PRA, which comprises Barclays Bank PLC plus certain additional subsidiaries, and subject to conduct regulation and supervision by the FCA. The Barclays Group is also subject to prudential supervision by the PRA on a group consolidated basis. Barclays Capital Securities Limited is authorised and supervised by the PRA as a PRA-designated investment firm and subject to conduct regulation and supervision by the FCA. Barclays Services Limited is an appointed representative of Barclays Bank PLC and Clydesdale Financial Services Limited.

Barclays Bank Ireland PLC is licensed as a credit institution by the Central Bank of Ireland (CBI) and is designated as a significant institution falling under direct supervision on a solo basis by the European Central Bank (ECB). Barclays Bank Ireland PLC's EU branches are supervised by the ECB and are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established.

The Barclays Bank Group is also subject to regulatory initiatives undertaken by the UK Payment Systems Regulator (PSR), as a participant in payment systems regulated by the PSR.

The PRA's continuing supervision of the Barclays Group is conducted through a variety of regulatory tools, including the collection of information by way of prudential returns or cross-firm reviews, reports obtained from skilled persons, regular supervisory visits to firms and regular meetings with management and directors to discuss issues such as strategy, governance, financial resilience, operational resilience, risk management, and recovery and resolution.

Parliament gave the FCA a single strategic objective – to ensure that relevant markets function well – and three operational objectives: to protect consumers, enhance market integrity and promote competition. The FCA's supervision of the UK firms in the Barclays Bank Group is carried out through a combination of proactive engagement, regular thematic work and project work based on the FCA's sector assessments, which analyse the different areas of the market and the risks that may lie ahead.

Both the PRA and the FCA apply standards that 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 FCA has focused on conduct risk and on customer outcomes and will continue to do so. This has included a focus on the design and operation of products, the behaviour of customers and the operation of markets. The FCA is conducting on-going work on fair pricing in financial services, affordability and fair treatment of vulnerable customers. These initiatives may impact future revenues and increase conduct costs and costs of remediation.

The FCA and the PRA also apply the Senior Managers and Certification Regime (the SMCR) which imposes a regulatory approval, individual accountability and fitness and propriety framework in respect of senior or key individuals within relevant firms.

Supervision in the US

The Barclays Bank Group's US activities and operations are subject to umbrella supervision by the Board of Governors of the Federal Reserve System (FRB), as well as additional supervision, requirements and restrictions imposed by other federal and state regulators and self-regulatory organisations (SROs). Barclays PLC, Barclays Bank PLC and its US branches and subsidiaries are subject to a comprehensive regulatory framework involving numerous statutes, rules and regulations. In some cases, US requirements may impose restrictions on the Barclays Bank Group's global activities, in addition to its activities in the US.

Barclays PLC, Barclays Bank PLC and Barclays US LLC (BUSL) are regulated as bank holding companies (BHCs) by the FRB. BUSL is the Barclays Bank Group's top-tier US holding company that holds substantially all of the Barclays Bank Group's US subsidiaries (including Barclays Capital Inc. and Barclays Bank Delaware). BUSL is subject to requirements in respect of capital adequacy, capital planning and stress testing, risk management and governance, liquidity, leverage limits, large exposure limits, activities restrictions and financial regulatory reporting. Barclays Bank PLC's US branches are also subject to enhanced prudential supervision requirements relating to, among other things, liquidity and risk management.

Supervision and regulation

Barclays PLC, Barclays Bank PLC and BUSL have elected to be treated as financial holding companies (FHCs) under the Bank Holding Company Act of 1956. FHC status allows these entities to engage in a variety of financial and related activities, directly or through subsidiaries, including underwriting, dealing and market making in securities. Failure to maintain FHC status could result in increasingly stringent penalties and ultimately, in the closure or cessation of certain operations in the US.

In addition to umbrella oversight by the FRB, many of the Barclays Bank Group's branches and subsidiaries are regulated by additional authorities based on the location or activities of those entities. The New York and Florida branches of Barclays Bank PLC are subject to supervision and regulation by, respectively, the New York State Department of Financial Services (NYSDFS) and the Florida Office of Financial Regulation, as well as the applicable Federal Reserve Banks. Barclays Bank Delaware, a Delaware chartered commercial bank, is subject to supervision and regulation by the Delaware Office of the State Bank Commissioner, the Federal Deposit Insurance Corporation (FDIC), and the Consumer Financial Protection Bureau (CFPB). The deposits of Barclays Bank Delaware are insured by the FDIC and Barclays PLC, Barclays Bank PLC and BUSL are required to act as a source of strength for Barclays Bank Delaware. This could, among other things, require these entities to inject capital into Barclays Bank Delaware if it fails to meet applicable regulatory capital requirements. Barclays Bank Delaware is subject to direct supervision and regulation by the CFPB, which has the authority to examine and take enforcement action related to compliance with US federal consumer financial laws and regulations.

The Barclays Bank Group's US securities broker/dealer and investment banking operations, primarily conducted through Barclays Capital Inc., are also subject to ongoing supervision and regulation by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and other government agencies and SROs under US federal and state securities laws.

The Barclays Bank Group's US commodity futures, commodity options and swaps-related and client clearing operations are subject to ongoing supervision and regulation by the Commodity Futures Trading Commission (CFTC), the National Futures Association and other SROs. Barclays Bank PLC is also a US registered swap dealer and is subject to the FRB swaps rules with respect to margin and capital requirements.

Supervision in Asia Pacific

The Barclays Bank Group's operations in Asia Pacific are supervised and regulated by a broad range of national banking and financial services regulators.

Brexit

There remains much uncertainty regarding the state of the future relationship between the UK and the EU and therefore the potential impact of the UK's withdrawal from the EU on the financial regulatory framework in the UK. Following the UK's withdrawal from the EU on 31 January 2020 pursuant to the withdrawal agreement negotiated between the UK and the EU in October 2019, firms incorporated and authorised in the UK are able to continue to provide services into the EU27, and firms incorporated and authorised in the EU27 are able to continue to provide services into the UK in accordance with the terms of the withdrawal agreement for the duration of the transition period set out in the agreement. Following the expiry of that transitional period in December 2020, the ability of UK firms to access the EU market and vice versa would depend upon the terms of any future trade deal between the UK and the EU, including whether such deal provides for any access rights in respect of financial services. It would also depend upon whether the EU grants equivalence to the UK as a third country pursuant to equivalence regimes in existing EU financial services legislation. If, after the expiry of the transitional period in December 2020, there is no deal or arrangement covering financial services in place and assuming no third country "equivalence"-based recognition in place, the Barclays Bank Group entities in the UK would no longer be able to access EU markets as they do today. As a result of the onshoring of EU legislation in the UK, UK firms would (at least initially) be subject to substantially the same rules and regulations as before Brexit. The UK may seek to make changes to these rules going forward, particularly in the event of no deal or arrangement covering financial services, where they are not subject to any requirements to maintain particular rules or standards for equivalence purposes.

Financial regulatory framework

(a) 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). Beyond the minimum standards required by CRD IV, 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.

Global systemically important banks (G-SIBs), such as the Barclays Group, are subject to a number of additional prudential requirements, including the requirement to hold additional loss-absorbing capacity and additional capital buffers above the level required by Basel III standards. The level of the G-SIB buffer is set by the Financial Stability Board (FSB) according to a bank's systemic importance and can range from 1% to 3.5% of risk-weighted assets (RWAs). The G-SIB buffer must be met with CET1.

In November 2019, the FSB published an update to its list of G-SIBs, maintaining the 1.5% G-SIB buffer that applies to the Barclays Group.

The Barclays Group is also subject to a 'combined buffer requirement' consisting of (i) a capital conservation buffer, 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. These rates may vary in either direction. In December 2019, the FPC raised the UK CCyB rate from 1% to 2% with binding effect from December 2020.

The PRA requires UK firms to hold additional capital to cover risks which the PRA assesses are not fully captured by the Pillar 1 capital requirement. The PRA sets this additional capital requirement (Pillar 2A) at least annually, derived from each firm's individual capital guidance. Under current PRA rules, the Pillar 2A must be met with at least 56% 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 'PRA buffer' to cover risks over a forward looking planning horizon, including with regard to firm-specific stresses or management and governance weaknesses. If the PRA buffer is imposed on a specific firm, it must be met separately to the combined buffer requirement, and must be met fully with CET1 capital.

Final BCBS standards on counterparty credit risk, leverage, large exposures and a Net Stable Funding Ratio (NSFR) are being implemented under EU law via the Risk Reduction Measures package, which was published in the Official Journal in June 2019 and includes the CRR II regulation, the CRD V directive and the BRRD II directive.

The BCBS's finalisation of 'Basel III – post-crisis regulatory reforms' in December 2017, among other things, eliminated model-based approaches for certain categories of RWAs, revised the standardised approach's risk weights for a variety of exposure categories, replaced the four current approaches for operational risk (including the advanced measurement approach) with a single standardised measurement approach, established 72.5% of standardised approach RWAs for exposure categories as a floor for RWAs calculated under advanced approaches (referred to as the 'output floor'), and for G-SIBs introduced a leverage ratio buffer in an amount equal to 50% of the applicable G-SIB buffer used for RWA purposes (meaning, for the Barclays Group, a leverage ratio buffer of 0.75%). The majority of the final Basel III changes are due to be implemented commencing 1 January 2022, with a five-year phase-in period for the output floor, although the precise timing as it applies to the Barclays Group depends on national and EU legislative processes. The new market risk framework, including rules made as a result of the 'fundamental review of the trading book', is expected to be implemented in the UK first as a reporting requirement, with further legislation needed to replace the existing, binding market risk requirements.

In the US, in October 2019, the FRB and other US regulatory agencies released final rules to tailor the applicability of prudential requirements for large domestic US banking organisations, foreign banking organisations and their intermediate holding companies (IHCs), including BUSL. In the final rule, BUSL is a "Category III" IHC. BUSL is therefore subject to full standardised liquidity requirements, including the liquidity coverage ratio, which has been implemented by the US regulatory agencies, and the NSFR, which has been proposed by the US regulatory agencies but does not have a clear timeframe for finalisation.

In June 2018 and October 2019, the FRB finalised rules regarding single counterparty credit limits (SCCL). The SCCL apply to the largest US BHCs and foreign banks' (including the Barclays Bank Group's) US operations. The SCCL creates two separate limits for foreign banks, the first on combined US operations (CUSO) and the second on the US IHC (BUSL). The SCCL for US BHCs, including BUSL, will go into effect in 2020 and requires that exposure to an unaffiliated counterparty of BUSL not exceed 25% of BUSL's tier 1 capital. With respect to the CUSO, the SCCL rule allows certification to the FRB that a foreign bank complies with comparable home country regulation.

In November 2019, the FRB issued a proposal to extend by 18 months the initial compliance date for foreign banks' CUSO to allow the home countries of foreign banks time to finalise comparable home country regulation. Under the proposal, Barclays Bank PLC would not need to comply with the CUSO requirement until 1 July 2021. In order to give the FRB time to finalise the November proposal, in December 2019 the FRB separately granted Barclays Bank PLC relief from the SCCL CUSO requirement through a letter indicating that Barclays Bank PLC is not required to provide the CUSO certification until 1 July 2020.

Stress testing

The Barclays Group and certain of its members, including Barclays Bank PLC, are subject to supervisory stress testing exercises in a number of jurisdictions, designed to assess the resilience of banks to adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on such elements as data provision, stress testing capability including model risk management and internal management processes and controls.

(b) Recovery and Resolution

Stabilisation and resolution framework

The 2014 Bank Recovery and Resolution Directive (BRRD) established a framework for the recovery and resolution of EU credit institutions and investment firms. Amendments to BRRD (referred to as BRRD II) were made via the finalisation of the EU Risk Reduction Measures. Member states are required to transpose BRRD II into national law by 28 December 2020 (subject to certain exceptions).

On 28 December 2017, a related EU directive came into force harmonising the priority ranking of unsecured debt instruments under national insolvency laws. The directive has been transposed into national law in the UK, dividing a financial institution's non-preferred debts into three classes in a descending ranking order (ordinary, secondary and tertiary non-preferential debts).

UK resolution authorities are empowered by law to intervene in and resolve a UK financial institution that is failing or likely to fail. The BoE (in consultation with the PRA and HM Treasury as appropriate) has several stabilisation options where a banking institution is failing or likely to fail, including, for example, to transfer some or all of the securities or business of the bank to a commercial purchaser or a 'bridge bank' owned by the BoE or to transfer the banking institution into temporary public ownership. 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). In addition, the BoE has the power to override, vary, or impose conditions or contractual obligations between a UK bank, its holding company and its group undertakings, in order to enable any transferee or successor bank to operate effectively after any of the resolution tools have been applied. 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. These powers apply regardless of any contractual restrictions and compensation that may be payable.

In addition, the BoE is required by law to permanently write-down, or convert into equity, tier 1 capital instruments and tier 2 capital instruments at the point of non-viability of the bank. This power will be extended to include eligible liabilities (such as liabilities under MREL instruments (see TLAC and MREL below)) once BRRD II is implemented.

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 would remain operational while Barclays PLC's 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. Accordingly, the more subordinated the claim, the more likely losses will be suffered.

The PRA has made rules that require authorised firms to draw up recovery plans and resolution packs, as required by the BRRD. Recovery plans are designed to outline credible actions that authorised firms could implement in the event of severe stress in order to restore their business to a stable and sustainable condition. Removal of potential impediments to an orderly resolution of a banking group or one or more of its subsidiaries is considered as part of the BoE's and PRA's supervisory strategy for each firm, and the PRA can require firms to make significant changes in order to enhance resolvability. The Barclays Group currently provides the PRA with a recovery plan annually and with a resolution pack as requested.
In July 2019, the BoE and PRA published final policies on the Resolvability Assessment Framework (RAF), designed to increase transparency and accountability and clarify the responsibilities on firms with respect to resolution. The RAF consists of three components: (i) how the BoE will assess resolvability; (ii) the requirement for certain firms to perform an assessment of their preparations for resolution, submit a report to the PRA and publish a summary of their most recent report; and (iii) the BoE's publication of a statement concerning the resolvability of each in-scope firm. The BoE will assess firms against three resolvability outcomes they must meet by 2022: (i) adequate financial resources; (ii) being able to continue to do business through resolution and restructuring; and (iii) being able to communicate and coordinate within the firm and with authorities.

While regulators in many jurisdictions have indicated a preference for single point of entry resolution for the Barclays Group, additional resolution or bankruptcy provisions may apply to certain Barclays Bank Group entities or branches.

In the US, BUSL is subject to the Orderly Liquidation Authority established by Title II of the Dodd-Frank Act, a regime for the orderly liquidation of systemically important financial institutions by the FDIC, as an alternative to proceedings under the US Bankruptcy Code. In addition, the licensing authorities of each US branch of Barclays Bank PLC and of Barclays Bank Delaware have the authority to take possession of the business and property of the applicable branch or entity they license and/or to revoke or suspend such licence.

In the US, Title I of the DFA, as amended, and the implementing regulations issued by the FRB and the FDIC require each bank holding company with assets of $250bn or more, including those within the Barclays Group, to prepare and submit a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure. The Barclays Group's next submission of the US Resolution Plan in respect of its US operations will be due on 1 July 2020.

Barclays Bank Ireland PLC, as a significant institution under the Single Resolution Mechanism Regulation (SRMR), is subject to the powers of the Single Resolution Board (SRB) as the Eurozone resolution authority. The CBI and the ECB require Barclays Bank Ireland PLC to submit a standalone BRRD-compliant recovery plan on an annual basis. The SRB has the power to require data submissions specific to Barclays Bank Ireland PLC under powers conferred upon it by the BRRD and the SRMR. The SRB will exercise these powers to determine the optimal resolution strategy for Barclays Bank Ireland PLC in the context of the BoE's preferred resolution strategy of single point of entry with bail-in at Barclays PLC. The SRB also has the power under the BRRD and the SRMR to develop a resolution plan for Barclays Bank Ireland PLC.

TLAC and MREL
The BRRD requires competent authorities to impose a Minimum Requirement for own funds and Eligible Liabilities (MREL) on financial institutions to facilitate their orderly resolution without broader financial disruption or recourse to public funds. In November 2015, the FSB finalised its proposals to enhance the loss-absorbing capacity of G-SIBs and set a new minimum requirement for 'total loss-absorbing capacity' (TLAC). The FSB also published guiding principles on internal TLAC in July 2017.

The EU is implementing the TLAC standard (including internal TLAC) via the MREL requirement for G-SIBs and the relevant amendments are contained in the Risk Reduction Measures package. Under the BoE's 2018 statement of policy on MREL, the BoE will set MREL for UK G-SIBs as necessary to implement the TLAC standard and institution or group-specific MREL requirements will depend on the preferred resolution strategy for that institution or group. Internal MREL for operating subsidiaries will be scaled within a 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 will be 90% for ring-fenced bank sub-groups.

The MREL requirements are being phased in as from 1 January 2019. From 1 January 2020, G-SIBs with resolution entities incorporated in the UK, including the Barclays Group, will be subject to an MREL requirement equivalent to the higher of: (i) the sum of two times the Pillar 1 requirement and one times the Pillar 2A requirement; or (ii) the higher of two times the leverage ratio or 6% of leverage exposures. The MREL requirements will be fully implemented by 1 January 2022, at which time such G-SIBs will be 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 or 6.75% of leverage exposures.

Barclays Bank Ireland PLC is subject to the SRB's MREL policy, as issued in January 2019, in respect of the internal MREL that it will be required to issue to Barclays Bank Group. The SRB's MREL policy will be revised in the near future to reflect the implementation of the Risk Reduction Measures package in the EU. The SRB's current calibration of MREL is two times the sum of: (i) the firm's Pillar 1 requirement; (ii) its Pillar 2 requirement; and (iii) its combined buffer requirement, minus 125 basis points. The SRB's policy does not envisage the application of any scalar in respect of the internal MREL requirement.

In the US, the FRB's TLAC rule includes provisions that require BUSL to have: (i) a specified outstanding amount of eligible long-term debt; (ii) a specified outstanding amount of TLAC (consisting of common and preferred equity regulatory capital plus eligible long-term debt); and (iii) a specified common equity buffer. In addition, the FRB's TLAC rule prohibits BUSL, for so long as the Barclays Group's overall resolution plan treats BUSL as a non-resolution entity, from issuing TLAC to entities other than those within the Barclays Group.

Bank Levy and FSCS
The BRRD requires EU member states to establish a pre-funded resolution financing arrangement with funding equal to 1% of covered deposits by 31 December 2024 to cover the costs of bank resolutions. The UK has implemented this requirement by way of a tax on the balance sheets of banks known as the 'Bank Levy'.

In addition, the UK has a statutory compensation fund called the Financial Services Compensation Scheme (FSCS), which is funded by way of annual levies on most financial services firms authorised under FSMA.

(c) 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 and secondary legislation passed in 2014 elaborated on the operation and application of the ring-fence. Ring-fencing requires, among other things, the separation of the retail and smaller deposit-taking business activities of UK banks into a legally distinct, operationally separate and economically independent entity, which is not permitted to undertake a range of activities.

US regulation places further substantive limits on the activities that may be conducted by banks and holding companies, including foreign banking organisations such as the Barclays Group. The 'Volcker Rule', which was part of the DFA and which came into effect in the US in 2015, prohibits banking entities from undertaking certain proprietary trading activities and limits such entities' ability to sponsor or invest in certain private equity funds and hedge funds (in each case broadly defined). As required by the rule, the Barclays Group has developed and implemented an extensive compliance and monitoring programme addressing proprietary trading and covered fund activities (both inside and outside of the US). In August 2019 the Volcker regulatory agencies finalised amendments to the Volcker Rule's proprietary trading provisions, which became effective on 1 January 2020 (with a mandatory compliance date of 1 January 2021). The amendments generally provide greater flexibility for banking entities, and in particular for business units that operate solely outside the US. The Volcker Rule agencies have indicated that further changes are likely to be proposed in 2020 with regard to the Volcker covered funds provisions.

(d) Market infrastructure regulation
In recent years, regulators as well as global-standard setting bodies such as the International Organisation of Securities Commissions (IOSCO) have focused on improving transparency and reducing risk in markets, particularly risks related to over-the-counter (OTC) transactions. This focus has resulted in a variety of new regulations across the G20 countries and beyond that require or encourage on-venue trading, clearing, posting of margin and disclosure of pre-trade and post-trade information. Some of the most significant developments are described below.

The European Market Infrastructure Regulation, as amended, (EMIR) has introduced requirements designed to improve transparency and reduce the risks associated with the derivatives market, some of which are still to be fully implemented. EMIR has potential operational and financial impacts on the Barclays Group, including by imposing new collateral requirements.

CRD IV complements EMIR by applying higher capital requirements for bilateral, uncleared OTC derivative trades. Lower capital requirements for cleared derivative trades are only available if the central counterparty (CCP) through which the trade is cleared is recognised as a 'qualifying central counterparty' (QCCP) which has been authorised or recognised under EMIR.

The Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (collectively referred to as MiFID II) have largely been applicable since 3 January 2018. MiFID II affects many of the investment markets in which the Barclays Group operates, the instruments in which it trades and the way it transacts with market counterparties and other customers. MiFID II is currently undergoing a review process in order to determine those areas of the regulation that require further amendment. These amendments are being considered particularly in light of the EU's ongoing focus on the development of a stronger Capital Markets Union.

As part of the EU's sustainable finance action plan, new regulatory requirements are being introduced to provide greater transparency on the environmental and social impact of financial investments. These include (i) the Regulation on Sustainability-Related Disclosures, which introduces disclosure obligations regarding the way in which financial institutions integrate environmental, social and governance factors in their investment decisions, and (ii) the Taxonomy Regulation, which provides for a general framework for the development of an EU-wide classification system for environmentally sustainable economic activities. These new requirements will have an impact on the Barclays Bank Group as an intermediary performing investment services for customers and investors.

The EU Benchmarks Regulation applies to the administration, contribution and use of benchmarks within the EU. Financial institutions within the EU are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the EU, subject to transitional provisions expiring on 1 January 2022. The FCA has stated that it does not intend to support LIBOR after the end of 2021. International initiatives are therefore underway to develop alternative benchmarks and backstop arrangements.

US regulators have imposed similar rules as the EU with respect to the mandatory on-venue trading and clearing of certain derivatives, and post-trade transparency, as well as in relation to the margining of OTC derivatives.

US regulators are continuing to review and consider their rules with respect to their application on a cross-border basis, including with respect to their registration requirements in relation to non-US swap dealers and security-based swap dealers. The regulators may adopt further rules, or provide further guidance, regarding cross-border applicability. In December 2017, the CFTC and the European Commission recognised the trading venues of each other's jurisdiction to allow market participants to comply with mandatory on-venue trading requirements while trading on certain venues recognised by the other jurisdiction. In April 2019, the CFTC issued temporary relief that would permit trading venues and market participants located in the UK to continue to rely on this mutual recognition framework following a withdrawal of the UK from the EU.

Certain participants in US swap markets are required to register with the CFTC as 'swap dealers' or 'major swap participants' and/or, following the compliance date for relevant SEC rules, with the SEC as 'security-based swap dealers' or 'major security-based swap participants'. Such registrants are subject to CFTC, and will be subject to SEC, regulation and oversight. Entities required to register as swap dealers are subject to business conduct, recordkeeping and reporting requirements under CFTC rules. Barclays Bank PLC is subject to regulation by the FRB, and has provisionally registered with the CFTC as a swap dealer. Accordingly, Barclays Bank PLC is subject to CFTC rules on business conduct, record-keeping and reporting and to FRB rules on capital and margin.

The CFTC has approved certain comparability determinations that permit substituted compliance with non-US regulatory regimes for certain swap regulations. Substituted compliance is permitted for certain transaction-level requirements, where applicable, only with respect to transactions between a non-US swap dealer and a non-US counterparty, whereas entity-level determinations generally apply on an entity-wide basis regardless of counterparty status. In April 2019, the CFTC issued temporary relief that would permit swap dealers located in the UK to continue to rely on existing CFTC substituted compliance determinations with respect to EU requirements in the event of a withdrawal of the UK from the EU. In addition, the CFTC has issued guidance that would require a non-US swap dealer to comply with certain CFTC rules in connection with transactions that are "arranged, negotiated or executed" from the US. The CFTC has provided temporary no-action relief from application of the guidance. In December 2019 the CFTC proposed rules that would, for certain CFTC requirements, codify on a permanent basis, the temporary no-action relief for transactions that are arranged, negotiated or executed in the US. The proposed rules would also codify certain aspects of the CFTC's current cross-border framework with respect to internal and external business conduct requirements, and it is expected that the CFTC will introduce additional proposed rules addressing mandatory clearing, trading and reporting requirements. In October 2017, the CFTC issued an order permitting substituted compliance with EU margin rules for certain uncleared derivatives. However, as the Barclays Bank Group is subject to the margin rules of the FRB, it will not benefit from the CFTC's action unless the FRB takes a similar approach.

The SEC finalised the rules governing security based swap dealer registration in 2015 but clarified that registration timing is contingent upon the finalisation of certain additional rules under Title VII of DFA. In December 2019, the SEC adopted a final cross-border rule that, upon publication in the federal register, will trigger the timeline for security-based swap dealer registration, which will be required 18 months following the effective date of those rules, currently expected in September 2021.

When security-based swap dealer registration is required, it is anticipated that Barclays Bank PLC and/or one or more of its affiliates will be required to register in that capacity and thus will be required to comply with the SEC's rules for security-based swap dealers. These rules may impose costs and other requirements or restrictions that could impact our business. As with similar CFTC rules, substituted compliance will be available for certain security-based swap dealer requirements; however, the SEC has not yet issued any comparability determinations, and the ultimate scope and applicability of such determinations remains unclear.

(e) Conduct, culture and other regulation

Conduct and culture

The PRA and FCA measures to increase the individual accountability of senior managers and other covered individuals in the banking sector include: the 'Senior Managers Regime', which applies to a limited number of individuals with senior management responsibilities within a firm; the 'Certification Regime', which is intended to assess and monitor the fitness and propriety of a wider range of employees who could pose a risk of significant harm to the firm or its customers; and conduct rules that individuals subject to either regime must comply with. From March 2017, the conduct rules have applied more widely to other staff of firms within the scope of the regime, including the Barclays Group. Our regulators have also enhanced their focus on the promotion of cultural values as a key area for banks, although they generally view the responsibility for reforming culture as primarily sitting with the industry.

Data protection and PSD2

Most countries in which the Barclays Bank Group operates have comprehensive laws governing the collection and use of personal information. Prominent media reporting of recent cyber-security breaches or data losses and the significant penalties being handed down by European privacy regulators have heightened interest in data privacy worldwide. The introduction of the EU's General Data Protection Regulation (GDPR) does not significantly alter the core principles established under the earlier Data Protection Directive, but it creates a harmonised privacy regime across European member states with penalties up to the higher of 4% of global turnover or €20 million. The GDPR also institutes new mandatory breach notification requirements, enhances the rights of individual data subjects and introduces an accountability principle concerned with openly demonstrating compliance. The international nature of our business and IT infrastructure means personal information may be available in countries other than from where it originated. The GDPR has extra-territorial effect where a business established outside the EU is processing personal data of individuals located in the EU (e.g. European based customers or clients) and such processing relates to the offering of goods or services to such individuals, or the monitoring of their behaviour in the EU.

In the United States, the California Consumer Privacy Protection Act (CCPA), effective 1 January 2020 requires companies that process information regarding California residents to make new disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of certain data sharing with third parties and provides a new cause of action for data breaches. It remains unclear what modifications will be made, if any, to the CCPA and its regulations and how these will be interpreted. The introduction of the CCPA has prompted several other US states to consider similar legislation. Elsewhere non-EU countries such as Bermuda, Brazil, India, Cayman Islands, China, Guernsey, Jersey, Isle of Man, and Switzerland have introduced or updated existing legislation, or are considering new laws, with provisions that are either inspired by the GDPR or that otherwise provide enhanced rights to data subjects.

The revised Payment Services Directive (PSD2) introduces additional security requirements when customers and clients are accessing accounts or making payments online. In August 2019, the FCA agreed an 18-month plan for firms to implement these requirements, referred to as Strong Customer Authentication (SCA).

Cyber security and operational resilience
Regulators in Europe and the US continue to focus on cyber security risk management and organisational operational resilience and overall soundness across all financial services firms, with customer and market expectations of continuous access to financial services at an all-time high.

This has a led to a number of proposed laws and changes to regulatory frameworks being published, such as the UK regulators' proposals for a new operational resilience regime, that necessitate the implementation of a variety of increased controls and enhancement activities for regulated Barclays Bank Group entities. To comply with these new requirements, firms such as the Barclays Bank Group have adopted or will adopt a variety of increased controls and processes, including, among others, the amendment of cyber security policies and procedures to include specified criteria, additional security measures for enhanced reporting and public disclosures, compliance certification requirements, operational resilience and more advanced recovery solutions, as well as other cyber and information risk governance measures. These increased controls will enhance industry standardisation, expand and enhance our resilience capabilities as well as increase our ability to protect and maintain customer service during potential disruptions. Such measures are likely to result in increased technology and compliance costs for the Barclays Bank Group.

Sanctions and financial crime
The UK Bribery Act 2010 introduced a new form of corporate criminal liability focused broadly on a company's failure to prevent bribery on its behalf. The Criminal Finances Act 2017 introduced new corporate criminal offences of failing to prevent the facilitation of UK and overseas tax evasion. Both pieces of legislation have broad application and in certain circumstances may have extra-territorial impact on entities, persons or activities located outside the UK, including Barclays PLC and its subsidiaries. The UK Bribery Act requires the Barclays Bank Group to have adequate procedures to prevent bribery which, due to the extra-territorial nature of the Act, makes this both complex and costly. Additionally, the Criminal Finances Act requires the Barclays Group to have reasonable prevention procedures in place to prevent the criminal facilitation of tax evasion by persons acting for, or on behalf of, the Barclays Group.

In May 2018, the Sanctions and Anti-Money Laundering Act became law in the UK. The Act allows for the adoption of an autonomous UK Sanctions regime, as well as a more flexible licensing regime post-Brexit.

In July 2018, the 5th EU Anti-Money Laundering Directive entered into force. Amongst other things, the Directive introduces changes to the Enhanced Due Diligence measures that are required in respect of customer relationships or transactions involving high risk non-EU countries. EU Member States are required to implement the requirements of the Directive by January 2020. The UK Government has confirmed that it will implement the requirements of the Directive, regardless of the outcome of Brexit and on 10 January 2020, changes to the UK Money Laundering Regulations came into force.

In the US, the Bank Secrecy Act, the USA PATRIOT Act 2001 and regulations thereunder contain numerous anti-money laundering and anti-terrorist financing requirements for financial institutions. In addition, the Barclays Bank Group is subject to the US Foreign Corrupt Practices Act, which prohibits certain payments to foreign officials, as well as rules and regulations relating to economic sanctions and embargo programs administered by the US government, including the US Office of Foreign Assets Control and the US Department of State, which restrict certain business activities with certain individuals, entities, groups, countries and territories.

In some cases, US state and federal regulations addressing sanctions, money laundering and other financial crimes may impact entities, persons or activities located outside the US, including Barclays PLC and its subsidiaries. The enforcement of these regulations has been a major focus of US state and federal government policy relating to financial institutions in recent years, and failure of a financial institution to ensure compliance could have serious legal, financial and reputational consequences for the institution.

Financial statements
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Detailed analysis of our statutory accounts, independently audited and providing in-depth disclosure on the financial performance of Barclays Bank Group.

Independent Auditor's report to the members of Barclays Bank PLC

1 Our opinion is unmodified

We have audited the financial statements of Barclays Bank PLC ("the Parent company") for the year ended 31 December 2019 which comprise the consolidated and Parent company balance sheets as at 31 December 2019 and 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 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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.

We were first appointed as auditor by the Directors on 31 March 2017. The period of total uninterrupted engagement is for the 3 financial years ended 31 December 2019. 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 listed 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, 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.

In the prior year, we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. As a result of developments since the prior year report, including the Group and Parent company's own preparation, the relative significance of this matter on our audit work, including in relation to the impairment allowance which remains a key audit matter, has reduced. Accordingly, we no longer consider this a key audit matter.

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.

Key audit matter		*How our audit addressed the key audit matter*
Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements **31 December 2019 £3.9bn, 31 December 2018 £4.1bn** Refer to page 149 (accounting policy on accounting for the impairment of financial assets), page 50 (credit risk disclosures), and page 149 (financial disclosure note 7 Credit impairment charges)	**Subjective estimate** The estimation of expected credit losses ("ECL") on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group's and Parent Company's estimation of ECLs are: ▪ Model estimations – Inherently judgemental modelling is used to estimate ECLs which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD models are the key drivers of the ECLs and also impact the staging	Our procedures included: **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 general IT and applications controls over key systems used in the ECL process. Key aspects of our controls testing involved the following: For the relevant portfolios, testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions into the IFRS 9 impairment models; Testing the design and operating effectiveness of the key controls over the application of the staging criteria; Evaluating controls over validation, implementation and model monitoring; Evaluating controls over authorisation and calculation of post model adjustments and management overlays; and Testing key controls relating to the selection and implementation

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	of assets and as a result are considered the most significant judgemental aspect of the Group's and Parent company's ECL modelling approach especially for the US credit cards and corporate portfolios. ▪ Economic scenarios – IFRS 9 requires the Group and Parent company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied to them especially when considering the current uncertain economic environment in the UK and US, including the manner in which the UK withdraws from the European Union. This especially impacts the US credit cards and corporate portfolios. ▪ Qualitative adjustments – Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or emerging trends. They represent approximately 1% net of the ECL. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to the US credit cards and corporate portfolios. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers including off balance sheet elements has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The credit risk sections of the financial statements disclose the sensitivities estimated by the Group and Parent company. **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.	of material macro-economic variables and the controls over the scenario selection and probabilities. **Our financial risk modelling expertise:** For the US credit cards and corporate portfolios we involved our own financial risk modelling specialists in respect of the following; Evaluating the appropriateness of the Group's and Parent company's IFRS 9 impairment methodologies (including the staging criteria used); Re-performing the calculation of certain components of the ECL model calculation (including the staging criteria); For a sample of models which were changed or updated during the year, evaluating whether the changes (including the updated model code) were consistent with Barclays' approved IFRS 9 impairment methodologies by re-performing key model validation procedures; and For a sample of material models, assessing the reasonableness of the model predictions by comparing them against actual results and evaluating the resulting differences. **Our economic scenario expertise:** We involved our own economic specialists to assist us in evaluating the appropriateness of the Group's and Parent company's methodology for determining the economic scenarios used and the probability weightings applied to them. We assessed key economic variables such as UK and US GDP, unemployment and house prices indices, which included agreeing samples of economic variables to external sources. We also challenged the overall reasonableness of the economic forecasts by comparing the Group's and Parent company's forecasts to our own modelled forecasts, with a focus on the US credit cards and corporate portfolios. We also assessed the reasonableness of the Group's and Parent company's considerations of the ECL impact of anticipated economic uncertainty in the UK. **Test of details:** Key aspects of our testing involved: Sample testing over key inputs and assumptions impacting ECL calculations to assess the reasonableness of economic forecasts, weights, and PD assumptions applied; and Selecting a sample of post model adjustments, considering the size and complexity of management overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. **Assessing transparency:** We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the expected credit losses. As a part of this, we assessed the sensitivity analysis that is disclosed. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear. **Our results:** The results of our testing were satisfactory and we considered the ECL charge, provision recognised and the related disclosures to be acceptable (2018 result: acceptable).
Valuation of financial instruments held at fair value Refer to page 175	**Subjective valuation** The fair value of the Group's and Parent company's financial instruments is determined through the application of valuation techniques which often	Our procedures included: **Risk assessment:** We performed risk assessment procedures over the entire Level 2 and Level 3 balances within the Group's and Parent company's financial statements (i.e. all of the non-listed fair value financial instruments held by the Group and Parent

(accounting policy on accounting for financial assets and liabilities) and financial disclosure note 16 (Fair value of financial instruments)	involve the exercise of significant judgement by management in relation to the choice of the valuation models, pricing inputs and post-model pricing adjustments, including fair value adjustments (FVAs) and credit and funding adjustments (together referred to as XVAs). Where significant pricing inputs are unobservable, management has no reliable, relevant market data available in determining the fair value and hence estimation uncertainty can be high. These financial instruments are classified as Level 3, with management having controls in place over the boundary between Level 2 and 3 positions. Our significant audit risk is therefore primarily over significant Level 3 portfolios. In addition, there may also be valuation complexity associated with Level 2 portfolios, specifically where valuation modelling techniques result in significant limitations or where there is greater uncertainty around the choice of an appropriate pricing methodology, and consequently more than one valuation model is used for that product across the market. The effect of these matters is that, as part of our risk assessment, we determined that the subjective estimates in fair value measurement of certain portfolios, as detailed above, have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. At 31 December 2019, Level 3 instruments (£10.0bn) represented 1.9% of the Group's financial assets carried at fair value and 0.9% of the Group's financial liabilities carried at fair value. Within this population the fair value instrument portfolios in the Group and Parent company with the most significant judgements are: ▪ Fair value loan portfolios – we identified two fair value loan portfolios as having a significant audit risk: the Education, Social Housing and Local Authority ('ESHLA') loan portfolio and fair value loans related to the Group's and Parent company's syndication activities. As at 31 December 2019 the Group and Parent company have outstanding ESHLA loans	company). As part of these risk assessment procedures we identified which portfolios have a risk of material misstatement including those arising from significant judgements over valuation either due to unobservable inputs or complex models. **Control testing:** We tested the design and operating effectiveness of key controls relating specifically to these portfolios. These included: - 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 IPV; - Controls over FVAs, including exit adjustments (to mark the portfolio to bid or offer prices), model shortcoming reserves to address model limitations and XVAs; and - Controls over the validation, completeness, implementation and usage of valuation models. This included controls over assessment of model limitations and assumptions. **Independent re-performance:** With the assistance of our own valuation specialists, we independently re-priced a selection of trades from across the significant audit risk portfolios and challenged management on the valuations where they were outside our tolerance. **Methodology choice:** Our own valuation specialists assisted us in challenging the appropriateness of significant models and methodologies used in calculating fair values, risk exposures and in calculating FVAs, including comparison to industry practice. **Comparing valuations:** For a selection of material collateral disputes we challenged management's valuation methodology where significant fair value differences were observable with the market participant on the other side of the trade. **Historical comparison:** We inspected significant gains and losses on trade exits or restructurings and challenged whether these data points indicate 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's and Parent company's financial statement 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 and harder-to-value Level 2 financial assets and liabilities recognised to be acceptable (2018 result: acceptable).

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	which require significant judgement in the valuation due to the long dated nature of the portfolio, the lack of a secondary market in the relevant loans and unobservable loan spreads. The fair value loan portfolio related to syndication activities also has significant judgement in the valuation due to the lack of observable prices. ▪ Derivative portfolios – we identified four portfolios each with a significant risk attached to the valuation methodology due to the lack of observable pricing inputs. ▪ Preference shares – we identified a portfolio of preferences shares where the valuation is judgemental due to the unobservable nature of litigation risk associated with the positions. In addition to these Level 3 portfolios, we also identified one derivatives portfolio that we considered to be harder to value Level 2 due to an element of modelling complexity associated with the product. **Disclosure quality** The IFRS 13 fair value measurement disclosures are key to explaining the valuation techniques, key judgements, assumptions and material inputs.	
Provisions for legal, competition and regulatory matters **31 December 2019 £374m, 31 December 2018 £411m** Refer to pages 199 and 201 (accounting policies on provisions and on contingent liabilities and commitments), page 199 (financial disclosure note 23 Provisions) and page 201 (financial disclosure note 25 Legal, competition and regulatory matters)	**Exposure completeness** The Group and Parent company operate in a highly litigious and regulated environment and face legal, competition and regulatory challenges which can lead to potential claims and exposures (together 'legal, competition and regulatory matters'). In certain legal, competition and regulatory matters, significant judgement is required by the directors to determine if there is a present obligation under relevant accounting standards. **Subjective estimate** If there is a present obligation, the amounts involved can be potentially significant, and the application of accounting standards to estimate the expected outflow, if any, of any provision to be recognised is inherently subjective. The effect of these matters is that, as part of our risk assessment, we determined that the provisions for legal, competition and regulatory matters have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial	Our procedures included: **Inspection of Board of Directors meeting minutes:** We inspected the Board of Directors meeting minutes to obtain an understanding of the status of all significant legal, competition and regulatory matters. **Assessment of regulatory correspondence:** We inspected correspondence with the relevant regulatory authorities to identify actual or possible non-compliance with laws and regulations that may have a material effect on the financial statements, and for the most significant matters, enquired directly with the relevant regulator. **Enquiry of lawyers:** For significant legal, competition and regulatory matters, we enquired of the Group and Parent company's internal legal counsel and inspected internal notes and reports. For the most significant legal, competition and regulatory matters we also received formal confirmations from external counsel and had discussions with external counsel. Based on these procedures we challenged the timing of the recognition of provisions where there is potential exposure but it is not clear whether a present obligation exists or where the directors have determined a reliable estimate is not possible. **Test of details:** For the significant legal, competition and regulatory matters, we independently assessed the estimated value of the provisions, based on our enquiries of lawyers and information obtained from our other procedures. **Assessing transparency:** We assessed whether the disclosures detailing significant legal, competition and regulatory matters

	statements as a whole. **Contingent liabilities** When a provision is not recognised for possible significant outflows but there is more than a remote likelihood of an adverse outcome, the disclosure requirements under IAS 37 is key to understanding the risks and potential impact on the Group and Parent company.	adequately disclose the contingent liabilities and the significant uncertainties that exist. **Our results:** The results of our testing were satisfactory and we considered the provisions recognised, and the disclosures made, to be acceptable (2018 result: acceptable).
User access management	**Control performance** The Group's and Parent company's accounting and reporting processes are dependent on automated controls enabled by IT systems. User access management controls are an important component of the general IT control environment assuring that unauthorised access to systems do not impact the effective operation of the automated controls in the financial reporting processes. Key user access management controls continue to be reported as not being consistently implemented and effectively operated across the Group and Parent company. Ineffective controls included privileged access, segregation of duties and user access recertification. A series of remediation programmes were in place during the year to address previously identified control deficiencies. The Group and Parent company have also enhanced compensating controls to address the issues raised, most of them relating to user access management. If the above controls for user access management are deficient and not remediated or adequately mitigated the pervasive nature of these controls may undermine our ability to place reliance on automated and IT dependent controls in our audit.	Our procedures included: **Control testing**: We tested the design and operating effectiveness of the relevant 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 and developer access to production systems, the procedures to assess granting, potential use, and the removal of these access rights; - Segregation of duties including access to multiple systems that could circumvent segregation controls; and - Re-certification of user access rights. **Control re-performance:** To assess whether additional detective compensating controls adequately address the risk of unauthorised access, we re-performed on a sample basis management's assessment of potential unauthorised access by privileged accounts and users, whose access rights were not recertified. **Our results:** Our testing did not identify unauthorised user activities in the systems relevant to financial reporting which would have required us to expand the extent of our planned detailed testing.

3 Our application of materiality and an overview of the scope of our audit

Materiality

Materiality for the Group financial statements as a whole was set at £135 million (2018: £145 million), determined with reference to a benchmark of Group profit before tax from continuing operations as disclosed in the consolidated income statement, of £3,112 million, of which it represents 4.3%. In the prior year, materiality was determined with a reference to a benchmark of Group profit before tax, normalised to exclude charges related to litigation and conduct, of which it represented 4.8%.

Materiality for the Parent company financial statements as a whole was set at £130 million (2018: £144 million), determined with reference to a benchmark of net assets, of which it represents 0.3% (2018: 0.3%).

We agreed to report to the Board Audit Committee any corrected or uncorrected identified misstatements exceeding £6 million (2018: £7 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

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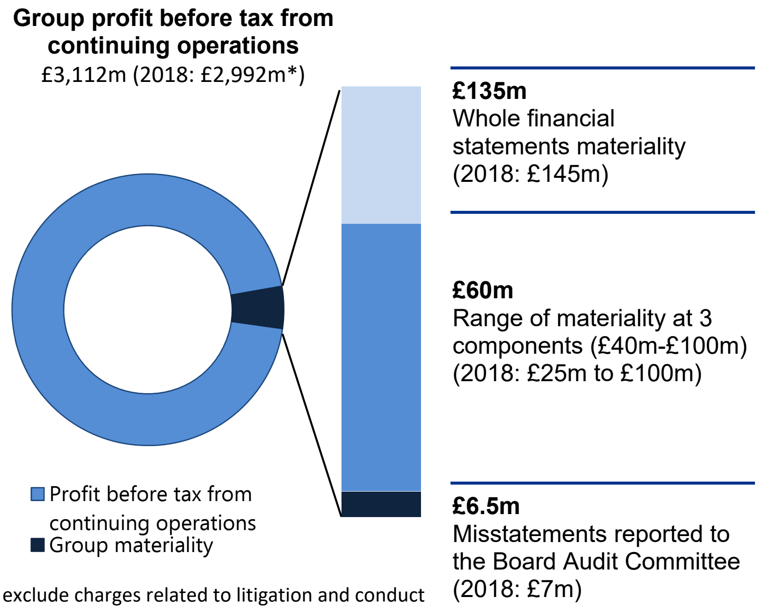


*normalised to exclude charges related to litigation and conduct

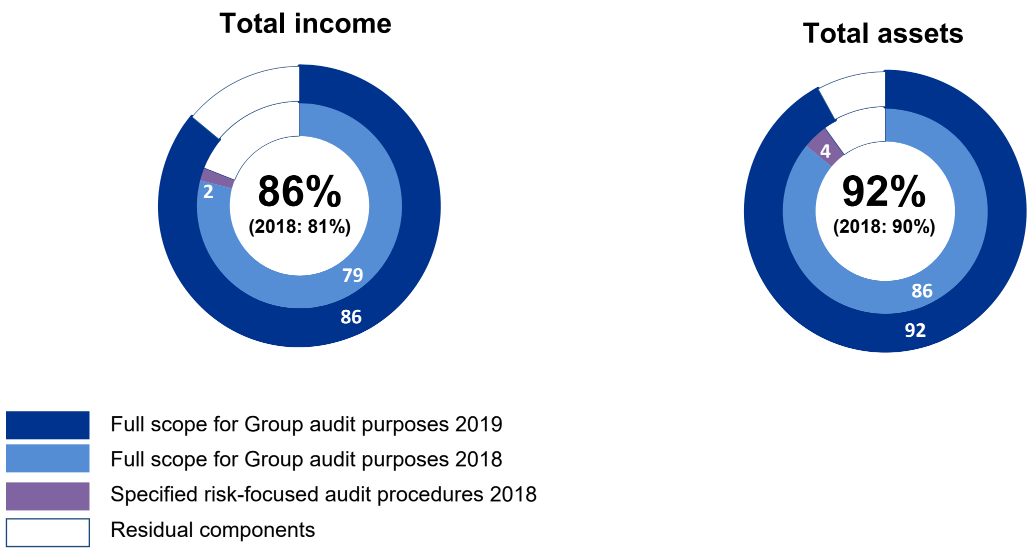
Scope – general

We subjected three (2018: three) of the Group’s reporting components to full scope audits for Group purposes. No components were subject to risk-focused audit procedures (2018: one).

The remaining 14% (2018: 19%) of total Group income and 8% (2018: 10%) of total Group assets is represented by a number of other reporting components, none of which were individually significant. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on three (2018: four) components was performed by component auditors and the remaining work, including the audit of the Parent company, was performed by the Group team.

The components within the scope of our work accounted for the percentages illustrated below.



Team structure

The Group team led a global planning conference to discuss key audit risks and to obtain input from component and other participating locations. The Group team instructed component auditors as to the significant areas to be covered, including the relevant key audit matters detailed above and the information to be reported back. The Group team reviewed and approved the component materiality for each component, which ranged from £40 million to £100 million, having regard to the sizes and risk profiles of the components.

The Group team visited all of the components in scope for Group reporting purposes to assess the audit risk and strategy. Conference meetings and calls were also held with these component auditors throughout the conduct of the audit. At these visits and meetings, we reviewed the components’ key working papers, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

The Group has centralised certain Group-wide processes in India, the outputs of which are included in the financial information of the reporting components it services and therefore it is not a separate reporting component. These Group-wide processes are subject to specified audit procedures, predominantly the testing of transaction processing, reconciliations and review controls. Additional procedures are performed at certain reporting components to address the audit risks not covered by the work performed over these Group-wide processes in India. The Group team and certain component teams visited the locations in India where these Group-wide processes reside and performed consistent procedures as described above for component site visits.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Parent company or the Group or to cease their operations, and as they have concluded that the Parent company's and the Group'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").
Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Parent company will continue in operation.
In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Parent company's 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 we considered most likely to adversely affect the Group's and Parent company's available financial resources over this period were:

- availability of funding and liquidity in the event of a market wide stress scenario including the impact of the manner in which the UK withdraws from the European Union; and
- impact on regulatory capital requirements in the event of an economic slowdown or recession.

As these were risks that could potentially cast significant doubt on the Group's and the Parent company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.
Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.
We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 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.

6 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.

7 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on pages 26 and 27, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's 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.

Independent Auditor’s report to the members of Barclays Bank PLC

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 other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group’s and Parent company’s regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group team to component audit teams of relevant laws and regulations identified at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group and Parent company are subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the Group and Parent company are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Group’s and Parent company’s license to operate. We identified the following areas as those most likely to have such an effect: specific aspects of regulatory capital and liquidity, money laundering, sanctions list and financial crime, market abuse regulations and certain aspects of company legislation recognising the financial and regulated nature of the Group’s and Parent company’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. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. Further detail in respect of legal, competition and regulatory matters is set out in the key audit matters disclosures in section 2 of this report.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Parent 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 Parent 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 Parent company and the Parent company’s members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Faulkner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

12 February 2020

Consolidated income statement

For the year ended 31 December	Notes	2019 £m	2018[a] £m	2017[a,b] £m
Continuing operations				
Interest income	3	**8,085**	7,459	6,917
Interest expense	3	**(4,178)**	(4,329)	(3,041)
Net interest income		**3,907**	3,130	3,876
Fee and commission income	4	**7,664**	7,392	7,424
Fee and commission expense	4	**(1,992)**	(1,785)	(1,726)
Net fee and commission income		**5,672**	5,607	5,698
Net trading income	5	**4,073**	4,364	3,396
Net investment income	6	**420**	394	699
Other income		**79**	105	61
Total income		**14,151**	13,600	13,730
Credit impairment charges	7	**(1,202)**	(643)	(1,553)
Net operating income		**12,949**	12,957	12,177
Staff costs	30	**(4,565)**	(4,874)	(4,393)
Infrastructure costs	8	**(835)**	(935)	(1,696)
Administration and general expenses	8	**(4,318)**	(4,224)	(4,141)
Provision for litigation and conduct	8	**(264)**	(1,706)	(448)
Operating expenses	8	**(9,982)**	(11,739)	(10,678)
Share of post-tax results of associates and joint ventures		**57**	68	75
Profit on disposal of subsidiaries, associates and joint ventures		**88**	-	184
Profit before tax		**3,112**	1,286	1,758
Taxation	9	**(332)**	(229)	(1,352)
Profit after tax in respect of continuing operations		**2,780**	1,057	406
(Loss)/profit after tax in respect of discontinued operations	39	**-**	(47)	(1,386)
Profit/(loss) after tax		**2,780**	1,010	(980)
Attributable to:				
Equity holders of the parent		**2,120**	363	(1,763)
Other equity instrument holders		**660**	647	639
Total equity holders of the parent		**2,780**	1,010	(1,124)
Non-controlling interests in respect of continuing operations	29	**-**	-	4
Non-controlling interests in respect of discontinued operations	29	**-**	-	140
Profit/(loss) after tax		**2,780**	1,010	(980)

Note

a From 2019, due to an IAS 12 update, the tax relief on payments in relation to equity instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded in retained earnings. Comparatives have been restated, reducing the tax charge for 2018 by £175m and 2017 by £174m. This change does not impact earnings per share or return on average tangible shareholders' equity. Further detail can be found in Note 1.

b Following the sale of the UK banking business on 1 April 2018 by the Group, the continuing operations for 2017 have been restated to disclose the UK banking business as a discontinued operation. Further detail on the discontinued operations can be found in Note 39.

Consolidated financial statements
Consolidated statement of comprehensive income

For the year ended 31 December	2019 £m	2018 £m	2017[a] £m
Profit/(loss) after tax	**2,780**	1,010	(980)
Profit after tax in respect of continuing operations	**2,780**	1,057	406
Loss after tax in respect of discontinuing operations	**-**	(47)	(1,386)
Other comprehensive income/(loss) that may be recycled to profit or loss from continuing operations:			
Currency translation reserve			
Currency translation differences[b]	**(544)**	844	(1,310)
Fair value through other comprehensive income reserve movement relating to debt securities[c]			
Net gains/(losses) from changes in fair value	**2,465**	(475)	-
Net (gains)/losses transferred to net profit on disposal	**(454)**	74	-
Net losses transferred to net profit due to impairment	**1**	4	-
Net (losses)/gains due to fair value hedging	**(1,782)**	165	-
Other movements	**(8)**	(25)	-
Tax	**(63)**	53	-
Cash flow hedging reserve			
Net gains/(losses) from changes in fair value	**823**	(197)	(428)
Net gains transferred to net profit	**(141)**	(213)	(602)
Tax	**(171)**	103	256
Available for sale reserve[c]	**-**	-	429
Other	**16**	27	(7)
Other comprehensive income/(loss) that may be recycled to profit or loss from continuing operations	**142**	360	(1,662)
Other comprehensive (loss)/income not recycled to profit or loss from continuing operations:			
Retirement benefit remeasurements	**(280)**	412	115
Fair value through other comprehensive income reserve movements relating to equity instruments[c]	**-**	(141)	-
Own credit	**(316)**	77	(7)
Tax	**150**	(118)	(66)
Other comprehensive (loss)/income not recycled to profit or loss from continuing operations	**(446)**	230	42
Other comprehensive (loss)/income for the year from continuing operations	**(304)**	590	(1,620)
Other comprehensive (loss)/gains for the year from discontinued operation	**-**	(3)	1,301
Total comprehensive income/(loss) for the year			
Total comprehensive income/(loss) for the year, net of tax from continuing operations	**2,476**	1,647	(1,214)
Total comprehensive loss for the year, net of tax from discontinued operation	**-**	(50)	(85)
Total comprehensive income/(loss) for the year	**2,476**	1,597	(1,299)
Attributable to:			
Equity holders of the parent	**2,476**	1,597	(1,411)
Non-controlling interests	**-**	-	112
Total comprehensive income/(loss) for the year	**2,476**	1,597	(1,299)

Note
a Following the sale of the UK banking business on 1 April 2018 by the Group, the continuing operations for 2017 have been restated to disclose the UK banking business as a discontinued operation. Further detail on the discontinued operations can be found in Note 39.
b Includes £15m profit (2018: £41m loss; 2017:£189m loss) on recycling of currency translation differences.
c Following the adoption of IFRS 9, Financial Instruments on 1 January 2018, the fair value through other comprehensive income reserve was introduced replacing the available for sale reserve.

Consolidated balance sheet

As at 31 December	Notes	2019 £m	2018 £m
Assets			
Cash and balances at central banks		**125,940**	136,359
Cash collateral and settlement balances		**79,486**	74,352
Loans and advances at amortised cost	18	**141,636**	136,959
Reverse repurchase agreements and other similar secured lending		**1,731**	1,613
Trading portfolio assets	11	**113,337**	104,038
Financial assets at fair value through the income statement	12	**129,470**	145,250
Derivative financial instruments	13	**229,641**	222,683
Financial assets at fair value through other comprehensive income	14	**45,406**	44,994
Investments in associates and joint ventures	35	**295**	762
Goodwill and intangible assets	21	**1,212**	1,327
Property, plant and equipment	19	**1,631**	947
Current tax assets	9	**898**	1,713
Deferred tax assets	9	**2,460**	2,970
Retirement benefit assets	32	**2,108**	1,768
Other assets		**1,421**	1,965
Total assets		**876,672**	877,700
Liabilities			
Deposits at amortised cost	18	**213,881**	199,337
Cash collateral and settlement balances		**67,682**	67,736
Repurchase agreements and other similar secured borrowing		**2,032**	7,378
Debt securities in issue		**33,536**	39,063
Subordinated liabilities	26	**33,425**	35,327
Trading portfolio liabilities	11	**35,212**	36,614
Financial liabilities designated at fair value	15	**204,446**	217,741
Derivative financial instruments	13	**228,940**	219,592
Current tax liabilities	9	**320**	621
Deferred tax liabilities	9	**80**	-
Retirement benefit liabilities	32	**313**	283
Other liabilities	22	**5,239**	5,170
Provisions	23	**951**	1,127
Total liabilities		**826,057**	829,989
Equity			
Called up share capital and share premium	27	**2,348**	2,348
Other equity instruments	27	**8,323**	7,595
Other reserves	28	**3,235**	3,361
Retained earnings		**36,709**	34,405
Total equity excluding non-controlling interests		**50,615**	47,709
Non-controlling interests	29	**-**	2
Total equity		**50,615**	47,711
Total liabilities and equity		**876,672**	877,700

The Board of Directors approved the financial statements on pages 127 to 240 on 12 February 2020.

James E Staley
Barclays Bank Group – Chief Executive Officer

Steven Ewart
Barclays Bank Group – Chief Financial Officer

Consolidated 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 excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance as at 1 January 2019	2,348	7,595	3,361	34,405	47,709	2	47,711
Profit after tax	-	660	-	2,120	2,780	-	2,780
Currency translation movements	-	-	(544)	-	(544)	-	(544)
Fair value through other comprehensive income reserve	-	-	159	-	159	-	159
Cash flow hedges	-	-	511	-	511	-	511
Retirement benefit remeasurement	-	-	-	(194)	(194)	-	(194)
Own credit reserve	-	-	(252)	-	(252)	-	(252)
Other	-	-	-	16	16	-	16
Total comprehensive income for the year	-	660	(126)	1,942	2,476	-	2,476
Issue and exchange of other equity instruments	-	728	-	(406)	322	-	322
Other equity instruments coupons paid	-	(660)	-	-	(660)	-	(660)
Equity settled share schemes	-	-	-	392	392	-	392
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(349)	(349)	-	(349)
Dividends on ordinary shares	-	-	-	(233)	(233)	-	(233)
Dividends on preference shares and other shareholders equity	-	-	-	(41)	(41)	-	(41)
Capital contribution from Barclays Plc	-	-	-	995	995	-	995
Other reserve movements	-	-	-	4	4	(2)	2
Balance as at 31 December 2019	2,348	8,323	3,235	36,709	50,615	-	50,615

Notes
a For further details refer to Note 27.
b For further details refer to Note 28.

Consolidated financial statements
Consolidated statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings[c]	Total equity excluding non-controlling interests	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance as at 31 December 2017	14,453	8,982	3,808	38,490	65,733	1	65,734
Effects of changes in accounting policies[d]	-	-	(136)	(2,014)	(2,150)	-	(2,150)
Balance as at 1 January 2018	14,453	8,982	3,672	36,476	63,583	1	63,584
Profit after tax	-	647	-	410	1,057	-	1,057
Currency translation movements	-	-	844	-	844	-	844
Fair value through other comprehensive income reserve	-	-	(345)	-	(345)	-	(345)
Cash flow hedges	-	-	(307)	-	(307)	-	(307)
Retirement benefit remeasurement	-	-	-	313	313	-	313
Own credit reserve	-	-	58	-	58	-	58
Other	-	-	-	27	27	-	27
Total comprehensive income net of tax from continuing operations	-	647	250	750	1,647	-	1,647
Total comprehensive income net of tax from discontinued operations	-	-	(3)	(47)	(50)	-	(50)
Total comprehensive income for the year	-	647	247	703	1,597	-	1,597
Issue and exchange of other equity instruments	-	683	-	(312)	371	-	371
Capital reorganisation	(12,092)	-	-	12,092	-	-	-
Other equity instruments coupons paid	-	(647)	-	-	(647)	-	(647)
Redemption of preference shares	(13)	-	21	(2,048)	(2,040)	-	(2,040)
Equity to debt reclassification[e]	-	-	(272)	-	(272)	-	(272)
Equity settled share schemes	-	-	-	373	373	-	373
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(418)	(418)	-	(418)
Dividends on ordinary shares	-	-	-	(14,585)	(14,585)	-	(14,585)
Dividends on preference shares and other shareholders equity	-	-	-	(204)	(204)	-	(204)
Capital contribution from Barclays Plc	-	-	-	3,000	3,000	-	3,000
Net equity impact of intra-group transfers	-	(2,070)	(307)	(638)	(3,015)	-	(3,015)
Other reserve movements	-	-	-	(34)	(34)	1	(33)
Balance as at 31 December 2018	2,348	7,595	3,361	34,405	47,709	2	47,711

Notes
a For further details refer to Note 27.
b For further details refer to Note 28.
c From 2019, due to an IAS 12 update, the tax relief on payments in relation to equity instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded in retained earnings. This change does not impact earnings per share or return on average tangible shareholders' equity. Comparatives have been restated, reducing the tax charge for 2018 by £175m. Further detail can be found in Note 1.
d Effects of changes in accounting policies relate to the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on 1 January 2018. The impact of IFRS 15 Revenue from Contracts with Customers was an increase to retained earnings of £67m with the remainder due to the impact of IFRS 9 Financial Instruments.
e Following a review of certain equity instruments, certain instruments have been deemed to have characteristics that would qualify them as debt and have subsequently been reclassified.

Consolidated financial statements
Consolidated cash flow statement

For the year ended 31 December	Notes	2019 £m	2018 £m	2017[a] £m
Continuing operations				
Reconciliation of profit before tax to net cash flows from operating activities:				
Profit before tax		**3,112**	1,286	1,758
Adjustment for non-cash items:				
Credit impairment charges		**1,202**	643	1,553
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		**459**	397	663
Other provisions, including pensions		**417**	2,274	770
Net profit on disposal of investments and property, plant and equipment		**(84)**	-	(314)
Other non-cash movements including exchange rate movements		**1,060**	(3,877)	1,565
Changes in operating assets and liabilities				
Net increase in cash collateral and settlement balances		**(6,427)**	(5,606)	(3,912)
Net (increase)/decrease in loans and advances at amortised cost		**(5,125)**	(3,890)	26,062
Net increase in reverse repurchase agreements and other similar secured lending		**(118)**	(434)	(1,827)
Net increase in deposits and debt securities in issue		**8,782**	16,330	938
Net (decrease)/increase in repurchase agreements and other similar secured borrowing		**(5,346)**	2	16,978
Net decrease/(increase) in derivative financial instruments		**2,390**	(6,419)	6,770
Net (increase)/decrease in trading assets		**(9,299)**	10,102	(33,179)
Net (decrease)/increase in trading liabilities		**(1,402)**	1,688	2,665
Net decrease/(increase) in financial assets and liabilities designated at fair value		**2,485**	(6,284)	39,507
Net (increase)/decrease in other assets		**(44)**	949	(721)
Net decrease in other liabilities		**(991)**	(6,099)	(2,014)
Corporate income tax received/(paid)	9	**894**	(409)	59
Net cash from operating activities		**(8,035)**	653	57,321
Purchase of financial assets at fair value through other comprehensive income		**(67,056)**	(106,330)	-
Purchase of available for sale investments		**-**	-	(83,233)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		**67,743**	108,038	-
Proceeds from sale or redemption of available for sale investments		**-**	-	88,298
Purchase of property, plant and equipment and intangibles		**(610)**	(422)	(714)
Proceeds from sale of property, plant and equipment and intangibles		**-**	35	2,150
Disposal of discontinued operation, net of cash disposed		**-**	(39,703)	(1,060)
Disposal of subsidiaries and associates, net of cash disposed		**617**	-	358
Other cash flows associated with investing activities		**95**	1,191	693
Net cash from investing activities		**789**	(37,191)	6,492
Dividends paid and coupon payments on other equity instruments		**(934)**	(1,142)	(1,427)
Issuance of subordinated debt	26	**6,785**	221	3,041
Redemption of subordinated debt	26	**(6,574)**	(3,246)	(1,378)
Issue of shares and other equity instruments		**2,292**	1,925	2,495
Redemption of shares and other equity instruments		**(1,970)**	(3,588)	(1,339)
Capital contribution from Barclays PLC		**-**	2,000	-
Vesting of shares under employee share schemes		**(349)**	(418)	-
Net cash from financing activities		**(750)**	(4,248)	1,392
Effect of exchange rates on cash and cash equivalents		**(3,345)**	4,159	(4,773)
Net (decrease)/increase in cash and cash equivalents from continuing operations		**(11,341)**	(36,627)	60,432
Net cash from discontinued operation	40	**-**	(468)	88
Net (decrease)/increase in cash and cash equivalents		**(11,341)**	(37,095)	60,520
Cash and cash equivalents at beginning of year		**167,357**	204,452	143,932
Cash and cash equivalents at end of year		**156,016**	167,357	204,452
Cash and cash equivalents comprise:				
Cash and balances at central banks		**125,940**	136,359	171,036
Loans and advances to banks with original maturity less than three months		**8,158**	7,404	8,050
Cash collateral and settlement balances with banks with original maturity less than three months		**21,438**	22,677	24,656
Treasury and other eligible bills with original maturity less than three months		**480**	917	682
Trading portfolio assets with original maturity less than three months		**-**	-	28
		156,016	167,357	204,452

Note
a Following the sale of the UK banking business on 1 April 2018 by the Group, the continuing operations for 2017 have been restated to disclose the UK banking business as a discontinued operation. Further detail on the discontinued operations can be found in Note 39.

Consolidated cash flow statement

Interest received by Barclays Bank Group was £26,637m (2018: £18,990m) and interest paid by Barclays Bank Group was £21,314m (2018: £14,800m).

Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £4,505m (2018: £4,716m).

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

Financial statements of Barclays Bank PLC
Parent company accounts

Balance sheet

As at 31 December	Notes	2019 £m	2018 £m
Assets			
Cash and balances at central banks		**112,287**	126,002
Cash collateral and settlement balances		**75,822**	66,196
Loans and advances at amortised cost	18	**161,663**	156,764
Reverse repurchase agreements and other similar secured lending		**4,939**	5,766
Trading portfolio assets	11	**79,079**	73,480
Financial assets at fair value through the income statement	12	**162,500**	179,365
Derivative financial instruments	13	**229,338**	221,247
Financial assets at fair value through other comprehensive income	14	**43,760**	43,706
Investments in associates and joint ventures	35	**119**	140
Investment in subsidiaries		**16,105**	14,958
Goodwill and intangible assets	21	**115**	123
Property, plant and equipment	19	**426**	103
Current tax assets	9	**946**	1,439
Deferred tax assets	9	**1,115**	1,249
Retirement benefit assets	32	**2,062**	1,748
Other assets		**845**	1,110
Total assets		**891,121**	893,396
Liabilities			
Deposits at amortised cost	18	**240,631**	231,017
Cash collateral and settlement balances		**59,448**	56,358
Repurchase agreements and other similar secured borrowing		**9,185**	11,113
Debt securities in issue		**19,883**	26,391
Subordinated liabilities	26	**33,205**	35,085
Trading portfolio liabilities	11	**45,130**	46,626
Financial liabilities designated at fair value	15	**207,765**	216,966
Derivative financial instruments	13	**225,607**	221,590
Current tax liabilities	9	**221**	376
Deferred tax liabilities	9	**80**	-
Retirement benefit liabilities	32	**104**	124
Other liabilities	22	**2,807**	3,295
Provisions	23	**630**	818
Total liabilities		**844,696**	849,759
Equity			
Called up share capital and share premium	27	**2,348**	2,348
Other equity instruments	27	**11,089**	10,361
Other reserves	28	**678**	383
Retained earnings		**32,310**	30,545
Total equity		**46,425**	43,637
Total liabilities and equity		**891,121**	893,396

Note
a As permitted by section 408 of the Companies Act 2006 an income statement for the parent company has not been presented. Included in shareholders' equity for 'Barclays Bank plc' is a profit after tax for the year ended 31 December 2019 of £2,409m (2018: £868m).

The Board of Directors approved the financial statements on pages 127 to 240 on 12 February 2020.

James E Staley
Barclays Bank Group – Chief Executive Officer

Steven Ewart
Barclays Bank Group – 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 2019	**2,348**	**10,361**	**383**	**30,545**	**43,637**
Profit after tax	-	839	-	1,570	2,409
Currency translation movements	-	-	(198)	-	(198)
Fair value through other comprehensive income reserve	-	-	161	-	161
Cash flow hedges	-	-	526	-	526
Retirement benefit remeasurement	-	-	-	(184)	(184)
Own credit reserve	-	-	(213)	-	(213)
Other	-	-	-	9	9
Total comprehensive income for the year	-	839	276	1,395	2,510
Issue and exchange of other equity instruments	-	728	-	(406)	322
Other equity instruments coupons paid[c]	-	(839)	-	-	(839)
Equity settled share schemes	-	-	-	392	392
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(349)	(349)
Dividends paid on ordinary shares	-	-	-	(233)	(233)
Dividends paid on preference shares and other shareholders' equity	-	-	-	(41)	(41)
Capital contribution from Barclays PLC	-	-	-	995	995
Net equity impact of intra-group transfers	-	-	19	(19)	-
Other reserve movements	-	-	-	31	31
Balance as at 31 December 2019	**2,348**	**11,089**	**678**	**32,310**	**46,425**

Notes
a For further details refer to Note 27.
b For further details refer to Note 28.
c Other equity instruments includes AT1 securities issued by Barclays Bank PLC and borrowings of $3.5bn from a wholly-owned, indirect subsidiary of BBPLC. The borrowings have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by BBPLC. Should BBPLC make a discretionary dividend payment on its ordinary shares in the 6 months preceding the date of an interest payment, it will be obliged to make that interest payment. In 2019, interest paid on these borrowings was £179m.

Statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings[c]	Total equity
	£m	£m	£m	£m	£m
Balance as at 31 December 2017	14,453	8,982	1,093	33,506	58,034
Effects of changes in accounting policies[d]	-	-	(117)	(1,335)	(1,452)
Balance as at 1 January 2018	14,453	8,982	976	32,171	56,582
Profit after tax	-	647	-	257	904
Currency translation movements	-	-	138	-	138
Fair value through other comprehensive income reserve	-	-	(179)	-	(179)
Cash flow hedges	-	-	(308)	-	(308)
Retirement benefit remeasurement	-	-	-	290	290
Own credit reserve	-	-	57	-	57
Other	-	-	-	18	18
Total comprehensive income net of tax from continuing operations	-	647	(292)	565	920
Total comprehensive income net of tax from discontinued operations	-	-	(3)	(36)	(39)
Total comprehensive income for the year	-	647	(295)	529	881
Issue and exchange of other equity instruments	-	3,449	-	(312)	3,137
Capital reorganisation	(12,092)	-	-	12,092	-
Other equity instruments coupons paid[e]	-	(647)	-	-	(647)
Redemption of preference shares	(13)	-	21	(2,048)	(2,040)
Equity to debt reclassification[f]	-	-	(335)	-	(335)
Equity settled share schemes	-	-	-	373	373
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(418)	(418)
Dividends paid on ordinary shares	-	-	-	(14,585)	(14,585)
Dividends paid on preference shares and other shareholders' equity	-	-	-	(204)	(204)
Capital contribution from Barclays PLC	-	-	-	3,000	3,000
Net equity impact of intra-group transfers	-	(2,070)	16	(46)	(2,100)
Other reserve movements	-	-	-	(7)	(7)
Balance as at 31 December 2018	2,348	10,361	383	30,545	43,637

Notes
a For further details refer to Note 27.
b For further details refer to Note 28.
c From 2019, due to an IAS 12 update, the tax relief on payments in relation to equity instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded in retained earnings. This change does not impact earnings per share or return on average tangible shareholders' equity. Comparatives have been restated, reducing the tax charge for 2018 by £175m. Further detail can be found in Note 1.
d Effects of changes in accounting policies relate to the adoption of IFRS 9 Financial Instruments on 1 January 2018.
e Other equity instruments includes AT1 securities issued by Barclays Bank PLC and borrowings of $3.5bn from a wholly-owned, indirect subsidiary of BBPLC. The borrowings have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by BBPLC. Should BBPLC make a discretionary dividend payment on its ordinary shares in the 6 months preceding the date of an interest payment, it will be obliged to make that interest payment.
f Following a review of certain equity instruments, certain instruments have been deemed to have characteristics that would qualify them as debt and have subsequently been reclassified.

Parent company accounts

Cash flow statement

For the year ended 31 December	Notes	2019 £m	2018 £m	2017[a] £m
Continuing operations				
Reconciliation of profit before tax to net cash flows from operating activities:				
Profit before tax		**2,018**	697	192
Adjustment for non-cash items:				
Credit impairment charges		**235**	(123)	258
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		**67**	41	289
Other provisions, including pensions		**268**	1,312	766
Net profit on disposal of investments and property, plant and equipment		**(128)**	-	(255)
Other non-cash movements including exchange rate movements		**1,125**	(4,111)	934
Changes in operating assets and liabilities		**-**	-	-
Net (increase)/decrease in cash collateral and settlement balances		**(9,231)**	(4,049)	7,407
Net (increase)/decrease in loans and advances		**(1,895)**	8,246	31,575
Net decrease/ (increase) in reverse repurchase agreements and other similar lending		**1,551**	2,870	(11)
Net (decrease)/increase in deposits and debt securities in issue		**(2,840)**	18,100	666
Net increase/(decrease) in repurchase agreements and other similar borrowing		**899**	(6,034)	16,946
Net (increase)/decrease in derivative financial instruments		**(3,863)**	9,242	6,452
Net (increase)/decrease in trading assets		**(5,599)**	6,751	(43,284)
Net (decrease)/ increase in trading liabilities		**(1,496)**	7,509	9,838
Net decrease/(increase) in financial assets and liabilities at fair value through income statement		**7,290**	(30,019)	30,892
Net (increase)/decrease in other assets		**(349)**	2,444	2,703
Net (decrease) in other liabilities		**(1,006)**	(6,463)	(4,125)
Corporate income tax received/(paid)	9	**919**	(150)	462
Net cash from operating activities		**(12,035)**	6,263	61,705
Purchase of financial assets at fair value through other comprehensive income		**(61,877)**	(101,046)	-
Purchase of available for sale investments			-	(78,524)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		**62,915**	101,683	-
Proceeds from sale or redemption of available for sale investments			-	84,927
Purchase of property, plant and equipment and intangibles		**(139)**	(235)	(406)
Proceeds from sale of property, plant and equipment and intangibles			63	2,074
Disposal of discontinued operation, net of cash disposed		**-**	(39,679)	-
Disposal of subsidiaries and/or branches and/or associates, net of cash disposed		**587**	(2,189)	1,880
Net (increase)/decrease in investment in subsidiaries		**(1,494)**	(859)	(183)
Other cash flows associated with investing activities		**-**	-	569
Net cash from investing activities		**(8)**	(42,262)	10,337
Dividends paid		**(1,113)**	(1,142)	(1,428)
Issuance of subordinated debt	27	**6,627**	-	3,041
Redemption of subordinated debt	27	**(6,402)**	(3,246)	(1,371)
Issue of shares and other equity instruments	28	**2,292**	4,691	2,495
Redemption of shares and other equity instruments		**(1,970)**	(3,588)	(1,339)
Capital contribution from Barclays PLC		**-**	2,000	-
Vesting of shares under employee share schemes		**(349)**	(418)	-
Net cash from financing activities		**(915)**	(1,703)	1,398
Effect of exchange rates on cash and cash equivalents		**(2,753)**	3,580	(2,501)
Net (decrease)/increase in cash and cash equivalents from continuing operations		**(15,711)**	(34,122)	70,939
Net cash from discontinued operation	40	**-**	(528)	604
Net (decrease)/increase in cash and cash equivalents		**(15,711)**	(34,650)	71,543
Cash and cash equivalents at beginning of year		**159,043**	193,693	122,150
Cash and cash equivalents at end of year		**143,332**	159,043	193,693
Cash and cash equivalents comprise:				
Cash and balances at central banks		**112,287**	126,002	165,713
Loans and advances to banks with original maturity less than three months		**11,823**	10,648	8,996
Cash collateral and settlement balances with banks with original maturity less than three months		**18,781**	21,476	18,313
Treasury and other eligible bills with original maturity less than three months		**441**	917	643
Trading portfolio assets with original maturity less than three months		**-**	-	28
		143,332	159,043	193,693

Note

a Following the sale of the UK banking business on 1 April 2018 by the Group, the continuing operations for 2017 have been restated to disclose the UK banking business as a discontinued operation. Further detail on the discontinued operations can be found in Note 39.

Interest received by Barclays Bank PLC was £18,322m (2018: £13,981m) and interest paid by Barclays Bank PLC was £16,320m (2018: £12,571m). In relation to 2018, £4,039m income previously reported as interest received and paid has been reclassified to non-interest income.

Barclays Bank PLC was required to maintain balances with central banks and other regulatory authorities of £2,457m (2018: £2,261m).

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

Notes to the financial statements
For the year ended 31 December 2019

This section describes Barclays Bank Group's significant policies and critical accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a particular note, the accounting policy and/or critical accounting estimate is contained with the relevant note.

1 Significant accounting policies

1. Reporting entity
Barclays Bank PLC is a public limited company, registered in England under company number 1026167.

These financial statements are prepared for Barclays Bank PLC and its subsidiaries (the Barclays Bank Group) under Section 399 of the Companies Act 2006. The Barclays Bank Group is a major global financial services provider engaged in credit cards, wholesale banking, investment banking, wealth management and investment management services. In addition, separate financial statements have been presented for the holding company.

2. Compliance with International Financial Reporting Standards
The consolidated financial statements of the Barclays Bank Group, and the separate financial statements of Barclays Bank PLC, have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) issued by the Interpretations Committee, as published by the International Accounting Standards Board (IASB). They are also in accordance with IFRS and IFRIC interpretations endorsed by the European Union. 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 the adoption of IFRS 16 *Leases,* IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments,* the amendments to IAS 12 *Income Taxes,* the amendments to IAS 19 *Employee Benefits,* and the amendments to IFRS 9, IAS 39 and IFRS 7 which were applied from 1 January 2019.

3. Basis of preparation
The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of investment property, and particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies. They are stated in millions of pounds Sterling (£m), the functional currency of Barclays Bank PLC.

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2006 as applicable to companies using IFRS.

4. Accounting policies
The Barclays Bank Group prepares financial statements in accordance with IFRS. The Barclays Bank Group's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out under the relevant notes. Accounting policies that affect the financial statements as a whole are set out below.

(i) Consolidation
Barclays Bank Group applies IFRS 10 *Consolidated financial statements*.

The consolidated financial statements combine the financial statements of Barclays Bank PLC and all its subsidiaries. Subsidiaries are entities over which Barclays Bank PLC has control. The Barclays Bank Group has control over another entity when the Barclays Bank Group has all of the following:

1) power over the relevant activities of the investee, for example through voting or other rights

2) exposure to, or rights to, variable returns from its involvement with the investee, and

3) the ability to affect those returns through its power over the investee.

The assessment of control is based on the consideration of all facts and circumstances. The Barclays Bank Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Intra-group transactions and balances are eliminated on consolidation. Consistent accounting policies are used throughout the Barclays Bank Group for the purposes of the consolidation.

Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

As the consolidated financial statements include partnerships where the Barclays Bank Group member is a partner, advantage has been taken of the exemption under Regulation 7 of the Partnership (Accounts) Regulations 2008 with regard to preparing and filing of individual partnership financial statements.

Details of the principal subsidiaries are given in Note 33, and a complete list of all subsidiaries is presented in Note 41.

(ii) Foreign currency translation
The Barclays Bank Group applies IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into Sterling at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement. Non-monetary foreign currency balances are carried at historical transaction date exchange rates.

The Barclays Bank Group's foreign operations (including subsidiaries, joint ventures, associates and branches) based mainly outside the UK may have different functional currencies. The functional currency of an operation is the currency of the main economy to which it is exposed.
Prior to consolidation (or equity accounting) the assets and liabilities of non-Sterling operations are translated at the period end exchange rate and items of income, expense and other comprehensive income are translated into Sterling at the rate on the date of the transactions. Exchange differences arising on the translation of foreign operations are included in currency translation reserves within equity. These are transferred to the income statement when the Barclays Bank Group disposes of the entire interest in a foreign operation, when partial disposal results in the loss of control of an interest in a subsidiary, when an investment previously accounted for using the equity method is accounted for as a financial asset, or on the disposal of an autonomous foreign operation within a branch.

(iii) Financial assets and liabilities

The Barclays Bank Group applies IFRS 9 *Financial Instruments* to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets. The Barclays Bank Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

Recognition

The Barclays Bank Group recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement

Financial assets are classified on the basis of two criteria:

i) the business model within which financial assets are managed, and

ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Barclays Bank Group assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election on initial recognition for non traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and the impairment requirements of IFRS 9 do not apply.

The accounting policy for each type of financial asset or liability is included within the relevant note for the item. The Barclays Bank Group's policies for determining the fair values of the assets and liabilities are set out in Note 16.

Derecognition

The Barclays Bank Group derecognises a financial asset, or a portion of a financial asset, from its balance sheet where the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, and with them either substantially all the risks and rewards of the asset or significant risks and rewards, along with the unconditional ability to sell or pledge the asset.

Financial liabilities are de-recognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms – generally a difference of 10% or more in the present value of the cash flows or a substantive qualitative amendment – is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Transactions in which the Barclays Bank Group transfers assets and liabilities, portions of them, or financial risks associated with them can be complex and it may not be obvious whether substantially all of the risks and rewards have been transferred. It is often necessary to perform a quantitative analysis. Such an analysis compares the Barclays Bank Group's exposure to variability in asset cash flows before the transfer with its retained exposure after the transfer.

A cash flow analysis of this nature may require judgement. In particular, it is necessary to estimate the asset's expected future cash flows as well as potential variability around this expectation. The method of estimating expected future cash flows depends on the nature of the asset, with market and market-implied data used to the greatest extent possible. The potential variability around this expectation is typically determined by stressing underlying parameters to create reasonable alternative upside and downside scenarios. Probabilities are then assigned to each scenario. Stressed parameters may include default rates, loss severity, or prepayment rates.

Accounting for reverse repurchase and repurchase agreements including other similar lending and borrowing
Reverse repurchase agreements (and stock borrowing or similar transaction) are a form of secured lending whereby the Barclays Bank Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Barclays Bank Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Barclays Bank Group purchases (a reverse repurchase agreement) or borrows securities subject to a commitment to resell or return them. The securities are not included in the balance sheet as the Barclays Bank Group does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset at amortised cost, unless it is designated or mandatorily at fair value through profit and loss.

The Barclays Bank Group may also sell (a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the Barclays Bank Group retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost, unless it is designated at fair value through profit and loss.

(iv) Issued debt and equity instruments
The Barclays Bank Group applies IAS 32, *Financial Instruments: Presentation*, to determine whether funding is either a financial liability (debt) or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Barclays Bank Group having an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the members at the AGM and treated as a deduction from equity.

Where issued financial instruments contain both liability and equity components, these are accounted for separately. The fair value of the debt is estimated first and the balance of the proceeds is included within equity.

5. New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, with the exception of the adoption of IFRS 16 *Leases*, IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*, the amendments to IAS 12 *Income Taxes*, the amendments to IAS 19 *Employee Benefits*, and the amendments to IFRS 9, IAS 39 and IFRS 7 which were applied from 1 January 2019.

IFRS 16 – Leases

IFRS 16 *Leases*, which replaced IAS 17 *Leases*, was applied effective from 1 January 2019. IFRS 16 does not result in a significant change to lessor accounting; however, for lessee accounting there is no longer a distinction between operating and finance leases. Instead, the lessee is required to recognise both a right of use (ROU) asset and lease liability on-balance sheet. There is a recognition exemption permitted for leases with a term of 12 months or less.

The Barclays Bank Group applied IFRS 16 on a modified retrospective basis and took advantage of the option not to restate comparative periods. The Barclays Bank Group applied the following transition options available under the modified retrospective approach:

- To calculate the right of use asset equal to the lease liability, adjusted for prepaid or accrued payments
- To rely on the previous assessment of whether leases are onerous in accordance with IAS 37 immediately before the date of initial application as an alternative to performing an impairment review. The Barclays Bank Group adjusted the carrying amount of the ROU asset at the date of initial application by the previous carrying amount of its onerous lease provision
- To apply the recognition exception for leases with a term not exceeding 12 months, and
- To use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

Upon adoption of IFRS 16, the Barclays Bank Group applied the transition option which permitted the ROU asset to equal the lease liability, adjusted for prepaid or accrued prepayments. This approach resulted in a lease liability of £569m and an ROU asset of £509m being recognised as at 1 January 2019. The difference in the lease liability and the ROU asset was a result of the following adjustments:

- An increase in the ROU asset as a result of rental prepayments of £14m, and
- A decrease in the ROU asset as a result of onerous lease provisions previously recognised of £46m, £25m of rent free adjustments and £3m of finance sublease arrangements.

The ROU asset was recorded in property, plant and equipment and the lease liability within other liabilitites.

When measuring lease liabilities, the Barclays Bank Group discounted lease payments using the incremental borrowing rate at 1 January 2019. The weighted average applied was 4.59%.

The following shows a reconciliation between the operating lease commitments as at 31 December 2018 and the lease liability recorded as at 1 January 2019

	£m
Operating lease commitment as at 31 December 2018 as disclosed in the Barclays Bank Group consolidated financial statements	**1,071**
Impact of discounting using the Barclays Bank Group's incremental borrowing rate	(488)
Recognition exemption for short term leases	(3)
Extension and termination options reasonably certain to be exercised	(11)
Lease liability recognised as at 1 January 2019	**569**

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatment
IFRIC 23 clarifies the application of IAS 12 to accounting for income tax treatments that have yet to be accepted by tax authorities, in scenarios where it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept an entity's tax treatment. There was no significant effect from the adoption of IFRIC 23 in relation to accounting for uncertain tax positions.

IAS 12 – Income Taxes – Amendments to IAS 12
The IASB amended IAS 12 in order to clarify the accounting treatment of the income tax consequences of dividends. As a result of the amendment, the tax consequences of all payments on financial instruments that are classified as equity for accounting purposes, where those payments are considered to be a distribution of profit, will be included in, and will reduce, the income statement tax charge. The amendments of IAS 12 were applied to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. This resulted in reducing the tax charge and increasing profit after tax for 2019 by £171m, 2018 by £175m and 2017 by £174m. This change does not impact retained earnings.

IAS 19 – Employee Benefits – Amendments to IAS 19
The IASB issued amendments to the guidance in IAS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. There was no significant effect from the adoption of the amendments of IAS 19.

IFRS 9, IAS 39 and IFRS 7 Amendments relating to Interest Rate Benchmark Reform
IFRS 9, IAS 39 and IFRS 7 were amended in September 2019. The amendments are effective for periods beginning on or after 1 January 2020 with earlier application permitted. The Barclays Bank Group elected to early adopt the amendments with effect from 1 January 2019. The amendments have been endorsed by the EU.

IFRS 9 allows companies when they first apply IFRS 9, to choose as an accounting policy to continue to apply the hedge accounting requirements of IAS 39. The Barclays Bank Group made the election to continue to apply the IAS 39 hedge accounting requirements, and consequently, the amendments to IAS 39 have been adopted by the Barclays Bank Group.

The objective of the amendments are to provide temporary exceptions from applying specific hedge accounting requirements during the period of uncertainty resulting from interest rate benchmark reform. Each of the exceptions adopted by the Barclays Bank Group are described below.

- Highly probable requirement

When determining whether a forecast transaction or cash flow is highly probable, the Barclays Bank Group assumes that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. This amendment has also been applied when cash flows are still expected to occur in respect of amounts remaining in the cash flow hedge reserve.

- Prospective assessments

When performing prospective assessments, the Barclays Bank Group assumes that the interest rate benchmark on which the hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

- Retrospective assessments

The Barclays Bank Group will not discontinue hedge accounting during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside the required 80-125% range.

- Hedge of a non-contractually specified benchmark portion of an interest rate

The Barclays Bank Group only considers at inception of such a hedging relationship whether the separately identifiable requirement is met.

The amendments to IFRS 7 require certain disclosures to be made in the first period that the amendments to IFRS 9 or IAS 39 are adopted. Refer to Note 13 where these disclosures have been included.

Future accounting developments
The following accounting standards have been issued by the IASB but are not yet effective:

IFRS 17 – Insurance contracts
In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* that was issued in 2005.

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

In June 2019, the IASB published an exposure draft with proposed amendments to IFRS 17. The proposed amendments that are expected to be relevant to the Barclays Bank Group are changes to the scoping of IFRS 17, changes in the effective date of IFRS 17 and changes to IFRS 9 which were consequential amendments as a result of IFRS 17.

The standard is currently effective from 1 January 2021, although the amendments would change the effective date to 1 January 2022, and the standard has not yet been endorsed by the EU. The Barclays Bank Group is currently assessing the expected impact of adopting this standard.

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 149 to153
- Tax on pages 154 to160
- Fair value of financial instruments on pages 175 to 188
- Pensions and post-retirement benefits – obligations on pages 215 to 220
- Provisions including conduct and legal, competition and regulatory matters on pages 199 to 205.

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 44 to 45 and on pages 52 to 86
- Market risk on page 45 and on pages 87 to 89
- Treasury and capital risk – capital on pages 45 to 46 and on page 100
- Treasury and capital risk – liquidity on page 46 to 47 and on pages 91 to 99.

These disclosures are covered by the Audit opinion (included on pages 119 to 126) where referenced as audited.

Performance/return

The notes included in this section focus on the results and performance of the Barclays Bank Group. Information on the segmental performance, income generated, expenditure incurred, tax, and dividends are included here. For further detail on performance, please see Strategic Report on page 1.

2 Segmental reporting

Presentation of segmental reporting

The Barclays Bank Group's segmental reporting is in accordance with IFRS 8 *Operating Segments*. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker. All transactions between business segments are conducted on an arm's-length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

The Barclays Bank Group divisions have been for segmental reporting purposes defined as Corporate and Investment Bank and Consumer, Cards and Payments.

- **Corporate and Investment Bank** which includes the international Corporate business and the Investment Bank.
- **Consumer, Cards and Payments** which includes Barclays US Consumer Bank, Barclaycard Germany, Barclays Partner Finance, Barclaycard Commercial Payments, Barclaycard Payment Solutions and the international Wealth business.

The below table also includes Head Office which comprises head office and central support functions.

Analysis of results by business

	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
For the year ended 31 December 2019				
Total income	10,009	4,462	(320)	14,151
Credit impairment charges	(157)	(1,016)	(29)	(1,202)
Net operating income/(expenses)	9,852	3,446	(349)	12,949
Operating expenses	(7,267)	(2,359)	(92)	(9,718)
Litigation and conduct	(108)	(7)	(149)	(264)
Total operating expenses	(7,375)	(2,366)	(241)	(9,982)
Other net income/(expenses)[a]	113	40	(8)	145
Profit/(loss) before tax	2,590	1,120	(598)	3,112
Total assets (£bn)	799.6	65.7	11.4	876.7
Number of employees (full time equivalent)	8,100	3,100	9,300	20,500
Average number of employees (full time equivalent)				21,700

	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
For the year ended 31 December 2018				
Total income[b]	9,741	4,267	(408)	13,600
Credit impairment releases/(charges)	152	(808)	13	(643)
Net operating income/(expenses)	9,893	3,459	(395)	12,957
Operating expenses	(7,459)	(2,304)	(130)	(9,893)
GMP charge	-	-	(140)	(140)
Litigation and conduct	(68)	(59)	(1,579)	(1,706)
Total operating expenses	(7,527)	(2,363)	(1,849)	(11,739)
Other net income/(expenses)[a]	28	41	(1)	68
Profit/(loss) before tax	2,394	1,137	(2,245)	1,286
Total assets (£bn)	792.5	71.6	13.6	877.7
Number of employees (full time equivalent)	9,100	3,300	10,000	22,400

Notes

a Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, profit (or loss) on disposal of subsidiaries, associates and joint ventures, and gains on acquisitions.

b £351m of certain capital instrument funding costs are now charged to Head Office, the impact of which would have been materially the same if the charges had been included in full year 2017.

	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Barclays Non-Core[a]	Barclays Bank Group
	£m	£m	£m	£m	£m
For the year ended 31 December 2017					
Total income	9,901	4,504	(148)	(527)	13,730
Credit impairment charges	(213)	(1,293)	(17)	(30)	(1,553)
Net operating income/(expenses)	9,688	3,211	(165)	(557)	12,177
Operating expenses	(7,610)	(2,167)	(202)	(251)	(10,230)
Litigation and conduct	(267)	(2)	(151)	(28)	(448)
Total operating expenses	(7,877)	(2,169)	(353)	(279)	(10,678)
Other net income[b]	133	121	(192)	197	259
Profit before tax from continuing operations	1,944	1,163	(710)	(639)	1,758
Total assets (£bn)[c]	788.7	67.4	35.8	-	1,129.3
Number of employees (full time equivalent)	8,800	2,700	10,300	-	21,800

Notes
a Barclays Non-Core segment was closed on 1 July 2017, with financial performance subsequently reported in Corporate and Investment Bank, Head Office and UK banking business.
b Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, profit (or loss) on disposal of subsidiaries, associates and joint ventures, and gains on acquisitions.
c Total assets for UK banking business are included within Barclays Bank Group for 2017.

Income by geographic region[a]

For the year ended 31 December	2019 £m	2018 £m	2017 £m
Continuing operations			
United Kingdom	**4,084**	4,007	3,582
Europe	**1,752**	1,615	1,985
Americas	**7,251**	7,048	7,194
Africa and Middle East	**62**	44	137
Asia	**1,002**	886	832
Total	**14,151**	13,600	13,730

Income from individual countries which represent more than 5% of total income[a]

For the year ended 31 December	2019 £m	2018 £m	2017 £m
Continuing operations			
United Kingdom	**4,084**	4,007	3,582
United States	**7,121**	6,916	7,049

Note
a The geographical analysis is now based on the location of office where the transactions are recorded, whereas it was previously based on counterparty location. The new approach is better aligned to the geographical view of the business following the implementation of structural reform. Prior year comparatives have been restated.

3 Net interest income

Accounting for interest income and expenses

Interest income on loans and advances at amortised cost, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Barclays Bank Group to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

Barclays Bank Group incurs certain costs to originate credit card balances with the most significant being co-brand partner fees. To the extent these costs are attributed to customers that continuously carry an outstanding balance (revolvers), they are capitalised and subsequently included within the calculation of the effective interest rate. They are amortised to interest income over the period of expected repayment of the originated balance. Costs attributed to customers that settle their outstanding balances each period (transactors) are deferred on the balance sheet as a cost of obtaining a contract and amortised to fee and commission expense over the life of the customer relationship (refer to Note 4). There are no other individual estimates involved in the calculation of effective interest rates that are material to the results or financial position.

	2019 £m	2018 £m	2017 £m
Cash and balances at central banks	**919**	919	214
Loans and advances at amortised cost	**5,514**	5,554	5,951
Financial investments	**-**	-	385
Fair value through other comprehensive income	**831**	662	-
Other	**821**	324	367
Interest income	**8,085**	7,459	6,917
Deposits at amortised cost	**(1,778)**	(1,591)	(936)
Debt securities in issue	**(873)**	(493)	(461)
Subordinated liabilities	**(1,096)**	(1,397)	(1,225)
Other	**(431)**	(848)	(419)
Interest expense	**(4,178)**	(4,329)	(3,041)
Net interest income	**3,907**	3,130	3,876

Interest income presented above represents interest revenue calculated using the effective interest method. Costs to originate credit card balances of £684m (2018: £585m; 2017: £486m) have been amortised to interest income during the period. Interest income includes £9m (2018: £9m; 2017: £16m) accrued on impaired loans. Other interest expense includes £25m relating to IFRS 16 lease interest expenses.

4 Net fee and commission income

Accounting for net fee and commission income under IFRS 15 effective from 1 January 2018

The Barclays Bank Group applies IFRS 15 Revenue from Contracts with Customers. The standard establishes a five-step model governing revenue recognition. The five-step model requires the Barclays Bank Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

The Barclays Bank Group recognises fee and commission income charged for services provided by the Barclays Bank Group as the services are provided, for example on completion of the underlying transaction.

Accounting for net fee and commission income under IAS 18 for 2017

The Barclays Bank Group applies IAS 18 Revenue. Fees and commissions charged for services provided or received by the Barclays Bank Group are recognised as the services are provided, for example on completion of the underlying transaction.

Fee and commission income is disaggregated below by fee types that reflect the nature of the services offered across the Barclays Bank Group and operating segments, in accordance with IFRS 15. It includes a total for fees in scope of IFRS 15. Refer to Note 2 for more detailed information about operating segments.

	2019			
	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Total £m
Fee type				
Transactional	391	2,418	-	2,809
Advisory	821	83	-	904
Brokerage and execution	1,082	49	-	1,131
Underwriting and syndication	2,358	-	-	2,358
Other	90	227	30	347
Total revenue from contracts with customers	4,742	2,777	30	7,549
Other non-contract fee income	110	5	-	115
Fee and commission income	4,852	2,782	30	7,664
Fee and commission expense	(743)	(1,249)	-	(1,992)
Net fee and commission income	4,109	1,533	30	5,672

	2018			
	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	£m	£m	£m	£m
Fee type				
Transactional	366	2,248	-	2,614
Advisory	772	78	-	850
Brokerage and execution	1,002	71	-	1,073
Underwriting and syndication	2,462	-	-	2,462
Other	24	222	29	275
Total revenue from contracts with customers	4,626	2,619	29	7,274
Other non-contract fee income	114	4	-	118
Fee and commission income	4,740	2,623	29	7,392
Fee and commission expense	(657)	(1,128)	-	(1,785)
Net fee and commission income	4,083	1,495	29	5,607

	2017
	£m
Fee and commission income	
Banking, investment management and credit related fees and commissions	7,352
Foreign exchange commission	72
Fee and commission income	7,424
Fee and commission expense	(1,726)
Net fee and commission income	5,698

Note
a The Barclays Group elected the cumulative effect transition method on adoption of IFRS 15 for 1 January 2018, and recognised in retained earnings without restating comparative periods. The comparative figures are reported under IAS 18.

Fee types

Transactional

Transactional fees are service charges on deposit accounts, cash management services and transactional processing fees including 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. They include banking services such as Automated Teller Machine (ATM) fees, wire transfer fees, balance transfer fees, overdraft or late fees and foreign exchange fees, among others. Interchange and merchant fees are recognised upon settlement of the card transaction payment.

Barclays incurs certain card related costs including those related to cardholder reward programmes and various payments made to co-brand partners. To the extent cardholder reward programmes costs are attributed to customers that settle their outstanding balance each period (transactors) they are expensed when incurred and presented in fee and commission expense while costs related to customers who 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 for transactor accounts are deferred as costs to obtain a contract under IFRS 15 while those 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 cardholder relationship. Payments to co-brand partners based on revenue sharing are presented as a reduction of fee and commission income while payments based on profitability are presented in fee and commission expense.

Advisory

Advisory fees are generated from wealth management services and investment banking advisory services related to mergers, acquisitions and financial restructurings. Wealth management advisory fees primarily consists of asset-based fees for advisory accounts of wealth management clients and are based on the market value of client assets. They are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined. Investment banking advisory fees are recognised at the point in time when the services related to the transaction have been completed under the terms of the engagement. Investment banking advisory costs are recognised as incurred in fee and commission expense if direct and incremental to the advisory services or otherwise recognised in operating expenses.

Brokerage and execution

Brokerage and execution fees are earned for executing client transactions with various exchanges and over-the-counter markets and assisting clients in clearing transactions. Brokerage and execution fees are recognised at the point in time the associated service has been completed which is generally the trade date of the transaction.

Underwriting and syndication

Underwriting and syndication fees are earned for the distribution of client equity or debt securities and the arrangement and administration of a loan syndication. This includes commitment fees to provide loan financing. Underwriting fees are generally recognised on trade date if there is no remaining contingency, such as the transaction being conditional on the closing of an acquisition or another transaction. Underwriting costs are deferred and recognised in fee and commission expense when the associated underwriting fees are recorded. Syndication fees are earned for arranging and administering a loan syndication; however, the associated fee may be subject to variability until the loan has been syndicated to other syndicate members or until other contingencies (such as a successful M&A closing) have been resolved and therefore the fee revenue is deferred until the uncertainty is resolved.

Included in underwriting and syndication, are commitment fees to provide loan financing which are not presented as part of the carrying value of the loan in accordance with IFRS 9, for example as part of the effective interest rate. Loan commitment fees included as IFRS 15 revenues are fees for loan commitments that are not expected to fund, fees received as compensation for unfunded commitments and the applicable portion of fees received for a revolving loan facility, which for that period, are undrawn. Such commitment fees are recognised over time through to the contractual maturity of the commitment.

Contract assets and contract liabilities
The Barclays Bank Group had no material contract assets or contract liabilities as at 31 December 2019 (2018: £nil).

Impairment on fee receivables and contract assets
During 2019, there have been no material impairments recognised in relation to fees receivable and contract assets (2018: £nil). Fees in relation to transactional business can be added to outstanding customer balances. These amounts may be subsequently impaired as part of the overall loans and advances balance.

Remaining performance obligations
The Barclays Bank Group applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or because the Barclays Bank Group has a right to consideration that corresponds directly with the value of the service provided to the client or customer.

Costs incurred in obtaining or fulfilling a contract
The Barclays Bank Group expects that incremental costs of obtaining a contract such as success fee and commission fees paid are recoverable and therefore capitalised such contract costs in the amount of £153m at 31 December 2019 (2018: £125m).

Capitalised contract costs are amortised based on the transfer of services to which the asset relates which typically ranges over the expected life of the relationship. In 2019, the amount of amortisation was £29m (2018: £30m) and there was no impairment loss recognised in connection with the capitalised contract costs (2018: £nil).

5 Net trading income

Accounting for net trading income
In accordance with IFRS 9, trading positions are held at fair value, and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Gains or losses on non-trading financial instruments designated or mandatorily at fair value with changes in fair value recognised in the income statement are included in net trading income where the business model is to manage assets and liabilities on a fair value basis which includes use of derivatives or where an instrument is designated at fair value to eliminate an accounting mismatch and the related instrument's gain and losses are reported in trading income.

	2019 £m	2018 £m	2017 £m
Net gains from financial instruments held for trading	**2,795**	3,101	2,280
Net gains from financial instruments designated at fair value	**240**	259	1,116
Net gains from financial instruments mandatorily at fair value	**1,038**	1,004	-
Net trading income	**4,073**	4,364	3,396

6 Net investment income

Accounting for net investment income

Dividends are recognised when the right to receive the dividend has been established. Other accounting policies relating to net investment income are set out in Note 12 and Note 14.

	2019 £m	2018 £m	2017 £m
Net gains from financial assets mandatorily at fair value	**218**	172	-
Net gains from disposal of debt instruments at fair value through other comprehensive income	**454**	131	-
Net gains/(losses) from disposal of financial assets and liabilities measured at amortised cost	**(38)**	(20)	86
Dividend income	**-**	55	48
Net (losses)/gains on other investments	**(214)**	56	(14)
Net gains from financial instruments designated at fair value [a]	**-**	-	281
Net gains from disposal of available for sale investments [b]	**-**	-	298
Net investment income	**420**	394	699

Notes

a Following the adoption of IFRS 9 in 2018, gains or losses on financial assets designated at fair value to eliminate or reduce an accounting mismatch are recognized in net trading income lines.

b Following the adoption of IFRS 9 in 2018, available for sale classification is no longer applicable.

7 Credit impairment charges

Accounting for the impairment of financial assets under IFRS 9 effective from 1 January 2018

Impairment

The Barclays Bank Group is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures in the individual financial statements, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Determining a significant increase in credit risk since initial recognition:

The Barclays Bank Group assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

i) Quantitative test

The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the portfolios' risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate. Application of quantitative PD floors does not represent the use of the low credit risk exemption as exposures can separately move into stage 2 via the qualitative route described below.

Wholesale assets apply a 100% increase in PD and 0.2% PD floor to determine a significant increase in credit risk.

Retail assets apply bespoke relative increase and absolute PD thresholds based on product type and origination PD. Thresholds are subject to maximums defined by Barclays Bank Group policy and typically apply minimum relative thresholds of 50-100% and a maximum relative threshold of 400%.

For existing/historical exposures where origination point scores or data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- Back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible, (subject to a data start point no later than 1 January 2015); or
- Use of available historical account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

ii) Qualitative test
This is relevant for accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, such as industry and Group-wide customer level data, including but not limited to bureau scores and high consumer indebtedness index, wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

iii) Backstop criteria
This is relevant for accounts that are more than 30 calendar days past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at a minimum all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments.

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.

The Barclays Bank Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts), Bloomberg (based on median of economic forecasters) and the Urban Land Institute (for US House Prices), 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 similar severity to internal stress tests, whilst also considering IFRS 9 specific sensitivities and non-linearity. Downside 2 is benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenario from Moody's inventory, but is not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include eight economic variables, (GDP, unemployment, House Price Index (HPI) and base rates in both the UK and US markets), and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years.

The methodology for estimating probability weights for each of the scenarios involves a comparison of the distribution of key historical UK and US macroeconomic variables against the forecast paths of the five scenarios. The methodology works such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios and weights that are used in the estimation of expected credit losses are also used for the Barclays Bank Group internal planning purposes. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices and base rates, credit cards and unsecured consumer loans are highly sensitive to unemployment.

Definition of default, credit impaired assets, write-offs, and interest income recognition
The definition of default for the purpose of determining ECLs, and for internal credit risk management purposes, has been aligned to the Regulatory Capital CRR Article 178 definition of default, to maintain a consistent approach with IFRS 9 and associated regulatory guidance. The Regulatory Capital CRR Article 178 definition of default considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due or 180 days past due in the case of UK mortgages. When exposures are identified as credit impaired or purchased or originated as such interest income is calculated on the carrying value net of the impairment allowance.

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Bank Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement. The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery.

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.

Where terms are substantially different, the existing loan will be derecognised and a new loan will be recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

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 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
ECLs are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

- BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;
- IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;
- Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and
- ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

For the IFRS 9 impairment assessment, the Barclays Bank Group' risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, the Barclays Bank Group applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

Forbearance
A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan,

except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a 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.

Accounting for the impairment of financial assets under IAS 39 for 2017

Loans and other assets held at amortised cost

In accordance with IAS 39, the Barclays Bank Group assesses at each balance sheet date whether there is objective evidence that loan assets will not be recovered in full and, wherever necessary, recognises an impairment loss in the income statement.

An impairment loss is recognised if there is objective evidence of impairment as a result of events that have occurred and these have adversely impacted the estimated future cash flows from the assets. These events include:

- becoming aware of significant financial difficulty of the issuer or obligor
- a breach of contract, such as a default or delinquency in interest or principal payments
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants a concession that it would not otherwise consider
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- the disappearance of an active market for that financial asset because of financial difficulties
- observable data at a portfolio level indicating that there is a measurable decrease in the estimated future cash flows, although the decrease cannot yet be ascribed to individual financial assets in the portfolio – such as adverse changes in the payment status of borrowers in the portfolio or national or local economic conditions that correlate with defaults on the assets in the portfolio.

Impairment assessments are conducted individually for significant assets, which comprise all wholesale customer loans and larger retail business loans, and collectively for smaller loans and for portfolio level risks, such as country or sectoral risks. For the purposes of the assessment, loans with similar credit risk characteristics are grouped together – generally on the basis of their product type, industry, geographical location, collateral type, past due status and other factors relevant to the evaluation of expected future cash flows.

The impairment assessment includes estimating the expected future cash flows from the asset or the group of assets, which are then discounted using the original effective interest rate calculated for the asset. If this is lower than the carrying value of the asset or the portfolio, an impairment allowance is raised.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Following impairment, interest income continues to be recognised at the original effective interest rate on the restated carrying amount, representing the unwind of the discount of the expected cash flows, including the principal due on non-accrual loans.

Uncollectable loans are written off against the related allowance for loan impairment on completion of the Barclays Bank Group's internal processes when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

Available for sale financial assets

Impairment of available for sale debt instruments

Debt instruments are assessed for impairment in the same way as loans. If impairment is deemed to have occurred, the cumulative decline in the fair value of the instrument that has previously been recognised in the available for sale reserve is removed from reserves and recognised in the income statement. This may be reversed if there is evidence that the circumstances of the issuer have improved.

Impairment of available for sale equity instruments

Where there has been a prolonged or significant decline in the fair value of an equity instrument below its acquisition cost, it is deemed to be impaired. The cumulative net loss that has been previously recognised directly in the available for sale reserve is removed from reserves and recognised in the income statement.

Increases in the fair value of equity instruments after impairment are recognised directly in other comprehensive income. Further declines in the fair value of equity instruments after impairment are recognised in the income statement.

Critical accounting estimates and judgements

IFRS 9 impairment involves several important areas of judgement, including estimating forward looking modelled parameters (PD, LGD and EAD), developing a range of unbiased future economic scenarios, estimating expected lives and assessing significant increases in credit risk, based on the Barclays Bank Group's experience of managing credit risk. The determination of expected life is most material for Barclays credit card portfolios which is obtained via behavioural life analysis to materially capture the risk of these facilities. The behavioural life analysis for US Cards has been updated during the year to include more recent portfolio data, as a consequence the expected life of the US credit card portfolio has fallen from 10 years to 7 years. These reductions led to management adjustment releases against impairment of £28m for US Cards.

Within the retail and small businesses portfolios, which comprise large numbers of small homogenous assets with similar risk characteristics where credit scoring techniques are generally used, the impairment allowance is calculated using forward looking modelled parameters which are typically run at account level. There are many models in use, each tailored to a product, line of business or customer category. Judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised. The impairment allowance reflected in the financial statements for these portfolios is therefore considered to be reasonable and supportable.

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 subjective and can include the business prospects for the customer, the realisable value of collateral, the Barclays Bank Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

	2019			2018			2017[a]		
	Impairment Charges	Recoveries[b]	Total	Impairment Charges	Recoveries[b]	Total	Impairment Charges	Recoveries[b]	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances	1,214	(73)	1,141	774	(86)	688	1,724	(188)	1,536
Provision for undrawn contractually committed facilities and guarantees provided	55	-	55	(48)	-	(48)	14	-	14
Loans impairment	1,269	(73)	1,196	726	(86)	640	1,738	(188)	1,550
Cash collateral and settlement balances	1	-	1	(1)	-	(1)	-	-	-
Financial investments	-	-	-	-	-	-	3	-	3
Financial instruments at fair value through OCI	-	-	-	4	-	4	-	-	-
Other financial assets measured at cost	5	-	5	-	-	-	-	-	-
Credit impairment charges[c]	1,275	(73)	1,202	729	(86)	643	1,741	(188)	1,553

Notes
a 2017 numbers are presented on an IAS 39 basis.
b Cash recoveries of previously written off amounts
c Barclays Bank PLC transferred its UK banking business on 1 April 2018 to Barclays Bank UK PLC. Results relating to the UK banking business for the three months ended 31 March 2018 (Impairment charges: £217m and recoveries: £16m) and for the twelve months ended 31 December 2017 (Impairment charges: £929m and recoveries: £146m) have been reported as discontinued operations

Write-offs subject to enforcement activity
The contractual amount outstanding on financial assets that were written off during the period ended 31 December 2019 and that are still subject to enforcement activity is £1,119m (2018: £1,152m). 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 £1,311m (2018: £784m) were subject to non-substantial modification during the period, with a resulting loss of £20m (2018: £ 19m). The gross carrying amount at 31 December 2019 of financial assets for which the loss allowance has changed to a 12 month ECL during the year amounts to £401m (2018: £:114m).

8 Operating expenses

	2019 £m	2018 £m	2017 £m
Infrastructure costs			
Property and equipment	**368**	380	792
Depreciation and amortisation[a]	**457**	395	637
Lease payments[a]	**7**	158	248
Impairment of property, equipment and intangible assets	**3**	2	19
Total infrastructure costs	**835**	935	1,696
Administration and general costs			
Consultancy, legal and professional fees	**362**	400	505
Marketing and advertising	**258**	316	292
UK bank levy	**185**	223	306
Other administration and general expenses	**3,513**	3,285	3,038
Total administration and general costs	**4,318**	4,224	4,141
Staff costs	**4,565**	4,874	4,393
Provisions for litigation and conduct	**264**	1,706	448
Operating expenses	**9,982**	11,739	10,678

Note
a With adoption of IFRS 16 from 1 January 2019, the depreciation charge associated with right of use assets is reported within the depreciation and amortisation charge for 2019.

For further details on staff costs including accounting policies, refer to Note 30.

9 Tax

Accounting for income taxes

Barclays Bank Group applies IAS 12 *Income Taxes* in accounting for taxes on income. Income tax payable on taxable profits (current tax) is recognised as an expense in the periods in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior periods. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except in certain circumstances where the deferred tax asset relating to the deductible 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.

Barclays Bank Group considers an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in the Barclays Bank Group's tax returns. The Barclays Bank Group accounts for provisions in respect of uncertain tax positions in two different ways.

A current tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will alter the amount of cash tax due to, or from, a tax authority in the future. From recognition, the current tax provision is then measured at the amount the Barclays Bank Group ultimately expects to pay the tax authority to resolve the position. Effective from 1 January 2019, the Barclays Bank Group changed its accounting policy on the accrual of interest and penalty amounts in respect of uncertain income tax positions and now recognises such amounts as an expense within profit before tax and will continue to do so in future periods. The prior periods' tax charges have not been restated because the accrual for interest and penalties in those periods in respect of uncertain tax positions was not material.

Deferred tax provisions are adjustments made to the carrying value of deferred tax assets in respect of uncertain tax positions. A deferred tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will result in a reduction in the carrying value of the deferred tax asset. From recognition of a provision, measurement of the underlying deferred tax asset is adjusted to take into account the expected impact of resolving the uncertain tax position on the loss or temporary difference giving rise to the deferred tax asset.

The approach taken to measurement takes account of whether the uncertain tax position is a discrete position that will be reviewed by the tax authority in isolation from any other position, or one of a number of issues which are expected to be reviewed together concurrently and resolved simultaneously with a tax authority. The Barclays Bank Group's measurement of provisions is based upon its best estimate of the additional profit that will become subject to tax. For a discrete position, consideration is given only to the merits of that position. Where a number of issues are expected to be reviewed and resolved together, the Barclays Bank Group will take into account not only the merits of its position in respect of each particular issue but also the overall level of provision relative to the aggregate of the uncertain tax positions across all the issues that are expected to be resolved at the same time. In addition, in assessing provision levels, it is assumed that tax authorities will review uncertain tax positions and that all facts will be fully and transparently disclosed.

Critical accounting estimates and judgements

There are two key areas of judgement that impact the reported tax position. Firstly, the level of provisioning for uncertain tax positions; and secondly, the recognition and measurement of deferred tax assets.

The Barclays Bank Group does not consider there to be a significant risk of a material adjustment to the carrying amount of current and deferred tax balances, including provisions for uncertain tax positions in the next financial year. The provisions for uncertain tax positions cover a diverse range of issues and reflect advice from external counsel where relevant. It should be noted that only a proportion of the total uncertain tax positions will be under audit at any point in time, and could therefore be subject to challenge by a tax authority over the next year.

Deferred tax assets have been recognised based on business profit forecasts. Details on the recognition of deferred tax assets are provided in this note.

	2019 £m	2018 £m	2017 £m
Current tax charge/(credit)			
Current year[a]	**327**	94	(489)
Adjustments in respect of prior years	**(50)**	(200)	44
	277	(106)	(445)
Deferred tax charge/(credit)			
Current year	**157**	372	1,862
Adjustments in respect of prior years	**(102)**	(37)	(65)
	55	335	1,797
Tax charge	**332**	229	1,352

Note

a From 2019, due to an IAS 12 update, the tax relief on payments in relation to AT1 instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded in retained earnings. Comparatives have been restated, reducing the tax charge for 2018 by £175m and 2017 by £174m. Further detail can be found in Note 1.

The table below shows the reconciliation between the actual tax charge and the tax charge that would result from applying the standard UK corporation tax rate to the Barclays Bank Group's profit before tax.

	2019 £m	2019 %	2018 £m	2018 %	2017 £m	2017 %
Profit before tax from continuing operations	**3,112**		1,286		1,758	
Tax charge based on the standard UK corporation tax rate of 19% (2018: 19%, 2017: 19.25%)	**593**	**19.0%**	244	19.0%	339	19.3%
Impact of profits/losses earned in territories with different statutory rates to the UK (weighted average tax rate is 26% (2018: 27.1%, 2017: 38.2%))	**217**	**7.0%**	104	8.1%	333	18.9%
Recurring items:						
Non-creditable taxes including withholding taxes	**146**	**4.7%**	156	12.1%	191	10.9%
Impact of UK bank levy being non-deductible	**35**	**1.1%**	42	3.3%	59	3.4%
Non-deductible expenses	**34**	**1.1%**	67	5.2%	76	4.3%
Impact of Barclays Bank PLC's overseas branches being taxed both locally and in the UK	**15**	**0.5%**	16	1.2%	(61)	(3.5%)
Tax adjustments in respect of share-based payments	**(7)**	**(0.2%)**	11	0.9%	2	0.1%
Changes in recognition of deferred tax and effect of unrecognised tax losses	**(85)**	**(2.7%)**	(104)	(8.1%)	(72)	(4.1%)
Banking surcharge and other items[a]	**(103)**	**(3.3%)**	(69)	(5.4%)	(108)	(6.1%)
AT1 tax credit[a]	**(121)**	**(3.9%)**	(123)	(9.6%)	(123)	(7.0%)
Adjustments in respect of prior years	**(152)**	**(4.9%)**	(237)	(18.4%)	(21)	(1.2%)
Non-taxable gains and income	**(240)**	**(7.7%)**	(232)	(18.0%)	(191)	(10.9%)
Non-recurring items:						
One off re-measurement of US deferred tax assets	**-**	**-**	-	-	1,177	67.0%
Impact of the UK branch exemption on deferred tax assets	**-**	**-**	-	-	(276)	(15.7%)
Non-deductible provisions for UK customer redress	**-**	**-**	8	0.6%	-	-
Non-deductible provisions for investigations and litigation	**-**	**-**	346	26.9%	66	3.8%
Non-taxable gains and income on divestments	**-**	**-**	-	-	(39)	(2.2%)
Total tax charge	**332**	**10.7%**	229	17.8%	1,352	76.9%

Note
a From 2019, due to an IAS 12 update, the tax relief on payments in relation to AT1 instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded in retained earnings. The tax charge for the current period has been reduced by £171m (relief at the standard UK corporation tax rate is £121m and the relief at the banking surcharge rate is £50m). Comparatives have been restated, reducing the tax charge for 2018 by £175m and 2017 by £174m (relief at the standard UK corporation tax rate is £123m (2017 and 2018) and the relief at the banking surcharge rate is £52m (2018) and £51m (2017)). The table above has the AT1 tax credit for the current year and prior periods split between the AT1 tax credit line and the banking surcharge line. Further detail can be found in Note 1.

Factors driving the effective tax rate

The effective tax rate of 10.7% is lower than the UK corporation tax rate of 19% primarily due to the impact of non-taxable gains and income in the period, adjustments in respect of prior periods and tax relief on payments made under AT1 instruments. These factors, which have each decreased the effective tax rate, are partially offset by the impact of profits earned outside the UK being taxed at local statutory tax rates that are higher than the UK tax rate and non-creditable taxes.

Effective from 1 January 2019, a change in accounting standards requires the tax consequences of all payments on financial instruments that are classified as equity for accounting purposes, where those payments are considered to be a distribution of profit, to be included in the income statement tax charge. Excluding this accounting change which resulted in tax relief on payments in relation to AT1 instruments of £171m (2018: £175m) being included in the income statement tax charge, the Barclays Bank Group's effective tax rate would have been 16.2% (2018: 31.4%).

Barclays Bank Group's future tax charge will be sensitive to the geographic mix of profits earned and the tax rates in force in the jurisdictions that the Group operates in. In the UK, legislation to reduce the corporation tax rate to 17% from 1 April 2020 has been enacted. However, the UK Government has announced its intention to introduce legislation to reverse the planned rate reduction and to maintain the current rate of 19%.

Tax in other comprehensive income

Tax relating to each component of other comprehensive income on page 128 can be found in the consolidated statement of comprehensive income which includes within Other a tax credit of £16m (2018: £27m credit) on other items including share based payments.

Tax in respect of discontinued operations

Tax relating to the discontinued operations can be found in the disposal groups income statement (see Note 39). The tax charge of £nil (2018: £138m) relates to the profit from the ordinary activities of the discontinued operations.

Current tax assets and liabilities

Movements on current assets and liabilities were as follows:

	Barclays Bank Group		Barclays Bank PLC	
	2019 £m	2018 £m	2019 £m	2018 £m
Assets	1,713	376	1,439	115
Liabilities	(621)	(494)	(376)	(242)
As at 1 January	1,092	(118)	1,063	(127)
Income statement from continuing operations[a]	(277)	106	41	371
Income statement from discontinued UK banking business	-	(90)	-	(87)
Other comprehensive income and reserves[a]	293	(7)	288	(31)
Corporate income tax (received)/paid	(894)	409	(919)	150
Transfer to Barclays Bank UK PLC[b]	-	677	-	676
Other movements	364	115	252	111
	578	1,092	725	1,063
Assets	898	1,713	946	1,439
Liabilities	(320)	(621)	(221)	(376)
As at 31 December	578	1,092	725	1,063

Note

a Due to the IAS 12 update impacting AT1 tax credits, the 2018 comparative has been restated to reflect the £175m tax credit in the income statement, whereas it was previously recorded in retained earnings. Further detail can be found in Note 1.

b Related to the transfer of current tax liabilities to Barclays Bank UK PLC as part of the disposal of the UK banking business.

Deferred tax assets and liabilities

The deferred tax amounts on the balance sheet were as follows:

	Barclays Bank Group		Barclays Bank PLC	
	2019 £m	2018 £m	2019 £m	2018 £m
Intermediate Holding Company ("IHC Tax Group")	1,037	1,454	-	-
US Branch Tax Group	1,015	1,087	1,015	1,087
UK Tax Group	-	3	-	5
Other	408	426	100	157
Deferred tax asset	2,460	2,970	1,115	1,249
Deferred tax liability - UK Tax Group	(80)	-	(80)	-
Net deferred tax	2,380	2,970	1,035	1,249

US deferred tax assets in the IHC and the US Branch

The deferred tax asset in the IHC Tax Group of £1,037m (2018: £1,454m) includes £54m (2018: £220m) relating to tax losses and the deferred tax asset in Barclays Bank PLC's US Branch Tax Group of £1,015m (2018: £1,087m) includes £84m (2018: £167m) relating to tax losses. Under US tax rules, losses occurring prior to 1 January 2018 can be carried forward and offset against profits for a period of 20 years. The losses first arose in 2011 in the IHC Tax Group and 2008 in the US Branch Tax Group and therefore, any unused amounts may begin to expire in 2031 and 2028 respectively. The deferred tax assets for the IHC and the US Branch Tax Groups' tax losses are currently projected to be fully utilised by 2020.

UK Tax Group deferred tax assets/liabilities

The deferred tax liability in the UK Tax Group of £80m (2018: £3m deferred tax asset) includes a deferred tax asset of £268m (2018: £nil) relating to tax losses which is offset by a £348m deferred tax liability relating to temporary differences. There is no time limit on utilisation of UK tax losses and business profit forecasts indicate these will be fully recovered.

Other deferred tax assets

The deferred tax asset of £408m (2018: £426m) in other entities within the Barclays Bank Group includes £117m (2018: £142m) relating to tax losses. These deferred tax assets relate to a number of different territories and their recognition is based on profit forecasts or local country law which indicate that it is probable that the losses and temporary differences will be utilised.

Of the deferred tax asset of £408m (2018: £426m), an amount of £148m (2018: £245m) 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 and in the preceding table as they are presented before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Barclays Bank Group	Fixed asset timing differences £m	Fair value through other comprehensive income £m	Cash flow hedges £m	Retirement benefit obligations £m	Loan impairment allowance £m	Other provisions £m	Tax losses carried forward £m	Share based payments and deferred compensation £m	Other £m	Total £m
Assets	758	175	38	39	359	112	529	309	1,336	3,655
Liabilities	(16)	(35)	(2)	(434)	-	-	-	-	(198)	(685)
At 1 January 2019	**742**	**140**	**36**	**(395)**	**359**	**112**	**529**	**309**	**1,138**	**2,970**
Income statement	66	-	-	(5)	(55)	23	17	(7)	(94)	(55)
Other comprehensive income and reserves	-	(46)	(175)	(205)	(10)	2	-	8	71	(355)
Other movements	(118)	(2)	-	(4)	(10)	(10)	(23)	(5)	(8)	(180)
	690	92	(139)	(609)	284	127	523	305	1,107	2,380
Assets	719	110	-	31	284	127	523	305	1,329	3,428
Liabilities	(29)	(18)	(139)	(640)	-	-	-	-	(222)	(1,048)
At 31 December 2019	**690**	**92**	**(139)**	**(609)**	**284**	**127**	**523**	**305**	**1,107**	**2,380**
Assets[a]	1,232	188	1	49	735	157	596	341	1,346	4,645
Liabilities	(28)	(143)	(69)	(218)	-	-	-	-	(208)	(666)
At 1 January 2018[a]	1,204	45	(68)	(169)	735	157	596	341	1,138	3,979
Income statement from continuing operations	61	(9)	-	(124)	(76)	(62)	(104)	(28)	7	(335)
Income statement from discontinued UK banking business	(48)	-	-	-	-	-	-	-	-	(48)
Other comprehensive income and reserves	-	97	103	(98)	(18)	8	1	(10)	(8)	75
Transfer to Barclays Bank UK PLC[b]	(447)	-	-	-	(279)	-	-	-	(21)	(747)
Other movements	(28)	7	1	(4)	(3)	9	36	6	22	46
	742	140	36	(395)	359	112	529	309	1,138	2,970
Assets	758	175	38	39	359	112	529	309	1,336	3,655
Liabilities	(16)	(35)	(2)	(434)	-	-	-	-	(198)	(685)
At 31 December 2018	742	140	36	(395)	359	112	529	309	1,138	2,970

Notes
a Due to the adoption of IFRS 9 and IFRS 15 on 1 January 2018, additional deferred tax assets of £627m were recognised.
b Related to the transfer of deferred tax assets to Barclays Bank UK PLC as part of the disposal of the UK banking business.

Barclays Bank PLC	Fixed asset timing differences	Fair value through other comprehensive income	Cash flow hedges	Retirement benefit obligations	Loan impairment allowance	Other provisions	Tax losses carried forward	Share based payments and deferred compensation	Other	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets	651	171	38	20	182	61	167	79	475	1,844
Liabilities	-	(35)	(2)	(433)	-	-	-	-	(125)	(595)
At 1 January 2019	651	136	36	(413)	182	61	167	79	350	1,249
Income statement	54	-	-	(7)	3	23	200	9	67	349
Other comprehensive income and reserves	-	(47)	(175)	(206)	(9)	2	-	2	71	(362)
Other movements	(115)	1	-	(12)	(4)	(15)	(15)	-	(41)	(201)
	590	90	(139)	(638)	172	71	352	90	447	1,035
Assets	602	108	-	-	172	71	352	90	618	2,013
Liabilities	(12)	(18)	(139)	(638)	-	-	-	-	(171)	(978)
At 31 December 2019	590	90	(139)	(638)	172	71	352	90	447	1,035
Assets[a]	1,145	172	1	21	474	51	285	98	629	2,876
Liabilities	-	(142)	(68)	(218)	-	-	-	-	(174)	(602)
At 1 January 2018[a]	1,145	30	(67)	(197)	474	51	285	98	455	2,274
Income statement from continuing operations	44	9	-	(124)	7	(18)	(119)	(6)	43	(164)
Income statement from discontinued UK banking business	(48)	-	-	-	-	-	-	-	-	(48)
Other comprehensive income and reserves	-	94	103	(93)	(10)	25	-	(4)	(8)	107
Transfer to Barclays Bank UK PLC[b]	(447)	-	-	-	(279)	-	-	-	(21)	(747)
Other movements	(43)	3	-	1	(10)	3	1	(9)	(119)	(173)
	651	136	36	(413)	182	61	167	79	350	1,249
Assets	651	171	38	20	182	61	167	79	475	1,844
Liabilities	-	(35)	(2)	(433)	-	-	-	-	(125)	(595)
At 31 December 2018	651	136	36	(413)	182	61	167	79	350	1,249

Notes
a Due to the adoption of IFRS 9 and IFRS 15 on 1 January 2018, additional deferred tax assets of £411m were recognised.
b Related to the transfer of deferred tax assets to Barclays Bank UK PLC as part of the disposal of the UK banking business.

Other movements include the impact of changes in foreign exchange rates as well as deferred tax amounts relating to acquisitions and disposals.

The amount of deferred tax liability expected to be settled after more than 12 months for the Barclays Bank Group is £1,050m (2018: £576m) and for Barclays Bank PLC is £973m (2018: £551m). The amount of deferred tax asset expected to be recovered after more than 12 months for the Barclays Bank Group is £2,958m (2018: £2,932m) and for Barclays Bank PLC is £1,794m (2018: £1,546m). 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 deductible temporary differences of £208m (2018: £174m), unused tax credits of £247m (2018: £203m), and gross tax losses of £18,582m (2018: £16,313m). The tax losses include capital losses of £2,980m (2018: £3,225m). Of these tax losses, £41m (2018: £240m) expire within five years, £239m (2018: £259m) expire within six to ten years, £5,178m (2018: £948m) expire within 11 to 20 years and £13,124m (2018: £14,866m) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

For Barclays Bank PLC, deferred tax assets have not been recognised in respect of gross deductible temporary differences of £36m (2018: £82m), unused tax credits of £210m (2018: £198m), and gross tax losses of £3,845m (2018: £7,235m) which includes capital losses of £2,637m (2018: £2,473m). Of these tax losses, £nil (2018: £214m) expire within five years, £nil (2018: £247m) expire within six to ten years, £nil (2018: £nil) expire within 11 to 20 years and £3,845m (2018: £6,774m) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

Barclays Bank Group investments in subsidiaries, branches and associates
Deferred tax is not recognised in respect of the value of Barclays Bank Group's investments in subsidiaries, branches and associates where the Barclays Bank Group is able to control the timing of the reversal of the temporary differences and it is probable that such differences will not

reverse in the foreseeable future. The aggregate amount of these temporary differences for which deferred tax liabilities have not been recognised was £0.7bn (2018: £0.6bn).

10 Dividends on ordinary shares and other equity instruments

The 2019 financial statements include £233m (2018: £14,585m) of dividends paid. A half year dividend was paid of £233m (2018: £149m). There was £nil final dividend paid in relation to the prior year (2018: £142m) and £nil dividend in specie paid (2018: £14,294m). These result in a total dividend for the year of £0.10 (2018: £6.23) per ordinary share.

Dividends paid on preference shares amounted to £41m (2018: £204m). Dividends paid on the 4.75% €100 preference shares amounted to £409.44 per share (2018: £421.16). Dividends paid on the 6.278% US$100 preference shares amounted to £485.94 per share (2018: £446.17). Dividends paid on the 8.125% US$0.25 preference shares amounted to £nil per share (2018: £1.54).

Dividends paid on other equity instruments amounted to £660m (2018: £647m). For further detail on other equity instruments, please refer to Note 27.

The Directors have approved a full year dividend in respect of 2019 of £263m, which will be paid on 25 March 2020. The financial statements for the year ended 31 December 2019 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 2020. Dividends are funded out of distributable reserves

Assets and liabilities held at fair value

The notes included in this section focus on assets and liabilities the Barclays Bank Group holds and recognises at fair value. Fair value refers to the price that would be received to sell an asset or the price that would be paid to transfer a liability in an arm's-length transaction with a willing counterparty, which may be an observable market price or, where there is no quoted price for the instrument, may be an estimate based on available market data. Detail regarding the Barclays Bank Group's approach to managing market risk can be found on page 45.

11 Trading portfolio

Accounting for trading portfolio assets and liabilities

In accordance with IFRS 9, all assets and liabilities held for trading purposes are held at fair value with gains and losses in the changes in fair value taken to the income statement in net trading income (Note 5).

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	2019	2018
	£m	£m	£m	£m
Debt securities and other eligible bills	51,881	57,134	38,457	37,812
Equity securities	56,000	39,565	35,443	28,403
Traded loans	5,378	7,234	5,177	7,234
Commodities	78	105	2	31
Trading portfolio assets	**113,337**	104,038	**79,079**	73,480
Debt securities and other eligible bills	(22,038)	(24,125)	(20,673)	(22,083)
Equity securities	(13,174)	(12,489)	(24,457)	(24,543)
Trading portfolio liabilities	**(35,212)**	(36,614)	**(45,130)**	(46,626)

12 Financial assets at fair value through the income statement

Accounting for financial assets mandatorily at fair value

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling.

Accounting for financial assets designated at fair value

Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch.

Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

The details on how the fair value amounts are derived for financial assets at fair value are described in Note 16.

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	2019	2018
	£m	£m	£m	£m
Loans and advances	1,333	1,387	1,333	1,387
Debt securities	3,995	3,855	3,866	3,855
Reverse repurchase agreements and other similar secured lending	40	106	40	106
Financial assets designated at fair value	**5,368**	5,348	**5,239**	5,348
Loans and advances	17,804	14,257	32,338	30,515
Debt securities	1,225	660	2,251	142
Equity securities	6,548	5,172	196	132
Reverse repurchase agreements and other similar secured lending	97,783	119,285	122,457	143,171
Other financial assets	742	528	19	57
Financial assets mandatorily at fair value	**124,102**	139,902	**157,261**	174,017
Total	**129,470**	145,250	**162,500**	179,365

Credit risk of financial assets designated at fair value and related credit derivatives

The following table shows the maximum exposure to credit risk, the changes in fair value attributable to changes in credit risk, and the cumulative changes in fair value since initial recognition for loans and advances. The table does not include debt securities and reverse repurchase agreements and other similar secured lending designated at FV as they have minimal exposure to credit risk. Reverse repurchase agreements are collateralised and debt securities are primarily relating to high quality sovereigns.

	Barclays Bank Group						Barclays Bank PLC					
	Maximum exposure as at 31 December		Changes in fair value during the year ended		Cumulative changes in fair value from inception		Maximum exposure as at 31 December		Changes in fair value during the year ended		Cumulative changes in fair value from inception	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances designated at fair value, attributable to credit risk[a]	**1,333**	1,387	**2**	2	**(5)**	(8)	**1,333**	1,387	**2**	2	**(5)**	(8)

Note
a Loans and advances credit risk hedged by credit derivatives for Barclays Bank Group is £nil (2018: £nil) and for Barclays Bank PLC is £nil (2018: £nil)

13 Derivative financial instruments

Accounting for derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Barclays Bank Group's net interest income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. Derivatives are used to hedge interest rate, credit risk, inflation risk, exchange rate, commodity, and equity exposures and exposures to certain indices such as house price indices and retail price indices related to non-trading positions

All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow or net investment hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host), which, had it been a standalone contract, would have met the definition of a derivative. If these are separated from the host, i.e. when the economic characteristics of the embedded derivative are not closely related with those of the host contract and the combined instrument is not measured at fair value through profit or loss, then they are accounted for in the same way as derivatives. For financial assets, the requirements are whether the financial asset contain contractual terms that give rise on specified dates to cash flows that are SPPI, and consequently the requirements for accounting for embedded derivatives are not applicable to financial assets.

Hedge accounting

The Barclays Bank Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes. The Barclays Bank Group applies hedge accounting to represent, the economic effects of its interest rate, currency and contractually linked inflation risk management strategies. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Barclays Bank Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

The Barclays Bank Group has elected to early adopt the 'Amendments to IAS 39 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at that date.

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR ('Interbank Offered Rates') reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

In summary, the reliefs provided by the amendments that apply to the Barclays Bank Group are:
- When considering the 'highly probable' requirement, the Barclays Bank Group has assumed that the IBOR interest rates upon which our hedged items are based do not change as a result of IBOR Reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Barclays Bank Group has assumed that the IBOR interest rates upon which the cash flows of the hedged items and the interest rate swaps that hedge them are based are not altered by IBOR reform.
- The Barclays Bank Group will not discontinue hedge accounting during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside the required 80–125% range.
- The Barclays Bank Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- The Barclays Bank Group has assessed whether the hedged IBOR risk component is a separately identifiable risk only when it first designates a hedged item in a fair value hedge and not on an ongoing basis.

Further amendments are expected for future accounting periods following completion of the second part of the IASB's two-phased project which focuses on the impacts of IBOR reform on financial reporting.

Fair value hedge accounting

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortised cost.

If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement. For items classified as fair value through other comprehensive income, the hedge accounting adjustment is included in other comprehensive income.

Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

Hedges of net investments

The Barclays Bank Group's net investments in foreign operations, including monetary items accounted for as part of the net investment, are hedged for foreign currency risks using both derivatives and foreign currency borrowings. Hedges of net investments are accounted for similarly to cash flow hedges; the effective portion of the gain or loss on the hedging instrument is being recognised directly in other comprehensive income and the ineffective portion being recognised immediately in the income statement. The cumulative gain or loss recognised in other comprehensive income is recognised in the income statement on the disposal or partial disposal of the foreign operation, or other reductions in the Barclays Bank Group's investment in the operation.

	Barclays Bank Group			Barclays Bank 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 2019						
Total derivative assets/(liabilities) held for trading	**41,778,195**	**229,459**	**(228,338)**	**30,275,618**	**228,963**	**(225,021)**
Total derivative assets/(liabilities) held for risk management	**109,762**	**182**	**(602)**	**108,759**	**375**	**(586)**
Derivative assets/(liabilities)	**41,887,957**	**229,641**	**(228,940)**	**30,384,377**	**229,338**	**(225,607)**
As at 31 December 2018						
Total derivative assets/(liabilities) held for trading	43,920,658	222,522	(219,527)	32,477,707	221,086	(221,476)
Total derivative assets/(liabilities) held for risk management	116,441	161	(65)	117,333	161	(114)
Derivative assets/(liabilities)	44,037,099	222,683	(219,592)	32,595,040	221,247	(221,590)

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 and risk management	Barclays Bank Group			Barclays Bank PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Derivatives held for trading						
As at 31 December 2019						
Foreign exchange derivatives						
OTC derivatives	4,910,084	56,535	(56,793)	4,751,272	54,446	(54,707)
Derivatives cleared by central counterparty	74,136	84	(145)	74,252	84	(145)
Exchange traded derivatives	18,520	12	(31)	8,818	-	-
Foreign exchange derivatives	5,002,740	56,631	(56,969)	4,834,342	54,530	(54,852)
Interest rate derivatives						
OTC derivatives	12,631,723	140,553	(133,408)	8,543,695	131,452	(124,346)
Derivatives cleared by central counterparty	17,088,755	862	(859)	12,532,122	329	(298)
Exchange traded derivatives	5,041,948	1,251	(1,265)	934,398	16	(30)
Interest rate derivatives	34,762,426	142,666	(135,532)	22,010,215	131,797	(124,674)
Credit derivatives						
OTC derivatives	399,386	5,253	(5,399)	310,216	5,124	(5,124)
Derivatives cleared by central counterparty	426,130	2,962	(2,687)	334,410	2,625	(2,430)
Credit derivatives	825,516	8,215	(8,086)	644,626	7,749	(7,554)
Equity and stock index derivatives						
OTC derivatives	232,050	10,628	(15,785)	213,030	10,333	(15,114)
Exchange traded derivatives	841,994	10,178	(10,849)	162,308	1,470	(2,150)
Equity and stock index derivatives	1,074,044	20,806	(26,634)	375,338	11,803	(17,264)
Commodity derivatives						
OTC derivatives	7,327	303	(256)	5,883	298	(244)
Exchange traded derivatives	106,142	838	(861)	15,420	308	(310)
Commodity derivatives	113,469	1,141	(1,117)	21,303	606	(554)
Derivatives with subsidiaries	-	-	-	2,389,794	22,478	(20,123)
Derivative assets/(liabilities) held for trading	41,778,195	229,459	(228,338)	30,275,618	228,963	(225,021)
Total OTC derivatives held for trading	18,180,570	213,272	(211,641)	13,824,096	201,653	(199,535)
Total derivatives cleared by central counterparty held for trading	17,589,021	3,908	(3,691)	12,940,784	3,038	(2,873)
Total exchange traded derivatives held for trading	6,008,604	12,279	(13,006)	1,120,944	1,794	(2,490)
Derivatives with subsidiaries held for trading				2,389,794	22,478	(20,123)
Derivative assets/(liabilities) held for trading	41,778,195	229,459	(228,338)	30,275,618	228,963	(225,021)
Derivatives held for risk management						
Derivatives designated as cash flow hedges						
Interest rate swaps	2,085	28	(1)	1,478	28	(1)
Interest rate derivatives cleared by central counterparty	43,594	-	-	40,279	-	-
Derivatives designated as cash flow hedges	45,679	28	(1)	41,757	28	(1)
Derivatives designated as fair value hedges						
Interest rate swaps	7,619	124	(601)	7,231	99	(585)
Forward foreign exchange	-	-	-	1,383	55	-
Interest rate derivatives cleared by central counterparty	55,319	-	-	53,166	-	-
Derivatives designated as fair value hedges	62,938	124	(601)	61,780	154	(585)
Derivatives designated as hedges of net investments						
Forward foreign exchange	1,145	30	-	5,222	193	-
Foreign exchange derivatives cleared by central counterparty	-	-	-	-	-	-
Derivatives designated as hedges of net investments	1,145	30	-	5,222	193	-
Derivative assets/(liabilities) held for risk management	109,762	182	(602)	108,759	375	(586)
Total OTC derivatives held for risk management	10,849	182	(602)	15,314	375	(586)
Total derivatives cleared by central counterparty held for risk management	98,913	-	-	93,445	-	-
Derivative assets/(liabilities) held for risk management	109,762	182	(602)	108,759	375	(586)

Derivatives held for trading and risk management	Barclays Bank Group			Barclays Bank PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Derivatives held for trading						
As at 31 December 2018						
Foreign exchange derivatives						
OTC derivatives	5,200,824	63,982	(63,832)	5,194,070	63,516	(63,463)
Derivatives cleared by central counterparty	72,526	163	(233)	72,526	163	(233)
Exchange traded derivatives	23,585	7	(7)	10,724	-	-
Foreign exchange derivatives	5,296,935	64,152	(64,072)	5,277,320	63,679	(63,696)
Interest rate derivatives						
OTC derivatives	9,978,858	123,962	(119,295)	7,938,292	123,664	(118,931)
Derivatives cleared by central counterparty	15,794,162	974	(1,014)	12,853,069	530	(529)
Exchange traded derivatives	11,087,714	356	(323)	2,021,430	16	(25)
Interest rate derivatives	36,860,734	125,292	(120,632)	22,812,791	124,210	(119,485)
Credit derivatives						
OTC derivatives	386,508	6,575	(5,239)	335,270	5,855	(4,543)
Derivatives cleared by central counterparty	372,567	4,180	(4,280)	321,329	3,484	(3,560)
Credit derivatives	759,075	10,755	(9,519)	656,599	9,339	(8,103)
Equity and stock index derivatives						
OTC derivatives	190,496	9,711	(11,830)	190,081	9,793	(11,844)
Exchange traded derivatives	692,435	11,171	(12,066)	117,541	3,079	(3,550)
Equity and stock index derivatives	882,931	20,882	(23,896)	307,622	12,872	(15,394)
Commodity derivatives						
OTC derivatives	9,756	521	(408)	9,741	521	(408)
Exchange traded derivatives	111,227	920	(1,000)	13,633	344	(438)
Commodity derivatives	120,983	1,441	(1,408)	23,374	865	(846)
Derivatives with subsidiaries	-	-	-	3,400,001	10,121	(13,952)
Derivative assets/(liabilities) held for trading	43,920,658	222,522	(219,527)	32,477,707	221,086	(221,476)
Total OTC derivatives held for trading	15,766,442	204,751	(200,604)	13,667,454	203,349	(199,189)
Total derivatives cleared by central counterparty held for trading	16,239,255	5,317	(5,527)	13,246,924	4,177	(4,322)
Total exchange traded derivatives held for trading	11,914,961	12,454	(13,396)	2,163,328	3,439	(4,013)
Derivatives with subsidiaries held for trading	-	-	-	3,400,001	10,121	(13,952)
Derivative assets/(liabilities) held for trading	43,920,658	222,522	(219,527)	32,477,707	221,086	(221,476)
Derivatives held for risk management						
Derivatives designated as cash flow hedges						
OTC interest rate derivatives	2,622	18	(7)	2,431	18	(7)
Interest rate derivatives cleared by central counterparty	45,995	-	-	44,509	-	-
Derivatives designated as cash flow hedges	48,617	18	(7)	46,940	18	(7)
Derivatives designated as fair value hedges						
OTC interest rate derivatives	2,598	143	(48)	2,265	143	(48)
OTC foreign exchange derivatives	-	-	-	1,031	-	(39)
Interest rate derivatives cleared by central counterparty	62,258	-	-	60,173	-	-
Derivatives designated as fair value hedges	64,856	143	(48)	63,469	143	(87)
Derivatives designated as hedges of net investments						
OTC foreign exchange derivatives	2,968	-	(10)	6,924	-	(20)
Derivatives designated as hedges of net investment	2,968	-	(10)	6,924	-	(20)
Derivative assets/(liabilities) held for risk management	116,441	161	(65)	117,333	161	(114)
Total OTC derivatives held for risk management	8,188	161	(65)	12,651	161	(114)
Total derivatives cleared by central counterparty held for risk management	108,253	-	-	104,682	-	-
Derivative assets/(liabilities) held for risk management	116,441	161	(65)	117,333	161	(114)

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. At a consolidated level, currency risk also arises when the functional currency of subsidiaries are different from the parent
- Contractually linked inflation risk – arises from financial instruments within contractually specified inflation risk. The Barclays Bank Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the Barclays Bank Group uses the following hedging instruments:

- Interest rate derivatives to swap interest rate exposures into either fixed or variable rates
- Currency derivatives to swap foreign currency net investment exposure to local currency
- Inflation derivatives to swap inflation exposure into either fixed or variable interest rates.

In some cases, certain items which are economically hedged may be ineligible hedged items for the purposes of IAS 39, such as core deposits and equity. In these instances, a proxy hedging solution can be utilised whereby portfolios of floating rate assets are designated as eligible hedged items in cash flow hedges.

In some hedging relationships, the Barclays Bank Group designates risk components of hedged items as follows:

- Benchmark interest rate risk as a component of interest rate risk, such as the LIBOR or Risk Free Rate (RFR) component
- Inflation risk as a contractually specified component of a debt instrument
- Spot exchange rate risk for foreign currency financial assets or financial liabilities
- Components of cash flows of hedged items, for example certain interest payments for part of the life of an instrument.

Using the benchmark interest rate risk results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship. LIBOR is considered the predominant interest rate risk and therefore the hedged items change in fair value on a fully proportionate basis with reference to this risk.

In respect of many of the Barclays Bank Group's hedge accounting relationships, the hedged item and hedging instrument change frequently due to the dynamic nature of the risk management and hedge accounting strategy. The Barclays Bank Group applies hedge accounting to dynamic scenarios, predominantly in relation to interest rate risk, with a combination of hedged items in order for its financial statements to reflect as closely as possible the economic risk management undertaken. In some cases, if the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated and is replaced with a different hedge accounting relationship.

Changes in the GBP value of net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in CET1 capital. The Barclays Bank Group mitigates this by matching the CET1 capital movements to the revaluation of the foreign currency RWA exposures. Net investment hedges are designated where necessary to reduce the exposure to movement in a particular exchange rate to within limits mandated by Risk. As far as possible, existing external currency liabilities are designated as the hedging instruments.

The hedging instruments share the same risk exposures as the hedged items. Hedge effectiveness is determined with reference to quantitative tests, predominantly regression testing, but to the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness or hedge accounting failures.

Sources of ineffectiveness include the following:

- Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences
- Changes in credit risk of the hedging instruments
- If a hedging relationship becomes over-hedged, for example in hedges of net investments if the net asset value designated at the start of the period falls below the amount of the hedging instrument
- Cash flow hedges using external swaps with non-zero fair values
- The effects of the forthcoming reforms to IBOR, because these might take effect at a different time and have a different impact on hedged items and hedging instruments.

Across all benchmarks which Barclays is materially exposed to, there is still uncertainty regarding the precise timing and effects of IBOR reform. There is yet to be full consensus regarding methodologies for converging existing IBORs to their final benchmark rates. As such, Barclays has not incorporated any change in assumptions for affected benchmarks into its expectations or calculations. Barclays does, however, assume sufficient liquidity in IBOR linked benchmarks to provide reliable valuation calculations of both hedged items and hedging instruments (notwithstanding reliefs already applied within the financial reporting).

Interest Rate Benchmark Reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as IBOR has become a priority for global regulators. Since the changes are market driven, there is currently some uncertainty around the timing and precise nature of these changes.

The Barclays Bank Group's risk exposure is directly affected by interest rate benchmark reform, across both its cash flow hedge accounting activities; where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked cash flows, and its fair value hedge accounting activities; where IBOR-linked derivatives are designated as a fair value hedge of fixed interest rate assets and liabilities.

The Barclays Bank Group's risk exposure is predominately to GBP, USD, EUR, JPY and AUD LIBOR with the vast majority concentrated in derivatives within the Corporate and Investment Bank. Some additional exposure resides on floating rate loans and advances and debt securities held and issued within the Corporate and Investment Bank. Approaches to transition will vary product by product, and counterparty by counterparty. Barclays expected derivative contracts facing central clearing counterparties to follow a market-wide, standardised approach to reform. Whereas bilateral derivative agreements, loan agreements and other cash securities to largely be negotiated bilaterally with the counterparty.

There are key differences between IBORs and RFRs. IBORs are 'term rates', which means that they are published for a borrowing period (for example three months), and they are 'forward-looking', because they are published at the beginning of a borrowing period, based upon an estimated inter-bank borrowing cost for the period. RFRs are typically 'backward-looking' rates, as they are based upon overnight rates from actual transactions, and are therefore published at the end of the overnight borrowing period. Furthermore, IBORs include a credit spread over the RFR. Therefore, to transition existing contracts and agreements to RFR, adjustments for term and credit differences may need to be applied to RFR-linked rates to enable the two benchmarks to be economically equivalent upon transition. The methodologies for determining these adjustments are undergoing in-depth consultations by industry working groups, on behalf of the respective global regulators and related market participants.

Barclays has established a Group-wide LIBOR Transition Programme, with oversight from the Barclays Group Finance Director and with cross-business line and functions-support governance. The Transition Programme follows a risk management approach, based upon recognised 'change delivery' control standards, to drive strategic execution, and identify, manage and resolve key risks and issues as they arise. Accountable Executives are in place within key working groups, with overall Board oversight delegated to the Barclays PLC Board Risk Committee and the Barclays PLC Group Finance Director. Barclays performs a prominent stewardship role to drive orderly transition via our representation on official sector and industry working groups across all major jurisdictions and product classes. The Barclays Bank Group is actively engaging with the counterparties to include appropriate fallback provisions in its floating rate assets and liabilities with maturities after 2021, when most IBORs are expected to cease to exist. We expect that the hedging instruments will be modified by the amendments to the 2006 ISDA definitions that will include fallback provisions for when the existing IBORs are permanently discontinued. Additionally, the Barclays Group Finance Director is Chair of the UK's 'Working Group on Sterling Risk-Free Reference Rates', whose mandate is to catalyse a broad-based transition to using SONIA ('Sterling Overnight Index Average') as the primary sterling interest rate benchmark in bond, loan and derivatives markets. Further, hedge accounting specific impacts of IBOR reform are expected as transition progresses, with impact on financial reporting becoming clearer following anticipated completion of Phase 2 of the IASB's IBOR Reform project.

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform as at 31 December 2019:

Barclays Bank Group

Current benchmark rate	Expected convergence to RFR	Nominal amount of hedged items directly impacted by IBOR reform £m	Nominal amount of hedging instruments directly impacted by IBOR reform £m
GBP London Interbank Offered rate (LIBOR)	Reformed Sterling Overnight Index Average (SONIA)	23,911	24,339
USD LIBOR / Effective Federal Funds Rate (EFFR)	Secured Overnight Financing Rate (SOFR)	38,667	37,911
JPY LIBOR	Tokyo Overnight Average (TONA)	1,567	1,511
AUD LIBOR	Bank Bill Swap Rate (BBSW) / Overnight Cash Rate (AONIA)	1,183	1,183
All Other IBORs	Various Other RFRs	1,281	1,102
Total IBOR Notionals		**66,609**	**66,046**

Barclays Bank PLC

Current benchmark rate	Expected convergence to RFR	Nominal amount of hedged items directly impacted by IBOR reform £m	Nominal amount of hedging instruments directly impacted by IBOR reform £m
GBP London Interbank Offered rate (LIBOR)	Reformed Sterling Overnight Index Average (SONIA)	24,216	23,903
USD LIBOR / Effective Federal Funds Rate (EFFR)	Secured Overnight Financing Rate (SOFR)	35,080	34,049
JPY LIBOR	Tokyo Overnight Average (TONA)	1,567	1,532
AUD LIBOR	Bank Bill Swap Rate (BBSW) / Overnight Cash Rate (AONIA)	1,183	1,183
All Other IBORs	Various Other RFRs	1,281	986
Total IBOR Notionals		**63,327**	**61,653**

The Barclays Bank Group's exposure risk management also includes the use of the Euro Interbank Offered Rate ('EURIBOR'). The calculation methodology of EURIBOR changed during 2019. In July 2019, the Belgian Financial Services and Markets Authority granted authorisation with respect to EURIBOR under the European Union Benchmarks Regulation. This allows market participants to continue to use EURIBOR after 1 January 2020 for both existing and new contracts. The Barclays Bank Group expects that EURIBOR will continue to exist as a benchmark rate for the foreseeable future. The Barclays Bank Group does not anticipate changing the hedged risk to a different benchmark. For these reasons, the Barclays Bank Group does not consider its fair value or cash flow hedges of the EURIBOR benchmark interest rate to be directly affected by interest rate benchmark reform at 31 December 2019.

Amount, timing and uncertainty of future cash flows
The following table shows the hedging instruments which are carried on the Barclays Bank's balance sheet:

Barclays Bank Group		Carrying value					
		Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2019							
Fair value	Interest rate risk	**111**	**(104)**	**-**	**55,691**	**(786)**	**33,805**
	Inflation risk	**13**	**(497)**	**-**	**7,247**	**(92)**	**5,345**
Cash flow	Interest rate risk	**24**	**(1)**	**-**	**44,421**	**816**	**26,896**
	Inflation risk	**4**	**-**	**-**	**1,258**	**31**	**-**
Net investment	Foreign exchange risk	**30**	**-**	**(8,076)**	**9,221**	**(282)**	**-**
Total Hedging Instruments		**182**	**(602)**	**(8,076)**	**117,838**	**(313)**	**66,046**
As at 31 December 2018							
Fair value	Interest rate risk	125	(44)	-	61,331	(329)	n/a
	Inflation risk	18	(4)	-	3,525	29	n/a
Cash flow	Interest rate risk	18	(7)	-	48,617	(248)	n/a
Net investment	Foreign exchange risk	-	(10)	(12,332)	15,300	(745)	n/a
Total Hedging Instruments		161	(65)	(12,332)	128,773	(1,293)	n/a

Barclays Bank PLC		Carrying value					
		Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2019							
Fair value	Interest rate risk	**86**	**(105)**	**-**	**53,154**	**(781)**	**31,917**
	Foreign exchange risk	**55**	**-**	**(1,414)**	**2,796**	**(91)**	**-**
	Inflation risk	**13**	**(480)**	**-**	**7,244**	**(92)**	**5,345**
Cash flow	Interest rate risk	**24**	**(1)**	**-**	**40,499**	**810**	**24,391**
	Inflation risk	**4**	**-**	**-**	**1,258**	**31**	**-**
Net investment	Foreign exchange risk	**193**	**-**	**-**	**5,222**	**(296)**	**-**
Total Hedging Instruments		**375**	**(586)**	**(1,414)**	**110,173**	**(419)**	**61,653**
As at 31 December 2018							
Fair value	Interest rate risk	125	(44)	-	58,913	(347)	n/a
	Foreign exchange risk	-	(39)	(1,099)	2,130	9	n/a
	Inflation risk	18	(4)	-	3,525	29	n/a
Cash flow	Interest rate risk	18	(7)	-	46,940	(248)	n/a
Net investment	Foreign exchange risk	-	(20)	-	6,924	(304)	n/a
Total Hedging Instruments		161	(114)	(1,099)	118,432	(861)	n/a

The following table shows the hedged items effect on the Barclays Bank:

Hedged items in fair value hedges

Barclays Bank Group 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
2019					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	1,083	91	24	36	(1)
- Inflation risk	525	325	-	3	-
Financial assets at fair value through other comprehensive income					
- Interest rate risk	21,243	734	467	1,699	(15)
- Inflation risk	7,146	94	-	118	(13)
Debt securities classified as amortised cost					
- Interest rate risk	600	-	-	-	-
- Inflation risk	2,258	(41)	-	(41)	1
Liabilities					
Debt securities in issue					
- Interest rate risk	(32,304)	(782)	(460)	(938)	27
Total Hedged Items	551	421	31	877	(1)
2018					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	924	63	54	(236)	(84)
- Inflation risk	512	312	-	2	(1)
Financial assets at fair value through other comprehensive income					
- Interest rate risk	26,340	392	-	(75)	20
- Inflation risk	2,907	(21)	-	(50)	(18)
Liabilities					
Debt securities in issue					
- Interest rate risk	(32,508)	(295)	(317)	590	14
Total Hedged Items	(1,825)	451	(263)	231	(69)

Note
a Hedge ineffectiveness is recognised in net interest income.

Hedged items in fair value hedges

Barclays Bank PLC		Accumulated fair value adjustment included in carrying amount			
	Carrying amount	Total	Of which: Accumulated fair value adjustment on items no longer in a hedge relationship	Change in fair value used as a basis to determine ineffectiveness	Hedge ineffectiveness recognised in the income statement[a]
Hedged item statement of financial position classification and risk category	£m	£m	£m	£m	£m
2019					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	**1,059**	**67**	**-**	**36**	**(1)**
- Foreign exchange risk	**2,628**	**(26)**	**(25)**	**91**	**-**
- Inflation risk	**525**	**325**	**-**	**3**	**-**
Financial assets at fair value through other comprehensive income					
- Interest rate risk	**21,243**	**734**	**468**	**1,699**	**(15)**
- Inflation risk	**7,146**	**94**	**-**	**118**	**(13)**
Debt securities classified as amortised cost					
- Interest rate risk	**600**	**-**	**-**	**-**	**-**
- Inflation risk	**2,258**	**(41)**	**-**	**(41)**	**1**
Liabilities					
Debt securities in issue					
- Interest rate risk	**(31,456)**	**(629)**	**(460)**	**(938)**	**32**
Total Hedged Items	**4,003**	**524**	**(17)**	**968**	**4**
2018					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	924	63	54	(217)	(83)
- Foreign exchange risk	2,070	54	-	(9)	-
- Inflation risk	512	312	-	2	(1)
Financial assets at fair value through other comprehensive income					
- Interest rate risk	26,340	392	-	(75)	20
- Inflation risk	2,907	(20)	-	(50)	(18)
Liabilities					
Debt securities in issue					
- Interest rate risk	(32,508)	(295)	(317)	590	14
Total Hedged Items	245	506	(263)	241	(68)

Note
a Hedge ineffectiveness is recognised in net interest income.

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.

Hedged items in cash flow hedges and hedges of net investments in foreign operations

Barclays Bank Group

Description of hedge relationship and hedged risk	Change in value of hedged item used as the basis for recognising ineffectiveness £m	Balance in cash flow hedging reserve for continuing hedges £m	Balance in currency translation reserve for continuing hedges £m	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied £m	Balances remaining in currency translation 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
2019							
Cash flow hedge of interest rate risk							
Loans and advances at amortised cost	**(826)**	**(142)**	**-**	**(366)**	**-**	**(802)**	**(10)**
Cash flow hedge of inflation risk							
Debt securities classified as amortised cost	**(28)**	**(26)**	**-**	**-**	**-**	**(26)**	**3**
Total cash flow hedges	**(854)**	**(168)**	**-**	**(366)**	**-**	**(828)**	**(7)**
Hedge of net investment in foreign operations							
USD foreign operations	**209**	**-**	**1,092**	**-**	**-**	**209**	**-**
EUR foreign operations	**70**	**-**	**(1)**	**-**	**15**	**70**	**-**
Other foreign operations	**3**	**-**	**1**	**-**	**217**	**3**	**-**
Total foreign operations	**282**	**-**	**1,092**	**-**	**232**	**282**	**-**
2018							
Cash flow hedge of interest rate risk							
Loans and advances at amortised cost	191	61	-	88	-	189	(57)
Total cash flow hedges	191	61	-	88	-	189	(57)
Hedge of net investment in foreign operations							
USD foreign operations	719	-	1,646	-	-	719	-
EUR foreign operations	-	-	-	-	86	-	-
Other foreign operations	25	-	(3)	-	239	25	(1)
Total foreign operations	744	-	1,643	-	325	744	(1)

Note

a Hedge ineffectiveness is recognised in net interest income.

Hedged items in cash flow hedges and hedges of net investments in foreign operations

Barclays Bank 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	Balance in currency translation reserve for continuing hedges £m	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied £m	Balances remaining in currency translation reserve for which hedge accounting is no longer applied £m	Hedging gains or losses recognised in other comprehensive income £m	Hedge ineffectivenes s recognised in the income statement[a] £m
2019							
Cash flow hedge of interest rate risk							
Loans and advances at amortised cost	**(819)**	**(139)**	**-**	**(388)**	**-**	**(829)**	**(9)**
Cash flow hedge of inflation risk							
Debt securities clasified as amotised cost	**(28)**	**(26)**	**-**	**-**	**-**	**(26)**	**3**
Total cash flow hedges	**(847)**	**(165)**	**-**	**(388)**	**-**	**(855)**	**(6)**
Hedge of net investment in foreign operations							
USD foreign operations	**296**	**-**	**1,057**	**-**	**-**	**296**	**-**
EUR foreign operations	**-**	**-**	**-**	**-**	**2**	**-**	**-**
Other foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total foreign operations	**296**	**-**	**1,057**	**-**	**2**	**296**	**-**
2018							
Cash flow hedge of interest rate risk							
Loans and advances at amortised cost	191	61	-	88	-	189	(57)
Total cash flow hedges	191	61	-	88	-	189	(57)
Hedge of net investment in foreign operations							
USD foreign operations	300	-	970	-	-	300	-
EUR foreign operations	-	-	-	-	8	-	-
Other foreign operations	3	-	-	-	3	3	(1)
Total foreign operations	303	-	970	-	11	303	(1)

Note
a Hedge ineffectiveness is recognised in net interest income.

The following table profiles the expected notional values of current hedging instruments for fair value hedging in future years:

As at 31 December 2019	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 and later £m
Barclays Bank Group						
Fair value hedges of interest rate risk						
Notional amount	**52,734**	**42,100**	**34,228**	**28,698**	**22,077**	**19,754**
Fair value hedges of inflation risk						
Notional amount	**6,360**	**5,204**	**4,495**	**3,524**	**3,021**	**2,009**
Barclays Bank PLC						
Fair value hedges of interest rate risk						
Notional amount	**52,091**	**41,486**	**33,660**	**27,820**	**21,179**	**18,860**
Fair value hedges of inflation risk						
Notional amount	**6,360**	**5,204**	**4,495**	**3,524**	**3,021**	**2,009**

For Barclays Bank Group, there are 876 (2018: 975) interest rate risk fair value hedges with an average fixed rate of 1.6% (2018: 2.3%) across the relationships and 82 (2018: 44) inflation risk fair value hedges with an average rate of 0.8% (2018: 1.0%) across the relationships. For Barclays Bank PLC, there are 873 (2018: 977) interest rate risk fair value hedges with an average fixed rate of 1.8% (2018: 2.3%) across the relationships and 82 (2018: 44) inflation risk fair value hedges with an average rate of 0.8% (2018: 1.0%) across the relationships.

The Barclays Bank Group has hedged the following forecast cash flows, which primarily vary with interest rates. These cash flows are expected to impact the income statement in the following periods, excluding any hedge adjustments that may be applied:

	Total	Up to one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years
	£m	£m	£m	£m	£m	£m	£m
2019							
Barclays Bank Group							
Forecast receivable cash flows	**1,870**	**365**	**335**	**320**	**309**	**259**	**282**
Barclays Bank PLC							
Forecast receivable cash flows	**1,230**	**263**	**232**	**209**	**192**	**163**	**171**
2018							
Barclays Bank Group							
Forecast receivable cash flows	2,526	562	592	477	356	255	284
Barclays Bank PLC							
Forecast receivable cash flows	2,526	562	592	477	356	255	284

The maximum length of time over which the Barclays Bank Group hedges exposure to the variability in future cash flows for forecast transactions, excluding those forecast transactions related to the payment of variable interest on existing financial instruments is 10 years (2018: 10 years).

The effect on the income statement and other comprehensive income of recycling amounts in respect of cash flow hedges and net investment hedges of foreign operations is set out in the following table:

Barclays Bank Group	2019		2018	
	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
Description of hedge relationship and hedged risk	£m	£m	£m	£m
Cash flow hedge of interest rate risk				
Recycled to interest income	**105**	**36**	213	-
Hedge of net investment in foreign operations				
Recycled to other income	**-**	**15**	-	(41)

Barclays Bank PLC	2019		2018	
Description of hedge relationship and hedged risk	Amount recycled from other comprehensive income due to hedged item affecting income statement £m	Amount recycled from other comprehensive income due to sale or disposal of investment £m	Amount recycled from other comprehensive income due to hedged item affecting income statement £m	Amount recycled from other comprehensive income due to sale or disposal of investment £m
Cash flow hedge of interest rate risk				
Recycled to interest income	**108**	**40**	213	-
Hedge of net investment in foreign operations				
Recycled to other income	**-**	**45**	-	(35)

A detailed reconciliation of the movements of the cash flow hedging reserve and the currency translation reserve is as follows:

	2019		2018	
	Cash flow hedging reserve	Currency translation reserve	Cash flow hedging reserve	Currency translation reserve
	£m	£m	£m	£m
Barclays Bank Group				
Balance on 1 January	**(123)**	**3,928**	184	3,084
Currency translation movements	**(5)**	**(771)**	(8)	803
Hedging gains/(losses) for the year	**828**	**240**	(189)	-
Amounts reclassified in relation to cash flows affecting profit or loss	**(141)**	**(15)**	(213)	41
Tax	**(171)**	**-**	103	-
Balance on 31 December	**388**	**3,382**	(123)	3,928
Barclays Bank PLC				
Balance on 1 January	**(123)**	**857**	185	719
Currency translation movements	**(4)**	**(449)**	(8)	103
Hedging gains/(losses) for the year	**854**	**296**	(190)	-
Amounts reclassified in relation to cash flows affecting profit or loss	**(149)**	**(45)**	(213)	35
Tax	**(175)**	**-**	103	-
Balance on 31 December	**403**	**659**	(123)	857

14 Financial assets at fair value through other comprehensive income

Accounting for financial assets at fair value through other comprehensive income ('FVOCI') under IFRS 9 effective from 1 January 2018

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.

In determining whether the business model is achieved by both collecting contractual cash flows and selling financial assets, it is determined that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. The Barclays Bank Group will consider past sales and expectations about future sales to establish if the business model is achieved.

For equity securities that are not held for trading, the Barclays Bank Group may make an irrevocable election on initial recognition to present subsequent changes in the fair value of the instrument in other comprehensive income (except for dividend income which is recognised in profit or loss). Gains or losses on the de-recognition of these equity securities are not transferred to profit or loss. These assets are also not subject to the impairment requirements and therefore no amounts are recycled to the income statement. Where the Barclays Bank Group has not made the irrevocable election to present subsequent changes in the fair value of the instrument in other comprehensive income, equity securities are measured at fair value through profit or loss.

Accounting for financial investments under IAS 39 for 2017

Available for sale financial assets are held at fair value with gains and losses being included in other comprehensive income. The Barclays Bank Group uses this classification for assets that are not derivatives and are not held for trading purposes or otherwise designated at fair value through profit or loss, or at amortised cost. Dividends and interest (calculated using the effective interest method) are recognised in the income statement in net interest income or, net investment income. On disposal, the cumulative gain or loss recognised in other comprehensive income is also included in net investment income.

Held to maturity assets are held at amortised cost. The Barclays Bank Group uses this classification when there is an intent and ability to hold the asset to maturity. Interest on the investments are recognised in the income statement within net interest income.

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Debt securities and other eligible bills	44,781	44,315	43,136	43,029
Equity securities	1	11	-	9
Loans and advances	624	668	624	668
Financial assets at fair value through other comprehensive income	**45,406**	44,994	**43,760**	43,706

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 amount 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 for financial liabilities designated at fair value are described in Note 16.

	Barclays Bank Group				Barclays Bank PLC			
	2019		2018		2019		2018	
	Fair value £m	Contractual amount due on maturity £m	Fair value £m	Contractual amount due on maturity £m	Fair value £m	Contractual amount due on maturity £m	Fair value £m	Contractual amount due on maturity £m
Debt securities	**49,559**	**56,891**	46,649	54,159	**47,067**	**54,403**	44,620	52,246
Deposits	**25,526**	**25,725**	31,706	32,053	**12,236**	**12,408**	14,958	15,316
Repurchase agreements and other similar secured borrowing	**128,686**	**128,845**	139,386	139,626	**148,462**	**148,780**	157,388	157,834
Other financial liabilities	**675**	**675**	-	-	**-**	**-**	-	-
Financial liabilities designated at fair value	**204,446**	**212,136**	217,741	225,838	**207,765**	**215,591**	216,966	225,396

The cumulative own credit net loss recognised for Barclays Bank Group is £373m (2018: £121m) and for Barclays Bank PLC is £315m (2018: £121m).

16 Fair value of financial instruments

Accounting for financial assets and liabilities – fair values

Financial instruments that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

All financial instruments are initially recognised at fair value on the date of initial recognition (including transaction costs, other than financial instruments held at fair value through profit or loss) and depending on the subsequent classification of the financial asset or liability, may continue to be held at fair value either through profit or loss or other comprehensive income. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Wherever possible, fair value is determined by reference to a quoted market price for that instrument. For many of the Barclays Bank Group’s financial assets and liabilities, especially derivatives, quoted prices are not available and valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market inputs including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates.

For financial liabilities measured at fair value, the carrying amount reflects the effect on fair value of changes in own credit spreads derived from observable market data such as in primary issuance and redemption activity for structured notes.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument’s fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets, then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either: on a straight-line basis over the term of the transaction; or over the period until all model inputs will become observable where appropriate; or released in full when previously unobservable inputs become observable.

Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the marketplace, the maturity of market modelling and the nature of the transaction (bespoke or generic). To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependent on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities or other analytical techniques.

Notes to the financial statements
Assets and liabilities held at fair value

The sensitivity of valuations used in the financial statements to possible changes in significant unobservable inputs is shown on page 184.

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.

Valuation
IFRS 13 *Fair value measurement* requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.

Quoted market prices – Level 1
Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2
Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable either directly or indirectly. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

Valuation technique using significant unobservable inputs – Level 3
Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

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

Assets and liabilities held at fair value

	2019				2018			
	Valuation technique using				Valuation technique using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	**59,968**	**51,105**	**2,264**	**113,337**	51,029	49,396	3,613	104,038
Financial assets at fair value through the income statement	**10,300**	**115,008**	**4,162**	**129,470**	8,918	131,682	4,650	145,250
Derivative financial assets	**5,439**	**221,048**	**3,154**	**229,641**	6,813	210,655	5,215	222,683
Financial assets at fair value through other comprehensive income	**11,577**	**33,400**	**429**	**45,406**	15,751	28,888	355	44,994
Investment property	**-**	**-**	**13**	**13**	-	-	9	9
Total assets	**87,284**	**420,561**	**10,022**	**517,867**	82,511	420,621	13,842	516,974
Trading portfolio liabilities	**(19,645)**	**(15,567)**	**-**	**(35,212)**	(19,401)	(17,210)	(3)	(36,614)
Financial liabilities designated at fair value	**(82)**	**(204,021)**	**(343)**	**(204,446)**	(76)	(217,404)	(261)	(217,741)
Derivative financial liabilities	**(5,305)**	**(219,646)**	**(3,989)**	**(228,940)**	(6,152)	(208,697)	(4,743)	(219,592)
Total liabilities	**(25,032)**	**(439,234)**	**(4,332)**	**(468,598)**	(25,629)	(443,311)	(5,007)	(473,947)

The following table shows Barclays Bank PLC'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

	2019				2018			
	Valuation technique using				Valuation technique using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Barclays Bank PLC	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	43,897	33,283	1,899	79,079	33,925	36,093	3,462	73,480
Financial assets at fair value through the income statement	3,877	155,714	2,909	162,500	3,971	171,381	4,013	179,365
Derivative financial assets	-	226,195	3,143	229,338	-	216,033	5,214	221,247
Financial assets at fair value through other comprehensive income	9,991	33,340	429	43,760	14,571	28,780	355	43,706
Investment property	-	-	5	5	-	-	-	-
Total assets	57,765	448,532	8,385	514,682	52,467	452,287	13,044	517,798
Trading portfolio liabilities	(36,851)	(8,279)	-	(45,130)	(30,425)	(16,201)	-	(46,626)
Financial liabilities designated at fair value	-	(207,444)	(321)	(207,765)	-	(216,715)	(251)	(216,966)
Derivative financial liabilities	-	(221,758)	(3,849)	(225,607)	-	(216,792)	(4,798)	(221,590)
Total liabilities	(36,851)	(437,481)	(4,170)	(478,502)	(30,425)	(449,708)	(5,049)	(485,182)

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

Level 3 Assets and liabilities held at fair value by product type

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Barclays Bank Group	£m	£m	£m	£m
Interest rate derivatives	605	(812)	2,478	(2,456)
Foreign exchange derivatives	291	(298)	192	(185)
Credit derivatives	539	(342)	1,381	(331)
Equity derivatives	1,710	(2,528)	1,136	(1,743)
Commodity derivatives	9	(9)	28	(28)
Corporate debt	521	-	456	-
Reverse repurchase and repurchase agreements	-	(167)	768	-
Non-asset backed loans	3,280	-	4,452	-
Asset backed securities	756	-	688	-
Equity cash products	1,228	-	698	(3)
Private equity investments	112	-	190	-
Other[a]	971	(176)	1,375	(261)
Total	10,022	(4,332)	13,842	(5,007)

Note
a Other includes commercial real estate loans, funds and fund-linked products, issued debt, government sponsored debt and investment property.

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

Sensitivities are dynamically calculated on a monthly basis. The calculation is based on range or spread data of a reliable reference source or a scenario based on relevant market analysis alongside the impact of using alternative models. Sensitivities are calculated without reflecting the impact of any diversification in the portfolio.

The valuation techniques used, observability and sensitivity analysis for material products within Level 3, are described below.

Interest rate derivatives
Description: Derivatives linked to interest rates or inflation indices. The category includes futures, interest rate and inflation swaps, swaptions, caps, floors, inflation options, balance guaranteed swaps and other exotic interest rate derivatives.

Valuation: Interest rate and inflation derivatives are generally valued using curves of forward rates constructed from market data to project and discount the expected future cash flows of trades. Instruments with optionality are valued using volatilities implied from market inputs, and use industry standard or bespoke models depending on the product type.

Observability: In general, inputs are considered observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques or inferred via another reasonable method.

Foreign exchange derivatives
Description: Derivatives linked to the foreign exchange (FX) market. The category includes FX forward contracts, FX swaps and FX options. The majority are traded as over the counter (OTC) derivatives.

Valuation: FX derivatives are valued using industry standard and bespoke models depending on the product type. Valuation inputs include FX rates, interest rates, FX volatilities, interest rate volatilities, FX interest rate correlations and others as appropriate.

Observability: FX correlations, forwards and volatilities are generally observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

Credit derivatives
Description: Derivatives linked to the credit spread of a referenced entity, index or basket of referenced entities or a pool of referenced assets (e.g. a securitised product). The category includes single name and index credit default swaps (CDS) and asset backed CDS.

Valuation: CDS are valued on industry standard models using curves of credit spreads as the principal input. Credit spreads are observed directly from broker data, third party vendors or priced to proxies.

Observability: CDS contracts referencing entities that are actively traded are generally considered observable. Other valuation inputs are considered observable if products with significant sensitivity to the inputs are actively traded in a liquid market. Unobservable valuation inputs are generally determined with reference to recent transactions or inferred from observable trades of the same issuer or similar entities.

Equity derivatives
Description: Exchange traded or OTC derivatives linked to equity indices and single names. The category includes vanilla and exotic equity products.

Valuation: Equity derivatives are valued using industry standard models. Valuation inputs include stock prices, dividends, volatilities, interest rates, equity repurchase curves and, for multi-asset products, correlations.

Observability: In general, valuation inputs are observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

Commodity derivatives
Description: Exchange traded and OTC derivatives based on underlying commodities such as metals, crude oil and refined products, agricultural, power and natural gas.

Valuation: Commodity swaps and options are valued using models incorporating discounting of cash flows and other industry standard modelling techniques. Valuation inputs include forward curves, volatilities implied from market observable inputs and correlations.

Observability: Commodity correlations, forwards and volatilities are generally observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set with reference to similar observable products, or by applying extrapolation techniques to observable inputs.

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.

Level 3 sensitivity: Sensitivity is generally determined by applying a shift to bond yields using the average ranges of external levels observed in the market for similar bonds.

Reverse repurchase and repurchase agreements
Description: Includes securities purchased under resale agreements, securities sold under repurchase agreements, and other similar secured lending agreements. The agreements are primarily short-term in nature.

Valuation: Repurchase and reverse repurchase agreements are generally valued by discounting the expected future cash flows using industry standard models that incorporate market interest rates and repurchase rates, based on the specific details of the transaction.

Observability: Inputs are deemed observable up to liquid maturities, and are determined based on the specific features of the transaction. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

Non-asset backed loans
Description: Largely made up of fixed rate loans.

Valuation: Fixed rate loans are valued using models that discount expected future cash flows based on interest rates and loan spreads.

Observability: Within this loan population, the loan spread is generally unobservable. Unobservable loan spreads are determined by incorporating funding costs, the level of comparable assets such as gilts, issuer credit quality and other factors.

Asset backed securities
Description: Securities that are linked to the cash flows of a pool of referenced assets via securitisation. The category includes residential mortgage backed securities, commercial mortgage backed securities, CDOs, collateralised loan obligations (CLOs) and other asset backed securities.

Valuation: Where available, valuations are based on observable market prices sourced from broker quotes and inter-dealer prices. Otherwise, valuations are determined using industry standard discounted cash flow analysis that calculates the fair value based on valuation inputs such as constant default rate, conditional prepayment rate, loss given default and yield. These inputs are determined by reference to a number of sources including proxying to observed transactions, market indices or market research, and by assessing underlying collateral performance.

Proxying to observed transactions, indices or research requires an assessment and comparison of the relevant securities' underlying attributes including collateral, tranche, vintage, underlying asset composition (historical losses, borrower characteristics and loan attributes such as loan to value ratio and geographic concentration) and credit ratings (original and current).

Observability: Where an asset backed product does not have an observable market price and the valuation is determined using a discounted cash flow analysis, the instrument is considered unobservable.

Equity cash products
Description: Includes listed equities, Exchange Traded Funds (ETF) and preference shares.

Valuation: Valuation of equity cash products is primarily determined through market observable prices.

Observability: Prices for actively traded equity cash products are considered observable. Unobservable equity prices are generally determined by reference to actively traded instruments that are similar in nature, or inferred via another reasonable method.

Private equity investments
Description: Includes private equity holdings and principal investments.

Valuation: Private equity investments are valued in accordance with the 'International Private Equity and Venture Capital Valuation Guidelines' which require the use of a number of individual pricing benchmarks such as the prices of recent transactions in the same or similar entities, discounted cash flow analysis and comparison with the earnings multiples of listed companies. While the valuation of unquoted equity instruments is subjective by nature, the relevant methodologies are commonly applied by other market participants and have been consistently applied over time.

Observability: Inputs are considered observable if there is active trading in a liquid market of products with significant sensitivity to the inputs. Unobservable inputs include earnings estimates, multiples of comparative companies, marketability discounts and discount rates.

Other
Description: Other includes commercial real estate loans, funds and fund-linked products, asset backed loans, physical commodities and investment property.

Assets and liabilities reclassified between Level 1 and Level 2
During the period, there were no material transfers between Level 1 to Level 2 (2018: 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.

Assets and liabilities included in disposal groups classified as held for sale and measured at fair value less cost to sell are not included as these are measured at fair value on a non-recurring basis.

Asset and liability transfers between Level 2 and Level 3 are primarily due to 1) an increase or decrease in observable market activity related to an input or 2) a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant.

Analysis of movements in Level 3 assets and liabilities

						Total gains and losses in the period recognised in the income statement			Transfers		
	As at 1 January 2019	Purchases	Sales	Issues	Settlements	Trading income	Other income	Total gains or losses recognised in OCI	In	Out	As at 31 December 2019
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate debt	388	126	(52)	-	(311)	1	-	-	45	(77)	120
Non-asset backed loans	2,263	1,844	(2,799)	-	(134)	24	-	-	200	(424)	974
Asset backed securities	664	202	(166)	-	-	(30)	-	-	16	(30)	656
Equity cash products	136	62	(40)	-	-	(31)	-	-	293	(28)	392
Other	162	-	-	-	(1)	(24)	-	-	-	(15)	122
Trading portfolio assets	3,613	2,234	(3,057)	-	(446)	(60)	-	-	554	(574)	2,264
Non-asset backed loans	1,836	235	-	-	(204)	99	(1)	-	-	(1)	1,964
Equity cash products	559	66	-	-	(2)	3	209	-	-	-	835
Private equity investments	191	5	(9)	-	(2)	-	(17)	-	-	(55)	113
Other	2,064	5,716	(5,720)	-	(9)	12	(33)	-	24	(804)	1,250
Financial assets at fair value through the income statement	4,650	6,022	(5,729)	-	(217)	114	158	-	24	(860)	4,162
Non-asset backed loans	-	283	-	-	-	-	-	60	-	-	343
Asset backed securities	-	116	(30)	-	-	-	-	-	-	-	86
Equity cash products	2	-	(1)	-	-	-	-	(1)	-	-	-
Other	353	-	-	-	(135)	-	-	-	-	(218)	-
Financial assets at fair value through other comprehensive income	355	399	(31)	-	(135)	-	-	59	-	(218)	429
Investment property	9	5	-	-	-	-	(1)	-	-	-	13
Trading portfolio liabilities	(3)	-	-	-	-	-	-	-	-	3	-
Financial liabilities designated at fair value	(261)	(179)	10	(42)	41	67	(2)	-	(27)	50	(343)
Interest rate derivatives	22	(9)	-	-	88	(92)	-	-	(177)	(38)	(206)
Foreign exchange derivatives	7	-	-	-	25	(12)	-	-	(32)	5	(7)
Credit derivatives	1,050	(59)	3	-	(866)	76	-	-	(9)	3	198
Equity derivatives	(607)	(296)	(35)	-	(2)	(296)	-	-	(37)	453	(820)
Net derivative financial instruments[a]	472	(364)	(32)	-	(755)	(324)	-	-	(255)	423	(835)
Total	8,835	8,117	(8,839)	(42)	(1,512)	(203)	155	59	296	(1,176)	5,690

Analysis of movements in Level 3 assets and liabilities

Barclays Bank Group	As at 1 January 2018 £m	Purchases £m	Sales £m	Issues £m	Settlements £m	Total gains and losses in the period recognised in the income statement: Trading income £m	Total gains and losses 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 2018 £m
Corporate debt	871	108	(88)	-	(23)	9	-	-	39	(528)	388
Non-asset backed loans	166	5,514	(3,480)	-	-	-	-	-	71	(8)	2,263
Asset backed securities	627	205	(168)	-	(2)	(21)	-	-	58	(35)	664
Equity cash products	68	18	(9)	-	-	(16)	-	-	107	(32)	136
Other	245	18	(55)	-	(20)	(32)	-	-	145	(139)	162
Trading portfolio assets	1,977	5,863	(3,800)	-	(45)	(60)	-	-	420	(742)	3,613
Non-asset backed loans	6,073	364	(4,432)	-	(194)	25	-	-	-	-	1,836
Private equity investments	688	188	(7)	-	(231)	2	(10)	-	60	(499)	191
Equity cash products	398	87	(1)	-	-	1	74	-	-	-	559
Other	360	6,624	(4,920)	-	(47)	29	18	-	-	-	2,064
Financial assets at fair value through the income statement	7,519	7,263	(9,360)	-	(472)	57	82	-	60	(499)	4,650
Equity cash products	36	-	(16)	-	-	-	-	-	-	(18)	2
Private equity investments	129	-	-	-	-	-	-	-	-	(129)	-
Other	40	-	-	-	-	-	-	(1)	314	-	353
Financial assets at fair value through other comprehensive income	205	-	(16)	-	-	-	-	(1)	314	(147)	355
Investment property	116	9	(115)	-	-	-	(1)	-	-	-	9
Trading portfolio liabilities	(4)	-	-	-	-	(3)	-	-	-	4	(3)
Financial liabilities designated at fair value	(480)	-	-	(4)	14	33	(3)	-	(225)	404	(261)
Interest rate derivatives	(150)	1	(1)	-	196	(25)	-	-	(71)	72	22
Foreign exchange derivatives	37	-	-	-	(9)	5	-	-	(13)	(13)	7
Credit derivatives	1,146	(6)	3	-	(12)	(85)	-	-	7	(3)	1,050
Equity derivatives	(896)	72	(570)	-	125	73	1	-	128	460	(607)
Commodity derivatives	-	-	-	-	-	-	-	-	-	-	-
Net derivative financial instruments[a]	137	67	(568)	-	300	(32)	1	-	51	516	472
Total	9,470	13,202	(13,859)	(4)	(203)	(5)	79	(1)	620	(464)	8,835

Note

a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £3,154m (2018: £5,215m) and derivative financial liabilities are £3,989m (2018: £4,743m).

Analysis of movements in Level 3 assets and liabilities

Barclays Bank PLC	As at 1 January 2019 £m	Purchases £m	Sales £m	Issues £m	Settlements £m	Total gains and losses in the period recognised in the income statement: Trading income £m	Total gains and losses 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 2019 £m
Trading portfolio assets	3,462	2,098	(2,939)	-	(445)	(80)	-	-	364	(561)	1,899
Financial assets at fair value through the income statement	4,013	5,903	(6,125)	-	(174)	109	(35)	-	23	(805)	2,909
Fair value through other comprehensive income	355	398	(30)	-	(135)	60	(1)	-	-	(218)	429
Investment property	-	5	-	-	-	-	-	-	-	-	5
Financial liabilities designated at fair value	(251)	(221)	10	-	38	66	-	-	(13)	50	(321)
Net derivative financial instruments[a]	416	(363)	97	-	(785)	(296)	-	-	(127)	352	(706)
Total	7,995	7,820	(8,987)	-	(1,501)	(141)	(36)	-	247	(1,182)	4,215

Analysis of movements in Level 3 assets and liabilities

Barclays Bank PLC	As at 1 January 2018 £m	Purchases £m	Sales £m	Issues £m	Settlements £m	Total gains and losses in the period recognised in the income statement: Trading income £m	Total gains and losses 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 2019 £m
Trading portfolio assets	1,929	5,722	(3,724)	-	(44)	(45)	-	-	354	(730)	3,462
Financial assets at fair value through the income statement	7,404	6,867	(9,356)	-	(78)	(6)	73	-	12	(903)	4,013
Fair value through other comprehensive income	187	-	(16)	-	-	-	-	(1)	314	(129)	355
Financial liabilities designated at fair value	(226)	-	-	(4)	6	33	-	-	(225)	165	(251)
Net derivative financial instruments[a]	(16)	67	(568)	-	354	11	1	-	51	516	416
Total	9,278	12,656	(13,664)	(4)	238	(7)	74	(1)	506	(1,081)	7,995

Note
a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £3,143m (2018: £5,214m) and derivative financial liabilities are £3,849m (2018: £4,798m).

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

	2019				2018			
	Income statement		Other compre-hensive income		Income statement		Other compre-hensive income	
Barclays Bank Group	Trading income	Other income		Total	Trading income	Other income		Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	(57)	-	-	(57)	(60)	-	-	(60)
Financial assets at fair value through the income statement	101	199	-	300	44	68	-	112
Fair value through other comprehensive income	-	-	60	60	-	-	(1)	(1)
Investment property	-	(1)	-	(1)	-	(1)	-	(1)
Trading portfolio liabilities	-	-	-	-	(3)	-	-	(3)
Financial liabilities designated at fair value	64	-	-	64	55	-	-	55
Net derivative financial instruments	(459)	-	-	(459)	(14)	-	-	(14)
Total	(351)	198	60	(93)	22	67	(1)	88

Unrealised gains and losses recognised during the period on Level 3 assets and liabilities held at year end

	2019				2018			
	Income statement		Other compre-hensive income		Income statement		Other compre-hensive income	
Barclays Bank PLC	Trading income	Other income		Total	Trading income	Other income		Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	(100)	-	-	(100)	(45)	-	-	(45)
Financial assets at fair value through the income statement	99	212	-	311	40	58	-	98
Fair value through other comprehensive income	-	-	60	60	-	-	(1)	(1)
Financial liabilities designated at fair value	66	-	-	66	55	-	-	55
Net derivative financial instruments	(430)	-	-	(430)	29	-	-	29
Total	(365)	212	60	(93)	79	58	(1)	136

Significant unobservable inputs
The following table discloses the valuation techniques and significant unobservable inputs for assets and liabilities recognised at fair value and classified as Level 3 along with the range of values used for those significant unobservable inputs:

			2019 Range		2018 Range		
	Valuation technique(s) [a]	Significant unobservable inputs	Min	Max	Min	Max	Units[b]
Derivative financial instruments[c]							
Interest rate derivatives	Discounted cash flows	Inflation forwards	1	3	1	2	%
		Credit spread	41	1,620	6	897	bps
	Comparable pricing	Price	-	37	-	100	points
	Option model	Inflation volatility	47	190	33	174	bps vol
		Interest rate volatility	8	431	10	199	bps vol
		IR - IR correlation	(30)	100	(26)	100	%
Credit derivatives	Discounted cash flows	Credit spread	72	200	142	209	bps
	Comparable pricing	Price	-	155	10	96	points
Equity derivatives	Option model	Equity volatility	1	200	2	81	%
		Equity - equity correlation	(20)	100	(100)	100	%
	Discounted cash flow	Discounted margin	(500)	1,100	(171)	301	bps
Non-derivative financial instruments							
Non-asset backed loans	Discounted cash flows	Loan spread	31	624	30	196	bps
		Credit spread	180	1,223	25	800	bps
		Price	-	133	-	118	points
	Comparable pricing	Price	-	123	-	100	points
Asset backed securities	Comparable pricing	Price	-	99	-	102	points
Other[d]	Discounted cash flows	Credit spread	126	649	143	575	bps

Notes
a A range has not been provided for Net Asset Value as there would be a wide range reflecting the diverse nature of the positions.
b The units used to disclose ranges for significant unobservable inputs are percentages, points and basis points. Points are a percentage of par; for example, 100 points equals 100% of par. A basis point equals 1/100th of 1%; for example, 150 basis points equals 1.5%.
c Certain derivative instruments are classified as Level 3 due to a significant unobservable credit spread input into the calculation of the Credit Valuation Adjustment for the instruments. The range of significant unobservable credit spreads is between 41-1,620bps (2018: 6-897bps).
d Other includes commercial real estate loans, funds and fund-linked products, issued debt, government sponsored debt and investment property.

The following section describes the significant unobservable inputs identified in the table above, and the sensitivity of fair value measurement of the instruments categorised as Level 3 assets or liabilities to increases in significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Where reliable interrelationships can be identified between significant unobservable inputs used in fair value measurement, a description of those interrelationships is included below.

Forwards
A price or rate that is applicable to a financial transaction that will take place in the future.

In general, a significant increase in a forward in isolation will result in a fair value increase for the contracted receiver of the underlying (currency, bond, commodity, etc.), but the sensitivity is dependent on the specific terms of the instrument.

Credit spread
Credit spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Credit spreads reflect the additional yield that a market participant demands for taking on exposure to the credit risk of an instrument and form part of the yield used in a discounted cash flow calculation.

In general, a significant increase in credit spread in isolation will result in a movement in a fair value decrease for a cash asset.

For a derivative instrument, a significant increase in credit spread in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

Volatility
Volatility is a measure of the variability or uncertainty in return for a given derivative underlying. It is an estimate of how much a particular underlying instrument input or index will change in value over time. In general, volatilities are implied from observed option prices. For

unobservable options the implied volatility may reflect additional assumptions about the nature of the underlying risk, and the strike/maturity profile of a specific contract.

In general, a significant increase in volatility in isolation will result in a fair value increase for the holder of a simple option, but the sensitivity is dependent on the specific terms of the instrument.

There may be interrelationships between unobservable volatilities and other unobservable inputs (e.g. when equity prices fall, implied equity volatilities generally rise) but these are generally specific to individual markets and may vary over time.

Correlation

Correlation is a measure of the relationship between the movements of two variables. Correlation can be a significant input into valuation of derivative contracts with more than one underlying instrument. Credit correlation generally refers to the correlation between default processes for the separate names that make up the reference pool of a CDO structure.

A significant increase in correlation in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

Comparable price

Comparable instrument prices are used in valuation by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable observable instrument, then adjusting that yield (or spread) to account for relevant differences such as maturity or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable and unobservable instruments in order to establish a value.

In general, a significant increase in comparable price in isolation will result in an increase in the price of the unobservable instrument. For derivatives, a change in the comparable price in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

Loan spread

Loan spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Loan spreads typically reflect credit quality, the level of comparable assets such as gilts and other factors, and form part of the yield used in a discounted cash flow calculation.

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 extremely low credit risk, and have a history of near zero defaults since inception. While the overall loan spread range is from 31bps to 624bps (2018: 30bps to 196bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 99% of the loan notional being valued with spreads less than 200bps consistently for both years.

In general, a significant increase in loan spreads in isolation will result in a fair value decrease for a loan.

Sensitivity analysis of valuations using unobservable inputs

	2019				2018			
	Favourable changes		Unfavourable changes		Favourable changes		Unfavourable changes	
	Income statement £m	Equity £m	Income statement £m	Equity £m	Income statement £m	Equity £m	Income statement £m	Equity £m
Interest rate derivatives	44	-	(127)	-	80	-	(162)	-
Foreign exchange derivatives	5	-	(7)	-	7	-	(10)	-
Credit derivatives	73	-	(47)	-	126	-	(73)	-
Equity derivatives	114	-	(119)	-	110	-	(112)	-
Commodity derivatives	-	-	-	-	1	-	(1)	-
Corporate debt	11	-	(16)	-	10	-	(2)	-
Non asset backed loans	125	8	(228)	(8)	141	-	(210)	-
Equity cash products	123	-	(175)	-	121	-	(155)	-
Private equity investments	16	-	(25)	-	-	-	(10)	-
Other[a]	1	-	(1)	-	2	-	(2)	-
Total	512	8	(745)	(8)	598	-	(737)	-

Note

a Other includes commercial real estate loans, funds and fund-linked products, issued debt, government sponsored debt and investment property.

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 £520m (2018: £598m) or to decrease fair values by up to £753m (2018: £737m) with substantially all the potential effect impacting profit and loss rather than reserves.

Fair value adjustments
Key balance sheet valuation adjustments are quantified below:

	2019 £m	2018 £m
Exit price adjustments derived from market bid-offer spreads	**(420)**	(451)
Uncollateralised derivative funding	**(57)**	(47)
Derivative credit valuation adjustments	**(135)**	(125)
Derivative debit valuation adjustments	**155**	237

Exit price adjustments derived from market bid-offer spreads
Barclays Bank Group uses mid-market pricing where it is a market maker and has the ability to transact at, or better than, mid price (which is the case for certain equity, bond and vanilla derivative markets). For other financial assets and liabilities, bid-offer adjustments are recorded to reflect the exit level for the expected close out strategy. The methodology for determining the bid-offer adjustment for a derivative portfolio involves calculating the net risk exposure by offsetting long and short positions by strike and term in accordance with the risk management and hedging strategy.

Bid-offer levels are generally derived from market quotes such as broker data. Less liquid instruments may not have a directly observable bid-offer level. In such instances, an exit price adjustment may be derived from an observable bid-offer level for a comparable liquid instrument, or determined by calibrating to derivative prices, or by scenario or historical analysis.

Exit price adjustments derived from market bid-offer spreads have decreased by £31m to £420m as a result of movements in market bid offer spreads.

Discounting approaches for derivative instruments
Collateralised
In line with market practice, the methodology for discounting collateralised derivatives takes into account the nature and currency of the collateral that can be posted within the relevant credit support annex (CSA). The CSA aware discounting approach recognises the 'cheapest to deliver' option that reflects the ability of the party posting collateral to change the currency of the collateral.

Uncollateralised
A fair value adjustment of £57m is applied to account for the impact of incorporating the cost of funding into the valuation of uncollateralised and partially collateralised derivative portfolios and collateralised derivatives where the terms of the agreement do not allow the rehypothecation of collateral received. This adjustment is referred to as the Funding Fair Value Adjustment (FFVA). FFVA has increased by £10m to £57m as a result of increase in underlying derivative exposures.

FFVA incorporates a scaling factor which is an estimate of the extent to which the cost of funding is incorporated into observed traded levels. On calibrating the scaling factor, it is with the assumption that Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are retained as valuation components incorporated into such levels. The effect of incorporating this scaling factor at 31 December 2019 was to reduce FFVA by £170m (2018: £141m).

Derivative credit and debit valuation adjustments
CVA and DVA are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and Barclays Bank Group's own credit quality respectively. These adjustments are calculated for uncollateralised and partially collateralised derivatives across all asset classes. CVA and DVA are calculated using estimates of exposure at default, probability of default and recovery rates, at a counterparty level. Counterparties include (but are not limited to) corporates, sovereigns and sovereign agencies and supranationals.

Exposure at default is generally estimated through the simulation of underlying risk factors through approximating with a more vanilla structure, or by using current or scenario-based mark to market as an estimate of future exposure.

Probability of default and recovery rate information is generally sourced from the CDS markets. Where this information is not available, or considered unreliable, alternative approaches are taken based on mapping internal counterparty ratings onto historical or market-based default and recovery information. In particular, this applies to sovereign related names where the effect of using the recovery assumptions implied in CDS levels would imply a £36m (2018: £50m) increase in CVA.

Correlation between counterparty credit and underlying derivative risk factors, termed 'wrong-way,' or 'right-way' risk, is not systematically incorporated into the CVA calculation but is adjusted where the underlying exposure is directly related to the counterparty.

CVA increased by £10m to £135m as a result of increase in underlying derivative exposures offset by general tightening in Credit Spreads. DVA decreased by £82m to £155m, as a result of tightening in Barclays' credit spreads.

Barclays continues to monitor market practices and activity to ensure the approach to uncollateralised derivative valuation remains appropriate.

Portfolio exemptions
Barclays Bank Group uses the portfolio exemption in IFRS 13 *Fair Value Measurement* to measure the fair value of groups of financial assets and liabilities. Instruments are measured using the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or

to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the balance sheet date under current market conditions. Accordingly, Barclays Bank Group measures the fair value of the group of financial assets and liabilities consistently with how market participants would price the net risk exposure at the measurement date.

Unrecognised gains as a result of the use of valuation models using unobservable inputs

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is £100m (2018: £127m) for financial instruments measured at fair value and £31m (2018: £31m) for financial instruments carried at amortised cost. The decrease in financial instruments measured at fair value of £27m (2018: £32m increase) was driven by additions £40m (2018: £65m) offset by a transfer out of £nil (2018: £15m) to Barclays Bank UK PLC and £67m (2018: £18m) of amortisation and releases. The decrease of £nil (2018: £222m) in financial instruments carried at amortised cost was driven by the transfer out of £nil (2018: £222m) to Barclays Bank UK PLC and £2m (2018: £2m) of amortization and releases offset by additions of £2m (2018: £2m).

Third party credit enhancements

Structured and brokered certificates of deposit issued by Barclays Bank Group are insured up to $250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC) in the US. The FDIC is funded by premiums that Barclays Bank Group and other banks pay for deposit insurance coverage. The carrying value of these issued certificates of deposit that are designated under the IFRS 9 fair value option includes this third party credit enhancement. The on-balance sheet value of these brokered certificates of deposit amounted to £3,218m (2018: £4,797m).

Comparison of carrying amounts and fair values

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

Barclays Bank Group	2019					2018				
	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[a]	**141,636**	**141,251**	**6,827**	**69,289**	**63,133**	136,959	137,435	223	66,703	68,452
Reverse repurchase agreements and other similar secured lending	**1,731**	**1,731**	**-**	**1,731**	**-**	1,613	1,613	-	1,613	-
Financial liabilities										
Deposits at amortised cost	**(213,881)**	**(213,897)**	**(135,398)**	**(78,494)**	**(5)**	(199,337)	(199,337)	(157,440)	(41,897)	-
Repurchase agreements and other similar secured borrowing	**(2,032)**	**(2,032)**	**-**	**(2,032)**	**-**	(7,378)	(7,378)	-	(7,378)	-
Debt securities in issue	**(33,536)**	**(33,529)**	**-**	**(31,652)**	**(1,877)**	(39,063)	(39,083)	-	(36,967)	(2,116)
Subordinated liabilities	**(33,425)**	**(34,861)**	**-**	**(34,861)**	**-**	(35,327)	(36,174)	-	(36,174)	-

Note

a The fair value hierarchy for finance lease receivables presented within loans and advances at amortised cost, with fair value amounting to £2,002m (2018: £2,057m), is not required as part of the standard.

Barclays Bank PLC	2019					2018				
	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	**161,663**	**161,007**	**6,827**	**124,665**	**29,515**	156,764	156,012	223	118,005	37,784
Reverse repurchase agreements and other similar secured lending	**4,939**	**4,939**	**-**	**4,939**	**-**	5,766	5,766	-	5,766	-
Financial liabilities										
Deposits at amortised cost	**(240,631)**	**(240,630)**	**(111,940)**	**(128,685)**	**(5)**	(231,017)	(231,017)	(141,536)	(89,481)	-
Repurchase agreements and other similar secured borrowing	**(9,185)**	**(9,185)**	**-**	**(9,185)**	**-**	(11,113)	(11,113)	-	(11,113)	-
Debt securities in issue	**(19,883)**	**(19,899)**	**-**	**(19,899)**	**-**	(26,391)	(26,428)	-	(26,249)	(179)
Subordinated liabilities	**(33,205)**	**(34,616)**	**-**	**(34,616)**	**-**	(35,085)	(35,894)	-	(35,894)	-

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a wide range of valuation techniques are available, it may not be appropriate to directly compare this fair value information to independent market sources or other financial institutions. Different valuation methodologies and assumptions can have a significant impact on fair values which are based on unobservable inputs.

Financial assets

The carrying value of financial assets held at amortised cost (including loans and advances to banks and customers, and other lending such as reverse repurchase agreements and cash collateral on securities borrowed) is determined in accordance with the relevant accounting policy in Note 18.

Loans and advances at amortised cost

The fair value of loans and advances, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Where market data or credit information on the underlying borrowers is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rates.

Reverse repurchase agreements and other similar secured lending

The fair value of reverse repurchase agreements approximates carrying amount as these balances are generally short dated and fully collateralised.

Financial liabilities

The carrying value of financial liabilities held at amortised cost (including customer accounts, other deposits, repurchase agreements and cash collateral on securities lent, debt securities in issue and subordinated liabilities) is determined in accordance with the accounting policy in Note 1.

Deposits at amortised cost

In many cases, the fair value disclosed approximates carrying value because the instruments are short term in nature or have interest rates that reprice frequently, such as customer accounts and other deposits and short-term debt securities.

The fair value for deposits with longer-term maturities, mainly time deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities. Consequently the fair value discount is minimal.

Repurchase agreements and other similar secured borrowing

The fair value of repurchase agreements approximates carrying amounts as these balances are generally short dated.

Debt securities in issue

Fair values of other debt securities in issue are based on quoted prices where available, or where the instruments are short dated, carrying amount approximates fair value.

Subordinated liabilities

Fair values for dated and undated convertible and non-convertible loan capital are based on quoted market rates for the issuer concerned or issuers with similar terms and conditions.

17 Offsetting financial assets and financial liabilities

In accordance with IAS 32 *Financial Instruments: Presentation*, the Barclays Bank Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- all financial assets and liabilities that are reported net on the balance sheet
- all derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

The 'Net amounts' presented in the table below are not intended to represent the Barclays Bank Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Barclays Bank Group	Amounts subject to enforceable netting arrangements							
	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 2019	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	**260,611**	**(32,546)**	**228,065**	**(176,022)**	**(38,872)**	**13,171**	**1,576**	**229,641**
Reverse repurchase agreements and other similar secured lending[e]	**373,775**	**(276,234)**	**97,541**	**-**	**(97,541)**	**-**	**2,013**	**99,554**
Total assets	**634,386**	**(308,780)**	**325,606**	**(176,022)**	**(136,413)**	**13,171**	**3,589**	**329,195**
Derivative financial liabilities	**(255,005)**	**31,180**	**(223,825)**	**176,022**	**38,343**	**(9,460)**	**(5,115)**	**(228,940)**
Repurchase agreements and other similar secured borrowing[e]	**(405,166)**	**276,234**	**(128,932)**	**-**	**128,930**	**(2)**	**(1,786)**	**(130,718)**
Total liabilities	**(660,171)**	**307,414**	**(352,757)**	**176,022**	**167,273**	**(9,462)**	**(6,901)**	**(359,658)**
As at 31 December 2018								
Derivative financial assets	239,344	(18,687)	220,657	(172,014)	(36,977)	11,666	2,026	222,683
Reverse repurchase agreements and other similar secured lending[e]	353,660	(235,703)	117,957	-	(117,515)	442	3,047	121,004
Total assets	593,004	(254,390)	338,614	(172,014)	(154,492)	12,108	5,073	343,687
Derivative financial liabilities	(233,492)	18,229	(215,263)	172,014	32,900	(10,349)	(4,329)	(219,592)
Repurchase agreements and other similar secured borrowing[e]	(375,841)	235,703	(140,138)	-	140,099	(39)	(5,724)	(145,862)
Total liabilities	(609,333)	253,932	(355,401)	172,014	172,999	(10,388)	(10,053)	(365,454)

Notes

a Amounts offset for Derivative financial assets additionally includes cash collateral netted of £4,099m (2018: £2,187m). Amounts offset for Derivative financial liabilities additionally includes cash collateral netted of £5,465m (2018: £2,645m). Settlements assets and liabilities have been offset amounting to £14,079m (2018: £23,095m).

b Financial collateral of £38,872m (2018: £36,977m) was received in respect of derivative assets, including £33,469m (2018: £31,475m) of cash collateral and £5,403m (2018: £5,502m) of non-cash collateral. Financial collateral of £38,343m (2018: £32,900m) was placed in respect of derivative liabilities, including £35,423m (2018: £29,783m) of cash collateral and £2,920m (2018: £3,117m) of non-cash collateral. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.

c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.

d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.

e Reverse Repurchase agreements and other similar secured lending of £99,554m (2018: £121,004m) is split by fair value £97,823m (2018: £119,391m) and amortised cost £1,731m (2018: £1,613m). Repurchase agreements and other similar secured borrowing of £130,718m (2018: £145,862m) is split by fair value £128,686m (2018: £138,484m) and amortised cost £2,032m (2018: £7,378m).

Derivative assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Reverse repurchase and repurchase agreements and other similar secured lending and borrowing

The 'Amounts offset' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as Global Master Repurchase Agreements and Global Master Securities Lending Agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

These offsetting and collateral arrangements and other credit risk mitigation strategies used by the Barclays Bank Group are further explained in the Credit risk mitigation section on pages 53 to 56.

Barclays Bank 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 2019	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	**257,576**	**(29,462)**	**228,114**	**(177,955)**	**(35,128)**	**15,031**	**1,224**	**229,338**
Reverse repurchase agreements and other similar secured lending[e]	**411,756**	**(285,514)**	**126,242**	**-**	**(126,242)**	**-**	**1,194**	**127,436**
Total assets	**669,332**	**(314,976)**	**354,356**	**(177,955)**	**(161,370)**	**15,031**	**2,418**	**356,774**
Derivative financial liabilities	**(249,010)**	**28,069**	**(220,941)**	**177,955**	**34,375**	**(8,611)**	**(4,666)**	**(225,607)**
Repurchase agreements and other similar secured borrowing[e]	**(441,700)**	**285,514**	**(156,186)**	**-**	**156,184**	**(2)**	**(1,461)**	**(157,647)**
Total liabilities	**(690,710)**	**313,583**	**(377,127)**	**177,955**	**190,559**	**(8,613)**	**(6,127)**	**(383,254)**
As at 31 December 2018	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	237,992	(18,687)	219,305	(171,095)	(36,665)	11,545	1,942	221,247
Reverse repurchase agreements and other similar secured lending[e]	393,246	(249,442)	143,804	-	(143,738)	66	5,239	149,043
Total assets	631,238	(268,129)	363,109	(171,095)	(180,403)	11,611	7,181	370,290
Derivative financial liabilities	(235,735)	18,229	(217,506)	171,095	32,888	(13,523)	(4,084)	(221,590)
Repurchase agreements and other similar secured borrowing[e]	(412,473)	249,442	(163,031)	-	162,992	(39)	(5,470)	(168,501)
Total liabilities	(648,208)	267,671	(380,537)	171,095	195,880	(13,562)	(9,554)	(390,091)

Notes

a Amounts offset for Derivative financial assets additionally includes cash collateral netted of £3,565m (2018: £2,187m). Amounts offset for Derivative financial liabilities additionally includes cash collateral netted of £4,958m (2018: £2,645m). Settlements assets and liabilities have been offset amounting to £10,595m (2018: £9,144m).

b Financial collateral of £35,128m (2018: £36,665m) was received in respect of derivative assets, including £29,949m (2018: £31,191m) of cash collateral and £5,179m (2018: £5,474m) of non-cash collateral. Financial collateral of £34,375m (2018: £32,888m) was placed in respect of derivative liabilities, including £32,154m (2018: £30,310m) of cash collateral and £2,221m (2018: £2,578m) of non-cash collateral. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.

c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.

d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.

e Reverse Repurchase agreements and other similar secured lending of £127,436m (2018: £149,043m) is split by fair value £122,497m (2018: £143,277m) and amortised cost £4,939m (2018: £5,766m). Repurchase agreements and other similar secured borrowing of £157,647m (2018: £168,501m) is split by fair value £148,462m (2018: £157,388m) and amortised cost £9,185m (2018: £11,113m).

Notes to the financial statements
Assets at amortised cost and other investments

The notes included in this section focus on the Barclays Bank Group's loans and advances and deposits at amortised cost, leases, property, plant and equipment and goodwill and intangible assets. Details regarding the Barclays Bank Group's liquidity and capital position can be found on pages 90 to 106.

18 Loans and advances and deposits at amortised cost

Accounting for loans and advances and deposits held at amortised cost under IFRS 9 effective from 1 January 2018
Loans and advances to customers and banks, customer accounts, debt securities and most financial liabilities, are held at amortised cost. That is, the initial fair value (which is normally the amount advanced or borrowed) is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability. Balances deferred on-balance sheet as effective interest rate adjustments are amortised to interest income over the life of the financial instrument to which they relate.

Financial assets that are held in a business model to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. Refer to note 1 for details on 'solely payments of principal and interest'.

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean the Barclays Bank Group is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Barclays Bank Group will consider past sales and expectations about future sales.

Accounting for loans and advances and deposits held at amortised cost under IAS 39 for 2017
Loans and advances to customers and banks, customer accounts, debt securities and most financial liabilities, are held at amortised cost. That is, the initial fair value (which is normally the amount advanced or borrowed) is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability. Balances deferred on-balance sheet as effective interest rate adjustments are amortised to interest income over the life of the financial instrument to which they relate.

Loans and advances and deposits at amortised cost

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	2019	2018
As at 31 December	£m	£m	£m	£m
Loans and advances at amortised cost to banks	**9,722**	10,228	**15,593**	14,002
Loans and advances at amortised cost to customers	**121,015**	124,891	**136,933**	141,001
Debt securities at amortised cost	**10,899**	1,840	**9,137**	1,761
Total loans and advances at amortised cost	**141,636**	136,959	**161,663**	156,764
Deposits at amortised cost from banks	**18,144**	15,569	**16,673**	17,524
Deposits at amortised cost from customers	**195,737**	183,768	**223,958**	213,493
Total deposits at amortised cost	**213,881**	199,337	**240,631**	231,017

19 Property, plant and equipment

Accounting for property, plant and equipment
The Barclays Bank Group applies IAS 16 *Property Plant and Equipment* and IAS 40 *Investment Properties*.

Property, plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in enhancement of the asset.

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances. The Barclays Bank Group uses the following annual rates in calculating depreciation:

Annual rates in calculating depreciation	Depreciation rate
Freehold land	Not depreciated
Freehold buildings and long-leasehold property (more than 50 years to run)	2-3.3%
Leasehold property over the remaining life of the lease (less than 50 years to run)	Over the remaining life of the lease
Costs of adaptation of freehold and leasehold property	6-10%
Equipment installed in freehold and leasehold property	6-10%
Computers and similar equipment	17-33%
Fixtures and fittings and other equipment	9-20%

Costs of adaptation and installed equipment are depreciated over the shorter of the life of the lease or the depreciation rates noted in the table above.

Assets at amortised cost and other investments

Investment property

The Barclays Bank Group initially recognises investment property at cost, and subsequently at fair value at each balance sheet date, reflecting market conditions at the reporting date. Gains and losses on remeasurement are included in the income statement.

	Barclays Bank Group						Barclays Bank PLC				
	Investment property	Property	Equipment	Leased assets	Right of use assets[a]	Total	Investment property	Property	Equipment	Right of use assets[a]	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost											
As at 31 December 2018	**9**	**1,463**	**1,079**	**9**	**-**	**2,560**	**-**	**218**	**341**	**-**	**559**
Effects of changes in accounting policies (see Note 1)	**-**	**-**	**-**	**-**	**580**	**580**	**-**	**-**	**-**	**271**	**271**
As at 1 January 2019	**9**	**1,463**	**1,079**	**9**	**580**	**3,140**	**-**	**218**	**341**	**271**	**830**
Additions	**5**	**233**	**182**	**-**	**45**	**465**	**5**	**95**	**70**	**4**	**174**
Disposals	**-**	**(19)**	**(144)**	**-**	**(6)**	**(169)**	**-**	**(29)**	**(103)**	**-**	**(132)**
Exchange and other movements	**(1)**	**(42)**	**(46)**	**-**	**2**	**(87)**	**-**	**(2)**	**(10)**	**(4)**	**(16)**
As at 31 December 2019	**13**	**1,635**	**1,071**	**9**	**621**	**3,349**	**5**	**282**	**298**	**271**	**856**
Accumulated depreciation and impairment											
As at 31 December 2018	**-**	**(658)**	**(946)**	**(9)**	**-**	**(1,613)**	**-**	**(128)**	**(328)**	**-**	**(456)**
Effects of changes in accounting policies (see Note 1)	**-**	**-**	**-**	**-**	**(71)**	**(71)**	**-**	**-**	**-**	**(15)**	**(15)**
As at 1 January 2019	**-**	**(658)**	**(946)**	**(9)**	**(71)**	**(1,684)**	**-**	**(128)**	**(328)**	**(15)**	**(471)**
Additions	**-**	**-**	**(31)**	**-**	**-**	**(31)**	**-**	**-**	**(31)**	**-**	**(31)**
Depreciation charge	**-**	**(72)**	**(65)**	**-**	**(75)**	**(212)**	**-**	**(16)**	**(15)**	**(27)**	**(58)**
Disposals	**-**	**13**	**142**	**-**	**-**	**155**	**-**	**16**	**102**	**-**	**118**
Exchange and other movements	**-**	**20**	**34**	**-**	**-**	**54**	**-**	**1**	**11**	**-**	**12**
As at 31 December 2019	**-**	**(697)**	**(866)**	**(9)**	**(146)**	**(1,718)**	**-**	**(127)**	**(261)**	**(42)**	**(430)**
Net book value	**13**	**938**	**205**	**-**	**475**	**1,631**	**5**	**155**	**37**	**229**	**426**
Cost											
As at 1 January 2018	116	2,243	1,066	9	-	3,434	-	1,080	357	-	1,437
Transfer of UK banking business	-	(958)	-	-	-	(958)	-	(958)	-	-	(958)
Additions	9	155	79	-	-	243	-	144	40	-	184
Disposals	(115)	(45)	(101)	-	-	(261)	-	(49)	(55)	-	(104)
Change in fair value of investment properties	(3)	-	-	-	-	(3)	-	-	-	-	-
Exchange and other movements	2	68	35	-	-	105	-	1	(1)	-	-
As at 31 December 2018	9	1,463	1,079	9	-	2,560	-	218	341	-	559
Accumulated depreciation and impairment											
As at 1 January 2018	-	(983)	(923)	(9)	-	(1,915)	-	(533)	(339)	-	(872)
Transfer of UK banking business	-	448	-	-	-	448	-	448	-	-	448
Additions	-	(60)	(32)	-	-	(92)		(60)	(32)	-	(92)
Depreciation charge	-	(61)	(58)	-	-	(119)	-	(13)	(10)	-	(23)
Impairment charge	-	(1)	-	-	-	(1)	-	-	-	-	-
Disposals	-	22	94	-	-	116	-	27	50	-	77
Exchange and other movements	-	(23)	(27)	-	-	(50)	-	3	3	-	6
As at 31 December 2018	-	(658)	(946)	(9)	-	(1,613)	-	(128)	(328)	-	(456)
Net book value	9	805	133	-	-	947	-	90	13	-	103

Note

a Right of use (ROU) asset balances relate to Property Leases under IFRS 16, which Barclays adopted on 1 January 2019. Refer to Note 20 for further details.

Property rentals of £10m (2018: £6m) have been included in other income within Barclays Bank Group.

The fair value of investment property is determined by reference to current market prices for similar properties, adjusted as necessary for condition and location, or by reference to recent transactions updated to reflect current economic conditions. Discounted cash flow techniques may be employed to calculate fair value where there have been no recent transactions, using current external market inputs such as market rents and interest rates. Valuations are carried out by management with the support of appropriately qualified independent valuers. Refer to Note 16 for further details.

20 Leases

Accounting for leases under IFRS 16 effective from 1 January 2019

IFRS 16 applies to all leases with the exception of licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38 *Intangible Assets,* service concession arrangements, leases of biological assets within the scope of IAS 41 *Agriculture* and leases of minerals, oil, natural gas and similar non-regenerative resources. IFRS 16 includes an accounting policy choice for a lessee to elect not to apply IFRS 16 to remaining assets within the scope of IAS 38 *Intangible Assets* which the Barclays Bank Group has decided to apply.

When the Barclays Bank Group is the lessee, it is required to recognise both:

- A lease liability, measured at the present value of remaining cash flows on the lease, and
- A right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in the one of the following:

- Future lease payments arising from a change in an index or rate;
- The Barclays Bank Group's estimate of the amount expected to be payable under a residual value guarantee; or
- The Barclays Bank Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

The Barclays Bank Group applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months. For these leases the lease payments are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more appropriate.

When the Barclays Bank Group is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Barclays Bank Group holds the leased assets on-balance sheet within property, plant and equipment.

Accounting for finance leases under IAS 17 for 2018 and 2017

Under IAS 17, a finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. Where the Barclays Bank Group is the lessor, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease. Where the Barclays Bank Group is the lessee, the leased asset is recognised in property, plant and equipment and a finance lease liability is recognised, representing the minimum lease payments payable under the lease, discounted at the rate of interest implicit in the lease.

Interest income or expense is recognised in interest receivable or payable, allocated to accounting periods to reflect a constant periodic rate of return.

Accounting for operating leases under IAS 17 for 2018 and 2017

An operating lease under IAS 17 is a lease where substantially all of the risks and rewards of the leased assets remain with the lessor. Where the Barclays Bank Group is the lessor, lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Barclays Bank Group holds the leased assets on-balance sheet within property, plant and equipment.

Where the Barclays Bank Group is the lessee, rentals payable are recognised as an expense in the income statement on a straight-line basis over the lease term unless another systematic basis is more appropriate.

As a Lessor

Finance lease receivables are included within loans and advances at amortised cost. The Barclays Bank Group specialises in the provision of leasing and other asset finance facilities across a broad range of asset types to business and individual customers.

The following table sets out a maturity analysis of lease receivables, showing the lease payments to be received after the reporting date:

	2019				2018			
	Gross investment in finance lease receivables	Future finance income	Present value of minimum lease payments receivable	Un-guaranteed residual values	Gross investment in finance lease receivables	Future finance income	Present value of minimum lease payments receivable	Un-guaranteed residual values
	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group								
Not more than one year	**1,403**	**(115)**	**1,288**	**77**	1,333	(110)	1,223	86
One to two year	**909**	**(76)**	**833**	**53**	827	(69)	758	53
Two to three year	**593**	**(49)**	**544**	**45**	599	(49)	550	55
Three to four year	**354**	**(28)**	**326**	**43**	401	(38)	363	20
Four to five year	**123**	**(8)**	**115**	**19**	185	(15)	170	20
Over five years	**115**	**(17)**	**98**	**22**	381	(44)	337	22
Total	**3,497**	**(293)**	**3,204**	**259**	3,726	(325)	3,401	256

The Barclays Bank Group does not have any material operating leases as a lessor.

The impairment allowance for finance lease receivables amounted to £55m (2018: £87m).

Finance lease income
Finance lease income is included within interest income. The following table shows amounts recognised in the income statement during the year.

	Barclays Bank Group 2019
	£m
Finance income from net investment in lease	**141**
Profit on sales	**6**

As a Lessee
The Barclays Bank Group leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, Barclays Bank Group will sublease property to third parties when it is no longer needed to meet business requirements. Currently, Barclays Bank Group and Barclays Bank PLC does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 19 for a breakdown of the carrying amount of ROU assets.

The Barclays Bank Group recognised total expense of £3m for short term leases during the year. The portfolio of short term leases to which Barclays Bank Group is exposed at the end of the year is not dissimilar to the expenses recognised in the year.

Lease liabilities	Barclays Bank Group	Barclays Bank PLC
	2019	2019
	£m	£m
As at 31 December 2018	**-**	**-**
Effect of changes in accounting policies (see Note 1)	**569**	**265**
As at 1 January 2019	**569**	**265**
Interest expense	**25**	**12**
New leases	**43**	**2**
Disposals	**(7)**	**(1)**
Cash payments	**(106)**	**(36)**
Exchange and other movements	**5**	**-**
As at 31 December 2019 (see Note 22)	**529**	**242**

The below table sets out a maturity analysis of undiscounted lease liabilities, showing the lease payments to be paid after the reporting date.

Undiscounted lease liabilities maturity analysis	Barclays Bank Group	Barclays Bank PLC
	2019	2019
	£m	£m
Not more than one year	112	34
One to two years	86	30
Two to three years	66	28
Three to four years	57	27
Four to five years	52	26
Five to ten years	199	120
Greater than ten years	84	53
Total undiscounted lease liabilities as at 31 December 2019	**656**	**318**

In addition to the cash flows identified above, Barclays Bank Group and Barclays Bank PLC are exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments.

  Currently, Barclays Bank Group has 71 leases out of the total 143 leases which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £403m is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

  Currently, Barclays Bank PLC has 56 leases out of the total 86 leases which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £303m 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 Group and Barclays Bank PLC's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options. The above gross cash flows have been reduced by £408m and £4m for leases where Barclays Bank Group and Barclays Bank PLC respectively, are highly expected to exercise an early termination option. However, there is no significant impact where Barclays Bank Group and Barclays Bank PLC is expected to exercise an extension option.

The Barclays Bank Group and Barclays Bank PLC currently does not have any significant sale and lease back transactions. The Barclays Bank Group and Barclays Bank PLC does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

Operating lease commitments under IAS 17 in 2018
In 2018, operating lease rentals of £158m were included in infrastructure costs.

The prior year comparative table for future minimum lease payments by the Barclays Bank Group and Barclays Bank PLC under non-cancellable operating leases are as follows:

	Barclays Bank Group	Barclays Bank PLC
	2018	2018
	Property	Property
	£m	£m
Not more than one year	115	40
Over one year but not more than five years	258	114
Over five years	698	193
Total	1,071	347

21 Goodwill and intangible assets

Accounting for goodwill and intangible assets

Goodwill

The carrying value of goodwill is determined in accordance with IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets*.

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Barclays Bank Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of the cash generating unit (CGU) including goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the CGU to which the goodwill relates, or the CGU's fair value if this is higher.

Intangible assets

Intangible assets other than goodwill are accounted for in accordance with IAS 38 *Intangible Assets*.

Intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use.

Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less accumulated amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally using the amortisation periods set out below:

Annual rates in calculating amortisation	Amortisation period
Goodwill	Not amortised
Internally generated software[a]	12 months to 6 years
Other software	12 months to 6 years
Customer lists	12 months to 25 years
Licences and other	12 months to 25 years

Intangible assets are reviewed for impairment when there are indications that impairment may have occurred.

Note
a Exceptions to the above rate relate to useful lives of certain core banking platforms that are assessed individually and, if appropriate, amortised over longer periods ranging from 10 to 15 years.

		Intangible assets				
	Goodwill	Internally generated software	Other software	Customer lists	Licences and other	Total
	£m	£m	£m	£m	£m	£m
Barclays Bank Group						
Cost						
As at 1 January 2019	445	1,342	100	1,540	532	3,959
Additions and disposals	(33)	133	(15)	(128)	(39)	(82)
Exchange and other movements	(6)	(45)	(4)	(41)	(35)	(131)
As at 31 December 2019	406	1,430	81	1,371	458	3,746
Accumulated amortisation and impairment						
As at 1 January 2019	(111)	(812)	(78)	(1,277)	(354)	(2,632)
Disposals	-	63	31	128	36	258
Amortisation charge	-	(154)	(13)	(44)	(34)	(245)
Impairment charge	-	(2)	-	-	-	(2)
Exchange and other movements	-	35	6	34	12	87
As at 31 December 2019	(111)	(870)	(54)	(1,159)	(340)	(2,534)
Net book value	295	560	27	212	118	1,212
Barclays Bank PLC						
Cost						
As at 1 January 2019	164	91	6	11	13	285
Additions and disposals	-	(60)	(2)	-	2	(60)
Exchange and other movements	-	(4)	(1)	-	(1)	(6)
As at 31 December 2019	164	27	3	11	14	219
Accumulated amortisation and impairment						
As at 1 January 2019	(69)	(77)	(3)	(10)	(3)	(162)
Disposals	-	60	1	-	-	61
Amortisation charge	-	(4)	-	(1)	(4)	(9)
Exchange and other movements	-	4	1	-	1	6
As at 31 December 2019	(69)	(17)	(1)	(11)	(6)	(104)
Net book value	95	10	2	-	8	115

	Goodwill	Internally generated software	Other software	Customer lists	Licences and other	Total
	£m	£m	£m	£m	£m	£m
Barclays Bank Group						
Cost						
As at 1 January 2018	4,710	1,287	96	1,547	490	8,130
Transfer of UK banking business	(4,276)	-	-	(90)	-	(4,366)
Additions and disposals	-	(8)	11	-	13	16
Exchange and other movements	11	63	(7)	83	29	179
As at 31 December 2018	445	1,342	100	1,540	532	3,959
Accumulated amortisation and impairment						
As at 1 January 2018	(860)	(787)	(75)	(1,210)	(313)	(3,245)
Transfer of UK banking business	750	-	-	79	-	829
Additions and disposals	-	161	(1)	-	12	172
Amortisation charge	-	(156)	(11)	(78)	(31)	(276)
Impairment charge	-	(1)	-	-	-	(1)
Exchange and other movements	(1)	(29)	9	(68)	(22)	(111)
As at 31 December 2018	(111)	(812)	(78)	(1,277)	(354)	(2,632)
Net book value	334	530	22	263	178	1,327
Barclays Bank PLC						
Cost						
As at 1 January 2018	4,232	306	9	102	22	4,671
Transfer of UK banking business	(4,068)	-	-	(90)	-	(4,158)
Additions and disposals	-	(218)	6	-	(8)	(220)
Exchange and other movements	-	3	(9)	(1)	(1)	(8)
As at 31 December 2018	164	91	6	11	13	285
Accumulated amortisation and impairment						
As at 1 January 2018	(819)	(246)	(9)	(87)	(12)	(1,173)
Transfer of UK banking business	750	-	-	79	-	829
Disposals	-	189	(6)	-	10	193
Amortisation charge	-	(15)	(1)	(2)	-	(18)
Impairment charge	-	-	-	-	-	-
Exchange and other movements	-	(5)	13	-	(1)	7
As at 31 December 2018	(69)	(77)	(3)	(10)	(3)	(162)
Net book value	95	14	3	1	10	123

Goodwill
Goodwill is allocated to business operations according to business segments as follows:

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Consumer, Cards and Payments	**295**	334	**95**	95
Total net book value of goodwill	**295**	334	**95**	95

Goodwill
Testing goodwill for impairment involves a significant amount of judgement. This includes the identification of independent CGUs and the allocation of goodwill to these units based on which units are expected to benefit from the acquisition. Cash flow projections take into account changes in the market in which a business operates including the level of growth, competitive activity, and the impacts of regulatory change. The estimation of pre-tax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows.

Goodwill within the Consumer, Cards and Payments segment was £295m (2018: £334m). The carrying value of the CGUs have been determined by using net asset values. The recoverable amounts of the CGUs, calculated as value in use, have been determined using cash flow predictions based on financial budgets approved by management, covering a five-year period, with a terminal growth rate of 1.5% (2018: 0.0% to 3.5%) applied thereafter. The forecasted cash flows have been discounted at a pre-tax rate of 11.0% to 13.2% (2018: 11.1% to 13.7%). Based on these assumptions, the total recoverable amount exceeded the carrying amount including goodwill by £7,288m (2018: £10,553m). A one percentage point change in the discount rate or terminal growth rate would increase or decrease the recoverable amount by £1,108m (2018: £1,618m) and £730m

(2018: £1,148m) respectively. A reduction in the forecast cash flows of 15% per annum (2018: 10%) would reduce the recoverable amount by £896m (2018: £1,675m).

Other intangible assets

Determining the estimated useful lives of intangible assets (such as those arising from contractual relationships) requires an analysis of circumstances. The assessment of whether an asset is exhibiting indicators of impairment as well as the calculation of impairment, which requires the estimate of future cash flows and fair values less costs to sell, also requires the preparation of cash flow forecasts and fair values for assets that may not be regularly bought and sold.

Accruals, provisions, contingent liabilities and legal proceedings

The notes included in this section focus on the Barclays Bank Group's accruals, provisions and contingent liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Contingent liabilities reflect potential liabilities that are not recognised on the balance sheet.

22 Other liabilities

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Accruals and deferred income	2,419	2,680	956	1,170
Other creditors	2,116	2,345	1,508	1,980
Items in the course of collection due to other banks	175	141	101	145
Obligation under Finance Lease	-	4	-	-
Lease liabilities[a] (refer to Note 20)	529	-	242	-
Other liabilities	**5,239**	5,170	**2,807**	3,295

Note
a Lease liabilities represents the minimum lease payments under the lease discounted at the rate implicit in the lease.

23 Provisions

Accounting for provisions
The Barclays Bank Group applies IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in accounting for non-financial liabilities.

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated cost of restructuring, including redundancy costs when an obligation exists; for example, when the Barclays Bank Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by announcing its main features or starting to implement the plan. Provision is made for undrawn loan commitments if it is probable that the facility will be drawn and result in the recognition of an asset at an amount less than the amount advanced.

Critical accounting estimates and judgements
The financial reporting of provisions involves a significant degree of judgement and is complex. Identifying whether a present obligation exists and estimating the probability, timing, nature and quantum of the outflows that may arise from past events requires judgements to be made based on the specific facts and circumstances relating to individual events and often requires specialist professional advice. When matters are at an early stage, accounting judgements and estimates can be difficult because of the high degree of uncertainty involved. Management continues to monitor matters as they develop to re-evaluate on an ongoing basis whether provisions should be recognised, however there can remain a wide range of possible outcomes and uncertainties, particularly in relation to legal, competition and regulatory matters, and as a result it is often not practicable to make meaningful estimates even when matters are at a more advanced stage.

The complexity of such matters often requires the input of specialist professional advice in making assessments to produce estimates. Customer redress and legal, competition and regulatory matters are areas where a higher degree of professional judgement is required. The amount that is recognised as a provision can also be very sensitive to the assumptions made in calculating it. This gives rise to a large range of potential outcomes which require judgement in determining an appropriate provision level. See below for information on payment protection redress and Note 25 for more detail of legal, competition and regulatory matters.

Accruals, provisions, contingent liabilities and legal proceedings

	Onerous contracts	Redundancy and restructuring	Undrawn contractually committed facilities and guarantees provided[a]	Customer redress	Legal, competition and regulatory matters	Sundry provisions	Total
	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group							
As at December 2018	90	68	217	127	411	214	1,127
Effects of changes in accounting policies[b]	(46)	-	-	-	-	-	(46)
As at 1 January 2019	44	68	217	127	411	214	1,081
Additions	11	86	373	20	286	35	811
Amounts utilised	(30)	(60)	-	(66)	(302)	(48)	(506)
Unused amounts reversed	-	(29)	(332)	(15)	(16)	(13)	(405)
Exchange and other movements	(5)	(2)	(6)	5	(5)	(17)	(30)
As at 31 December 2019	20	63	252	71	374	171	951
Barclays Bank PLC							
As at December 2018	18	46	174	83	347	150	818
Effects of changes in accounting policies[b]	(5)	-	-	-	-	-	(5)
As at 1 January 2019	13	46	174	83	347	150	813
Additions	3	35	351	6	170	39	604
Amounts utilised	(10)	(26)	-	(31)	(273)	(45)	(385)
Unused amounts reversed	(1)	(15)	(300)	(10)	(14)	(7)	(347)
Exchange and other movements	(1)	(17)	(11)	-	(2)	(24)	(55)
As at 31 December 2019	4	23	214	48	228	113	630

Note

a Undrawn contractually committed facilities and guarantees provisions are accounted for under IFRS 9.

b Upon adoption of IFRS 16 on 1 January 2019, £46m of onerous lease provisions in Barclays Bank Group and £5m in Barclays Bank PLC were transferred to right of use asset impairment allowance. Please see note 1 for further detail.

Provisions expected to be recovered or settled within no more than 12 months after 31 December 2019 for Barclays Bank Group were £739m (2018: £791m) and for Barclays Bank PLC were £491m (2018: £625m).

Onerous contracts

Onerous contract provisions comprise an estimate of the costs involved with fulfilling the terms and conditions of contracts net of any expected benefits to be received.

Redundancy and restructuring

These provisions comprise the estimated cost of restructuring, including redundancy costs where an obligation exists. Additions made during the year relate to formal restructuring plans and have either been utilised, or reversed, where total costs are now expected to be lower than the original provision amount.

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. Provisions are made if it is probable that a facility will be drawn and the resulting asset is expected to have a realisable value that is less than the amount advanced.

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 Barclays Bank Group's business activities. Provisions for other customer redress include smaller provisions across the corporate businesses which are expected to be utilised in the next 12-24 months.

Legal, competition and regulatory matters

The Barclays Bank Group is engaged in various legal proceedings, both in the UK and a number of other overseas jurisdictions, including the US. For further information in relation to legal proceedings and discussion of the associated uncertainties, please refer to Note 25.

Sundry provisions

This category includes provisions that do not fit into any of the other categories, such as fraud losses and dilapidation provisions.

24 Contingent liabilities and commitments

Accounting for contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow of economic resources is remote.

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

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Guarantees and letters of credit pledged as collateral security	**17,006**	15,046	**21,818**	21,303
Performance guarantees, acceptances and endorsements	**6,771**	4,348	**5,525**	4,349
Total contingent liabilities	**23,777**	19,394	**27,343**	25,652
Of which: Financial guarantees carried at fair value	***43***	*4*	***43***	*4*
Documentary credits and other short-term trade related transactions	**1,291**	1,741	**1,216**	1,741
Standby facilities, credit lines and other commitments	**268,736**	256,027	**189,634**	189,991
Total commitments	**270,027**	257,768	**190,850**	191,732
Of which: Loan commitments carried at fair value	***17,660***	*11,703*	***17,023***	*11,703*

Provisions held against contingent liabilities and commitments equal £252m (2018: £217m) for Barclays Bank Group and £214m (2018: £174m) for Barclays Bank PLC.

Further details on contingent liabilities relating to legal and competition and regulatory matters can be found in Note 25.

25 Legal, competition and regulatory matters

Barclays Bank PLC and the Barclays Bank Group face 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 as described in Note 23, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank Group of contingent liabilities where it is not currently practicable to do so. Various matters detailed in this note seek damages of an unspecified amount. While certain matters specify the damages claimed, such claimed amounts do not necessarily reflect the Barclays Bank Group's potential financial exposure in respect of those matters.

Investigations into certain advisory services agreements and other matters and civil action

FCA proceedings

In 2008, Barclays Bank PLC and Qatar Holdings LLC entered into two advisory service agreements (the Agreements). The Financial Conduct Authority (FCA), is conducting an investigation into whether the Agreements may have related to Barclays PLC's capital raisings in June and November 2008 (the Capital Raisings) and therefore should have been disclosed in the announcements or public documents relating to the Capital Raisings. In 2013, the FCA issued warning notices (the Notices) finding that Barclays PLC and Barclays Bank PLC acted recklessly and in breach of certain disclosure-related listing rules, and that Barclays PLC was also in breach of Listing Principle 3. The financial penalty provided in the Notices is £50m. Barclays PLC and Barclays Bank PLC continue to contest the findings. The FCA action has been stayed due to the UK Serious Fraud Office (SFO) proceedings pending against certain former Barclays executives. All charges brought by the SFO against Barclays PLC and Barclays Bank PLC in relation to the Agreements were dismissed in 2018.

Civil action

PCP Capital Partners LLP and PCP International Finance Limited (PCP) are seeking damages of approximately £1.6bn from Barclays Bank PLC for fraudulent misrepresentation and deceit, arising from alleged statements made by Barclays Bank PLC to PCP in relation to the terms on which securities were to be issued to potential investors, allegedly including PCP, in the November 2008 capital raising. Barclays Bank PLC is defending the claim and trial is scheduled to commence in June 2020.

Investigation into historic hiring practices

In 2019, the Barclays Group reached a settlement of $6.4m with the US Securities and Exchanges Commission (SEC) in relation to certain of its hiring practices in Asia, resolving this matter.

Investigations into LIBOR and other benchmarks and related civil actions

Regulators and law enforcement agencies, including certain competition authorities, from a number of governments have been conducting investigations relating to Barclays Bank PLC's involvement in allegedly manipulating certain financial benchmarks, such as LIBOR. The SFO has closed its investigation with no action to be taken against the Barclays Group. Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Barclays Group and other banks in relation to the alleged manipulation of LIBOR and/or other benchmarks. Certain actions remain pending.

USD LIBOR civil actions
The majority of the USD LIBOR cases, which have been filed in various US jurisdictions, have been consolidated for pre-trial purposes in the US District Court in the Southern District of New York (SDNY). The complaints are substantially similar and allege, among other things, that Barclays PLC, Barclays Bank PLC, Barclays Capital Inc. (BCI) and other financial institutions individually and collectively violated provisions of the US Sherman Antitrust Act (Antitrust Act), the US Commodity Exchange Act (CEA), the US Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Exchange Act of 1934 and various state laws by manipulating USD LIBOR rates.

Putative class actions and individual actions seek unspecified damages with the exception of five lawsuits, in which the plaintiffs are seeking a combined total in excess of $1.25bn in actual damages and additional punitive damages against all defendants, including Barclays Bank PLC. Some of the lawsuits also seek trebling of damages under the Antitrust Act and RICO. Barclays has previously settled certain claims. Two of the class action settlements where Barclays has paid $20m and $7.1m, respectively, remain subject to final court approval and/or the right of class members to opt out of the settlement to file their own claims.

Sterling LIBOR civil actions
In 2016, two putative class actions filed in the SDNY against Barclays Bank PLC, BCI and other Sterling LIBOR panel banks alleging, among other things, that the defendants manipulated the Sterling LIBOR rate in violation of the Antitrust Act, CEA and RICO, were consolidated. The defendants' motion to dismiss the claims was granted in December 2018. The plaintiffs have appealed the dismissal.

Japanese Yen LIBOR civil actions
In 2012, a putative class action was filed in the SDNY against Barclays Bank PLC and other Japanese Yen LIBOR panel banks by a lead plaintiff involved in exchange-traded derivatives and members of the Japanese Bankers Association's Euroyen Tokyo Interbank Offered Rate (Euroyen TIBOR) panel. The complaint alleges, among other things, manipulation of the Euroyen TIBOR and Yen LIBOR rates and breaches of the CEA and the Antitrust Act. In 2014, the court dismissed the plaintiff's antitrust claims in full, but the plaintiff's CEA claims remain pending.

In 2015, a second putative class action, making similar allegations to the above class action, was filed in the SDNY against Barclays PLC, Barclays Bank PLC and BCI. In 2017, this action was dismissed in full and the plaintiffs have appealed the dismissal.

SIBOR/SOR civil action
In 2016, a putative class action was filed in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants, alleging manipulation of the Singapore Interbank Offered Rate (SIBOR) and Singapore Swap Offer Rate (SOR). In October 2018, the court dismissed all claims against Barclays PLC, Barclays Bank PLC and BCI. The plaintiffs have appealed the dismissal.

ICE LIBOR civil actions
In 2019, several putative class actions have been filed in the SDNY against Barclays PLC, Barclays Bank PLC, BCI, other financial institution defendants and Intercontinental Exchange Inc. and certain of its affiliates (ICE), asserting antitrust claims that defendants manipulated USD LIBOR through defendants' submissions to ICE. These actions have been consolidated. The defendants have filed a motion to dismiss.

Non-US benchmarks civil actions
Legal proceedings (which include the claims referred to below in 'Local authority civil actions concerning LIBOR') have been brought or threatened against Barclays Bank PLC (and, in certain cases, Barclays Bank UK PLC) in the UK in connection with alleged manipulation of LIBOR, EURIBOR and other benchmarks. Proceedings have also been brought in a number of other jurisdictions in Europe and Israel. Additional proceedings in other jurisdictions may be brought in the future.

Foreign Exchange investigations and related civil actions
In 2015, the Barclays Group reached settlements totalling approximately $2.38bn with various US federal and state authorities and the FCA in relation to investigations into certain sales and trading practices in the Foreign Exchange market. Under the related plea agreement with the US Department of Justice (DoJ), which received final court approval in January 2017, the Barclays Group agreed to a term of probation of three years. The Barclays Group also continues to provide relevant information to certain authorities.

The European Commission is one of a number of authorities still conducting an investigation into certain trading practices in Foreign Exchange markets. The European Commission announced two settlements in May 2019 and the Barclays Group paid penalties totalling approximately €210m. In June 2019, the Swiss Competition Commission announced two settlements and the Barclays Group paid penalties totalling approximately CHF 27m. The financial impact of the ongoing matters is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position.

A number of individuals and corporates in a range of jurisdictions have also threatened or brought civil actions against the Barclays Group and other banks in relation to alleged manipulation of Foreign Exchange markets, and may do so in the future. Certain actions remain pending.

FX opt out civil action
In 2018, Barclays Bank PLC and BCI settled a consolidated action filed in the SDNY, alleging manipulation of Foreign Exchange markets (Consolidated FX Action), for a total amount of $384m. Also in 2018, a group of plaintiffs who opted out of the Consolidated FX Action filed a complaint in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants.

Retail basis civil action
In 2015, a putative class action was filed against several international banks, including Barclays PLC and BCI, on behalf of a proposed class of individuals who exchanged currencies on a retail basis at bank branches (Retail Basis Claims). The SDNY has ruled that the Retail Basis Claims are

not covered by the settlement agreement in the Consolidated FX Action. The Court subsequently dismissed all Retail Basis Claims against the Barclays Group and all other defendants. The plaintiffs have filed an amended complaint.

State law FX civil action

In 2017, the SDNY dismissed consolidated putative class actions brought under federal and various state laws on behalf of proposed classes of (i) stockholders of Exchange Traded Funds and others who purportedly were indirect investors in FX instruments, and (ii) investors who traded FX instruments through FX dealers or brokers not alleged to have manipulated Foreign Exchange Rates. The plaintiffs' amended complaint as to their state law claims is pending.

Non-US FX civil actions

In addition to the actions described above, legal proceedings have been brought or are threatened against Barclays PLC, Barclays Bank PLC, BCI and Barclays Execution Services Limited (BX) in connection with alleged manipulation of Foreign Exchange in the UK, a number of other jurisdictions in Europe, Israel and Australia and additional proceedings may be brought in the future.

Metals investigations and related civil actions

Barclays Bank PLC previously provided information to the DoJ, the US Commodity Futures Trading Commission and other authorities in connection with investigations into metals and metals-based financial instruments.

A number of US civil complaints, each on behalf of a proposed class of plaintiffs, have been consolidated and transferred to the SDNY. The complaints allege that Barclays Bank PLC and other members of The London Gold Market Fixing Ltd. manipulated the prices of gold and gold derivative contracts in violation of US antitrust and other federal laws. This consolidated putative class action remains pending. A separate US civil complaint by a proposed class of plaintiffs against a number of banks, including Barclays Bank PLC, BCI and BX (formerly, Barclays Capital Services Limited), alleging manipulation of the price of silver in violation of the CEA, the Antitrust Act and state antitrust and consumer protection laws, has been dismissed as against the Barclays entities. The plaintiffs have the option to seek the court's permission to appeal.

Civil actions have also been filed in Canadian courts against Barclays PLC, Barclays Bank PLC, Barclays Capital Canada Inc. and BCI on behalf of proposed classes of plaintiffs alleging manipulation of gold and silver prices.

US residential mortgage related civil actions

There are various pending civil actions relating to US Residential Mortgage-Backed Securities (RMBS), including four actions arising from unresolved repurchase requests submitted by Trustees for certain RMBS, alleging breaches of various loan-level representations and warranties (R&Ws) made by Barclays Bank PLC and/or a subsidiary acquired in 2007 (the Acquired Subsidiary). The unresolved repurchase requests received as at 31 December 2019 had an original unpaid principal balance of approximately $2.1bn. The Trustees have also alleged that the relevant R&Ws may have been breached with respect to a greater (but unspecified) amount of loans than previously stated in the unresolved repurchase requests.

These repurchase actions are ongoing. In one repurchase action, the New York Court of Appeals held that claims related to certain R&Ws are time-barred. Barclays Bank PLC has reached a settlement to resolve two of the repurchase actions, which is subject to final court approval. The financial impact of the settlement is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position. The remaining two repurchase actions are pending.

Government and agency securities civil actions and related matters

Certain governmental authorities are conducting investigations into activities relating to the trading of certain government and agency securities in various markets. The Barclays Group provided information in cooperation with such investigations. Civil actions have also been filed on the basis of similar allegations, as described below.

Treasury auction securities civil actions

Consolidated putative class action complaints filed in US federal court against Barclays Bank PLC, BCI and other financial institutions under the Antitrust Act and state common law allege that the defendants (i) conspired to manipulate the US Treasury securities market and/or (ii) conspired to prevent the creation of certain platforms by boycotting or threatening to boycott such trading platforms. The defendants have filed a motion to dismiss.

In addition, certain plaintiffs have filed a related, direct action against BCI and certain other financial institutions, alleging that defendants conspired to fix and manipulate the US Treasury securities market in violation of the Antitrust Act, the CEA and state common law.

Supranational, Sovereign and Agency bonds civil actions

Civil antitrust actions have been filed in the SDNY and Federal Court of Canada in Toronto against Barclays Bank PLC, BCI, BX (formerly, Barclays Services Limited), Barclays Capital Securities Limited and, with respect to the civil action filed in Canada only, Barclays Capital Canada, Inc. and other financial institutions alleging that the defendants conspired to fix prices and restrain competition in the market for US dollar-denominated Supranational, Sovereign and Agency bonds.

In one of the actions filed in the SDNY, the court granted the defendants' motion to dismiss the plaintiffs' complaint with respect to Barclays Bank PLC and certain Barclays Group entities. Defendants have filed a motion to dismiss those plaintiffs' remaining claims against BCI. The remaining action filed in the SDNY is stayed.

Variable Rate Demand Obligations civil actions

Civil actions have been filed against Barclays Bank PLC and BCI and other financial institutions alleging the defendants conspired or colluded to artificially inflate interest rates set for Variable Rate Demand Obligations (VRDOs). VRDOs are municipal bonds with interest rates that reset on a periodic basis, most commonly weekly. Two actions in state court have been filed by private plaintiffs on behalf of the states of Illinois and California. Two putative class action complaints, which have been consolidated, have been filed in the SDNY.

Government bond civil actions

In a putative class action filed in the SDNY in 2019, plaintiffs alleged that BCI and certain other bond dealers conspired to fix the prices of US government sponsored entity bonds in violation of US antitrust law. BCI has agreed a settlement of $87m, subject to court approval. In 2019, the Louisiana Attorney General and the City of Baton Rouge each filed a complaint against Barclays Bank PLC and other financial institutions making similar allegations as the class action plaintiffs.

In 2018, a separate putative class action against various financial institutions including Barclays PLC, Barclays Bank PLC, BCI, Barclays Bank Mexico, S.A., and certain other subsidiaries of the Group was consolidated in the SDNY. The plaintiffs asserted antitrust and state law claims arising out of an alleged conspiracy to fix the prices of Mexican Government bonds. Barclays PLC has settled the claim, subject to court approval. The financial impact of the settlement is not material to the Barclays Bank Group's operating results, cash flows or financial position.

BDC Finance L.L.C.

In 2008, BDC Finance L.L.C. (BDC) filed a complaint in the NY Supreme Court, demanding damages of $298m, alleging that Barclays Bank PLC had breached a contract in connection with a portfolio of total return swaps governed by an ISDA Master Agreement (collectively, the Agreement). Following a trial on certain liability issues, the court ruled in December 2018 that Barclays Bank PLC was not a defaulting party, which was affirmed on appeal.

In 2011, BDC's investment advisor, BDCM Fund Adviser, L.L.C. and its parent company, Black Diamond Capital Holdings, L.L.C. also sued Barclays Bank PLC and BCI in Connecticut State Court for unspecified damages allegedly resulting from Barclays Bank PLC's conduct relating to the Agreement, asserting claims for violation of the Connecticut Unfair Trade Practices Act and tortious interference with business and prospective business relations. This case is currently stayed.

Civil actions in respect of the US Anti-Terrorism Act

There are a number of civil actions, on behalf of more than 4,000 plaintiffs, filed in US federal courts in the US District Court in the Eastern District of New York (EDNY) and SDNY against Barclays Bank PLC and a number of other banks. The complaints generally allege that Barclays Bank PLC and those banks engaged in a conspiracy to facilitate US dollar-denominated transactions for the Government of Iran and various Iranian banks, which in turn funded acts of terrorism that injured or killed plaintiffs or plaintiffs' family members. The plaintiffs seek to recover damages for pain, suffering and mental anguish under the provisions of the US Anti-Terrorism Act, which allow for the trebling of any proven damages.

The court granted the defendants' motion to dismiss one action in the EDNY, and plaintiffs have filed a notice of appeal. The defendants have moved to dismiss two other EDNY actions. The court also granted the defendants' motion to dismiss another action in the SDNY, but the plaintiffs have moved to file an amended complaint. The remaining actions are stayed pending decisions in these cases.

Interest rate swap and credit default swap US civil actions

Barclays PLC, Barclays Bank PLC and BCI, together with other financial institutions that act as market makers for interest rate swaps (IRS) are named as defendants in several antitrust class actions which were consolidated in the SDNY in 2016. The complaints allege the defendants conspired to prevent the development of exchanges for IRS and demand unspecified money damages.

In 2018, trueEX LLC filed an antitrust class action in the SDNY against a number of financial institutions including Barclays PLC, Barclays Bank PLC and BCI based on similar allegations with respect to trueEX LLC's development of an IRS platform. In 2017, Tera Group Inc. filed a separate civil antitrust action in the SDNY claiming that certain conduct alleged in the IRS cases also caused the plaintiff to suffer harm with respect to the Credit Default Swaps market. In November 2018 and July 2019, respectively, the court dismissed certain claims in both cases for unjust enrichment and tortious interference but denied motions to dismiss the federal and state antitrust claims, which remain pending.

Portuguese Competition Authority investigation

The Portuguese Competition Authority found that a subsidiary of Barclays Bank PLC and other banks violated competition law by exchanging information about retail credit products relating to mortgages, consumer lending and lending to small and medium enterprises. The Barclays Group applied for immunity and received no fine.

Investigation into collections and recoveries relating to unsecured lending

Since February 2018, the FCA has been investigating whether the Barclays Group implemented effective systems and controls with respect to collections and recoveries and whether it paid due consideration to the interests of customers in default and arrears. The FCA investigation is at an advanced stage.

HM Revenue & Customs (HMRC) assessments concerning UK Value Added Tax

In 2018, HMRC issued notices that have the effect of removing certain overseas subsidiaries that have operations in the UK from Barclays' UK VAT group, in which group supplies between members are generally free from VAT. The notices have retrospective effect and correspond to assessments of £181m (inclusive of interest), of which Barclays would expect to attribute an amount of approximately £128m to Barclays Bank UK PLC and £53m to Barclays Bank PLC. HMRC's decision has been appealed to the First Tier Tribunal (Tax Chamber).

Local authority civil actions concerning LIBOR

Following settlement by Barclays Bank PLC of various governmental investigations concerning certain benchmark interest rate submissions referred to above in 'Investigations into LIBOR and other benchmarks and related civil actions', in the UK, certain local authorities have brought claims against Barclays Bank PLC (and, in certain cases, Barclays Bank UK PLC) asserting that they entered into loans in reliance on misrepresentations made by Barclays Bank PLC in respect of its conduct in relation to LIBOR. Barclays has applied to strike out the claims.

General

The Barclays Bank Group is engaged in various other legal, competition and regulatory matters in the UK, the US and a number of other overseas jurisdictions. It is subject to legal proceedings brought by and against the Barclays Bank Group which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data management and protection, money laundering, financial crime, employment, environmental and other statutory and common law issues.

The Barclays Bank Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Barclays Bank Group is or has been engaged. The Barclays Bank Group is cooperating with the relevant authorities and keeping all relevant agencies briefed as appropriate in relation to these matters and others described in this note on an ongoing basis.

At the present time, Barclays Bank PLC does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described in this note, there can be no assurance that the outcome of a particular matter or matters (including formerly active matters or those matters arising after the date of this note) will not be material to Barclays Bank PLC's results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

Notes to the financial statements
Capital instruments, equity and reserves

The notes included in this section focus on the Barclays Bank Group's loan capital and shareholders' equity including issued share capital, retained earnings, other equity balances and interests of minority shareholders in our subsidiary entities (non-controlling interests). For more information on capital management and how the Barclays Bank Group maintains sufficient capital to meet our regulatory requirements refer to pages 45 and 100.

26 Subordinated liabilities

Accounting for subordinated liabilities
Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9.

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	2019	2018
	£m	£m	£m	£m
As at 1 January	**35,327**	24,193	**35,085**	24,203
Issuances	**6,785**	221	**6,627**	-
Redemptions	**(7,804)**	(3,246)	**(7,632)**	(3,246)
Other	**(883)**	14,159	**(875)**	14,128
As at 31 December	**33,425**	35,327	**33,205**	35,085

Issuances of £6,785m comprises £3,534m intra-group loans from and £3,093m intra-group notes to Barclays PLC as well as £158m externally issued USD Floating Rate Notes.

Redemptions of £7,804m comprises £3,033m externally issued Step-up Callable Perpetual Reserve Capital Instruments, £43m externally issued EUR Floating Rate Notes, £4,556m intra-group loans from Barclays PLC, £158m externally issued USD Floating Rate Notes and £14m externally issued JPY Floating Rate Loans.

Other movements predominantly include foreign exchange and accrued interest, partially offset by fair value hedge adjustments.

Subordinated liabilities include accrued interest and comprise undated and dated subordinated liabilities as follows:

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	2019	2018
	£m	£m	£m	£m
Undated subordinated liabilities	**1,073**	4,313	**1,211**	4,454
Dated subordinated liabilities	**32,352**	31,014	**31,994**	30,631
Total subordinated liabilities	**33,425**	35,327	**33,205**	35,085

None of the Barclays Bank Group's subordinated liabilities are secured.

Undated subordinated liabilities

		Barclays Bank Group		Barclays Bank PLC	
		2019	2018	2019	2018
	Initial call date	£m	£m	£m	£m
Barclays Bank PLC externally issued subordinated liabilities					
Tier One Notes (TONs)					
6% Callable Perpetual Core Tier One Notes	2032	**16**	16	**16**	16
6.86% Callable Perpetual Core Tier One Notes (USD 179m)	2032	**203**	199	**203**	199
Reserve Capital Instruments (RCIs)					
6.3688% Step-up Callable Perpetual Reserve Capital Instruments	2019	**-**	34	**-**	34
14% Step-up Callable Perpetual Reserve Capital Instruments	2019	**-**	3,189	**-**	3,189
5.3304% Step-up Callable Perpetual Reserve Capital Instruments	2036	**53**	51	**53**	51
Undated Notes					
7.125% Undated Subordinated Notes	2020	**165**	173	**165**	173
6.125% Undated Subordinated Notes	2027	**42**	42	**42**	42
Junior Undated Floating Rate Notes (USD 38m)	Any interest payment date	**29**	30	**100**	104
Undated Floating Rate Primary Capital Notes Series 1 (USD 167m)	Any interest payment date	**92**	95	**126**	130
Undated Floating Rate Primary Capital Notes Series 2 (USD 295m)	Any interest payment date	**191**	199	**224**	231
Undated Floating Rate Primary Capital Notes Series 3	Any interest payment date	**21**	21	**21**	21
Bonds					
9.25% Perpetual Subordinated Bonds (ex-Woolwich Plc)	2021	**81**	83	**81**	83
9% Permanent Interest Bearing Capital Bonds	At any time	**44**	44	**44**	44
Loans					
5.03% Reverse Dual Currency Undated Subordinated Loan (JPY 8,000m)	2028	**55**	56	**55**	56
5% Reverse Dual Currency Undated Subordinated Loan (JPY 12,000m)	2028	**81**	81	**81**	81
Total undated subordinated liabilities		**1,073**	4,313	**1,211**	4,454

Undated subordinated liabilities

Undated subordinated liabilities are issued by Barclays Bank PLC and its subsidiaries for the development and expansion of their business and to strengthen their capital bases. The principal terms of the undated subordinated liabilities are described below:

Subordination

All undated subordinated liabilities rank behind the claims against the bank of depositors and other unsecured unsubordinated creditors and holders of dated subordinated liabilities in the following order: Junior Undated Floating Rate Notes; other issues of Undated Notes, Bonds and Loans ranking pari passu with each other; followed by TONs and RCIs ranking pari passu with each other.

Interest

All undated subordinated liabilities bear a fixed rate of interest until the initial call date, with the exception of the 9% Bonds which are fixed for the life of the issue, and the Junior and Series 1, Series 2 and Series 3 Undated Notes which are floating rate at rates fixed periodically in advance based on the related interbank rate.

After the initial call date, in the event that they are not redeemed, the 7.125%, 6.125% Undated Notes, and the 9.25% Bonds will bear interest at rates fixed periodically in advance for five-year periods based on market rates. All other undated subordinated liabilities will bear interest at rates fixed periodically in advance based on London interbank rates.

Payment of interest

Barclays Bank PLC is not obliged to make a payment of interest on its Undated Notes, Bonds and Loans excluding the 9.25% Bonds if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC or, in certain cases, any class of preference shares of Barclays Bank PLC. Barclays Bank PLC is not obliged to make a payment of interest on its 9.25% Perpetual Subordinated Bonds if, in the immediately preceding 12 month interest period, a dividend has not been paid on any class of its share capital. Interest not paid becomes payable in each case if such a dividend is subsequently paid or in certain other circumstances. During the year, Barclays Bank PLC and Barclays PLC declared and paid dividends on its ordinary shares and on all classes of preference shares.

No payment of principal or any interest may be made unless Barclays Bank PLC satisfies a specified solvency test.

Barclays Bank PLC may elect to defer any payment of interest on the RCIs. Any such deferred payment of interest must be paid on the earlier of: (i) the date of redemption of the RCIs, and (ii) the coupon payment date falling on or nearest to the tenth anniversary of the date of deferral of such payment. Whilst such deferral is continuing, neither Barclays Bank PLC nor Barclays PLC may (i) declare or pay a dividend, subject to certain exceptions, on any of its ordinary shares or preference shares and (ii) certain restrictions on the redemption, purchase or reduction of their respective share capital and certain other securities also apply.

Barclays Bank PLC may elect to defer any payment of interest on the TONs if it determines that it is, or such payment would result in it being, in non-compliance with capital adequacy requirements and policies of the PRA. Any such deferred payment of interest will only be payable on a redemption of the TONs. Until such time as Barclays Bank PLC next makes a payment of interest on the TONs, neither Barclays Bank PLC nor Barclays PLC may (i) declare or pay a dividend, subject to certain exceptions, on any of their respective ordinary shares or Preference Shares, or make payments of interest in respect of Barclays Bank PLC's Reserve Capital Instruments and (ii) certain restrictions on the redemption, purchase or reduction of their respective share capital and certain other securities also apply.

Repayment

All undated subordinated liabilities are repayable, at the option of Barclays Bank PLC generally in whole at the initial call date and on any subsequent coupon or interest payment date or in the case of the 7.125%, 6.125% Undated Notes and the 9.25% Bonds on any fifth anniversary after the initial call date. In addition, each issue of undated subordinated liabilities is repayable, at the option of Barclays Bank PLC, in whole for certain tax reasons, either at any time, or on an interest payment date. There are no events of default except non-payment of principal or mandatory interest. Any repayments require the prior approval of the PRA.

Other

All issues of undated subordinated liabilities are non-convertible.

Dated subordinated liabilities			Barclays Bank Group		Barclays Bank PLC	
			2019	2018	2019	2018
	Initial call date	Maturity date	£m	£m	£m	£m
Barclays Bank PLC externally issued subordinated liabilities						
Floating Rate Subordinated Notes (EUR 50m)		2019	-	45	-	45
5.14% Lower Tier 2 Notes (USD 1,094m)		2020	**832**	851	**832**	851
6% Fixed Rate Subordinated Notes (EUR 1,500m)		2021	**1,375**	1,474	**1,375**	1,474
9.5% Subordinated Bonds (ex-Woolwich Plc)		2021	**239**	256	**239**	256
Subordinated Floating Rate Notes (EUR 100m)		2021	**85**	89	**85**	89
10% Fixed Rate Subordinated Notes		2021	**2,157**	2,194	**2,157**	2,194
10.179% Fixed Rate Subordinated Notes (USD 1,521m)		2021	**1,123**	1,143	**1,123**	1,143
Subordinated Floating Rate Notes (EUR 50m)		2022	**43**	45	**43**	45
6.625% Fixed Rate Subordinated Notes (EUR 1,000m)		2022	**957**	1,032	**957**	1,032
7.625% Contingent Capital Notes (USD 3,000m)		2022	**2,453**	2,502	**2,453**	2,502
Subordinated Floating Rate Notes (EUR 50m)		2023	**42**	45	**42**	45
5.75% Fixed Rate Subordinated Notes		2026	**350**	351	**350**	351
5.4% Reverse Dual Currency Subordinated Loan (JPY 15,000m)		2027	**105**	107	**105**	107
6.33% Subordinated Notes		2032	**62**	61	**62**	61
Subordinated Floating Rate Notes (EUR 68m)		2040	**58**	61	**58**	61
External issuances by other subsidiaries		2021-2024	**358**	384	**-**	-
Barclays Bank PLC notes issued intra-group to Barclays PLC						
2% Fixed Rate Subordinated Callable Notes (EUR 1,500m)	2023	2028	**1,309**	1,361	**1,309**	1,361
3.75% Fixed Rate Resetting Subordinated Callable Notes (SGD 200m)	2025	2030	**116**	116	**116**	116
5.20% Fixed Rate Subordinated Notes (USD 1,367m)		2026	**1,036**	1,001	**1,036**	1,001
4.836% Fixed Rate Subordinated Callable Notes (USD 1,200m)	2027	2028	**944**	911	**944**	911
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 1,300m)	2029	2030	**994**	-	**994**	-
5.25% Fixed Rate Subordinated Notes (USD 827m)		2045	**651**	-	**651**	-
4.95% Fixed Rate Subordinated Notes (USD 1,250m)		2047	**849**	-	**849**	-
Floating Rate Subordinated Notes (USD 456m)		2047	**350**	-	**350**	-
Barclays Bank PLC intra-group loans from Barclays PLC						
Various Fixed Rate Subordinated Loans			**7,548**	10,147	**7,548**	10,147
Various Subordinated Floating Rate Loans			**1,094**	1,023	**1,094**	1,023
Various Fixed Rate Subordinated Callable Loans			**5,225**	3,754	**5,225**	3,754
Various Subordinated Floating Rate Callable Loans			**1,997**	2,061	**1,997**	2,061
Total dated subordinated liabilities			**32,352**	31,014	**31,994**	30,630

Dated subordinated liabilities

Dated subordinated liabilities are issued by Barclays Bank PLC and respective subsidiaries for the development and expansion of their business and to strengthen their respective capital bases. The principal terms of the dated subordinated liabilities are described below:

Currency and maturity

In addition to the individual dated subordinated liabilities listed in the table, the £15,864m 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 13,187m, EUR 3,024m, GBP 250m, JPY 233,600m, AUD 1,715m, SEK 500m, NOK 970m and CHF 175m, with maturities ranging from 2020 to 2047. Certain intra-group loans have a call date one year prior to their maturity.

Subordination

All dated subordinated liabilities, both externally issued and issued intra-group to Barclays PLC, rank behind the claims against the bank of depositors and other unsecured unsubordinated creditors but before the claims of the undated subordinated liabilities and the holders of their equity. The Barclays Bank PLC intra-group loans from Barclays PLC rank pari passu amongst themselves but ahead of the Barclays Bank PLC notes issued intra-group to Barclays PLC and the Barclays Bank PLC externally issued subordinated liabilities. The external dated subordinated liabilities issued by subsidiaries, are similarly subordinated as the external subordinated liabilities issued by Barclays Bank PLC.

Interest

Interest on floating rate notes and loans is set by reference to market rates at the time of issuance and fixed periodically in advance, based on the related interbank or local bank rates.

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 subordinated liabilities with a call date are repayable at the option of the issuer, on conditions governing the respective debt obligations, some in whole or in part, and some only in whole. The remaining dated subordinated liabilities outstanding at 31 December 2019 are redeemable only on maturity, subject in particular cases, to provisions allowing an early redemption in the event of certain changes in tax law or, to certain changes in legislation or regulations.

Any repayments prior to maturity may require, in the case of Barclays Bank PLC, the prior approval of the PRA, or in the case of the overseas issues, the approval of the local regulator for that jurisdiction and of the PRA in certain circumstances.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

Other

The 7.625% Contingent Capital Notes will be automatically transferred from investors to Barclays PLC (or another entity within the Barclays Group) for nil consideration in the event the Barclays PLC consolidated CRD IV CET1 ratio (FSA October 2012 transitional statement) falls below 7.0%.

27 Ordinary shares, share premium, and other equity

Called up share capital, allotted and fully paid

	Ordinary share capital £m	Preference share capital £m	Share premium £m	Total share capital and share premium £m	Other equity instruments £m
As at 1 January 2019	**2,342**	**6**	**-**	**2,348**	**7,595**
AT1 securities issuance	**-**	**-**	**-**	**-**	**2,302**
AT1 securities redemption	**-**	**-**	**-**	**-**	**(1,574)**
As at 31 December 2019	**2,342**	**6**	**-**	**2,348**	**8,323**
As at 1 January 2018	2,342	19	12,092	14,453	8,982
AT1 securities issuance	-	-	-	-	1,925
AT1 securities redemption	-	-	-	-	(1,242)
Redemption of preference shares	-	(13)	-	(13)	-
Capital reorganisation	-	-	(12,092)	(12,092)	-
Net equity impact of intra-group transfers	-	-	-	-	(2,070)
As at 31 December 2018	2,342	6	-	2,348	7,595

Ordinary shares

The issued ordinary share capital of Barclays Bank PLC, as at 31 December 2019, comprised 2,342m (2018: 2,342m) ordinary shares of £1 each.

Preference shares

The issued preference share capital of Barclays Bank PLC, as at 31 December 2019, comprised 1,000 Sterling Preference Shares of £1 each (2018: 1,000); 31,856 Euro Preference Shares of €100 each (2018: 31,856); and 58,133 US Dollar Preference Shares of $100 each (2018: 58,133).

Ordinary share capital, preference share Capital and share premium constitutes 100% (2018: 100%) of total share capital and share premium issued.

Sterling £1 Preference Shares

1,000 Sterling cumulative callable preference shares of £1 each (the £1 Preference Shares) were issued on 31 December 2004 at nil premium.

The £1 Preference Shares entitle the holders thereof to receive Sterling cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a rate reset semi-annually equal to the Sterling interbank offered rate for six-month sterling deposits.

Barclays Bank PLC shall be obliged to pay such dividends if: (1) it has profits available for the purpose of distribution under the Companies Act 2006 as at each dividend payment date; and (2) it is solvent on the relevant dividend payment date, provided that a capital regulations condition is satisfied on such dividend payment date. The dividends shall not be due and payable on the relevant dividend payment date except to the extent that Barclays Bank PLC could make such payment and still be solvent immediately thereafter. Barclays Bank PLC shall be considered solvent on any date if: (1) it is able to pay its debts to senior creditors as they fall due; and (2) its auditors have reported within the previous six months that its assets exceed its liabilities. If Barclays Bank PLC shall not pay, or shall pay only in part, a dividend for a period of seven days or more after the due date for payment, the holders of the £1 Preference Shares may institute proceedings for the winding-up of Barclays Bank PLC. No remedy against Barclays Bank PLC shall be available to the holder of any £1 Preference Shares for the recovery of amounts owing in respect of £1 Preference Shares other than the institution of proceedings for the winding-up of Barclays Bank PLC and/or proving in such winding-up.

On a winding-up or other return of capital (other than a redemption or purchase by Barclays Bank PLC of any of its issued shares, or a reduction of share capital, permitted by the Articles of Barclays Bank PLC and under applicable law), the assets of Barclays Bank PLC available to shareholders shall be applied in priority to any payment to the holders of ordinary shares and any other class of shares in the capital of Barclays Bank PLC then in issue ranking junior to the £1 Preference Shares on such a return of capital and pari passu on such a return of capital with the holders of any other class of shares in the capital of Barclays Bank PLC then in issue (other than any class of shares in the capital of Barclays Bank PLC then in issue ranking in priority to the £1 Preference Shares on a winding-up or other such return of capital), in payment to the holders of the £1 Preference Shares of a sum equal to the aggregate of: (1) an amount equal to the dividends accrued thereon for the then current dividend period (and any accumulated arrears thereof) to the date of the commencement of the winding-up or other such return of capital; and (2) an amount equal to £1 per £1 Preference Share. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the £1 Preference Shares will have no right or claim to any of the remaining assets of Barclays Bank PLC and will not be entitled to any further participation in such return of capital.

The £1 Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, subject to the Companies Act 2006 and its Articles. Holders of the £1 Preference Shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC.

Euro Preference Shares
140,000 Euro 4.75% non-cumulative callable preference shares of €100 each (the 4.75% Preference Shares) were issued on 15 March 2005 for a consideration of €1,383.3m (£966.7m), of which the nominal value was €14m and the balance was share premium. The 4.75% Preference Shares entitle the holders thereof to receive Euro non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, annually at a fixed rate of 4.75% per annum on the amount of €10,000 per preference share until 15 March 2020, and thereafter quarterly at a rate reset quarterly equal to 0.71% per annum above the Euro interbank offered rate for three-month Euro deposits.

The 4.75% Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15 March 2020, and on each dividend payment date thereafter at €10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

US Dollar Preference Shares
100,000 US Dollar 6.278% non-cumulative callable preference shares of $100 each (the 6.278% Preference Shares), represented by 100,000 American Depositary Shares, Series 1, were issued on 8 June 2005 for a consideration of $995.4m (£548.1m), of which the nominal value was $10m and the balance was share premium. The 6.278% Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a fixed rate of 6.278% per annum on the amount of $10,000 per preference share until 15 December 2034, and thereafter quarterly at a rate reset quarterly equal to 1.55% per annum above the London interbank offered rate for three-month US Dollar deposits.

The 6.278% Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15 December 2034, and on each dividend payment date thereafter at $10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

106 million US Dollar 8.125% non-cumulative callable preference shares of $0.25 each (the 8.125% Preference Shares), represented by 106 million American Depositary Shares, Series 5, were issued on 11 April 2008 and 25 April 2008 for a total consideration of $2,650m (£1,345m), of which the nominal value was $26.5m and the balance was share premium. The 8.125% Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, quarterly at a fixed rate of 8.125% per annum on the amount of $25 per preference share.

The 8.125% Preference Shares were redeemed in full on December 15, 2018, with payment being made on Monday, December 17, 2018.

No redemption or purchase of any 4.75% Preference Shares and the 6.278% Preference Shares (together, the Preference Shares) may be made by Barclays Bank PLC without the prior approval of the UK PRA and any such redemption will be subject to the Companies Act 2006 and the Articles of Barclays Bank PLC.

On a winding-up of Barclays Bank PLC or other return of capital (other than a redemption or purchase of shares of Barclays Bank PLC, or a reduction of share capital), a holder of Preference Shares will rank in the application of assets of Barclays Bank PLC available to shareholders: (1) junior to the holder of any shares of Barclays Bank PLC in issue ranking in priority to the Preference Shares; (2) equally in all respects with holders of other preference shares and any other shares of Barclays Bank PLC in issue ranking pari passu with the Preference Shares; and (3) in priority to the holders of ordinary shares and any other shares of Barclays Bank PLC in issue ranking junior to the Preference Shares.

The holders of the £13m 6% Callable Perpetual Core Tier One Notes and the $179m 6.86% Callable Perpetual Core Tier One Notes of Barclays Bank PLC (together, the TONs) and the holders of the £35m 5.3304% Step-up Callable Perpetual Reserve Capital Instruments, the £33m 6.3688% Step-up Callable Perpetual Reserve Capital Instruments and the £3,000m 14% Step-up Callable Perpetual Reserve Capital Instruments of Barclays Bank PLC (together, the RCIs) would, for the purposes only of calculating the amounts payable in respect of such securities on a winding-up of Barclays Bank PLC, subject to limited exceptions and to the extent that the TONs and the RCIs are then in issue, rank pari passu with the holders of the most senior class or classes of preference shares then in issue in the capital of Barclays Bank PLC. Accordingly, the holders of the preference shares would rank equally with the holders of such TONs and RCIs on such a winding-up of Barclays Bank PLC (unless one or more classes of shares of Barclays Bank PLC ranking in priority to the preference shares are in issue at the time of such winding-up, in which event the holders of such TONs and RCIs would rank equally with the holders of such shares and in priority to the holders of the preference shares).

Subject to such ranking, in such event, holders of the preference shares will be entitled to receive out of assets of Barclays Bank PLC available for distributions to shareholders, liquidating distributions in the amount of €10,000 per 4.75% Preference Share and $10,000 per 6.278% Preference Share, plus, in each case, an amount equal to the accrued dividend for the then current dividend period to the date of the commencement of the winding-up or other such return of capital. If a dividend is not paid in full on any preference shares on any dividend payment date, then a dividend restriction shall apply.

This dividend restriction will mean that neither Barclays Bank PLC nor Barclays PLC may (a) declare or pay a dividend (other than payment by Barclays PLC of a final dividend declared by its shareholders prior to the relevant dividend payment date, or a dividend paid by Barclays Bank PLC to Barclays PLC) on any of their respective ordinary shares, other preference shares or other share capital or (b) redeem, purchase, reduce or otherwise acquire any of their respective share capital, other than shares of Barclays Bank PLC held by Barclays PLC or a wholly owned subsidiary, until the earlier of: (1) the date on which Barclays Bank PLC next declares and pays in full a preference dividend; and (2) the date on or by which all the preference shares are redeemed in full or purchased by Barclays Bank PLC.

Holders of the preference shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC. Barclays Bank PLC is not permitted to create a class of shares ranking as regards participation in the profits or assets of Barclays Bank PLC in priority to the preference shares, save with the sanction of a special resolution of a separate general meeting of the holders of the preference shares (requiring a majority of not less than three-fourths of the holders of the preference shares voting at the separate general meeting) or with the consent in writing of the holders of three-fourths of the preference shares.

Except as described above, the holders of the preference shares have no right to participate in the surplus assets of Barclays Bank PLC.

Capital Reorganisation
On 11 September 2018, the High Court of Justice in England and Wales confirmed the cancellation of the share premium account of Barclays Bank PLC, with the balance of £12,092m credited to retained earnings.

Other equity instruments
Other equity instruments of £8,323m (2018: £7,595m) include AT1 securities that are issued to the market by Barclays PLC. Barclays PLC uses funds from the market issuance to purchase AT1 from Barclays Bank Group. The AT1 securities are perpetual securities with no fixed maturity and are structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

In 2019, there were three issuances of AT1 instruments, in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (2018: one issuance) totalling £2,302m (2018: £1,925m). There were also two redemptions in 2019 (2018: one redemption) totalling £1,574m (2018: £1,242m).

AT1 equity instruments

	Initial call date	2019 £m	2018 £m
AT1 equity instruments - Barclays Bank Group			
6.625% Perpetual Subordinated Contingent Convertible Securities (USD 1,211m)	2019	-	715
6.5% Perpetual Subordinated Contingent Convertible Securities (EUR 1,077m)	2019	-	860
8.0% Perpetual Subordinated Contingent Convertible Securities (EUR 1,000m)	2020	**836**	836
7.875% Perpetual Subordinated Contingent Convertible Securities	2022	**1,000**	1,000
7.875% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2022	**1,136**	1,136
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	**500**	500
7.75% Perpetual Subordinated Contingent Convertible Securities (USD 2,500m)	2023	**1,925**	1,925
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	**623**	623
8% Perpetual Subordinated Contingent Convertible Securities (USD 2,000m)	2024	**1,509**	-
7.125% Perpetual Subordinated Contingent Convertible Securities	2025	**299**	-
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	**495**	-
Total AT1 equity instruments		**8,323**	7,595

28 Reserves

Currency translation reserve
The currency translation reserve represents the cumulative gains and losses on the retranslation of the Barclays Bank Group net investment in foreign operations, net of the effects of hedging.

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

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

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

Other reserves and other shareholders' equity
Other reserves relate to redeemed ordinary and preference shares issued by the Barclays Bank Group.

Included in other shareholders' equity are capital notes which bear interest at rates fixed periodically in advance, based on London interbank rates. These notes are repayable at the option of the Barclays Bank PLC, in whole on any interest payment date. Barclays Bank PLC is not obliged to make a payment of interest on its capital notes if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC.

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Currency translation reserve	**3,383**	3,927	**659**	857
Fair value through other comprehensive income reserve	**(139)**	(298)	**(141)**	(302)
Cash flow hedging reserve	**388**	(123)	**403**	(123)
Own credit reserve	**(373)**	(121)	**(315)**	(121)
Other reserves and other shareholders' equity	**(24)**	(24)	**72**	72
Total	**3,235**	3,361	**678**	383

29 Non-controlling interests

	Profit attributable to non-controlling interest		Equity attributable to non-controlling interest		Dividends paid to non-controlling interest	
	2019	2018	**2019**	2018	**2019**	2018
	£m	£m	**£m**	£m	**£m**	£m
Other non-controlling interests	**-**	-	**-**	2	**-**	-

Notes to the financial statements
Employee benefits

The notes included in this section focus on the costs and commitments associated with employing our staff.

30 Staff costs

Accounting for staff costs

The Barclays Bank Group applies IAS 19 *Employee benefits* in its accounting for most of the components of staff costs.

Short-term employee benefits – salaries, accrued performance costs and social security are recognised over the period in which the employees provide the services to which the payments relate.

Performance costs – recognised to the extent that the Barclays Bank Group has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the payments.

Deferred cash and share awards are made to employees to incentivise performance over the period employees provide services. To receive payment under an award, employees must provide service over the vesting period. The period over which the expense for deferred cash and share awards is recognised is based upon the period employees consider their services contribute to the awards. For past awards, the Barclays Bank Group considers that it is appropriate to recognise the awards over the period from the date of grant to the date that the awards vest. In relation to awards granted from 2017, the Barclays Bank Group, taking into account the changing employee understanding surrounding those awards, considered it appropriate for expense to be recognised over four years including the financial year prior to the grant date.

The accounting policies for share-based payments, and pensions and other post-retirement benefits are included in Note 31 and Note 32 respectively.

	2019 £m	2018 £m	2017[c] £m
Performance costs	**1,104**	1,300	917
Salaries[a]	**2,373**	2,269	2,229
Social security costs	**269**	263	272
Post-retirement benefits[b]	**184**	302	208
Other compensation costs	**237**	246	119
Total compensation costs	**4,167**	4,380	3,745
Other resourcing costs			
Outsourcing	**211**	287	472
Redundancy and restructuring	**69**	87	24
Temporary staff costs	**48**	54	100
Other	**70**	66	52
Total other resourcing costs	**398**	494	648
Total staff costs	**4,565**	4,874	4,393

Notes
a £123m (2018: £54m; 2017: £238m) of Group compensation was capitalised as internally generated software.
b Post-retirement benefits charge includes £126m (2018: £99m; 2017: £110m) in respect of defined contribution schemes and £57m (2018: £203m; 2017: £97m) in respect of defined benefit schemes.
c In 2017, £472m of performance costs recharged by Barclays Execution Services Limited to Barclays Bank PLC has been included in Other administration and general expenses within Operating expenses. For further details on Operating expenses refer to Note 8.

31 Share-based payments

Accounting for share-based payments

The Barclays Group applies IFRS 2 *Share-based Payments* in accounting for employee remuneration in the form of shares.

Employee incentives include awards in the form of shares and share options, as well as offering employees the opportunity to purchase shares on favourable terms. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that employees provide services. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take 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		
	2019	2018	2017
	£m	£m	£m
Share Value Plan	4	40	87
Deferred Share Value Plan	240	195	65
Others	148	131	55
Total equity settled	392	366	207
Cash settled	3	1	1
Total share based payments	395	367	208

The terms of the main current plans are as follows:

Share Value Plan (SVP)
The SVP was introduced in March 2010. SVP awards have been granted to participants in the form of a conditional right to receive Barclays PLC shares or provisional allocations of Barclays PLC shares which vest or are considered for release over a period of three, five or seven years. Participants do not pay to receive an award or to receive a release of shares. For awards granted before December 2017, the grantor may also make a dividend equivalent payment to participants on release of a SVP award. SVP awards are also made to eligible employees for recruitment purposes. All awards are subject to potential forfeiture in certain leaver scenarios.

Deferred Share Value Plan (DSVP)
The DSVP was introduced in February 2017. The terms of the DSVP are materially the same as the terms of the SVP as described above, save that Executive Directors are not eligible to participate in the DSVP and the DSVP operates over market purchase shares only.

Other schemes
In addition to the SVP and DSVP, the Barclays 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 Group Long Term Incentive Plan. A delivery of upfront shares to 'Material Risk Takers' can be made as a Share Incentive Award (Holding Period).

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:

	2019				2018			
	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)
	£	£			£	£		
SVP[a,b]	1.43	1.59	1	2,940	1.99	2.11	<1	58,370
DSVP[a,b]	1.43	1.60	1	294,209	1.94	2.10	1	183,962
Others[a]	0.40-1.60	1.57-1.70	0-3	37,481	0.36-2.11	1.82-2.11	0-3	38,092

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.

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:

	SVP[a,b]		DSVP[a,b]		Others[a,c]			
	Number (000s)		Number (000s)		Number (000s)		Weighted average ex. price (£)	
	2019	2018	2019	2018	2019	2018	2019	2018
Outstanding at beginning of year/acquisition date	**58,370**	167,476	**183,962**	115,929	**38,092**	129,307	**1.39**	1.39
Transfers in the year[d]	**823**	(2,450)	**2,111**	(2,547)	**(3,042)**	(90,609)	**-**	-
Granted in the year	**1,653**	855	**197,231**	119,668	**101,881**	61,736	**1.19**	1.51
Exercised/released in the year	**(56,316)**	(102,752)	**(74,379)**	(39,820)	**(91,337)**	(56,498)	**1.21**	1.50
Less: forfeited in the year	**(1,590)**	(4,759)	**(14,716)**	(9,268)	**(7,081)**	(5,844)	**1.51**	1.52
Less: expired in the year	**-**	-	**-**	-	**(1,032)**	-	**2.00**	1.72
Outstanding at end of year	**2,940**	58,370	**294,209**	183,962	**37,481**	38,092	**1.27**	1.39
Of which exercisable:	**-**	-	**-**	-	**5,499**	4,083	**1.31**	1.90

Notes
a Options/award granted over Barclays PLC shares.
b Weighted average exercise price is not applicable for SVP and DSVP awards as these are not share option schemes.
c The number of awards within Others at the end of the year principally relates to Sharesave (number of awards exercisable at end of year was 2,693,798). The weighted average exercise price relates to Sharesave.
d Awards of employees transferred between Barclays Bank Group and the rest of the Group.

Awards and options granted to employees and former employees of Barclays Bank Group under the Barclays Group share plans may be satisfied using new issue shares, treasury shares and market purchase shares of Barclays PLC. Awards granted to employees and former employees of Barclays Bank Group under DSVP may only be satisfied using market purchase shares of Barclays PLC.

There were no significant modifications to the share based payments arrangements in 2019 and 2018.

As at 31 December 2019, the total liability arising from cash-settled share based payments transactions was £3m (2018: £2m).

32 Pensions and post-retirement benefits

Accounting for pensions and post-retirement benefits

The Barclays Bank Group operates a number of pension schemes and post-employment benefit schemes.

Defined contribution schemes – the Barclays Bank Group recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the balance sheet date are included as a liability.

Defined benefit schemes – the Barclays Bank Group recognises its obligations to members of each scheme at the period end, less the fair value of the scheme assets after applying the asset ceiling test.

Each scheme's obligations are calculated using the projected unit credit method. Scheme assets are stated at fair value as at the period end.

Changes in pension scheme liabilities or assets (remeasurements) that do not arise from regular pension cost, net interest on net defined benefit liabilities or assets, past service costs, settlements or contributions to the scheme, are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred), the effects of changes in actuarial assumptions, return on scheme assets (excluding amounts included in the interest on the assets) and any changes in the effect of the asset ceiling restriction (excluding amounts included in the interest on the restriction).

Post-employment benefit schemes – the cost of providing healthcare benefits to retired employees is accrued as a liability in the financial statements over the period that the employees provide services to the Barclays Bank Group, using a methodology similar to that for defined benefit pension schemes.

Pension schemes

UK Retirement Fund (UKRF)

The UKRF is Barclays Bank Group's main scheme, representing 97% of Barclays Bank Group's total retirement benefit obligations. Barclays Bank PLC is the principal employer of the UKRF. The UKRF was closed to new entrants on 1 October 2012, and comprises 10 sections, the two most significant of which are:

- Afterwork, which comprises a contributory cash balance defined benefit element, and a voluntary defined contribution element. The cash balance element is accrued each year and revalued until Normal Retirement Age in line with the increase in Retail Price Index (RPI) (up to a maximum of 5% p.a.). An increase of up to 2% a year may also be added at Barclays' discretion. The costs of ill-health retirements and death in service benefits for Afterwork members are borne by the UKRF. The main risks that Barclays runs in relation to Afterwork are limited although additional contributions are required if pre-retirement investment returns are not sufficient to provide for the benefits.
- The 1964 Pension Scheme. Most employees recruited before July 1997 built up benefits in this non-contributory defined benefit scheme in respect of service up to 31 March 2010. Pensions were calculated by reference to service and pensionable salary. From 1 April 2010, members became eligible to accrue future service benefits in either Afterwork or the Pension Investment Plan (PIP), a historic defined contribution section which is now closed to future contributions. The risks that Barclays runs in relation to the 1964 section are typical of final salary pension

schemes, principally that investment returns fall short of expectations, that inflation exceeds expectations, and that retirees live longer than expected.

Barclays Pension Savings Plan (BPSP)
The BPSP is a defined contribution scheme providing benefits for all new UK hires from 1 October 2012, BPSP is not subject to the same investment return, inflation or life expectancy risks for Barclays that defined benefit schemes are. Members' benefits reflect contributions paid and the level of investment returns achieved.

Other
Apart from the UKRF and the BPSP, Barclays operates a number of smaller pension and long-term employee benefits and post-retirement health care plans globally, the largest of which are the US defined benefit schemes. Many of the schemes are funded, with assets backing the obligations held in separate legal vehicles such as trusts. Others are operated on an unfunded basis. The benefits provided, the approach to funding, and the legal basis of the schemes, reflect local environments.

Governance
The UKRF operates under trust law and is managed and administered on behalf of the members in accordance with the terms of the Trust Deed and Rules and all relevant legislation. The Corporate Trustee is Barclays Pension Funds Trustees Limited, a private limited company and a wholly owned subsidiary of Barclays Bank PLC. The Trustee is the legal owner of the assets of the UKRF which are held separately from the assets of Barclays Bank Plc.

The Trustee Board comprises six Management Directors selected by Barclays, of whom three are independent Directors with no relationship with Barclays (and who are not members of the UKRF), plus three Member Nominated Directors selected from eligible active staff, deferred and pensioner members who apply for the role.

The BPSP is a Group Personal Pension arrangement which operates as a collection of personal pension plans. Each personal pension plan is a direct contract between the employee and the BPSP provider (Legal & General Assurance Society Limited), and is regulated by the FCA.

Similar principles of pension governance apply to Barclays Bank PLC's other pension schemes, depending on local legislation.

Amounts recognised
The following tables include amounts recognised in the income statement and an analysis of benefit obligations and scheme assets for all Barclays Bank Group defined benefit schemes. The net position is reconciled to the assets and liabilities recognised on the balance sheet. The tables include funded and unfunded post-retirement benefits.

Income statement charge

	2019 £m	2018 £m
Current service cost	58	64
Net finance cost	(48)	(24)
Past service cost	-	134
Other movements	1	5
Total	**11**	179

The Barclays Bank Group is the principal employer of the UKRF and hence Scheme Assets and Defined Benefit Obligations relating to the UKRF are recognised within the Barclays Bank Group. Barclays Bank UK Plc and Barclays Execution services Limited are participating employers in the UKRF and their share of the UKRF service cost is borne by them. Of the £226m current service cost in the table on the next page, £90m relates to Barclays Bank UK Plc and £78m relates to Barclays Execution services Limited. While the entire current service cost is accounted for in the Barclays Bank Group on balance sheet, the income statement charge is accounted for across all the participating employers.

Balance sheet reconciliation	2019			2018		
	Barclays Bank Group Total £m	Barclays Bank PLC Total £m	Of which relates to UKRF £m	Barclays Bank Group Total £m	Barclays Bank PLC Total £m	Of which relates to UKRF £m
Benefit obligation at beginning of the year	**(28,237)**	**(27,635)**	**(27,301)**	(30,243)	(29,554)	(29,160)
Current service cost	**(226)**	**(212)**	**(210)**	(240)	(230)	(226)
Interest costs on scheme liabilities	**(747)**	**(721)**	**(718)**	(705)	(688)	(677)
Past service cost	**-**	**-**	**-**	(134)	(139)	(140)
Remeasurement (loss)/gain - financial	**(3,087)**	**(2,987)**	**(2,964)**	1,129	1,092	1,075
Remeasurement (loss)/gain - demographic	**223**	**211**	**214**	(242)	(243)	(245)
Remeasurement (loss)/gain - experience	**277**	**275**	**266**	(75)	(92)	(94)
Employee contributions	**(5)**	**(1)**	**(1)**	(4)	(1)	(1)
Benefits paid	**1,459**	**1,427**	**1,410**	2,205	2,169	2,167
Exchange and other movements	**45**	**181**	**-**	72	51	-
Benefit obligation at end of the year	**(30,298)**	**(29,462)**	**(29,304)**	(28,237)	(27,635)	(27,301)
Fair value of scheme assets at beginning of the year	**29,722**	**29,259**	**29,036**	30,922	30,364	30,112
Interest income on scheme assets	**795**	**774**	**774**	729	716	709
Employer contribution	**755**	**740**	**731**	754	746	741
Settlements	**(2)**	**-**	**-**	(106)	(58)	-
Remeasurement - return on plan assets greater than discount rate	**2,312**	**2,228**	**2,230**	(400)	(371)	(360)
Employee contributions	**5**	**1**	**1**	4	1	1
Benefits paid	**(1,459)**	**(1,427)**	**(1,410)**	(2,205)	(2,169)	(2,167)
Exchange and other movements	**(35)**	**(155)**	**-**	24	30	-
Fair value of scheme assets at the end of the year	**32,093**	**31,420**	**31,362**	29,722	29,259	29,036
Net surplus/(deficit)	**1,795**	**1,958**	**2,058**	1,485	1,624	1,735
Retirement benefit assets	**2,108**	**2,062**	**2,058**	1,768	1,748	1,735
Retirement benefit liabilities	**(313)**	**(104)**	**-**	(283)	(124)	-
Net retirement benefit assets/(liabilities)	**1,795**	**1,958**	**2,058**	1,485	1,624	1,735

Included within the Barclays Bank Group's benefit obligation was £760m (2018: £757m) relating to overseas pensions and £166m (2018: £172m) relating to other post-employment benefits. Included within the Barclays Bank PLC's benefit obligation was £18m (2018: £238m) relating to overseas pensions and £73m (2018: £89m) relating to other post-employment benefits.

As at 31 December 2019, the UKRF's scheme assets were in surplus versus IAS 19 obligations by £2,058m (2018: £1,735m). The movement for the UKRF was driven by higher than assumed asset returns, payment of deficit reduction contributions, updated mortality assumptions, and lower than expected inflation, partially offset by a decrease in the discount rate.

Of the £1,410m (2018: £2,167m) UKRF benefits paid out, £580m (2018: £1,420m) related to transfers out of the fund.

Where a scheme's assets exceed its obligation, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions (the asset ceiling). In the case of the UKRF the asset ceiling is not applied as, in certain specified circumstances such as wind-up, the Barclays Bank Group expects to be able to recover any surplus. Similarly, a liability in respect of future minimum funding requirements is not recognised. The Trustee does not have a substantive right to augment benefits, nor do they have the right to wind up the plan except in the dissolution of the Barclays Bank Group or termination of contributions by the Barclays Bank Group. The application of the asset ceiling to other plans and recognition of additional liabilities in respect of future minimum funding requirements are considered on an individual plan basis.

Critical accounting estimates and judgements

Actuarial valuation of the schemes' obligation is dependent upon a series of assumptions. Below is a summary of the main financial and demographic assumptions adopted for the UKRF.

Key UKRF financial assumptions	2019 % p.a.	2018 % p.a.
Discount rate	**1.92**	2.71
Inflation rate (RPI)	**3.02**	3.25

The UKRF discount rate assumption for 2019 was based on a variant of the standard Willis Towers Watson RATE Link model. This variant includes all bonds rated AA by at least one of the four major ratings agencies, and assumes that forward rates after year 30 are flat. The RPI inflation assumption for 2019 was set by reference to the Bank of England's implied inflation curve, assuming the forward rates remain flat after 30 years.

The inflation assumption incorporates a deduction of 20 basis points as an allowance for an inflation risk premium. The methodology used to derive the discount rate and price inflation assumptions is consistent with that used at the prior year end, except for a switch to holding forward rates rather spot rates flat after year 30.

The UKRF's post-retirement mortality assumptions are based on a best estimate assumption derived from an analysis in 2019 of the UKRF's own post-retirement mortality experience, and taking account of recent evidence from published mortality surveys. An allowance has been made for future mortality improvements based on the 2018 core projection model published by the Continuous Mortality Investigation Bureau subject to a long-term trend of 1.5% per annum in future improvements. The methodology used is consistent with the prior year end, except that the 2017 core projection model was used at 2018, and a long-trend of 1.25% per annum was applied. The table below shows how the assumed life expectancy at 60, for members of the UKRF, has varied over the past three years:

Assumed life expectancy	2019	2018	2017
Life expectancy at 60 for current pensioners (years)			
– Males	**27.1**	27.7	27.8
– Females	**29.3**	29.4	29.4
Life expectancy at 60 for future pensioners currently aged 40 (years)			
– Males	**28.9**	29.2	29.3
– Females	**31.1**	31.0	31.0

The assumption for future transfers out has been removed, to reflect lower volumes experienced in 2019 and immaterial volumes expected going forwards. The previous assumption was that 5% of the benefit obligation in respect of deferred members will transfer out during 2020, 2.5% in 2021, tapering down to 0% from 2022 onwards.

Sensitivity analysis on actuarial assumptions

The sensitivity analysis has been calculated by valuing the UKRF liabilities using the amended assumptions shown in the table below and keeping the remaining assumptions the same as disclosed in the table above, except in the case of the inflation sensitivity where other assumptions that depend on assumed inflation have also been amended correspondingly. The difference between the recalculated liability figure and that stated in the balance sheet reconciliation table above is the figure shown. The selection of these movements to illustrate the sensitivity of the defined benefit obligation to key assumptions should not be interpreted as Barclays expressing any specific view of the probability of such movements happening.

Change in key assumptions	2019 (Decrease)/Increase in UKRF defined benefit obligation £bn	2018 (Decrease)/Increase in UKRF defined benefit obligation £bn
Discount rate		
0.50% p.a. increase	**(2.3)**	(2.1)
0.25% p.a. increase	**(1.2)**	(1.1)
0.25% p.a. decrease	**1.2**	1.1
0.50% p.a. decrease	**2.6**	2.4
Assumed RPI		
0.50% p.a. increase	**1.5**	1.3
0.25% p.a. increase	**0.8**	0.7
0.25% p.a. decrease	**(0.7)**	(0.6)
0.50% p.a. decrease	**(1.4)**	(1.3)
Life expectancy at 60		
One year increase	**1.0**	0.9
One year decrease	**(1.0)**	(0.9)

The weighted average duration of the benefit payments reflected in the defined benefit obligation for the UKRF is 17 years.

Assets

A long-term investment strategy has been set for the UKRF, with its asset allocation comprising a mixture of equities, bonds, property and other appropriate assets. This recognises that different asset classes are likely to produce different long-term returns and some asset classes may be more volatile than others. The long-term investment strategy ensures, among other aims, that investments are adequately diversified.

The UKRF also employs derivative instruments, where appropriate, to achieve a desired exposure or return, or to match assets more closely to liabilities. The value of assets shown reflects the assets held by the scheme, with any derivative holdings reflected on a fair value basis.

The value of the assets of the schemes and their percentage in relation to total scheme assets were as follows:

Analysis of scheme assets

	Barclays Bank Group Total		Barclays Bank PLC Total		Of which relates to UKRF	
	Value	% of total fair value of scheme assets	Value	% of total fair value of scheme assets	Value	% of total fair value of scheme assets
	£m	%	£m	%	£m	%
As at 31 December 2019						
Equities	**2,349**	**7.3**	**2,184**	**7.0**	**2,174**	**6.9**
Private equities	**2,083**	**6.5**	**2,083**	**6.6**	**2,083**	**6.6**
Bonds - fixed government	**3,447**	**10.7**	**3,193**	**10.2**	**3,175**	**10.1**
Bonds - index-linked government	**11,036**	**34.4**	**11,027**	**35.1**	**11,027**	**35.2**
Bonds - corporate and other	**9,234**	**28.8**	**9,056**	**28.8**	**9,042**	**28.8**
Property	**1,644**	**5.1**	**1,633**	**5.2**	**1,633**	**5.2**
Infrastructure	**1,558**	**4.9**	**1,558**	**5.0**	**1,558**	**5.0**
Cash and liquid assets	**742**	**2.3**	**686**	**2.1**	**670**	**2.2**
Fair value of scheme assets	**32,093**	**100.0**	**31,420**	**100.0**	**31,362**	**100.0**
As at 31 December 2018						
Equities	3,349	11.3	3,246	11.1	3,211	11.1
Private equities	1,995	6.7	1,995	6.8	1,995	6.9
Bonds - fixed government	3,320	11.2	3,149	10.8	3,062	10.5
Bonds - index-linked government	10,945	36.8	10,936	37.4	10,936	37.7
Bonds - corporate and other	6,371	21.4	6,261	21.4	6,197	21.3
Property	1,712	5.8	1,702	5.8	1,702	5.9
Infrastructure	1,196	4.0	1,196	4.1	1,196	4.1
Cash and liquid assets	834	2.8	774	2.6	737	2.5
Fair value of scheme assets	29,722	100.0	29,259	100.0	29,036	100.0

Included within the fair value of scheme assets were £nil (2018: £nil) relating to shares in Barclays PLC and £nil (2018: £nil) relating to bonds issued by Barclays PLC. The UKRF also invests in pooled investment vehicles which may hold shares or debt issued by Barclays PLC.

The UKRF assets above do not include the Senior Notes asset referred to in the section below on Triennial Valuation, as these are non-transferable instruments and not recognised under IAS19.

Approximately 44% of the UKRF assets are invested in liability-driven investment strategies; primarily UK gilts as well as interest rate and inflation swaps. These are used to better match the assets to its liabilities. The swaps are used to reduce the scheme's inflation and duration risks against its liabilities.

Triennial Valuation

The latest triennial actuarial valuation of the UKRF with an effective date of 30 September 2019 has been completed. This valuation showed a funding deficit of £2.3bn and a funding level of 94%, versus £4.0bn funding deficit at the 30 September 2018 update. The decrease in funding deficit over that period was mainly driven by payment of deficit reduction contributions and changes in mortality assumptions.

The Bank and UKRF Trustee have agreed a revised statement of funding principles, schedule of contributions, and recovery plan to seek to eliminate the funding deficit.

The main differences between the funding and accounting assumptions are a different approach to setting the discount rate and a more conservative longevity assumption for funding.

The deficit reduction contributions agreed with the UKRF Trustee as part of the 30 September 2019 triennial valuation recovery plan are shown alongside the deficit reduction contributions agreed in 2017 for the prior 30 September 2016 triennial valuation.

Year	Deficit reduction contributions under the 30 September 2016 valuation £m	Deficit reduction contributions under the 30 September 2019 valuation £m
Cash paid:		
2019 - paid in two installments of £250m in April and September	500	-
2019 - paid in December	-	500
Future Commitments:		
2020	500	500
2021	1,000	700
2022	1,000	294
2023	1,000	286
2024 - 2026	1,000 each year	-

As part of the triennial actuarial valuation, Barclays Bank PLC agreed to pay a £500m contribution on 11 December 2019 and at the same time the UKRF subscribed for non-transferrable listed senior fixed rate notes for £500m, backed by UK gilts (the Senior Notes). The Senior Notes were issued by Heron Issuer Limited (Heron), an entity that is consolidated within the Barclays Group under IFRS10. The Senior Notes entitle the UKRF to semi-annual coupon payments for five years, and full repayment of the subscription in cash at maturity in 2024. Heron acquired the gilts from BBPLC for cash of £600m to support these payments. BBPLC also subscribed for Junior notes issued by Heron for £100m. The contribution forms part of the recovery plan agreed as part of the 2019 valuation of the UKRF. No liability is recognised under IAS19 for the obligation to make deficit reduction contributions, for the obligation of Heron to repay the Senior Notes, or for the cash received by BBPLC from Heron for the transfer of the gilts, as settlement in 2024 gives rise to both a reduction in cash and a corresponding increase in net defined benefit assets.

The deficit reduction contributions are in addition to the regular contributions to meet the Barclays Bank Group's share of the cost of benefits accruing over each year. The next funding valuation of the UKRF is due to be completed in 2023 with an effective date of 30 September 2022.

Other support measures agreed which remain in place

Collateral – The UKRF Trustee and Barclays Bank PLC have entered into an arrangement whereby a collateral pool has been put in place to provide security for the UKRF funding deficit as it increases or decreases over time. The collateral pool is currently made up of government securities, and agreement was made with the Trustee to cover 100% of the funding deficit with an overall cap of £9bn. The arrangement provides the UKRF Trustee with dedicated access to the pool of assets in the event of Barclays Bank PLC not paying a deficit reduction contribution to the UKRF or in the event of Barclays Bank PLC's insolvency. These assets are included within Note 37 Assets pledged, collateral received and assets transferred.

Support from Barclays PLC – In the event of Barclays Bank PLC not paying a deficit reduction contribution payment required by a specified pre-payment date, Barclays PLC has entered into an arrangement whereby it will be required to use, in first priority, dividends received from Barclays Bank UK PLC (if any) to invest the proceeds in Barclays Bank PLC (up to the maximum amount of the deficit reduction contribution unpaid by Barclays Bank PLC). The proceeds of the investment will be used to discharge Barclays Bank PLC's unpaid deficit reduction contribution.

Participation – As permitted under the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015, Barclays Bank UK PLC is a participating employer in the UKRF and will remain so during a transitional phase until September 2025 as set out in a deed of participation. Barclays Bank UK PLC will make contributions for the future service of its employees who are currently Afterwork members and, in the event of Barclays Bank PLC's insolvency during this period provision has been made to require Barclays Bank UK PLC to become the principal employer of the UKRF. Barclays Bank PLC's Section 75 debt would be triggered by the insolvency (the debt would be calculated after allowing for the payment to the UKRF of the collateral above).

Defined benefit contributions paid with respect to the UKRF were as follows:

Contributions paid	£m
2019	**1,231**
2018	741
2017	1,124

There were £nil (2018: £nil; 2017: £153m) Section 75 contributions included within the Barclays Bank Group's contributions paid as no participating employers left the UKRF scheme in 2019.

The Barclays Bank Group's expected contribution to the UKRF in respect of defined benefits in 2020 is £560m (2019: £562m). In addition, the expected contributions to UK defined contribution schemes in 2020 is £7m (2019: £7m) to the UKRF and £41m (2019: £37m) to the BPSP.

Notes to the financial statements
Scope of consolidation

The section presents information on the Barclays Bank Group's investments in subsidiaries, joint ventures and associates and its interests in structured entities. Detail is also given on securitisation transactions the Barclays Bank Group has entered into and arrangements that are held off-balance sheet.

33 Principal subsidiaries

Barclays Bank Group applies IFRS 10 *Consolidated Financial Statements*. The consolidated financial statements combine the financial statements of Barclays Bank PLC and all of its subsidiaries. Subsidiaries are entities over which Barclays Bank Group has control. Under IFRS 10, this is when Barclays Bank Group is exposed or has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity.

Barclays Bank Group reassesses whether it controls an entity if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect the amount of its returns.

Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Barclays Bank Group for the purposes of the consolidation. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has been obtained and they do not result in loss of control.

The significant judgements used in applying this policy are set out below.

Accounting for investment in subsidiaries

In the individual financial statements of Barclays Bank PLC, investments in subsidiaries are stated at cost less impairment.

Investments in subsidiaries, the majority of which are engaged in banking related activities, are recorded on the balance sheet at historical cost less any impairment. At 31 December 2019 the historical cost of investments in subsidiaries was £16,606m (2018: £15,452m), and impairment allowances recognised against these investments totalled £501m (2018: £494m). The increase in historical cost is predominantly due to capital injections into Barclays Bank Ireland PLC, partially offset by intra-group transfers.

At the end of each reporting period an impairment review is undertaken in respect of investment in subsidiaries. Impairment is required where the investment exceeds the recoverable amount. The recoverable amount is calculated using a value in use (VIU) methodology to arrive at the present value of future cash flows expected to be derived from the investment. The VIU calculation uses forecast attributable profit, based on financial budgets approved by management, covering a five-year period, as an approximation of future cash flows. Terminal growth rates ranging from 0.5% to 1.5% have been applied to arrive at cash flows thereafter, which are based on long term expected growth rates published by the International Monetary Fund. The forecasted cash flows have been discounted at pre-tax rates ranging from 13.7% to 15.3%. There has been no material change to the carrying value of investments in subsidiaries as a result of the impairment review.

Principal subsidiaries for the Barclays Bank Group are set out below. This includes those subsidiaries that are most significant in the context of the Barclays Bank Group's business, results or financial position.

Company Name	Principal place of business or incorporation	Nature of business	Percentage of voting rights held %	Non-controlling interests - proportion of ownership interests %	Non-controlling interests - proportion of voting interests %
Barclays Bank Ireland PLC	Ireland	Banking, holding company	100	-	-
Barclays Capital Inc.	United States	Securities dealing	100	-	-
Barclays Capital Securities Limited	United Kingdom	Securities dealing	100	-	-
Barclays Securities Japan Limited	Japan	Securities dealing	100	-	-
Barclays US LLC	United States	Holding company	100	-	-
Barclays Bank Delaware	United States	Credit card issuer	100	-	-

The country of registration or incorporation is also the principal area of operation of each of the above subsidiaries.

Ownership interests are in some cases different to voting interests due to the existence of non-voting equity interests, such as preference shares. See Note 29 for more information.

Significant judgements and assumptions used to determine the scope of the consolidation

Determining whether the Barclays Bank Group has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances, this determination will involve significant judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgement will involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the Barclays Bank Group, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

There is also often considerable judgement involved in the ongoing assessment of control over structured entities. In this regard, where market conditions have deteriorated such that the other investors' exposures to the structure's variable returns have been substantively eliminated, the

Barclays Bank Group may conclude that the managers of the structured entity are acting as its agent and therefore will consolidate the structured entity.

An interest in equity voting rights exceeding 50% would typically indicate that the Barclays Bank Group has control of an entity. However, the entity set out below is excluded from consolidation because the Barclays Bank Group does not have exposure to its variable returns.

Country of registration or incorporation	Company name	Percentage of voting rights held (%)	Equity shareholders' funds (£m)	Retained profit for the year (£m)
Cayman Islands	Palomino Limited	100	-	-

This entity is managed by an external counterparty and consequently is not controlled by the Barclays Bank Group. Interests relating to this entity are included in Note 34.

Significant restrictions

As is typical for a group of its size and international scope, there are restrictions on the ability of the Barclays Bank Group to obtain distributions of capital, access the assets or repay the liabilities of members of its Group due to the statutory, regulatory and contractual requirements of its subsidiaries and due to the protective rights of non-controlling interests. These are considered below.

Regulatory requirements

The Barclays Bank Group's principal subsidiary companies have assets and liabilities before intercompany eliminations of £307bn (2018: £265bn) and £285bn (2018: £246bn) respectively. The assets and liabilities are subject to prudential regulation and regulatory capital requirements in the countries in which they are regulated. These require entities to maintain minimum capital levels which cannot be returned to the parent company, Barclays Bank PLC on a going concern basis.

In order to meet capital requirements, subsidiaries may issue certain equity accounted and debt accounted financial instruments such as Tier 1 and Tier 2 capital instruments and other forms of subordinated liabilities. Refer to Note 26 and Note 27 for particulars of these instruments. These instruments may be subject to cancellation clauses or preference share restrictions that would limit the ability of the entity to repatriate the capital on a timely basis.

Liquidity requirements

Regulated subsidiaries of the Barclays Bank Group are required to meet PRA or local regulatory requirements pertaining to liquidity. Some of the regulated subsidiaries include Barclays Capital Securities Limited (which is regulated on a combined basis with Barclays Bank PLC under a Domestic Liquidity Sub-Group (DoLSub) arrangement), Barclays Bank Ireland PLC, Barclays Capital Inc. and Barclays Bank Delaware. See page 91 for further details of liquidity requirements, including those of the Barclays Bank Group's significant subsidiaries.

Statutory requirements

The Barclays Bank Group's subsidiaries are subject to statutory requirements not to make distributions of capital and unrealised profits and generally to maintain solvency. These requirements restrict the ability of subsidiaries to make remittances of dividends to Barclays Bank PLC, the parent, except in the event of a legal capital reduction or liquidation. In most cases the regulatory restrictions referred to above exceed the statutory restrictions.

Contractual requirements

Asset encumbrance

The Barclays Bank Group uses its financial assets to raise finance in the form of securitisations and through the liquidity schemes of central banks, as well as to provide security for the UK Retirement Fund. Once encumbered, the assets are not available for transfer around the Barclays Bank Group. The assets typically affected are disclosed in Note 37.

Other restrictions

The Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £4,505m (2018: £4,717m).

34 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Depending on the Barclays Bank Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

The Barclays Bank Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

Securitisation vehicles

The Barclays Bank Group uses securitisation as a source of financing and a means of risk transfer. Refer to Note 36 for further detail.

Commercial paper (CP) and medium-term note conduits

The Barclays Bank Group provided £8.3bn (2018: £11.7bn) in undrawn contractual backstop liquidity facilities to CP conduits.

Fund management entities
In previous periods, Barclays Bank Group had contractually guaranteed the performance of certain cash investments in a number of managed investment funds which resulted in their consolidation. As at 31 December 2019, the notional value of the guarantees were £nil (2018: £nil) as the European Wealth Funds associated with these guarantees were either closed or ownership has been transferred outside the Barclays Bank Group and they are no longer consolidated.

Employee benefit and other trusts
The Barclays Bank Group provides capital contributions to employee benefit trusts to enable them to meet obligations to employees in relation to share-based remuneration arrangements. During 2019, the Barclays Bank Group provided undrawn liquidity facilities of £2.5bn (2018: £2.6bn) to certain trusts.

Unconsolidated structured entities in which the Barclays Bank Group has an interest
An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Barclays Bank Group. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to the Barclays Bank Group, lending, loan commitments, financial guarantees and investment management agreements.

Interest rate swaps, foreign exchange derivatives that are not complex and which expose the Barclays Bank Group to insignificant credit risk by being senior in the payment waterfall of a securitisation and derivatives that are determined to introduce risk or variability to a structured entity are not considered to be an interest in an entity and have been excluded from the disclosures below.

The nature and extent of the Barclays Bank Group's interests in structured entities is summarised below:

Summary of interests in unconsolidated structured entities

	Secured financing £m	Short-term traded interests £m	Traded derivatives £m	Other interests £m	Total £m
As at 31 December 2019					
Assets					
Trading portfolio assets	**-**	**9,585**	**-**	**76**	**9,661**
Financial assets at fair value through the income statement	**32,859**	**-**	**-**	**2,500**	**35,359**
Derivative financial instruments	**-**	**-**	**2,369**	**-**	**2,369**
Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**391**	**391**
Loans and advances at amortised cost	**-**	**-**	**-**	**17,092**	**17,092**
Reverse repurchase agreements and other similar secured lending	**77**	**-**	**-**	**-**	**77**
Other assets	**-**	**-**	**-**	**22**	**22**
Total assets	**32,936**	**9,585**	**2,369**	**20,081**	**64,971**
Liabilities					
Derivative financial instruments	**-**	**-**	**3,171**	**2,437**	**5,608**
As at 31 December 2018					
Assets					
Trading portfolio assets	-	12,206	-	-	12,206
Financial assets at fair value through the income statement	32,359	-	-	2,595	34,954
Derivative financial instruments	-	-	5,236	-	5,236
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Loans and advances at amortised cost	-	-	-	15,019	15,019
Reverse repurchase agreements and other similar secured lending	-	-	-	-	-
Other assets	-	-	-	13	13
Total assets	32,359	12,206	5,236	17,627	67,428
Liabilities					
Derivative financial instruments	-	-	6,438	2,586	9,024

Secured financing arrangements, short-term traded interests and traded derivatives are typically managed under market risk management policies described on page 45 which includes an indication of the change of risk measures compared to last year. For this reason, the total assets of these entities are not considered meaningful for the purposes of understanding the related risks and so have not been presented. Other interests include conduits and lending where the interest is driven by normal customer demand.

Secured financing
The Barclays Bank Group routinely enters into reverse repurchase contracts, stock borrowing and similar arrangements on normal commercial terms where the counterparty to the arrangement is a structured entity. Due to the nature of these arrangements, especially the transfer of collateral and ongoing margining, the Barclays Bank Group has minimal exposure to the performance of the structured entity counterparty. This

includes margin lending which is presented under financial assets at fair value through the income statement to align to the balance sheet presentation.

Short-term traded interests
The Barclays Bank Group buys and sells interests in structured entities as part of its trading activities, for example, retail mortgage-backed securities, collateralised debt obligations and similar interests. Such interests are typically held individually or as part of a larger portfolio for no more than 90 days. In such cases, the Barclays Bank Group typically has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

As at 31 December 2019, £8,903m (2018: £8,436m) of the Barclays Bank Group's £9,585m (2018: £12,206m) short-term traded interests were comprised of debt securities issued by asset securitisation vehicles.

Traded derivatives
The Barclays Bank Group enters into a variety of derivative contracts with structured entities which reference market risk variables such as interest rates, foreign exchange rates and credit indices among other things. The main derivative types which are considered interests in structured entities include index-based and entity specific credit default swaps, balance guaranteed swaps, total return swaps, commodities swaps, and equity swaps. A description of the types of derivatives and the risk management practices are detailed in Note 13. The risk of loss may be mitigated through ongoing margining requirements as well as a right to cash flows from the structured entity which are senior in the payment waterfall. Such margining requirements are consistent with market practice for many derivative arrangements and in line with the Barclays Bank Group's normal credit policies.

Derivative transactions require the counterparty to provide cash or other collateral under margining agreements to mitigate counterparty credit risk. The Barclays Bank Group is mainly exposed to settlement risk on these derivatives which is mitigated through daily margining. Total notionals amounted to £314,170m (2018: £246,774m).

Except for credit default swaps where the maximum exposure to loss is the swap notional amount, it is not possible to estimate the maximum exposure to loss in respect of derivative positions as the fair value of derivatives is subject to changes in market rates of interest, exchange rates and credit indices which by their nature are uncertain. In addition, the Barclays Bank Group's losses would be subject to mitigating action under its traded market risk and credit risk policies that require the counterparty to provide collateral in cash or other assets in most cases.

Other interests in unconsolidated structured entities
The Barclays Bank Group's interests in structured entities not held for the purposes of short-term trading activities are set out below, summarised by the purpose of the entities and limited to significant categories, based on maximum exposure to loss.

Nature of interest

	Multi-seller conduit programmes £m	Lending £m	Investment funds and trusts £m	Others £m	Total £m
As at 31 December 2019					
Trading portfolio assets	-	-	-	76	76
Financial assets at fair value through the income statement					
– Debt securities	-	-	-	80	80
– Loans and advances	-	-	-	2,417	2,417
– Equity securities	-	-	-	3	3
Financial assets at fair value through other comprehensive income	-	-	-	391	391
Loans and advances at amortised cost	5,930	7,874	-	3,288	17,092
Other assets	17	4	1	-	22
Total on-balance sheet exposures	5,947	7,878	1	6,255	20,081
Total off-balance sheet notional amounts	8,649	3,732	-	1,621	14,002
Maximum exposure to loss	14,596	11,610	1	7,876	34,083
Total assets of the entity	78,716	139,210	501	15,638	234,065
As at 31 December 2018					
Trading portfolio assets	-	-	-	-	-
Financial assets at fair value through the income statement					
– Debt securities	444	-	-	114	558
– Loans and advances	-	-	-	2,037	2,037
– Equity securities	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Loans and advances at amortised cost	6,100	8,269	-	650	15,019
Other assets	9	3	1	-	13
Total on-balance sheet exposures	6,553	8,272	1	2,801	17,627
Total off-balance sheet notional amounts	11,671	4,172	-	431	16,274
Maximum exposure to loss	18,224	12,444	1	3,232	33,901
Total assets of the entity	73,109	187,176	455	21,255	281,995

Maximum exposure to loss
Unless specified otherwise below, the Barclays Bank Group's maximum exposure to loss is the total of its on-balance sheet positions and its off-balance sheet arrangements, being loan commitments and financial guarantees. Exposure to loss is mitigated through collateral, financial guarantees, the availability of netting and credit protection held.

Multi-seller conduit programme
The multi-seller conduit engages in providing financing to various clients and holds whole or partial interests in pools of receivables or similar obligations. These instruments are protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit. The Barclays Bank Group's off-balance sheet exposure included in the table above represents liquidity facilities that are provided to the conduit for the benefit of the holders of the commercial paper issued by the conduit and will only be drawn where the conduit is unable to access the commercial paper market. If these liquidity facilities are drawn, the Barclays Bank Group is protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit.

Lending
The portfolio includes lending provided by the Barclays Bank Group to unconsolidated structured entities in the normal course of its lending business to earn income in the form of interest and lending fees and includes loans to structured entities that are generally collateralised by property, equipment or other assets. All loans are subject to the Barclays Bank Group's credit sanctioning process. Collateral arrangements are specific to the circumstances of each loan with additional guarantees and collateral sought from the sponsor of the structured entity for certain arrangements. During the period the Barclays Bank Group incurred an impairment of £7m (2018: £66m) against such facilities.

Investment funds and trusts
In the course of its fund management activities, the Barclays Bank Group establishes pooled investment funds that comprise investments of various kinds, tailored to meet certain investors' requirements. The Barclays Bank Group's interest in funds is generally restricted to a fund management fee, the value of which is typically based on the performance of the fund.

The Barclays Bank Group acts as trustee to a number of trusts established by or on behalf of its clients. The purpose of the trusts, which meet the definition of structured entities, is to hold assets on behalf of beneficiaries. The Barclays Bank Group's interest in trusts is generally restricted to unpaid fees which, depending on the trust, may be fixed or based on the value of the trust assets. Barclays Bank PLC has no other risk exposure to the trusts.

Other
This includes fair value loans with structured entities where the market risk is materially hedged with corresponding derivative contracts, interests in debt securities issued by securitisation vehicles and drawn and undrawn loan facilities to these entities.

Assets transferred to sponsored unconsolidated structured entities
Assets transferred to sponsored unconsolidated structured entities were £471m (2018: £516m).

35 Investments in associates and joint ventures

Accounting for associates and joint ventures
The Barclays Bank Group applies IAS 28 *Investments in Associates* and IFRS 11 *Joint Arrangements*. Associates are entities in which the Barclays Bank Group has significant influence, but not control, over the operating and financial policies. Generally the Barclays Bank Group holds more than 20%, but less than 50%, of their voting shares. Joint ventures are arrangements where the Barclays Bank Group has joint control and rights to the net assets of the entity.

The Barclays Bank Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each year by the Barclays Bank Group's share of the post acquisition profit/(loss). The Barclays Bank Group ceases to recognise its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses. In some cases, investments in these entities may be held at fair value through profit or loss, for example, those held by private equity businesses.

There are no individually significant investments in joint ventures or associates held by Barclays Bank Group.

	2019			2018		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Equity accounted	**30**	**265**	**295**	481	281	762
Held at fair value through profit or loss	**-**	**516**	**516**	-	509	509
Total	**30**	**781**	**811**	481	790	1,271

Summarised financial information for the Barclays Bank Group's equity accounted associates and joint ventures is set out below. The amounts shown are the net income of the investees, not just the Barclays Bank Group's share, for the year ended 31 December 2019, with the exception of certain undertakings for which the amounts are based on accounts made up to dates not earlier than three months before the balance sheet date.

	Associates		Joint ventures	
	2019	2018	2019	2018
	£m	£m	£m	£m
Profit from continuing operations	**83**	173	**86**	54
Other comprehensive income / (expenses)	**-**	28	**3**	32
Total comprehensive income from continuing operations	**83**	201	**89**	86

Unrecognised shares of the losses of individually immaterial associates and joint ventures were £nil (2018: £nil).

The Barclays Bank commitments and contingencies to its associates and joint ventures comprised unutilised credit facilities provided to customers of £1,726m (2018: £1,715m). In addition, the Barclays Bank Group has made commitments to finance or otherwise provide resources to its joint ventures and associates of £nil (2018: £318m).

36 Securitisations

Accounting for securitisations
The Barclays Bank Group uses securitisations as a source of finance and a means of risk transfer. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction; lead to partial continued recognition of the assets to the extent of the Barclays Bank Group's continuing involvement in those assets or to derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer. Full derecognition only occurs when the Barclays Bank Group transfers both its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

In the course of its normal banking activities, Barclays Bank Group makes transfers of financial assets, either where legal rights to the cash flows from the asset are passed to the counterparty or beneficially, where Barclays Bank Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty. Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer.

A summary of the main transactions, and the assets and liabilities and the financial risks arising from these transactions, is set out below:

Transfers of financial assets that do not result in derecognition

Securitisations

Barclays Bank Group was party to securitisation transactions involving its credit card 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 Barclays Bank Group's continuing involvement in those assets can also occur or derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer.

The following table shows the carrying amount of securitised assets that have not resulted in full derecognition, together with the associated liabilities, for each category of asset on the balance sheet:

	2019				2018			
	Assets		Liabilties		Assets		Liabilties	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group								
Loans and advances at amortised cost								
Credit cards, unsecured loans and other retail lending	**3,035**	**3,183**	**(2,426)**	**(2,429)**	3,042	3,094	(2,975)	(2,962)

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 Barclays Bank 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.

For transfers of assets in relation to repurchase agreements, see Note 37

Continuing involvement in financial assets that have been derecognised

In some cases, the Barclays Bank Group may have transferred a financial asset in its entirety but may have continuing involvement in it. This arises in asset securitisations where loans and asset backed securities were derecognised as a result of the Barclays Bank Group's involvement with commercial 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:

	Continuing involvement[a]			Gain/(loss) from continuing involvement	
	Carrying amount	Fair value	Maximum exposure to loss	For the year ended	Cumulative to 31 December
Type of transfer	£m	£m	£m	£m	£m
2019					
Commercial mortgage backed securities	**189**	**188**	**189**	**1**	**4**
2018					
Commercial mortgage backed securities	135	135	135	2	3

Note
a Assets which represent the Barclays Bank Group's continuing involvement in derecognised assets are recorded in Loans and advances at amortised cost.

37 Assets pledged, collateral received and assets transferred

Assets are pledged or transferred as collateral to secure liabilities under repurchase agreements, securitisations and stock lending agreements or as security deposits relating to derivatives. Assets transferred are non-cash assets transferred to a third party that do not qualify for derecognition from the Barclays Bank Group balance sheet, for example because Barclays 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. Liabilities are shown on a net basis in accordance with IAS 32. Where non-cash assets are pledged or transferred as collateral in an exchange for non-cash assets, the transferred asset continues to be recognised in full, and there is no associated liability as the non-cash collateral received is not recognised on the balance sheet. The Barclays Bank Group is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these pledged assets. Unless stated, the counterparty's recourse is not limited to the transferred assets.

The following table summarises the nature and carrying amount of the assets pledged as security against these liabilities:

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	2019	2018
	£m	£m	£m	£m
Cash collateral and settlements	61,158	53,540	60,637	54,994
Loans and advances at amortised cost	18,726	12,597	8,869	8,614
Trading portfolio assets	65,341	63,373	47,357	41,048
Financial assets at fair value through the income statement	8,107	7,450	5,697	3,847
Financial assets at fair value through other comprehensive income	8,011	9,179	15,782	14,534
Assets pledged	161,343	146,139	138,342	123,037

The following table summarises the transferred financial assets and the associated liabilities:

	Barclays Bank Group		Barclays Bank PLC	
	Transferred assets	Associated liabilities	Transferred assets	Associated liabilities
	£m	£m	£m	£m
At 31 December 2019				
Derivatives	64,061	(64,061)	63,079	(63,079)
Repurchase agreements	35,562	(22,981)	30,929	(18,026)
Securities lending arrangements	53,099	-	40,359	-
Other	8,621	(4,430)	3,975	(1,707)
Total	161,343	(91,472)	138,342	(82,812)
At 31 December 2018				
Derivatives	55,082	(55,082)	56,719	(56,719)
Repurchase agreements	38,811	(25,721)	31,669	(19,425)
Securities lending arrangements	41,766	-	31,741	-
Other	10,480	(7,840)	2,908	(1,353)
Total	146,139	(88,643)	123,037	(77,497)

Included within other are agreements where a counterparty's recourse is limited to the transferred assets. 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.

	Carrying value		Fair value		
	Transferred assets	Associated liabilities	Transferred assets	Associated liabilities	Net position
	£m	£m	£m	£m	£m
Barclays Bank Group					
2019					
Recourse to transferred assets only	3,035	(2,426)	3,183	(2,429)	754
2018					
Recourse to transferred assets only	3,042	(2,975)	3,094	(2,962)	132

Barclays Bank Group has an additional £2.5bn (2018: £4.0bn) 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.

Total assets pledged includes a collateral pool put in place to provide security for the UKRF funding deficit. Refer to Note 32 for further details.

Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, Barclays Bank Group is allowed to resell or re-pledge the collateral held. The fair value at the balance sheet date of collateral accepted and re-pledged to others was as follows:

	Barclays Bank Group		Barclays Bank PLC	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Fair value of securities accepted as collateral	**660,999**	597,100	**679,265**	610,856
Of which fair value of securities re-pledged/transferred to others	**554,111**	530,364	**594,822**	553,147

Additional disclosure has been included in collateral and other credit enhancements (pages 53 to 56).

Notes to the financial statements
Other disclosure matters

The notes included in this section focus on related party transactions, Auditors' remuneration, Directors' remuneration and Transition disclosures. Related parties include any subsidiaries, associates, joint ventures and Key Management Personnel.

38 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.

The transfer of European operations to Barclays Bank Ireland PLC has materially affected the financial statements of Barclays Bank PLC during the year with regards to its related party transactions. There was no impact on the consolidated financial statements of the Barclays Bank Group. Refer to Note 39 for further details, including intra-group balances.

Parent company

The parent company, which is also the ultimate parent company, is Barclays PLC, which holds 100% of the issued ordinary shares of Barclays Bank PLC.

Subsidiaries

Transactions between Barclays Bank PLC and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Barclays Bank Group's financial statements. A list of the Barclays Bank Group's principal subsidiaries is shown in Note 33.

Fellow subsidiaries

Transactions between the Barclays Bank Group and other subsidiaries of the parent company also meet the definition of related party transactions.

Associates, joint ventures and other entities

The Barclays Bank Group provides banking services to its associates, joint ventures and the Barclays Bank Group pension funds (principally the UK Retirement Fund), providing loans, overdrafts, interest and non-interest bearing deposits and current accounts to these entities as well as other services. Barclays Bank Group companies also provide investment management and custodian services to the Barclays Bank Group pension schemes. All of these transactions are conducted on the same terms as third party transactions. Summarised financial information for the Barclays Bank Group's investments in associates and joint ventures is set out in Note 35.

Amounts included in the Barclays Bank Group's financial statements, in aggregate, by category of related party entity are as follows:

	Parent	Fellow subsidiaries	Associates	Joint ventures	Pension funds
	£m	£m	£m	£m	£m
For the year ended and as at 31 December 2019					
Total income	**(717)**	**53**	**-**	**12**	**3**
Credit impairment charges	**-**	**-**	**-**	**-**	**-**
Operating expenses	**(90)**	**(3,023)**	**(5)**	**-**	**-**
Total assets	**2,097**	**2,165**	**-**	**1,303**	**3**
Total liabilities	**24,876**	**1,600**	**-**	**-**	**75**
For the year ended and as at 31 December 2018					
Total income	(416)	(3)	-	7	3
Credit impairment charges	-	-	-	-	-
Operating expenses	(122)	(3,630)	(1)	(7)	-
Total assets	727	1,091	12	1,288	3
Total liabilities	21,405	2,058	85	2	139

An entity that is consolidated within the Group under IFRS 10 has issued Senior Notes to the UKRF with a nominal value of £500m. This is not included within the table above. Refer to Note 32 for further details. Total liabilities includes total liabilities are derivatives transacted on behalf of the pensions funds of £6m (2018: £3m).

Amounts included in Barclays Bank PLC's financial statements, in aggregate, by category of related party entity are as follows:

	Parent	Subsidiaries	Fellow subsidiaries	Associates	Joint ventures	Pension funds
	£m	£m	£m	£m	£m	£m
As at 31 December 2019						
Total assets	**2,096**	**209,910**	**2,155**	**-**	**1,303**	**-**
Total liabilities	**24,876**	**147,472**	**1,480**	**-**	**-**	**72**
As at 31 December 2018						
Total assets	721	178,571	1,069	8	1,282	3
Total liabilities	21,405	122,546	2,000	85	2	139

It is the normal practice of Barclays Bank 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 PLC (directly or indirectly) and comprise the Directors and Officers of Barclays Bank PLC, certain direct reports of the Chief Executive Officer and the heads of major business units and functions.

The Barclays Bank Group provides banking services to Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding were as follows:

Loans outstanding	2019 £m	2018 £m
As at 1 January	**14.6**	4.8
Loans issued during the year[a]	**0.1**	12.6
Loan repayments during the year[b]	**(14.7)**	(2.8)
As at 31 December	**-**	14.6

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	2019 £m	2018 £m
As at 1 January	**2.9**	6.9
Deposits received during the year[a]	**11.5**	17.4
Deposits repaid during the year[b]	**(10.2)**	(21.4)
As at 31 December	**4.2**	2.9

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 2019 were £0.1m (2018: £0.5m).

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 the awards made to individuals that have been approved by the Board Remuneration Committee as part of the latest remuneration decisions. Costs recognised in the income statement reflect the accounting charge for the year included within operating expenses. The difference between the values awarded and the recognised income statement charge principally relates to the recognition of deferred costs for prior year awards. Figures are provided for the period that individuals met the definition of Key Management Personnel.

	2019 £m	2018 £m
Salaries and other short-term benefits	**37.6**	50.7
Pension costs	**0.2**	0.3
Other long-term benefits	**9.1**	12.6
Share-based payments	**14.2**	24.8
Employer social security charges on emoluments	**6.0**	8.5
Costs recognised for accounting purposes	**67.1**	96.9
Employer social security charges on emoluments	**(6.0)**	(8.5)
Other long-term benefits – difference between awards granted and costs recognised	**(1.0)**	4.5
Share-based payments – difference between awards granted and costs recognised	**(0.7)**	(2.1)
Total remuneration awarded	**59.4**	90.8

Disclosure required by the Companies Act 2006
The following information regarding Barclays Bank PLC Board of Directors is presented in accordance with the Companies Act 2006:

	2019 £m	2018 £m
Aggregate emoluments[a]	**7.6**	10.5
Amounts paid under LTIPs[b]	**0.2**	0.6
	7.8	11.1

Notes
a The aggregate emoluments include amounts paid for the 2019 year. In addition, deferred cash and share awards for 2019 with a total value at grant of £1.9m will be made to Directors which will only vest subject to meeting certain conditions.
b The figure above for 'Amounts paid under LTIPs' for 2019 relates to an LTIP award released to a Director in 2019. Dividend shares released on the award are excluded.

Pension contributions totalling £11,932 were paid to defined contribution schemes on behalf of Directors (2018: £11,848). There were no notional pension contributions to defined contribution schemes.

As at 31 December 2019, there were no Directors accruing benefits under a defined benefit scheme (2018: £nil).

The aggregate amount of compensation payable to departing officers in respect of loss of office was £3,929,875.

Of the figures in the table above, the amounts attributable to the highest paid Director in respect of qualifying services are as follows:

	2019 £m	2018 £m
Aggregate emoluments[a]	**3.2**	3.6
Amounts paid under LTIPs	**-**	-
	3.2	3.6

Note
a The aggregate emoluments include amounts paid for the 2019 year. In addition, a deferred share award for 2019 with a value at grant of £1.2m will be made to the highest paid Director which will only vest subject to meeting certain conditions.

There were no actual pension contributions to defined contribution schemes on behalf of the highest paid Director (2018: £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 2019 to persons who served as Directors during the year was £nil (2018: £nil). The total value of guarantees entered into on behalf of Directors during 2019 was £nil (2018: £nil).

39 Discontinued operations and assets included in disposal groups classified as held for sale and associated liabilities

Accounting for non-current assets held for sale and associated liabilities

The Barclays Bank Group applies IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use. In order to be classified as held for sale, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Non-current assets (or disposal groups) held for sale are measured at the lower of carrying amount and fair value less cost to sell.

A component of the Barclays Bank Group that has either been disposed of or is classified as held for sale is presented as a discontinued operation if it represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of the separate major line or geographical area of operations, or if it is a subsidiary acquired exclusively with a view to re-sale.

Barclays Bank Group

On 21 November 2019 Barclays Bank PLC sold its investment in The Logic Group Holdings Limited to Barclays Principal Investments Limited at its fair value of £112m. On 26 December 2019 Barclays Bank PLC sold its investment in Barclays Funds Investments Limited to Barclays Equity Holdings Limited at its fair value of £505m. Barclays Bank PLC recorded profit on disposal of £56m and £23m respectively.

UK banking business

Following the court approval of the ring-fencing transfer scheme on 9 March 2018, the UK banking business largely comprising Personal Banking, Barclaycard Consumer UK and Business Banking customers, and related assets and liabilities was transferred to Barclays Bank UK PLC on 1 April 2018, to meet the regulatory ring-fencing requirement under the Financial Services (Banking Reform) Act 2013 and related legislation. Following the transfer of the UK banking business, Barclays Bank PLC transferred the equity ownership in Barclays Bank UK PLC to Barclays PLC through a dividend in specie on the same day. Accordingly, Barclays Bank UK PLC ceased to be a subsidiary of Barclays Bank PLC and became a direct subsidiary of the ultimate parent, Barclays PLC.

The results of Barclays Bank UK PLC and its subsidiaries for the three months ended 31 March 2018, the date prior to the transfer of ownership to Barclays PLC, are included in the consolidated financial statements of Barclays Bank Group.

The transfer of the ownership of Barclays Bank UK PLC to Barclays PLC resulted in a material change to the consolidated financial position and results of Barclays Bank Group in 2018, in comparison to prior periods. It had no impact on the share capital and share premium of Barclays Bank Group. Other equity instruments reduced by £2,070m relating to additional tier 1 (AT1) securities transferred to Barclays Bank UK PLC. The fair value through other comprehensive income reserve increased by £16m and retained earnings reduced by £14,187m.

Upon disposal of the equity ownership of Barclays Bank UK PLC on 1 April 2018, the UK banking business met the requirements for presentation as a discontinued operation. As such, the results, which have been presented as the profit after tax in respect of discontinued operations on the face of the Barclays Bank Group income statement, are analysed in the income statement below. In 2018, discontinued operations relating to the UK banking business incurred a loss after tax of £47m and in 2017 discontinued operations related to the UK banking business generated a profit of £809m (discontinued operations in total incurred a loss after tax of £1,386m, which includes a loss of £2,195m loss relating to BAGL). The income statement and cash flow statement below represent three months of results as a discontinued operation to 31 March 2018, compared to the full year ended 31 December 2017.

UK banking business disposal group income statement

For the year ended 31 December	2019 £m	2018 £m	2017 £m
Net interest income	-	1,449	5,872
Net fee and commission income	-	296	1,176
Net trading income	-	(5)	(9)
Net investment income	-	6	160
Other income	-	2	8
Total income	-	1,748	7,207
Credit impairment charges and other provisions	-	(201)	(783)
Net operating income	-	1,547	6,424
Staff costs	-	(321)	(2,052)
Administration and general expenses	-	(1,135)	(2,959)
Operating expenses	-	(1,456)	(5,011)
Share of post-tax results of associates and joint ventures	-	-	(5)
Profit before tax	-	91	1,408
Taxation	-	(138)	(599)
(Loss)/profit after tax	-	(47)	809
Attributable to:			
Equity holders of the parent	-	(47)	809
Non-controlling interests	-	-	-
(Loss)/profit after tax	-	(47)	809

The cash flows attributed to the UK banking business discontinued operation are as follows:

For the year ended 31 December	2019 £m	2018 £m	2017 £m
Net cash flows from operating activities	-	(522)	(355)
Net cash flows from investing activities	-	54	470
Net cash flows from financing activities	-	-	(128)
Net (decrease)/increase in cash and cash equivalents	-	(468)	(13)

Barclays Africa Group Holdings Limited and Barclays Africa Group Limited

On 1 August 2018 Barclays Bank PLC transferred the equity ownership of its subsidiary Barclays Africa Group Holdings Limited (BAGHL) to Barclays PLC through a dividend in specie. Accordingly, BAGHL ceased to be a subsidiary of Barclays Bank PLC and became a direct subsidiary of the ultimate parent, Barclays PLC. The value of this dividend, representing the historic cost of investment of Barclays Bank PLC in BAGHL was £269m. BAGHL was subsequently renamed Barclays Principal Investments Limited.

Following the reduction of the Barclays Bank Group's interest in BAGL in 2017, Barclays Bank Group's remaining interest in BAGL was reported as a financial asset at fair value through other comprehensive income. Prior to the disposal of shares on 1 June 2017, BAGL met the requirements for presentation as a discontinued operation. As such, the results, which have been presented as the profit after tax and non-controlling interest in respect of the discontinued operation on the face of the Barclays Bank Group income statement, are analysed in the income statement below, which represents five months of results as a discontinued operation to 31 May 2017.

Barclays Africa disposal group income statement

For the year ended 31 December	2019 £m	2018 £m	2017 £m
Net interest income	-	-	1,024
Net fee and commission income	-	-	522
Net trading income	-	-	149
Net investment income	-	-	30
Other income	-	-	61
Total income	-	-	1,786
Credit impairment charges and other provisions	-	-	(177)
Net operating income	-	-	1,609
Staff costs	-	-	(586)
Administration and general expenses[a]	-	-	(1,634)
Operating expenses	-	-	(2,220)
Share of post-tax results of associates and joint ventures	-	-	5
Loss before tax	-	-	(606)
Taxation	-	-	(154)
Loss after tax[b]	-	-	(760)
Attributable to:			
Equity holders of the parent	-	-	(900)
Non-controlling interests	-	-	140
Loss after tax[b]	-	-	(760)

Notes
a Includes impairment of £1,090 in 2017.
b Total loss in respect of the discontinued operation in 2017 was £2,195m, which included the £60m loss on sale and £1,375m loss on recycling of other comprehensive loss on reserves.

Barclays Bank PLC

Following a decision to transfer Barclays Group's European businesses to Barclays Bank Ireland PLC, Barclays Bank PLC transferred its German business in Q4 2018. The net assets transferred were £312m in exchange for 350m ordinary shares issued by Barclays Bank Ireland PLC and £1.3m of cash.

In Q1 2019 Barclays Bank PLC transferred its branches in France, Italy, Netherlands, Portugal, Spain and Sweden. The net assets transferred in 2019 were £181m in exchange for 99.4m ordinary shares issued by Barclays Bank Ireland PLC. The assets and liabilities were recognised by Barclays Bank Ireland PLC at their predecessor book values in the consolidated financial statements of the Barclays Bank Group on the date of transfer and therefore there was no impact on the consolidated financial statements of the Barclays Bank Group. The most material impacts on the balance sheet of Barclays Bank PLC affect loans and advances at amortised cost of £7,043m (2018: £3,287m), deposits at amortised cost of £3,455m (2018: £5,418m) and repurchase agreements and other similar secured lending of £2,827m (2018: £nil).

In March 2019, Barclays Bank PLC transferred financial liabilities designated at fair value of £2,676m and deposits at amortised cost of £1,104m to Barclays Bank Ireland PLC, in exchange for cash consideration.

In addition to these transfers, Barclays Bank PLC transferred positions facing European clients to Barclays Bank Ireland PLC, at the clients' request. The most material impacts on the balance sheet of Barclays Bank PLC comprise loans and advances at amortised cost of £1,196m and deposits at amortised cost of £1,566m. The positions were transferred in exchange for cash consideration.

Barclays Bank PLC transferred derivative financial instrument assets of £11,685m and derivative financial instrument liabilities of £13,880m to Barclays Bank Ireland PLC. Concurrently, Barclays Bank PLC entered into new derivative positions with Barclays Bank Ireland PLC to hedge the risk on the transferring positions. Therefore, there was no impact on the balance sheet of Barclays Bank PLC.

Please refer to the Barclays Bank Group section for information on the disposal of The Logic Group Holdings Limited and Barclays Funds Investments Limited.

40 Auditor's remuneration

Auditor's remuneration is included within consultancy, legal and professional fees in administration and general expenses and comprises:

	2019 £m	2018 £m	2017 £m
Audit of the Barclays Bank Group's annual accounts	**16**	14	11
Other services:			
Audit of the Company's subsidiaries[a]	**12**	10	27
Other audit related fees[b]	**6**	6	8
Other services	**1**	1	2
Total Auditor's remuneration	**35**	31	48

Notes
a Comprises the fees for the statutory audit of the subsidiaries both inside and outside UK and fees for the work performed by associates of KPMG in respect of the consolidated financial statements of the Company.
b Comprises services in relation to statutory and regulatory filings. These include audit services for the review of the interim financial information under the Listing Rules of the UK listing authority.

The figures shown in the above table relate to fees paid to KPMG as principal auditor, of which the fees paid in relation to discontinued operations were £nil (2018: £nil, 2017: £4m).

41 Related undertakings

The Barclays Bank PLC corporate structure consists of a number of related undertakings, comprising subsidiaries, joint ventures, associates and significant other interests. A full list of these undertakings, the country of incorporation and the ownership of each share class is set out below. The information is provided as at 31 December 2019.

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. Barclays PLC's 2019 Country Snapshot provides details of where the Barclays PLC Group carries on its business, where its profits are subject to tax and the taxes it pays in each country it operates in.

Wholly owned subsidiaries

Unless otherwise stated the undertakings below are wholly owned and consolidated by Barclays Bank PLC and the share capital disclosed comprises ordinary and/or common shares, 100% of the nominal value of which is held by Barclays Bank PLC Group subsidiaries.

Notes

- **A** Directly held by Barclays Bank PLC
- **B** Partnership Interest
- **C** Membership Interest
- **D** Trust Interest
- **E** Guarantor
- **F** Preference Shares
- **G** A Preference Shares
- **H** B Preference Shares
- **I** Ordinary/Common Shares in addition to other shares
- **J** A Ordinary Shares
- **K** B Ordinary Shares
- **L** C Ordinary Shares
- **M** F Ordinary Shares
- **N** W Ordinary Shares
- **O** First Preference Shares, Second Preference Shares
- **P** Registered Address not in country of incorporation
- **Q** Core Shares, Insurance (Classified) Shares
- **R** Capital Contribution Shares
- **S** A Unit Shares, B Unit Shares
- **T** Non-Redeemable Ordinary Shares
- **U** C Preference Shares, D Preference Shares
- **V** Class A Ordinary Shares, Class A Preference Shares, Class B Ordinary Shares, Class C Ordinary Shares, Class C Preference Shares, Class D Ordinary Shares, Class D Preference Shares, Class E Ordinary Shares, Class E Preference Shares, Class F Ordinary Shares, Class F Preference Shares, Class H 2012 Ordinary Shares, Class H 2012 Preference Shares, Class H Ordinary Shares, Class H Preference Shares, Class I Preference Shares, Class J Ordinary Shares, Class J Preference Shares
- **W** First Class Common Shares, Second Class Common Shares
- **X** Class B Redeemable Preference Shares
- **Y** EUR Tracker 1 Shares, GBP Tracker 1 Shares, USD Tracker 1 Shares, USD Tracker 2 Shares, USD Tracker 3 Shares
- **Z** Not Consolidated (see Note34 Structured entities)
- **AA** USD Linked Ordinary Shares
- **BB** Redeemable Class B Shares
- **CC** Class A Redeemable Preference Shares
- **DD** Nominal Shares

Wholly owned subsidiaries	Note
United Kingdom	
- 1 Churchill Place, London, E14 5HP	
Aequor Investments Limited	
Ardencroft Investments Limited	A
B D & B Investments Limited	
B.P.B. (Holdings) Limited	A
Barafor Limited	
Barclay Leasing Limited	
Barclays (Barley) Limited	J, K
Barclays Aldersgate Investments Limited	A
Barclays Capital Asia Holdings Limited	A
Barclays Capital Finance Limited	A
Barclays Capital Japan Securities Holdings Limited	
Barclays Capital Nominees (No.2) Limited	
Barclays Capital Nominees (No.3) Limited	A
Barclays Capital Nominees Limited	A
Barclays Capital Principal Investments Limited	A
Barclays Capital Securities Client Nominee Limited	A
Barclays Capital Securities Limited	A, F, I
Barclays CCP Funding LLP	A, B
Barclays Directors Limited	A
Barclays Executive Schemes Trustees Limited	A
Barclays Group Holdings Limited	A
Barclays Investment Management Limited	A
Barclays Leasing (No.9) Limited	
Barclays Long Island Limited	A
Barclays Marlist Limited	A
Barclays Mercantile Business Finance Limited	A
Barclays Nominees (George Yard) Limited	A
Barclays Pension Funds Trustees Limited	A
Barclays Private Bank	
Barclays Services (Japan) Limited	A
Barclays Shea Limited	A
Barclays Term Funding Limited Liability Partnership	B
Barclays Wealth Nominees Limited	A
Barcosec Limited	A
Barsec Nominees Limited	A
BB Client Nominees Limited	A
BMBF (No.24) Limited	
BMI (No.9) Limited	
Carnegie Holdings Limited	A, I, J, K
Chapelcrest Investments Limited	
Clydesdale Financial Services Limited	
Cobalt Investments Limited	A
Cornwall Homes Loans Limited	A
CP Flower Guaranteeco (UK) Limited	A, E
DMW Realty Limited	A
Dorset Home Loans Limited	A
Durlacher Nominees Limited	A
Eagle Financial and Leasing Services (UK) Limited	A
Equity Value Investments No.1 Limited	A
Equity Value Investments No.2 Limited	
Finpart Nominees Limited	A
Foltus Investments Limited	
Hawkins Funding Limited	A
Heraldglen Limited	I, O
J.V. Estates Limited	
Isle of Wight Home Loans Limited	A
Kirsche Investments Limited	A
Long Island Assets Limited	
Maloney Investments Limited	A
Menlo Investments Limited	A
Mercantile Credit Company Limited	A
Mercantile Leasing Company (No.132) Limited	A
MK Opportunities LP	B
Murray House Investment Management Limited	A
Naxos Investments Limited	A
Northwharf Nominees Limited	A
Real Estate Participation Management Limited	
Real Estate Participation Services Limited	
Relative Value Investments UK Limited Liability Partnership	B
Relative Value Trading Limited	
Roder Investments No. 1 Limited	A, I, Y
Roder Investments No. 2 Limited	A, I, Y
RVT CLO Investments LLP	B
Surety Trust Limited	A
Swan Lane Investments Limited	
US Real Estate Holdings No.1 Limited	
US Real Estate Holdings No.2 Limited	
US Real Estate Holdings No.3 Limited	
Wedd Jefferson (Nominees) Limited	A
Westferry Investments Limited	A
Woolwich Qualifying Employee Share Ownership Trustee Limited	A
Zeban Nominees Limited	A
- Hill House, 1 Little New Street, London, EC4A 3TR	
Barclays Nominees (Branches) Limited (In Liquidation)	A
Barclays Nominees (K.W.S.) Limited (In Liquidation) (Dissolved on 22 January 2020)	A
Gerrard Management Services Limited (In Liquidation)	A
Lombard Street Nominees Limited (In Liquidation)	A
Ruthenium Investments Limited (In Liquidation)	A
Woolwich Plan Managers Limited (In Liquidation)	A
Woolwich Surveying Services Limited (In Liquidation)	A
- 1 More London Place, London SE1 2AF	
CP Propco 1 Limited (In Liquidation)	
CP Propco 2 Limited (In Liquidation)	
CP Topco Limited (In Liquidation)	J, K
- 5 The North Colonnade, London, E14 4BB	
Leonis Investments LLP	A, B
- 9, allée Scheffer, L-2520, Luxembourg	
Barclays Claudas Investments Partnership	B, P
Barclays Pelleas Investments Limited Partnership	B, P
Blossom Finance General Partnership	B, P
Argentina	
- 855 Leandro N.Alem Avenue, 8th Floor, Buenos Aires	
Compañía Sudamerica S.A.	A
- Marval, O'Farrell & Mairal, Av. Leandro N. Alem 882, Buenos Aires, C1001AAQ	
Compañia Regional del Sur S.A.	A
Brazil	
- Av. Brigadeiro Faria Lima, No. 4.440, 12th Floor, Bairro Itaim Bibi, Sao Paulo, CEP, 04538-132	
Barclays Brasil Assessoria Financeira Ltda.	A
BNC Brazil Consultoria Empresarial Ltda	A
Canada	
- 333 Bay Street, Suite 4910, Toronto ON M5H 2R2	
Barclays Capital Canada Inc.	A
- Stikeman Elliot LLP, 199 Bay Street, 5300 Commerce Court West, Toronto ON M5L 1B9	
Barclays Corporation Limited	A
Cayman Islands	
- Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104	
Alymere Investments Limited	G, H, I

Wholly owned subsidiaries	Note
Analytical Trade UK Limited	A
Barclays Capital (Cayman) Limited	A
Barclays Securities Financing Limited	F, I
Braven Investments No.1 Limited	
Calthorpe Investments Limited	
Capton Investments Limited	A
Claudas Investments Limited	A, I, CC, X
Claudas Investments Two Limited	
CPIA Investments No.1 Limited	V
CPIA Investments No.2 Limited	F, I
Gallen Investments Limited	
Hurley Investments No.1 Limited	
JV Assets Limited	L
Mintaka Investments No. 4 Limited	
OGP Leasing Limited	
Palomino Limited	A, Z
Pelleas Investments Limited	A
Pippin Island Investments Limited	A
Razzoli Investments Limited	A, F, I
RVH Limited	A, F, I
Wessex Investments Limited	
- Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, KY1- 9008	
Long Island Holding B Limited	A
Germany	
- TaunusTurm, Taunustor 1, 60310, Frankfurt	
Barclays Capital Effekten GmbH	A
- Stuttgarter Straße 55-57, 73033 Göppingen	
Holding Stuttgarter Straße GmbH	
Guernsey	
- P.O. Box 33, Dorey Court, Admiral Park, St. Peter Port, GY1 4AT	
Barclays Insurance Guernsey PCC Limited	A, Q
- PO BOX 41, Floor 2, Le Marchant House, Le Truchot, St Peter Port, GY1 3BE	
Barclays Nominees (Guernsey) Limited	A
Hong Kong	
- 42nd floor Citibank Tower, Citibank Plaza, 3 Garden Road	
Barclays Bank (Hong Kong Nominees) Limited (In Liquidation)	A
Barclays Capital Asia Nominees Limited (In Liquidation)	
- Level 41, Cheung Kong Center, 2 Queen's Road, Central	
Barclays Asia Limited (In Liquidation)	A
Barclays Capital Asia Limited	A
India	
- 208 Ceejay House, Shivsagar Estate, Dr A Beasant Road, Worli, Mumbai, 400 018	
Barclays Securities (India) Private Limited	
Barclays Wealth Trustees (India) Private Limited	
- Level 10, Block B6, Nirlon Knowledge Park, Off Western Express Highway Goregaon (East), Mumbai, 40063	
Barclays Investments & Loans (India) Private Limited	A, F, I
Ireland	
- One Molesworth Street, Dublin 2, D02RF29	
Barclaycard International Payments Limited	A
Barclays Bank Ireland Public Limited Company	A
Barclays Europe Client Nominees Designated Activity Company	
Barclays Europe Firm Nominees Designated Activity Company	
Barclays Europe Nominees Designated Activity Company	
- 25-28 North Wall Quay, Dublin 1, D01H104	
Erimon Home Loans Ireland Limited	A
Isle of Man	
- P O Box 9, Victoria Street, Douglas, IM99 1AJ	
Barclays Nominees (Manx) Limited	A
Barclays Private Clients International Limited	A, J, K
Japan	
- 10-1, Roppongi 6-chome, Minato-ku, Tokyo	
Barclays Funds and Advisory Japan Limited	
Barclays Securities Japan Limited	
Barclays Wealth Services Limited	
Jersey	
- 2nd Floor, Gaspé House, 66-72 Esplanade, St. Helier, JE1 1GH	
CP Newco 1 Limited (In Liquidation)	A
CP Newco2 Limited (In Liquidation)	J, K
CP Newco3 Limited (In Liquidation)	
Barclays Services Jersey Limited	A
- 39 - 41 Broad Street, St Helier, JE2 3RR	
Barclays Wealth Management Jersey Limited	A
BIFML PTC Limited	A
- 13 Castle Street, St. Helier, JE4 5UT	
Barclays Index Finance Trust	S
- Lime Grove House, Green Street, St Helier, JE1 2ST	
Barbridge Limited (In Liquidation)	A, I, DD
- 13 Library Place, St Helier, JE4 8NE	
Barclays Nominees (Jersey) Limited	A
Barclaytrust Channel Islands Limited	A
- Estera Trust (Jersey) Limited, 13-14 Esplanade, St Helier, JE1 1EE	
MK Opportunities GP Ltd	A
Luxembourg	
- 9, allée Scheffer, L-2520	
Barclays Alzin Investments S.à r.l.	
Barclays Bayard Investments S.à r.l.	J, K
Barclays Bedivere Investments S.à r.l.	
Barclays Bordang Investments S.à r.l.	
Barclays BR Investments S.à r.l.	
Barclays Cantal Investments S.à r.l.	
Barclays Capital Luxembourg S.à r.l.	
Barclays Capital Trading Luxembourg S.à r.l.	J, K
Barclays Claudas Investments S.à r.l.	
Barclays Equity Index Investments S.à r.l.	
Barclays International Luxembourg Dollar Holdings S.à r.l.	
Barclays Lamorak Investments S.à r.l.	T
Barclays Leto Investments S.à r.l.	
Barclays Luxembourg EUR Holdings S.à r.l	T
Barclays Luxembourg Finance S.à r.l.	
Barclays Luxembourg GBP Holdings S.à r.l.	T
Barclays Luxembourg Global Funding S.à r.l.	
Barclays Luxembourg Holdings S.à r.l.	I, AA
Barclays Luxembourg Holdings SSC	B
Barclays Pelleas Investments S.à r.l.	
- 68-70 Boulevard de la Petrusse, L-2320	
Adler Toy Holding Sarl	
Mauritius	
- C/O Rogers Capital Corporate Services Limited, 3rd Floor, Rogers House, No.5 President John Kennedy Street, Port Louis	
Barclays Capital Mauritius Limited	A
Barclays Capital Securities Mauritius Limited	A
- Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene	
Barclays Mauritius Overseas Holdings Limited	A
Mexico	
- Paseo de la Reforma 505, 41 Floor, Torre Mayor, Col. Cuauhtemoc, CP 06500	
Barclays Bank Mexico, S.A.	K, M
Barclays Capital Casa de Bolsa, S.A. de C.V.	K, M
Grupo Financiero Barclays Mexico, S.A. de C.V.	A, K, M
Servicios Barclays, S.A. de C.V.	
Monaco	
- 31 Avenue de la Costa, Monte Carlo BP 339	
Barclays Private Asset Management (Monaco) S.A.M	
Netherlands	
- Prins Bernhardplein 200, 1097 JB Amsterdam	
Chewdef BidCo BV. (In Liquidation)	A
Philippines	
- 21/F, Philamlife Tower, 8767 Paseo de Roxas, Makati City, 1226	
Meridian (SPV-AMC) Corporation	
Saudi Arabia	
- 3rd Floor Al Dahna Center, 114 Al-Ahsa Street, PO Box 1454, Riyadh 11431	
Barclays Saudi Arabia (In Liquidation)	A
Singapore	
- 10 Marina Boulevard, #24-01 Marina Bay Financial Centre, Tower 2, 018983	
Barclays Capital Futures (Singapore) Private Limited	
Barclays Capital Holdings (Singapore) Private Limited	A
Barclays Merchant Bank (Singapore) Ltd.	
Spain	
- Calle Jose, Abascal 51, 28003, Madrid	
Barclays Tenedora De Inmuebles SL.	A
BVP Galvani Global, S.A.U.	A
Switzerland	
- Chemin de Grange Canal 18-20, PO Box 3941, 1211, Geneva	
Barclays Bank (Suisse) SA	
BPB Holdings SA	
United States	
- Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801	
Archstone Equity Holdings Inc	
Barclays Capital Derivatives Funding LLC	C
Barclays Capital Energy Inc.	
Barclays Capital Holdings Inc.	G, H, I
Barclays Capital Real Estate Finance Inc.	
Barclays Capital Real Estate Holdings Inc.	
Barclays Capital Real Estate Inc.	
Barclays Commercial Mortgage Securities LLC	C
Barclays Electronic Commerce Holdings Inc.	
Barclays Financial LLC	C
Barclays Group US Inc.	G, I
Barclays Oversight Management Inc.	
Barclays Receivables LLC	C
Barclays Services Corporation	
Barclays US CCP Funding LLC	C
Barclays US Funding LLC	C
Barclays US Investments Inc.	J, K
Barclays US LLC	G,H,I, U
BCAP LLC	C
Crescent Real Estate Member LLC	C
Gracechurch Services Corporation	
Long Island Holding A LLC	C
LTDL Holdings LLC	C
Marbury Holdings LLC	
Protium Finance I LLC	C
Protium Master Mortgage LP	B
Protium REO I LP	B
Sutton Funding LLC	C
TPProperty LLC	C
US Secured Investments LLC	R
- 1201 North Market Street, P.O. Box 1347 Wilmington, DE19801	
Barclays Bank Delaware	F, I
Procella Investments No.2 LLC	C

Wholly owned subsidiaries	Note
Procella Investments No.3 LLC	C
Verain Investments LLC	
- 2711 Centerville Road, Suite 400, Wilmington, DE 19808	
Protium Master Grantor Trust	D
- 251 Little Falls Drive, New Castle County, Wilmington DE 19808	
Barclays Capital Equities Trading GP	B
Lagalla Investments LLC	
Relative Value Holdings, LLC	
Surrey Funding Corporation	
Sussex Purchasing Corporation	
- 745 Seventh Avenue, New York NY 10019	
Alynore Investments Limited Partnership	B
Barclays Payment Solutions Inc.	
Curve Investments GP	B
Preferred Liquidity, LLC	J
- CT Corporation System, One Corporate Center, Floor 11, Hartford CT 06103-3220	
Barclays Capital Inc.	
- c/o RL&F Service Corp, One Rodney Square, 10th Floor, Tenth and King Streets, Wilmington, DE 19801	
Analytical Trade Holdings LLC	
Analytical Trade Investments LLC	BB
- 100 South West Street, Wilmington DE 19801	
Barclays Dryrock Funding LLC	C
Wilmington Riverfront Receivables LLC	J, K
- 15 East North Street, Dover DE 19801	
Barclays Services LLC	C
- CT Corporation System, 225 Hillsborough Street, Raleigh, NC 27603	
Barclays US GPF Inc.	
- 500 Forest Point Circle, Charlotte, North Carolina 28273	
Equifirst Corporation (In Liquidation)	
- Aon Insurance Managers, 76 Paul Street, Suite 500, Burlington, VT05401	
Barclays Insurance U.S. Inc.	
Zimbabwe	
- 2 Premium Close, Mount Pleasant Business Park, Mount Pleasant, Harare	
Branchcall Computers (Pvt) Limited	

Other Related Undertakings

Unless otherwise stated, the undertakings below are consolidated and the share capital disclosed comprises ordinary and/or common shares which are held by subsidiaries of the Barclays Bank PLC Group. The Barclays Bank PLC Group's overall ownership percentage is provided for each undertaking.

Other Related Undertakings	%	Note
United Kingdom		
- 1 Churchill Place, London, E14 5HP		
PSA Credit Company Limited (In Liquidation)	50.00	A, J, L
- 3 - 5 London Road, Rainham, Kent, ME8 7RG		
Trade Ideas Limited	20.00	A, Z
- 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ		
Equistone Founder Partner II L.P.	20.00	A, B, Z
Equistone Founder Partner III L.P.	35.00	A, B, Z
- Enigma, Wavendon Business Park Milton Keynes, MK17 8LX		
Intelligent Processing Solutions Limited	19.50	A, Z
- 65A Basinghall Street, London, EC2V 5DZ		
Cyber Defence Alliance Limited	25.00	A, E, Z
- 15 Canada Square, London, E14 5GL		
Woolwich Countryside Limited In Liquidation)	50.00	A, N, Z
Korea, Republic of		
- 18th Floor, Daishin Finance Center, 343, Samil-daero, Jung-go, Seoul		
Woori BC Pegasus Securitization Specialty Co., Limited	70.00	A, W
Luxembourg		
Preferred Funding S.à r.l.		
Preferred Investments S.à r.l.	33.33	X
	33.33	I, X
Malta		
- RS2 Buildings, Fort Road, Mosta MST 1859		
RS2 Software PLC		
	18.25	A, Z
Monaco		
- 31 Avenue de la Costa, Monte Carlo		
Societe Civile Immobiliere 31	75.00	A

Other Related Undertakings	%	Note
Portugal		
Av. Manuel Júlio Carvalho e Costa no. 15-A, 2750-423 Cascais		
Projepolska, S.A.	24.50	Z
Sweden		
- c/o ForeningsSparbanken AB, 105 34 Stockholm		
EnterCard Group AB	40.00	A, K, Z
United States of America		
- Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE ,19801		
DG Solar Lessee II, LLC	75.00	C, Z
DG Solar Lessee, LLC	75.00	C, Z
VS BC Solar Lessee I LLC	50.00	C, Z
-1415 Louisiana Street Suite 1600 Houston, Texas, 77002		
Sabine Oil & Gas Holdings, Inc.	23.25	Z

Subsidiaries by virtue of control

The related undertakings below are Subsidiaries in accordance with s.1162 Companies Act 2006 as Barclays can exercise dominant influence or control over them.

Subsidiaries by virtue of control	%	Note
United Kingdom		
- 1 Churchill Place, London, E14 5HP		
Oak Pension Asset Management Limited	0.00	Z
Water Street Investments Limited	0.00	Z
Cayman Islands		
- PO Box 309GT, Ugland House South Church Street, Grand Cayman, KY1-1104		
Hornbeam Limited	0.00	Z
Barclays US Holdings Limited	10.00	A, J

Notes

Notes

The term Barclays Bank Group refers to Barclays Bank PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2019 to the corresponding twelve months of 2018 and balance sheet analysis as at 31 December 2019 with comparatives relating to 31 December 2018. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively; the abbreviations '$m' and '$bn' represent millions and thousands of millions of US Dollars respectively; and the abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

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

The information in this announcement, which was approved by the Board of Directors on 12 February 2020, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019, which contain an unmodified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006) will be delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

These results will be furnished as a Form 20-F to the US Securities and Exchange Commission (SEC) as soon as practicable following their publication. Once furnished with the SEC, a copy of the Form 20-F will be available from the Barclays Investor Relations website at home.barclays/annualreport and from the SEC's website at www.sec.gov.

Barclays Bank Group is a frequent issuer in the debt capital markets and regularly meets with investors via formal road-shows and other ad hoc meetings. Consistent with its usual practice, Barclays Bank Group expects that from time to time over the coming half year it will meet with investors globally to discuss these results and other matters relating to the Barclays Bank Group.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Barclays Bank Group. 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. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Barclays Bank Group (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The forward-looking statements speak only as at the date on which they are made and such statements may be affected by changes in legislation, the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Barclays Bank Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; instability as a result of the exit by the UK from the European Union and the disruption that may subsequently result in the UK and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank Group's control. As a result, the Barclays Bank Group's actual financial position, future results, dividend payments, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures may differ materially from the statements or guidance set forth in the Barclays Bank Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank Group's future financial condition and performance are identified in our filings with the SEC (including, without limitation, our Annual Report on Form 20-F for the fiscal year ended 31 December 2019), which are available on the SEC's website at www.sec.gov.

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