Barclays Bank UK PLC
Annual Report

31 December 2021

Contents

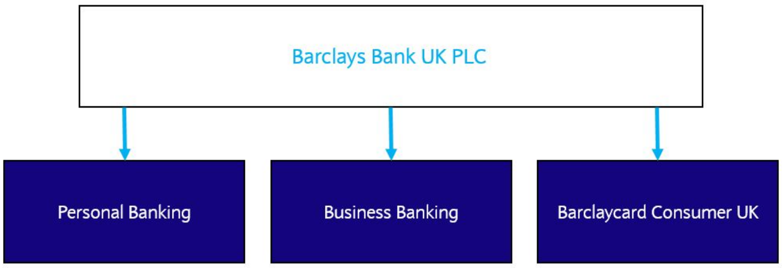
The Strategic Report was approved by the Board of Directors on 22 February 2022 and signed on their behalf by the Chair.

Overview

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

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

Our structure



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

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

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

Market and operating environment

The COVID-19 pandemic and low interest rate environment continued to have a significant impact on our consumer businesses in the Barclays Bank UK Group. It accelerated a number of existing trends in customer behaviour, including a declining use of cash for transactions, lower footfall across our branch network and consumers saving more and paying down existing debt.

There continues to be a significant shift towards digital adoption and demand for digital financial services to meet day-to-day needs, including for online shopping and contactless payments. This significant shift towards digital, combined with the effect of the Covid-19 pandemic restrictions, has unfortunately attracted more criminal behaviour and there has been a consequent increase in fraud and scams in 2021. We are committed to combatting this. Whilst we have seen an increase in the number of customers moving to digital, there remains a cohort of customers where we continue to observe more traditional forms of engagement.

Strategic priorities

We aim to provide customers with banking services in new and innovative ways, embracing technology as a means of making things simpler, more transparent and more secure.

We are focused on the following areas:

1. Providing exceptional service and insights to customers: We aim to provide simple, relevant and prompt services and propositions for our customers so they have greater choice and access to money management capabilities. Using the quality and scale of our data insights, our ambition is to help customers better manage their finances and make informed financial decisions.

2. Driving technology and digital innovation: We continue to invest in our digital capabilities, upgrading our systems, moving to cloud technology and implementing automation of manual processes. This is intended to allow delivery of a more personalised digital experience, reduce cost and create additional capacity to support more of our customers. It aims to provide capability to unlock new sources of income, drive service and improve financial inclusion.

3. Continuing to grow our business: We are pursuing partnership opportunities to build and deliver better propositions and services for our customers. We aim to use the Barclays platform to provide better service to Barclays customers and open up new income streams.

4. Evolving our societal purpose: We are working to support the communities we serve. We are focused on financial inclusion and recognise our role in supporting people and businesses make the transition to a low-carbon economy. We also seek to preserve access to cash for consumers and businesses over the long term.

Year in review

Customers

- We helped 48,000 first time buyers onto the property ladder, up 92% on 2020, and the highest number we have seen in recent history. We have continued to support customers with their home buying needs and have had a record performance in mortgage completions, particularly through the second half of the year. We have delivered 7% growth in net mortgage balances this year.

- We remain focused on bringing customer complaints down, recognising we still have a long way to go. With that said, we were encouraged to see complaints were lower than in the previous year, decreasing 17% even as volumes of customer transactions and interactions grew. Unfortunately, we also saw a disappointing decline in Net Promoter Scores (NPS[a]) for the Barclays Bank UK Group's UK banking and Barclaycard UK businesses throughout 2021 at +11 and +4 respectively. We recognise there is much more to do.

- We continued to build strategic partnerships, including launching a new collaboration with British Airways and Avios, allowing eligible Barclays customers to link their Barclays accounts to their British Airways Executive Club membership to earn more Avios points through everyday banking.

Digital

- We continued to make strides to enhance the Barclays app. This year, we reached 10m registrations on the Barclays app and exceeded over 3 billion logins. We introduced an in-app self-serve feature for customers in financial difficulty who require assistance with making repayments on their credit card. We launched our first in-app subscription product, allowing new and existing customers to subscribe to the Telegraph via the Barclays app.

- As part of our aim to deliver a leading money management experience, we delivered more tools and features to educate customers on managing their money. Through the use of our digital platforms, Barclays Digital Eagles and Money Mentors, we helped customers build financial confidence and plans, and save more money through our budgeting tools.

- We made progress on our digital on-boarding proposal, automating the procedure to enable our customers to open new accounts with minimal fuss. This created additional capacity for branch colleagues and made it simple and easy for the over 1m new-to-bank customers who visit our branches each year to complete the required on-boarding steps.

Sustainability and Social Purpose

- We were one of the first major UK lenders to launch a Green Home Mortgage in 2018, and to date we have completed over £1bn in Green Home Mortgages. In 2021 we expanded the eligibility criteria of our Green Home Mortgage to include any new build properties meeting energy efficiency requirements. This has now also been expanded to include customers purchasing a new build, energy efficient buy-to-let property.

- We extended the expiry date on our cards from every three years to every five years, saving virgin plastic. We have expanded our offering of environmentally friendly materials to all Barclays debit cards and Barclaycard credit cards in the UK.

- Led by our Business Bank, we joined the Banking for Impact on Climate and Agriculture (B4ICA), an inter-bank group focused on developing a means for the measurement and disclosure of the greenhouse gas emissions of banking portfolios in the agricultural sector.

- In the Business Bank, we launched a proposition to support the development and growth of the Social Business sector, comprising a combination of access to finance, skills and networks to help social entrepreneurs build their impact.

Note
a ®Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Looking ahead

Our aim remains putting customers and clients at the heart of the decisions we make, helping to ensure good customer outcomes for every customer and client. We are endeavouring to reinvent our service model for customers, creating a more efficient, more resilient and seamless service at a pace that suits our customers' expectations.

More interactions are moving to digital and virtual channels and fewer customers are using our branch network. Where traditional branches may have been the most appropriate point of engagement in the past, we will increase the range of more flexible options for our customers, whilst ensuring we continue to support customers who are less digitally capable. This will continue to include physical branches, complemented with flexible banking pop-ups in community spaces, the introduction of mobile banking vans and shared services, including shared Banking Hubs and ATMs. We will continue to play a leading role collaborating with the Access to Cash Group, and plans are underway to help retailers supply cashback without purchases, ensuring greater accessibility of cash in local and remote areas.

We continue to build partnerships in the open market and work across the Barclays Bank UK Group to deliver additional value for our customers and businesses through our size and scale. We will continue to invest in digital platforms, remove unnecessary processes and costs and make it seamless for customers to self-serve.

We are acutely aware of increasing consumer expectations on climate and sustainability. We are committed to inspiring and supporting our customers to live and act more sustainably through our propositions.

Measuring success

- Income (2020: £6.4bn, 2021: £6.5bn)
- Operating expenses (2020: £4.6bn, 2021: £4.7bn)
- Profit before tax (2020: £0.4bn, 2021: £2.2bn)
- Return on tangible equity (2020: 3.2%, 2021: 17.6%)

Growing with society

Our success is judged not only by commercial performance, but also by our contribution to society and how we act responsibly for the common good and the long term. These outcomes are mutually dependent. We believe that we can, and should, make a positive difference for society – globally and locally. We do that through the choices we make about how we run our business, and through the commitments we make to support our communities. We prize sustainability, and recognise our role to play in leaving things better than we found them. We cannot be successful in the long term without recognising that we are at our best when our clients, customers, communities, and colleagues all progress. For detail on our integration of social and environmental issues into our business, please refer to our Environment, Social and Governance (ESG) Report on pages 13 to 15 and pages 51 to 104 in the Barclays PLC 2021 Annual Report.

Addressing climate change is an urgent and complex challenge. It requires a fundamental transformation of the global economy, so that society stops adding to the total amount of greenhouse gases in the atmosphere. The financial sector has a critical role to play in supporting the economy to reach this. It is estimated that at least $3-5 trillion[a] of additional investment will be needed each year, for the next 30 years, in order to finance the transition. At Barclays, we are determined to play our part. In March 2020, we announced our ambition to be a net zero bank by 2050, becoming one of the first banks to do so.

We have a strategy, in three parts, to put that ambition into action:

- Net zero operations – Barclays is working to achieve net zero operations
- Reducing our financed emissions – Barclays is aligning its financing portfolios in every sector, with the goals and timelines of the Paris Climate Agreement and restricting financing of non-Paris Agreement aligned activity
- Financing the transition – Barclays is providing the green and sustainable finance required to transform the economies we serve

Our strategy is underpinned by the way we assess and manage our exposure to climate-related risk. You can read more about Barclays' approach to climate risk in the Barclays PLC Task Force on Climate-Related Financial Disclosures (TCFD) Report.

Our approach to environmental and social issues is grounded in the work we do every day, right across our business, supported in turn by the governance and oversight of our management and Board structures.

Barclays was one of the 30 founding banks of the Principles for Responsible Banking, which help to align banks with society's goals as expressed in the Paris Climate Agreement and the United Nations' Sustainable Development Goals.

We engage directly with stakeholders internally and externally to assess our areas of focus against their priorities. That happens through ongoing conversations, as well as surveys and information requests from investors and ratings agencies. We also monitor closely the relevant ESG frameworks and reporting guidelines.

For an overview of the Barclays Bank UK Group's approach to managing climate change risk, please refer to pages 49 to 51 in the climate change risk management section. You can read more about our approach to ESG issues in our ESG Report on pages 13 to 15 and in the ESG section of the Barclays PLC 2021 Annual Report.

Note
a $3-5trn as estimated in the GFMA/BCG (Global Financial Markets Association/Boston Consulting Group) Climate Finance Markets and the Real Economy report, December 2020

Managing risk

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

Enterprise Risk Management Framework

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

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

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

Given the increasing risks associated with climate change, and to support the Barclays Group's ambition to be a net zero bank by 2050, it was agreed that climate risk would become a Principal Risk from 2022.

Risk appetite

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

The Barclays Bank UK Group may choose to adopt a lower risk appetite than allocated to it by the Barclays Group. A Barclays Group level climate risk appetite was recently introduced in line with the Barclays Group's risk appetite approach.

Three lines of defence

The first line of defence is comprised of the revenue-generating and client-facing areas, along with all associated support functions, including Finance, Treasury, Human Resources and Operations and Technology. The first line identifies the risks, sets the controls and escalates risk events to the second line of defence.

The second line of defence is made up of Risk and Compliance and oversees the first line by setting limits, rules and constraints on their operations, consistent with the risk appetite.

The third line of defence is comprised of Internal Audit, providing independent assurance to the Barclays Bank UK PLC Board and the Executive Committee on the effectiveness of governance, risk management and control over current, systemic and evolving risks.

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

Monitoring the risk profile

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

During 2021, the Barclays Group ran a range of stress tests to assess its capital adequacy and resilience under severe but plausible macroeconomic scenarios, with Barclays Bank UK PLC participating in these activities. The internal stress test scenario was based on current economic imbalances such as supply chain issues and labour shortage deteriorating further due to post COVID-19 heightened demand and climate transition pressures. This resulted in high inflation and unexpected increases in base rates (both in the UK and the US) causing an affordability stress for retail customers and corporates, along with hindering the post COVID-19 recovery in terms of gross domestic product (GDP) and unemployment. In addition, Barclays participated in the Bank of England (BoE) Solvency Stress Test which was a reverse stress test modelling a pessimistic view of the aftermath of the 2020 COVID-19 crisis with more severe shocks (GDP, Unemployment, and House Price Index (HPI)) than prior stress exercises. The results of these tests met the Barclays Group and the Barclays Bank UK Group risk appetite and capital adequacy requirements.

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

For further detailed analysis of approach to risk management and risk performance see our full Risk review on pages 49 to 119.

Risks are classified into Principal Risks, as below			How risks are managed
Principal Risk	Credit Risk	The risk of loss to the Barclays Bank UK Group from the failure of clients, customers or counterparties (including sovereigns), to fully honour their obligations to the Barclays Bank UK Group, including the whole and timely payment of principal, interest, collateral and other receivables.	Credit risk teams identify, evaluate, sanction, limit and monitor various forms of credit exposure, individually and in aggregate.
	Market Risk	The risk of loss arising from potential adverse changes in the value of the Barclays Bank UK Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	A range of complementary approaches to identify and evaluate market risk are used to capture exposure to market risk. These are measured, limited and monitored by market risk specialists.
	Treasury and Capital Risk	Liquidity Risk: The risk that the Barclays Bank UK Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.	Treasury and capital risk is identified and managed by specialists in Capital Planning, Liquidity, Asset and Liability Management and Market Risk. A range of approaches are used appropriate to the risk, such as limits; plan monitoring; and stress testing.
		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.	
	Climate Risk	The impact on Financial and Operational Risks arising from climate change through physical risks, risks associated with transitioning to a low-carbon economy and connected risks arising as a result of second order impacts on portfolios of these two drivers.	The Barclays Bank UK Group assesses and manages its climate risk across its businesses and functions in line with its net zero ambition by monitoring exposure to elevated risk sectors, conducting scenario analysis and risk assessments for key portfolios. Climate risk controls are embedded across the Financial and Operational Principal Risk types through the Barclays Group's Frameworks, Policies and Standards (which apply to the Barclays Bank UK Group).
	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.	The Barclays Bank UK Group assesses and manages its operational risk and control environment across its businesses and functions with a view to maintaining an acceptable level of residual risk.
	Model Risk	The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.	Models are evaluated for approval prior to implementation, and on an ongoing basis.
	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.	The Compliance function sets the minimum standards required, and provides oversight to monitor that these risks are effectively managed and escalated where appropriate.
	Reputation Risk	The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Barclays Bank UK Group's integrity and/or competence.	Reputation risk is managed by embedding our purpose and values, and maintaining a controlled culture within the Barclays Bank UK Group, with the objective of acting with integrity, enabling strong and trusted relationships to be built with customers and clients, colleagues and broader society.
	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.	The Legal function supports colleagues in identifying and limiting legal risks.

Note
The ERMF defines nine Principal Risks. For further information on the how these Principal Risks apply specifically to Barclays Bank UK Group, please see pages 52 to 58.

Financial performance measures

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

Income statement

Barclays Bank UK Group results For the year ended 31 December	2021 £m	2020 £m
Total income	**6,482**	6,424
Credit impairment charges	**371**	(1,427)
Net operating income	**6,853**	4,997
Operating costs	**(4,640)**	(4,603)
Litigation and conduct	**(51)**	(43)
Total operating expenses	**(4,691)**	(4,646)
Profit on disposal of subsidiaries, associates and joint ventures	**1**	16
Profit before tax	**2,163**	367
Taxation	**(294)**	12
Profit after tax	**1,869**	379
Attributable to:		
Equity holders of the parent	**1,696**	199
Other equity instrument holders	**173**	180
Profit after tax	**1,869**	379

Income statement commentary

Profit before tax was £2,163m (2020: £367m). The Barclays Bank UK Group continued to deliver growth in balances throughout 2021, increasing mortgage lending by £9.9bn and growing deposits by £20.2bn, adding to a strong liquidity position.

Total income increased 1% to £6,482m, consisting of:

- Personal Banking income increased 10% to £4,001m, reflecting strong growth in mortgages, alongside improved margins during the first three quarters, balance growth in deposits and the non-recurrence of COVID-19 customer support actions. This was partially offset by deposit margin compression from lower interest rates and lower unsecured lending balances

- Barclaycard Consumer UK income decreased 18% to £1,252m, as repayments by customers and reduced borrowing resulted in a lower level of interest earning lending (IEL) balances. However, IEL balances began to stabilise throughout the second half of 2021

- Business Banking income increased 7% to £1,401m due to lending and deposit balance growth from £12.1bn of government scheme lending and the non-recurrence of COVID-19 and related customer support actions, partially offset by deposit margin compression from lower interest rates

- Head Office expense of £172m, primarily due to the impact of hedge accounting

There was a credit impairment net release of £371m (2020: £1,427m charge) driven by an improved macroeconomic outlook and lower unsecured lending balances due to customer repayments and lower delinquencies. As at 31 December 2021, 30 and 90 day arrears rates in UK cards were 1.0% (Q4 2020: 1.7%) and 0.2% (Q4 2020: 0.8%) respectively.

Total operating expenses were broadly stable at £4,691m (2020: £4,646m) primarily reflecting increased investment spend, including structural cost actions of £288m (2020: £150m), offset by efficiency savings.

The tax charge was £294m (2020: £12m tax credit) due to a higher level of profit in 2021. However, this includes a £196m tax benefit recognised for the re-measurement of the Barclays Bank UK Group's deferred tax assets as a result of the enactment in 2021 of a UK corporation tax rate increase from 19% to 25% effective from 1 April 2023.

Balance sheet information

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

As at 31 December	2021 £m	2020 £m
Assets		
Loans and advances at amortised cost	**220,271**	211,649
Financial assets at fair value through other comprehensive income	**14,945**	26,026
Cash and balances at central banks	**69,488**	35,218
Liabilities		
Deposits at amortised cost	**260,732**	240,535

Balance sheet commentary

Loans and advances to customers at amortised cost increased 4% to £220.3bn predominantly driven by £9.9bn of mortgage growth following a strong flow of new applications as well as strong customer retention, offset by a £2.2bn decrease in the Education, Social Housing and Local Authority (ESHLA) portfolio carrying value as interest rate yield curves have steepened, £0.7bn lower unsecured lending balances and £0.6bn lower Business Banking balances as repayment of government scheme lending takes effect.

Customer deposits at amortised cost increased 8% to £260.7bn reflecting an increase of £16.6bn and £3.5bn in Personal Banking and Business Banking respectively, further strengthening the liquidity position.

Cash at central banks increased 97% to £69.5bn as a result of a larger liquidity pool, predominantly due to increased customer deposits. Financial assets at fair value through other comprehensive income decreased by 43% to £14.9bn due to the sale of held to collect portfolios on the back of favourable market conditions.

Other metrics and capital[a]

As at 31 December	2021	2020
Common equity tier 1 (CET1) ratio	**15.2%**	15.6%
Total risk weighted assets (RWAs)	**£71.2bn**	£72.0bn
Average UK leverage ratio	**5.5%**	5.6%

Note
a Capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangements of the Capital Requirement Regulation (CRR) as amended by the Capital Requirement Regulation II (CRR II).

Capital commentary

The Barclays Bank UK Group CET1 ratio as at 31 December 2021 was 15.2%, which is above regulatory capital minimum requirements.

RWAs decreased to £71.2bn (December 2020: £72.0bn) driven by a reduction in unsecured lending and the value of the ESHLA portfolio, partially offset by growth in mortgages.

Non-financial performance measures

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

Barclays Bank UK PLC has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 (the Act) through the disclosure contained in the Barclays PLC 2021 Annual Report on pages 49 to 50.

Our people and culture

We want to recruit, retain and engage the talented people that Barclays needs to succeed, providing an environment that enables them to build their careers and achievements.

A culture of togetherness

Our colleagues are critical to our success. We know that the past two years have been challenging for a lot of our people, in different ways, impacting both our personal and professional lives. We are proud of the way colleagues responded to these challenges, and for the way they have continued to support our customers and clients around the world. We have learnt a lot about ourselves over this period, and we have invested in supporting people in a number of ways. In particular, our focus has been on culture, mindset, wellbeing and development. As ever, our approach is informed by the latest thinking in behavioural and data science, and our ability to track effectiveness and progress over time.

The following sub-sections include a summary of the Barclays Bank UK specific items. For full details, refer to the Our people and culture section of the Barclays PLC 2021 Annual Report.

The Barclays Mindset

At the beginning of the COVID-19 pandemic, we observed a number of improvements in the way people were working at Barclays. We reflected on how we could capture these positive developments for the long-term and responded this year by launching the Barclays Mindset.

The Mindset acts as an operating manual for how to get things done at Barclays. It focuses on three key elements that are core to our success – Empower, Challenge and Drive. Our research shows that when we demonstrate behaviours aligned to these three elements, outcomes are better, colleagues are more engaged and they are more likely to stay longer to build their career at Barclays.

Hiring great people

We are focused on hiring people with the skills and capabilities to support our strategy. At the heart of our hiring approach is our ability to match locations to the local talent pool in that area, including reaching out to local communities and upskilling local students. For example, our partnerships with universities in Glasgow have been important in developing a robust pipeline of apprentices and graduates at the global campus we officially opened there this year.

The COVID-19 pandemic has required us to adapt to changes in hiring demands and volumes. This has been particularly important in customer-facing areas where we know it is critical that we are providing support to our customers.

People with different perspectives and life experiences make our organisation stronger, so we are committed to attracting, developing and retaining a workforce that is as diverse and inclusive as possible. We are an equal opportunities employer and give full and fair consideration to all populations based on their competencies, strengths and potential. You can find more information in the Barclays PLC 2021 Diversity and Inclusion Report.

Developing people for the future

At Barclays, we believe that everyone has the potential to continuously grow. We are committed to cultivating a culture of lifelong learning and our development proposition is designed to support colleagues at every stage of their career. A wide range of development opportunities are available to help colleagues build their careers.

Building a supportive and inclusive culture

Building a supportive and inclusive culture is not only the right thing to do, but also what is best for our business. It creates a sense of belonging and enables colleagues to perform to their highest capability.

We focus on six areas of diversity and inclusion: disability, gender, LGBT+, multicultural, multigenerational and socioeconomic inclusion. We have Employee Resource Groups in place across each of these areas to provide support and advice, create development opportunities and raise awareness of issues and challenges.

We remain committed to improving the diversity of our leaders and to closing pay gaps at Barclays. We aim for diverse promotion assessors and panels, helping us to ensure the widest available pool of talent is considered for promotion.

In the UK, we aim to increase the number of under-represented minority employees by 25% by the end of 2025. This will take us to 5% overall.

This year, we continued to review the provision of Workplace Adjustments for colleagues with disabilities to further our strategy for a more globally consistent and supportive experience. We encourage managers to check in regularly with their teams and to emphasise the importance of safe working and appropriate workstation setup. As part of the UK Government Disability Confident scheme, we encourage applications from people with a disability, or a physical or mental health condition. We require managers to give full and fair consideration to those with a disability on the basis of strengths, potential and ability, both when hiring and managing. We also ensure opportunities for training, career development and promotion are available to all.

You can find more information on many of these topics in the Barclays PLC 2021 Diversity and Inclusion Report.

Beyond the COVID-19 pandemic

We continue to follow government guidance relating to COVID-19, taking a prudent and considered approach to return to office that prioritises the health, safety and wellbeing of colleagues.

Where possible, and in line with local government guidance, we have undertaken a programme to gradually increase the number of colleagues returning to working in the office at least some of the time. Throughout the COVID-19 pandemic, we have kept our buildings operating safely for key workers by maintaining health and safety measures. In advance of colleagues returning, we risk-assessed all our buildings and provided training to colleagues on the safety measures that would be in place as they returned. We continue to evaluate and adjust these measures in accordance with government guidance and the latest epidemiology.

Listening to colleagues and keeping them informed

We think colleague engagement should be a two-way exercise, with equal weight placed on listening to our people and on keeping them informed. We want to be able to consider our colleagues' perspective when we make decisions, including at the most senior level.

Our Your View survey is the primary mechanism for how we track engagement and monitor our culture. In addition, this year we continued to run regular Here to Listen surveys, first launched in 2020, to make sure we are staying abreast of colleague feedback during the COVID-19 pandemic. Results from these regular surveys are shared directly with leadership, so action can be taken to continue to provide the appropriate support for colleagues.

Please also see the "Colleagues" section of "Having regard to our stakeholders on Board decision-making" on page 12 for details of how we keep colleagues abreast of changes to our business, evolution of our strategy and other matters that concern them as employees.

We engage with our people collectively through a strong and effective partnership with Unite, as well as colleague forums. We regularly brief our union partners on the strategy and progress of the business, seeking their input on ways in which we can improve the colleague experience of working for Barclays. The collective bargaining coverage of Unite in the UK represents 84% of our UK workforce. We consult in detail with colleague representatives on major change programmes affecting our people. We do this to help us minimise compulsory job losses, including through voluntary redundancy and redeployment, with a focus on reskilling.

We maintain an engagement approach that is in line with the UK's Financial Reporting Council (FRC) governance recommendations. This extends to those who work for us indirectly as well, such as contractors. As of 2021, the Barclays Third Party Code of Conduct (TPCoC) states that all third parties with greater than 250 employees must demonstrate through annual reporting that effective workforce engagement mechanisms are in place to provide channels for the workforce to share ideas and concerns with senior management and the board.

Our policies

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

We expect our people to treat each other with dignity and respect, and do not tolerate discrimination, bullying, harassment or victimisation on any grounds.

We are committed to paying our people fairly and appropriately relative to their role, skills, experience and performance – in a way that balances the needs of all our stakeholders. That means our remuneration policies reward sustainable performance that is in line with our Purpose and Values, as well as our risk expectations. You can find more information in the Barclays PLC 2021 Fair Pay Report.

We encourage our people to benefit from Barclays' performance by enrolling in our share ownership plans, further strengthening their commitment to the organisation. You can find out more information in the Directors' Remuneration Report in the Barclays PLC 2021 Annual Report.

Section 172(1) Statement

The Directors provide this Statement in order to set out how they have had regard to the matters set out in Section 172(1)(a) – (f) of the Act when performing their duty to promote the success of the Company under Section 172. Our Section 172(1) Statement provides details of how the Directors have engaged with and had regard to the interests of our key stakeholders.

For further details on the principal activities of the Board during 2021, please refer to our Governance Report on pages 16 to 31. Details of how the Barclays Group engages with its stakeholders can be found on pages 14 to 19 of the Barclays PLC 2021 Annual Report and are incorporated by reference into this Statement.

How does the Board engage with stakeholders?

The relevance of each stakeholder group may differ depending on the particular decision the Board is taking, as may the method of engagement used by the Board. The Board engages directly with stakeholders on certain issues, but the number and distribution of the Barclays Bank UK Group's stakeholders and the size of the Barclays Bank UK Group overall means that stakeholder engagement often takes place at an operational level. In addition, in order to ensure a more effective and efficient approach, certain stakeholder engagement is led by the Barclays Group. The Board also receives regular reports from individual business areas and from key Barclays Bank UK Group functions through reports sent in advance of each Board meeting and through in-person or video-conference presentations. This assists the Board with understanding the impact of the Barclays Bank UK Group's operations on, and the interests and views of, the Barclays Bank UK Group's key stakeholders.

As a result of its direct interactions and discussion of the reports and information received, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under Section 172(1). In doing so, the Board has to balance different and, sometimes, competing perspectives which means that it is not always possible to deliver everyone's desired outcome or necessarily achieve a positive outcome for all stakeholders.

Engagement in action: evolving our strategy

It is the Board's responsibility to establish the Barclays Bank UK Group's strategy. Given its fundamental importance, the Directors considered matters relevant to the strategy at every scheduled Board meeting in 2021. Throughout the year, a significant amount of time has been spent with management discussing and thinking about the learnings from the COVID-19 pandemic and the themes that will shape the future of the Barclays Bank UK Group, including: access to cash; access to banking; customer behaviours and needs; the ability of colleagues to provide services through remote working; the impact that technology is having on the competitive environment; the opportunities and threats of digitalisation; and the overarching importance of our environmental and other societal responsibilities. The outcomes of those detailed discussions have been critical in evolving the Barclays Bank UK Group's strategy this year.

In the context of providing customers with banking services in new and innovative ways, and embracing technology as a means of making things simpler, more transparent and more secure, set out below are details of how the Directors have had regard to the matters set out in Section 172(1)(a) – (f) when discharging their duties, and the effect of those considerations in reaching certain decisions taken by them in relation to the strategy and, specifically, our four strategic priorities:

- Providing exceptional service and guidance to customers
- Driving technology and digital innovation
- Continuing to grow our business
- Evolving our societal purpose

Further detail on the Barclays Bank UK Group's strategy, including the four strategic priorities, can be found on pages 2 and 3 of the Strategic Report.

Customers and clients

As set out in our 2020 Annual Report, the COVID-19 pandemic, together with a low interest rate environment, inevitably brought challenges for the Barclays Bank UK Group's consumer businesses. It accelerated a number of existing trends in customer and client behaviour, which have continued during 2021, including a declining use of cash for transactions and consumers saving more and paying down existing debt. Our customers and clients have directly told us what their needs are – both in the boardroom, as part of interactive sessions on customer strategy, and via the Board's review of regular reporting on complaints, as well as analysis of the key drivers underpinning customer metrics. We have listened, and we have responded by making the provision of exceptional service and insights to customers one of our four strategic priorities. What that means in practice is providing simple, relevant and prompt services and propositions as well as using our data insights to help customers better manage their finances and make informed financial decisions.

In addition, one of the other behavioural trends that was highlighted by the pandemic was the increasing number of customers moving to digital. The Board is aware that there remains a cohort of customers who are less digitally confident and who will continue to require more traditional forms of engagement with us; however, we strongly believe that embracing digital innovation and technology, and simplifying products and services, will - amongst other things - improve access to banking and financial inclusion. Nevertheless, prior to deciding to accelerate our digital agenda, the Board and the Board Committees:

- engaged with management on digital and technological developments in UK banking and the evolving regulatory landscape in this respect
- engaged with management on the work of the Access to Cash Action Group, which the Barclays Bank UK Group is part of, in relation to continuing to preserve access to cash for consumers and businesses over the long-term
- participated in deep dives on key customer metrics (such as complaints and NPS) to better understand the correlation between digitalisation and customer experience
- received briefings on the opportunities and risks associated with moving to the cloud, upgrading our systems and implementing rapid automation of manual processes
- received regular reports on the Barclays Bank UK Group's internal controls framework in order to ensure that a robust control environment is maintained when driving technology and digital innovation

- received regular reports on the Barclays Bank UK Group's operational and technology capacity, including in relation to operational resilience and the development of more modern technology platforms

The Board is cognisant that although leveraging technology will allow us to respond quickly and seamlessly to changing customer and client behaviours and needs, and enable the Barclays Bank UK Group to remain competitive, it is not without risk. We therefore want to reassure our customers and clients that the Barclays Bank UK Group continues to play an important role in helping to address economic crime, engaging with its wider stakeholder group, including our regulators and the UK Government, in regard to online safety and scams to increase customer education and improve their protections.

Colleagues

Colleagues have been kept abreast of changes to our business and the evolution of the strategy through a number of events in 2021, including our Chief Executive's weekly vlog, podcasts and roadshows. Colleague engagement is a two-way exercise, with equal weight placed on listening to our people as it is on keeping them informed. In this regard, the Board has engaged directly with colleagues, both in person and virtually, in the boardroom and when observing Employee Resource Group meetings, participating in leadership panel events, reverse mentoring, and through visiting branches, Eagle Labs and operational sites (when COVID-19 rules permitted). The Board has also listened to feedback on a variety of topics – including our strategy, our inclusive culture, colleague development, future ways of working and wellbeing (particularly important in the context of supporting colleagues' needs through the ongoing pandemic) – via the annual Your View and more regular Hear to Listen surveys. The Board and management have sought to ensure that issues of interest to colleagues have been taken into account when making decisions. For example, whilst future ways of working will continue to iterate in response to colleague feedback, we are committed to providing a flexible and adaptable operating model affording colleagues the opportunity of hybrid working.

We know that our colleagues are central to the successful execution of our strategy, and that we need to ensure that they are empowered and motivated, and that we are investing in their development in order to embed capabilities and skills for the future (particularly digital and technology). Our talent development proposition is designed to support colleagues at every stage of their career, but we recognise that there is always room for improvement. With that in mind, the Board was particularly grateful to those colleagues who participated in an interactive session with the Directors in order to share their constructive feedback on our talent development programmes. For more information on our commitment to our people, and the opportunities available to them, please refer to pages 29 to 34 of the Barclays PLC 2021 Annual Report.

Society

We have made a societal commitment to provide access to banking. However, it is inherent in more interactions moving to digital and virtual channels that fewer customers are using our branches. We are committed to increasing the range of more flexible options available to our customers and clients to meet their changing demands and needs. This will continue to include physical branches, complemented with alternative ways for colleagues to be present in community spaces, the introduction of mobile banking vans and shared services, including shared Banking Hubs and ATMs. Plans are also underway to help retailers supply cashback without purchases, ensuring greater accessibility of cash in local and remote areas.

In spite of the rapidly changing digital landscape, the Barclays Bank UK Group continues to play an important role in local communities; a role that goes beyond our physical footprint, as the Board learned when it participated in a briefing session focused on citizenship, societal purpose and sustainability with colleagues and external partners. Through initiatives such as Eagle Labs and Rebuilding Thriving Local Economies, the Barclays Bank UK Group is getting even closer to those that need us most across the communities we serve. Similarly, Barclays Digital Eagles and Money Mentors are helping customers use digital platforms to build financial confidence and plans, whilst programmes such as LifeSkills are helping young people get the experiences and skills they need to enter the world of work.

Of course, society extends much further than just our local communities, and the Board is acutely aware of increasing customer and client expectations in relation to climate and sustainability. Over the last year, the Directors have engaged with the Barclays Group and management in order to gain a more granular understanding of the progress that has been made to date in relation to the Barclays Group's climate strategy, and future focus areas. Whilst the availability of products such as our Green Home Mortgage and the recently launched Green Home Buy-to-Let Mortgage are a step in the right direction, the Board recognises that there remains more to be done. For more information on our role in society and how the Barclays Bank UK Group is playing its part in helping accelerate the transition to a low-carbon economy, please refer to page 4 of the Strategic Report and the ESG Report on pages 13 to 15.

Investors

Finally, the Board considers engagement with its shareholder as being crucial to its understanding of the Barclays Group's strategy and the Barclays Bank UK Group's role within that; this has been an important factor in evolving the Barclays Bank UK Group's strategy this year, particularly the focus on digitalisation and generating consistent returns for our shareholder and, in turn, its investors over the long-term. The current engagement model includes the Barclays Group Chairman and Group Chief Executive attending certain Board meetings (by invitation) in order to discuss Barclays Group matters with the Board and to gain a better understanding of the risks and opportunities of the retail consumer business. This year, that engagement informed one of the Barclays Group's three strategic priorities – the delivery of next-generation, digitised consumer businesses – which will, ultimately, support the Barclays Bank UK Group's investment priorities. The Chair's position on the Barclays PLC Board also ensures the views of the Barclays Bank UK Group are represented at Barclays Group level. The Directors believe that this engagement model works well and intend to use it again in 2022, supported by any informal engagement opportunities that may arise during the course of the year.

Crawford Gillies

Chair – Barclays Bank UK PLC

22 February 2022

Environment, Social and Governance Report

Over a period of several years, ESG considerations have become increasingly important to and continue to be embedded into the Barclays Group's, and therefore the Barclays Bank UK Group's, business strategy. Reflecting this trend, Barclays is integrating the way it reports on ESG matters too by providing this information as part of its Annual Report.

Please see the ESG section of the Barclays PLC 2021 Annual Report for further details. Set out below are some examples of Barclays Bank UK Group-specific initiatives in this area:

Environment

As part of the overall strategy of the Barclays Group, the Barclays Bank UK Group is determined to play its part in taking a leading role in helping accelerate the transition to a low-carbon economy. In March 2020, the Barclays Group announced its ambition to be a net zero bank by 2050. We have a strategy, in three parts, to turn that ambition into action:

Achieving net zero operations

Barclays is working to achieve net zero operations, investing in the continued decarbonisation of our operations. Please see the Barclays PLC 2021 Annual Report for further details of how we are defining our approach to net zero operations.

Reducing our financed emissions

Barclays is committed to aligning its financing with the goals and timelines of the Paris Agreement.

Financing the transition

Barclays is providing the green and sustainable finance required to transform the economies we serve.

Our strategy is underpinned by the way we assess and manage our exposure to climate-related risks. From 2022, climate risk will be a Principal Risk under Barclays' ERMF. Please see pages 41 to 42 of Risk Review for further details.

For more information about how the Barclays Group is helping to tackle climate change, please see the Barclays PLC 2021 TCFD Report.

Scenario analysis forms a key part of the Barclays Group's, and therefore the Barclays Bank UK Group's, approach to assessing and quantifying the impact from climate change. We have developed our approach to scenario analysis through detailed quantitative and qualitative risk assessments of particular portfolios and activities (for example, we have conducted assessments on the impact of flooding and subsidence on the Barclays Bank UK Group's mortgage portfolio). The Barclays Group has developed key metrics and targets to track progress against its climate strategy. The adoption of consistent and relevant climate-related metrics is crucial for financial sector stakeholders to properly price and manage climate-related risks. Please see the Barclays PLC 2021 TCFD Report for further details on scenario analysis and key metrics.

Barclays has relationships with customers and clients across a wide range of sectors and geographies, who face risks to their operations, supply chains and markets from biodiversity loss and land-use change. Recognising the importance of this agenda, we are developing our understanding and evaluating where our business impacts and depends on nature, and where we can support our clients. Set out below are two such initiatives.

Barclays Green Home Mortgages

Barclays Bank UK PLC was one of the first major UK lenders to launch a Green Home Mortgage in 2018, and to date we have completed over £1bn in Green Home Mortgages.

The Barclays Green Home Mortgage offers residential homebuyers lower interest rates for new build properties with an Energy Performance Certificate (EPC) band of A or B, compared to our standard products. In April 2021, we expanded the eligibility criteria of our Green Home Mortgage to include any new build properties meeting energy efficiency requirements. Previously the proposition was available for properties built by a panel of 14 house builders. In January 2022, we expanded our Green Home Mortgages further extending the eligibility to customers purchasing a new build energy efficient buy-to-let property.

Further details on Barclays Green Home Mortgages can be found at: https://www.barclays.co.uk/mortgages/green-home-mortgage/

In addition, further details on Barclays Green Buy-To-Let mortgages can be found at: https://www.barclays.co.uk/mortgages/green-buy-to-let-mortgage/

Banking for Impact on Climate and Agriculture

Led by our Business Bank, we joined the Banking for Impact on Climate and Agriculture (B4ICA), an inter-bank group focused on developing a means for the measurement and disclosure of the greenhouse gas emissions of banking portfolios in the agricultural sector.

Social

The Barclays Group is determined to make sure we understand our customers' and clients' expectations and aspirations, and develop products and services that support them. Set out below are a number of initiatives the Barclays Bank UK Group has been involved in.

Please see the ESG section of the Barclays PLC 2021 Annual Report for further details.

Access to banking

The banking services we provide and the manner in which they are delivered continue to evolve, driven by the changing needs of our customers. How we bank today is unrecognisable from 50 years ago. Customers are demanding more convenient, simpler ways to bank that fit their lives. We are delivering these solutions at pace.

As a part of these changes, it is not just the number, but also the role of the physical branch that is evolving from a place where a significant number of transactions are completed manually, to one in which customers can be supported to be more financially empowered and self-sufficient over simple transactions. Using technology, with assistance for vulnerable customers and those that need help, we are creating space and time for more complex financial conversations.

This ongoing change in behaviour means that as the number of bricks and mortar branches has reduced over time, we are also investing in new, more flexible ways of serving customers better in the long run. These include temporary and flexible banking pop-ups in community spaces, libraries and companies, the introduction of mobile banking vans and shared services, including shared Banking Hubs and ATMs.

Alongside our investment in technology enabling 11 million digital customers to access tools and products whenever they need them, these new destinations will transform everyday banking by making it easier and more convenient, whilst keeping Barclays at the heart of the community, on a long-term sustainable basis.

We also want customers who rely on cash – in particular, more vulnerable customers, to still be able to access cash and to get the support they need. This is why, we have joined forces with our competitor banks and consumer groups, the Post Office and LINK, as part of the Access to Cash Action Group, in an agreement on shared services helping to ensure long-term cash availability across the UK.

In the future, as branch closures are announced, LINK will independently assess remaining cash provision against agreed industry standards, and where required, in conjunction with local communities, will propose new shared services. The industry will work together to deploy these services on a shared cost basis, which will include shared Banking Hubs and ATMs. In this way we will help to ensure that no one is left behind, with every person and small business being guaranteed reasonable access to cash in a sustainable manner.

Alongside these changes, we are continually investing in multi-skilled training for our colleagues so they are better able to serve customers in ways that meet their needs today. As well as breaking down internal barriers to enable more queries to be resolved by the first person you speak to at Barclays, whichever way our customers choose to contact us.

Basic current account

Since 2015, we have been offering our basic current account, which meets HM Treasury's Memorandum of Understanding on basic bank accounts. There were over 642,000 Barclays basic accounts open at the end of 2021.

Our basic current accounts provide individuals who may not be eligible for a standard account access to banking including; over the counter services, access to ATMs, and digital banking and free text alerts to manage finances.

Community accounts

We also provide free banking to over 115,000 small not-for-profit organisations through our community accounts, including religious groups, and local charities.

Digital accessibility

We aim to ensure that our digital services are easy to see, hear, understand and use for all customers, including those with disabilities. AbilityNet (a leading UK disability charity) has independently accredited for accessibility the key journeys of our online banking website and mobile app during 2021.

We have strengthened accessibility requirements within our procurement processes, recognising the importance of partnering with suppliers and giving clear expectations.

We seek to deliver digital services and workplace tools that promote disability inclusion and meet accessibility requirements set out in the Web Content Accessibility Guidelines (WCAG) 2.1 AA level.

Barclays mortgages and first-time buyers

In 2021, we helped over 150,000 customers take out a mortgage or further borrowing on their property. This included over 48,000 first time buyers who we helped get onto the property ladder, up 92% from 2020, and the highest number we have seen in recent history. We have continued to support customers with their home buying needs and have had a record performance in mortgage completions during 2021.

In April 2021, we launched new mortgage products under the government's Mortgage Guarantee Scheme, enabling us to offer 95% loan to value mortgages to customers buying their first property or looking to move home.

Our Family Springboard Mortgage allows homebuyers to secure a mortgage with the help of family or friends, while allowing the 'helper' to earn interest at the same time. Homebuyers can obtain a mortgage with only a small deposit or even no deposit. This helps them buy their property sooner than they would otherwise be able to, provided that their helper (typically parents) deposit 10% of the property purchase price in a Helpful Start account for five years. Subsequently the funds are released back to the helper.

Economic crime and scams

In what has been a particularly tough year for economic crime and scams across the industry, as scammers have exploited the COVID-19 pandemic, we have increased our efforts to tackle economic crime at all levels. We have supported UK Finance with their national Take Five campaign, to help keep the public safe through a multi-stage educational campaign, with content across our social media, email, in-app notifications and media outreach, we are working to arm our customers with the knowledge they need to spot a scam and prevent themselves from becoming a victim.

We are also proud initial signatories of the Contingent Reimbursement Model Code, providing measures to help prevent Authorised Push Payments scams taking place and increased consumer protection standards for customers of signatory firms.

However, the ultimate objective must be to stop scams at source, before the criminals can even reach their victims. As such we are playing a leading role in facilitating greater collaboration across the 'scams ecosystem' (including financial services, telecommunications, online commerce, social media, and other sectors) to deliver a comprehensive and collaborative solution to this urgent societal challenge.

This is why we are founding members of Stop Scams UK, a cross-industry group made up of banks, telecoms and tech firms that have come together to put an end to scams by collaborating, sharing best practices and engaging with the government and regulators to make it harder for scammers to operate.

We are also part of a new dedicated hotline for customers to call if they think they are being called by a scammer. The 159 hotline, created through Stop Scams UK, is a collaboration between nine leading banks that represents 70% of the UK's current account customers and telecoms firms representing 80% of UK mobile phones and landlines.

Governance	Page

Governance
Chair's introduction

I am pleased to present our Governance Report for 2021 – my first full year in role as Chair of the Board.

Our purpose and response to the pandemic

At the start of the year, the Barclays Group announced its aim to "deploy finance for the common good and the long term". This Purpose has come to the fore in the role the Company has played throughout the COVID-19 pandemic. During 2021, we have continued to take steps to help ease customers' and clients' financial pressures, partnered with the UK Government to support businesses, and provided investment to local communities at a time of real need. As our attention shifts to economic recovery, whilst acknowledging that the pandemic is by no means over, the Board remains focused on the important role the Barclays Bank UK Group can and does play in society.

Strategy

As set out in the Section 172(1) Statement on pages 11 to 12 of the Strategic Report, the combination of the pandemic together with a low interest rate environment has brought into sharper focus the structural changes required to our business model. As a consequence, the Board has spent a considerable amount of time challenging and contributing to the Barclays Bank UK Group's strategy this year. The strategy is deeply rooted in customer and client need, accelerates our digital agenda and creates new business models built around digital customer and client engagement. Overseeing the execution of the strategy will be the Board's priority in the years ahead, ensuring good customer and client outcomes remain at the forefront of our discussions.

Key to successful delivery of the strategy are our colleagues and, in particular, the creation of a diverse and inclusive workforce comprised of individuals with the requisite capabilities and skills who are empowered and motivated to provide excellent service. Colleague engagement and retention are also crucial and we believe that culture and, specifically, the embedding of the Barclays Mindset – the three elements of which are Empower, Challenge and Drive – has an important part to play in this. The Board has engaged, and will continue to engage, directly with colleagues and listen to feedback from the annual Your View and more regular Hear to Listen surveys so that we can take into account issues of interest to colleagues when decision-making.

To ensure we deliver consistent returns for our shareholder, and in turn Barclays' investors, we must have an efficient operating model, including a cost-effective infrastructure, which responds and adapts to our evolving customer and client expectations whilst remaining competitive and enabling us to invest for the future. The Board will remain close to the evolution of the operating model, including increasing the range of more flexible options available to our customers and reshaping our physical footprint in order to better support the customers we serve. Investment in technology and digital innovation will provide us with the capability to unlock new sources of income, supporting our continued growth, as well as providing a greater range of services to more customers and clients.

Barclays continues to play a major role in our local communities, that goes much wider than our branches and business teams. In 2021, in addition to the usual reporting, the Board participated in an excellent immersive session with colleagues and external partners focused on citizenship, societal purpose and sustainability. We look forward to continuing to engage on these very important topics, in particular, on climate change. The Barclays Bank UK Group – as part of the Barclays Group – is playing its part in helping accelerate the transition to a low-carbon economy. Please refer to page 4 of the Strategic Report, and the ESG Report on pages 13 to 15, for further detail.

Our strategy will continue to evolve to respond to external factors, including changes arising from the political and regulatory landscape. Of particular note this year was the independent panel review of the operation of the ring-fencing legislation in respect of which we await with interest the final recommendations. The other significant event was the consultation by the Financial Conduct Authority (FCA) on a proposed "Consumer Duty", which will introduce an overarching standard of conduct requiring firms to "act to deliver good customer outcomes". As a Board, we are supportive of the Consumer Duty and will closely oversee the Company's readiness for implementation, which is currently planned for April 2023. The Consumer Duty alongside financial performance and risk management is at the centre of our strategy and business objectives, and will receive a high level of ongoing management attention.

Risk and control

This year, the Board Risk Committee has continued to oversee the risk management aspects of our strategy and its execution, helping ensure prudential soundness and that customer outcomes are delivered in the right way. In respect of new and emerging risks, the Committee has adopted climate risk as a new Principal Risk from 2022 and has spent time gaining a better understanding of the risks associated with our move to cloud technology. We remain alert to financial crime, fraud and security, particularly in light of the proliferation of scams during the pandemic with the Committee overseeing the Barclays Bank UK Group's approach to financial crime controls and operational resilience. This has been supported by the work of the Board Audit Committee, which – in addition to its usual matters – has monitored the internal control environment and received updates on data governance, including the principles in place to ensure the protection and ethical use of customer and client data, as well as reviewing key accounting judgements, including impairments, as the economy begins to recover.

Governance matters

Finally, as articulated in our corporate governance principles, a successful company is led by an effective and entrepreneurial Board. In 2021, an external evaluation of the Board was undertaken by Christopher Saul Associates (CSA), which concluded that the Board is operating effectively. CSA considered our Board to have a strong collegiate culture in which all members contribute to discussions and offer constructive challenge. Whilst certain areas were identified for continued focus to further improve effectiveness, none were material. A summary of the key findings can be found on page 23. Separately, in conjunction with the Board Nominations Committee, I continue to evaluate the balance of skills, knowledge, experience and diversity on the Board to ensure that it is appropriate to support our strategy and to consider succession planning. In respect of Board changes, Sir John Timpson stood down from the Board in July 2021 and David Thorburn in February 2022. We thank Sir John and David for their considerable insight and service to the Barclays Bank UK Group.

Looking ahead

Overseeing the execution and evolution of the Barclays Bank UK Group's strategy in 2022 and beyond to ensure it continues to adapt and respond to the external environment, and changing customer and client needs and behaviours, will remain a priority focus of the Board. As part of that, we will continue to evolve our societal purpose and through the development of our product propositions support our customers and clients to live and act more sustainably.

Finally, I would like to thank all colleagues – without whom the success of this year could not have been achieved – and my fellow Board members for their significant commitment, insight and continued hard work throughout 2021.

Crawford Gillies
Chair – Barclays Bank UK PLC
22 February 2022

The Board

Welcome to our Board. The Directors who served during the year ended 31 December 2021 are set out in the table below, together with details of the composition of each of the Board Committees. All of the Directors, with the exception of Sir John Timpson and David Thorburn, have served up to the date of signing this report.

	Board	Board Audit Committee	Board Nominations Committee	Board Remuneration Committee	Board Risk Committee
Current Directors					
Crawford Gillies Chair of the Board (appointed 1 January 2021) Independent Non-Executive Director	C		C		
Avid Larizadeh Duggan Independent Non-Executive Director	M		M	M	
Michael Jary Independent Non-Executive Director	M		M	C	M
Kathryn Matthews Independent Non-Executive Director	M	M		M*	
Chris Pilling Independent Non-Executive Director	M	M			M
Andrew Ratcliffe Independent Non-Executive Director	M	C	M		C **
Matt Hammerstein Chief Executive	M				
James Mack Chief Financial Officer	M				
Former Director					
Sir John Timpson (resigned 8 July 2021) Independent Non-Executive Director	M		M	M	
David Thorburn (resigned 3 February 2022) Independent Non-Executive Director	M	M	M		C

C Chair of Board or Board Committee
M Member of Board or Board Committee
* Since 8 July 2021
** Since 4 February 2022, member prior

Charter of Expectations

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

Time commitment

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

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

Training and development

In order to enable the Directors to discharge their responsibilities and undertake their work with due care, ongoing training and development occurs throughout the year, with sessions on – for example – competition law and the Senior Managers Regime forming part of the Board programme. The Directors also participate in briefing sessions and deep dives in order to gain a more granular understanding of the business which, in turn, contributes to informed and sound decision-making. This year, the focus was on key areas of the Barclays Bank UK Group's strategy, including customer strategy, digitalisation, our operating and service models, and strategic talent and development. In many cases, these topics were brought to life through interactive sessions with colleagues, customers and clients. There were also a number of joint briefing sessions with the Board Risk Committee on particularly pertinent topics, such as opportunities and risks associated with moving the Barclays app to the cloud and utilising more modern technology platforms. The Board will continue to enhance its education and training proposition in 2022.

In order to ensure its familiarity with the Barclays Bank UK Group, the Board had regular meetings with senior management during the year and certain Directors were able to visit branches, Eagle Labs and operational sites when COVID-19 rules permitted. Changes in the health and safety landscape throughout 2021 did impact physical interactions; however, this year's Board immersion programme included a range of activities that could be carried out in person or virtually - such as observing Employee Resource Group meetings, participating in panel events and roadshows, and reverse mentoring - which allowed the Board to maintain a strong connection to the business and colleagues. Further details on what the Board did in 2021, including its engagement with customers and clients, colleagues, and suppliers, can be found on pages 20, 21 and 27.

All Directors who are new to the Board, or a Board Committee, participate in an induction programme, which is tailored to their specific experience and knowledge and provides access to all parts of the business so that they have sufficient understanding of the nature of the business and the key issues the Barclays Bank UK Group faces.

Our corporate governance principles and how we applied them in 2021

During the year ended 31 December 2021 and to the date of this report, the Company has continued to apply and has complied with its own corporate governance arrangements rather than the 2018 UK Corporate Governance Code or the Wates Corporate Governance Principles for Large Private Companies. This is on the basis that the Board believes that our own governance arrangements are the most appropriate for the Company, a wholly-owned subsidiary of a premium listed company which is also a complex financial institution subject to a comprehensive regulatory regime. This approach is consistent with the approach of other significant subsidiaries in the Barclays Group which are subject to the Companies (Miscellaneous Reporting) Regulations 2018 (2018 Regs).

The primary aim of our governance arrangements is that they:

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

Set out below is an explanation of how the six principles that underpin our governance arrangements have been applied during 2021.

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

Principle One: Board Leadership and Company Purpose

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

The Board is responsible for the overall leadership of the Company. The Board's role involves articulating a clear vision for the Company based on Barclays' Purpose, Values and Mindset, and establishing a strategy for both the Company and the Barclays Bank UK Group, supported by a framework of effective controls that are designed to mitigate financial and other risks and to protect the reputation of the business. This ultimately ensures that the business is able to operate effectively and independently, and is run in a way that promotes the long term success of the Company thereby creating and delivering sustainable value. For further details on internal control and risk management, please see pages 23 to 25.

The Board's role also involves ensuring that the necessary resources are in place to enable the Company to meet its objectives and measure performance against them. The Board receives regular and timely information on all key aspects of the business - including customers, conduct matters, financial performance, operational matters, strategy, risks and opportunities - all supported by key performance indicators.

What the Board did in 2021

As a matter of course, the Board ensures that the Company is managed in accordance with the ring-fencing legislation and monitors the ring-fence perimeter of the Barclays Bank UK Group to ensure ongoing compliance with the ring-fencing requirements. In addition to this, the principal activities of the Board during 2021 included the following:

Strategic and operational matters

- Overseeing the further evolution of the Barclays Bank UK Group strategy that was reported in 2020 (including accelerating our digital agenda and focusing on creating new business models built around digital customer engagement) and reviewing progress against the same. Further detail on the Barclays Bank UK Group's strategy, including its strategic priorities, can be found on pages 2 and 3 of the Strategic Report
- Receiving updates on the market and operating environment (including the COVID-19 pandemic and its impact on the Barclays Bank UK Group's consumer businesses, and the low interest rate environment), new developments in UK banking and the evolving regulatory landscape
- Overseeing the creation of an inclusive and supportive culture through the launch and embedment of the Barclays Group Purpose, Values and Mindset, and diversity and inclusion initiatives such as the Race at Work Action Plan
- Overseeing colleague engagement via the Here to Listen and Your View surveys, and receiving updates in respect of colleague wellbeing (particularly in connection with supporting colleagues' needs in relation to the ongoing COVID-19 pandemic). Further details can be found on pages 9 and 10 of the Strategic Report and separately on pages 29 to 34 of the Barclays PLC 2021 Annual Report

- Overseeing customer, commercial, financial, operational, regulatory and risk matters, with regular updates from the Chief Executive and Executive Committee members
- Overseeing reputational risk matters, including in relation to access to cash and the Barclays Bank UK Group's physical footprint
- Overseeing risk matters in connection with issues relating to COVID-19, including payment holidays and UK Government support schemes for businesses, such as the Bounce Back Loan Scheme and the Coronavirus Business Interruption Loan Scheme
- Receiving updates on citizenship, societal purpose and sustainability (including progress against climate strategy)

Finance (including capital and liquidity)

- Discussing and approving the Barclays Bank UK Group's Medium Term Plan (MTP), in which strategy is embedded, together with related funding and capital plans for the Barclays Bank UK Group
- Overseeing the financial performance of the Barclays Bank UK Group and its main businesses through regular reports from the Chief Financial Officer
- On the recommendation of the Board Audit Committee, approving the Barclays Bank UK Group's full year and half year financial statements, approving the non-payment of a 2020 full year dividend and approving the payment of a 2021 half year dividend
- On the recommendation of the Board Risk Committee, approving the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP)
- Overseeing, in conjunction with the Board Risk Committee, the results of a range of stress tests to assess capital adequacy and resilience under severe but plausible macroeconomic scenarios

Governance, risk, control and regulatory matters

- On the recommendation of the Board Risk Committee, approving the Company's Risk Appetite Statement and oversight of risk parameters
- On the recommendation of the Board Risk Committee, approving the Barclays Bank UK Group elements of the Barclays Group Recovery and Resolution Plan and Resolvability Assessment Framework
- Overseeing key risk matters, including themes and emerging risks through regular reports from the Chief Risk Officer
- Overseeing the Barclays Bank UK Group's operational and technology capacity, including in relation to operational resilience and the utilisation of more modern technology platforms
- Overseeing colleagues' return to branches, call centres, offices and other sites during the course of the year and considering future ways of working
- Overseeing the services received from BX
- Overseeing the Barclays Bank UK Group's internal controls framework through regular reports from the Company's Chief Controls Officer
- Overseeing, with the support of the Board Nominations Committee, changes to Board composition and Board Committee roles
- Receiving regular updates from the Chairs of the Board Committees and the Chairs of the Company's material subsidiaries on matters discussed at meetings
- In conjunction with the Board Nominations Committee, overseeing the 2021 external Board evaluation and the internal Board Committee and Non-Executive Director evaluation

Details of the briefings and deep dive sessions held with management on key areas of strategy and risk matters can be found on page 19 of this report.

Principle Two: Division of Responsibilities

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

There is a clear division of responsibilities between the Chair and the Chief Executive. The Chair is responsible for leading the Board and its overall effectiveness, demonstrating objective judgement and promoting a culture of openness and constructive debate between all Directors. The Chair also facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures Directors receive accurate, clear and timely information. The duties of the Board are executed in part through the Board Committees, which provide oversight and make recommendations on the matters delegated to them by the Board. The Chair of each Board Committee provides a report on Board Committee business at each Board meeting, including the matters being recommended for Board approval. Details on the principal Board Committees and their core responsibilities and activities in 2021 are set out in Principles Three to Five on pages 22 to 26.

Executive Committee

Responsibility for the day-to-day management of the Company is delegated to the Chief Executive who is supported by the Company's Executive Committee. Executive Committee membership includes the Chief Financial Officer, Chief Risk Officer, Chief Operations Officer, Heads of Customer, Channels and Product, Heads of Business Banking and Wealth Management and Investments, and the leaders of Compliance, Human Resources and Legal. The Executive Committee meets weekly and is chaired by the Chief Executive. The Executive Committee supports the Chief Executive in ensuring that the values, strategy and culture align, and that those elements are implemented and communicated consistently to colleagues; for example, through "Ask the Executive Committee" and BUK Stewards events, our Chief Executive's weekly vlog, and regular leadership team conferences and roadshows (which have operated in person and virtually throughout the year, depending on the UK Government guidelines in place at the time) as well as communications that are available to all colleagues in the Barclays Bank UK Group. Further details are set out on page 10 of the Strategic Report.

Decision-making and conflicts of interest

The Board maintains a formal schedule of powers reserved to it in order to ensure that it has control over key decision-making. These powers include approval of key appointments, strategy, financial statements and any major acquisitions, mergers or disposals. There are also policies and procedures in place to support effective decision-making and independent challenge, including the Barclays Group's Corporate Governance Operating Manual, which clearly sets out how Barclays Group entities and their respective Boards and Board Committees should interact.

For details of how the Directors have had regard to the matters set out in Section 172(1) of the Act when performing their duty to promote the success of the Company under Section 172, and the effect of those considerations in reaching certain decisions taken by them, please refer to the Section 172(1) Statement on pages 11 and 12 of the Strategic Report.

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

Principle Three: Composition, Succession and Evaluation

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

We continue to consider the composition and size of the Board to be appropriate for a large UK retail bank, although we acknowledge that there continues to be a relative lack of gender diversity on the Board (in respect of which, see below). This assessment is supported by a skills matrix (refreshed annually), which helps us to evaluate the experience and skills we have on the Board in order to ensure that there is the necessary expertise and knowledge to support and challenge management in its execution of the strategy. There is currently a good balance between the Executive Directors and independent Non-Executive Directors who, together, have a strong combination of financial, risk, retail and technical skills as well as experience in colleague engagement, customer experience, culture and technology. Overall, the majority of the Board is considered to be independent. Independence is reviewed annually, using the independence criteria set out in ring-fencing requirements. The Chair meets privately with the Non-Executive Directors, where appropriate, in order to promote the required independence.

Board succession planning will remain an area of focus in 2022 in order to ensure that there is the appropriate breadth and depth of talent on the Board. To the extent that any appointment(s) to the Board are made, such appointment(s) will be based on merit. Objective criteria are used to ensure that the Board has the necessary knowledge, skills and experience to be effective in the execution of the strategy whilst recognising the importance of diversity amongst the Directors including, but not limited to, gender, ethnicity, geography and business experience.

Our ambition, as set out in our Board Diversity Policy, is to ensure that the proportion of women on the Board is at least 33% and that, once met, this is maintained going forward. With reference to ethnic diversity, the Board's current target is to ensure that at least one Board member is a person of colour and that this too is maintained once met. The Board acknowledges that we have not achieved our gender diversity target this year and this will be a key consideration in future recruitment and succession planning.

Separately, the Board regularly reviews the leadership and succession needs of the business, which helps the Directors to understand the breadth and depth of talent at Executive Committee level and one level down. There were a number of changes to the Executive Committee during the year; however, the Board is comfortable that the Executive Committee has the capabilities and strength of leadership required to support the execution of the strategy against the backdrop of a competitive and challenging operating environment. Talent and succession both at Executive Committee level and one level down will remain a key focus for 2022 and beyond in order to ensure that there is the appropriate depth and diversity of talent within the organisation.

Accountability is driven through routine evaluations of the Board and Board Committees. During the year, the Board, in conjunction with the Board Nominations Committee, reviewed its progress against the recommendations arising from the internal Board evaluation undertaken in 2020, and was pleased with the progress made. In 2021, an external evaluation of the Board and an internal evaluation of the Board Committees and Non-Executive Directors (including the Chair) was carried out in relation to activity throughout the year. Key findings are summarised on page 23.

Board Nominations Committee

The Board Nominations Committee comprises independent Non-Executive Directors (see page 19).

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

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

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

During 2021, the Committee's principal activities were:

- Reviewing the Board's composition – including skills and experience of Board members, time commitments and the independence of the Non-Executive Directors (excluding the Chair)
- Reviewing the Committee's own composition in light of the resignation of one of its members
- On a bi-annual basis, reviewing the Company's talent and succession plans at Executive Committee level and one level down
- Reviewing and monitoring the Board's progress against the Board Diversity Policy
- On behalf of the Board, reviewing and monitoring the Company's progress against its diversity and inclusion agenda, including instigating a Board briefing session on diversity and inclusion at which the Barclays Group Chief Diversity Officer presented, and initiatives such as the Race at Work Action Plan
- Reviewing the results of the 2021 external Board evaluation and the internal Board Committee and Non-Executive Director evaluations. For more information on these evaluations, see below
- Overseeing the management of any Non-Executive Director conflicts of interest and the conflicts of interest management procedures

A full external evaluation of the Board was carried out during the fourth quarter of 2021. CSA – which is an independent, external corporate governance advisory firm with no other connection to the Barclays Group or any individual Director (save as disclosed in the Barclays PLC 2021 Annual Report) – was chosen to facilitate the evaluation. The Board considered CSA's independence prior to the firm's appointment and were confident that, notwithstanding that CSA and CSA's Managing Director, Christopher Saul, had previously advised Barclays, CSA would not be constrained in its ability to express an independent view. CSA carried out interviews with the Directors to obtain feedback on the effectiveness of the Board throughout 2021, and also attended Board and Board Committee meetings. CSA issued its final report to the Board on the findings of the evaluation in January 2022 – the overall conclusion is that the Board is operating effectively. CSA considered the Board to have a strong collegiate culture in which all members contribute to discussions and offer constructive challenge. Significant progress has been made to enhance effectiveness in the last year, in particular by strengthening Board and Board Committee focus; however, there is always more that can be done. With this in mind, recommendations in respect of certain matters highlighted in CSA's report (including further simplification of Board papers, ensuring a continued two-way dialogue between the Board and the Barclays Board, and developing more opportunities for those at Executive Committee level and one level down to interact with the Non-Executive Directors) are being progressed.

The internal reviews of the Board Committees and the Non-Executive Directors also concluded that they are operating effectively and meeting their required responsibilities.

In February 2022, following the resignation of David Thorburn - who is to join, subject to regulatory approval, the Coventry Building Society in April 2022 as Chairman Designate - the Committee approved Andrew Ratcliffe taking on the role of Chair of the Board Risk Committee alongside his existing role as Chair of the Board Audit Committee on an interim basis pending a permanent candidate being identified. Andrew is a long-standing member of the Board Risk Committee with significant financial services experience and detailed knowledge on risk management matters.

Principle Four: Audit, Risk and Internal Control

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

The Company is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposure to unacceptable potential losses or reputational damage. The Principal Risks facing the Barclays Bank UK Group have been identified and robust processes are in place to evaluate and manage such risks including regular reporting to, and oversight by, the Board Risk Committee and the Board. A key component of the risk management framework is the ERMF which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF is designed to identify and set minimum requirements, in respect of the main risks, to achieve the Barclays Bank UK Group strategic objectives and to provide reasonable assurance that internal controls are effective. Further detail on the Principal Risks and management of them can be found on page 6 of the Strategic Report.

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

The Board receives regular reports on risk matters, including reputational risk matters, in order to ensure sufficient focus around strategic and emerging risks, including those arising from within the broader Barclays Group, which may impact the Barclays Bank UK Group. Oversight of conduct risk and compliance remains within the remit of the Board Risk Committee, as detailed below.

Board Audit Committee

The Board Audit Committee comprises independent Non-Executive Directors (see page 19).

At the invitation of the Committee Chair, meetings are attended by management and others, including the Chief Executive, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer, Chief Compliance Officer, Chief Controls Officer, General Counsel, the Company's statutory auditor and, where requested, Non-Executive Directors who are not members of the Committee who wish to further their knowledge and understanding on audit matters. The Board, together with the Board Audit Committee, is responsible for ensuring the independence and effectiveness of the internal and external audit functions. For this reason, Committee members met regularly with both the Chief Internal Auditor and the Senior Statutory Auditor without management present.

The Committee is responsible for overseeing financial reporting processes, reviewing the effectiveness of internal controls, considering whistleblowing arrangements and overseeing the work of the internal auditor and the statutory auditor. Throughout the year ended 31 December 2021 and to date, a comprehensive internal control framework has been in place within the Barclays Bank UK Group that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations. The Committee receives a quarterly report on the framework's operation (and its continued enhancements). This includes reports from the internal and external audit functions and the Chief Controls Officer, as well as related plans and management actions to remediate control recommendations raised in those reports.

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

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

During 2021, the principal activities of the Committee were:

- Examining the Barclays Bank UK Group's full year and half year financial statements and recommending their approval to the Board
- Examining the Barclays Bank UK Group's Q1 and Q3 2021 results for incorporation into Barclays PLC's Q1 and Q3 2021 results
- Assessing the appropriateness of key management judgements, including consideration of material conduct and litigation provisions (including collections and recoveries, and other material items) and accounting policy judgements (including expected credit losses, impairment and recoverability of goodwill)
- Receiving reports from the General Counsel on litigation matters pertinent to accounting provisions
- Receiving reports from the Chief Controls Officer on the internal controls framework and its effectiveness
- Overseeing the statutory auditor's independence and objectivity and contributing to the Barclays Group's auditor effectiveness exercise, including receiving findings from the Prudential Regulation Authority (PRA) on written auditor reporting and the Financial Reporting Council on their Audit Quality Review
- Overseeing the performance of the Internal Audit function, including an internal quality assurance assessment and approving the 2022 audit plan
- Receiving reports from management on certain areas of the business where reports from the Internal Audit function had recommended improvements to existing controls (for example: controls underpinning procedures with customers, and ongoing remediation programmes) or on areas of new risks (for example: the impact on the control environment of plans to automate and digitalise Chief Operations Office processes, and the data risk mitigation programme)
- Overseeing the implications of remote working, and future ways of working, on the control environment
- Monitoring management progress on the embedding of a Risk Control Self-Assessment framework
- Reviewing and re-adopting the refreshed Barclays Group specific policy on the provision of non-audit services by the statutory auditor
- Monitoring the whistleblowing programme, including receiving regular whistleblowing metrics as they relate to the Barclays Bank UK Group, and ensuring that the procedures for protection from detrimental treatment of staff who raise concerns continue to be effective

- Receiving updates on financial crime activity that impacted the Barclays Bank UK Group in 2021, including overseeing the Company's Money Laundering Reporting Officer's report
- Receiving the Company's Data Protection Officer's report
- Considering future internal control needs
- Reviewing the Committee's effectiveness

Board Risk Committee

The Board Risk Committee comprises independent Non-Executive Directors (see page 19). As referenced on page 23, Andrew Ratcliffe assumed, on an interim basis, the role of Chair of the Board Risk Committee in February 2022 following David Thorburn's resignation.

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

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

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

- Risk Appetite and Risk Profile – reviewing and ensuring that the risks undertaken by the business are within the risk appetite of the Company, as set by the Board
- Risk Limits – reviewing and adopting risk limits and mandates for financial and non-financial risk, monitoring the risk profile and receiving and considering reports on key risk issues (including emerging risks)
- Regulatory – reviewing and monitoring the Company's capital and liquidity position including considering both the existing and forecasted Company risk profile and the potential impact of stress
- Internal Control and Risk Control – monitoring the Internal Control and Risk Control framework
- Credit Risk – reviewing credit risk performance (including concentration of credit risk and expected credit losses)
- Conduct Risk – reviewing the effectiveness of the management of conduct risk, seeking to ensure fair customer outcomes following the implementation of policies and reviewing the effectiveness of the Conduct Risk Management Framework, as it applies to the Company and its subsidiaries
- Risk Culture – monitoring to ensure a robust risk culture (relating to risk awareness, risk taking and risk management)
- Ring-fencing – reviewing the ring-fencing requirements (including attestation and ongoing compliance requirements)

During 2021, the principal activities of the Committee were:

- Recommending to the Board the adoption of qualitative and quantitative Risk Appetite Statements
- Reviewing and adopting the relevant Barclays Group policies, including the ERMF and the associated framework Company addenda as well as the Conduct Risk Management Framework
- Reviewing regular financial and non-financial risk reporting on each of the Principal Risks (detailed on page 6 of the Strategic Report), overseeing the introduction of climate risk as a new Principal Risk (including receiving an introduction to the Climate Principal Risk Framework), and reviewing emerging risks
- Reviewing scenario analysis through detailed quantitative and qualitative risk assessments of particular portfolios and activity (for example, assessments on the impact of flooding and subsidence on the Barclays Bank UK Group's Mortgage portfolio) to assess and quantify the impact from climate change
- Adopting the 2021 Limits and Mandates and monitoring the risk profile in accordance with the same
- Ongoing review of the key risks associated with the UK Government support schemes for businesses, including the Bounce Back Loan Scheme and the Coronavirus Business Interruption Loan Scheme
- Reviewing conduct risk and overseeing the execution of conduct remediation programmes
- Monitoring compliance with key portfolio metrics, including the use of Chief Risk Officer discretion
- Overseeing risk resources and the independence of the Risk and Compliance functions
- Reviewing and recommending to the Board for approval the Barclays Bank UK Group elements of the Barclays Group Recovery and Resolution Plan and Resolvability Assessment Framework
- Reviewing the risks identified by the findings of internal audits
- Monitoring liquidity and capital levels and considering and recommending for Board approval the Company sections of the Barclays Group 2021 ICAAP and ILAAP
- Reviewing and approving the Barclays Bank UK Group's stress testing scenarios and results
- Reviewing the second line of defence and Legal function elements of the internal assurance plan to support the execution of the Barclays Bank UK Group's strategy, which includes third party complementary assurance
- Reviewing in detail the Barclays Bank UK Group's approach to climate change as part of the work the Barclays Group is doing to take a leading role in contributing to the transition to a low-carbon economy
- Reviewing the risks associated with Financial Crime controls, the external environment, Model Risk and public cloud migration
- Considering regular reports on the Barclays Bank UK Group's operational resilience
- Reviewing the Barclays Bank UK Group's ring-fencing compliance
- Reviewing the effectiveness of risk management and internal control systems
- Reviewing the Committee's effectiveness

Principle Five: Remuneration

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

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

The approach to executive and senior management remuneration is set by the Barclays Group's formal procedures on remuneration (these procedures ensure that no individual is involved in deciding their own remuneration). Additionally, remuneration is considered in relation to wider workforce remuneration policies and alignment of incentives and rewards with culture and performance is reviewed annually by the Barclays Group Remuneration Committee.

The Barclays Bank UK Group is committed to paying people fairly, with regards to their specific role, seniority, responsibilities, skills and experience and other factors which properly affect pay, with regards to their specific role, seniority, responsibilities, skills and experience and other factors which properly affect pay, in a way that balances the needs of all the Barclays Bank UK Group's stakeholders. You can find more information in Barclays' 2021 Fair Pay Report.

The Company remains focused on closing its gender and ethnicity pay gaps, where they exist. You can find more information on our UK-wide gender and ethnicity pay gaps for the year in the Barclays UK Pay Gaps disclosure.

Board Remuneration Committee

The Committee comprises independent Non-Executive Directors (see page 19), one of whom - Kathryn Matthews - joined the Committee in July 2021 on Sir John Timpson's resignation. As per the usual process when a Director joins a Board Committee, Kathryn participated in an induction programme which was focused on the operation of the Committee and tailored to her prior experience and knowledge.

At the invitation of the Committee Chair, meetings are attended by management, including the Chief Executive, Chief Financial Officer, Chief Risk Officer, the Human Resources Director and the Head of Reward.

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

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

During 2021, the principal activities of the Committee were:

- Considering stakeholder, regulatory and legal updates and ensuring that remuneration procedures and outcomes comply with regulatory requirements and that incentives do not encourage inappropriate risk taking
- Reviewing and approving, for recommendation to the Barclays Group Remuneration Committee, where appropriate, the remuneration of Executive Directors and other senior employees
- Reviewing and approving the methodology, framework and proposals for the 2021 remuneration review, including the incentive funding framework and incentive pool outcome
- Considering financial and risk performance updates (including appropriateness of risk adjustments to incentives)
- Receiving updates on the Barclays Bank UK Group's remuneration initiatives and developments, including fair pay
- Overseeing reward and recognition across the entire workforce to ensure alignment with our desired culture and behaviours, including the launch of the new "Recognition at Barclays" platform
- Reviewing the Committee's effectiveness

Principle Six: Stakeholder Relationships and Engagement

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

As set out under Principle One, the Board's role involves articulating a clear vision for the Company based on Barclays' Purpose, Values and Mindset and establishing a strategy for both the Company and the Barclays Bank UK Group. Through this, the Board has identified key stakeholders on whom the success of the Company and the Barclays Bank UK Group depends. The Board seeks to understand key stakeholders' views, and the impact of the Barclays Bank UK Group's behaviour and business on them.

Customers and clients

Customers and clients are at the heart of the decisions we make. In 2021, the Barclays Bank UK Group engaged with customers and clients in a wide variety of ways, including by analysing customer complaints and via customer feedback and key customer metrics that have been shared with the Board by management through regular reporting. The Board also heard directly from customers and clients during a number of this year's deep dives, which provided invaluable insight into the continuing significant shift towards digital adoption and the demand for digital financial services to meet day-to-day needs.

Colleagues

Details of our colleague engagement model can be found on page 10 of the Strategic Report – the model ensures effective and timely engagement with our colleagues, placing equal emphasis on listening (so that the Board can take colleagues' views into account when making decisions likely to affect their interests) and keeping colleagues informed.

In the spirit of keeping colleagues abreast of changes to our businesses, there have been a number of events throughout the year – including our Chief Executive's weekly vlog and roadshows – to update colleagues on the evolution of the Barclays Bank UK Group's strategy. The Board has overseen colleague engagement in connection with the proposed simplification of our products and services via the Here to Listen and Your View surveys, with the Directors hearing directly from colleagues when observing Employee Resource Group meetings, reverse mentoring, and visiting branches, Eagle Labs and operational sites (when COVID-19 rules permitted). There were also colleague voices in the boardroom, giving their perspectives on elements of the customer strategy, operating model and talent development programmes.

This year's Board immersion programme included a range of activities that could be carried out in person or virtually so allowing the Board to maintain a strong connection to colleagues in spite of the changing health and safety landscape throughout 2021.

Suppliers

For information on our engagement with suppliers, please see page 29 of the Directors' Report.

Communities and society

The Barclays Bank UK Group continues to play an important role in local communities; a role that goes beyond our physical footprint, as the Board learned when it participated in a briefing session focused on citizenship, societal purpose and sustainability with colleagues and external partners. In light of this, the Board programme included updates on access to cash and access to banking and increasing the range of more flexible options available to our customers and clients, with the focus of the Directors' discussions being on the importance of direct community engagement and the need for alternative touchpoints such as banking pop-ups in community spaces and the introduction of mobile banking vans.

The Board is acutely aware of increasing customer and client expectations on climate and sustainability therefore, over the last year, the Directors have engaged with the Barclays Group and the Executive Committee in order to gain a more granular understanding of the progress that has been made to date in relation to the Barclays Group's climate strategy, and future focus areas.

The Board is looking forward to continuing to engage on these very important topics during 2022 and beyond.

For more information about the Barclays Bank UK Group's key stakeholders, how management and/or the Directors engaged with them, the key issues raised and actions taken, please refer to the Section 172(1) Statement on pages 11 to 12 of the Strategic Report and pages 16 to 19 of the Barclays PLC 2021 Annual Report.

Directors' Report

The Directors present their report together with the audited accounts for the Company for the year ended 31 December 2021.

Section 414A of the Act requires the Directors to present a Strategic Report in the Annual Report. The information can be found on pages 2 to 12.

The Company has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Act through the disclosure contained on pages 49 to 50 of the Barclays PLC 2021 Annual Report. In addition, the Company has chosen, in accordance with section 414C(11) of the Act and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report. Such information is incorporated by reference into this report.

The particulars of important events affecting the Company since 31 December 2021 can be found in the notes to the financial statements. An indication of likely future developments can be found in the Strategic Report.

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

	Page
Climate change	49
Environment, Social and Governance Report	13 to 15
Chair's introduction and Governance Report	17 to 27
Performance measures	7 to 8
Managing risk	5 to 6
Principal Risks	6
Disclosures required pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (2008 Regs) as updated by the 2018 Regs can be found on the following pages:	
Engagement with employees (Sch.7 Para 11 and 11A 2008/2018 Regs)	10
Policy concerning the employment of disabled persons (Sch.7 Para 10 2008 Regs)	9
Financial Instruments (Sch.7 Para 6 2008 Regs)	160 to 177
Hedge accounting policy (Sch.7 Para 6 2008 Regs)	161 to 162

Profits and dividends

The results of the Barclays Bank UK Group show statutory profit after tax of £1,869m (2020: £379m). The Barclays Bank UK Group had net assets of £17,400m at 31 December 2021 (2020: £17,027m).

The Company will pay a £1,010m dividend to its parent, Barclays PLC. Further details on dividends on ordinary shares paid in 2021 are set out in Note 10 to the financial statements.

Share capital

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

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

The powers of the Directors are determined by the Act and the Company's Articles of Association. No shares were repurchased in 2021.

Directors

The list of current Directors of the Company can be found in the Governance Report on page 19. Changes to Directors during the year and up to the date of signing this report are set out below.

Name	Role	Effective date of appointment / resignation
Sir John Timpson	Non-Executive Director	Resigned 8 July 2021
David Thorburn	Non-Executive Director	Resigned 3 February 2022

Directors' indemnities
'Qualifying third party indemnity' provisions (as defined by section 234 of the Act) were in force during the course of the financial year ended 31 December 2021 for the benefit of the then Directors of the Company and the then Directors of certain of the Company's subsidiaries and, at the date of this report, are in force for the benefit of the Directors of the Company and the Directors of certain of the Company's subsidiaries in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. The Barclays Group also maintains Directors' and Officers' Liability Insurance which gives appropriate cover for legal action brought against the Company's Directors.

Political donations
The Barclays Bank UK Group did not give any money for political purposes in the UK, or outside the UK, nor did it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure during the year. Details of any political contributions made by the wider Barclays Group can be found in the Barclays PLC 2021 Annual Report.

Engagement with customers, suppliers and others in a business relationship with the Company
Customers and clients are at the heart of the decisions we make. In 2021, the Barclays Bank UK Group engaged with customers and clients in a wide variety of ways, including by analysing customer complaints and via customer feedback and key customer metrics that have been shared with the Board by management through regular reporting. The Board also heard directly from customers and clients during a number of this year's deep dives, which provided invaluable insight into the continuing significant shift towards digital adoption and the demand for digital financial services to meet day-to-day needs.

Our engagement with suppliers is important. The Directors have regard, via management oversight, to the need to foster business relationships with suppliers and, as such, engage with them to seek adherence to the TPCoC and Supplier Control Obligations (SCO) which cover our expectations of suppliers. For our higher risk suppliers, their adherence to the SCO and TPCoC is captured pre-contractually via a Pre-Contract Supplier Assurance Attestation. For our higher risk suppliers, their adherence to the SCO and TPCoC is captured pre-contractually via a Pre-Contract Supplier Assurance Attestation. Further, Barclays is a signatory to the Prompt Payment Code in the UK, aiming to pay our suppliers within clearly defined terms.

For more information on managing our supply chain, please refer to pages 65 to 67 of the Barclays PLC 2021 Annual Report.

Further details on customer, client and supplier engagement can be found in the Section 172(1) Statement on pages 11 and 12 of the Strategic Report, on page 27 of the Governance Report and on pages 16 to 19 of the Barclays PLC 2021 Annual Report.

Branches and Country-by-Country Reporting
The Barclays Bank UK Group operates through branches, offices and subsidiaries in the UK.

The Company is exempt from publishing information required by The Capital Requirements (Country-by-Country Reporting) Regulations 2013 as the information is published by its parent, Barclays PLC. The information is due to be published on or around 23 February 2022 and will be available at home.barclays/annualreport.

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

The auditor
The Barclays Group Audit Committee reviews the appointment of the statutory auditor, as well as their relationship with the Barclays Group, including monitoring the Barclays Group's use of the statutory auditor for non-audit services and the balance of audit and non-audit fees paid to them. More details on this can be found in Note 34 to the financial statements. Detail of the oversight of the statutory auditor by the Company's Board Audit Committee is set out on page 24.

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

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

Provided that KPMG continues to maintain its independence and objectivity, and the Barclays Group Audit Committee remains satisfied with its performance, the Barclays Group has no intention of tendering for an alternative statutory auditor before the end of the current required period of 10 years. Accordingly, any tender would be in respect of the 2027 financial year onwards and is likely to take place in 2025. The Barclays Group Audit Committee believes it would not be appropriate to tender before this date as it recognises that whilst it is important to ensure the audit firm remains objective and does not become overly familiar with management, there is an important balance to be struck with the investment of time required both from management and any completely new audit team for them to gain sufficient understanding of such a large complex organisation to ensure a top quality audit. The Barclays Group Audit Committee is also conscious that the lead engagement partner has changed twice since KPMG's tenure and that there have also been significant changes of senior management – both of which serve to reduce any threat of over familiarity. Michelle Hinchliffe is standing down as lead audit engagement partner following the conclusion of the audit. The Barclays Group Audit Committee has approved the appointment of Stuart Crisp of KPMG as the new lead engagement partner. The Barclays Group Audit Committee will give further consideration over the next two years to its audit tendering strategy to take account, as appropriate, of the outcome of the UK audit reform proposals.

Disclosure of information to the auditor

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

Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 125 to 133, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditor in relation to the financial statements.

Going concern

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

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

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

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

Preparation of accounts

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

The Directors consider that, in preparing the financial statements on pages 134 to 205, the Barclays Bank UK Group and Company have used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

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

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

Directors' responsibility statement

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

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

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

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

The current Directors, whose names and functions are set out on page 19, confirm to the best of their knowledge that:

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

(b) the management report, on pages 2 to 12, which is incorporated in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Katie Marshall
Company Secretary
22 February 2022

Registered in England.
Company No. 9740322

Content

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

Content

Risk performance

Content

Supervision and regulation

The Barclays Bank UK Group's risk management strategy

This section introduces Barclays Bank UK Group's approach to managing and identifying risks, and for fostering a strong 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 the Barclays Bank UK Group. It is approved by the Barclays Bank UK PLC Board on recommendation of the Barclays Bank UK Group Board Risk Committee and the Barclays Bank UK Group Chief Risk Officer (CRO); it is then adopted by the Barclays Bank UK Group with modifications where needed.

The ERMF sets out:

- Principal risks faced by the Barclays Bank UK Group which guides the organisation of the risk management function
- 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 risk management and governance structure

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

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

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

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

- The First line comprises of all employees engaged in the revenue generating and client facing areas of the Barclays Bank UK Group and all associated support functions, including Finance, Operations, Treasury, and Human Resources etc. The first line is responsible for identifying and managing the risks in which they are engaged in, developing a control framework, and escalating risk events to Risk and Compliance.
- 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, policies and standards under which first line activities shall be performed, consistent with the risk appetite of the Barclays Bank UK Group, and to monitor the performance of the first line against these limits and constraints. Controls for first line activities, especially those related to operational risk, will ordinarily be established by the control officers operating within the control framework of the firm. These will remain subject to supervision 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 control over current, systemic and evolving risks;
- The Legal function provides support to all areas of the bank and is not formally part of any of the three lines, However, it is subject to second line oversight with respect to operational and conduct risks.

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 49 for more information.

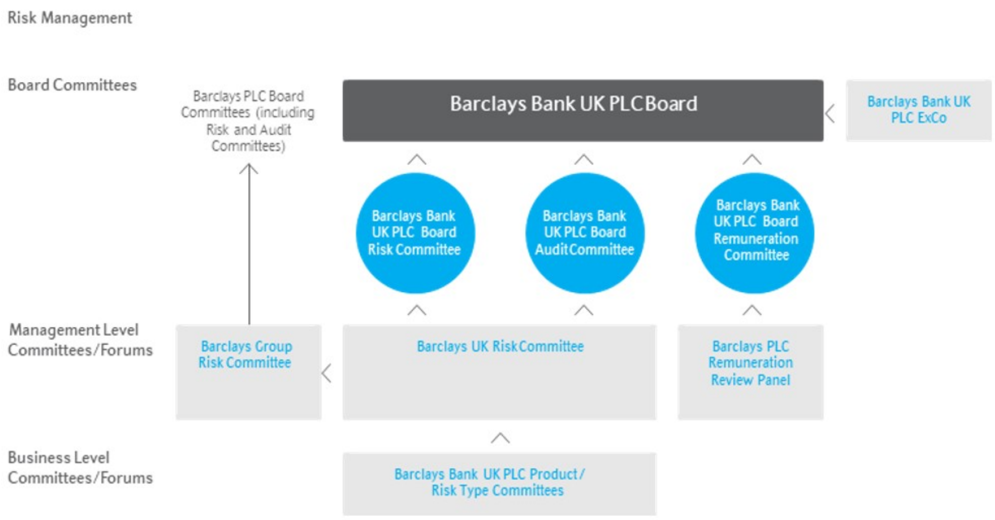
Each of the principal risks is overseen by an accountable executive within the Barclays Group who is responsible for the framework, policies and standards that set out associated responsibilities and expectations, and detail the related requirements around risk management. In addition, certain risks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

Risk appetite

Risk appetite is defined as the level of risk which the Barclays Group is prepared to accept in the conduct of their 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 Group 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.

Risk committees

The Barclays Bank UK Group product/risk type committees consider risk matters relevant to their business, and escalate as required to the Barclays UK Risk Committee, whose Chairman, 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 risk environment and performance trends in the key portfolios. The BRC also reviews certain key risk methodologies, the effectiveness of risk management, and Barclays Bank UK Group's risk profile, including the material issues affecting each business portfolio and forward risk trends. The Committee also commissions in-depth analyses of significant risk topics, which are presented by the Barclays Bank UK Group CRO or senior risk managers in the business.

- **The Barclays Bank UK PLC Board Audit Committee (BAC)**: 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 in the setting of performance incentives.

Barclays' risk culture

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

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

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

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

i) Risks relating to the impact of COVID-19

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environments in which they operate. Additionally, the impacts of the economic downturn resulting from the COVID-19 pandemic and post-recovery environment, from a commercial, regulatory and risk perspective could be significantly different to past crises and persist for a prolonged period. As a result, there are a number of factors associated with the COVID-19 pandemic and its impact on global economies that have had and could continue to have a material adverse effect on the profitability, capital and liquidity of the Barclays Bank UK Group.

The COVID-19 pandemic has caused disruption to the Barclays Bank UK Group's customers, suppliers and staff. In the UK severe restrictions on the movement of people were implemented by the UK, Scottish, Welsh and Northern Irish governments, with a resultant significant impact on economic activity. While a number of restrictions have been eased with the roll-out of COVID-19 vaccination programmes, others still remain in place and future developments are highly uncertain. It remains unclear how the COVID-19 pandemic will evolve through 2022 (including whether there will be further waves of the COVID-19 pandemic, whether COVID-19 vaccines continue to prove effective, whether further new strains of COVID-19 will emerge and whether, and in what manner, additional restrictions will be imposed and/or existing restrictions extended) and the Barclays Bank UK Group continues to monitor the situation closely. However, despite the COVID-19 contingency plans established by the Barclays Bank UK Group, the ability to conduct business may be adversely affected by disruptions to infrastructure and supply chains, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. This may cause significant customer detriment, costs to reimburse losses incurred by the Barclays Bank UK Group's customers, potential litigation costs (including regulatory fines, penalties and other sanctions), and reputational damage.

In the UK, schemes were implemented by the Bank of England, the UK Government and the Financial Conduct Authority to provide financial support to parts of the economy most impacted by the COVID-19 pandemic. The rapid introduction and varying nature of these support schemes, as well as customer expectations, required the Barclays Bank UK Group to implement large-scale changes in a short period of time, leading to an increase in certain risks faced by the Barclays Bank UK Group, including operational risk, conduct risk, reputation risk and fraud risk. These risks are likely to be heightened further as and when those government and other support schemes expire, are withdrawn or are no longer supported. Furthermore, the impact from participating in UK Government and Bank of England-supported loan and other financing schemes may be exacerbated if the Barclays Bank UK Group is required by the UK Government or the Financial Conduct Authority to offer forbearance or additional financial relief to borrowers or if the Barclays Bank UK Group is unable to rely on guarantees provided by governments in connection with financial support schemes.

As these schemes and other financial support schemes provided by the UK Government (such as job retention and furlough schemes, payment deferrals and mass lending schemes) expire, are withdrawn or are no longer supported, there is a risk that economic growth and employment may be negatively impacted which may, in turn, impact the Barclays Bank UK Group's results of operations and profitability. In addition, the Barclays Bank UK Group may experience a higher volume of defaults and delinquencies in certain portfolios, which may negatively impact the Barclays Bank Group's RWAs, level of impairment and, in turn, capital position, and may initiate collection and enforcement actions to recover defaulted debts. The inception of large scale collections and recovery programmes (including the use of third party debt collection agents) may also create significant risk if (because of the complexity, speed and scale of these programmes) defaulting borrowers are harmed by the Barclays Bank UK Group's conduct which may also give rise to civil legal proceedings, including class actions, regulatory censure, potentially significant fines and other sanctions, and reputational damage. Other legal disputes may also arise between the Barclays Bank UK Group and defaulting borrowers relating to matters such as breaches or enforcement of legal rights or obligations arising under loan and other credit agreements. Adverse findings in any such matters may result in the Barclays Bank UK Group's rights not being enforced as intended.

Changes in macroeconomic variables such as gross domestic product (GDP) and unemployment have a significant impact on the modelling of expected credit losses (ECLs) by the Barclays Bank UK Group. As a result, the Barclays Bank UK Group experienced higher ECLs in 2020 compared to prior periods though this trend was reversed in 2021 as economic conditions partially recovered. The economic environment remains uncertain and future impairment charges may be subject to further volatility (including from changes to macroeconomic variable forecasts) depending on the longevity of the COVID-19 pandemic and related containment measures and the continued efficacy of any COVID-19 vaccines, as well as the longer term effectiveness of the Bank of England's, UK Government's and other support measures. For further details on macroeconomic variables used in the calculation of ECLs, refer to the credit risk performance section. In addition, ECLs may be adversely impacted by increased levels of default for single name exposures in certain sectors directly impacted by the COVID-19 pandemic (such as the retail and hospitality and leisure sectors).

Furthermore, the Barclays Bank UK Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs and/or misused.

This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data. For further details on model risk, refer to 'v) Model risk' below.

There can be no assurance that economic activity will return to pre-pandemic levels and, accordingly, there could be further adverse impacts on the Barclays Bank UK Group's income and profitability caused by lower lending and transaction volumes due to volatility or weakness in the capital markets. The Bank of England and UK Government actions and other support measures taken in response to the COVID-19 pandemic may also create restrictions in relation to capital. Restrictions imposed by the UK Government and/or the Prudential Regulation Authority may further limit management's flexibility in managing the business and taking action in relation to capital distributions and capital allocation.

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

ii) Business conditions, general economy and geopolitical issues

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

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

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

- Global GDP growth recovered in 2021 from the severe contraction in 2020 as a result of the COVID-19 pandemic. While government support packages, accommodative monetary policy and the lifting of certain restrictions on movement bolstered economic growth and confidence in 2021, the global outlook remains highly uncertain, especially regarding: (a) ongoing concerns about how the COVID-19 pandemic may develop; (b) the disruptive impact of the COVID-19 pandemic on supply chains; and (c) how long inflationary pressures will persist and whether central banks will succeed in normalising monetary policy. These factors could adversely affect economic growth, affect specific industries or countries or affect the Barclays Bank UK Group's employees and business operations in affected countries. Refer to 'i) Risks relating to the impact of COVID-19' above for further details.

- In the UK, the UK Government's subsidised job retention and furlough schemes, which were implemented as a response to the COVID-19 pandemic, came to an end on 30 September 2021. Prior to the end of the job retention and furlough schemes, the UK labour market performed more favourably than initially predicted at the start of the COVID-19 pandemic, with low unemployment rates and the number of employees on UK company payrolls surpassing pre-pandemic levels. However, the end of the job retention and furlough schemes, exacerbated by further uncertainty arising from the impact of new strains of COVID-19 (including the Omicron variant), may cause upward pressure on unemployment, which may result in higher impairment charges.

- Recent increases in inflation have been partly driven by a rebalancing of supply and demand, following the relaxation of restrictions on movement that were imposed during the COVID-19 pandemic. Monetary policy remains highly accommodative, increasing the risk that more abrupt government action will be necessary later if inflation does not prove transitory. A prolonged period of rising inflation may develop into slow or stagnant economic growth if combined with slowing economic expansion and elevated unemployment. Inflation may be further driven by supply chain disruptions and labour shortages, the imposition of further restrictions on movement due to the failure to contain the spread of COVID-19, and structural changes in the UK economy after the UK's exit from the European Union.

- Trading disruption between the EU and the UK may have a significant impact on economic activity in the EU and the UK which, in turn, could have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects. Unstable economic conditions could result in (among other things):

    - a recession in the UK, with lower growth, higher unemployment and falling property prices, which could lead to increased impairments in relation to a number of the Barclays Bank UK Group's portfolios (including, but not limited to, its UK mortgage portfolio, UK unsecured lending portfolio (including credit cards) and commercial real estate exposures)

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

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

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

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

Changes to the Bank of England base interest rate are significant for the Barclays Bank UK Group, especially given the uncertainty as to the direction of interest rates and the pace at which they may change.

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

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

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

iv) Competition in the banking and financial services industry

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

New competitors in the financial services industry continue to emerge. Technological advances and the growth of e-commerce have made it possible for non-banks to offer products and services that traditionally were banking products such as electronic securities trading, payments processing and online automated algorithmic-based investment advice. Furthermore, payments processing and other services could be significantly disrupted by technologies, such as blockchain (used in cryptocurrency systems) and "buy now pay later" lending, both of which are currently subject to lower levels of regulatory oversight. Furthermore, the introduction of Central Bank Digital Currencies could potentially have significant impacts on the banking system and the role of commercial banks within it by disrupting the current provision of banking products and services. It could allow new competitors, some previously hindered by banking regulation (such as FinTechs), to provide customers with access to banking facilities and increase disintermediation of banking services.

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

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

v) Regulatory change agenda and impact on business model

The Barclays Bank UK Group remains subject to ongoing significant levels of regulatory change and scrutiny. As a result, regulatory risk will remain a focus for senior management. Furthermore, a more intensive regulatory approach and enhanced requirements may adversely affect the Barclays Bank UK Group's business, capital and risk management strategies and/or may result in the Barclays Bank UK Group deciding to modify its legal entity, capital and funding structures and business mix, or to exit certain business activities altogether or not to expand in areas despite otherwise attractive potential.

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

- Changes in prudential requirements may impact minimum requirements for own funds and eligible liabilities (MREL) (including requirements for internal MREL), leverage, liquidity or funding requirements, applicable buffers and/or add-ons to such minimum requirements and risk weighted assets calculation methodologies all as may be set by international, EU or national authorities. This includes the upcoming implementation of the remaining Basel III reforms, as well as the expected incorporation of risks associated with climate change into the prudential framework and increased scrutiny of firms' governance and risk management frameworks (including in respect of climate change and ESG risks). Such or similar changes to prudential requirements or additional supervisory and prudential expectations, as well as requirements imposed by the Barclays Bank UK Group's regulators under the resolution framework, either individually or in aggregate, may result in, among other things, a need for further management actions to meet the changed requirements, such as:

- increasing capital, MREL or liquidity resources, reducing leverage and risk weighted assets
- modifying the terms of outstanding capital instruments
- modifying legal entity structure (including with regard to issuance and deployment of capital, MREL and funding)
- changing the Barclays Bank UK Group's business mix or exiting other businesses
- undertaking other actions to strengthen the Barclays Bank UK Group's position or resolvability

- The Barclays Group is subject to supervisory stress testing of which Barclays Bank UK PLC forms a component part. These exercises currently include the programmes of the Bank of England and the European Banking Authority (EBA). Failure to meet the requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Barclays Group, could result in the Barclays Group or certain of its members including Barclays Bank UK PLC being required to enhance their capital position, limit capital distributions or position additional capital in specific subsidiaries.

- As a result of the on-shoring of EU legislation in the UK, UK-based entities within the Barclays Group are currently subject to substantially the same rules and regulations as prior to the UK's withdrawal from the EU. It is the UK's intention to recast on-shored EU legislation as part of UK legislation and PRA and FCA rules, which could result in changes to regulatory requirements in the UK. If the regulatory regimes for EU and UK financial services change further, the provision of cross-border banking and investment services across the Barclays Bank UK Group may become more complex and costly which could have a material adverse effect on the Barclays Bank UK Group's business and results of operations and could result in the Barclays Bank UK Group modifying its legal entity, capital and funding structures and business mix, exiting certain business activities altogether or not expanding in areas despite otherwise attractive potential returns.

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

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

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

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

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

- **Conduct risk**: in undertaking actions to transition away from using certain reference rates (such as LIBOR) to new alternative RFRs, the Barclays Bank UK Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank UK Group is considered to be (among other things): (i) undertaking market activities that are manipulative or create a false or misleading impression; (ii) misusing sensitive information or not identifying or appropriately managing or mitigating conflicts of interest; (iii) providing customers with inadequate advice, misleading information, unsuitable products or unacceptable service; (iv) not taking a consistent approach to remediation for customers in similar circumstances; (v) unduly delaying the communication and migration activities in relation to client exposure, leaving them insufficient time to prepare; or (vi) colluding or inappropriately sharing information with competitors.

- **Litigation risk:** members of the Barclays Bank UK Group may face legal proceedings, regulatory investigations and/or other actions or proceedings regarding (among other things): (i) the conduct risks identified above, (ii) the interpretation and enforceability of provisions in LIBOR-based contracts, and (iii) the Barclays Bank UK Group's preparation and readiness for the replacement of LIBOR with alternative RFRs.

- **Financial risk**: the valuation of certain of the Barclays Bank UK Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the Barclays Bank UK Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because certain alternative RFRs (such as the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR)) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have an adverse effect on the Barclays Bank UK Group's cash flows.

- **Operational risk**: changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative RFRs may require changes to the Barclays Bank UK Group's IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any reference rate or index (such as LIBOR) is no longer available to calculate amounts payable, the Barclays Bank UK Group may incur additional expenses in amending documentation for new and existing transactions and/or effecting the transition from the original reference rate or index to a new reference rate or index.

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

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

For further details on the impacts of benchmark interest rate reforms on the Barclays Bank UK Group, refer to Note 35.

vii) Change delivery and execution risks

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

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

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

Material existing and emerging risks impacting individual principal risks

i) Climate risk

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

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

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

In addition, the impacts of physical and transition climate risks can lead to second order connected risks, which have the potential to affect the Barclays Bank UK Group's retail and wholesale portfolios. The impacts of climate change may increase losses for those sectors sensitive to the effects of physical and transition risks. For example, the Barclays Bank UK Group's UK mortgage and agriculture portfolios are particularly exposed to both the physical and transition risks of climate change. The mortgage portfolio is affected by the risks of flooding, subsidence and energy efficiency performance requirements, all of which may impact property valuations, whilst the agriculture portfolio is exposed to flooding and drought, as well as the potential for legislative changes and changes in consumer behaviour. Furthermore, any subsequent increase in defaults and rising unemployment could create recessionary pressures, which may lead to wider deterioration in the creditworthiness of the Barclays Bank UK Group's clients, higher ECLs, and increased charge-offs and defaults among retail customers.

With effect from 1 January 2022, climate risk became one of the principal risks within the Barclays Bank UK Group's Enterprise Risk Management Framework. Failure to adequately embed risks associated with climate change into its risk framework to appropriately measure, manage and disclose the various financial and operational risks it faces as a result of climate change or failure to adapt the Barclays Bank UK Group's strategy and business model to the changing regulatory requirements and market expectations on a timely basis, may have a material and adverse impact on the Barclays Bank UK Group's level of business growth, competitiveness, profitability, capital requirements, cost of funding, and financial condition.

In March 2020, the Barclays Group announced its ambition to become a net zero bank by 2050 and its commitment to align all of its financing activities with the goals and timelines of the Paris Agreement. In order to reach these ambitions and targets or any other climate-related ambitions or targets the Barclays Group may commit to in future, the Barclays Bank UK Group will need to incorporate climate considerations into its strategy, business model, the products and services it provides to customers and its financial and non-financial risk management processes (including processes to measure and manage the various financial and non-financial risks the Barclays Bank UK Group faces as a result of climate change). The Barclays Bank UK Group also needs to ensure that its strategy and business model adapt to changing standards, industry and scientific practices, regulatory requirements and market expectations regarding climate change, which remain under continuous development and are subject to different interpretations. There can be no assurance that these standards, practices, requirements and expectations will not be interpreted differently than what was the Barclays Group's understanding when defining its climate-related ambitions and targets, or change in a manner that substantially increases the cost or effort for the Barclays Bank UK Group to achieve such ambitions and targets. In addition, the Barclays Group's ambitions and targets may prove to be considerably more difficult or even impossible to achieve under such changing circumstances. This may be exacerbated if the Barclays Group chooses or is required to accelerate its climate-related ambitions or targets as a result of (among other things) regulatory developments or stakeholder expectations.

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

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

ii) Credit risk

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

a) Impairment

Impairment is calculated in line with the requirements of IFRS9 which results in recognition of loss allowances, based on ECLs, on a forward-looking basis using a broad scope of financial instruments. Measurement involves complex judgement and impairment charges are potentially volatile, particularly under stressed conditions which could have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects. For further details, refer to Note 7.

b) Specific sectors and concentrations

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

- **Consumer affordability:** this has remained a key area of focus, particularly in unsecured lending. Macroeconomic factors, such as unemployment, higher interest rates or broader inflationary pressures, that impact a customer's ability to service debt payments could lead to increased arrears in both unsecured and secured products.

- **UK real estate market:** UK property represents a significant portion of the overall Barclays Bank UK Group's retail credit exposure. In 2021, property prices rose, particularly in the residential property market where customers took advantage of temporary changes in stamp duty rates or sought more space as home working became more prevalent during the COVID-19 pandemic. However, there can be no assurance that house price growth will continue in 2022. House price growth and fewer new high loan-to-value (LTV) mortgages in 2020 and the beginning of 2021, have diluted the Barclays Bank UK Group's high LTV stock to very low levels, but there is potential for house prices to fall, especially in London and the South East of the UK where the Barclays Bank UK Group has a high exposure. In addition, small segments of the housing market could be subject to specific valuation impacts (for example, certain properties within the Barclays Bank Group's residential loan portfolio may be subject to remediation activities relating to fire safety standards).

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

iii) Treasury and capital risk

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

a) Liquidity risk

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

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

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

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

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

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

b) Capital risk

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

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

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

c) Interest rate risk in the banking book

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

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

iv) Operational risk

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

a) Operational resilience

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

b) Cyberattacks

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

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

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

Common types of cyberattacks include deployment of malware to obtain covert access to systems and data; ransomware attacks that render systems and data unavailable through encryption; denial of service and distributed denial of service (DDoS) attacks; infiltration via business email compromise; social engineering, including phishing, vishing and smishing; automated attacks using botnets; and credential validation or stuffing attacks using login and password pairs from unrelated breaches. A successful cyberattack of any type has the potential to cause serious harm to the Barclays Bank UK Group or its clients and customers, including exposure to potential contractual liability, litigation, regulatory or other government action, loss of existing or potential customers, damage to the Barclays Bank UK Group's brand and reputation, and other financial loss. The impact of a successful cyberattack is also likely to include operational consequences (such as unavailability of services, networks, systems, devices or data), remediation of which could come at significant cost.

Regulators worldwide continue to recognise cybersecurity as an increasing systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience to cyberattacks. A successful cyberattack may, therefore, result in significant regulatory fines for the Barclays Bank UK Group.

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

c) New and emergent technology

Technology is fundamental to the Barclays Bank UK Group's business and the financial services industry. Technological advancements present opportunities to develop new and innovative ways of doing business across the Barclays Bank UK Group, with new solutions being developed both in-house and in association with third-party companies. For example, payment services are increasingly occurring electronically, both on the Barclays Bank UK Group's own systems and through other alternative systems, and becoming automated. Whilst increased use of electronic payment systems could significantly reduce the Barclays Bank UK Group's cost base, it may, conversely, reduce the commissions, fees and margins made by the Barclays Bank UK Group on these transactions which could have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects. Introducing new forms of technology, however, has the potential to increase inherent risk. Failure to evaluate, actively manage and closely monitor risk exposure during all phases of business development could introduce new vulnerabilities and security flaws and have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

d) External fraud

The nature of fraud is wide-ranging and continues to evolve, as criminals continually seek opportunities to target the Barclays Bank UK Group's business activities and exploit changes to customer behaviour and product and channel use (such as the increased use of digital products and enhanced online services) or exploit new products. Fraud attacks can be very sophisticated and are often orchestrated by highly organised crime groups who use ever more sophisticated techniques to target customers and clients directly to obtain confidential or personal information that can be used to commit fraud. The UK market has also seen significant growth in "scams" where the Barclays Bank UK Group takes increased levels of liability as part of a voluntary code to provide additional safeguards to customers and clients who are tricked into making payments to fraudsters. The impact from fraud can lead to customer detriment, financial losses (including the reimbursement of losses incurred by customers) loss of business, missed business opportunities and reputational damage, all of which could have a material adverse impact on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

e) Data management and information protection

The Barclays Bank UK Group holds and processes large volumes of data, including personal information, intellectual property, and financial data and the Barclays Bank UK Group's businesses are subject to complex and evolving laws and regulations governing the privacy and protection of personal information of individuals. The protected parties can include: (i) the Barclays Bank UK Group's clients and customers, and prospective clients and customers; (ii) clients and customers of the Barclays Bank UK Group's clients and customers; (iii) employees and prospective employees; and (iv) employees of the Barclays Bank UK Group's suppliers, counterparties and other external parties.

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

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

f) Processing errors

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

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

g) Supplier exposure

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

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

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

i) Tax risk

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

j) Ability to hire and retain appropriately qualified employees

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

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

v) Model risk

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

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

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

vi) Conduct risk

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

a) Market integrity

The Barclays Bank UK Group's businesses are exposed to risk from potential non-compliance with its policies and standards and instances of wilful and negligent misconduct by employees, all of which could result in potential customer and client detriment, enforcement action (including regulatory fines and/or sanctions), increased operation and compliance costs, redress or remediation or reputational damage which in turn could have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects. Examples of employee misconduct which could have a material adverse effect on the Barclays Bank UK Group's business include: (i) employees improperly selling or marketing the Barclays Bank UK Group's products and services; (ii) employees engaging in insider trading, market manipulation or unauthorised trading; or (iii) employees misappropriating confidential or proprietary information belonging to the Barclays Bank UK Group, its customers or third parties. These risks may be exacerbated in circumstances where the Barclays Bank UK Group is unable to rely on physical oversight and supervision of employees (such as during the COVID-19 pandemic where employees have worked remotely).

b) Customer protection

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

c) Product design and review risk

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

d) Financial crime

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

e) Regulatory focus on culture and accountability

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

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

vii) Reputation risk

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

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

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

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

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

viii) Legal risk and legal, competition and regulatory matters

The Barclays Bank UK Group conducts activities in a highly regulated market which exposes it and its employees to legal risk arising from: (i) the multitude of laws and regulations that apply to the businesses it operates, which are highly dynamic, may vary between jurisdictions and/or conflict, and are often unclear in their application to particular circumstances especially in new and emerging areas; and (ii) the diversified and evolving nature of the Barclays Bank UK Group's businesses and business practices. In each case, this exposes the Barclays

Bank UK Group and its employees to the risk of loss or the imposition of penalties, damages or fines from the failure of members of the Barclays Bank UK Group to meet their respective legal obligations, including legal or contractual requirements. Legal risk may arise in relation to any number of the material existing and emerging risks identified above.

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

Details of legal, competition and regulatory matters to which the Barclays Bank UK Group is currently exposed are set out in Note 24. In addition to matters specifically described in Note 24, the Barclays Bank UK Group is engaged in various other legal proceedings which arise in the ordinary course of business. The Barclays Bank UK Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Barclays Bank UK Group is, or has been, engaged. and may (from time to time) be subject to legal proceedings and other investigations relating to financial and non-financial disclosures made by members of the Barclays Bank UK Group (including, but not limited to, in relation to ESG disclosures). Additionally, due to the increasing number of new climate and sustainability-related laws and regulations (or laws and regulatory processes seeking to protect the energy sector from any risks of divestment or challenges in accessing finance), growing demand from investors and customers for environmentally sustainable products and services, and regulatory scrutiny, financial institutions, including the Barclays Bank UK Group, may through their business activities face increasing litigation, conduct, enforcement and contract liability risks related to climate change, environmental degradation and other social, governance and sustainability-related issues. Furthermore, there is a risk that shareholders, campaign groups, customers and other interest groups could seek to take legal action against the Barclays Bank UK Group for financing or contributing to climate change and environmental degradation.

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

Climate risk management

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

Overview

Given the increasing risks associated with climate change, and to support the Barclays Group's ambition to be a net zero bank by 2050, it was agreed that climate risk would become a Principal Risk from 2022.

To support this decision, in 2021 the Barclays Group delivered a Climate Risk Integration Plan with three overarching objectives:

1. Governance Framework: Develop a Principal Risk Framework and Risk Appetite Statement and integrate climate drivers into limit setting

2. Scenario Analysis: Refine methodologies used for the 2020 scenario analysis to support the Bank of England Biennial Exploratory Scenario on climate change, with specific focus on wholesale credit and physical risk modelling

3. Carbon Modelling: Enhance the BlueTrack™ model to further develop the approach for the Energy sector, expand coverage to Cement and Metals and consider the overall net zero ambition of the Barclays Group

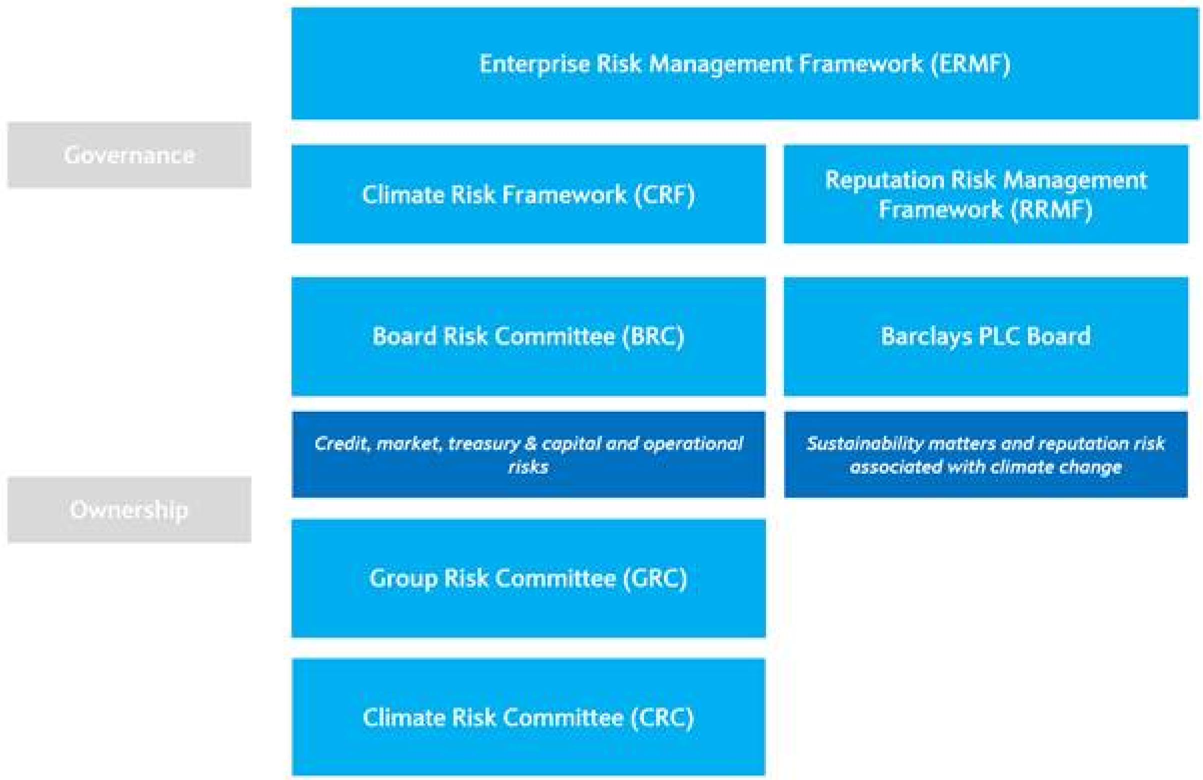
For more detail on how climate risks arise and their impact on the Barclays Bank UK Group, refer to the 'material existing and emerging risks' section.

Organisation and Structure

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

Within Barclays Bank UK, a Climate Risk lead was appointed in 2021, and a Barclays Bank UK Climate Risk Forum was established in November 2021. The forum provides support, guidance 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 Climate Risk Committee (CRC).

To support the oversight of Barclays Group climate risk profile, a Climate Risk Committee (CRC) has been established. The CRC is chaired by the Head of Climate Risk, who took the role of Climate Principal Risk owner in 2021, reporting directly to the Group Chief Risk Officer. The CRC is a subcommittee of the Group Risk Committee (GRC), the most senior executive body responsible for review and challenge of risk practices and risk profile, for climate risk and other principal risk types. The authority of the CRC is delegated by the GRC.



The Climate Risk Framework (CRF) was developed in 2021 to support the Enterprise Risk Management Framework and outlines the key principles for managing climate risk.

Climate risk across certain other Principal Risk types is managed via a 'Climate Change Financial Risk and Operational Risk Policy', which is embedded in each of the following Principal Risk Frameworks and contains key principles for identifying and quantifying climate risk, with supporting reporting and governance.

Risk Type	Risk Identification	Risk Measurement
Credit risk	Identified as part of sovereign, portfolio and obligor credit annual reviews.	Measured using a Credit Risk Materiality Matrix completed for obligor/obligee groups with elevated exposure to climate change risk. Retail portfolios are monitored through regular reporting of climate metrics and are assessed against mandate triggers where appropriate.
Market risk	Identified using stress tests, aggregate market risk exposures from climate related risks.	Measured by using adverse multi-asset stress scenarios applied to individual risk factors reflecting climate change risks across sectors, countries and regions.
Treasury and capital risk	Identified using stress tests and analysis to assess the exposures which may be impacted by climate related risks.	Measured as part of stress testing and key risk indicator monitoring.
Operational risk	Confirmed operational risks associated with climate change are included in the Bank's Operational Risk Taxonomy. Climate risk included within the Strategic Risk Assessment process.	Established reporting on internal and external climate related risk events to the Operational Risk Committee. Risk tolerances for premises and resilience risks are reviewed so these adequately capture climate related risk drivers.

Risks resulting from climate change aligned to 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. As climate risk continues to evolve, the effect upon these risks may change. Specific consideration of the impact of these changes will be covered as part of these frameworks.

A Climate Risk Appetite at Barclays Group level was introduced in line with the Barclays Group's risk appetite approach. It establishes a direct link between strategic plans and risk appetite, supporting the Barclays Group's ambition to be a net zero bank by 2050. The Barclays Bank UK Group has introduced a climate risk appetite and constraint, in line with the Barclays Group approach. Work is ongoing to define quantitative targets against which the strategic plan will be tested.

Linking with ESG and Reputation Risk

Barclays has published a Climate Change Statement, which sets out the strategic ambition to support economies and clients through the net zero transition, as well as appetite for conducting business with particularly sensitive energy sub-sectors. It is supported by an internal Climate Change Standard, which outlines the controls and approach to these sectors in more detail, including requirements for enhanced due diligence for restricted activities (such as outlined in the Barclays Group Forestry & Palm Oil Standard).

These standards are enforced through an existing transaction origination, review and approval process.

A dedicated Sustainability team considers how the Barclays Group approaches wider sustainability and ESG matters, working closely with the Environmental Risk Management function.

Credit risk management (audited)

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

Overview

The credit risk that the Barclays Bank UK Group faces arises from retail and wholesale loans and advances together with the counterparty credit risk arising from derivative contracts with market counterparties; trading activities, including: debt securities, settlement balances with market counterparties, FVOCI assets and reverse repurchase loans. Wholesale lending in the Barclays Bank UK Group includes Business Banking, Education, Social Housing and Local Authorities (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
- monitor credit risk and adherence to agreed controls

Organisation, roles and responsibilities

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

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

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

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

Credit risk mitigation

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

- netting and set-off
- collateral
- risk transfer

Netting and set-off

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

Collateral

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

- **home loans**: a fixed charge over residential property in the form of houses, flats and other dwellings
- **wholesale lending**: a fixed charge over commercial property and other physical assets, in various forms

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

Risk transfer

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

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

Market risk management (audited)

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

Overview

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

Organisation, roles and responsibilities

The objectives of market risk management are to:

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

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

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

The Market Risk Committee 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 standards and policies; reviewing market or regulatory issues and limits and utilisation. The committee is chaired by the Market Risk Principal Risk Lead and attendees include the business heads of market risk and business aligned market risk managers.

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

Treasury and capital risk management

This comprises:

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

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

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

Barclays Bank UK Group Treasury manages treasury and capital risk exposure on a day-to-day basis with the Barclays Bank UK PLC Asset and Liability Committee (ALCO) acting as the principal management body. The 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.

Liquidity risk management (audited)

Overview

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

Organisation, roles and responsibilities

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

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

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

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

Capital risk management (audited)

Overview

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

Organisation, roles and responsibilities

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

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

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

Management assures compliance with minimum regulatory capital requirements by reporting to the Barclays Bank UK PLC ALCO with oversight by the Barclays Group Treasury Committee, as required. In 2021, Barclays complied with all regulatory minimum capital requirements.

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 for further detail.

Interest rate risk in the banking book management (IRRBB)

Overview

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

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

Organisation, roles and responsibilities

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

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

Operational risk management

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

Overview

The management of operational risk has three key objectives:

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

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

Organisation, roles and responsibilities

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

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

Operational risk categories

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

Risk themes

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

For definitions of the Barclays Bank UK Group's operational risk categories and risk themes, refer to page 132 of the Barclays Bank UK PLC Pillar 3 Report 2021.

Model risk management

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

Overview

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

Organisation, roles and responsibilities

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

The model risk management 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, complexity and materiality, testing and monitoring, overlays, risk appetite, as well as vendor models and stress testing challenger models.

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

The key model risk management activities include:

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

Conduct risk management

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

Overview

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 design and review risks.

Organisation, 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 helps to prevent, detect and manage breaches of applicable laws, rules, regulations and procedures 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 committees 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.

Reputation risk management

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

Overview

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

Organisation, roles and responsibilities

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

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

The primary responsibility for identifying and managing reputation risk and adherence to the control requirements sits with the business and support functions where the risk arises.

The Barclays Bank UK Group is required to operate within established reputation risk appetite, and its component businesses prepare reports for its respective Risk and Board Risk Committees highlighting their most significant current and potential reputation risks and issues and how they are being managed. These reports are a key internal source of information for the quarterly reputation risk reports which are prepared for the Barclays UK Risk Committee and the Barclays Bank UK PLC Board.

Legal risk management

The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank UK Group to meet 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, including the implementation of Barclays Group-wide legal risk policies requiring the engagement of legal professionals in situations that have the potential for legal risk. Notwithstanding these mitigating actions, Barclays Bank UK Group operates with a level of residual legal risk, for which the Barclays Bank UK Group has limited tolerance.

Organisation, roles and responsibilities

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

The Legal function organisation and coverage model aligns legal expertise to businesses, functions, products, activities and geographic locations so that the Barclays Bank UK Group receives support from appropriate legal professionals, working in partnership to manage legal risk. 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.

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.

Summary of Contents

All disclosures in this section (pages 60 to 102) are unaudited unless otherwise stated.

Overview

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

The continued impact of the COVID-19 pandemic has meant that management was required to monitor economic uncertainty judgement over the course of 2021. Customer and client default rates have remained relatively stable despite the impact of the pandemic and volatile macroeconomic environment. In retail cards, credit profiles did not show material deterioration due to government support measures in the UK and customer deleveraging. However, the degree of economic uncertainty remains relatively high: emerging supply chain disruption and inflationary pressures may challenge economic stability. Given this backdrop, management has maintained economic uncertainty adjustments to modelled outputs to address these sources of uncertainty and ensure that the potential impact of stress are provided for. This uncertainty continues to be captured in two distinct ways: firstly, the identification of customers and clients who may be more vulnerable to the withdrawal of support and emerging economic instability and secondly, model uncertainty which does not capture certain macroeconomic and risk parameter uncertainties which are applied at a portfolio level. Refer to the Management adjustment to models for impairment section on page 77 for further details.

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

Summary of performance in the period

For 2021, credit impairment release of £371m (2020: £1,427m charge) was driven by improved economic outlook and lower unsecured lending balances due to customer repayments and lower delinquencies. This comprised Barclaycard Consumer UK release of £404m, Personal Banking release of £33m and Business Banking charges of £66m. The 30 and 90 day arrears rates in UK cards improved and stands at 1.0% (2020: 1.7%) and 0.2% (2020: 0.8%) respectively.

Key metrics

Decrease of £1,227m impairment allowance

Impairment allowances on loans and advances at amortised cost including off-balance sheet elements of the allowance in Barclays Bank UK Group decreased by £1,227m to £2,215m (2020: £3,442m) during the year. This was driven by a release in Credit cards, unsecured loans and retail lending of £963m and Home loans of £15m, offset by an increase in Wholesale loans of £8m and a further release in off-balance sheet provisions of £257m. Please refer to pages 65 to 75. Expected Credit Loss Section for further details.

Please see the credit risk management section on pages 52 to 53 for details of governance, policies and procedures.

Analysis of the Balance Sheet

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

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

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

This and subsequent analyses of credit risk exclude other financial assets not subject to credit risk. For off-balance sheet exposures certain contingent liabilities not subject to credit risk such as performance guarantees are excluded.

The Barclays Bank UK Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on the Group's policies to each of these forms of credit enhancement is presented on pages 52 to 53 of the credit risk management section.

Overview
As at 31 December 2021, the Barclays Bank UK Group's net exposure to credit risk, after taking into account credit risk mitigation, increased 11% to £177.1bn (2020: £159.0bn). Overall, the extent to which the Barclays Bank UK Group holds mitigation against its total exposure slightly decreased to 53% (2020: 54%).

Of the unmitigated on balance sheet exposure, a significant portion relates to cash and balances at central banks, cash collateral and settlement balances and debt securities issued by governments all of which are considered to be lower risk. The increase in the Barclays Bank UK Group's net exposure to credit risk was mainly driven by increases in cash and balances at central banks. Further analysis on the credit quality of assets is presented on pages 91 to 99.

Collateral obtained (audited)
Where collateral has been obtained in the event of default, the Barclays Bank UK Group does not, ordinarily, use such assets for its own operations and they are usually sold on a timely basis. The carrying value of assets held by the Barclays Bank UK Group as at 31 December 2021, as a result of the enforcement of collateral, was £nil (2020: £nil).

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

Barclays Bank UK Group As at 31 December 2021	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	69,488	—	—	—	—	69,488
Cash collateral and settlement balances	5,067	—	—	—	—	5,067
Loans and advances at amortised cost:						
Home loans	158,220	—	—	(158,145)	(57)	18
Credit cards, unsecured loans and other retail lending	13,425	—	(83)	(331)	—	13,011
Wholesale loans	48,626	—	(11)	(12,357)	(18,024)	18,234
Total loans and advances at amortised cost	220,271	—	(94)	(170,833)	(18,081)	31,263
Of which credit-impaired (Stage 3):						
Home loans	*1,110*	—	—	*(1,110)*	—	—
Credit cards, unsecured loans and other retail lending	*256*	—	—	*(12)*	—	*244*
Wholesale loans	*1,671*	—	—	*(641)*	*(742)*	*288*
Total credit-impaired loans and advances at amortised cost	*3,037*	—	—	*(1,763)*	*(742)*	*532*
Reverse repurchase agreements and other similar secured lending	65	—	—	(65)	—	—
Trading portfolio assets:						
Debt securities	169	—	—	—	—	169
Total trading portfolio assets	169	—	—	—	—	169
Financial assets at fair value through the income statement						
Loans and advances	2,767	—	—	(1,778)	—	989
Other financial assets	—	—	—	—	—	—
Total financial assets at fair value through the income statement	2,767	—	—	(1,778)	—	989
Derivative financial instruments	890	(270)	(536)	(82)	—	2
Financial assets at fair value through other comprehensive income	14,945	—	—	—	(233)	14,712
Other assets	316	—	—	—	—	316
Total on-balance sheet	313,978	(270)	(630)	(172,758)	(18,314)	122,006
Off-balance sheet:						
Contingent liabilities	590	—	—	—	—	590
Loan commitments	59,237	—	(42)	(4,674)	(41)	54,480
Total off-balance sheet	59,827	—	(42)	(4,674)	(41)	55,070
Total	373,805	(270)	(672)	(177,432)	(18,355)	177,076

Off-balance sheet exposures are shown gross of provisions of £36m (2020: £293m). See Note 22 for further details. Wholesale loans and advances at amortised cost include £10.4bn (2020: £11.0bn) of BBLS and CBILS supported by UK government guarantees of £10.2bn (2020: £10.8bn), which are included within the Risk transfer column in the table. For further information on credit mitigation techniques, refer to the credit risk management section.

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

Barclays Bank UK Group As at 31 December 2020	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	35,218	—	—	—	—	35,218
Cash collateral and settlement balances	4,345	—	—	—	—	4,345
Loans and advances at amortised cost:						
Home loans	148,454	—	(1)	(148,421)	—	32
Credit cards, unsecured loans and other retail lending	15,069	—	(140)	(367)	—	14,562
Wholesale loans	48,126	—	(12)	(13,364)	(19,544)	15,206
Total loans and advances at amortised cost	211,649	—	(153)	(162,152)	(19,544)	29,800
Of which credit-impaired (Stage 3):						
Home loans	*1,090*	—	*(1)*	*(1,089)*	—	—
Credit cards, unsecured loans and other retail lending	*313*	—	*(4)*	*(19)*	—	*290*
Wholesale loans	*1,188*	—	*(1)*	*(712)*	*(147)*	*328*
Total credit-impaired loans and advances at amortised cost	*2,591*	—	*(6)*	*(1,820)*	*(147)*	*618*
Reverse repurchase agreements and other similar secured lending	133	—	—	(133)	—	—
Trading portfolio assets:						
Debt securities	298	—	—	—	—	298
Total trading portfolio assets	298	—	—	—	—	298
Financial assets at fair value through the income statement						
Loans and advances	3,430	—	—	(1,857)	—	1,573
Other financial assets	2	—	—	—	—	2
Total financial assets at fair value through the income statement	3,432	—	—	(1,857)	—	1,575
Derivative financial instruments	550	(189)	(214)	(116)	—	31
Financial assets at fair value through other comprehensive income	26,026	—	—	—	(320)	25,706
Other assets	322	—	—	—	—	322
Total on-balance sheet	281,973	(189)	(367)	(164,258)	(19,864)	97,295
Off-balance sheet:						
Contingent liabilities	650	—	—	—	—	650
Loan commitments	65,910	—	(72)	(4,744)	(41)	61,053
Total off-balance sheet	66,560	—	(72)	(4,744)	(41)	61,703
Total	348,533	(189)	(439)	(169,002)	(19,905)	158,998

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

Barclays Bank UK PLC As at 31 December 2021	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	69,488	—	—	—	—	69,488
Cash collateral and settlement balances	4,986	—	—	—	—	4,986
Loans and advances at amortised cost:						
Home loans	158,220	—	—	(158,145)	(57)	18
Credit cards, unsecured loans and other retail lending	13,423	—	(83)	(331)	—	13,009
Wholesale loans	49,017	—	(11)	(12,357)	(18,024)	18,625
Total loans and advances at amortised cost	220,660	—	(94)	(170,833)	(18,081)	31,652
Of which credit-impaired (Stage 3):						
Home loans	*1,110*	—	—	*(1,110)*	—	—
Credit cards, unsecured loans and other retail lending	*255*	—	—	*(12)*	—	*243*
Wholesale loans	*1,671*	—	—	*(641)*	*(742)*	*288*
Total credit-impaired loans and advances at amortised cost	*3,036*	—	—	*(1,763)*	*(742)*	*531*
Reverse repurchase agreements and other similar secured lending	65	—	—	(65)	—	—
Trading portfolio assets:						
Debt securities	169	—	—	—	—	169
Total trading portfolio assets	169	—	—	—	—	169
Financial assets at fair value through the income statement						
Loans and advances	2,767	—	—	(1,778)	—	989
Other financial assets	—	—	—	—	—	—
Total financial assets at fair value through the income statement	2,767	—	—	(1,778)	—	989
Derivative financial instruments	890	(270)	(536)	—	—	84
Financial assets at fair value through other comprehensive income	14,945	—	—	—	(233)	14,712
Other assets	316	—	—	—	—	316
Total on-balance sheet	314,286	(270)	(630)	(172,676)	(18,314)	122,396
Off-balance sheet:						
Contingent liabilities	590	—	—	—	—	590
Loan commitments	59,237	—	(42)	(4,674)	(41)	54,480
Total off-balance sheet	59,827	—	(42)	(4,674)	(41)	55,070
Total	374,113	(270)	(672)	(177,350)	(18,355)	177,466

Off-balance sheet exposures are shown gross of provisions of £36m (2020: £293m). See Note 22 for further details. Wholesale loans and advances at amortised cost include £10.4bn (2020: £11.0bn) of BBLS and CBILS supported by UK government guarantees of £10.2bn (2020: £10.8bn), which are included within the Risk transfer column in the table. For further information on credit risk mitigation techniques, refer to the credit risk management section.

Maximum exposure and effects of netting, collateral and risk transfer (audited)						
Barclays Bank UK PLC	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Risk transfer	Net exposure
As at 31 December 2020	£m	£m	£m	£m	£m	£m
On-balance sheet:						
Cash and balances at central banks	35,218	—	—	—	—	35,218
Cash collateral and settlement balances	4,345	—	—	—	—	4,345
Loans and advances at amortised cost:						
Home loans	148,454	—	(1)	(148,421)	—	32
Credit cards, unsecured loans and other retail lending	15,065	—	(140)	(367)	—	14,558
Wholesale loans	48,514	—	(12)	(13,364)	(19,544)	15,594
Total loans and advances at amortised cost	212,033	—	(153)	(162,152)	(19,544)	30,184
Of which credit-impaired (Stage 3):						
Home loans	*1,090*	—	*(1)*	*(1,089)*	—	—
Credit cards, unsecured loans and other retail lending	*309*	—	*(4)*	*(19)*	—	*286*
Wholesale loans	*1,188*	—	*(1)*	*(712)*	*(147)*	*328*
Total credit-impaired loans and advances at amortised cost	*2,587*	—	*(6)*	*(1,820)*	*(147)*	*614*
Reverse repurchase agreements and other similar secured lending	133	—	—	(133)	—	—
Trading portfolio assets:						
Debt securities	298	—	—	—	—	298
Total trading portfolio assets	298	—	—	—	—	298
Financial assets at fair value through the income statement						
Loans and advances	3,430	—	—	(1,857)	—	1,573
Other financial assets	2	—	—	—	—	2
Total financial assets at fair value through the income statement	3,432	—	—	(1,857)	—	1,575
Derivative financial instruments	550	(189)	(214)	—	—	147
Financial assets at fair value through other comprehensive income	26,026	—	—	—	(320)	25,706
Other assets	331	—	—	—	—	331
Total on-balance sheet	282,366	(189)	(367)	(164,142)	(19,864)	97,804
Off-balance sheet:						
Contingent liabilities	650	—	—	—	—	650
Loan commitments	65,995	—	(72)	(4,744)	(41)	61,138
Total off-balance sheet	66,645	—	(72)	(4,744)	(41)	61,788
Total	349,011	(189)	(439)	(168,886)	(19,905)	159,592

Expected Credit Losses

Loans and advances at amortised cost by product

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

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

Barclays Bank UK Group (audited)		Stage 2					
As at 31 December 2021	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total[a]
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	138,298	16,585	1,638	624	18,847	1,164	158,309
Credit cards, unsecured loans and other retail lending	11,450	2,652	97	61	2,810	829	15,089
Wholesale loans	44,213	2,972	5	5	2,982	1,857	49,052
Total	193,961	22,209	1,740	690	24,639	3,850	222,450
Impairment allowance							
Home loans	11	13	5	6	24	54	89
Credit cards, unsecured loans and other retail lending	201	804	42	44	890	573	1664
Wholesale loans	183	55	1	1	57	186	426
Total	395	872	48	51	971	813	2179
Net exposure							
Home loans	138,287	16,572	1,633	618	18,823	1,110	158,220
Credit cards, unsecured loans and other retail lending	11,249	1,848	55	17	1,920	256	13,425
Wholesale loans	44,030	2,917	4	4	2,925	1,671	48,626
Total	193,566	21,337	1,692	639	23,668	3,037	220,271
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	0.1	0.3	1.0	0.1	4.6	0.1
Credit cards, unsecured loans and other retail lending	1.8	30.3	43.3	72.1	31.7	69.1	11.0
Wholesale loans	0.4	1.9	20.0	20.0	1.9	10.0	0.9
Total	0.2	3.9	2.8	7.4	3.9	21.1	1.0
As at 31 December 2020							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	129,012	15,890	1,732	789	18,411	1,135	148,558
Credit cards, unsecured loans and other retail lending	11,823	4,350	143	110	4,603	1,270	17,696
Wholesale loans	42,073	4,978	10	76	5,064	1,407	48,544
Total	182,908	25,218	1,885	975	28,078	3,812	214,798
Impairment allowance							
Home loans	27	17	7	8	32	45	104
Credit cards, unsecured loans and other retail lending	259	1,261	68	82	1,411	957	2,627
Wholesale loans	36	160	1	2	163	219	418
Total	322	1,438	76	92	1,606	1,221	3,149
Net exposure							
Home loans	128,985	15,873	1,725	781	18,379	1,090	148,454
Credit cards, unsecured loans and other retail lending	11,564	3,089	75	28	3,192	313	15,069
Wholesale loans	42,037	4,818	9	74	4,901	1,188	48,126
Total	182,586	23,780	1,809	883	26,472	2,591	211,649
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	0.1	0.4	1.0	0.2	4.0	0.1
Credit cards, unsecured loans and other retail lending	2.2	29.0	47.6	74.5	30.7	75.4	14.8
Wholesale loans	0.1	3.2	10.0	2.6	3.2	15.6	0.9
Total	**0.2**	**5.7**	**4.0**	**9.4**	**5.7**	**32.0**	**1.5**

Note
a Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £20.4bn (December 2020: £30.7bn) and an impairment allowance of £3m (December 2020: £15m). This comprises £3m (December 2020: £4m) on £20.4bn Stage 1 assets (December 2020: £30.1bn). £0m (December 2020: £3m) on £89m Stage 2 assets (December 2020: £588m) and £0m (December 2020: £8m) on £0m Stage 3 other assets (December 2020: £10m). Loan commitments and financial guarantee contracts have total ECL of £36m (December 2020: £293m).

The increase in coverage on Credit cards, unsecured loans and other retail lending Stage 2 not past due is driven by a reduction in balances and the economic uncertainty adjustments held for customers and clients who may be more vulnerable to emerging economic uncertainty.

Barclays Bank UK PLC (audited)		Stage 2					
As at 31 December 2021	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total[a]
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	138,298	16,585	1,638	624	18,847	1,164	158,309
Credit cards, unsecured loans and other retail lending	11,450	2,652	97	61	2,810	827	15,087
Wholesale loans	44,604	2,972	5	5	2,982	1,857	49,443
Total	194,352	22,209	1,740	690	24,639	3,848	222,839
Impairment allowance							
Home loans	11	13	5	6	24	54	89
Credit cards, unsecured loans and other retail lending	201	804	43	44	891	572	1,664
Wholesale loans	183	55	1	1	57	186	426
Total	395	872	49	51	972	812	2,179
Net exposure							
Home loans	138,287	16,572	1,633	618	18,823	1,110	158,220
Credit cards, unsecured loans and other retail lending	11,249	1,848	54	17	1,919	255	13,423
Wholesale loans	44,421	2,917	4	4	2,925	1,671	49,017
Total	193,957	21,337	1,691	639	23,667	3,036	220,660
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	0.1	0.3	1.0	0.1	4.6	0.1
Credit cards, unsecured loans and other retail lending	1.8	30.3	44.3	72.1	31.7	69.2	11.0
Wholesale loans	0.4	1.9	20.0	20.0	1.9	10.0	0.9
Total	0.2	3.9	2.8	7.4	3.9	21.1	1.0
As at 31 December 2020							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	129,012	15,890	1,732	789	18,411	1,135	148,558
Credit cards, unsecured loans and other retail lending	11,823	4,350	143	110	4,603	1,266	17,692
Wholesale loans	42,461	4,978	10	76	5,064	1,407	48,932
Total	183,296	25,218	1,885	975	28,078	3,808	215,182
Impairment allowance							
Home loans	27	17	7	8	32	45	104
Credit cards, unsecured loans and other retail lending	259	1,261	68	82	1,411	957	2,627
Wholesale loans	36	160	1	2	163	219	418
Total	322	1,438	76	92	1,606	1,221	3,149
Net exposure							
Home loans	128,985	15,873	1,725	781	18,379	1,090	148,454
Credit cards, unsecured loans and other retail lending	11,564	3,089	75	28	3,192	309	15,065
Wholesale loans	42,425	4,818	9	74	4,901	1,188	48,514
Total	182,974	23,780	1,809	883	26,472	2,587	212,033
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	0.1	0.4	1.0	0.2	4.0	0.1
Credit cards, unsecured loans and other retail lending	2.2	29.0	47.6	74.5	30.7	75.6	14.8
Wholesale loans	0.1	3.2	10.0	2.6	3.2	15.6	0.9
Total	0.2	5.7	4.0	9.4	5.7	32.1	1.5

Note
a Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £20.2bn (December 2020: £30.7bn) and an impairment allowance of £2m (December 2020: £12m). This comprises £2m (December 2020: £3m) on £20.2bn Stage 1 assets (December 2020: £30.1bn). £0m (December 2020: £1m) on £89m Stage 2 assets (December 2020: £577m) and £0m (December 2020: £8m) on £0m Stage 3 other assets (December 2020: £10m). Loan commitments and financial guarantee contracts have total ECL of £36m (December 2020: £293m).

The increase in coverage on Credit cards, unsecured loans and other retail lending Stage 2 not past due is driven by a reduction in balances and the economic uncertainty adjustments held for customers and clients who may be more vulnerable to emerging economic uncertainty.

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

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. An explanation of the methodology used to determine credit impairment provisions is included in note 7 on page 152. Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the year. The movements are measured over a 12-month period.

Loans and advances at amortised cost (audited)

	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2021	129,012	27	18,411	32	1,135	45	148,558	104
Transfers from Stage 1 to Stage 2	(7,418)	(2)	7,418	2	—	—	—	—
Transfers from Stage 2 to Stage 1	5,004	11	(5,004)	(11)	—	—	—	—
Transfers to Stage 3	(202)	—	(417)	(4)	619	4	—	—
Transfers from Stage 3	13	—	154	1	(167)	(1)	—	—
Business activity in the year[a]	30,999	5	1,243	5	4	—	32,246	10
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(7,389)	(29)	(1,065)	2	(146)	23	(8,600)	(4)
Final repayments	(11,149)	(1)	(1,867)	(3)	(278)	(14)	(13,294)	(18)
Disposals[b]	(572)	—	(26)	—	—	—	(598)	—
Write-offs[c]	—	—	—	—	(3)	(3)	(3)	(3)
As at 31 December 2021[d]	138,298	11	18,847	24	1,164	54	158,309	89
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	11,823	259	4,603	1,411	1,270	957	17,696	2,627
Transfers from Stage 1 to Stage 2	(963)	(36)	963	36	—	—	—	—
Transfers from Stage 2 to Stage 1	2,114	611	(2,114)	(611)	—	—	—	—
Transfers to Stage 3	(208)	(9)	(418)	(203)	626	212	—	—
Transfers from Stage 3	34	21	19	10	(53)	(31)	—	—
Business activity in the year[a]	1,884	24	142	33	24	13	2,050	70
Refinements to models used for calculation[e]	—	(2)	—	(6)	—	14	—	6
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[f]	(2,345)	(642)	(304)	240	(91)	244	(2,740)	(158)
Final repayments	(889)	(25)	(81)	(20)	(104)	(60)	(1,074)	(105)
Disposals[b]	—	—	—	—	(250)	(183)	(250)	(183)
Write-offs[c]	—	—	—	—	(593)	(593)	(593)	(593)
As at 31 December 2021[d]	11,450	201	2,810	890	829	573	15,089	1,664
Wholesale loans								
As at 1 January 2021	42,073	36	5,064	163	1,407	219	48,544	418
Transfers from Stage 1 to Stage 2	(1,919)	(5)	1,919	5	—	—	—	—
Transfers from Stage 2 to Stage 1	3,479	72	(3,479)	(72)	—	—	—	—
Transfers to Stage 3	(773)	(3)	(213)	(9)	986	12	—	—
Transfers from Stage 3	217	19	262	17	(479)	(36)	—	—
Business activity in the year[a]	8,004	21	100	3	246	26	8,350	50
Refinements to models used for calculation[e]	—	8	—	8	—	—	—	16
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(3,617)	40	(312)	(53)	(203)	18	(4,132)	5
Final repayments	(3,251)	(5)	(359)	(5)	(52)	(5)	(3,662)	(15)
Write-offs[c]	—	—	—	—	(48)	(48)	(48)	(48)
As at 31 December 2021[d]	44,213	183	2,982	57	1,857	186	49,052	426

Notes

a. Business activity in the year does not include additional drawdowns on the existing facility which are reported under "Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes".

b. The £598m disposals reported within Home loans relate to transfer of UK Mortgage facilities to a non-consolidated special purpose vehicle for the purpose of securitisation. The £250m disposals reported within Credit cards, unsecured loans and other retail lending portfolio relate to debt sales undertaken during the year.

c. In 2021, gross write-offs amounted to £644m (2020: £607m) and post write-off recoveries amounted to £35m (2020: £31m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £609m (2020: £576m).

d. Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £20.4bn (December 2020: £30.7bn) in Stage 1 and an impairment allowance of £3m (December 2020: £15m). This comprises £3m (December 2020: £4m) on £20.4bn Stage 1 assets (December 2020: £30.1bn), £0m (December 2020: £3m) on £89m Stage 2 assets (December 2020: £588m) and £0m (December 2020: £8m) on £0m Stage 3 other assets (December 2020: £10m).

e. Refinements to models used for calculation include a £6m movement in Credit cards, unsecured loans and retail lending and £16m movement in Wholesale loans. These reflect methodology changes made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

f. Transfers and risk parameter changes include a £0.3bn (2020: £0.6bn) net release in ECL arising from a reclassification of £1.9bn (2020: £2.0bn) gross loans and advances from Stage 2 to Stage 1 in Credit cards, unsecured loans and other retail lending. The reclassification followed a review of back-testing of results which indicated that accuracy of origination probability of default characteristics require management adjustments to correct and was first established in Q220.

Reconciliation of ECL movement to credit impairment (release)/charge for the year ended 31 December 2021	£m
Home loans	*(12)*
Credit cards, unsecured loans and other retail lending	*(187)*
Wholesale loans	*56*
ECL movement excluding assets derecognised due to disposals and write-offs	*(143)*
Recoveries and reimbursements[a]	(19)
Exchange and other adjustments[b]	51
Credit impairment release on loan commitments and financial guarantees	(257)
Credit impairment release on other financial assets[c]	(3)
Credit impairment release for the year	(371)

Notes
a Recoveries and reimbursements include post write off recoveries of £35m and a net reduction in amounts recoverable from financial guarantee contracts held with third parties of £16m.
b Includes interest and fees in suspense.
c Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £20.4bn (December 2020: £30.7bn) in Stage 1 and an impairment allowance of £3m (December 2020: £15m). This comprises £3m (December 2020: £4m) on £20.4bn Stage 1 assets (December 2020: £30.1bn), £0m (December 2020: £3m) on £89m Stage 2 assets (December 2020: £588m) and £0m (December 2020: £8m) on £0m Stage 3 other assets (December 2020: £10m).

Loan commitments and financial guarantees (audited)

	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK Group	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Home loans								
As at 1 January 2021	11,737	—	513	—	1	—	12,251	—
Net transfers between stages	(131)	—	124	—	7	—	—	—
Business activity in the year	7,015	—	—	—	—	—	7,015	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(7,552)	—	(64)	—	(3)	—	(7,619)	—
Limit management and final repayments	(289)	—	(42)	—	(2)	—	(333)	—
As at 31 December 2021	10,780	—	531	—	3	—	11,314	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	44,139	16	5,827	275	196	—	50,162	291
Net transfers between stages	2,759	209	(2,930)	(211)	171	2	—	—
Business activity in the year	468	—	19	—	—	—	487	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(4,294)	(214)	(385)	(28)	(86)	(1)	(4,765)	(243)
Limit management and final repayments	(889)	(4)	(69)	(7)	(95)	(1)	(1,053)	(12)
As at 31 December 2021	42,183	7	2,462	29	186	—	44,831	36
Wholesale loans								
As at 1 January 2021	3,250	—	830	2	67	—	4,147	2
Net transfers between stages	426	1	(422)	(1)	(4)	—	—	—
Business activity in the year	8	—	—	—	—	—	8	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	1	(1)	(173)	—	(5)	—	(177)	(1)
Limit management and final repayments	(208)	—	(88)	(1)	—	—	(296)	(1)
As at 31 December 2021	3,477	—	147	—	58	—	3,682	—

Loans and advances at amortised cost (audited)

Barclays Bank UK PLC	Stage 1 Gross £m	Stage 1 ECL £m	Stage 2 Gross £m	Stage 2 ECL £m	Stage 3 Gross £m	Stage 3 ECL £m	Total Gross £m	Total ECL £m
Home loans								
As at 1 January 2021	129,012	27	18,411	32	1,135	45	148,558	104
Transfers from Stage 1 to Stage 2	(7,418)	(2)	7,418	2	—	—	—	—
Transfers from Stage 2 to Stage 1	5,004	11	(5,004)	(11)	—	—	—	—
Transfers to Stage 3	(202)	—	(417)	(4)	619	4	—	—
Transfers from Stage 3	13	—	154	1	(167)	(1)	—	—
Business activity in the year[a]	30,999	5	1,243	5	4	—	32,246	10
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(7,389)	(29)	(1,065)	2	(146)	23	(8,600)	(4)
Final repayments	(11,149)	(1)	(1,867)	(3)	(278)	(14)	(13,294)	(18)
Disposals[b]	(572)	—	(26)	—	—	—	(598)	—
Write-offs[c]	—	—	—	—	(3)	(3)	(3)	(3)
As at 31 December 2021[d]	138,298	11	18,847	24	1,164	54	158,309	89
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	11,823	259	4,603	1,411	1,266	957	17,692	2,627
Transfers from Stage 1 to Stage 2	(963)	(36)	963	36	—	—	—	—
Transfers from Stage 2 to Stage 1	2,114	611	(2,114)	(611)	—	—	—	—
Transfers to Stage 3	(208)	(9)	(418)	(203)	626	212	—	—
Transfers from Stage 3	34	21	19	10	(53)	(31)	—	—
Business activity in the year[a]	1,884	24	142	33	24	13	2,050	70
Refinements to models used for calculation[e]	—	(2)	—	(6)	—	14	—	6
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[f]	(2,345)	(642)	(304)	241	(89)	243	(2,738)	(158)
Final repayments	(889)	(25)	(81)	(20)	(104)	(60)	(1,074)	(105)
Disposals[b]	—	—	—	—	(250)	(183)	(250)	(183)
Write-offs[c]	—	—	—	—	(593)	(593)	(593)	(593)
As at 31 December 2021[d]	11,450	201	2,810	891	827	572	15,087	1,664
Wholesale loans								
As at 1 January 2021	42,461	36	5,064	163	1,407	219	48,932	418
Transfers from Stage 1 to Stage 2	(1,919)	(5)	1,919	5	—	—	—	—
Transfers from Stage 2 to Stage 1	3,479	72	(3,479)	(72)	—	—	—	—
Transfers to Stage 3	(773)	(3)	(213)	(9)	986	12	—	—
Transfers from Stage 3	217	19	262	17	(479)	(36)	—	—
Business activity in the year[a]	8,004	21	100	3	246	26	8,350	50
Refinements to models used for calculation[e]	—	8	—	8	—	—	—	16
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(3,614)	40	(312)	(53)	(203)	18	(4,129)	5
Final repayments	(3,251)	(5)	(359)	(5)	(52)	(5)	(3,662)	(15)
Disposals[b]	—	—	—	—	—	—	—	—
Write-offs[c]	—	—	—	—	(48)	(48)	(48)	(48)
As at 31 December 2021[d]	44,604	183	2,982	57	1,857	186	49,443	426

Notes

a. Business activity in the year does not include additional drawdowns on the existing facility which are reported under "Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes".

b. The £598m disposal reported within Home loans relates to transfer of UK Mortgage facilities to a non-consolidated special purpose vehicle for the purpose of securitisation. The £250m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year.

c. In 2021, gross write-offs amounted to £644m (2020: £607m) and post write-off recoveries amounted to £35m (2020: £31m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £609m (2020: £576m).

d. Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £20.4bn (December 2020: £30.7bn) and an impairment allowance of £3m (December 2020: £12m). This comprises £3m (December 2020: £3m) on £20.4bn Stage 1 assets (December 2020: £30.1bn), £0m (December 2020: £1m) on £89m Stage 2 assets (December 2020: £577m) and £0m (December 2020: £8m) on £0m Stage 3 other assets (December 2020: £10m).

e. Refinements to models used for calculation include a £6m movement in Credit cards, unsecured loans and retail lending and £16m movement in Wholesale loans. These reflect methodology changes made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

f. Transfers and risk parameter changes include a £0.3bn (2020: £0.6bn) net release in ECL arising from a reclassification of £1.9bn (2020: £2.0bn) gross loans and advances from Stage 2 to Stage 1 in Credit cards, unsecured loans and other retail lending. The reclassification followed a review of back-testing of results which indicated that accuracy of origination probability of default characteristics require management adjustments to correct and was first established in Q220.

Reconciliation of ECL movement to credit impairment (release)/charge for the year ended 31 December 2021	£m
Home loans	*(12)*
Credit cards, unsecured loans and other retail lending	*(187)*
Wholesale loans	*56*
ECL movement excluding assets derecognised due to disposals and write-offs	*(143)*
Recoveries and reimbursements[a]	(19)
Exchange and other adjustments[b]	52
Credit impairment release on loan commitments and financial guarantees	(257)
Credit impairment release on other financial assets[c]	(2)
Credit impairment release for the year	(369)

Notes
a Recoveries and reimbursements include post write off recoveries of £35m and a net reduction in amounts recoverable from financial guarantee contracts held with third parties of £16m.
b Includes interest and fees in suspense.
c Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £20.4bn (December 2020: £30.7bn) and an impairment allowance of £3m (December 2020: £12m). This comprises £3m (December 2020: £3m) on £20.4bn Stage 1 assets (December 2020: £30.1bn), £0m (December 2020: £1m) on £89m Stage 2 assets (December 2020: £577m) and £0m (December 2020: £8m) on £0m Stage 3 other assets (December 2020: £10m).

Loan commitments and financial guarantees (audited)

Barclays Bank UK PLC	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2021	11,737	—	513	—	1	—	12,251	—
Net transfers between stages	(131)	—	124	—	7	—	—	—
Business activity in the year	7,015	—	—	—	—	—	7,015	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(7,552)	—	(64)	—	(3)	—	(7,619)	—
Limit management and final repayments	(289)	—	(42)	—	(2)	—	(333)	—
As at 31 December 2021	10,780	—	531	—	3	—	11,314	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	44,139	16	5,827	275	196	—	50,162	291
Net transfers between stages	2,759	209	(2,930)	(211)	171	2	—	—
Business activity in the year	468	—	19	—	—	—	487	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(4,294)	(214)	(385)	(28)	(86)	(1)	(4,765)	(243)
Limit management and final repayments	(889)	(4)	(69)	(7)	(95)	(1)	(1,053)	(12)
As at 31 December 2021	42,183	7	2,462	29	186	—	44,831	36
Wholesale loans								
As at 1 January 2021	3,335	—	830	2	67	—	4,232	2
Net transfers between stages	426	1	(422)	(1)	(4)	—	—	—
Business activity in the year	8	—	—	—	—	—	8	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(84)	(1)	(173)	—	(5)	—	(262)	(1)
Limit management and final repayments	(208)	—	(88)	(1)	—	—	(296)	(1)
As at 31 December 2021	3,477	—	147	—	58	—	3,682	—

Loans and advances at amortised cost (audited)

Barclays Bank UK Group	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	126,109	6	16,369	24	1,099	55	143,577	85
Transfers from Stage 1 to Stage 2	(8,187)	(1)	8,187	1	—	—	—	—
Transfers from Stage 2 to Stage 1	4,414	6	(4,414)	(6)	—	—	—	—
Transfers to Stage 3	(151)	—	(368)	(3)	519	3	—	—
Transfers from Stage 3	19	1	163	1	(182)	(2)	—	—
Business activity in the year[a]	21,355	6	714	2	3	—	22,072	8
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(6,329)	10	(778)	15	(91)	7	(7,198)	32
Final repayments	(8,218)	(1)	(1,462)	(2)	(209)	(14)	(9,889)	(17)
Write-offs[b]	—	—	—	—	(4)	(4)	(4)	(4)
As at 31 December 2020[c]	129,012	27	18,411	32	1,135	45	148,558	104
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	16,471	180	6,309	1,223	1,280	864	24,060	2,267
Transfers from Stage 1 to Stage 2	(2,421)	(42)	2,421	42	—	—	—	—
Transfers from Stage 2 to Stage 1	2,080	342	(2,080)	(342)	—	—	—	—
Transfers to Stage 3	(230)	(6)	(639)	(209)	869	215	—	—
Transfers from Stage 3	55	28	8	4	(63)	(32)	—	—
Business activity in the year[a]	1,279	23	130	36	24	16	1,433	75
Refinements to models used for calculation[d]	—	13	—	296	—	—	—	309
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[e]	(4,493)	(242)	(1,449)	374	(45)	602	(5,987)	734
Final repayments	(918)	(37)	(97)	(13)	(129)	(69)	(1,144)	(119)
Disposals[f]	—	—	—	—	(113)	(86)	(113)	(86)
Write-offs[b]	—	—	—	—	(553)	(553)	(553)	(553)
As at 31 December 2020[c]	11,823	259	4,603	1,411	1,270	957	17,696	2,627
Wholesale loans								
As at 1 January 2020	28,430	27	2,917	68	1,196	164	32,543	259
Transfers from Stage 1 to Stage 2	(2,317)	(4)	2,317	4	—	—	—	—
Transfers from Stage 2 to Stage 1	1,216	13	(1,216)	(13)	—	—	—	—
Transfers to Stage 3	(364)	(2)	(231)	(7)	595	9	—	—
Transfers from Stage 3	281	22	213	12	(494)	(34)	—	—
Business activity in the year[a]	9,212	2	381	5	241	18	9,834	25
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	10,355	(22)	787	95	(67)	112	11,075	185
Final repayments	(4,740)	—	(104)	(1)	(14)	—	(4,858)	(1)
Write-offs[b]	—	—	—	—	(50)	(50)	(50)	(50)
As at 31 December 2020[c]	42,073	36	5,064	163	1,407	219	48,544	418

Notes
a. Business activity in the year does not include additional drawdowns on the existing facility which are reported under "Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes".
b. In 2020, gross write-offs amounted to £607m (2019: £588m) and post write-off recoveries of £31m (2019: £49m). Net write-offs after applying recoveries amounted to £576m (2019: £539m).
c. Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (December 2019: £24.5bn) in Stage 1 and an impairment allowance of £15m (December 2019: £3m). This comprises £4m ECL (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn), £3m (December 2019: £nil) on £588m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil).
d. Refinements to models used for calculation include a £309m adjustment which largely represents model remediation for over recovery of debt in UK unsecured lending. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.
e. Transfers and risk parameter changes has seen an ECL increase which is materially driven by stage migration in response to the macroeconomic scenario updates, partially offset by a net release in ECL of £0.6bn due to a reclassification of £2bn gross loans and advances from Stage 2 to Stage 1 in credit cards and unsecured loans. The reclassification followed a review of back-testing of results which indicated that origination probability of default characteristics were unnecessarily moving Stage 1 accounts into Stage 2.
f. The £113m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year.

Reconciliation of ECL movement to credit impairment (release)/charge for the year ended 31 December 2020	£m
Home loans	*23*
Credit cards, unsecured loans and other retail lending	*999*
Wholesale loans	*209*
ECL movement excluding assets derecognised due to disposals and write-offs	*1,231*
Recoveries and reimbursements	(31)
Exchange and other adjustments[a]	(6)
Credit impairment charge on loan commitments and financial guarantees	224
Credit impairment charge on other financial assets[b]	9
Credit impairment charge for the year	1,427

Notes
a Includes interest and fees in suspense.
b Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (December 2019: £24.5bn) in Stage 1 and an impairment allowance of £15m (December 2019: £3m). This comprises £4m ECL (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn), £3m (December 2019: £nil) on £588m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil).

Loan commitments and financial guarantees (audited)

	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK Group	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Home loans								
As at 1 January 2020	9,508	—	499	—	3	—	10,010	—
Net transfers between stages	(78)	—	74	—	4	—	—	—
Business activity in the year	7,862	—	—	—	—	—	7,862	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(5,332)	—	(27)	—	(6)	—	(5,365)	—
Limit management and final repayments	(223)	—	(33)	—	—	—	(256)	—
As at 31 December 2020	11,737	—	513	—	1	—	12,251	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	47,505	11	4,183	59	181	—	51,869	70
Net transfers between stages	(1,373)	36	1,143	(37)	230	1	—	—
Business activity in the year	580	—	30	3	—	—	610	3
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(2,140)	(29)	491	251	(117)	—	(1,766)	222
Limit management and final repayments	(433)	(2)	(20)	(1)	(98)	(1)	(551)	(4)
As at 31 December 2020	44,139	16	5,827	275	196	—	50,162	291
Wholesale loans								
As at 1 January 2020	2,738	—	395	—	47	—	3,180	—
Net transfers between stages	(276)	—	267	—	9	—	—	—
Business activity in the year	12	—	3	—	—	—	15	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	929	—	172	2	11	—	1,112	2
Limit management and final repayments	(153)	—	(7)	—	—	—	(160)	—
As at 31 December 2020	3,250	—	830	2	67	—	4,147	2

Loans and advances at amortised cost (audited)

Barclays Bank UK PLC	Stage 1 Gross £m	Stage 1 ECL £m	Stage 2 Gross £m	Stage 2 ECL £m	Stage 3 Gross £m	Stage 3 ECL £m	Total Gross £m	Total ECL £m
Home loans								
As at 1 January 2020	126,109	6	16,369	24	1,099	55	143,577	85
Transfers from Stage 1 to Stage 2	(8,187)	(1)	8,187	1	—	—	—	—
Transfers from Stage 2 to Stage 1	4,414	6	(4,414)	(6)	—	—	—	—
Transfers to Stage 3	(151)	—	(368)	(3)	519	3	—	—
Transfers from Stage 3	19	1	163	1	(182)	(2)	—	—
Business activity in the year[a]	21,355	6	714	2	3	—	22,072	8
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(6,329)	10	(778)	15	(91)	7	(7,198)	32
Final repayments	(8,218)	(1)	(1,462)	(2)	(209)	(14)	(9,889)	(17)
Disposals	—	—	—	—	—	—	—	—
Write-offs[b]	—	—	—	—	(4)	(4)	(4)	(4)
As at 31 December 2020[c]	129,012	27	18,411	32	1,135	45	148,558	104
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	16,470	180	6,309	1,223	1,275	864	24,054	2,267
Transfers from Stage 1 to Stage 2	(2,421)	(42)	2,421	42	—	—	—	—
Transfers from Stage 2 to Stage 1	2,080	342	(2,080)	(342)	—	—	—	—
Transfers to Stage 3	(230)	(6)	(639)	(209)	869	215	—	—
Transfers from Stage 3	55	28	8	4	(63)	(32)	—	—
Business activity in the year[a]	1,279	23	130	36	24	16	1,433	75
Refinements to models used for calculation[d]	—	13	—	296	—	—	—	309
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[e]	(4,492)	(242)	(1,449)	374	(44)	602	(5,985)	734
Final repayments	(918)	(37)	(97)	(13)	(129)	(69)	(1,144)	(119)
Disposals[f]	—	—	—	—	(113)	(86)	(113)	(86)
Write-offs[b]	—	—	—	—	(553)	(553)	(553)	(553)
As at 31 December 2020[c]	11,823	259	4,603	1,411	1,266	957	17,692	2,627
Wholesale loans								
As at 1 January 2020	28,827	27	2,917	68	1,196	164	32,940	259
Transfers from Stage 1 to Stage 2	(2,317)	(4)	2,317	4	—	—	—	—
Transfers from Stage 2 to Stage 1	1,216	13	(1,216)	(13)	—	—	—	—
Transfers to Stage 3	(364)	(1)	(231)	(7)	595	8	—	—
Transfers from Stage 3	281	22	213	12	(494)	(34)	—	—
Business activity in the year[a]	9,212	2	381	5	241	18	9,834	25
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	10,346	(23)	787	95	(67)	113	11,066	185
Final repayments	(4,740)	—	(104)	(1)	(14)	—	(4,858)	(1)
Disposals	—	—	—	—	—	—	—	—
Write-offs[b]	—	—	—	—	(50)	(50)	(50)	(50)
As at 31 December 2020[c]	42,461	36	5,064	163	1,407	219	48,932	418

Notes

a. Business activity in the year does not include additional drawdowns on the existing facility which are reported under "Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes".

b. In 2020, gross write-offs amounted to £607m (2019: £588m) and post write-off recoveries amounted to £31m (2019: £49m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £576m (2019: £539m).

c. Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (December 2019: £24.5bn) in Stage 1 and an impairment allowance of £12m (December 2019: £3m). This comprises £3m ECL (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn), £1m (December 2019: £nil) on £577m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil).

d. Refinements to models used for calculation include a £309m adjustment which largely represents model remediation for over recovery of debt in UK unsecured lending. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

e. Transfers and risk parameter changes has seen an ECL increase which is materially driven by stage migration in response to the macroeconomic scenario updates, partially offset by a net release in ECL of £0.6bn due to a reclassification of £2bn gross loans and advances from Stage 2 to Stage 1 in credit cards and unsecured loans. The reclassification followed a review of back-testing of results which indicated that origination probability of default characteristics were unnecessarily moving Stage 1 accounts into Stage 2.

f. The £113m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year.

Reconciliation of ECL movement to credit impairment (release)/charge for the year ended 31 December 2020	£m
Home loans	*23*
Credit cards, unsecured loans and other retail lending	*999*
Wholesale loans	*209*
ECL movement excluding assets derecognised due to disposals and write-offs	*1,231*
Recoveries and reimbursements	(31)
Exchange and other adjustments[a]	(13)
Credit impairment charge on loan commitments and financial guarantees	224
Credit impairment charge on other financial assets[b]	10
Credit impairment charge for the year	1,421

Notes
a Includes interest and fees in suspense.
b Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (December 2019: £24.5bn) in Stage 1 and an impairment allowance of £12m (December 2019: £3m). This comprises £3m ECL (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn), £1m (December 2019: £nil) on £577m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil).

Loan commitments and financial guarantees (audited)

	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	9,508	—	499	—	3	—	10,010	—
Net transfers between stages	(78)	—	74	—	4	—	—	—
Business activity in the year	7,862	—	—	—	—	—	7,862	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(5,332)	—	(27)	—	(6)	—	(5,365)	—
Limit management and final repayments	(223)	—	(33)	—	—	—	(256)	—
As at 31 December 2020	11,737	—	513	—	1	—	12,251	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	47,505	11	4,183	59	181	—	51,869	70
Net transfers between stages	(1,373)	36	1,143	(37)	230	1	—	—
Business activity in the year	580	—	30	3	—	—	610	3
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(2,140)	(29)	491	251	(117)	—	(1,766)	222
Limit management and final repayments	(433)	(2)	(20)	(1)	(98)	(1)	(551)	(4)
As at 31 December 2020	44,139	16	5,827	275	196	—	50,162	291
Wholesale loans								
As at 1 January 2020	2,755	—	395	—	47	—	3,197	—
Net transfers between stages	(276)	—	267	—	9	—	—	—
Business activity in the year	97	—	3	—	—	—	100	—
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	912	—	172	2	11	—	1,095	2
Limit management and final repayments	(153)	—	(7)	—	—	—	(160)	—
As at 31 December 2020	3,335	—	830	2	67	—	4,232	2

Stage 2 decomposition

Loans and advances at amortised cost[a]				
	2021		2020	
	Gross exposure	Impairment allowance	Gross exposure	Impairment allowance
As at 31 December 2021	£m	£m	£m	£m
Quantitative test	15,772	917	18,953	1,522
Qualitative test	8,276	48	8,512	79
30 days past due backstop	591	6	613	5
Total Stage 2	24,639	971	28,078	1,606

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

Stage 2 exposures are predominantly identified using quantitative tests where the lifetime PD has deteriorated more than a pre-determined amount since origination during the year driven by changes in macro-economic variables. This is augmented by inclusion of accounts meeting the designated high risk criteria (including watchlist) for the portfolio under the qualitative test. Qualitative tests include £6.8bn (2020: £7.1bn) relating to UK Home Finance, £1.0bn (2020: £1.0bn) relating to Business Banking and £0.2bn (2020: £0.1bn) relating to Barclaycard UK.

A small number of other accounts (1% of impairment allowances and 2% of gross exposure) are included in Stage 2. These accounts are not otherwise identified by the quantitative or qualitative tests but are more than 30 days past due. The percentage triggered by these backstop criteria is a measure of the effectiveness of the Stage 2 criteria in identifying deterioration prior to delinquency.

For further detail on the three criteria for determining a significant increase in credit risk required for Stage 2 classification, refer to Note 7 on page 152.

Stage 3 decomposition

Loans and advances at amortised cost				
	2021		2020	
	Gross exposure	Impairment allowance	Gross exposure	Impairment allowance
As at 31 December 2021	£m	£m	£m	£m
Exposures not charged-off including within cure period[a]	2,980	332	2,461	420
Exposures individually assessed or in recovery book[b]	870	481	1,351	801
Total Stage 3	3,850	813	3,812	1,221

Notes
a Includes £2.2bn (2020: £2.0bn) of gross exposure in a cure period that must remain in Stage 3 for a minimum of 12 months before moving to Stage 2.
b Exposures individually assessed or in recovery book cannot cure out of Stage 3.

Management adjustments to models for impairment (audited)

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

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

Overview of management adjustments to models for impairment (audited)[a]

	2021		2020	
	Total management adjustments to impairment allowances	Proportion of total impairment allowances	Total management adjustments to impairment allowances	Proportion of total impairment allowances
As at 31 December 2021	£m	%	£m	%
Home loans	69	77.5	77	74.0
Credit cards, unsecured loans and other retail lending	372	21.9	247	8.5
Wholesale loans	(121)	(28.4)	102	24.3
Total	320	14.4	426	12.4

Management adjustments to models are presented by product below: (audited)[a]

	Impairment allowance pre management adjustments[b]	Economic uncertainty adjustments	Other adjustments	Total adjustments	Total impairment allowance[c]
		(a)	(b)	(a+b)	
As at 31 December 2021	£m	£m	£m	£m	£m
Home loans	20	38	31	69	89
Credit cards, unsecured loans and other retail lending	1,328	437	(65)	372	1,700
Wholesale loans[d]	547	159	(280)	(121)	426
Total	1,895	634	(314)	320	2,215
As at 31 December 2020	£m	£m	£m	£m	£m
Home loans	27	—	77	77	104
Credit cards, unsecured loans and other retail lending	2,671	634	(387)	247	2,918
Wholesale loans[d]	318	42	60	102	420
Total	3,016	676	(250)	426	3,442

Notes
a. Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.
b. Includes £1.7bn (2020: £2.8bn) of modelled ECL, £0.1bn (2020: £0.1bn) of individually assessed impairments and £0.1bn (2020: £0.1bn) ECL from non-modelled exposures.
c. Total impairment allowance consists of ECL stock on drawn and undrawn exposures.
d. Other adjustments include £(0.4)bn related to Bounce back loan government guarantee in 2021. In the prior year, the adjustment was £(0.1)bn and was presented under economic uncertainty.

Economic uncertainty adjustments

Throughout the COVID-19 pandemic in 2020 and 2021, macroeconomic forecasts anticipated lasting impacts to unemployment levels and customer and client stress. More recent macroeconomic forecasts indicated that the outlook has improved, with measures of government and bank support having tapered down and no material deterioration in customer delinquencies observed to date. However, the degree of economic uncertainty remains relatively high: emerging supply chain disruption and inflationary pressures may challenge economic stability; and economic consensus may not capture the range of economic uncertainty associated with fast moving new COVID-19 variants such as Omicron.

Given this backdrop, management has recognised economic uncertainty adjustments to modelled outputs to address these sources of uncertainties and ensure that the potential impacts of stress are provided for. This uncertainty continues to be monitored in two distinct ways. Firstly, customer uncertainty: the identification of customers and clients who may be more vulnerable to the emerging economic instability and secondly, model uncertainty: to capture the impact from model limitations and sensitivities to specific macroeconomic parameters which are applied at a portfolio level.

The economic uncertainty adjustments of £0.6bn (2020 £0.7bn) includes customer and client uncertainty provisions of £0.6bn (2020 £0.6bn) and model uncertainty provisions of £nil (2020 £0.1bn).

Customer uncertainty provisions comprises:

a. An adjustment of £0.2bn (2020: £0.6bn) to adjust the probability of default (PDs) to pre-COVID-19 levels to offset the temporary improvement to PDs in light of reduced customer spend behaviour and support measures. The decrease of £0.4bn is primarily driven by some normalisation of customer spending behaviour during the year resulting in a partial release of the PMA.

b. A vulnerable customer adjustment of £0.4bn (2020: £nil) has been applied to customers and clients considered vulnerable to potential short term deterioration in economy due to government imposed restrictions and emerging economic instability against which lifetime coverage is applied. This includes an adjustment of £0.3bn (2020: £nil) to reflect potential short term GDP pressure due to government restrictions imposed in response to the Omicron variant and £0.1bn (2020: £nil) adjustment to reflect possible cross default risk on Barclays lending in respect of clients who have taken bounce back loans. This is split between credit cards, unsecured loans and other retail lending of £0.2bn (2020: £nil) and wholesale loans of £0.2bn (2020: £nil).

Model uncertainty provisions reduced by £0.1bn reflecting an update in adjustment in response to the modelled provisions following the update in the Q421 scenarios.

Other adjustments

Other adjustments are operational in nature and are expected to remain in place until they can be corrected in the underlying models. These adjustments result from data limitations and model performance related issues identified through established governance processes. Material adjustments consists of the following:

Home loans: The low average LTV nature of the UK Home Loans portfolio means that modelled ECL estimates are low and do not reflect the tail risk with severe economic stress. An adjustment is made to maintain an appropriate level of ECL informed by model monitoring.

Credit cards, unsecured loans and other retail lending: Includes an adjustment for model inaccuracies informed by model monitoring and a reclassification of loans and advances from Stage 2 to Stage 1 in credit cards. The reclassification followed a review of back-testing results which indicated that accuracy of origination probability of default characteristics require management adjustments to correct and was first established in Q220. This adjustment has reduced driven by the improved macroeconomic scenarios in Q421 and the reduction in exposure on this portfolio.

Wholesale loans: Materially comprises an adjustment applied on bounce back loans of £(0.4)bn to reverse out the modelled charge which does not consider the government guarantee when calculating the ECL.

Measurement uncertainty and sensitivity analysis

Management has applied economic uncertainty and other adjustments to modelled ECL outputs. Economic uncertainty adjustments reflect the potential vulnerability of specific customers and clients who may be more vulnerable to the full withdrawal of support and emerging economic instability and the degree to which economic consensus may not have captured the range of economic uncertainty associated with new variants of COVID-19. As a result, ECL is higher than would be the case if it were based on forecast economic scenarios alone.

The measurement of modelled ECL involves complexity and judgement, including estimation of probabilities of default (PD), loss given default (LGD), a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default (EAD) and assessing significant increases in credit risk. The Barclays Bank UK Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts) and Bloomberg (based on median of economic forecasts), which forms the Baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a broadly similar severity to internal stress tests and stress scenarios provided by regulators whilst also considering IFRS 9 specific sensitivities and non-linearity. The favourable scenarios are designed to reflect plausible upside risks to the Baseline scenario which are broadly consistent with the economic narrative approved by the Senior Scenario Review Committee. All scenarios are regenerated at a minimum semi-annually. The scenarios include four key economic variables, (GDP, unemployment, House Price Index (HPI) and base rate), and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years.

Scenarios used to calculate the Barclays Bank UK Group's ECL charge were reviewed and updated regularly throughout 2021, following the continuation of the COVID-19 pandemic throughout the year, including the emergence of the Omicron variant and the global vaccination rollout. The current Baseline scenario reflects the latest consensus economic forecasts; the steady recovery in GDP continues, returning to pre-COVID-19 pandemic levels by Q222. UK unemployment peaks at 5.0% in Q122. In the Downside 2 scenario, inflation continues to accelerate and the UK bank rate is increased to 4.0% by the end of 2022, leading to a further downturn in GDP until Q323. Unemployment peaks in Q323 at 9.2%. In the Upside 2 scenario, inflation expectations and global energy prices stabilise and GDP growth rises as COVID-19 risks continue to decline helping to release more of the pent-up demand and accumulated household savings into the economy. Unemployment rates decline gradually.

The methodology for estimating probability weights used in calculating ECL involves simulating a range of future paths for GDP using historical data. The five scenarios are mapped against the distribution of these future paths, with the median centred around the Baseline such that scenarios further from the Baseline attract a lower weighting. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios and weights that are used in the estimation of expected credit losses are also used for the Barclays Bank UK Group's internal planning purposes. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices, and credit cards and unsecured consumer loans are highly sensitive to unemployment.

The changes to the scenario weights in 2021 primarily reflect changes made to the severity of the scenarios. The Downside 2 scenario has been aligned with the internal stress test, which is informed by a weaker GDP outlook. The effect of this is to move the Downside 2 scenario further away from the Baseline, resulting in a lower weighting. For further details see page 81.

Although the macroeconomic outlook has improved, the level of uncertainty remains relatively high. A key judgement is the extent to which economic uncertainty experienced throughout the COVID-19 pandemic now reflects additional challenges, namely inflationary pressures and global supply chain disruptions. Inflationary headwinds have yet to materially impact customer affordability and corporate profitability data. A balanced approach has therefore been adopted in the sizing of expert judgements as we move away from a period characterised by significant customer support.

The economic uncertainty adjustments of £0.6bn (2020: £0.7bn) have been applied as overlays to the modelled ECL output. These adjustments consist of a customer and client uncertainty provision of £0.6bn (2020: £0.6bn) and a model uncertainty provision of £nil (2020: £0.1bn).

The tables below show the key UK macroeconomic variables used in the five scenarios (5 year annual paths), the probability weights applied to each scenario and the macroeconomic variables by scenario using 'specific bases' i.e. the most extreme position of each variable in the context of the scenario, for example, the highest unemployment for downside scenarios and the lowest unemployment for upside scenarios. 5-year average tables and movement over time graphs provide additional transparency. Annual paths show quarterly averages for the year (unemployment and base rate) or change in the year (GDP and HPI).

Baseline average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	6.2	4.9	2.3	1.9	1.7
UK unemployment[b]	4.8	4.7	4.5	4.3	4.2
UK HPI[c]	4.7	1.0	1.9	1.9	2.3
UK bank rate	0.1	0.8	1.0	1.0	0.8

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	6.3	3.3	2.6	2.0
UK unemployment[b]	4.5	6.7	6.4	5.8	5.1
UK HPI[c]	6.1	2.4	2.3	5.0	2.4
UK bank rate	0.2	—	(0.1)	—	0.1

Downside 2 average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	6.2	0.2	(4.0)	2.8	4.3
UK unemployment[b]	4.8	7.2	9.0	7.6	6.3
UK HPI[c]	4.7	(14.3)	(21.8)	11.9	15.2
UK bank rate	0.1	2.2	3.9	3.1	2.2

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	(3.9)	6.5	2.6	1.4
UK unemployment[b]	4.5	8.0	9.3	7.8	6.3
UK HPI[c]	6.1	(13.6)	(10.8)	0.5	1.5
UK bank rate	0.2	(0.2)	(0.2)	(0.1)	(0.1)

Downside 1 average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	6.2	2.8	(0.7)	2.3	2.9
UK unemployment[b]	4.8	6.2	6.8	6.0	5.3
UK HPI[c]	4.7	(6.8)	(10.5)	6.9	8.6
UK bank rate	0.1	1.6	2.7	2.3	1.6

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	0.1	6.6	3.2	1.8
UK unemployment[b]	4.5	7.3	8.0	6.9	5.8
UK HPI[c]	6.1	(6.7)	(3.5)	1.7	2.0
UK bank rate	0.2	(0.1)	(0.1)	—	—

Upside 2 average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	6.2	7.2	4.0	2.7	2.1
UK unemployment[b]	4.8	4.5	4.1	4.0	4.0
UK HPI[c]	4.7	8.5	9.0	5.2	4.2
UK bank rate	0.1	0.2	0.5	0.5	0.3

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	12.2	5.3	3.9	2.9
UK unemployment[b]	4.5	6.2	5.5	4.8	4.4
UK HPI[c]	6.1	6.6	10.4	10.8	7.3
UK bank rate	0.2	0.1	0.3	0.3	0.5

Upside 1 average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	6.2	6.0	3.1	2.3	1.9
UK unemployment[b]	4.8	4.6	4.3	4.2	4.1
UK HPI[c]	4.7	5.0	5.0	3.9	3.3
UK bank rate	0.1	0.6	0.8	0.8	0.5

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	9.3	3.9	3.4	2.5
UK unemployment[b]	4.5	6.4	6.0	5.2	4.7
UK HPI[c]	6.1	4.6	6.1	6.1	4.7
UK bank rate	0.2	0.1	0.1	0.3	0.3

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

Scenario probability weighting (audited)[a]

	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 31 December 2021					
Scenario probability weighting	**20.9**	**27.2**	**30.1**	**14.8**	**7.0**
As at 31 December 2020					
Scenario probability weighting	20.2	24.2	24.7	15.5	15.4

Note
a For further details on changes to scenario weights see page 79.

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

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

	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 31 December 2021					
UK GDP[b]	21.4	18.3	3.4	(1.6)	(1.6)
UK unemployment[c]	4.0	4.1	4.5	7.0	9.2
UK HPI[d]	35.7	23.8	2.4	(12.7)	(29.9)
UK bank rate[c]	0.1	0.1	0.7	2.8	4.0
As at 31 December 2020					
UK GDP[b]	14.2	8.8	0.7	(22.1)	(22.1)
UK unemployment[c]	4.0	4.0	5.7	8.4	10.1
UK HPI[d]	48.2	30.8	3.6	(4.5)	(18.3)
UK bank rate[c]	0.1	0.1	—	0.6	0.6

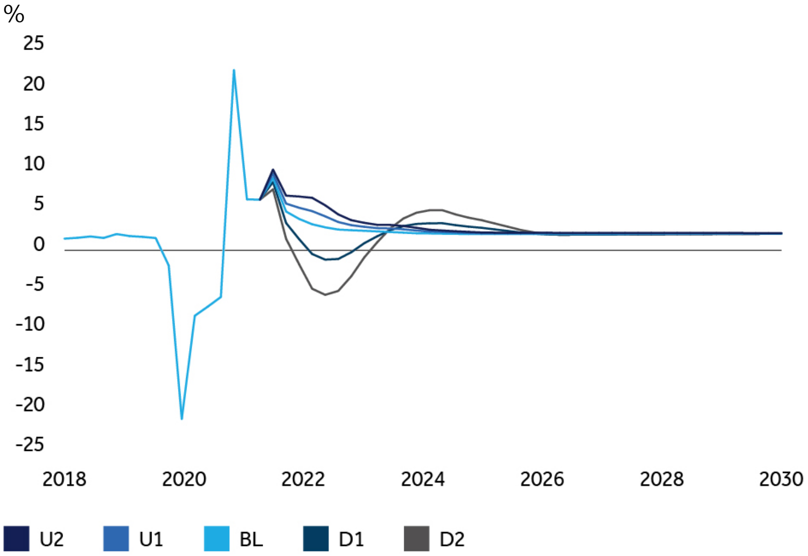
Average basis represents the average quarterly value of variables in the 20 quarter period with GDP and HPI based on yearly average and quarterly CAGRs respectively.

Macroeconomic variables used in the calculation of ECL (5-year averages) (audited)[a]					
	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
As at 31 December 2021					
UK GDP[e]	4.4	3.9	3.4	2.7	1.8
UK unemployment[f]	4.3	4.4	4.5	5.8	7.0
UK HPI[g]	6.3	4.4	2.4	0.3	(2.0)
UK bank rate[f]	0.3	0.5	0.7	1.7	2.3
As at 31 December 2020					
UK GDP[e]	2.5	1.6	0.7	0.1	(0.9)
UK unemployment[f]	5.0	5.3	5.7	6.5	7.2
UK HPI[g]	8.2	5.5	3.6	(0.2)	(3.6)
UK bank rate[f]	0.3	0.2	—	—	(0.1)

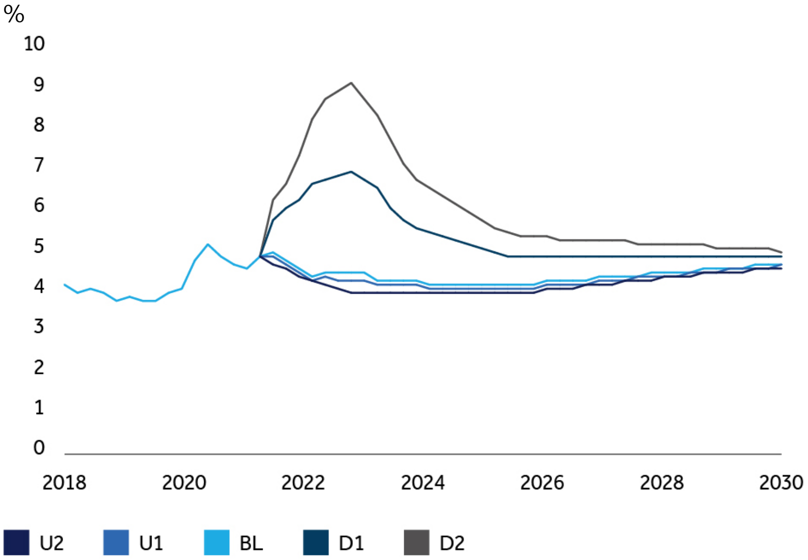
Notes
a UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index. 20 quarter period starts from Q121 (2020: Q120).
b Maximum growth relative to Q420 (2020: Q419), based on 20 quarter period in Upside scenarios; 5-year yearly average CAGR in Baseline; minimum growth relative to Q420 (2020: Q419), based on 20 quarter period in Downside scenarios.
c Lowest quarter in Upside scenarios; 5-year average in Baseline; highest quarter in Downside scenarios. Period based on 20 quarters from Q121 (2020: Q120).
d Maximum growth relative to Q420 (2020: Q419), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q420 (2020: Q419), based on 20 quarter period in Downside scenarios.
e 5-year yearly average CAGR, starting 2020 (2020: 2019).
f 5-year average. Period based on 20 quarters from Q121 (2020: Q120).
g 5-year quarter end CAGR, starting Q420 (2020: Q419).

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

UK GDP



UK unemployment



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

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

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

All ECL using a Model are included, with the exception of Treasury assets (£0.9m of ECL), Non-modelled exposures and management adjustments are excluded. Management adjustments can be found on page 77.

Model exposures allocated to Stage 3 do not change in any of the scenarios as the transition criteria relies only on observable evidence of default as at 31 December 2021 and not on macroeconomic scenarios.

The Downside 2 scenario represents a severe global recession with substantial falls in UK GDP. Unemployment rises towards 9.2% and there are substantial falls in asset prices including housing.

Under the Downside 2 scenario, model exposure moves between stages as the economic environment weakens. This can be seen in the movement of £11.1bn of model exposure into Stage 2 between the Weighted and Downside 2 scenario. ECL increases in Stage 2 predominantly due to unsecured portfolios as economic conditions deteriorate.

	Scenarios					
As at 31 December 2021	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (£m)						
Home loans	133,373	135,202	134,513	133,656	131,660	129,174
Credit cards, unsecured loans and other retail lending	24,120	24,554	24,419	24,291	23,433	22,793
Wholesale loans	31,446	32,357	32,086	31,485	29,412	26,235
Stage 1 Model ECL (£m)						
Home loans	2	—	—	1	3	11
Credit cards, unsecured loans and other retail lending	95	101	99	97	87	77
Wholesale loans	71	50	62	70	77	69
Stage 1 Coverage (%)						
Home loans	—	—	—	—	—	—
Credit cards, unsecured loans and other retail lending	0.4	0.4	0.4	0.4	0.4	0.3
Wholesale loans	0.2	0.2	0.2	0.2	0.3	0.3
Stage 2 Model exposure (£m)						
Home loans	22,686	20,858	21,547	22,404	24,400	26,886
Credit cards, unsecured loans and other retail lending	5,175	4,644	4,807	4,969	6,063	6,910
Wholesale loans	3,133	2,222	2,492	3,094	5,166	8,344
Stage 2 Model ECL (£m)						
Home loans	2	—	—	1	4	23
Credit cards, unsecured loans and other retail lending	744	656	689	720	891	1,008
Wholesale loans	66	37	47	66	139	281
Stage 2 Coverage (%)						
Home loans	—	—	—	—	—	0.1
Credit cards, unsecured loans and other retail lending	14.4	14.1	14.3	14.5	14.7	14.6
Wholesale loans	2.1	1.7	1.9	2.1	2.7	3.4
Stage 3 Model exposure (£m)						
Home loans	1,114	1,114	1,114	1,114	1,114	1,114
Credit cards, unsecured loans and other retail lending	861	861	861	861	861	861
Wholesale loans[a]	1,811	1,811	1,811	1,811	1,811	1,811
Stage 3 Model ECL (£m)						
Home loans	6	2	3	4	10	27
Credit cards, unsecured loans and other retail lending	533	526	530	534	541	549
Wholesale loans[a]	323	321	322	323	326	332
Stage 3 Coverage (%)						
Home loans	0.5	0.2	0.3	0.4	0.9	2.4
Credit cards, unsecured loans and other retail lending	61.9	61.1	61.6	62.0	62.8	63.8
Wholesale loans[a]	17.8	17.7	17.8	17.8	18.0	18.3
Total Model ECL (£m)						
Home loans	10	2	3	6	17	61
Credit cards, unsecured loans and other retail lending	1,372	1,283	1,318	1,351	1,519	1,634
Wholesale loans[a]	460	408	431	459	542	682
Total ECL	1,842	1,693	1,752	1,816	2,078	2,377

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £61m is reported as individually assessed impairments in the table below.

Reconciliation to total ECL	£m
Total model ECL	1,842
ECL from individually assessed impairments	61
ECL from non-modelled and other management adjustments[a]	312
Total ECL	2,215

Note
a Includes £0.3bn of post model adjustments of which £0.1bn included as part of total model ECL and £0.1bn ECL from non-model exposure

The dispersion of results around the Baseline is an indication of uncertainty around the future projections. The disclosure highlights the results of the alternative scenarios enabling the reader to understand the extent of the impact on exposure and ECL from the upside/ downside scenarios. Consequently, the use of five scenarios with associated weightings results in a total weighted ECL uplift from the Baseline ECL of 1.4%, largely driven by credit card losses which have more linear loss profiles than UK home loans and wholesale loan positions.

Home loans: Total weighted ECL of £10m represents a 66.7% increase over the Baseline ECL (£6m) mainly due to a significant increase in the Downside 2 scenario to £61m, driven by a significant fall in UK HPI (29.9%) reflecting the non-linearity of the UK portfolio. Coverage ratios remain steady across the Upside scenarios and Baseline scenarios.

Credit cards, unsecured loans and other retail lending: Total weighted ECL of £1,372m represents a 1.6% increase over the Baseline ECL (£1,351m) reflecting the range of economic scenarios used, mainly impacted by unemployment and other key retail variables. Total ECL increases to £1,634m under the Downside 2 scenario, mainly driven by Stage 2, where coverage rates increase to 14.6% from a weighted scenario approach of 14.4% and a £1,735m increase in model exposure that meets the Significant Increase in Credit Risk criteria and transitions from Stage 1 to Stage 2.

Wholesale loans: Total weighted ECL of £460m represents a 0.2% increase over the Baseline ECL (£459m) reflecting the range of economic scenarios used.

As at 31 December 2020	Scenarios Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (£m)						
Home loans	127,018	129,678	128,830	128,007	126,160	124,004
Credit cards, unsecured loans and other retail lending	24,624	25,982	25,480	24,826	23,426	22,157
Wholesale loans	33,150	34,043	33,837	33,210	31,620	29,655
Stage 1 Model ECL (£m)						
Home loans	1	—	1	1	9	37
Credit cards, unsecured loans and other retail lending	141	115	122	128	142	137
Wholesale loans	44	4	27	44	61	69
Stage 1 Coverage (%)						
Home loans	—	—	—	—	—	—
Credit cards, unsecured loans and other retail lending	0.6	0.4	0.5	0.5	0.6	0.6
Wholesale loans	0.1	—	0.1	0.1	0.2	0.2
Stage 2 Model exposure (£m)						
Home loans	18,623	15,963	16,810	17,634	19,480	21,637
Credit cards, unsecured loans and other retail lending	10,128	8,372	9,025	9,862	11,640	13,391
Wholesale loans	2,843	1,949	2,155	2,782	4,373	6,337
Stage 2 Model ECL (£m)						
Home loans	4	—	—	1	6	23
Credit cards, unsecured loans and other retail lending	1,683	1,282	1,445	1,645	2,054	2,502
Wholesale loans	52	30	37	49	88	160
Stage 2 Coverage (%)						
Home loans	—	—	—	—	—	0.1
Credit cards, unsecured loans and other retail lending	16.6	15.3	16.0	16.7	17.6	18.7
Wholesale loans	1.8	1.5	1.7	1.8	2.0	2.5
Stage 3 Model exposure (£m)						
Home loans	1,050	1,050	1,050	1,050	1,050	1,050
Credit cards, unsecured loans and other retail lending	1,258	1,258	1,258	1,258	1,258	1,258
Wholesale loans[a]	1,349	1,349	1,349	1,349	1,349	1,349
Stage 3 Model ECL (£m)						
Home loans	9	4	5	6	13	23
Credit cards, unsecured loans and other retail lending	775	739	755	772	805	828
Wholesale loans[a]	121	109	114	118	128	144
Stage 3 Coverage (%)						
Home loans	0.9	0.4	0.5	0.6	1.2	2.2
Credit cards, unsecured loans and other retail lending	61.6	58.7	60.0	61.4	64.0	65.8
Wholesale loans[a]	9.0	8.1	8.5	8.7	9.5	10.7
Total Model ECL (£m)						
Home loans	14	4	6	8	28	83
Credit cards, unsecured loans and other retail lending	2,599	2,136	2,322	2,545	3,001	3,467
Wholesale loans[a]	217	143	178	211	277	373
Total ECL	2,830	2,283	2,506	2,764	3,306	3,923

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £67m is reported as individually assessed impairments in the table below.

Reconciliation to total ECL[a]	£m
Total model ECL	2,830
ECL from individually assessed impairments	67
ECL from non-modelled and other management adjustments	545
Total ECL	3,442

Note
a Includes £0.4bn of post model adjustments and £0.1bn ECL from non-modelled exposures.

Analysis of the concentration of credit risk

A concentration of credit risk exists when a number of counterparties are located in a common geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Barclays Bank UK Group implements limits on concentrations in order to mitigate the risk. The analyses of credit risk concentrations presented below are based on the location of the counterparty or customer or the industry in which they are engaged. Further detail on Barclays Bank UK Group's policies with regard to managing concentration risk is presented on page 35.

Geographic concentrations
As at 31 December 2021, the geographic concentration of Barclays Bank UK Group's asset exposure is concentrated in the UK 94% (2020: 91%), Americas 2% (2020: 3%), Europe 1% (2020: 2%) and in Asia 2% (2020: 4%).

Credit risk concentrations by geography (audited)

Barclays Bank UK Group	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
As at 31 December 2021						
On-balance sheet:						
Cash and balances at central banks	**69,488**	**—**	**—**	**—**	**—**	**69,488**
Cash collateral and settlement balances	**4,751**	**197**	**69**	**50**	**—**	**5,067**
Loans and advances at amortised cost	**212,019**	**880**	**757**	**6,336**	**279**	**220,271**
Reverse repurchase agreements and other similar secured lending	**15**	**—**	**50**	**—**	**—**	**65**
Trading portfolio assets	**77**	**62**	**30**	**—**	**—**	**169**
Financial assets at fair value through the income statement	**2,767**	**—**	**—**	**—**	**—**	**2,767**
Derivative financial instruments	**869**	**19**	**2**	**—**	**—**	**890**
Financial assets at fair value through other comprehensive income	**3,138**	**6,640**	**3,632**	**1,498**	**37**	**14,945**
Other assets	**316**	**—**	**—**	**—**	**—**	**316**
Total on-balance sheet	**293,440**	**7,798**	**4,540**	**7,884**	**316**	**313,978**
Off-balance sheet:						
Contingent liabilities	**590**	**—**	**—**	**—**	**—**	**590**
Loan commitments	**59,101**	**34**	**49**	**35**	**18**	**59,237**
Total off-balance sheet	**59,691**	**34**	**49**	**35**	**18**	**59,827**
Total	**353,131**	**7,832**	**4,589**	**7,919**	**334**	**373,805**
As at 31 December 2020						
On-balance sheet:						
Cash and balances at central banks	35,218	—	—	—	—	35,218
Cash collateral and settlement balances	4,226	32	16	71	—	4,345
Loans and advances at amortised cost	203,813	691	1,004	5,831	310	211,649
Reverse repurchase agreements and other similar secured lending	83	—	50	—	—	133
Trading portfolio assets	52	—	245	1	—	298
Financial assets at fair value through the income statement	3,432	—	—	—	—	3,432
Derivative financial instruments	545	5	—	—	—	550
Financial assets at fair value through other comprehensive income	3,751	8,053	6,469	7,730	23	26,026
Other assets	322	—	—	—	—	322
Total on-balance sheet	251,442	8,781	7,784	13,633	333	281,973
Off-balance sheet:						
Contingent liabilities	650	—	—	—	—	650
Loan commitments	65,766	33	56	36	19	65,910
Total off-balance sheet	66,416	33	56	36	19	66,560
Total	317,858	8,814	7,840	13,669	352	348,533

Credit risk concentrations by geography (audited)

Barclays Bank UK PLC	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
As at 31 December 2021						
On-balance sheet:						
Cash and balances at central banks	**69,488**	**—**	**—**	**—**	**—**	**69,488**
Cash collateral and settlement balances	**4,670**	**197**	**69**	**50**	**—**	**4,986**
Loans and advances at amortised cost	**212,408**	**880**	**757**	**6,336**	**279**	**220,660**
Reverse repurchase agreements and other similar secured lending	**15**	**—**	**50**	**—**	**—**	**65**
Trading portfolio assets	**77**	**62**	**30**	**—**	**—**	**169**
Financial assets at fair value through the income statement	**2,767**	**—**	**—**	**—**	**—**	**2,767**
Derivative financial instruments	**869**	**19**	**2**	**—**	**—**	**890**
Financial assets at fair value through other comprehensive income	**3,138**	**6,640**	**3,632**	**1,498**	**37**	**14,945**
Other assets	**316**	**—**	**—**	**—**	**—**	**316**
Total on-balance sheet	**293,748**	**7,798**	**4,540**	**7,884**	**316**	**314,286**
Off-balance sheet:						
Contingent liabilities	**590**	**—**	**—**	**—**	**—**	**590**
Loan commitments	**59,101**	**34**	**49**	**35**	**18**	**59,237**
Total off-balance sheet	**59,691**	**34**	**49**	**35**	**18**	**59,827**
Total	**353,439**	**7,832**	**4,589**	**7,919**	**334**	**374,113**
As at 31 December 2020						
On-balance sheet:						
Cash and balances at central banks	35,218	—	—	—	—	35,218
Cash collateral and settlement balances	4,226	32	16	71	—	4,345
Loans and advances at amortised cost	204,197	691	1,004	5,831	310	212,033
Reverse repurchase agreements and other similar secured lending	83	—	50	—	—	133
Trading portfolio assets	52	—	245	1	—	298
Financial assets at fair value through the income statement	3,432	—	—	—	—	3,432
Derivative financial instruments	545	5	—	—	—	550
Financial assets at fair value through other comprehensive income	3,751	8,053	6,469	7,730	23	26,026
Other assets	331	—	—	—	—	331
Total on-balance sheet	251,835	8,781	7,784	13,633	333	282,366
Off-balance sheet:						
Contingent liabilities	650	—	—	—	—	650
Loan commitments	65,851	33	56	36	19	65,995
Total off-balance sheet	66,501	33	56	36	19	66,645
Total	318,336	8,814	7,840	13,669	352	349,011

Industry concentrations

As at 31 December 2021, total assets concentrated in home loans is 45% (2020: 46%) and cards, unsecured loans and other personal lending is 16% (2020: 19%). The proportion of the overall balance concentrated towards governments and central banks is 26% (2020: 21%), predominantly within cash and balances at central banks. Further details on material and emerging risks can be found on pages 37 to 48.

Credit risk concentrations by industry (audited)

Barclays Bank UK Group	Banks	Other financial institutions	Manufacturing	Construction and property	Government and central bank	Energy and water	Wholesale and retail distribution and leisure	Business and other services	Home loans	Cards, unsecured loans and other personal lending	Other	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
On-balance sheet:												
Cash and balances at central banks	24	73	—	—	69,391	—	—	—	—	—	—	69,488
Cash collateral and settlement balances	816	329	—	—	3,842	—	—	12	—	68	—	5,067
Loans and advances at amortised cost	779	4,953	880	12,008	15,365	101	4,188	5,231	158,220	13,314	5,232	220,271
Reverse repurchase agreements and other similar secured lending	65	—	—	—	—	—	—	—	—	—	—	65
Trading portfolio assets	29	—	—	49	91	—	—	—	—	—	—	169
Financial assets at fair value through the income statement	—	—	—	2,554	10	—	—	200	—	—	3	2,767
Derivative financial instruments	566	324	—	—	—	—	—	—	—	—	—	890
Financial assets at fair value through other comprehensive income	4,499	1,302	—	148	8,897	—	—	13	—	—	86	14,945
Other assets	251	46	—	3	—	—	—	—	—	16	—	316
Total on-balance sheet	7,029	7,027	880	14,762	97,596	101	4,188	5,456	158,220	13,398	5,321	313,978
Off-balance sheet:												
Contingent liabilities	—	—	—	—	590	—	—	—	—	—	—	590
Loan commitments	100	27	154	921	2	13	427	474	11,314	44,827	978	59,237
Total off-balance sheet	100	27	154	921	592	13	427	474	11,314	44,827	978	59,827
Total	7,129	7,054	1,034	15,683	98,188	114	4,615	5,930	169,534	58,225	6,299	373,805
As at 31 December 2020												
On-balance sheet:												
Cash and balances at central banks	54	84	—	—	35,080	—	—	—	—	—	—	35,218
Cash collateral and settlement balances	619	608	—	—	3,118	—	—	—	—	—	—	4,345
Loans and advances at amortised cost	867	2,693	933	13,160	14,670	116	4,572	5,636	148,454	14,979	5,569	211,649
Reverse repurchase agreements and other similar secured lending	133	—	—	—	—	—	—	—	—	—	—	133
Trading portfolio assets	1	—	—	—	297	—	—	—	—	—	—	298
Financial assets at fair value through the income statement	—	—	—	3,188	11	—	—	229	—	—	4	3,432
Derivative financial instruments	432	118	—	—	—	—	—	—	—	—	—	550
Financial assets at fair value through other comprehensive income	5,826	1,585	—	92	18,181	—	—	206	—	—	136	26,026
Other assets	213	40	1	9	—	—	14	11	—	29	5	322
Total on-balance sheet	8,145	5,128	934	16,449	71,357	116	4,586	6,082	148,454	15,008	5,714	281,973
Off-balance sheet:												
Contingent liabilities	—	—	—	—	650	—	—	—	—	—	—	650
Loan commitments	100	28	171	1,159	—	14	479	537	12,251	50,162	1,009	65,910
Total off-balance sheet	100	28	171	1,159	650	14	479	537	12,251	50,162	1,009	66,560
Total	8,245	5,156	1,105	17,608	72,007	130	5,065	6,619	160,705	65,170	6,723	348,533

Credit risk concentrations by industry (audited)

Barclays Bank UK PLC	Banks	Other financial institutions	Manufacturing	Construction and property	Government and central bank	Energy and water	Wholesale and retail distribution and leisure	Business and other services	Home loans	Cards, unsecured loans and other personal lending	Other	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
On-balance sheet:												
Cash and balances at central banks	24	73	—	—	69,391	—	—	—	—	—	—	69,488
Cash collateral and settlement balances	816	328	—	—	3,842	—	—	—	—	—	—	4,986
Loans and advances at amortised cost	1,088	5,035	880	12,008	15,365	101	4,188	5,231	158,246	13,311	5,207	220,660
Reverse repurchase agreements and other similar secured lending	65	—	—	—	—	—	—	—	—	—	—	65
Trading portfolio assets	30	—	—	49	90	—	—	—	—	—	—	169
Financial assets at fair value through the income statement	—	—	—	2,554	10	—	—	200	—	—	3	2,767
Derivative financial instruments	483	407	—	—	—	—	—	—	—	—	—	890
Financial assets at fair value through other comprehensive income	4,498	1,302	—	148	8,898	—	—	13	—	—	86	14,945
Other assets	249	52	—	3	—	—	—	—	—	12	—	316
Total on-balance sheet	7,253	7,197	880	14,762	97,596	101	4,188	5,444	158,246	13,323	5,296	314,286
Off-balance sheet:												
Contingent liabilities	—	—	—	—	590	—	—	—	—	—	—	590
Loan commitments	100	27	154	921	2	13	427	474	11,315	44,826	978	59,237
Total off-balance sheet	100	27	154	921	592	13	427	474	11,315	44,826	978	59,827
Total	7,353	7,224	1,034	15,683	98,188	114	4,615	5,918	169,561	58,149	6,274	374,113
As at 31 December 2020												
On-balance sheet:												
Cash and balances at central banks	54	84	—	—	35,080	—	—	—	—	—	—	35,218
Cash collateral and settlement balances	619	608	—	—	3,118	—	—	—	—	—	—	4,345
Loans and advances at amortised cost	1,184	2,764	933	13,160	14,670	116	4,572	5,636	148,454	14,975	5,569	212,033
Reverse repurchase agreements and other similar secured lending	133	—	—	—	—	—	—	—	—	—	—	133
Trading portfolio assets	1	—	—	—	297	—	—	—	—	—	—	298
Financial assets at fair value through the income statement	—	—	—	3,188	11	—	—	229	—	—	4	3,432
Derivative financial instruments	305	245	—	—	—	—	—	—	—	—	—	550
Financial assets at fair value through other comprehensive income	5,826	1,585	—	92	18,181	—	—	206	—	—	136	26,026
Other assets	209	67	1	9	—	—	5	11	—	24	5	331
Total on-balance sheet	8,331	5,353	934	16,449	71,357	116	4,577	6,082	148,454	14,999	5,714	282,366
Off-balance sheet:												
Contingent liabilities	—	—	—	—	650	—	—	—	—	—	—	650
Loan commitments	185	28	171	1,159	—	14	479	537	12,251	50,162	1,009	65,995
Total off-balance sheet	185	28	171	1,159	650	14	479	537	12,251	50,162	1,009	66,645
Total	8,516	5,381	1,105	17,608	72,007	130	5,056	6,619	160,705	65,161	6,723	349,011

The Barclays Bank UK Group's approach to management and representation of credit quality

Asset credit quality

The credit quality distribution is based on the IFRS 9 12 month probability of default (PD) at the reporting date to ensure comparability with other ECL disclosures in the Expected Credit Losses section on pages 65 to 72.

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

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

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

For loans that are not past due, these descriptions can be summarised as follows:

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

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

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

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

Debt securities

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

Balance sheet credit quality

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

Overview

As at 31 December 2021 the ratio of the Barclays Bank UK Group's on-balance sheet assets classified as strong (0.0 < 0.60%) remained stable at 91% (2020: 90%) of total assets exposed to credit risk.

Balance sheet credit quality (audited)

Barclays Bank UK Group As at 31 December 2021	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35% to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35% to 100% %	Total %
Cash and balances at central banks		69,488	—	—	69,488	100	—	—	100
Cash collateral and settlement balances		4,986	81	—	5,067	98	2	—	100
Loans and advances at amortised cost									
Home loans		151,795	4,737	1,688	158,220	96	3	1	100
Credit cards, unsecured loans and other retail lending		5,483	7,445	497	13,425	41	55	4	100
Wholesale loans		33,067	13,451	2,108	48,626	68	28	4	100
Total loans and advances at amortised cost		190,345	25,633	4,293	220,271	86	12	2	100
Reverse repurchase agreements and other similar secured lending		65	—	—	65	100	—	—	100
Trading portfolio assets:									
Debt securities		169	—	—	169	100	—	—	100
Total trading portfolio assets		169	—	—	169	100	—	—	100
Financial assets at fair value through the income statement:									
Loans and advances		2,667	82	18	2,767	96	3	1	100
Other financial assets		—	—	—	—	—	—	—	—
Total financial assets at fair value through the income statement		2,667	82	18	2,767	96	3	1	100
Derivative financial instruments		890	—	—	890	100	—	—	100
Financial assets at fair value through other comprehensive income - debt securities		14,945	—	—	14,945	100	—	—	100
Other assets		310	6	—	316	98	2	—	100
Total on-balance sheet		283,865	25,802	4,311	313,978	91	8	1	100

Balance sheet credit quality (audited)

Barclays Bank UK Group As at 31 December 2020	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35% to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35% to 100% %	Total %
Cash and balances at central banks		35,218	—	—	35,218	100	—	—	100
Cash collateral and settlement balances		4,345	—	—	4,345	100	—	—	100
Loans and advances at amortised cost									
Home loans		143,252	3,470	1,732	148,454	97	2	1	100
Credit cards, unsecured loans and other retail lending		4,034	9,906	1,129	15,069	27	66	7	100
Wholesale loans		36,407	10,193	1,526	48,126	76	21	3	100
Total loans and advances at amortised cost		183,693	23,569	4,387	211,649	87	11	2	100
Reverse repurchase agreements and other similar secured lending		133	—	—	133	100	—	—	100
Trading portfolio assets:									
Debt securities		298	—	—	298	100	—	—	100
Total trading portfolio assets		298	—	—	298	100	—	—	100
Financial assets at fair value through the income statement:									
Loans and advances		3,293	137	—	3,430	96	4	—	100
Other financial assets		2	—	—	2	100	—	—	100
Total financial assets at fair value through the income statement		3,295	137	—	3,432	96	4	—	100
Derivative financial instruments		550	—	—	550	100	—	—	100
Financial assets at fair value through other comprehensive income - debt securities		26,026	—	—	26,026	100	—	—	100
Other assets		301	19	2	322	93	6	1	100
Total on-balance sheet		253,859	23,725	4,389	281,973	90	8	2	100

Balance sheet credit quality (audited)

Barclays Bank UK PLC As at 31 December 2021	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35% to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35% to 100% %	Total %
Cash and balances at central banks		69,488	—	—	69,488	100	—	—	100
Cash collateral and settlement balances		4,986	—	—	4,986	100	—	—	100
Loans and advances at amortised cost									
Home loans		151,795	4,737	1,688	158,220	96	3	1	100
Credit cards, unsecured loans and other retail lending		5,483	7,444	496	13,423	41	55	4	100
Wholesale loans		33,458	13,451	2,108	49,017	69	27	4	100
Total loans and advances at amortised cost		190,736	25,632	4,292	220,660	86	12	2	100
Reverse repurchase agreements and other similar secured lending		65	—	—	65	100	—	—	100
Trading portfolio assets:									
Debt securities		169	—	—	169	100	—	—	100
Total trading portfolio assets		169	—	—	169	100	—	—	100
Financial assets at fair value through the income statement:									
Loans and advances		2,667	82	18	2,767	96	3	1	100
Other financial assets		—	—	—	—	—	—	—	—
Total financial assets at fair value through the income statement		2,667	82	18	2,767	96	3	1	100
Derivative financial instruments		890	—	—	890	100	—	—	100
Financial assets at fair value through other comprehensive income - debt securities		14,945	—	—	14,945	100	—	—	100
Other assets		316	—	—	316	100	—	—	100
Total on-balance sheet		284,262	25,714	4,310	314,286	91	8	1	100

Balance sheet credit quality (audited)

Barclays Bank UK PLC As at 31 December 2020	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35% to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35% to 100% %	Total %
Cash and balances at central banks		35,218	—	—	35,218	100	—	—	100
Cash collateral and settlement balances		4,345	—	—	4,345	100	—	—	100
Loans and advances at amortised cost									
Home loans		143,252	3,470	1,732	148,454	97	2	1	100
Credit cards, unsecured loans and other retail lending		4,034	9,906	1,125	15,065	27	66	7	100
Wholesale loans		36,795	10,193	1,526	48,514	76	21	3	100
Total loans and advances at amortised cost		184,081	23,569	4,383	212,033	87	11	2	100
Reverse repurchase agreements and other similar secured lending		133	—	—	133	100	—	—	100
Trading portfolio assets:									
Debt securities		298	—	—	298	100	—	—	100
Total trading portfolio assets		298			298	100	—	—	100
Financial assets at fair value through the income statement:									
Loans and advances		3,293	137	—	3,430	96	4	—	100
Other financial assets		2	—	—	2	100	—	—	100
Total financial assets at fair value through the income statement		3,295	137	—	3,432	96	4	—	100
Derivative financial instruments		550	—	—	550	100	—	—	100
Financial assets at fair value through other comprehensive income - debt securities		26,026	—	—	26,026	100	—	—	100
Other assets		329	—	2	331	99	—	1	100
Total on-balance sheet		254,275	23,706	4,385	282,366	90	8	2	100

Credit exposures by internal PD grade

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

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

IFRS 9 Stage 1 and Stage 2 classification is not dependent solely on the absolute probability of default but on elements that determine a Significant Increase in Credit Risk (see Note 7 on page 152), including relative movement in probability of default since initial recognition. There is therefore no direct relationship between credit quality and IFRS 9 stage classification.

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

As at 31 December 2021			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	49,325	699	—	50,024	10	2	—	12	50,012	—
4-5	0.05 to < 0.15%	Strong	65,684	3,371	—	69,055	13	1	—	14	69,041	—
6-8	0.15 to < 0.30%	Strong	47,003	8,498	—	55,501	24	5	—	29	55,472	0.1
9-11	0.30 to < 0.60%	Strong	13,395	2,509	—	15,904	70	14	—	84	15,820	0.5
12-14	0.60 to < 2.15%	Satisfactory	13,614	3,573	—	17,187	161	143	—	304	16,883	1.8
15-19	2.15 to < 10%	Satisfactory	1,325	1,651	—	2,976	61	477	—	538	2,438	18.1
19	10 to < 11.35%	Satisfactory	3,362	3,063	—	6,425	49	64	—	113	6,312	1.8
20-21	11.35 to < 100%	Higher Risk	253	1,275	—	1,528	7	265	—	272	1,256	17.8
22	100%	Credit Impaired	—	—	3,850	3,850	—	—	813	813	3,037	21.1
Total			193,961	24,639	3,850	222,450	395	971	813	2,179	220,271	1.0

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

As at 31 December 2020			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	52,581	2,407	—	54,988	7	31	—	38	54,950	0.1
4-5	0.05 to < 0.15%	Strong	84,175	9,079	—	93,254	17	22	—	39	93,215	—
6-8	0.15 to < 0.30%	Strong	16,598	3,793	—	20,391	11	12	—	23	20,368	0.1
9-11	0.30 to < 0.60%	Strong	12,753	2,473	—	15,226	29	37	—	66	15,160	0.4
12-14	0.60 to < 2.15%	Satisfactory	11,330	3,361	—	14,691	76	234	—	310	14,381	2.1
15-19	2.15 to < 10%	Satisfactory	2,527	2,320	—	4,847	106	611	—	717	4,130	14.8
19	10 to < 11.35%	Satisfactory	2,463	2,738	—	5,201	47	96	—	143	5,058	2.7
20-21	11.35 to < 100%	Higher Risk	481	1,907	—	2,388	29	563	—	592	1,796	24.8
22	100%	Credit Impaired	—	—	3,812	3,812	—	—	1,221	1,221	2,591	32.0
Total			182,908	28,078	3,812	214,798	322	1,606	1,221	3,149	211,649	1.5

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

As at 31 December 2021			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	590	—	—	590	—	—	—	—	590	—
4-5	0.05 to < 0.15%	Strong	—	—	—	—	—	—	—	—	—	—
6-8	0.15 to < 0.30%	Strong	—	—	—	—	—	—	—	—	—	—
9-11	0.30 to < 0.60%	Strong	—	—	—	—	—	—	—	—	—	—
12-14	0.60 to < 2.15%	Satisfactory	—	—	—	—	—	—	—	—	—	—
15-19	2.15 to < 10%	Satisfactory	—	—	—	—	—	—	—	—	—	—
19	10 to < 11.35%	Satisfactory	—	—	—	—	—	—	—	—	—	—
20-21	11.35 to < 100%	Higher Risk	—	—	—	—	—	—	—	—	—	—
22	100%	Credit Impaired	—	—	—	—	—	—	—	—	—	—
Total			590	—	—	590	—	—	—	—	590	—

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

As at 31 December 2020			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	650	—	—	650	—	—	—	—	650	—
4-5	0.05 to < 0.15%	Strong	—	—	—	—	—	—	—	—	—	—
6-8	0.15 to < 0.30%	Strong	—	—	—	—	—	—	—	—	—	—
9-11	0.30 to < 0.60%	Strong	—	—	—	—	—	—	—	—	—	—
12-14	0.60 to < 2.15%	Satisfactory	—	—	—	—	—	—	—	—	—	—
15-19	2.15 to < 10%	Satisfactory	—	—	—	—	—	—	—	—	—	—
19	10 to < 11.35%	Satisfactory	—	—	—	—	—	—	—	—	—	—
20-21	11.35 to < 100%	Higher Risk	—	—	—	—	—	—	—	—	—	—
22	100%	Credit Impaired	—	—	—	—	—	—	—	—	—	—
Total			650	—	—	650	—	—	—	—	650	—

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

As at 31 December 2021			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	9,463	31	—	9,494	—	—	—	—	9,494	—
4-5	0.05 to < 0.15%	Strong	13,007	178	—	13,185	1	—	—	1	13,184	—
6-8	0.15 to < 0.30%	Strong	8,623	308	—	8,931	1	—	—	1	8,930	—
9-11	0.30 to < 0.60%	Strong	17,076	212	—	17,288	2	—	—	2	17,286	—
12-14	0.60 to < 2.15%	Satisfactory	6,876	1,469	—	8,345	2	10	—	12	8,333	0.1
15-19	2.15 to < 10%	Satisfactory	645	730	—	1,375	1	16	—	17	1,358	1.2
19	10 to < 11.35%	Satisfactory	137	127	—	264	—	—	—	—	264	—
20-21	11.35 to < 100%	Higher Risk	23	85	—	108	—	3	—	3	105	2.8
22	100%	Credit Impaired	—	—	247	247	—	—	—	—	247	—
Total			55,850	3,140	247	59,237	7	29	—	36	59,201	0.1

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

As at 31 December 2020			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	6,056	214	—	6,270	—	—	—	—	6,270	—
4-5	0.05 to < 0.15%	Strong	12,183	592	—	12,775	1	9	—	10	12,765	0.1
6-8	0.15 to < 0.30%	Strong	9,596	438	—	10,034	2	27	—	29	10,005	0.3
9-11	0.30 to < 0.60%	Strong	18,145	740	—	18,885	3	53	—	56	18,829	0.3
12-14	0.60 to < 2.15%	Satisfactory	10,257	2,930	—	13,187	6	113	—	119	13,068	0.9
15-19	2.15 to < 10%	Satisfactory	2,070	1,977	—	4,047	4	67	—	71	3,976	1.8
19	10 to < 11.35%	Satisfactory	108	157	—	265	—	—	—	—	265	—
20-21	11.35 to < 100%	Higher Risk	61	122	—	183	—	8	—	8	175	4.4
22	100%	Credit Impaired	—	—	264	264	—	—	—	—	264	—
Total			58,476	7,170	264	65,910	16	277	—	293	65,617	0.4

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

As at 31 December 2021			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	49,693	699	—	50,392	10	2	—	12	50,380	—
4-5	0.05 to < 0.15%	Strong	65,684	3,371	—	69,055	13	1	—	14	69,041	—
6-8	0.15 to < 0.30%	Strong	47,003	8,498	—	55,501	24	5	—	29	55,472	0.1
9-11	0.30 to < 0.60%	Strong	13,418	2,509	—	15,927	70	14	—	84	15,843	0.5
12-14	0.60 to < 2.15%	Satisfactory	13,614	3,573	—	17,187	161	144	—	305	16,882	1.8
15-19	2.15 to < 10%	Satisfactory	1,325	1,651	—	2,976	61	477	—	538	2,438	18.1
19	10 to < 11.35%	Satisfactory	3,362	3,063	—	6,425	49	64	—	113	6,312	1.8
20-21	11.35 to < 100%	Higher Risk	253	1,275	—	1,528	7	265	—	272	1,256	17.8
22	100%	Credit Impaired	—	—	3,848	3,848	—	—	812	812	3,036	21.1
Total			194,352	24,639	3,848	222,839	395	972	812	2,179	220,660	1.0

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

As at 31 December 2020			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	52,959	2,407	—	55,366	7	31	—	38	55,328	0.1
4-5	0.05 to < 0.15%	Strong	84,175	9,079	—	93,254	17	22	—	39	93,215	—
6-8	0.15 to < 0.30%	Strong	16,598	3,793	—	20,391	11	12	—	23	20,368	0.1
9-11	0.30 to < 0.60%	Strong	12,763	2,473	—	15,236	29	37	—	66	15,170	0.4
12-14	0.60 to < 2.15%	Satisfactory	11,330	3,361	—	14,691	76	234	—	310	14,381	2.1
15-19	2.15 to < 10%	Satisfactory	2,527	2,320	—	4,847	106	611	—	717	4,130	14.8
19	10 to < 11.35%	Satisfactory	2,463	2,738	—	5,201	47	96	—	143	5,058	2.7
20-21	11.35 to < 100%	Higher Risk	481	1,907	—	2,388	29	563	—	592	1,796	24.8
22	100%	Credit Impaired	—	—	3,808	3,808	—	—	1,221	1,221	2,587	32.1
Total			183,296	28,078	3,808	215,182	322	1,606	1,221	3,149	212,033	1.5

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

As at 31 December 2021			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	590	—	—	590	—	—	—	—	590	—
4-5	0.05 to < 0.15%	Strong	—	—	—	—	—	—	—	—	—	—
6-8	0.15 to < 0.30%	Strong	—	—	—	—	—	—	—	—	—	—
9-11	0.30 to < 0.60%	Strong	—	—	—	—	—	—	—	—	—	—
12-14	0.60 to < 2.15%	Satisfactory	—	—	—	—	—	—	—	—	—	—
15-19	2.15 to < 10%	Satisfactory	—	—	—	—	—	—	—	—	—	—
19	10 to < 11.35%	Satisfactory	—	—	—	—	—	—	—	—	—	—
20-21	11.35 to < 100%	Higher Risk	—	—	—	—	—	—	—	—	—	—
22	100%	Credit Impaired	—	—	—	—	—	—	—	—	—	—
Total			590	—	—	590	—	—	—	—	590	—

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

As at 31 December 2020			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	650	—	—	650	—	—	—	—	650	—
4-5	0.05 to < 0.15%	Strong	—	—	—	—	—	—	—	—	—	—
6-8	0.15 to < 0.30%	Strong	—	—	—	—	—	—	—	—	—	—
9-11	0.30 to < 0.60%	Strong	—	—	—	—	—	—	—	—	—	—
12-14	0.60 to < 2.15%	Satisfactory	—	—	—	—	—	—	—	—	—	—
15-19	2.15 to < 10%	Satisfactory	—	—	—	—	—	—	—	—	—	—
19	10 to < 11.35%	Satisfactory	—	—	—	—	—	—	—	—	—	—
20-21	11.35 to < 100%	Higher Risk	—	—	—	—	—	—	—	—	—	—
22	100%	Credit Impaired	—	—	—	—	—	—	—	—	—	—
Total			650	—	—	650	—	—	—	—	650	—

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

As at 31 December 2021			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	9,463	31	—	9,494	—	—	—	—	9,494	—
4-5	0.05 to < 0.15%	Strong	13,007	178	—	13,185	1	—	—	1	13,184	—
6-8	0.15 to < 0.30%	Strong	8,623	308	—	8,931	1	—	—	1	8,930	—
9-11	0.30 to < 0.60%	Strong	17,076	212	—	17,288	2	—	—	2	17,286	—
12-14	0.60 to < 2.15%	Satisfactory	6,876	1,469	—	8,345	2	10	—	12	8,333	0.1
15-19	2.15 to < 10%	Satisfactory	645	730	—	1,375	1	16	—	17	1,358	1.2
19	10 to < 11.35%	Satisfactory	137	127	—	264	—	—	—	—	264	—
20-21	11.35 to < 100%	Higher Risk	23	85	—	108	—	3	—	3	105	2.8
22	100%	Credit Impaired	—	—	247	247	—	—	—	—	247	—
Total			55,850	3,140	247	59,237	7	29	—	36	59,201	0.1

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

As at 31 December 2020			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC		Credit quality	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	6,141	214	—	6,355	—	—	—	—	6,355	—
4-5	0.05 to < 0.15%	Strong	12,183	592	—	12,775	1	9	—	10	12,765	0.1
6-8	0.15 to < 0.30%	Strong	9,596	438	—	10,034	2	27	—	29	10,005	0.3
9-11	0.30 to < 0.60%	Strong	18,145	740	—	18,885	3	53	—	56	18,829	0.3
12-14	0.60 to < 2.15%	Satisfactory	10,257	2,930	—	13,187	6	113	—	119	13,068	0.9
15-19	2.15 to < 10%	Satisfactory	2,070	1,977	—	4,047	4	67	—	71	3,976	1.8
19	10 to < 11.35%	Satisfactory	108	157	—	265	—	—	—	—	265	—
20-21	11.35 to <100%	Higher Risk	61	122	—	183	—	8	—	8	175	4.4
22	100%	Credit Impaired	—	—	264	264	—	—	—	—	264	—
Total			58,561	7,170	264	65,995	16	277	—	293	65,702	0.4

Analysis of specific portfolios and asset types

Secured home loans

The UK home loan portfolio primarily comprises first lien mortgages and accounts for 100% of the Barclays Bank UK Group's total home loans balance.

Home loans principal portfolios		
As at 31 December 2021	2021	2020
Gross loans and advances (£m)	158,192	148,343
>90 day arrears, excluding recovery book (%)	0.1	0.2
Annualised gross charge-off rates – 180 days past due (%)	0.5	0.6
Recovery book proportion of outstanding balances (%)	0.6	0.6
Recovery book impairment coverage ratio (%)	4.2	3.2

Within the UK home loans portfolio:

- Gross loans and advances increased by £9.8bn (6.6%) following an increase in Residential (7.8%), while Buy to Let (BTL) remained broadly stable.
- Owner-occupied interest-only home loans comprised 19.0% (2020: 22.1%) of total balances. The average balance weighted LTV on owner occupied loans increased to 50.3% (2020: 49.9%).
- BTL home loans comprised 13.1% (2020: 14.0%) of total balances. In BTL, the average balance weighted LTV dropped to 53.4% (2020: 55.3.%)

Home loans principal portfolios - distribution of balances by LTV[a]	Distribution of Balances				Distribution of impairment allowance				Coverage ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	%	%	%	%	%	%	%	%	%	%	%	%
As at 31 December 2021												
<=75%	77.2	11.3	0.7	89.2	8.3	17.7	31.9	57.9	—	0.1	2.4	—
>75% and <=90%	9.3	0.6	—	9.9	4.8	10.7	11.7	27.2	—	1.0	22.6	0.1
>90% and <=100%	0.9	—	—	0.9	0.9	1.0	2.9	4.8	0.1	1.9	87.5	0.3
>100%	—	—	—	—	0.2	1.0	8.9	10.1	0.4	6.4	100.0	14.1
As at 31 December 2020												
<=75%	75.7	11.6	0.6	87.9	17.9	15.0	19.0	51.9	—	0.1	1.8	—
>75% and <=90%	10.8	0.8	—	11.6	9.7	14.8	7.6	32.1	0.1	1.2	16.0	0.2
>90% and <=100%	0.4	—	—	0.4	0.8	1.5	2.2	4.5	0.1	2.6	35.7	0.7
>100%	0.1	—	—	0.1	0.7	3.4	7.4	11.5	0.7	10.3	69.1	8.0

Note
a Portfolio marked to market based on the most updated valuation including recovery book balances. Updated valuations reflect the application of the latest HPI available as at 31 December 2021.

Home loans principal portfolios – average LTV		
As at 31 December 2021	2021	2020
Overall portfolio LTV (%):		
Balance weighted %	50.7	50.7
Valuation weighted %	37.5	37.6
For >100% LTVs:		
Balances £m	58	129
Marked to market collateral £m	47	112
Average LTV: Balance weighted %	160.9	138.2
Average LTV: Valuation weighted %	129.1	120.6
% of Balances in Recoveries	14.5	10.8

Home loans principal portfolios - new lending		
As at 31 December 2021	2021	2020
New Home loan bookings (£m)	**33,945**	22,776
New home loan proportion above 90% LTV (%)	**1.9**	2.6
Average LTV on new home loan: balance weighted (%)	**69.5**	67.5
Average LTV on new home loan: valuation weighted (%)	**61.9**	59.6

New Bookings: The increased level of new business in 2021 was driven by elevated demand in the house purchase market supported by government intervention including stamp duty relief. Barclays maintained its share of the market, supported by re-introduction of HLTV (> 85% LTV) products and reversal of some policy tightening introduced in 2020.

Credit cards, unsecured loans and other retail lending

The principal portfolios listed below accounted for 92% (2020: 93%) of Barclays Bank UK Group's total credit cards, unsecured loans and other retail lending.

Credit cards, unsecured loans and other retail lending principal portfolios	Gross Exposure	30 Day Arrears, excluding recoveries book	90 Day Arrears, excluding recoveries book	Annualised Gross Write-off Rates	Annualised Net Write-off Rates
	£m	%	%	%	%
As at 31 December 2021					
UK cards	**9,933**	**1.0**	**0.2**	**4.1**	**4.0**
UK personal loans	**4,011**	**1.5**	**0.7**	**3.5**	**3.2**
As at 31 December 2020					
UK cards	11,911	1.7	0.8	2.9	2.9
UK personal loans	4,591	2.3	1.2	3.4	3.1

UK cards: 30 and 90 day arrears rates reduced significantly to 1.0% (2020: 1.7%) and 0.2% (2020: 0.8%) respectively, with balances reducing by £2.0bn. Whilst performance had been on an improving trend as a result of reduced spend and increased repayments due to government support as a response to COVID-19 and lower flows into delinquency, the main driver was a change in the point of charge off from 180 days to 120 days past due. Higher write offs primarily reflected a higher level of debt sales.

UK personal loans: 30 and 90 day arrears rates reduced significantly to 1.5% (2020: 2.3%) and 0.7% (2020: 1.2%) respectively, with balances reducing by £0.6bn. Similar to UK cards, the main driver was a change in the point of charge off from 180 days to 120 days past due. Higher write offs primarily reflected a higher level of debt sales.

Government supported loans

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

Government supported loans

	Gross exposure				Impairment allowance			Impairment coverage		Government guaranteed exposure
Barclays Bank UK Group	Stage 1	Stage 2	Stage 3	Total	Modelled Impairment	Management adjustment	Impairment post Management adjustment	Pre Management adjustment	Post Management adjustment	Total
	£m	£m	£m	£m	£m	£m	£m	%	%	£m
As at 31 December 2021										
BBLs	7,881	797	704	9,382	396	(380)	16	4.2	0.2	9,366
CBILs	900	110	47	1,057	12	(7)	5	1.1	0.5	845
RLSs	11	—	1	12	—	—	—	2.7	2.7	10
Total	8,792	907	752	10,451	408	(387)	21	3.9	0.2	10,221
As at 31 December 2020										
BBLs	9,413	373	130	9,916	68	(68)	—	0.7	—	9,916
CBILs	1,042	37	20	1,099	6	—	6	0.6	0.6	879
RLSs	—	—	—	—	—	—	—	—	—	—
Total	10,455	410	150	11,015	74	(68)	6	0.7	0.1	10,795

The BBLs and CBILs schemes were launched to provide financial support to smaller and medium-sized businesses in the UK who may experience financial difficulties as a result of the COVID-19 outbreak. The RLS aims to help UK businesses access finance as they recover and grow following the COVID-19 pandemic. These loans are guaranteed by the Government at 100% for BBLs and 80% for CBILs and RLS as at the balance sheet date.

Management adjustments of £(380)m and £(7)m are applied as the underlying ECL models do not currently fully recognise the 100% and 80% government guarantee against BBLs and CBILs exposure within Business Banking. In instances where the Barclays Bank UK Group has assessed the BBLs exposure to have not met strict assessment criteria, no claim has been made against the government guarantee resulting in an impairment allowance against these loans of £16m at the year-end.

Additionally, while the government supported loans are covered by guarantees, many BBLs customers have other financing arrangements with the Barclays Bank UK group which are not covered by the government guarantee. Noting the elevated levels of delinquency across the BBLs population, Barclays Bank UK Group has applied an adjustment of £0.1bn to the £2.5bn gross exposure to BBLs customers outside the scheme.

All disclosures in this section are unaudited unless otherwise stated.

Overview

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

Management VaR (audited)

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

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

Average management VaR in the Barclays Bank UK Group in 2021 was £0.7m (2020: £1.2m) and remained broadly stable throughout the period. Management VaR in the Barclays Bank UK Group in 2021 was driven by interest rate risk and basis risk in Barclays Bank UK Group Treasury.

Barclays Bank UK PLC adopts a standardised methodology for calculating capital requirements and as a result regulatory VaR is not applicable while management VaR is used only for internal risk calculations.

Summary of Contents

Liquidity risk

All disclosures in this section (pages 105 to 111) are unaudited unless otherwise stated.

Overview

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

Liquidity risk stress testing

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

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

As at 31 December 2021, Barclays Bank UK Group held eligible liquidity assets in excess of 100% of the net stress outflows to its internal and external regulatory requirements. A significant portion of the liquidity pool was held in cash and deposits with central banks. The liquidity pool was held entirely within Barclays Bank UK PLC.

The liquidity pool increased to £86bn (31 December 2020: £60bn) and the LCR to 204% (December 2020: 160%) driven by further growth in customer deposits and increased borrowing from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME).

	As at 31.12.21	As at 31.12.20
	£bn	£bn
Barclays Bank UK Group liquidity pool	**86**	60
	%	%
Barclays Bank UK Group liquidity coverage ratio	**204**	160

Barclays Bank UK Group maintains access to a variety of sources of wholesale funds in major currencies, including those available from term investors across a variety of distribution channels and geographies, short-term funding markets and repo markets. Key sources of wholesale funding include money markets, certificates of deposit, commercial paper, covered bonds and other securitisations. This funding capacity enables Barclays Bank UK Group to maintain a stable and diversified funding base.

Barclays Bank UK Group also supports various central bank monetary initiatives, such as the Bank of England's TFSME. These are reported under 'repurchase agreements and other similar secured borrowing' on the balance sheet. During 2021, Barclays Bank UK Group drew £12.0bn of TFSME, taking total borrowing to £15.0bn outstanding at the year-end.

Contractual maturity of financial assets and liabilities

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

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK Group	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets											
Cash and balances at central banks	69,488	—	—	—	—	—	—	—	—	—	69,488
Cash collateral and settlement balances	139	4,928	—	—	—	—	—	—	—	—	5,067
Loans and advances at amortised cost	2,494	1,354	2,118	768	1,007	4,388	5,614	20,825	27,665	154,038	220,271
Reverse repurchase agreements and other similar secured lending	—	65	—	—	—	—	—	—	—	—	65
Trading portfolio assets	169	—	—	—	—	—	—	—	—	—	169
Financial assets at fair value through the income statement	—	8	—	—	8	31	16	161	502	2,041	2,767
Derivative financial instruments	243	22	47	—	—	82	145	351	—	—	890
Financial assets at fair value through other comprehensive income	—	1,087	408	796	872	1,172	2,816	3,094	3,509	1,191	14,945
Other financial assets	91	197	27	—	—	—	—	—	—	2	317
Total financial assets	72,624	7,661	2,600	1,564	1,887	5,673	8,591	24,431	31,676	157,272	313,979
Other assets											5,716
Total assets											319,695
Liabilities											
Deposits at amortised cost	255,414	543	1,396	1,078	826	1,475	—	—	—	—	260,732
Cash collateral and settlement balances	106	668	—	—	—	—	—	—	—	—	774
Repurchase agreements and other similar secured borrowing	—	3,156	—	—	—	—	4,501	10,503	—	—	18,160
Debt securities in issue	—	5,272	456	—	—	1,751	—	—	997	208	8,684
Subordinated liabilities	—	576	—	—	422	279	1,468	3,068	1,952	1,751	9,516
Trading portfolio liabilities	878	—	—	—	—	—	—	—	—	—	878
Derivative financial instruments	730	—	—	18	4	2	26	23	11	—	814
Other financial liabilities	60	1,171	16	15	15	81	48	73	34	18	1,531
Total financial liabilities	257,188	11,386	1,868	1,111	1,267	3,588	6,043	13,667	2,994	1,977	301,089
Other liabilities											1,206
Total liabilities											302,295
Cumulative liquidity gap	(184,564)	(188,289)	(187,557)	(187,104)	(186,484)	(184,399)	(181,851)	(171,087)	(142,405)	12,890	17,400

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK Group	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets											
Cash and balances at central banks	35,218	—	—	—	—	—	—	—	—	—	35,218
Cash collateral and settlement balances	43	4,302	—	—	—	—	—	—	—	—	4,345
Loans and advances at amortised cost	2,707	824	1,727	799	885	4,640	5,273	14,274	35,733	144,787	211,649
Reverse repurchase agreements and other similar secured lending	—	133	—	—	—	—	—	—	—	—	133
Trading portfolio assets	298	—	—	—	—	—	—	—	—	—	298
Financial assets at fair value through the income statement	—	37	1	2	6	15	37	147	458	2,729	3,432
Derivative financial instruments	237	—	—	—	—	42	40	227	4	—	550
Financial assets at fair value through other comprehensive income	—	6,569	1,890	1,242	853	3,406	1,796	4,811	4,459	1,000	26,026
Other financial assets	136	140	29	17	—	—	—	—	—	—	322
Total financial assets	38,639	12,005	3,647	2,060	1,744	8,103	7,146	19,459	40,654	148,516	281,973
Other assets											5,525
Total assets											287,498
Liabilities											
Deposits at amortised cost	230,920	3,043	2,398	1,409	799	1,555	411	—	—	—	240,535
Cash collateral and settlement balances	103	352	—	—	—	—	—	—	—	—	455
Repurchase agreements and other similar secured borrowing	—	4,177	—	—	—	—	—	3,001	—	—	7,178
Debt securities in issue	—	1,866	227	97	4	2,281	1,750	—	1,117	161	7,503
Subordinated liabilities	—	151	—	1,006	—	453	859	2,367	3,286	1,747	9,869
liabilities	1,265	—	—	—	—	—	—	—	—	—	1,265
Derivative financial instruments	843	—	—	—	—	13	—	11	13	—	880
Other financial liabilities	30	1,110	16	16	17	134	57	96	62	21	1,559
Total financial liabilities	233,161	10,699	2,641	2,528	820	4,436	3,077	5,475	4,478	1,929	269,244
Other liabilities											1,227
Total liabilities											270,471
Cumulative liquidity gap	(194,522)	(193,216)	(192,210)	(192,678)	(191,754)	(188,087)	(184,018)	(170,034)	(133,858)	12,729	17,027

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK PLC	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets											
Cash and balances at central banks	69,488	—	—	—	—	—	—	—	—	—	69,488
Cash collateral and settlement balances	58	4,928	—	—	—	—	—	—	—	—	4,986
Loans and advances at amortised cost	2,516	1,663	2,118	769	1,050	4,390	5,615	20,827	27,668	154,044	220,660
Reverse repurchase agreements and other similar secured lending	—	65	—	—	—	—	—	—	—	—	65
Trading portfolio assets	169	—	—	—	—	—	—	—	—	—	169
Financial assets at fair value through the income statement	—	8	—	—	8	31	16	161	502	2,041	2,767
Derivative financial instruments	243	22	47	—	—	82	145	351	—	—	890
Financial assets at fair value through other comprehensive income	—	1,087	408	796	872	1,172	2,816	3,094	3,509	1,191	14,945
Other financial assets	89	189	35	—	—	—	—	—	—	2	315
Total financial assets	72,563	7,962	2,608	1,565	1,930	5,675	8,592	24,433	31,679	157,278	314,285
Other assets											5,941
Total assets											320,226
Liabilities											
Deposits at amortised cost	255,968	543	1,396	1,078	826	1,475	—	—	—	—	261,286
Cash collateral and settlement balances	18	668	—	—	—	—	—	—	—	—	686
Repurchase agreements and other similar secured borrowing	—	3,156	—	—	—	—	4,501	10,503	—	—	18,160
Debt securities in issue	—	5,272	456	—	—	1,751	—	—	997	208	8,684
Subordinated liabilities	—	577	—	—	422	279	1,468	3,068	1,952	1,750	9,516
liabilities	878	—	—	—	—	—	—	—	—	—	878
Derivative financial instruments	730	—	—	18	3	2	27	23	11	—	814
Other financial liabilities	60	1,137	16	15	15	81	48	73	34	18	1,497
Total financial liabilities	257,654	11,353	1,868	1,111	1,266	3,588	6,044	13,667	2,994	1,976	301,521
Other liabilities											1,165
Total liabilities											302,686
Cumulative liquidity gap	(185,091)	(188,482)	(187,742)	(187,288)	(186,624)	(184,537)	(181,989)	(171,223)	(142,538)	12,764	17,540

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK PLC	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets											
Cash and balances at central banks	35,218	—	—	—	—	—	—	—	—	—	35,218
Cash collateral and settlement balances	43	4,302	—	—	—	—	—	—	—	—	4,345
Loans and advances at amortised cost	2,714	1,142	1,728	799	928	4,641	5,275	14,276	35,736	144,794	212,033
Reverse repurchase agreements and other similar secured lending	–	133	—	—	—	—	—	—	—	—	133
Trading portfolio assets	298	—	—	—	—	—	—	—	—	—	298
Financial assets at fair value through the income statement	—	38	1	2	6	15	37	147	458	2,728	3,432
Derivative financial instruments	237	—	—	—	—	42	40	227	4	—	550
Financial assets at fair value through other comprehensive income	—	6,569	1,890	1,242	853	3,406	1,796	4,811	4,459	1,000	26,026
Other financial assets	122	132	60	17	—	—	—	—	—	—	331
Total financial assets	38,632	12,316	3,679	2,060	1,787	8,104	7,148	19,461	40,657	148,522	282,366
Other assets											5,605
Total assets											287,971
Liabilities											
Deposits at amortised cost	231,477	3,044	2,398	1,409	799	1,555	409	—	—	—	241,091
Cash collateral and settlement balances	103	352	—	—	—	—	—	—	—	—	455
Repurchase agreements and other similar secured borrowing	—	4,177	—	—	—	—	—	3,001	—	—	7,178
Debt securities in issue	—	1,866	227	97	4	2,281	1,750	—	1,117	161	7,503
Subordinated liabilities	—	151	—	1,006	—	453	859	2,367	3,286	1,747	9,869
liabilities	1,265	—	—	—	—	—	—	—	—	—	1,265
Derivative financial instruments	843	—	—	—	—	13	—	11	13	—	880
Other financial liabilities	30	920	16	16	17	134	57	96	62	21	1,369
Total financial liabilities	233,718	10,510	2,641	2,528	820	4,436	3,075	5,475	4,478	1,929	269,610
Other liabilities											1,188
Total liabilities											270,798
Cumulative liquidity gap	(195,086)	(193,280)	(192,242)	(192,710)	(191,743)	(188,075)	(184,002)	(170,016)	(133,837)	12,756	17,173

Expected maturity date may differ from the contractual dates, to account for:
- Trading portfolio assets and liabilities and derivative financial instruments, which may not be held to maturity as part of Barclays Bank UK Group's trading strategies
- Retail and business bank deposits, which are included within deposits at amortised cost, are repayable on demand or at short notice on a contractual basis. In practice, these instruments form a stable base for Barclays Bank UK Group's operations and liquidity needs because of the broad base of customers, both numerically and by depositor type
- Loans to retail and business bank customers, which are included within loans and advances at amortised cost and financial assets at fair value, may be repaid earlier in line with terms and conditions of the contract
- Debt securities in issue and subordinated liabilities may include early redemption features

Contractual maturity of financial liabilities on an undiscounted basis

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

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

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

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank UK Group	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2021									
Deposits at amortised cost	255,414	543	1,396	1,904	1,476	—	—	—	260,733
Cash collateral and settlement balances	106	668	—	—	—	—	—	—	774
Repurchase agreements and other similar secured borrowing	—	3,156	—	—	4,602	10,885	—	—	18,643
Debt securities in issue	—	5,301	456	—	1,761	—	1,203	315	9,036
Subordinated liabilities	—	579	—	424	1,874	3,434	2,408	2,418	11,137
Trading portfolio liabilities	878	—	—	—	—	—	—	—	878
Derivative financial instruments	730	—	—	23	29	25	12	—	819
Other financial liabilities	60	1,174	18	35	147	80	41	31	1,586
Total financial liabilities	257,188	11,421	1,870	2,386	9,889	14,424	3,664	2,764	303,606
As at 31 December 2020									
Deposits at amortised cost	230,920	3,043	2,398	2,208	1,967	—	—	—	240,536
Cash collateral and settlement balances	103	352	—	—	—	—	—	—	455
Repurchase agreements and other similar secured borrowing	—	4,178	—	—	—	3,002	—	—	7,180
Debt securities in issue	—	1,866	227	101	4,121	—	1,372	195	7,882
Subordinated liabilities	—	152	—	1,026	1,358	2,659	3,961	2,450	11,606
Trading portfolio liabilities	1,265	—	—	—	—	—	—	—	1,265
Derivative financial instruments	843	—	—	—	13	11	13	—	880
Other financial liabilities	30	1,114	20	39	211	110	75	36	1,635
Total financial liabilities	233,161	10,705	2,645	3,374	7,670	5,782	5,421	2,681	271,439

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank UK PLC	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2021									
Deposits at amortised cost	**255,968**	**543**	**1,396**	**1,904**	**1,476**	**—**	**—**	**—**	**261,287**
Cash collateral and settlement balances	**18**	**668**	**—**	**—**	**—**	**—**	**—**	**—**	**686**
Repurchase agreements and other similar secured borrowing	**—**	**3,156**	**—**	**—**	**4,602**	**10,885**	**—**	**—**	**18,643**
Debt securities in issue	**—**	**5,301**	**456**	**—**	**1,761**	**—**	**1,203**	**315**	**9,036**
Subordinated liabilities	**—**	**580**	**—**	**424**	**1,874**	**3,434**	**2,408**	**2,417**	**11,137**
Trading portfolio liabilities	**878**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**878**
Derivative financial instruments	**730**	**—**	**—**	**22**	**30**	**25**	**12**	**—**	**819**
Other financial liabilities	**60**	**1,140**	**18**	**35**	**147**	**80**	**41**	**31**	**1,552**
Total financial liabilities	**257,654**	**11,388**	**1,870**	**2,385**	**9,890**	**14,424**	**3,664**	**2,763**	**304,038**
As at 31 December 2020									
Deposits at amortised cost	231,477	3,043	2,398	2,208	1,965	—	—	—	241,091
Cash collateral and settlement balances	103	352	—	—	—	—	—	—	455
Repurchase agreements and other similar secured borrowing	—	4,178	—	—	—	3,002	—	—	7,180
Debt securities in issue	—	1,866	227	101	4,121	—	1,372	195	7,882
Subordinated liabilities	—	152	—	1,026	1,358	2,659	3,961	2,450	11,606
Trading portfolio liabilities	1,265	—	—	—	—	—	—	—	1,265
Derivative financial instruments	844	—	—	—	13	11	13	—	881
Other financial liabilities	30	924	20	39	211	110	75	36	1,445
Total financial liabilities	233,719	10,515	2,645	3,374	7,668	5,782	5,421	2,681	271,805

Maturity of off-balance sheet commitments received and given (audited)

The maturity split of off-balance sheet commitments received (Guarantees, letters of credit and credit insurance Barclays Bank UK Group and PLC Dec 2021: £18,355m, Dec 2020: £19,905m), and given (see Note 23 on page 186) represents the undiscounted cash flows (i.e. nominal values) on the basis of the earliest opportunity at which they are available. All off-balance sheet commitments received and given for both Barclays Bank UK Group and Barclays Bank UK PLC are on demand.

Capital risk

All disclosures in this section (pages 112 to 113) are unaudited unless otherwise stated.

Overview

The disclosures below provide key capital metrics for Barclays Bank UK Group with further information on its risk profile included in the Barclays Bank UK PLC Pillar 3 Report 2021, due to be published on 23 February 2022 and which will be available at home.barclays/investor-relations/reports-and-events/annual-reports.

Following the withdrawal of the UK from the EU, any references to CRR as amended by CRR II mean, unless otherwise specified, CRR as amended by CRR II, as it forms part of UK law pursuant to the European Union (Withdrawal) Act 2018 and subject to the temporary transitional powers (TTP) available to UK regulators to delay or phase-in on-shoring changes to UK regulatory requirements arising at the end of the transition period until 31 March 2022, as at the applicable reporting date.

Capital ratios[a,b]	As at 31 December 2021	As at 31 December 2020
CET1	**15.2%**	15.6%
Tier 1 (T1)	**18.8%**	19.2%
Total regulatory capital	**23.1%**	23.9%

Capital resources (audited)	£m	£m
CET1 capital	**10,828**	11,247
T1 capital	**13,388**	13,807
Total regulatory capital	**16,442**	17,178
Total risk weighted assets (RWAs) (unaudited)	**71,213**	72,025

Notes
a Capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
b The fully loaded CET1 ratio was 14.9%, with £10.6bn of CET1 capital and £71.1bn of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II.

The Barclays Bank UK Group is required to disclose an average UK leverage ratio which is based on capital on the last day of each month in the quarter and an exposure measure for each day in the quarter. The Barclays Bank UK Group is also required to disclose a UK leverage ratio based on capital and exposure on the last day of the quarter.

On 8 October 2021, the PRA published its Policy Statement on the UK leverage ratio framework. The Policy Statement confirms that UK banks will be subject to a single UK leverage ratio requirement meaning that the CRR leverage ratio will no longer apply for UK banks from 1 January 2022. Whilst largely upholding the existing framework, technical changes generally align to the Basel III standards. Minimum requirements for the Barclays Bank UK Group remain the same.

As at 31 December 2021, the Barclays Bank UK Group average UK leverage ratio was 5.5% which is above the leverage ratio requirement.

Leverage ratios[a]	As at 31 December 2021 £m	As at 31 December 2020 £m
Average UK leverage ratio	**5.5 %**	5.6%
Average T1 Capital	**13,640**	13,793
Average UK leverage exposure	**246,849**	245,992
UK leverage ratio[b]	**5.6 %**	5.6%
T1 capital	**13,388**	13,807
UK leverage exposure	**241,173**	245,176

Notes
a Capital and leverage are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
b The CET1 capital held against the 0.35% O-SII additional leverage ratio buffer was £0.8bn and against the 0.0% countercyclical leverage ratio buffer was £0.0bn.

Interest rate risk in the banking book

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

Overview

The treasury and capital risk framework covers interest rate sensitive exposures held in the banking book, mostly relating to accrual accounted and FVOCI instruments. The potential volatility of Net Interest Income (NII) is measured by an Annual Earnings at Risk (AEaR) metric which is monitored regularly and reported to senior management and the Barclays Bank UK PLC Board Risk Committee as part of the limit monitoring framework.

Summary of performance in the period

NII sensitivity to a -25bps shock to rates has decreased year on year due to reduced margin compression exposure. This is driven by both actual and future expected central bank rate increases and increased deposit hedging.

Key metrics

-£54m

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

Analysis of net interest income and equity sensitivity

Equity sensitivity measures the overall impact of a +/- 25bps movement in interest rates on retained earnings, FVOCI, and cash flow hedge reserves. For non-NII items a DV01 metric is used, which is an indicator of the shift in value for a 1bp movement in the yield curve.

NII sensitivity is calculated for non-trading financial assets and liabilities, including the effect of any hedging. This analysis is not a forward guidance on NII and is intended as a quantification of risk exposure utilising the AEaR metric as described on page 200 of the Barclays PLC 2021 Pillar 3 Report (unaudited). Note that this metric assumes an instantaneous parallel change to forward interest rate curves. The model does not apply floors to shocked market rates, but does recognise contractual product specific interest rate floors where relevant. The main model assumptions are: (i) one-year ahead time horizon; (ii) balance sheet is held constant; (iii) balances are adjusted for customer behaviour (i.e. considers that customers may prepay before the contractual maturity or withdraw their deposits) and (iv) behavioural assumptions are kept unchanged in all rate scenarios.

Analysis of equity sensitivity (audited)	31 December 2021		31 December 2020	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank UK Group	£m	£m	£m	£m
Net interest income	(2)	(54)	10	(141)
Taxation effects on the above	1	15	(3)	38
Effect on profit for the year	**(1)**	**(39)**	**7**	**(103)**
As percentage of net profit after tax	**(0.1%)**	**(2.1%)**	**2.0%**	**(27.1%)**
Effect on profit for the year (per above)	(1)	(39)	7	(103)
Fair value through other comprehensive income reserve	(29)	29	(20)	20
Cash flow hedge reserve	(271)	271	(186)	186
Taxation effects on the above	81	(81)	56	(56)
Effect on equity	**(220)**	**180**	**(143)**	**47**
As percentage of equity	**(1.3%)**	**1.0%**	**(0.8%)**	**0.3%**

Analysis of equity sensitivity (audited)	31 December 2021		31 December 2020	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank UK PLC	£m	£m	£m	£m
Net interest income	(2)	(54)	10	(141)
Taxation effects on the above	1	15	(3)	38
Effect on profit for the year	(1)	(39)	7	(103)
As percentage of net profit after tax	(0.1%)	(2.1%)	1.9%	(26.1%)
Effect on profit for the year (per above)	(1)	(39)	7	(103)
Fair value through other comprehensive income reserve	(29)	29	(20)	20
Cash flow hedge reserve	(271)	271	(186)	186
Taxation effects on the above	81	(81)	56	(56)
Effect on equity	(220)	180	(143)	47
As percentage of equity	(1.3%)	1.0%	(0.8%)	0.3%

NII sensitivity asymmetry arises due to the current low level of interest rates as some customer products have embedded floors. NII sensitivity to a -25bps shock to rates has decreased year on year due to reduced margin compression exposure driven by actual and expected central bank rate increases and deposit hedging. Movements in the FVOCI reserve impact CET1 capital, however the movement in the cash flow hedge reserve does not affect CET1 capital.

Volatility of the FVOCI portfolio in the liquidity pool

Changes in value of FVOCI exposures flow directly through equity via the FVOCI reserve. The volatility of the value of the FVOCI investments in the liquidity pool is captured and managed through a value measure rather than an earning measure, i.e. non-traded market risk VaR.

Although the underlying methodology to calculate the non-traded VaR is identical to the one used in traded management VaR, the two measures are not directly comparable. The non-traded VaR represents the volatility to capital driven by the FVOCI exposures. These exposures are in the banking book and do not meet the criteria for trading book treatment.

Analysis of volatility of the FVOCI portfolio in the liquidity pool	2021			2020		
	Average	High	Low	Average	High	Low
For the year ended 31 December	£m	£m	£m	£m	£m	£m
Non-traded market value at risk (daily, 95%)	7	10	5	7	9	4

VaR was relatively stable for first three quarters of 2021 then trended upwards in Q4 as the portfolio's interest rate risk increased.

All disclosures in this section (pages 116 to 117) are unaudited unless otherwise stated.

Overview

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

The Operational Risk principal risk comprises the following risks: Data Management Risk; Financial Reporting Risk; Fraud Risk; Information Security Risk; Operational Resilience Planning Risk; Payments Process Risk; People Risk; Physical Security Risk; Premises Risk; Risk Reporting; Strategic Investment Change Management Risk; Supplier Risk; Tax Risk; Technology Risk and Transaction Operations Risk. The operational risk profile is also informed by a number of risk themes: Cyber, Data, and Resilience. These represent threats to the Barclays Bank UK Group that extend across multiple risk types, and therefore require an integrated risk management approach.

For definitions of these risks refer to page 203 of the Barclays PLC 2021 Pillar 3 Report. In order to provide complete coverage of the potential adverse impacts on the Barclays Bank UK Group arising from operational risk, the operational risk taxonomy extends beyond the risks listed above to cover operational risks associated with other principal risks too.

This section provides an analysis of the Barclays Bank UK Group's operational risk profile, including events above the Barclays Bank UK Group's reportable threshold, which have had a financial impact in 2021. The Barclays Bank UK Group's operational risk profile is informed by bottom-up risk assessments undertaken by each business unit and top-down qualitative review for each risk type. Fraud, Transaction Operations, Information Security and Technology continue to be highlighted as key operational risk exposures.

For information on conduct risk events, see the conduct risk section.

Summary of performance in the period

During 2021, total operational risk losses[a] remained stable at £103m (2020: £103m) while the number of recorded events for 2021 increased to 2,129 from 1,380 events recorded during the prior year. The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery & Process Management and External Fraud categories, which tend to be high volume but low impact events.

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

Key metrics

88%

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

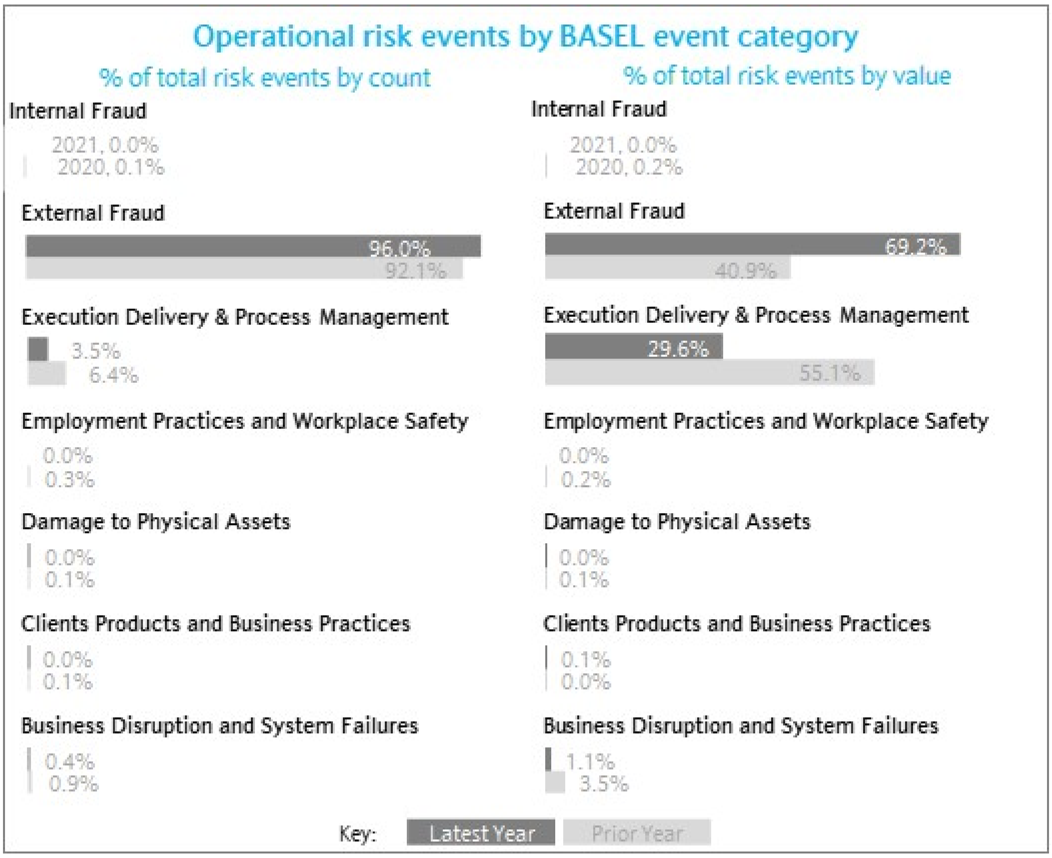
96%

of events by number are due to External Fraud

Operational risk profile

Within operational risk, there are a large number of smaller value risk events. In 2021, 88% (2020: 82%) 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 36% (2020: 22%) of the Barclays Bank UK Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Barclays Bank UK Group.

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



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

- External Fraud remains the category with the highest frequency of events at 96% of total events in 2021 (2020: 92%) with number of events increasing to 2,044 (2020: 1,271). Losses increased to £71m accounting for 69% of total losses (2020: £42m / 41%). In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage.

- Execution, Delivery and Process Management impacts decreased to £30m (2020: £57m), accounting for 30% of overall operational risk losses (2020: 55%). 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 fell year-on-year to 74 (2020: 88), accounting for 4% of total events (2020: 6%).

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. The COVID-19 pandemic is the most severe global health emergency the World Health Organization (WHO) has ever declared. While overall, the Barclays Bank UK Group has continued to prove resilient and actual losses have not materially increased due to the effects of the pandemic, the COVID-19 pandemic has caused disruption to the Barclays Bank UK Group's customers, suppliers, and staff globally. The COVID-19 pandemic has reinforced our focus on resilience and the Barclays Bank UK Group continues to monitor potential operational disruptions associated with both the Barclays Bank UK Group's and its suppliers' transition to a Work-from-Home environment and in response to initially high market volatility. The Barclays Bank UK Group continues to strengthen its resilience approach across its most important business services to improve recoverability and assurance thereof.

Operational risk associated with cybersecurity remains a top focus for the Barclays Bank UK Group. The sophistication of threat actors continues to grow as noted by multiple external risk events observed throughout the year. Ransomware attacks across the global Barclays supplier base were observed and we worked closely with the affected suppliers to manage potential impacts to the Barclays Bank UK Group and its clients and customers. The Barclays Bank UK Group's cybersecurity events were managed within its risk tolerances and 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.

All disclosures in this section (pages 118 and 119) are unaudited unless otherwise stated.

Model risk

Barclays is committed to continuously improving model risk management and made a number of enhancements in 2021, including:

- strengthening the periodic assessment of the design and operating effectiveness of model risk controls to ensure adherence to model risk framework, policies and standards across the model risk lifecycle;
- enhancing model risk assessment and appetite management with the design of a new Model Risk Uncertainty Assessment to measure and report model uncertainty, enabling risk-based decision making and remediation prioritisation;
- improving model risk governance through the implementation and embedment of MRM led forums;
- expanding its quality assurance function and its operating model to improve consistency and quality of the challenges raised, assess the relevance and soundness of the responses received from the model owners, and continue to review the rationale for decisions made by validators;
- improving model inventory data quality through enhanced platform controls and related processes.

In 2022, MRM will continue to focus on the validation of low materiality models, embedding of validation and governance activities, further roll-out of Model Risk Uncertainty Assessment across the model population and expanding the coverage of the MRM framework to new/ emerging model types.

Conduct risk

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

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

Throughout 2021, the Barclays Bank UK Group maintained focus on the new and heightened Inherent conduct risks created by the COVID-19 pandemic and continues to monitor these on an ongoing basis.

Businesses have continued to assess the potential customer, client and market impacts of strategic change. As part of the 2021 Medium-Term Planning Process and associated Strategic Risk Assessment, material conduct risks associated with strategic and financial plans were assessed.

Throughout 2021, conduct risks were raised by each business area for consideration by the Barclays Bank UK PLC Board Risk Committee. The Committee reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

The Barclays Bank UK Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 24 Legal, competition and regulatory matters and Note 22 Provisions, for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains a necessary and important part of delivering the Barclays Bank UK Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

The Barclays Bank UK PLC Board Risk Committee and senior management received conduct dashboards setting out key indicators in relation to conduct risk. These continue to be evolved and enhanced to allow effective oversight and decision-making. The Barclays Bank UK Group has operated at the overall set tolerance for conduct risk throughout 2021. The tolerance adherence is assessed by the business through key indicators and reported to the Barclays Bank UK PLC Board Risk Committee as part of the conduct risk dashboard.

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

For further details on the non-financial performance measures, please refer to page 8 of the Strategic Report.

Reputation risk

Barclays Bank UK Group is committed to identifying reputation risks and issues as early as possible and managing them appropriately. At a Barclays Bank UK Group level throughout 2021, reputation risks and issues were overseen by the Barclays Bank UK Board. The top live and emerging reputation risks and issues within the Barclays Bank UK Group are included within an over-arching quarterly report at the respective Board level. The Barclays Bank UK PLC Board reviews reputation risks raised by businesses and considered whether management's proposed actions, for example attaching conditions to proposed client transactions or increased engagement with impacted stakeholders, were appropriate to mitigate the risks effectively. The Board also received regular updates with regard to key reputation risks and issues, including: Barclays' response to the COVID-19 pandemic; Barclays' association with sensitive sectors; access to banking; lending practices and the resilience of key Barclays systems and processes.

The Barclays Bank UK Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 24 Legal, competition and regulatory matters and Note 22 Provisions, for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains an ongoing commitment to improve oversight of culture and conduct and management of reputation risks.

As part of Barclays 2021 Medium Term Planning process, material reputation risks associated with strategic and financial plans were also assessed.

Legal risk

The Barclays Bank UK Group remains committed to continuous improvements in managing legal risk effectively. During 2021, improvements included a refresh of the Barclays Group-wide legal risk management framework and a review and update of the supporting legal risk policies, standards and mandatory training, reinforced by ongoing engagement with and education of the Barclays Group's businesses and functions by legal function colleagues. Legal risk tolerances and legal risk appetite have also been reviewed.

Throughout 2021, the Barclays Bank UK Group has operated within set tolerances for legal risk. Tolerances adherence is assessed through key indicators, which are also used to evaluate the legal risk profile and are reviewed, at least annually, through the relevant risk and control committees. Minimum mandatory controls to manage legal risks are set out in the legal risk standards and are subject to ongoing monitoring.

Supervision of the Barclays Bank UK Group

The Barclays Bank UK Group's operations are subject to a large number of rules and regulations that are a condition for authorisation to conduct banking and financial services business. These apply to business operations, impact financial returns and include capital, leverage and liquidity requirements, authorisation, registration and reporting requirements, restrictions on certain activities, conduct of business regulations and many others.

The day-to-day regulation and supervision of the Barclays Bank UK Group is divided between the Prudential Regulation Authority (PRA) (a division of the Bank of England (BoE)) and the Financial Conduct Authority (FCA). In addition, the Financial Policy Committee (FPC) of the BoE has influence on the prudential requirements that may be imposed on the banking system through its powers of direction and recommendation. The Barclays Bank UK Group is also subject to regulatory initiatives undertaken by the UK Payment Systems Regulator (PSR), as a participant in payment systems regulated by the PSR.

Barclays Bank UK PLC is an authorised credit institution and subject to solo prudential regulation and supervision by the PRA and subject to conduct regulation and supervision by the FCA. The Barclays Group is subject to prudential supervision by the PRA on a group consolidated basis. Barclays PLC has submitted an application for approval by the PRA as a financial holding company.

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

Both the PRA and the FCA apply standards that either anticipate or go beyond requirements established by global or EU standards, whether in relation to capital, leverage and liquidity, resolvability and resolution or matters of conduct.

The FCA's supervision of the Barclays Bank UK Group is carried out through a combination of proactive engagement, regular thematic work and project work based on the FCA's sector assessments, which analyse the different areas of the market and the risks that may lie ahead.

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

FCA supervision has focused on conduct risk and customer/client outcomes, including product design, customer behaviour, market operations, fair pricing, affordability, access to cash, and fair treatment of vulnerable customers.

PRA supervision has focused on financial resilience, credit risk management, Board effectiveness, operational resilience, climate risk and resolvability, where resolvability is reviewed in conjunction with the Resolution Directorate (a separate division of the BoE).

Both the PRA and the FCA have assessed the impact of COVID-19 and Brexit on UK financial markets and customers as well as the orderly transition away from LIBOR.

Prudential regulation

Certain Basel III standards were implemented in EU law through the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV), as amended by CRR II and CRD V. These standards were retained in the UK regulatory framework via a series of onshoring instruments as part of the UK's withdrawal from the European Union. Beyond the minimum standards required by CRR, the PRA has expected the Barclays Group, in common with other major UK banks and building societies, to meet a 7% Common Equity Tier 1 (CET1) ratio at the level of the consolidated group since 1 January 2016.

Global systemically important banks (G-SIBs), such as the Barclays Group, are subject to a number of additional prudential requirements, including the requirement to hold additional loss-absorbing capacity and additional capital buffers above the level required by Basel III standards. The level of the G-SIB buffer is set by the Financial Stability Board (FSB) according to a bank's systemic importance and can range from 1% to 3.5% of risk-weighted assets (RWAs). The G-SIB buffer must be met with CET1. In November 2021, the FSB published an update to its list of G-SIBs, maintaining the 1.5% G-SIB buffer that applies to the Barclays Group.

The Barclays Group is also subject to a 'combined buffer requirement' consisting of (i) a capital conservation buffer, and (ii) a countercyclical capital buffer (CCyB). The CCyB is based on rates determined by the regulatory authorities in each jurisdiction in which the Barclays Group maintains exposures. In March 2020, the FPC cut the UK CCyB rate to 0% with immediate effect in order to support the supply of credit expected as a result of the COVID-19 pandemic. At its meeting in December 2021 the FPC agreed that it would raise the UK CCyB rate to 1% with effect from 13 December 2022.

The PRA requires UK firms to hold additional capital to cover risks which the PRA assesses are not fully captured by the Pillar 1 capital requirement. The PRA sets this additional capital requirement (Pillar 2A) at least annually, derived from each firm's individual capital guidance. Under current PRA rules, the Pillar 2A must be met with at least 56.25% CET1 capital and no more than 25% tier 2 capital. In addition, the capital that firms use to meet their minimum requirements (Pillar 1 and Pillar 2A) cannot be counted towards meeting the combined buffer requirement.

As part of its approach to ring fencing, the FPC established a framework to apply a firm-specific systemic risk buffer (SRB) which could be set between 0% and 3% of RWAs and which had to be met solely with CET1 capital. The purpose of the SRB was to increase the capacity of ring-fenced bodies, such as Barclays Bank UK PLC, to absorb stress. The buffer rate applicable to the Barclays Bank UK Group was set at 1% with effect from August 2019. With the implementation of CRD V, the Other Systemically Important Institutions Buffer (O-SII buffer) replaced the SRB. As part of the implementation of CRD V, the PRA and FPC confirmed that the Barclays Bank UK PLC O-SII buffer would be held at the historical SRB rate of 1% until reassessment in December 2021. On 8 October 2021, the PRA extended the O-SII buffer rate of 1% for a further year, with any future adjustment to the O-SII buffer applicable from January 2024.

The PRA may also impose a 'PRA buffer' to cover risks over a forward looking planning horizon, including with regard to firm-specific stresses or management and governance weaknesses. If the PRA buffer is imposed on a specific firm, it must be met separately to the combined buffer requirement, and must be met fully with CET1 capital.

In July 2021 and October 2021, the PRA, respectively, published a policy statement and a confirmation, setting out its planned implementation of certain Basel III standards, including the net stable funding ratio (NSFR), the new counterparty credit risk standard (SA-CCR) and rules on large exposures. As part of this policy statement, the PRA also confirmed that it would maintain its approach of requiring the deduction of software assets from capital. The PRA will consult shortly on the implementation of the remaining Basel III standards, which include a revised standardised approach for credit risk, the elimination of modelled approaches for certain credit risk exposure categories, a new standardised approach for operational risk, a new market risk approach and the implementation of an output floor requiring reported RWAs calculated under standardised and modelled approaches to be a minimum of 72.5% of fully standardised calculations. The EU has also launched its legislative process for implementing these remaining Basel III reforms. In October 2021, the FPC and PRA published a policy statement setting out changes to the leverage ratio framework, including applying the leverage ratio requirement on an individual basis and making sub-consolidation available as an alternative to individual application where a firm has subsidiaries that can be consolidated.

Stress testing

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

Recovery and Resolution

Stabilisation and resolution framework

The UK framework for recovery and resolution was established by the Banking Act 2009, as amended. The EU framework was established by the 2014 Bank Recovery and Resolution Directive (BRRD), as amended by BRRD II.

The BoE, as the UK resolution authority, has the power to resolve a UK financial institution that is failing or likely to fail by exercising several stabilisation options, including transferring such institution's business or securities to a commercial purchaser or a 'bridge bank' owned by the BoE or transferring the institution into temporary public ownership. When exercising any of its stabilisation powers, the BoE must generally provide that shareholders bear first losses, followed by creditors in accordance with the priority of their claims in insolvency.

In order to enable the exercise of its stabilisation powers, the BoE may impose a temporary stay on the rights of creditors to terminate, accelerate or close out contracts, or override events of default or termination rights that might otherwise be invoked as a result of a resolution action and modify contractual arrangements in certain circumstances (including a variation of the terms of any securities). HM Treasury may also amend the law for the purpose of enabling it to use its powers under this regime effectively, potentially with retrospective effect.

In addition, the BoE has the power to permanently write-down, or convert into equity, tier 1 capital instruments, tier 2 capital instruments and internal eligible liabilities at the point of non-viability of the bank.

The BoE's preferred approach for the resolution of the Barclays Group is a bail-in strategy with a single point of entry at Barclays PLC. Under such a strategy, Barclays PLC's subsidiaries (including entities within the Barclays Bank UK Group) would remain operational while Barclays PLC's capital instruments and eligible liabilities would be written down or converted to equity in order to recapitalise the Barclays Group and allow for the continued provision of services and operations throughout the resolution. The order in which the bail-in tool is applied reflects the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. Accordingly, the more subordinated the claim, the more likely losses will be suffered by owners of the claim.

The PRA has made rules that require authorised firms to draw up recovery plans and resolution packs, as required by the BRRD. Recovery plans are designed to outline credible actions that authorised firms could implement in the event of severe stress in order to restore their business to a stable and sustainable condition. Removal of potential impediments to an orderly resolution of a banking group or one or more of its subsidiaries is considered as part of the BoE's and PRA's supervisory strategy for each firm, and the PRA can require firms to make significant changes in order to enhance resolvability. The Barclays Group currently provides the PRA with a recovery plan annually and with a resolution pack as requested.

Under the Resolvability Assessment Framework (RAF), firms are required to have in place capabilities covering three resolvability outcomes: (i) adequate financial resources; (ii) being able to continue to do business through resolution and restructuring; and (iii) being able to communicate and co-ordinate within the firm and with authorities. The first self-assessment report on these capabilities was submitted by the Barclays Group to the PRA/BoE in 2021 with public disclosures required by both firms and the PRA/BoE in June 2022 (and every two years thereafter).

TLAC and MREL

The Barclays Group is subject to a Minimum Requirement for own funds and Eligible Liabilities (MREL), which includes a component reflecting the FSB's standards on total loss absorbency capacity (TLAC).

The MREL requirements were fully implemented by 1 January 2022, at which time G-SIBs with resolution entities incorporated in the UK will be required to meet an MREL equivalent to the higher of: (i) two times the sum of their Pillar 1 and Pillar 2A requirements; or (ii) the higher of two times their leverage ratio or 6.75% of leverage exposures. Internal MREL for operating subsidiaries is subject to a scalar in the 75-90% range of the external requirement that would apply to the subsidiary if it were a resolution entity. The starting point for the scalar is 90% for ring-fenced bank sub-groups.

Bank Levy and FSCS

The BRRD established a requirement for EU member states to set up a pre-funded resolution financing arrangement with funding equal to 1% of covered deposits by 31 December 2024 to cover the costs of bank resolutions. The UK has implemented this requirement by way of a tax on the balance sheets of banks known as the 'Bank Levy'.

In addition, the UK has a statutory compensation fund called the Financial Services Compensation Scheme (FSCS), which is funded by way of annual levies on most authorised financial services firms.

Structural reform

In the UK, the Financial Services (Banking Reform) Act 2013 put in place a framework for ring-fencing certain operations of large banks. Ring-fencing requires, among other things, the separation of the retail and smaller deposit-taking business activities of UK banks into a legally distinct, operationally separate and economically independent entity, which is not permitted to undertake a range of activities.

Market infrastructure regulation

In recent years, regulators as well as global-standard setting bodies such as the International Organisation of Securities Commissions (IOSCO) have focused on improving transparency and reducing risk in markets, particularly risks related to over-the-counter (OTC) transactions. This focus has resulted in a variety of new regulations across the G20 countries and beyond that require or encourage on-venue trading, clearing, posting of margin and disclosure of information related to many derivatives transactions, which have impacts on the Wealth business. Focus is deepening and becoming increasingly transparent on the environmental and social disclosure requirements of financial products, in order to enable consumers to make more informed decisions as to the products they invest in. These new requirements may have an impact on Barclays Bank UK PLC both as an intermediary of financial products and as a product manufacturer.

The EU Benchmarks Regulation applies to the administration, contribution and use of benchmarks within the EU. Financial institutions within the EU are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the EU, pursuant to the EU and UK Benchmarks Regulation. The FCA has stated that it does not intend to support LIBOR after the end of 2021. Global regulators in conjunction with the industry have developed alternative benchmarks and risk-free rate fallback arrangements, including updates to existing, as well as new, applicable legislation.

Other regulation

Consumer protection, culture and diversity and inclusion

In May 2021, the FCA published a consultation paper proposing the imposition of a new consumer duty on firms. The duty looks to set higher expectations for the standard of care that firms provide to customers and will impact all aspects of Barclays' retail businesses, including every customer journey, product and service as well as our relationships with partners, suppliers and third parties. This will result in significant implementation costs and there will also be higher ongoing costs for the industry as a result of extensive monitoring and evidential requirements. Final rules are due to be published by July 2022.

Our regulators have enhanced their focus on the promotion of cultural values as a key area for banks, although they generally view the responsibility for reforming culture as primarily sitting with the industry. The UK regulators have also begun focusing on diversity and inclusion in financial services firms, with the Bank of England, PRA and FCA publishing a joint discussion paper and the FCA publishing a consultation paper on this topic in July 2021.

Data protection and PSD2

Most countries where the Barclays Group operates have comprehensive laws requiring openness and transparency about the collection and use of personal information, and protection against loss and unauthorised or improper access. The EU's General Data Protection Regulation (GDPR) created a broadly harmonised privacy regime across EU member states, introducing mandatory breach notification, enhanced individual rights, a need to openly demonstrate compliance, and significant penalties for breaches. The extraterritorial effect of the GDPR means entities established outside the EU may fall within the Regulation's ambit when offering goods or services to European based customers or clients. Following the UK's withdrawal from the EU, the UK continues to apply the GDPR framework (as onshored into

UK law and hence now referred to as the 'UK GDPR' - this sits alongside an amended version of the UK Data Protection Act 2018). The GDPR has become the global touchstone as countries around the world either usher in or contemplate similar data privacy laws, or align their existing legislation. In 2020, the European Court of Justice (CJEU) invalidated the EU-US Privacy Shield as a mechanism for transferring EU personal data to the US and placed additional requirements on the use of standard contractual clauses (SCCs) for transfers of personal information to third countries. In 2021, the European Commission published new SCCs to meet the requirements of GDPR and the CJEU decision, known as Schrems II. Implementing the new SCCs, which involve case-by-case transfer impact assessments and other safeguards, is likely to result in increased compliance costs for the Group. During 2020 and 2021 new privacy laws were passed in Switzerland, took effect in Brazil, Mainland China and Dubai, and were proposed in India. Noncompliance with any of these requirements could lead to regulatory fines and other penalties.

From 14 September 2019, new rules apply under the revised Payment Services Directive (PSD2) that affect the way banks and other payment services providers check that the person requesting access to an account or trying to make a payment is permitted to do so. This is referred to as strong customer authentication (SCA). The deadline for implementing SCA for e-commerce has been extended by the FCA, most recently in May 2021 when the deadline was extended to 14 March 2022.

Cyber security and operational resilience

Our regulators continue to focus on cyber security risk management, organisational operational resilience and overall soundness across all financial services firms, with customer and market expectations of continuous access to financial services remaining at an all-time high.

The regulatory focus has been further heightened by the increasing number of high-profile ransomware and other supply chain attacks seen across the industry during the COVID-19 pandemic. This is evidenced by the continuing publication of a number of proposed laws and changes to regulatory frameworks globally. For example, in the UK a new framework for operational resilience focused on the identification of, and setting impact tolerances for, important business services came into effect in March 2021. In March 2022, the European Union's Digital Operational Resilience Act (DORA) is expected to introduce comprehensive and sector specific regulation on ICT incident reporting, testing and third party risk management, and provide for direct oversight of critical third party ICT providers servicing the EU financial services sector. However, such measures are likely to result in increased technology and compliance costs for the Barclays Bank UK Group.

Sanctions and financial crime

The UK Bribery Act 2010 introduced a new form of corporate criminal liability focused broadly on a company's failure to prevent bribery on its behalf. In practice, the legislation requires the Barclays Bank UK Group to have adequate procedures to prevent bribery which, due to the extraterritorial nature of the statute, makes this both complex and costly.

The Criminal Finances Act 2017 introduced new corporate criminal offences of failing to prevent the facilitation of UK and overseas tax evasion. It requires the Barclays Bank UK Group to have reasonable prevention procedures in place to prevent the criminal facilitation of tax evasion by persons acting for, or on behalf of, any entity in the Barclays Bank UK Group.

In May 2018, the Sanctions and Anti-Money Laundering Act (the Sanctions Act) became law in the UK. The Sanctions Act allows for the adoption of an autonomous UK sanctions regime, as well as a more flexible licensing regime post-Brexit. On 6 July 2020, the UK Government announced the first sanctions that have been implemented independently by the UK outside the auspices of the UN and EU. The autonomous UK sanctions regime came into force on 1 January 2021. Those sanctions apply within the UK and in relation to the conduct of all UK persons wherever they are in the world; they also apply to overseas branches of UK companies.

In some cases, US state and federal regulations addressing sanctions, money laundering and other financial crimes may impact entities, persons or activities located or undertaken outside the US, including Barclays PLC and its subsidiaries. US government authorities have aggressively enforced these laws against financial institutions in recent years. Failure of a financial institution to ensure compliance with such laws could have serious legal, financial and reputational consequences for the institution.

Contents

Detailed analysis of our statutory accounts, independently audited and providing in-depth disclosure on the financial performance of the Barclays Bank UK Group.

Independent Auditor's report to the members of Barclays Bank UK PLC

1 Our opinion is unmodified

We have audited the financial statements of Barclays Bank UK PLC ("the Parent company") for the year ended 31 December 2021 which comprise the consolidated and Parent company balance sheets as at 31 December 2021, and the consolidated income statement and statement of comprehensive income, the consolidated and Parent company statements of changes in equity and cash flow statements for the year then ended, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 21 March 2018 for the audit of the financial year ended 31 December 2017. The period of total uninterrupted engagement is for the five financial years ended 31 December 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures.

In the prior year, we reported a key audit matter in respect of the recoverability of goodwill. As a result of reduced uncertainty due to the improved economic outlook, the Bank's better performance during the year and the resultant increased headroom in the assessment of recoverability of goodwill, we no longer consider this a key audit matter.

These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Key audit matter</th><th>Our response to the risk</th></tr>
<tr>
<td>Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements

31 December 2021 £2.2bn,
31 December 2020 £3.4bn

See page 152 for the accounting policy on accounting for the impairment of financial assets under IFRS 9, page 59 for the credit risk disclosures, and page 152 for the financial disclosure note 7; Credit Impairment charges and other provisions.</td>
<td>Subjective estimate
Risk vs 2020: ◄►

Our assessment is the risk is similar to 2020. While the macroeconomic environment has improved during the year, significant uncertainty remains.

The estimation of expected credit losses ("ECL") on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group and Parent company estimation of ECLs are:

• Model estimations – Inherently judgemental modelling and assumptions are used to estimate ECL which involves determining Probabilities of Default ("PD"), Probabilities of Survival ("PS"), Loss Given Default ("LGD") and Exposures at Default ("EAD"). ECLs may be inappropriate if certain models or underlying assumptions do not accurately predict defaults or recoveries over time, become out of line with wider industry experience, or fail to reflect the credit risk of financial assets. As a result, certain IFRS 9 models and model assumptions are the key drivers of complexity and subjectivity in the Group's and Parent company's calculation of the ECL estimate.

• Economic scenarios – IFRS 9 requires the Group and Parent company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the forward-looking economic scenarios used, the probability weightings associated with the scenarios and the complexity of the models used to derive the probability weightings.

• Qualitative adjustments – Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 14% net of the ECL. These adjustments are inherently uncertain and significant management judgement is involved in estimating certain post model adjustments ("PMA's") and management overlays.

• The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers including off balance sheet elements has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The credit risk sections of the financial statements (page 79-82) disclose the sensitivities estimated by the Group and Parent company.

Disclosure quality
The disclosures regarding the Group's and Parent company's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results.</td>
<td>Our procedures to address the risk included:

Controls testing: We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual, general IT and applications controls over key systems used in the ECL process.

Key aspects of our controls testing involved evaluating the design and testing the operating effectiveness of the key controls over the:
• completeness and accuracy of the key inputs into the IFRS 9 impairment models;
• application of the staging criteria;
• model validation, implementation and monitoring;
• authorisation and calculation of post model adjustments and management overlays; and
• selection and implementation of economic variables and the controls over the economic scenario selection and probabilities.

Our credit risk modelling expertise: We involved our own credit risk modelling specialists in the following:
• evaluating the Group's impairment methodologies for compliance with IFRS 9;
• inspecting model code for the calculation of certain components of the ECL model to assess its consistency with the Group's approved staging criteria and the output of the model;
• evaluating for a selection of models which were changed or updated during the year as to whether the changes (including the updated model code) were appropriate by assessing the updated model methodology against the applicable accounting standard;
• evaluating the model output for a selection of models by inspecting the corresponding model functionality and independently implementing the model by rebuilding the model code and comparing our independent output with management's output;
• assessing and reperforming, for a selection of models, the reasonableness of the model predictions by comparing them against actual results and evaluating the resulting differences; and
• reperforming the calculation of certain qualitative adjustments to assess consistency with the qualitative adjustment methodologies.</td>
</tr>
</table>

		Our economic expertise: We involved our own economic specialists to assist us in: • assessing the reasonableness of the Group's and Parent company's methodology and models for determining the economic scenarios used and the probability weightings applied to them; • assessing key economic variables which included comparing samples of economic variables to external sources; • assessing the overall reasonableness of the economic forecasts by comparing the Group's and Parent company's forecasts to our own modelled forecasts; and • assessing the reasonableness of the Group's and Parent company's qualitative adjustments by challenging key economic assumptions applied in their calculation based on external sources. **Test of details**: Key aspects of our testing in addition to those set out above involved: • Sample testing key inputs into the ECL calculations; and • Selecting a sample of post model adjustments, considering the size and complexity of management overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. **Assessing transparency**: We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As a part of this, we assessed the sensitivity analysis disclosure. In addition, we assessed whether the disclosures of the key judgements and assumptions made were sufficiently clear. **Our results**: The results of our testing were satisfactory and we considered the impairment allowance and the related disclosures to be acceptable (2020 result: acceptable).

Valuation of financial instruments held at fair value **31 December 2021 £2.7bn, 31 December 2020 £3.3bn** Refer to page 144 (accounting policy on accounting for financial assets and liabilities) and page 170 (financial disclosure note 15 Fair value of financial instruments)	**Subjective valuation** **Risk vs 2020: ◄►** Our assessment is the risk is similar to 2020. The fair value of the Group's and Parent company's financial instruments is determined through the application of valuation techniques which can involve the exercise of significant judgement by management in relation to the choice of the valuation models, pricing inputs and post-model pricing adjustments, including fair value adjustments ("FVAs") and credit and funding adjustments (together referred to as "XVAs"). Where significant pricing inputs are unobservable, management has no reliable, relevant market data available in determining the fair value and hence estimation uncertainty can be high, which is particularly relevant to the Education, Social Housing and Local Authority ("ESHLA") Level 3 loan portfolio. These financial instruments are classified as Level 3, with management having controls in place over the boundary between Level 2 and 3 positions. As at 31 December 2021 the Group and Parent company have outstanding ESHLA loans which require significant judgement in the valuation due to the long dated nature of the portfolio, the lack of a secondary market in the relevant loans and unobservable loan spreads. As the Group and Parent company progressed with industry-wide IBOR transition milestones, there were certain difficult-to-value financial instruments that changed from referencing IBOR to new risk-free reference (RFR) rates. We supplemented our fair value approach audit procedures for these instruments by testing management's additional controls associated with IBOR transition risks and by testing additional samples in developing an independent estimate of the valuation. At 31 December 2021, Level 3 instruments (£2.7bn) represented 14% of the Group's and Parent company's financial instrument assets carried at fair value. **Disclosure quality** The IFRS 13 fair value measurement disclosures are key to explaining the valuation techniques, key judgements, assumptions and material inputs.	**Our** procedures to address the risk included: Control testing: We attended management's valuation committee throughout the year and observed discussion and challenge over valuation themes including items related to the valuation of certain difficult-to-value financial instruments recorded at fair value. We tested the design and operating effectiveness of key controls relating specifically to these portfolios. These included controls over: • independent price verification ("IPV"), performed by a control function, of key market pricing inputs, including completeness of positions and valuation inputs subject to the IPV process. • controls over FVAs and XVAs; and • the validation, completeness, implementation and usage of valuation models. This included controls over assessment of model limitations and assumptions. **Our valuations expertise:** We involved our own valuations specialists in the following: • Independently re-pricing a selection of trades, including additional selections for financial instrument referencing new RFRs and challenging management on the valuations where they were outside our tolerance. • Challenging the appropriateness of significant models and methodologies used in calculating fair values, risk exposures and in calculating FVAs, including comparison to industry practice. **Inspection of movements**: We inspected movements in unobservable inputs throughout the period to assess whether gains or losses generated were in line with the accounting standards. **Historical comparison**: We performed a retrospective review by inspecting significant gains and losses on a selection of trade exits or restructurings and evaluated whether these data points indicated elements of fair value not incorporated in the current valuation methodologies. **Assessing transparency**: We assessed the adequacy of the Group's and Parent company's disclosures in the context of the relevant accounting standards. **Our results**: The results of our testing were satisfactory and we considered the fair value of Level 3 financial assets recognised to be acceptable (2020 result: acceptable).

User access management	Control performance **Risk vs 2020:** ◄► Our assessment is the risk is similar to 2020. The Group and Parent company's IT operations support a wide range of products and services, resulting in a large and complex IT infrastructure relevant to the financial reporting processes and related internal controls. User access management controls are an integral part of the IT environment to ensure both system access and changes made to system access and changes made to systems and data are authorised and appropriate. Our audit approach relies on the effectiveness of IT access management controls. Our audit procedures identified control deficiencies in certain IT access controls for systems relevant to financial reporting. More specifically, control deficiencies were identified around monitoring of activities performed by privileged users on a small percentage of infrastructure components. Management has ongoing programmes to remediate the deficiencies. Since these deficiencies were open during the year, we performed additional procedures to respond to the risk of unauthorised changes to automated controls over financial reporting.	**Our procedures to address the risk included:** **Control testing**: We tested the design, implementation and operating effectiveness of automated controls that support material balances in the financial statements. We also tested the operating effectiveness of the relevant preventative and detective general IT controls over user access management including: • Authorising access rights for new joiners; • Timely removal of user access rights; • Logging and monitoring of user activities; • Privileged user access management and monitoring; • Developer accesses to transactions and balance information; • Segregation of duties; and • Re-certification of user access rights. We performed procedures to assess whether additional detective compensating controls operate at the same level of precision to support our assessed risk of unauthorised activities and tested management's incremental detective control. **Our results:** Our testing did not identify unauthorised user activities in the systems relevant to financial reporting which would have required us to expand the extent of our testing.

3 Our application of materiality and an overview of the scope of our audit

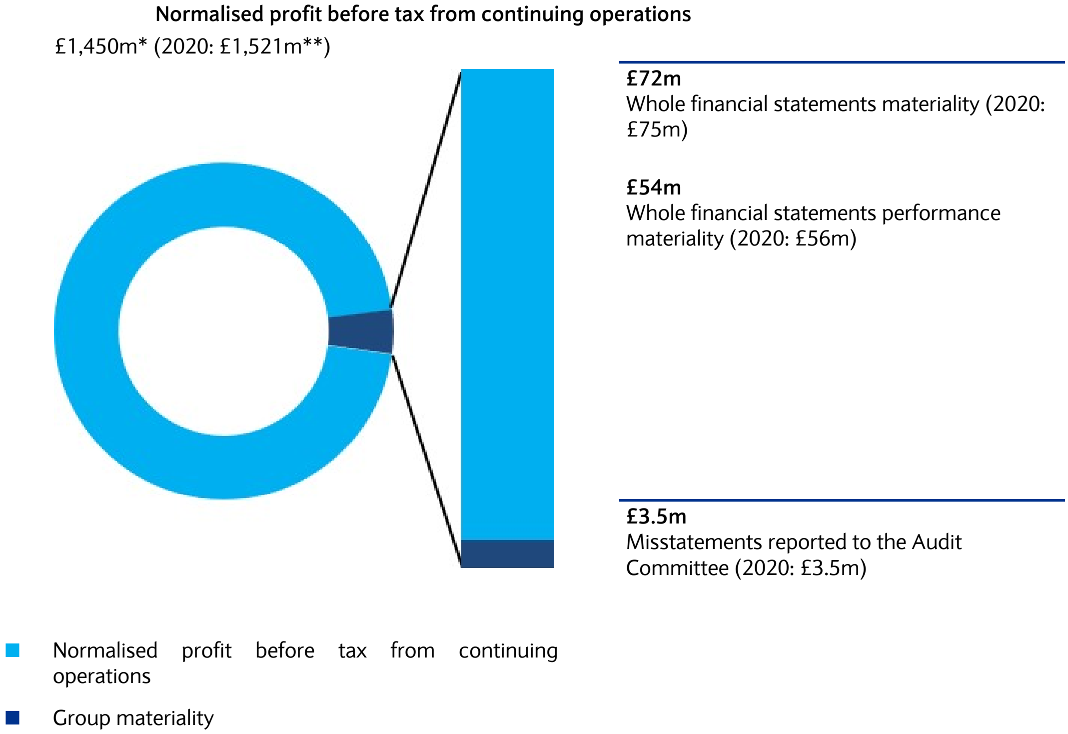
Materiality for the Group and Parent company financial statements as a whole was set at £72 million (2020: £75 million) and £70 million (2020: £70 million) respectively, determined with reference to a benchmark of profit before tax from continuing operations (of which it represents 5.0% (2020: 4.9%) for the Group and 4.8% (2020: 4.6%) for the Parent company), normalised downwards for 2021 by £1 billion to adjust for the impact of ECL releases during the current year following a reduction in the COVID-19 related economic uncertainty. In the prior year materiality was determined by normalising the benchmark upwards by £0.6 billion to exclude the incremental charge related to post model adjustments made to the ECL charge to reflect COVID-19 related economic uncertainty.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group and Parent company was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £54 million (2020: £56 million) for the Group and £52.5 million (2020: £52.5 million) for the Parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £3.5 million (2020: £3.5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Group materiality



* normalised by adjusting for the impact of ECL releases during the current year following a reduction in the COVID-19 related economic uncertainty

**normalised the benchmark excluding the incremental charge related to post model adjustments made to the ECL charge to reflect COVID-19 related economic uncertainty

Scope – general

We were able to rely upon the Group's internal control over financial reporting in all areas of our audit, where our controls testing supported this approach, which enabled us to reduce the extent of our substantive audit work.

The Group engagement team performed the audit of the Group as it if was a single aggregated set of financial information, using the materiality levels set out above.

The Group has certain centralised processes in India, the outputs of which are also included in the aggregated set of financial information. These services are subject to specified audit procedures, predominantly the testing of transaction processing and controls. We evaluated the work which the participating auditor performed in these areas. We also communicated with the participating audit team throughout the audit by holding regular meetings.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent company or to cease their operations, and as they have concluded that the Group's and the Parent company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group and Parent company, the financial services industry, and the general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Group's and Parent company's financial resources or ability to continue operations over the going concern period. The risks that management considered most likely to adversely affect the Group's and Parent company's available financial resources over this period and which we challenged were:

- the availability of funding and liquidity in the event of a market wide stress scenario; and
- the impact on regulatory capital requirements in the event of an economic slowdown or recession.

We considered whether these risks could plausibly affect the availability of financial resources in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts.

Our procedures also included an assessment of whether the going concern disclosure in note 1 to the financial statements gives a complete and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. In this risk assessment we considered the following:

- Our meetings throughout the year with the Group and Parent company Head of Risk, Group and Parent company Head of Compliance and Group and Parent company Head of Legal and inspection of Barclays' internal ethics and compliance reporting summaries, including those concerning investigations;
- Enquiries of operational managers, internal audit, and the Board Audit Committee, and inspection of policy documentation as to the Group's and Parent company's policies and procedures relating to:
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud, including the appropriateness and impact of changes made to these controls to facilitate remote/hybrid working;
- The Group's and Parent company's remuneration policies, key drivers for remuneration and bonus levels;
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with banks, and this experience was relevant to the discussion about where fraud risks may arise. The discussions also involved our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group and Parent company, including consideration of fraudulent schemes that had arisen in similar sectors and industries. The forensic specialists participated in the initial fraud risk assessment discussion and were consulted throughout the audit where further guidance was deemed necessary.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, which we isolate to certain assumptions used in the calculation of the Effective Interest Rate on the mortgages portfolio, and the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgments.

We also identified a fraud risk related to the qualitative adjustments to the model-driven ECL results given these adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts and the valuation of level 3 ESHLA loans held at fair value given there is significant management judgement around the valuation. Further detail in respect of these is set out in the key audit matters in section 2 of this report.

Our audit procedures included evaluating the design and implementation and operating effectiveness of relevant internal controls, assessing significant accounting estimates for bias as well as substantive procedures to address the fraud risks.

These procedures also included identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from:

- our general commercial and sector experience;
- discussion with the directors and other management (as required by auditing standards);
- inspection of the Group's and Parent company's regulatory and legal correspondence;
- inspection of the policies and procedures regarding compliance with laws and regulations;
- relevant discussions with the Group's and Parent company's external legal counsel; and

- relevant discussions with the Group's and Parent company's key regulatory supervisors including the Prudential Regulation Authority and Financial Conduct Authority.

As the Group and Parent company operates in a highly regulated environment, our assessment of risks of material misstatement also considered the control environment, including the Group and Parent company's higher level procedures for complying with regulatory requirements. Our assessment included inspection of key frameworks, policies and standards in place, understanding and evaluating the role of the compliance function in establishing these and monitoring compliance and testing of related controls around whistleblowing and complaints.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group and Parent company is subject to laws and regulations that directly impact the financial statements including:

- financial reporting legislation (including related companies' legislation);
- distributable profits legislation; and
- taxation legislation (direct and indirect).

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group and Parent company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect:

- Specific aspects of regulatory capital and liquidity
- Customer conduct rules
- Money laundering
- Sanctions list and financial crime
- Market abuse regulations
- Certain aspects of company legislation recognising the financial and regulated nature of the Group's and Parent company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. If a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

In relation to the legal, competition and regulatory matters disclosed in note 24 we performed audit procedures which included making enquiries of Barclays internal counsel and inspection of minutes of meetings and regulatory correspondence. For a subset of these matters which we deemed to be more significant we also made enquiries of external counsel and obtained legal confirmations from Barclays' external counsel.

In respect of regulatory matters relating to conduct risk our procedures included inspection of regulatory correspondence, independent enquiry of the Group's and Parent company's main regulators and performing audit procedures to respond to risks of material misstatement identified in recognised conduct provisions.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly we do not express an audit opinion thereon or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Independent Auditor's report to the members of Barclays Bank UK PLC

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 30, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent company and the Parent company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael McGarry (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

22 February 2022

Consolidated financial statements
Consolidated income statement

For the year ended 31 December	Notes	2021 £m	2020 £m
Interest and similar income	3	5,775	6,201
Interest and similar expense	3	(769)	(1,021)
Net interest income		5,006	5,180
Fee and commission income	4	1,466	1,375
Fee and commission expense	4	(219)	(310)
Net fee and commission income		1,247	1,065
Net trading income	5	40	53
Net investment income	6	181	106
Other income		8	20
Total income		6,482	6,424
Credit impairment releases/(charges)	7	371	(1,427)
Net operating income		6,853	4,997
Staff costs	28	(1,392)	(1,311)
Infrastructure costs	8	(389)	(444)
Administration and general expenses	8	(2,859)	(2,848)
Provisions for litigation and conduct	22	(51)	(43)
Operating expenses	8	(4,691)	(4,646)
Profit on disposal of subsidiaries, associates and joint ventures		1	16
Profit before tax		2,163	367
Taxation	9	(294)	12
Profit after tax		1,869	379
Attributable to:			
Equity holders of the parent		1,696	199
Other equity instrument holders		173	180
Profit after tax		1,869	379

Note
As permitted by section 408(3) of the Companies Act 2006 an income statement for the parent company has not been presented.

Consolidated statement of comprehensive income

For the year ended 31 December	2021 £m	2020 £m
Profit after tax	**1,869**	379
Other comprehensive (loss)/income that may be recycled to profit or loss:		
Fair value through other comprehensive income reserve movement relating to debt securities		
Net (losses)/gains from changes in fair value	**(286)**	499
Net gains/(losses) due to fair value hedging	**250**	(361)
Net (gains) transferred to net profit on disposal	**(57)**	(43)
Net (gains)/losses relating to (releases of) impairment	**(2)**	2
Tax	**28**	(25)
Cash flow hedging reserve		
Net (losses)/gains from changes in fair value	**(444)**	414
Net (gains) transferred to net profit	**(667)**	(111)
Tax	**339**	(85)
Other	**—**	1
Other comprehensive (loss)/income that may be recycled to profit or loss	**(839)**	291
Other comprehensive income not recycled to profit or loss:	**—**	—
Other comprehensive (loss)/income for the year	**(839)**	291
Total comprehensive income for the year	**1,030**	670

Consolidated balance sheet

As at 31 December	Notes	2021 £m	2020 £m
Assets			
Cash and balances at central banks		**69,488**	35,218
Cash collateral and settlement balances		**5,067**	4,345
Loans and advances at amortised cost	17	**220,271**	211,649
Reverse repurchase agreements and other similar secured lending		**65**	133
Trading portfolio assets	11	**169**	298
Financial assets at fair value through the income statement	12	**2,767**	3,432
Derivative financial instruments	13	**890**	550
Financial assets at fair value through other comprehensive income	14	**14,945**	26,026
Goodwill and intangible assets	20	**3,526**	3,527
Property, plant and equipment	18	**562**	737
Current tax assets		**—**	75
Deferred tax assets	9	**1,368**	780
Other assets		**577**	728
Total assets		**319,695**	287,498
Liabilities			
Deposits at amortised cost	17	**260,732**	240,535
Cash collateral and settlement balances		**774**	455
Repurchase agreements and other similar secured borrowing		**18,160**	7,178
Debt securities in issue		**8,684**	7,503
Subordinated liabilities	25	**9,516**	9,869
Trading portfolio liabilities	11	**878**	1,265
Derivative financial instruments	13	**814**	880
Current tax liabilities		**377**	—
Other liabilities	21	**1,824**	1,906
Provisions	22	**536**	880
Total liabilities		**302,295**	270,471
Equity			
Called up share capital and share premium	26	**5**	5
Other equity instruments	26	**2,560**	2,560
Other reserves	27	**(366)**	473
Retained earnings		**15,201**	13,989
Total equity		**17,400**	17,027
Total liabilities and equity		**319,695**	287,498

The Board of Directors approved the financial statements on pages 134 to 205 on 22 February 2022.

Crawford Gillies
Chair

Matt Hammerstein
Chief Executive

James Mack
Chief Financial Officer

Consolidated statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2021	**5**	**2,560**	**473**	**13,989**	**17,027**
Profit after tax	**—**	**173**	**—**	**1,696**	**1,869**
Financial assets at fair value through other comprehensive income	**—**	**—**	**(67)**	**—**	**(67)**
Cash flow hedges	**—**	**—**	**(772)**	**—**	**(772)**
Other	**—**	**—**	**—**	**—**	**—**
Total comprehensive income for the year	**—**	**173**	**(839)**	**1,696**	**1,030**
Employee share schemes	**—**	**—**	**—**	**37**	**37**
Other equity instruments coupons paid	**—**	**(173)**	**—**	**—**	**(173)**
Vesting of employee share schemes	**—**	**—**	**—**	**(11)**	**(11)**
Dividends paid	**—**	**—**	**—**	**(510)**	**(510)**
Capital contribution from Barclays PLC	**—**	**—**	**—**	**—**	**—**
Other reserve movements	**—**	**—**	**—**	**—**	**—**
Balance as at 31 December 2021	**5**	**2,560**	**(366)**	**15,201**	**17,400**
Balance as at 1 January 2020	5	2,560	183	13,765	16,513
Profit after tax	—	180	—	199	379
Financial assets at fair value through other comprehensive income	—	—	72	—	72
Cash flow hedges	—	—	218	—	218
Other	—	—	—	1	1
Total comprehensive income for the year	—	180	290	200	670
Employee share schemes	—	—	—	31	31
Other equity instruments coupons paid	—	(180)	—	—	(180)
Vesting of employee share schemes	—	—	—	(12)	(12)
Dividends paid	—	—	—	(220)	(220)
Capital contribution from Barclays PLC	—	—	—	220	220
Other reserve movements	—	—	—	5	5
Balance as at 31 December 2020	5	2,560	473	13,989	17,027

Notes
a For further details, refer to Note 26.
b For further details, refer to Note 27.

Consolidated cash flow statement

For the year ended 31 December	Note	2021 £m	2020[a] £m
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit before tax		2,163	367
Adjustment for non-cash items:			
Credit impairment charges		(371)	1,427
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		169	175
Other provisions		25	427
Other non-cash movements		(480)	(1,217)
Changes in operating assets and liabilities			
Cash collateral and settlement balances		322	227
Loans and advances at amortised cost		(4,591)	(10,927)
Repurchase and reverse repurchase agreements		11,050	(4,614)
Deposits at amortised cost		20,197	34,839
Debt securities in issue		1,181	(768)
Derivative financial instruments		(406)	(218)
Trading assets and liabilities		(258)	123
Financial assets and liabilities at fair value through the income statement		665	139
Other assets and liabilities		(299)	(821)
Corporate income tax paid		(53)	(597)
Net cash from operating activities		29,314	18,562
Financial assets at fair value through other comprehensive income		10,125	(5,557)
Property, plant and equipment and intangibles		—	(17)
Debt securities at amortised cost		(3,695)	(4,586)
Net cash from investing activities		6,430	(10,160)
Dividends paid and coupon payments on other equity instruments		(683)	(400)
Capital contribution from Barclays PLC		—	220
Issuance of subordinated debt	25	1,025	3,694
Redemption of subordinated debt	25	(1,116)	(1,425)
Vesting of employee share schemes		(11)	(12)
Net cash from financing activities		(785)	2,077
Effect of exchange rates on cash and cash equivalents		—	428
Net increase in cash and cash equivalents		34,959	10,907
Cash and cash equivalents at beginning of year		38,417	27,510
Cash and cash equivalents at end of year		73,376	38,417
Cash and cash equivalents comprise:			
Cash and balances at central banks		69,488	35,218
Loans and advances to banks with original maturity less than three months		46	81
Cash collateral at central banks		3,842	3,118
Total		73,376	38,417

Notes

a 2020 comparative figures have been restated to make the cash flow statement more relevant following a review of the disclosure and the accounting policies applied. Movements in cash and cash equivalents relating to debt securities at amortised cost were previously shown within loans and advances at amortised cost in operating activities. These debt securities holdings are now considered to be part of the investing activity performed by the Barclays Bank UK Group and have been presented within investing activities in 2021. Comparatives have been restated. The effect of this change was to reclassify £4,586m of net cash outflows from operating activities to investing activities in 2020.

Interest received by Barclays Bank UK Group was £5,784m (2020: £6,201m) and interest paid by Barclays Bank UK Group was £769m (2020: £1,021m). These amounts include interest paid and received arising from trading activities.

As at 31 December 2021, the Barclays Bank UK Group was required to maintain balances with central banks in respect of interbank payment schemes of £847m (2020: £458m).

Balance sheet

As at 31 December	Notes	2021 £m	2020 £m
Assets			
Cash and balances at central banks		**69,488**	35,218
Cash collateral and settlement balances		**4,986**	4,345
Loans and advances at amortised cost	17	**220,660**	212,033
Reverse repurchase agreements and other similar secured lending		**65**	133
Trading portfolio assets	11	**169**	298
Financial assets at fair value through the income statement	12	**2,767**	3,432
Derivative financial instruments	13	**890**	550
Financial assets at fair value through other comprehensive income	14	**14,945**	26,026
Investment in subsidiaries	36	**432**	441
Goodwill and intangible assets	20	**3,378**	3,379
Property, plant and equipment	18	**562**	737
Current tax assets		**—**	77
Deferred tax assets	9	**1,368**	780
Other assets		**516**	522
Total assets		**320,226**	287,971
Liabilities			
Deposits at amortised cost	17	**261,286**	241,091
Cash collateral and settlement balances		**686**	455
Repurchase agreements and other similar secured borrowing		**18,160**	7,178
Debt securities in issue		**8,684**	7,503
Subordinated liabilities	25	**9,516**	9,869
Trading portfolio liabilities	11	**878**	1,265
Derivative financial instruments	13	**814**	880
Current tax liabilities		**368**	—
Other liabilities	21	**1,775**	1,700
Provisions	22	**519**	857
Total liabilities		**302,686**	270,798
Equity			
Called up share capital and share premium	26	**5**	5
Other equity instruments	26	**2,560**	2,560
Other reserves	27	**(265)**	575
Retained earnings[a]		**15,240**	14,033
Total equity		**17,540**	17,173
Total liabilities and equity		**320,226**	287,971

Note
a As permitted by section 408(3) of the Companies Act 2006 an income statement for the parent company has not been presented. Included in shareholders' equity for the Bank is a profit after tax for the year ended 31 December 2021 of £1,863m (2020: £393m).

The Board of Directors approved the financial statements on pages 139 to 141 on 22 February 2022.

Crawford Gillies
Chair

Matthew Hammerstein
Chief Executive

James Mack
Chief Financial Officer

Statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2021	5	2,560	575	14,033	17,173
Profit after tax	—	173	—	1,690	1,863
Financial assets at fair value through other comprehensive income	—	—	(68)	—	(68)
Cash flow hedges	—	—	(772)	—	(772)
Other	—	—	—	—	—
Total comprehensive income for the year	—	173	(840)	1,690	1,023
Equity settled share schemes	—	—	—	37	37
Other equity instruments coupons paid	—	(173)	—	—	(173)
Vesting of employee share schemes	—	—	—	(11)	(11)
Capital contribution from Barclays PLC	—	—	—	—	—
Dividends paid	—	—	—	(510)	(510)
Other movements	—	—	—	1	1
Balance as at 31 December 2021	5	2,560	(265)	15,240	17,540
Balance as at 1 January 2020	5	2,560	285	13,796	16,646
Profit after tax	—	180	—	213	393
Financial assets at fair value through other comprehensive income	—	—	72	—	72
Cash flow hedges	—	—	218	—	218
Other	—	—	—	1	1
Total comprehensive income for the year	—	180	290	214	684
Issue and exchange of other equity instruments	—	—	—	—	—
Equity settled share schemes	—	—	—	31	31
Other equity instruments coupons paid	—	(180)	—	—	(180)
Vesting of employee share schemes	—	—	—	(12)	(12)
Capital contribution from Barclays PLC	—	—	—	220	220
Dividends paid	—	—	—	(220)	(220)
Other movements	—	—	—	4	4
Balance as at 31 December 2020	5	2,560	575	14,033	17,173

Notes
a For further details, refer to Note 26.
b For further details, refer to Note 27.

Cash flow statement

For the year ended 31 December 2021	2021 £m	2020[a] £m
Reconciliation of profit before tax to net cash flows from operating activities:		
Profit before tax	**2,157**	381
Adjustment for non-cash items:		
Credit impairment charges	**(369)**	1,421
Depreciation, amortisation and impairment of property, plant, equipment and intangibles	**169**	175
Other provisions	**12**	406
Other non-cash movements	**(470)**	(1,202)
Changes in operating assets and liabilities		
Cash collateral and settlement balances	**314**	227
Loans and advances at amortised cost	**(4,915)**	(10,924)
Reverse repurchase agreements and other similar lending	**11,050**	(4,614)
Deposits at amortised cost	**20,195**	34,327
Debt securities in issue	**1,181**	(275)
Derivative financial instruments	**(406)**	(217)
Trading assets and liabilities	**(258)**	123
Financial assets and liabilities at fair value	**665**	139
Other assets and liabilities	**(268)**	(819)
Corporate income tax paid	**(60)**	(592)
Net cash from operating activities	**28,997**	18,556
Financial assets at fair value through other comprehensive income	**10,125**	(5,557)
Property, plant and equipment and intangibles	**—**	(21)
Debt securities at amortised cost	**(3,695)**	(4,586)
Net cash from investing activities	**6,430**	(10,164)
Dividends paid and other coupon payments on equity instruments	**(683)**	(400)
Capital contribution from Barclays PLC	**—**	220
Issuance of subordinated debt	**1,025**	3,694
Redemption of subordinated debt	**(1,116)**	(1,425)
Vesting of employee share schemes	**(11)**	(12)
Net cash from financing activities	**(785)**	2,077
Effect of exchange rates on cash and cash equivalents	**—**	428
Net increase in cash and cash equivalents	**34,642**	10,897
Cash and cash equivalents at beginning of year	**38,734**	27,837
Cash and cash equivalents at end of year	**73,376**	38,734
Cash and cash equivalents comprise:		
Cash and balances at central banks	**69,488**	35,218
Loans and advances to banks with original maturity less than three months	**46**	398
Cash collateral at central banks	**3,842**	3,118
	73,376	38,734

Notes
a 2020 comparative figures have been restated to make the cash flow statement more relevant following a review of the disclosure and the accounting policies applied. Movements in cash and cash equivalents relating to debt securities at amortised cost were previously shown within loans and advances to banks and customers in operating activities. These debt securities holdings are now considered to be part of the investing activity performed by Barclays Bank UK PLC following a change in accounting policy and have been presented within investing activities in 2021. Comparatives have been restated. The effect of this change was to reclassify £4,586m of net cash outflows from operating activities to investing activities in 2020.

Interest received by Barclays Bank UK PLC was £5,780m (2020: £6,006m) and interest paid by Barclays Bank UK PLC was £769m (2020: £830m). Dividends received were £13m (2020: £15m). These amounts include interest paid and received arising from trading activities.

As at 31 December 2021, Barclays Bank UK PLC was required to maintain balances with central banks in respect of interbank payment schemes of £847m (2020:£458m).

This section describes Barclays Bank UK Group's significant policies and critical accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a particular note, the accounting policy and/or critical accounting estimate is contained with the relevant note.

1 Significant accounting policies

1. Reporting entity

Barclays Bank UK PLC is a public company limited by shares, registered in England under company number 9740322, having its registered office at 1 Churchill Place, London, E14 5HP.

These financial statements are prepared for Barclays Bank UK PLC and its subsidiaries (the Barclays Bank UK Group) under Section 399 of the Companies Act 2006. The Barclays Bank UK Group is a major UK financial services provider engaged in retail banking, credit cards, wholesale banking, wealth management and investment management services. In addition, separate financial statements have been presented for the parent company.

2. Compliance with International Financial Reporting Standards

The consolidated financial statements of the Barclays Bank UK Group, and the separate financial statements of Barclays Bank UK PLC, have been prepared in accordance with UK-adopted international accounting standards.

The consolidated financial statements of the Barclays Bank UK Group, and the separate financial statements of Barclays Bank UK PLC, have also been prepared in accordance with IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee, as there are no applicable differences from IFRS as issued by the IASB for the periods presented.

The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

3. Basis of preparation

The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies.

The financial statements are stated in millions of pounds Sterling (£m), the functional currency of Barclays Bank UK PLC.

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2006 as applicable to companies using IFRS. The financial statements are prepared on a going concern basis, as the Board is satisfied that the Barclays Bank UK Group and parent company have the resources to continue in business for a period of at least 12 months from approval of the financial statements. In making this assessment, the Board has considered a wide range of information relating to present and future conditions and includes a review of a working capital report (WCR). The WCR is used by the Board to assess the future performance of the Barclays Bank UK Group and that it has the resources in place that are required to meet its ongoing regulatory requirements. The assessment is based upon business plans which contain future forecasts of profitability taken from the Barclays Bank UK Group's medium term plan as well as projections of regulatory capital requirements and business funding needs. The WCR also includes an assessment of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based upon an assessment of reasonably possible downside economic scenarios that the Barclays Bank UK Group could experience.

The WCR showed that the Barclays Bank UK Group had sufficient capital in place to support its future business requirements and remained above its regulatory minimum requirements in the stress scenarios. Accordingly, the Board concluded that there was a reasonable expectation that the Barclays Bank UK Group has adequate resources to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

1 **Significant accounting policies** (continued)

4. Accounting policies

The Barclays Bank UK Group prepares financial statements in accordance with IFRS. The Barclays Bank UK Group's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing those items, are set out under the relevant notes. Accounting policies that affect the financial statements as a whole are set out below.

(i) Consolidation

The Barclays Bank UK Group applies IFRS 10 *Consolidated financial statements*.

The consolidated financial statements combine the financial statements of Barclays Bank UK PLC and all its subsidiaries. Subsidiaries are entities over which Barclays Bank UK PLC has control. The Barclays Bank UK Group has control over another entity when the Barclays Bank UK Group has all of the following:

1) power over the relevant activities of the investee, for example through voting or other rights
2) exposure to, or rights to, variable returns from its involvement with the investee and
3) the ability to affect those returns through its power over the investee.

The assessment of control is based on the consideration of all facts and circumstances. The Barclays Bank UK Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Intra-group transactions and balances are eliminated on consolidation. Consistent accounting policies are used throughout the Barclays Bank UK Group for the purposes of the consolidation.

Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

None of the Barclays Bank UK Group's subsidiaries are significant in the context of the Barclays Bank UK Group's business, results or financial position. A complete list of all subsidiaries is presented in Note 37.

In the individual financial statements of Barclays Bank UK PLC, investments in subsidiaries are stated at cost less impairment.

(ii) Foreign currency translation

The Barclays Bank UK Group applies IAS 21 The Effects of Changes in Foreign Exchange Rates. Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into Sterling at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement. Non-monetary foreign currency balances in relation to items measured in terms of historical cost are carried at historical transaction date exchange rates. Non-monetary foreign currency balances in relation to items measured at fair value are translated using the exchange rate at the date when the fair value was measured.

1. **Significant accounting policies** (continued)

(iii) Financial assets and liabilities

The Barclays Bank UK Group applies IFRS 9 *Financial Instruments* to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets. The Barclays Bank UK Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

Recognition

The Barclays Bank UK Group recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement

Financial assets are classified on the basis of two criteria:

i) the business model within which financial assets are managed; and
ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Barclays Bank UK Group assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election on initial recognition for non traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and the impairment requirements of IFRS 9 do not apply.

The accounting policy for each type of financial asset or liability is included within the relevant note for the item. The Barclays Bank UK Group's policies for determining the fair values of the assets and liabilities are set out in Note 15.

1. **Significant accounting policies** (continued)

Derecognition
The Barclays Bank UK Group derecognises a financial asset, or a portion of a financial asset, from its balance sheet where (i) the contractual rights to cash flows from the asset have expired, or (ii) the contractual rights to cash flows have been transferred (usually by sale) and with them either (a) substantially all the risks and rewards of the asset have been transferred, or (b) where neither substantially all the risks and rewards have been transferred or retained, where control over the asset has been lost.

Financial liabilities are de-recognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms – generally a difference of 10% or more in the present value of the cash flows or a substantive qualitative amendment – is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Transactions in which the Barclays Bank UK Group transfers assets and liabilities, portions of them, or financial risks associated with them can be complex and it may not be obvious whether substantially all of the risks and rewards have been transferred. It is often necessary to perform a quantitative analysis. Such an analysis compares the Barclays Bank UK Group's exposure to variability in asset cash flows before the transfer with its retained exposure after the transfer.

A cash flow analysis of this nature may require judgement. In particular, it is necessary to estimate the asset's expected future cash flows as well as potential variability around this expectation. The method of estimating expected future cash flows depends on the nature of the asset, with market and market-implied data used to the greatest extent possible. The potential variability around this expectation is typically determined by stressing underlying parameters to create reasonable alternative upside and downside scenarios. Probabilities are then assigned to each scenario. Stressed parameters may include default rates, loss severity, or prepayment rates.

Accounting for reverse repurchase and repurchase agreements including other similar lending and borrowing
Reverse repurchase agreements (and stock borrowing or similar transactions) are a form of secured lending whereby the Barclays Bank UK Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Barclays Bank UK Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Barclays Bank UK Group purchases (a reverse repurchase agreement) or borrows securities subject to a commitment to resell or return them. The securities are not included in the balance sheet as the Barclays Bank UK Group does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset at amortised cost, unless it is designated or mandatorily at fair value through profit and loss.

The Barclays Bank UK Group may also sell (a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the Barclays Bank UK Group retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost, unless it is designated at fair value through profit and loss.

(iv) Issued debt and equity instruments
The Barclays Bank UK Group applies IAS 32, Financial Instruments: Presentation, to determine whether funding is either a financial liability (debt) or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Barclays Bank UK Group having an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the members at the Annual General Meeting and treated as a deduction from equity.

Where issued financial instruments contain both liability and equity components, these are accounted for separately. The fair value of the debt is estimated first and the balance of the proceeds is included within equity.

(v) Changes in the basis for determining contractual cash flows resulting from interest rate benchmark reform
A change in the basis of determining the contractual cash flows of a financial instrument that is required by interest rate benchmark reform is accounted for by updating the effective interest rate, without the recognition of an immediate gain or loss. This practical expedient is only applied where (1) the change to the contractual cash flows is necessary as a direct consequence of the reform and (2) the new basis for determining the contractual cash flows is economically equivalent to the previous basis. For changes made in addition to those required by the interest rate benchmark reform, the practical expedient is applied first, after which the normal IFRS 9 requirements for modifications of financial instruments is applied.

Refer to Note 13 for further details regarding hedge accounting policies in respect of interest rate benchmark reform.

Refer to Note 35 for further disclosure related to interest rate benchmark reform.

1 Significant accounting policies (continued)

(vi) Cash flow statement

Cash comprises cash on hand and balances at central banks. Cash equivalents comprise loans and advances to banks, cash collateral balances with central banks related to payment schemes and treasury and other eligible bills, all with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents. Investments in debt securities at amortised cost, presented within loans and advances on the balance sheet, are deemed to be investing activities for the purposes of the cash flow statement, except those instruments considered to be cash equivalents.

5. New and amended standards and interpretations

The accounting policies adopted have been consistently applied.

Future accounting developments

The following accounting standards have been issued by the IASB but are not yet effective.

IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* that was issued in 2005.

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

In June 2020, the IASB published amendments to IFRS 17. The amendments that are relevant to the Barclays Bank UK Group are the scope exclusion for credit card contracts and similar contracts that provide insurance coverage, the optional scope exclusion for loan contracts that transfer significant insurance risk, and the clarification that only financial guarantees issued are in scope of IFRS 9.

The amendments also defer the effective date of IFRS 17, including the above amendments, to annual reporting periods beginning on or after 1 January 2023.

IFRS 17, including the 2020 amendments to IFRS 17, has been endorsed by the EU. Following the UK's withdrawal from the EU on 31 December 2020, the UK-adopted international accounting standards will be applicable. IFRS 17, including the amendments to IFRS 17, has not yet been endorsed by the UK. The Barclays Bank UK Group does not expect the impact of IFRS 17 to be material.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021 the IASB issued amendments to IAS 1 that require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on the concept of materiality and its application to accounting policy information. Under the amendments, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

Definition of Accounting Estimate - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8 that replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are clarified as monetary amounts in financial statements that are subject to measurement uncertainty. Where an entity's accounting policy requires an item to be measured at monetary amounts that cannot be observed directly, it should develop an accounting estimate to achieve this objective. The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

6. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity or areas where assumptions are significant to the consolidated and individual financial statements are highlighted under the relevant note.

Critical accounting estimates and judgements are disclosed in:

- Credit impairment charges on page 152
- Fair value of financial instruments on pages 169 to 174
- Goodwill and intangible assets on pages 181 to 183
- Provisions including conduct and legal, competition and regulatory matters on pages 184 to 185.

1. Significant accounting policies (continued)

7. Other disclosures

To improve transparency and ease of reference, by concentrating related information in one place, certain disclosures required under IFRS have been included within the Risk review section as follows:

- Credit risk on page 52 and the tables on pages 60 to 102
- Market risk on page 53 and the narratives on page 103
- Treasury and capital risk – capital on page 112 and the tables on pages 112 to 113
- Treasury and capital risk – liquidity on page 105 and the tables on pages 105 to 115.

These disclosures are covered by the Audit opinion (included on pages 125 to 133) where referenced as audited.

The notes included in this section focus on the results and performance of the Barclays Bank UK Group. Information on the income generated, expenditure incurred, segmental performance, tax and dividends are included here.

2 Segmental reporting

Presentation of segmental reporting
The Barclays Bank UK Group's segmental reporting is in accordance with IFRS 8 *Operating Segments*. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker. All transactions between business segments are conducted on an arm's-length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

For segmental reporting purposes, the Barclays Bank UK Group divisions are defined as:

- **Personal Banking** which comprises Personal and Premier banking, Mortgages, Savings, Investments and Wealth management.
- **Barclaycard Consumer UK** which comprises the Barclaycard UK consumer credit cards business.
- **Business Banking** which offers products, services and specialist advice to clients ranging from start-ups to medium-sized businesses and is where the ESHLA loan portfolio is held.

The below table also includes Head Office which includes central support functions.

Analysis of results by business

	Personal Banking	Barclaycard Consumer UK	Business Banking	Head Office	Barclays Bank UK Group
	£m	£m	£m	£m	£m
For the year ended 31 December 2021					
Total income	4,001	1,252	1,401	(172)	6,482
Credit impairment (charges)	33	404	(66)	—	371
Net operating income/(expenses)	4,034	1,656	1,335	(172)	6,853
Operating costs	(3,225)	(524)	(873)	(18)	(4,640)
Litigation and conduct	25	(60)	(2)	(14)	(51)
Total operating expenses	(3,200)	(584)	(875)	(32)	(4,691)
Other net income	1	(1)	—	1	1
Profit/(loss) before tax	835	1,071	460	(203)	2,163
Total assets (£bn)	226.1	9.2	84.1	0.3	319.7
Number of employees (full time equivalent)[a]	4,200	100	2,900	10,400	17,600
Average number of employees (full time equivalent)					20,100
For the year ended 31 December 2020					
Total income	3,649	1,528	1,308	(61)	6,424
Credit impairment (charges)/releases	(340)	(881)	(206)	—	(1,427)
Net operating income/(expenses)	3,309	647	1,102	(61)	4,997
Operating costs	(3,262)	(530)	(766)	(45)	(4,603)
Litigation and conduct	(62)	38	(7)	(12)	(43)
Total operating expenses	(3,324)	(492)	(773)	(57)	(4,646)
Other net income	16	—	—	—	16
Profit/(loss) before tax	1	155	329	(118)	367
Total assets (£bn)	201.0	10.6	75.8	0.1	287.5
Number of employees (full time equivalent)	18,500	100	2,700	200	21,500
Average number of employees (full time equivalent)					21,800

Note
a Barclays Bank UK Group has transformed its business this year and consolidated all Customer Care employees, who directly serve customers, into our Head Office segment, to improve the customer service and experience. Costs are recharged to the other segments, while full time equivalent (FTE) are reported within Head Office. As a result, there is an equivalent reduction in FTE reported in the Personal Banking segment.

Income by geographic region
The Barclays Bank UK Group generates income from business activities in the United Kingdom.

3 Net interest income

Accounting for interest income and expenses

Interest income on loans and advances at amortised cost and financial assets at fair value through other comprehensive income, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Barclays Bank UK Group to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

The Barclays Bank UK Group derives certain fees and incurs certain costs in the origination of mortgage products. Such fees and costs where directly attributable and incremental to the origination of the instrument, are deferred on the balance sheet and subsequently included within the calculation of the effective interest rate. They are amortised to interest income over the period of expected life.

Similarly, for mortgage products with distinct periods (initial and follow-on) and contractual margins over the original term wherein the initial contractual margin varies from the average calculated return, additional interest is deferred on the balance sheet and released to interest income over the remaining expected life. This adjustment results in a constant rate of return over contractual rate(s) recognised in the income statement.

There is judgement involved in application of the effective interest rate (EIR) method for loans measured at amortised cost, in particular developing repayment expectations for long dated instruments such as mortgages. Application of the EIR method adjusts the timing and amount of interest recognition, with qualifying revenue and expenses deferred and recognised through the life of the instrument as well as the deferred or accelerated recognition of interest where instruments have contractually specified decreases or increases in the calculation of interest.

EIR is subject to judgements regarding the rate at which loans are repaid, the key judgement being the prepayment rate following the end of the initial discount period, which is informed by internal modelling and reviewed quarterly. The review considers prepayment estimates against recent observed customer behaviour, with the carrying value of the EIR asset adjusted accordingly.

EIR calculations are performed at a portfolio level, aggregating financial instruments with similar characteristics and contractual terms. The values in the table below reflect net interest income post application of the EIR method.

	2021 £m	2020 £m
Cash and balances at central banks	**56**	49
Loans and advances at amortised cost	**5,428**	5,943
Fair value through other comprehensive income	**170**	172
Other	**121**	37
Interest and similar income	**5,775**	6,201
Deposits at amortised cost	**(195)**	(446)
Debt securities in issue	**(83)**	(209)
Subordinated liabilities	**(333)**	(321)
Negative interest on assets	**—**	(19)
Other	**(158)**	(26)
Interest and similar expense	**(769)**	(1,021)
Net interest income	**5,006**	5,180

Interest and similar income presented above represents interest revenue calculated using the effective interest method. Interest and similar income includes £30m (2020: £31m) accrued on impaired loans. Other interest expense includes £16m (2020: £17m) relating to IFRS 16 lease interest expenses.

4 Net fee and commission income

Accounting for net fee and commission income
The Barclays Bank UK Group applies IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a five-step model governing revenue recognition. The five-step model requires the Barclays Bank UK Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

The Barclays Bank UK Group recognises fee and commission income charged for services provided by the Barclays Bank UK Group as the services are provided, for example, on completion of the underlying transaction. Where the contractual arrangements also result in the Barclays Bank UK Group recognising financial instruments in scope of IFRS 9, such financial instruments are initially recognised at fair value in accordance with IFRS 9 before applying the provisions of IFRS 15.

	2021				
	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Total £m
Fee type					
Transactional	**600**	**117**	**153**	**—**	**870**
Advisory	**172**	**—**	**—**	**—**	**172**
Other	**268**	**—**	**156**	**—**	**424**
Total revenue from contracts with customers	**1,040**	**117**	**309**	**—**	**1,466**
Other non-contract fee income	**—**	**—**	**—**	**—**	**—**
Fee and commission income	**1,040**	**117**	**309**	**—**	**1,466**
Fee and commission expense	**(186)**	**(27)**	**(6)**	**—**	**(219)**
Net fee and commission income	**854**	**90**	**303**	**—**	**1,247**

	2020				
	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Total £m
Fee type					
Transactional	586	97	127	—	810
Advisory	159	—	—	—	159
Other	258	8	140	—	406
Total revenue from contracts with customers	1,003	105	267	—	1,375
Other non-contract fee income	—	—	—	—	—
Fee and commission income	1,003	105	267	—	1,375
Fee and commission expense	(276)	(23)	(11)	—	(310)
Net fee and commission income	727	82	256	—	1,065

Fee types
Transactional
Transactional fees are service charges on deposit accounts, cash management services and transactional processing fees. These include interchange and merchant fee income generated from credit and bank card usage. Transaction and processing fees are recognised at the point in time the transaction occurs or service is performed. Interchange and merchant fees are recognised upon settlement of the card transaction payment.

The Barclays Bank UK Group incurs certain card related costs including those related to cardholder reward programmes. Cardholder reward programmes costs related to customers that settle their outstanding balance each period (transactors) are expensed when incurred and presented in fee and commission expense, while costs related to customer that continuously carry an outstanding balance (revolvers) are included in the effective interest rate of the receivable (refer to Note 3).

Advisory
Advisory fees are generated from wealth management services. Wealth management advisory are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined.

Contract assets and contract liabilities
The Barclays Bank UK Group had no material contract assets or contract liabilities as at 31 December 2021 (2020: nil).

Impairment of fee receivables and contract assets
During 2021, there have been no material impairments recognised in relation to fees receivable and contract assets (2020: nil). Fees in relation to transactional business can be added to outstanding customer balances. These amounts may be subsequently impaired as part of the overall loans and advances balance.

Remaining performance obligations
The Barclays Bank UK Group applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or because the Barclays Bank UK Group has a right to consideration that corresponds directly with the value of the service provided to the client or customer.

Costs incurred in obtaining or fulfilling a contract
The Barclays Bank UK Group expects that incremental costs of obtaining a contract such as success fee and commission fees paid are recoverable and therefore capitalised such contract costs. Capitalised contract costs net of amortisation as at 31 December 2021 is £6m (2020: £6m).

Capitalised contract costs are amortised based on the transfer of services to which the asset relates which typically ranges over the expected life of the relationship. In 2021, the amount of amortisation was £1m (2020: £1m) and there was no impairment loss recognised in connection with the capitalised contract costs (2020: nil).

5 Net trading income

Accounting for net trading income
In accordance with IFRS 9, trading positions are held at fair value, and the resulting gains and losses are included in the income statement, together with interest arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions and from changes in fair value caused by movements in interest and exchange rates and other market variables.

Gains or losses on non-trading financial instruments designated or mandatorily at fair value with changes in fair value recognised in the income statement are included in net trading income where the business model is to manage assets and liabilities on a fair value basis which includes use of derivatives or where an instrument is designated at fair value to eliminate an accounting mismatch and the related instrument's gain and losses are reported in trading income.

	2021	2020
	£m	£m
Net gains from assets and liabilities held for trading[a]	29	48
Net gains from financial instruments designated at fair value	11	5
Net trading income	**40**	53

Note
a Net trading income within Barclays Bank UK Group includes foreign exchange revaluations and mark-to-market gains on derivatives in Treasury.

6 Net investment income

Accounting for net investment income
Dividends are recognised when the right to receive the dividend has been established. Other accounting policies relating to net investment income are set out in Note 12 and Note 14.

	2021	2020
	£m	£m
Net gains from disposal of debt instruments at fair value through other comprehensive income	57	43
Net gains from disposal of financial assets and liabilities measured at amortised cost	92	68
Net gains/(losses) on other investments	32	(5)
Net investment income	**181**	106

7 Credit impairment (release)/charge

Accounting for the impairment of financial assets

Impairment

The Barclays Bank UK Group is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures in the individual financial statements, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Determining a significant increase in credit risk since initial recognition:

The Barclays Bank UK Group assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

i) Quantitative test

The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the portfolio's risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate. Application of quantitative PD floors does not represent the use of the low credit risk exemption as exposures can separately move into stage 2 via the qualitative route described below.

Wholesale assets apply a 100% increase in PD and 0.2% PD floor to determine a significant increase in credit risk.

Retail assets apply bespoke relative increase and absolute PD thresholds based on product type and origination PD. Thresholds are subject to maximums defined by Barclays Bank UK Group policy including absolute PD floor maximum of 0.3% and maximum relative PD increase of 400% (applied to strongest credit quality customers only).

For existing/historical exposures where origination point scores or data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible (subject to a data start point no later than 1 January 2015); or
- use of available historical account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

ii) Qualitative test

This is relevant for accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, including industry and Group wide customer level data wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

iii) Backstop criteria
This is relevant for accounts that are more than 30 calendar days past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at minimum all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments.

Exposures are only removed from Stage 3 and re-assigned to Stage 2 once the original default trigger event no longer applies. Exposures being removed from Stage 3 must no longer qualify as credit impaired, and:
a) the obligor will also have demonstrated consistently good payment behaviour over a 12-month period, by making all consecutive contractual payments due and, for forborne exposures, the relevant EBA defined probationary period has also been successfully completed or;
b) (for non-forborne exposures) the performance conditions are defined and approved within an appropriately sanctioned restructure plan, including 12 months' payment history have been met.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

Forward-looking information
The measurement of ECL involves complexity and judgement, including estimation of PD, LGD, a range of unbiased future economic scenarios, estimation of expected lives (where contractual life is not appropriate), and estimation of EAD and assessing significant increases in credit risk.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

The Barclays Bank UK Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts) and Bloomberg (based on median of economic forecasters) which forms the baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also considering IFRS 9 specific sensitivities and non-linearity. Downside 2 is benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenario from Moody's inventory, but is not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include four economic variables (GDP, unemployment, House Price Index (HPI) and base rate in the UK market) and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years.

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

Definition of default, credit impaired assets, write-offs, and interest income recognition
The definition of default for the purpose of determining ECLs, and for internal credit risk management purposes, has been aligned to the Regulatory Capital CRR Article 178 definition of default, to maintain a consistent approach with IFRS 9 and associated regulatory guidance. The Regulatory Capital CRR Article 178 definition of default considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due or 180 days past due in the case of UK mortgages. When exposures are identified as credit impaired at the time when they are purchased or originated interest income is calculated on the carrying value net of the impairment allowance.
An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Bank UK Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement. The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery.

Accounting for purchased financial guarantee contracts
The Barclays Bank UK Group may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the Barclays Bank UK Group for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. For these separate financial guarantee contracts, the Barclays Bank UK Group recognises a reimbursement asset aligned with the recognition of the underlying ECLs, if it is considered virtually certain that a reimbursement would be received if the specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Loan modifications and renegotiations that are not credit-impaired
When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to the credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile. In respect of payment holidays granted to borrowers which are not due to forbearance, if the revised cash flows on a present value basis (based on the original EIR) are not substantially different from the original cash flows, the loan is not considered to be substantially modified.

Where terms are substantially different, the existing loan will be derecognised and new loan recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Note 1 sets out details for changes in the basis of determining the contractual cash flows of a financial instrument that are required by interest rate benchmark reform.

Expected life

Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For revolving facilities, expected life is analytically derived to reflect behavioural life of the asset, i.e. the full period over which the business expects to be exposed to credit risk. Behavioural life is typically based upon historical analysis of the average time to default, closure or withdrawal of facility. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

Discounting

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk free rate. Lease receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

Modelling techniques

The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

- BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;
- IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;
- Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and
- ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

For the IFRS 9 impairment assessment, the Barclays Bank UK Group's risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, the Barclays Bank UK Group applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

Forbearance

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan, except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria have been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forborne state.

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

Critical accounting estimates and judgements

IFRS 9 impairment involves several important areas of judgement, including estimating forward looking modelled parameters (PD, LGD and EAD), developing a range of unbiased future economic scenarios, estimating expected lives and assessing significant increases in credit risk, based on the Barclays Bank UK Group's experience of managing credit risk. The determination of expected life is most material for Barclays credit card portfolios which is obtained via behavioural life analysis to materially capture the risk of these facilities.

Within the retail and small businesses portfolios, which comprise large numbers of small homogenous assets with similar risk characteristics where credit scoring techniques are generally used, the impairment allowance is calculated using forward looking modelled parameters which are typically run at account level. There are many models in use, each tailored to a product, line of business or customer category. Judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised. Management adjustments to impairment models, which contain an element of subjectivity, are applied in order to factor in certain conditions or changes in policy that are not fully incorporated into the impairment models, or to reflect additional facts and circumstances at the period end. Management adjustments are reviewed and incorporated into future model development where appropriate.

For individually significant assets in Stage 3, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows across a range of economic scenarios are taken into account. These considerations can be particularly subjective and can include the business prospects for the customer, the realisable value of collateral, the Barclays Bank UK Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

Temporary adjustments to calculated IFRS9 impairment allowances may be applied in limited circumstances to account for situations where known or expected risk factors or information have not been considered in the ECL assessment or modelling process. For further information, please see page 77 in credit risk performance section.

	2021			2020		
	Impairment charges	Recoveries and reimbursements[a]	Total	Impairment charges	Recoveries and reimbursements	Total
	£m	£m	£m	£m	£m	£m
Loans and advances	(92)	(19)	(111)	1,222	(31)	1,191
Provision for undrawn contractually committed facilities and guarantees provided	(257)	—	(257)	224	—	224
Loans impairment	(349)	(19)	(368)	1,446	(31)	1,415
Financial instruments at fair value through OCI	(2)	—	(2)	2	—	2
Other financial assets measured at cost	(1)	—	(1)	10	—	10
Credit impairment (release)/charge	(352)	(19)	(371)	1,458	(31)	1,427

Note
a Recoveries and reimbursements includes cash recoveries of previously written off amounts of £35m (2020: £31m) and a net reduction in amount recoverable from financial guarantee contracts held with third parties of £16m (2020: Nil).

Write-off that can still be subjected to enforcement activity

The contractual amount outstanding on financial assets that were written off during the period ended 31 December 2021 and that can still be subjected to enforcement activity is £404m (2020: £409m). This is lower than the write-offs presented in the movement in gross exposures and impairment allowance table due to assets sold during the year post write-offs and post write-off recoveries.

Modification of financial assets

Financial assets with a loss allowance measured at an amount equal to life time ECL of £186m (2020: £494m) were subject to non-substantial modifications during the period, with a resulting loss of £9m (2020: £12m). There is no material movement in financial assets subject to non-substantial modification for which the loss allowance has changed to a 12 month ECL.

8 Operating expenses

	2021[a] £m	2020 £m
Infrastructure costs		
Property and equipment	**201**	245
Depreciation and amortisation	**167**	140
Lease payments	**19**	24
Impairment of property, equipment and intangible assets	**2**	35
Total infrastructure costs	**389**	444
Administration and general expenses		
Consultancy, legal and professional fees	**51**	55
Marketing and advertising	**101**	97
UK bank levy	**35**	50
Other administration and general expenses	**2,672**	2,646
Total administration and general expenses	**2,859**	2,848
Staff costs[b]	**1,392**	1,311
Provisions for litigation and conduct	**51**	43
Operating expenses	**4,691**	4,646

Note
a Operating expenses includes £288m relating to structural cost actions predominantly relating to staff and infrastructure costs.
b For further details on staff costs including accounting policies, refer to Note 28.

9 Tax

Accounting for income taxes

The Barclays Bank UK Group applies IAS 12 *Income Taxes* in accounting for taxes on income. Income tax payable on taxable profits (current tax) is recognised as an expense in the periods in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior periods. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences except from the initial recognition of goodwill. Deferred tax is not recognised where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

The Barclays Bank UK Group considers an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in the Barclays Bank UK Group's tax returns.

A current tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will alter the amount of cash tax due to, or from, a tax authority in the future. From recognition, the current tax provision is then measured at the amount the Barclays Bank UK Group ultimately expects to pay the tax authority to resolve the position.

	2021 £m	2020 £m
Current tax charge/(credit)		
Current year	**549**	58
Adjustments in respect of prior years	**(43)**	3
	506	61
Deferred tax credit		
Current year	**(206)**	(57)
Adjustments in respect of prior years	**(6)**	(16)
	(212)	(73)
Tax charge/(credit)	**294**	(12)

The table below shows the reconciliation between the actual tax charge and the tax charge that would result from applying the standard UK corporation tax rate to the Barclays Bank UK Group's profit before tax.

	2021 £m	2021 %	2020 £m	2020 %
Profit before tax	**2,163**		367	
Tax charge based on the standard UK corporation tax rate of 19% (2020: 19%)	**411**	**19.0%**	70	19.0%
Recurring items:				
Banking surcharge and other items	**149**	**6.9%**	7	1.9%
Non-deductible expenses	**10**	**0.5%**	16	4.4%
Impact of UK bank levy being non-deductible	**7**	**0.3%**	9	2.4%
Tax adjustments in respect of share-based payments	**(1)**	**—**	5	1.4%
Non-taxable gains and income	**(2)**	**(0.1%)**	(3)	(0.8%)
Tax relief on payments made under AT1 instruments	**(33)**	**(1.5%)**	(34)	(9.3%)
Adjustments in respect of prior years	**(49)**	**(2.3%)**	(13)	(3.5%)
Non-recurring items:				
Remeasurement of UK deferred tax assets due to tax rate changes	**(196)**	**(9.1%)**	(67)	(18.3%)
Non-deductible provisions for UK customer redress	**(2)**	**(0.1%)**	(7)	(1.9%)
Non-deductible provisions for investigations and litigations	**—**	**—**	5	1.4%
Total tax charge/(credit)	**294**	**13.6%**	(12)	(3.3%)

Factors driving the effective tax rate

The effective tax rate of 13.6% is lower than the UK corporation tax rate of 19% primarily due to the tax benefit recognised for a remeasurement of UK deferred tax assets as a result of the enactment in 2021 of an increase in the UK corporation tax rate to 25% from 1 April 2023, adjustments in respect of prior years and tax relief on payments made under AT1 instruments. These factors, which have each decreased the effective tax rate, have been partially offset by the impact of the banking surcharge and non-deductible expenses including UK bank levy.

Barclays Bank UK Group's future tax charge will be sensitive to the tax rates in force and changes to the tax rules in the UK. In its Budget held in October 2021, the UK Government announced that the banking surcharge rate will be reduced from 8% to 3% from 1 April 2023. This reduction in the banking surcharge rate was substantively enacted on 2 February 2022 and is a non-adjusting post balance sheet event. If the reduction in the banking surcharge rate had been substantively enacted at the balance sheet date then this would have resulted in the Barclays Bank UK Group's deferred tax assets being remeasured and decreasing with a tax charge in the income statement of £164m and tax charge within other comprehensive income of £35m.

Tax in the consolidated statement of comprehensive income

Tax relating to each component of other comprehensive income can be found in the consolidated statement of comprehensive income which includes within Other a tax credit of £nil (2020: £1m). The total amount recognised in relation to the remeasurement of UK deferred tax through other comprehensive income was a £41m credit (2020: £2m charge).

Tax included directly in equity

Tax included directly in equity comprises a £9m credit (2020: £4m) relating to share-based payments and deductible costs on issuing other equity instruments.

Deferred tax assets and liabilities

The deferred tax asset on the balance sheet for Barclays Bank UK Group and for Barclays Bank UK PLC is £1,368m (2020: £780m). All of these deferred tax assets are in the UK Tax Group and relate entirely to temporary differences. Business profit forecasts indicate these amounts will be fully recovered.

Of the deferred tax asset of £1,368m (2020: £780m), an amount of £nil (2020: £nil) relates to entities which have suffered a loss in either the current or prior year. This has been taken into account in reaching the above conclusion that these deferred tax assets will be fully recovered in the future.

The table below shows movements on deferred tax assets and liabilities during the year. The amounts are different from those disclosed on the balance sheet as they are presented before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Barclays Bank UK Group and PLC	Fixed asset timing differences £m	Cash flow hedges £m	Loan impairment allowance £m	Other temporary differences £m	Total £m
Assets	**702**	**—**	**206**	**14**	**922**
Liabilities	**—**	**(126)**	**—**	**(16)**	**(142)**
At 1 January 2021	**702**	**(126)**	**206**	**(2)**	**780**
Income statement	**173**	**—**	**3**	**36**	**212**
Other comprehensive income and reserves	**—**	**339**	**—**	**37**	**376**
Other movements	**—**	**—**	**—**	**—**	**—**
	875	**213**	**209**	**71**	**1,368**
Assets	**875**	**213**	**209**	**71**	**1,368**
Liabilities	**—**	**—**	**—**	**—**	**—**
At 31 December 2021	**875**	**213**	**209**	**71**	**1,368**
Assets	610	—	219	63	892
Liabilities	—	(41)	—	(41)	(82)
At 1 January 2020	610	(41)	219	22	810
Income statement	86	—	(13)	—	73
Other comprehensive income and reserves	—	(85)	—	(24)	(109)
Other movements	6	—	—	—	6
	702	(126)	206	(2)	780
Assets	702	—	206	14	922
Liabilities	—	(126)	—	(16)	(142)
At 31 December 2020	702	(126)	206	(2)	780

The amount of deferred tax asset expected to be recovered after more than 12 months for the Barclays Bank UK Group and for Barclays Bank UK PLC is £1,317m (2020: £887m). The amount of deferred tax liability expected to be settled after more than 12 months for the Barclays Bank UK Group and for Barclays Bank UK PLC is £nil (2020: £142m). These amounts are before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Unrecognised deferred tax

Tax losses and temporary differences

Deferred tax assets have not been recognised in respect of gross tax losses of £339m (2020: £960m) in Barclays Bank UK Group and Barclays Bank UK PLC. These tax losses are comprised entirely of capital losses which can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable gains will be available against which they can be utilised.

Barclays Bank UK Group investments in subsidiaries, branches and associates

The amount of unrecognised deferred tax relating to temporary differences on investments in subsidiaries, branches and associates in both Barclays Bank UK Group and Barclays Bank UK PLC is £nil (2020: £nil).

10 Dividends on ordinary shares

The 2021 financial statements include £510m (2020: £220m) of dividends paid on ordinary shares. This comprises the 2021 half year dividend of £510m (2020: £220m) only as the Company did not pay a 2020 full year dividend.

This results in a total dividend for the year of £1.01 (2020: 44p) per ordinary share.

The Directors have approved a 2021 full year dividend of £1,010m.

The notes included in this section focus on assets and liabilities the Barclays Bank UK Group holds and recognises at fair value. Fair value refers to the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, which may be an observable market price or, where there is no quoted price for the instrument, may be an estimate based on available market data. Detail regarding the Barclays Bank UK Group's approach to managing market risk can be found on page 53.

11 Trading portfolio

Accounting for trading portfolio assets and liabilities
In accordance with IFRS 9, all assets and liabilities held for trading purposes are held at fair value with gains and losses in the changes in fair value taken to the income statement in net trading income (Note 5).

	Barclays Bank UK Group and PLC	
	2021	2020
	£m	£m
Debt securities and other eligible bills	169	298
Trading portfolio assets	**169**	**298**
Debt securities and other eligible bills	(878)	(1,265)
Trading portfolio liabilities	**(878)**	**(1,265)**

Trading debt securities (assets) are part of managed assets within treasury. Trading debt securities (liabilities) relate to short positions held for hedging fair value loans and managed assets within treasury.

12 Financial assets at fair value through the income statement

Accounting for financial assets mandatorily at fair value
Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling.

Accounting for financial assets designated at fair value
Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch.

Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

The details on how the fair value amounts are arrived at for financial assets at fair value are described in Note 15.

	Barclays Bank UK Group and PLC	
	2021	2020
	£m	£m
Loans and advances	2,767	3,430
Financial assets designated at fair value	**2,767**	3,430
Other financial assets	—	2
Financial assets mandatorily at fair value	—	2
Total	**2,767**	3,432

Credit risk of financial assets designated at fair value and related credit derivatives
The following table shows the maximum exposure to credit risk, the changes in fair value attributable to changes in credit risk, and the cumulative changes in fair value since initial recognition for loans and advances.

	Barclays Bank UK Group and PLC					
	Maximum exposure as at 31 December		Changes in fair value during the year ended		Cumulative changes in fair value from inception	
	2021	2020	2021	2020	2021	2020
	£m	£m	£m	£m	£m	£m
Loans and advances designated at fair value, attributable to credit risk	**2,767**	3,430	**4**	(1)	**(16)**	(22)

13 Derivative financial instruments

Accounting for derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Barclays Bank UK Group's net interest income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet.

All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host), which, had it been a standalone contract, would have met the definition of a derivative. If these are separated from the host, i.e. when the economic characteristics of the embedded derivative are not closely related with those of the host contract and the combined instrument is not measured at fair value through profit or loss, then they are accounted for in the same way as derivatives. For financial assets, the requirements are whether the financial assets contain contractual terms that give rise on specified dates to cash flows that are SPPI, and consequently the requirements for accounting for embedded derivatives are not applicable to financial assets.

Hedge accounting

The Barclays Bank UK Group applies the requirements of IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting purposes. The Barclays Bank UK Group applies hedge accounting to represent the economic effects of its interest rate, currency and contractually linked inflation risk management strategies. Derivatives are used to hedge interest rate, exchange rate, and exposures to certain indices such as house price indices and retail price indices related to non-trading positions. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Barclays Bank UK Group applies fair value hedge accounting and cash flow hedge accounting.

The Barclays Bank UK Group applies the 'Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019 (the Phase 1 amendments).

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR ('Interbank Offered Rates') reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

In summary, the reliefs provided by the Phase 1 amendments are:

- When considering the 'highly probable' requirement, the Barclays Bank UK Group has assumed that the IBOR interest rates upon which our hedged items are based do not change as a result of IBOR Reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Barclays Bank UK Group has assumed that the IBOR interest rates upon which the cash flows of the hedged items and the interest rate swaps that hedge them are based are not altered by IBOR reform.
- The Barclays Bank UK Group will not discontinue hedge accounting during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside the required 80–125% range.
- The Barclays Bank UK Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- The Barclays Bank UK Group has assessed whether the hedged IBOR risk component is a separately identifiable risk only when it first designates a hedged item in a fair value hedge and not on an ongoing basis.

The Barclays Bank UK Group also applies the 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2' issued in August 2020. The Phase 2 amendments provide relief when changes are made to hedge relationships as a result of the interest rate benchmark reform.

In summary, the reliefs provided by the Phase 2 amendments are:

- Under a temporary exception, the Barclays Bank UK Group has considered that changes to the hedge designation and hedge documentation due to the interest rate benchmark reform would not constitute the discontinuation of the hedge relationship nor the designation of a new hedging relationship.

- In respect of the retrospective hedge effectiveness assessment, the Barclays Bank UK Group may elect, on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero when the exception to the retrospective assessment ends (Phase 1 relief). Any hedge ineffectiveness will continue to be measured and recognised in full in profit or loss.
- The Barclays Bank UK Group has deemed the amounts accumulated in the cash flow hedge reserve to be based on the alternative benchmark rate (on which the hedge future cash flows are determined) when there is a change in basis for determining the contractual cash flows.
- For hedges of groups of items (such as those forming part of a macro cash flow hedging strategy), the amendments provide relief for items within a designated group of items that are amended for changes directly required by the reform.
- In respect of whether a risk component of a hedged item is separately identifiable, the amendments provide temporary relief to entities to meet this requirement when an alternative risk free rate (RFR) financial instrument is designated as a risk component. These amendments allow the Barclays Bank UK Group upon designation of the hedge to assume that the separately identifiable requirement is met if the Barclays Bank UK Group reasonably expects the RFR risk will become separately identifiable within the next 24 months. The Barclays Bank UK Group applies this relief to each RFR on a rate-by-rate basis and starts when the Barclays Bank UK Group first designates the RFR as a non-contractually specified risk component.

Fair value hedge accounting
Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortised cost.

If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement. For items classified as fair value through other comprehensive income, the hedge accounting adjustment is included in other comprehensive income.

Cash flow hedge accounting
For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

Total derivatives	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2021						
Total derivative assets/(liabilities) held for trading	**578,933**	**243**	**(730)**	**578,933**	**243**	**(730)**
Total derivative assets/(liabilities) held for risk management	**77,257**	**647**	**(84)**	**77,257**	**647**	**(84)**
Derivative assets/(liabilities)	**656,190**	**890**	**(814)**	**656,190**	**890**	**(814)**
As at 31 December 2020						
Total derivative assets/(liabilities) held for trading	439,118	237	(843)	439,118	237	(843)
Total derivative assets/(liabilities) held for risk management	70,982	313	(37)	70,982	313	(37)
Derivative assets/(liabilities)	510,100	550	(880)	510,100	550	(880)

As part of the industry wide IBOR transition during the year, interest rate swap contracts held with Central Clearing Counterparties (CCPs) have been converted to alternative benchmarks. Operationally, this involved the CCPs splitting each contract into multiple component operational parts in order to preserve accrued IBOR cash flows. Legally, Barclays Bank UK PLC remains party to only one contract, and as such all notional amounts quoted in this disclosure reflect the legal contract notional. In total, 'operational-only' trade notional amounts of £111bn primarily with London Clearing House have been explicitly excluded from these disclosures.

Further information on netting arrangements of derivative financial instruments can be found within Note 16.

The fair values and notional amounts of derivatives held for trading are set out in the following table:

Derivatives held for trading[a]	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2021						
Foreign exchange derivatives						
OTC derivatives	20,511	98	(282)	20,389	56	(282)
Foreign exchange derivatives	20,511	98	(282)	20,389	56	(282)
Interest rate derivatives						
OTC derivatives	9,753	78	(364)	8,753	38	(364)
Interest rate derivatives cleared by central counterparty	548,669	67	(84)	548,669	67	(84)
Interest rate derivatives	558,422	145	(448)	557,422	105	(448)
Derivatives with subsidiaries	—	—	—	1,122	82	—
Derivative assets/(liabilities) held for trading	578,933	243	(730)	578,933	243	(730)
Total OTC derivatives	30,264	176	(646)	29,142	94	(646)
Total derivatives cleared by central counterparty	548,669	67	(84)	548,669	67	(84)
Derivatives with subsidiaries	—	—	—	1,122	82	—
Derivative assets/(liabilities) held for trading	578,933	243	(730)	578,933	243	(730)

Derivatives held for trading[a]	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2020						
Foreign exchange derivatives						
OTC derivatives	17,065	111	(261)	16,943	43	(261)
Foreign exchange derivatives	17,065	111	(261)	16,943	43	(261)
Interest rate derivatives						
OTC derivatives	6,584	126	(492)	5,584	66	(492)
Interest rate derivatives cleared by central counterparty	415,469	—	(90)	415,469	—	(90)
Interest rate derivatives	422,053	126	(582)	421,053	66	(582)
Derivatives with subsidiaries	—	—	—	1,122	128	—
Derivative assets/(liabilities) held for trading	439,118	237	(843)	439,118	237	(843)
Total OTC derivatives	23,649	237	(753)	22,527	109	(753)
Total derivatives cleared by central counterparty	415,469	—	(90)	415,469	—	(90)
Derivatives with subsidiaries	—	—	—	1,122	128	—
Derivative assets/(liabilities) held for trading	439,118	237	(843)	439,118	237	(843)

Note
a Derivatives held for trading mainly includes derivatives held as economic hedges to manage risk.

The fair values and notional amounts of derivative instruments held for risk management are set out in the following table:

Derivatives held for risk management	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value Assets	Fair value Liabilities	Notional contract amount	Fair value Assets	Fair value Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2021						
Derivatives designated as cash flow hedges						
Currency Swaps	**6,592**	**642**	**—**	**6,592**	**642**	**—**
Interest rate derivatives cleared by central counterparty	**37,482**	**—**	**—**	**37,482**	**—**	**—**
Derivatives designated as cash flow hedges	**44,074**	**642**	**—**	**44,074**	**642**	**—**
Derivatives designated as fair value hedges						
Interest rate swaps	**2,537**	**5**	**(73)**	**2,537**	**5**	**(73)**
Interest rate derivatives cleared by central counterparty	**30,646**	**—**	**(11)**	**30,646**	**—**	**(11)**
Derivatives designated as fair value hedges	**33,183**	**5**	**(84)**	**33,183**	**5**	**(84)**
Derivative assets/(liabilities) held for risk management	**77,257**	**647**	**(84)**	**77,257**	**647**	**(84)**
Total OTC derivatives	**9,129**	**647**	**(73)**	**9,129**	**647**	**(73)**
Total derivatives cleared by central counterparty	**68,128**	**—**	**(11)**	**68,128**	**—**	**(11)**
Derivative assets/(liabilities) held for risk management	**77,257**	**647**	**(84)**	**77,257**	**647**	**(84)**
As at 31 December 2020						
Derivatives designated as cash flow hedges						
Currency Swaps	5,596	284	—	5,596	284	—
Interest rate derivatives cleared by central counterparty	24,160	—	—	24,160	—	—
Derivatives designated as cash flow hedges	29,756	284	—	29,756	284	—
Derivatives designated as fair value hedges						
Interest rate swaps	3,026	29	(37)	3,026	29	(37)
Interest rate derivatives cleared by central counterparty	38,200	—	—	38,200	—	—
Derivatives designated as fair value hedges	41,226	29	(37)	41,226	29	(37)
Derivative assets/(liabilities) held for risk management	70,982	313	(37)	70,982	313	(37)
Total OTC derivatives	8,622	313	(37)	8,622	313	(37)
Total derivatives cleared by central counterparty	62,360	—	—	62,360	—	—
Derivative assets/(liabilities) held for risk management	70,982	313	(37)	70,982	313	(37)

Hedge accounting

Hedge accounting is applied predominantly for the following risks:
- Interest rate risk – arises due to a mismatch between fixed interest rates and floating interest rates. Interest rate risk also includes exposure to inflation risk for certain types of investments.
- Currency risk – arises due to assets or liabilities being denominated in different currencies than the functional currency of the relevant entity.
- Contractually linked inflation risk – arises from financial instruments within contractually specified inflation risk. The Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the Group uses the following hedging instruments:
- Interest rate derivatives to swap interest rate exposures into either fixed or variable rates.
- Currency derivatives to swap foreign currency exposure into the entity's functional currency
- Inflation derivatives to swap inflation exposure into either fixed or variable interest rates.

In some cases, certain items which are economically hedged may be ineligible hedged items for the purposes of IAS 39, such as core deposits and equity. In these instances, a proxy hedging solution can be utilised whereby portfolios of floating rate assets are designated as eligible hedged items in cash flow hedges.

In some hedging relationships, the Barclays Bank UK Group designates risk components of hedged items as follows:

- Benchmark interest rate risk as a component of interest rate risk, such as the LIBOR or Risk Free Rate (RFR) component.
- Inflation risk as a contractually specified component of a debt instrument.
- Forward exchange rate risk for foreign currency financial assets or financial liabilities.
- Components of cash flows of hedged items, for example certain interest payments for part of the life of an instrument.

Using the benchmark interest rate risk results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship. Following market-wide interest rate benchmark reform, sensitivity to risk-free rates is considered to be the predominant interest rate risk and therefore the hedged items (which often reference risk-free or similar 'overnight' rates) change in fair value on a proportionate basis with reference to this risk.

In respect of many of the Barclays Bank UK Group's hedge accounting relationships, the hedged item and hedging instrument change frequently due to the dynamic nature of the risk management and hedge accounting strategy. The Barclays Bank UK Group applies hedge accounting to dynamic scenarios, predominantly in relation to interest rate risk, with a combination of hedged items in order for its financial statements to reflect as closely as possible the economic risk management undertaken. In some cases, if the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated and a de-designated relationship is replaced with a different hedge accounting relationship.

The hedging instruments share the same risk exposures as the hedged items. Hedge effectiveness is determined with reference to quantitative tests, predominantly regression testing, but to the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness or hedge accounting failures.

Sources of ineffectiveness include the following:

- Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences.
- Changes in credit risk of the hedging instruments.
- If a hedging relationship becomes over-hedged.
- The effects of the reforms to IBOR because these might take effect at a different time and have a different impact on hedged items and hedging instruments.

Barclays Bank UK Group's risk exposure continues, in part, to be affected by interest rate benchmark reform. In most cases, hedged items and hedging instruments are expected to transition to relevant risk-free rates at the end of their current cash flow period. For GBP LIBOR contracts, where uncertainty around the timing and effects of LIBOR reform continues beyond the end of the current cash flow period, financial instruments are generally expected to utilise 'synthetic LIBOR' (as permitted by the FCA on a temporary basis until their contracts are fully remediated). USD LIBOR linked hedge accounting relationships are still exposed to uncertainty regarding the precise timing and effects of benchmark reform. USD LIBOR benchmarks will cease to be published from 30 June 2023, but certain hedged items and hedging instruments continue to contractually reference these benchmarks beyond the cessation date.

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform as at 31 December 2021:

Current benchmark rate	Expected convergence to RFR	Nominal amount of hedged items directly impacted by IBOR reform £m	Nominal amount of hedging instruments directly impacted by IBOR reform £m
GBP London Interbank Offered Rate (LIBOR)	Reformed Sterling Overnight Index Average (SONIA)	586	—
USD LIBOR	Secured Overnight Financing Rate (SOFR)	3,067	3,063
Total		**3,653**	**3,063**

The disparity in outstanding GBP notionals between hedged items and hedging instruments results from a temporary timing mismatch where derivative contracts have been transitioned to SONIA prior to 31 December 2021, whereas hedged items are expected to transition early 2022.

Hedged items in fair value hedges

Barclays Bank UK Group and PLC Hedged item statement of financial position classification and risk category	Carrying amount £m	Accumulated fair value adjustment included in carrying amount: Total £m	Of which: Accumulated fair value adjustment on items no longer in a hedge relationship £m	Change in fair value used as a basis to determine ineffectiveness £m	Hedge ineffectiveness recognised in the income statement[a] £m
2021					
Assets					
Loans and advances at amortised cost					
– Interest rate risk	**7,201**	**647**	**(648)**	**(1,566)**	**33**
Financial assets at fair value through other comprehensive income					
– Interest rate risk	**8,591**	**35**	**4**	**(314)**	**(1)**
– Inflation risk	**2,795**	**84**	**—**	**80**	**3**
Total Assets	**18,587**	**766**	**(644)**	**(1,800)**	**35**
Liabilities					
Debt securities in issue					
– Interest rate risk	**(10,097)**	**(52)**	**117**	**375**	**(62)**
Total Liabilities	**(10,097)**	**(52)**	**117**	**375**	**(62)**
Total Hedged items	**8,490**	**714**	**(527)**	**(1,425)**	**(27)**
2020					
Assets					
Loans and advances at amortised cost					
– Interest rate risk	9,006	2,174	(657)	1,528	111
Financial assets at fair value through other comprehensive income					
– Interest rate risk	13,608	313	29	204	(3)
– Inflation risk	3,039	48	—	58	10
Total Assets	25,653	2,535	(628)	1,790	118
Liabilities					
Debt securities in issue					
– Interest rate risk	(11,940)	(498)	98	(212)	(47)
Total Liabilities	(11,940)	(498)	98	(212)	(47)
Total Hedged items	13,713	2,037	(530)	1,578	71

Note
a Hedge ineffectiveness is recognised in net interest income.

For items classified as fair value through other comprehensive income, the hedge accounting adjustment is not included in the carrying amount, but rather adjusts other comprehensive income.

The following table shows the fair value hedging instruments which are carried on the balance sheet.

Barclays Bank UK Group and PLC		Carrying value				
		Derivative assets	Derivative liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m
As at 31 December 2021						
Fair value	Interest rate risk	**—**	**—**	**30,415**	**1,475**	**3,063**
	Inflation risk	**5**	**(84)**	**2,768**	**(77)**	**—**
	Total	**5**	**(84)**	**33,183**	**1,398**	**3,063**
As at 31 December 2020						
Fair value	Interest rate risk	—	—	38,200	(1,459)	6,346
	Inflation risk	29	(37)	3,026	(48)	—
	Total	29	(37)	41,226	(1,507)	6,346

The following table profiles the expected notional values of current hedging instruments in future years:

Barclays Bank UK Group and PLC	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	2027 and later £m
As at 31 December 2021							
Fair value hedges of:							
Interest rate risk (outstanding notional amount)	**30,415**	**27,557**	**26,233**	**22,577**	**17,646**	**14,135**	**11,783**
Inflation risk (outstanding notional amount)	**2,768**	**2,440**	**2,396**	**1,162**	**1,162**	**341**	**341**

There are 1,126 (2020: 1,304) interest rate risk fair value hedges with an average fixed rate of 2.6% (2020: 2.4%) across the relationships in Barclays Bank UK Group and PLC and 36 (2020: 34) inflation risk fair value hedges with an average rate of 0.7% (2020: 0.9%) across the relationships.

The following table shows hedged items in cash flow hedges:

Hedged items in cash flow hedges Barclays Bank UK Group and PLC	Change in value of hedged item used as the basis for recognising ineffectiveness	Balance in cash flow hedging reserve for continuing hedges	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied	Hedging gains or losses recognised in other comprehensive income	Hedge ineffectiveness recognised in the income statement[a]
Description of hedge relationship and hedged risk	£m	£m	£m	£m	£m
2021					
Cash flow hedge of:					
Interest rate risk					
Loans and advances at amortised cost	**800**	**627**	**(106)**	**800**	**(67)**
Foreign exchange risk					
Debt securities classified at amortised cost	**(356)**	**123**	**—**	**(356)**	**1**
Total cash flow hedge	**444**	**750**	**(106)**	**444**	**(66)**
2020					
Cash flow hedge of:					
Interest rate risk					
Loans and advances at amortised cost	(349)	(112)	(291)	(349)	(2)
Foreign exchange risk					
Debt securities classified at amortised cost	(278)	(65)	—	(278)	—
Total cash flow hedge	(627)	(177)	(291)	(627)	(2)

Note
a Hedge ineffectiveness is recognised in net interest income.

There are 35 (2020: 28) foreign exchange risk cash flow hedges with an average foreign exchange rate of 137.99 JPY: 1 GBP (2020: 135.29 JPY: 1 GBP) across the relationships.

The following table shows the cash flow hedging instruments which are carried on the balance sheet.

Barclays Bank UK Group and PLC		Carrying value				
		Derivative assets	Derivative liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m
As at 31 December 2021						
Cash flow	Interest rate risk	—	—	37,482	(867)	—
	Foreign exchange risk	642	—	6,592	357	—
	Total	**642**	**—**	**44,074**	**(510)**	**—**
As at 31 December 2020						
Cash flow	Interest rate risk	—	—	24,160	347	687
	Foreign exchange risk	284	—	5,596	278	—
	Total	284	—	29,756	625	687

The effect on the income statement and other comprehensive income of recycling amounts in respect of cash flow hedges is set out in the following table:

	2021		2020	
	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale or disposal of investment	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale or disposal of investment
	£m	£m	£m	£m
Barclays Bank UK Group and PLC				
Cash flow hedge of interest rate risk				
Recycled to net interest income	124	1	111	—
Cash flow hedge of foreign exchange risk				
Recycled to other income	542	—	213	—

A detailed reconciliation of the movements of the cash flow hedging reserve is as follows:

	2021	2020
Barclays Bank UK Group and PLC	Cash flow hedging reserve	Cash flow hedging reserve
	£m	£m
Balance on 1 January	341	123
Hedging gains/(losses) for the year	(444)	414
Amounts reclassified in relation to cash flows affecting profit or loss	(667)	(111)
Tax	339	(85)
Balance on 31 December	(431)	341

In 2020, amounts recycled from other comprehensive income of £213m in respect of cash flow hedges of foreign exchange risk were presented within 'Hedging gains/(losses) for the year'. For 2021, the corresponding current year amounts of £542m were presented within 'Amounts reclassified in relation to cash flows affecting profit or loss'.

14 Financial assets at fair value through other comprehensive income

Accounting for financial assets at fair value through other comprehensive income (FVOCI)
Financial assets that are debt instruments held in a business model that is achieved by both collecting contractual cash flows and selling, and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at FVOCI. They are subsequently re-measured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Interest (calculated using the effective interest method) is recognised in the income statement in net interest income (Note 3). Upon disposal, the cumulative gain or loss recognised in other comprehensive income is included in net investment income (Note 6).

In determining whether the business model is achieved by both collecting contractual cash flows and selling financial assets, it is determined that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. The Barclays Bank UK Group will consider past sales and expectations about future sales to establish if the business model is achieved.

	Barclays Bank UK Group and PLC	
	2021	2020
	£m	£m
Debt securities and other eligible bills	**14,945**	26,026
Financial assets at fair value through other comprehensive income	**14,945**	26,026

15 Fair value of financial instruments

Accounting for financial assets and liabilities – fair values
Financial instruments that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

All financial instruments are initially recognised at fair value on the date of initial recognition (including transaction costs, other than financial instruments held at fair value through profit or loss) and depending on the subsequent classification of the financial asset or liability, may continue to be held at fair value either through profit or loss or other comprehensive income. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Wherever possible, fair value is determined by reference to a quoted market price for that instrument. For many of the Barclays Bank UK Group's financial assets and liabilities for which quoted prices are not available, valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market inputs including, for example, interest rate yield curves and currency rates.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets, then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either: on a straight-line basis over the term of the transaction; or over the period until all model inputs will become observable where appropriate; or released in full when previously unobservable inputs become observable.
Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the marketplace, the maturity of market modelling and the nature of the transaction (bespoke or generic). To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependent on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities or other analytical techniques.

The sensitivity of valuations used in the financial statements to possible changes in significant unobservable inputs is shown on page 172.

Critical accounting estimates and judgements

The valuation of financial instruments often involves a significant degree of judgement and complexity, in particular where valuation models make use of unobservable inputs ('Level 3' assets and liabilities). This note provides information on these instruments, including the related unrealised gains and losses recognised in the period, a description of significant valuation techniques and unobservable inputs, and a sensitivity analysis.

The following table shows Barclays Bank UK Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

Assets and liabilities held at fair value

	2021				2020			
	Valuation technique using				Valuation technique using			
Barclays Bank UK Group	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	90	79	—	169	52	246	—	298
Financial assets at fair value through the income statement	—	105	2,662	2,767	—	130	3,302	3,432
Derivative financial assets	—	890	—	890	—	550	—	550
Financial assets at fair value through other comprehensive income	5,045	9,900	—	14,945	6,887	19,139	—	26,026
Total assets	5,135	10,974	2,662	18,771	6,939	20,065	3,302	30,306
Trading portfolio liabilities	(827)	(51)	—	(878)	(1,060)	(205)	—	(1,265)
Derivative financial liabilities	—	(814)	—	(814)	—	(880)	—	(880)
Total liabilities	(827)	(865)	—	(1,692)	(1,060)	(1,085)	—	(2,145)

The following table shows Barclays Bank UK PLC's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

Assets and liabilities held at fair value

	2021				2020			
	Valuation technique using				Valuation technique using			
Barclays Bank UK PLC	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	90	79	—	169	52	246	—	298
Financial assets at fair value through the income statement	—	105	2,662	2,767	—	130	3,302	3,432
Derivative financial assets	—	890	—	890	—	550	—	550
Financial assets at fair value through other comprehensive income	5,045	9,900	—	14,945	6,887	19,139	—	26,026
Total assets	5,135	10,974	2,662	18,771	6,939	20,065	3,302	30,306
Trading portfolio liabilities	(827)	(51)	—	(878)	(1,060)	(205)	—	(1,265)
Derivative financial liabilities	—	(814)	—	(814)	—	(880)	—	(880)
Total liabilities	(827)	(865)	—	(1,692)	(1,060)	(1,085)	—	(2,145)

Level 3 movement analysis

The following table summarises the movements in the Level 3 balances during the period. Transfers have been reflected as if they had taken place at the beginning of the year.

Asset transfer between Level 3 and Level 2 is due to an increase in observable market activity related to an input.

Analysis of movements in Level 3 assets and liabilities

Barclays Bank UK Group and PLC	As at 1 January 2021	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement: Trading income[a]	Total gains and (losses) in the period recognised in the income statement: Other income	Total gains or losses recognised in OCI	Transfers: In	Transfers: Out	As at 31 December 2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-asset backed loans	3,301	—	—	—	(500)	(122)	—	—	—	(17)	2,662
Other	1	—	—	—	—	—	(1)	—	—	—	—
Financial assets at fair value through the income statement	3,302	—	—	—	(500)	(122)	(1)	—	—	(17)	2,662

	As at 1 January 2020	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement: Trading income[a]	Total gains and (losses) in the period recognised in the income statement: Other income	Total gains or losses recognised in OCI	Transfers: In	Transfers: Out	As at 31 December 2020
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-asset backed loans	3,530	—	—	—	(413)	284	—	—	—	(100)	3,301
Other	3	4	—	—	(6)	—	—	—	—	—	1
Financial assets at fair value through the income statement	3,533	4	—	—	(419)	284	—	—	—	(100)	3,302

Note
a Trading income represents (losses) and gains on Level 3 financial assets which are offset by losses on derivative hedge disclosed within Level 2.

Non-asset backed loans

Description: Largely made up of fixed rate loans, extended to counterparties in the Education, Social Housing and Local Authority sectors.

Valuation: Fixed rate loans are valued using models that discount expected future cash flows based on interest rates and loan spreads.

Observability: Within this loan population, the loan spread is generally unobservable. Unobservable loan spreads are determined by incorporating funding costs, the level of comparable assets such as gilts, issuer credit quality and other factors.

Level 3 sensitivity: The sensitivity of fixed rate loans is calculated by applying a shift to loan spreads, aligned to the prudent valuation framework for calculating market data uncertainty around an unobservable valuation input. The prudent valuation framework additionally requires Barclays Bank UK plc to be capitalised to 50% of the impact of such valuation uncertainty being realised in the income statement. On a portfolio level, the sensitivity is equivalent to an average stress to the input loan spread of 34bp.

Unrealised gains and losses on Level 3 financial assets and liabilities
The following tables disclose the unrealised gains and losses recognised in the year arising on Level 3 financial assets and liabilities held at year end.

Unrealised gains and losses recognised during the period on Level 3 assets and liabilities held at year end

Barclays Bank UK Group and PLC	2021				2020			
	Income statement		Other comprehensive income	Total	Income statement		Other comprehensive income	Total
	Trading income	Other income			Trading income	Other income		
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets at fair value through the income statement	(122)	—	—	(122)	284	—	—	284
Total	(122)	—	—	(122)	284	—	—	284

Significant unobservable inputs

	Valuation technique(s)	Significant unobservable inputs	2021 Range		2020 Range		
			Min	Max	Min	Max	Units[a]
Non-asset backed loans	Discounted cash flows	Loan spread	31	1,552	31	1,518	bps

Note
a The units used to disclose ranges for significant unobservable inputs are percentages, points and basis points. Points are a percentage of par; for example, 100 points equals 100% of par. A basis point equals 1/100th of 1%; for example, 150 basis points equals 1.5%.

The following section describes the significant unobservable inputs identified in the table above, and the sensitivity of fair value measurement of the instruments categorised as Level 3 assets or liabilities to increases in significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Where reliable interrelationships can be identified between significant unobservable inputs used in fair value measurement, a description of those interrelationships is included below.

Loan spread
Loan spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Loan spreads typically reflect credit quality, the level of comparable assets such as gilts and other factors, and form part of the yield used in a discounted cash flow calculation.

The ESHLA portfolio primarily consists of long-dated fixed rate loans extended to counterparties in the UK Education, Social Housing and Local Authority sectors. The loans are categorised as Level 3 in the fair value hierarchy due to their illiquid nature and the significance of unobservable loan spreads to the valuation. Valuation uncertainty arises from the long-dated nature of the portfolio, the lack of secondary market in the loans and the lack of observable loan spreads. The majority of ESHLA loans are to borrowers in heavily regulated sectors that are considered low credit risk, and have a history of near zero defaults since inception and where Barclays is often afforded a position as a secured creditor. While the overall loan spread range is from 31bps to 1552bps (2020: 31bps to 1,518bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 97% of the loan notional being valued with spreads less than 200bps consistently for both years.

In general, a significant increase in loan spreads in isolation will result in a fair value decrease for a loan.

Sensitivity analysis of valuations using unobservable inputs

	2021		2020	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	£m	£m	£m	£m
Non asset backed loans	66	(105)	86	(220)
Total	66	(105)	86	(220)

The effect of stressing unobservable inputs to a 90th percentile confidence interval of a potential range of values, alongside considering the impact of using alternative models, would be to increase fair values by up to £66m (2020: £86m) or to decrease fair values by up to £105m (2020: £220m). All the potential effect would impact profit and loss. The asymmetry in the favourable and unfavourable changes in the sensitivity analysis is attributable to Investing and Funding costs with the prudential valuation framework contributing to the unfavourable side only.

Portfolio exemptions
The Barclays Bank UK Group uses the portfolio exemption in IFRS 13 *Fair Value Measurement* to measure the fair value of groups of financial assets and liabilities. Instruments are measured using the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between

market participants at the balance sheet date under current market conditions. Accordingly, the Barclays Bank UK Group measures the fair value of the group of financial assets and liabilities consistently with how market participants would price the net risk exposure at the measurement date.

Unrecognised gains as a result of the use of valuation models using unobservable inputs
The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is £12m (2020: £13m) for financial instruments measured at fair value and £202m (2020: £217m) for financial instruments carried at amortised cost. The decrease in financial investments measured at fair value of £1m (2020: £nil) was driven by amortisation and releases of £2m (2020: £2m) offset by additions of £1m (2020: £2m). The decrease of £15m (2020: £7m) in financial instruments carried at amortised cost is driven by amortisation and releases of £15m (2020: £12m) offset by additions of £nil (2020: £5m).

Comparison of carrying amounts and fair values:
The following tables summarise the fair value of financial assets and liabilities measured at amortised cost on Barclays Bank UK Group's and Barclays Bank UK PLC's balance sheet:

Barclays Bank UK Group	2021					2020				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets										
Loans and advances at amortised cost	220,271	220,960	1,897	25,807	193,256	211,649	209,612	—	22,816	186,796
Reverse repurchase agreements and other similar secured lending	65	65	—	65	—	133	133	—	133	—
Financial liabilities										
Deposits at amortised cost	(260,732)	(260,749)	(253,601)	(5,644)	(1,504)	(240,535)	(240,555)	(230,238)	(8,268)	(2,049)
Repurchase agreements and other similar secured borrowing	(18,160)	(18,160)	—	(18,160)	—	(7,178)	(7,178)	—	(7,178)	—
Debt securities in issue	(8,684)	(8,945)	—	(8,801)	(144)	(7,503)	(7,897)	—	(7,897)	—
Subordinated liabilities	(9,516)	(9,976)	—	(9,976)	—	(9,869)	(10,344)	—	(10,344)	—

Barclays Bank UK PLC	2021					2020				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets										
Loans and advances at amortised cost	220,660	221,349	1,897	26,198	193,254	212,033	210,000	—	23,202	186,798
Reverse repurchase agreements and other similar secured lending	65	65	—	65	—	133	133	—	133	—
Financial liabilities										
Deposits at amortised cost	(261,286)	(261,304)	(253,601)	(6,199)	(1,504)	(241,091)	(241,119)	(230,245)	(8,825)	(2,049)
Repurchase agreements and other similar secured borrowing	(18,160)	(18,160)	—	(18,160)	—	(7,178)	(7,178)	—	(7,178)	—
Debt securities in issue	(8,684)	(8,945)	—	(8,801)	(144)	(7,503)	(7,897)	—	(7,897)	—
Subordinated liabilities	(9,516)	(9,976)	—	(9,976)	—	(9,869)	(10,344)	—	(10,344)	—

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a wide range of valuation techniques are available, it may not be appropriate to directly compare this fair value information to independent market sources or other financial institutions. Different valuation methodologies and assumptions can have a significant impact on fair values which are based on unobservable inputs.

Financial assets
The carrying value of financial assets held at amortised cost (including loans and advances to banks and customers, and other lending such as reverse repurchase agreements and cash collateral on securities borrowed) is determined in accordance with the relevant accounting policy in Note 17.

Loans and advances at amortised cost
The fair value of loans and advances, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Where market data or credit information on the underlying borrowers is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rates.

Reverse repurchase agreements and other similar secured lending
The fair value of reverse repurchase agreements approximates carrying amount as these balances are generally short dated and fully collateralised.

Financial liabilities
The carrying value of financial liabilities held at amortised cost (including customer accounts, other deposits, repurchase agreements and cash collateral on securities lent, debt securities in issue and subordinated liabilities) is determined in accordance with the accounting policy in Note 1.

Deposits at amortised cost
In many cases, the fair value disclosed approximates carrying value because the instruments are short term in nature or have interest rates that reprice frequently, such as customer accounts and other deposits and short-term debt securities.

The fair value for deposits with longer-term maturities, mainly time deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities. Consequently, the fair value discount is minimal.

Repurchase agreements and other similar secured borrowing
The fair value of repurchase agreements approximates carrying amounts as these balances are generally short dated.

Debt securities in issue
Fair values of other debt securities in issue are based on quoted prices where available, or where the instruments are short dated, carrying amount approximates fair value.

Subordinated liabilities
Fair values for dated and undated convertible and non-convertible loan capital are based on quoted market rates for the issuer concerned or issuers with similar terms and conditions.

16 Offsetting financial assets and financial liabilities
In accordance with IAS 32 *Financial Instruments: Presentation*, the Barclays Bank UK Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- all financial assets and liabilities that are reported net on the balance sheet
- all derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

The 'Net amounts' presented are not intended to represent the Barclays Bank UK Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Barclays Bank UK Group	Amounts subject to enforceable netting arrangements							
	Effects of offsetting on-balance sheet			Related amounts not offset				
	Gross amounts	Amounts offset[a]	Net amounts reported on the balance sheet	Financial instruments	Financial collateral[b]	Net amount	Amounts not subject to enforceable netting arrangements[c]	Balance sheet total[d]
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	**890**	**—**	**890**	**(270)**	**(618)**	**2**	**—**	**890**
Reverse repurchase agreements and other similar secured lending[e]	**6,333**	**(6,268)**	**65**	**—**	**(65)**	**—**	**—**	**65**
Total assets	**7,223**	**(6,268)**	**955**	**(270)**	**(683)**	**2**	**—**	**955**
Derivative financial liabilities	**(814)**	**—**	**(814)**	**270**	**542**	**(2)**	**—**	**(814)**
Repurchase agreements and other similar secured borrowing[e]	**(9,424)**	**6,268**	**(3,156)**	**—**	**3,156**	**—**	**(15,004)**	**(18,160)**
Total liabilities	**(10,238)**	**6,268**	**(3,970)**	**270**	**3,698**	**(2)**	**(15,004)**	**(18,974)**
As at 31 December 2020								
Derivative financial assets	550	—	550	(189)	(330)	31	—	550
Reverse repurchase agreements and other similar secured lending[e]	1,384	(1,251)	133	—	(133)	—	—	133
Total assets	1,934	(1,251)	683	(189)	(463)	31	—	683
Derivative financial liabilities	(880)	—	(880)	189	657	(34)	—	(880)
Repurchase agreements and other similar secured borrowing[e]	(5,428)	1,251	(4,177)	—	4,177	—	(3,001)	(7,178)
Total liabilities	(6,308)	1,251	(5,057)	189	4,834	(34)	(3,001)	(8,058)

Notes
a No other significant recognised financial assets and liabilities were offset in the balance sheet. Therefore, the only balance sheet categories necessary for inclusion in the table are those shown above.
b Financial collateral of £618m (2020: £330m) was received in respect of derivative assets, including £536m (2020: £214m) of cash collateral and £82m (2020: £116m) of non-cash collateral. Financial cash collateral of £542m (2020: £657m) was placed in respect of derivative liabilities. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.
c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.
d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.
e Repurchase and other similar secured lending and Reverse Repurchase and other similar secured lending held at amortised cost.

Derivative assets and liabilities
The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Repurchase and reverse repurchase agreements and other similar secured lending and borrowing
The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as Global Master Repurchase Agreements and Global Master Securities Lending Agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

These offsetting and collateral arrangements and other credit risk mitigation strategies used by Barclays Bank UK are further explained in the Credit risk mitigation section on page 52.

Barclays Bank UK PLC	Amounts subject to enforceable netting arrangements							
	Effects of offsetting on-balance sheet			Related amounts not offset				
	Gross amounts	Amounts offset[a]	Net amounts reported on the balance sheet	Financial instruments	Financial collateral[b]	Net amount	Amounts not subject to enforceable netting arrangements[c]	Balance sheet total[d]
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	**890**	**—**	**890**	**(270)**	**(536)**	**84**	**—**	**890**
Reverse repurchase agreements and other similar secured lending[e]	**6,333**	**(6,268)**	**65**	**—**	**(65)**	**—**	**—**	**65**
Total assets	**7,223**	**(6,268)**	**955**	**(270)**	**(601)**	**84**	**—**	**955**
Derivative financial liabilities	**(814)**	**—**	**(814)**	**270**	**542**	**(2)**	**—**	**(814)**
Repurchase agreements and other similar secured borrowing[e]	**(9,424)**	**6,268**	**(3,156)**	**—**	**3,156**	**—**	**(15,004)**	**(18,160)**
Total liabilities	**(10,238)**	**6,268**	**(3,970)**	**270**	**3,698**	**(2)**	**(15,004)**	**(18,974)**
As at 31 December 2020								
Derivative financial assets	550	—	550	(189)	(214)	147	—	550
Reverse repurchase agreements and other similar secured lending[e]	1,384	(1,251)	133	—	(133)	—	—	133
Total assets	1,934	(1,251)	683	(189)	(347)	147	—	683
Derivative financial liabilities	(880)	—	(880)	189	657	(34)	—	(880)
Repurchase agreements and other similar secured borrowing[e]	(5,428)	1,251	(4,177)	—	4,177	—	(3,001)	(7,178)
Total liabilities	(6,308)	1,251	(5,057)	189	4,834	(34)	(3,001)	(8,058)

Notes
a No other significant recognised financial assets and liabilities were offset in the balance sheet. Therefore, the only balance sheet categories necessary for inclusion in the table are those shown above.
b Financial cash collateral of £536m (2020: £214m) was received in respect of derivative assets. Financial cash collateral of £542m (2020: £657m) was placed in respect of derivative liabilities. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.
c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.
d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.
e Repurchase and other similar secured lending and Reverse Repurchase and other similar secured lending held at amortised cost.

The notes included in this section focus on the Barclays Bank UK Group's loans and advances and deposits at amortised cost, leases, property, plant and equipment and goodwill and intangible assets. Details regarding the Barclays Bank UK Group's liquidity and capital position can be found on pages 105 to 115.

17 Loans and advances and deposits at amortised cost

Accounting for loans and advances and deposits held at amortised cost

Loans and advances to customers and banks, customer accounts, debt securities and most financial liabilities, are held at amortised cost. That is, the initial fair value (which is normally the amount advanced or borrowed) is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability. Balances deferred on-balance sheet as effective interest rate adjustments are amortised to interest income over the life of the financial instrument to which they relate.

Financial assets that are held in a business model to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. Refer to Note 1 for details on 'solely payments of principal and interest'.

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean the Barclays Bank UK Group is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Barclays Bank UK Group will consider past sales and expectations about future sales.

Loans and advances and deposits at amortised cost

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2021	2020	2021	2020
As at 31 December	£m	£m	£m	£m
Loans and advances at amortised cost to banks	**1,163**	877	**903**	906
Loans and advances at amortised cost to customers	**206,367**	201,727	**207,016**	202,082
Debt securities at amortised cost	**12,741**	9,045	**12,741**	9,045
Total loans and advances at amortised cost	**220,271**	211,649	**220,660**	212,033
Deposits at amortised cost from banks	**149**	56	**149**	56
Deposits at amortised cost from customers	**260,583**	240,479	**261,137**	241,035
Total deposits at amortised cost	**260,732**	240,535	**261,286**	241,091

18 Property, plant and equipment

Accounting for property, plant and equipment

The Barclays Bank UK Group applies IAS 16 Property Plant and Equipment.

Property, plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in enhancement to the asset.

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances. The Barclays Bank UK Group uses the following annual rates in calculating depreciation:

Annual rates in calculating depreciation	Depreciation rate
Freehold land	Not depreciated
Freehold buildings and long-leasehold property (more than 50 years to run)	2-3.3%

	Barclays Bank UK Group and PLC		
	Property	Right of use assets[a]	Total
	£m	£m	£m
Cost			
As at 1 January 2021	**937**	**530**	**1,467**
Additions	**7**	**3**	**10**
Disposals	**(105)**	**(27)**	**(132)**
Exchange and other movements	**—**	**(6)**	**(6)**
As at 31 December 2021	**839**	**500**	**1,339**
Accumulated depreciation and impairment			
As at 1 January 2021	**(552)**	**(178)**	**(730)**
Disposals	**99**	**23**	**122**
Depreciation charge	**(96)**	**(71)**	**(167)**
Impairment charge	**1**	**(3)**	**(2)**
As at 31 December 2021	**(548)**	**(229)**	**(777)**
Net book value	**291**	**271**	**562**
Cost			
As at 1 January 2020	973	528	1,501
Additions	17	14	31
Disposals	(53)	(7)	(60)
Exchange and other movements	—	(5)	(5)
As at 31 December 2020	937	530	1,467
Accumulated depreciation and impairment			
As at 1 January 2020	(514)	(94)	(608)
Disposals	50	—	50
Depreciation charge	(63)	(74)	(137)
Impairment charge	(25)	(10)	(35)
As at 31 December 2020	(552)	(178)	(730)
Net book value	385	352	737

Note
a Right of use (ROU) asset balances relate to Property Leases under IFRS 16. Refer Note 19 for further details.

£9m from property rentals (2020: £1m) has been included in Other income.

19 Leases

Accounting for leases

IFRS 16 applies to all leases with the exception of licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38 *Intangible Assets,* service concession arrangements, leases of biological assets within the scope of IAS 41 *Agriculture* and leases of minerals, oil, natural gas and similar non-regenerative resources. IFRS 16 includes an accounting policy choice for a lessee to elect not to apply IFRS 16 to remaining assets within the scope of IAS 38 *Intangible Assets* which the Barclays Bank UK Group has decided to apply.

When the Barclays Bank UK Group is the lessee, it is required to recognise both:

- A lease liability, measured at the present value of remaining cash flows on the lease, and
- A right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in one of the following:

- Future lease payments arising from a change in an index or rate;
- The Barclays Bank UK Group's estimate of the amount expected to be payable under a residual value guarantee; or
- The Barclays Bank UK Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

The Barclays Bank UK Group applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months, for these leases the lease payments are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more appropriate.

As a Lessee

The Barclays Bank UK Group leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, Barclays Bank UK Group will sublease property to third parties when it is no longer needed to meet business requirements. Currently, Barclays Bank UK Group and Barclays Bank UK PLC does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 18 for a breakdown of the carrying amount of ROU assets.

The Barclays Bank UK Group and Barclays Bank PLC recognised total expense of £2m (2020: £4m) for short term leases during the year. The portfolio of short term leases to which Barclays Bank UK Group and Barclays Bank UK PLC is exposed at the end of the year is not dissimilar to the expenses recognised in the year.

Lease liabilities	Barclays Bank UK Group and PLC	
	2021	2020
	£m	£m
As at 1 January	**365**	432
Interest	**13**	17
New leases	**2**	14
Disposals	**(7)**	(9)
Cash payments	**(79)**	(85)
Exchange and other movements	**(6)**	(4)
As at 31 December (see Note 21)	**288**	365

The below table sets out a maturity analysis of undiscounted lease liabilities, showing the lease payments to be paid after the reporting date.

Undiscounted lease liabilities maturity analysis	Barclays Bank UK Group and PLC	
	2021	2020
	£m	£m
Not more than one year	**73**	81
One to two years	**64**	76
Two to three years	**55**	66
Three to four years	**51**	58
Four to five years	**28**	52
Five to ten years	**41**	75
Greater than ten years	**31**	36
Total undiscounted lease liabilities as at 31 December	**343**	444

In addition to the cash flows identified above, Barclays Bank UK Group and Barclays Bank UK PLC are exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments. Currently, 533 leases (2020: 706 leases) out of the total 928 leases (2020: 1,091 leases) have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £264m (2020: 374m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

- Extension and termination options: The table above represents Barclays Bank UK Group and Barclays Bank UK PLC's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options. The above gross cash flows have been reduced by £26m (2020: £17m) for leases where it is highly expected to exercise an early termination option. However, there is no significant impact where it is expected to exercise an extension option.

Barclays Bank UK Group and Barclays Bank UK PLC currently do not have any significant sale and lease back transactions. Barclays Bank UK Group and Barclays Bank UK PLC do not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

20 Goodwill and intangible assets

Accounting for goodwill and intangible assets

Goodwill

The carrying value of goodwill is determined in accordance with IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets*.

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Barclays Bank UK Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of the cash generating unit (CGU) including goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the CGU to which the goodwill relates, or the CGU's fair value if this is higher.

Intangible assets

Intangible assets other than goodwill are accounted for in accordance with IAS 38 *Intangible Assets*.

Intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use.

For internally generated intangible assets, only costs incurred during the development phase are capitalised. Expenditures in the research phase are expensed when incurred.

Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less accumulated amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally using the amortisation periods set out below:

Annual rates in calculating amortisation	Amortisation period
Goodwill	Not amortised
Customer lists	12 months to 25 years

Intangible assets are reviewed for impairment when there are indications that impairment may have occurred. Intangible assets not yet available for use are reviewed annually for impairment.

	Barclays Bank UK Group			Barclays Bank UK PLC		
	Goodwill	Customer lists	Total	Goodwill	Customer lists	Total
	£m	£m	£m	£m	£m	£m
Cost						
As at 1 January 2021	**3,526**	**90**	**3,616**	**3,378**	**90**	**3,468**
As at 31 December 2021	**3,526**	**90**	**3,616**	**3,378**	**90**	**3,468**
Accumulated amortisation and impairment						
As at 1 January 2021	**—**	**(89)**	**(89)**	**—**	**(89)**	**(89)**
Amortisation charge	—	—	—	—	—	—
Exchange and other adjustments	—	(1)	(1)	—	(1)	(1)
As at 31 December 2021	**—**	**(90)**	**(90)**	**—**	**(90)**	**(90)**
Net book value	**3,526**	**—**	**3,526**	**3,378**	**—**	**3,378**
Cost						
As at 1 January 2020	3,526	90	3,616	3,378	90	3,468
As at 31 December 2020	3,526	90	3,616	3,378	90	3,468
Accumulated amortisation and impairment						
As at 1 January 2020	—	(86)	(86)	—	(86)	(86)
Amortisation charge	—	(3)	(3)	—	(3)	(3)
As at 31 December 2020	—	(89)	(89)	—	(89)	(89)
Net book value	3,526	1	3,527	3,378	1	3,379

As part of the Barclays Group strategy, internally generated software and other purchased software are held in Barclays Execution Services Limited. Barclays Bank UK Group receives the required services from Barclays Execution Services Limited, which are charged on a cost plus basis.

Critical accounting estimates and judgements

Goodwill

Testing goodwill for impairment involves a significant amount of judgement. Goodwill is allocated to CGUs for the purpose of impairment testing. The review of goodwill for impairment involves calculating a value in use (VIU) valuation which is compared to the carrying value of a CGU associated with the goodwill to determine whether any impairment has occurred. This includes the identification of independent CGUs across the organisation and the allocation of goodwill to those CGUs.

The calculation of a value in use contains a high degree of uncertainty in estimating the future cash flows and the rates used to discount them. Key judgements include determining the carrying value of the CGU, the cash flows and discount rates used in the calculation.

- The cash flow forecasts used by management involve judgement and are based upon a view of the future prospects of the business and market conditions at the point in time the assessment is prepared. The estimation of pre-tax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows.
- The discount rates applied to the future cash flows also involve judgement as they can have a significant impact on the valuation. The discount rates used are compared to market participants to ensure that they are appropriate and based on an estimated cost of equity for each CGU.
- The choice of a terminal growth rate used to determine the present value of the future cash flows of the CGUs is also a judgement that can impact the outcome of the assessment. The terminal growth rate and discount rates used may vary due to external market rates and economic conditions that are beyond management's control.

Further details of some of the key judgements are set out below.

2021 impairment review

The 2021 impairment review was performed during Q4 2021. In comparison to the prior year, the macroeconomic outlook has improved, with expectations of increased interest rates. However, unsecured balances are lower, reflecting reduced borrowing and higher repayments by customers. These factors impact favourably and adversely on the operating environments of the CGUs. A detailed assessment has been performed, with the approach and results of this analysis set out below.

Determining the carrying value of CGUs

The carrying value for each CGU is the sum of the tangible equity, goodwill and intangible asset balances associated with that CGU.

The Group manages the assets and liabilities of its CGUs with reference to the tangible equity of the respective businesses. That tangible equity is derived from the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU and therefore reflects its relative risk, as well as the level of capital that management consider a market participant would require to hold and retain to support business growth.

The goodwill held across the group has been allocated to the CGU where it originated, based upon historical records. The intangible asset balances are allocated to the CGUs based upon their expected usage of these assets.

Cash flows

The 5-year cash flows used in the calculation are based on the formally agreed medium term plans approved by the Board. These are prepared using macroeconomic assumptions which management consider reasonable and supportable, and reflect business agreed initiatives for the forecast period. The macroeconomic assumptions underpinning the medium term plan were determined in August 2021 and management has considered whether there are subsequent significant changes in those assumptions which would adversely impact the results of the impairment review.

As required by IAS 36, all estimates of future cash flows exclude cash inflows or outflows that are expected to arise from restructuring initiatives where a constructive obligation to carry out the plan does not yet exist.

In line with prior year treatment, the Education, Social Housing and Local Authority (ESHLA) portfolio has been excluded from the Business Banking CGU cash flows. This is a legacy loan portfolio which was previously within the Non-Core bank and was not part of the business to which the goodwill relates. As such, the cash flows relating to this portfolio have been excluded from the Business Banking VIU calculation.

The Personal Banking CGU cash flows reflect increases in the yield curve observed during the course of 2021 and have not been extended to a sixth year. The 2020 impairment review used a sixth year to reflect an observed 15bp inflexion point in the yield curve which was beyond the period of the medium term plan.

Discount rates

IAS 36 requires that the discount rate used in a value in use calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those that the entity expects to generate from the asset. In determining the discount rate, management have identified the cost of equity associated with market participants that closely resemble our CGUs and adjusted them for tax to arrive at the pre-tax equivalent rate. A range of discount rates have been used across the CGUs ranging from 14.2% to 15.1% (2020: 13.5% to 13.8%).

Terminal growth rate

The terminal growth rate is used to estimate the effect of projecting cash flows to the end of an asset's useful economic life. It is management's judgement that the cash flows associated with the CGUs will grow in line with the major economies in which the Barclays Bank UK Group operates. Inflation rates are used as an approximation of future growth rates and form the basis of the terminal growth rates applied. The terminal growth rate used is 2.0% (2020: 2.0%).

Outcome of goodwill review

The Personal Banking and Business Banking retail banking CGUs carry the majority of the Group's goodwill balance, predominantly as a consequence of the Woolwich acquisition. The goodwill within Personal Banking was £2,718m (2020: £2,718m), of which £2,501m (2020: £2,501m) was attributable to Woolwich, and within Business Banking was £629m (2020: £629m), fully attributable to Woolwich. The recoverable amount for both Personal Banking and Business Banking have increased in comparison to the 2020 impairment review, reflective of improvements in the interest rate and macroeconomic outlook.

Based on management's plans and assumptions the value in use exceeds the carrying value of the CGUs and no impairment has been indicated.

The outcome of the impairment review for Personal Banking and Business Banking are set out below:

Cash generating unit	Tangible equity	Goodwill	Intangibles	Carrying value	Value in use	Value in use exceeding carrying value 2021	Value in use exceeding carrying value 2020
	£m	£m	£m	£m	£m	£m	£m
Personal Banking	5,194	2,718	—	7,912	10,018	2,106	582
Business Banking	1,459	629	—	2,088	5,669	3,581	706
Total	**6,653**	**3,347**	**—**	**10,000**	**15,687**	**5,687**	1,288

Sensitivity of key judgements

The CGUs are sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

Cash Flows: The medium term plans used to determine the cash flows used in the VIU calculation rely on macroeconomic forecasts, including interest rates, GDP and unemployment, and forecast levels of market and client activity. Interest rate assumptions impact planned cash flows from both customer income and structural hedge contributions and therefore cash flow expectations are highly sensitive to movements in the yield curve. The cash flows also contain assumptions with regards to the prudential and financial conduct regulatory environment which may be subject to change. Given the current level of economic uncertainty, a 10% reduction in cash flows has been provided to show the sensitivity of the outcome to a change in these key assumptions.

Discount rate: The discount rate should reflect the market risk-free rate adjusted for the inherent risks of the business it is applied to. Management have identified discount rates for comparable businesses and consider these to be a reasonable estimate of a suitable market rate for the profile of the business unit being tested. The risk that these discount rates may not be appropriate is quantified below and show the impact of a 100 bps change in the discount rate.

Terminal growth rate: The terminal growth rate is used to estimate the cash flows into perpetuity based on the expected longevity of the CGUs businesses. The terminal growth rate is sensitive to uncertainties in the macroeconomic environment. The risk that using inflation data may not be appropriate for its determination is quantified below and shows the impact of a 100bps change in the terminal growth rate.

Allocated capital rate: Tangible equity is allocated based on the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU which is dependent on the relative risk of businesses. The capital ratio used in determining the level of tangible equity allocated to the CGU and its capital cash flows could move over time as a result of a change to the prudential regulatory environment or the risk profile of the business. The impact of a 50bps increase in capital ratio is quantified below.

The sensitivity of the value in use to key judgements in the calculations is set out below:

						Reduction in headroom				Change required to reduce headroom to zero			
Cash generating unit	Carrying value	Value in use	Value in use exceeding carrying value	Discount rate	Terminal growth rate	100bps increase in the discount rate	100bps decrease in terminal growth rate	50bps increase to allocated capital rate	10% reduction in forecasted cash flows	Discount rate	Terminal growth rate	Allocated Capital rate	Cash flows
	£m	£m	£m	%	%	£m	£m	£m	£m	%	%	%	%
Personal Banking	7,912	10,018	2,106	14.2 %	2.0 %	(880)	(606)	(273)	(1,134)	2.7 %	(4.4)%	3.9 %	(18.6)%
Total	**7,912**	**10,018**	**2,106**										

The notes included in this section focus on the Barclays Bank UK Group's accruals, provisions and contingent liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Contingent liabilities reflect potential liabilities that are not recognised on the balance sheet.

21 Other liabilities

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2021	2020	**2021**	2020
	£m	£m	**£m**	£m
Accruals and deferred income	**293**	323	**278**	306
Other creditors	**1,146**	1,188	**1,112**	999
Items in the course of collection due to other banks	**97**	30	**97**	30
Lease liabilities (refer to Note 19)	**288**	365	**288**	365
Other liabilities	**1,824**	1,906	**1,775**	1,700

22 Provisions

Accounting for provisions
The Barclays Bank UK Group applies IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in accounting for non-financial liabilities.

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated cost of restructuring, including redundancy costs, when an obligation exists; for example, when the Barclays Bank UK Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by announcing its main features or starting to implement the plan.

Critical accounting estimates and judgements
The financial reporting of provisions involves a significant degree of judgement and is complex. Identifying whether a present obligation exists and estimating the probability, timing, nature and quantum of the outflows that may arise from past events requires judgements to be made based on the specific facts and circumstances relating to individual events and often requires specialist professional advice. When matters are at an early stage, accounting judgements and estimates can be difficult because of the high degree of uncertainty involved. Management continues to monitor matters as they develop to re-evaluate on an ongoing basis whether provisions should be recognised, however there can remain a wide range of possible outcomes and uncertainties, particularly in relation to legal, competition and regulatory matters, and as a result it is often not practicable to make meaningful estimates even when matters are at a more advanced stage.

The complexity of such matters often requires the input of specialist professional advice in making assessments to produce estimates. Customer redress and legal, competition and regulatory matters are areas where a higher degree of professional judgement is required. The amount that is recognised as a provision can also be very sensitive to the assumptions made in calculating it. This gives rise to a large range of potential outcomes which require judgement in determining an appropriate provision level. See Note 24 for more detail of legal, competition and regulatory matters.

	Onerous contracts £m	Redundancy and restructuring £m	Undrawn contractually committed facilities and guarantees provided[a] £m	Customer redress £m	Legal, competition and regulatory matters £m	Sundry provisions £m	Total £m
Barclays Bank UK Group							
As at 1 January 2021	16	63	293	422	1	85	880
Additions	—	139	—	112	—	161	412
Amounts utilised	(3)	(18)	—	(250)	—	(97)	(368)
Unused amounts reversed	(13)	(6)	(257)	(48)	—	(64)	(388)
Exchange and other movements	—	(38)	—	—	—	38	—
As at 31 December 2021	—	140	36	236	1	123	536
Barclays Bank UK PLC							
As at 1 January 2021	16	63	293	406	1	78	857
Additions	—	139	—	103	—	153	395
Amounts utilised	(3)	(18)	—	(235)	—	(92)	(348)
Unused amounts reversed	(13)	(6)	(257)	(48)	—	(61)	(385)
Exchange and other movements	—	(38)	—	—	—	38	—
As at 31 December 2021	—	140	36	226	1	116	519

Note
a Undrawn contractually committed facilities and guarantees provisions are accounted for under IFRS 9.

Provisions expected to be recovered or settled within no more than 12 months after 31 December 2021 were £488m (2020: £826m) for Barclays Bank UK Group and £471m (2020: £803m) for Barclays Bank UK PLC.

Onerous contracts
Onerous contract provisions comprise an estimate of the costs involved with fulfilling the terms and conditions of contracts net of any expected benefits to be received.

Redundancy and restructuring
These provisions comprise the estimated cost of restructuring, including redundancy costs where an obligation exists. Additions made during the year relate to formal restructuring plans and have either been utilised, or reversed, where total costs are now expected to be lower than the original provision amount.

Undrawn contractually committed facilities and guarantees
Impairment allowance under IFRS 9 considers both the drawn and the undrawn counterparty exposure. For retail portfolios, the total impairment allowance is allocated to the drawn exposure to the extent that the allowance does not exceed the exposure as ECL is not reported separately. Any excess is reported on the liability side of the balance sheet as a provision. For wholesale portfolios the impairment allowance on the undrawn exposure is reported on the liability side of the balance sheet as a provision. For further information, refer to the Credit risk section for loan commitments and financial guarantees on page 69 and 71.

Customer redress
Customer redress provisions comprise the estimated cost of making redress payments to customers, clients and counterparties for losses or damages associated with inappropriate judgement in the execution of the Barclays Bank UK Group's business activities.

Legal, competition and regulatory matters
The Barclays Bank UK Group is engaged in various legal proceedings. For further information in relation to legal proceedings and discussion of the associated uncertainties, please refer to Note 24.

Sundry provisions
This category includes provisions that do not fit into any of the other categories, such as fraud losses and dilapidation provisions.

23 Contingent liabilities and commitments

Accounting for contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow of economic resources is remote.

The following table summarises the nominal principal amount of contingent liabilities and commitments which are not recorded on-balance sheet:

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2021	2020	**2021**	2020
	£m	£m	**£m**	£m
Guarantees and letters of credit pledged as collateral security	**440**	500	**440**	500
Performance guarantees, acceptances and endorsements	**150**	150	**150**	150
Total contingent liabilities and financial guarantees	**590**	650	**590**	650
Standby facilities, credit lines and other commitments	**59,237**	65,910	**59,237**	65,995
Total commitments	**59,237**	65,910	**59,237**	65,995

Expected credit losses held against contingent liabilities and commitments equal £36m (2020: £293m) for Barclays Bank UK Group and Barclays Bank UK PLC and are reported in Note 22.

Further details on contingent liabilities relating to legal and competition and regulatory matters can be found in Note 24.

24 Legal, competition and regulatory matters

The Barclays Bank UK Group faces legal, competition and regulatory challenges, many of which are beyond our control. The extent of the impact of these matters cannot always be predicted but may materially impact our operations, financial results, condition and prospects. Matters arising from a set of similar circumstances can give rise to either a contingent liability or a provision, or both, depending on the relevant facts and circumstances.

The recognition of provisions in relation to such matters involves critical accounting estimates and judgments in accordance with the relevant accounting policies applicable to Note 22, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank UK Group of contingent liabilities where it is not currently practicable to do so. Various matters detailed in this note seek damages of an unspecified amount. While certain matters specify the damages claimed, such claimed amounts do not necessarily reflect the Barclays Bank UK Group's potential financial exposure in respect of those matters.

Investigation into UK cards' affordability

The FCA has been investigating certain aspects of the affordability assessment processes used by Barclays Bank UK PLC and Barclays Bank PLC for credit card applications made to Barclays' UK credit card business. In October 2021, the FCA confirmed that this investigation was closed with no further action.

HM Revenue & Customs (HMRC) assessments concerning UK Value Added Tax

In 2018, HMRC issued notices that have the effect of removing certain overseas subsidiaries that have operations in the UK from Barclays' UK VAT group, in which group supplies between members are generally free from VAT. The notices have retrospective effect and correspond to assessments of £181m (inclusive of interest), of which Barclays would expect to attribute an amount of approximately £128m to Barclays Bank UK PLC and £53m to Barclays Bank PLC. HMRC's decision has been appealed to the First Tier Tribunal (Tax Chamber).

Local authority civil actions concerning LIBOR

Following settlement by Barclays Bank PLC of various governmental investigations concerning certain benchmark interest rate submissions, in the UK, certain local authorities brought claims in 2018 against Barclays Bank PLC and Barclays Bank UK PLC asserting that they entered into loans between 2006 and 2008 in reliance on misrepresentations made by Barclays Bank PLC in respect of its conduct in relation to LIBOR. The loans were originally entered into with Barclays Bank PLC, but Barclays Bank UK PLC is now the lender of record. Barclays Bank PLC and Barclays Bank UK PLC were successful in their applications to strike out the claims. The claims have been settled on terms such that the parties have agreed not to pursue these claims further and to bear their own costs. The financial impact of the settlements is not material to the Barclays Bank UK Group's operating results, cash flows or financial position.

General

The Barclays Bank UK Group is engaged in various other legal, competition and regulatory matters in the jurisdictions in which it operates. The Barclays Bank UK Group is subject to legal proceedings brought by and against members of the Barclays Bank UK Group which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data management and protection, intellectual property, money laundering, financial crime, employment, environmental and other statutory and common law issues.

The Barclays Bank UK Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which it is or has been engaged. The Barclays Bank UK Group is cooperating with the relevant authorities and keeping all relevant agencies briefed as appropriate in relation to these matters and others described in this note on an ongoing basis.

At the present time, Barclays Bank UK PLC does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described in this note, there can be no assurance that the outcome of a particular matter or matters (including formerly active matters or those matters arising after the date of this note) will not be material to Barclays Bank UK PLC's results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

The notes included in this section focus on the Barclays Bank UK Group's loan capital and shareholders' equity including issued share capital, retained earnings and other equity balances. For more information on capital management and how the Barclays Bank UK Group maintains sufficient capital to meet our regulatory requirements refer to page 53.

25 Subordinated liabilities

Accounting for subordinated liabilities
Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9.

	Barclays Bank UK Group and PLC	
	2021	2020
	£m	£m
As at 1 January	**9,869**	7,688
Issuances	**1,025**	3,694
Redemptions	**(1,116)**	(1,425)
Other	**(262)**	(88)
As at 31 December	**9,516**	9,869

Issuances comprise £1,025m of intra-group loans from Barclays PLC.

Redemptions comprise £1,116m of intra-group loans from Barclays PLC.

Other movements predominantly comprise foreign exchange movements and fair value hedge adjustments.

Subordinated liabilities include accrued interest and none of the subordinated liabilities are secured.

			Barclays Bank UK Group and PLC[a]	
			2021	2020
	Initial call date	Maturity date	£m	£m
Barclays Bank UK PLC notes issued intra-group to Barclays PLC				
4.375% Fixed Rate Subordinated Notes (USD 1,250m)		2024	**974**	999
3.75% Fixed Rate Resetting Subordinated Callable Notes (GBP 500m)	2025	2030	**482**	503
5.20% Fixed Rate Subordinated Notes (USD 683m)		2026	**516**	532
4.836% Fixed Rate Subordinated Callable Notes (USD 800m)	2027	2028	**624**	650
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 200m)	2029	2030	**154**	161
3.564% Fixed Rate Resetting Subordinated Callable Notes (USD 1,000m)	2030	2035	**697**	718
Barclays Bank UK PLC intra-group loans from Barclays PLC				
3.20% Fixed Rate Subordinated Loan (USD 1,350m)		2021	**—**	1,006
Various Fixed and Floating Rate Subordinated Loans			**6,069**	5,303
Total subordinated liabilities			**9,516**	9,869

Note
a Instrument values are disclosed to the nearest million.

Subordinated liabilities

Subordinated liabilities are issued by Barclays Bank UK PLC for the development and expansion of the business and to strengthen the capital base. The principal terms of these liabilities are described below:

Currency and Maturity

In addition to the individual subordinated liabilities listed in the table, the £6,069m (2020: £5,303m) balance of intra-group loans is made up of various fixed, fixed-to-floating and floating rate loans from Barclays PLC with notional amounts denominated in USD 6,677m, EUR 850m and GBP 400m, with maturities ranging from 2022 to 2041. Certain intra-group loans have a call date one year prior to their maturity.

Subordination

All subordinated liabilities are issued intra-group to Barclays PLC. Both the subordinated notes and the subordinated loans rank behind the claims of depositors and other unsecured unsubordinated creditors but before the claims of the holders of Barclays Bank UK PLC equity. However, the subordinated notes rank behind the subordinated loans.

Interest

Interest on the floating rate loans is set by reference to market rates at the time of issuance and is fixed periodically in advance, based on the related market rate.

Interest on fixed rate notes and loans is set by reference to market rates at the time of issuance and fixed until maturity.

Interest on fixed rate callable notes and loans is set by reference to market rates at the time of issuance and fixed until the call date. After the call date, in the event that the notes or loans are not redeemed, the interest rate will be re-set to either a fixed or floating rate until maturity based on market rates.

Repayment

Those notes and loans with a call date are repayable at the option of Barclays Bank UK PLC on such call date in accordance with the conditions governing the respective liabilities, some in whole or in part, and some only in whole, or otherwise on maturity. The remaining instruments outstanding at 31 December 2021 are redeemable only on maturity, subject in particular cases to provisions allowing an early redemption in the event of certain changes in tax law or to certain changes in legislation or regulations.

In certain cases, any repayments prior to maturity may require the prior consent of the PRA or BoE.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

26 Ordinary shares, share premium, and other equity

Called up share capital, allotted and fully paid

	Number of shares	Ordinary share capital	Ordinary share premium	Total share capital and share premium	Other equity instruments
	m	£m	£m	£m	£m
As at 1 January 2021	**505**	**5**	**—**	**5**	**2,560**
AT1 securities issuance	—	—	—	—	—
AT1 securities redemption	—	—	—	—	—
As at 31 December 2021	**505**	**5**	**—**	**5**	**2,560**
As at 1 January 2020	505	5	—	5	2,560
AT1 securities issuance	—	—	—	—	—
AT1 securities redemption	—	—	—	—	—
As at 31 December 2020	**505**	**5**	**—**	**5**	**2,560**

Ordinary shares

The issued ordinary share capital of Barclays Bank UK PLC, as at 31 December 2021, comprised 505m (2020: 505m) ordinary shares of £0.01 each.

Other equity instruments

Other equity instruments of £2,560m (2020: £2,560m) include AT1 securities issued to Barclays PLC. Barclays PLC uses funds from its own market issuance of AT1 securities to purchase AT1 securities from Barclays Bank UK Group. The AT1 securities are perpetual securities with no fixed maturity and are structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

In 2021, there were no issuances of AT1 instruments (2020: no issuances) and no redemptions (2020: no redemptions).

AT1 equity instruments

	Initial call date	2021 £m	2020 £m
AT1 equity instruments - Barclays Bank UK Group			
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	**750**	750
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	**622**	622
7.125% Perpetual Subordinated Contingent Convertible Securities	2025	**693**	693
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	**495**	495
Total AT1 equity instruments		**2,560**	2,560

27 Reserves

Fair value through other comprehensive income reserve
The fair value through other comprehensive income reserve represents the changes in the fair value of fair value through other comprehensive income investments since initial recognition.

Cash flow hedging reserve
The cash flow hedging reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transactions affect profit or loss.

Other reserves and other shareholders' equity
Other reserves and other shareholders' equity relate to the merger reserve for Barclays Bank UK Group and the Group Reconstruction Relief for Barclays Bank UK PLC, in respect of the transfer of the UK banking business in 2018.

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2021	2020	2021	2020
	£m	£m	£m	£m
Fair value through other comprehensive income reserve	(24)	43	(25)	43
Cash flow hedging reserve	(431)	341	(431)	341
Other reserves and other shareholders' equity	89	89	191	191
Total	(366)	473	(265)	575

The notes included in this section focus on the costs and commitments associated with employing our staff.

28 Staff costs

Accounting for staff costs

The Barclays Bank UK Group applies IAS 19 *Employee benefits* in its accounting for most of the components of staff costs.

Short-term employee benefits – salaries, accrued performance costs and social security are recognised over the period in which the employees provide the services to which the payments relate.

Performance costs – recognised to the extent that the Barclays Bank UK Group has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the payments.

Deferred cash and share awards are made to employees to incentivise performance over the period employees provide services. To receive payment under an award, employees must provide service over the vesting period. The period over which the expense for deferred cash and share awards is recognised is based upon the period employees consider their services contribute to the awards.

The accounting policy for share-based payments is included in Note 29.

	2021 £m	2020 £m
Performance costs	**109**	93
Salaries	**751**	798
Social security costs	**94**	95
Post-retirement benefits[a]	**151**	146
Other compensation costs	**51**	68
Total compensation costs	**1,156**	1,200
Other resourcing costs		
Outsourcing	**46**	32
Redundancy and restructuring	**134**	21
Temporary staff costs	**45**	43
Other	**11**	15
Total other resourcing costs	**236**	111
Total staff costs	**1,392**	1,311

Note

a Post-retirement benefits charge relates to £151m (2020: £146m) in respect of defined contribution schemes.

Participation in the UK Retirement Fund

As permitted under the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015, from 1 September 2017, until late 2025, Barclays Bank UK PLC will participate as an employer in the UK Retirement Fund (UKRF). Barclays Bank UK PLC will make contributions for the future service of its employees who are currently Afterwork members and, in the event of Barclays Bank PLC's insolvency during this period, Barclays Bank UK PLC would step in as principal employer of the UKRF. Barclays Bank PLC remains the sponsoring employer of the UKRF.

Under IAS 19, the UKRF is a defined benefit plan that share risks between entities under common control. Barclays Bank PLC accounts for the defined benefit obligation and Barclays Bank UK PLC recognises a cost equal to its contributions to the scheme. In accordance with accounting standards, Barclays Bank UK PLC does not account for any potential additional liability to the scheme at the end of the transitional phase.

For further information, please see Note 33 in the Barclays PLC 2021 Annual Report.

29 Share-based payments

Accounting for share-based payments
The Barclays Bank UK Group applies IFRS 2 *Share-based Payments* in accounting for employee remuneration in the form of shares.

Employee incentives include awards in the form of shares and share options, as well as offering employees the opportunity to purchase shares on favourable terms. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that employees provide services. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions – such as continuing to make payments into a share-based savings scheme.

The charge for the year arising from share based payment schemes was as follows:

	Charge for the year	
	2021	2020
	£m	£m
Deferred Share Value Plan / Share Value Plan	7	7
Others	19	24
Total equity settled	26	31
Cash settled	—	—
Total share based payments	26	31

The terms of the main current plans are as follows:

Share Value Plan (SVP)
The SVP was introduced in March 2010. SVP awards have been granted to participants in the form of a conditional right to receive Barclays PLC shares or provisional allocations of Barclays PLC shares which vest or are considered for release over a period of three, five or seven years. Participants do not pay to receive an award or to receive a release of shares. For awards granted before December 2017, the grantor may also make a dividend equivalent payment to participants on release of a SVP award. SVP awards are also made to eligible employees for recruitment purposes. All awards are subject to potential forfeiture in certain leaver scenarios.

Deferred Share Value Plan (DSVP)
The DSVP was introduced in February 2017. The terms of the DSVP are materially the same as the terms of the SVP as described above, save that Executive Directors are not eligible to participate in the DSVP and the DSVP operates over market purchase shares only.

Other schemes
In addition to the SVP and DSVP, the Barclays Group operates a number of other schemes settled in Barclays PLC Shares including Sharesave (both UK and Ireland), Sharepurchase (both UK and overseas), and the Barclays Group Long Term Incentive Plan. A delivery of upfront shares to ‘Material Risk Takers’ can be made as a Share Incentive Award (Holding Period).

Share option and award plans

The weighted average fair value per award granted, weighted average share price at the date of exercise/release of shares during the year, weighted average contractual remaining life and number of options and awards outstanding (including those exercisable) at the balance sheet date were as follows:

	2021				2020			
	Weighted average fair value per award granted in year	Weighted average share price at exercise/ release during year	Weighted average remaining contractual life in years	Number of options/ awards outstanding (000s)	Weighted average fair value per award granted in year	Weighted average share price at exercise/ release during year	Weighted average remaining contractual life in years	Number of options/ awards outstanding (000s)
	£	£			£	£		
DSVP / SVP[a,b]	**1.52**	**1.76**	**2**	**11,780**	1.06	1.22	2	12,848
Others[a]	**0.63-1.80**	**1.75-1.92**	**0-3**	**132,204**	0.23-1.24	1.18-1.70	0-3	150,209

SVP and DSVP are nil cost awards on which the performance conditions are substantially completed at the date of grant. Consequently, the fair value of these awards is based on the market value at that date.

Movements in options and awards

The movement in the number of options and awards for the major schemes and the weighted average exercise price of options was:

	DSVP / SVP[a,b]		Others[a,c]			
	Number (000s)		Number (000s)		Weighted average ex. price (£)	
	2021	2020	**2021**	2020	**2021**	2020
Outstanding at beginning of year/ acquisition date	**12,848**	7,320	**150,209**	94,876	**0.95**	1.30
Transfers in the year[d]	**(35)**	404	**(7,608)**	(80)	**—**	—
Granted in the year	**2,805**	8,401	**14,073**	112,749	**1.43**	0.84
Exercised/released in the year	**(3,731)**	(2,990)	**(10,734)**	(7,004)	**1.39**	1.22
Less: forfeited in the year	**(107)**	(287)	**(9,826)**	(45,329)	**0.94**	1.24
Less: expired in the year	**—**	—	**(3,910)**	(5,003)	**1.67**	1.39
Outstanding at end of year	**11,780**	12,848	**132,204**	150,209	**0.95**	0.95
Of which exercisable:	**—**	—	**12,106**	14,030	**1.21**	1.68

Notes
a Options/award granted over Barclays PLC shares.
b Weighted average exercise price is not applicable for SVP and DSVP awards as these are not share option schemes.
c The number of awards within Others at the end of the year principally relates to Sharesave (number of awards exercisable at end of year was 3,749,292). The weighted average exercise price relates to Sharesave.
d Awards of employees transferred between Barclays Bank UK Group and the rest of the Group.

Awards and options granted to employees and former employees of Barclays Bank UK Group under the Barclays Group share plans may be satisfied using new issue shares, treasury shares and market purchase shares of Barclays PLC. Awards granted to employees and former employees of Barclays Bank UK Group under DSVP may only be satisfied using market purchase shares of Barclays PLC.

There were no significant modifications to the share based payments arrangements in 2021 and 2020.

As at 31 December 2021, the total liability arising from cash-settled share based payments transactions was £nil (2020: £nil).

The section presents information on the Barclays Bank UK Group's interests in structured entities. Detail is also given on securitisation transactions the Barclays Bank UK Group has entered into and arrangements that are held off-balance sheet.

30 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding who controls the entity. Voting rights may relate to administrate tasks only, with the relevant activities of the entity being directed by means of contractual arrangements. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Depending on the Barclays Bank UK Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

The Barclays Bank UK Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

Securitisation vehicles

The Barclays Bank UK Group uses securitisation as a source of financing and a means of risk transfer. Refer to Note 31 for further detail.

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to structured entities not controlled by the Barclays Bank UK Group, and are established by the Barclays Bank UK Group or a third party. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Barclays Bank UK Group. Such interests include holding of debt or equity securities, lending, loan commitments, financial guarantees and investment management agreements.

The Barclays Bank UK Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions, to provide risk management services and for specific investment opportunities. Structured entities may take the form of funds, trusts, securitisation vehicles, and private investment companies. The largest transactions for Barclays Bank UK Group include holding notes issued by securitisation vehicles, loans to trusts, and facilitating customer requirements through funds. As at 31 December 2021, there were 191 (2020: 228) structured entities that Barclays Bank UK Group entered into transactions.

The Barclays Bank UK Group's interests in structured entities are set out below, summarised by the nature of the interest and limited to significant categories, based on maximum exposure to loss.

Summary of interests in unconsolidated structured entities

	Lending	Other	Total[a]
As at 31 December 2021	£m	£m	£m
Financial assets at fair value through the income statement	69	—	69
Loans and advances at amortised cost	245	5,241	5,486
Other assets	—	5	5
Total on-balance sheet exposures	314	5,246	5,560
Total off-balance sheet notional amounts	32	—	32
Maximum exposure to loss	346	5,246	5,592
Total assets of the entity	5,628	24,059	29,687
As at 31 December 2020			
Financial assets at fair value through the income statement	83	—	83
Loans and advances at amortised cost	246	2,282	2,528
Other assets	—	5	5
Total on-balance sheet exposures	329	2,287	2,616
Total off-balance sheet notional amounts	24	—	24
Maximum exposure to loss	353	2,287	2,640
Total assets of the entity	5,813	21,973	27,786

Note
a None of the structured entities are Barclays Bank UK Group owned and not consolidated per IFRS 10 Consolidated Financial Statements.

Maximum exposure to loss

Unless specified otherwise below, the Barclays Bank UK Group's maximum exposure to loss is the total of its on-balance sheet positions and its off-balance sheet arrangements, being loan commitments and financial guarantees. Exposure to loss is mitigated through collateral, financial guarantees, the availability of netting and credit protection held.

Lending

The portfolio includes lending provided by the Barclays Bank UK Group to unconsolidated structured entities in the normal course of its lending business to earn income in the form of interest and lending fees and includes loans to structured entities that are generally collateralised by property, equipment or other assets. All loans are subject to the Barclays Bank UK Group's credit sanctioning process. Collateral arrangements are specific to the circumstances of each loan with additional guarantees and collateral sought from the sponsor of the structured entity for certain arrangements. During the period the Barclays Bank UK Group incurred an impairment charge of £3m (2020:£1m) against such facilities.

Other

This includes interests in debt securities issued by securitisation vehicles and investment funds with interests restricted to management fees based on performance of the fund and trusts held on behalf of beneficiaries with interests restricted to unpaid fees.

Assets transferred to sponsored unconsolidated structured entities

The Barclays Bank UK Group is considered to sponsor another entity if, it had a key role in establishing that entity, it transferred assets to the entity, the Barclays name appears in the name of the entity or it provides guarantees on the entity's performance. As at 31 December 2021, no assets were transferred to sponsored unconsolidated structured entities.

31 Securitisations

Accounting for securitisations

The Barclays Bank UK Group uses securitisations as a source of finance and a means of risk transfer. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction; lead to partial continued recognition of the assets to the extent of the Barclays Bank UK Group's continuing involvement in those assets or lead to derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer. Full derecognition only occurs when the Barclays Bank UK group transfers both its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

The Barclays Bank UK Group makes transfers of financial assets, either where legal rights to the cash flows from the asset are passed to the counterparty or beneficially, where the Barclays Bank UK Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty. Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer.

A summary of the main transactions, and the assets and liabilities and the financial risks arising from these transactions, is set out below:

Continuing involvement in financial assets that have been derecognised

In some cases, the Barclays Bank UK Group may have transferred a financial asset in its entirety but may have continuing involvement in it. This arises in asset securitisations where loans and asset backed securities were derecognised as a result of the Barclays Bank UK Group's involvement with residential mortgage backed securities. Continuing involvement largely arises from providing financing into these structures in the form of retained notes, which do not bear first losses.

The table below shows the potential financial implications of such continuing involvement:

	Continuing involvement[a]			Gain/(loss) from continuing involvement	
	Carrying amount	Fair value	Maximum exposure to loss	For the year ended	Cumulative to 31 December
Type of transfer	£m	£m	£m	£m	£m
2021					
Residential mortgage backed securities	**497**	**497**	**497**	**—**	**—**
Total	497	497	497	—	—

Note
a Assets which represent the Barclays Bank UK Group's continuing involvement in derecognised assets are recorded in Loans and advances at amortised cost.

32 Assets pledged, collateral received and assets transferred

Assets are pledged or transferred as collateral to secure liabilities under repurchase agreements, securitisations and stock lending agreements or as security deposits relating to derivatives. Assets transferred are non-cash assets transferred to a third party that do not qualify for derecognition from the Barclays Bank UK Group balance sheet, for example because Barclays retains substantially all the exposure to those assets under an agreement to repurchase them in the future for a fixed price.

Where non-cash assets are pledged or transferred as collateral for cash received, the asset continues to be recognised in full, and a related liability is also recognised on the balance sheet. Where non-cash assets are pledged or transferred as collateral in an exchange for non-cash assets, the transferred asset continues to be recognised in full, and there is no associated liability as the non-cash collateral received is not recognised on the balance sheet. The Barclays Bank UK Group is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these pledged assets. Unless stated, the counterparty's recourse is not limited to the transferred assets.

The following table summarises the nature and carrying amount of the assets pledged as security against these liabilities:

	Barclays Bank UK Group and PLC	
	2021	2020
	£m	£m
Loans and advances at amortised cost	**35,221**	13,576
Cash collateral and settlement balances	**3,586**	3,216
Financial assets at fair value through other comprehensive income	**4,722**	7,964
Trading portfolio assets	**77**	267
Assets pledged	**43,606**	25,023

The following table summarises the transferred financial assets and the associated liabilities:

	Barclays Bank UK Group and PLC	
	Transferred assets	Associated liabilities
	£m	£m
As at 31 December 2021		
Repurchase agreements	**30,369**	**(17,939)**
Debt securities in issue	**6,877**	**(4,968)**
Derivative financial instruments	**2,284**	**(2,284)**
Other	**4,076**	**(2,893)**
	43,606	**(28,084)**
As at 31 December 2020		
Repurchase agreements	9,248	(7,136)
Debt securities in issue	8,367	(6,244)
Derivative financial instruments	2,747	(2,747)
Other	4,661	(2,276)
	25,023	(18,403)

Barclays Bank UK Group has an additional £2.3bn (2020: £3.2bn) of loans and advances within its asset backed funding programmes that can readily be used to raise additional secured funding and are available to support future issuances.

Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, Barclays Bank UK Group is allowed to resell or re-pledge the collateral held. The fair value at the balance sheet date of collateral accepted and re-pledged to others was as follows:

	Barclays Bank UK Group and PLC	
	2021	2020
	£m	£m
Fair value of securities accepted as collateral	**6,368**	2,497
Of which fair value of securities re-pledged/transferred to others	**985**	1,298

Additional disclosure has been included in collateral and other credit enhancements (pages 61 to 65).

The notes included in this section focus on related party transactions, Auditors' remuneration, Directors' remuneration and interest rate benchmark reform. Related parties include any subsidiaries, associates, joint ventures and key management personnel.

33 Related party transactions and Directors' remuneration

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both.

Parent company

The parent company, which is also the ultimate parent company, is Barclays PLC, which holds 100% of the issued ordinary shares of Barclays Bank UK PLC.

Subsidiaries

Transactions between Barclays Bank UK PLC and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Barclays Bank UK Group's financial statements.

Fellow subsidiaries

Transactions between the Barclays Bank UK Group and other subsidiaries of the parent company also meet the definition of related party transactions.

Associates, joint ventures and other entities

There were no material related party transactions with associates, joint ventures or pension funds during the year.

Amounts included in the Barclays Bank UK Group's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Fellow subsidiaries £m
For the year ended and as at 31 December 2021		
Total income	**(289)**	**85**
Credit impairment charges	**—**	**—**
Operating expenses	**(36)**	**(2,343)**
Total assets	**16**	**733**
Total liabilities	**9,550**	**949**
For the year ended and as at 31 December 2020		
Total income	(301)	103
Credit impairment charges	—	—
Operating expenses	(40)	(2,245)
Total assets	15	706
Total liabilities	9,588	1,664

Amounts included in Barclays Bank UK PLC's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Subsidiaries £m	Fellow subsidiaries £m
As at 31 December 2021			
Total assets	**16**	**913**	**733**
Total liabilities	**9,550**	**550**	**945**
As at 31 December 2020			
Total assets	15	987	706
Total liabilities	9,588	559	1,664

It is the normal practice of Barclays Bank UK PLC to provide its subsidiaries with support and assistance by way of guarantees, indemnities, letters of comfort and commitments, as may be appropriate, with a view to enabling them to meet their obligations and to maintain their good standing, including commitment of capital and facilities. For dividends paid to Barclays PLC see Note 10.

Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Barclays Bank UK PLC (directly or indirectly) and comprise the Directors and Officers of Barclays Bank UK PLC, certain direct reports of the Chief Executive Officer and the heads of major business units and functions.

The Barclays Bank UK Group provides banking services to Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding were as follows:

Loans outstanding	2021 £m	2020 £m
As at 1 January	**3.6**	2.1
Loans issued during the year[a]	**11.7**	2.4
Loan repayments during the year[b]	**(3.5)**	(0.9)
As at 31 December	**11.8**	**3.6**

Notes
a Includes loans issued to existing Key Management Personnel and new or existing loans issued to newly appointed Key Management Personnel.
b Includes loan repayments by existing Key Management Personnel and loans to former Key Management Personnel.

No allowances for impairment were recognised in respect of loans to Key Management Personnel (or any connected person).

Deposits outstanding	2021 £m	2020 £m
As at 1 January	**3.0**	3.2
Deposits received during the year[a]	**21.2**	12.7
Deposits repaid during the year[b]	**(20.6)**	(12.9)
As at 31 December	**3.6**	3.0

Notes
a Includes deposits received from existing Key Management Personnel and new or existing deposits received from newly appointed Key Management Personnel.
b Includes deposits repaid by existing Key Management Personnel and deposits of former Key Management Personnel.

Total commitments outstanding
Total commitments outstanding refer to the total of any undrawn amounts on credit card and/or overdraft facilities provided to Key Management Personnel. Total commitments outstanding as at 31 December 2021 were £0.3m (2020: £0.4m).

All loans to Key Management Personnel (and persons connected to them) were made in the ordinary course of business; were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons; and did not involve more than a normal risk of collectability or present other unfavourable features.

Remuneration of Key Management Personnel

Total remuneration awarded to Key Management Personnel below represents the awards made to individuals that have been approved by the Board Remuneration Committee as part of the latest remuneration decisions. Costs recognised in the income statement reflect the accounting charge for the year included within operating expenses. The difference between the values awarded and the recognised income statement charge principally relates to the recognition of deferred costs for prior year awards. Figures are provided for the period that individuals met the definition of Key Management Personnel.

	2021 £m	2020 £m
Salaries and other short-term benefits	14.6	15.0
Pension costs	0.1	0.2
Other long-term benefits	2.0	2.3
Share-based payments	2.3	2.2
Employer social security charges on emoluments	2.6	2.7
Costs recognised for accounting purposes	21.6	22.4
Employer social security charges on emoluments	(2.6)	(2.7)
Other long-term benefits – difference between awards granted and costs recognised	0.6	(0.4)
Share-based payments – difference between awards granted and costs recognised	0.3	(0.3)
Total remuneration awarded	19.9	19.0

Disclosure required by the Companies Act 2006

The following information regarding the Barclays Bank UK PLC Board of Directors is presented in accordance with the Companies Act 2006:

	2021 £m	2020 £m
Aggregate emoluments[a]	4.2	4.3

Note

a The aggregate emoluments include amounts paid for the 2021 year. In addition, deferred cash and share awards for 2021 with a total value at grant of £1.5m (2020: £0.9m) will be made to Directors which will only vest subject to meeting certain conditions.

There were no pension contributions paid to defined contribution schemes on behalf of Directors (2020: £nil). There were no notional pension contributions to defined contribution schemes.

As at 31 December 2021, there were no Directors accruing benefits under a defined benefit scheme (2020: nil).

Of the figures in the table above, the amounts attributable to the highest paid Director in respect of qualifying services are as follows:

	2021 £m	2020 £m
Aggregate emoluments[a]	1.5	1.5

Note

a The aggregate emoluments include amounts paid for the 2021 year. In addition, deferred cash and share awards for 2021 with a total value at grant of £1.0m (2020: £0.5m) will be made to highest paid Director which will only vest subject to meeting certain conditions.

There were no actual pension contributions paid to defined contribution schemes on behalf of the highest paid Director (2020: £nil). There were no notional pension contributions to defined contribution schemes.

Advances and credit to Directors and guarantees on behalf of Directors

In accordance with Section 413 of the Companies Act 2006, the total amount of advances and credits made available in 2021 to persons who served as Directors during the year was £0.1m (2020: £0.1m). The total value of guarantees entered into on behalf of Directors during 2021 was £nil (2020: £nil).

34 Auditor's remuneration

	2021 £m	2020 £m
Audit of the Barclays Bank UK Group's annual accounts	**7**	7
Other services:		
Audit of the Company's subsidiaries[a]	**1**	1
Other audit related fees[b]	**2**	2
Total Auditor's remuneration	**10**	10

Notes
a Comprises the fees for the statutory audit of the subsidiaries and fees for the work performed by associates of KPMG in respect of the consolidated financial statements of the Company.
b Comprises services in relation to statutory and regulatory filings. These include audit services for the review of the interim financial information under the Listing Rules of the UK listing authority.

35 Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR has been a priority for global regulators. As a result the UK's Financial Conduct Authority (FCA) and other global regulators instructed market participants to prepare for the cessation of most LIBOR rates after the end of 2021, and to adopt "near Risk-Free Rates" (RFRs).

Pursuant to FCA announcements during 2021, panel bank submissions for all GBP, CHF LIBOR and Euro Overnight Index Average (EONIA) LIBOR tenors ceased, and representative LIBOR rates also ceased after 31 December 2021. For USD, certain actively used tenors will continue to be provided until June 2023; however, in line with the US banking regulators' joint statement, the Barclays Bank UK Group ceased issuing or entering into new contracts that use USD LIBOR as a reference rate from 31 December 2021, other than in relation to those allowable use cases set out under the FCA's prohibition notice (ref 21A). These include market making in support of client activity; or transactions that reduce or hedge Barclays' or any client of Barclays' US dollar LIBOR exposure on contracts entered into before 1 January 2022.

The Barclays Bank UK Group's exposure to rates subject to benchmark interest rate reform has been predominantly to GBP and USD LIBOR and Euro Overnight Index Average (EONIA). In GBP LIBOR, with the exception of a limited number of small exposures with retail customers, exposure is related to ESHLA (Education, Social Housing and Local Authority) clients and the derivative hedging thereof. The majority of these GBP LIBOR exposures have RFR fallbacks and will convert to SONIA at the first interest reset in 2022 Derivative exposures are represented as gross notional contract amounts. However, net LIBOR derivative exposures are small. Non-derivative exposures include exposures related to the ESHLA portfolio. Retail lending and mortgage exposure to LIBOR in Barclays Bank UK Group is minimal. Following transition activity in late 2021 and early 2022, GBP, USD (one week and two month tenors), CHF LIBOR and EONIA positions ("2021 scope") have transitioned onto RFRs.

There are key differences between IBORs and RFRs. IBORs are 'term rates', which means that they are published for a borrowing period (for example three months), and they are 'forward-looking', because they are published at the beginning of a borrowing period, based upon an estimated inter-bank borrowing cost for the period. RFRs are based upon overnight rates from actual transactions, and are therefore published after the end of the overnight borrowing period. Furthermore, IBORs include a credit spread over the RFRs. Therefore, to transition existing contracts and agreements to RFRs, adjustments for term and credit differences may need to be applied to RFR-linked rates. The methodologies for these adjustments have been determined through in-depth consultations by industry working groups, on behalf of the respective global regulators and related market participants.

How the Barclays Group is managing the transition to alternative benchmark rates

Barclays has established a Group-wide LIBOR Transition Programme, with oversight from the Barclays Group Finance Director. The Transition Programme spans all business lines and has cross-functional governance which includes Legal, Compliance, Conduct Risk, Client Engagement and Communications, Risk, and Finance. The Transition Programme aims to drive strategic execution, and identify, manage and resolve key risks and issues as they arise. Barclays' transition plans primarily focus on G5 currencies while providing quarterly updates on progress and exposures to the PRA/FCA and other regulators as required.

The Transition Programme follows a risk based approach, using recognised 'change delivery' control standards. Accountable Executives are in place within key working groups and workstreams, with overall Board oversight delegated to the Board Risk Committee and the Barclays Group Finance Director. Barclays performs a prominent stewardship role to drive orderly transition via our representation on official sector and industry working groups across all major jurisdictions and product classes. Additionally, the Barclays Group Finance Director is Chair of the UK's 'Working Group on Sterling Risk-Free Reference Rates' (UK RFRWC), whose mandate is to catalyse a broad-based transition to using SONIA ('Sterling Overnight Index Average'), as the primary sterling interest rate benchmark in bond, loan and derivatives markets.

Approaches to transition exposure expiring post the expected end dates for LIBOR vary by product and nature of counterparty. The Barclays Group has actively engaged with the counterparties to transition or include appropriate fallback provisions and transition mechanisms in its floating rate assets and liabilities with maturities after 2021, when relevant IBORs excluding USD LIBOR cease to be published. The fallback will provide the relevant replacement rate. In the case of the ISDA Protocol it is the RFR plus a credit adjusted spread that should be used post cessation or pre-cessation of the relevant IBOR. For the derivative population, adherence to the ISDA IBOR Fallbacks Protocol has provided Barclays with an efficient mechanism to amend outstanding trades to incorporate fallbacks. Beyond the ISDA IBOR Fallbacks Protocol, other options have included terminating or bilaterally agreeing new terms with counterparties. Derivative contracts facing central clearing counterparties have followed a market-wide, standardised approach to reform through a series of CCP-led conversions.

The FCA has authorised broad usage of synthetic LIBOR as a temporary solution for the 'tough legacy' population of unremediated contracts for GBP. Given cleared derivatives for the 2021 scope transitioned via CCP driven conversions, synthetic LIBOR does not apply in this context. Barclays' strategy remains to actively transition LIBOR exposure where viable, and/or to implement and utilise robust contractual fallbacks where possible. Where contracts remain unremediated, they may be able to utilise synthetic LIBOR on a temporary basis for 1, 3 and 6 month tenors of GBP LIBOR to assist the transition of certain exposures. Barclays will continue to monitor, assess and limit the reliance on synthetic LIBOR.

As announced by the FCA on 5 March 2021, USD LIBOR tenors (except 1 week and 2 month tenors) will cease to be representative from 30 June 2023. As detailed above, the key area of focus for transition prior to 2022 was on the other non-USD IBOR currency-tenors that ceased to be published at the end of 2021. Clients and colleagues have been notified that we have prohibited entering into new USD LIBOR transactions (with narrow permitted exceptions) from 1 January 2022 in line with regulatory expectations.

Progress made during 2021

During 2021, the Barclays Bank UK Group delivered RFR product capabilities and alternatives to LIBOR across loans, bonds and derivatives required for LIBOR cessation to support transition of legacy contracts. Barclays Bank UK Group has transitioned the majority (by gross notional exposure, measured at year-end 2020) of legacy positions in those rates within the 2021 scope, onto new RFRs in line with official sector expectations and milestones. This has been achieved through bilateral negotiation of contracts with clients, including the use of appropriate fallback provisions (which became effective post 31 December 2021) and taking part in large scale transition events at the London Clearing House (LCH). In relation to those contracts yet to be transitioned, we remain in active dialogue with clients. Barclays Bank UK Group delivered technology and business process changes required to ensure operational readiness in preparation for LIBOR cessation and transitions to RFRs for those benchmark rates ceasing at the end of 2021. Whilst the majority of IBOR exposures have moved to RFRs, where appropriate other rates such as fixed rates or Bank of England base rates have also been used.

Risks to which the Barclays Bank UK Group is exposed as a result of the transition

Global regulators and central banks in the UK, US and EU have been driving international efforts to reform key benchmark interest rates and indices, such as LIBOR, which are used to determine the amounts payable under a wide range of transactions and make them more reliable and robust. These benchmark reforms have resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of RFRs, the discontinuation of certain reference rates (including LIBOR), and the introduction of implementing legislation and regulations. Specifically, regulators in the UK, US and EU have directed that certain non-US dollar LIBOR tenors cease at the end of 2021. Notwithstanding these developments, given the unpredictable consequences of benchmark reform, any of these developments could have an adverse impact on market participants, including the Barclays Bank UK Group, in respect of any financial instruments linked to, or referencing, any of these benchmark interest rates.

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

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

- **Conduct risk**: in undertaking actions to transition away from using certain reference rates (such as LIBOR) to new alternative RFRs, the Barclays Bank UK Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank UK Group is considered to be (among other things) (i) undertaking market activities that are manipulative or create a false or misleading impression, (ii) misusing sensitive information or not identifying or appropriately managing or mitigating conflicts of interest, (iii) providing customers with inadequate advice, misleading information, unsuitable products or unacceptable service, (iv) not taking a consistent approach to remediation for customers in similar circumstances, (v) unduly delaying the communication and migration activities in relation to client exposure, leaving them insufficient time to prepare, or (vi) colluding or inappropriately sharing information with competitors.

- **Litigation risk**: members of the Barclays Bank UK Group may face legal proceedings, regulatory investigations and/or other actions or proceedings regarding (among other things) (i) the conduct risks identified above, (ii) the interpretation and enforceability of provisions in LIBOR-based contracts, and (iii) the Barclays Bank UK Group's preparation and readiness for the replacement of LIBOR with alternative RFRs.

- **Financial risk**: the valuation of certain Barclays Bank UK Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the Barclays Bank UK Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because certain alternative RFRs (such as SONIA and SOFR) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have a material adverse effect on the Barclays Bank UK Group's cash flows.

- **Operational risk**: changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative RFRs may require changes to the Barclays Bank UK Group's IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any reference rate or index (such as LIBOR) is no longer available to calculate amounts payable, the Barclays Bank UK Group may incur additional expenses in amending documentation for new and existing transactions and/or effecting the transition from the original reference rate or index to a new reference rate or index.

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

Any of these factors may have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition, prospects and reputation, although a number of the above risks in relation to transition of legacy 2021 scope onto RFRs have been substantially mitigated.

The Barclays Bank UK Group does not expect material changes to its risk management approach and strategy as a result of interest rate benchmark reform.

The following table summarises the significant exposures impacted by the interest rate benchmark reform:

As at 31 December 2021	GBP LIBOR £m	USD LIBOR £m	CHF LIBOR £m	Total £m
Non-derivative financial assets				
Loans and advances at amortised cost	2,404	11	7	2,422
Financial assets at fair value through the income statement	84	—	—	84
Financial assets at fair value through other comprehensive income	—	—	—	—
Non-derivative financial assets	2,488	11	7	2,506
Equity				
Other equity instruments	—	148	—	148
Standby facilities, credit lines and other commitments[a]	2,396	—	—	2,396

Note

a The Barclays Bank UK loans portfolio includes facilities that provide clients with the flexibility to borrow across a range of different interest rate options, including some that are not associated with benchmark reforms such as fixed rate interest. There has been a change to how the drawn amounts on these facilities are reported in 2021, loans drawn on these facilities against interest rates that are not linked to benchmark reforms have been treated as undrawn exposures. This has resulted in an increase in GBP LIBOR exposure of £1.9bn. 2020 comparatives have not been restated to reflect this change.

As at 31 December 2020	GBP LIBOR £m	USD LIBOR £m	CHF LIBOR £m	Total £m
Non-derivative financial assets				
Loans and advances at amortised cost	10,861	119	7	10,987
Financial assets at fair value through the income statement	2,306	—	—	2,306
Financial assets at fair value through other comprehensive income	—	8	—	8
Non-derivative financial assets	13,167	127	7	13,301
Equity				
Other equity instruments	(1,375)	(1,161)	—	(2,536)
Standby facilities, credit lines and other commitments	776	2	—	778

The table above represents the exposures to interest rate benchmark reform by balance sheet account, which have yet to transition. The exposure disclosed is for positions with contractual maturities after 31 December 2021 (apart from USD, which is for maturities after 30 June 2023). Balances reported at amortised cost are disclosed at their gross carrying value and do not include any expected credit losses that may be held against them.

The following table represents the derivative exposures to interest rate benchmark reform, which have yet to transition:

As at 31 December 2021	GBP LIBOR £m	USD LIBOR £m	EONIA £m	Total £m
Derivative notional contract amount				
OTC interest rate derivatives	3,731	—	—	3,731
OTC interest rate derivatives - cleared by central counterparty	—	16,670	—	16,670
OTC foreign exchange derivatives	—	—	—	—
Derivative notional contract amount	**3,731**	**16,670**	**—**	**20,401**

As at 31 December 2020	GBP LIBOR £m	USD LIBOR £m	EONIA £m	Total £m
Derivative notional contract amount				
OTC interest rate derivatives	3,693	464	—	4,157
OTC interest rate derivatives - cleared by central counterparty	131,916	18,067	14,400	164,383
OTC foreign exchange derivatives	400	386	—	786
Derivative notional contract amount	136,009	18,917	14,400	169,326

The table above represents the derivative exposures to interest rate benchmark reform, which have yet to transition. The exposure disclosed is for positions with contractual maturities after 31 December 2021 (apart from USD, which is for maturities after 30 June 2023). Derivatives are reported by using the notional contract amount and where derivatives have both pay and receive legs with exposure to benchmark reform, such as cross currency swaps, the notional contract amount is disclosed for both legs. As at 31 December 2021, there were £nil (2020: £393m) cross currency swaps where both the pay and receive legs are impacted by interest rate benchmark reform.

The Barclays Bank UK Group also had £nil (2020: £5bn) of Barclays issued debt retained by the group, impacted by the interest rate benchmark reform, predominately in GBP LIBOR.

Fallback clauses

The 31 December 2021 exposure has been broken up into those with robust fallbacks and those without. Fallbacks here are defined as any mechanism involving a ‘switch’ or ‘hardwire’ or a contractual agreement to transition to an automatically selected rate. One of the most commonly used is the ISDA 2020 IBOR Protocol published in October 2020 which enabled market participants to incorporate fallback provisions into legacy non-cleared derivatives and certain non-derivatives transactions. Market participants who have adhered to the ISDA 2020 IBOR Protocol agree, between adhering parties, that their legacy contracts will be amended to include the relevant fallback provisions. In addition to this, ISDA developed bilateral Swap Rate Fallbacks templates for GBP Swap Rate bilateral derivative trades with the GBP ICE Swap Rate fallback provisions being published in August 2021. Whilst the fallback provisions have been applied to the majority of trades, with some limited exceptions being worked through, the switch to the replacement rate as a result of fallback provision inclusion may not take place until the next rate reset post the cessation or pre-cessation event.

The following tables present a breakdown of the exposures to IBOR reform (excluding USD LIBOR) with fallbacks in place and those without.

	With appropriate fallback clause			Without appropriate fallback clause		
As at 31 December 2021	GBP LIBOR £m	CHF LIBOR £m	Total £m	GBP LIBOR £m	CHF LIBOR £m	Total £m
Non-derivative financial assets						
Loans and advances at amortised cost	2,199	5	2,204	205	2	207
Financial assets at fair value through the income	84	—	84		—	—
Non-derivative financial assets	2,283	5	2,288	205	2	207
Standby facilities, credit lines and other commitments	517	—	517	1,879	—	1,879

The majority of the remaining exposures without fallbacks in place are either facilities where LIBOR is not primarily referenced in the ordinary course of the contract, or syndicated facilities where the transition is led by a third party agent. Work is ongoing with clients and agents to transition facilities or insert fallbacks prior to the next rate reset. There may be some scenarios where synthetic LIBOR is temporarily used whilst Barclays Bank UK Group continues to work with the client to remediate their exposures, with little expectation of longer term usage.

	With appropriate fallback clause			Without appropriate fallback clause		
As at 31 December 2021	GBP LIBOR £m	EONIA £m	Total £m	GBP LIBOR £m	EONIA £m	Total £m
Derivative notional contract amount						
OTC interest rate derivatives	3,731	—	3,731	—	—	—

All derivative exposures at year-end have robust fallbacks in place via the ISDA IBOR Fallbacks Protocol.

36 Barclays Bank UK PLC (the Parent company)

The investment in subsidiaries of £432m (December 2020: £441m) predominantly relates to investments in Barclays Insurance Services Company Limited, Barclays Investment Solutions Limited and Barclays Asset Management Limited. At the end of each reporting period an impairment review is undertaken in respect of investment in subsidiaries. Impairment is indicated where the investment exceeds the recoverable amount. The recoverable amount is calculated as a value in use (VIU) which is derived from the present value of future cash flows expected to be received from the investment. The VIU calculation uses future years forecast profits from financial budgets approved by management as an approximation of future cash flows. The investment in FirstPlus Financial Group Limited of £14m held by Barclays Bank UK PLC showed a VIU of £5m resulting in an impairment being recognised of £9m. These cash flows are discounted using a pre-tax discount rate of 18.0% (2020: 13.5%). The recoverable amount was higher than the carrying value of all other investments in ordinary shares held by Barclays Bank UK PLC.

37 Related undertakings

The Barclays Bank UK PLC Group's corporate structure consists of a number of related undertakings. A full list of these undertakings, the country of incorporation and the ownership of each share class is set out below. The information is provided as at 31 December 2021.

The entities are grouped by the countries in which they are incorporated. The profits earned by the activities of Barclays PLC Group entities are in some cases taxed in countries other than the country of incorporation. Barclays PLC 2021 Country Snapshot provides details of where the Barclays PLC Group carries on its business, where its profits are subject to tax and the taxes it pays in each country it operates in.

Wholly owned subsidiaries

Unless otherwise stated the undertakings below are wholly owned and consolidated by Barclays Bank UK PLC and the share capital disclosed comprises ordinary and/or common shares, 100% of the nominal value of which is held by Barclays Bank UK PLC.

Notes

A. Directly held by Barclays Bank UK PLC
B. Partnership Interest
C. A Ordinary Shares

Wholly owned subsidiaries	Note
United Kingdom	
– 1 Churchill Place, London, E14 5HP	
Barclays Asset Management Limited	A
Barclays Direct Investing Nominees Limited	
Barclays Financial Planning Nominee Limited	
Barclays Global Shareplans Nominee Limited	
Barclays Insurance Services Company Limited	A
Barclays Investment Solutions Limited	A
Barclays SAMS Limited	A
Barclays Singapore Global Shareplans Nominee Limited	
Barclayshare Nominees Limited	
FIRSTPLUS Financial Group Limited	A
Solution Personal Finance Limited	A
Woolwich Homes Limited	A
– Aurora Building, 120 Bothwell Street, Glasgow, G2 7JS	
R.C. Greig Nominees Limited	

Other Related Undertakings

Unless otherwise stated, the undertakings below are consolidated and the share capital disclosed comprises ordinary and/or common shares which are held by subsidiaries of the Barclays Bank UK Group. The Barclays Bank UK Group's overall ownership percentage is provided for each undertaking.

Other Related Undertakings	%	Note
United Kingdom		
– 1 Churchill Place, London, E14 5HP		
Barclaycard Funding PLC	75.00	A, C
Barclays Covered Bond Funding LLP (In Liquidation)	50.00	A, B
Barclays Covered Bonds Limited Liability Partnership	50.00	A, B

Joint Ventures

The related undertaking below is a Joint Venture in accordance with s. 18, Schedule 4, The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and is proportionally consolidated.

Joint Venture	%	Note
United Kingdom		
– All Saints Triangle, Caledonian Road, London, N1 9UT		
Vaultex UK Limited	50.00	A

Joint management factors

The Joint Venture board comprises two Barclays representative directors, two Joint Venture partner directors and three non Joint Venture partner directors. The board is responsible for setting the company strategy and budgets.

The term Barclays Bank UK Group refers to Barclays Bank UK PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2021 to the corresponding twelve months of 2020 and balance sheet analysis as at 31 December 2021 with comparatives relating to 31 December 2020. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at home.barclays/investor-relations/reports-and-events/latest-financial-results.

The information in this document, which was approved by the Board of Directors on 22 February 2022, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021, which contain an unmodified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006), will be delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

Barclays Bank UK Group is an issuer in the debt capital markets and meets with investors via formal road-shows and other ad hoc meetings. Consistent with its usual practice, Barclays Bank UK Group expects that from time to time over the coming half year it will meet with investors to discuss these results and other matters relating to the Barclays Bank UK Group.

Forward-looking statements

This document contains certain forward-looking statements with respect to the Barclays Bank UK Group. Barclays 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. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Barclays Bank UK Group (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank UK Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, capital distributions (including dividend pay-out ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, (including, without limitation, ESG commitments and targets), estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation; the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, emerging and developing ESG reporting standards, the outcome of current and future legal proceedings and regulatory investigations; future levels of conduct provisions; the policies and actions of governmental and regulatory authorities; the Barclays Bank UK Group's ability along with government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental,social and geopolitical risks; and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; macroeconomic and business conditions in the UK and any systemically important economy which impacts the UK; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Barclays Bank UK Group or any securities issued by such entities; 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 the 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; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank UK Group's control. As a result, the Barclays Bank UK Group's actual financial position, future results, capital distributions, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures or 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.

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