

Barclays Bank UK PLC

Pillar 3 Report 31 December 2022



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Barclays Bank UK PLC Pillar 3 Report

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Notes on basis of preparation

Disclosure Background

Pillar 3 disclosures complement those disclosed in the Barclays Bank UK PLC 2022 Annual Report and provide additional information about Barclays Bank UK Group's risk profile, including its regulatory capital, risk weighted assets (RWA), liquidity and leverage exposures.

Appendices

The Pillar 3 report is prepared in accordance with the Capital Requirements Regulation and Capital Requirements Directive ('CRR' and 'CRD V'). In particular articles 431 to 455 of CRR specify the requirements of the Pillar 3 framework. The regulations came into force on 1 January 2022, and were implemented by the PRA via the PRA Rulebook. The Pillar 3 disclosures have also been prepared in accordance with the updated PRA Rulebook.

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

The disclosures included in this report reflect the Barclays Bank UK PLC's (the Bank) interpretation of the current rules and guidance.

Key changes in the 2022 Pillar 3 Report

Capital and RWAs

On 1 January 2022, the Prudential Regulatory Authority (PRA) implemented Internal Rating-Based (IRB) roadmap changes which includes revisions to the criteria for definition of default, probability of default and loss given default estimation to ensure supervisory consistency and increase transparency of IRB models.

On 14 October 2021, the PRA finalised their implementation of Basel standards through Policy Statement (PS) 22/21, and were implemented from 1 January 2022. The finalised requirements included the introduction of the Standardised Approach for Counterparty Credit Risk (SA-CCR) which replaces the Current Exposure Method (CEM) for Standardised derivative exposures as a more risk sensitive approach.

On 13 December 2021, the Financial Policy Committee (FPC) announced that a Countercyclical Capital Buffer (CCyB) rate of 1% for UK exposures has been re-introduced and was applicable from 13 December 2022.

UK Leverage Ratio Framework

From 1 January 2022, under its revised UK leverage ratio framework (UKLRF) introduced via the PRAs Supervisory Statement 45/15, central bank claims have been excluded from the UK leverage exposure measure where they are matched by qualifying liabilities (rather than deposits).

Pillar 3 Disclosures

As part of the introduction of PS 22/21 changes effective from 1 January 2022, a number of new Pillar 3 disclosures have been introduced in line with the updated PRA rulebook (Disclosure (CRR) - Pillar 3 Templates and Instructions). New disclosures are noted and any new data points will not have comparatives. Comparatives are not provided where there has been a change in the guidelines for disclosures that were reportable for 31 December 2021. The terms RWA and RWEA are used interchangeably throughout the document. Leverage related tables do not have comparatives due to prior period being disclosed on a CRR basis which no longer applies to UK banks.

Future regulatory changes

Capital and RWAs

On 5 July 2022, the FPC announced a further increase in the CCyB rate to 2% applicable from 5 July 2023.

On 23 May 2022 the FPC amended the assessment methodology of the Other-Systemically Important Institutions (O-SII) buffer to be based on average UK leverage exposure, rather than total assets, from 31 December 2022. This will be in effect from the 2023 assessment and buffer applicable from 1 January 2025.

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Notes on basis of preparation (continued)

Presentation of risk data in the Pillar 3 disclosures versus the Annual Report and Accounts

This document discloses Barclays Bank UK Group's assets in terms of exposures and capital requirements. For the purposes of this document:

Credit losses

Where credit impairment or losses are disclosed within this document, Barclays Bank UK PLC has followed the IFRS definitions used in the Annual Report.

Scope of application

Where this document discloses credit exposures or capital requirements, Barclays Bank UK PLC has followed the scope and application of its Pillar 1 capital adequacy calculations (unless noted otherwise).

Definition of credit exposures

- Credit exposure, or 'Exposure at Default' (EAD) is defined as the estimate of the amount at risk in the event of a default (before any recoveries) or through the decline in value of an asset. This estimate takes account of contractual commitments related to undrawn amounts.
- In contrast, an asset on Barclays Bank UK Group's balance sheet is reported as a drawn balance only. This is one of the reasons why exposure values in the Pillar 3 report differ from asset values as reported in the Barclays Bank UK PLC 2022 Annual Report.

Table 4 provides a reconciliation between IFRS and EAD for credit risk, counterparty credit risk and securitisations.

Barclays Bank UK PLC

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Notes on basis of preparation (continued)

Policy, validation and sign off

Risk and capital position review

Throughout the year ended 31 December 2022, and to date, Barclays Bank UK Group has operated a framework of disclosure controls and procedures to ensure the completeness and accuracy of the Pillar 3 disclosure.

 $Barclays\ Bank\ UK\ Group\ is\ committed\ to\ operating\ within\ a\ strong\ system\ of\ internal\ controls.\ A\ framework\ of\ disclosure\ controls\ and\ operating\ within\ a\ strong\ system\ of\ internal\ controls\ A\ framework\ of\ disclosure\ controls\ and\ operating\ within\ a\ strong\ system\ of\ internal\ controls\ A\ framework\ of\ disclosure\ controls\ and\ operating\ within\ a\ strong\ system\ of\ internal\ controls\ and\ operating\ ope$ procedures are in place to support the approval of the external regulatory disclosures. Specific governance committees are responsible for examining the Barclays Bank UK Group's external reports and disclosures to ensure they have been subject to adequate verification $and\ comply\ with\ applicable\ standards\ and\ legislation.\ These\ committees\ report\ their\ conclusions\ to\ the\ Barclays\ Bank\ UK\ PLC\ Board\ and\ comply\ with\ applicable\ standards\ and\ legislation\ and\ legislation\$ Audit Committee (BAC).

This governance process is in place to provide both management and the Board with sufficient opportunity to debate and challenge the Barclays Bank UK Group's disclosures before they are made public.

"We confirm that Barclays Bank UK PLC's Pillar 3 disclosures, to the best of our knowledge, comply with updated Pillar 3 framework within PRA Rulebook and have been prepared in compliance with Barclays' internal control framework."

James Mack

Chief Financial Officer, Barclays Bank UK PLC

Chief Risk Officer, Barclays Bank UK PLC

Notes on basis of preparation (continued)

Risk and capital position review

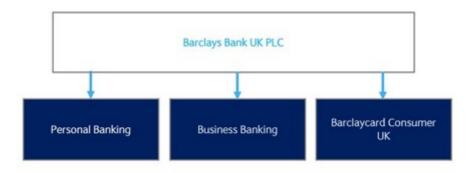
Risk and capital position review

Overview

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

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

Our structure



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

Personal Banking

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

Business Banking

Serves business clients, from high growth start-ups to small and medium-sized enterprises, with specialist advice for their business banking needs.

Barclaycard Consumer UK

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

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

Disclosures for Barclays Bank UK PLC on an individual basis are not disclosed in this document as the entity is materially aligned to Barclays Bank UK Group.

Scope of permission for calculation approaches

Barclays seeks permission from its regulators to use modelled approaches where possible to enable risk differentiation.

Barclays Bank UK PLC has regulatory approval to use its internal credit models in the calculation of the majority of its credit risk exposures. The following table summarises the principal portfolios within Barclays Bank PLC that use the standardised and advanced internal rating-based (AIRB) approaches as at 31 December 2022.

Table 1: The scope of the standardised and AIRB approaches for credit and counterparty credit risk excluding credit valuation adjustment (CVA)

	Credit risk (see Table 9)	Counterparty credit risk excl. CVA (see Table 9)		
	RWA			
Business as at 31 December 2022	£m	£m	Advanced Internal Ratings Based (AIRB) approach	Standardised approach
Barclays UK (BUK)	60,322	348	 UK managed retail and wholesale portfolios 	 Minor legacy retail and wholesale portfolios
			• UK cards	Further Education and Local Authority portfolios
				High quality liquidity pool assets
				UK Wealth Portfolio

Barclays Bank UK PLC's AIRB roll-out plans are discussed with regulators and updated based on an agreed schedule.

Table 2: Summary of the scope of application of regulatory methodologies for CVA, market and operational risk

As at 31 December 2022		
Risk Type	Risk weighted assets	Scope
Credit value adjustment	735	CVA for all contracts in scope as defined by article 382 of the CRR.
Market risk	233	The capital charge for specific market risk is designed to protect against losses from adverse movements in the price of an individual security owing to factors related to the individual issuer. Barclays Bank UK PLC does not have permission to use a model, therefore the standardised approach is applied.
Operational risk	11,081	Barclays Bank UK PLC applies the Standardised Approach (TSA) for operational risk regulatory capital purposes.

Linkage between financial statement and regulatory risk

Table 3: LI1- Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

This table outlines the differences in the basis of consolidation for accounting and regulatory purposes. It provides an allocation of the balance sheet line items reported under the scope of regulatory consolidation between the different regulatory risk frameworks. Information regarding the market risk valuation methodologies, independent price verifications process and procedures for valuation adjustments or reserves can be found in the Management of market risk section from page 106.

		Carrying value of items							
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation ^a	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework ^b	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from own funds ^c		
As at 31 December 2022	£m	£m	£m	£m	£m	£m	£m		
Assets									
Cash and balances at central banks	54,208	54,145	54,145	_	_	_	_		
Cash collateral and settlement balances	5,194	5,194	4,495	544	_	_	155		
Loans and advances at amortised cost	223,207	223,277	214,103	_	9,175	_	_		
Reverse repurchase agreements and other similar secured lending	477	477	_	477	_	_	_		
Trading portfolio assets	54	54	_	_	_	54	_		
Financial assets at fair value through the income	1,980	1,980	1,980	_	_	_	_		
Derivative financial instruments	611	611	_	611	_	_	_		
Financial assets at fair value through other comprehensive income	19,970	19,970	19,970	_	_	_	_		
Investments in associates and joint ventures	_	129	129	_	_	_	_		
Goodwill and intangible assets	3,528	3,528	_	_	_	_	3,528		
Property, plant and equipment	382	382	382	_	_	_	_		
Current tax assets	_	_	_	_	_	_	_		
Deferred tax assets	1,916	1,916	1,900	_	_	_	16		
Retirement benefit assets	_	_	_	_	_	_	_		
Other assets	652	632	658	_	_	_	_		
Total assets	312,179	312,295	297,762	1,632	9,175	54	3,699		
Liabilities ^c									
Deposits at amortised cost	258,117	258,148	_	_	_	_	258,148		
Cash collateral and settlement balances	553	553	_	432	_	_	121		
Repurchase agreements and other similar secured	17,702	17,702	_	2,599	_	_	15,103		
Debt securities in issue	8,009	8,009	_	_	_	_	8,009		
Subordinated liabilities	8,268	8,268	_	_	_	_	8,268		
Trading portfolio liabilities	464	464	_	_	_	464	_		
Financial liabilities designated at fair value	_	_	_	_	_	_	_		
Derivative financial instruments	962	962	_	962	_	_	_		
Current tax liabilities	578	577	_	_	_	_	577		
Deferred tax liabilities	_	_	_	_	_	_	_		
Retirement benefit liabilities	_	_	_	_	_	_	_		
Other liabilities	1,775	1,758	_	_	_	_	1,758		
Provisions	338	334	_	_	_	_	334		
Total liabilities	296,766	296,775	_	3,993	_	464	292,318		

Notes

The following points should be considered in conjunction with table LI1:

- a. The balances shown in column "Carrying values under the scope of regulatory consolidation" do not equal the sum of those in the columns relating to the regulatory framework, as certain assets can be in scope for more than one regulatory framework. As such, assets included in line items for "Financial assets at fair value through the income statement", and "Derivative financial instruments"," can be subject to credit risk, counterparty credit risk and market risk.
- b The column "subject to securitisation framework" includes non-trading book drawn positions for traditional and synthetic. Trading book securitisation positions are included in "subject to the market risk framework"
- c For liabilities, balances shown in column "Not subject to capital requirements or subject to deduction from capital" are residual amount so that "Carrying values under the scope of regulatory consolidation" equal to the sum of those in the columns relating to the regulatory framework.

Linkage between financial statement and regulatory risk (continued)

Table 4: L12 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

This table provides a reconciliation between assets carrying values under the regulatory scope of consolidation as per table 3 and the exposures used for regulatory purposes, split as per the regulatory risk framework.

Barclays Bank UK PLC

Off-balance-sheet amounts: Under the credit risk framework, these balances principally consist of undrawn credit facilities before application of credit conversion factors (CCF). Under the counterparty credit risk framework, the off balance sheet items principally consist of the exposure due to collateral posted in SFTs

Difference in netting rules: This reflects the additional benefits allowed per regulatory rules over and above the netting permitted under International Accounting Standards (IAS)

Differences due to consideration of provisions: The carrying value of assets is net of impairment. The regulatory exposure calculated under AIRB approach adds back the impairment

Differences due to credit risk mitigation: Impact of the credit risk mitigation such as guarantees, collaterals to the regulatory exposure values

Differences due to credit conversion factor: Impact of the CCF on the off balance sheet exposure

Differences due to securitisation with risk transfer: This reflects the exposures of synthetic securitisation trades which are derecognised as per accounting standard

Other Differences: This reflects the difference between assets carrying values as defined per IFRS and the values defined per regulatory reporting purposes

Differences due to regulatory add-ons: This reflects regulatory add-ons relevant to the standardised approach to counterparty credit risk (CCR), such as potential future add on (PFE) and Financial Collateral Comprehensive Method (FCCM) haircuts

				tems subject to		
	As at 31 December 2022	Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	308,570	297,762	9,175	1,632	54
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	(3,993)	_	_	(3,993)	(464)
3	Total net amount under the regulatory scope of consolidation	304,577	297,762	9,175	(2,361)	(410)
4	Off-balance-sheet amounts	99,489	94,878	_	4,611	
5	Differences in valuations	_	_	_	_	
6	Differences due to different netting rules, other than those already included in row 2	(2,200)	_	_	(2,200)	
7	Differences due to consideration of provisions	1,541	1,541	_	- 1	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(306)	(306)	_	- 1	
9	Differences due to credit conversion factors	(28,772)	(28,772)	_	-	
10	Differences due to Securitisation with risk transfer	786	_	786	- 1	
11	Other differences	(509)	(509)	_	_	
11a	Difference due to Regulatory add-ons	1,195	_	_	1,195	
12	Exposure amounts considered for regulatory purposes	375,803	364,595	9,962	1,246	

Table 5: LI3 Outline of the differences in the scopes of consolidation (entity by entity)

			Method of reg		_		
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity Method	Neither consolidated nor deducted ^a	Deducted	Description of the entity
Barclays Insurance Services Company Limited	Fully consolidated				Υ		Activities auxiliary to financia services and insurance activities
Vaultex UK Limited	Proportionally consolidated				Υ		Activities auxiliary to financia services and insurance activities

Note

 $a. \quad \text{Column "neither consolidated nor deducted": Exposure to and/or equity investment in these entities are risk weighted or deducted from capital subject to threshold the consolidation of the c$

Analysis of treasury and capital risk

Risk and capital position review

Table 6: UK KM1 - Key metrics (KM1 / IFRS9-FL^a / Article 468-FL^b / UK LR^b) - Part 1

This table shows key regulatory metrics and ratios as well as related components like own funds, RWAs, capital ratios, additional requirements based on Supervisory Review and Evaluation Process (SREP), capital buffer requirements, leverage ratio, liquidity coverage ratio and the net stable funding ratio.

Barclays Bank UK Group's capital, RWAs and leverage is calculated applying transitional relief for IFRS9, no other transitional provisions in CRR as amended by CRR II are applicable. The table below therefore represents both transitional and fully loaded capital metrics which is equal to transitional capital and capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied.

			As at 31.12.22	As at 30.09.22	As at 30.06.22	As at 31.03.22	As at 31.12.21
KM1 ref	IFRS9 -FL ref		£m	£m	£m	£m	£m
		Available own funds (amounts)					
1	1	Common Equity Tier 1 (CET1) capital ^c	10,701	10,662	10,536	10,641	10,828
1a	2	Fully loaded common Equity Tier 1 (CET1) capital ^d	10,628	10,581	10,455	10,583	10,572
2	3	Tier 1 capital ^c	13,261	13,222	13,096	13,201	13,388
2a	4	Fully loaded tier 1 capital ^d	13,188	13,141	13,015	13,143	13,132
3	5	Total capital ^c	15,828	15,993	15,877	16,037	16,442
3a	6	Fully loaded total capital ^d	15,804	15,912	15,844	16,028	16,359
		Risk-weighted exposure amounts					
4	7	Total risk-weighted exposure amount ^c	72,719	72,014	71,088	71,220	71,213
4a	8	Fully loaded total risk-weighted exposure amount ^d	72,707	71,981	71,055	71,244	71,116
		Capital ratios (as a percentage of risk-weighted exposure amount)					
5	9	Common Equity Tier 1 ratio (%) ^c	14.7%	14.8%	14.8%	14.9%	15.2 %
5a	10	Fully loaded common Equity Tier 1 ratio (%) ^d	14.6%	14.7%	14.7%	14.9%	14.9 %
6	11	Tier 1 ratio (%) ^c	18.2%	18.4%	18.4%	18.5%	18.8 %
6a	12	Fully loaded tier 1 ratio (%) ^d	18.1%	18.3%	18.3%	18.4%	18.5 %
7	13	Total capital ratio (%) ^c	21.8%	22.2%	22.3%	22.5%	23.1 %
7a	14	Fully loaded total capital ratio (%) ^d	21.7%	22.1%	22.3%	22.5%	23.0 %
		Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a		Additional CET1 SREP requirements (%)	2.8%	2.4%	2.4%	2.4%	
UK 7b		Additional AT1 SREP requirements (%)	0.9%	0.8%	0.8%	0.8%	
UK 7c		Additional T2 SREP requirements (%)	1.3%	1.0%	1.1%	1.1%	
UK 7d		Total SREP own funds requirements (%)	13.0%	12.2%	12.2%	12.2%	
		Combined buffer requirement (as a percentage of riskweighted exposure amount)					
8		Capital conservation buffer (%)	2.5%	2.5 %	2.5 %	2.5 %	2.5 %
9		Institution specific countercyclical capital buffer (%)	1.0%	0.0 %	0.0 %	0.0 %	0.0 %
UK 10a		Other Systemically Important Institution buffer	1.0%	1.0 %	1.0%	1.0 %	1.0 %
11		Combined buffer requirement (%)	4.5%	3.5 %	3.5 %	3.5 %	3.5 %
UK 11a		Overall capital requirements (%)	17.5%	15.7 %	15.7 %	15.7 %	
12		CET1 available after meeting the total SREP own funds	7.4%	7.9%	7.9%	8.0 %	

Notes

CET1 ratio decreased to 14.7% (December 2021: 15.2%) as CET1 capital decreased by £0.1bn and RWA increased by £1.5bn.

RWAs increased by £1.5bn to £72.7bn (December 2021: £71.2bn) primarily driven by mortgage growth and implementation of IRB roadmap changes. This was partially offset by the benefit in mortgages from an increase in the House Price Index (HPI) and a reduction in carrying value of Education, Social Housing and Local Authority portfolio due to rising interest rates.

CET1 capital remained broadly flat at £10.7bn (December 2021: £10.8bn).

 $a. \quad From 1 January 2018, Barclays Bank UK Group elected to apply the IFRS 9 transitional arrangements of the CRR. The transitional relief on the "day 1" impact on adoption of IFRS 9 and on increases in$ non-defaulted provisions between "day 1" and 31 December 2019 is phased out over a 5 year period with 25% applicable for 2022 and with no transitional relief from 2023. On 27 June 2020, CRR was amended to extend the transitional period by two years and to introduce a new modified calculation. The transitional relief for increases in non-defaulted provisions between 1 January 2020 and the reporting date is also phased out over a 5 year period with 75% applicable for 2022; 50% for 2023; 25% for 2024 and with no transitional relief from 2025

b. As at 31 December 2022, Barclays Bank UK PLC had not elected to apply the temporary treatment specified in Article 468 of the CRR, amended by Regulation EU 2020/873, resulting in the capital and $leverage\ ratios\ reflecting\ the\ full\ impact\ of\ unrealised\ gains\ and\ losses\ measured\ at\ fair\ value\ through\ other\ comprehensive\ in\ come and\ other\ comenter\ come and\ other\ come and\ other\ come and\ other\ come and$

c. Transitional capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

 $d. \ \ Fully loaded capital and RWAs are calculated without applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.$

Table 6: KM1 - Key metrics - Part 2

			As at 31.12.22	As at 30.09.22	As at 30.06.22	As at 31.03.22	As at 31.12.21
KM1 Ref	IFRS9-FL ref		£m	£m	£m	£m	£m
		Leverage ratio					
13	15	Total exposure measure excluding claims on central banks ^a	250,092	249,298	248,241	241,491	241,173
14	16	Leverage ratio excluding claims on central banks (%) ^a	5.3 %	5.3 %	5.3 %	5.5 %	5.6 %
		Additional leverage ratio disclosure requirements					
UK 14a	17	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%) ^b	5.3 %	5.3 %	5.2 %	5.4 %	
UK 14b		Leverage ratio including claims on central banks (%) ^a	4.3 %	4.2 %	4.2 %	4.1 %	
UK 14c		Average leverage ratio excluding claims on central banks (%) ^{a,c}	5.3 %	5.3 %	5.3 %	5.5 %	5.5 %
UK 14d		Average leverage ratio including claims on central banks (%) ^{a,c}	4.3 %	4.2 %	4.2 %	4.2 %	
UK 14e		Countercyclical leverage ratio buffer (%)	0.3 %	0.0 %	0.0 %	0.0 %	
		Liquidity Coverage Ratio					
15		Total high-quality liquid assets (HQLA) (Weighted value) ^d	81,791	82,528	81,548	80,530	77,863
UK 16a		Cash outflows - Total weighted value	45,306	44,584	43,766	42,837	42,339
UK 16b		Cash inflows - Total weighted value	1,340	1,401	1,432	1,472	1,371
16		Total net cash outflows (adjusted value) ^d	43,966	43,183	42,334	41,365	40,968
17		Liquidity coverage ratio (%) ^e	186 %	191 %	193 %	195 %	190 %
17a		Liquidity coverage ratio (%) (period end)	183 %	182 %	185 %	187 %	204 %
		Net Stable Funding Ratio f					
18		Total available stable funding	266,421				
19		Total required stable funding	158,156				
20		NSFR ratio (%)	168 %				

Notes

- a. Transitional Leverage ratios are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
- $b. \quad \text{Fully loaded Leverage ratio is calculated without applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.} \\$
- $c. \quad \text{Average UK leverage ratio uses capital based on the last day of each month in the quarter and an exposure measure for each day in the quarter.} \\$
- d. Prior period comparatives have been updated to reflect the average measures as amended by CRR II.
- e. Liquidity coverage ratio computed as a trailing average of 12 month-end observations to the reporting date.
- f. Net Stable Funding Ratio is computed as a trailing average of the last four spot quarter end positions. No prior comparative available.

The UK leverage ratio decreased to 5.3% (December 2021: 5.6%) due to an increase in the leverage exposure of £8.9bn as a result of increases in loans and advances and other assets; and securities financing transactions partially offset by a reduction in potential future exposure on derivatives due to increased netting eligibility under SA-CCR.

The average LCR for the 12 months to 31 December 2022 decreased to 186% (December 2021: 190%), with average HQLA increasing by £4bn and average net cash outflows increasing by £3bn.

Analysis of treasury and capital risk (continued)

Table 7: CC1 – Composition of regulatory own funds

 $This table shows the components of regulatory capital presented on both a transitional and fully loaded basis as at 31 \, December 2022.$

			As at	As at
		_	31.12.22	31.12.22
			Transitional Position	Fully Loaded Position
		Ref [†]	£m	£m
	Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	а	5	5
1	of which called up share capital and share premium	u u	5	5
2		b		
2	Retained earnings		13,492	13,492
3	Accumulated other comprehensive income (and other reserves)	С	(2,177)	(2,177)
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	Ь	934	934
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments		12,254	12,254
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments		(48)	(48)
8	Intangible assets (net of related tax liability)	d, e, f	(3,629)	(3,629)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not			
	valued at fair value	g	2,146	2,146
12	Negative amounts resulting from the calculation of expected loss amounts		(73)	(73)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax			
	liability where the conditions in Article 38 (3) CRR are met) (negative amount)	h	_	(17)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant) ^a			
			51	(5)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)		(1,553)	(1,626)
29	Common Equity Tier 1 (CET1) capital		10,701	10,628
			,	,
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	i	2,560	2,560
31	of which: classified as equity under applicable accounting standards		2,560	2,560
36	Additional Tier 1 (AT1) capital before regulatory adjustments		2,560	2,560
44	Additional Tier 1 (AT1) capital		2,560	2,560
45	Tier 1 capital (T1 = CET1 + AT1)		13,261	13,188
	Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	i	2,548	2,548
50	Credit risk adjustments	J	19	68
51	Tier 2 (T2) capital before regulatory adjustments		2,567	2,616
58	Tier 2 (T2) capital		•	
	•		2,567	2,616
59	Total capital (TC = T1 + T2)		15,828	15,804
60	Total Risk exposure amount		72,719	72,707
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)		14.7%	14.6%
62	Tier 1 (as a percentage of total risk exposure amount)		18.2%	18.1%
63	Total capital (as a percentage of total risk exposure amount)		21.8%	21.7%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR,			
0 1	plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of			
	Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD)			
	expressed as a percentage of risk exposure amount)		11.8%	11.8%
65	of which: capital conservation buffer requirement		2.5%	2.5%
	of which: countercyclical buffer requirement		1.0%	1.0%
66				
66 UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-			
	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O- SII) buffer		1.0%	1.0%
			1.0% 7.4%	
UK-67a	SII) buffer Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)			
UK-67a 68	SII) buffer Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) Amounts below the thresholds for deduction (before risk weighting)			
UK-67a	SII) buffer Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) Amounts below the thresholds for deduction (before risk weighting) Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the			
UK-67a 68	SII) buffer Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) Amounts below the thresholds for deduction (before risk weighting)			7.3%
UK-67a 68 72	SII) buffer Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) Amounts below the thresholds for deduction (before risk weighting) Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		7.4%	7.3%
UK-67a 68	SII) buffer Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) Amounts below the thresholds for deduction (before risk weighting) Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and		7.4%	7.3%
UK-67a 68 72	SII) buffer Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) Amounts below the thresholds for deduction (before risk weighting) Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where		7.4%	7.3%
UK-67a 68 72	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) Amounts below the thresholds for deduction (before risk weighting) Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net		7.4%	1.0% 7.3%

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Analysis of treasury and capital risk (continued)

			As at 31.12.22	As at 31.12.22
			Transitional Position	Fully Loaded Position
		Ref [†]	£m	£m
	Applicable caps on the inclusions of provisions in Tier 2			
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based			
	approach (prior to the application of the cap)		19	68
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		324	324

Notes

- $\uparrow. \ \ \, \text{The references (a)-(i) identify balance sheet components in Table 8: CC2-Reconciliation of regulatory capital to balance sheet which are used in the calculation of regulatory capital.}$
- $a. \quad Other regulatory adjustments to CET1 capital include IFRS 9 transitional adjustments of which static £0m, of which modified £56m.$

Table 8: CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

These tables show the reconciliation between the balance sheet prepared for statutory and regulatory scope of consolidation. The amount shown under the regulatory scope of consolidation is not a RWA measure; it is based on an accounting measure and cannot be directly reconciled to other tables in this report.

		Balance sheet as in published financial statements	Under regulatory scope of consolidation
As a	t 31 December 2022 Ref ^f	£m	£m
As	sets		
1	Cash and balances at central banks	54,208	54,145
2	Cash collateral and settlement balances	5,194	5,194
3	Loans and advances at amortised cost	223,207	223,278
4	Reverse repurchase agreements and other similar secured lending	477	477
5	Trading portfolio assets	54	54
6	Financial assets at fair value through the income statement	1,980	1,980
7	Derivative financial instruments	611	611
8	Financial assets at fair value through other comprehensive income	19,970	19,970
9	Investments in subsidiaries, associates and joint ventures		129
10	Goodwill and intangible assets	3,528	3,528
11	Of which: goodwill e		3,526
12	Of which: other intangibles (excluding MSRs)	1	2
13	Property, plant and equipment	382	382
14	Current tax assets	_	_
15	Deferred tax assets h	1,916	1,916
16	Retirement benefit assets		
17	Other assets	652	631
18	Total assets	312,179	312,295
Lia	bilities	0.22,210	5 - 2 - 3 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5
1	Deposits at amortised cost	258,117	258,148
2	Cash collateral and settlement balances	553	553
3	Repurchase agreements and other similar secured borrowing	17,702	17,702
4	Debt securities in issue	8,009	8,009
5	Subordinated liabilities j	8,268	8,268
6	Trading portfolio liabilities	464	464
7	Financial liabilities designated at fair value	_	_
8	Derivative financial instruments	962	962
9	Current tax liabilities	578	577
10	Deferred tax liabilities	_	_
11	Retirement benefit liabilities		
12	Other liabilities	1,775	1,757
	Provisions	338	334
	Total liabilities	296,766	296,774
	uity Called up share capital and share premium	-	
1		5	5
2	Of which: amount eligible for CET1		5
3	Other equity instruments	2,560	2,560
4	Other reserves c.g	(2,279)	(2,177
5	Retained earnings b	15,127	15,133
6	Total equity excluding non-controlling interests	15,413	15,521
7	Non-controlling interests	_	_
	·	45.447	
8	Total equity	15,413	15,521

Note

 $[\]label{eq:theory} \begin{tabular}{ll} \uparrow & The references (a)-(i) identify balance sheet components that are used in the calculation of regulatory capital in Table 7: Composition of regulatory capital on page 13 and the calculation of regulatory capital in Table 7: Composition of regulatory capital on page 13 and the calculation of regulatory capital in Table 7: Composition of regulatory capital on page 13 and the calculation of regulatory capital in Table 7: Composition of regulatory capital on page 13 and the calculation of regulatory capital in Table 7: Composition of regulatory capital on page 13 and the calculation of regulatory capital in Table 7: Composition of regulatory capital in Table 7: C$

Analysis of treasury and capital risk (continued)

Table 9: RWAs by risk type

This table shows RWAs by business and risk type.

	Credi	lit risk Counterparty credit risk			Market r	isk				
	Std	AIRB	Std	AIRB	Settlement risk	CVA	Std	IMA	Operational risk	Total RWAs
As at 31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank UK PLC	5,606	54,716	348	_	0	735	233	_	11,081	72,719
As at 31 December 2021										
Barclays Bank UK PLC	5,326	53,687	829	_	_	379	100	_	10,892	71,213

Table 10: OV1 – Overview of risk weighted exposure amounts^a

The table shows RWAs and minimum capital requirement by risk type and approach.

		Risk weighted	exposure amounts	(RWEAs)	Total ow	n funds requiremen	nts
		As at	As at	As at	As at	As at	As at
		31.12.22	30.09.22	31.12.21	31.12.22	30.09.22	31.12.21
		£m	£m	£m	£m	£m	£m
1	Credit risk (excluding CCR)	58,885	58,898	57,745	4,711	4,712	4,619
2	Of which the standardised approach	4,827	4,520	4,647	387	362	372
4	Of which: slotting approach	491	489	500	39	39	40
5	Of which the advanced IRB (AIRB) approach	53,567	53,889	52,598	4,285	4,311	4,207
6	Counterparty credit risk - CCR	1,083	475	1,208	87	38	97
7	Of which the standardised approach	225	206	244	18	16	20
UK 8a	Of which exposures to a CCP	16	41	198	1	3	16
UK 8b	Of which credit valuation adjustment - CVA	735	203	379	59	16	30
9	Of which other CCR	107	25	387	9	2	31
15	Settlement risk	0	0	_	0	0	_
16	Securitisation exposures in the non-trading book (after the cap)	1,437	1.453	1.268	115	116	101
17	· ·	658	660	589			
18	Of which SEC-IRBA approach	658	660		53	53	47
19	Of which SEC-ERBA (including IAA)		707	123	_		10
19 UK 19a	Of which SEC-SA approach	779	793	556	62	63	44
	Of which 1250%/ deduction	_	_	_	_	_	_
20	Position, foreign exchange and commodities risks (Market risk)	233	256	100	19	20	8
21	Of which the standardised approach	233	256	100	19	20	8
23	Operational risk	11,081	10,932	10,892	887	875	871
UK 23b	Of which standardised approach	11,081	10,932	10,892	887	875	871
24	Amounts below the thresholds for deduction						
	(subject to 250% risk weight) (For information)	2,704	2,721	2,764	216	218	221
29	Total	72,719	72,014	71,213	5,819	5,761	5,696

RWAs increased over the quarter by £0.7bn to £72.7bn (September 2022: £72.0bn) primarily driven by:

• Counterparty credit risk RWAs increased £0.6bn to £1.1bn primarily due to an increase in derivatives.

a. Prior period comparatives have been updated to reflect the new CRR II requirements

Analysis of treasury and capital risk (continued)

Table 11: CR8 - RWEA flow statements of credit risk exposures under the advanced IRB approach

The total in this table shows the contribution of credit risk RWAs under the AIRB approach and will not directly reconcile to the Credit Risk (CR) AIRB RWAs in table 9.

		Three months ended 31.12.22	Twelve months ended 31.12.22 ^a
		£m	£m
1	Risk weighted exposure amount as at the end of the previous reporting period	51,171	49,853
2	Asset size	(396)	957
3	Asset quality	609	(1,763)
4	Model updates	_	_
5	Methodology and policy	(467)	2,217
6	Acquisitions and disposals	(101)	(449)
7	Foreign exchange movements	_	_
8	Other	_	_
9	Risk weighted exposure amount as at the end of the reporting period	50,815	50,815

Three months ended advanced credit risk RWAs decreased by £0.4bn to £50.8bn primarily driven by:

- · A £0.4bn decrease in asset size primarily driven by write-off of balances with de minimis recovery expectations in UK cards and unsecured loans
- · A £0.6bn increase in RWA due to asset quality primarily driven by movements in risk parameters.
- A £0.5bn decrease in methodology and policy primarily driven by implementation of IRB roadmap changes.

Twelve months ended advanced credit risk RWAs increased by £1.0bn to £50.8bn primarily driven by:

- A £1.0bn increase in asset size primarily driven by mortgage growth.
- · A £1.8bn decrease in asset quality primarily driven by the benefit in mortgages from an increase in the House Price Index (HPI).
- A £2.2bn increase in methodology and policy primarily relating to implementation of IRB roadmap changes.

a. Opening balance has been updated to exclude Securitisation and non-credit obligation assets as per CRR II guidelines

Leverage ratio and exposures

The following leverage tables show the components of the leverage ratio using the UKLRF definition for leverage exposure and $Tier\ 1$ capital as at 31 December 2022.

Table 12: LR1 - Summary of reconciliation of accounting assets and leverage ratio exposures^{a,b}

This table is a summary of the total leverage exposures and comprises total IFRS assets used for statutory purposes, regulatory consolidation and other leverage adjustments.

		As at 31.12.22
		£m
1	Total assets as per published financial statements	312,179
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	116
4	Adjustment for exemption of exposures to central banks	(59,778)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(58)
8	Adjustments for derivative financial instruments	185
9	Adjustment for securities financing transactions (SFTs)	3
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet	8,193
11	Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(95)
12	Other adjustments	(10,653)
13	Total exposure measure	250,092

Notes

 $a. \quad Leverage\ measures\ are\ calculated\ applying\ the\ transitional\ arrangements\ of\ the\ CRR\ as\ amended\ by\ CRR\ II.$

b. No comparatives are provided as this reflects disclosure requirements under the UKLRF from 1 January 2022.

Analysis of treasury and capital risk (continued)

Table 13: LR2 - Leverage ratio common disclosure a,b

 $This table shows the leverage\ ratio\ calculation\ and\ includes\ additional\ breakdowns\ for\ the\ leverage\ exposure\ measure.$

		A+74 42 22
		As at 31.12.22
On-bala	nce sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	304,562
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(415)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(3,699)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	300,448
Derivati	ve exposures	
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	33
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	763
13	Total derivatives exposures	796
Securitie	es financing transaction (SFT) exposures	
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2,547
15	Netted amounts of cash payables and cash receivables of gross SFT assets	(2,070)
16	Counterparty credit risk exposure for SFT assets	3
18	Total securities financing transaction exposures	480
Other of	f-balance sheet exposures	
19	Off-balance sheet exposures at gross notional amount	59,073
20	Adjustments for conversion to credit equivalent amounts	(50,880)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-	(47)
22	balance sheet exposures Off-balance sheet exposures	8,146
	and total exposure measure	0,140
23	Tier 1 capital (leverage)	13,261
24	Total exposure measure including claims on central banks	309,870
	(-) Claims on central banks excluded	(59,778)
	Total exposure measure excluding claims on central banks	250,092
Leverag		
25	Leverage ratio excluding claims on central banks (%)	5.3 %
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.3 %
	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses	5.7.04
111/ 05	measured at fair value through other comprehensive income had not been applied (%) ^c	5.3 %
	Leverage ratio including claims on central banks (%)	4.3 %
26	Regulatory minimum leverage ratio requirement (%)	3.3 %
	al leverage ratio disclosure requirements - leverage ratio buffers	070
27 UK-27a	Leverage ratio buffer (%)	0.7 %
UK-27b	Of which: G-SII or O-SII additional leverage ratio buffer (%)	0.4 %
	Of which: countercyclical leverage ratio buffer (%)	0.3 %
	al leverage ratio disclosure requirements - disclosure of mean values	
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	1,426
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	477
UK-31	Average total exposure measure including claims on central banks	310,486
UK-32	Average total exposure measure excluding claims on central banks	251,425
UK-33	Average leverage ratio including claims on central banks	4.3 %
UK-34	Average leverage ratio excluding claims on central banks	5.3 %
Notes		5.5 70

Notes

- $a. \quad \text{Capital and leverage measures are calculated applying the transitional arrangements of the CRR as amended by CRR II.} \\$
- $b. \ \ No\ comparatives\ are\ provided\ as\ this\ reflects\ disclosure\ requirements\ under\ the\ UKLRF\ from\ 1\ January\ 2022.$
- c. As at 31 December 2022, Barclays Bank UK Group had not elected to apply the temporary treatment specified in Article 468 of the CRR, amended by Regulation EU 2020/873, resulting in the capital and leverage ratios reflecting the full impact of unrealised gains and losses measured at fair value through other comprehensive income.

Analysis of treasury and capital risk (continued)

Table 14: LR3 - Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)^a

The table shows a breakdown of the on-balance sheet exposures excluding derivatives, SFTs and exempted exposures, by regulatory and the conformal content of the conformaasset class.

		As at 31.12.22
		£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	244,369
UK-2	Trading book exposures	54
UK-3	Banking book exposures, of which:	244,315
UK-4	Covered bonds	294
UK-5	Exposures treated as sovereigns	25,892
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	4,622
UK-7	Institutions	4,111
UK-8	Secured by mortgages of immovable properties	161,551
UK-9	Retail exposures	18,086
UK-10	Corporates	10,897
UK-11	Exposures in default	2,195
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	16,667

 $[\]begin{tabular}{ll} \textbf{No comparatives are provided as this reflects disclosure requirements under the UKLRF from 1 January 2022.} \end{tabular}$

Table 15: LIQ1 - Liquidity coverage ratio

This table shows the level and components of the Liquidity Coverage Ratio (LCR).

Liquidity coverage ratio (period end)		Total period e	nd value	
	31.12.22	30.09.22	30.06.22	31.03.22
	£m	£m	£m	£m
Total high quality liquid assets (HQLA)	79,442	81,750	83,201	81,140
Total net cash outflows	43,411	44,802	44,872	43,411
Liquidity coverage ratio (%) (period end)	183 %	182 %	185 %	187 %

	v coverage ratio (average)	To	tal unweighted	t value (averse	10)	т	otal weighted v	ralue (average)	
UK1a		31.12.22	30.09.22	30.06.22	31.03.22	31.12.22	30.09.22	30.06.22	31.03.22
UK1b	Number of data points used in calculation of	01.12.22	50103122	30.00.22	51.00.22	V	50.05.22	50.00.22	32103121
	averages ^a	12	12	12	12	12	12	12	12
High-qua	ality liquid assets	£m	£m	£m	£m	£m	£m	£m	£m
1	Total high-quality liquid assets (HQLA)					81,791	82,528	81,548	80,530
Cash out	tflows								
2	Retail deposits and deposits from small								
	business customers, of which:	221,979	223,600	223,823	223,497	17,207	17,246	17,089	16,863
3	Stable deposits	138,939	139,543	139,616	139,543	6,947	6,977	6,981	6,977
4	Less stable deposits	82,286	82,119	80,841	79,130	10,248	10,256	10,097	9,875
5	Unsecured wholesale funding, of which:	39,619	38,807	37,792	36,489	18,912	18,203	17,436	16,622
6	Operational deposits (all counterparties) and	7.070	6.045	6.764	6 6 47	4 600	1.500	1.551	1 500
7	deposits in networks of cooperative banks	7,070	6,945	6,764	6,647	1,629	1,596	1,551	1,522
7	Non-operational deposits (all counterparties)	27,266	27,229	26,877	26,220	12,000	11,974	11,734	11,478
9	Unsecured debt Secured wholesale funding	5,283	4,633	4,151	3,623	5,283 81	4,633	4,151 74	3,623 73
10	Additional requirements, of which:	9,285	12,869	16,517	19,112	4,553	4,904	5,249	5.526
11	Outflows related to derivative exposures and	9,203	12,009	10,517	19,112	4,555	4,904	3,249	3,320
11	other collateral requirements	3,889	4,057	4,195	4,317	3,889	4,057	4,195	4,317
12	Outflows related to loss of funding on debt products	286	264	264	264	285	264	264	264
13	Credit and liquidity facilities	5,110	8.548	12.057	14,530	379	583	790	944
14	Other contractual funding obligations	467	353	288	243	91	21	_	
15	Other contingent funding obligations	54,509	49.017	45,712	44,159	4,462	4,137	3.919	3.753
16	Total cash outflows	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			,	45,306	44,584	43,766	42,837
Cash infl	lows					10,000	,	,	,
17	Secured lending (e.g. reverse repos)	2,003	1,979	3.004	3,106	0	_	_	_
18	Inflows from fully performing exposures	1,259	1,438	1,636	1.811	679	745	826	911
19	Other cash inflows ^c	2,458	2,467	2,359	2,234	661	657	606	561
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	2,430	2,107	2,333	2,204	0	_	_	_
UK-19b	(Excess inflows from a related specialised credit institution)					0	_	_	_
20	Total cash inflows	5,720	5,883	6,999	7,151	1,340	1,401	1,432	1,472
UK-20a	Fully exempt inflows	_	_	_	_	0	_	_	_
UK-20b	Inflows subject to 90% cap	_	_	_	_	0	_	_	_
UK-20c	Inflows subject to 75% cap	5,720	5,883	6,999	7,151	1,340	1,401	1,432	1,472
UK-21	Liquidity buffer					81,791	82,528	81,548	80,530
22	Total net cash outflows					43,966	43,183	42,334	41,365
23	Liquidity coverage ratio (%) (average)					186 %	191 %	193 %	195 %

Notes

a. Trailing average of 12 month-end observations to the reporting date.

 $b. \ \ Non-operational deposits in row 7 also includes excess operational deposits as defined under Article 27(4) of the Liquidity Coverage Ratio section of the PRA rulebook (CRR).$

c. Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there is transfer restrictions or which are denominated in non-convertible currencies.

High quality liquid assets as at 31 December 2022 was £79bn (September 2022: £82bn) and the spot liquidity coverage ratio (LCR) remained significantly above the 100% regulatory requirement at 183% (September 2022: 182%), equivalent to a surplus of £36bn (September 2022: £37bn). The decrease in the high quality liquid assets was mainly driven by lower customer deposits. A slight decrease in net cash outflows, related to lower customer deposits and short term commercial paper balances partly offset by covered bonds due to mature, resulted in the LCR increasing modestly.

The trailing 12 month-end average LCR to 31 December 2022 declined slightly to 186% (September 2022: 191%).

The composition of the liquidity pool is subject to limits set by the Board and the independent liquidity risk, credit risk and market risk functions. In addition, the investment of the liquidity pool is monitored for concentration risk by issuer, currency and asset type. Given the returns generated by these highly liquid assets, the risk and reward profile is continuously managed.

The strong deposit franchise is a primary funding source for Barclays Bank UK PLC. Barclays Bank UK PLC continued to issue in the shorter-term markets and maintain capacity to issue from secured funding programmes. This funding capacity enables Barclays Bank UK PLC to maintain its stable and diversified funding base.

Barclays Bank UK PLC also supports various central bank monetary initiatives, such as the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME). These are reported under 'repurchase agreements and other similar secured borrowing' on the balance sheet. Barclays Bank UK Group total borrowing remained at £15.0bn outstanding at the year-end.

Analysis of treasury and capital risk (continued)

Table 16: LIQ2 - Net Stable funding ratio (NSFR)

 $This table shows the net stable funding \ ratio \ that \ the \ bank \ requires \ to \ maintain \ a \ stable \ funding \ profile \ in \ relation \ to \ their \ on- \ and \ certain$ off-balance sheet activities.

	As at 31 December 2022	Ur	weighted value by	residual maturity		
	(in currency amount)	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available	e stable funding (ASF) Items	•		•		
1	Capital items and instruments	12,775	592	620	10,318	23,403
2	Own funds	12,775	_	_	_	12,775
3	Other capital instruments		592	620	10,318	10,628
4	Retail deposits		222,986	1,768	1,402	210,72
5	Stable deposits		139,814	1,039	846	134,656
6	Less stable deposits		83,172	729	556	76,067
7	Wholesale funding:		43,799	906	16,410	32,29
8	Operational deposits		7,034	_	_	3,517
9	Other wholesale funding		36,765	906	16,410	28,778
10	Interdependent liabilities		_	_	_	_
11	Other liabilities:	38	3,492	_	_	_
12	NSFR derivative liabilities	38				
	All other liabilities and capital instruments not included in the					
13	above categories		3,492	_	_	_
14	Total available stable funding (ASF)					266,421
Required	d stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					3,203
UK-15a	Assets encumbered for more than 12m in cover pool	_	93	_	_	79
	Deposits held at other financial institutions for operational					
16	purposes					
17	Performing loans and securities:		11,900	6,495	177,747	140,988
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		1,467	5	26	96
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances		1,711	296	18,565	25,611
19	to financial institutions Performing loans to non- financial corporate clients, loans to		1,/11	290	10,303	23,011
20	retail and small business customers, and loans to sovereigns, and PSEs, of which:		6,141	4,281	137,297	94,454
2.1	With a risk weight of less than or equal to 35% under the Basel II			4 204	477.007	04.45
21	Standardised Approach for credit risk		6,141	4,281	137,297	94,454
22	Performing residential mortgages, of which:		2,581	1,913	21,859	20,827
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		2,581	1,913	21,859	20,827
	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade					
24	finance on-balance sheet products		_	_	_	(
25	Interdependent assets					
26	Other assets:	_	6,598	_	10,366	11,635
27	Physical traded commodities				_	
	Assets posted as initial margin for derivative contracts and					
28	contributions to default funds of CCPs		1,171	_	_	996
29	NSFR derivative assets		10	_	_	10
30	NSFR derivative liabilities before deduction of variation margin posted		5,417	_	_	272
31	All other assets not included in the above categories			_	10,366	10,357
32	Off-balance sheet items		45,016		10,500	2,251
33	Total RSF		43,010	_		158,156
34	Net Stable Funding Ratio (%) ^a					168 %

As at 31 December 2022, the trailing average NSFR for the last four spot quarter end positions was 168%, equivalent to a surplus of £108bn above the 100% regulatory requirement.

 $a. \quad \text{Net Stable Funding Ratio is computed as a trailing average of the last four spot quarter end positions.} \\ \text{No prior comparative available}.$

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Analysis of treasury and capital risk (continued)

Barclays' approach to managing risks

Interest rate risk in the banking book

The table below shows the impact on the Bank's economic value of equity (EVE) and net interest income (NII) from the six standardised interest rate shock scenarios defined in the PRA Rulebook.

Table 17: IRRBB1 - Quantitative information on IRRBB^a

	In reporting currency	ΔΕ	VE	ΔΝ	411	Tier 1 ca	pital
	Period	31.12.22	30.06.22	31.12.22	30.06.22	31.12.22	30.06.22
10	Parallel shock up	(1,072)	(1,106)	310	184		
20	Parallel shock down	369	124	(654)	(968)		
30	Steepener shock	(336)	(160)				
40	Flattener shock	(387)	(599)				
50	Short rates shock up	(980)	(986)				
60	Short rates shock down	173	105				
70	Maximum	(1,072)	(1,106)	(654)	(968)		
80	Tier 1 capital					13,261	13,096

The maximum EVE loss under the six scenarios was £1,072m under the parallel up scenario as of December 2022.

The material driver of the parallel up scenario is the sensitivity of the Bank's structural hedging of its equity position and the interest rate positions held within the liquidity pool.

The maximum one year loss in NII was £654m as of December 2022. The material driver of the parallel down scenario is the Bank's exposure to margin compression risk and timing of pricing changes to deposits across the Retail Banking, Business Banking and Private Bank businesses. The reduction in the Bank's NII sensitivity to a parallel down shock is driven by reduced levels of margin compression risk in customer deposits.

The average repricing maturity assigned to non-maturing deposits is 20 months, with the longest repricing maturity assigned to any portfolio of non-maturing deposits being 120 months. This is calculated using a simple weighted average maturity including all nonmaturing deposits, regardless of hedging treatment.

 $Comparatives \ are \ provided \ to \ June \ 2022 \ as \ disclosure \ requirements \ have \ only \ been \ effective \ from \ 1 \ January \ 2022.$

Table 18: PV1 - Prudent valuation adjustments (PVA)^d

This table below provides a granular breakdown of the Prudent Valuation Adjustment (PVA). PVA is a Common Equity Tier 1 capital deduction. CRR Articles 34 &105 define regulatory principles that are applied to all fair valued assets and liabilities in order to determine a prudent valuation. PVA is the difference between the financial statement fair valuation and the prudent valuation.

				Risk category	у		Category I Valuation u				
		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post- diversification	Of which: Total core approach in the trading book ab	Of which: Total core approach in the banking book ab
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at	31 December 2022										
1	Market price uncertainty	_	22	_	0	_	_	61	42	11	31
2	Set not applicable in the UK	_	_	_	_	_	_	_	_	0	0
3	Close-out cost	_	3	_	_	_	_	_	2	2	0
4	Concentrated positions	_	_	_	_	_	_	_	_	0	0
5	Early termination	_	_	_	_	_	_	_	_	0	0
6	Model risk	_	_	_	_	_	_	_	_	0	0
7	Operational risk	_	1	_	3	_	_	_	4	1	3
8	Set not applicable in the UK	_	_	_	_	_	_	_	_	0	0
9	Set not applicable in the UK	_	_	_	_	_	_	_	_	0	0
10	Future administrative costs	_	_	_	_	_	_	_	_	0	0
11	Set not applicable in the UK	_	_	_	_	_	_	_	_	0	0
12	Total Additional Valuation	_	26	_	3	_	_	61	48	14	34

Notes

- a. Barclays Bank UK PLC's implementation of PVA means that amounts cannot be easily classified as banking book or trading book. In the table we have provided the most material contributors to Banking book PVA, including a portfolio of longer dated non-asset backed loans made to ESHLA counterparties.
- b. Significant contributors to PVA include trading book derivative portfolios and banking book non-asset backed loans held at fair value.
- $c. \quad A \ diversification \ reduction \ factor \ of 50\% \ is \ applied \ to \ uncertainty \ after \ all \ regulatory \ exclusions \ and \ offsets, \ where \ permitted \ by \ CRR.$
- d. No comparatives are provided as this is a new disclosure requirement from 1st January 2022

Analysis of credit risk

Analysis of credit risk

Analysis of capital requirements and exposures for credit risk

Table 19: CR4 - Standardised credit risk exposure and CRM effect

This table shows the impact of CRM and credit conversion factors (CCF) on exposure values, broken down by regulatory exposure class. This table includes exposures subject to the standardised approach only.

The term 'before CCF and CRM' means the original gross exposures before the application of credit conversion factor and before the application of risk mitigation techniques.

			efore CCF and RM		ost-CCF and RM	RWA and R\	WA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density	
		£m	£m	£m	£m	£m	%	
As at	31 December 2022							
1	Central governments or central banks	82,422	27,787	90,913	36,379	_	0%	
2	Regional governments or local authorities	4,990	_	5,168	_	815	16%	
3	Public sector entities	1,704	3	526	1	105	20%	
4	Multilateral development banks	1,157	_	1,157	_	_	0%	
5	International organisations	_	_	_	_	_	0%	
6	Institutions	4,108	344	3,769	38	819	22%	
7	Corporates	2,907	1,555	2,432	506	946	32%	
8	Retail	6,286	3,532	832	_	622	75%	
9	Secured by mortgages on immovable property	2,427	412	2,428	_	918	38%	
10	Exposures in default	1,143	1	217	_	271	125%	
11	Exposures associated with particularly high risk	8	_	8	_	12	150%	
12	Covered bonds	294	_	294	_	29	10%	
13	Institutions and corporates with a short-term credit assessment	_	_	_	_	_	_	
14	Collective investment undertakings	_	_	_	_	_	_	
15	Equity	20	_	20	_	49	250%	
16	Other items	944	_	944	_	241	26%	
17	Total	108,410	33,634	108,708	36,924	4,827	3%	
As at	31 December 2021							
As at	31 December 2021 Central governments or central banks	87,981	23,949	98,586	30,897		0%	
		87,981 8,671	23,949	98,586 8,671	30,897 1	— 1,470	0% 17%	
1	Central governments or central banks		- /	,				
1 2	Central governments or central banks Regional governments or local authorities	8,671	2	8,671	1	1,470	17%	
1 2 3	Central governments or central banks Regional governments or local authorities Public sector entities	8,671 1,797	2	8,671 1,797	1	1,470	17% 7%	
1 2 3 4	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks	8,671 1,797 1,542	2 12 —	8,671 1,797 1,542	1	1,470	17% 7% 0%	
1 2 3 4 5	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations	8,671 1,797 1,542 80	2 12 —	8,671 1,797 1,542 80	1 6 —	1,470 126 —	17% 7% 0% 0%	
1 2 3 4 5 6	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations Institutions	8,671 1,797 1,542 80 2,268	2 12 — — 436	8,671 1,797 1,542 80 1,929	1 6 — —	1,470 126 — — 395	17% 7% 0% 0% 20%	
1 2 3 4 5 6 7	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations Institutions Corporates	8.671 1,797 1.542 80 2,268 1,770	2 12 — 436 1,445	8.671 1,797 1,542 80 1,929 1,174	1 6 — — — 451	1,470 126 — — 395 433	17% 7% 0% 0% 20% 27%	
1 2 3 4 5 6 7 8	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations Institutions Corporates Retail	8.671 1.797 1.542 80 2.268 1.770 8.665	2 12 — 436 1,445 2,930	8.671 1,797 1.542 80 1,929 1,174 667	1 6 — — — 451 1	1,470 126 — — 395 433 499	17% 7% 0% 0% 20% 27% 75%	
1 2 3 4 5 6 7 8	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations Institutions Corporates Retail Secured by mortgages on immovable property	8.671 1.797 1.542 80 2.268 1.770 8.665 2.563	2 12 — 436 1,445 2,930	8.671 1,797 1,542 80 1,929 1,174 667 2,563	1 6 — — 451 1	1,470 126 — — 395 433 499 977	17% 7% 0% 0% 20% 27% 75% 38%	
1 2 3 4 5 6 7 8 9	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations Institutions Corporates Retail Secured by mortgages on immovable property Exposures in default	8.671 1.797 1.542 80 2.268 1.770 8.665 2.563 1.365	2 12 — 436 1,445 2,930	8.671 1,797 1,542 80 1,929 1,174 667 2,563	1 6 — — 451 1 —	1.470 126 — — 395 433 499 977 211	17% 7% 0% 0% 20% 27% 75% 38% 108%	
1 2 3 4 5 6 7 8 9 10	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations Institutions Corporates Retail Secured by mortgages on immovable property Exposures in default Exposures associated with particularly high risk	8.671 1.797 1.542 80 2.268 1.770 8.665 2.563 1.365	2 12 — 436 1,445 2,930	8,671 1,797 1,542 80 1,929 1,174 667 2,563 196 8	1 6 — — 451 1 —	1,470 126 — — 395 433 499 977 211	17% 7% 0% 0% 20% 27% 75% 38% 108%	
1 2 3 4 5 6 7 8 9 10 11 12	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations Institutions Corporates Retail Secured by mortgages on immovable property Exposures in default Exposures associated with particularly high risk Covered bonds	8.671 1.797 1.542 80 2.268 1.770 8.665 2.563 1.365	2 12 — 436 1,445 2,930	8,671 1,797 1,542 80 1,929 1,174 667 2,563 196 8	1 6 — — 451 1 —	1,470 126 — — 395 433 499 977 211	17% 7% 0% 0% 20% 27% 75% 38% 108%	
1 2 3 4 5 6 7 8 9 10 11 12 13	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations Institutions Corporates Retail Secured by mortgages on immovable property Exposures in default Exposures associated with particularly high risk Covered bonds Institutions and corporates with a short-term credit assessment	8.671 1.797 1.542 80 2.268 1.770 8.665 2.563 1.365	2 12 — 436 1,445 2,930	8,671 1,797 1,542 80 1,929 1,174 667 2,563 196 8	1 6 — — 451 1 —	1,470 126 — — 395 433 499 977 211	17% 7% 0% 0% 20% 27% 75% 38% 108%	
1 2 3 4 5 6 7 8 9 10 11 12 13	Central governments or central banks Regional governments or local authorities Public sector entities Multilateral development banks International organisations Institutions Corporates Retail Secured by mortgages on immovable property Exposures in default Exposures associated with particularly high risk Covered bonds Institutions and corporates with a short-term credit assessment Collective investment undertakings	8.671 1.797 1.542 80 2.268 1.770 8.665 2.563 1.365 8 1.110 —	2 12 — 436 1,445 2,930	8.671 1.797 1.542 80 1.929 1.174 667 2.563 196 8 1.110	1 6 — — 451 1 —	1,470 126 — 395 433 499 977 211 12 115 —	17% 7% 0% 0% 20% 27% 75% 38% 108% 150%	

Standardised credit risk RWAs remained stable at £4.8bn (December 2021: £4.6bn).

Analysis of credit risk (continued)

Table 20: CR5 – Standardised approach

This table shows exposure at default post-CCF and CRM, broken down by Credit Exposure Class and risk weight. This table includes exposures subject to the standardised approach only.

								Ri	sk weight									Of which
As at	31 December 2022	0 %	2 %	4 %	10 %	20 %	35 %	50 %	70 %	75 %	100 %	150 %	250 %	370 %	1250 %	Others	Total	unrated
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	127,292	_	_	_	_	_	_	_	_	_	_	_	_	_	_	127,292	_
2	Regional government or local authorities	1,091	_	_	_	4,077	_	_	_	_	_	_	_	_	_	_	5,168	3,967
3	Public sector entities	_	_	_	_	527	_	_	_	_	_	_	_	_	_	_	527	511
4	Multilateral development banks	1,157	_	_	_	_	_	_	_	_	_	_	_	_	_	_	1,157	_
5	International organisations	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
6	Institutions	_	_	_	_	3,616	_	191	_	_	_	_	_	_	_	_	3,807	_
7	Corporates	457	_	_	_	1,414	_	767	_	_	300	_	_	_	_	_	2,938	758
8	Retail	_	_	_	_	_	_	_	_	832	_	_	_	_	_	_	832	832
9	Secured by mortgages on immovable property	_	_	_	_	_	2,303	_	_	8	117	_	_	_	_	_	2,428	2,428
10	Exposures in default	_	_	_	_	_	_	_	_	_	108	109	_	_	_	_	217	217
11	Exposures associated with particularly high risk	_	_	_	_	_	_	_	_	_	_	8	_	_	_	_	8	8
12	Covered bonds	_	_	_	294	_	_	_	_	_	_	_	_	_	_	_	294	_
13	Institutions and corporates with a short-term credit assessment																	
		_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
14	Unit or shares in collective investment undertakings	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
15	Equity	_	_	_	_	_	_	_	_	_	_	_	20	_	_	_	20	20
16	Other items	528	_	_	_	218	_	_	_	_	198	_	_	_	_	_	944	944
17	Total	130,525	_	_	294	9,852	2,303	958	_	840	723	117	20	_	_	_	145,632	9,685

Analysis of credit risk (continued)

Table 20: CR5 – Standardised approach - continued

								Ri	sk weight									Of which
As at	31 December 2021	0 %	2 %	4 %	10 %	20 %	35 %	50 %	70 %	75 %	100 %	150 %	250 %	370 %	1250 %	Others	Total	unrated
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	129,483	_	_	_	_	_	_	_	_	_	_	_	_	_	_	129,483	_
2	Regional government or local authorities	1,320	_	_	_	7,352	_	_	_	_	_	_	_	_	_	_	8,672	7,058
3	Public sector entities	1,173	_	_	_	630	_	_	_	_	_	_	_	_	_	_	1,803	606
4	Multilateral development banks	1,542	_	_	_	_	_	_	_	_	_	_	_	_	_	_	1,542	_
5	International organisations	80	_	_	_	_	_	_	_	_	_	_	_	_	_	_	80	_
6	Institutions	_	_	_	_	1,899	_	30	_	_	_	_	_	_	_	_	1,929	2
7	Corporates	423	_	_	_	931	_	13	_	_	258	_	_	_	_	_	1,625	680
8	Retail	_	_	_	_	_	_	_	_	668	_	_	_	_	_	_	668	668
9	Secured by mortgages on immovable property	_	_	_	_	_	2,423	_	_	6	134	_	_	_	_	_	2,563	2,563
10	Exposures in default	_	_	_	_	_	_	_	_	_	166	30	_	_	_	_	196	196
11	Exposures associated with particularly high risk	_	_	_	_	_	_	_	_	_	_	8	_	_	_	_	8	8
12	Covered bonds	_	_	_	1,071	39	_	_	_	_	_	_	_	_	_	_	1,110	_
13	Institutions and corporates with a short-term credit assessment	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
14	Unit or shares in collective investment undertakings	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
15	Equity	_	_	_	_	_	_	_	_	_	_	_	20	_	_	_	20	20
16	Other items	589	_	_	_	213	_	_	_	_	318	_	_	_	_	_	1,119	1,119
17	Total	134,610	_	_	1.071	11,064	2,423	43	_	674	875	38	20	_	_	_	150,818	12,920

Standardised Credit Risk Exposure Post-CCF and CRM decreased £5.2bn to £145.6bn primarily driven by a reduction in the carrying value of ESHLA due to rising interest rates within 20% risk weight category.

Analysis of credit risk (continued)

Table 21: CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques

This table shows the effect of credit derivatives on the AIRB credit risk approach and will not directly reconcile to the credit risk AIRB RWAs in table 9.

		ives risk weighted e amount	Actual risk weighted exposure amount			
	As at 31 December	As at 31 December As at 31 December A		As at 31 December		
	2022	2021	2022	2021		
	£m	£m	£m	£m		
5 Exposures under AIRB	50,326	49,352	50,326	49,352		
6 Central governments and central banks	_	_	_	_		
7 Institutions	38	29	38	29		
8 Corporates ^a	6,453	6,723	6,453	6,723		
8.1 of Corporates - which SMEs	5,173	4,593	5,173	4,593		
9 Retail	43,835	42,600	43,835	42,600		
9.1 of which Retail – SMEs - Secured by immovable property collateral	_	_	_	_		
9.2 of which Retail – non-SMEs - Secured by immovable property collateral	25,436	24,841	25,436	24,841		
9.3 of which Retail – Qualifying revolving	11,799	10,946	11,799	10,946		
9.4 of which Retail – SMEs - Other	2,892	3,176	2,892	3,176		
9.5 of which Retail – Non-SMEs- Other	3,708	3,637	3,708	3,637		
10 Total	50,326	49,352	50,326	49,352		

Advanced credit risk RWAs increased by £1.0bn to £50.3bn primarily driven by implementation of IRB roadmap changes and growth in mortgages. This was partially offset by the benefit in mortgages from an increase in the HPI.

 $a. \ \ Corporate specialised lending exposures under the slotting approach is excluded from this table and disclosed separately in CR10.$

Analysis of credit risk (continued)

Table 22: CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques^a

This table shows the extent of the use of CRM techniques broken down by exposure classes under the IRB approach. The exposure classes capture both secured and unsecured balances, resulting in the CRM coverage percentages being calculated on an aggregate basis.

						Credit ris	k Mitigation te	chniques					Credit risk methods in th of RV		
						Funded c	redit Protecti	on (FCP)				Unfund Protection	ed credit on (UFCP)		
A-IR	В		Part of exposures	Part of exposures covered by	Part of exposures covered by	Part of	Part of exposures covered by	Part of exposures covered by Other	Part of exposures	Part of exposures covered by	Part of exposures covered by	Part of	Part of exposures	RWEA post all CRM assigned to	
		Total exposures	covered by Financial Collaterals	Other eligible collaterals	Immovable property Collaterals	exposures covered by Receivables	Other physical collateral	funded credit protection	covered by Cash on deposit	Life insurance policies	Instruments held by a third party	exposures covered by Guarantees	covered by Credit Derivatives	the obligor exposure class	RWEA with substitution effects
As at 3	1 December 2022	£m	%	%	%	%	%	%	%	%	%	%	%	£m	£m
1	Central governments and central banks	_	_	_	_	_	_	_	_	_	_	_	_	_	_
2	Institutions	39	_	61.0%	61.0%	_	_	_	_	_	_	_	_	38	38
3	Corporates	8,624	0.1%	74.6%	74.3%	0.2%	0.0%	_	_	_	_	1.1%	_	6,453	6,453
3.1	Of which Corporates – SMEs	5,744	0.2%	71.4%	70.9%	0.4%	0.0%	_	_	_	_	1.6%	_	5,173	5,173
3.2	Of which Corporates – Specialised lending	_	_	_	_	_	_	_	_	_	_	_	_	_	_
3.3	Of which Corporates – Other	2,880	0.0%	81.1%	81.1%	_	0.0%	_	_	_	_	0.0%	_	1,280	1,280
4	Retail	208,442	0.0%	230.8%	230.8%	_	0.0%	_	_	_	_	0.0%	_	43,835	43,835
4.1	Of which Retail — Immovable property SMEs	_	_	_	_	_	_	_	_	_	_	_	_	_	_
4.2	Of which Retail – Immovable property non-SMEs	168,839	_	282.8%	282.8%	_	_	_	_	_	_	_	_	25,436	25,436
4.3	Of which Retail – Qualifying revolving	28,325	_	_	_	_	_	_	_	_	_	_	_	11,799	11,799
4.4	Of which Retail – Other SMEs	7,267	0.0%	50.9%	50.8%	_	0.1%	_	_	_	_	0.4%	_	2,892	2,892
4.5	Of which Retail – Other non-SMEs	4,011	_	_	_	_	_	_	_	_	_	_	_	3,708	3,708
5	Total	217,105	0.0%	224.6%	224.6%	0.0%	0.0%	_	_	_	_	0.1%	_	50,326	50,326

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022.

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Analysis of credit risk (continued)

Credit quality analysis of standardised exposures

Credit rating agencies

Under the standardised approach, ratings assigned by External Credit Assessment Institutions (ECAIs) are used in the calculation of RWAs. Ratings from an ECAI may be used where the ECAI is a rating agency that:

- · Has been recognised as an ECAI per the list published by the Financial Conduct Authority (FCA); and
- Has been nominated for use by Barclays.

Barclays uses ratings assigned by the following agencies for credit risk calculations^a:

- Standard & Poor's
- Moody's
- Fitch
- DBRS
- Kroll Bond Rating Agency

These ratings are used in the calculation of risk weights for the central governments and central banks, institutions, corporate and securitisation exposure classes^a.

Rated and unrated counterparties

The following section summarises the rules governing standardised calculations for non-securitised exposures.

Each exposure must be assigned to one of six credit quality steps if a rating is available, as defined in the table below. After being assigned to a specific quality step, exposure class and maturity are then used to determine the risk weight percentage. The following table is a simplified version of the risk weight allocation process.

Table 23: Relationship of long-term external credit ratings to credit quality steps under the standardised approach for nonsecuritised exposures^b

Credit Quality Step			
	Standard and Poor's	Moody's	Fitch
Credit Quality Step 1	AAA+ to AA-	Aaa1 to Aa3	AAA+ to AA-
Credit Quality Step 2	A+ to A-	A1 to A3	A+ to A-
Credit Quality Step 3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
Credit Quality Step 4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
Credit Quality Step 5	B+ to B-	B1 to B3	B+ to B-
Credit Quality Step 6	CCC+ and below	Caa1 and below	CCC+ and below

- $a. \ \ DBRS \ and \ Kroll \ Bond \ Rating \ Agency \ are \ used to \ calculate \ risk \ weights for \ securitisation \ exposures \ only. \ Please \ see \ page \ 111 \ for \ further \ details.$
- $b. \ \ \, \text{The mapping of external ratings to credit quality steps applicable as at 31.12.21 are found in Commission Implementing Regulation (EU) 2016/1799 as amended (for non-securitisation exposures) and the mapping of external ratings to credit quality steps applicable as at 31.12.21 are found in Commission Implementing Regulation (EU) 2016/1799 as amended (for non-securitisation exposures) and the mapping of external ratings to credit quality steps applicable as at 31.12.21 are found in Commission Implementing Regulation (EU) 2016/1799 as amended (for non-securitisation exposures) and the mapping of external ratings to credit quality steps applicable as at 31.12.21 are found in Commission Implementing Regulation (EU) 2016/1799 as amended (for non-securitisation exposures) and the mapping of the ma$ PRA Supervisory Statement SS10/18 (for securitisation positions)

Analysis of credit risk (continued)

Table 24: Credit quality steps and risk weights under the standardised approach

This table shows the prescribed risk weights associated with credit quality steps.

Credit Quality Step					
		Institutions (includes banks)			
		Sovereign method	Credit assessmen	t method	
	Corporates	Sovereign method	Maturity > 3 months	Maturity 3 months or less	Central governments or central banks
Credit Quality Step 1	20%	20%	20%	20%	0%
Credit Quality Step 2	50%	50%	50%	20%	20%
Credit Quality Step 3	100%	100%	50%	20%	50%
Credit Quality Step 4	100%	100%	100%	50%	100%
Credit Quality Step 5	150%	100%	100%	50%	100%
Credit Quality Step 6	150%	150%	150%	150%	150%

Exposures to international organisations are assigned a 0% risk weight.

Exposures fully and completely secured by residential property (which considers, amongst other criteria, the size of the loan relative to the value of the property) are generally assigned a risk weight of 35%. Other retail exposures are assigned a risk weight of 75%.

The unsecured portion of a past due exposure is assigned a risk weight of either 150% or 100%, depending on the specific credit risk adjustments recognised.

High risk items are assigned a risk weight of 150%.

Other items are generally assigned a risk weight of 100%, unless they relate to cash in hand (0%) or items in the course of collection (20%).

Analysis of credit risk (continued)

Credit quality analysis of IRB exposures

Risk and capital position review

The following section provides a breakdown of inputs for the calculations of risk weighted assets. Please note there may be more volatility in risk weights and risk factors at a granular level of wholesale exposures, especially in minimum exposure categories often due to the addition or removal of relatively large exposures when the risk factor deviates from the category average. This happens in the normal course of business, following new lending, repayments, or syndications etc. See page 105 for a discussion of IRB models.

Table 25: Internal default grade probabilities and mapping to external ratings

The table below illustrates the approximate relationship between external rating agency grades and the PD bands for wholesale exposures. The EBA and internal Default Grade (DG) bands are based on TTC PD. Note that this relationship is dynamic, and therefore, varies over time, region and industry.

EDA DD D0/		De	fault Probability		Financial statements		Standard and
EBA PD Range %	Internal DG Band	>Min	Mid	<=Max	description	Moody's	Poor's
	1	0.00%	0.01%	0.02%	Strong	Aaa, Aa1, Aa2	AAA, AA+, AA
	2	0.02%	0.03%	0.03%		Aa3	AA-
0.00 to < 0.15	3	0.03%	0.04%	0.05%		A1,A2,A3	A+
	4	0.05%	0.08%	0.10%		A1,A2,A3	A,A-
	5	0.10%	0.13%	0.15%		Baa1	BBB+
0.15 to < 0.25	6	0.15%	0.18%	0.20%	Strong	Baa2	BBB
U.15 to < U.25	7	0.20%	0.23%	0.25%		Baa3	BBB
	8	0.25%	0.28%	0.30%	Strong	Baa3	BBB-
0.25 to < 0.50	9	0.30%	0.35%	0.40%		Baa3	BBB-
	10	0.40%	0.45%	0.50%		Ba1	BB+
0.501 +0.75	11	0.50%	0.55%	0.60%	Strong	Ba1	BB+
0.50 to < 0.75	12	0.60%	_	_	Satisfactory	Ba2, Ba3	BB, BB-
	12	_	1.10%	1.20%	Satisfactory	Ba2, Ba3	BB, BB-
0.751 +2.50	13	1.20%	1.38%	1.55%		Ba3	BB-
0.75 to < 2.50	14	1.55%	1.85%	2.15%		Ba3	B+
	15	2.15%	_	_		B1	B+
	15	_	2.60%	3.05%	Satisfactory	B1	B+
	16	3.05%	3.75%	4.45%		B2	B+
2.50 to < 10.00	17	4.45%	5.40%	6.35%		B3,Caa1	В
	18	6.35%	7.50%	8.65%		B3,Caa1	B-
	19	8.65%	10.00%	_		B3, Caa1	CCC+
	19	_	_	11.35%		B3, Caa1	CCC+
10.00 to < 100.00	20	11.35%	15.00%	18.65%	Higher risk	Caa2	ccc
	21	18.65%	30.00%	99.99%		Caa3, Ca, C	CCC-, CC+ ,CC, C
100.00 (Default)	22	100 %			Credit Impaired	D	D

Analysis of credit risk (continued)

Table 26: CR6-A – Scope of the use of IRB and SA approaches^a

The table shows exposure and percentages covered by the IRB and standardised approaches, as well as exposure subject to the permanent partial use and to a roll out plan.

		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA	Percentage of total exposure value subject to IRB Approach	Percentage of total exposure value subject to a roll-out plan
As at	31 December 2022	£m	£m	%	%	%
1	Central governments or central banks	_	118,085	82.3%	_	17.7%
1.1	Of which Regional governments or local authorities		4,993	84.6%	_	15.4%
1.2	Of which Public sector entities		1,727	86.3%	_	13.7%
2	Institutions	35	4,782	8.9%	0.7%	90.4%
3	Corporates	10,076	15,103	10.5%	66.7%	22.8%
3.1	Of which Corporates - Specialised lending, excluding slotting approach		_	_	_	_
3.2	Of which Corporates - Specialised lending under slotting approach		904	_	100.0%	_
4	Retail	231,224	244,596	_	94.5%	5.5%
4.1	of which Retail – Secured by real estate SMEs		4	_	_	100.0%
4.2	of which Retail — Secured by real estate non-SMEs		174,739	_	98.4%	1.6%
4.3	of which Retail – Qualifying revolving		52,965	_	91.9%	8.1%
4.4	of which Retail – Other SMEs		12,137	_	55.0%	45.0%
4.5	of which Retail – Other non-SMEs		4,751	_	84.4%	15.6%
5	Equity	_	28	71.6%	_	28.4%
6	Other non-credit obligation assets	1,648	2,592	36.4%	63.6%	_
7	Total	242,983	385,186	26.0%	63.1%	10.9%

Note

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022.

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Analysis of credit risk (continued)

AIRB obligor grade disclosure

The following tables show credit risk exposure at default post-CRM for the advanced IRB approach for portfolios within the banking book. Separate tables are provided for the following credit exposure classes: institutions (Table 28), corporates-other (Table 29), corporates-SME (Table 30), retail SME (Table 31), secured retail (Table 32), revolving retail (Table 33) and other retail-non SME (Table 34).

Barclays' Model Risk Management group reviews and approves the application of post model adjustments to models that do not fully reflect the risk of the underlying exposures.

Table 27: CR6 - IRB approach - Total Portfolios

	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF ^a		Exposure weighted average PD	Number of obligors	Exposure weighted average LGD		Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 31 December 2022	£m	£m	%	£m	%		%		£m	%	£m	£m
Total (all exposure classes)	187,273	53,157	54.9%	216,502		23,380,437		4	50,326	23.2%	1,559	(1,601)
As at 31 December 2021												
Total (all exposure classes)	186,911	55,384	39.8%	215,270		23,242,171		4	49,352	22.9%	1,624	(2,019)

Note

Further information on the key drivers for the RWA density are provided in Table 28 - Table 34.

a. Current period average CCF is calculated on a weighted average basis in line with revised disclosure requirements that took effect from 1 January 2022 and reflects where the modelled EAD is higher than the on and off balance sheet exposures pre CCF. For prior period the average CCF was calculated on an aggregate level.

Table 28: CR6 – IRB approach – Credit risk exposures by exposure class and PD range for institutions

PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF ^a	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 31 December 2022	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	0	_	_	0	0.1%	5	35.2%	3	0	15.5%	0	0
0.00 to <0.10	_	_	_	0	0.1%	4	53.5%	1	0	17.0%	0	_
0.10 to <0.15	0	_	_	0	0.1%	1	23.2%	4	0	14.6%	0	0
0.15 to <0.25	_	0	79.8%	0	0.2%	1	56.9%	1	0	35.5%	0	0
0.25 to <0.50	0	0	176.0%	0	0.5%	1	42.8%	2	0	50.0%	0	0
0.50 to < 0.75	1	0	463.1%	1	0.6%	10	57.4%	3	1	102.5%	0	0
0.75 to <2.50	14	1	220.4%	18	1.5%	36	30.4%	3	14	74.8%	0	0
0.75 to <1.75	7	1	236.0%	10	1.1%	28	33.8%	3	8	72.4%	0	0
1.75 to <2.5	7	0	180.7%	8	2.1%	8	26.3%	4	6	77.7%	0	0
2.50 to <10.00	4	0	341.3%	5	3.8%	7	39.1%	3	7	129.2%	0	0
2.5 to <5	4	0	287.8%	4	3.2%	6	36.9%	3	5	119.0%	0	0
5 to <10	0	0	526.0%	1	6.6%	1	49.3%	2	2	176.8%	0	0
10.00 to <100.00	2	0	1,065.8%	2	27.9%	6	32.0%	4	4	175.9%	0	0
10 to <20	1	0	5,415.5%	1	17.0%	3	43.4%	4	3	248.6%	0	0
20 to <30	0	_	_	0	23.3%	1	8.3%	5	0	49.1%	0	0
30.00 to <100.00	1	0	73.3%	1	44.3%	2	29.6%	2	1	147.3%	0	0
100.00 (Default)	10	1	0.9%	10	100.0%	3	12.2%	3	12	128.7%	0	0
Subtotal (exposure class)	31	2	183.4%	36	29.0%	69	28.2%	3	38	103.2%	0	0
As at 31 December 2021												
0.10 to < 0.15	3	_	_	3	_	4	8.1%	5	1	37.8%	0	
0.15 to < 0.25	_	_	_	0	0.2%	1	56.2%	1	0	37.9%	0	
0.25 to <0.50	_	0	1,141.2%	0	0.4%	3	37.1%	1	0	40.2%	0	
0.50 to <0.75	1	0	243.2%	1	0.7%	10	36.8%	3	1	57.6%	0	
0.75 to <2.50	12	2	234.6%	15	1.6%	31	29.7%	3	11	73.2%	0	
2.50 to <10.00	8	1	174.7%	9	4.4%	10	31.6%	4	10	110.9%	0	
10.00 to <100.00	2	0	149.5%	2	35.3%	2	24.1%	4	2	121.4%	0	
100.00 (Default)	4	0	23.4%	4	100.0%	4	12.6%	3	4	118.5%	0	
Subtotal (exposure class)	30	3	223.2%	34	14.6%	65	26.3%	3	29	86.2%	0	0

The RWA density associated with institutions increased 17.0% to 103.2% primarily driven by immaterial exposure movement to default PD band.

a. Current period average CCF is calculated on a weighted average basis in line with revised disclosure requirements that took effect from 1 January 2022 and reflects where the modelled EAD is higher than the on and off balance sheet exposures pre CCF. For prior period the average CCF was calculated on an aggregate level.

Table 29: CR6 – IRB approach – Credit risk exposures by exposure class and PD range for corporates - other

PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF ^a	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 31 December 2022	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	2,574	180	60.6%	2,695	0.1%	200	10.5%	5	1,065	39.5%	2	(1)
0.00 to <0.10	2,299	180	60.5%	2,418	0.0%	178	10.5%	5	881	36.4%	1	(1)
0.10 to < 0.15	275	_	_	277	0.1%	22	10.0%	5	184	66.5%	1	0
0.15 to <0.25	1	0	517,595.8%	2	0.2%	69	20.7%	3	0	16.4%	0	_
0.25 to <0.50	2	_	_	3	0.4%	78	43.0%	1	4	124.5%	0	0
0.50 to < 0.75	10	_	_	14	0.6%	213	24.5%	3	6	41.9%	0	0
0.75 to <2.50	37	3	255.9%	44	1.5%	412	27.4%	4	35	81.4%	0	0
0.75 to <1.75	21	3	210.7%	27	1.1%	334	28.2%	4	17	65.5%	0	0
1.75 to <2.5	16	0	2,326.6%	17	2.0%	78	26.3%	4	18	106.0%	0	0
2.50 to <10.00	30	9	99.6%	39	4.6%	157	25.4%	3	53	137.3%	0	0
2.5 to <5	17	7	96.4%	24	3.4%	101	23.4%	3	36	150.2%	0	0
5 to <10	13	2	111.5%	15	6.6%	56	28.6%	3	17	116.6%	0	0
10.00 to <100.00	3	3	63.9%	4	29.1%	20	26.0%	3	6	122.2%	0	0
10 to <20	2	3	59.9%	3	14.5%	10	30.4%	3	5	153.5%	0	0
20 to <30	0	0	2,503.2%	0	27.7%	2	19.5%	4	0	108.9%	0	0
30.00 to <100.00	1	0	39,380.1%	1	63.9%	8	16.9%	4	1	50.8%	0	0
100.00 (Default)	78	0	30.9%	71	100.0%	30	36.6%	3	108	153.2%	17	(32)
Subtotal (exposure class)	2,735	195	68.3%	2,872	2.6%	1,179	11.7%	5	1,277	44.5%	19	(33)
As at 31 December 2021												
0.00 to <0.15	4,670	336	60.5%	4,885	0.1%	232	10.6%	5	1,965	40.2%	3	
0.15 to <0.25	0	0	_	2	0.2%	71	39.1%	2	2	93.1%	0	
0.25 to <0.50	2	0	_	2	0.4%	103	51.3%	1	26	1650.4%	0	
0.50 to <0.75	6	_	_	10	0.6%	298	31.3%	3	5	50.2%	0	
0.75 to <2.50	39	1	_	47	1.5%	455	25.1%	4	30	64.4%	0	
2.50 to <10.00	38	7	117.1%	46	5.1%	200	26.3%	3	43	92.4%	1	
10.00 to <100.00	11	0	_	12	19.3%	43	29.7%	4	20	167.1%	1	
100.00 (Default)	32	0	15.8%	31	100.0%	51	16.7%	3	39	123.1%	2	
Subtotal (exposure class)	4,798	345	65.9%	5,036	0.8%	1,453	11.0%	5	2,130	42.3%	7	(11)

The RWA density associated with corporates other increased 2.2% to 44.5% primarily due to regulatory changes relating to the implementation of IRB roadmap changes.

a. Current period average CCF is calculated on a weighted average basis in line with revised disclosure requirements that took effect from 1 January 2022 and reflects where the modelled EAD is higher than the on and off balance sheet exposures pre CCF. For prior period the average CCF was

Table 30: CR6 – IRB approach – Credit risk exposures by exposure class and PD range for corporates - SME

PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF ^a	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 31 December 2022	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	452	72	63.5%	500	0.1%	306	13.4%	4	159	31.8%	0	0
0.00 to <0.10	343	71	63.9%	390	0.1%	243	13.8%	4	112	28.7%	0	0
0.10 to <0.15	109	1	43.8%	110	0.1%	63	12.1%	5	47	42.9%	0	0
0.15 to <0.25	99	29	40.7%	111	0.2%	64	17.0%	4	41	37.1%	0	0
0.25 to <0.50	411	101	20.8%	418	0.4%	299	22.7%	3	150	35.9%	1	(2)
0.50 to <0.75	631	121	19.5%	628	0.6%	642	21.6%	4	216	34.5%	2	(2)
0.75 to <2.50	2,216	254	23.8%	2,212	1.4%	2,497	23.4%	3	1,582	71.6%	35	(45)
0.75 to <1.75	1,676	208	22.0%	1,669	1.2%	2,013	23.3%	3	1,100	65.9%	21	(21)
1.75 to <2.5	540	46	31.9%	543	2.1%	484	23.6%	3	482	88.8%	14	(24)
2.50 to <10.00	878	76	33.0%	882	4.7%	724	30.1%	3	1,481	167.9%	104	(81)
2.5 to <5	573	51	31.0%	572	3.4%	488	28.6%	3	866	151.4%	45	(40)
5 to <10	305	25	37.0%	310	7.0%	236	32.9%	3	615	198.4%	59	(41)
10.00 to <100.00	267	15	16.6%	259	19.9%	202	31.0%	3	458	177.1%	89	(91)
10 to <20	180	11	17.4%	174	14.3%	147	31.5%	3	264	151.7%	30	(38)
20 to <30	41	2	8.6%	41	24.0%	21	29.2%	3	44	107.6%	3	(51)
30.00 to <100.00	46	2	18.4%	44	38.6%	34	30.5%	3	150	343.0%	56	(2)
100.00 (Default)	587	35	0.4%	562	100.0%	213	15.2%	3	1,086	193.1%	106	(51)
Subtotal (exposure class)	5,541	703	27.1%	5,572	12.4%	4,947	22.7%	3	5,173	92.9%	337	(272)
As at 31 December 2021												
0.00 to <0.15	778	240	61.9%	928	0.1%	351	11.2%	4	312	33.6%	1	
0.15 to <0.25	33	3	24.8%	33	0.2%	72	17.5%	4	9	28.9%	0	
0.25 to <0.50	290	56	32.5%	302	0.4%	393	18.2%	4	113	37.5%	0	
0.50 to < 0.75	302	60	31.5%	301	0.6%	781	25.2%	4	120	39.9%	1	
0.75 to <2.50	2,399	348	25.5%	2,342	1.5%	3269	24.4%	3	1,287	54.9%	11	
2.50 to <10.00	1,469	112	26.7%	1,421	4.6%	1281	27.7%	3	1,247	87.8%	25	
10.00 to <100.00	321	14	20.4%	311	20.4%	274	26.2%	3	354	113.8%	22	
100.00 (Default)	763	48	0.7%	742	100.0%	272	12.0%	3	1,151	155.1%	25	
Subtotal (exposure class)	6,355	881	34.9%	6,380	14.3%	6693	21.6%	3	4.593	72.0%	85	(236)

The RWA density associated with corporates SME increased 20.9% to 92.9% primarily due to regulatory changes relating to the implementation of IRB roadmap changes.

a. Current period average CCF is calculated on a weighted average basis in line with revised disclosure requirements that took effect from 1 January 2022 and reflects where the modelled EAD is higher than the on and off balance sheet exposures pre CCF. For prior period the average CCF was

Table 31: CR6 – IRB approach – Credit risk exposures by exposure class and PD range for retail - SME

PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF ^a	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 31 December 2022	£m	£m	%	£m	%		%	£m	%	£m	£m
0.00 to <0.15	21	4	6,425.3%	260	0.1%	155,583	45.3%	22	8.6%	0	0
0.00 to <0.10	7	1	15,310.1%	188	0.1%	121,628	44.3%	13	7.2%	0	0
0.10 to <0.15	14	3	2,317.2%	72	0.1%	33,955	47.9%	9	12.4%	0	0
0.15 to <0.25	44	24	176.8%	85	0.2%	19,700	32.5%	10	11.3%	0	0
0.25 to <0.50	257	167	84.1%	376	0.4%	56,944	31.2%	65	17.3%	0	0
0.50 to <0.75	358	206	119.6%	566	0.6%	104,739	35.0%	141	24.8%	1	(1)
0.75 to <2.50	2,037	771	115.3%	2,713	1.5%	443,601	36.5%	957	35.3%	14	(17)
0.75 to <1.75	1,314	582	119.1%	1,860	1.2%	335,564	36.9%	630	33.8%	8	(9)
1.75 to <2.5	723	189	103.8%	853	2.1%	108,037	35.5%	327	38.4%	6	(8)
2.50 to <10.00	1,657	256	163.9%	1,983	4.6%	216,717	38.5%	939	47.4%	35	(25)
2.5 to <5	1,140	196	139.6%	1,343	3.5%	141,483	37.9%	608	45.3%	18	(15)
5 to <10	517	60	243.6%	640	6.9%	75,234	39.6%	331	51.8%	17	(10)
10.00 to <100.00	373	28	286.6%	443	24.0%	51,998	37.1%	285	64.2%	38	(14)
10 to <20	199	13	456.7%	253	13.6%	33,919	40.2%	161	63.5%	14	(6)
20 to <30	53	3	289.1%	62	24.0%	7,357	38.8%	48	76.7%	6	(2)
30.00 to <100.00	121	12	104.1%	128	44.7%	10,722	30.3%	76	59.6%	18	(6)
100.00 (Default)	432	35	31.7%	419	100.0%	21,698	17.1%	473	113.0%	34	(150)
Subtotal (exposure class)	5,179	1,491	138.8%	6,845	9.7%	1,070,980	35.8%	2,892	42.2%	122	(207)
As at 31 December 2021											
0.00 to <0.15	16	2	14,526.7%	286	0.1%	166,585	46.2%	25	8.8%	0	
0.15 to <0.25	40	14	256.1%	74	0.2%	17,454	33.1%	9	11.9%	0	
0.25 to <0.50	248	88	153.3%	366	0.4%	63,189	30.3%	63	17.2%	0	
0.50 to <0.75	413	137	190.7%	623	0.6%	109,566	34.9%	158	25.3%	1	
0.75 to <2.50	2,289	767	112.8%	2,846	1.5%	441,668	37.9%	1,048	36.8%	16	
2.50 to <10.00	1,649	500	99.8%	2,015	4.7%	249,277	37.5%	942	46.7%	36	
10.00 to < 100.00	388	46	199.3%	467	23.1%	60,987	37.3%	303	65.0%	39	
100.00 (Default)	558	39	36.8%	552	100.0%	34,320	21.1%	628	113.8%	66	
Subtotal (exposure class)	5,601	1,593	136.8%	7,229	11.1%	1,143,046	36.1%	3.176	43.9%	158	(148)

The RWA density associated with retail SMEs decreased 1.7% to 42.2% primarily due to a decrease in lending within higher PD bands.

a. Current period average CCF is calculated on a weighted average basis in line with revised disclosure requirements that took effect from 1 January 2022 and also reflects where the modelled EAD is higher than the on and off balance sheet exposures pre CCF. For prior period, the average CCF was

Table 32: CR6 – IRB approach – Credit risk exposures by exposure class and PD range for secured retail - non SME

PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF		Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 31 December 2022	£m	£m	%	£m	%		%	£m	%	£m	£m
0.00 to <0.15	19,592	2,349	78.0%	21,468	0.1%	62,457	10.6%	475	2.2%	2	0
0.00 to <0.10	14,509	1,702	78.0%	15,871	0.1%	43,261	9.8%	259	1.6%	1	0
0.10 to <0.15	5,083	647	78.1%	5,597	0.1%	19,196	12.9%	216	3.9%	1	0
0.15 to <0.25	9,667	1,398	64.1%	10,585	0.2%	61,942	12.3%	554	5.2%	3	(1)
0.25 to <0.50	36,396	2,979	58.9%	38,274	0.4%	221,354	10.1%	2,644	6.9%	15	(3)
0.50 to <0.75	41,291	1,868	59.6%	42,579	0.6%	252,875	10.5%	4,283	10.1%	28	(3)
0.75 to <2.50	38,434	2,564	78.1%	40,605	1.3%	233,090	15.0%	9,570	23.6%	79	(18)
0.75 to <1.75	32,495	2,317	78.0%	34,436	1.1%	195,724	14.7%	7,407	21.5%	58	(13)
1.75 to <2.5	5,939	247	79.3%	6,169	2.0%	37,366	16.6%	2,163	35.0%	21	(5)
2.50 to <10.00	8,959	386	80.7%	9,320	4.5%	51,803	15.3%	4,461	47.9%	60	(14)
2.5 to <5	6,452	301	81.7%	6,734	3.4%	37,226	16.5%	3,155	46.9%	38	(9)
5 to <10	2,507	85	77.2%	2,586	7.3%	14,577	12.1%	1,306	50.5%	22	(5)
10.00 to <100.00	4,852	145	76.8%	4,995	29.0%	29,056	9.1%	2,469	49.4%	123	(27)
10 to <20	2,544	76	68.1%	2,608	14.7%	14,255	9.2%	1,325	50.8%	35	(8)
20 to <30	749	33	76.6%	779	25.0%	4,994	9.5%	453	58.2%	18	(1)
30.00 to <100.00	1,559	36	95.2%	1,608	54.1%	9,807	8.6%	691	43.0%	70	(18)
100.00 (Default)	1,013	3	_	1,013	100.0%	7,404	8.9%	980	96.8%	29	(50)
Subtotal (exposure class)	160,204	11,692	68.6%	168,839	2.3%	919,981	11.8%	25,436	15.1%	339	(116)
As at 31 December 2021											
0.00 to <0.15	16,854	1,662	97.4%	18,028	0.1%	54,201	10.4%	418	2.3%	2	
0.15 to <0.25	9,826	1,282	95.5%	10,607	0.2%	62,707	12.1%	545	5.1%	3	
0.25 to <0.50	28,597	2,452	96.8%	30,058	0.4%	167,942	10.2%	1,996	6.6%	11	
0.50 to <0.75	39,855	2,274	97.6%	41,134	0.6%	258,184	10.1%	3,980	9.7%	26	
0.75 to <2.50	46,177	2,904	98.5%	48,357	1.2%	285,802	13.8%	10,216	21.1%	85	
2.50 to <10.00	9,705	591	98.8%	10,176	4.4%	58,739	14.8%	4,679	46.0%	63	
10.00 to <100.00	4,259	146	99.5%	4,382	28.3%	27,145	9.2%	2,124	48.5%	106	
100.00 (Default)	1,137	3	99.7%	1,137	100.0%	8,185	8.9%	883	77.6%	43	
Subtotal (exposure class)	156,410	11,314	97.7%	163,879	2.3%	922,905	11.6%	24,841	15.2%	339	(78)

The RWA density associated with secured retail non SMEs remained broadly stable at 15.1% primarily due to growth in mortgages, partially offset by a reduction following HPI refresh.

a. Current period average CCF is calculated on a weighted average basis in line with revised disclosure requirements that took effect from 1 January 2022 and reflects where the modelled EAD is higher than the on and off balance sheet exposures pre CCF. For prior period the average CCF was

Table 33: CR6 – IRB approach – Credit risk exposures by exposure class and PD range for revolving retail

PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF		Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 31 December 2022	£m	£m	%	£m	%		%	£m	%	£m	£m
0.00 to <0.15	696	15,541	58.0%	9,706	0.1%	12,065,847	74.6%	432	4.4%	7	(5)
0.00 to <0.10	294	10,366	65.8%	7,114	0.1%	9,951,391	73.4%	247	3.5%	4	(3)
0.10 to <0.15	402	5,175	42.3%	2,592	0.1%	2,114,456	77.8%	185	7.1%	3	(2)
0.15 to <0.25	712	6,198	41.2%	3,263	0.2%	2,433,109	78.1%	347	10.6%	6	(5)
0.25 to <0.50	1,160	6,572	38.4%	3,682	0.4%	1,885,237	79.5%	626	17.0%	13	(15)
0.50 to <0.75	808	2,995	35.7%	1,876	0.6%	837,185	79.9%	444	23.7%	10	(13)
0.75 to <2.50	2,845	5,662	37.8%	4,983	1.4%	1,883,174	81.7%	2,436	48.9%	67	(113)
0.75 to <1.75	2,039	4,595	36.7%	3,723	1.2%	1,406,224	81.4%	1,595	42.8%	42	(63)
1.75 to <2.5	806	1,067	42.6%	1,260	2.1%	476,950	82.7%	841	66.7%	25	(50)
2.50 to <10.00	2,517	1,847	69.9%	3,807	4.6%	1,220,906	83.7%	4,415	116.0%	173	(293)
2.5 to <5	1,556	1,522	63.9%	2,528	3.4%	837,325	83.3%	2,390	94.6%	83	(142)
5 to <10	961	325	97.9%	1,279	6.9%	383,581	84.5%	2,025	158.3%	90	(151)
10.00 to <100.00	575	95	178.4%	747	23.1%	278,858	84.6%	1,784	238.9%	168	(231)
10 to <20	365	65	178.2%	482	13.4%	171,090	84.5%	1,029	213.5%	61	(111)
20 to <30	87	14	191.6%	114	24.0%	46,616	84.5%	285	249.8%	23	(37)
30.00 to <100.00	123	16	167.6%	151	53.2%	61,152	84.6%	470	311.8%	84	(83)
100.00 (Default)	261	163	_	261	100.0%	242,910	81.7%	1,315	503.5%	158	(172)
Subtotal (exposure class)	9,574	39,073	48.0%	28,325	2.5%	20,847,226	78.8%	11,799	41.7%	602	(847)
As at 31 December 2021											
0.00 to <0.15	782	19,162	49.7%	10,793	0.1%	12,543,287	73.5%	378	3.5%	6	
0.15 to <0.25	675	6,130	13.6%	3,033	0.2%	2,066,668	76.9%	277	9.2%	6	
0.25 to <0.50	1,159	6,510	13.4%	3,572	0.4%	1,776,330	78.4%	544	15.2%	12	
0.50 to <0.75	830	2,900	9.5%	1,835	0.6%	811,713	79.4%	414	22.6%	10	
0.75 to <2.50	2,856	5,160	6.3%	5,102	1.4%	1,929,548	80.8%	2,363	46.3%	71	
2.50 to <10.00	2,326	1,129	5.1%	3,145	4.8%	959,430	82.2%	3,622	115.2%	155	
10.00 to <100.00	513	84	22.8%	656	22.7%	246,577	80.8%	1,685	256.7%	143	
100.00 (Default)	589	172	3.3%	589	100.0%	275,200	82.6%	1,663	282.4%	369	
Subtotal (exposure class)	9.730	41,247	28.9%	28.725	3.5%	20,608,753	77.5%	10.946	38.1%	772	(1.310)

The RWA density associated with revolving retail increased 3.6% to 41.7% primarily due to regulatory changes relating to the implementation of IRB roadmap changes.

a. Current period average CCF is calculated on a weighted average basis in line with revised disclosure requirements that took effect from 1 January 2022 and reflects where the modelled EAD is higher than the on and off balance sheet exposures pre CCF. For prior period the average CCF was

Table 34: CR6 - IRB approach - Credit risk exposures by exposure class and PD range for other retail - non SME

PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF ^a	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 31 December 2022	£m	£m	%	£m	%		%	£m	%	£m	£m
0.00 to <0.15	336	1	2.3%	336	0.1%	65,087	73.6%	71	21.3%	0	0
0.00 to <0.10	160	1	2.3%	160	0.1%	37,667	72.9%	26	16.4%	0	0
0.10 to <0.15	176	_	_	176	0.1%	27,420	74.3%	45	25.8%	0	0
0.15 to <0.25	311	_	_	311	0.2%	50,615	74.2%	115	36.9%	0	0
0.25 to <0.50	649	_	_	649	0.4%	85,062	75.2%	352	54.3%	2	(2)
0.50 to <0.75	434	0	_	434	0.6%	53,592	75.7%	387	89.1%	2	(3)
0.75 to <2.50	1,195	0	_	1,195	1.4%	138,075	76.4%	1,215	101.7%	14	(15)
0.75 to <1.75	909	0	_	909	1.2%	105,602	76.3%	869	95.7%	9	(9)
1.75 to <2.5	286	0	_	286	2.1%	32,473	76.8%	346	120.8%	5	(6)
2.50 to <10.00	736	0	_	736	4.6%	84,674	77.3%	994	135.1%	28	(30)
2.5 to <5	496	0	_	496	3.5%	56,548	77.2%	653	131.7%	14	(16)
5 to <10	240	_	_	240	7.0%	28,126	77.6%	341	142.1%	14	(14)
10.00 to <100.00	291	_	_	291	27.9%	37,314	77.8%	529	181.9%	67	(51)
10 to <20	172	_	_	172	13.5%	21,197	77.9%	327	190.1%	22	(27)
20 to <30	43	_	_	43	24.2%	5,624	77.9%	84	197.1%	8	(5)
30.00 to <100.00	76	_	_	76	62.6%	10,493	77.5%	118	154.9%	37	(19)
100.00 (Default)	59	_	_	59	100.0%	21,691	76.8%	45	75.0%	23	(23)
Subtotal (exposure class)	4,011	1	2.5%	4,011	4.9%	536,110	76.0%	3,708	92.5%	136	(124)
As at 31 December 2021											
0.00 to <0.15	374	1	99.7%	375	0.1%	66,911	74.2%	73	19.6%	0	
0.15 to <0.25	317	_	_	317	0.2%	52,575	74.4%	104	32.9%	1	
0.25 to <0.50	652	_	_	652	0.4%	91,002	75.3%	319	48.9%	3	
0.50 to <0.75	425	_	_	425	0.6%	57,279	75.7%	305	71.8%	4	
0.75 to <2.50	1,111	_	_	1,111	1.4%	142,440	76.4%	1,068	96.1%	15	
2.50 to <10.00	669	_	_	669	4.6%	85,845	77.1%	918	137.2%	33	
10.00 to <100.00	249	_	_	249	26.4%	35,318	77.3%	648	260.4%	70	
100.00 (Default)	190	_	_	190	100.0%	27,895	77.0%	202	106.3%	136	
Subtotal (exposure class)	3.987	1	97.9%	3.988	7.7%	559.265	76.0%	3,637	91.2%	262	(236)

The RWA density associated with other retail non SME remained broadly stable at 92.5% (December 2021: 91.2%).

a. Current period average CCF is calculated on a weighted average basis in line with revised disclosure requirements that took effect from 1 January 2022 and reflects where the modelled EAD is higher than the on and off balance sheet exposures pre CCF. For prior period the average CCF was

Table 35: CR10 - Specialised lending and equity exposures under the simple risk weighted approach^a

Slotting, also known as specialised lending, is an approach that is applied to financing of individual projects where the repayment is highly dependent on the performance of the underlying pool or collateral. It uses a standard set of rules for the calculation of RWAs, based upon an assessment of factors such as the financial strength of the counterparty. The requirements for the application of the Slotting approach are detailed in CRR article 153.

Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)

Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
As at 31 December 2022		£m	£m	%	£m	£m	£m
Catagon, 1	Less than 2.5 years	97	15	50 %	98	39	_
Category 1	Equal to or more than 2.5 years	203	_	70 %	204	113	1
Catagonia	Less than 2.5 years	152	24	70 %	156	85	1
Category 2	Equal to or more than 2.5 years	253	_	90 %	253	177	2
Catagoniz	Less than 2.5 years	28	_	115 %	29	26	1
Category 3	Equal to or more than 2.5 years	28	_	115 %	28	27	1
Catagonia	Less than 2.5 years	6	_	250 %	6	11	0
Category 4	Equal to or more than 2.5 years	7	_	250 %	7	13	1
Catagon	Less than 2.5 years	48	5	_	48	_	24
Category 5	Equal to or more than 2.5 years	38	_	_	38	_	19
Total	Less than 2.5 years	331	44	_	337	161	26
lOtal	Equal to or more than 2.5 years	529	_	_	530	330	23

Note

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022.

Table 36: CR1 - Performing and non-performing exposures and related provisions^{a,b}

This table provides an overview of the credit quality of on and off balance sheet non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class.

		Gross	carrying amount/	nominal				Accun			ated negative ch and provisions	nanges in fair valu	ie		Collateral a	
		Perf	orming exposure	es	Non-pe	erforming exposu	ires	accumu	ning exposures lated impairme d provisions		impairment, ac	ng exposures – a ccumulated nega e to credit risk an	tive changes	Accumulated partial write-off	On performing	On non- performing
			Of which Stage 1°	Of which Stage 2		Of which Stage 2	Of which Stage 3		Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3		exposures	exposures
As at 31	1 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	Cash balances at central banks and other demand deposits ^a	54,090	54,090	_	_	_	_	_	_	_	_	_	_	_	_	_
010	Loans and advances	210,614	181,001	27,634	3,487	4	3,483	(1,152)	(339)	(813)	(556)	(2)	(554)	_	185,414	2,618
020	Central banks	5,571	5,571	_	_	_	_	_	_	_	_	_	_	_	_	_
030	General governments	3,967	3,944	14	_	_	_	(4)	(2)	(2)	_	_	_	_	3,954	_
040	Creditinstitutions	1,336	1,336	_	_	_	_	(1)	(1)	_	_	_	_	_	477	_
050	Other financial corporations	298	244	54	12	_	12	(3)	(2)	(1)	(2)	_	(2)	_	116	9
060	Non-financial corporations	23,762	15,525	6,266	1,651	_	1,651	(296)	(150)	(146)	(252)	_	(252)	_	19,481	1,219
070	Of which SMEs	16,334	10,370	5,964	1,630	_	1,630	(266)	(146)	(120)	(251)	_	(251)	_	13,535	553
080	Households	175,680	154,381	21,300	1,824	4	1,820	(848)	(184)	(664)	(302)	(2)	(300)	_	161,386	1,390
090	Debt securities	38,510	38,006	504	_	_	_	(3)	(2)	(1)	_	_	_	_	299	_
100	Central banks	48	48	_	_	_	_	_	_	_	_	_	_	_	_	_
110	General governments	24,423	24,423	_	_	_	_	(1)	(1)	_	_	_	_	_	_	_
120	Creditinstitutions	5,923	5,419	504	_	_	_	(1)		(1)	_	_	_	_	299	_
130	Other financial corporations	7,780	7,780	_	_	_	_	(1)	(1)	_	_	_	_	_	_	_
140	Non-financial corporations	336	336	_	_	_	_	_	_	_	_	_	_	_	_	_
150	Off-balance-sheet exposures	58,593	53,902	4,691	289	_	289	(47)	(9)	(38)	_	_	_		4,717	15
160	Central banks	810	810	_	_	_	_	_	_	_	_	_	_		150	_
170	General governments	_	_	_	_	_	_	_	_	_	_	_	_		_	_
180	Credit institutions	100	100	_	_	_	_	_	_	_	_	_	_		_	_
190	Other financial corporations	11	9	2	_	_	_	_	_	_	_	_	_		_	_
200	Non-financial corporations	2,531	2,114	417	53	_	53	_	_	_	_	_	_		200	13
210	Households	55,141	50,869	4,272	236	_	236	(47)	(9)	(38)	_	_	_		4,367	2
220	Total	361,807	326,999	32,829	3,776	4	3,772	(1,202)	(350)	(852)	(556)	(2)	(554)		190,430	2,633

a. Structure of the table updated to include a new disclosure line of Cash balances at central banks and other demand deposits.

b. No comparatives are provided as this is a new disclosure requirement from 1 January 2022.

c. Loans at fair value through profit and loss are included in the total performing and non-performing exposures but no staging analysis is provided as these instruments are not eligible for staging.

Table 37: CR1-A - Maturity of exposures^a

This table has replaced table CRB-E, representing the on and off balance sheet net credit risk exposures by residual contractual maturity, split by either loans and advances or debt securities. The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

				Net Exposure	e Value		
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Asa	t 31 December 2022	£m	£m	£m	£m	£m	£m
1	Loans and advances	61,457	10,153	21,382	178,234	_	271,226
2	Debt securities	_	9,726	19,886	8,895	_	38,507
3	Total	61,457	19,879	41,268	187,129	_	309,733

Note

Table 38: CR2 - Changes in the stock of non-performing loans and advances^a

This table shows information on changes in the institutions stock of on balance sheet non-performing loans and advances. The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

		Gross carrying amount
As at 3	1 December 2022	£m
010	Initial stock of non-performing loans and advances	3,963
020	Inflows to non-performing portfolios	3,333
030	Outflows from non-performing portfolios	(723)
040	Outflows due to write-offs	(625)
050	Outflow due to other situations ^a	(2,461)
060	Final stock of non-performing loans and advances	3,487

Table 39: CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques^a

This table shows a breakdown of on balance sheet unsecured and secured credit risk exposures secured by various methods of collateral for both loans and advances and debt securities. The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
As at	t 31 December 2022	£m	£m	£m	£m	£m
1	Loans and advances	80,159	188,032	176,442	11,590	_
2	Debt securities	38,211	299	_	299	_
3	Total	118,370	188,331	176,442	11,889	_
4	Of which non-performing exposures	869	2,618	1,969	649	_
5	Of which defaulted	869	2,618	_	_	_

Note

No comparatives are provided as this is a new disclosure requirement from 1 January 2022

[.]Other changes include repayments and disposals and other adjustments, partly offset by a net increase in the non-performing exposure on existing loans and debt securities.

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022.

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Analysis of credit risk (continued)

Table 40: CQ1 - Credit quality of forborne exposures

This table provides an overview of the quality of on and off balance sheet forborne exposures. The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

		Gross carrying a	amount/nomi	nal amount of ex forbearan	posures with	accumul	d impairment, ated negative ir value due to	financial guara	al received and ntees received orne exposures
			-	Non-perform	ning forborne		nd provisions		Of which collatera and financia guarantees received or
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non- performing forborne exposures		non- performing exposure: with forbearance measure:
As at 3	31 December 2022	£m	£m	£m	£m	£m	£m	£m	£n
005	Cash balances at central banks and other demand deposits ^a	_	_	_	_	_	_	_	_
010	Loans and Advances	634	741	701	613	(75)	(139)	784	393
020	Central banks	_	_	_	_	_	_	_	_
030	General governments	_	_	_	_	_	_	_	_
040	Credit institutions	_	_	_	_	_	_	_	_
050	Other financial corporations	1	1	_	_	_	_	1	_
060	Non-financial corporations	354	347	342	286	(22)	(30)	524	260
070	Households	279	393	359	327	(53)	(109)	259	133
080	Debt securities	_	_	_	_	_	_	_	_
090	Loan commitments given	117	49	41	40	_	_	8	2
100	Total	751	790	742	653	(75)	(139)	792	395
As at 3	31 December 2021								
010	Loans and Advances	707	923	837	815	(86)	(288)	583	257
020	Central banks	_	_	_	_	_	_	_	_
030	General governments	_	_	_	_	_	_	_	_
040	Credit institutions	_	_	_	_	_	_	_	_
050	Other financial corporations	1	_	_	_	_	_	1	_
060	Non-financial corporations	379	246	225	212	(24)	(26)	291	105
070	Households	327	677	612	603	(62)	(262)	291	152
080	Debt securities	_	_	_	_	_	_	_	_
090	Loan commitments given	134	60	49	48		_	4	1
100	Total	841	983	886	863	(86)	(288)	587	258

Decrease in Households/Non-Performing of £0.3bn is driven by write-off of balances with de minimis recovery expectations in UK cards and unsecured loans and relatively lower inflow as compared to last year.

 $a. \quad \text{Cash balances at central banks and other demand deposits included in the current period as this reflects revised disclosure requirements from 1 January 2022.}\\$

Table 41: CQ3 - Credit quality of performing and non-performing exposures by past due days

This table provides an overview of the credit quality of performing and non-performing exposures by past due days. The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

						Gro	ss carrying amount	/nominal amount					
		Pe	erforming exposures		_				Non-performing	exposures			
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 year ≤ 5 years	Past due > 5 year ≤ 7 years	Past due > 7 years	Of which defaulted
As at 3	31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	54,090	54,090	_	_	_	_	_	_	_	_	_	_
010	Loans and advances	210,614	210,053	561	3,487	1,419	522	610	556	241	43	96	3,487
020	Central banks	5,571	5,571	_	_	_	_	_	_	_	_	_	_
030	General governments	3,967	3,967	_	_	_	_	_	_	_	_	_	_
040	Credit institutions	1,336	1,336	_	_	_	_	_	_	_	_	_	_
050	Other financial corporations	298	298	_	12	1	3	3	4	1	_	_	12
060	Non-financial corporations	23,762	23,758	4	1,651	366	289	445	337	139	34	41	1,651
070	Of which SMEs	16,334	16,330	4	1,630	366	282	442	326	139	34	41	1,630
080	Households	175,680	175,123	557	1,824	1,052	230	162	215	101	9	55	1,824
090	Debt securities	38,510	38,510	_	_	_	_	_	_	_	_	_	_
100	Central banks	48	48	_	_	_	_	_	_	_	_	_	_
110	General governments	24,423	24,423	_	_	_	_	_	_	_	_	_	_
120	Credit institutions	5,923	5,923	_	_	_	_	_	_	_	_	_	_
130	Other financial corporations	7,780	7,780	_	_	_	_	_	_	_	_	_	_
140	Non-financial corporations	336	336	_	_	_	_	_	_	_	_	_	_
150	Off-balance-sheet exposures	58,593			289								289
160	Central banks	810			_								_
170	General governments	_			_								_
180	Credit institutions	100			_								_
190	Other financial corporations	11			_								_
200	Non-financial corporations	2,531			53								53
210	Households	55,141			236								236
220	Total	361,807	302,653	561	3,776	1,419	522	610	556	241	43	96	3,776

Table 41: CQ3 - Credit quality of performing and non-performing exposures by past due days - continued

						Gro	ss carrying amount	/nominal amount					
	_	Pe	rforming exposures						Non-performing	exposures			
	_		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	t	Unlikely to pay hat are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 year ≤ 5 years	Past due > 5 year ≤ 7 years	Past due > 7 years	Of which defaulted
As at 3	1 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	_	_	_	_	_	_	_	_	_	_	_	_
010	Loans and advances	283,116	282,536	580	3,963	1,408	1,024	731	323	271	60	146	3,961
020	Central banks	74,254	74,254	_	_	_	_	_	_	_	_	_	_
030	General governments	7,058	7,058	_	_	_	_	_	_	_	_	_	_
040	Credit institutions	1,023	1,023	_	_	_	_	_	_	_	_	_	_
050	Other financial corporations	604	604	_	18	5	1	8	1	3	_	_	17
060	Non-financial corporations	28,884	28,879	5	1,863	546	762	205	156	119	43	32	1,863
070	Of which SMEs	19,633	19,628	5	1,850	543	762	203	148	119	43	32	1,850
080	Households	171,293	170,718	575	2,082	857	261	518	166	149	17	114	2,081
090	Debt securities	27,687	27,687	_	_	_	_	_	_	_	_	_	_
100	Central banks	55	55	_	_	_	_	_	_	_	_	_	_
110	General governments	16,141	16,141	_	_	_	_	_	_	_	_	_	_
120	Credit institutions	5,136	5,136	_	_	_	_	_	_	_	_	_	_
130	Other financial corporations	6,047	6,047	_	_	_	_	_	_	_	_	_	_
140	Non-financial corporations	308	308	_	_	_	_	_	_	_	_	_	_
150	Off-balance-sheet exposures	59,582			246								246
160	Central banks	590			_								_
170	General governments	2			_								_
180	Credit institutions	100			_								
190	Other financial corporations	27			-								_
200	Non-financial corporations	2,909			58								58
210	Households	55,954			188								188
220	Total	370,385	310,223	580	4,209	1,408	1,024	731	323	271	60	146	4,207

Table 42: CQ4 - Quality of non-performing exposures by geography^a

This table shows the credit quality of on balance sheet and off balance sheet exposure for loans and advances, debt securitiesderivatives and equity instruments by geography. The amounts shown are based on IFRS accounting values according to the regulatory of thscope of consolidation.

		Gross carrying/Nor	minal amount				Accumulated
		of which:	non-performing			Provisions on off- balance sheet	negative changes in fair value due to
			of which: defaulted	of which: subject to impairment	Accumulated impairment	commitments and financial guarantee given	credit risk on non- performing exposures
As at 31 December 2022	£m	£m	£m	£m	£m	£m	£m
On balance sheet exposures	307,131	3,487	3,487	304,722	(1,712)		_
UNITED KINGDOM	276,620	3,408	3,408	274,211	(1,703)		_
JAPAN	15,072	0	0	15,072	0		_
UNITED STATES	5,101	3	3	5,101	0		_
CANADA	3,720	0	0	3,720	0		_
Other Countries	6,618	76	76	6,618	(9)		_
Off balance sheet exposures	58,882	289	289			(47)	
UNITED KINGDOM	58,825	287	287			(47)	
Other Countries	57	2	2			_	
Total	366,013	3,776	3,776	304,722	(1,712)	(47)	_

 $[\]begin{tabular}{ll} \textbf{Note} \\ a. & No comparatives are provided as this is a new disclosure requirement from 1 January 2022. \\ \end{tabular}$

Table 43: CQ5 - Credit quality of loans and advances to non-financial corporations by industry^a

This table shows the credit quality of loans and advances on balance sheet exposure to non-financial corporation by industry types. The advances on balance sheet exposure to non-financial corporation by industry types. The advances on balance sheet exposure to non-financial corporation by industry types. The advances on balance sheet exposure to non-financial corporation by industry types. The advances on balance sheet exposure to non-financial corporation by industry types. The advances on balance sheet exposure to non-financial corporation by industry types. The advances on balance sheet exposure to non-financial corporation by industry types. The advances on balance sheet exposure to non-financial corporation by industry types. The advances of the advamounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

			Gross carrying	amount			Accumulated
			of which: r	non-performing of which:	of which: loans and advances subject to	Accumulated	negative changes in fair value due to credit risk on non-performing
				defaulted	impairment	impairment	exposures
As at 3	1 December 2022	£m	£m	£m	£m	£m	£m
010	Agriculture, forestry and fishing	3,822	365	365	3,820	(147)	_
020	Mining and quarrying	8			8		_
030	Manufacturing	698	58	58	698	(19)	_
040	Electricity, gas, steam and air conditioning supply	33	4	4	33	(1)	_
050	Water supply	45	4	4	45	(1)	_
060	Construction	1,448	145	145	1,401	(35)	_
070	Wholesale and retail trade	2,126	170	170	2,126	(52)	_
080	Transport and storage	496	60	60	496	(12)	_
090	Accommodation and food service activities	1,154	167	167	1,154	(30)	_
100	Information and communication	433	42	42	433	(12)	_
110	Financial and insurance activities						_
120	Real estate activities	10,033	265	265	8,264	(123)	_
130	Professional, scientific and technical activities	1,028	90	90	1,028	(26)	_
140	Administrative and support service activities	1,545	88	88	1,545	(23)	_
	Public administration and defense, compulsory						
150	social security	49			49		_
160	Education	558	31	31	412	(14)	_
170	Human health services and social work activities	1,069	64	64	1,065	(27)	_
180	Arts, entertainment and recreation	345	41	41	345	(11)	_
190	Other services	521	58	58	521	(14)	_
200	Total	25,411	1,652	1,652	23,443	(547)	_

Note

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022.

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Analysis of counterparty credit risk

Counterparty credit risk exposures

Counterparty credit risk (CCR) is the risk related to a counterparty defaulting before the final transaction settlement. Barclays Bank UK Group's calculates the exposures subject to CCR using two methods: Financial Collateral Comprehensive Method (FCCM), and Mark to Market Method (MTM).

The following tables analyse counterparty credit risk exposures and risk weighted assets split by regulatory exposure classes.

Table 44: CCR1 – Analysis of CCR exposure by approach^a

This table provides a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.

As at	31 December 2022	Replacement cost (RC) £m	Potential future exposure (PFE) £m	EEPE £m	Alpha used for computing regulatory exposure value		Exposure value post-CRM	Exposure value £m	RWEA £m
1	SA-CCR (for derivatives)	39	306		1.4	866	483	483	225
4	Financial collateral comprehensive method (for SFTs)					6,164	536	536	107
6	Total					7,030	1,019	1,019	332

 $[\]begin{tabular}{ll} \textbf{Note} \\ a. & No comparatives are provided as this is a new disclosure requirement from 1 January 2022 \\ \end{tabular}$

Analysis of counterparty credit risk (continued)

Table 45: CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

This table shows exposure at default, broken down by exposure class and risk weight. This table includes exposures subject to the standardised approach only.

Exposure classes					R	isk weight						
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure
As at 31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Central governments or central banks	_	_	_	_	_	_	_	_	_	_	_	_
2 Regional government or local authorities	_	_	_	_	_	_	_	_	_	_	_	_
3 Public sector entities	_	_	_	_	_	_	_	_	_	_	_	_
4 Multilateral development banks	_	_	_	_	_	_	_	_	_	_	_	_
5 International organisations	_	_	_	_	_	_	_	_	_	_	_	_
6 Institutions	_	203	_	_	593	424	_	_	_	_	_	1,220
7 Corporates	_	_	_	_	_	_	_	_	1	_	_	1
8 Retail	_	_	_	_	_	_	_	_	_	_	_	_
9 Institutions and corporates with a short-term credit assessment	_	_	_	_	_	_	_	_	_	_	_	_
10 Other items	_	_	_	_	_	_	_	_	_	_	_	_
11 Total exposure value	_	203	_	_	593	424	_	_	1	_	_	1,221
As at 31 December 2021												
1 Central governments or central banks	_	_	_	_	_	_	_	_	_	_	_	_
 Regional government or local authorities 	_	_	_	_	_	_	_	_	_	_	_	_
3 Public sector entities	_	_	_	_	_	_	_	_	_	_	_	_
4 Multilateral development banks	_	_	_	_	_	_	_	_	_	_	_	_
5 International organisations	_	_	_	_	_	_	_	_	_	_	_	_
6 Institutions	_	873	_	_	1,540	634	_	_	_	_	_	3,047
7 Corporates	_	_	_	_	3	_	_	_	4	_	_	7
8 Retail	_	_	_	_	_	_	_	_	_	_	_	_
9 Institutions and corporates with a short-term credit assessment	_	_	_	_	_	_	_	_	_	_	_	_
10 Other items	_	_	_	_	_	_	_	_	_	_	_	_
11 Total exposure value	_	873		_	1,543	634	_	_	4		_	3,054

Counterparty Credit Risk (CCR) EAD decreased by £1.8bn to £1.2bn primarily driven by the maturity of reverse repo trades and introduction of SA-CCR.

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Analysis of counterparty credit risk (continued)

Table 46: CCR5 – Composition of collateral for CCR exposures^a

This table shows the types of collateral posted or received to support or reduce CCR exposures relating to derivative transactions or SFTs, including transactions cleared through a CCP.

			Collateral used in deriv	ative transactions		Collateral us	ed in SFTs
		Fair value of colla	Fair value of collateral received Fair value of posted collateral				Fair value of
		Segregated	Unsegregated	Segregated	Unsegregated	Fair value of collateral received	posted collateral
As at 31 December 2022		£m	£m	£m	£m	£m	£m
1	Cash	_	432	_	5,174	_	_
2	Debt	1	11	1,298	_	2,054	4,611
3	Equity	_	_	_	_	_	_
4	Others	_	_	_	_	471	_
5	Total	1	443	1,298	5,174	2,525	4,611

Table 47: CCR8 - Exposures to CCPs

This table provides a breakdown of Barclays' exposures and RWAs to CCPs.

		As at 31 December	er 2022	As at 31 Decem	ber 2021
		Exposure value	RWEA	Exposure value	RWEA
		£m	£m	£m	£m
1	Exposures to QCCPs (total)		16		198
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	203	4	873	17
3	(i) OTC derivatives	182	4	843	16
4	(ii) Exchange-traded derivatives	_	_	_	_
5	(iii) SFTs	21	_	30	1
6	(iv) Netting sets where cross-product netting has been approved	_	_		_
7	Segregated initial margin	1,297		1,514	
8	Non-segregated initial margin	_	_	_	_
9	Prefunded default fund contributions	24	12	90	181
10	Unfunded default fund contributions	480	_		

RWAs on overall exposures to QCCPs decreased by £0.2bn to £0.02bn driven by the introduction of SA-CCR from 1 January 2022.

Credit valuation adjustments (CVA)

CVA measures the risk from MTM losses due to deterioration in the credit quality of a counterparty to over-the-counter derivative transactions with Barclays. It is a complement to the counterparty credit risk charge, that accounts for the risk of outright default of a counterparty.

Table 48: CCR2 - Transactions subject to own funds requirements for CVA risk

Barclays Bank UK Group uses the standardised approach to calculate CVA capital charge: This approach takes account of the external credit rating of each counterparty, EAD from the calculation of the CCR and the effective maturity.

Cred	it valuation adjustment (CVA) capital charge	Exposure Value	RWEA
	As at 31 December 2022	£m	£m
4	Transactions subject to the Standardised method	480	735
5	Total transactions subject to own funds requirements for CVA risk	480	735
	As at 31 December 2021		
4	Transactions subject to the Standardised method	533	379
5	Total transactions subject to own funds requirements for CVA risk	533	379

CVA RWA increased to £0.7bn (December 2021: £0.4bn) primarily driven by an increase in FX forward trades.

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022

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Analysis of market risk

Table 49: MR1 – Market risk under the standardised approach

This table shows the RWAs and capital requirements for standardised market risk split between outright products, options and a standard requirement of the results of thesecuritis at ion. This table includes exposures subject to the standardised approach only.

		As at 31 December 2022	As at 31 December 2021
		RWEAs	RWEAs
		£m	£m
	Outright products		
1	Interest rate risk (general and specific)	30	48
2	Equity risk (general and specific)	_	_
3	Foreign exchange risk	203	52
4	Commodity risk	_	_
	Options		
5	Simplified approach	_	_
6	Delta-plus approach	_	_
7	Scenario approach	_	_
8	Securitisation (specific risk)	_	_
9	Total	233	100

Analysis of securitisation exposures

Table 50: SEC1 - Securitisation exposures in the non-trading book^a

This table shows the non-trading book securitisation exposure split by exposure type and associated regulatory capital requirements.

			Institution act	s as originator			Institution a	cts as sponsor		Institution acts as investor						
				Traditional			Synthetic		Traditional			Sub-total		Traditional		
			STS		Non-STS			Sub-total			Synthetic				Synthetic	Sub-total
			of which SRT		of which SRT		of which SRT	Sub-total	STS	Non-STS	Synthetic		STS	Non-STS	Synthetic	Sub-total
As at	31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	_	_	8,034	489	3,929	3,929	11,963	_	_	_	_	1,144	4,429	_	5,573
2	Retail (total)	_	_	8,034	489	_	_	8,034	_	_	_	_	1,144	4,429	_	5,573
3	Residential mortgage	_	_	988	489	_	_	988	_	_	_	_	1,144	4,429	_	5,573
4	Credit card	_	_	7,046	_	_	_	7,046	_	_	_	_	_	_	_	_
5	Other retail exposures	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
6	Re-securitisation	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
7	Wholesale (total)	_	_	_	_	3,929	3,929	3,929	_	_	_	_	_	_	_	_
8	Loans to corporates	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
9	Commercial mortgage	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
10	Lease and receivables	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
11	Other wholesale	_	_	_	_	3,929	3,929	3,929	_	_	_	_	_	_	_	_
12	Re-securitisation	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022.

Analysis of securitisation exposures (continued)

Table 51: SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor^a

This table shows the non-trading book securitisation exposures, where the institution acts as originator or as sponsor.

			Ex	posure values	(by RW bands	/deductions)		Exposure values	s (by regulato	ry approach)		RWE	A (by regulato	ry approach)			Capital cha	rge after cap
		≤20% RW	>20% to 50% RW	>50% to	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
As at 31 December 2022		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	4,388	_	_	_	_	4,388	_	_	_	658	_	_	_	53	_	_	_
2	Traditional transactions	459	_	_	_	_	459	_	_	_	69	_	_	_	6	_	_	_
3	Securitisation	459	_	_	_	_	459	_	_	_	69	_	_	_	6	_	_	_
4	Retail underlying	459	_	_	_	_	459	_	_	_	69	_	_	_	6	_	_	_
5	Of which STS	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
6	Wholesale	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
7	Of which STS	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
8	Re-securitisation	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
9	Synthetic transactions	3,929	_	_	_	_	3,929	_	_	_	589	_	_	_	47	_	_	_
10	Securitisation	3,929	_	_	_	_	3,929	_	_	_	589	_	_	_	47	_	_	_
11	Retail underlying	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
12	Wholesale	3,929	_	_	_	_	3,929	_	_	_	589	_	_	_	47	_	_	_
13	Re-securitisation	_	_		_		_	_	_	_	_	_	_	_	_	_	_	_

Note

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022.

Analysis of securitisation exposures (continued)

Table 52: SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

This table shows the non-trading book securitisation exposures, where the institution acts as investor.

	Exposure values (by RW bands/deductions)						Exposure values	s (by regulato	ry approach)		RWE	A (by regulato	ry approach)			Capital cha	rge after cap	
		≤20% RW	>20% to 50% RW	>50% to	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
As at 3	31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	5,573	_	_	_	_	_	_	5,573	_	_	_	779	_	_	_	62	_
2	Traditional transactions	5,573	_	_	_	_	_	_	5,573	_	_	_	779	_	_	_	62	_
3	Securitisation	5,573	_	_	_	_	_	_	5,573	_	_	_	779	_	_	_	62	_
4	Retail underlying	5,573	_	_	_	_	_	_	5,573	_	_	_	779	_	_	_	62	_
5	Of which STS	1,144	_	_	_	_	_	_	1,144	_	_	_	114	_	_	_	9	_
6	Wholesale	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
7	Of which STS	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
8	Re-securitisation	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
9	Synthetic transactions	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
10	Securitisation	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
11	Retail underlying	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
12	Wholesale	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_
13	Re-securitisation	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022.

Barclays Bank UK PLC Pillar 3 Report 2022

Analysis of securitisation exposures (continued)

Table 53: SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments^a

This table shows the outstanding nominal amounts where the institution acts as originator or as sponsor together with thoseexposures that are deemed as defaulted, where specific credit risk adjustments have been raised.

		Exposure	es securitised by the institution - Instit	ution acts as originator or as sponsor
			Total outstanding nominal amount	Total amount of specific credit risk
			Of which exposures in default	adjustments made during the period
As at 3	1 December 2022	£m	£m	£m
1	Total exposures	12,171	24	_
2	Retail (total)	8,100	24	_
3	residential mortgage	1,054	_	_
4	credit card	7,046	24	_
5	other retail exposures	_	_	_
6	re-securitisation	_	_	_
7	Wholesale (total)	4,071	_	_
8	loans to corporates	_	_	_
9	commercial mortgage	_	_	_
10	lease and receivables	_	_	_
11	other wholesale	4,071	_	_
12	re-securitisation	_	_	_

Note

a. No comparatives are provided as this is a new disclosure requirement from 1 January 2022

Analysis of operational risk

Table 54: OR1 - Operational risk own funds requirements and risk-weighted exposure amounts^a

Barclays' approach to managing risks

The following table details the Group's operational risk RWAs. Barclays Bank UK Group has approval from the PRA to calculate its operational risk capital requirement using TSA.

See pages 120 to 124 for information on operational risk management.

			Relevant indicator			
		Year-3	Year-2	Last year	Own funds requirements	Risk weighted exposure amount
	Banking activities	£m	£m	£m	£m	£m
1	Banking activities subject to basic indicator approach (BIA)	_	_	_	_	_
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	6,640	6,603	7,557	886	11,081
3	Subject to TSA:	6,640	6,603	7,557		
4	Subject to ASA:	_	_	_		
5	Banking activities subject to advanced measurement approaches AMA	_	_	_	_	_

Capital set aside for operational risk is intended to cover the losses resulting from human errors, inadequate or failed internal processes and systems or external events. To assess minimum capital requirements for operational risk, the TSA is applied. Under TSA, banks are required to hold regulatory capital for operational risk equal to the annual average, calculated over a rolling three-year period, of the relevant income indicator, multiplied by a conversion percentage factor specific to business lines in accordance with the regulatory requirements.

Operational risk profile

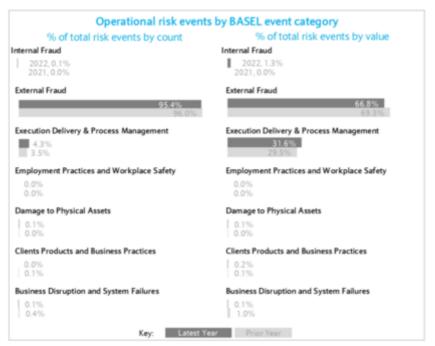
During 2022, total operational risk losses^a fell to £87m (2021: £107m) while the number of recorded events for 2022 remained broadly stable at 2,031 (2021: 2,138). The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery & Process Management and External Fraud BASEL Event Type categories, which tend to be high volume but low impact events.

Within operational risk, there are a large number of smaller value risk events. In 2022, 87% (2021: 88%) of the Barclays Bank UK Group's reportable operational risk events by volume had a value of less than £50,000 each. Cumulatively, events under this £50,000 threshold accounted for only 42% (2021: 35%) of the Barclays Bank UK Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Barclays Bank UK Group.

The data disclosed includes operational risk losses for reportable events having net impact of > £10,000 and excludes events that are conduct or legal risk, aggregate and boundary events. A boundary events of the conduction ofevent is an operational risk event that results in a credit risk impact. Due to the nature of risk events that keep evolving, prior year losses have been updated

Analysis of operational risk (continued)

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



Note

- a The data disclosed includes operational risk losses for reportable events having net impact of > £10,000 and excludes 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 have been updated.
- External Fraud remains the category with the highest frequency of events at 95% of total events in 2022 (2021: 96%) with number of events decreasing to 1,937 (2021: 2,052). Losses decreased to £58m accounting for 67% of total losses (2021: £74m / 69%). In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage. [Note: total External Fraud losses in 2022 including those from events with impact < £10,000 amounted to £129m (2021: £137m)].
- Execution, Delivery and Process Management impacts decreased to £27m (2021: £32m), accounting for 32% of overall operational risk losses (2021: 30%). The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis, mapping mainly to Barclays Transaction Operations risk type. The volume of events in this category increased year-on-year to 87 (2021: 74), accounting for 4% of total events (2021: 4%).

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

Operational Resilience remains a key area of focus for the Barclays Bank UK Group, having been reinforced in recent years due to potential operational disruption from the COVID-19 pandemic. The Barclays Bank UK Group continues to strengthen its resilience approach across its most important business services to improve recoverability and assurance thereof by reviewing scenarios based on current global climates.

Operational risk associated with cybersecurity remains a top focus for the Barclays Bank UK Group. The sophistication of threat factors continues to grow as noted by multiple external risk events observed throughout the year. Ransomware attacks across the global Barclays supplier base were observed and we worked closely with the affected suppliers to manage potential impacts to the Barclays Bank UK Group and its clients and customers. The Barclays Bank UK Group's cybersecurity events were managed within its risk tolerances and there were no material loss events associated with cybersecurity recorded within the event categories above.

For further information, refer to the operational risk management section.

Barclays Bank UK PLC

Risk management strategy, governance and risk culture

The Barclays Bank UK Group's risk management strategy

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

Enterprise Risk Management Framework (ERMF)

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

The ERMF sets out:

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

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

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

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

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

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

Principal risks

The ERMF identifies nine principal risks (see managing risk in the strategic report section) namely: credit risk, market risk, treasury and capital risk, climate risk, operational risk, model risk, conduct risk, reputation risk and legal risk. Note that climate risk was added in January 2022; see page 73 for more information.

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

Risk appetite

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

Risk appetite is approved by the Barclays PLC Board in aggregate and disseminated across legal entities and businesses, including the Barclays Bank UK Group. The Barclays Bank UK Board cannot approve a higher risk appetite than that determined by the Barclays PLC Board without the approval of the Group Board but may choose to operate at a lower level of risk appetite than that approved by the Barclays Group. The Barclays Group total risk appetite and its allocation to the Barclays Bank UK Group are supported by limits to enable and control specific exposures and activities that have material concentration risk implications.

Introduction

Risk and capital position review

Risk management strategy, governance and risk culture (continued)

Roles and responsibilities in the management of risk

Certain roles within Barclays Bank UK carry specific responsibilities and accountabilities with respect to risk management and the ERMF. These include the following:

Barclays Bank UK PLC Chief Executive Officer (CEO)

The Barclays Bank UK CEO is accountable for leading the development of the Barclays Bank UK's strategy and business plans that align to the Purpose, Values and Mindset within the approved risk appetite, and for managing and organising executive management to drive their execution. Managing the Bank's financial and operational performance within the approved Risk Appetite is ultimately the CEO's

Specifically, a crucial role of the Barclays Bank UK CEO is to appoint the most senior risk owners at the executive level including the Barclays Bank UK PLC Chief Risk Officer and the Barclays Bank UK PLC General Counsel, in line with applicable governance requirements. They must work with them to embed a strong risk culture within the legal entity, with particular regard to the identification, escalation and management of risk matters.

Barclays Bank UK PLC Chief Risk Officer (CRO)

Barclays Bank UK PLC CRO leads the Risk Function across the legal entity. Specific accountabilities include:

- oversight of each of the Credit Risk, Market Risk, Treasury and Capital Risk, Operational Risk, Climate Risk and Model Risk Frameworks:
- providing accurate, transparent and timely reporting of the actual Risk Profile of the legal entity relative to the set risk appetite to the Board:
- bringing a risk perspective to compensation decisions;
- reporting to all the relevant stakeholders on the legal entity's' risk positions (particularly in respect of the above Principal Risks), adherence to Risk Appetite and enterprise wide risks and controls; and
- arranging for the adoption and overseeing the application of the ERMF in the entity.

Barclays Bank UK PLC Chief Compliance Officer

The Barclays Bank UK PLC Chief Compliance Officer is accountable to the Barclays Bank UK PLC CEO to lead the Compliance Function. Specific accountabilities include:

- leadership and oversight of the Compliance function for the Barclays Bank UK PLC
- overseeing that the Barclays Bank UK PLC's conduct and reputation risks are effectively managed and escalated to the Board where appropriate
- monitoring compliance with the conduct and reputation risk frameworks
- inputting into compensation structures, objectives and performance management of employees who can expose the Barclays Bank UK PLC to significant risk
- using mandate to access any part of the legal entity and any information, bringing to the attention of line and senior management or the Board, as appropriate, any situation that is of concern from a conduct or reputation risk management perspective that could materially violate the approved risk appetite guidelines.

Barclays Bank UK PLC General Counsel

The Barclays Bank UK PLC General Counsel provides legal advice and guidance to Barclays Bank UK on the adoption of the Group legal risk framework. Policies and entity risk appetite for legal risk through non-financial legal risk tolerances aligned to the Group-wide legal risk appetite.

Barclays Bank UK PLC Chief Controls Officer

 $The \ Barclays \ Bank \ UK \ PLC \ Chief \ Controls \ Officer, reporting \ to \ the \ Barclays \ Bank \ UK \ PLC \ Chief \ Operating \ Officer, is \ responsible \ for \ PLC \ Chief \ Operating \ Officer, reporting \ to \ the \ Barclays \ Bank \ UK \ PLC \ Chief \ Operating \ Officer, responsible \ for \ PLC \ Chief \ Operating \ Officer, responsible \ for \ PLC \ Chief \ Operating \ Officer, responsible \ for \ PLC \ Chief \ Operating \ Officer, responsible \ for \ PLC \ Chief \ Operating \ Officer, responsible \ for \ PLC \ Chief \ Operating \ Officer, responsible \ for \ PLC \ Chief \ Operating \ Officer, responsible \ for \ PLC \ Chief \ Operating \ Ope$ overseeing the practical implementation of operational, conduct and reputation risk controls and control methodologies across the Barclays Bank UK. The Chief Controls Office has the following key responsibilities:

- Reviewing tolerances for non-financial operational risk exposures set by the business, and maintaining their appropriateness.
- Maintaining the standard for the creation and maintenance of all control documentation in the Barclays Bank UK.
- Overseeing the execution of control framework requirements consistently across the Barclays Bank UK. Execution includes recording risk events, issues, and the completion of risk and control self-assessments.

Senior Manager Regime

A number of members of the Barclays Bank UK PLC Board, of its Executive Committee and a limited number of specified senior individuals are also subject to additional rules included within the Senior Managers Regime (SMR), which clarifies their accountability and responsibilities. Those designated with a Senior Manager Function under the SMR are held to four specific rules of conduct in which they must:

- take reasonable steps to establish that the business of the Group for which they are responsible is controlled effectively;
- take reasonable steps to establish that the business of the Group for which they are responsible complies with relevant regulatory requirements and standards of the regulatory system;
- take reasonable steps to make certain that any delegation of their responsibilities is to an appropriate individual and that they oversee the discharge of the delegated responsibilities effectively;
- · disclose appropriately any information to the FCA or PRA, of which they would reasonably expect notice.

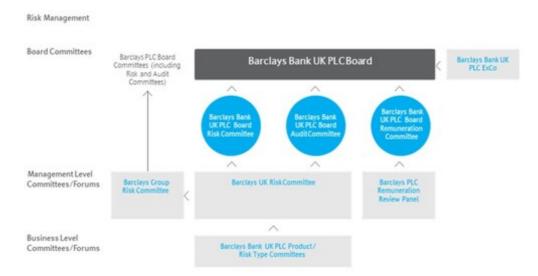
Barclays Bank UK PLC

Risk management strategy, governance and risk culture (continued)

Barclays' approach to managing risks

Risk committees

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



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

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

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

Risk management strategy, governance and risk culture (continued)

Coverage of risk reports to executive and Board risk committees

Chairs of Risk Committees at executive and Board levels specify the information they require to discharge their duties. Advance committee calendars are agreed with the committee chairs. Topics that are regularly covered include:

- risk profile, across risk types
- · risk appetite, results of stress tests and perspective on medium-term plans and strategy
- · political and economic developments, and their potential impacts on Barclays and its customers
- · impacts of key market developments on the risk profile of the Group
- risk management approaches and their effectiveness

Reports are presented by appropriate members of senior management, including CROs and heads of businesses. Occasionally subject matter experts are delegated to present specific topics of interest. Report presenters are responsible for following processes for creating reports that include appropriate controls and that these controls are operated effectively.

Frameworks, Policies and Standards

Frameworks, policies and standards set out the governance around Barclays Bank UK's activities:

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

The Barclays Bank UK Group CRO is accountable for the development and implementation of frameworks, policies and associated standards for credit, market, treasury and capital, climate, operational and model risks. The Barclays Bank UK CRO is responsible for adoption and overseeing their effective implementation within Barclays Bank UK PLC.

The Barclays Bank UK Group Chief Compliance Officer is likewise accountable for conduct risk and reputation risk, and the Barclays Bank UK Group General Counsel for legal risk. Similar to the Barclays Bank UK CRO, the Barclays Bank UK Chief Compliance Officer and the Barclays Bank UK Head of Legal are accountable for adoption and overseeing their effective implementation within their functions and throughout Barclays Bank UK as appropriate. The Barclays Bank UK Group CRO and Barclays Bank UK Group Chief Compliance Officer have the right to require amendments to any frameworks, policies or standards in the Barclays Bank UK Group.

Frameworks, policies and standards are subject to minimum annual review.

Assurance

Assurance is undertaken to assess the control environment. The Controls Assurance Standard defines the requirements for controls assurance and controls testing.

The risk function carry out conformance reviews to assess the implementation of, and adherence to, principal risk framework and component policies. Similar activities are undertaken in the first line by the Chief Controls Office in respect of certain policies, standards, controls or processes.

Internal Audit is responsible for the independent review of risk management and the control environment. Its objective is to provide reliable, valued and timely assurance to the Board and executive management over the effectiveness of controls, mitigating current and evolving material risks and thus enhancing the control culture within the Barclays Bank UK Group. The Board Audit Committee reviews and approves Internal Audit's plans and resources, and evaluates the effectiveness of Internal Audit. An assessment by independent external advisers is also carried out periodically.

Effectiveness of risk management arrangements

The ERMF and its component Principal Risks are subject to control testing assurance reviews to confirm its effectiveness or identify issues to be mitigated. Management and the Board are satisfied that the design of the ERMF and its components are appropriate given the risk profile of the Barclays Bank UK Group.

Risk management strategy, governance and risk culture (continued)

Learning from our mistakes

Introduction

Learning from mistakes is central to Barclays' values and mindset, demonstrating a commitment to excellence and taking accountability for failure as well as success. The Barclays Bank UK Group seeks to learn lessons on a continuous basis to support achievement of strategic objectives, increase operational excellence and to meet commitments to stakeholders, including colleagues, customers, shareholders and regulators. Barclays has implemented a Barclays Bank UK Group Lessons Learned process, setting out requirements for the completion of lessons learned assessments in response to internal and external risk events. The approach is aligned to the Three Lines of Defence model (see page 63), with businesses and functions accountable for undertaking lessons learned assessments; the Second Line providing oversight and challenge; and independent review by Internal Audit.

Core components of the Lessons Learned approach include:

- defined triggers for when Lessons Learned Assessments must be completed
- requirements and guidance for the completion of root cause analysis to identify the causes of risk events impacting the Barclays Bank UK Group
- · standardised Templates to report conclusions consistently to relevant management for a and committees
- use of a central system to record completed Lessons Learned Assessments and to facilitate sharing across the Barclays Bank UK Group.

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 UK Group identifies, escalates and manages risk matters. The Barclays Bank UK Group is committed to maintaining a robust risk culture in which:

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

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

Our Code of Conduct - the Barclays Way

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

Barclays Bank UK Group risk management tools

To support Barclays Bank UK Group's management of risks, the Barclays Bank UK PLC Board uses risk appetite, mandate and scale, and stress testing as key inputs in the annual planning cycle, including setting of its strategy. The following describes in further detail the risk management tools used as part of this process.

Risk appetite

Risk appetite is defined as the level of risk which Barclays Bank UK Group is prepared to accept in carrying out its activities.

Risk appetite provides a basis for ongoing dialogue between management and Board with respect to Barclays Bank UK Group's current and evolving risk profile and enables strategic and financial decisions to be made on an informed basis. Thus the risk appetite setting process aims to consider the material risks Barclays Bank UK Group is exposed to under its business plans.

The risk appetite of Barclays Bank UK Group aims to:

- specify the level of risk we are willing to take to enable specific risk taking activities
- consider all Principal Risks individually and, where appropriate, in aggregate
- consistently communicate the acceptable level of risk for different risk types.

Risk appetite is approved by the Board and must be formally reviewed at least annually in conjunction with the Medium Term Planning (MTP) process.

Introduction

Risk management strategy, governance and risk culture (continued)

Risk appetite is formally expressed by the Barclays Bank UK PLC Board as the acceptable level of deterioration in a set of key financial parameters under a severe but plausible stress scenario defined as the internal stress test. For 2022, the key financial parameters are listed below.

Measure relevant to strategy and risk	Link between strategy and risk profile
Profit after tax	Fundamental performance of Barclays Bank UK Group and underpins its capacity to make capital distributions to Barclays Group.
Common Equity Tier 1 (CET1)	Monitors capital adequacy in relation to capital plan, targets and regulatory hurdle rates.
Liquidity Risk Appetite	Monitors and protects liquidity position of the bank and its ability to meet financial obligations under normal conditions and in a stress.

Based on the specified risk appetite, Barclays Bank UK Group develops both stress loss and mandate & scale limits to control specific activities

Reflecting the increasing risks associated with climate change and following the Board Risk Committee's decision that climate risk would become a principal risk from 2022, a further risk appetite constraint has been introduced establishing a direct link between our strategic plans and risk appetite supporting Barclays' ambition to reduce emissions to net zero by 2050.

Measure relevant to strategy and risk	Link between strategy and risk profile
Climate Risk	Protects the long term climate ambitions of the bank and its ability to meet disclosed targets.

Stress loss limits

Stress loss limits are derived from the results of the internal stress test. Limits are a reflection of the losses absorbed by the stressed capital plans within risk appetite and provide a crucial link between the strategic planning process and risk appetite. Stress loss limits are conservatively assumed to be additive but in practice stresses may not happen at the same time. Risk management may over-allocate stress loss limits where they deem it unlikely all businesses will require full limit utilisation at the same time. Aggregate utilisation across all risk types is monitored against both the aggregate of stress loss limits and losses absorbed by the stressed capital plan. It is the role of Risk to manage the over-allocation within capital constraints.

Mandate and scale

Mandate and scale is a risk management approach that seeks to formally review and control business activities to make sure that they are within mandate (i.e. aligned with expectations), and are of an appropriate scale (relative to the risk and reward of the underlying activities) based on an appropriately detailed system of limits. The use of limits and triggers helps mitigate the risk of concentrations that could be out of line with expectations, and which may lead to unexpected losses of a scale detrimental to the stability of the relevant business line or Barclays Bank UK Group. There are, for example, individual limits for High Loan to Value and Buy to Let mortgages, and limits on the concentration of lower credit quality unsecured products, for example the Access product in Barclaycard UK.

The most material stress loss and mandate and scale limits are designated as A-level (Barclays PLC Board level) and B-Level (Barclays Group level). All B-level and lower limits are set by the Risk function. Barclays Bank UK Group limits are approved by the Barclays Bank UK Group CRO and are reportable to the Barclays UK Risk Committee. Unapproved excesses of limits may result in performance management and disciplinary consequences. All limits are subject to escalation and governance requirements.

There is explicit identification of the exposures that are captured by limits and any material exclusion must be agreed. Limits are reviewed at least annually. The factors taken into consideration when setting the limit include:

- Barclays Group and Barclays Bank UK Group Risk Appetite
- current exposure/MTP forecasts
- risk return considerations
- · senior risk management judgement.

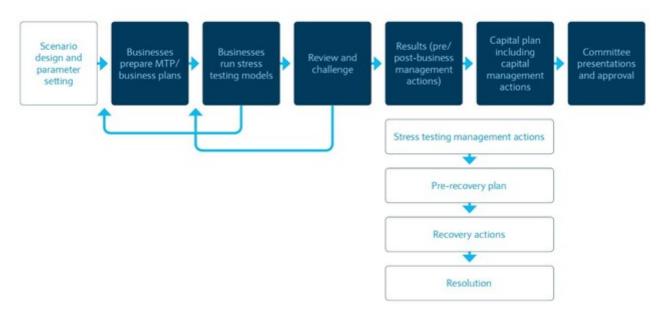
Risk management strategy, governance and risk culture (continued)

Internal stress testing

Introduction

Barclays Bank UK Group-wide stress tests are integrated within the MTP process and annual review of risk appetite, forming part of a Barclays Group-wide approach to stress testing. They aim to check that Barclays Bank UK Group's financial position and risk profile provide sufficient resilience to withstand the impact of severe economic stress, allowing Barclays Bank UK to make changes to plans as necessary. Barclays Bank UK Group-wide stress testing process is supported by a Capital Stress Testing Standard which sets out the minimum control requirements and defines clear roles and responsibilities across businesses and central functions. The results also feed into our internal capital adequacy assessment process (ICAAP).

The following diagram outlines the key steps in Barclays Bank UK Group-wide stress testing process, which are described below.



Barclays Bank UK Group-wide stress testing process begins with a detailed scenario setting process, with the Barclays Group Risk Committee and Barclays Board Risk Committee agreeing the range of scenarios to be tested. The scenarios are designed to be severe but plausible, and relevant to the business. A wide range of macroeconomic parameters are defined (such as GDP, unemployment, house prices, FX, interest rates, and inflation), which allows the impact of the scenarios across the wide range of products and portfolios to be assessed across Barclays Bank UK Group.

Businesses prepare detailed MTP business plans which form the baseline for the stress test assessment. The stress test process aims to support this level of complexity, using bottom-up analysis across all of our businesses including both on- and off-balance sheet positions, and combines running statistical models with expert judgement. An overview of the stress testing approach by Principal Risk is provided in the table below. As part of their stress test assessments, businesses are also required to identify potential management actions that could be taken to mitigate the impact of stress and document these within their results.

The governance process in place includes a detailed review of stress testing methodology, assumptions, judgements, results and management actions within each business (including sign-off by business CROs and CFOs) and by central functions.

The relevant businesses stress test results are consolidated to form a Barclays Bank UK Group view which is used to assess the stress impact on both Barclays Bank UK Group's and Barclays Group's capital plans both of which consider capital management actions such as reducing dividends or redeeming certain capital instruments. Barclays Bank UK Group also maintains recovery plans which take into consideration actions to facilitate recovery from severe stress or an orderly resolution. These actions are additional to those included in Barclays Bank UK Group-wide stress testing results.

The overall stress testing results are reviewed and signed off by the Barclays Bank UK PLC Board, following review by the Barclays Bank UK PLC Board Risk Committee while also feeding into the Barclays Group level reviews with the Stress Testing Steering Committee, the Barclays Group Risk Committee and the Barclays BRC.

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Risk management strategy, governance and risk culture (continued)

Summary of methodologies for Barclays Bank UK Group-wide stress testing by risk type

Principal Risk	Stress testing approach
	 Credit risk impairment: For retail portfolios businesses use IFRS9 impairment forecast models to estimate stressed levels, leveraging the relationships between macroeconomic parameters such as unemployment, inflation, GDP etc. that are embedded in those models. In addition, house price reductions (for mortgages), increased customer drawdowns (for revolving facilities) and higher interest rates impacting customer affordability lead to higher credit losses. For wholesale portfolios the stress shocks on credit risk drivers PD, LGD and EAD are primarily calibrated using historical and expected relationships with key macro economic parameters.
Credit risk	• Counterparty credit risk losses: The scenarios include market risk shocks that are applied to determine the market value under stress of contracts that give rise to CCR. Counterparty losses, including from changes to the Credit Valuation Adjustment and from defaults, are modelled based on the impact of these shocks as well as using stressed credit risk drivers (PDs and LGDs). The same approach is used to stress the market value of assets held as available for sale or at fair value in the banking book.
	 Credit risk weighted assets: The impact of the scenarios is calculated via a combination of business volumes and using similar factors to impairment drivers above, with consideration of the portfolio-specific requirements for the calculation of regulatory capital.

Barclays Bank UK PLC

Risk management strategy, governance and risk culture (continued)

- The analysis of treasury and capital risk also contributes to the estimate of stressed income and costs.
 - Stress impact on non-interest income is primarily driven by lower projected business volumes and hence lower income from fees and commissions.
 - Impact on net interest income is driven by stressed margins, which depend on the level of interest rates under stress as well as funding costs, and on stressed balance sheet volumes. This can be partly mitigated by management actions that may include repricing of variable rate products, taking into account interbank lending rates under stress.
 - The impact on costs is mainly driven by business volumes, exchange rates, and inflation with management actions to partly offset profit reductions (due to impairment increases and decreases in income) such as headcount reductions and lower performance costs.
- Capital Risk: is assessed by taking all modelled risk impacts as part of the stress test (as listed above) into consideration when assessing Barclays Bank UK Group's ability to withstand a severe stress. The stressed results are considered against internally agreed risk appetite levels but also regulatory minima and perceived market expectations. The MTP can only be agreed by the Board if this is within the agreed risk appetite levels under stress.
- Liquidity risk: is assessed through internal liquidity stress testing, Liquidity Risk Appetite ("LRA") and regulatory stress testing, using Barclays Bank UK Group's Liquidity Coverage Ratio ("LCR") and the Net Stable Funding Ratio ('NSFR'). The Bank analyses specific liquidity risk drivers such as wholesale funding and contingent funding needs based on the below scenarios:
 - Barclays idiosyncratic scenario: Barclays Bank UK Group faces a loss of market confidence while the market overall is not impacted
 - market wide scenario: Market wide stress leading to increased market volatility and loss of confidence
 - combined scenario: A simultaneous Barclays Bank UK Group idiosyncratic and Market wide liquidity stress scenario
 - Liquidity Coverage Ratio: Regulatory prescribed 30-day liquidity metric.
- Interest Rate Risk in the Banking Book (IRRBB):
 - risk assessment for interest rate risk in the banking book is driven by the economic risk of the underlying positions but also considers the accounting treatment
 - $earnings\ based\ measures\ are\ used\ to\ assess\ risk\ to\ net\ interest\ income\ from\ positions\ in\ customer$ banking books, hedging portfolios (held to mitigate those risks), and Treasury investment and funding activities
 - value based measures are used to assess risk to the fair value of assets held as part of investments in the liquid asset portfolio and associated risk management portfolios.
- Risk under stress is assessed by considering:
 - the impact on net interest income resulting from stressed product margins and volumes, which are dependent on the level of interest rates and funding costs under stress conditions. This can be partly mitigated by management actions which may include repricing of variable rate products taking into account interbank lending rates under stress
 - securities in the liquid asset portfolio are subject to several market risk stresses designed to estimate potential losses in various scenarios. This includes, but is not limited to, an annual internal stress test, regulatory stress tests as well as various ad hoc exploratory exercises.

Operational risk

Treasury and

Capital Risk

Operational risk loss projections include the effect of the stressed macroeconomic scenario as well as the impact of forward-looking idiosyncratic risk events under stress. Operational risk is also part of the reverse stress testing framework through scenario assessments of such idiosyncratic events.

Model risk

- The Independent Valuation Unit (IVU) reviews and approve models for use in stress tests. IVU may require compensating controls, in the form of overlays to address model deficiencies. IVU may also reject a model that is not conceptually sound, or for which the marginal impact of findings (in aggregate or on a stand-alone basis) on model output is ≥ 30%.
- Redress/Remediation: Businesses review existing provisions and include additional provisions in MTP if reauired

Conduct risk

Litigation: Irrespective of whether a provision had been recognised, stress projections of future losses for conduct risk matters managed by legal are estimated by exercising expert judgment on a case by case basis (material matters) or on a portfolio basis (non-material matters) in accordance with the methodology provided by regulators (PRA).

Reputation risk

Reputation risk is not quantified or stressed.

Legal risk

Legal risk is not quantified or stressed.

The internal Group-wide stress testing exercise is run as part of the MTP process, assessing Barclays' vulnerabilities under a severe but plausible scenario. For 2022 the scenario used for the Internal Stress Test is the same as Bank of England 2022 regulatory stress test (see below BoE Annual Cyclical Scenario for more details). There are some difference in approach e.g. ACS excludes the impact of Regulatory Capital Models that have not been approved by the PRA whereas the IST includes them.

Barclays Bank UK PLC

Risk management strategy, governance and risk culture (continued)

The Barclays Group-wide stress testing framework also includes reverse stress testing techniques, which aim to identify the circumstances under which Barclays Bank UK Group's business model would no longer be viable, leading to a significant change in business strategy and to the identification of appropriate mitigating actions. Examples include extreme macroeconomic downturn ('severely adverse') scenarios, or specific idiosyncratic events, covering both operational risk and capital/liquidity events but also the implication of a failure of Barclays Group non-ring fenced bank. Reverse stress testing is used to help support ongoing risk management and is an input to our Recovery Planning process.

Business and risk type specific stress tests

Stress testing techniques at portfolio and product level are also used to support risk management. For example, portfolio management in the UK Cards business employs stressed assumptions of loss rates to determine profitability hurdles for new accounts. In the UK Mortgage portfolios, affordability thresholds incorporate stressed estimates of interest rates. Stress testing is also conducted on positions in particular asset classes, including interest rates and credit.

Regulatory stress testing

Introduction

In addition to running internal Barclays Group-wide stress tests, Barclays Group also runs regulatory stress tests for which Barclays Bank UK Group is a sub-component. Notably in 2022,

- The BoE announced in Q2 the results of the Climate Stress undertaken in 2021 which considered the impact of three climate scenarios covering both "transition" and "physical" risks. This was an exploratory exercise across the banking industry with a focus on the banking book, the aim was to size financial exposures to climate-related risks, understand the challenges to business models from these risks and enhance management of climate-related financial risks. The learning nature of the exercise was specifically stated, acknowledging climate risk management is in its infancy hence it was not used to set capital requirements.
- Due to the Ukraine Crisis, the Annual Cyclical Scenario (ACS) usually scheduled in H1 has been postponed to H2 in order to help lenders focus on managing the financial markets disruption associated with the invasion. The scenario was released at the end of Q3 and features rising global interest rates to fight high and persistent inflation in the context of a global economic recession. Submission to the BoE is due in January 2023 with results announced in Q2 2023.

Risk management in the setting of strategy

The risk appetite and internal stress testing processes described above form the basis of the risk review of the MTP, performed annually. The MTP embeds Barclays Bank UK Group's objectives into detailed business plans taking into account the likely business and macroeconomic environment. The strategy is informed by the risk review process, which includes reviewing Barclays Bank UK Group's risk profile and setting of risk appetite.

- The risk review process includes a review of business plans under stress which is used to inform the MTP.
- If the business' plans entail too high a level of risk, management can challenge them. This assessment is based on a comparison of the businesses' own risk appetite assessment reflected in their business plans ('bottom-up' risk appetite) with the central risk team's view ('top-down' risk appetite) based on the financial constraints set by the Board for Barclays Bank UK Group.
- Businesses may be asked to update their business plans until the bottom-up risk appetite is within top-down appetite. There is also a detailed review of the stressed estimates and the methodology used to translate the economic scenario to these stressed estimates, as well as the management actions included in the businesses' results to verify that these are appropriate and realistic in a stressed environment.
- Risk review meetings are held with each business, where they present their business plans to Barclays Bank UK Group's CRO. The findings from the risk reviews are discussed, including the risk appetite proposals and stress testing results. Businesses may be required to change their business plans as a result of these meetings.
- Interim internal capital adequacy assessments inform the capital planning process and are reviewed during the meetings. These assessments are refreshed based on year-end positions and reflected in the ICAAP.

The Barclays Bank UK PLC Board has overall responsibility for reviewing Barclays Bank UK Group's risk profile and making appropriate recommendations to the Board. The Board is ultimately responsible for approving the MTP and Barclays Bank UK Group's risk appetite. The risk appetite process allows senior management and the Board to understand the MTP's sensitivities by risk type, and includes a set of limits to help the Barclays Bank UK Group stay within its risk appetite, as described above.

Barclays Bank UK PLC

Risk management strategy, governance and risk culture (continued)

Management of Climate risk

Risk and capital position review

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

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

- 1. Embed Governance Framework: Establish a Climate Risk Committee (CRC), a Climate Risk Controls Forum, and enhance the BRC reporting
- 2. Scenario Analysis: Build out the vision and plan for undertaking scenario analysis exercises. This involved developing a climate scenario analysis framework
- 3. Carbon Modelling: Enhance the BlueTrack model to expand coverage to automobiles and Residential Real Estate

Organisation and Structure

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

The Barclays Bank UK Group Head of Climate Risk is responsible for the oversight of the Barclays Bank UK Group Climate risk profile and in turn, the integration and operationalisation of Climate Risk into BUK risk management. The Barclays Bank UK Group Head of Climate Risk chairs the Barclays Bank UK Climate Risk Forum, which provides support, quidance and oversight of the implementation and operation of Climate Risk within Barclays Bank UK. The Barclays Bank UK Climate Risk Forum escalates to the Barclays UK Risk Committee and also into the Group CRC.

To support the oversight of Barclays' Group climate risk profile, the CRC was established, as a sub-committee of the GRC. Authority of the CRC was established, as a sub-committee of the GRC was established, as a sub-committee of the GRC was established.the CRC is delegated by the GRC. CRC has reviewed and approved a refreshed Climate Risk Vision, updates from each of the financial and operational risks and from the material legal entities of the firm, along with key regulatory, policy and legal themes, the Climate risk register and Climate risk appetite statements and reviewed the control environment.

The Climate Risk Control Forum (CRCF) was established in July 2022 and escalates to the GRC via the Group Controls Committee. The purpose of the CRCF is to oversee the consistent and effective implementation and operation of the Barclays Controls Framework as relating to the Climate Risk. It reviews the control environment relating to Climate Risk, including risk events, policy and issues management.



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

- A Climate Risk Framework that defines climate risk and summarises the approach to identification, measurement, monitoring and reporting of climate risk
- Climate Risk Appetite at Group level established in line with the Group's risk appetite approach and informed by scenario analysis
- Climate Risk Register used to inform risk appetite. This includes a breakdown of key risk drivers for physical and transition risks, and materiality ratings using the 2020 climate IST and 2021 Climate Biennial Exploratory Scenario (CBES). The Climate Risk Register continues to align with the Group's Risk Register Taxonomy

Risk management strategy, governance and risk culture (continued)

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

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

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

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

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Risk management strategy, governance and risk culture (continued)

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

Barclays Bank UK PLC

Management of credit risk and the internal ratings-based approach

Credit risk

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

Overview

 $The \ credit \ risk \ that \ Barclays \ Bank \ UK \ Group \ faces \ arises \ from \ retail \ and \ wholesale \ loans \ and \ advances \ together \ with \ the \ counterparty$ credit risk arising from derivative contracts with market counterparties; trading activities, including: debt securities, settlement balances with market counterparties, FVOCI assets and reverse repurchase loans. Wholesale lending in Barclays Bank UK Group includes Business Banking, ESHLA and Wealth UK portfolios.

Credit risk management objectives are to:

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

Barclays' approach to managing risks

Organisation and structure

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.

Barclays Bank UK PLC Board Risk Committee

- Considers and recommends Barclays Bank UK Group's risk appetite for wholesale and retail credit risk to the Barclays Bank UK PLC Board
- Reviews Barclays Bank UK Group's risk profile for wholesale and retail credit on behalf of the Barclays Bank UK PLC Board
- Reviews the management of Barclays Bank UK Group's wholesale and retail credit risk
- Commissions, receives and considers reports on key financial and non-financial risk issues in the Barclays Bank UK Group



Barclays UK Risk Committee

- Reviews and recommends to the Barclays Group Risk Committee and Barclays Bank UK PLC Board Risk Committee the proposed wholesale and retail credit risk appetite for Barclays Bank UK Group
- Reviews and recommend limits and/or tolerances to control risk appetite for wholesale and retail credit risk
- Reviews and monitors the wholesale and retail credit risk profile of the Barclays Bank UK Group

Barclays Group Risk Committee

- Reviews appetite for wholesale and retail credit risk and makes recommendations on the setting of limits to the Barclays PLC Board
- Monitors the risk profile for wholesale and retail credit risk
- Reviews and monitors the control environment for wholesale and retail credit risk



Barclays Bank UK Group Business Risk Committees

- Reviews and monitors the risk profile of Barclays Bank UK Group product portfolios extending to the coverage of all relevant principal risks and any other risks to which Barclays Bank UK Group is exposed
- Reviews and recommends to the Barclays Bank UK PLC CRO, and Barclays UK Risk Committee the proposed risk appetite for the product
 portfolios
- Reviews and recommends limits and/or tolerances to control risk appetite

Business Risk Committees include:

- Mortgage Risk Committee
- Unsecured Lending Risk Management Committee
- Business Banking Risk Management Committee
- Wealth Management and Investments Risk Committee
- Barclays UK Wholesale Risk Committee
- Barclays UK Impairment Committee

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 Barclays Bank UK Group, business risk committees (attended by the first line) monitor and review the credit risk profile of each business unit where the most material issues are escalated to the Retail Credit Risk Management Committee, Wholesale Credit Risk Management Committee and Barclays UK Risk Committee.

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

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

The role of the Central Risk function is to provide Barclays Group-wide direction, oversight and challenge of credit risk taking. Central Risk sets the Credit Risk Control Framework, which provides the structure within which credit risk is managed, together with supporting credit risk policies and standards

Reporting

The Barclays Bank UK Group dedicates considerable resources to gaining a clear and accurate understanding of credit risk across the business and ensuring that its balance sheet correctly reflects the value of the assets in accordance with applicable accounting principles. This process can be summarised in five broad stages:

- · measuring exposures and concentrations
- monitoring performance and asset quality
- monitoring for weaknesses in portfolios
- review and approve the adequacy of impairment and other credit provisions
- · returning assets to a performing status or writing off assets when the whole or part of a debt is considered irrecoverable.

Measuring exposures and concentrations

Loans and advances to customers provide the principal source of credit risk to the Barclays Bank UK Group although it is also exposed to other forms of credit risk through, for example, loans and advances to banks, loan commitments and debt securities. Risk management policies and processes are designed to identify and analyse risk, to set appropriate risk appetite, limits and controls, and to monitor the risks and adherence to limits by means of reliable and timely data.

One area of particular review is concentration risk. A concentration of credit risk exists when a number of counterparties or customers are engaged in similar activities or geographies, and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. As a result, the Barclays Bank UK Group constantly reviews its concentration in a number of areas including, for example, geography, maturity and industry.

Mandate and scale limits are used to maintain concentrations at appropriate levels, which are aligned with the businesses' stated risk appetite. Limits are typically based on the nature of the lending and the amount of the portfolio meeting certain standards of underwriting criteria. Material excesses are reported to BRC.

Diversification, to reduce concentration risk, is achieved through setting maximum exposure limits to individual counterparties' exposures. Excesses are reported to the BRC.

Monitoring performance and asset quality

Trends in the quality of Barclays Bank UK Group's loan portfolio are monitored in a number of ways including tracking loan loss rate and coverage ratios

Loan loss rate

The loan loss rate (LLR) provides a way of consistently monitoring trends in loan portfolio quality at Barclays Bank UK Group, business and product levels. The LLR represents the annualised impairment charges on loans and advances to customers and other credit provisions as a percentage of the total, period-end loans and advances to customers, gross of impairment allowances. Details of the LLR for the current period may be found in the Credit Risk Performance section on page 79 of the Barclays Bank UK PLC Annual Report 2022

Barclays Bank UK PLC

Loans and advances total impairment coverage

Total coverage ratios will vary according to the type of product. The increase in 2017 reflects the transition to the new accounting standard IFRS 9. Overall, coverage ratios would therefore be expected to remain fairly steady over a defined period of time but in principle, a number of factors may affect Barclays Bank UK Group's overall coverage ratios, including:

- The mix of products: coverage ratios will tend to be lower when there is a high proportion of secured retail and wholesale balances. This is due to the fact that the recovery outlook on these types of exposures is typically higher than retail unsecured products, with the result that they will have lower impairment requirements;
- The stage in the economic cycle: coverage ratios will tend to be lower in the earlier stages of deterioration in credit conditions. At this stage, retail delinquent balances will be predominantly in the early delinquency cycles and wholesale names will have only recently shown signs of deterioration;
- Staging: coverage ratios will tend to be higher when there is a high proportion of balances that have met the criteria for significant increase in credit risk with associated expected credit losses (ECL) moving from a 12-month to a lifetime assessment; and
- Write-off policies: the speed with which defaulted assets are written off will affect coverage ratios. The more quickly assets are written off, the lower the ratios will be, since stock with 100% coverage will tend to roll out more quickly.

Monitoring weaknesses in portfolios

While the basic principles for monitoring weaknesses in wholesale and retail exposures are broadly similar, they reflect the differing nature of the assets. As a matter of policy, all facilities granted to wholesale counterparties are subject to a review on, at least, an annual basis, even when they are performing satisfactorily. Retail exposures are monitored to identify customers exhibiting signs of potential financial difficulty. Identified customers are included in the High Risk Account Management (HRAM) population. Businesses have a contact strategy for their HRAM populations and they are excluded from credit expansion activities and, where appropriate, also considered for credit reduction activities or other mitigating actions.

Wholesale portfolios^a

Within the wholesale portfolios, the Basel definitions of default are used as default indicators. A default is deemed to have occurred with regard to a particular obligor if one or both of the following applies:

- the obligor is considered unlikely to pay its credit obligations to the Barclays Bank UK Group in full without recourse to actions such as the realisation of collateral;
- the obligor is 90 days or more past due on any material credit obligation to the Barclays Bank UK Group.

Examples of unlikeliness to pay include:

- The Barclays Bank UK Group puts the credit obligation on a non-accrued status;
- The Barclays Bank UK Group makes a charge-off or account specific identified impairment resulting from a significant perceived decline in credit quality;
- The Barclays Bank UK Group sells the credit obligation at a material credit-related economic loss;
- The Barclays Bank UK Group triggers a petition for obligor's bankruptcy or similar order;
- The Barclays Bank UK Group becomes aware of the obligor having sought or having been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the Group;
- The Barclays Bank UK Group becomes aware of an acceleration of an obligation by a firm.

Note

a. Includes certain Business Banking facilities which are recorded as retail for management purposes.

Wholesale accounts that are deemed to contain heightened levels of risk are recorded on Watch Lists (WL) comprising four categories graded in line with the perceived severity of the risk attached to the lending, and its probability of default. Examples of heightened levels of risk may include:

- · a material reduction in profits;
- a material reduction in the value of collateral held;
- a decline in net tangible assets in circumstances which are not satisfactorily explained; or
- periodic waiver requests or changes to the terms of the credit agreement over an extended period of time.

These lists are updated monthly and circulated to the relevant risk control points. Once an account has been placed on WL, the exposure is monitored and, where appropriate, exposure reductions are effected. While all counterparties, regardless of financial health, are subject to a full review of all facilities on at least an annual basis, more frequent interim reviews may be undertaken should circumstances dictate. The Business Support team deal with defaulted counterparties in higher levels of WL and default. Their priority is working intensively with the counterparty to help them to return to financial health or, in the cases of insolvency, obtain the orderly and timely recovery of impaired debts in order to maximise shareholder value. Where a counterparty's financial health gives grounds for concern, it is immediately placed into the appropriate category.

Retail portfolios

Within the retail portfolios, which tend to comprise homogeneous assets, statistical techniques more readily allow potential credit weaknesses to be monitored on a portfolio basis. Retail accounts can be classified according to specified categories of arrears status (or 30-day cycle), which reflects the level of contractual payments which are overdue. An outstanding balance is deemed to be delinquent when it is one day or "one penny" down.

Once a loan has passed through a prescribed number of cycles, it will be charged-off and enter recovery status. Charge-off refers to the point in time when collections activity changes from the collection of arrears to the recovery of the full balance. In most cases, charge-off will result in the account moving to a legal recovery function or debt sale and on unsecured assets will typically occur between 5 and 7 contractual payments in arrears. This may be accelerated or occur directly from a performing status, such as in the case of insolvency or death. For cards and unsecured loans portfolios, the point of charge off and write off has been aligned, for accounting purposes, as at December 2022.

Mortgage assets are not subject to charge-off but move through to litigation.

Returning assets to a performing status

Wholesale portfolios

In wholesale portfolios, an account may only be returned to a performing status when it ceases to have any actual or perceived financial stress and no longer meets any of the WL criteria, or once facilities have been fully repaid or cancelled. In Barclays Bank UK Group, the decision to return an account to performing status may only be made by the Credit Sanctioning team or Business Support team.

Retail portfolios

Retail forbearance exposures are classified as either Performing Forbearance (PF) or Non-Performing Forbearance (NPF) at the point the programme is agreed.

An up-to-date (i.e. not in arrears in relation to the agreed Forbearance programme) NPF may be reclassified as PF upon receipt (ontime) of all due payments (at current agreed repayment amount), over a 12 month period.

An up-to-date (i.e. not in arrears in relation to the agreed Forbearance programme) PF may be reclassified to the 'in order' book when the customer completes a minimum probation period of 24 months from the point of entering PF, even if they are no longer on a Forbearance programme. They must also meet the following criteria:

- · 12 consecutive on-time payments have been made during the probation period at the agreed repayment amount (i.e. the forbearance amount while forbearance is continuing or the contractual monthly payment once forbearance has concluded).
- Arrears must not have been >30 days past due during the probation period.
- · Account is not past due at the point of exit.

If a performing forborne contract under probation is granted additional forbearance measures or becomes more than 30 days pastdue, it is classified as non-performing.

Recovery units

Recovery units are responsible for exposures where deterioration of the counterparty/customer credit profile is severe, to the extent that timely or full recovery of exposure is considered unlikely and default has occurred or is likely in the short term. Recovery teams set and implement strategies to recover Barclays Bank UK Group's exposure through realisation of assets and collateral, in co-operation with counterparties/customers and where this is not possible through insolvency and legal procedures.

In wholesale, for a case to be transferred to a recovery unit, it must be in default and have ceased to actively trade or be in insolvency. In retail, the timings of the charge-off points to recovery units are established based on the type of loan. In most cases, charge-off will result in the account moving to a legal recovery function or debt sale and on unsecured assets will typically occur between 5 and 7 contractual payments in arrears, unless a Forbearance programme is agreed. Early points are prescribed for unsecured assets. For example, in case of customer bankruptcy or insolvency, associated accounts are charged off within 60 days of notification.

 $Mortgage\ assets\ are\ not\ subject\ to\ charge\ off\ but\ move\ through\ to\ litigation.$

See recovery information included in Analysis of Specific Portfolio and Asset Types section on page 114 in the Barclays Bank UK PLC Annual Report 2022.

Foreclosures in process and properties in possession

Foreclosure is the process where Barclays Bank UK Group initiates legal action against a customer, with the intention of terminating the loan agreement whereby Barclays Bank UK Group may repossess the property subject to local law and recover amounts it is owned. This process can be initiated by Barclays Bank UK Group independent of the impairment treatment and it is therefore possible that the foreclosure process may be initiated while the account is still in collections (delinquent) or in recoveries (post charge-off) where the customer has not agreed a satisfactory repayment schedule with Barclays Bank UK Group.

Properties in possession include properties held as 'loans and advances to customers' and properties held as 'other real estate owned'.

Held as 'loans and advances to customers' refers to the properties where the customer continues to retain legal title but where Barclays Bank UK Group has enforced the possession order as part of the foreclosure process to allow for the disposal of the asset, or the court has ordered the auction of the property.

Writing off assets

Write-off refers to the point where it is determined that the asset is irrecoverable, it is no longer considered economically viable to try and recover the asset, it is deemed immaterial, or full and final settlement is reached and a shortfall remains. In the event of write-off, the customer balance is removed from the balance sheet and the impairment reserve held against the asset is released.

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. The position of impaired loans is also reviewed at least quarterly to make sure that irrecoverable advances are being written off in a prompt and orderly manner and in compliance with any local regulations.

For retail portfolios, the timings of the write-off points are established based on the type of loan. For Cards and Loan portfolios, the point of charge off and write off have been aligned, for accounting purposes, as at December 2022. For other unsecured portfolios, assets are written off based on contractual payment criteria or accelerated criteria. Assets in the recovery book will be written-off if the required qualifying repayments are not made within a rolling twelve-month period. In certain circumstances accounts will be eligible for accelerated write off (e.g. deceased, insolvency, inappropriate to pursue (medical, vulnerable, small balance) or settlement is accepted in lieu of the full balance). For secured loans, any shortfall after the receipt of the proceeds from the disposal of the collateral is written off within three months of that date if a repayment schedule has not been agreed with the borrower/estate. Such assets are only written off once all the necessary procedures have been completed and the amount of the loss has been determined.

Subsequent recoveries of amounts previously written off are written back and hence decrease the amount of the reported loan impairment charge in the income statement.

In 2022, write-offs of impaired financial assets totalled £625m.

Assessment of Impairment Under IFRS 9

Under the IFRS 9 accounting standard, businesses are required to assess and recognise Expected Credit Losses (ECL) on financial assets from the point of origination or purchase, and to update said assessment at each reporting date, reflecting changes in the credit risk of the financial asset.

Barclays Bank UK PLC

Management of credit risk and the internal ratings-based approach (continued)

ECL represents present value measure of the credit losses expected to result from default events that may occur during a specified period of time. ECLs must reflect the present value of cash shortfalls, i.e. the difference between cash flows due under the contract and the cash flows that the business now expects to receive. Given ECLs take into account both the amount and the timing of payments, a credit loss may result if a contractual payment is missed or received late, even if the debt is ultimately paid in full. ECL assessments must reflect an unbiased and probability weighted assessment of a range of possible outcomes, including reasonable and supportable information about future economic conditions.

Exposures must be assessed and assigned to one of the following populations at each reporting point:

• Stage 1: Performing risk assets

In scope items classified as stage 1 exposure for IFRS 9 purposes are those assets performing in line with expectations in place at the point of origination/acquisition. This includes new originations or purchased assets (from the point of initial origination), but excludes exposures deemed credit impaired at point of origination.

Businesses must recognise an impairment allowance equal to 12 months expected credit losses. This allowance must be raised at point of initial reporting of an asset and the assessment updated at each subsequent reporting point.

· Stage 2: Significant Increase in Credit Risk (SICR) assets

Assets classified as stage 2 exposures for IFRS 9 purposes are those where credit risk has significantly increased compared with expectations at point of origination/acquisition, but which are not yet considered 'Credit Impaired'.

In order to maintain that individual exposures or groups of assets are correctly classified as stage 2 assets, businesses must undertake regular assessments to identify whether a significant increase in credit risk has occurred since initial recognition. This must take the form of the following:

- Quantitative Test

Where the residual annualised weighted average lifetime PD for an individual exposure at the latest reporting date shows a material deterioration compared with that at the origination/acquisition point, then the assets must be classified under stage 2 as having significantly increased credit risk.

The assessment of materiality, i.e. at what point the PD increase is deemed 'significant', is based upon analysis of the portfolios risk profile against a common set of defined principles and key performance metrics.

Qualitative Test

For personal banking assets managed under retail portfolios, accounts meeting the portfolios 'high risk' criteria (i.e. within the last 12 months reclassified from forbearance, rehabilitated from charge-off or subject to either re-age or collections arrangement; and external behavioural metric indicate an increased probability of financial difficulty, for example excessive or increasing indebtedness and/or missed or late payments recorded at credit bureau), must be classified under stage 2 as having significantly increased credit risk. For wholesale portfolios and Business Banking assets managed under retail portfolios where accounts are managed under the WL framework, then customers on WL 2/3, not breaching the quantitative test must be classified under stage 2 as having SICR (Significant Increase in Credit Risk). Obligors on WL1 may be classified as stage 1 for a maximum period of 6 months. In exceptional circumstances for an obligor on WL2 where it can be proven that a specific exposure is not deteriorated e.g. it is newly originated and therefore cannot have deteriorated, stage 1 ECL may be applied.

- Backstop Criteria

For retail portfolios, adverse changes in payment status must be considered within the assessment, and accounts 1 or more contractual payment in arrears (more than 1 contractual payment in arrears for the UK cards) at reporting date classified under stage 2, except where:

- The missed payment is a result of a bank error or technical issue;
- The arrears can be analytically proven not to represent deterioration from risk performance expectations at point of origination/ acquisition, e.g. where there is a very small period between cycle point and reporting date. Such exceptions must be approved by the Group Credit Risk Director (GCRD) or nominated delegate. Exposures at 30 days or more past contractual payment due date at the reporting date must be classified as stage 2 assets without exception.

For wholesale portfolios adverse changes in payment status must be considered within the assessment, and accounts with contractual payment 30 days or more in arrears at reporting date are included within the entry criteria for stage 2, except where the missed payment is a result of a proven bank error or administrative issue. Where 30 days is used it must be proven that this is a backstop, not a lead driver of exposure moving to stage 2.

Where the assessment of SICR is undertaken on a collective basis, assets must be grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Businesses must raise an impairment allowance equivalent to the latest assessment of lifetime expected credit losses. This increased allowance must be recognised at the first reporting point following entry to stage 2 and the assessment updated at each subsequent reporting date.

The assessment of lifetime ECLs for stage 2 (and stage 3) assets must consider the maximum contractual period over which the business is exposed to credit risk, including the impact of permitted extensions and pre-payments, i.e. those available at the option of the borrower to which the business must agree.

For loan commitments, the lifetime assessment period is normally the maximum contractual life, i.e. the period from the point the loan commitment is established to closure/full repayment of the exposure. However, where customer use of contractually available pre-payments and/or extension has a material impact on the expected life of the asset, then use of behavioural life may be justified.

For revolving credit facilities, the lifetime assessment period is set to the period over which the business is expected to be exposed to credit risk, based on historical experience i.e. an assessment of the average time to default, closure or withdrawal of the facility.

Assets may be removed from stage 2 and re-assigned to stage 1 once there is objective evidence that the criteria used to indicate a significant increase in credit risk are no longer met.

Barclays' approach to managing risks Ap

Management of credit risk and the internal ratings-based approach (continued)

· Stage 3: Credit impaired risk assets

Assets classified as stage 3 exposures for IFRS 9 purposes are those where credit risk has increased to a point where they are now considered 'Credit Impaired'. For retail portfolios, this incorporates all defaulted accounts as defined under the Regulatory Definition of Default. For wholesale portfolios cases of forbearance not captured by stage 3 (i.e. those not meeting the regulatory definition of default - EBA classification of non-performing) must be classified as stage 2 until such time as the relevant forbearance probation period has been completed.

Businesses must raise an impairment allowance equivalent to the latest assessment of lifetime expected credit losses, i.e. on the same basis as for stage 2 assets.

For single name wholesale assets, a threshold approach is taken with stage 3 impairment calculated individually. A discounted cash flow is completed establishing a base estimated impairment allowance, derived from the difference between asset carrying values and the recoverable amount.

Where the base allowance is greater than £10m, a bespoke assessment is performed reflecting individual work out strategies. The assessment is clearly and specifically articulated including how general economic scenarios and downside analyses have been applied.

Interest and fee income on stage 3 assets is recognised based on the net amortised value, i.e. the gross carrying amount adjusted for the loss allowance in line with IFRS principles.

For exposures that are considered credit-impaired on purchase or origination, lifetime ECLs must be taken into account within the estimated cash flows at point of initial recognition, and the asset classified as stage 3.

In subsequent reporting periods, businesses must recognise cumulative changes in lifetime ECLs since initial recognition as a loss allowance, i.e. the amount of change in lifetime ECLs is treated as an impairment gain or loss. Assets may only exit stage 3 and be reclassified into stage 1 or stage 2 once the original default trigger event no longer applies. In addition, the following criteria must be met:

- the customer has demonstrated consistently good payment behaviour by making a minimum of 12 months of consecutive contractual payments;
- for forborne exposures, a minimum of 12 months has passed since the date the most recent forbearance concession was granted, and payments have been made in line with plan during this period;
- no other regulatory default 'unlikely to pay' triggers are identified;
- the performance conditions defined and approved by the regulator as part of an existing IRB waiver for the specific portfolio have been met.

To fully embed this standard into businesses, management requires frequent periodic reviews of ECL performance across Barclays Bank UK Group both in isolation and, more importantly, in comparison to the underlying performance of portfolios and product types.

Review and challenge is carried out through a hierarchy of committees confirming both the adequacy of provisions under the ECL requirements and that all policies, standards and processes have been adhered to (see below) and that appropriate controls are evidenced.

Governance and oversight of impairment under IFRS 9

Barclays Bank UK Group relies on Barclays Group processes in overseeing the estimation of ECL, including: i) setting requirements in policy, including key assumptions and the application of key judgements; and ii) the design and execution of models.

- Impairment policy requirements are set and reviewed regularly by Barclays Group, at a minimum annually, to maintain adherence to accounting standards. Key judgements inherent in policy, including the estimated life of revolving credit facilities and the quantitative criteria for assessing SICR, are separately supported by analytical study. In particular, the quantitative thresholds used for assessing SICR are subject to a number of internal validation criteria, particularly in retail portfolios where thresholds decrease as the origination PD of each facility increases. Key policy requirements are also typically aligned to Barclays Bank UK Group's credit risk management strategy and practices, for example, wholesale customers that are risk managed on an individual basis are assessed for ECL on an individual basis upon entering Stage 3; furthermore, key internal risk management indicators of high risk are used to set SICR policy, for example, retail customers identified as High Risk Account Management are automatically deemed to have met the SICR criteria.
- ECL is estimated in line with internal policy requirements using models which are validated by a qualified independent party to the
 model development area, the Independent Validation Unit (IVU), before first use and at a minimum semi-annually thereafter. The IVU
 is a Barclays Group function. Each model is designated an owner who is responsible for:
 - Monitoring the performance of the model, which includes comparing predicted ECL versus flow into Stage 3 and coverage ratios;
 - Proposing post-model adjustments (PMA) to address model weaknesses or to account for situations where known or expected risk factors and information have not been considered in the modelling process. All PMAs relating to model deficiencies, regardless of value are approved by IVU for a set time period. PMAs representing Expert Judgement are validated by Risk, as the second line of defence and approved for a set time period. PMAs must also be approved by the Barclays Bank UK PLC Chief Risk Officer, with the most material also requiring approval from the Barclays Group Credit Risk Director or Barclays Group Chief Risk Officer.

Models must also assess ECL across a range of future economic conditions. These economic scenarios are generated via an independent model and ultimately set by the Senior Scenario Review Committee, run by Barclays Group. Economic scenarios are regenerated at a minimum annually, to align with Barclays medium term planning exercise, but also if the external consensus of the UK or US economy materially worsen. The scenario probability weights are also updated when scenarios are regenerated and reviewed by the Senior Scenario Committee. Each model used in the estimation of ECL, including key inputs, are governed by a series of internal controls, which include the validation of completeness and accuracy of data in golden source systems, documented data transformations and documented lineage of data transfers between systems.

The Barclays Bank UK Group's organisational structure and internal governance processes oversee the review of impairment results. The Barclays Bank UK Group Impairment Committee, formed of members from both Finance and Risk, is responsible for overseeing impairment policy and practice across Barclays Bank UK Group and will approve impairment results. Reported results and key messages are communicated to the Barclays Bank UK PLC Board Audit Committee, which has an oversight role and provides challenge of key assumptions, including the basis of the scenarios adopted. Impairment results are then factored into management decision making. Including but not limited to, business planning, risk appetite setting and portfolio management.

Introductio

Management of credit risk and the internal ratings-based approach (continued)

Forbearance and other concession programmes

Forbearance programmes

Forbearance takes place when a concession is made on the contractual terms of a facility in response to an obligor's financial difficulties. Barclays Bank UK Group offers forbearance programmes to assist customers and clients in financial difficulty through agreements that may include accepting less than contractual amounts due where financial distress would otherwise prevent satisfactory repayment within the original terms and conditions of the contract. These agreements may be initiated by the customer, Barclays Bank UK Group or a third party.

In line with regulatory guidance, the use of payment holidays and/or similar schemes developed specifically in response to the COVID-19 pandemic, does not necessitate reclassification of assets as forborne.

Forbearance programmes for wholesale portfolios

The majority of wholesale client relationships are individually managed, with lending decisions made with reference to specific circumstances and on bespoke terms.

Forbearance measures consist of concessions made towards a debtor that is experiencing or about to experience difficulties in meeting their financial commitments.

A concession is a sanctioned action, outside of market terms that is beneficial to the debtor. The concession arises solely due to the financial distress of the debtor and the terms are more favourable than those which would be offered to a new or existing obligor with a similar risk profile. Concessions are represented by:

- A change or alteration to the previous terms and conditions of a contract;
- A total or partial refinancing of a troubled debt contract.

The following are some examples of concessions which would be deemed forbearance (where granted to debtors in financial difficulties and outside of market terms):

- · A restructuring of the contractual terms of a credit facility (such as a reduction in the interest rate).
- · An extension to the maturity date.
- Change to the collateral structure (typically resulting in a net reduction in collateral).
- · Favourable adjustment to covenants where repayment profile changes, or non-enforcement of material covenant breach.
- Repayment in some form other than cash (e.g. equity).
- Capitalisation of accrued interest
- · Any other concession made which is designed to alleviate actual or apparent financial stress e.g. a capital repayment holiday.

Where a concession is granted that is not a result of financial difficulty and/or is within Barclays Bank UK Group's current market terms, the concession would not amount to forbearance. For example, a commercially balanced restructure within the Barclays Bank UK Group's current terms which involves the granting of concessions and receiving risk mitigation/structural enhancement of benefit to Barclays Bank UK Group would not be indicative of forbearance.

Forbearance is not deemed to have occurred in the following situations:

- There is a pending maturity event anticipated at the onset of lending i.e. the loan was never structured to amortise to zero.
- A maturity extension or a temporary covenant waiver (e.g. short term standstill) is granted to support a period of negotiation, subject to Barclays Bank UK Group being satisfied that:
 - the debtor is actively pursuing refinancing or the sale of an asset enabling full repayment at expiry of the extended term;
 - no loss is anticipated;
 - payments of interest and capital continues as originally scheduled; and
 - there is a high probability of a successful outcome within a "reasonable" time scale (6 months for bilateral facilities, 9 months for multi-lender).
- Immaterial amendments to lending terms are agreed, including changes to non-financial internal risk triggers that are only used for internal monitoring purposes.

Forbearance is considered evidence of a Significant Increase in Credit Risk and all forborne debtors are impaired as IFRS 9 stage 2 (Lifetime Expected Credit Loss) regardless of WL category as a minimum for the lifetime of the forbearance. Those forbearance cases in regulatory default will attract stage 3 impairment treatment.

Debtors granted forbearance are classified on WL for the duration of the forbearance. Counterparties placed on WL status are subject to increased levels of credit risk oversight.

Forborne debtors are classified for reporting as either Performing or Non-Performing.

Non-Performing debtors are defined as:

- More than 90 days past due at the point concession was granted.
- Assessed as unlikely to pay credit obligations in full without realisation of collateral, regardless of the existence of any past due
 amount or of the number of days past due.
- Credit impaired.
- Performing forborne debtors granted additional forbearance measures or becoming more than 30 days past-due on a facility obligation.

Performing debtors are classified as debtors that were less than 90 days past due at the point the concession was granted, are less than 30 days past due under their revised terms and are without risk of non-payment.

Non-performing status remains in force for a minimum 12 months from the date of classification before the debtor can be considered for performing status. Performing debtors remain forborne for a minimum 24 months before forborne status may be reviewed. The minimum time spent in forbearance for a case that is Non-Performing at the point forbearance is granted is therefore 36 months.

A control framework exists along with regular sampling so that policies for WL and impairment are enforced as defined and all assets have suitable levels of impairment applied. Portfolios are subject to independent assessment.

Aggregate data for wholesale forbearance cases is reviewed by the Wholesale Credit Risk Management Committee.

Forbearance programmes for retail portfolios

Retail forbearance is available to customers experiencing financial difficulties. Forbearance solutions take a number of forms depending on individual customer circumstances. It is imperative that the solution agreed is both appropriate to that customer and sustainable, with a clear demonstration from the customer of both willingness and ability to repay. Affordability assessments are undertaken before any permanent programme of forbearance is granted, to understand the customer duration of financial difficulty and agree an affordable payment amount. Short-term solutions focus on temporary reductions to contractual payments and may suppress interest, or change from capital and interest payments to interest only. Long term solutions focus on full amortisation of the balance, and may also include an interest rate concession.

When an account is placed into a programme of forbearance, the asset will be classified as such until a defined cure period has been successfully completed, incorporating a successful track record of payment in line with the revised terms, upon which it will be returned to the up-to-date book. When Barclays Group agrees a forbearance programme with a customer, impairment allowances recognise the impact on cash flows of the agreement to receive less than the original contractual payments. The Retail Impairment Policy prescribes the methodology for the impairment of forbearance assets, in line with the IFRS 9 methodology adopted in January 2018. Forborne exposures are classified as stage 3 (credit impaired) assets under IFRS 9, until such time as the prescribed stage 3 cure criteria have been met, resulting in higher impairment than for fully performing assets, reflecting the additional credit risk attached to loans subject to forbearance.

When customers exit forbearance, the accounts are ring-fenced as High Risk within the up-to-date book for a period of at least twelve months.

Barclays has continued to assist customers in financial difficulty through the use of forbearance programmes. However, the extent of forbearance offered by Barclays Bank UK Group to customers and clients remains small in comparison to the overall size of the loan book.

The level of forbearance extended to customers in other retail portfolios is not material and, typically, does not currently play a significant part in the way customer relationships are managed. However, additional portfolios will be added to this disclosure should the forbearance in respect of such portfolios become material.

A retail loan is not considered to be renegotiated where the amendment is at the request of the customer, there is no evidence of actual or imminent financial difficulty and the amendment meets with all underwriting criteria. In this case it would be treated as a new loan. In the normal course of business, customers who are not in financial difficulties frequently apply for new loan terms, for example to take advantage of a lower interest rate or to secure a further advance on a mortgage product. Where these applications meet our underwriting criteria and the loan is made at market interest rates, the loan is not classified as being in forbearance. Only in circumstances where a customer has requested a term extension, interest rate reduction or further advance and there is evidence of financial difficulty is the loan classified as forbearance and included in the disclosures on forbearance on pages 337-339 of the Barclays PLC Annual Report 2022.

Please see the credit risk performance section on pages 337 to 339 of the Barclays PLC Annual Report 2022 for details of principal wholesale and retail assets currently in forbearance.

Barclays Bank UK PLC

Management of credit risk and the internal ratings-based approach (continued)

Other programmes

Retail re-aging activity

Re-aging refers to the placing of an account into an up-to-date position without the requisite repayment of arrears. The re-age policy applies to revolving products that have a minimum payment requirement only. No reduction is made to the minimum due payment amounts which are calculated, as a percentage of balance, with any unpaid principal included in the calculation of the following month's minimum due payment.

The changes in timing of cash flows following re-aging do not result in any additional cost to Barclays Bank UK Group. The following are the conditions required to be met before a re-age may occur:

- · the account must not have been previously charged off or written off
- the borrower cannot be bankrupt, subject to an Individual Voluntary Arrangement (a UK contractual arrangement with creditors for individuals wishing to avoid bankruptcy), or deceased
- the borrower must show a renewed willingness and ability to repay the debt. This will be achieved by the borrower making at least three consecutive contractual monthly payments or the equivalent cumulative amount. Contractual monthly payment is defined as the contractual minimum due. Funds may not be advanced for any part of this
- the account cannot exceed cycle 3 arrears at the time of the final qualifying payment
- no account should be re-aged more than twice within any twelve-month period, or more than four times in a five-year period

Re-aged assets are included in portfolios High Risk population, and are classified as stage 2 assets (i.e. as having significantly increases credit risk) for IFRS 9 impairment purposes. This results in an appropriately higher impairment allowance being recognised on the assets

Retail small arrears capitalisation

All small arrears capitalisations are now considered a form of Forbearance, based on the European Banking Authority's requirements for Supervisory Reporting on Forbearance and Non-Performing exposures.

Refinancing risk

This is the risk that the borrower or group of correlated borrowers may be unable to repay bullet-repayment loans at expiry, and will therefore need refinancing.

Refinancing risk is taken into account on a case by case basis as part of the credit review and approval process for each individual loan. The review will consider factors such as the strength of the business model and sustainability of the cash flows; and for bridge loans, the certainty of the sources of repayment and any associated market risk.

Commercial real estate loans may incorporate a bullet repayment element at maturity. Where this is the case, deals are sized and structured to enable Barclays Bank UK Group to term out the loan if the client were unable to refinance the loan at expiry. Credit review will incorporate an examination of various factors that are central to this consideration, such as tenant quality, tenancy agreement (including break clauses), property quality and interest rate sensitivity. Loans to small and medium enterprises (SMEs) will typically be either revolving credit lines to cover working capital needs or amortising exposures, with periodic refinancing to give the opportunity to review structure, pricing, etc.

Environmental risk

Environmental risk is recognised as a credit risk driver and Barclays Group has a dedicated Environmental Risk Management team, as part of the as part of the Treasury, Enterprise, Credit and Climate Risk Transaction Cycle. Environmental issues are considered in credit risk assessment, and environmental risk standards are included in the Wholesale Credit Risk Control Framework.

Barclays Group's approach to environmental credit risk management addresses risk under two categories, namely Direct risk and Indirect risk which are covered below

Direct risk can arise when Barclays Group takes commercial land as collateral. In many jurisdictions, enforcement of a commercial mortgage by Barclays Group, leading to possession, potentially renders Barclays Group liable for the costs of remediating a site under Direct Lender Liability, if deemed by the regulator to be contaminated. In the UK, Barclays Group's approach requires commercial land, if being pledged as collateral, to be subject to a screening mechanism. Where required, a further assessment of the commercial history of a piece of land or an asset and its potential for environmental contamination helps reflect any potential environmental degradation in the value ascribed to that security. It also identifies potential liabilities which may be incurred by Barclays Group, if realisation of the security were to become likely.

Indirect risk can arise when environmental issues may impact the creditworthiness of the borrower. For instance, incremental costs may be incurred in upgrading a business' operations to meet emerging environmental regulations or tightening standards, including those associated with managing the impacts of climate change. In other circumstances, failure to meet those standards may lead to fines. Environmental impacts on businesses may also include shifts in the market demand for goods or services generated by our customers, or changing supply chain pressures. Environmental considerations affecting our clients can be varied. Barclays Group has developed a series of environmental risk briefing notes, covering ten broad industry headings ranging from Agriculture and Fisheries to Oil and Gas, from Mining and Metals to Utilities and Waste Management. These briefing notes are available to colleagues in business development and credit risk functions across the organisation, outlining the nature of environmental and social risks of which to be aware, as well as the factors which mitigate those risks.

More information on our approach to managing risks associated with climate change can be found on page 59 of Barclays Bank UK PLC Annual Report 2022.

Credit risk mitigation

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

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

Barclays Bank UK Group has detailed policies in place to maintain that credit risk mitigation is appropriately recognised and recorded. The recognition of credit risk mitigation is subject to a number of considerations including legal certainty of enforceability and effectiveness, that the valuation and liquidity of the collateral is adequately monitored, and that the value of the collateral is not materially correlated with the credit quality of the counterparty.

All three types of credit risk mitigation may be used by different areas of Barclays Bank UK Group for exposures with a full range of counterparties. For instance, businesses may take property, cash or other physical assets as collateral for exposures to retailers, property companies or other client types.

Netting and set-off

In most jurisdictions in which the Barclays Bank UK Group operates, credit risk exposures can be reduced by applying netting and set-off. In exposure terms, this credit risk mitigation technique has the largest overall impact on net exposure to derivative transactions, compared with other risk mitigation techniques.

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

Under IFRS, netting is permitted only if both of the following criteria are satisfied:

- the entity currently has a legally enforceable right to set off the recognised amounts
- · the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Collateral

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

- home loans: a fixed charge over residential property in the form of houses, flats and other dwellings. The value of collateral is impacted by property market conditions which drive demand and therefore value of the property. Other regulatory interventions on ability to repossess, longer period to repossession and granting of forbearance may also affect the collateral value
- wholesale lending: a fixed charge over commercial property and other physical assets, in various forms
- other retail lending: includes second line charges over residential property, which are subordinated to first charges held either by the Barclays Bank UK Group or by another party; and finance lease receivables, for which typically the Barclays Bank UK Group retains legal title to the leased asset and has the right to repossess the asset on the default of the borrower
- derivatives: the Barclays Bank UK Group also often seeks to enter into a margin agreement (e.g. Credit Support Annex) with counterparties with which the Barclays Bank UK Group has master netting agreements in place. These annexes to master agreements provide a mechanism for further reducing credit risk, whereby collateral (margin) is posted on a regular basis (typically daily) to collateralise the mark to market exposure of a derivative portfolio measured on a net basis. The Barclays Bank UK Group may additionally negotiate the receipt of an independent amount further mitigating risk by collateralising potential mark to market exposure moves
- reverse repurchase agreements: collateral typically comprises highly liquid securities which have been legally transferred to the Barclays Bank UK Group subject to an agreement to return them for a fixed price
- $\bullet \ \ \textbf{financial guarantees and similar off-balance sheet commitments:} \ \textbf{cash collateral may be held against these arrangements}$

Risk transfer

A range of instruments including guarantees can be used to transfer credit risk from one counterparty to another. These mitigate credit risk in 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

Risk transfer can also be used to reduce risk concentrations within portfolios lowering the impact of stress events.

Risk transfer transactions are undertaken with consideration to whether the collateral provider is correlated with the exposure, the credit worthiness of the collateral provider and legal certainty of enforceability and effectiveness. Where credit risk mitigation is deemed to transfer credit risk, this exposure is appropriately recorded against the credit risk mitigation provider.

In exposure terms, risk transfer is used most extensively as a credit risk mitigation technique for wholesale loans and derivative financial instruments.

Off-balance sheet risk mitigation

Barclays Bank UK Group applies fundamentally the same risk management policies for off-balance sheet risks as it does for its on-balance sheet risks. In the case of commitments to lend, counterparties/customers will be subject to the same credit management policies as for loans and advances. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

Recognition of credit risk mitigation in capital calculations

Credit risk mitigation is used to reduce credit risk associated with an exposure, which may reduce potential losses in the event of obligor default or other specified credit events.

Credit risk mitigation that meets certain regulatory criteria may be used to improve risk parameters and reduce RWA consumption against a given obligor. Collateral that meets these regulatory conditions is referred to as eligible collateral. Eligibility criteria are specified in articles 195 to 204 of the CRR.

Barclays Bank UK Group's policies and standards set out criteria for the recognition of collateral as eligible credit risk mitigation and are designed to be fully consistent with all applicable local regulations and regulatory permissions.

Where regulatory capital is calculated under AIRB regulations, the benefit of collateral is generally taken by adjusting LGDs. For standardised portfolios, the benefit of collateral is taken using the financial collateral comprehensive method: supervisory volatility adjustments approach.

For instruments that are deemed to transfer credit risk, in AIRB portfolios the protection is generally recognised by using the PD and LGD of the protection provider.

For exposures treated under the standardised approach, the impact of eligible credit risk mitigation is primarily recognised by reducing the EAD associated with the exposure that benefits from the mitigation.

Managing concentrations within credit risk mitigation

Credit risk mitigation taken by Barclays Bank UK Group to reduce credit risk may result in credit or market risk concentrations.

Guarantees that are treated as eligible credit risk mitigation are marked as an exposure against the guarantor and aggregated with other credit exposure to the guarantor. Limit monitoring at the counterparty level is then used for monitoring of concentrations in line with Barclays Bank UK Group policy.

Commercial real estate lending is another potential source of concentration risk arising from the use of credit risk mitigation. The portfolio is regularly reviewed to assess whether a concentration type exists, and portfolio limits are in place to control the level of exposure to commercial, residential, investment and development activity.

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Management of credit risk and the internal ratings-based approach (continued)

Counterparty credit risk

Counterparty credit exposures for derivatives and securities financing transactions

Barclays Bank UK Group enters into financial instruments through Barclays Bank UK Group Treasury that are traded or cleared on an exchange, including interest rate swaps, futures and options on futures. Holders of exchange traded instruments provide daily margins with cash or other securities at the exchange, to which the holders look for ultimate settlement. Barclays Bank UK Group Treasury enters into financial instruments taking into account regulatory exemption rules for the ring-fenced bank to manage predominantly hedging of interest rate in the banking book and cross currency exposures, with market counterparties.

Barclays Bank UK Group also enters into financial instruments that are traded over the counter, rather than on a recognised exchange. These instruments arise mainly from standardised transactions in derivative markets. In most cases, industry standard documentation is used, most commonly in the form of a master agreement, with individual transaction confirmations. The existence of a signed master agreement is intended to give Barclays Bank UK Group protection in situations where Barclays Bank UK Group's counterparty is in default.

Counterparty credit exposure arises from the risk that parties are unable to meet their payment obligations under certain financial contracts such as derivatives, securities financing transactions (SFTs) (e.g. repurchase agreements), or long settlement transactions.

A Monte Carlo simulation engine is used to estimate the Potential Future Exposure (PFE) to derivative and securities financing counterparties. The exposure simulation model simulates future market states and the MTM of the derivative transactions under those states. Simulated exposures including the effect of credit mitigants such as netting, collateral and mandatory break clauses can then be generated.

Credit limits for CCR are assessed and allocated using the PFE measure. A number of factors are taken into account when setting credit limits for individual counterparties, including but not limited to the credit quality and nature of the counterparty, the rationale for the trading activity entered into and any wrong-way risk considerations.

The expected exposures generated by this engine are also used as an input into both internal and regulatory capital calculations covering CCR.

'Wrong-way risk' in a derivative or SFT exposure arises when there is significant correlation between the underlying asset and the counterparty, which in the event of default would lead to a significant MTM loss to the counterparty. Specific wrong-way risk trades, which are self-referencing or reference to other entities within the same counterparty group, require approval by a senior credit officer. The exposure to the counterparty will reflect the additional risk generated by these transactions (the exposure will be consistent with jump-to-default of the reference asset assuming zero recovery).

Derivative CCR (credit value adjustments)

As Barclays Bank UK Group participates in derivative transactions it is exposed to CCR, which is the risk that a counterparty will fail to make the future payments agreed in the derivative contract. This is considered as a separate risk to the volatility of the MTM payment flows

The counterparty risk arising under derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the value is known as credit value adjustment (CVA). It is the difference between the value of a derivative contract with a risk-free counterparty and that of a contract with the actual counterparty. This is equivalent to the cost of hedging the counterparty risk in the Credit Default Swap (CDS) market.

Barclays Bank UK Group uses the standardised approach to calculate CVA capital charge. This approach takes account of the external credit rating of each counterparty, and incorporates the effective maturity and EAD from the calculation of the CCR.

Netting and collateral arrangements for derivatives and SFTs

Credit risk from derivatives and securities financing transactions (SFTs) is mitigated where possible through netting agreements whereby assets and liabilities with the same counterparty can be offset. Barclays Bank UK Group policy requires all netting arrangements to be legally documented. The ISDA Master Agreement is Barclays Bank UK Group's preferred agreement for documenting Over the Counter (OTC) derivatives. It provides the contractual framework within which dealing activities across a full range of OTC products are conducted, and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur. The majority of Barclays Bank UK Group's OTC derivative exposures are covered by ISDA master netting and ISDA CSA collateral agreements. SFTs are documented under Global Master Repurchase agreement.

Collateral may be obtained against derivative and SFTs, depending on the creditworthiness of the counterparty and/or nature of the transaction. Any non-cash collateral taken in respect of OTC trading exposures will be subject to a 'haircut', which is negotiated at the time of signing the collateral agreement. A haircut is the valuation percentage applicable to each type of collateral and will be largely based on liquidity and price volatility of the underlying security. The collateral obtained for derivatives is predominantly either cash, direct debt obligation government (G14+) bonds denominated in the domestic currency of the issuing country or debt issued by supranationals. Where Barclays Bank UK Group has ISDA master agreements, the collateral document will be the ISDA CSA. The collateral document must give Barclays Bank UK Group the power to realise any collateral placed with it in the event of the failure of the counterparty.

Internal ratings based (IRB) approach

The IRB approach largely relies on internal models to derive the risk parameters/components used in determining the capital requirement for a given exposure. The main risk components include measures of the PD, LGD and the EAD. The IRB approach is divided into three alternative applications: Own-Estimates, Supervisory Estimates and Specialised Lending:

Own-Estimates IRB (OEIRB): Barclays Bank UK Group uses its own models to estimate PD, LGD and EAD to calculate given risk exposures for various asset classes and the associated Risk Weighted Assets (RWAs).

Supervisory IRB (SIRB): Barclays uses its own PD estimates, but relies on supervisory estimates for other risk components. The SIRB approach is particularly used to floor risk parameters for wholesale credit exposures where default data scarcity may impact the robustness of the model build process.

Specialised Lending IRB: For specialised lending exposures for which PD cannot be modelled reliably, Barclays uses a set of risk weights defined in the relevant regulation, and takes into account a range of prescribed risk factors.

While in the past the industry has used the terms 'Advanced', 'Foundation' and 'Slotting' IRB, the current enforcing regulation (the Capital Requirements Regulation) does not use these terms.

The IRB calculation for credit risk

For both OEIRB and SIRB approaches, Barclays Bank UK Group uses the regulatory prescribed risk-weight functions for the purposes of deriving capital requirements.

In line with regulatory requirements, Long Run Average PD and downturn LGD and CF (Conversion Factor) estimates are used for each customer/facility to determine regulatory capital for all exposures in scope.

For the purpose of pricing and existing customer management, point in time (PIT) PD, LGD and EAD are generally used as these represent the best estimates of risk given the current position in the credit cycle. Whilst Long Run Average PDs are always tested at grade/pool level, PIT PDs are also used for the calculation of capital on certain retail unsecured products, in line with regulation.

Applications of internal ratings

The three components – PD, LGD and CF – are the building blocks used in a variety of applications that measure credit risk across the entire portfolio:

- Credit approval: PD models are used in the approval process in both retail and wholesale portfolios. In high-volume retail portfolios, application and behaviour scorecards are frequently used as decision-making tools. In wholesale, PD models are used to direct applications to an appropriate credit-sanctioning level
- Credit grading: this was originally introduced in the early 1990s to provide a common measure of risk across Barclays Group. Barclays now employs a 21-point scale of default probabilities. In some applications, grades in this scale are divided further to permit more detailed analysis. These are shown in Table 25 on page 35
- Risk-reward and pricing: RWA derived from the PD, LGD and CF estimates is used to assess the profitability of deals and portfolios and to facilitate risk-adjusted pricing and strategy decisions
- Risk appetite: estimates are used to calculate the expected loss and the potential volatility of loss in Barclays Group's risk appetite framework. See page 67
- Impairment calculation: under IFRS 9, ECL outputs are produced based on PD, EAD and LGD IRB feeder models, with different economic scenarios used on a probability-weighted basis. See pages 80 to 83.
- Collections and recoveries: PD model outputs are used to identify segments of the portfolio where collection and recovery efforts should be prioritised
- Economic capital (EC) calculation: EC models for most portfolios use inputs from the IFRS9 impairment models
- Risk management information: Risk generate reports to inform senior management on issues such as business performance, risk appetite and EC consumption. Model outputs are used as key indicators in those reports. Risk also generates regular reports on model risk, which covers model accuracy, model use, input data integrity and regulatory compliance among other issues

Ratings processes and models for credit exposures

To construct ratings for wholesale customers, including financial institutions, corporations, specialised lending, purchased corporate receivables and equity exposures, Barclays complements its internal models suite with external models and rating agencies' information. A model hierarchy is in place requiring users/credit officers to adopt a consistent approach/model to rate each counterparty based on the asset class type and the nature of the transaction.

Wholesale PD models

Barclays Bank UK Group employs a range of methods in the construction of these models:

- statistical models are used for our high volume portfolios such as small or medium enterprises (SME). The models are typically built using large amounts of internal data, combined with supplemental data from external data suppliers where available. Wherever external data is sourced to validate or enhance internally held data, similar data quality standards to those applicable to the internal data management are enforced
- structural models incorporate, in their specification, the elements of the industry-accepted Merton framework to identify the distance to default for a counterparty. This relies upon the modeller having access to specific time series data or data proxies for the portfolio. Data samples used to build and validate these models are typically constructed by appropriately combining data sets from internal default observations with comparable externally obtained data sets from commercial providers such as rating agencies and industry data gathering consortia
- expert lender models are used for those parts of the portfolio where there is insufficient internal or external data to support the
 construction of a statistically robust model. These models utilise the knowledge and in-depth expertise of the senior credit officers
 dealing with the specific customer type being modelled. For all portfolios with a low number of default observations, Barclays Group
 adopts specific regulatory rules, methodologies and floors in its estimates so that the calibration of the model meets the current
 regulatory criteria for conservatism

Wholesale LGD models

The LGD models typically rely on statistical analysis to derive the model drivers (including seniority of claim, collateral coverage, recovery periods, industry and costs) that best explain Barclays Group's historical loss experience, often supplemented with other relevant and representative external information where available. The models are calibrated to downturn conditions for regulatory capital purposes and, where internal and external data is scarce, they are subject to SIRB floors so that the calibration of the model meets the current regulatory criteria for conservatism.

Wholesale CF models

The wholesale CF models estimate the potential utilisation of the currently available headroom based on statistical analysis of the available internal and external data and past client behaviour. As is the case with the LGD models, the CF models are subject to downturn calibration for regulatory capital purposes and to floors where data is scarce.

Retail credit

Retail banking and cards operations have long and extensive experience of using credit models in assessing and managing risks. As a result, models play an integral role in customer approval and management decisions. Most retail portfolios are data rich; consequently, most models are built in-house using statistical techniques and internal data. Exceptions are some expert lender models (similar to those described in the wholesale context) where data scarcity precludes the statistically robust derivation of model parameters. In these cases, appropriately conservative assumptions are typically used, and wherever possible these models are validated/benchmarked against external data.

Retail PD models

Application and behavioural scorecards are most commonly used for retail PD modelling:

- application scorecards are derived from historically observed performance of new clients. They are built using customer
 demographic and financial information, supplemented by credit bureau information where available. Through statistical techniques,
 the relationship between these candidate variables and the default marker is quantified to produce output scores reflecting a PD.
 These scores are used primarily for new customer decisioning but are, in some cases, also used to allocate a PD to new customers
 for the purpose of capital calculation
- behavioural scorecards differ from application scorecards in that they rely on the historically observed performance of existing clients. The statistically derived output scores are used for existing customer management activities as well as for the purpose of capital calculation

Retail LGD models

Retail LGD models are built using bespoke methods chosen to best model the operational recovery process and practices. In a number of secured portfolios, LGD drivers are parameterised with market factors (e.g. house price indices, haircut of the property value) to capture market trends. For unsecured portfolios, where recoveries are not based on collateral, statistical models of cash flows are used to estimate ultimate recoveries and LGDs. In all instances, cash flows are discounted to the point of default by using bespoke country and product level factors. For capital calculations, customised economic downturn adjustments, taking into account loss and default dependency, are made to adjust losses to stressed conditions.

Barclays Bank UK PLC

Retail CF models

CF models within retail portfolios are split into two main methodological categories. The general methodology is to derive product level credit conversion factors (CCFs) from historical balance migrations, typically for amortising product, such as mortgages, consumer loans. These are frequently further segmented at a bucket level (e.g. by delinquency). The most sophisticated CF models are based on behavioural factors, determining customer level CCFs from characteristics of the individual facility, typically for overdrafts and credit cards. For capital calculations, customised downturn adjustments, taking into account loss and default dependency, are made to adjust for stressed conditions.

The control mechanisms for the rating system

Risk and capital position review

Model risk is a risk managed under the ERMF. Consequently, Barclays Model Risk Policy (MRP) and its supporting standards covering the end-to-end model life cycle are in place to support the management of risk models.

Key controls captured by the MRP cover:

- · model governance is anchored in assigning accountabilities and responsibilities to each of the main stakeholders:
 - model owner each model must have an owner who has overall accountability for the model
 - model developers support the model owner and drive development according to the model owner's defined scope/purpose
 - Independent Validation Unit (IVU) responsible for independent review, challenge and approval of all models
- · externally developed models are subject to the same governance standards as internal models
- models are classified by materiality (high/low) and complexity (complex/non-complex)
- all models must be validated and approved by IVU before initial implementation/use
- models are subject to annual assessment, including performance monitoring, by model owner and independently validated by IVU annually
- all models must be recorded in Barclays Group Models Database (GMD), which records model owners and developers
- · model owners must evidence that model implementation is accurate and tested

If a model is found to perform sub-optimally, it may be rejected and/or subjected to a Post Model Adjustment (PMA) before approval for continued use is granted.

The IVU reporting line is separate from that of the model developers. IVU is part of Model Risk Management (MRM), and the head of MRM reports to Barclays Group Chief Risk Officer (GCRO). The model development teams have separate reporting lines to the Group Head of Quantitative Analytics, who in turn reports to the Barclays Group CRO.

Under the Three Lines of Defence approach stated in the ERMF, the actions of all parties with responsibilities under the MRP are subject to independent review by Barclays Internal Audit.

Validation processes for credit exposures

Validation of credit models covers observed model performance but also the scope of model use, interactions between models, data use and quality, the model's theoretical basis, regulatory compliance and any remediation to model risk that are proposed or in place. The following sections provide more detail on processes for validating the performance of each model type (covered as part of an annual validation and self assessment).

Wholesale PD models

To assess model calibration, the IVU compares the model predicted default rate to the observed default rate over the latest year and over all available model history. On low default portfolios the relative infrequency of default of large wholesale obligors means a long-run perspective on default risk is vital. For these portfolios, default rates are also compared to external benchmarks where these are relevant and available, such as default rates in rating-agency data.

To assess model discrimination performance, the IVU compares the rank-ordering of internal ratings with the pattern of defaults, if any, to construct the industry-standard Gini statistic or similar. The ordering of internal ratings is also compared to the ordering of internal and external comparator ratings where these are available.

Measures of grade stability and the degree to which PD tracks default rates over time are also routinely calculated to infer relevant aspects of model performance.

Wholesale LGD models

To assess model calibration, model outputs are compared to the LGD observed on facilities that entered default. Comparisons are performed by individual model component, and at overall level. Model outputs are also compared to the long-run average of observed LGD. The time-lapse between facility default and the closure of recovery is varied and may be long. In the construction of observed LGD, recoveries are discounted back to the date of default at a conservative interest rate, following regulatory guidance of at least 9%. As noted above, regulatory floors are in place for the LGD used in calculating regulatory capital for exposure types with low default rates

Wholesale CF / EAD models

To assess model calibration, the EADs observed in internal data are compared to model predictions, both in downturn periods as defined by the regulator, and on a long-run average basis. Comparisons are performed separately for different product types. The primary validation tests are performed on customer weighted basis rather than exposure weighted basis, in line with the relevant regulations.

Barclays' approach to managing risks

Management of credit risk and the internal ratings-based approach (continued)

Retail PD models

To assess rating philosophy, i.e. whether it is a Point-in-Time system or Through-the-Cycle system, the IVU reviews migration indices to investigate relevant grade migration. To assess model calibration, the IVU compares the model prediction of default frequency to the realised internal default rate by grade/pool as required by CRR. As a minimum, IVU expects the expected default rate is at least equal or above the level of observed default rate. To assess model discrimination performance, the IVU compares the rank-ordering of internal ratings with the pattern of defaults, if any, to construct the industry-standard Gini statistic or similar. To assess model stability, the population distribution, the character distribution and parameter estimates are assessed individually. PD trends are also compared to external industry benchmarking data.

A 0.03% regulatory floor is in place for the facility level PD used in calculating regulatory capital.

Retail LGD models

LGD model components are compared to observed values respectively, this may include but not limited to probability of possession/ charge off, forced sale discount, time from default to crystallisation and discount rate. Where components are similar to PD in nature, the approach stated in the PD section applies to assess the calibration, discrimination and stability of the component.

The calibration of the overall LGD is assessed through the expected against actual comparison by default flow and stock population respectively. The downturn LGD appropriateness is further assessed to test that the downturn LGD is equal to or above the long-run average of observed LGD. This exercise is performed at grade/pool level according to CRR. In the construction of observed LGD, recoveries are discounted back to the date of default at a conservative interest rate, following regulatory guidance. As noted above, regulatory floors are in place for the LGD used in calculating regulatory capital where appropriate (this includes but not limited to the non-zero LGD floor at account level, the collateral uncertainty consideration, the portfolio level LGD floor and UK property haircut floor)

The primary validation tests are performed on facility/obligor-weighted rather than exposure-weighted basis in line with the relevant regulations.

LGD trends are also compared to external industry benchmarking data.

Retail CF models

The calibration of the overall CF is assessed through the expected against actual comparison by default flow and stock population respectively. The downturn CF appropriateness is further assessed to test that the downturn CF is equal to or above the long-run average of observed CF. This exercise is performed at grade/pool level according to CRR. Particular care is used in separating cases where facility limits changed between the date of observation and default, as these can lead to measurements of conversion factors that take extreme values.

Depending on the modelling approach, the relevant measure used for PD/LGD may be used accordingly to assess calibration, discrimination and stability. CF is floored so that the exposure at the point of default cannot be less than exposure observed at point of regulatory reporting. The primary validation tests are performed on facility/obligor-weighted rather than exposure-weighted basis in line with the relevant regulations. EAD trends are also compared to external industry benchmarking data.

Table 65 for credit risk model characteristics shows modelled variables to calculate RWAs (PD, LGD, and EAD) at portfolio level, with number of models and their significance in terms of RWAs, model method or approach, numbers of years of data used, Basel asset class of the customer or client, and regulatory thresholds applied.

Selected features of material models

The table below contains selected features of the Barclays UK (BUK) AIRB credit risk models which are used to calculate RWAs, including AIRB PMA. Please note that the RWAs reported in this table are based on the models in production as of Nov-22.

- PD models listed in the table account for £44bn of total AIRB approach RWAs
- LGD models listed in the table account for £37bn of total AIRB approach RWAs

Table 55: IRB credit risk models' selected features

		Size of associated portfolio (RWAs)	_			
Component modelled	Portfolio	BUK (£m)	Model description and methodology	Number of years loss data	Basel asset classes measured	Applicable industry- wide regulatory thresholds
PD	SME customers with turnover < £20m	8.476	Statistical models that uses regression techniques to derive relationship between observed default experience and a set of behavioural variables.	> 10 Years	Corporate SME, SME	Regulatory PD floor of 0.03%
PD	UK Home Finance	24,345	Statistical scorecards estimated using regression techniques, segmented along arrears status and portfolio type.	>10 Years	Secured By Real Estate (residential and buy-to-let mortgages)	Regulatory PD floor of 0.03%
PD	Barclaycard UK	11,506	Statistical scorecards estimated using regression techniques, segmented along arrears status and portfolio type.	6 - 10 Years	Qualifying Revolving Retail (QRRE)	PD floor of 0.03%
LGD	All business customers (excluding certain specialised sectors)	1,415	Model is based on a function estimated using actual recoveries experience. It takes account of collateral value and an allowance for non-collateral recovery.	> 10 Years	Corporate	LGD floor of 5%
LGD	UK Home Finance	24,345	Data driven estimates of loss and probability of possession.	6 - 10 Years	Secured By Real Estate (residential and buy-to-let mortgages)	The portfolio average downturn LGD is floored at 10%
LGD	Barclaycard UK	11,506	Statistical models combining segmented regression and other forecasting techniques.	6 - 10 Years	Qualifying Revolving Retail (QRRE)	-

Credit Risk IRB models performance back testing - estimated versus actual

The following tables compare the PDs estimated by the BUK's IRB models with the actual default rates. Comparisons are based on the assets in IRB approach portfolios and are used to assess performance of the models. The estimates and actual figures represent direct outputs from the models rather than outputs used in regulatory capital calculations that may be adjusted to apply more conservative assumptions

Risk models are subject to the Model Risk Policy which contains detailed guidance on the minimum standards for model risk management. For example, PDs must be estimated over a sufficient period, show sufficient differentiation in predictions for different customers, show conservatism where data limitations exist, and follow prescriptive techniques. These standards are achieved via an independent validation process using independent experts. Once validated and correctly implemented, models are subject to regular monitoring to ensure they can still be used. Comparing model estimates with actual default rates for PD form part of this monitoring. Such analysis is used to assess and enhance the performance of the models.

Further detail is provided in the management of model risk on page 125

PD measures

- within each IRB exposure class, the model estimated Point in Time (PiT) PDs are compared with the actual default rates within PD ranges. PD ranges, estimated PDs and actual default rates are based on the existing models default definitions. UK Cards, UK Home Finance, UK Current Account, UK Barclayloan and UK SME are the only CRD IV compliant portfolio as of the reference month (Nov-22), for the remaining portfolios, compliant models are either currently under the PRA approval process or will be submitted as per the EBA IRB Repair roll out plan periodically reviewed by the PRA.
- The estimated PDs are forward-looking average PDs from the model at the beginning of the twelve-month period, i.e. average PD of the Nov'21 non-defaulted obligors including inactive and non-borrowers.
- The estimated PDs are compared with the observed average default rate and the simple average of historical annual default rates over the past 5 years, starting Nov'17.
- The PiT PD is used as a predicted measure in internal monitoring and annual validation of the models. In contrast, the capital
 calculation uses Through the Cycle (TTC) or Regulatory PDs (not shown below), calibrated to long-run default averages with
 additional adjustments where modelled outputs display evidence of risk understatement (including credit expert overrides,
 regulatory adjustments etc.). The PiT measure is subject to under or over prediction depending on the relative position of the
 portfolio to the credit cycle.
- The above mapping between external ratings and internal PD ranges is based on the published reports from the two rating agencies Moody's and S&P.
- For the wholesale models, the average default probabilities in the tables have been determined from the full scope of clients graded by the IRB model suites, which may include some clients that have either zero exposure or zero limits marked at the time of calculation.

IRB approach – Back-testing of PD per exposure class (fixed PD scale)

This table provides an overview of credit risk model performance, assessed by the analysis of average PDs. Please note these tables exclude exposures calculated under the supervisory slotting approach and the straddling obligors between BUK and Barclays International have been classified under BUK.

The table compares the model output to the actual experience in our portfolios. Such analysis is used to assess and enhance the adequacy and accuracy of models. The outputs are subject to a number of adjustments before they are used in the calculation of capital e.g. adjustments for the position in the credit cycle and the impact of stress on recovery rates.

Table 56: CR9 - IRB approach - Back-testing of PD for corporates - SMEs

As at 31 December 2022	Number of obligors at	the end of previous year				Average
PD Range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	historical annual default rate (%)
0.00 to < 0.15	351	0	0.0%	0.1%	0.1 %	0.3 %
0.00 to <0.10	74	0	0.0%	0.1%	0.1 %	0.2 %
0.10 to <0.15	277	0	0.0%	0.1%	0.1 %	0.4 %
0.15 to <0.25	474	2	0.4%	0.2%	0.2 %	0.5 %
0.25 to <0.50	3,866	12	0.3%	0.4%	0.4 %	0.5 %
0.50 to < 0.75	4,116	13	0.3%	0.6%	0.6 %	1.0 %
0.75 to <2.50	8,928	98	1.1%	1.4%	1.3 %	1.8 %
0.75 to <1.75	7,139	67	0.9%	1.2%	1.1 %	1.5 %
1.75 to <2.5	1,789	31	1.7%	2.1%	2.1 %	2.7 %
2.50 to <10.00	2,604	113	4.3%	4.7%	4.5 %	5.4 %
2.5 to <5	1,813	57	3.1%	3.4%	3.4 %	4.1 %
5 to <10	791	56	7.1%	7.0%	7.0 %	7.9 %
10.00 to <100.00	515	101	19.6%	19.9%	22.6 %	18.8 %
10 to <20	315	38	12.1%	14.3%	13.6 %	13.5 %
20 to <30	92	22	23.9%	24.0%	24.0 %	25.1 %
30.00 to <100.00	108	41	38.0%	38.6%	47.7 %	30.1 %
100.00 (Default)	291	_	0.0%	100.0%	100.0 %	0.0 %

Table 57: CR9 - IRB approach - Back-testing of PD for corporates - others

		3				
As at 31 December 2022	Number of obligors at	t the end of previous year				Average
PD Range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	historical annual default rate (%)
0.00 to <0.15	410	1	0.2%	0.1%	0.1 %	0.2 %
0.00 to <0.10	262	1	0.4%	0.0%	0.1 %	0.3 %
0.10 to < 0.15	148	0	0.0%	0.1%	0.1 %	0.2 %
0.15 to <0.25	114	_	0.0%	0.2%	0.2 %	0.2 %
0.25 to <0.50	1,647	3	0.2%	0.4%	0.3 %	0.2 %
0.50 to < 0.75	704	6	0.9%	0.6%	0.6 %	0.3 %
0.75 to <2.50	1,645	3	0.2%	1.5%	1.4 %	1.0 %
0.75 to <1.75	1,146	1	0.1%	1.1%	1.1 %	0.9 %
1.75 to <2.5	499	2	0.4%	2.0%	2.1 %	1.6 %
2.50 to <10.00	759	15	2.0%	4.6%	4.0 %	2.9 %
2.5 to <5	599	6	1.0%	3.4%	3.3 %	2.3 %
5 to <10	160	9	5.6%	6.6%	6.8 %	4.5 %
10.00 to <100.00	62	12	19.4%	29.1%	23.4 %	15.0 %
10 to <20	41	5	12.2%	14.5%	13.7 %	8.4 %
20 to <30	9	2	22.2%	27.7%	24.1 %	19.2 %
30.00 to <100.00	12	5	41.7%	63.9%	56.1 %	39.2 %
100.00 (Default)	101	_	0.0%	100.0%	100.0 %	0.0 %

Table 58: CR9 - IRB approach - Back-testing of PD for secured retail - non SME

As at 31 December 2022	Number of obligors at	the end of previous year				Average	
PD Range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	historical annual default rate (%)	
0.00 to < 0.15	600,771	437	0.1%	0.1%	0.1 %	0.1 %	
0.00 to <0.10	241,786	145	0.1%	0.1%	0.1 %	0.1 %	
0.10 to <0.15	358,985	292	0.1%	0.1%	0.1 %	0.1 %	
0.15 to < 0.25	161,739	200	0.1%	0.2%	0.2 %	0.2 %	
0.25 to <0.50	67,601	194	0.3%	0.4%	0.3 %	0.5 %	
0.50 to < 0.75	14,505	77	0.5%	0.6%	0.6 %	0.8 %	
0.75 to <2.50	18,132	172	0.9%	1.3%	1.4 %	1.2 %	
0.75 to <1.75	12,626	111	0.9%	1.1%	1.1 %	1.1 %	
1.75 to <2.5	5,506	61	1.1%	2.0%	2.1 %	1.4 %	
2.50 to <10.00	13,690	479	3.5%	4.5%	4.8 %	4.7 %	
2.5 to <5	8,429	182	2.2%	3.4%	3.5 %	3.2 %	
5 to <10	5,261	297	5.6%	7.3%	7.0 %	7.3 %	
10.00 to <100.00	6,455	1,856	28.8%	29.0%	28.9 %	30.8 %	
10 to <20	2,789	385	13.8%	14.7%	13.9 %	15.6 %	
20 to <30	1,276	314	24.6%	25.0%	24.6 %	29.0 %	
30.00 to <100.00	2,390	1,157	48.4%	54.1%	48.6 %	49.2 %	
100.00 (Default)	8,369	_	0.0%	100.0%	100.0 %	0.0 %	

Table 59: CR9 - IRB approach - Back-testing of PD for revolving retail

As at 31 December 2022	Number of obligors at	the end of previous year				Average
PD Range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	historical annual default rate (%)
0.00 to < 0.15	12,613,236	7,077	0.1%	0.1%	0.1%	0.1%
0.00 to <0.10	10,662,961	4,362	0.0%	0.1%	0.0%	0.0%
0.10 to <0.15	1,950,275	2,715	0.1%	0.1%	0.1%	0.1%
0.15 to < 0.25	1,842,261	4,064	0.2%	0.2%	0.2%	0.2%
0.25 to < 0.50	1,711,487	6,987	0.4%	0.4%	0.4%	0.3%
0.50 to < 0.75	847,901	6,027	0.7%	0.6%	0.6%	0.6%
0.75 to <2.50	1,827,122	30,226	1.7%	1.4%	1.4%	1.5%
0.75 to <1.75	1,375,114	18,663	1.4%	1.2%	1.2%	1.2%
1.75 to <2.5	452,008	11,563	2.6%	2.1%	2.1%	2.2%
2.50 to <10.00	812,433	48,706	6.0%	4.6%	4.7%	5.1%
2.5 to <5	533,747	24,623	4.6%	3.4%	3.5%	3.8%
5 to <10	278,686	24,083	8.6%	6.9%	6.9%	7.4%
10.00 to <100.00	201,382	55,289	27.5%	23.1%	25.2%	25.9%
10 to <20	122,138	19,692	16.1%	13.4%	13.6%	14.7%
20 to <30	32,401	8,780	27.1%	24.0%	24.4%	24.8%
30.00 to <100.00	46,843	26,817	57.2%	53.2%	55.8%	54.9%
100.00 (Default)	273,385	_	0.0%	100.0%	100.0%	0.0%

Table 60: CR9 - IRB approach - Back-testing of PD for other retail - SME $\,$

As at 31 December 2022	Number of obligors at the end of previous year					Average	
PD Range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	historical annual default rate (%)	
0.00 to <0.15	77,906	17	0.0%	0.1%	0.1 %	0.1 %	
0.00 to <0.10	24,119	15	0.1%	0.1%	0.1 %	0.1 %	
0.10 to < 0.15	53,787	2	0.0%	0.1%	0.1 %	0.2 %	
0.15 to <0.25	41,180	44	0.1%	0.2%	0.2 %	0.4 %	
0.25 to <0.50	186,251	4,231	2.3%	0.4%	0.4 %	1.0 %	
0.50 to <0.75	148,971	1,578	1.1%	0.6%	0.6 %	1.2 %	
0.75 to <2.50	373,748	11,579	3.1%	1.5%	1.3 %	2.4 %	
0.75 to <1.75	291,009	7,706	2.6%	1.2%	1.1 %	2.1 %	
1.75 to <2.5	82,739	3,873	4.7%	2.1%	2.1 %	3.8 %	
2.50 to <10.00	160,763	18,087	11.3%	4.6%	4.6 %	6.7 %	
2.5 to <5	109,578	9,366	8.5%	3.5%	3.4 %	5.7 %	
5 to <10	51,185	8,721	17.0%	6.9%	7.0 %	9.3 %	
10.00 to <100.00	20,536	8,061	39.3%	24.0%	23.2 %	28.6 %	
10 to <20	14,579	4,298	29.5%	13.6%	12.7 %	19.1 %	
20 to <30	1,892	785	41.5%	24.0%	24.6 %	28.6 %	
30.00 to <100.00	4,065	2,978	73.3%	44.7%	60.0 %	51.0 %	
100.00 (Default)	28,599	_	0.0%	100.0%	100.0 %	0.0 %	

Table 61: CR9 - IRB approach - Back-testing of PD for other retail - non SME

As at 31 December 2022	Number of obligors at	the end of previous year				Average
PD Range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	historical annual default rate (%)
0.00 to < 0.15	75,674	81	0.1%	0.1%	0.1%	0.1%
0.00 to <0.10	44,465	36	0.1%	0.1%	0.1%	0.1%
0.10 to <0.15	31,209	45	0.1%	0.1%	0.1%	0.1%
0.15 to < 0.25	46,550	94	0.2%	0.2%	0.2%	0.2%
0.25 to <0.50	89,745	290	0.3%	0.4%	0.4%	0.3%
0.50 to < 0.75	56,670	303	0.5%	0.6%	0.6%	0.6%
0.75 to <2.50	146,640	1,794	1.2%	1.4%	1.4%	1.4%
0.75 to <1.75	109,831	1,098	1.0%	1.2%	1.2%	1.1%
1.75 to <2.5	36,809	696	1.9%	2.1%	2.1%	2.1%
2.50 to <10.00	91,207	4,028	4.4%	4.6%	4.7%	4.9%
2.5 to <5	58,848	1,903	3.2%	3.5%	3.5%	3.5%
5 to <10	32,359	2,125	6.6%	7.0%	7.0%	7.2%
10.00 to <100.00	26,310	7,007	26.6%	27.9%	27.2%	27.6%
10 to <20	15,949	1,963	12.3%	13.5%	13.4%	13.7%
20 to <30	3,456	817	23.6%	24.2%	24.2%	24.0%
30.00 to <100.00	6,905	4,227	61.2%	62.6%	60.7%	59.6%
100.00 (Default)	28,502	_	0.0%	100.0%	100.0%	0.0%

IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

Table 62: CR9.1 - IRB approach – Back-testing of PD (only for PD estimates according to point (f) of Article 180(1) CRR) - Corporates - SMEs

As at 31 December 2022		External rating equivalent	Number of	obligors at the end of previous year			Average
PD Ranges	Moody's Investors Service España S.A.	S&P Global Ratings Europe Limited		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	historical annual default rate (%)
0.00 to <0.15	AAA, AA1, AA2,AA3,A1,A 2, A3,BAA1	AAA, AA+, AA,AA-,A+,A, A-,BBB+	351	0	0.00 %	0.11 %	0.28 %
0.00 to <0.10	AAA, AA1, AA2,AA3,A1,A 2, A3	AAA, AA+, AA,AA-,A+,A, A-	74	0	0.00 %	0.08 %	0.17 %
0.10 to < 0.15	BAA1	BBB+	277	0	0.00 %	0.12 %	0.37 %
0.15 to <0.25	BAA2, BAA3	BBB	474	2	0.42 %	0.21 %	0.46 %
0.25 to <0.50	BAA3,BA1	BBB-,BB+	3,866	12	0.31 %	0.38 %	0.54 %
0.50 to <0.75	BA1,BA2	BB+,BB	4,116	13	0.32 %	0.63 %	1.03 %
0.75 to <2.50	BA2,BA3,B1	BB,BB-,B+	8,928	98	1.10 %	1.31 %	1.83 %
0.75 to <1.75	BA2,BA3	BB,BB-,B+	7,139	67	0.94 %	1.12 %	1.55 %
1.75 to <2.5	BA3,B1	B+	1,789	31	1.73 %	2.08 %	2.69 %
2.50 to <10.00	B1,B2,B3,CAA 1	B+,B,B-,CCC+	164,125	18,215	11.10 %	4.55 %	5.37 %
2.5 to <5	B1,B2,B3,CAA 1	B+,B,B-,CCC+	2,604	113	4.34 %	4.50 %	4.07 %
5 to <10	B1,B2,B3,CAA	B+,B	1,813	57	3.14 %	3.43 %	7.91 %
10.00 to <100.00	B3, CAA1,CAA2,C AA3, CA, C	CCC+,CCC,C CC-, CC+,CC, C	515	101	19.61 %	22.64 %	18.83 %
10 to <20	B3, CAA1, CAA2, CAA3, CA, C	CCC+,CCC, CCC-, CC+,CC,C	315	38	12.06 %	13.63 %	13.50 %
20 to <30	CAA3, CA, C	CCC-, CC+ ,CC, C	92	22	23.91 %	24.04 %	25.09 %
30.00 to <100.00	CAA3,CA, C	CCC-, CC+ ,CC, C	108	41	37.96 %	47.70 %	30.08 %
100.00 (Default)	D	D	291	_	0.00 %	100.00 %	0.00 %

Table 63: CR9.1 - IRB approach - Back-testing of PD (only for PD estimates according to point (f) of Article 180(1) CRR) -**Corporates - Others**

As at 31 December 2022		External rating equivalent	Number of	obligors at the end of previous year			Average
PD Ranges	Moody's Investors Service España S.A.	S&P Global Ratings Europe Limited		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	historical annual default rate (%)
0.00 to <0.15	AAA, AA1, AA2,AA3,A1,A 2, A3,BAA1	AAA, AA+, AA,AA-,A+,A, A-,BBB+	410	1	0.24 %	0.09 %	0.25 %
0.00 to <0.10	AAA, AA1, AA2,AA3,A1,A 2, A3	AAA, AA+, AA,AA-,A+,A, A-	262	1	0.38 %	0.07 %	0,27 %
0.10 to < 0.15	BAA1	BBB+	148	0	0.00 %	0.12 %	0.15 %
0.15 to <0.25	BAA2, BAA3	ВВВ	114	0	0.00 %	0.21 %	0.18 %
0.25 to < 0.50	BAA3,BA1	BBB-,BB+	1647	3	0.18 %	0.34 %	0.23 %
0.50 to < 0.75	BA1,BA2	BB+,BB	704	6	0.85 %	0.63 %	0.30 %
0.75 to <2.50	BA2,BA3,B1	BB,BB-,B+	1645	3	0.18 %	1.42 %	0.97 %
0.75 to <1.75	BA2,BA3	BB,BB-,B+	1146	1	0.09 %	1.11 %	0.89 %
1.75 to <2.5	BA3,B1	B+	499	2	0.40 %	2.13 %	1.55 %
2.50 to <10.00	B1,B2,B3,CAA 1	B+,B,B-,CCC+	759	15	1.98 %	4.04 %	2.92 %
2.5 to <5	B1,B2,B3,CAA 1	B+,B	599	6	1.00 %	3.31 %	2.27 %
5 to <10	B3,CAA1	B, B-, CCC+	160	9	5.63 %	6.79 %	4.55 %
10.00 to <100.00	B3, CAA1,CAA2,C AA3, CA, C	CCC+,CCC,C CC-, CC+ ,CC, C	62	12	19.36 %	23.40 %	15.04 %
10 to <20	B3, CAA1, CAA2, CAA3, CA, C	CCC+,CCC, CCC-, CC+,CC,C	41	5	12.20 %	13.66 %	8.38 %
20 to <30	CAA3, CA, C	CCC-, CC+ ,CC, C	9	2	22.22 %	24.12 %	19.22 %
30.00 to <100.00	CAA3,CA, C	CCC-, CC+ ,CC, C	12	5	41.67 %	56.11 %	39.23 %
100.00 (Default)	D	D	101	0	0.00 %	100.00 %	0.00 %

Table 64: CR9.1 - IRB approach – Back-testing of PD (only for PD estimates according to point (f) of Article 180(1) CRR) - Secured retail - Non SME

As at 31 December 2022		External rating equivalent	Number of	obligors at the end of previous year			Average
PD Ranges	Moody's Investors Service España S.A.	S&P Global Ratings Europe Limited		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	historical annual default rate (%)
0.00 to <0.15	AAA, AA1, AA2,AA3,A1,A 2, A3,BAA1	AAA, AA+, AA,AA-,A+,A, A-,BBB+	600,771	437	0.07 %	0.10 %	0.08 %
0.00 to < 0.10	AAA, AA1, AA2,AA3,A1,A 2, A3	AAA, AA+, AA,AA-,A+,A, A-	241,786	145	0.06 %	0.07 %	0.07 %
0.10 to <0.15	BAA1	BBB+	358,985	292	0.08 %		0.07 %
0.15 to <0.25	BAA2, BAA3	BBB	161,739	200	0.00 %	0.19 %	0.12 %
0.25 to <0.50	BAA3,BA1	BBB-,BB+	67,601	194	0.29 %		0.49 %
0.50 to <0.75	BA1.BA2	BB+.BB	14,505	77	0.53 %		0.82 %
0.75 to <2.50	BA2.BA3.B1	BB.BBB+	18,132	172	0.95 %	1.44 %	1.21 %
0.75 to <1.75	BA2,BA3	BB,BB-,B+	12,626	111	0.88 %	1.14 %	1.10 %
1.75 to <2.5	BA3,B1	В+	5,506	61	1.11 %	2.13 %	1.43 %
2.50 to <10.00	B1,B2,B3,CAA 1	B+,B,B-,CCC+	13,690	479	3.50 %	4.82 %	4.72 %
2.5 to <5	B1,B2,B3,CAA 1	B+,B	8,429	182	2.16 %	3.49 %	3.18 %
5 to <10	B3,CAA1	B, B-, CCC+	5,261	297	5.65 %	6.96 %	7.31 %
10.00 to <100.00	B3, CAA1,CAA2,C AA3, CA, C	CCC+,CCC,C CC-, CC+ ,CC, C	6,455	1,856	28.75 %	28.87 %	30.81 %
10 to <20	B3, CAA1, CAA2, CAA3, CA, C	CCC+,CCC, CCC-, CC+,CC,C	2,789	385	13.80 %	13.86 %	15.60 %
20 to <30	CAA3, CA, C	CCC-, CC+ ,CC, C	1,276	314	24.61 %	24.63 %	28.99 %
30.00 to <100.00	CAA3,CA, C	CCC-, CC+ ,CC, C	2,390	1,157	48.41 %	48.62 %	49.23 %
100.00 (Default)	D	D	8,369	_	0.00 %	100.00 %	0.00 %

Table 65: CR9.1 - IRB approach - Back-testing of PD (only for PD estimates according to point (f) of Article 180(1) CRR) -Revolving retail

As at 31 December 2022		External rating equivalent	Number of	obligors at the end of previous year			Average
PD Ranges	Moody's Investors Service España S.A.	S&P Global Ratings Europe Limited		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	historical annual default rate (%)
0.00 to <0.15	AAA, AA1, AA2,AA3,A1,A 2, A3,BAA1	AAA, AA+, AA,AA-,A+,A, A-,BBB+	12,613,236	7,077	0.06 %	0.06 %	0.05 %
0.00 to < 0.10	AAA, AA1, AA2,AA3,A1,A 2, A3	AAA, AA+, AA,AA-,A+,A, A-	10,662,961	4,362	0.04 %	0.04 %	0.04 %
0.10 to < 0.15	BAA1	BBB+	1,950,275	2,715	0.14 %	0.12 %	0.12 %
0.15 to <0.25	BAA2, BAA3	BBB	1,842,261	4,064	0.22 %	0.20 %	0.19 %
0.25 to <0.50	BAA3,BA1	BBB-,BB+	1,711,487	6,987	0.41 %	0.36 %	0.33 %
0.50 to < 0.75	BA1,BA2	BB+,BB	847,901	6,027	0.71 %	0.61 %	0.61 %
0.75 to <2.50	BA2,BA3,B1	BB,BB-,B+	1,827,122	30,226	1.65 %	1.39 %	1.45 %
0.75 to <1.75	BA2,BA3	BB,BB-,B+	1,375,114	18,663	1.36 %	1.15 %	1.20 %
1.75 to <2.5	BA3,B1	B+	452,008	11,563	2.56 %	2.09 %	2.22 %
2.50 to <10.00	B1,B2,B3,CAA 1	B+,B,B-,CCC+	812,433	48,706	6.00 %	4.67 %	5.13 %
2.5 to <5	B1,B2,B3,CAA 1	B+,B	533,747	24,623	4.61 %	3.49 %	3.75 %
5 to <10	B3,CAA1	B, B-, CCC+	278,686	24,083	8.64 %	6.92 %	7.42 %
10.00 to <100.00	B3, CAA1,CAA2,C AA3, CA, C	CCC+,CCC,C CC-, CC+ ,CC, C	201,382	55,289	27.46 %	25.17 %	25.92 %
10 to <20	B3, CAA1, CAA2, CAA3, CA, C	CCC+,CCC, CCC-, CC+,CC,C	122,138	19,692	16.12 %	13.63 %	14.73 %
20 to <30	CAA3, CA, C	CCC-, CC+ ,CC, C	32,401	8,780	27.10 %	24.42 %	24.76 %
30.00 to <100.00	CAA3,CA, C	CCC-, CC+ ,CC, C	46,843	26,817	57.25 %	55.78 %	54.92 %
100.00 (Default)	D	D	273,385	_	0.00 %	100.00 %	0.00 %

Table 66: CR9.1 - IRB approach – Back-testing of PD (only for PD estimates according to point (f) of Article 180(1) CRR) - Other

As at 31 December 2022		External rating equivalent		Number of obligors at the end of previous year			Average
PD Ranges	Moody's Investors Service España S.A.	S&P Global Ratings Europe Limited		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	historical annual default rate (%)
0.00 to <0.15	AAA, AA1, AA2,AA3,A1,A 2, A3,BAA1	AAA, AA+, AA,AA-,A+,A, A-,BBB+	77,906	17	0.02 %	0.11 %	0.11 %
0.00 to <0.10	AAA, AA1, AA2,AA3,A1,A	AAA, AA+, AA,AA-,A+,A,	24440	45	0.05.0/	0.00.07	0.00.0/
0.10 to <0.15	2, A3 BAA1	A- BBB+	24,119	15 2	0.06 % 0.00 %	0.09 % 0.12 %	0.09 % 0.17 %
0.10 to < 0.13 0.15 to < 0.25	BAA2, BAA3	BBB+	53,787 41,180	44	0.00 %	0.12 %	0.17 %
0.25 to <0.50	BAA3,BA1	BBB-,BB+	186,251	4,231	2.27 %	0.21 %	1.02 %
0.50 to <0.75	BA1,BA2	BB+,BB	148,971	1,578	1.06 %	0.63 %	1.02 %
0.75 to <2.50	BA2,BA3,B1	BB,BB-,B+	373,748	•	3.10 %	1.33 %	2.43 %
0.75 to <2.30		• • •	•	11,579			
1.75 to <2.5	BA2,BA3	BB,BB-,B+	291,009	7,706	2.65 %	1.11 %	2.08 %
2.50 to < 10.00	BA3,B1	B+	82,739	3,873	4.68 %	2.10 %	3.80 %
2.50 to < 10.00	B1,B2,B3,CAA 1	B+,B,B-,CCC+	160,763	18,087	11.25 %	4.55 %	6.75 %
2.5 to <5	B1,B2,B3,CAA 1	B+,B	109,578	9,366	8.55 %	3.43 %	5.66 %
5 to <10	B3,CAA1	B, B-, CCC+	51,185	8,721	17.04 %	6.96 %	9.33 %
10.00 to <100.00	B3, CAA1,CAA2,C AA3, CA, C	CCC+,CCC,C CC-, CC+,CC, C	20,536	8,061	39.25 %	23.17 %	28.62 %
10 to <20	B3, CAA1, CAA2, CAA3, CA, C	CCC+,CCC, CCC-, CC+,CC,C	14,579	4,298	29.48 %	12.72 %	19.12 %
20 to <30	CAA3, CA, C	CCC-, CC+,CC,C	1,892	785	41.49 %	24.57 %	28.59 %
30.00 to <100.00	CAA3,CA, C	CCC-, CC+,CC,C	4,065	2,978	73.26 %	59.98 %	51.02 %
100.00 (Default)	D	D	28,599	_	0.00 %	100.00 %	0.00 %

Table 67: CR9.1 - IRB approach – Back-testing of PD (only for PD estimates according to point (f) of Article 180(1) CRR) - Other retail - Non SME

As at 31 December 2022		External rating equivalent	Number of	obligors at the end of previous year			Average
PD Ranges	Moody's Investors Service España S.A.	S&P Global Ratings Europe Limited		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
0.00 to <0.15	AAA, AA1, AA2,AA3,A1,A 2, A3,BAA1	AAA, AA+, AA,AA-,A+,A, A-,BBB+	75,674	81	0.11 %	0.09 %	0.11 %
0.00 to <0.10	AAA, AA1, AA2,AA3,A1,A 2, A3	AAA, AA+, AA,AA-,A+,A, A-	44,465	36	0.08 %	0.06 %	0.08 %
0.10 to <0.15	BAA1	BBB+	31,209	45	0.08 %	0.12 %	0.08 %
0.15 to <0.25	BAA2, BAA3	BBB	46,550	94	0.20 %	0.12 %	0.20 %
0.25 to <0.50	BAA3,BA1	BBB-,BB+	89,745	290	0.32 %	0.20 %	0.34 %
0.50 to <0.75	BA1,BA2	BB+,BB	56,670	303	0.54 %	0.62 %	0.56 %
0.75 to <2.50	BA2,BA3,B1	BB,BB-,B+	146,640	1,794	1.22 %	1.40 %	1.36 %
0.75 to <1.75	BA2,BA3	BB,BB-,B+	109,831	1,098	1.00 %	1.18 %	1.08 %
1.75 to <2.5	BA3,B1	B+	36,809	696	1.89 %	2.09 %	2.10 %
2.50 to <10.00	B1,B2,B3,CAA 1	B+,B,B-,CCC+	91,207	4,028	4.42 %	4.74 %	4.91 %
2.5 to <5	B1,B2,B3,CAA 1	B+,B	58,848	1,903	3.23 %	3.51 %	3.55 %
5 to <10	B3,CAA1	B, B-, CCC+	32,359	2,125	6.57 %	6.99 %	7.20 %
10.00 to <100.00	B3, CAA1,CAA2,C AA3, CA, C	CCC+,CCC,C CC-, CC+,CC, C	26,310	7,007	26.63 %	27.21 %	27.56 %
10 to <20	B3, CAA1, CAA2, CAA3, CA, C	CCC+,CCC, CCC-, CC+,CC,C	15,949	1,963	12.31 %	13.35 %	13.67 %
20 to <30	CAA3, CA, C	CCC-, CC+ ,CC, C	3,456	817	23.64 %	24.22 %	24.00 %
30.00 to <100.00	CAA3,CA, C	CCC-, CC+ ,CC, C	6,905	4,227	61.22 %	60.73 %	59.58 %
100.00 (Default)	D	D	28,502	_	0.00 %	100.00 %	0.00 %

2022 AIRB models back testing summary

The section below provides AIRB model performance summary based on the above back testing results, along with the remediation plans.

Wholesale - Corporate

- Corporate asset class comprises of Social Housing and Business Banking Corporate Others.
- There are no defaults observed in Social Housing portfolio over last one year. The new Social Housing PD model was submitted to the PRA in Nov'22. Interim Post Model Adjustments (PMAs) are in place to mitigate any model weaknesses and compliance gaps.

SME

- SME comprises BUK Retail SME and BUK Corporate SME.
- The back testing report is based on the CRD IV compliant models implemented in 2017. Oct'22 data was the latest available data as of the extraction date. Historical average has been calculated using 4 years of data starting Oct'18 onwards.
- The PiT PD model under-estimates the default rate for BUK Retail SME (1.86% estimated vs. 4.32% actual) and over-estimates the default rate for BUK Corporate SME (1.88% estimated vs. 1.63% actual). Default rates are increasing due to Bounce Back Loans (BBLs) on the overall SME portfolio. Shift of customers towards higher PD bands in 2022 is due to the dynamic calibration adjusting to the increase in observed default rate. For BUK Retail SME, the model over-estimates if Government Lending Scheme customers are excluded.
- The existing SME model suite is being enhanced to achieve compliance with definition of default (DoD) and other IRB repair
 regulations. The new PD model was submitted to the PRA in Sep'22. Interim Post Model Adjustments (PMAs) are in place to address
 existing models' deficiencies and compliance gaps.

Secured by Real Estate

- This covers the Mortgage portfolios for UK. Rank ordering is maintained across PiT PD ranges.
- For UK Mortgages, the PiT PD model over-estimates at an overall level (0.45% expected vs. 0.39% actual). The TTC PD model continues to maintain conservatism.
- The new PiT PD and Hybrid PD models submitted to the PRA in Oct'22 for UK Mortgages portfolio.

Qualifying Revolving Retail

- This constitutes UK Cards and UK Current Account portfolios. Rank ordering for estimated PDs is maintained across all 3 portfolios.
- For UK Cards, there is under-estimation in the PiT PD model (1.46% estimated vs. 1.69% actual), the regulatory PD is slightly nonconservative, however adequate PMAs (IRB repair) are in place. It is also observed from the latest monitoring exercise that there is an
 increasing trend of PiT PD moving closer to the current observed default rate levels.
- For UK Current Account, there is under-estimation in the PiT PD model at an overall level (0.28% estimated vs. 0.34% actual).
- The new set of models will be submitted for both the portfolios as per the EBA IRB Repair roll out plan, which is periodically reviewed with the PRA. Interim Post Model Adjustments (PMAs) are in place to address existing models' deficiencies for these two portfolios.

Other Retail

- This covers UK Barclayloan portfolio. The back-testing report is based on CRD IV compliant model, approved by the PRA and implemented in Jul'19.
- The PD model over-estimates (2.70% estimated vs. 2.55% actual) on PiT basis at an overall level; rank ordering is maintained.
- The new set of models will be submitted as per the EBA IRB Repair roll out plan, which is periodically reviewed with the PRA. Interim
 Post Model Adjustments (PMAs) are in place to address existing models' deficiencies and compliance gaps.

Management of market risk

Market risk

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

Overview

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

Organisation and structure

Barclays Bank UK PLC Board Risk Committee

- Considers and recommends Barclays Bank UK Group's risk appetite for market risk
- · Reviews Barclays Bank UK Group's market risk profile, on behalf of the Barclays Bank UK PLC Board
- · Reviews the management of Barclays Bank UK Group's market risk
- Commissions, receives and considers reports on key financial and non-financial risk issues in the Barclays Bank UK Group

Barclays' approach to managing risks

Barclays UK Risk Committee

- · Reviews and recommends to the Barclays Group Risk Committee and Barclays Bank UK PLC Board Risk Committee the proposed market risk appetite for Barclays Bank UK Group
- · Reviews and recommend limits and/or tolerances to control Risk Appetite for market risk
- · Reviews and monitors the market risk profile of the Barclays Bank UK Group

Barclays Group Risk Committee

- Monitors Principal Risks as defined in the Enterprise Risk Management Framework, including Market Risk
- · Reviews and recommends to Barclays PLC Board Risk Committee the market risk profile and risk strategy across Barclays Group
- Considers issues escalated by Members, Chief Risk Officers, Principal Risk Leads or the Chairperson in sub Committees/Forums

Barclays Group Market Risk Committee

- · Reviews market risk appetite proposals from the business
- · Oversees the management of Barclays Group's market risk profile
- · Reviews arising market or regulatory issues
- · Reviews state of the implementation of the risk frameworks in the businesses

Roles and responsibilities

The objectives of market risk management are to:

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

To meet the above objectives, a governance structure is in place to manage these risks consistent with the ERMF. See page $\underline{63}$ on risk management strategy, governance and risk culture.

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

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

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

Risk management in the setting of strategy

Mandate and scale limits are set to control levels of market risk and ensure that the Barclays Bank UK Group remains within the BRC approved risk appetite. Barclays Group runs an annual Group-wide stress testing exercise which covers all entities, including the Barclays Bank UK Group. The aim is to measure the impact of a severe but plausible stress to the Barclays Bank UK Group business and capital plan, and is used to manage the wider strategy.

See page 68 for more detail on the role of risk in the setting of strategy.

Market risk culture

Market risk managers are independent from the businesses they cover, and their line management reports into the CRO. This embeds a risk culture with strong adherence to limits that support the Barclays Bank UK Group-wide risk appetite. See page 63 for more detail on risk culture

Management of market risk (continued)

Management of market risk, mitigation and hedging policies

The governance structure helps maintain all market risks that the Barclays Bank UK Group is exposed to are well managed and understood. Traded market risk is generated as a result of liquidity buffer management activities. Barclays Bank UK Group Treasury supports the businesses in managing their interest rate risk. Positions will contribute both to market risk limits and regulatory capital.

As part of the continuous monitoring of the risk profile, Market Risk meets with the businesses to discuss the risk profile on a regular basis. The outcome of these reviews includes further detailed assessments of event risk via stress testing, risk mitigation and risk reduction.

Market risk measurement

Market risk measures

A range of complementary approaches to measure market risk are used which aim to capture the level of losses that the Barclays Bank UK Group is exposed to due to unfavourable changes in asset prices. The primary tools to control Barclays Bank UK PLC's exposures

Measure	Description
Management Value at Risk (VaR)	An estimate of the potential losses that might arise due to liquid risk factors from extreme market moves or scenarios.
Primary stress tests	An estimate of the potential losses that might arise due to liquid risk factors from extreme market moves or scenarios.
Secondary stress tests	An estimate of the potential losses that might arise due to illiquid risk factors from extreme market moves of scenarios.
Business scenario stresses	Multi-asset scenario analysis of severe, but plausible events that may simultaneously impact Market Risk exposures across all primary and secondary stresses.

The scope of Management VaR is what the Barclays Bank UK Group deems as material market risk exposures which may have a detrimental impact on the performance of the Barclays Bank UK Group Treasury business.

Stress testing and scenario analysis are also an important part of the risk management framework, to capture potential risk that may arise in severe but plausible events.

Management of market risk (continued)

Barclays' approach to managing risks

Management VaR

Management VaR estimates the potential loss arising from unfavourable market movements, over one day for a given confidence level. VaR is an estimate of the potential loss arising from unfavourable market movements if the current positions were to be held unchanged for one business day. For internal market risk management purposes, a historical simulation methodology with a one-year equally weighted historical period, at the 95% confidence level is used for all trading books and some banking books. Risk factors driving VaR are grouped into key risk types as summarised below:

Risk factor	Description
Interest rate	Risk arises from changes in the level or shape of interest rate curves can impact the price of interest rate sensitive assets, such as bonds and derivatives instruments. For example, the price of an interest rate swap will vary due to changes in the absolute level of interest rates and/or in the shape of the yield curve.
Foreign exchange	Risk arises from changes in foreign exchange rates and volatilities.

The output of the management VaR model can be readily tested through back testing. This checks instances where actual losses exceed the predicted potential loss estimated by the VaR model. If the number of instances is higher than expected, where actual losses exceed the predicted potential loss estimated by the VaR model, this may indicate limitations with the VaR calculation, for example, a risk factor that would not be adequately captured by the model.

Within Barclays Bank UK Group, market risk arises from assets with readily observable prices. As such, the management VaR model is an appropriate internal measure for market risk exposures.

When reviewing VaR estimates, the following considerations are taken into account:

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

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

Primary stress tests

Primary stress tests are key tools used by management to measure liquid market risks from extreme market movements or scenarios in each major trading asset class.

Stress testing provides an estimate of potential significant future losses that might arise from extreme market moves or scenarios. Primary stress tests apply stress moves to key liquid risk factors for each of the major trading asset classes, namely:

- · interest rates: shock to the level and structure of interest rates and inflation across currencies
- · foreign exchange: impact of unfavourable moves in currency prices and volatility

Primary stresses apply moves to liquid assets incorporating up to 10 days holding period. Shock scenarios are determined by a combination of observed extreme historical moves and forward looking elements as appropriate.

Primary stresses are calculated for each asset class on a standalone basis. Risk managers calculate several stress scenarios and communicate the results to senior managers to highlight concentrations and the level of exposures. Primary stress loss limits are applied across the trading businesses and is a key market risk control.

Secondary stress tests

Secondary stress tests are key tools used by management to measure illiquid, directional or concentrated market risks from extreme market movements or scenarios in each major asset class.

Secondary stress tests are used in measuring potential losses arising from market risks that are not captured in the primary stress tests. These may relate to financial instruments or risk exposures which are not readily or easily tradable or markets that are naturally sensitive to a rapid deterioration in market conditions.

For each asset class, secondary stresses are aggregated to a single stress loss which allows the business to manage its illiquid risk factors. Limits against secondary stress losses are also applied, which allows the Group to manage and control the level of illiquid risk factors.

Stresses are specific to the exposure held and are calibrated on both observed extreme moves and some forward-looking elements as appropriate. Given the liquid nature of the Barclays Bank UK Group market risk exposures, secondary stress results are minimal.

Management of market risk (continued)

Business scenario stresses

Business scenario stresses are key tools used by management to measure aggregated losses across the entire trading book as a result of extreme forward-looking scenarios encompassing simultaneous shocks to multiple asset classes.

Business scenario stresses apply simultaneous shocks to all risk factors assessed by applying changes to foreign exchange rates, interest rates, credit spreads, commodities and equities to the entire portfolio, for example, the impact of a rapid and extreme slowdown in the global economy. The measure shows results on a multi-asset basis across all trading exposures. Business scenarios are used for risk appetite monitoring purposes and are useful in identifying concentrations of exposures and highlighting areas that may provide some diversification.

The estimated impacts on market risk exposures are calculated and reported by the market risk management function on a frequent and regular basis. The stress scenario and the calibration on the shocks are also reviewed by market risk managers periodically for its relevance considering any market environment.

Scenarios focusing on adverse global recession, deterioration in the availability of liquidity, contagion effects of a slowdown in one of the major economies, easing of global growth concerns, and a historical event scenario are examples of business scenarios. If necessary, market event-specific scenarios are also calculated, such as:

- a unilateral decision to exit the Eurozone by a member country;
- the impact of a large financial institution collapse; or
- · a disorderly exit of quantitative easing programmes, including unexpected rapid and continuous interest rate rises as a result.

Regulatory view of traded positions

For the purposes of calculating capital requirements, Barclays Bank UK adopts a standardised approach and in contrast to other Group entities does not apply a regulatory VaR model.

For regulatory purposes, the trading book is defined as one that consists of all positions in CRD financial instruments held in order to hedge risks within Barclays Bank UK Group. A CRD financial instrument is defined as a contract that gives rise to both a financial asset of one party and a financial liability or equity instrument of another party.

All of the below regulatory measures, including the standardised approach, generate market risk capital requirements, in line with the regulatory requirements set out in the CRD and CRR. Positions which cannot be included in the trading book are included within the banking book and generate risk capital requirements in line with this treatment.

Inclusion of exposures in the regulatory trading book

The Barclays Bank UK Group adheres to the Barclays Group Trading Book Policies, which define the minimum requirements a business must meet to run trading positions and the process by which positions are allocated to trading or banking books. For Barclays Bank UK Group, the trading book is used primarily for short term hedging of risk.

Positions in the trading book are subject to market risk capital, that is calculated using standard rules as defined in the CRR. If any of the criteria specified in the policy are not met for a position, then that position must be allocated to the banking book.

As a ring-fenced bank (RFB), the Barclays Bank UK Group is prohibited from conducting certain regulated activities ('excluded activities') and is subject to a number of 'prohibitions', including the participation in traded activities. One or more exceptions to an excluded activity and/or prohibition may be available. The use of exceptions must however be documented and reported to the PRA. The Barclays Bank UK Group manages the process via the Excluded Activities and Prohibitions Order (EAPO) Policy and the Excluded Activities and Prohibitions Order (EAPO) Standard, and associated addenda.

Valuation standards

CRR article 105 defines regulatory principles which need to be applied to fair value assets and liabilities, in order to determine a prudent valuation.

The PVA is applied to accounting fair values where there are a range of plausible alternative valuations. It is calculated in accordance with Article 105 of the CRR, and includes (where relevant) adjustments for the following factors: unearned credit spreads, close-out costs, operational risk, market price uncertainty, early termination, investing and funding costs, future administrative costs and model risk. The PVA includes adjustment for all fair valued financial instruments, irrespective of whether they are in the trading or banking book.

Market risk control

The metrics that are used to measure market risk are controlled through the implementation of appropriate limit frameworks. Limits are set at the total Barclays Bank UK Group level, asset class level, for example, interest rate risk. Stress limits and book limits, such as foreign exchange and interest rate sensitivity limits, are also used to control risk appetite.

Barclays Bank UK Group-wide limits are reported to the Barclays Bank UK Group BRC and are termed B-level limits for total management VaR, primary stress and secondary stresses and business scenarios. These are then cascaded down by risk managers in order to meet the Barclays Bank UK Group-wide risk appetite.

Throughout 2022, Barclays Bank UK Group Market Risk continued its ongoing programme of control testing and conformance testing on the trading businesses' market risk management practices. These reviews are intended to verify the business's conformance with the Market Risk Control Framework and best practices.

Market risk reporting

Market risk managers produce a number of detailed and summary market risk reports daily, weekly, fortnightly and monthly for business and risk managers. Where relevant on a Barclays Bank UK Group-wide basis, these are sent to Barclays Bank UK Group Risk Committee for review and a risk summary is presented at Barclays Bank UK Group Market Risk Committee. The overall market risk profile is also presented to Barclays Bank UK Group BRC on a regular basis.

Management of securitisation exposures

Management of Securitisation Exposures

This section discloses information about the Barclays Bank UK Group's securitisation activities distinguishing between the various functions performed in supporting its customers and managing its risks. It includes traditional securitisations as well as synthetic transactions effected through the use of guarantees.

For the purposes of Pillar 3 disclosures on pages 57-60, a securitisation is defined as a transaction or scheme where the payments are dependent upon the performance of a single exposure or pool of exposures and where the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme. Certain transactions undertaken by the Barclays Bank UK Group are not disclosed in the quantitative section (pages 57-60) as they do not fall under the regulatory securitisation framework as retained in UK regulation through the Securitisation (Amendment) (EU Exit) Regulations 2019 ("UK CRR") and the Securitisation (Amendment) (EU Exit) Regulations 2019 ("UK Securitisation Regulation"). These include funding transactions for the purposes of generating term liquidity, and certain government guaranteed transactions.

Objectives of securitisation activities

The Barclays Bank UK Group has securitised its own originated assets in order to manage the Barclays Bank UK Group's credit risk position and to generate term funding for the Barclays Bank UK Group balance sheet. The Barclays Bank UK Group may also purchase third party securitisations.

The role and involvement of the Barclays Bank UK Group in securitisations in 2022

Barclays Bank UK Group adopts the following roles in the securitisation processes in which it is involved:

Originator of assets prior to securitisation

The Barclays Bank UK Group securitises assets originated in the ordinary course of business including residential mortgages, consumer loans, credit card receivables and social housing loans.

Purchaser of third party securitisations

The Barclays Bank UK Group may purchase third party securitisations as part of the management of its liquidity buffer. The Barclays Bank UK Group also funds on its own balance sheet securitisations. This can include STS securitisations.

Funding transactions to generate term liquidity

Secured funding forms one of the key components of the Barclays Bank UK Group's diversified funding sources providing access to the secured wholesale market and complementing the diversification of funding by maturity, currency and geography. The Barclays Bank UK Group issues Asset Backed Securities (ABS) and covered bonds secured primarily by customer loans and advances.

The Barclays Bank UK Group currently manages three key, on-balance sheet asset backed funding programmes to obtain term financing for mortgage loans and credit card receivables. Retained issuances from these programmes also support Barclays Bank UK Group's to access central bank liquidity and funding. The UK regulated covered bond and the residential mortgage master trust securitisation programmes both utilise assets originated by the Barclays Bank UK Group's UK residential mortgage business. The third programme is a credit card master trust securitisation and uses receivables from the Barclays Bank UK Group's UK credit card business.

Other ancillary transaction roles to securitisation

The Barclays Bank UK Group remain as the servicer of the securitised assets, and in most cases, acting as the cash manager and account bank provider for its own secured funding programmes.

The Barclays Bank UK Group provides most of the derivative transactions to its own secured funding programmes.

Securitisation risks, monitoring and hedging policies

Capital requirements against securitisation exposures are subject to a separate Securitisation Regulation framework to account for the particular characteristics of this asset class. For risk management purposes, however, a securitisation is aligned to the risk type to which it gives rise.

Credit risks

In a securitisation structure, the payments are dependent upon the performance of a single exposure or pool of exposures. As these underlying exposures are usually credit instruments, the performance of the securitisation is exposed to credit risk.

Securitisation exposures are subject to the Barclays Bank UK Group credit risk policies and standards and business level procedures and to oversight by internal committees. This includes the requirement to review in detail each transaction at a minimum on an annual basis. As collateral risk is the primary driver the analysis places a particular focus on the underlying collateral performance, key risk drivers, servicer due diligence and cash flows, and the impact of these risks on the securitisation notes. The risk is addressed through the transaction structure and by setting an appropriate modelled tolerance level. Structural features incorporate wind-down triggers set against factors including, but not limited to, defaults/charge-offs, delinquencies, excess spread, dilution, payment rates and yield, all of which help to mitigate potential credit deterioration. Qualitative aspects such as counterparty risk and ancillary issues (operational and legal risk) are also considered. Changes to the credit risk profile of securitisation exposures will also be identified through ongoing transaction performance monitoring. In addition, periodic stress tests of the portfolio as part of ongoing risk management are conducted as well as in response to Barclays Bank UK Group-wide or regulatory requests.

Market and liquidity risks

Market risk for securitised products is measured, controlled and limited through a suite of VaR, non-VAR and stress metrics in accordance with the Barclays Bank UK Group's market risk policies and procedures. The key risks of securitisation structures are interest rate, credit, spread, prepayment and liquidity risk. Interest rate and spread risk are hedged with standard liquid interest rate instruments (including interest rate swaps and futures). The universe of hedging instruments for credit and prepayment risk is limited and relatively illiquid, resulting in basis risks.

Management of securitisation exposures (continued)

Hedging

The Barclays Bank UK Group provides most of the derivative transactions to its own secured funding programmes to mitigate any interest rate and/or FX risks within the securitisation structure so the target bond rating can be achieved.

Securitisation related swaps exposures benefit from the relative seniority of the exposure in the capital structure and the Barclays Bank UK Group as swap provider will have secured claim on the assets within the structure.

Operational risks

Operational risks are incurred in all of the Barclays Bank UK Group's operations. In particular, all securitised assets are subject to a degree of risk associated with documentation and the collection of cash flows.

Rating methodologies, ECAIs and RWA calculations

RWAs reported for securitised banking book assets at 31 December 2022 are calculated in line with CRR and UK PRA rules and guidance.

The Barclays Bank UK Group employs eligible ratings issued by nominated External Credit Assessment Institutions (ECAIs) to risk weight its securitisation and re- securitisation exposure where their use is permitted. Ratings are considered eligible for use based on their conformance with the internal rating standard which is compliant with both CRR and European Credit Rating Agency regulation. The ECAIs nominated by Barclays Bank UK Group for this purpose are Standard & Poor's, Moody's, Fitch, DBRS and Kroll.

As required by CRR, the Barclays Bank UK Group uses credit ratings issued by these ECAls consistently for all exposures within the securitisation exposure class. For that reason, there is no systematic assignment of particular agencies to types of transactions within the securitisation exposure class. RWAs will be calculated under the appropriate portion of the hierarchy of approaches, which may include Sec-IRBA (if approved by the regulator), Sec-SA (main approach used by Barclays Bank UK Group) or Sec-ERBA depending on the exposure in question, including where the exposure meets the criteria to be deemed an STS securitisation.

Summary of the accounting policies for securitisation activities

Certain Barclays Bank UK Group-sponsored entities have issued debt securities or have entered into funding arrangements with lenders in order to finance specific assets. An entity is consolidated by the Barclays Bank UK Group when the Barclays Bank UK Group has control over the entity. The Barclays Bank UK Group controls an entity if it has all of the three elements of control which are i) power over the entity; and ii) exposure, or rights, to variable returns from its involvement with the entity; iii) the ability to use its power over the entity to affect the amount of the Barclays Bank UK Group returns. The consolidation treatment must be initially assessed at inception and is reassessed if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The accounting measurement of assets initially recognised for the purpose of securitisation will depend on whether the securitisation entity is consolidated by the Barclays Bank UK Group and whether the assets transferred to the securitisation entity meet the accounting derecognition test, meaning whether the transfer will be accounted for as a sale.

- Where assets on initial recognition are expected to be securitised by a transfer to an unconsolidated Barclays Bank UK Group entity, the accounting will depend on whether the transfer is expected to meet the accounting derecognition test. Assets will remain on the Barclays Bank UK Group balance sheet, and consideration received will be treated as financings, unless the following criteria apply:
 - substantially all the risks and rewards associated with the assets have been transferred, in which case, they are derecognised in full; or
 - if substantially all the risks and rewards have not been transferred or retained, the assets are derecognised in full if the transferee
 has the practical ability to sell the financial asset, otherwise the assets continue to be recognised only to the extent of the Barclays
 Bank UK Group's continuing involvement
- Where assets acquired for securitisation are expected to be derecognised in full as a result of pending securitisation, those assets will typically be measured at fair value through the income statement.
- Where a securitisation entity is consolidated by the Barclays Bank UK Group or the assets fail to meet the derecognition test, such that the Barclays Bank UK Group balance sheet includes the assets held for securitisation prior to and post transfer to the securitisation entity, the assets will generally be part of a 'Hold to Collect' business model, and if the contractual cash flows characteristics are solely payments of principal and interest (SPPI), the assets will be measured at amortised cost.

Any financial support or contractual arrangements provided to unconsolidated entities, over securitised assets, would be recognised as a financial liability on balance sheet if it met the relevant IFRS criteria, or a commitment under IAS 37, and have to be disclosed (see Note 30 in the Barclays Bank UK PLC Annual Report 2022). Note, however, that the Barclays Bank UK Group has a Significant Risk Transfer policy that does not allow for any support to be provided to any transactions that fall under the Significant Risk Transfer framework.

Where the transfer applies to a fully proportionate share of all or specifically identified cash flows, the relevant accounting treatment is applied to that proportion of the asset.

Risk and capital position review

Management of securitisation exposures (continued)

When the above criteria support the case that the securitisation should not be accounted for as financing, the transaction will result in sale treatment or partial continued recognition of the assets to the extent of the Barclays Bank UK Group's continuing involvement in those assets. Gains are recognised to the extent that proceeds that can be measured using observable market data exceed the carrying value of assets derecognised.

Any retained interests, which will consist of loans and/or securities depending on the nature of the transaction, are valued in accordance with the Barclays Bank UK Group's Accounting Policies, as set out in the Barclays Bank UK PLC Annual Report 2022. To the extent that these interests are measured at fair value, they will be included within the fair value disclosures in the financial statements in the Barclays Bank UK PLC Annual Report 2022. As outlined in these disclosures, key valuation assumptions for retained interests of this nature will include spreads to discount rates, default and recovery rates and prepayment rates that may be observable or unobservable.

In a synthetic securitisation transaction, the underlying assets are not sold into the relevant Special Purpose Entity (SPE). Instead, their performance is transferred into the vehicle through a synthetic instrument, a credit linked note or a financial guarantee. The accounting policies outlined above will apply to synthetic securitisations.

The following tables show the information required by CRR2 article 449 (d)

Securitisation Special Purpose Entities (SSPE) originated by the institution a.b.

Name of entity	Role of institution	Securitisation type	Included in the regulatory scope of consolidation
TUNGSTEN 2020-1 - 2020-1	Originator	Synthetic transactions	Third party other financial institution
TUNGSTEN 2021-1 - 2021-1	Originator	Synthetic transactions	Third party other financial institution
PAVILLION MORTGAGES 2021-1	Originator	Traditional transactions	Third party other financial institution

- The securitisation list disclosed includes deals originated by Barclays that are SRT achieved and where horizontal tranches are held and risk-weighted per securitisation rules
- b Sponsored deals, deals originated by Barclavs with no holdings and SRT failed deals are not part of the disclosure

Management of treasury and capital risk

Treasury and capital risk

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

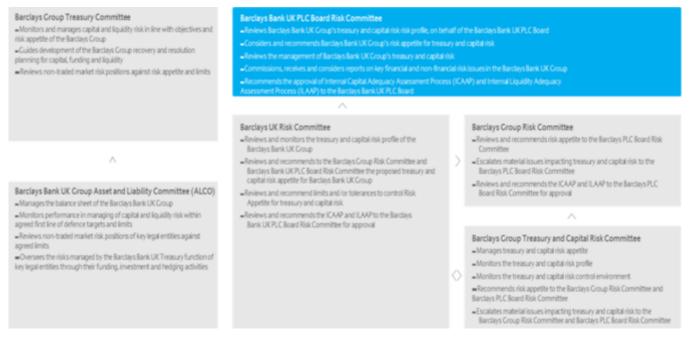
Capital risk: The risk that the Barclays Bank UK Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning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

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

Overview

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

Organisation and structure



Liquidity risk management

Overview

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

Roles and responsibilities

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

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

The control framework incorporates a range of ongoing business management tools to monitor, limit and stress test Barclays Bank UK Group's 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 Group maintains a Group Recovery Plan which includes application to Barclays Bank UK Group. Together, these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet Barclays Bank UK Group's obligations as they fall due. The control framework is subject to internal conformance testing and internal audit review.

The Barclays Bank UK PLC Board approves the Barclays Bank UK Group funding plan, internal stress tests, regulatory stress test results, and Barclays Bank UK contribution to the Barclays Group Recovery Plan. The Barclays Bank UK PLC Asset Liability Committee is

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

Barclays Bank UK Group maintains a range of management actions for use in a liquidity stress. These are documented in the Barclays Group Recovery Plan. Since the precise nature of any stress event cannot be known in advance, the actions are designed to be flexible to the nature and severity of the stress event and provide a menu of options that can be drawn upon as required. The Barclays Group recovery plan also contains more severe recovery options to generate additional liquidity in order to facilitate recovery in a severe stress. Any stress event would be regularly monitored and reviewed using key management information by Treasury, Risk and business representatives

Ongoing business management

Early signs/mild stress

Severe stress

Recovery

- Stress testing and planning
- Liquidity limits
- Early warning indicators
- Monitoring and review
- Management actions requiring minimal business rationalisation
- Monitoring and review
- Management actions with limited impact on franchise
- Activate appropriate recovery options to restore the capital and/or liquidity position of the Group

Risk Appetite and planning

Barclays has established a liquidity risk appetite (LRA) stress test to quantify the level of liquidity risk Barclays Bank UK Group is exposed to in pursuit of its business objectives and in ensuring compliance with its regulatory obligations. The key expression of the liquidity risk is through internal and regulatory stress tests. It is measured with reference to the liquidity pool compared to anticipated net stressed outflows for each of four stress scenarios outlined in the box below.

Barclays Bank UK PLC adopted the LRA stress test framework set by the Barclays PLC. The BBUK LRA stress test results are reviewed by the Barclays Bank UK PLC Board. The LRA is monitored daily and is subject to formal review at least annually as part of the ILAAP.

Statement of LRA: For 2022, the Barclays Bank UK PLC Board has approved that Barclays Bank UK Group will maintain an amount of available liquidity resources to meet modelled and prescribed regulatory liquidity stress outflows over different periods of time:

>£0 at low-point within 30 days in a Barclays specific stress >£0 at low-point within 90 days in a market wide stress >£0 at low-point within 30 days in a combined stress LCR 30 days minimum ratio 100% (Pillar 2 basis) NSFR minimum ratio 100%

The Barclays Bank UK Group LRA stress outflows are used to determine the minimum size of Barclays Bank UK Group Liquidity Pool. The Liquidity Pool represents those resources immediately available to meet outflows in a liquidity stress. In addition to holding a liquidity pool against stressed outflows the Group reviews available management actions that could be used to raise additional liquidity. Management actions are assessed to determine their suitability, effectiveness and time to delivery.

Liquidity limits

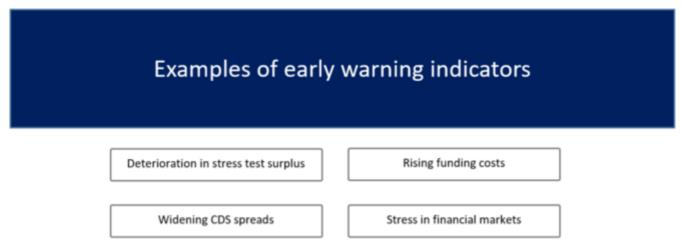
Barclays Bank UK Group manages limits on a variety of on and off-balance sheet exposures, a sample of which is shown in the table below. These limits serve to control the overall extent and composition of liquidity risk taken by managing exposure to each risk driver.

Liquidity Risk Appetite Liquidity Coverage Ratio Currency Mismatch Limits		Examples of liquidity limits	
	Liquidity Risk Appetite Limits	Liquidity Coverage Ratio Limits	Currency Mismatch Limits

Early warning indicators

Risk and capital position review

Barclays Treasury monitor a range of market indicators for early signs of liquidity risk. Both market indicators and Barclays specific indicators are tracked, a sample of which is shown in the table below. These are designed to immediately identify the emergence of increased liquidity risk in order to maximise the time available to execute appropriate mitigating management actions. Early Warning Indicators (EWIs) are used as part of the assessment of whether to invoke the Barclays Group Recovery Plan, which provides a framework for how a liquidity stress would be managed.



Recovery & resolution planning

Barclays maintains a Group Recovery Plan (GRP) designed to provide a framework to effectively manage a severe financial stress. The GRP is proportionate to the nature, scale and complexity of the business and is tested on a regular basis to ensure it is operationally robust. The GRP details the escalation and invocation process for the plan, including integration with i) BAU monitoring of capital and liquidity EWIs to detect signs of approaching financial stress, ii) existing processes within Barclays Treasury and Risk to respond to mild/moderate stress and iii) the governance process for executing recovery options. The GRP is legal entity aware and includes considerations for Barclays Bank UK Group and Barclays Bank PLC including entity-specific EWIs, recovery options, recovery strategies and governance arrangements,

Significant financial stress will be managed holistically by Barclays, with appropriate senior management coming together to deal with stress, and key entities/branches remaining involved and able to manage stress locally and continuing to meet local regulatory requirements. The financial crisis process is centred around a hierarchy based on the structure of the Group, so that stress is managed both locally and at the highest level at which it manifests. The procedures for Barclays Group, Barclays Bank UK Group and Barclays Bank PLC include the convening of the Group-wide Capital and Liquidity Crisis Management Team (CLCMT) and the Group Executive Committee (ExCo) as Barclays' most senior crisis leadership committee, the use of a crisis playbook of detailed management information and a range of management actions that can be taken to restore Barclays' capital and/or liquidity position. This coordinated process provides a more consistent and therefore more effective crisis response.

The GRP includes a range of recovery options to respond to financial stresses of varying severity and includes detailed information on financial and non-financial impacts of exercising the recovery options. The GRP is updated annually and fully embedded within Barclays' existing processes.

Liquidity risk governance

The Barclays Bank UK Treasury function operates within the bounds of the framework established by Treasury and Capital Risk. The framework describes liquidity risk management processes, associated policies, controls and how Barclays Group have implemented controls. This framework is used to manage liquidity risk within the Liquidity Risk Appetite. The framework is reviewed annually and supported by the internal architecture used to record and measure group wide liquidity metrics.

The Barclays Bank UK Board sets the Liquidity Risk Appetite based on the internal liquidity stress test (LRA) and external regulatory requirements, namely the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The Liquidity Risk Appetite quantifies the level of risk Barclays Group is exposed to in pursuit of its business objectives and ensuring compliance with its regulatory obligations. The approved Liquidity Risk Appetite is implemented in line with the Enterprise Risk Management Framework.

Capital risk management

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 Barclays Bank UK Group to withstand the impact of the risks that may arise under normal and stressed conditions, and maintain adequate capital to cover current and forecast business needs and associated risks to provide a viable and sustainable business offering.

Organisation, roles and responsibilities

The management of capital risk is integral to Barclays Bank UK Group's approach to financial stability, and is embedded in the way Barclays Bank UK Group and its businesses operate. Treasury has the primary responsibility for managing and monitoring capital adequacy. The Barclays Bank UK Group Treasury and Capital Risk function provides oversight of capital risk. Production of the Barclays Bank UK PLC ICAAP is the responsibility of Barclays Bank UK Group Treasury.

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

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

Capital risk management strategy

Barclays Bank UK Group's capital management strategy is driven by the strategic aims of Barclays Bank UK Group and the risk appetite set by the Barclays Bank UK PLC Board. Barclays Bank UK Group's objectives are achieved through well embedded capital management practices.

Capital planning and allocation

Barclays Bank UK Group assesses its capital requirements on multiple bases, with Barclays Bank UK Group's capital plan set in consideration of Barclays Bank UK Group's risk profile and appetite, strategic and performance objectives, regulatory requirements, international financial reporting standards (including IFRS 9), and market and internal factors, including the results of stress testing. The capital plan is managed on a top-down and bottom-up basis through both short-term and medium-term financial planning cycles, and is developed with the objective that Barclays Bank UK Group maintains an adequate level of capital in line with internal and regulatory requirements. The planning process captures the impact of IFRS 9 to the capital plan, both including and excluding the impacts of transitional regulatory adjustments.

The PRA determines the regulatory capital requirements for the consolidated Barclays Bank UK Group. Under these regulatory frameworks, capital requirements are set in consideration of the level of risk that Barclays Bank UK Group is exposed to and the factors described above, and are measured through both risk-based Risk Weighted Assets (RWAs) and leverage-based metrics. An internal assessment of Barclays Bank UK Group's capital adequacy is undertaken through the ICAAP and is used to inform the capital requirements of Barclays Bank UK Group.

Barclays Bank UK Group expects to meet the minimum requirements for capital and leverage at all times and also holds an internal buffer sized according to Barclays Bank UK Group's assessment of capital risk.

Monitoring and reporting

Capital is managed and monitored to ensure that Barclays Bank UK Group's capital plans remain appropriate and that risks to the plans are considered. Limits are set by Risk to control the level of capital risk within Barclays Bank UK Group. Barclays Bank UK Treasury are responsible for complying with these limits as the first line of defence for the management of capital risk. Limits are monitored through appropriately governed forums in the first and second line of defence.

To support compliance with risk limits, Barclays Bank UK Treasury monitor capital risks against firm-specific and macroeconomic early warning indicators and report on these to Barclays Bank UK PLC ALCO. This enables a consistent and objective approach to monitoring the capital outlook against the capital plan, and supports the early identification when outlooks deteriorate.

Capital management information is readily available to support Senior Management's strategic and day-to-day business decision making.

Stress testing and risk mitigation

Internal group-wide stress testing is undertaken to quantify and understand the impact of sensitivities on the capital plan and capital ratios arising from stressed macroeconomic conditions. Recent economic, market and peer institution stresses are used to inform the assumptions developed for internal stress tests and to assess the effectiveness of mitigation strategies.

Barclays Bank UK Group participates in the Barclays Group stress tests prescribed by the Bank of England (BoE) and undertake these stress tests from 2022 onwards. These stress tests will inform decisions on the size and quality of the internal capital buffer required and the results will be incorporated into Barclays Bank UK Group capital plan to maintain adequacy of capital under normal and severe, but plausible stressed conditions.

Actions are identified as part of the stress tests that can be taken to mitigate the risks that may arise in the event of material adverse changes in the current economic and business outlook. As an additional layer of protection, Barclays Group Recovery Plan defines the actions and implementation strategies available to Barclays Bank UK Group to increase or preserve capital resources in the situation that a stress occurs that is more severe than anticipated.

Capitalisation of legal entities

Barclays Bank UK Group and regulated legal entities are subject to prudential requirements from the PRA and/or local regulators. Sufficient capital needs to be available to meet these requirements both at a consolidated Group and individual legal entity level.

The capitalisation of legal entities is reviewed annually as part of the capital planning process and monitored on an ongoing basis.

Transferability of capital

Risk and capital position review

Surplus capital held in Barclays Bank UK Group entities is required to be repatriated to the immediate parent in the form of dividends and/or capital repatriation, subject to local regulatory requirements, exchange controls and tax implications. This approach provides optimal flexibility on the re-deployment of capital across legal entities. At Barclays Group, capital is managed as a whole as well as for its operating subsidiaries to allow fungibility and redeployment of capital while meeting relevant internal and regulatory targets at entity levels.

Foreign exchange risk

Barclays Bank UK Group equity is held in Sterling. However, some capital resources (e.g. MREL) are denominated in foreign currencies. Changes in foreign currency exchange rates result in changes in the Sterling equivalent value of foreign currency denominated capital resources. As a result, some Barclays Bank UK Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage Barclays Bank UK Group's balance sheet to take account of foreign currency movements could result in an adverse impact on regulatory capital.

Pension risk

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

Interest rate risk in the banking book management

Overview

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

- interest rate and repricing risk: the adverse impact 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 adverse impact by the discretion that customers and counterparties may have in respect of being able to vary their contractual obligations with the Barclays Bank UK Group. This risk is often referred to by industry regulators as 'embedded option risk'
- investment risks in the liquid asset portfolio: the risk that the fair value of assets held in the liquid asset portfolio and associated risk management portfolios could be adversely impacted by market volatility, creating volatility in capital directly.

Organisation, roles and responsibilities

The Barclays Bank UK Group Asset and Liability Committee, together with the Barclays Group Treasury Committee, are responsible for monitoring and managing IRRBB risk in line with the Barclays Bank UK Group's management objectives and risk frameworks. The Barclays UK Risk Committee and Treasury and Capital Risk Committee monitors and reviews the IRRBB risk profile and control environment, providing Second Line over sight of the management of IRRBB. The Barclays Bank UK PLC Board Risk Committee reviewsthe 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 UK Group's banking books.

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

Management of IRRBB

The Barclays Bank UK Group executes hedging strategies to minimise IRRBB and maintain it within the agreed risk appetite, whilst actively managing the trade-off between return and associated risks in liquid asset portfolio. The primary control for IRRBB is calculating the risk metrics described in the table below and monitoring risk exposure vs. defined limits. Limits are set at an aggregate business level and then cascaded down.

These measures of risk are typically dependent on an assumption of expected customer behaviour, to the extent that actual behaviour may vary from expectation this variation is measured using a supplementary set of behavioural stress measures.

Appendices

Management of treasury and capital risk (continued)

Summary of measures for non-traded market risk

Measure	Definition
Net Interest Income (NII)	A measure of the potential change in Net Interest Income (NII) due to an adverse interest rate movement over a predefined time horizon.
Economic value of equity (EVE)	A measure of the potential change in the present value of expected future cash flows due to an adverse interest rate movement, based on the existing balance sheet expected run-off profile.
Value at risk (VaR)	A measure of the potential loss of value arising from unfavourable market movements at a specific confidence level, if current non-traded positions were to be held unchanged for the predefined holding period.
Stress Loss	A measure of the potential loss from an adverse shock to market variables

Net Interest Income (NII)

NII measures the sensitivity of net interest income over a one-year period. It is calculated as the difference between the estimated income using the expected rate forecast and the lowest estimated income following a parallel increase or decrease in interest rates.

The main model assumptions are:

Interest rate levels are shocked in line with those prescribed by the PRA Rulebook. The balance sheet is primarily kept at the current level with no assumed growth, and run-off balances are reinvested on a like-for-like basis to maintain a constant balance sheet. A number of temporary non-core funding balances are not reinvested. Contractual positions are adjusted for an assumed behavioural profile, to align with the expected product life-cycle.

Forecast net interest income accounts for expected pricing changes to managed rate products both in the base scenario and shocked scenarios, including the impact of either implied product rate floors or explicit product rate floors in line with product terms and conditions. Further management actions in response to interest rate shocks are excluded.

NII sensitivity is calculated on a monthly basis for the entire banking book, including the investments in liquid asset portfolio. The metric provides a measure of how interest rate risk may impact the Barclays Bank UK Group's earnings, providing a simple comparison between risk and returns. As NII provides a view on the next year's earnings impacts of interest rate risk, the Barclays Bank UK Group also monitors economic value metrics to complement the view as this captures the IRRBB impact of risk exposures beyond one year.

Economic Value of Equity (EVE)

EVE calculates the change in the present value of the Barclays Bank UK Group's expected future cash-flows across the six prescribed scenarios in the PRA Rulebook. Note that the EVE calculation measures sensitivity in terms of present value, while NII measures income sensitivity, and as such are complimentary.

The EVE measure is calculated on a monthly basis and is applied to the full life of transactions and hedges allowing the risk over the whole life of positions to be considered. It does not capture the impact of business growth or management actions, and is based on the expected balance sheet run-off profile.

The main model assumptions are:

All cash flows are included within the EVE scenarios, with commercial margins excluded from disclosures and discounted at the relevant risk-free interest rate. Market rate floors are accounted for in line with regulatory guidance, with market rates floored at -100bps and increasing by 5bps per annum from the reporting date.

The Bank's equity instruments without a call date are excluded from the calculation. Deposits which have no defined maturity date have been profiled according to their relevant behavioural maturity which aligns to the Bank's hedging strategy. The profiling of non-maturing deposits is aligned in shock scenarios to the baseline scenario as the baseline scenario is sufficiently prudent to mitigate expected customer behaviours in shocked scenarios.

Fixed-rate customer balances where customers have the option to adjust payments are also reported including expected customer behaviours, with the baseline Conditional Prepayment Rate adjusted by 20% in shocked scenarios.

EVE is calculated by currency and aggregated accounting for 50% of the benefit of any positive change in EVE.

Value at Risk (VaR)

In addition to the above measures, VaR is also used for IRRBB management, although primarily focused on items held at fair value. VaR is an estimate of the potential loss arising from unfavourable market movements if the current position were to be held unchanged for a set period. For internal market risk management purposes, a historical simulation methodology is used with a one-year equally weighted historical period, at a 95% confidence level.

Internal risk management daily VaR is used to measure residual interest and foreign exchange risks across certain banking books held at fair value. Quarterly scaled VaR is used to measure risk for items in the liquid asset portfolio held at fair value.

VaR is calculated on a daily basis and exposure is reported versus defined limits.

Stress Loss

Securities in the liquidity buffer are subject to several market risk stresses designed to estimate potential losses in various scenarios. This includes, but is not limited to, an annual internal stress test, regulatory stress tests as well as various ad hoc exploratory exercises.

ICAAP information

The purpose of the capital adequacy assessment is to confirm that the entity is adequately capitalised to support its business strategy against the risks the bank faces and the performance constraints set by the Board.

The capital adequacy is assessed by verifying the following conditions:

• The entity meets the capital regulatory requirements;

Risk and capital position review

- The Internal Stress Testing passes the risk appetite constraints set by the Board and;
- The entity holds sufficient loss absorbing capital to cover total economic risks.

This is supplemented by benchmarking of capital metrics to peer banks and considering rating agency assessments.

Management of operational risk

Operational risk

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

Overview

The management of operational risk has three key objectives:

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

Barclays Bank UK Group is committed to operating within a strong system of internal controls that enables business to be transacted and risk taken without exposing Barclays Bank UK Group to unacceptable potential losses or reputational damages. Barclays Group has an overarching Enterprise Risk Management Framework (ERMF) that sets out the approach to internal governance which Barclays Bank UK Group has adopted.

Organisation and structure

Barclays Bank UK PLC Board Risk Committee

- Reviews Bandays Bank LK Croup's operational risk profile, on behalf of the Barclays Bank LK PLC Board
- Considers and recommends Barclays Bank UK Group's risk appetite for operational risk
- Reviews the management of Bandays Bank UK Group's operational risk, supported by feedback from the Bandays Bank UK PLC Board Audit Committee
- Commissions, receives and considers reports on key financial and non-financial risk issues in the Bandays Bank UK Group
- · Oversees operational risk capita

Barclays Bank UK PLC Board Audit Committee

- ting effectiveness of the control environment
- Oversees remediation of control issues
- Gives feedback to the Banclays Bank UK PLC Board Risk Committee where concerns exist over the impaction residual risk through either the design or operating effectiveness of the control environment.

lays UK Risk Cor

- Proposes operational risk appetite to Barclays Bank UK PLC Board Risk Committee and Bardays Group Risk Committee Reviews and recommends risk limits and/or tolerances to control risk appetite to the Barclays Bank UK PLC Board Risk Committee and Barclays Group Risk Committee
- · Monitors the Barclays Bank UK Group risk profile and the utilisation of risk appetite
- Reviews/challenges the effectiveness of the risk and control environment
- Reviews appetite, limit usage and risk management within tolerance agreed by the Bardays Bank UK PLC Board
- · Reviews deep dives of specific risks as requested
- Reviews any critical breaches (including dispensations and waivers) against risk policy/framework or limits and eviews Lessons Learned and their impact on the risk profile
- · Reviews remediation plans and actions taken, and agrees any further action required
- · Escalates to the Barclays Bank UK PLC Board level and Barclays Croup Risk Committee
- · Oversees operational risk capital

Barclays Group Risk

- Reviews and recommends risk appetite and risk limit across erational risks to the Bardays PLC Board
- Monitors the Barclays Group risk profile and utilisation of risk appetite
- Review appetite, limit usage and risk managements within tolerance agreed by Barclays PLC Board
- Review deep dives of specific risks
- Review the impact of any material acquisitions and disposals on the risk profile
- Reviews remediation plans and action taken, and agrees any further action required further action requir
- Escalates to the Barclays PLC Board Level

Barclays Bank UK PLC

- · Oversees the effectiveness of the control environment
- Oversees control remediation activities
- Reviews and approves Annual Control Testing Plans for Bardass Bank UK Group
- Oversees the implementation of the Barclays Control Framework across Barclays Bank UK Group
- Requests deep dive presentations relating to the control
- Escalates to the Barclays Bank UK PLC Board level and Barclays Croup Controls Committee

Barclays Group Controls

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- · Oversees the effectiveness of the
- Reviews and recommends the control framework
- Oversees control remediation activities
- · Oversees the execution of the Operational Risk Framework consistently across Barclays
- Oversees risk and internal control matters including significant
- Escalates to the Barclays PLC Board Level

BUK Business/Function Control

- Manage and oversee the control environment at the business/function level
- Escalate to the Bardays UK PLC Controls Committee

Business/Fun ction Risk Committees

- Manage and oversee risk at business/funct
- Escalate to the Bardays UK Rick Committee

Barclays UK Operational

 New established during 2021 to strengthen governance and oversight of Operational across

BUK

Operational Risk Categories

Operational risks are grouped into risk categories to support effective risk management, measurement and reporting. Operational risk comprises a number of specific risk categories. These operational risk categories are defined as follows:

- Data Management Risk: The risk that Barclays Data and Records are not defined, captured, stored or managed in accordance with their value, and legal and regulatory requirements
- Financial Reporting Risk: The risk of a material misstatement or omission within the Group's external financial reporting, regulatory reporting or internal financial management reporting
- Fraud Risk: The risk of financial loss when an internal or external party acts dishonestly with the intent to obtain an undue benefit, cause a loss to, or to expose either the Group or its customers and clients to a risk of loss
- Information Security Risk: The risk that Barclays information is not protected against potential unauthorised access, use, modification, disruption or destruction

Barclays Bank UK PLC

- Operational Recovery Planning Risk: The risk that Barclays does not understand the impact of operational disruption on its business services, is unable to recover business services within agreed timeframes, or does not have the ability to effectively respond to a
- Payments Process Risk: The risk of payments being processed inaccurately, with delays, without appropriate authentication and authorisation. It also covers the risk associated with ineffective management associated with Payment/Card Scheme membership
- People Risk: The set of risks associated with employing and managing people, including compliance with regulations, appropriate resourcing for requirements, recruitment and development risks
- Premises Risk: The risk of business detriment or harm to people due to premises and infrastructure issues
- Physical Security Risk: The risk of business detriment, financial loss or harm to people as a result of any physical security incident impacting the Group or a Group employee - relating to harm to people, unauthorised access, intentional damage to premises or theft or intentional damage to moveable assets
- Change Delivery Management Risk: The risk of failing to deliver and implement the agreed change initiatives and business outcomes required to deliver the Group and Business Unit Strategy within agreed timelines. Change Delivery Management Risk exists whenever there is change is in flight (delivery risk) and or fails to recognise incremental risk to the business that the change may introduce once it is delivered (delivered risk)
- Supplier Risk: The risk that is introduced to the firm or entity as a consequence of obtaining services or goods from another legal entity or entities whether External or Internal as a result of inappropriate and/or inadequate selection, management, or exit management
- Tax Risk: The risk of unexpected tax cost in relation to any tax for which Barclays is liable, or of reputational damage on tax matters with key stakeholders such as tax authorities, regulators, shareholders or the public. Tax cost includes tax, interest or penalties levied
- Technology Risk: The risk to Barclays that comes about through its dependency on Technological solutions
- Transaction Operations Risk: The risk of an unintentional error in the execution of a customer transaction resulting in delayed or inaccurate processing

In addition to the above, operational risk encompasses risks associated a breach of Prudential regulatory requirements relating to maintaining Group Resolution Plan.

These risks may result in financial and/or non-financial impacts including legal/regulatory breaches or reputational damage.

Connected Risks

Barclays also recognises that there are certain threats/risk drivers which are interconnected and have the potential to impact the Group's strategic objectives. These are referred to as Connected Risks and require an overarching and integrated risk management and / or reporting approach. Including:

- Cyber: The potential loss or detriment to Barclays Bank UK Group caused by individuals or groups (threat actors) with the capabilities and intention to cause harm or to profit from attacks committed via network information systems against us, our suppliers, or customers/clients
- Data: The risks associated with the management, quality and control of data, its protection and confidentiality and its correct usage
- Resilience: The risk of the organisation's ability to anticipate, prevent, adapt, respond to, recover and learn from internal or external disruption, continuing to provide important business services to customers and clients, and minimise any impact on the wider financial system
- Third-Party Service Management: The risk associated with Third-Party Service Providers defined as all entities that have entered into an arrangement with Barclays in order to provide business functions, activities, goods, and/or services

Roles and responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests with the business and functional units where the risk arises. The operational risk profile and control environment is reviewed by business management through business risk committees and control committees. Operational risk issues escalated from these meetings are considered through the second line of defence review meetings. Depending on their nature, the outputs of these meetings are presented to the Operational Risk Profile Forum, the Operational Risk Committee, the Barclays UK Operational Risk Committee, the Barclays UK Risk Committee, the Barclays Bank UK PLC Board Risk Committee or the Barclays Bank UK PLC Board Audit Committee. In addition, specific reports are prepared by Operational Risk on a regular basis for the Group Risk Committee and the Barclays Bank UK PLC Board Risk Committee. The new Barclays UK Operational Risk Committee was established in 2021 to strengthen governance and oversight of Operational Risk

Businesses and functions are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks that may threaten the achievement of their objectives and the effectiveness of key controls, operational risk events and a review of scenarios. Specific reports are prepared by the business and Barclays Bank UK Group Operational Risk on a regular basis for the Barclays UK Operational Risk Committee, the Barclays UK Risk Committee, and the BRC.

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

Barclays Bank UK PLC

Management of operational risk (continued)

Barclays' approach to managing risks

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

Operational Risk Framework

The Operational Risk Framework comprises a number of elements which allow Barclays Bank UK Group to manage and measure its operational risk profile and to calculate the amount of operational risk capital that Barclays Bank UK Group needs to hold to absorb potential losses. The minimum, mandatory requirements for each of these elements are set out in the Operational Risk Framework and supporting policies. This framework is implemented across Barclays Bank UK Group with all legal entities, businesses and functions required to implement and operate an Operational Risk Framework that meets, as a minimum, the requirements detailed in the operational risk policies.

The Operational Risk Framework is a key component of the ERMF and has been designed to improve risk management and meet a number of external governance requirements including the Basel Capital Accord, the Capital Requirements Directive and Turnbull guidance as an evaluation framework for the purposes of Section 404(a) of the Sarbanes-Oxley Act. It also supports the Sarbanes-Oxley requirements.

The Operational Risk Framework includes the following elements:

Risk and Control Self-Assessments

Risk and control self-assessments (RCSAs) are the way in which Barclays Bank UK Group identifies and assesses the risks which are inherent in the material processes operated by Barclays Bank UK Group. Managers in the business use the RCSA approach to evaluate $the \ controls \ in \ place \ to \ mitigate \ those \ risks \ and \ assess \ the \ residual \ risk \ exposure \ to \ Barclays \ Bank \ UK \ Group. \ The \ businesses \ /$ functions are then able to make decisions on what action, if any, is required to reduce the level of residual risk to Barclays Bank UK Group. These risk assessments are monitored on a regular basis to maintain that each business understands the risks it faces.

Risk Events

An operational risk event is any circumstance where, through the lack or failure of a control, Barclays Bank UK Group has actually, or could have, made a loss. The definition includes situations in which Barclays Bank UK Group could have made a loss, but in fact made a gain, as well as incidents resulting in reputational damage or regulatory impact only.

A standard threshold is used across Barclays Bank UK Group for reporting risk events and part of the analysis includes the identification of improvements to processes or controls, to reduce the recurrence and/or magnitude of risk events. For significant events, both financial and non-financial, this analysis includes the completion of a formal lessons learned report.

Barclays Bank UK Group also maintains a record of external risk events which are publicly available and is a member of the Operational Riskdata eXchange (ORX), a not-for-profit association of international banks formed to share anonymous loss data information. This external loss information is used to support and inform risk identification, assessment and measurement.

Operational Risk Appetite

The Barclays Bank UK PLC Board approves an Operational Risk Appetite Statement on an annual basis, establishing the level of operational risk that is acceptable in pursuit of Barclays Bank UK Group's strategic objectives.

Operational risks are assessed and monitored against the Board approved Operational Risk Appetite, with Risk Reduction Plans established for any risks that are above the acceptable level.

The Operational Risk Profile is monitored through Risk Committees and Board level in the context of Operational Risk Appetite.

Key Indicators

Key indicators (KIs) are metrics which allow the Operational Risk Profile to be measured and monitored against Management's Risk Appetite. KIs include defined thresholds and performance is reported regularly to Management to drive action when risk exceeds acceptable limits.

Risk Scenarios

Risk scenarios are a summary of the extreme potential risk exposures for Barclays Bank UK Group covering the complete range of risks. The scenarios include an assessment of the key drivers for the exposure, occurrence and impact of the scenario and a review of the corresponding control environment. The risk scenario assessments are a key input to the calculation and benchmarking of economic capital requirements (see following section on operational risk measurement). The assessment considers analysis of internal and external loss experience, Key Risk Indicators, Risk and Control Self-Assessments and other relevant information. The businesses and functions analyse potential extreme scenarios, considering the:

- · circumstances and contributing factors that could lead to an extreme event;
- potential financial impacts;
- controls that seek to limit the likelihood of such an event occurring; and
- the mitigating actions that would be taken if the event were to occur (for example crisis management procedures, business continuity or disaster recovery plans)

Management then determine whether the potential risk exposure is acceptable or whether changes in risk management control or business strategy are required. The risk scenarios are regularly re-assessed, taking into account trends in risk factors.

Management of operational risk (continued)

Reporting

The ongoing monitoring and reporting of operational risk is a key component of the Operational Risk Framework. Reports and management information are used by the Operational Risk function and by legal entity and business management to understand, monitor, manage and control operational risks and losses.

The operational risk profile is reviewed by senior management at legal entity Risk Committee meetings as well as the Operational Risk Profile Forum, Operational Risk Committee and BRC, BAC and the Board.

Operational Risk Measurement

Barclays Bank UK Group assesses its Operational Risk Capital requirements using the Standardised Approach (TSA).

Insurance

As part of its risk management approach, Barclays Bank UK Group also uses insurance to mitigate the impact of some operational risks.

Barclays Bank UK PLC

Management of model risk

Model risk

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

Barclays' approach to managing risks

Overview

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

Since models are imperfect and incomplete representations of reality, they may be subject to uncertainty, errors and inappropriate use affecting the accuracy of their output. This can result in inappropriate business decisions being made, financial loss, regulatory risk, reputational risk and/or inadequate capital reporting. Models may also be misused, for instance applied to products that they were not intended for, or not adjusted, where fundamental changes to their environment would justify re-evaluating their core assumptions.

Robust model risk management is crucial to assessing and managing model risk within a defined risk appetite. Strong model risk culture, appropriate technology environment, and adequate focus on understanding and resolving model limitations are crucial components.

Organisation and structure

Barclays allocates substantial resources to identify and record models and their usage, document and monitor the performance of models, validate models and adequately address model limitations. Barclays manages model risk as an enterprise level risk similar to other Principal Risks.

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

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

The function reports to the Barclays Group CRO and operates a global framework. Implementation of best practice standards is a central objective of Barclays Group. Model risk reporting flows to senior management as depicted below.

Barclays Bank UK PLC Board Risk Committee

- "Considers and recommends the Barclays Bank UK Croup's risk appetite for model risk
- Reviews the Barclays Bank UK Croup's model risk profile, on behalf of the Barclays Bank UK PLC Board
- -Reviews the management of Barclays Bank UK Croup's model risk
- Commissions, receives and considers reports on key financial and non-financial risk issues in the Barclays Bank Croup

Barclays UK Risk Committee

- -Reviews and recommends the proposed model risk appetite and risk profile for Barclays Bank UK Croup
- Reviews and recommends limits and/or tolerances to control risk appetite

Barclays UK Model Management Committee

- -Reviews and monitors model risk for all Risk and Financial measurement models in BU
- Oversees Capital Regulatory Requirements including all material aspects of the rating and estimation process.
- .=Oversees BUK models 'control environment

Barclays Group Risk Committee

- -Reviews risk appetite across model risk
- Monitors the Barclays Croup risk profile for model risk, including emerging risks, against expected trends, and the utilisation of risk appetite

Management of model risk (continued)

Roles and responsibilities

The key model risk management activities include:

- Correctly identifying models across all relevant areas of Barclays Bank UK Group, and recording models in the Barclays Group Models Database (GMD), the Barclays Group-wide model inventory. The heads of the relevant model ownership areas (typically, the Barclays Bank UK PLC Chief Risk Officer, Chief Executive Officer, Chief Financial Officer, Treasurer etc.) annually attest to the completeness and accuracy of the 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. The model owner works with the relevant technical teams (model developers, implementation, monitoring, data services, regulatory) to maintain that the model presented to IVU is and remains fit for purpose
- Overseeing that every model is subject to validation and approval by IVU, prior to being used and on a continual basis. While all models are reviewed and re-approved for continued use each year, the validation frequency and the level of review and challenge applied by IVU is tailored to the materiality and complexity of each model. Validation includes a review of the model assumptions, conceptual soundness, data, design, performance testing, compliance with external requirements if applicable, as well as any limitations, proposed remediation and overlays with supporting rationale. Material model changes are subject to prioritised validation and
- Defining model risk appetite in terms of risk tolerance, and qualitative metrics which are used to track and report model risk
- Maintaining specific standards that cover model risk management activities relating to stress testing challenger models, model overlays and vendor models

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Management of conduct risk

Conduct risk

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

Overview

Introduction

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

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

Organisation and Structure

The governance of Conduct Risk within the Barclays Bank UK Group is fulfilled through management committees and forums operated by the first and second lines of defence, with clear escalation and reporting lines to the Barclays Bank UK PLC Board Risk Committee.

The Barclays Bank UK Group Risk Committee is the primary second line governance committee for the oversight of the conduct risk profile. The risk committees' responsibilities include the identification and discussion of any emerging conduct risk exposures. The committee also safeguards the independence of, and oversees the performance of, the Barclays Bank UK Group Compliance Function.

Barclays Bank UK PLC Board Risk Committee

- Reviews the effectiveness of the processes by which the Barclays Bank UK Croup identifies and manages Conduct Risk, including annually reviewing the effectiveness of the Barclays Croup Conduct Risk Management Framework as it applies to the BBUK Croup.
- Reviews periodic Conduct Risk reports, which will include adopting Conduct Risk metrics as set by the Barclays PLC Board Risk Committee, agreeing any specific Bardays Bank UK Croup business and function metrics and performance against the same and compliance with Bardays Bank UK Croup Conduct Risk Policies.
- Maintains oversight of the Barclays Bank UK Croup's Compliance Function.

Barclays Bank UK Controls Committee

- Acts as the primary governance mechanism for Vertical Owners to oversee the effectiveness of the Control Environment in relation to Conduct Risk, including remediation of control failures relating to Conduct Issues and Risk Events and to oversee the effectiveness of the control environment for Conduct Risk within the risk appetite and tolerance approved by the Board (Group or Entity as relevant).



Barclays UK Risk Committee

-Acts as the primary governance mechanism for Horizontal Owners to oversee the Conduct Risk profile and the implementation of the CRMF. This includes, but is not limited to:

- Overall assessment of the Business/ Function Conduct Risk Profile.
- Approval of Conduct Risk Tolerance
- Check and challenging Conduct Risk Profile reports (including the Conduct Risk Dashboard).
- Identifying and discussing any emerging Conduct Risk exposures.
- Reviewing information related to the implementation of the CRMF.

Roles and Responsibilities

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

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

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

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



Management of reputation risk

Reputation risk

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

Overview

Introduction

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

Organisation and structure

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

Barclays Bank UK PLC Board

- Reviews the effectiveness of the processes by which the Barclays Bank UK Group identifies and manages reputation risk
- · Considers and evaluates regular reports on the Barclays Bank UK Group's reputation risk issues and exposures
- Considers whether significant business decisions will compromise the Barclays Bank UK Group's ethical policies or core business beliefs and values



Barclays UK Risk Committee

- Reviews the monitoring processes utilised by Compliance, and Public Policy and Corporate Responsibility to ensure they are proportionate given the level of risk identified in the businesses
- Reports reputation issues in accordance with the Barclays Group's Reputation Risk Management Framework for all material issues which
 may have the potential to incur reputation risk for the Barclays Bank UK Group



Barclays Bank UK Group Business Risk Committees/Forums

Review and escalate reputation risks in accordance with Barclays Group's Reputation Risk Management Framework

Roles and responsibilities

The Barclays Bank UK Group Chief Compliance Officer is responsible for overseeing the management of reputation risk for Barclays Bank UK Group, and Head of Public Policy and Corporate Responsibility is responsible for developing a reputation risk policy and associated standards, including tolerances against which data is monitored, reported on and escalated, as required. Reputation risk is by nature pervasive and can be difficult to quantify, requiring more subjective judgement than many other risks. The Reputation Risk Management Framework sets out what is required to manage reputation risk across the Barclays Bank UK Group.

The primary responsibility for identifying and managing reputation risk and adherence to the control requirements sits with the business and support functions where the risk arises.

The Barclays Bank Group and the Barclays Bank UK Group are required to operate within established reputation risk appetite, and their component businesses prepare reports highlighting their most significant current and potential reputation risks and issues and how they are being managed. These reports are a key internal source of information for the quarterly reputation risk reports which are prepared for the Barclays UK Risk Committee and the semi-annual reputation risk reports which are prepared for the Barclays Bank UK PLC Board.

Management of legal risk

Risk and capital position review

Legal risk

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

Overview

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

Appendices

Organisation, roles and responsibilities

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

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

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

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

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

Barclays Bank UK PLC Board Risk Committee

- Considers and recommends to the Barclays Bank UKPLC Board legal risk appetite and tolerances for the Barclays Bank UK Group
- Reviews the legal risk profile and the management of legal risk for the Barclays Bank UK Group
- Commissions, receives and considers reports on key legal risk issues for the Barclays Bank UK Group

Barclays Group Risk Committee

- Reviews and monitors the Barclays Group legal risk profile with respect to legal risk appetite and tolerances
- Reviews and recommends to the Barclays PLC Board Risk Committee legal risk appetite and tolerances
- Escalates and reports to Barclays Group Board level

Barclays Group Controls Committee

- Oversees the effectiveness of the Barclays Group legal risk control environment with respect to legal risk appetite and tolerances
- Escalates to Barclays Group Risk Committee and reports to Barclays Group Board level

Barclays Bank UK Group Risk Committee

- Oversees the legal risk profile for Barclays Bank UK Group with respect to its legal risk appetite and tolerances
- Escalate to Barclays Bank UK PLC Board level and Barclays Group Risk Committee

Legal Executive Committee

- Oversees, reviews and challenges, as appropriate, the legal risk profile and effectiveness of the legal risk control environment across the Barclays Group with respect to legal risk appetite and tolerances
- Escalates and reports to Barclays Group Risk and Controls Committees as appropriate

Barclays Bank UK Group Controls Committee

- Oversees the effectiveness of the legal risk control environment for Barclays Bank UK Group with respect to its legal risk appetite and tolerances
- Escalate to Barclays Bank UK PLC Board level and Barclays Group Controls Committee

Risk and capital position review Barclays' approach to managing risks

Appendix A – Countercyclical capital buffer

Table 68: CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

The below table shows the geographical distribution of credit exposures relevant to the calculation of the countercyclical buffer in line with CRR Article 440. Note that exposures in the below table are prepared in accordance with CRD Article 140 and as such exclude exposures to central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions and hence the exposure values differ to those found in the Analysis of credit risk section.

	General	credit exposures	Relevant	credit exposures – Market risk					Own fu	und requirements			
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securiti-sation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights	Counter- cyclical buffer rate (%)
Breakdown by country	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Norway	104	_	_	_	_	104	2	_	_	2	21	0.04%	2.0%
Denmark	_	_	_	_	_	_	_	_	_	_	_	_	2.0%
United Kingdom	6,258	217,269	_	_	9,962	233,489	4,283	_	115	4,398	54,976	99.40%	1.0%
Sweden	52	_	_	_	_	52	1	_	_	1	10	0.02%	1.0%
Hong Kong	_	_	_	_	_	_	_	_	_	_	_	_	1.0%
Luxembourg	_	_	_	_	_	_	_	_	_	_	_	_	0.5%
Total (countries with existing CCyB rate)	6,414	217,269	_	_	9,962	233,645	4,286	_	115	4,401	55,007	99.46%	
Total (countries with own funds requirements weights 1% or above)	1,267	63	34	_	_	1,364	24	1	_	25	303	0.54%	n/a
Total	7,681	217,332	34	_	9,962	235,009	4,310	1	115	4,426	55,310	100.00%	

Note

a. No comparatives are provided as this reflects revised disclosure requirements from 1 January 2022.

Barclays Bank UK PLC Pillar 3 Report 2022 Introduction Risk and capital position review Barclays' approach to managing risks

Appendix A – Countercyclical capital buffer (continued)

Table 69: CCyB2 - Amount of institution-specific countercyclical capital buffer^a

This table shows an overview of institution specific countercyclical exposure and buffer requirements.

Asa	As at 31 December 2022		
1	Total risk exposure amount	72,719	
2	Institution specific countercyclical capital buffer rate	0.99%	
3	Institution specific countercyclical capital buffer requirement	723	

 $[\]begin{tabular}{ll} \textbf{Note}\\ a. & No comparatives are provided as this reflects revised disclosure requirements from 1 January 2022 and the provided disclosure requirements from 1 January 2022 and the provided disclosure requirements from 1 January 2022 and the provided disclosure requirements from 1 January 2022 and the provided disclosure requirements from 1 January 2022 and the provided disclosure requirements from 2 January 2022 and the provided disclosure requirements from 2 January 2022 and the provided disclosure requirements from 2 January 2022 and the provided disclosure requirements from 2 January 2022 and the provided disclosure requirements from 2 January 2022 and the provided disclosure requirements from 2 January 2022 and the provided disclosure requirements from 2 January 2022 and 2$

Appendix B - Disclosure on asset encumbrance

Asset encumbrance arises from collateral pledged against secured funding and other collateralised obligations. Barclays Bank UK Group funds a portion of assets and other securities via repurchase agreements and other similar borrowing and pledges a portion of customer loans and advances as collateral in securitisation, covered bond and other similar structures. Barclays Bank UK Group monitors the mix of secured and unsecured funding sources within the Group's funding plan and seeks to efficiently utilise available collateral to raise secured funding and meet other collateral requirements.

Assets are considered encumbered when they have been pledged or used to secure, collateralise or credit enhance a transaction which impacts their transferability and free use. This includes repurchase or other similar agreements predominately with market counterparties, and to a lesser extent with other entities of the Barclays group and through the issuance of Covered bonds and securitisations. Assets may also be encumbered under secured funding arrangements with central banks. In advance of such encumbrance, assets are often positioned with central banks to facilitate efficient future draw down.

There may be occasions where agreements are in place to over-collateralise funding structures such as securitisations and covered bonds. This is on an individual transaction basis and will typically result in higher levels of encumbrance. Encumbered assets comprise a range of different currencies primarily GBP with minor encumbered assets comprising of EUR and USD.

As at 31 December 2022, the group has £63.5bn of underlying assets and cover pool assets of securitisations and covered bonds, of which £24.8bn of assets are encumbered and £38.7bn are unencumbered. In total, BUK has £7.0bn of retained securitisations and retained covered bonds.

The below tables (AE1, AE2 and AE3) are prepared on the regulatory scope of consolidation basis consistent with the regulatory scope of consolidation used to prepare other liquidity reporting. Each of the reported values are derived from the median of values of the quarterly submissions reported to the regulator via supervisory returns over the period 1 January 2022 to 31 December 2022 and will not agree to those disclosed in the Barclays Bank UK PLC Annual Report (on page 217) which are prepared on an IFRS scope of consolidation and reflects the 31 December 2022 position.

Table 70: AE1 - Encumbered and unencumbered assets

		Carrying amount o	of encumbered assets	Fair value of enc	umbered assets		ying amount of imbered assets	Fair value of	unencumbered assets
		e	of which notionally eligible EHQLA and HQLA	_	of which notionally eligible EHQLA and HQLA	_	of which EHQLA and HQLA	_	of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
As at	31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m
010	Assets of the reporting institution	32,787	8,874			284,019	89,334		
030	Equity instruments	_	_	_	_	1	_	1	_
040	Debt securities	6,445	6,415	6,445	6,415	30,826	30,140	30,826	30,140
050	of which: covered bonds	179	179	179	179	3,244	3,161	3,244	3,161
060	of which: securitisations	_	_	_	_	5,957	5,947	5,957	5,947
070	of which: issued by general governments	6,164	6,134	6,164	6,134	17,263	16,930	17,263	16,930
080	of which: issued by financial corporations	124	124	124	124	4,020	3,855	4,020	3,855
090	of which: issued by non- financial corporations	_	_	_	_	307	109	307	109
120	Other assets	26,349	2,322			254,393	60,286		

Carrying amount of encumbered other assets of £26.3bn predominantly contains loans and advances pledged as collateral in secured funding arrangements with central banks, covered bonds and other similar secured structures. This also contains cash collateral posted for derivative margin requirements.

Carrying amount of unencumbered assets of £284.0bn contains;

- £30.8bn of debt securities that may be monetised to generate liquidity through use as collateral for secured funding or through outright sale,
- £60.3bn of balances at central banks,
- £183.8bn of loans and advances which would be suitable for use in secured funding, some of which are already in a form such that, they can be used to raise funding without further management actions. This also includes excess collateral already in secured funding vehicles,
- £9.1bn of balances that are not readily available for encumbrance in the normal course of business that represents derivative assets, reverse repos, settlement balances, intangibles and deferred tax assets

Appendix B – Disclosure on asset encumbrance (continued)

Table 71: AE2 - Collateral received and own debt securities issued

		Fair value of encu received or own debt			Unencumbered
				or own debt s	llateral received ecurities issued or encumbrance
			of which notionally eligible EHQLA and HQLA	C	of which EHQLA and HQLA
		010	030	040	060
As at	31 December 2022	£m	£m	£m	£m
130	Collateral received by the reporting institution	852	852	845	845
140	Loans on demand	_	_	_	_
150	Equity instruments	_	_	_	_
160	Debt securities	852	852	845	845
170	of which: covered bonds	_	_	_	_
180	of which: securitisations	_	_	490	490
190	of which: issued by general governments	852	852	310	310
200	of which: issued by financial corporations	_	_	37	37
210	of which: issued by non-financial corporations	_	_	_	_
220	Loans and advances other than loans on demand	_	_	_	_
230	Other collateral received	_	_	_	_
240	Own debt securities issued other than own covered bonds or	_	_	_	_
241	Own covered bonds and asset-backed securities issued and not yet			5,750	_
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	33,639	_		

Table 72. AE7 Courses of anoumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
As at	31 December 2022	£m	£m
010	Carrying amount of selected financial liabilities	22,721	29,967
120	Other sources of encumbrance	3,874	3,874
170	Total sources of encumbrance	26,782	33,639

 $Carrying\ amount\ of\ selected\ financial\ liabilities\ of\ £22.7bn\ primarily\ relates\ to\ repurchase\ agreements,\ secured\ debt\ issuance\ and\ cash$ $collateral\ posted\ for\ derivatives\ margin\ requirements.\ £3.9bn\ of\ other\ sources\ of\ encumbrance\ represents\ stock\ lending\ agreements$ and trading portfolio liabilities.

Appendix C – Disclosure on remuneration

Barclays Bank UK PLC remuneration

The following disclosures are made by applying instructions provided in Annex XXXIV and the tables as presented in Annex XXXIII of the PRA Rulebook, Disclosure (CRR) Part in application of Article 450 CRR.

Remuneration Governance

The mandate and responsibilities of Barclays Bank UK PLC ('BBUKPLC') Board Remuneration Committee (the 'Committee') are included in the 2022 BBUKPLC Annual Report. No external consultants provide services to the Committee. In the course of its deliberations, the Committee considers the views of the BUK Chief Executive Officer, the BUK Human Resources Director and the BUK Reward Director. The BUK Finance Director and Chief Risk Officer also provide regular updates on the entity's financial performance and risk profile respectively.

The Committee held six meetings during 2022 and this is the summary of attendance:

Member	Meetings attended
Michael Jary (Chair)	6/6
Avid Larizadeh Duggan	5/6
Kathryn Matthews (until 30 September 2022)	5/5
Tracy Corrigan (from 1 September 2022 onwards)	2/2

The Committee has adopted the overarching principles and parameters of the remuneration policy set by the Barclays PLC Remuneration Committee, as disclosed in the Remuneration report within the Barclays PLC 2022 Annual Report (the 'Remuneration report').

The Committee reviewed the remuneration philosophy in 2022 prior to approving it. For 2022 there were not any substantive changes to the all-employee remuneration policy.

Performance management and remuneration

Barclays' remuneration philosophy (set out below) links remuneration to achieving sustained high performance and creating long-term value. Our remuneration philosophy applies to all employees of Barclays PLC globally (including those individuals identified as MRTs) and aims to reinforce our belief that effective performance management is critical to enabling the delivery of our business strategy in line with our Values. Employees who adhere to Barclays' Values and contribute to Barclays' success are rewarded accordingly.

This is achieved by basing performance assessment on clear standards of delivery and behaviour, which starts with employees aligning their objectives ('what' they will deliver) to business and team goals in order to support the delivery of the business strategy and good client/customer outcomes. Behavioural expectations ('how' people will achieve their objectives) are set in the context of our Values and

Performance is assessed against both financial and non-financial criteria. Other factors are also taken into consideration within the overall performance assessment, including core job responsibilities, behaviours towards risk and control, colleague and stakeholder feedback as well as input from the Risk and Compliance functions, where appropriate. Details on Barclays' financial and non-financial performance, and how they relate to the bonus pool, can be found as part the BPLC Remuneration Chair's statement in the Remuneration report. Similar considerations were made by the BBUKPLC Committee in respect of the BBUKPLC incentive pool.

Through our approach to performance management, the equal importance of both what an individual has delivered and how the individual has achieved this is emphasised, encouraging balanced consideration of each dimension. Both of these elements are assessed and rated independently of each other. There is no requirement to have an overall rating. This allows for more robust and reflective conversations between managers and team members on the individual components of performance.

Barclays' remuneration philosophy

The remuneration philosophy below sets out the basis upon which Barclays made remuneration decisions and set remuneration policies during 2022. Barclays' remuneration philosophy applies to all employees globally.

Attract and retain talent needed to deliver Barclays' strategy	Long-term success depends on the talent of our employees. This means attracting and retaining an appropriate range of talent to deliver against our strategy, and paying the right amount for that talent
Align pay with investor and other stakeholder interests	Remuneration should be designed with appropriate consideration of the views, rights and interests of stakeholders. This means listening to our shareholders, other investors, regulators, government, customers and employees and ensuring their views are appropriately considered in remuneration decision-making
Reward sustainable performance	Sustainable performance means making a positive and enduring difference to investors, customers and communities, taking pride in leaving things better than we found them, and playing a valuable role in society
Support Barclays' Values and culture	Results must be achieved in a manner consistent with our Values. Our Values, culture and Mindset should drive the way that business is conducted
Align with risk appetite, risk exposure and conduct expectations	Designed to reward employees for achieving results in line with the Group's risk appetite and conduct expectations
Be fair, transparent and as simple as possible	We are committed to ensuring pay is fair, simple and transparent for all our stakeholders. This means all employees and stakeholders should understand how we reward our employees and fairness should be a lens through which we make remuneration decisions

The Barclays Group remuneration policy is reviewed annually by the Barclays PLC Remuneration Committee. The Committee is asked to review and adopt any changes to the policy, where appropriate.

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Appendix C – Disclosure on remuneration (continued)

Barclays' approach to managing risks

Risk adjustment and remuneration

Another key feature of our remuneration philosophy is the alignment of remuneration with our risk appetite and with the conduct expectations of Barclays, our regulators and other stakeholders. The Committee takes risk and conduct events very seriously and ensures that there are appropriate adjustments to individual remuneration and, where necessary, the incentive pool.

The Remuneration Review Panel (the 'Panel'), which reports to the Committee, supports the Committee in this process. The Panel is chaired by the Group HR Director and includes the Group Heads of Risk, Compliance, Legal and Internal Audit as well as the CEO of BBUKPLC and the President of Barclays Bank PLC. It applies our policies and processes for assessing compensation adjustments for risk and conduct events.

We have robust processes for considering risk and conduct as part of individual performance management, with outcomes reflected in individual remuneration decisions. Line managers have primary accountability for ensuring that risk and conduct issues are considered when assessing performance and making remuneration decisions. In addition, there is a secondary review by the control functions, for individuals involved in significant failures of risk management, conduct issues, regulatory actions or other major incidents that impact either the Group or a business area, to ensure these issues are also considered. When considering individual responsibility, a variety of factors are taken into account, such as whether an individual was directly responsible, or whether the individual could be deemed indirectly responsible by virtue of seniority, including staff who drive BBUKPLC's culture and set its strategy.

Actions that may be taken where risk management and conduct falls below required standards include:

Adjustment	Current year annual bonuses may be adjusted downwards where individuals are found to be involved (either directly or indirectly) in a risk or misconduct event.
Malus	Unvested deferred bonuses from prior years are subject to malus provisions, which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) at its discretion. Events that may lead the Committee to do this include, but are not limited to, employee misconduct or a material failure of risk management.
Clawback	Clawback applies to any variable remuneration awarded to a MRT on or after 1 January 2015 in respect of years for which they were a MRT. Barclays may apply clawback if, at any time during the seven-year period from the date on which variable remuneration is awarded to a MRT:
	i. there is reasonable evidence of employee misbehaviour or material error, and/or
	ii. the firm or the business unit suffers a material failure of risk management, taking account of the individual's proximity to and responsibility for that incident.
	Clawback may be extended to 10 years for PRA/FCA Senior Managers where there are outstanding internal or regulatory investigations at the end of the seven-year clawback period.

In addition to reductions to individuals' bonuses, the Committee considers and makes collective adjustments to the incentive pool for specific risk and conduct events. The Committee also adjusts the incentive pool to take account of an assessment of a wide range of future risks including conduct, non-financial factors that can support the delivery of a strong risk management, control and conduct culture, and other factors including reputation, and impact on customers, markets and other stakeholders. The Committee is supported in its consideration of this adjustment by the BBUKPLC Board Risk Committee.

Remuneration structure

Employees receive salary, pension and other benefits and are eligible to be considered for an annual bonus. Some employees, including some MRTs, also receive Role Based Pay ('RBP'). Remuneration of all MRTs is subject to the 2:1 maximum ratio of variable to fixed remuneration

The remuneration of employees engaged in control functions is determined independently from the business they support and within the parameters of the incentive pool allocated to them by the Committee. Remuneration for control function employees is less weighted towards variable remuneration compared to front-office employees, with the ratio of variable to fixed remuneration typically limited to 1:1.

Fixed remuneration

Salary	Salaries reflect individuals' skills and experience and are reviewed annually.
	They are increased where justified by role change, increased responsibility, to reflect a change in the market rate or maintain appropriate competitive positioning. Salaries may also be increased in line with local statutory requirements and union and works council commitments.
Role Based Pay	Some MRTs receive a class of fixed pay called RBP to recognise the seniority, scale and complexity of their role. RBP may be adjusted where justified by a role or responsibility change or a change in the appropriate market rate.
Pension and benefits	The provision of a competitive package of benefits is important to attracting and retaining the talented staff needed to deliver Barclays' strategy. Employees have access to a range of country-specific company-funded benefits, including pension schemes, healthcare, life assurance and Barclays' share plans, as well as other voluntary employee-funded benefits. The cost of providing these benefits is defined and controlled.

Variable remuneration

Annual bonus

Annual bonuses incentivise and reward the achievement of Group, business and individual objectives, and reward employees for demonstrating individual behaviours in line with Barclays' Values and Mindset.

The ability to recognise performance through variable remuneration enables the Group and BBUKPLC to control their cost base flexibly and to react to events and market circumstances. Bonuses remain a key feature of remuneration practice in the highly competitive and mobile market for talent in the financial services sector.

Annual bonuses may be delivered in both 'up-front' and deferred components. For MRTs (excluding de minimis MRTs), both the up-front and deferred components have cash and share portions, in the case of the share portions subject to retention periods of either six or twelve months.

Bonus deferral

The Committee is careful to control the proportion of variable to fixed remuneration paid to individuals and also to ensure an appropriate amount is deferred to future years. The typical deferral structures are:

For MRTs:	
Incentive award	Amount deferred
< £500,000	40% of total award
£500,000 to £1,000,000	60% of total award
>£1,000,000	60% up to £1,000,000

100% above £1,000,000

For de minimis MRTs/non-MRTs				
Incentive award	Amount deferred			
Up to £65,000	0%			
> £65,000	Graduated level of deferral			

Deferred bonuses are generally delivered in equal portions as deferred cash and deferred shares (save for Executive Directors for whom they are delivered 100% as deferred shares) subject to the rules of the deferred cash and share plans (as amended from time to time) and to continued service. Deferred bonuses are subject to either a 3, 4, 5 or 7-year deferral period in line with regulatory requirements.

Where dividend equivalents cannot be delivered on deferred bonus shares, the number of deferred bonus shares awarded will be calculated using a share price discounted to reflect the absence of dividend equivalents during the vesting period.

Shareholding

Share plans

Alignment of other MRTs with shareholders is achieved through deferral of incentive pay. The Committee encourages additional shareholding through the all-employee share plans.

Awards of guaranteed variable remuneration are only made in exceptional circumstances in the context of hiring and typically only when a new hire starts in the last quarter of the year. When determining a termination payment, Barclays considers any applicable: (a) contractual requirements; (b) policies; (c) local legal and regulatory requirements; and (d) legal and reputational risk.

Remuneration of MRTs in respect of the financial year

MRTs are BBUKPLC employees whose professional activities could have a material impact on BBUKPLC's risk profile, which includes (amongst others) the members of the BBUKPLC Board. A total of 97 individuals were MRTs in 2022 (2021: 108).

The following tables set out remuneration disclosures for individuals identified as MRTs for BBUKPLC. In the tables, the terms below mean:

- 'MB' means BBUKPLC's management body (i.e. the BBUKPLC Board);
- 'MB Supervisory function' means those individuals who were Non-Executive Directors of BBUKPLC during 2022;
- 'MB Management function' means those individuals who were Executive Directors of BBUKPLC during 2022;
- 'Other senior management' means those individuals (excluding the Executive Directors of BBUKPLC) who were members of the BBUKPLC Executive Committee during 2022 in accordance with Article 3(1)(9) of CRDIV; and
- 'Other identified staff' means MRTs excluding MRTs included in MB Supervisory function, MB Management function and Other senior management.

9 MRTs in 2022 benefited from the derogation in point (b) of Article 94(3) of the Capital Requirements Directive in respect of the remuneration requirements in points (l) and (m) of Article 94(1). The aggregate fixed remuneration for these MRTs was £1.1m and the aggregate variable remuneration was £0.2m.

Barclays' approach to managing risks

Table 73: UK REM1 - Remuneration awarded for the financial year (all figures are in £m except for 'Number of identified staff')

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1		Number of identified staff	11	2	14.0	69.1
2		Total fixed remuneration	1.5	2.4	9.0	19.1
3		Of which: cash-based	1.5	2.0	8.5	17.4
4		(Not applicable in the UK)				
UK-4a	Fixed remuneration	Of which: shares or equivalent ownership interests	_	0.3	_	_
5	rixed remuneration	Of which: share-linked instruments or equivalent non-cash instruments	_	_	_	_
UK-5x		Of which: other instruments	_	_	_	_
6		(Not applicable in the UK)				
7		Of which: other forms ^a	_	0.1	0.5	1.7
8		(Not applicable in the UK)				
9		Number of identified staff	_	2	11.0	60.8
10		Total variable remuneration	_	1.9	4.5	9.9
11		Of which: cash-based	_	0.9	2.3	5.1
12		Of which: deferred	_	0.6	1.1	2.1
UK-13a		Of which: shares or equivalent ownership interests	_	1.0	2.2	4.8
UK-14a	Variable remuneration	Of which: deferred	_	0.6	1.1	2.1
UK-13b	variable remuneration	Of which: share-linked instruments or equivalent non-cash instruments	_	_	_	_
UK-14b		Of which: deferred	_	_	_	_
UK-14x		Of which: other instruments	_	_	_	_
UK-14y		Of which: deferred	_	_	_	_
15		Of which: other forms	_	_	_	_
16		Of which: deferred			_	_
17	Total remuneration (2	- 10)	1.5	4.3	13.5	29.0

 $[\]begin{tabular}{ll} \textbf{Note} \\ a. \begin{tabular}{ll} \textbf{Other forms' of fixed remuneration represents an estimate for pensions and benefits during the year and the statement of the pensions of the pension of the pen$

$Table \ 74: \ UK\ REM2 - Special\ payments\ to\ staff\ whose\ professional\ activities\ have\ a\ material\ impact\ on\ institutions'\ risk\ profile\ (identified\ staff')$

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	_	_	_	_
2	Guaranteed variable remuneration awards -Total amount	_	_	_	_
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	_	_	_	_
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	_	_	_	_
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	_	_	_	_
	Severance payments awarded during the financial year ^a				
6	Severance payments awarded during the financial year - Number of identified staff	_	_	1.0	_
7	Severance payments awarded during the financial year - Total amount	_	_	0.15	_
8	Of which paid during the financial year	_	_	0.15	_
9	Of which deferred	_	_	_	_
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	_	_	0.15	_
11	Of which highest payment that has been awarded to a single person	_	_	0.15	_

Note
a. The severance payments shown are variable remuneration but in accordance with paragraph 154 of the EBA Guidelines on sound remuneration they have not been taken into account for the $purposes of the calculation of the 2:1\ ratio. Had the severance payments been taken into account, the 2:1\ ratio would have continued to have been met for all of the individuals.$

Table 75: UK REM3 - Deferred remuneration (all figures are in £m)

	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function								
1	Cash-based	_	_	_	_	_	_	_	_
	Shares or equivalent						_		
3	ownership interests Share-linked instruments or equivalent non- cash instruments	_	_	_	_	_	_	_	_
5	Other instruments	_	_	_	_	_	_	_	_
6	Other forms	_	_	_	_	_	_	_	_
7	MB Management function	4.8	0.4	4.4	_	_	-0.2	0.4	_
8	Cash-based	1.8	0.2	1.6	_	_	_	0.2	_
	Shares or equivalent								
9	ownership interests Share-linked instruments or equivalent non-	3.0	0.2	2.8	_	_	-0.2	0.2	_
10	cash instruments	_	_	_	_	_	_	_	_
11	Other instruments	_	_	_	_	_	_	_	_
12	Other forms	_	_	_	_	_	_	_	_
13	Other senior management	13.4	2.9	10.5	_	_	-0.4	2.6	0.5
14	Cash-based	4.9	1.0	3.9	_	_	_	1.0	_
14	Shares or equivalent	4.5	1.0	3.3				1.0	
15	ownership interests Share-linked instruments or equivalent non-	8.5	1.9	6.6	_	_	-0.4	1.6	0.5
16	cash instruments	_	_	_	_	_	_	_	_
17	Other instruments	_	_	_	_	_	_	_	_
18	Other forms	_	_	_	_	_	_	_	_
19	Other identified staff	7.7	1.9	5.8	_	_	-0.2	1.8	0.2
20	Cash-based Shares or	2.7	0.7	2.0	_	_	_	0.7	_
21	equivalent ownership interests Share-linked instruments or equivalent non-	5.0	1.2	3.8	_	_	-0.2	1.1	0.2
22	cash instruments	_	_	_	_	_	_	_	_
23	Other instruments	_	_	_	_	_	_	_	_
24	Other forms								
25	Total amount	25.9	5.2	20.7	_	_	-0.8	4.8	0.7

Table 76: UK REM4 - Remuneration of 1 million EUR or more per year

	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	5
2	1 500 000 to below 2 000 000	3
3	2 000 000 to below 2 500 000	1
4	2 500 000 to below 3 000 000	1

Table 77: UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (all figures are in £m except for 'Total number of identified staff')

		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										96.1
2	Ofwhich: members of the MB	11	2	13							
3	Of which: other senior management				_	6	_	6	2	_	
4	Of which: other identified staff				_	29.4	_	9.9	29.8	_	
5	Total remuneration of identified staff	1.5	4.3	5.8	_	20.2	_	10.1	12.2	_	
6	Of which: variable remuneration	_	1.9	1.9	_	7.6	_	3.1	3.7	_	
7	Of which: fixed remuneration	1.5	2.4	3.9	_	12.6	_	7.0	8.5	_	

Appendix D – Compliance to Pillar3 requirements

CRR ref.	High-level summary	Compliance reference
Disclosu	re requirements and policies	
431(1)	Requirement to publish Pillar 3 disclosures	Barclays publishes Pillar 3 disclosures
431 (2)	Firms with permission to use specific modelled risk methodologies	Refer to Page 7 - Scope of permission for calculation approaches and pages 63 to 129 - Barclays' approach to managing risks section for granular information.
431 (3)	Institution must have a formal policy to verify the comprehensiveness and overall appropriateness of the disclosures	Barclays has a dedicated Pillar 3 policy
431 (4)	Institution to ensure that quantitative disclosures are accompanied by a qualitative narrative and any other supplementary information where deemed appropriate	Quantitative disclosures are accompanied by a narrative to explain significant changes compared to previous disclosures
431 (5)	Explanation of ratings decision upon request	Barclays provides explanations of rating decisions to SMEs whose loan applications were declined in writing, and suggests alternative sources of finance. Barclays participates in a formal appeals process, one of the successful initiatives implemented as part of Business Finance Taskforce, with a government-appointed overseer. In the case of larger corporates, written explanations are not usually requested as direct discussions with relationship managers take place
Non-ma	terial, proprietary or confidential information	
432 (1)	Institutions may omit information that is not material if certain conditions are respected	Compliance with this provision is covered by Barclays' policy
432 (2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected	Compliance with this provision is covered by Barclays' policy
432 (3)	Where 432 (2) apply this must be stated in the disclosures, and more general information must be disclosed	Compliance with this provision is covered by Barclays' policy
Frequen	cy and scope of disclosure	
433	Institution shall publish the disclosure in the manner set out in Articles 433a, 433b and 433c in conjunction with article 4 (145), (146), (147), (148)	
433a	Specifies information to be disclosed by large institution along with frequency in conjunction with rule 2.3 of PRA rulebook.	Compliance with this provision is covered by Barclays' policy. See
433b	Specifies information to be disclosed by small & non complex institution along with the frequency	pages 3 & 4 for basis of preparation
433c	Specifies information to be disclosed by other institutions along with frequency	
Means o	f disclosures	
434 (1)	To include disclosures in one appropriate medium, or provide clear cross -reference	Most disclosures are contained within this document. Signposting directs the reader to other publications where appropriate. Note that remuneration disclosures are contained in a dedicated publication
434 (2)	Disclosures to be made available on websites or in any other appropriate location as an archive	Pillar3 disclosures are published in the Bank's Investor relations website
Uniform	disclosure formats	
434a	PRA have developed uniform disclosure formats for publications	Barclays makes use of disclosure formats provided in Annexure K of PRA rulebook

Introduction Risk and capital position review Barclays' approach to managing risks

CRR ref.	High-level summary	Compliance reference			
434b	Timing and Means of Disclosures under Article 441	This does not apply to Barclays Bank UK PLC			
Risk man	agement objectives and policies				
435 (1) (a)		Risk management st	rategy: page 63		
		Climate Risk: page 73	3		
435 (1) (b)		Credit Risk: page 76			
435 (1) (c)		Counterparty Credit	Risk: page 89		
435 (1) (d)		Market Risk: page 10			
133 (1) (0)		Operational Risk: page			
	Disclose information on strategies and processes; organisational structure, reporting systems and risk mitigation/hedging			1.6	
	-		Risk - Capital: page 11		
	_		Risk - Liquidity: page 1	113	
	_	Model Risk: page 125			
	_	Conduct Risk: page 1	.27		
	_	Reputation Risk: pag	e 128		
		Legal Risk: page 129			
435 (1) (e)	Inclusion of a declaration approved by the Board on adequacy of risk management arrangements	See page 66. This statement covers all Principal Risks			
435 (1) (f)	Inclusion of a concise risk statement approved by the Board	See page 69. This statement covers all Principal Risks			
435 (2) 435 (2) (a)	Information on governance arrangements, including information on Board composition and recruitment, and risk committees Number of directorships held by directors	of the Annual Report	See page 65 for a description of the risk committees. Pages 29 of the Annual Report contains information on Board composition experience and recruitment		
		Director	Number of Directorships held as at 31 December 2022	Number of Directorships held for the purposes of CRD IV as at 31 December 2022	
		Crawford Cillies (Chair)	7	2	
		Vanessa Bailey	6	2	
		Tray Corrigan	6	3	
		Avid Larizadeh Duggan	8	2	
		Matt Hamerstein	6	1	
		Michael Jary	12	2	
		John Liver James Mack	5	2	
		Chris Piling	6	3	
		Andrew Ratcliffe	7	1	
		Bernadette Wightman	1	1	
				111	
435 (2) (b)	Recruitment policy of Board members, their experience and and expertise	Please see pages 29	-30 of the 2022 Annua	al Report	
435 (2) (c)	Policy on diversity of Board membership and results against targets $\\$	Please see page 29 of the 2022 Annual Report			
435 (2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year	We had 10 BRC formal Committee meetings in 2022 and 1 inform briefing			
435 (2) (e)	Description of information flow on risk to Board	Covered in the Risk r	nanagement section -	- Pages 65-67	

CRR ref.	High-level summary	Compliance reference			
Scope of ap	pplication				
436 (a)	Name of institution	See under "Basis of Preparation" on page 6			
436 (b)	Difference in basis of consolidation for accounting and prudential purposes, whether those entities are fully or proportionally consolidated and whether the holdings in those legal entities are deducted from own funds	Page 9 / Table 5 : LI3 Outline of the differences in the scopes of consolidation			
436 (c)	Disclosure of the breakdown of assets and liabilities of the financial statements prepared in accordance with requirements on regulatory consolidation.	Page 8 / Table 3: L11 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories			
436 (d)	Disclosure of the reconciliation of the carrying value amounts in the financial statements under regulatory scope of consolidation and the exposure amount used for regulatory purposes.	Page 9 /Table 4: L12 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements			
436 (e)	Disclosure of the breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment.	Page 26 / Table 18: PV1 - Prudent valuation adjustments			
436 (f)	Disclosure of any current or expected material practice or legal impediment to the prompt transfer of own funds or repayment of liabilities between parent and subsidiaries.	None noted			
436 (g)	Capital shortfalls in any subsidiaries outside of scope of consolidation	Entities outside the scope of consolidation are appropriately capitalised			
436 (h)	Making use of articles on derogations from a)prudential requirements or b) liquidity requirements for individual subsidiaries/entities	Barclays Bank UK PLC makes use of these provisions according to its waiver from PRA			
Own funds					
437					
437 (a)	_				
437 (b)	_	Page 13 / Table 7: CC1 - Composition of regulatory capital			
437 (c)	_	Page 15 / Table 8: CC2 – Reconciliation of regulatory own funds to			
437 (d) (i)	Requirements regarding capital resources table	balance sheet in the audited financial statements			
437 (d) (ii)	_ ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '				
437 (d) (iii)	_	Standalone document: Summary of terms and conditions of ow			
437 (e)	_	funds and eligible liabilities			
437 (f)	_				
	of own funds and eligible liabilities				
437a (a)		Refer to page 36 / Table 22: TLAC2 in the BPLC Pillar 3			
437a (b)	_	document.			
437a (c)	Disclosure of requirements regarding MREL / TLAC tables	MDEL III I C D I D I III C D I			
437a (d)	_	MREL disclosures are not applicable for Barclays Bank UK PLC			
	requirement and risk-weighted exposure amounts				
438 (a)	Summary of institution's approach to assessing adequacy of capital				
.55 (4)	levels	Page 119/ ICAAP information			
438 (b)	The amount of the additional own funds requirements based on the supervisory review and evaluation process and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments	Page 11 /Table 6: UK KM1 - Key metrics			
438 (c)	Result of ICAAP on demand from authorities	Page 119/ ICAAP information			
		Page 17 /Table 10: OV1 Overview of viels weighted over a sure			
438 (d)	The total risk-weighted exposure amount and the corresponding total own funds requirement	Page 17 / Table 10: OV1 – Overview of risk weighted exposure amounts			

CRR ref.	High-level summary	Compliance reference
438 (f)	Disclosure of the exposure value and risk-weighted exposure amount of own funds instruments held in relation to insurance activities that institutions do not deduct from own funds	There is no applicable data to be published in respect of this table
438 (g)	Disclosure of the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate.	There is no applicable data to be published in respect of this table
438 (h)	The variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	Page 18 / CR8 – RWEA flow statements of credit risk exposures under the advanced IRB approach
Exposure	to counterparty credit risk (CCR)	
439 (a)	Description of process to assign internal capital and credit limits to CCR exposures, including the methods to assign those limits to exposures to central counterparties	. Page 89
439 (b)	Discussion of process to secure collateral and establishing reserves	- r age 03
439 (c)	Discussion of management of Wrong-Way Exposures	
439 (d)	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade	See the liquidity risk management section on pages 113 - 115
439 (e)	Composition of collateral for CCR exposures	Page 55 / Table 46: CCR5 – Composition of collateral for CCR exposures
439 (f)	Analysis of CCR exposure by approach for derivative transactions	Daniel CODI Andria of CCD average by
439 (g)	Analysis of CCR exposure by approach for securities financing transactions	Page 53 / Table 44: CCR1 – Analysis of CCR exposure by approach
439 (h)	Transactions subject to own funds requirements for CVA risk	Page 55 / Table 48: CCR2 - Transactions subject to own funds requirements for CVA risk
439 (i)	Exposures to CCPs	Page 55 / Table 47: CCR8 - Exposures to CCPs
439 (j)	Disclosure of credit derivative exposures	There is no applicable data to be published in respect of this table
439 (k)	Estimate of Alpha, if applicable	The Alpha used by Barclays is 1.4.
439 (I)	Disclosure of CCR exposure by portfolio and PD range under standardised and IRB approach	There is no applicable data to be published in respect of this table
439 (m)	Disclosure of the size of institutions on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable.	This covers disclosure on simplified SA-CCR and OEM which is not applicable to Barclays'
Counterc	yclical capital buffers	
440 (a)	Geographical distribution and risk-weighted exposure amounts of relevant credit exposures	Barclays' countercyclical buffer is currently set at 1% for UK exposures. In other jurisdictions where CCyB is being applied, Barclays does not have material relevant exposures. See page 130 / Table 68: CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer, page 131 / Table 69: CCyB2 - Amount of institution-
440 (b)	Amount of the institution specific countercyclical capital buffer	specific countercyclical capital buffer
Indicators	of global systemic importance	
441	Disclosure of the indicators of global systemic importance	Barclays Bank UK PLC is not a GSII, this disclosure is not applicable
Credit ris	kadjustments	
442 (a)	Disclosure of bank's definitions of past due and impaired and the differences, if any, between the definitions for accounting and regulatory purposes	Pages 78 - 85 provide a complete description of credit quality measures

CRR ref.	High-level summary	Compliance reference
442 (b)	Approaches for calculating credit risk adjustments	Pages 78 - 85 provide a complete description of credit quality measures
442 (c)	Information on the amount and quality of performing, non- performing and forborne exposures for loans, debt securities and	Page 46 / Table 36: CR1 - Performing and non-performing exposures and related provisions
	off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees	Page 49 / Table 41: CQ3 - Credit quality of performing and non- performing exposures by past due days
	received	Page 51 / Table 42: CQ4 - Quality of non-performing exposures by geography
		Page 52 / Table 43: CQ5 - Credit quality of loans and advances to non-financial corporations by industry $$
442 (d)	Ageing analysis of accounting past due exposures	_
442 (e)	Disclosure of gross carrying amounts of performing and non- performing exposure and their related provisions and the net carrying amounts and their distribution by geographical area and industry type	Barclays Non-performing loans and advances' ratio stands below 5%, hence additional NPL disclosure required in point (c) and (f) of Article 442 in templates CR2a, CQ2, CQ6 and CQ8 are not published.
442 (f)	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Page 47 / Table 38: CR2 - Changes in the stock of non- performing loans and advances
442 (g)	Breakdown of loans and debt securities by residual maturities	Page 47 / Table 37: CR1-A - Maturity of exposures
443	Disclosures on encumbered and unencumbered assets	See page 132: Disclosures on asset encumbrance.
Use of St	andardised approach	
444 (a)	Names of the ECAIs used in the calculation of standardised approach RWAs, and reasons for any changes	
444 (b)	Exposure classes associated with each ECAI	Page 33: Credit quality analysis of standardised exposures.
444 (c)	Explanation of the process for translating external ratings into credit quality steps	
444 (d)	Mapping of external rating to credit quality steps	Page 33 / Table 23: Relationship of long-term external credit ratings to credit quality steps under the standardised approach
		Page 34 / Table 24: Credit quality steps and risk weights under the standardised approach
444 (e)	Exposure value post-credit risk mitigation, by credit quality step	Page 28 / Table 19: CR4 - Standardised credit risk exposure and CRM effect
		Page 29 / Table 20: CR5 – Standardised approach
Exposure	to market risk	
445	Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk	Page 56 / Table 49: MR1 – Market risk under the standardised approach
Operatio	nalrisk	
446	Disclosure of the scope of approaches used to calculate operational risk	Page 61 / Table 54: OR1 Operational risk own funds requirements and risk weighted exposure amounts/ Page 120 ORA Qualitative

information on operational risk

CRR ref.	High-level summary	Compliance reference
Disclosure	e of key metrics	
447 (a)		
447 (b)	Provide an overview of regulatory metrics and ratios	Page 11 / Table 6: UK KM1 - Key metrics
447 (c)		
447 (d)		
447 (e)		
447 (f)		
447 (g)		
447 (h)		Not applicable for Barclays Bank UK PLC
Exposures	to interest rate risk on positions not included in the trading	book
448 (1) (a)	Information on the impact on the Bank's economic value of equity (EVE) and net interest income (NII) from the six standardised	Page 25 / Table 17 : IRRBB1 Quantitative information on IRRBB
448 (1) (b)	interest rate shock scenarios	
448 (1) (c)	Description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and in the net interest income required under Article 448 (1)(a) and 448 (1)(b)	Page 117 IRRBB risk management objectives and policies
448 (1) (d)	Explanation of the significance of the risk measures disclosed under under Article 448 (1)(a) and 448 (1)(b)and of any significant variations of those risk measures since the previous disclosure	
448 (1) (e)	Description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities	
448 (1) (f)	Description of the overall risk management and mitigation strategies	
448 (1) (g)	Information on average and longest repricing maturity assigned to non-maturing deposits	
448 (2)	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article for description relating to economic value of equity shall not apply to institutions that use the standardised framework	This does not apply to Barclays Bank UK PLC

CRR ref.	High-level summary	Compliance reference
Exposure t	o securitisation positions	
449 (a)	Objectives in relation to securitisation and re-securitisation activities and institutions role in the use of simple, transparent and standardised securitisations (STS)	
449 (b)	Type of risk by level of seniority in the relevant securitisation positions providing distinction between STS and non-STS positions	
449 (b)(i)	the risk retained in own-originated transactions	
449 (b)(ii)	the risk incurred in relation to transactions originated by third parties	
449 (c)	Approaches for calculating the risk-weighted exposure amounts to relevant securitisation position along with a distinction between STS and non-STS position	
449 (d)	List of SSPEs and types of exposure to those SSPEs, including derivative contracts	
449 (d)(i)	SSPEs which acquire exposures originated by the institutions	Pages 110 - 112 / SECA Qualitative disclosure requirements
449 (d)(ii)	SSPEs sponsored by the institutions	related to securitisation exposures
449 (d)(iii)	SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services	
449 (d)(iv)	SSPEs included in the institutions' regulatory scope of consolidation	
449 (e)	List of any legal entities in relation to which the institutions have disclosed that they have provided support	
449 (f)	List of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions	
449 (g)	Summary of accounting policies for securitisation activities	
449 (h)	Names of ECAIs used for securitisations	
449 (i)	Description of Internal Assessment Approach	
449 (j)	Separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on transfer of significant credit risk, separately for traditional and synthetic securitisations, and for STS and non-STS transactions and broken down by type of securitisation exposures	Page 57 / Table 50: SEC1 - Securitisation exposures in the non-trading book
449 (k)(i)	Aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches	Page 58 / Table 51: SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor
449 (k)(ii)	Aggregate amount of securitisation positions where institutions act as investor and the associated risk-weighted assets and capital requirements by regulatory approaches	Page 59 / Table 52: SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor
449 (I)	Amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type	Page 60 / Table 53: SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments
CRR ref.	High-level summary	Compliance reference
	ion disclosures	
450	Remuneration	
450 (1)	Disclosure of remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institution	Appendix C contains the remuneration awards made to Barclay Material Risk Takers. See the Directors' remuneration report
450 (2)	For Large institutions - Disclosure of institutions' collective management body to be made available for public, differentiating between executive and non-executive.	(DRR) of the 2022 Annual Report for other remuneration disclosures
Leverage		
451 (1) (a)	Leverage ratio, and breakdown of total exposure measure, including reconciliation to financial statements, and derecognised fiduciary items	Page 19 / Table 12: LR1 - Summary of reconciliation of accounting assets and leverage ratio exposures
AE1 (1\ (L\	_	Page 20 / Table 13: LR2 - Leverage ratio common disclosure
451 (1) (b)	_	Page 21 / Table 14: LR3 - Split-up of on balance sheet exposure
451 (1) (c) 451 (1) (d)	Description of the risk management approach to mitigate excessive leverage, and factors that impacted the leverage ratio	(excluding derivatives, SFTs and exempted exposures) See page 20/ Table 13: LR2 - Leverage ratio common disclosur

Introduction Risk and capital position review Barclays' approach to managing risks

CRR ref.	High-level summary	Compliance reference
451 (1) (f)	In relation to the quarterly periods up to 31 December 2022, the leverage ratio calculated as if Article 468 of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part	This doesn't apply to Barclays Bank UK PLC as we have not applied for relief, we are not disclosing this ratio.
451 (1) (g)	In relation to the quarterly periods up to 31 December 2024, the leverage ratio calculated as if Article 473a of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part.	
451 (2)	LREQ firm must disclose each of the following - a) average exposure measure b) average leverage ratio c) average leverage ratio calculated as if central bank claims to be included in the total exposure measure d) countercyclical leverage ratio buffer	Page 20 / Table 13: LR2 - Leverage ratio common disclosure
451 (3)	LREQ firm must disclosure of changes in total exposure measure and tier 1 capital (leverage) over the quarter that have affected the bank's average leverage ratio	-
451 (4)	Information on calculation o average exposure measure and average leverage ratio by LREQ firm's	-
451 (5)	Information on calculation of average exposure measure , in relation to the quarterly periods up to 1 January 2023, by LREQ firm's	
Disclosure	of liquidity requirement	
451a(1)	Information on liquidity coverage ratio, net stable funding ratio and liquidity risk management	Page 22 / Table 15: LIQ1 - Liquidity coverage ratio:
451a (2)	Information on liquidity coverage ratio	LIQB Qualitative information on LCR
451a (3)	Information on net stable funding ratio	Page 24 / Table 16: LIQ2 - Net Stable funding ratio
451a (4)	Disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk	Page 113 - 115/ LIQA Liquidity risk management
Use of the	IRB approach to credit risk	
452 (a)	Permission for use of the IRB approach from authority	
452 (b)	Scope of the use of standardised and IRB approaches as well as exposure class subject to permanent partial use and to a roll-out plan	-
452 (c)		
452 (c) (i)		
452 (c) (ii)	The control mechanisms for rating systems at the different stages of model development, controls and changes	Page 90: Management of credit risk - IRB approach
452 (c) (iii)	—	Page 7 / Table 1: The scope of the standardised and AIRB
452 (c) (iv)		approaches for credit and counterparty credit risk excluding CVA
452 (d)	Functions involved in the development, approval and subsequent changes of the credit risk models	Page 36 / Table 26: CR6A – Scope of the use of IRB and SA approaches; CRE Qualitative disclosure requirements related to
452 (e)	Scope and main content of the reporting related to credit risk models	IRB approach
452 (f)	Description of the internal ratings process by exposure class,	
452 (f)(i)	_ including the number of key models used with respect to each	
452 (f)(ii)	portfolio and a brief discussion of the main differences between the models within the same portfolio	
452 (f)(iii)		

Appendix D – Compliance to Pillar3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
452 (g)	For each exposure class, disclose the following information	
452 (g)(i)	their gross on-balance-sheet exposure	
452 (g)(ii)	their off-balance-sheet exposure values prior to the relevant conversion factor	
452 (g)(iii)	their exposure after applying the relevant conversion factor and credit risk mitigation	
452 (g)(iv)	input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default)	Page 37 / Table 27: CR6 – IRB approach – Total Portfolios
452 (g)(v)	for exposure classes, in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which the institutions do not use such estimates, the values referred to in points (i) to (iv) subject to that permission	
452 (h)	Back testing of PD per exposure class	Page 96-98 / Table 56 - 61 : CR9 IRB approach - Back-testing of PD per exposure class (fixed PD scale) : Page 99 - 104 / Table 62 - 67 : CR9.1 IRB approach - Back-testing of PD
		per exposure class (only for PD estimates according to Article 180(1)(f))

Use of credit risk mitigation techniques

453 (a)	Policies and processes for on- and off-balance sheet netting	
453 (b)	Policies and processes for eligible collateral evaluation and management	
453 (c)	Description of types of collateral used by Barclays	Pages 87 to 89 / CRC Qualitative disclosure requirements related
453 (d)	Types of guarantor and credit derivative counterparty, and their creditworthiness	to CRM techniques
453 (e)	Disclosure of market or credit risk concentrations within risk mitigation exposures	-
453 (f)	CRM techniques overview	Page 47 / Table 39: CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques
453 (g)	Disclose corresponding conversion factor and credit risk mitigation techniques with and without substitution effect	
453 (h)	Exposures before and after the application of conversion factors and any associated credit risk mitigation	Page 28 / Table 19: CR4 - Standardised credit risk exposure and CRM effect
453 (i)	Under standardised approach, for each asset class, disclose the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure	Page 32 / Table 22: CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques
453 (j)	Under IRB approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives. Disclosure to me made for each exposure class subject to permission to use own LGDs and conversion factors	Page 31 / Table 21: CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques
Use of the	Advanced Measurement Approaches to operational risk	
454	Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk	Page 61 / Table 54 : OR1 Operational risk own funds requirements and risk weighted exposure amounts; ORA - Qualitative information on operational risk

${\it Appendix}\ {\it D-Compliance}\ to\ {\it Pillar3}\ requirements\ (continued)$

There is no applicable data to be published in respect of this table		
		1

Barclays Bank UK PLC

Introduction

Forward-looking statement

Barclays Bank UK Group refers to Barclays Bank UK PLC together with its subsidiaries. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively.

Barclays' approach to managing risks

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/reportsand-events/latest-financial-results.

Forward-looking statements

This document contains certain forward-looking statements with respect to the Barclays Bank UK Group. Barclays Bank UK Group cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial $condition\ or\ performance\ measures\ could\ differ\ materially\ from\ those\ contained\ in\ the\ forward-looking\ statements.\ Forward-looking\ statements\ differ\ materially\ from\ those\ contained\ in\ the\ forward-looking\ statements\ differ\ materially\ from\ those\ contained\ in\ the\ forward-looking\ statements\ differ\ materially\ from\ those\ contained\ in\ the\ forward-looking\ statements\ differ\ materially\ from\ those\ contained\ in\ the\ forward-looking\ statements\ differ\ materially\ from\ those\ contained\ differ\ material\ differ\ diffe$ 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', 'qoal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Barclays Bank UK Group (including during management presentations) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank UK Group's future financial position, income levels, costs, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including dividend policy and share buybacks), return on tangible equity, projected levels of growth in banking and financial markets, industry trends, any commitments and targets (including environmental, social and governance (ESG) commitments and targets), business strategy, plans and objectives for future operations and other statements that are not historical or current facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulation and the interpretation thereof, changes in IFRS and other accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards; the outcome of current and future legal $proceedings \ and \ regulatory \ investigations; the \ policies \ and \ actions \ of \ governmental \ and \ regulatory \ authorities; the \ Barclays \ Bank \ UK$ Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents and similar events beyond the Barclays Bank UK Group's control; the impact of competition; capital, leverage and other regulatory rules applicable to past, current and future periods; macroeconomic and business conditions in the UK and in any systemically important economy which impacts the UK, including inflation; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; higher or lower asset valuations; changes in credit ratings of any entity within the Barclays Bank UK Group or any securities issued by it; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the Russia-Ukraine war on European and global macroeconomic conditions, political stability and financial markets; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union (EU), the effects of the EU-UK Trade and Cooperation Agreement and any disruption that may subsequently result in the UK; the risk of cyber-attacks, information or security breaches or technology failures on the Barclays Bank UK Group's reputation, business or operations; the Barclays Bank UK Group's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the Barclays Bank UK Group's control. As a result, the Barclays Bank UK Group's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Barclays Bank UK Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank UK Group's future financial condition and performance are identified in the description of material existing and emerging risks on pages 46 to 58 of the Barclays Bank UK PLC Annual Report.

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