

Barclays Bank PLC Annual Report

31 December 2021

Contents

Page

Strategic Report

Performance review	1
Managing risk	5
Performance measures	7
Our People and Culture	9
Section 172(1) Statement	12

Governance

Chairman's introduction	15
Corporate governance statement	16
Directors' report	28

Risk review

Risk review contents	32
Risk management strategy	34
Material existing and emerging risks	36
Climate change risk management	49
Principal risk management	51
Risk performance	57
Supervision and regulation	121

Financial statements

Financial statements contents	127
Consolidated financial statements	148
Notes to the financial statements	158

Strategic report

Performance review

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

On 22 February 2022, Tushar Morzaria informed the Board of his intention to retire from the Board and as Group Finance Director and it has been agreed that this will take effect on 22 April 2022, with Anna Cross succeeding him as a member of the Board and as Group Finance Director on 23 April 2022. Details of these Board changes will be set out in a separate announcement to the market on 23 February 2022.

Overview

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

Barclays Bank PLC is the non ring-fenced bank within the Barclays Group. The Barclays Bank Group contains the majority of the Barclays Group's Barclays International division, which is comprised of the Corporate and Investment Bank (CIB) and Consumer, Cards and Payments (CC&P) businesses. Barclays Bank PLC offers customers and clients a range of products and services spanning consumer and wholesale banking and is supported by the Barclays group-wide service company, Barclays Execution Services Limited (BX), which provides technology, operations and functional services to businesses across the Barclays Group.

Barclays Bank PLC is focused on delivering for customers and clients around the world, Barclays Bank PLC's diversified business portfolio provides balance, resilience and exciting opportunities. Barclays Bank PLC has strong global market positions and continues to invest in people and technology with the aim of delivering sustainable returns.

Our structure



CIB

The CIB is comprised of the Investment Banking, Corporate Banking and Global Markets businesses, aiding money managers, financial institutions, governments, supranational organisations and corporate clients to manage their funding, financing, strategic and risk management needs.

- Our Global Markets business provides a broad range of clients with market insight, execution services, tailored risk management and financing solutions across equities, credit, rates and foreign exchange products.
- Investment Banking provides clients with strategic advice on mergers and acquisitions (M&A), corporate finance and financial risk management solutions, as well as equity and debt issuance services.
- Corporate Banking provides GBP and EUR working capital, transaction banking (including trade and payments), and lending for multinational, large and medium corporates, and for financial institutions.

CC&P

CC&P is comprised of our International Cards and Consumer Bank, Private Bank and Unified Payments businesses.

- As part of our International Cards and Consumer Bank, in the US we have a partnership-focused business model, offering credit cards to consumers through our relationships, including with American Airlines and AARP. We also offer online retail savings products, instalment payments and personal loans.
- In Germany, we also offer multiple consumer products, including own-branded and co-branded credit cards, online loans, electronic Point of Sale (ePOS) financing and deposits.
- Unified Payments enables businesses of all sizes to make and receive payments.
- Our Private Bank offers banking, credit and investment capabilities to meet the needs of our clients across the UK, Europe, the Middle East and Africa, and Asia.

Market and operating environment

CIB

The year in the global financial markets was characterised by heightened volatility early on due to COVID-19, with activity decreasing as volatility stabilised. Equities markets remained buoyant through the year, as a number of indices rallied to record highs. There were significant levels of investment banking activity, with M&A up 65% on the prior year¹. Similarly, volumes in the initial public offering (IPO) market increased by over 85% compared with 2020¹.

Across our CIB businesses, the opportunities presented by climate change and the broader environmental, social and governance (ESG) agenda continued to grow, as demonstrated by the record levels of green bond issuance at £340bn for the year¹.

Corporate lending activity declined versus 2020 given the significant amounts of borrowing undertaken at the outset of the pandemic, while Transaction Banking activity grew steadily in conjunction with improved economic conditions.

Note

¹ Dealogic for period covering 1 January 2021 to 31 December 2021

Strategic report

Performance review

CC&P

The COVID-19 pandemic and low interest rate environment continued to have a significant impact on CC&P. It accelerated a number of existing trends in customer behaviour, including consumers saving more and paying down existing debt.

As cash use declines and online transactions grow, the shift towards digital services and payments continued. In Payments, we also saw a continuing trend towards e-commerce versus in-store transactions, with an accelerating number of Small and Medium Sized Enterprises (SMEs) in particular pivoting their businesses online and accepting digital payments.

Strategic priorities

CIB

Our aim is to provide comprehensive and integrated services to clients, delivering solutions across Investment Banking, Corporate Banking and Global Markets.

- **Becoming an electronic-first Global Markets business, growing in targeted areas:** In Global Markets, we will prioritise simplification of our systems architecture, while seeking to close gaps in our intermediation businesses. We are focused on growing our financing capabilities to build a more diversified portfolio that performs better across the economic cycle.
- **Investing in high growth sectors and maintaining high returns in Investment Banking:** We are continuing to invest in high growth sectors such as Technology and Healthcare, and we aim to sustain the investment we have made in our high returning, fee-driven M&A and Equities businesses.
- **Capturing opportunities as we transition to a low-carbon economy:** We are focused on opportunities to deepen relationships. We aim to support clients who want to make their business models more sustainable, and, in Global Markets and Investment Banking, using our scale and capital markets expertise to mobilise capital for green and social infrastructure.
- **Diversifying Corporate Banking income:** We remain focused on diversifying our Corporate Bank by growing the business in Europe and the US, growing Transaction Banking and optimising the use of loan capital. We aim to continue the build out of our full service Corporate Banking digital proposition and other significant multi-year strategic investment programmes for trade, payments and wholesale lending.
- **Improving integration:** Across our businesses we are focused on serving clients in an integrated way. Our efforts to broaden and deepen our CIB offering across Europe will form an important part of this effort.

CC&P

We strive to deliver next-generation consumer businesses, offering best-in-class consumer finance, private banking and payment solutions.

- **Responding to changing consumer behaviour:** We continue to invest in the digitisation of our businesses, delivering new products and capabilities to reflect growing trends. This includes focusing on scaling our existing e-commerce solutions to add further value to our digitally engaged customers, small businesses and corporates.
- **Building a more efficient and seamless business:** We are accelerating our automation agenda to drive operational efficiency and create a more seamless digital customer experience.
- **Winning new partnerships:** We are focused on broadening relationships with our existing partners and pursuing new partnerships, particularly in the US. We are also building capabilities to offer new financing solutions across all our markets.

Year in review

CIB

- Our Global Markets business acted as a market-maker and liquidity provider to clients across the globe, playing an important role in helping them find opportunities and manage risk during a period of continued heightened market volatility. In the context of a year in which trading market conditions changed materially, we had an overall share of 4.6% (2020: 4.8%), maintaining our global revenue ranking at 6th². Gains in Equities were offset by a reduction in FICC revenues, which were down in comparison with a very strong 2020.
- We continued to invest in enhancing our Global Markets digital proposition, including our electronic trading capabilities and our digital self-service platform; and our financing platforms across Fixed Income and Equities.
- 2021 was a record year for our Investment Banking business on a revenue basis, with significant revenue improvement in target growth areas. This included Advisory, up 64% on prior year and Equity Capital Markets, up 72%. We regained our position of 6th in overall global fee share³, having slipped to 7th in 2020.
- We continued to invest in the strength of our Investment Banking coverage in high growth sectors, including expanding our Sustainable Impact Banking (SIB) Group. SIB advised on or raised capital for companies in over 50 transactions representing over £18bn, a five-fold increase in financing volumes from 2020 and a more than doubling in the number of strategic advisory transactions for clients whose businesses are addressing environmental or social challenge.
- Our Research team continued to deliver differentiated insights through a mix of thematic and single-name content, high touch interactions, and events. We have continued to further the ESG agenda for Barclays by strengthening our a cross-asset ESG team, which oversees the integration of ESG into our fundamental research. We leveraged the investments made in our data science platform by producing more than 300 reports tied to our data-science insights in 2021. We also played a critical role in driving our thought leadership, for example with the launch of the Eagle Eye newsletter and the ongoing Flip Side podcast to our clients.

Strategic report

Performance review

- Our Corporate Banking business also originated over £2bn in green lending and continued developing our sustainable product set, growing the number of products from 6 in 2020 to 15 in 2021, including trade, lending and deposits. We collaborated across CIB to deliver financial support to help our clients meet their crucial ESG targets.
- Our Corporate Banking business continued to play a role in supporting clients impacted by COVID-19 through the UK Government lending schemes as well as supporting businesses to accelerate growth with the introduction of the new General Export Facility (GEF) in collaboration with UK Export Finance. Since GEF was made available, Barclays has approved more than £95m of UK Export Finance (UKEF) backed finance accounting for over 40% of the total value of facilities to date. In the UK, Corporate Banking deposit balances grew by 7% during the year.
- We continued monetising our investments in our international footprint of our Corporate Banking business. Despite the challenging environment, we on-boarded a little under 600 new clients across nine EU countries where our Transaction Banking offering is now live.

Notes
² Coalition Greenwich, Preliminary FY21 Competitor Analysis. Analysis is based on Barclays internal business structure and internal revenues. Rank result is against the Coalition Index Banks.

³ Dealogic for the period covering 1 January 2021 to 31 December 2021

CC&P

We established new partnerships across our businesses, notably in the US, where we signed a long-term partnership agreement with Gap Inc., the largest speciality apparel company⁴ in the US, to issue both co-branded and private label credit cards. We also renewed our existing partnership agreement with JetBlue Airlines, among other partners. We maintained our position as a top 10 credit card issuer⁵ in the US.

We continued to invest in our digital servicing model, reaching a digital active user rate of 71.8%. We have seen an improvement on the Net Promoter Score in the US Consumer Bank, reaching +37 vs +35 in 2020.

Our Payments business maintained its position as one of the largest payment processors in Europe⁶. We secured new client relationships, and retained others, including with Center Parcs, Musgrave and the Ministry of Defence. We also launched iPortal, our Payments servicing platform to Corporate clients, enabling the management of merchant services accounts alongside bank accounts and other Corporate services in a single location.

In Germany, we continue to be a leading provider of consumer finance⁷ through our credit cards and personal loans business. We have scaled the business through collaborations with e-commerce providers, including Amazon, providing customers with financial flexibility at the Point of Sale.

Our Private Bank continued to work towards becoming a leading investments house for Ultra High Net-Worth (UHNW) and High Net-Worth (HNW) clients and Family Offices, by offering more tailored and sustainable solutions as well as providing access to our CIB.

Notes
⁴ Gap Inc. 2020
⁵ Nilson Report # 1204
⁶ Nilson Report # 1197

⁷ Deutsche Bundesbank, Advanzia S.A, plus own calculations

Looking ahead

CIB

Across our CIB, we will remain focused on maintaining our client-centric approach and developing opportunities to grow our business and increase returns. We will continue to focus on growth in high-returning, capital efficient parts of our business and to sustain our focus on cost discipline and operational rigour.

In Global Markets we are focused on further developing our electronic trading-driven business, driving efficiency and scale and serving the needs of our investor base. We will continue to invest in market share growth in Securitised Products, Emerging Markets, and parts of our Rates and Foreign Exchange businesses.

Investment Banking will continue its investment in high-priority sectors, particularly in Healthcare, where we have more to do to improve fee share, and in Technology in the US and Europe. More broadly, we aim to build on our established momentum and improve revenue contribution from our equity and advisory offerings. We will continue to build our SIB offering, with a particular focus on developing our capabilities in Europe and Asia. We are also looking to broaden the range of ESG capital market product types we offer and to deliver across more client segments.

In Corporate Banking, we will continue to monetise investments in our European and US offering with an emphasis on growing our Transaction Banking business. Our focus will remain on steadily improving our credit portfolio returns by reallocating risk weighted assets to higher-returning opportunities. We will keep investing in our trade, payments and wholesale lending offering and we will look to further enhance our digital proposition.

CC&P

Within CC&P, we will continue to invest in building our technology and digital capabilities, meeting consumer demand and responding to changing behaviour.

We aim to drive further scale in our Payments business. Our goal is to deliver a world-class unified payments experience for customers, combining payments and banking technology, to contribute to the Barclays' growth ambition of delivering an additional £900m of income from payments activity between 2020 and 2023. In support, we will continue to drive the uptake of our e-commerce solutions.

We will continue to deepen our relationships with corporates, by: collaborating with the CIB; strengthening our offerings to small businesses and targeting continued growth in our European footprint.

In Germany, we will continue to grow and seek to utilise the capabilities built with Amazon to further penetrate the market, as well as pursue new commercial partnerships that further expand our co-branded cards portfolio.

Strategic report

Performance review

As we focus on our partnership-centric business model in the US, we are extending our product set further to include private label credit cards. We will also scale our existing proposition to deliver more value to our partners across a broader range of sectors, diversifying our business. We hope the launch of our Gap Inc. partnership in the middle of 2022 will accelerate our entry into the US retail sector.

The Private Bank remains focused on targeted markets, including the UK and offering on-ground coverage in Europe and Asia. We hope to enhance product capabilities and drive better client experiences by improving automation and delivering our digital agenda. Over the coming 12 to 18 months we will also integrate our Wealth and Investment Management business from Barclays UK with our Private Bank to provide a more integrated proposition (subject to regulatory approval).

Measuring success

CIB

- Income 2021:£12.5bn, 2020:£12.6bn
- Operating Expenses 2021:£7.2bn, 2020:£7.1bn
- Profit before Tax 2021:£5.7bn, 2020:£3.9bn
- Investment Banking global fee ranking 2021:6th, 2020:7th⁸

CC&P

- Income 2021:£3.3bn, 2020:£3.5bn
- Operating Expenses 2021:£2.4bn, 2020:£2.2bn
- Profit before Tax 2021:£0.7bn, 2020:£(0.3)bn,
- US Consumer Bank Net Promoter Score 2021:+37, 2020:+35
- CC&P US Customer Digital Engagement 2021:71.8%, 2020:71.4%

Note

⁸Dealogic for the period covering 1 January 2020 to 31 December 2021

Our role in 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 pages 35 to 39 in the Barclays PLC Annual Report 2021.

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 trillion¹ 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 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.²
- 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 risk. From 2022, climate risk will be a Principal Risk under Barclays' Enterprise Risk Management Framework. You can read more about our approach to climate risk in the Barclays PLC Task Force on Climate-related Financial Disclosure (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.

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 Group's approach to managing climate change risk, please refer to pages 49 to 50 in the climate change risk management section. You can read more about our approach to environmental, social and governance issues in the ESG section of the Barclays PLC Annual Report.

Note

¹ \$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

² See our ESG Report for further detail on how we are defining our approach to net zero operations.

Strategic report

Managing risk

The Barclays Bank 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 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 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 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 risks.

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 Group may choose to adopt a lower risk appetite than allocated to it by 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 PLC Board over the effectiveness of governance, risk management and control over current, systemic and evolving risks.

Although the Legal function does not sit in any of the three lines, it works to support them all and plays a key role in overseeing Legal risk throughout the Barclays Bank 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 Barclays Group level Risk Committees, as well as Board level forums, the Barclays Bank PLC Board receives regular information in respect of the risk profile of the Barclays Bank Group. Information received includes measures of risk profile against risk appetite as well as the identification of new and emerging risks.

During 2021 Barclays Group ran a range of stress tests to assess its capital adequacy and resilience under severe but plausible macroeconomic scenarios. 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 GDP and unemployment.

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 our approach to risk management and risk performance see our full Risk review on pages 200 to 294 in Part 2 of the Barclays PLC Annual Report.

Strategic report

Managing risk

Risks are classified into Principal Risks, as below		How risks are managed	
Principal Risk	Credit Risk	The risk of loss to the Barclays Bank Group from the failure of clients, customers or counterparties (including sovereigns) to fully honour their obligations to the Barclays Bank Group, including the whole and timely payment of principal, interest, collateral and other receivables.	Credit risk teams identify, evaluate, sanction, limit and monitor various forms of credit exposure, individually and in aggregate.
	Market Risk	The risk of loss arising from potential adverse changes in the value of the Barclays Bank Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	A range of complementary approaches to identify and evaluate market risk are used to capture exposure to market risk. These are measured, limited and monitored by market risk specialists.
	Treasury and Capital Risk	<p>Liquidity Risk: The risk that the Barclays Bank Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.</p> <p>Capital Risk: The risk that the Barclays Bank Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the Barclays Bank Group's pension plans.</p> <p>Interest Rate Risk in the banking book: The risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.</p>	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.
	Climate Risk	The impact on financial and operational risks arising from climate change through, physical risks, risks associated with transitioning to a lower carbon economy and connected risks arising as a result of second order impacts on portfolios of these two drivers.	The Barclays Bank 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 .
	Operational Risk	The risk of loss to the Barclays Bank Group from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.	The Barclays Bank 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 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 Group's integrity and/or competence.	Reputation risk is managed by embedding our purpose and values, and maintaining a controlled culture within the Barclays Bank Group, with the objective of acting with integrity, enabling strong and trusted relationships 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 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 how these principal risks apply specifically to the Barclays Bank Group, please see pages 51 to 56.

Strategic report

Performance measures

Performance measurement

Financial performance measures

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

Income Statement

Barclays Bank Group results	2021	2020	2019
For the year ended 31 December	£m	£m	£m
Total income	15,408	15,778	14,151
Credit impairment releases/(charges)	277	(3,377)	(1,202)
Net operating income	15,685	12,401	12,949
Operating expenses	(9,885)	(9,383)	(9,718)
Litigation and conduct	(154)	(76)	(264)
Total operating expenses	(10,039)	(9,459)	(9,982)
Other net (expenses)/income	(8)	133	145
Profit before tax	5,638	3,075	3,112
Taxation	(880)	(624)	(332)
Profit after tax	4,758	2,451	2,780
Other equity instrument holders	(631)	(677)	(660)
Attributable profit	4,127	1,774	2,120

Income Statement commentary

The Barclays Bank Group's profit increased in FY21 primarily reflecting an impairment release, which included an update for an improved macroeconomic environment, partly offset by lower income and higher costs, which included a structural cost action charge as part of a real estate review.

2021 compared to 2020

- Profit before tax increased to £5,638m (2020: £3,075m) driven by an increase in CIB to £5,748m (2020: £3,929m) and CC&P to £729m (2020: £292m loss), partially offset by an increased loss in Head Office of £839m (2020: £562m)
- Total income decreased 2% to £15,408m
 - CIB income decreased 1% to £12,481m driven by a 15% decrease in Global Markets, reflecting tighter spreads and the non-recurrence of prior year client activity levels, partially offset by a 35% increase in Investment Banking fees as the fee pool and Barclays' share improved¹. Corporate income increased 7% driven by deposits and higher payments volumes, partially offset by the current year fair value loan write-off on a single name and increased cost of hedging, whilst the prior year included net losses from the mark-to-market of lending and related hedge positions
 - CC&P income decreased 4% to £3,337m reflecting lower cards balances, partially offset by the non-recurrence of a c.£100m valuation loss on Barclays' preference shares in Visa Inc. in Q220, which have subsequently been fully disposed of in FY21
 - Head Office income was a net expense of £410m (2020: £319m) which primarily reflected hedge accounting and funding costs on a legacy capital instrument
- Credit impairment net release of £277m (2020: £3,377m charge) was driven by an improved macroeconomic outlook
 - CIB credit impairment net release of £461m (2020: £1,565m charge) was also supported by net single name wholesale loan releases and a benign credit risk environment
 - CC&P credit impairment charge of £185m (2020: £1,720m charge) was partially driven by lower delinquencies and higher customer repayments
 - Head Office credit impairment net release was £1m (2020: £92m charge)
- Total operating expenses increased 6% to £10,039m
 - CIB total operating expenses increased 1% to £7,186m due to higher performance costs, that reflect an improvement in performance, partly offset by a lower bank levy charge primarily due to the reduced rate
 - CC&P total operating expenses increased 11% to £2,424m driven by the impact of higher investment spend, including an increase in marketing and costs for existing and new partnerships, and customer remediation costs related to a legacy portfolio
 - Head Office total operating expenses of £429m (2020: £154m) included a charge of £266m relating to a structural cost action taken as part of a real estate review
- Other net income decreased to an £8m expense (2020: £133m income) due to the non-recurrence of prior year gains on disposals from the sale of a number of subsidiaries within the Barclays Group
- The effective tax rate was 15.6% (2020: 20.3%). This reflects a £218m tax benefit recognised for the re-measurement of the Barclays Bank Group's UK 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

Note

¹ Data source: Dealogic for the period covering 1 January to 31 December 2021

Strategic report

Performance measures

Balance Sheet Information

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

As at 31 December	2021 £m	2020 £m
Assets		
Cash and balances at central banks	169,085	155,902
Loans and advances at amortised cost	145,259	134,267
Trading portfolio assets	146,871	127,664
Financial assets at fair value through the income statement	188,226	171,761
Derivative financial instruments	262,291	302,693
Liabilities		
Deposits at amortised cost	262,828	244,696
Financial liabilities designated at fair value	251,131	249,626
Derivative financial instruments	256,523	300,580

Balance Sheet commentary

- Cash and balances at central banks increased £13.2bn to £169.1bn from strong client deposit growth
- Loans and advances increased £11.0bn to £145.3bn due to increased lending across CIB and CC&P
- Trading portfolio assets increased £19.2bn to £146.9bn predominantly due to increased activity in Equities
- Financial assets at fair value through the income statement increased £16.5bn to £188.2bn driven by increased secured lending
- Derivative financial instrument assets and liabilities decreased £40.4bn to £262.3bn and £44.1bn to £256.5bn respectively driven by an increase in major interest rate curves and reduced client activity in FICC
- Deposits increased £18.1bn to £262.8bn due to clients increasing liquidity

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

Other Metrics and Capital

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

	2021	2020	2019
Common equity tier 1 (CET1) ratio	13.0%	14.2%	13.9%
Total risk weighted assets (RWAs)	£185.5bn	£178.2bn	£158.4bn
Capital Requirements Regulation (CRR) leverage ratio	3.7%	3.9%	3.9%

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

Capital Commentary

As at 31 December 2021, Barclays Bank PLC's solo-consolidated CET1 ratio was 13.0%, which exceeded minimum regulatory capital requirements.

Non-financial performance measures

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

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

Strategic Report

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 are consistent with those detailed in the People Section of the Barclays PLC Annual Report 2021 and figures mentioned are for the Barclays Group other than where specifically mentioned.

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.

Our 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.

We have worked hard to encourage this new way of thinking across our organisation, including in the way we hire people, manage performance and recognise success. We have established a global network of over 330 Mindset Champions, working to support its rollout and communicate with colleagues. We have also developed a Mindset Dashboard to measure impact and to help leaders identify where we need to do more to embed this way of thinking.

Initial findings suggest our Mindset resonates with colleagues, with 83% telling us they believe it is the right Mindset to drive success at Barclays, and 89% of colleagues saying they believe their teams do a good job of role modelling our Mindset every day.

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 a focus on strengthening our relationships with local talent pools in the areas within which we are hiring, 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. Our other global campuses in Whippy and Pune leverage similar local hiring arrangements.

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. We have also taken steps to enhance our candidate assessment processes, including factoring in the new Barclays Mindset so we can ensure we're attracting and hiring candidates with the capability to Empower, Challenge and Drive.

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 our Diversity and Inclusion Report at home.barclays/annualreport.

We retain an emphasis on hiring from within. This year, we filled 39% of vacancies internally and added a further 851 graduates to our internal pipeline of future leaders. We also continue to invest in our flagship career development programmes, including our AFTER programme to support those who have been in the armed forces. After a period of in-depth research, we launched new global programmes this year, managing 2,039 graduates, interns and apprentices.

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, delivered through our digital learning platform, Learning Lab.

This year we launched a new partnership with LinkedIn Learning, providing extensive digital development to all colleagues globally. We also have a number of corporate memberships with industry experts, allowing our colleagues to remain up to date with the latest developments and trends. In line with our professional qualification guidance, Barclays encourages colleagues to study for degree programmes and professional qualifications that benefit the business and support their development.

We are also committed to cultivating leadership skills among colleagues, whether they are in a leadership role or not. The Barclays Leadership Framework provides a guide to support colleagues with their own leadership development, and applies across all levels – from new line managers to our Group Executive Committee. We also continue to operate three flagship leadership development programmes: our Enterprise Leaders Summit, our Strategic Leaders Programme and Aspire.

We measure the success of our development offering through our colleague surveys, Your View and Here to Listen, tracking the progression of participants from our leadership development programmes, as well as tracking our levels of retention, and internal mobility. These measures feed into our training and development approach, enabling us to focus action on the right areas for our workforce.

Strategic Report

Our people and culture

We promote a culture of continuous feedback, encouraging all colleagues to have regular performance conversations with their line manager throughout the year. This happens in addition to the annual performance review process that applies to all permanent employees. In these conversations, both 'what' has been achieved as well as 'how' it has been achieved are reviewed. This ensures our colleagues are able to keep broadening their skills, emphasising their personal development and working in a way that reflects our Values and Mindset.

We also want to help colleagues balance their work life with their personal commitments, supporting career development opportunities at each life stage. We offer enhanced maternity, paternity, adoption and shared parental entitlements in all our major jurisdictions.

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. Membership of our Employee Resource Groups is at an all-time high, with over 25,000 colleagues now involved in one or more. Their insight and experiences help influence our people policies and inform the commitments and actions we take as an organisation to give our people the support they need to succeed.

We strive to embed a culture of inclusion through our allyship initiatives, encouraging colleagues to become allies and to focus on understanding and eliminating barriers faced by underrepresented groups. We provide a toolkit for these colleagues to help them take conscious, positive steps to make everyone feel that they belong. In our Your View survey, 79% of colleagues told us they believe we are all in this together at Barclays, while 82% say they believe leaders are committed to building a diverse workforce.

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. We actively provide development opportunities for leaders of the future such as ex-officio roles and places on our development programmes. As of the end of 2021, 28% of our global Managing Directors and Directors were female, and 30% of our UK Managing Directors and Directors were female.

We closely track the ever-changing composition of our people through online dashboards that make sure our senior leaders understand the diverse makeup and needs of the organisation they lead. Our Inclusion Index, launched in 2020, continues to allow us to measure colleagues' experience of how inclusive the Barclays culture is and gives us a benchmark for monitoring progress year on year. Our overall Inclusion Index score for 2021 is 79%, up from 76% last year. 88% of colleagues say they feel included in their team.

Through our Race at Work Action Plan, we are working to close the gaps in the UK and US where some ethnicities are significantly underrepresented at Barclays. We are focusing our efforts across four areas: increasing the number of underrepresented minority employees we hire; providing access to career and development opportunities; creating a culture of allyship across the organisation; and being transparent and measuring our outcomes, allowing us to see the impact our actions are having over time.

In the UK, we aim to increase the number of underrepresented minority employees by 25% by the end of 2025. This will take us to 5% overall. In the US, we aim to increase the number of underrepresented minority employees by 20% by the end of 2025. This will take us to 21% overall. In the UK and the US, we aim to at least double the number of Black employees at Managing Director and Director level by the end of 2022, which we are on track to meet.

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.

Mental health and wellbeing continues to be a major focus, with 88% of colleagues telling us their manager supports their efforts to maintain wellbeing. Through our Be Well programme, we continue to provide expert advice and guidance on the practical steps colleagues can take to look after their physical and mental health. In 2021, we focused on three key areas in particular: a continued commitment to make Barclays a 'mental health confident' organisation, further development of our supportive culture and a renewed emphasis on sustainable working.

This year, we launched a new Wellbeing Index, with a starting score of 84%, giving us a metric for measuring the wellbeing of colleagues and informing the Be Well programme. We are very pleased to see colleagues' ability to balance their personal and work demands has improved from 78% in 2020 to 83% in 2021. In time, it will mean we can better understand the impact of particular activities on colleagues wellbeing and continue to evolve the Be Well programme offering.

We continue to promote our wellbeing offerings, including the global Be Well portal, with 43% of colleagues registered. Throughout the year, we executed leader-led campaigns to offer practical guidance on looking after physical and mental health, enhancing wellbeing and resilience and a continued focus on safe working. We also focused on stress manageability through ongoing campaigns, and the promotion of Health and Wellbeing workshops. We launched Developing our supportive culture e-learning with 89% completion. We were one of the first businesses to sign up to the Mental Health at Work Commitment and we continue to deploy Mental Health Awareness as required e-learning.

You can find more information in our Diversity and Inclusion Report available at home.barclays/annualreport

Beyond the pandemic

We continue to follow government guidance relating to COVID-19 in all the jurisdictions we operate in, 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.

Strategic Report

Our people and culture

Throughout the 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.

In the early stages of the pandemic, Barclays put in place a set of global principles to ensure we were doing as much as possible to support our colleagues. We have kept these principles in place and evolved them with the changing nature of the pandemic. The principles and provisions have helped colleagues cope with some of the personal challenges the pandemic has created, including offering additional paid leave to support self-quarantine, isolation, vaccination, sickness or care for dependants, and advice made available to help support physical and mental health. Colleagues who have returned to on-site working did so on a voluntary basis and we have worked closely with any colleagues who have concerns about returning, to understand those concerns and support them.

We are also thinking carefully about the future of work at Barclays. We want to balance the best of the past with the best of what we have proved possible during the pandemic. We have adopted the principle that the optimal physical location for a role is largely determined by the nature and requirements of that role. At the same time, it is important to us that everyone at Barclays, no matter what their role, maintains a strong connection to their colleagues at a Barclays site.

In support of our approach to future ways of working, we have revised and relaunched our principles, process and guidance on Working Flexibly. At Barclays, we encourage colleagues to work flexibly to balance and integrate their work and other life commitments, enhance their wellbeing and effectiveness at work and feel included, irrespective of personal circumstances. We have expanded the opportunity for many colleagues to work in a hybrid pattern, spending part of their time working from a Barclays site and part of their time working from home. Over the course of the year, colleagues have begun to transition to this new, hybrid way of working. We are taking a test and learn approach, and ways of working will continue to iterate into 2022 as we focus on balancing the benefits of working on site with more flexible solutions.

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're 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.

The results from our surveys are also an important part of the conversations our Board and Executive Committee have about our culture and how we run Barclays. These survey results help our Board and Executive Committee take into account our colleagues' views in their decision-making. We update the Board and its relevant sub-committees throughout the year and in addition, our leaders engage regularly with colleagues to hear what they think, visiting branches, trading floors and offices as well as hosting virtual forums. Direct engagement, a comprehensive reporting approach and dedicated time at Board meetings, enables the Board to determine that our workforce engagement approach is effective. We make sure we are keeping everyone up to date on the strategy, performance and progress of the organisation, through a combination of leader-led engagement, digital and print communication, blogs, vlogs and podcasts.

Our people are also encouraged to seek the views of colleagues with different perspectives and experiences via a series of monthly events and podcasts called Courageous Conversations that provides a platform for meaningful conversations on diversity, equity and inclusion topics.

We engage with our people collectively through a strong and effective partnership with Unite, as well as the Barclays Group European Forum, representing colleagues within the European Union, and other 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 and 48% of our global 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 International Labour Organisation (ILO) Declaration on the 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 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 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 our Fair Pay Report in Barclays PLC Annual Report 2021 at home.barclays/annualreport.

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 Barclays PLC Annual Report 2021 at home.barclays/annualreport.

Strategic report

Section 172(1) statement

Considering the interests of stakeholders as we continue to evolve our strategy

Having regard to our stakeholders in Board decision-making

The Directors provide this statement setting out how they have had regard to the matters set out in Section 172(1)(a) – (f) of the Companies Act 2006 when performing their duty to promote the success of Barclays Bank PLC (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 of the work of the Board in 2021, refer to our Governance Report on pages 15 to 31. Details of how the Barclays Group engages with its stakeholders can be found on pages 14 to 19 of the Barclays PLC Annual Report 2021 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 Group's stakeholders and the size of the Barclays Bank Group overall means that stakeholder engagement often takes place at an operational level. The Board also receives regular reports from individual business areas and from key Barclays Bank Group functions through reports sent in advance of each Board meeting and through in-person or video-conference presentations. This assists the Board to understand the impact of the Barclays Bank Group's operations on, and the interests and views of, the Barclays Bank 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: Considering the interests of stakeholders as we continue to evolve our strategy

It is the Board's responsibility to establish the Company's strategy. The Board continues to believe that the diversification of our business model is a core strength and one that we will seek to maintain and increase as we evolve. Significant time has been spent with Executive Committee members discussing and thinking about the themes which the Board considers will shape much of the Barclays Bank Group's evolution – the opportunities and threats of digitisation, the continuing growth of the capital markets, and the overarching importance of our environmental and other societal responsibilities. The outcome of those discussions has been critical in evolving the Barclays Bank Group's strategy this year.

During 2021, the Board received an update on the performance of the Barclays Bank Group at every Board meeting. This covered engagement with clients and key transactions, as well as financial metrics. In September and November, the Board held detailed strategy discussions on the CIB, particularly looking at significant trends impacting banking over the medium to long term and considering the implications for the businesses and the wider industry. The Board considered the optimum geographical scope of the activities, products and scale of these important businesses and the investment required to support this, in particular from a technology and people perspective. The Board has overseen the development of a robust investment plan which is reflected in the Barclays Bank Group's Board-approved Medium Term Plan. This works to ensure that the level of investment to support the delivery of consistent and sustainable returns, including in relation to the technology investment which is key to our operational resiliency, matched our ambitions. The Board has carefully monitored the governance and risk management framework for the business to ensure that growth opportunities are subject to appropriate controls, in line with risk appetite and that they are sustainable. The Board also considered key conduct and customer elements of the strategy which supported effective risk management and oversight.

The Barclays Bank Group remains committed to delivering for its customers and clients, putting them at the heart of our decision-making while, at the same time, looking to maintain and increase diversification, as well as protecting and strengthening our culture. Within this wider ambition, there are a number of key areas of strategic focus for both the CIB and CC&P. Further details of the Barclays Bank Group's strategy can be found on pages 1 to 8 of the Strategic Report.

In the context of how the Board established some key elements of the Barclays Bank Group strategic priorities, you will find below further details of how the Directors have had regard to the matters set out in Section 172 when discharging their duties, and the effect of those considerations in reaching certain decisions taken by them in relation to certain of our strategic priorities.

Customers and clients

During 2021, our Directors met with a number of customers and clients to discuss our strategy, including our strategy to deliver sustainable growth for the CIB. Most notably:

- Our Chairman held strategically focused meetings and events on this topic with a range of our largest CIB customers and clients during 2021
- Our Chief Executive participated in a significant number of direct client meetings with a strong focus on discussing the growth of our CIB businesses, and hosted a number of C-Suite level meetings with key Barclays India clients.

As well as meeting with clients and customers directly, which allows the Board to hear their views, the Board also analyses a broad range of financial and non-financial measures. This allows us to respond to the changing behaviours of our customers and clients. This is particularly relevant within CC&P, where in response to changing consumer behaviour, our Board is overseeing investment in the digitisation of our businesses, delivering new products and capabilities to reflect the growing trends.

Strategic report

Section 172(1) statement

Colleagues

Colleagues have been kept abreast of changes to our businesses and the evolution of the strategy through a number of events in 2021, including town halls, blogs and vlogs, fireside chats and all-colleague messages from senior leaders including our Chief Executive and the BBPLC President, Paul Compton. As part of his trip to our CIB offices in India, C.S. Venkatakrishnan (known as Venkat), participated in his first town hall after becoming Chief Executive. This provided APAC colleagues not only with an opportunity to hear about the businesses' performance, as well as challenges and growth opportunities for the region. Colleagues were also able to ask questions, with our Chief Executive responding live to colleagues' questions on a range of topics including technology investments, talent retention, career development and digitisation.

The Board has overseen colleague engagement and discussed colleague feedback via the results of Your View surveys as well as more specific channels such as a communications listening programme within CC&P which provides colleagues with the opportunity to share feedback on the communications they receive.

Directors have also heard directly from colleagues as part of targeted activities such as:

- a working group empowering CIB colleagues to speak up and share ideas to improve the business and ways of operating with Venkat and Paul Compton
- a Treasury Event for the Liquidity Trading Team with Mohamed El-Erian, one of our Non-Executive Directors and a highly respected economist.

The Board firmly believes in attracting the very best, diverse talent and investing in colleagues' development in order to embed capabilities and skills for the future (particularly digital and technological). The Board has also sought and listened to the views of colleagues through dedicated Board discussions and updates on matters including wellbeing (particularly in connection with supporting colleagues' needs in relation to the ongoing COVID-19 pandemic and the new hybrid way of working) and diversity and inclusion (with Venkat also chairing the Race at Work Steering Committee).

For more information on our people and the opportunities available to them, please refer to pages 9 to 11 of the Strategic Report.

Society

Barclays' climate ambition is to be a net zero bank by 2050 and the Barclays Group has committed to align all of its financing activities to the goals of the Paris Agreement. Within this context, the Board is focused on the delivery of this ambition, while at the same time capturing new opportunities to deepen client relationships during the transition and new growth opportunities for Barclays' businesses. The Board is clear on the need for transition to happen in a co-ordinated and orderly way that preserves jobs, living standards, social cohesion and energy security. During the year, the Board reviewed the Barclays Group's climate strategy as a whole, having regard to the implications for the Barclays Bank Group. This has included a review of the strategy's further evolution, progress made to date and future focus areas.

Mindful of Barclays' ambition to be a net zero bank by 2050 and as part of the evolution of Barclays' climate strategy, the Board has also overseen the development of our strategy to provide the green and sustainable finance required to transition the economies we serve. You can read more about 'Our role in society' on page 4 and for an overview of the Barclays Bank Group's approach to managing climate change risk, please refer to pages 49 to 50 in the climate change risk management section.

Investors

In order to assist Barclays PLC to fund capital distributions to its shareholders, the Company paid dividends on its ordinary shares totalling £794m during 2021.

During the course of 2021, members of the Board and senior management met with the Barclays Group's investors to discuss the strategy and performance, and notably the benefits of the diversified model. The strength of the CIB through 2020 continued into 2021, enabling constructive engagement with investors on the strategic opportunities available to Barclays. Throughout the year, representatives of the Board, senior executives and Investor Relations held discussions with investors focused around:

- market positioning and market share opportunities presented through the strengthened performance of the CIB
- the expansion of our client base, and therefore the additional services and geographies to complement the current offerings
- discussions on the appropriate level of risk appetite for both investors, and for Barclays as a whole.

The feedback from these informative discussions helped to inform the strategic considerations discussed at the Board meetings in September and November 2021.

The views of investors in the Barclays Group have been a key consideration in terms of how we are reviewing and evolving our climate strategy, with the feedback received from investors about our policies and investor expectations with respect to our climate strategy, together with evolving industry trends and public discourse on net zero, helping to inform the Board's review. In line with the Barclays PLC's commitment to offer shareholders a 'Say on Climate', Barclays will be publishing an update on our climate strategy, targets and methodology in advance of the Barclays PLC 2022 AGM.

Nigel Higgins

Chairman – Barclays Bank PLC

22 February 2022

Governance

Contents

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

Governance	Page
• Chairman's introduction	15
• Corporate Governance Statement	16
• Directors' report	28

Governance

Chairman's introduction

The 2021 corporate governance report (Governance Report) for Barclays Bank PLC (BBPLC or the Company) provides an overview of how the BBPLC governance framework operates and of the Board's key areas of focus during the year.

Strategy and performance

The continuation and evolution of the COVID-19 pandemic was the defining backdrop to 2021, together with the associated economic uncertainties. Colleagues have continued to work hard and adapted to the mixed home/office environment. It is hoped we can settle in to a clearer working pattern in 2022 and fully expect that to encompass a greater degree of choice and flexibility than in the past.

As noted in our Strategic Report, the COVID-19 pandemic and low interest rate environment had a significant impact on our Consumer, Cards and Payment (CC&P) businesses, as we faced declines in consumer spending and card balances, with consumers saving more and paying down existing debt. With cash use declining and online transactions growing, the shift towards digital services and payments continues.

On the other hand, our Corporate and Investment Bank (CIB) saw significant levels of investment banking activity with both M&A and volumes in the IPO market up on 2020 levels.

In terms of our strategic priorities, our aim in CIB is to provide comprehensive and integrated services to clients, delivering solutions across Investment Banking, Corporate Banking and Global Markets. Within CC&P, we strive to deliver next-generation consumer businesses, offering best-in-class consumer finance, private banking and payment solutions.

There are also important issues ahead of us on the environment and we will remain focused on the Barclays Group's net zero ambition and committed to Paris alignment across all our financing activities.

You can read more about our strategy and performance during 2021 in our Strategic Report on pages 1 to 8.

The Board

We welcomed C.S. Venkatakrishnan (known as Venkat) to the BBPLC Board in his capacity as BBPLC Chief Executive at the same time as Venkat took on the role of Barclays Group Chief Executive on 1 November 2021, following Jes Staley stepping down on 31 October 2021. As a result of an effective succession plan in place we had no hesitation in asking Venkat to take on this leadership role. Venkat previously served as Head of Global Markets and Co-President of BBPLC from October 2020 and as Barclays Group Chief Risk Officer from 2016 to 2020. He is extremely well qualified and experienced to take on the overall leadership of both BBPLC and the Barclays Group.

Tushar Morzaria has informed the Board of his intention to retire and the Board is delighted to have, in Anna Cross, such a strong internal successor. Anna was identified over a year ago as the Board's preferred successor, following a review of potential internal and external candidates. Tushar has been an outstanding Finance Director and colleague, as well as playing broader roles inside and outside Barclays. The Board is both grateful for his immense hard work and delighted that he will have a continuing role with Barclays as Chairman of Global Financial Institutions Group in our Investment Bank. Our clients will be able to benefit further from his deep knowledge of our industry.

We welcomed Robert Berry to the BBPLC Board as a Non-Executive Director on 8 February 2022, reflecting our commitment to strengthening the Board through the addition of further highly respected individuals with strong financial services expertise. Robert brings to the Board robust risk management expertise and a proven track record of risk management for a global financial institution and will take on the role of Chair of the Board Risk Committee with effect from 1 March 2022 (subject to regulatory approval).

Tim Breedon will retire as a member of the BBPLC Board and as Chair of the Board Risk Committee with effect from 28 February 2022. The Board would like to express its thanks to Tim for the valuable contribution he has made to BBPLC and the Board Risk Committee during his tenure.

I am extremely grateful for the ongoing support and hard work of all my Board colleagues during 2021. Scheduled Board and Committee meetings were supplemented by additional meetings (including a number at short notice) in order to discuss key issues arising throughout the year.

The future

The Board continues to believe that the diversification of the Barclays Bank Group remains a key strength and we intend to maintain and look to increase our diversity as we evolve, driving revenues from across multiple businesses, different types of customers and clients and across different geographies.

As ever, on behalf of myself and my fellow Board members, our sincere thanks to all those with whom we have worked alongside this year - our colleagues, clients, customers, regulators and governments.

Nigel Higgins

Chairman – Barclays Bank Group

22 February 2022

Governance

Corporate Governance Statement

Overview of Governance Framework

Following the structural reform programme to realign the Barclays Group and ring-fence the Barclays Group's UK consumer banking business in April 2018, and a further review (post the structural reform programme) of the corporate governance structure of BBPLC and BPLC (reflecting outcomes of discussions with the Barclays Group's regulators) in 2019, the membership of the BBPLC and BPLC boards was partially consolidated, such that membership of the BBPLC Board now comprises a subset of the BPLC Board, with all members of the BPLC board, except the Barclays Group Senior Independent Director, the Chair of Barclays Bank UK PLC (BBUKPLC) and one other Non-Executive Director, also serving on the board of BBPLC. This improved the coordination and efficiency between the two boards and reduced complexity and unnecessary duplication. This structure vests oversight over the activities of BBPLC in a board the members of which also have direct accountability to BPLC's shareholders through their separate responsibilities as members of the BPLC board.

The Board aspires to have high standards of corporate governance and, in accordance with the Companies (Miscellaneous Reporting) Regulations 2018 (the 2018 Regulations), has adopted its own corporate governance arrangements, which it believes are appropriate to apply and are designed to ensure effective decision-making to promote the Company's success for the long term.

The Board chose not to adopt and report against the 2018 UK Corporate Governance Code (Code), which is designed for premium listed companies and, whilst fully supportive of the Wates Corporate Governance Principles for Large Private Companies (in particular the focus on purpose, culture and employee and stakeholder engagement), the Board considers that those Principles are less appropriate for a wholly-owned subsidiary of a premium listed company, which is also a complex financial institution subject to a comprehensive regulatory regime. This approach is consistent with the approach of other significant subsidiaries within the Barclays Group, which are subject to the 2018 Regulations.

The Board's primary aim is that our governance:

- seeks to ensure that our decision-making is aligned to our Purpose, Values and Mindset
- is effective in providing constructive challenge, advice and support to management
- provides checks and balances and drives informed, collaborative and accountable decision-making
- creates long-term sustainable value for the Company's shareholder and the ultimate shareholders of BPLC, having regard to the interests of all our stakeholders.

Set out below are the principles which underpin our corporate governance arrangements and how these principles have been applied during 2021. Certain additional information, signposted throughout this section, will be available in the Strategic report and the Board and Committee Governance section on pages 19 to 27.

Our Group-wide governance framework is set by BPLC and has been designed to facilitate the effective management of the Barclays Group. This includes the setting of Barclays Bank Group policies and approach in relation to matters such as Barclays' Purpose, Values and Mindset, Barclays' 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.

The Company's corporate governance principles and how the Company has applied them during 2021 and to the date of this report

Principle One: Board leadership and company purpose

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

- Through the leadership of the Board, a clear vision for the Company's Purpose, Values and Mindset is articulated, underpinning and defining the strategy and culture of the organisation. This is embedded at every level of management.
- During 2020, the Board adopted a new, extended narrative of the Barclays Group's Purpose and the refreshed descriptions of our Values to make sure they are still relevant for the challenges ahead. In early 2021, the Board adopted the new Barclays Mindset - Empower, Challenge and Drive - which defines the way we want to get things done at Barclays. The Board reviewed the newly created Mindset Dashboard which highlights early insights and areas of focus, as well as management actions that are being taken to embed and enact the Barclays Mindset going forward.
- The Board believes that positive culture, supported by effective leadership and a consistent 'tone from the top' is crucial to our success. Culture remains a core area of focus for the Board and is reviewed in a number of ways. The Board supports *The Barclays Way* which sets the framework for achieving a dynamic and positive culture. The Board receives feedback on our culture through a number of channels, including receiving reports on the outcome of colleague surveys and direct engagement with colleagues locally, such as town hall meetings and office visits. Refer to Our people and culture section on pages 9 to 11 for more information on workforce matters.
- During 2021, the Board continued to monitor Barclays' response to the impact of the COVID-19 pandemic on the Company's activities across the globe, making decisions to support key stakeholder groups, including customers and clients, colleagues and wider society.
- Given its fundamental importance, the Board considered strategy matters at each of its 2021 meetings, continuing to deepen its understanding of the Barclays Bank Group's business and the risks and opportunities the Barclays Group and the wider banking industry faces with a prioritised series of 'deep dives' sessions throughout the year. This enabled the Board to spend a good proportion of its time considering longer-term and strategic issues. Deep dive topics were informed by discussions with BPLC's shareholders and other stakeholders, as well as formal and informal Board discussions and included a broad range of topics, including Payments and US Consumer Bank and risk areas such as Cyber, Ransomware and Cloud, as well as Conduct Risk.
- Further detail on the Company's strategy can be found on pages 1 to 4 of the Strategic Report and separately on pages 10 to 11 of the BPLC Annual Report 2021. Read our Section 172(1) statement on pages 12 to 13 for details of how our Board considered the interests of our stakeholders as it continued to evolve our strategy.

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 Officer. 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 Chief Executive. Details of the role of each can be found on page 19 of this report. Page 19 sets out details of who is on the Board with a majority of the Board comprised of independent Non-Executive Directors.
- Policies and protocols are in place to support effective decision-making and independent challenge, including the Barclays' *Charter of Expectations*, setting out clearly the role and responsibilities of each Director. In accordance with the *Charter of Expectations*, Non-Executive Directors are responsible for providing effective oversight and scrutiny, strategic guidance and constructive challenge whilst holding the Executive Directors to account. The Chairman meets privately with the Non-Executive Directors when appropriate, to promote required independence.
- The Board's responsibilities are executed in part through Board Committees, each of which has its own Committee terms of reference which clearly set out its remit and decision-making powers. The Chairs of each of the Board Committees provide a report on the work of the Committee at every Board meeting. Details of the principal Committees and their core responsibilities and activities in 2021 are set out on pages 21 to 24 of this report.
- Appropriate information and support is provided to the Board, to enable it to undertake its work with due care and discharge its responsibilities. See page 20 for further details.
- The Barclays Group corporate governance manual sets out guidelines as to how the Barclays Group entities and their respective Boards and Board Committees should interact, while also providing guidance and clarity for management and directors as to how these relationships and processes should work in practice. It is a dynamic document that continues to evolve with the changing nature of the Barclays Group.

Principle Three: Composition, succession and evaluation

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

- The size and composition of the Board is considered appropriate for the business of the Barclays Bank Group. There is a good balance between Executive and independent Non-Executive Directors, with the Non-Executive Directors providing independent challenge. The Board members have a strong combination of technical, finance (including significant financial services experience) and commercial skills and have broader experience in culture and colleague engagement.
- The membership of the Board is drawn exclusively from the BPLC Board. On 1 November 2021, the Board appointed Venkat as BBPLC Chief Executive, following Jes Staley's departure on 31 October 2021. On 22 February 2022, Tushar Morzaria notified the Board of his intention to retire from the Board and as Group Finance Director and it has been agreed that this will take effect on 22 April 2022, with Anna Cross succeeding him as a member of the Board and as Group Finance Director on 23 April 2022. The Board appointed Robert Berry as a Non-Executive Director with effect from 8 February 2022, and announced that Tim Breedon would be retiring as a member of the Board with effect from 28 February 2022.
- All appointments to the Board and senior management are based on merit and objective criteria, with a continued strong belief in the benefits of diversity (of gender, social and ethnic backgrounds, cognitive and personal strengths) for an effective Board and organisation. This will remain a key area of focus as the Company continues to strive to build a workforce that reflects the diversity of its customers and the communities it serves.
- There is regular review of the leadership and succession needs of the business to maintain the depth and diversity of the talent and succession pipeline at the Board, Executive and key management level. This remains a key focus to maintain the quality of leadership that is in place to lead the business in the delivery of the strategy, against a challenging economic and operating environment.
- The Board approved a number of changes to our Executive Committee during 2021. You can read more about these on page 26 of this report.
- Effectiveness is supported through routine evaluations of the Board and Board Committees. In 2021, the Board and Committee effectiveness evaluations were externally facilitated by Christopher Saul Associates (CSA), an independent, external corporate governance advisory firm with no connection to the Barclays Bank Group or any individual BBPLC Director other than as disclosed on page 129 of the BPLC Annual Report 2021, in parallel with the external review of the BPLC Board and Committees. Key findings are included for the Board and each Board Committee on pages 21 to 25 of this report.
- Ongoing training and professional development is a key focus to provide Board members with a deeper and more granular understanding of the business, contributing to informed and sound decision-making. Further detail on 'training and induction' can be found on page 27 of this report.
- Diversity and inclusion (D&I) across the Barclays Group remains a key area of focus. Further information can be found in Barclays' D&I report, which will be made available on the Barclays' website. The report explains Barclays' D&I strategy and progress in this area.

Principle Four: Audit, Risk and Internal Control

A 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 risks taken without exposure to unacceptable potential losses or reputational damage. The principal risks facing the Barclays Bank Group have been identified and robust processes are in place to evaluate and manage such risks including regular reporting to, and oversight by, the Risk Committee and the Board. A key component of the risk management framework is 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 is designed to identify and set minimum requirements, in respect of the main risks, to achieve the Company's strategic objectives and to provide reasonable assurance that internal controls are effective. An updated ERMF was adopted by the Board in December 2021 which reflects that Climate Risk became a Principal Risk under the ERMF from 1 January 2022. Further detail on the principal risks and management of them can be found on pages 5 to 6 of the Strategic Report.

- The Board approves the Company's risk appetite (the level of risk the Company is prepared to accept across different risk types) within the parameters set by the BPLC Risk Committee. Significant steps have been taken in recent years to de-risk the business in order to support sustainable growth and value creation in the future.
- Effectiveness of risk management and internal controls is reviewed regularly by the Risk Committee (responsible for providing oversight on current and potential future risk exposures) and the Audit Committee (responsible for controls, including reviewing audit reports, internal controls and risk management systems). Please see pages 21 to 24 for further detail on the role of these Committees.
- The Audit Committee continues to provide its oversight of the financial reporting processes and the work of the external and internal auditors (including independence and effectiveness). Further detail can be found on pages 21 to 22 of this report.

Principle Five: Remuneration

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

- Barclays' Remuneration Policy is set by the BPLC Remuneration Committee, but adopted by the Company's independent Remuneration Committee. Remuneration is aligned to the Company's strategy and risk management approach and designed to promote the long-term success of the Company.
- Executive and senior management remuneration approaches are developed in accordance with the Group's formal procedures (ensuring no Director is involved in deciding their own remuneration outcome) and having regard to workforce remuneration policies and alignment of incentives and rewards with culture and performance as reviewed annually by the BPLC Remuneration Committee and shared with the Company's Remuneration Committee.
- The Remuneration Committee has clearly defined terms of reference, with responsibility for the development of a remuneration approval framework to ensure an appropriate level of oversight of senior remuneration decisions, as well as annual consideration of the Company incentive pool to ensure alignment with delivery of the Company's strategic ambitions.
- The Company remains focused on closing its gender and ethnicity pay gaps, where they exist. Barclays is due to publish its 2021 gender pay gap statistics on the government's gender pay gap reporting portal and the Barclays website on 23 February 2022. This will include the voluntary disclosure of Barclays' ethnicity pay gaps in the UK. For 2021, Barclays will also publish a Fair Pay report summarising its approach to pay fairness, and a separate D&I report explaining Barclays' D&I strategy and progress during 2021.

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 described under Principle One, the Company has a defined Purpose and strategy; through this the Board has identified key stakeholders on whom the success of the Company depends. Please see pages 12 of the Strategic Report for details of our key stakeholders.
 - The Board seeks to understand the views of key stakeholders and the impact of the Company's behaviour and business on customers and clients, colleagues, suppliers, communities and society more broadly. Refer to our Section 172(1) statement on pages 12 to 13 of the Strategic Report for further information.
 - The Company's long-standing commitment to the importance and value of colleague engagement continues; the Company's people are its most valuable asset. Further detail on the Company's workforce commitment and engagement model can be found on pages 9 to 11 of the Strategic Report.
 - The Board and management engage throughout the year with the Company's stakeholders.
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Governance

Corporate Governance Statement

The Board

The Directors who served during the financial year ended 31 December 2021 are set out in the table below, together with the composition of each of the Board's Committees.

	Board	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
Nigel Higgins Chairman of the Board	C				C
Mike Ashley Independent Non-Executive Director	M	C	M		M
Tim Breedon Independent Non-Executive Director	M	M*	C	M*	M
Mohamed El-Erian Independent Non-Executive Director	M		M		
Dawn Fitzpatrick Independent Non-Executive Director	M		M	M+	
Mary Francis Independent Non-Executive Director	M			C++	
Diane Schueneman Independent Non-Executive Director	M	M	M		M
C.S. Venkatakrishnan Executive Director	M+++				
Tushar Morzaria Executive Director	M				
Former Directors					
Jes Staley Executive Director	M**				
Director appointed post 31 December 2021 but prior to publication of this report					
Robert Berry Independent Non-Executive Director	M				

^C Chair of Board or Committee

^M Member of Board or Committee

* Tim Breedon stepped down from each of the Audit Committee and Remuneration Committee on 31 October 2021

** Jes Staley stepped down from the Board on 31 October 2021

+ Dawn Fitzpatrick joined the Remuneration Committee with effect from 1 July 2021

++ Mary Francis was appointed to the role of Remuneration Committee Chair with effect from 24 May 2021, with Tim Breedon stepping down from this role

+++ With effect 1 November 2021, C.S. Venkatakrishnan took over as Chief Executive, and was appointed as an Executive Director

On 22 February 2022, Tushar Morzaria notified the Board of his intention to retire from the Board and it has been agreed that this will take effect on 22 April 2022, with Anna Cross succeeding him as a member of the Board on 23 April 2022.

We welcomed Robert Berry to the Board as a Non-Executive Director on 8 February 2022. Robert will take on the role of Chair of the Board Risk Committee with effect from 1 March 2022 (subject to regulatory approval), when he will also join the Board Audit Committee as an additional member. Tim Breedon will retire as a member of the Board and as Chair of the Board Risk Committee with effect from 28 February 2022. The Board is grateful to Tim for the valuable contribution he has made to BBPLC and the Board Risk Committee during his tenure.

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

The Board is responsible for the Barclays Bank Group, which contains the majority of the Barclays Group's Barclays International division, which is comprised of the CIB and CC&P businesses.

The *BBPLC Matters Reserved to the Board* ensures that appropriate coordination with the governance of the partially consolidated boards is in place. The *Matters Reserved to the Board* specifies those decisions to be taken by the Board, including but not limited to material decisions relating to strategy, risk appetite, medium term plans, capital and liquidity plans, risk management and controls frameworks, approval of financial statements, approval of large transactions, approval of share allotments and dividends. The Board has delegated the responsibility for making and implementing operational decisions and running the Company's business on a day-to-day basis to the Chief Executive and his senior management team.

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

Governance

Corporate Governance Statement

Attendance

Directors are expected to attend every Board meeting. During 2021 there was one ad hoc Board meeting convened at short notice in addition to the usual schedule of Board meetings. Attendance was very strong at both the scheduled and ad hoc meetings, as reflected in the table below:

Director	Scheduled eligible meetings attendance	Additional eligible meetings attendance	Effective Date
Nigel Higgins	14/14	1/1	Appointed 1 March 2019
Mike Ashley	14/14	1/1	Appointed 25 September 2019
Tim Breedon	13/14	1/1	Appointed 25 September 2019
Mohamed El-Erian	14/14	1/1	Appointed 1 January 2020
Mary Francis	14/14	1/1	Appointed 25 September 2019
Dawn Fitzpatrick	14/14	1/1	Appointed 25 September 2019
Tushar Morzaria	14/14	0/0	Appointed 7 February 2020
Diane Schueneman	14/14	1/1	Appointed 25 September 2019
C.S. Venkatakishnan	4/4	0/0	Appointed 1 November 2021
Former Director			
Jes Staley	10/10	0/0	Stepped down 31 October 2021

What the Board did in 2021

During 2021, the Board focused on the following specific areas:

Strategy and operational matters

- Continued to monitor our response to the impact of the COVID-19 pandemic on our activities and decisions to support our key stakeholders - customers and clients, colleagues and society. One of the Board's key considerations in 2021 was the consideration of the strategy regarding the return to office of our colleagues and how the Barclays Bank Group would move to future ways of working, ensuring a balanced and flexible approach which will meet the needs of the business whilst also preserving the benefits of flexible working.
- Received updates on sustainability, and reviewed progress against the Barclays climate strategy and policies and discussed in detail its evolution, including expanded ambitions and social responsibility. The Board also reviewed the potential financial, operational, commercial and legal implications of Barclays Bank Group's approach to climate strategy.
- Discussed regular updates from the Chief Executive and BBPLC (Co-) President(s) on the progress being made against the BBPLC strategy and business performance, operational and technology matters. These strategy reviews included a prioritised series of deep dives throughout the year which covered a wide range of topics, including Payments and US Consumer Bank and risk areas including Cyber, Ransomware and Cloud, as well as Conduct Risk. The Board also held an extensive strategy deep dive to consider the big trends that will impact the wider banking industry over the next decade and the implications of these and how they are reflected in the strategy.
- Adopted the new Barclays Group-wide Mindset - Empower, Challenge and Drive - which defines how we want to get things done at Barclays, and reviewed the implementation and embedment of Barclays Mindset. As a core part of the Barclays Group culture and significant focus for the Board, the Board received feedback on culture through various channels, including reports on the outcome of colleague survey results and direct engagement with colleagues via town halls.
- Adopted the Barclays Group's Race at Work ambitions and reviewed progress that has been made against the Race at Work Action plan.

Finance and liquidity

- Regularly assessed the financial performance of the various businesses and the Barclays Bank Group results through reports from the BBPLC Chief Financial Officer and through business specific updates to the Board.
- Reviewed and approved BBPLC's financial results prior to publication.
- Reviewed and approved the payment by BBPLC of the 2020 full year dividend paid in March 2021 and the 2021 interim dividends paid in March 2021 and August 2021. Details of dividends paid in 2021 are set out in Note 10 of the financial statements.
- Considered and approved the BBPLC elements of the Barclays Group Recovery Plan.
- Considered and approved the BBPLC Medium Term Plan (MTP).

Governance and risk (including regulatory issues)

- Delegated authority to the Risk Committee to consider and recommend, on behalf of the Board, the adoption by the Company of the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process.
- Received regular updates on key risk themes, including on the continued impact of the COVID-19 pandemic, and approved the Company's risk appetite.
- Received reports on operational resilience.
- Considered and approved appointments of senior executives following recommendation from the Nominations Committee. The Board also approved changes to the BBPLC Executive Committee with effect from November 2021. On Venkat's appointment as Chief Executive, Paul Compton assumed the role of Global Head of the Corporate and Investment Bank and sole President of BBPLC.
- Received regular reports from the Chair of each Board Committee. Please see the reports from the Committee Chairs which set out the principal activities of each Committee, below on pages 21 to 24.

Governance

Corporate Governance Statement

- Received and considered the feedback from the Barclays Group's principal regulators.
- Considered the results of the externally facilitated Board effectiveness evaluation.

Board Committees

The main Board Committees are the Audit Committee, the Nominations Committee, the Remuneration Committee and the Risk Committee. Pursuant to authority granted under the Company's Articles of Association, each Board Committee has had specific responsibilities delegated to it by the Board. You can read about what each of the Committees did during 2021 on the following pages.

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

Board Audit Committee

The Audit Committee is comprised solely of independent Non-Executive Directors, with membership of the Audit Committee largely aligned with the BPLC Audit Committee and designed to provide the breadth of financial expertise and commercial acumen it needs to fulfil its responsibilities. Its members as a whole have recent and relevant experience of the banking and financial services sector, in addition to general management and commercial experience, and are financially literate. The Audit Committee is chaired by Mike Ashley who has over 20 years accounting and audit experience. Diane Schueneman is the other member of the Committee. Tim Breedon was a member of the Committee until he stepped down with effect from 31 October 2021. Robert Berry will join the Committee as an additional member with effect from 1 March 2022, further to his appointment to the Board as a Non-Executive Director on 8 February 2022.

Audit Committee meetings were attended by representatives from Barclays Group and/or BBPLC management in respect of matters relevant to their function or business area, including the Chief Executive, Chief Financial Officer, President of BBPLC, Barclays Group and/or BBPLC Chief Compliance Officer, Chief Controls Officer, Barclays Group Chief Operating Officer, Barclays Group Chief Internal Auditor and the BBPLC Chief Internal Auditor, and the Barclays Group General Counsel, as appropriate, and the Company's statutory auditors, KPMG.

The Audit Committee held a number of separate private sessions with the Group Chief Internal Auditor and the BBPLC Chief Internal Auditor and with the lead audit engagement partner of the statutory auditor, which were not attended by management.

As part of the Company's commitment to effective oversight and allocation of responsibilities between the BPLC Audit Committee, the BBUKPLC Audit Committee and the Committee, Mike Ashley held frequent meetings during 2021 with the BBUKPLC Audit Committee Chair to share relevant information and to ensure embedment of information flows and governance practice. In addition, discussions were held with the Audit Committee Chairs of the Company's major subsidiaries, Barclays Bank Ireland PLC and Barclays US LLC.

Attendance at the Audit Committee during 2021 was as follows:

Member	Meetings attended/eligible to attend	Effective Date
Mike Ashley (Chair)	11/11	Appointed 25 September 2019
Diane Schueneman	11/11	Appointed 25 September 2019
Tim Breedon	10/10	Stepped down 31 October 2021

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

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

During 2021, the principal activities of the Audit Committee included:

- Financial reporting: assessing the appropriateness of financial disclosures, paying particular attention to the Expected Credit Loss (ECL) judgements and related IFRS 9 disclosures, having regard to guidance issued by regulators as part of their response to the COVID-19 pandemic.
- Impairment: assessing the appropriateness of impairment experience against forecast and considering whether impairment provisions were appropriate. As part of its monitoring, the Committee considered a number of reports from management, including the continuing economic impact of the COVID-19 pandemic on model performance and outcomes, the impact of the ongoing uncertain macro-economic environment and model changes and model validation.
- Conduct provisions: analysing the judgements and estimates made with regard to the Barclays Bank Group's material conduct provisions.
- Legal, competition and regulatory provisions: evaluating advice on the status of current legal, competition and regulatory matters and considering management's judgements on the level of provisions.
- Valuations: monitoring the valuation methods applied by management to significant valuation items and areas of judgement and, in particular, considering valuations in the light of IBOR transition.
- Tax: overseeing tax matters relating to the Barclays Bank Group, including tax risk provisions and regulatory matters.
- Internal controls and business control environment: monitoring and evaluating the status of significant control issues through regular reports from the Chief Controls Officer, including updates on progress of remediation programmes relevant to the Barclays Bank Group, ongoing COVID-19 related issues, return to office planning, the annual data protection update, an update on operational resilience, and monitoring Client Asset Sourcebook (CASS) updates and compliance with CASS.

Governance

Corporate Governance Statement

- Raising concerns: reviewing management's reports on whistleblowing matters; monitoring whistleblowing metrics and retaliation reports, as well as considering potential whistleblowing trends which might emerge.
- Internal audit: receiving reports from Barclays Internal Audit in relation to specific audits, key areas of focus and themes; overseeing issues arising from unsatisfactory audit reports and monitoring related remediation plans; discussing Barclays Internal Audit's assessment of the management control approach and control environment in the Barclays Bank Group; approving the appointment of the Chief Internal Auditor for BBPLC.
- External audit: reviewing and approving the annual audit plan for the Barclays Bank Group, including the main areas of focus, and assessing the progress of the 2021 audit. The Audit Committee also reviewed audit quality and discussed KPMG's feedback on the Barclays Bank Group's critical accounting estimates and judgements.

The 2021 Committee effectiveness review was externally facilitated by CSA. The review of the Committee was carried out in conjunction with the review of the BPLC Audit Committee. Feedback from the review confirms that the Committee is operating effectively, with constructive engagement with management observed in meetings and appropriate challenge. The review also confirms that concurrent meetings of the BPLC Audit Committee and the Committee continue to be effective, with reporting of Committee proceedings at Board meetings pitched at an appropriate level of detail.

It was noted that the Board's strategic priorities for Non-Executive Director recruitment included those with recent and relevant financial experience, which would be of benefit to the Committee. The review recommended that consideration be given to how the Committee's future agendas might be shaped more towards 'bigger picture' issues, whilst acknowledging the Committee's broad remit, the complexity of Barclays and the expectations of the Barclays Group's regulators. A continued focus on the split of work between the Board and the Committee, and potential overlap between the work of the Committee and the other Board Audit Committees within the Barclays Group, was considered to be beneficial.

Board Nominations Committee

The Nominations Committee is comprised solely of independent Non-Executive Directors. The Nominations Committee members are Nigel Higgins, as Chairman of the BBPLC Board, along with Mike Ashley, Tim Breedon and Diane Schueneman. Tim Breedon will retire as a member of the Nominations Committee with effect from 28 February 2022, when he will also step down from the BBPLC Board and Board Risk Committee.

In addition to scheduled meetings, the Nominations Committee also held three ad hoc meetings during 2021. Attendance by the Nominations Committee members is shown in the table below. Owing to a prior commitment, Tim Breedon was unable to attend one ad hoc meeting of the Committee which had been scheduled at short notice. Nominations Committee meetings were attended during the year by the Chief Executive, the BPLC HR Director and the BBPLC HR Director, as appropriate.

Attendance at the Nominations Committee during 2021 was as follows:

Member	Meetings attended/eligible to attend	Effective Date
Nigel Higgins (Chair)	6/6	Appointed 1 March 2019
Mike Ashley	6/6	Appointed 25 September 2019
Tim Breedon	5/6	Appointed 25 September 2019
Diane Schueneman	6/6	Appointed 25 September 2019

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

- Considering appointments to the Board, its Committees and boards of BBPLC's significant subsidiaries.
- Considering the composition of the Board and its Committees.
- Considering succession planning and talent management.
- Evaluating Board effectiveness.
- Assessing the length of Directors' tenure.
- Considering Board induction and training.
- Evaluating conflicts of interest.
- Evaluating governance matters.

During 2021, the principal activities of the Committee included:

- Reviewing and approving Board and Board Committee size, composition and succession planning, taking into account tenure, time commitment, skills, knowledge, experience and diversity of the Directors, and identifying any desirable skills to aid the Company in operating and competing effectively (and leading the search and recruitment process).
- Receiving updates on the Company's executive governance framework, talent and succession management, and reviewing and approving proposed changes to Executive Committee composition (further to the appointment of Venkat as Chief Executive on 1 November 2021), and Executive Committee succession planning.
- Continuing to champion, alongside the Board, the Group's Race at Work Action Plan, designed to increase the number of under-represented minority employees in our wider workforce; providing more Black and ethnically diverse colleagues with access to career and development opportunities; creating a culture of allyship; and being transparent and measuring our outcomes. You can read more about D&I, including Barclays' Global Race at Work Action Plan and data on gender and ethnic diversity, in the Barclays D&I report which will be made available on the Barclays website.
- Reviewing and updating the Board Diversity Policy in February 2021, including re-affirming the existing gender diversity target (33% female) and adopting a new ethnic diversity target aligned with the Parker Review on the ethnic diversity of UK Boards (at least one Board member to be a Person of Colour). Please refer to page 27 for further information.
- Receiving updates on succession planning for the Company's main subsidiary company Boards.
- Considering Director training and development.
- Review of recommendations arising from the 2020 Board effectiveness review, and overseeing the externally facilitated 2021 Board Effectiveness Review undertaken by CSA.

Governance

Corporate Governance Statement

The 2021 Committee effectiveness review was externally facilitated by CSA. The review of the Committee was carried out in conjunction with the review of the BPLC Nominations Committee. Feedback from the review indicated that the Committee is operating effectively, with a good level of debate and clear decision-making. The Committee is considered well chaired, with a good level of engagement by other Committee members and constructive challenge of management observed. Succession planning for the Board and Executive Committee was recognised as having been at the core of the Committee's role during the year, noting that the Committee also considered matters relating to Board succession for its key subsidiaries such as Barclays Bank Ireland PLC.

The review recommended that there may be benefit in further reflection upon Committee membership and the desired composition and scope of activities of the Committee, given that other Non-Executive Directors attended a number of Committee meetings in 2021 in light of there having been some important matters to be considered regarding succession planning and the desire to hear from all Non-Executive Directors on these matters. While routine matters were covered in line with the Committee's Terms of Reference, it was noted that the Committee may benefit from a more formalised meeting schedule and training sessions for members, as suggested in previous evaluations. It was acknowledged, however, that a more formalised meeting schedule might not always be possible in the context of the nature of the Committee's roles and responsibilities and that opportunities for in-person training had remained limited in 2021 as a result of the ongoing COVID-19 pandemic. Further consideration will be given to these points during 2022.

Board Remuneration Committee

The Remuneration Committee is comprised solely of independent Non-Executive Directors. The Remuneration Committee is chaired by Mary Francis with Dawn Fitzpatrick as the other member. Tim Breedon stepped down as Chair of the Committee in May 2021 and remained a member until he stepped down from the Committee with effect from 31 October 2021.

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

- Adopt the over-arching principles of remuneration policy for the Barclays Bank Group within the parameters set by the BPLC Remuneration Committee.
- Consider and endorse the incentive pool for the Company and its subsidiaries and the remuneration of key BBPLC executives and other specified individuals as determined by the Remuneration Committee from time to time.
- Exercise oversight of remuneration issues within the Barclays Bank Group.
- Approve the remuneration and compensation arrangement of employees that fall within the remit of the Remuneration Committee.

In addition to scheduled meetings, the Remuneration Committee also held a number of ad hoc meetings during 2021. Attendance by the Remuneration Committee members is shown in the table below. Remuneration Committee meetings are attended by management, including the Chief Executive and the BPLC HR Director.

Attendance at the Remuneration Committee during 2021 was as follows:

Member	Meetings attended/eligible to attend	Effective Date
Mary Francis (Chair, effective 24 May 2021)	7/7	Appointed 25 September 2019
Tim Breedon	5/5	Stepped down 31 October 2021
Dawn Fitzpatrick	3/3	Appointed 1 July 2021

During 2021, the principal activities of the Committee included:

- Reviewing and adopting the Barclays Group People Risk Reward Policy, Material Risk Taker Identification Methodology and 2021 Incentive Funding Frameworks.
- Adopting the funding ratio.
- Reviewing Fair Pay agenda and pay gaps, and Ethnicity pay gaps reporting.
- Endorsing the 2021 ex-ante risk adjustments.
- Considering regular updates on stakeholders, regulatory and legal, financial and risk performance, pay round timings and approach.
- Reviewing specific remuneration proposals for individuals within the Remuneration Committee's remit.
- Reviewing Committee effectiveness.

The 2021 Committee effectiveness review was externally facilitated by CSA. Feedback from the review confirms that the Committee is operating effectively, with constructive engagement with management and appropriate challenge observed in meetings, coupled with balanced contributions from Committee members during meetings. Feedback also highlights that the Committee is able to make important decisions at pace. In addition, feedback noted that consideration was still being given to adding an additional member to the Committee.

Board Risk Committee

The Risk Committee is comprised solely of independent Non-Executive Directors with membership of the Committee broadly aligned with the BPLC Risk Committee. The Risk Committee is chaired by Tim Breedon. Mike Ashley, Mohamed El-Erian, Dawn Fitzpatrick and Diane Schueneman are the other members of the Committee. In addition to scheduled meetings, the Risk Committee also held a number of additional meetings during 2021. Robert Berry will join the Committee as Chair with effect from 1 March 2022 (subject to regulatory approval), further to his appointment as a Non-Executive Director on 8 February 2022. Tim Breedon will retire as a member and Chair of the Committee with effect from 28 February 2022.

One of the key roles of the Risk Committee is to review and challenge the risk profile and risk appetite of the Barclays Bank Group and to consider key risk issues and internal control and risk policies concerning the Barclays Bank Group. Risk Committee meetings are attended by management, including the Chief Executive, Barclays Group Finance Director, BBPLC Chief Financial Officer, BBPLC President, Barclays Group Chief Risk Officer, BBPLC Chief Risk Officer, Barclays Group Chief Compliance Officer, BBPLC Chief Compliance Officer, Barclays Group Chief Internal Auditor, Barclays Group General Counsel, as appropriate, and the Company's statutory auditors, KPMG.

Governance

Corporate Governance Statement

In addition to scheduled meetings, the Risk Committee also held two ad hoc meetings during 2021. Attendance by the Risk Committee members is shown in the table below. Mohamed El-Erian was unable to attend the one ad hoc meeting of the Committee called at short notice.

Attendance at the Risk Committee during 2021 was as follows:

Member	Meetings attended/eligible to attend	Effective Date
Tim Breedon (Chair)	11/11	Appointed 25 September 2019
Mike Ashley	11/11	Appointed 25 September 2019
Mohamed El-Erian	10/11	Appointed 1 July 2020
Dawn Fitzpatrick	11/11	Appointed 1 January 2020
Diane Schueneman	11/11	Appointed 25 September 2019

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

- Review, on behalf of the Board, the management of the principal risks as set out in the ERMF with the exception of Reputation risk which is a matter reserved to the Board.
- Consider and recommend to the Board, within the risk parameters set by the Risk Committee, the Company's risk appetite and tolerance for those principal risks.
- Review, on behalf of the Board, the Barclays Bank Group's risk profile for those principal risks.
- Commission, receive and consider reports on key risk issues.

During 2021, the principal activities of the Risk Committee included:

- Advising the Board on the appropriate risk appetite and risk tolerance for the principal risks in the ERMF when determining strategy, including recommending to the Board for approval the proposed overall risk appetite statement for the Company; reviewing and/or approving (as appropriate) risk limits throughout the year.
- Reviewing reports on key themes arising from the current and prospective macro-economic, geopolitical, macro-prudential and financial environment and their impact on the Company's risk appetite and risk profile.
- Considering and approving the Company's internal stress test themes and the results of an internal stress test.
- Reviewing enhancements to the stress testing process and models.
- Receiving updates on the positive quantitative and qualitative results of Barclays US LLC's submission to the Federal Reserve Bank (FRB) of its Comprehensive Capital Analysis and Review.
- Ensuring that the Company has enough capital, liquidity and financial resources to meet its regulatory requirements and obligations, taking into account potential impacts of the COVID-19 pandemic and other macro-economic factors.
- Reviewing and considering the operational risks arising from the Company's procedures, processes, systems and policies.
- Evaluating the appropriateness of Barclays' Model Risk Management framework and receiving and considering reports from management in relation to managing model risk.
- Overseeing the management of Conduct risk within BBPLC, and the performance of the Compliance function.
- Overseeing the Company's regulatory requirements, as they relate to risk management, including regulatory and internal capital and funding requirements, approving the Company's Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process.
- Reviewing the frameworks, policies and resources in place to support effective risk management and oversight of the Barclays Bank Group, including reviewing and recommending to the Board for adoption (following approval by the BPLC Board) the updated ERMF which, from 1 January 2022, has been expanded to include Climate risk.
- Advising the BBPLC Remuneration Committee when making remuneration decisions for 2021.
- Discussing reports on key risk areas specific to the Barclays Bank Group which were provided to the Risk Committee throughout the year including, amongst others, reports on cryptocurrency, structured products, the risk management implications of growth initiatives in emerging markets, as well as our business plan for China.

The Risk Committee continually considers the impact of issues on the Barclays Bank Group and the risk environment in which it operates. It reviews steps taken by the business to manage exposures in this context. The Risk Committee also received focused presentations on a number of areas specific to the business and activities of Barclays Bank Group (including through joint presentations with the BPLC Risk Committee), including a training session focusing on the financial and operational risks of climate change and one concerned with operational resilience.

The 2021 Committee effectiveness review was externally facilitated by CSA. The review of the Committee was carried out in conjunction with the review of the BPLC Risk Committee. Feedback from the review confirms that the Committee is operating effectively, considering Barclays' risk appetite and risk profile in a thoughtful and forensic way, with its core mandate well understood by its members and pro-active challenge of management. It was noted that more recent additions to the Committee in 2019 and 2020 brought valuable markets insight and experience. A continued focus on the split of work between the Board and the Committee, and potential overlap between the work of the Committee and the other Board Risk Committees within the Barclays Group, was considered to be beneficial. Feedback noted that there was no undue duplication between the Committee and the Board Audit Committee. The review suggested that there may be benefit in the Committee taking time to reflect further upon likely major risk themes in the macro-environment over the next three to five years, and how future Committee agendas might be shaped towards bigger picture issues.

Leadership

Individual roles on the Board and their responsibilities are set out in Barclays' *Charter of Expectations*. This includes role profiles and the behaviours and competencies required for each role on the Board, namely the Chair, Non-Executive Directors, Executive Directors and Committee Chairs. In accordance with the Barclays *Charter of Expectations*, Non-Executive Directors provide effective oversight and scrutiny, strategic guidance and constructive challenge whilst holding the Executive Directors to account against their agreed performance objectives. A copy of the Barclays *Charter of Expectations* can be found at home.barclays/who-we-are/ourgovernance/board-responsibilities.

Governance

Corporate Governance Statement

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Company's Articles of Association (the Articles), the Companies Act 2006 (the Act) and related legislation.

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

All appointments to the Board and senior management are viewed through a diversity lens and are based on merit and objective criteria, which focus on the skills and experience required for the Board's effectiveness and the delivery of the Company's strategy. Board appointments are made following a rigorous and transparent process facilitated by the Nominations Committee, with the aid of an external search consultancy firm. You can read more about the work of the Nominations Committee on pages 22 to 23.

Diversity across the Barclays Group remains a key area of focus. For more detail on the Barclays Bank Group actions to increase diversity please see page 27.

The Nominations Committee regularly reviews the composition of the Board, Board Committees and Executive Committee and the core competencies, diversity and experience required. For the Board, it is standard practice to appoint any new Non-Executive Director or Chair for an initial three-year term, which may be extended for up to a further three-year term. As such, Non-Executive Directors typically serve up to a minimum of six years but this period may be extended where the Nominations Committee considers it appropriate.

Effectiveness

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

The Company considers the composition of principal Board Committees to meet the independence criteria of the Code, notwithstanding that the Company has chosen not to adopt and report against the Code, as stated above, and there is appropriate cross-membership on the Board Committees to further promote effectiveness.

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

An externally facilitated effectiveness review of the Board and Board Committees, led by CSA, has been concluded, relating to 2021 activity. Feedback from the review indicated that the Board is operating effectively, that the Board is collegiate, positive, professional and supportive, yet challenging, and that concurrent meetings of the BPLC and BBPLC Boards remain effective and work well in practice.

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

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

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

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

Remuneration

The Remuneration Committee reviews and adopts the Barclays Group's Remuneration Policy for use in the Barclays Bank Group. The purpose and activities of this Committee are contained in the Remuneration Committee report on page 23 of this report.

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

Controls over financial reporting

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

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

Governance

Corporate Governance Statement

Audit, Risk and Internal Control

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

As referenced above, the Board is responsible for ensuring that management maintains an effective system of risk management and internal control and for assessing its effectiveness. Such a system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, rather than absolute, assurance against material misstatement or loss.

Processes are in place for identifying, evaluating and managing the Principal Risks facing the Company. A key component of the framework is the ERMF which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF is designed to identify and set minimum requirements, in respect of the main risks, to achieve the Company's strategic objectives and to provide reasonable assurance that internal controls are effective. Further detail on the Principal Risks and management of them can be found in the Risk Management section of the Strategic Report on pages 5 to 6.

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

The Risk Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures, examining reports covering the Principal Risks including those that would threaten its business model, future performance, solvency or liquidity, as well as reports on risk measurement methodologies and risk appetite. Further detail of the work of the Risk Committee can be found on pages 23 to 26 of this report.

As referenced above, the Audit Committee carries out several duties, delegated to it by the Board, including oversight of financial reporting processes, reviewing the effectiveness of internal controls, considering whistle-blowing arrangements and oversight of the work of the external and internal auditors. Throughout the year ended 31 December 2021 and to date, the Company has operated a system of internal control that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations.

The Board, together with the Audit Committee, is responsible for ensuring the independence and effectiveness of the internal and external audit functions. For this reason, the Audit Committee members met regularly with both the Group Chief Internal Auditor and the BBPLC Chief Internal Auditor and the Lead Audit Engagement Partner of the statutory auditor without management present. Further details of the work of the Audit Committee can be found on pages 21 to 22 of this report.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting under the supervision of the principal executive and financial officers, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements, in accordance with (a) UK-adopted international accounting standards; (b) International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretations Committee; and (c) IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail:

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

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

Management has assessed the internal control over financial reporting as at 31 December 2021. In making its assessment, management utilised the criteria set out in the 2013 COSO framework and concluded that, based on its assessment, the internal control over financial reporting was effective as at 31 December 2021.

The system of internal financial and operational controls is also subject to regulatory oversight in the UK and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk review section on pages 121 to 126.

Changes in internal control over financial reporting

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

Executive Committee

Following Venkat's appointment as Chief Executive in November 2021, Paul Compton became sole President of BBPLC and the Global Head of the CIB. Additional changes to the Executive Committee structure and membership followed which included Stephen Dainton moving into the role of Co-Head of Global Markets alongside Adeel Khan, and Investment Banking being run by Global Co-Heads, under JF Astier and John Miller, reporting into Paul Compton. Another change to a key role was Alistair Currie taking over as Global Head of Consumer Banking and Payments from Ashok Vaswani who stepped down in order to take on a new role within the Barclays Group as Chief Digital Strategy Officer. During 2021, membership of Executive Committee also included the Chief Financial Officer, Chief Operating Officer, Chief Risk Officer and other functional partners.

The Executive Committee meets quarterly and is chaired by the Chief Executive. In addition to the day-to-day management of the Company, the Executive Committee supports the Chief Executive in ensuring that the values, strategy and culture align, are implemented and are communicated consistently to colleagues – for example through regular leadership team conferences, and communications that are available to all colleagues.

Governance

Corporate Governance Statement

Non-Executive Directors time commitment and conflict of interest

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

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

In accordance with the Act and the Articles, 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.

Training and induction

Directors are regularly provided with the opportunity to take part in ongoing training and development and can also request specific training they may consider necessary or useful. Whilst opportunities for in-person Director training remained limited in 2021 due to the impact of the COVID-19 pandemic and ongoing social distancing guidance, training and development was supported through Board deep dives, briefings for Board members on key risk topics, and Function reviews. The Board also received an annual briefing on regulatory responsibilities including the Senior Managers Regime and on Barclays' conduct and financial crime policies and standards.

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

Diversity and inclusion

The Board recognises the importance of ensuring that there is broad diversity among the Directors inclusive of, but not limited to, gender, ethnicity, geography and business experience. With this in mind, the Board adopted a revised version of the Board Diversity Policy on 9 February 2021, re-affirming the existing gender diversity target (33% female) and adopting a new diversity target aligned with the Parker Review on the ethnic diversity of UK boards (at least one Board member to be a Person of Colour). The Board reconfirmed its commitment to these targets on 9 February 2022.

Further to the appointment of Robert Berry on 8 February 2022 and as at the date of this report, BBPLC Board gender diversity stands at 30% female (with three female directors on the Board) and we exceed the Board's target of having at least one Board member who is a Person of Colour. Following the retirement of Tim Breedon from the Board on 28 February 2022, BBPLC Board gender diversity will return to 33% female, meeting the gender diversity target as set out in the Board Diversity Policy.

In addition, the Company aims to ensure that employees of all backgrounds are treated equally and have the opportunity to be successful. The Barclays Group's Global D&I strategy sets objectives, initiatives and plans across six areas of focus: Gender, LGBT+, Disability, Multicultural and Multigenerational and Socioeconomic inclusion, in support of that ambition. Further information on the Barclays Group's Board Diversity Policy, as adopted by the Board, and D&I strategy can be found on page 129 of the BPLC Annual Report 2021.

Governance

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 1 to 13.

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

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

	Pages
Performance Measures	7
Corporate Governance Report	16
Risk Management	34
Principal Risks	51
Disclosures required pursuant to Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as updated by the 2018 Regulations can be found on the following pages:	
Engagement with employees (Sch.7 Para 11 and 11A Regs 2008/2018 and S172(1) Statement)	11
Policy concerning the employment of disabled persons (Sch.7 Para 10 Regs 2008)	11
Financial Instruments (Sch.7 Para 6 Regs 2008)	176
Hedge accounting policy (Sch.7 Para 6 Regs 2008)	178

Profits and dividends

The results of the Barclays Bank Group show statutory profit after tax of £4,758m (2020: £2,451m). The Barclays Bank Group had net assets of £56,487m as at 31 December 2021 (2020: £53,710m).

The Company will pay a £200m dividend to its parent, BPLC. Further details on dividends on ordinary shares paid in 2021 are set out in Note 10 to the financial statements.

Dividends paid on preference shares for the year ended 31 December 2021 amounted to £27m (2020: £42m).

Share Capital

There was no increase in ordinary share capital during the year. BPLC owns 100% of the issued ordinary shares. There are no restrictions on the transfer of ordinary shares or agreements between holders of ordinary shares known to the Company which may result in restrictions on the transfer of securities or voting rights. Further information on the Company's share capital, including preference shares can be found in Note 27 of the financial statements.

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

The powers of the Directors are determined by the Act and the Articles. No shares were issued or bought back in 2021. The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2021 AGM. It will be proposed at the 2022 AGM that the Directors be granted new authorities to allot and buy-back shares.

Repurchase of preference shares

No preference shares were redeemed by the Company during 2021.

Directors

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

Name	Role	Effective date
Jes Staley	Chief Executive Officer	Stepped down 31 October 2021
C.S. Venkatakrisnan	Chief Executive Officer	Appointed 1 November 2021
Robert Berry	Non-Executive Director	Appointed 8 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 Group also maintains Directors' & Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Governance

Directors' report

Qualifying pension scheme indemnity provisions (as defined by section 235 of the Act) were in force during the course of the financial year ended 31 December 2021 for the benefit of the then directors and, at the date of this report are in force for the benefit of directors of Barclays Pension Funds Trustees Limited as trustee of the Barclays Bank UK Retirement Fund, and Barclays Executive Schemes Trustees Limited as Trustee of Barclays Capital International Pension Scheme (No.1) and Barclays PLC Funded Unapproved Retirement Benefits Scheme. The directors of the trustees are indemnified against liability incurred in connection with the trustee's activities in relation to the aforementioned schemes.

Political donations

The Barclays Bank 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 BPLC Annual Report 2021.

Environment

As part of the overall strategy of the Barclays Group, the Barclays Bank 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 our 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 BPLC 2021 Annual Report for further detail on 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, and Climate Risk is included as a Principal Risk under Barclays' ERMF from 2022.

Scenario analysis forms a key part of the Barclays Group's, and therefore the Barclays Bank 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. 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 BPLC 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 customers and clients. For more information about how the Barclays Group is helping to tackle climate change please refer to the BPLC Annual Report 2021.

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

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 Barclays' Third Party Code of Conduct (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. Further, Barclays is a signatory to the Prompt Payment Code in the UK, aiming to pay our suppliers within clearly defined terms.

Further information on 'Managing our supply chain' is set out in the BPLC Annual Report 2021.

Branches and Country-by-Country reporting

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

The Company is exempt from publishing information required by The Capital Requirements (Country-by-Country Reporting) Regulations 2013 as this information is published by its parent BPLC. This information is available on the Barclays website: home.barclays/annualreport.

Research and development

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

Change of control

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

The Auditors

The BPLC Audit Committee reviews the appointment of the statutory auditors, as well as their relationship with the Barclays Group, including monitoring the Barclays Group's use of the statutory auditors for non-audit services and the balance of audit and non-audit fees paid to them. The BBPLC Audit Committee also monitors the use of the statutory auditors for non-audit services within the Barclays Bank Group.

An external audit tender was conducted in 2015 and the decision was made to appoint KPMG as 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 BPLC 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 BPLC Audit Committee believes it would not

Governance

Directors' report

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 BPLC Committee is also conscious that the lead engagement partner will have 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. The BPLC 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.

Non-audit services

In order to safeguard the statutory auditor's independence and objectivity, the Barclays Group has in place a policy setting out the circumstances in which the statutory auditor may be engaged to provide services other than those covered by the Barclays Group audit. The Barclays Group Policy on the Provision of Services by the Barclays Group Statutory Auditor (the Policy) applies to all Barclays' subsidiaries and other material entities over which Barclays has significant influence. The core principle of the Policy is that non-audit services (other than those legally required to be carried out by the Barclays Group's auditor) should be performed by the statutory auditor only in certain controlled circumstances. The Policy sets out those types of services that are strictly permitted.

Under the Policy, except for specific categories of 'permitted' services that require explicit Committee approval, the BPLC audit committee has pre-approved all permitted services for which fees are less than £100,000. All requests to engage the statutory auditor are assessed by independent management before work can commence. Requests for permitted service types in respect of which the fees are expected to meet or exceed the above threshold must be approved by the Chair of the BPLC Audit Committee before work is permitted to begin. Services where the fees are expected to be £250,000 or higher must be approved by the BPLC Audit Committee as a whole. All expenses and disbursements must be included in the fees calculation. More information on this can be found in the BPLC Annual Report 2021.

The fees payable to KPMG for the year ended 31 December 2021 amounted to £41m (2020:£38m), of which £8m (2020:£8m) was payable in respect of non-audit services. A breakdown of the fees payable to the auditor for statutory audit and non-audit work can be found in Note 39 to the financial statements.

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 128 to 147, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditor in relation to the accounts.

Going concern

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

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

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

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

Preparation of accounts

The Directors are required by the Act to prepare the Company and the Barclays Bank Group accounts for each financial year and, with regard to Barclays Bank 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; (b) IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee; and (c) IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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 Group and the Company and of their profit or loss for that period.

The Directors consider that, in preparing the financial statements, the Barclays Bank Group and the Company 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, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

Directors' responsibility statement

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

Governance

Directors' report

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

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

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

The Directors are responsible for preparing the financial statements in accordance with Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format.

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; (b) IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee; and (c) IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- (b) the management report, on pages 1 to 13, which is incorporated in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Stephen Shapiro
Company Secretary
22 February 2022

Barclays Bank PLC
Registered in England. Company No. 1026167
Registered office, 1 Churchill Place, London E14 5HP

Risk review

Contents

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

Risk management strategy		Page
Overview of the Barclays Bank Group's approach to risk management.	• Enterprise Risk Management Framework (ERMF)	34
	• Segregation of duties – the “Three Lines of Defence” model	34
	• Principal risks	34
	• Risk appetite for the principal risks	34
	• Risk Committees	34
	• Barclays' risk culture	35
Material existing and emerging risks		
Insight into the level of risk across our business and portfolios, the material existing and emerging risks and uncertainties we face and the key areas of management focus.	• Material existing and emerging risks potentially impacting more than one principal risk	36
	• Climate risk	41
	• Credit risk	41
	• Market risk	42
	• Treasury and capital risk	43
	• Operational risk	44
	• Model risk	46
	• Conduct risk	46
	• Reputation risk	47
Principal risk management		
The Barclays Bank Group's approach to risk management for each principal risk with focus on organisation and structure and roles and responsibilities.	• Climate risk management	49
	• Credit risk management	51
	• Market risk management	52
	• Treasury and capital risk management	52
	• Operational risk management	54
	• Model risk management	55
	• Conduct risk management	55
	• Reputation risk management	56
	• Legal risk management	56
Risk performance		
Credit risk: The risk of loss to the Barclays Bank Group from the failure of clients, customers or counterparties (including sovereigns), to fully honour their obligations to the Barclays Bank Group, including the whole and timely payment of principal, interest, collateral and other receivables.	• Credit risk overview and summary of performance	58
	• Maximum exposure and effects of netting, collateral and risk transfer	59
	• Expected credit losses	64
	• Management adjustments to models for impairment	74
	• Measurement uncertainty and sensitivity analysis	76
	• Analysis of the concentration of credit risk	86
	• Approach to the management and representation of credit quality	90
	• Analysis of specific portfolios and asset types	97
	• Market risk overview and summary of performance	99
Market risk: The risk of loss arising from potential adverse changes in the value of the Barclays Bank Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	• Review of management measures	99
Treasury and capital risk – Liquidity: The risk that the Barclays Bank Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.	• Liquidity risk overview	102
	• Liquidity risk stress testing	102
	• Contractual maturity of financial assets and liabilities	103

Risk performance continued		
Treasury and capital risk – Capital: The risk that the Barclays Bank Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the Barclays Bank Group's pension plans.	<ul style="list-style-type: none"> Capital risk overview 	111
Treasury and capital risk – Interest rate risk in the banking book: The risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.	<ul style="list-style-type: none"> Interest rate risk in the banking book overview and summary of performance Net interest income sensitivity Analysis of equity sensitivity Volatility of the fair value through other comprehensive income (FVOCI) portfolio in the liquidity pool 	115 115 116 116
Operational risk: The risk of loss to the Barclays Bank Group from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.	<ul style="list-style-type: none"> Operational risk overview and summary of performance Operational risk profile 	117 117
Model risk: The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.	<ul style="list-style-type: none"> Model risk overview and summary of performance 	119
Conduct risk: The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Barclays Bank Group's products and services.	<ul style="list-style-type: none"> Conduct risk overview and summary of performance 	119
Reputation risk: The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Barclays Bank Group's integrity and/or competence.	<ul style="list-style-type: none"> Reputation risk overview and summary of performance 	119
Legal risk: The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank Group to meet its legal obligations including regulatory or contractual requirements.	<ul style="list-style-type: none"> Legal risk overview and summary of performance 	120
Supervision and regulation		
The Barclays Bank Group's operations, including its overseas offices, subsidiaries and associates, are subject to a significant body of rules and regulations.	<ul style="list-style-type: none"> Supervision of the Barclays Bank Group 	121

Risk review

Risk management

Barclays' risk management strategy

The Barclays Bank Group's risk management strategy

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

Enterprise Risk Management Framework (ERMF)

The ERMF outlines the highest level principles for risk management by setting out standards, objectives and key responsibilities of different groups of employees of the Barclays Bank Group. It is approved by the Barclays PLC Board on recommendation of the Barclays Group Board Risk Committee and the Barclays Bank Group Chief Risk Officer (CRO); it is then adopted by the Barclays Bank Group.

The ERMF sets out:

- Risk Management and Segregation of duties: the ERMF defines a Three Lines of Defence model.
- Principal risks faced by the Barclays Bank 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.
- Roles and responsibilities for key risk management and governance structure.

The ERMF is complemented by frameworks, policies and standards which 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 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 Group and all associated support functions, including Finance, Operations, Treasury and Human Resources. The first line is responsible for identifying and managing the risks in which they are engaged, 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 Group, and to monitor the performance of the first line against these limits, rules 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 Barclays Bank Group. These controls 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 Barclays Bank Group 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 risks 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 at the Barclays Group level 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 across more than one principal risk.

Risk appetite

Risk appetite is defined as the level of risk which the Barclays Bank 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 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 Group. The Barclays Bank PLC Board cannot approve a higher risk appetite than that determined by the Barclays PLC Board without the approval of the Barclays PLC Board but may choose to operate at a lower level of risk appetite than that approved by the Barclays Group.

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

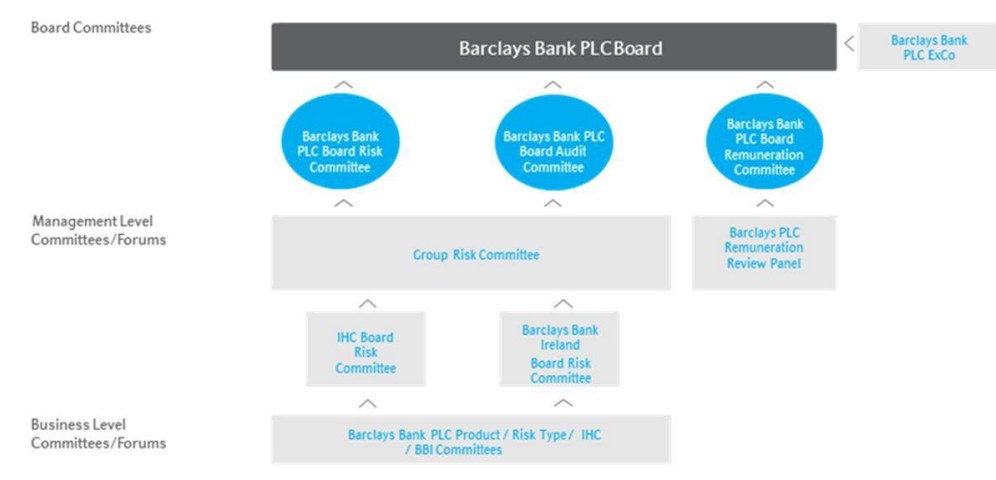
Risk Committees

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

Risk review

Risk management

Barclays' risk management strategy



The Barclays Bank PLC Board receives regular information on the risk profile of Barclays Bank Group, and has ultimate responsibility for approval of risk appetite and capital plans, within the parameters set by the Barclays PLC Board. The Barclays Bank 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 Barclays Bank PLC. These are: the Barclays Bank PLC Board Risk Committee and the Barclays Bank PLC Board Audit Committee. Additionally, the Barclays Bank PLC Board Remuneration Committee oversees pay practices focusing on aligning pay to sustainable performance:

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

Barclays' risk culture

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

The Barclays 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; and
- colleagues identify, manage and escalate risk and control matters, and meet their responsibilities around risk management.

The Group CEO works with the Executive Management to embed a strong risk culture within the Group, 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 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.

Risk review

Material existing and emerging risks

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

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

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

i) 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 Group.

The COVID-19 pandemic has caused disruption to the Barclays Bank Group's customers, suppliers and staff globally. Most jurisdictions in which the Barclays Bank Group operates implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. 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. In some jurisdictions, restrictions that had been previously lifted were re-imposed in response to a resurgence in cases. These decisions are being taken by the governments of individual jurisdictions (including through the implementation of emergency powers) and impacts (including any subsequent lifting, extension or reimposition of restrictions) may vary from jurisdiction to jurisdiction and/or within jurisdictions. 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 Group continues to monitor the situation closely. However, despite the COVID-19 contingency plans established by the Barclays Bank 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 Group's customers, potential litigation costs (including regulatory fines, penalties and other sanctions), and reputational damage.

In many of the jurisdictions in which the Barclays Bank Group operates, schemes were initiated by central banks, national governments and regulators 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 Group to implement large-scale changes in a short period of time, leading to an increase in certain risks faced by the Barclays Bank 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 government and central bank-supported loan and other financing schemes may be exacerbated if the Barclays Bank Group is required by any government or regulator to offer forbearance or additional financial relief to borrowers or if the Barclays Bank 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 national governments (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 Group's results of operations and profitability. In addition, the Barclays Bank 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 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 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 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 Group. As a result, the Barclays Bank 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 central bank, government 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, airline, and hospitality and leisure sectors).

Furthermore, the Barclays Bank Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing 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 '(vi) 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 Group's income and profitability caused by lower lending and transaction volumes due to volatility or weakness in the capital markets. Furthermore, in order to support lending activity to promote economic growth, governments and/or regulators may limit management's flexibility in

Risk review

Material existing and emerging risks

managing its business, require the deployment of capital in particular business lines or otherwise restrict or limit capital distributions and capital allocation.

Any and all such events mentioned above could have a material adverse effect on the Barclays Bank 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 Group's customers, employees and suppliers.

ii) Business conditions, general economy and geopolitical issues

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

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

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

- 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 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.
- A significant proportion of the Barclays Bank Group's portfolio is located in the US, including a major credit card portfolio and a range of corporate and investment banking exposures. The possibility of significant continued changes in US policy in certain sectors (including trade, healthcare and commodities) may have an impact on the Barclays Bank Group's associated portfolios. Stress in the US economy, weakening GDP and the associated exchange rate fluctuations, heightened trade tensions (such as between the US and China), an unexpected rise in unemployment and/or an increase in interest rates could lead to increased levels of impairment, which may have a material adverse effect on the Barclays Bank Group's results of operations and profitability.
- An escalation in geopolitical tensions or increased use of protectionist measures may have a material adverse effect on the Barclays Bank Group's business in the affected regions.
- In China the pace of credit growth remains a concern, given the high level of leverage and despite government and regulatory action. A stronger than expected slowdown could result if authorities fail to manage growth appropriately during the transition from manufacturing towards services and the end of the investment and credit-led boom. Deterioration in emerging markets could have a material adverse effect on the Barclays Bank Group's results of operations if contagion results in higher impairment charges via sovereign or counterparty defaults.
- 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 Group's business, results of operations, financial condition and prospects. Unstable economic conditions could result in (among other things):
 - a recession in the UK and/or one or more member states of the EEA in which it operates, with lower growth, higher unemployment and falling property prices, which could lead to increased impairments in relation to a number of the Barclays Bank Group's portfolios (including, but not limited to, its unsecured lending portfolio (including credit cards) and commercial real estate exposures);
 - increased market volatility (in particular in currencies and interest rates), which could impact the Barclays Bank Group's trading book positions and affect the underlying value of assets in the banking book and securities held by the Barclays Bank Group for liquidity purposes;
 - a credit rating downgrade for one or more members of the Barclays Bank Group (either directly or indirectly as a result of a downgrade in the UK sovereign credit ratings), which could significantly increase the Barclays Bank Group's cost of and/or reduce

Risk review

Material existing and emerging risks

its access to funding, widen credit spreads and materially adversely affect the Barclays Bank Group's interest margins and liquidity position; and/or

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

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

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

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 Group's net interest margins (the difference between its lending income and borrowing costs) and could adversely affect the profitability and prospects of the Barclays Bank Group.

Interest rate rises could positively impact the Barclays Bank Group's profitability as retail and corporate business 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 and underwriting activity of the Barclays Bank Group with resultant higher credit losses driving an increased impairment charge which would most notably impact retail unsecured portfolios and wholesale non-investment grade lending and could have a material effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

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

iv) Competition in the banking and financial services industry

The Barclays Bank Group operates in a highly competitive environment (in particular, in the UK and US) 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 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 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 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 Group's products and services, which could reduce the Barclays Bank Group's revenues and profitability, or may cause the Barclays Bank 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 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 Group's ability to attract or retain clients and customers. Any such impact could, in turn, reduce the Barclays Bank Group's revenues.

v) Regulatory change agenda and impact on business model

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

There are several significant pieces of legislation and areas of focus which will require 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 Environmental, Social and Governance (ESG) risks). Such or similar changes to prudential requirements or additional supervisory and prudential expectations, as well as requirements imposed by the Barclays Bank 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;

Risk review

Material existing and emerging risks

- modifying the terms of outstanding capital instruments;
 - modifying legal entity structure (including with regard to issuance and deployment of capital, MREL and funding);
 - changing the Barclays Bank Group's business mix or exiting other businesses; and/or
 - undertaking other actions to strengthen the Barclays Bank Group's position or resolvability.
- The derivatives market has been the subject of particular focus for regulators in recent years across the G20 countries and beyond, with regulations introduced which require the on-venue trading and clearing of standardised over the counter (OTC) derivatives and the mandatory margining of non-cleared OTC derivatives. These regulations may increase costs for market participants, as well as reduce liquidity in the derivatives markets, in particular if there are areas of overlapping or conflicting regulation. More broadly, changes to the regulatory framework could entail significant costs for market participants and may have a significant impact on certain markets in which the Barclays Bank Group operates.
 - The Barclays Group and certain of its members (including Barclays Bank PLC) are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programmes of the Bank of England, the European Banking Authority (EBA) and the Federal Reserve Board (FRB). Failure to meet the requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Barclays Group, could result in the Barclays Group or certain of its members (including Barclays Bank PLC) being required to enhance their capital position, limit capital distributions or position additional capital in specific subsidiaries.
 - 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 Group may become more complex and costly which could have a material adverse effect on the Barclays Bank Group's business and results of operations and could result in the Barclays Bank 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. This may also be exacerbated if Barclays Bank Ireland PLC expands further and, as a result of its growth and importance to the Barclays Bank Group and the EEA banking system as a whole, Barclays Bank Ireland PLC is made subject to higher capital requirements or restrictions are imposed by regulators, on capital allocation and capital distributions by Barclays Bank Ireland PLC.

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

vi) Impact of benchmark interest rate reforms on the Barclays Bank 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 Group, in respect of any financial instruments linked to, or referencing, any of these benchmark interest rates.

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 Group's financial assets and liabilities) that use these reference rates and indices, and present a number of risks for the Barclays Bank Group, including but not limited to:

- **Conduct risk:** in undertaking actions to transition away from using certain reference rates (such as LIBOR) to new alternative RFRs, the Barclays Bank Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank 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 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 Group's preparation and readiness for the replacement of LIBOR with alternative RFRs.
- **Financial risk:** the valuation of certain of the Barclays Bank Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the Barclays Bank Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because 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 a material adverse effect on the Barclays Bank Group's cash flows.
- **Pricing risk:** changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative RFRs may impact the pricing mechanisms used by the Barclays Bank Group on certain transactions.

Risk review

Material existing and emerging risks

- **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 Group's IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any reference rate or index (such as LIBOR) is no longer available to calculate amounts payable, the Barclays Bank Group may incur additional expenses in amending documentation for new and existing transactions and/or effecting the transition from the original reference rate or index to a new reference rate or index.
- **Accounting risk:** an inability to apply hedge accounting in accordance with IAS 39 could lead to increased volatility in the Barclays Bank Group's financial results and performance.

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

For further details on the impacts of benchmark interest rate reforms on the Barclays Bank Group, refer to Note 40.

vii) Change delivery and execution risks

The Barclays Bank 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 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 Group's strategy may be limited by operational capacity and the increasing complexity of the regulatory environment in which the Barclays Bank Group operates. In addition, whilst the Barclays Bank 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 Group's business, results of operations, financial condition, customer outcomes, prospects and reputation.

Risk review

Material existing and emerging risks

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 Group's risk framework in line with regulatory expectations and requirements, and adapting the Barclays Bank 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 Group's business results of operations, financial condition and prospects, the Barclays Bank Group's customers and clients and the creditworthiness of the Barclays Bank 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 Group's portfolios. In addition, the Barclays Bank Group's premises and resilience may also suffer physical damage due to weather events leading to increased costs for the Barclays Bank Group.

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

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

With effect from 1 January 2022, climate risk became one of the principal risks within the Barclays Bank 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 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 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 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 Group faces as a result of climate change). The Barclays Bank Group also needs to ensure that its strategy and business model adapt to changing national and international standards, industry and scientific practices, regulatory requirements and market expectations regarding climate change, which remain under continuous development 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 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) UK or international 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 Group's control, including (among other things) availability of data to measure and assess the climate impact of the Barclays Bank Group's customers, advancements of low-carbon technologies and supportive public policies in the markets where the Barclays Bank 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 Group's business, results of operations, financial condition, prospects and reputation.

For further details on the Barclays Bank 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 Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to members of the Barclays Bank Group, including the whole and timely payment of principal, interest, collateral and other receivables.

a) Impairment

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

For further details, refer to Note 7.

Risk review

Material existing and emerging risks

b) Specific sectors and concentrations

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

- **UK retail, hospitality and leisure:** softening demand, rising costs and a structural shift to online shopping, which have been exacerbated due to restrictions imposed during the COVID-19 pandemic and changes in consumer behaviour, continue to pressurise the UK High Street and other sectors heavily reliant on consumer discretionary spending. As these sectors continue to reposition themselves, the trend represents a potential risk in the Barclays Bank Group's UK corporate portfolio as a higher probability of default exists for retailers, hospitality providers and their landlords while this transition takes place.
- **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. The Barclays Bank Group is exposed to the adverse credit performance of unsecured products, particularly in the US through its US Cards business.
- **UK real estate market:** the Barclays Bank Group's corporate credit exposure is vulnerable to weakness in retail property, for example, as a result of reduced rent collections and residential development, and faces the risk of increased impairment from a material fall in property prices. There can be no assurance that the significant increase in house prices seen during 2021 will continue in 2022. In addition, small segments of the housing market could be subject to specific valuation impacts such as requirements to remediate issues related to fire safety standards.
- **Leverage finance underwriting:** the Barclays Bank Group takes on sub-investment grade underwriting exposure, including single name risk, particularly in the US and Europe. The Barclays Bank Group is exposed to credit events and market volatility during the underwriting period. Any adverse events during this period may potentially result in loss for the Barclays Bank Group, or an increased capital requirement should there be a need to hold the exposure for an extended period.
- **Italian mortgage and wholesale exposure:** the Barclays Bank Group is exposed to a decline in the Italian economic environment through a mortgage portfolio in run-off and positions to wholesale customers. The Italian economy was severely impacted by the COVID-19 pandemic in 2020 and recovery has been slower than anticipated. Should the Italian economy deteriorate further or any recovery take longer to materialise, there could be a material adverse effect on the Barclays Bank Group's results of operations including, but not limited to, increased credit losses and higher impairment charges.
- **Oil & Gas sector:** the Barclays Bank Group's corporate credit exposure includes companies whose performance is dependent on the oil and gas sector. Whilst market prices have recovered in 2021, a sustained period of lower energy prices in recent years has led to the erosion of balance sheet strength, particularly for higher cost producers and those businesses which supply goods and services to the oil and gas sector. In the longer term, costs associated with the transition towards renewable sources of energy may place greater financial demands on companies that the Barclays Bank Group has exposure to globally. These factors could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects through increased impairment charges.
- **Air travel:** the COVID-19 pandemic has caused a significant reduction in demand for air travel as both the willingness and ability to travel have reduced, impacting revenues of the Barclays Bank Group's clients and their ability to service their debt obligations. While the situation is expected to improve as travel restrictions are eased, changes in consumer behaviour both due to COVID-19 and climate change create uncertainty for the sector. Furthermore, the possibility of further global and regional pandemics pose additional risks for the sector.

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

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

iii) Market risk

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

Economic and financial market uncertainties remain elevated, as the path of the COVID-19 pandemic is inherently difficult to predict. Further waves of the COVID-19 pandemic, a disruptive adjustment to monetary policy normalisation, intensifying social unrest that weighs on market sentiment and deteriorating trade and geopolitical tensions are some of the factors that could heighten market risks for the Barclays Bank Group's portfolios.

In addition, the Barclays Bank Group's trading business is generally exposed to a prolonged period of elevated asset price volatility, particularly if it adversely affects market liquidity. Such a scenario could impact the Barclays Bank Group's ability to execute client trades and may also result in lower client flow-driven income and/or market-based losses on its existing portfolio of market risks. These can include higher hedging costs from rebalancing risks that need to be managed dynamically as market levels and their associated volatilities change.

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

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

Risk review

Material existing and emerging risks

iv) Treasury and capital risk

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

a) Liquidity risk

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

- **Stability of the Barclays Bank Group's deposit funding profile:** deposits which are payable on demand or at short notice could be affected by the Barclays Bank Group failing to preserve the current level of customer and investor confidence.
- **Ongoing access to wholesale funding:** the Barclays Bank Group regularly accesses the money and capital markets to provide short-term and long-term unsecured and secured funding to support its operations. A loss of counterparty confidence, or adverse market conditions could lead to a reduction in the tenor, or an increase in the costs, of the Barclays Bank Group's unsecured and secured wholesale funding.
- **Impacts of market volatility:** adverse market conditions, with increased volatility in asset prices can negatively impact the Barclays Bank 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 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, for example, revolving credit facilities, negatively affecting the Barclays Bank 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 Group's access to the money or capital markets and/or terms on which the Barclays Bank 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 Group).

b) Capital risk

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

- **Failure to meet prudential capital requirements:** This could lead to the Barclays Bank Group being unable to support some or all of its business activities, a failure to pass regulatory stress tests, increased cost of funding due to deterioration in investor appetite or credit ratings, restrictions on distributions including the ability to meet dividend targets, and/or the need to take additional measures to strengthen the Barclays Bank Group's capital or leverage position.
- **Adverse changes in FX rates impacting capital ratios:** The Barclays Bank Group has capital resources, risk weighted assets and leverage exposures denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the Sterling equivalent value of these items. As a result, the Barclays Bank Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Barclays Bank Group's balance sheet to take account of foreign currency movements could result in an adverse impact on the Barclays Bank Group's regulatory capital and leverage ratios.
- **Adverse movements in the pension fund:** Adverse movements in pension assets and liabilities for defined benefit pension schemes could result in deficits on a technical provision and/or IAS 19 accounting basis. This could lead to the Barclays Bank Group making substantial additional contributions to its pension plans and/or a deterioration in its capital position. Under IAS 19, the liabilities discount rate is derived from the yields of high quality corporate bonds. Therefore, the valuation of the Barclays Bank Group's defined benefits schemes would be adversely affected by a prolonged fall in the discount rate due to a persistent low interest rate and/or credit spread environment. Inflation is another significant risk driver to the pension fund as the liabilities are adversely impacted by an increase in long-term inflation expectations.

c) Interest rate risk in the banking book

Interest rate risk in the banking book is the risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities. The Barclays Bank Group's 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 interest rates in sterling, US dollars or euros may also compress net interest margin on retail and corporate portfolios. In addition, the Barclays Bank 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 Group.

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

Risk review

Material existing and emerging risks

v) Operational risk

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

a) Operational resilience

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

b) 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 Group, like other financial institutions, experiences numerous attempts to compromise its cybersecurity.

The Barclays Bank 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 Group in numerous ways, including attacks on networks, systems, or devices used by the Barclays Bank Group or parties such as service providers and other suppliers, counterparties, employees, contractors, customers or clients, presenting the Barclays Bank Group with a vast and complex defence perimeter. Moreover, the Barclays Bank 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 Group's ability to effectively defend against certain threats. Some of the Barclays Bank 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 Group's operations. Such cyberattacks are likely to continue.

A failure in the Barclays Bank Group's adherence to its cybersecurity policies, procedures or controls, employee malfeasance, and human, governance or technological error could also compromise the Barclays Bank 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 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 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 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 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 Group.

For further details on the Barclays Bank Group's approach to cyberattacks, refer to the operational risk performance section. For further details on cyber security regulation applicable to the Barclays Bank Group, refer to the Supervision and regulation section.

c) New and emergent technology

Technology is fundamental to the Barclays Bank 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 Group, with new solutions being developed both in-house and in association with third-party companies. For example, payment services and securities, futures and options trading are increasingly occurring electronically, both on the Barclays Bank Group's own systems and through other alternative systems, and becoming automated. Whilst increased use of electronic payment and trading systems and direct electronic access to trading markets could significantly reduce the Barclays Bank Group's cost base, it may, conversely, reduce the commissions, fees and margins made by the Barclays Bank Group on these transactions which could have a material adverse effect on the Barclays Bank 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 Group's business, results of operations, financial condition and prospects.

Risk review

Material existing and emerging risks

d) External fraud

The nature of fraud is wide-ranging and continues to evolve, as criminals continually seek opportunities to target the Barclays Bank Group's business activities and exploit changes in customer behaviour and product and channel use (such as the increased use of digital products and enhanced online services). 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 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 Group's business, results of operations, financial condition and prospects.

e) Data management and information protection

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

The international nature of both the Barclays Bank Group's business and its IT infrastructure also means that personal information may be available in countries other than those from where it originated. Accordingly, the Barclays Bank Group needs to ensure that its collection, use, transfer and storage of personal information complies with all applicable laws and regulations in all relevant jurisdictions (including as such new and existing regulations continue to be implemented, interpreted and applied), which could: (i) increase the Barclays Bank Group's compliance and operating costs, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place; (ii) impact the development of new products or services, impact the offering of existing products or services, or affect how products and services are offered to clients and customers; (iii) demand significant oversight by the Barclays Bank Group's management; and (iv) require the Barclays Bank Group to review some elements of the structure of its businesses, operations and systems in less efficient ways.

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

f) Algorithmic trading

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

g) Processing errors

The Barclays Bank 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 highly complex and occur at high volumes and frequencies, across numerous and diverse markets in many currencies. As the Barclays Bank Group's customer base and geographical reach expand and the volume, speed, frequency and complexity of transactions, especially electronic transactions (as well as the requirements to report such transactions on a real-time basis to clients, regulators and exchanges) increase, developing, maintaining and upgrading operational systems and infrastructure becomes more challenging, 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 Group's control, such as a spike in transaction volume, could adversely affect the Barclays Bank Group's ability to process transactions or provide banking and payment services.

Processing errors could result in the Barclays Bank 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, capital markets trades and/or other transactions to be executed erroneously, illegally or with unintended consequences; and (iv) adversely affecting financial, trading or currency markets. Any of these events could materially disadvantage the Barclays Bank Group's customers, clients and counterparties (including them suffering financial loss) and/or result in a loss of confidence in the Barclays Bank Group which, in turn, could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

h) Supplier exposure

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

Risk review

Material existing and emerging risks

i) 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, taxes, fair value of financial instruments, pensions and post-retirement benefits, 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 Group, beyond what was anticipated or provided for. Further development of accounting standards and regulatory interpretations could also materially impact the Barclays Bank Group's results of operations, financial condition and prospects.

j) Tax risk

The Barclays Bank Group is required to comply with the domestic and international tax laws and practice of all countries in which it has business operations. There is a risk that the Barclays Bank Group could suffer losses due to additional tax charges, other financial costs or reputational damage as a result of failing to comply with such laws and practice, or by failing to manage its tax affairs in an appropriate manner, with much of this risk attributable to the international structure of the Barclays Bank Group. In addition, increasing tax authority focus on reporting and disclosure requirements around the world and the digitisation of the administration of tax has potential to increase the Barclays Bank Group's tax compliance obligations further. For example, the OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting has announced plans to introduce a global minimum tax from 2023 which, if enacted, will increase the Barclays Bank Group's tax compliance obligations. In addition, the proposed Build Back Better Act includes proposals to implement changes to US international tax provisions which may require systems and process changes if enacted. Any systems and process changes associated with these changes introduce additional operational risk.

k) Ability to hire and retain appropriately qualified employees

As a regulated financial institution, the Barclays Bank Group requires diversified and specialist skilled colleagues. The Barclays Bank Group's ability to attract, develop and retain a diverse mix of talent is key to the delivery of its core business activity and strategy. This is impacted by a range of external and internal factors, such as 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 Group's business, results of operations, financial condition and prospects. Additionally, this may result in disruption to service which could in turn lead to disenfranchising certain customer groups, customer detriment and reputational damage.

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

vi) Model risk

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

Models are, by their nature, imperfect 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 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 Group making inappropriate business decisions and/or inaccuracies or errors in the Barclays Bank Group's risk management and regulatory reporting processes. This could result in significant financial loss, imposition of additional capital requirements, enhanced regulatory supervision and reputational damage, all of which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

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

vii) 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 Group's products and services. This risk could manifest itself in a variety of ways, including:

a) Market integrity

The Barclays Bank 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 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 Group's business include: (i) employees improperly selling or marketing the Barclays Bank 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 Group, its customers or third parties. These risks may be exacerbated in circumstances where the Barclays Bank 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 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 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

Risk review

Material existing and emerging risks

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 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 Group throughout their life cycle. However, there is a risk that the design and review of the Barclays Bank Group 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 Group.

d) Financial crime

The Barclays Bank Group may be adversely affected if it fails to effectively mitigate the risk that third parties or its employees facilitate, or that its products and services are used to facilitate, financial crime (money laundering, terrorist financing, breaches of economic and financial sanctions, bribery and corruption, and the facilitation of tax evasion). UK and US regulations covering financial institutions continue to focus on combating financial crime. Failure to comply may lead to enforcement action by the Barclays Bank Group's regulators, including severe penalties, which may have a material adverse effect on the Barclays Bank 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 Group with an increased focus on governance and rigour, with similar requirements also introduced in other jurisdictions globally. Failure to meet these requirements and expectations may lead to regulatory sanctions, both for the individuals and the Barclays Bank Group.

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

viii) Reputation risk

Reputation risk is the risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Barclays Bank 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 Group's overall reputation and any one transaction, investment or event (in the perception of key stakeholders) can reduce trust in the Barclays Bank Group's integrity and competence. The Barclays Bank Group's association with sensitive topics and sectors has been, and in some instances continues to be, an area of concern for stakeholders, including: (i) the financing of, and investments in, businesses which operate in sectors that are sensitive because of their relative carbon intensity or local environmental impact; (ii) potential association with human rights violations (including combating modern slavery) in the Barclays Bank Group's operations or supply chain and by clients and customers; and (iii) the financing of businesses which manufacture and export military and riot control goods and services.

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

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

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

ix) Legal risk and legal, competition and regulatory matters

The Barclays Bank Group conducts activities in a highly regulated global 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 Group's businesses and business practices. In each case, this exposes the Barclays Bank Group and its employees to the risk of loss or the imposition of penalties, damages or fines from the failure of members of the Barclays Bank Group to meet their respective legal obligations, including legal or contractual requirements. Legal risk may arise in relation to any number of the material existing and emerging risks identified above.

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

Details of legal, competition and regulatory matters to which the Barclays Bank Group is currently exposed are set out in Note 25. In addition to matters specifically described in Note 25, the Barclays Bank Group is engaged in various other legal proceedings which arise in the ordinary course of business.

Risk review

Material existing and emerging risks

The Barclays Bank Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Barclays Bank Group is, or has been, engaged 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 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 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 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 Group is currently exposed and any others which may arise in the future, is difficult to predict. In connection with such matters, the Barclays Bank Group may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Barclays Bank Group to any of the following outcomes: substantial monetary damages, settlements and/or fines; remediation of affected customers and clients; other penalties and injunctive relief; additional litigation; criminal prosecution; the loss of any existing agreed protection from prosecution; regulatory restrictions on the Barclays Bank Group's business operations including the withdrawal of authorisations; increased regulatory compliance requirements or changes to laws or regulations; suspension of operations; public reprimands; loss of significant assets or business; a negative effect on the Barclays Bank Group's reputation; loss of confidence by investors, counterparties, clients and/or customers; risk of credit rating agency downgrades; potential negative impact on the availability and/or cost of funding and liquidity; and/or dismissal or resignation of key individuals. In light of the uncertainties involved in legal, competition and regulatory matters, there can be no assurance that the outcome of a particular matter or matters (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 Group's business, results of operations, financial condition and prospects.

Risk review

Principal risk management

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 Group, refer to the 'material existing and emerging risks' section.

Organisation and Structure

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

In 2021 the Head of Climate Risk took the role of Climate Principal Risk owner, reporting directly to Group Chief Risk Officer.

To support the oversight of Barclays Group climate risk profile a Climate Risk Committee (CRC) has been established. The CRC is a sub-committee 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.

Working groups support the management of climate risk at Barclays Bank Group and Barclays Bank UK Group.



Risk review

Principal risk management

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.

<i>Risk Type</i>	<i>Risk Identification</i>	<i>Risk Measurement</i>
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 Barclays Bank Group'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.

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 environmental, social and governance (ESG) matters, working closely with the Environmental Risk Management function.

Risk review

Principal risk management

Credit risk management (audited)

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

Overview

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

Credit risk management objectives are to:

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

Organisation, roles and responsibilities

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

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

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

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

Credit risk mitigation

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

- Netting and set-off.
- Collateral.
- Risk transfer.

Netting and set-off

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

Collateral

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

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

Risk review

Principal risk management

Risk transfer

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

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

Market risk management (audited)

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

Overview

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

Organisation, roles and responsibilities

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

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

The objectives of market risk management are to:

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

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

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

The Market Risk Committee (MRC) reviews and makes recommendations concerning the Barclays Group-wide market risk profile. This includes overseeing the operation of the Market Risk Framework and associated standards and policies; reviewing market or regulatory issues and reviewing 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.

In addition to MRC, the Corporate and Investment Bank Risk Committee (CIBRC) is the main forum in which market risk exposures are discussed and reviewed with senior business heads. The Committee is chaired by the CRO of Barclays International and meets weekly, covering current market events, notable market risk exposures, and key risk topics. New business initiatives are generally socialised at CIBRC before any changes to risk appetite or associated limits are considered in other governance committees.

Management value at risk (VaR)

VaR is an estimate of the potential loss arising from unfavourable market movements if the current positions were to be held unchanged for one business day. For internal market risk management purposes, a historical simulation methodology with a 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.

See page 99 for a review of management VaR.

Treasury and capital risk management

This comprises:

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

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

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

Risk review

Principal risk management

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

Liquidity risk management (audited)

Overview

The efficient management of liquidity is essential to Barclays Bank PLC 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 that is used 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, tenor, quality and composition to remain within the liquidity risk appetite as expressed by the Barclays Bank PLC Board. The liquidity risk appetite is monitored against both internal and regulatory liquidity metrics.

Organisation, roles and responsibilities

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

The 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 Barclays Bank PLC Board.

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

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

Capital risk management (audited)

Overview

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

Organisation, roles and responsibilities

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

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

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

For the relevant Barclays Bank Group subsidiaries, local management assures compliance with an entity's minimum regulatory capital requirements by reporting to local Asset and Liability Committees (or equivalents) with oversight by the Barclays Bank PLC Treasury Committee and the Barclays Group Treasury Committee, as required. In 2021, Barclays complied with all regulatory minimum capital requirements.

Pension risk

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

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

Risk review

Principal risk management

Interest rate risk in the banking book management (IRRBB)

Overview

Interest rate risk in the banking book is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. As per the Barclays Bank Group's policy to remain within the defined risk appetite, hedging strategies are executed to mitigate the various IRRBB risks that result from these activities. However, the Barclays Bank 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 Group. This risk is often referred to by industry regulators as 'embedded option risk'.
- **Investment risks in the liquid asset portfolio:** the risk that the fair value of assets held in the liquid asset portfolio and associated risk management portfolios could be adversely impacted by market volatility, creating volatility in capital directly.

Organisation, roles and responsibilities

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

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

Operational risk management

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

Overview

The management of operational risk has three key objectives:

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

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

Organisation, roles and responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests within the business and functional units where the risk arises. The operational risk profile and control environment is reviewed by management through business risk committees and control committees. 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 Bank Risk Forum, the Barclays Bank PLC Board Risk Committee or the Barclays Bank PLC Board Audit Committee. In addition, specific reports are prepared by Operational Risk on a regular basis for the Barclays Bank Risk Forum, GRC and the BRC.

Businesses and functions are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks that may threaten the achievement of their objectives and the effectiveness of key controls, operational risk events and a review of scenarios.

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

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

Risk review

Principal risk management

Risk themes

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

For definitions of the Barclays Bank Group's operational risk categories and enterprise risk themes, refer to pages 202 to 204 of the Barclays 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 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 the Barclays Group-wide, end-to-end requirements for the identification, measurement and management of model risk, covering model documentation, development, monitoring, annual review, independent validation and approval, change and reporting processes. The policy is supported by global standards covering model inventory, documentation, validation, complexity and materiality, testing and monitoring, overlays, risk appetite, as well as vendor models and stress testing challenger models.

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

The key model risk management activities include:

- Correctly identifying models across all relevant areas of the Barclays Bank Group, and recording models in the Barclays Group Models Database (GMD), the Barclays Group-wide model inventory.
- Enforcing that every model has a model owner who is accountable for the model. The model owner must sign off models prior to submission to IVU for validation and maintain that the model presented to IVU is and remains fit for purpose.
- Overseeing that every model is subject to validation and approval by IVU, prior to being 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 Group's products and services.

Overview

The Barclays Bank 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 Group manages and measures its conduct risk profile. The Barclays Group Chief Compliance Officer is accountable for developing, maintaining and overseeing the CRMF. The Barclays Bank Group Chief Compliance Officer is responsible for providing effective oversight, management and escalation of conduct risk in line with the CRMF. This includes overseeing the development and maintenance of the relevant conduct risk policies and standards and monitoring and reporting on the consistent application and effectiveness of the implementation of controls to manage conduct risk. 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 Bank Group achieve the right conduct outcomes and evolve a conduct-focused culture.

The governance of conduct risk within the Barclays Bank Group is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Board. The Barclays Group and Barclays Bank Group Risk Committees are the

Risk review

Principal risk management

primary second line governance committees for the oversight of the Conduct Risk Profile. The risk committees' responsibilities include the identification and discussion of any emerging conduct risks exposures in the Barclays Group and Barclays Bank Group.

Reputation risk management

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

Overview

A reduction of trust in the Barclays Bank Group's integrity and competence may reduce the attractiveness of Barclays Bank Group to 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 governance of reputation risk within the Barclays Bank Group is fulfilled through management committees and forums operated by the First and Second Lines of Defence, with clear escalation and reporting lines to the relevant Barclays Bank Group Board committees.

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

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

The Barclays Bank PLC Chief Compliance Officer is responsible for providing independent second line oversight of Businesses' adherence to the RRMF.

Legal risk management

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

Overview

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

Organisation, roles and responsibilities

The Barclays Bank Group's businesses and functions have primary responsibility for identifying 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 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 Group Risk Committee is incorporated in the Barclays Group Risk Committee and is the most senior executive body responsible for reviewing and monitoring the effectiveness of risk management across the Barclays Bank Group. Escalation paths from this committee exist to the Barclays Bank PLC Board Risk Committee.

Risk review

Risk performance

Credit risk

Summary of Contents		Page
Credit risk represents a significant risk to the Barclays Bank Group and mainly arises from exposure to wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with clients.	• Credit risk overview and summary of performance	58
	• Maximum exposure and effects of netting, collateral and risk transfer	60
This section outlines the expected credit loss allowances, the movements in allowances during the period, material management adjustments to model output and measurement uncertainty and sensitivity analysis.	• Expected credit losses	64
	– Loans and advances at amortised cost by product	64
	– Movement in gross exposure and impairment allowance for loans and advances at amortised cost including provisions for loan commitments and financial guarantees	66
	– Stage 2 decomposition	74
	– Stage 3 decomposition	74
	• Management adjustments to models for impairment	74
The Barclays Bank Group reviews and monitors risk concentrations in a variety of ways. This section outlines performance against key concentration risks.	• Measurement uncertainty and sensitivity analysis	76
	• Analysis of the concentration of credit risk	86
	– Geographic concentrations	86
	– Industry concentrations	88
	• Approach to management and representation of credit quality	90
– Asset credit quality	90	
– Debt securities	90	
– Balance sheet credit quality	90	
– Credit exposures by internal PD grade	93	
Credit Risk monitors exposure performance across a range of significant portfolios.	• Analysis of specific portfolios and asset types	97
	– Credit cards, unsecured loans and other retail lending	97
	– Government supported loans	97

Risk review

Risk performance

Credit risk

All disclosures in this section pages 58 to 97 are unaudited unless otherwise stated.

Overview

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

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 continued government support measures in some geographies and customer deleveraging. In wholesale, watch list balances continue to improve. However, the degree of economic uncertainty remains relatively high: credit deterioration may still occur when support measures are fully withdrawn; 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 uncertainties 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 pages 74 to 75 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

Credit impairment release of £277m (2020: £3,377m charge) was driven by an improved macro-economic outlook. CIB credit impairment release of £461m (2020: £1,565m charge) was also supported by net single name wholesale loan release and a benign credit environment and CC&P credit impairment charges of £185m (2020: £1,720m charge) was supported by lower delinquencies and higher customer repayments. As at 31 December 2021, 30 and 90 days arrears rates in US cards were 1.6% (2020: 2.5%) and 0.8% (2020: 1.4%) respectively.

Key metrics

Decrease of £1,837m impairment allowance

Impairment allowances on loans and advances at amortised cost including off-balance sheet elements of the allowance in Barclays Bank Group decreased by £1,837m to £3,998m (2020: £5,835m) during the year. This is driven by a decrease in Wholesale Loans of £842m, Credit cards, unsecured loans and other retail lending of £677m and Home Loans £48m and further decrease in off-balance sheet provisions of £270m. Please refer to page 64 Expected Credit loss section for further details.

Please see risk management section on pages 51 to 52 for details of governance, policies and procedures.

Risk review

Risk performance

Credit risk

Analysis of the Balance Sheet

Barclays Bank 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 Group's maximum exposure and its net exposure to credit risk, reflecting the financial effects of risk mitigation reducing the Barclays Bank Group's exposure.

For financial assets recognised on the balance sheet, maximum exposure to credit risk represents the balance sheet carrying value after allowance for impairment. For off-balance sheet guarantees, the maximum exposure is the maximum amount that the Barclays Bank Group would have to pay if the guarantees were to be called upon. For loan and other credit related commitments 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, mainly equity securities. For off-balance sheet exposures certain contingent liabilities not subject to credit risk such as performance guarantees are excluded.

The Barclays Bank Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on the Barclays Bank Group's policies to each of these forms of credit enhancement is presented on pages 51 to 52 of the credit risk management section.

Overview

As at 31 December 2021, the Barclays Bank Group's net exposure to credit risk, after taking into account credit risk mitigation, increased 3% to £741.1bn (2020: £719.6bn). Overall, the extent to which the Barclays Bank Group holds mitigation against its total exposure slightly decreased to 42% (2020: 43%).

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held at central banks, cash collateral and settlement balances, and debt securities issued by governments, all of which are considered to be lower risk. The increase in the Barclays Bank Group's net exposure to credit risk has been mainly driven by increases in cash and balances at central banks and off-balance sheet loan commitments. Trading portfolio liability positions, which to a significant extent economically hedge trading portfolio assets but which are not held specifically for risk management purposes, are excluded from the analysis. The credit quality of counterparties to derivatives, financial investments and wholesale loan assets are predominantly investment grade and there are no significant changes from prior year. Further analysis on the credit quality of assets is presented on pages 90 to 96.

Collateral obtained

Where collateral has been obtained in the event of default, the Barclays Bank Group does not, ordinarily, use such assets for its own operations and they are usually sold on a timely basis. The carrying value of assets held by the Barclays Bank Group as at 31 December 2021, as a result of the enforcement of collateral, was £22m (2020: £6m).

Risk review

Risk performance

Credit risk

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

Barclays Bank Group	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Risk transfer	Net exposure
As at 31 December 2021	£m	£m	£m	£m	£m	£m
On-balance sheet:						
Cash and balances at central banks	169,085	—	—	—	—	169,085
Cash collateral and settlement balances	88,085	—	—	—	—	88,085
Loans and advances at amortised cost:						
Home loans	10,985	—	(338)	(10,483)	(89)	75
Credit cards, unsecured loans and other retail lending	25,960	—	(968)	(4,229)	(252)	20,511
Wholesale loans	108,314	(5,001)	(118)	(30,287)	(5,080)	67,828
Total loans and advances at amortised cost	145,259	(5,001)	(1,424)	(44,999)	(5,421)	88,414
<i>Of which credit-impaired (Stage 3):</i>						
Home loans	615	—	(11)	(604)	—	—
Credit cards, unsecured loans and other retail lending	563	—	(29)	(217)	(3)	314
Wholesale loans	486	—	—	(76)	(22)	388
Total credit-impaired loans and advances at amortised cost	1,664	—	(40)	(897)	(25)	702
Reverse repurchase agreements and other similar secured lending	3,177	—	—	(3,177)	—	—
Trading portfolio assets:						
Debt securities	50,700	—	—	(461)	—	50,239
Traded loans	12,525	—	—	(268)	—	12,257
Total trading portfolio assets	63,225	—	—	(729)	—	62,496
Financial assets at fair value through the income statement:						
Loans and advances	35,901	—	—	(29,485)	—	6,416
Debt securities	2,256	—	—	(319)	—	1,937
Reverse repurchase agreements	145,186	—	(1,428)	(143,229)	—	529
Other financial assets	85	—	—	—	—	85
Total financial assets at fair value through the income statement	183,428	—	(1,428)	(173,033)	—	8,967
Derivative financial instruments	262,291	(202,347)	(34,149)	(5,804)	(5,738)	14,253
Financial assets at fair value through other comprehensive income	45,907	—	—	(53)	(931)	44,923
Other assets	994	—	—	—	—	994
Total on-balance sheet	961,451	(207,348)	(37,001)	(227,795)	(12,090)	477,217
Off-balance sheet:						
Contingent liabilities	23,746	—	(906)	(1,367)	(256)	21,217
Loan commitments	284,451	—	(99)	(40,104)	(1,627)	242,621
Total off-balance sheet	308,197	—	(1,005)	(41,471)	(1,883)	263,838
Total	1,269,648	(207,348)	(38,006)	(269,266)	(13,973)	741,055

Off-balance sheet exposures are shown gross of provisions of £499m (2020: £769m). See Note 24 for further details. In addition to the above, Barclays Bank Group holds forward starting reverse repos amounting to £39.3bn (2020: £30.8bn). The balances are fully collateralised. Wholesale loans and advances at amortised cost include £1.0bn (2020: £1.2bn) of CBILs and CLBILs supported by UK government guarantees of £0.8bn (2020: £0.9bn).

Barclays Bank Group has issued £1.7bn (2020: £2.6bn) of guarantees that have been provided to subsidiaries of Barclays PLC outside the Barclays Bank Group. These guarantees have not been reported in the prior periods and the comparatives have not been restated.

For further information on credit risk mitigation techniques, refer to the Credit risk management section.

Risk review

Risk performance

Credit risk

Maximum exposure and effects of netting, collateral and risk transfer (audited)						
Barclays Bank Group	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	155,902	—	—	—	—	155,902
Cash collateral and settlement balances	97,616	—	—	—	—	97,616
Loans and advances at amortised cost:						
Home loans	11,193	—	(283)	(10,782)	(85)	43
Credit cards, unsecured loans and other retail lending	23,368	—	(827)	(3,459)	(195)	18,887
Wholesale loans	99,706	(6,988)	(50)	(24,328)	(4,419)	63,921
Total loans and advances at amortised cost	134,267	(6,988)	(1,160)	(38,569)	(4,699)	82,851
<i>Of which credit-impaired (Stage 3):</i>						
Home loans	723	—	(13)	(708)	—	2
Credit cards, unsecured loans and other retail lending	600	—	(10)	(218)	(2)	370
Wholesale loans	1,327	—	(4)	(167)	(85)	1,071
Total credit-impaired loans and advances at amortised cost	2,650	—	(27)	(1,093)	(87)	1,443
Reverse repurchase agreements and other similar secured lending	8,981	—	—	(8,981)	—	—
Trading portfolio assets:						
Debt securities	56,196	—	—	(391)	—	55,805
Traded loans	8,348	—	—	(374)	—	7,974
Total trading portfolio assets	64,544	—	—	(765)	—	63,779
Financial assets at fair value through the income statement:						
Loans and advances	27,449	—	(9)	(21,819)	—	5,621
Debt securities	1,697	—	—	(292)	—	1,405
Reverse repurchase agreements	138,558	—	(685)	(137,466)	—	407
Other financial assets	315	—	—	—	—	315
Total financial assets at fair value through the income statement	168,019	—	(694)	(159,577)	—	7,748
Derivative financial instruments	302,693	(233,088)	(43,164)	(4,656)	(6,409)	15,376
Financial assets at fair value through other comprehensive income	51,901	—	—	(106)	(1,065)	50,730
Other assets	614	—	—	—	—	614
Total on-balance sheet	984,537	(240,076)	(45,018)	(212,654)	(12,173)	474,616
Off-balance sheet:						
Contingent liabilities	20,932	—	(1,095)	(2,135)	(282)	17,420
Loan commitments	265,022	—	(56)	(35,970)	(1,479)	227,517
Total off-balance sheet	285,954	—	(1,151)	(38,105)	(1,761)	244,937
Total	1,270,491	(240,076)	(46,169)	(250,759)	(13,934)	719,553

Risk review

Risk performance

Credit risk

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

Barclays Bank PLC	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Risk transfer	Net exposure
As at 31 December 2021	£m	£m	£m	£m	£m	£m
On-balance sheet:						
Cash and balances at central banks	144,964	—	—	—	—	144,964
Cash collateral and settlement balances	75,571	—	—	—	—	75,571
Loans and advances at amortised cost:						
Home loans	5,982	—	(293)	(5,588)	(39)	62
Credit cards, unsecured loans and other retail lending	4,908	—	(788)	(2,933)	(73)	1,114
Wholesale loans	188,892	(5,003)	(3,571)	(29,623)	(4,323)	146,372
Total loans and advances at amortised cost	199,782	(5,003)	(4,652)	(38,144)	(4,435)	147,548
<i>Of which credit-impaired (Stage 3):</i>						
Home loans	418	—	(7)	(409)	—	2
Credit cards, unsecured loans and other retail lending	140	—	(28)	(100)	(3)	9
Wholesale loans	404	—	—	(74)	(22)	308
Total credit-impaired loans and advances at amortised cost	962	—	(35)	(583)	(25)	319
Reverse repurchase agreements and other similar secured lending	4,982	—	—	(4,982)	—	—
Trading portfolio assets:						
Debt securities	33,517	—	—	(461)	—	33,056
Traded loans	11,989	—	—	(268)	—	11,721
Total trading portfolio assets	45,506	—	—	(729)	—	44,777
Financial assets at fair value through the income statement:						
Loans and advances	45,311	—	—	(16,100)	—	29,211
Debt securities	3,053	—	—	—	—	3,053
Reverse repurchase agreements	188,053	—	(1,346)	(186,707)	—	—
Other financial assets	22	—	—	—	—	22
Total financial assets at fair value through the income statement	236,439	—	(1,346)	(202,807)	—	32,286
Derivative financial instruments	234,409	(183,718)	(26,166)	(5,154)	(5,738)	13,633
Financial assets at fair value through other comprehensive income	44,163	—	—	(53)	(931)	43,179
Other assets	1,018	—	—	—	—	1,018
Total on-balance sheet	986,834	(188,721)	(32,164)	(251,869)	(11,104)	502,976
Off-balance sheet:						
Contingent liabilities	55,774	—	(894)	(1,357)	(252)	53,271
Loan commitments	195,103	—	(84)	(43,828)	(1,587)	149,604
Total off-balance sheet	250,877	—	(978)	(45,185)	(1,839)	202,875
Total	1,237,711	(188,721)	(33,142)	(297,054)	(12,943)	705,851

Off-balance sheet exposures are shown gross of provisions of £420m (2020: £654m). See Note 24 for further details. In addition to the above, Barclays Bank PLC holds forward starting reverse repos amounting to £31.0bn (2020: £29.8bn). The balances are fully collateralised. Wholesale loans and advances at amortised cost include £1.0bn (2020: £1.2bn) of CBILs and CLBILs supported by UK government guarantees of £0.8bn (2020: £0.9bn).

Barclays Bank PLC has issued £14.5bn (2020: £13.9bn) of guarantees to its subsidiaries and other subsidiaries of Barclays PLC. These guarantees were not reported in prior periods and the comparatives have been restated. For further information on credit risk mitigation techniques, refer to the credit risk management section.

Risk review

Risk performance

Credit risk

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

Barclays Bank 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	133,386	—	—	—	—	133,386
Cash collateral and settlement balances	87,723	—	—	—	—	87,723
Loans and advances at amortised cost:						
Home loans	5,298	—	(241)	(5,004)	(32)	21
Credit cards, unsecured loans and other retail lending	4,188	—	(697)	(2,373)	(45)	1,073
Wholesale loans	182,052	(6,988)	(3,032)	(27,109)	(4,380)	140,543
Total loans and advances at amortised cost	191,538	(6,988)	(3,970)	(34,486)	(4,457)	141,637
<i>Of which credit-impaired (Stage 3):</i>						
Home loans	525	—	(7)	(516)	—	2
Credit cards, unsecured loans and other retail lending	141	—	(10)	(112)	(2)	17
Wholesale loans	1,229	—	(4)	(167)	(85)	973
Total credit-impaired loans and advances at amortised cost	1,895	—	(21)	(795)	(87)	992
Reverse repurchase agreements and other similar secured lending	11,535	—	—	(11,535)	—	—
Trading portfolio assets:						
Debt securities	35,442	—	—	(391)	—	35,051
Traded loans	8,241	—	—	(374)	—	7,867
Total trading portfolio assets	43,683	—	—	(765)	—	42,918
Financial assets at fair value through the income statement:						
Loans and advances	36,117	—	(9)	(11,537)	—	24,571
Debt securities	2,139	—	—	—	—	2,139
Reverse repurchase agreements	164,670	—	(625)	(164,045)	—	—
Other financial assets	22	—	—	—	—	22
Total financial assets at fair value through the income statement	202,948	—	(634)	(175,582)	—	26,732
Derivative financial instruments	297,129	(238,339)	(34,081)	(4,454)	(6,409)	13,846
Financial assets at fair value through other comprehensive income	50,308	—	—	(106)	(1,065)	49,137
Other assets	741	—	—	—	—	741
Total on-balance sheet	1,018,991	(245,327)	(38,685)	(226,928)	(11,931)	496,120
Off-balance sheet:						
Contingent liabilities	42,417	—	(1,076)	(2,113)	(269)	38,959
Loan commitments	183,762	—	(15)	(37,437)	(1,457)	144,853
Total off-balance sheet	226,179	—	(1,091)	(39,550)	(1,726)	183,812
Total	1,245,170	(245,327)	(39,776)	(266,478)	(13,657)	679,932

Risk review

Risk performance

Credit risk

Expected Credit Losses

Loans and advances at amortised cost by product

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

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

Barclays Bank Group (audited)

As at 31 December 2021	Stage 2				Total	Stage 3	Total ^a
	Stage 1	Not past due	<=30 days past due	>30 days past due			
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	9,760	548	22	83	653	958	11,371
Credit cards, unsecured loans and other retail lending	24,011	2,402	198	182	2,782	1,469	28,262
Wholesale loans	95,242	12,275	301	386	12,962	921	109,125
Total	129,013	15,225	521	651	16,397	3,348	148,758
Impairment allowance							
Home loans	8	33	1	1	35	343	386
Credit cards, unsecured loans and other retail lending	605	677	39	75	791	906	2,302
Wholesale loans	183	188	3	2	193	435	811
Total	796	898	43	78	1,019	1,684	3,499
Net exposure							
Home loans	9,752	515	21	82	618	615	10,985
Credit cards, unsecured loans and other retail lending	23,406	1,725	159	107	1,991	563	25,960
Wholesale loans	95,059	12,087	298	384	12,769	486	108,314
Total	128,217	14,327	478	573	15,378	1,664	145,259
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	6.0	4.5	1.2	5.4	35.8	3.4
Credit cards, unsecured loans and other retail lending	2.5	28.2	19.7	41.2	28.4	61.7	8.1
Wholesale loans	0.2	1.5	1.0	0.5	1.5	47.2	0.7
Total	0.6	5.9	8.3	12.0	6.2	50.3	2.4
As at 31 December 2020							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	9,627	761	53	87	901	1,099	11,627
Credit cards, unsecured loans and other retail lending	18,923	4,987	393	191	5,571	1,853	26,347
Wholesale loans	83,254	14,184	1,066	688	15,938	2,167	101,359
Total	111,804	19,932	1,512	966	22,410	5,119	139,333
Impairment allowance							
Home loans	6	40	6	6	52	376	434
Credit cards, unsecured loans and other retail lending	399	1,092	111	124	1,327	1,253	2,979
Wholesale loans	280	475	49	9	533	840	1,653
Total	685	1,607	166	139	1,912	2,469	5,066
Net exposure							
Home loans	9,621	721	47	81	849	723	11,193
Credit cards, unsecured loans and other retail lending	18,524	3,895	282	67	4,244	600	23,368
Wholesale loans	82,974	13,709	1,017	679	15,405	1,327	99,706
Total	111,119	18,325	1,346	827	20,498	2,650	134,267
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	5.3	11.3	6.9	5.8	34.2	3.7
Credit cards, unsecured loans and other retail lending	2.1	21.9	28.2	64.9	23.8	67.6	11.3
Wholesale loans	0.3	3.3	4.6	1.3	3.3	38.8	1.6
Total	0.6	8.1	11.0	14.4	8.5	48.2	3.6

Note

a. Other financial assets subject to impairment excluded 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 £135.5bn (2020: £150.3bn) and impairment allowance of £104m (2020: £145m). This comprises £4m (2020: £7m) ECL on £135.3bn (2020: £146.3bn) Stage 1 assets, £0m (2020: £6m) on £65m (2020: £3.8bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £100m (2020: £132m) on £100m (2020: £132m) Stage 3 other assets. Loan commitments and financial guarantee contracts have total ECL of £499m (2020: £769m).

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 specific customers and clients who may be more vulnerable to the full withdrawal of support and emerging economic uncertainty.

Risk review

Risk performance

Credit risk

Barclays Bank PLC

As at 31 December 2021	Stage 2				Total	Stage 3	Total ^a
	Stage 1	Not past due	<=30 days past due	>30 days past due			
	£m	£m	£m	£m	£m	£m	£m
Gross exposure							
Home loans	5,350	133	17	70	220	724	6,294
Credit cards, unsecured loans and other retail lending	4,367	346	63	50	459	201	5,027
Wholesale loans	176,701	11,709	293	139	12,141	806	189,648
Total	186,418	12,188	373	259	12,820	1,731	200,969
Impairment allowance							
Home loans	5	1	—	—	1	306	312
Credit cards, unsecured loans and other retail lending	36	16	3	3	22	61	119
Wholesale loans	180	170	3	1	174	402	756
Total	221	187	6	4	197	769	1,187
Net exposure							
Home loans	5,345	132	17	70	219	418	5,982
Credit cards, unsecured loans and other retail lending	4,331	330	60	47	437	140	4,908
Wholesale loans	176,521	11,539	290	138	11,967	404	188,892
Total	186,197	12,001	367	255	12,623	962	199,782
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	0.8	—	—	0.5	42.3	5.0
Credit cards, unsecured loans and other retail lending	0.8	4.6	4.8	6.0	4.8	30.3	2.4
Wholesale loans	0.1	1.5	1.0	0.7	1.4	49.9	0.4
Total	0.1	1.5	1.6	1.5	1.5	44.4	0.6
As at 31 December 2020							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	4,630	55	23	68	146	863	5,639
Credit cards, unsecured loans and other retail lending	3,576	390	168	10	568	205	4,349
Wholesale loans	166,521	13,396	1,005	680	15,081	2,020	183,622
Total	174,727	13,841	1,196	758	15,795	3,088	193,610
Impairment allowance							
Home loans	2	1	—	—	1	338	341
Credit cards, unsecured loans and other retail lending	54	26	13	4	43	64	161
Wholesale loans	280	450	41	8	499	791	1,570
Total	336	477	54	12	543	1,193	2,072
Net exposure							
Home loans	4,628	54	23	68	145	525	5,298
Credit cards, unsecured loans and other retail lending	3,522	364	155	6	525	141	4,188
Wholesale loans	166,241	12,946	964	672	14,582	1,229	182,052
Total	174,391	13,364	1,142	746	15,252	1,895	191,538
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	1.8	—	—	0.7	39.2	6.0
Credit cards, unsecured loans and other retail lending	1.5	6.7	7.7	40.0	7.6	31.2	3.7
Wholesale loans	0.2	3.4	4.1	1.2	3.3	39.2	0.9
Total	0.2	3.4	4.5	1.6	3.4	38.6	1.1

Note

a. Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £120.8bn (2020: £138.9bn) and impairment allowance of £101m (2020: £146m). This comprises £5m ECL (2020: £13m) on £120.7bn Stage 1 assets (2020: £134.9bn), £0m (2020: £5m) on £65m Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (2020: £3.8bn) and £96m (2020: £128m) on £96m Stage 3 other assets (2020: £128m). Loan commitments and financial guarantee contracts have total ECL of £420m (2020: £654m).

Risk review

Risk performance

Credit risk

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

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. An explanation of the methodology used to determine credit impairment provisions is included in page 167. Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the year. The movements are measured over a 12-month period.

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2021	9,627	6	901	52	1,099	376	11,627	434
Transfers from Stage 1 to Stage 2	(253)	—	253	—	—	—	—	—
Transfers from Stage 2 to Stage 1	331	22	(331)	(22)	—	—	—	—
Transfers to Stage 3	(80)	—	(52)	(5)	132	5	—	—
Transfers from Stage 3	22	—	49	4	(71)	(4)	—	—
Business activity in the year ^a	1,745	2	—	—	—	—	1,745	2
Refinements to models used for calculation ^b	—	—	—	(4)	—	38	—	34
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(742)	(22)	(25)	11	(70)	(50)	(837)	(61)
Final repayments	(890)	—	(142)	(1)	(114)	(4)	(1,146)	(5)
Disposals	—	—	—	—	—	—	—	—
Write-offs ^c	—	—	—	—	(18)	(18)	(18)	(18)
As at 31 December 2021 ^d	9,760	8	653	35	958	343	11,371	386
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	18,923	399	5,571	1,327	1,853	1,253	26,347	2,979
Transfers from Stage 1 to Stage 2	(897)	(41)	897	41	—	—	—	—
Transfers from Stage 2 to Stage 1	2,520	548	(2,520)	(548)	—	—	—	—
Transfers to Stage 3	(307)	(13)	(362)	(165)	669	178	—	—
Transfers from Stage 3	21	5	13	9	(34)	(14)	—	—
Business activity in the year ^a	4,731	84	106	23	16	5	4,853	112
Refinements to models used for calculation ^b	—	(3)	—	(27)	—	—	—	(30)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	509	(360)	(514)	147	(96)	337	(101)	124
Final repayments	(1,489)	(14)	(409)	(16)	(76)	(5)	(1,974)	(35)
Disposals ^e	—	—	—	—	(37)	(22)	(37)	(22)
Write-offs ^c	—	—	—	—	(826)	(826)	(826)	(826)
As at 31 December 2021 ^d	24,011	605	2,782	791	1,469	906	28,262	2,302
Wholesale loans								
As at 1 January 2021	83,254	280	15,938	533	2,167	840	101,359	1,653
Transfers from Stage 1 to Stage 2	(4,122)	(14)	4,122	14	—	—	—	—
Transfers from Stage 2 to Stage 1	5,454	179	(5,454)	(179)	—	—	—	—
Transfers to Stage 3	(32)	(1)	(164)	(12)	196	13	—	—
Transfers from Stage 3	363	3	145	5	(508)	(8)	—	—
Business activity in the year ^a	27,946	74	1,674	15	37	23	29,657	112
Refinements to models used for calculation ^b	—	—	—	3	—	—	—	3
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	2,448	(301)	1,072	(14)	(82)	47	3,438	(268)
Final repayments	(19,481)	(29)	(4,322)	(168)	(504)	(125)	(24,307)	(322)
Disposals ^e	(588)	(8)	(49)	(4)	(71)	(41)	(708)	(53)
Write-offs ^c	—	—	—	—	(314)	(314)	(314)	(314)
As at 31 December 2021 ^d	95,242	183	12,962	193	921	435	109,125	811

Notes

- 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".
- Refinements to models used for calculation include a £34m movement in Home loans, £30m in Credit cards, unsecured loans and other retail lending and £3m in Wholesale loans. These reflect methodology changes made during the year. Barclays Bank Group continually reviews the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.
- In 2021, gross write-offs amounted to £1,158m (2020: £1,337m) and post write-off recoveries amounted to £31m (2020: £4m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,127m (2020: £1,333m).
- Other financial assets subject to impairment excluded 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 £135.5bn (2020: £150.3bn) and impairment allowance of £104m (2020: £145m). This comprises £4m (2020: £7m) ECL on £135.3bn (2020: £146.3bn) Stage 1 assets, £0m (2020: £6m) on £65m (2020: £3.8bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £100m (2020: £132m) on £100m (2020: £132m) Stage 3 other assets.

Risk review

Risk performance

Credit risk

e. The £37m of disposals reported within Credit cards, unsecured loans and other retail lending portfolio relate to debt sales undertaken during the year. The £708m of disposals reported within Wholesale loans include debt sales and sale of Barclays Asset Finance.

Reconciliation of ECL movement to credit impairment (release)/charge for the period	£m
Home loans	(30)
Credit cards, unsecured loans and other retail lending	171
Wholesale loans	(475)
ECL movement excluding assets derecognised due to disposals and write-offs	(334)
Recoveries and reimbursements ^a	259
Exchange and other adjustments ^b	70
Credit impairment release on loan commitments and financial guarantees	(257)
Credit impairment release on other financial assets ^c	(15)
Credit impairment release for the year	(277)

Notes

a Recoveries and reimbursements includes a net reduction in amounts recoverable from financial guarantee contracts held with third parties of £290m and cash recoveries of previously written off amounts of £31m.

b Includes foreign exchange and interest and fees in suspense.

c Other financial assets subject to impairment excluded 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 £135.5bn (2020: £150.3bn) and impairment allowance of £104m (2020: £145m). This comprises £4m (2020: £7m) ECL on £135.3bn (2020: £146.3bn) Stage 1 assets, £0m (2020: £6m) on £65m (2020: £3.8bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £100m (2020: £132m) on £100m (2020: £132m) Stage 3 other assets.

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Barclays Bank Group								
Home loans								
As at 1 January 2021	125	—	2	—	4	—	131	—
Net transfers between stages	—	—	—	—	—	—	—	—
Business activity in the year	19	—	—	—	—	—	19	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(4)	—	—	—	—	—	(4)	—
Limit management and final repayments	(87)	—	(2)	—	(3)	—	(92)	—
As at 31 December 2021	53	—	—	—	1	—	54	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	68,211	34	6,244	33	30	23	74,485	90
Net transfers between stages	2,992	(4)	(3,431)	(2)	439	6	—	—
Business activity in the year	10,628	—	410	—	2	—	11,040	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	3,712	6	585	2	(437)	(9)	3,860	(1)
Limit management and final repayments	(6,888)	—	(594)	—	(2)	—	(7,484)	—
As at 31 December 2021	78,655	36	3,214	33	32	20	81,901	89
Wholesale loans^d								
As at 1 January 2021	160,404	205	39,426	446	2,031	28	201,861	679
Net transfers between stages	7,801	220	(6,730)	(214)	(1,071)	(6)	—	—
Business activity in the year	45,395	14	4,658	102	9	—	50,062	116
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	10,551	(232)	2	12	539	(13)	11,092	(233)
Limit management and final repayments	(46,145)	(40)	(8,939)	(105)	(491)	(7)	(55,575)	(152)
As at 31 December 2021	178,006	167	28,417	241	1,017	2	207,440	410

d Barclays Bank Group has issued £1.7bn (2020: £2.6bn) of guarantees that have been provided to subsidiaries of Barclays PLC outside the Barclays Bank Group. These guarantees have not been reported in the prior periods and the comparatives have not been restated.

Risk review

Risk performance

Credit risk

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2021	4,630	2	146	1	863	338	5,639	341
Transfers from Stage 1 to Stage 2	(169)	—	169	—	—	—	—	—
Transfers from Stage 2 to Stage 1	48	1	(48)	(1)	—	—	—	—
Transfers to Stage 3	(64)	—	(26)	—	90	—	—	—
Transfers from Stage 3	16	—	17	2	(33)	(2)	—	—
Business activity in the year ^a	1,526	1	—	—	—	—	1,526	1
Refinements to models used for calculation ^b	—	—	—	(3)	—	30	—	27
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(173)	1	35	2	(74)	(41)	(212)	(38)
Final repayments	(464)	—	(73)	—	(106)	(3)	(643)	(3)
Disposals	—	—	—	—	—	—	—	—
Write-offs ^c	—	—	—	—	(16)	(16)	(16)	(16)
As at 31 December 2021 ^d	5,350	5	220	1	724	306	6,294	312
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	3,576	54	568	43	205	64	4,349	161
Transfers from Stage 1 to Stage 2	(262)	(3)	262	3	—	—	—	—
Transfers from Stage 2 to Stage 1	60	12	(60)	(12)	—	—	—	—
Transfers to Stage 3	(45)	(1)	(9)	(5)	54	6	—	—
Transfers from Stage 3	3	—	—	1	(3)	(1)	—	—
Business activity in the year ^a	1,364	7	29	1	9	—	1,402	8
Refinements to models used for calculation ^b	—	(3)	—	(1)	—	—	—	(4)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	190	(28)	(7)	(2)	6	15	189	(15)
Final repayments	(519)	(2)	(324)	(6)	(48)	(1)	(891)	(9)
Disposals ^e	—	—	—	—	—	—	—	—
Write-offs ^c	—	—	—	—	(22)	(22)	(22)	(22)
As at 31 December 2021 ^d	4,367	36	459	22	201	61	5,027	119
Wholesale loans								
As at 1 January 2021	166,521	280	15,081	499	2,020	791	183,622	1,570
Transfers from Stage 1 to Stage 2	(3,649)	(13)	3,649	13	—	—	—	—
Transfers from Stage 2 to Stage 1	5,126	162	(5,126)	(162)	—	—	—	—
Transfers to Stage 3	(31)	(1)	(134)	(5)	165	6	—	—
Transfers from Stage 3	363	4	113	5	(476)	(9)	—	—
Business activity in the year ^a	37,978	74	1,836	12	37	23	39,851	109
Refinements to models used for calculation ^b	—	—	—	2	—	—	—	2
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(1,553)	(289)	1,056	(19)	(75)	72	(572)	(236)
Final repayments	(27,421)	(29)	(4,285)	(167)	(502)	(123)	(32,208)	(319)
Transfer to Barclays Bank Ireland	(45)	—	—	—	(3)	—	(48)	—
Disposals ^e	(588)	(8)	(49)	(4)	(44)	(42)	(681)	(54)
Write-offs ^c	—	—	—	—	(316)	(316)	(316)	(316)
As at 31 December 2021 ^d	176,701	180	12,141	174	806	402	189,648	756

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 Refinements to models used for calculation include a £27m movement in Home loans, £4m in Credit cards, unsecured loans and other retail lending and £2m 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.
- c In 2021, gross write-offs amounted to £354m (2020: £301m) and post write-off recoveries amounted to £3m (2020: £4m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £351m (2020: £297m).
- 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 £120.8bn (2020: £138.9bn) and impairment allowance of £101m (2020: £146m). This comprises £5m ECL (2020: £13m) on £120.7bn Stage 1 assets (2020: £134.9bn), £0m (2020: £5m) on £65m Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (2020: £3.8bn) and £96m (2020: £128m) on £96m Stage 3 other assets (2020: £128m).

Risk review

Risk performance

Credit risk

e The £681m of disposals reported within Wholesale loans include debt sales and sale of Barclays Asset Finance.

Reconciliation of ECL movement to credit impairment (release)/charge for the period	£m
Home loans	(13)
Credit cards, unsecured loans and other retail lending	(20)
Wholesale loans	(444)
ECL movement excluding assets derecognised due to disposals and write-offs	(477)
Recoveries and reimbursements ^a	274
Exchange and other adjustments ^b	21
Credit impairment release on loan commitments and financial guarantees	(213)
Credit impairment release on other financial assets ^c	(19)
Credit impairment release for the year	(414)

Notes

a Recoveries and reimbursements includes a net reduction in amounts recoverable from financial guarantee contracts held with third parties of £277m and cash recoveries of previously written off amounts of £3m.

b Includes foreign exchange and 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 £120.8bn (2020: £138.9bn) and impairment allowance of £101m (2020: £146m). This comprises £5m ECL (2020: £13m) on £120.7bn Stage 1 assets (2020: £134.9bn), £0m (2020: £5m) on £65m Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (2020: £3.8bn) and £96m (2020: £128m) on £96m Stage 3 other assets (2020: £128m).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Barclays Bank PLC								
Home loans								
As at 1 January 2021	26	—	2	—	—	—	28	—
Net transfers between stages	—	—	—	—	—	—	—	—
Business activity in the year	14	—	—	—	—	—	14	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	—	—	—	—	—	—	—	—
Limit management and final repayments	(6)	—	(2)	—	—	—	(8)	—
As at 31 December 2021	34	—	—	—	—	—	34	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	5,173	11	667	7	29	23	5,869	41
Net transfers between stages	142	(4)	(181)	(2)	39	6	—	—
Business activity in the year	1,018	—	13	—	1	—	1,032	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(222)	—	139	(1)	(46)	(10)	(129)	(11)
Limit management and final repayments	(692)	—	(115)	—	(2)	—	(809)	—
As at 31 December 2021	5,419	7	523	4	21	19	5,963	30
Wholesale loans^d								
As at 1 January 2021	174,115	187	35,279	398	1,926	28	211,320	613
Net transfers between stages	7,926	189	(6,922)	(182)	(1,004)	(7)	—	—
Business activity in the year	53,175	17	3,923	98	9	—	57,107	115
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	11,827	(201)	457	17	404	(12)	12,688	(196)
Transfer to Barclays Bank Ireland	(952)	—	(155)	—	(3)	—	(1,110)	—
Limit management and final repayments	(43,509)	(36)	(8,664)	(100)	(475)	(6)	(52,648)	(142)
As at 31 December 2021	202,582	156	23,918	231	857	3	227,357	390

d Barclays Bank PLC has issued £14.5bn (2020: £13.9bn) of guarantees to its subsidiaries and other subsidiaries of Barclays PLC. These guarantees were not reported in prior periods and the comparatives have been restated.

Risk review

Risk performance

Credit risk

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	9,604	16	674	40	1,056	292	11,334	348
Transfers from Stage 1 to Stage 2	(537)	(1)	537	1	—	—	—	—
Transfers from Stage 2 to Stage 1	204	7	(204)	(7)	—	—	—	—
Transfers to Stage 3	(157)	—	(52)	(7)	209	7	—	—
Transfers from Stage 3	29	—	55	1	(84)	(1)	—	—
Business activity in the year ^a	1,193	1	—	—	1	—	1,194	1
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	133	(17)	(62)	25	32	96	103	104
Final repayments	(842)	—	(47)	(1)	(98)	(1)	(987)	(2)
Write-offs ^b	—	—	—	—	(17)	(17)	(17)	(17)
As at 31 December 2020^c	9,627	6	901	52	1,099	376	11,627	434
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	29,541	362	4,450	784	2,129	1,471	36,120	2,617
Transfers from Stage 1 to Stage 2	(4,116)	(92)	4,116	92	—	—	—	—
Transfers from Stage 2 to Stage 1	994	139	(994)	(139)	—	—	—	—
Transfers to Stage 3	(464)	(19)	(516)	(188)	980	207	—	—
Transfers from Stage 3	21	12	59	8	(80)	(20)	—	—
Business activity in the year ^a	3,467	35	130	32	29	7	3,626	74
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(4,613)	15	(1,231)	806	38	731	(5,806)	1,552
Final repayments	(2,232)	(29)	(168)	(23)	(68)	(8)	(2,468)	(60)
Transfers to Barclays Group ^d	(2,182)	(16)	(92)	(25)	(47)	(41)	(2,321)	(82)
Disposals ^e	(1,493)	(8)	(183)	(20)	(92)	(58)	(1,768)	(86)
Write-offs ^b	—	—	—	—	(1,036)	(1,036)	(1,036)	(1,036)
As at 31 December 2020^c	18,923	399	5,571	1,327	1,853	1,253	26,347	2,979
Wholesale loans								
As at 1 January 2020	89,200	114	7,515	234	1,163	383	97,878	731
Transfers from Stage 1 to Stage 2	(10,213)	(31)	10,213	31	—	—	—	—
Transfers from Stage 2 to Stage 1	2,651	25	(2,651)	(25)	—	—	—	—
Transfers to Stage 3	(772)	(3)	(642)	(50)	1,414	53	—	—
Transfers from Stage 3	189	—	34	1	(223)	(1)	—	—
Business activity in the year ^a	19,773	44	1,954	144	393	67	22,120	255
Refinements to models used for calculation	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	7,033	154	2,969	248	5	687	10,007	1,089
Final repayments	(24,098)	(22)	(2,844)	(28)	(283)	(59)	(27,225)	(109)
Transfers to Barclays Group ^d	(509)	(1)	(600)	(22)	(18)	(6)	(1,127)	(29)
Disposals ^e	—	—	(10)	—	—	—	(10)	—
Write-offs ^b	—	—	—	—	(284)	(284)	(284)	(284)
As at 31 December 2020^c	83,254	280	15,938	533	2,167	840	101,359	1,653

- Notes
- Business activity during 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".
 - In 2020, gross write-offs amounted to £1,337m (2019: £1,293m) and post write-off recoveries amounted to £4m (2019: £73m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,333m (2019: £1,220m).
 - 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 £150.3bn (2019: £125.5bn) and impairment allowance of £145m (2019: £22m). This comprises £7m ECL (2019: £10m) on £146.3bn stage 1 assets (2019: £124.7bn), £6m (2019: £2m) on £3.8bn stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (2019: £0.8bn) and £132m (2019: £10m) on £132m Stage 3 other assets (2019: £10m).
 - Transfers to Barclays Group include a £2.3bn transfer of the Barclays Partner Finance retail portfolio reported within Credit cards, unsecured loans and other retail lending and £1.1bn transfer of the Barclays Mercantile Business Finance Limited reported within loans to Barclays Principal Investments Limited.

Risk review

Risk performance

Credit risk

e. The £1.8bn disposals reported within Credit cards, unsecured loans and other retail lending portfolio include sale of motor financing business within Barclays Partner Finance business. Disposal within Wholesale loans include sale of debt securities as part of Group Treasury Operations.

Reconciliation of ECL movement to credit impairment (release)/charge for the period	£m
Home loans	103
Credit cards, unsecured loans and other retail lending	1,484
Wholesale loans	1,206
ECL movement excluding assets derecognised due to disposals and write-offs	2,793
Recoveries and reimbursements ^a	(368)
Exchange and other adjustments ^b	267
Credit impairment charge on loan commitments and financial guarantees	547
Credit impairment charge on other financial assets ^c	138
Credit impairment charge for the year	3,377

Notes

a Recoveries and reimbursements includes £364m for reimbursements expected to be received under the arrangement where Group has entered into financial guarantee contracts which provide credit protection over certain loan assets with third parties. Cash recoveries of previously written off amounts to £4m.

b Includes foreign exchange and 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 £150.3bn (2019: £125.5bn) and impairment allowance of £145m (2019: £22m). This comprises £7m ECL (2019: £10m) on £146.3bn stage 1 assets (2019: £124.7bn), £6m (2019: £2m) on £3.8bn stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (2019: £0.8bn) and £132m (2019: £10m) on £132m Stage 3 other assets (2019: £10m).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Barclays Bank Group								
Home loans								
As at 1 January 2020	34	—	—	—	—	—	34	—
Net transfers between stages	(4)	—	4	—	—	—	—	—
Business activity in the year	113	—	—	—	—	—	113	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1	—	—	—	4	—	5	—
Limit management and final repayments	(19)	—	(2)	—	—	—	(21)	—
As at 31 December 2020	125	—	2	—	4	—	131	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	78,257	22	2,053	15	67	14	80,377	51
Net transfers between stages	(4,124)	6	3,603	(2)	521	(4)	—	—
Business activity in the year	4,591	2	128	1	1	1	4,720	4
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1,471	5	1,076	20	(553)	15	1,994	40
Limit management and final repayments	(11,984)	(1)	(616)	(1)	(6)	(3)	(12,606)	(5)
As at 31 December 2020	68,211	34	6,244	33	30	23	74,485	90
Wholesale loans^a								
As at 1 January 2020	183,001	63	12,053	97	636	41	195,690	201
Net transfers between stages	(28,048)	67	27,052	(72)	996	5	—	—
Business activity in the year	42,904	32	4,705	102	774	2	48,383	136
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	12,755	50	(219)	334	(79)	(19)	12,457	365
Limit management and final repayments	(50,208)	(7)	(4,165)	(15)	(296)	(1)	(54,669)	(23)
As at 31 December 2020	160,404	205	39,426	446	2,031	28	201,861	679

Note

a Barclays Bank Group has issued £1.7bn (2020: £2.6bn) of guarantees that have been provided to subsidiaries of Barclays PLC outside the Barclays Bank Group. These guarantees have not been reported in the prior periods and the comparatives have not been restated.

Risk review

Risk performance

Credit risk

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	4,138	9	112	2	878	271	5,128	282
Transfers from Stage 1 to Stage 2	(69)	—	69	—	—	—	—	—
Transfers from Stage 2 to Stage 1	33	—	(33)	—	—	—	—	—
Transfers to Stage 3	(123)	—	(8)	—	131	—	—	—
Transfers from Stage 3	29	—	31	1	(60)	(1)	—	—
Business activity in the year ^a	958	1	—	—	—	—	958	1
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	85	(8)	4	(2)	19	80	108	70
Final repayments	(421)	—	(29)	—	(93)	—	(543)	—
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(12)	(12)	(12)	(12)
As at 31 December 2020^b	4,630	2	146	1	863	338	5,639	341
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	3,619	24	562	35	287	76	4,468	135
Transfers from Stage 1 to Stage 2	(211)	(3)	211	3	—	—	—	—
Transfers from Stage 2 to Stage 1	107	9	(107)	(9)	—	—	—	—
Transfers to Stage 3	(43)	(1)	(21)	(8)	64	9	—	—
Transfers from Stage 3	8	2	50	1	(58)	(3)	—	—
Business activity in the year ^a	1,004	7	2	1	2	—	1,008	8
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(222)	17	(61)	26	(7)	19	(290)	62
Final repayments	(686)	(1)	(68)	(6)	(48)	(2)	(802)	(9)
Disposals	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(35)	(35)	(35)	(35)
As at 31 December 2020^b	3,576	54	568	43	205	64	4,349	161
Wholesale loans								
As at 1 January 2020	145,094	112	6,957	237	1,131	349	153,182	698
Transfers from Stage 1 to Stage 2	(9,233)	(27)	9,233	27	—	—	—	—
Transfers from Stage 2 to Stage 1	2,499	23	(2,499)	(23)	—	—	—	—
Transfers to Stage 3	(678)	(2)	(598)	(50)	1,276	52	—	—
Transfers from Stage 3	189	—	34	1	(223)	(1)	—	—
Business activity in the year ^a	48,192	45	1,732	143	393	67	50,317	255
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	7,062	152	3,014	193	(12)	634	10,064	979
Final repayments	(26,325)	(22)	(2,695)	(26)	(282)	(51)	(29,302)	(99)
Transfer to Barclays Bank Ireland	(279)	(1)	(87)	(3)	(9)	(5)	(375)	(9)
Disposals ^c	—	—	(10)	—	—	—	(10)	—
Write-offs ^d	—	—	—	—	(254)	(254)	(254)	(254)
As at 31 December 2020^b	166,521	280	15,081	499	2,020	791	183,622	1,570

- Notes
- Business activity during 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".
 - 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 £138.9bn (2019: £120.3bn) and impairment allowance of £146m (2019: £19m). This comprises £13m ECL (2019: £11m) on £134.9bn stage 1 assets (2019: £119.5bn), £5m (2019: £2m) on £3.8bn stage 2 fair value through other comprehensive income assets, cash collateral and other settlement balances (2019: £0.8bn) and £128m (2019: £6m) on £128m Stage 3 other assets (2019: £6m).
 - Disposal within Wholesale loans include sale of debt securities as part of Group Treasury operations.
 - In 2020, gross write-offs amounted to £301m (2019: £154m) and post write-off recoveries amounted to £4m (2019: £39m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £297m (£115m).

Risk review

Risk performance

Credit risk

Reconciliation of ECL movement to credit impairment (release)/charge for the period	£m
Home loans	71
Credit cards, unsecured loans and other retail lending	61
Wholesale loans	1,126
ECL movement excluding assets derecognised due to disposals and write-offs	1,258
Recoveries and reimbursements ^a	(352)
Exchange and other adjustments ^b	60
Credit impairment charge on loan commitments and financial guarantees	469
Credit impairment charge on other financial assets ^c	142
Credit impairment charge for the year	1,577

Notes

- a Recoveries and reimbursements includes £348m for reimbursements expected to be received under the arrangement where the Bank has entered into financial guarantee contracts which provide credit protection over certain loan assets with third parties. Cash recoveries of previously written off amounts to £4m.
- b Includes foreign exchange and 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 £138.9bn (2019: £120.3bn) and impairment allowance of £146m (2019: £19m). This comprises £13m ECL (2019: £11m) on £134.9bn stage 1 assets (2019: £119.5bn), £5m (2019: £2m) on £3.8bn stage 2 fair value through other comprehensive income assets, cash collateral and other settlement balances (2019: £0.8bn) and £128m (2019: £6m) on £128m Stage 3 other assets (2019: £6m).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Barclays Bank PLC								
Home loans								
As at 1 January 2020	11	—	—	—	—	—	11	—
Net transfers between stages	(4)	—	4	—	—	—	—	—
Business activity in the year	38	—	—	—	—	—	38	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	—	—	—	—	—	—	—	—
Limit management and final repayments	(19)	—	(2)	—	—	—	(21)	—
As at 31 December 2020	26	—	2	—	—	—	28	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	5,071	7	663	3	27	13	5,761	23
Net transfers between stages	88	5	(205)	(2)	117	(3)	—	—
Business activity in the year	770	2	29	1	1	1	800	4
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(293)	(2)	236	6	(110)	15	(167)	19
Limit management and final repayments	(463)	(1)	(56)	(1)	(6)	(3)	(525)	(5)
As at 31 December 2020	5,173	11	667	7	29	23	5,869	41
Wholesale loans^d								
As at 1 January 2020	183,702	57	11,040	92	613	42	195,355	191
Net transfers between stages	(26,586)	67	25,674	(72)	912	5	—	—
Business activity in the year	39,929	30	3,929	80	772	2	44,630	112
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes ^d	29,134	42	(498)	316	(69)	(20)	28,567	338
Limit management and final repayments	(3,990)	(2)	(886)	(4)	(6)	—	(4,882)	(6)
Transfer to Barclays Bank Ireland	(48,074)	(7)	(3,980)	(14)	(296)	(1)	(52,350)	(22)
As at 31 December 2020	174,115	187	35,279	398	1,926	28	211,320	613

- d Barclays Bank PLC has issued £14.5bn (2020: £13.9bn) of guarantees to its subsidiaries and other subsidiaries of Barclays PLC. These guarantees were not reported in prior periods and the comparatives have been restated.

Risk review

Risk performance

Credit risk

Stage 2 decomposition

Loans and advances at amortised cost ^a	2021		2020	
	Gross Exposure	Impairment allowance	Gross Exposure	Impairment allowance
	£m	£m	£m	£m
As at 31 December				
Quantitative test	13,289	679	17,434	1,698
Qualitative test	2,593	314	3,228	180
30 days past due backstop	515	26	1,748	34
Total Stage 2	16,397	1,019	22,410	1,912

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 probability of default (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 £1.4bn (2020: £2.0bn) relating to Corporate and Investment Bank and £1.1bn (2020: £1.0bn) relating to Consumer, Cards and Payments.

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

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

Stage 3 decomposition

Loans and advances at amortised cost	2021		2020	
	Gross Exposure	Impairment allowance	Gross Exposure	Impairment allowance
	£m	£m	£m	£m
As at 31 December				
Exposures not charged-off including within cure period ^a	904	319	1,294	398
Exposures individually assessed or in recovery book ^b	2,444	1,365	3,825	2,071
Total Stage 3	3,348	1,684	5,119	2,469

Notes

a Includes £0.7bn (2020: £0.6bn) of gross exposure in a cure period that must remain in Stage 3 for a minimum of 12 months before moving to Stage 2.

b Exposures individually assessed or in recovery book cannot cure out of Stage 3.

Management adjustments to models for impairment (audited)

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

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

Overview of management adjustments to models for impairment (audited) ^a	2021		2020	
	Management adjustments to impairment allowances	Proportion of total impairment allowances	Management adjustments to impairment allowances	Proportion of total impairment allowances
	£m	%	£m	%
As at 31 December				
Home loans	34	8.8	54	12.4
Credit cards, unsecured loans and other retail lending	966	40.4	960	31.3
Wholesale loans	142	11.6	(78)	(3.3)
Total	1,142	28.6	936	16.0

Risk review

Risk performance

Credit risk

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

	Impairment allowance pre management adjustments ^b	Economic uncertainty adjustments (a)	Other adjustments (b)	Total adjustments (a+b)	Total impairment allowance ^c
	£m	£m	£m	£m	£m
As at 31 December, 2021					
Home loans	352	34	—	34	386
Credit cards, unsecured loans and other retail lending	1,425	771	195	966	2,391
Wholesale loans	1,079	244	(102)	142	1,221
Total	2,856	1,049	93	1,142	3,998
As at 31 December, 2020					
Home loans	380	21	33	54	434
Credit cards, unsecured loans and other retail lending	2,109	986	(26)	960	3,069
Wholesale loans	2,410	379	(457)	(78)	2,332
Total	4,899	1,386	(450)	936	5,835

Notes:

- a. Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.
b. Includes £2.2bn (2020: £3.9bn) of modelled ECL, £0.5bn (2020: £0.8bn) of individually assessed impairments and £0.2bn (2020: £0.2bn) ECL from non-modelled exposures.
c. Total impairment allowance consists of ECL stock on drawn and undrawn exposures.

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 starting to taper down and no material deterioration in customer delinquencies observed to date. However, the degree of economic uncertainty remains relatively high: credit deterioration may still occur when support measures are fully withdrawn across geographies; 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 captured in two distinct ways. Firstly, customer uncertainty: the identification of customers and clients who may be more vulnerable to the withdrawal of support schemes and 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 £1.0bn (2020 £1.4bn) include customer and client uncertainty provisions of £0.9bn (2020 £1.1bn) and model uncertainty provisions of £0.1bn (2020 £0.3bn).

Customer uncertainty provisions comprise:

- a. An adjustment of £0.1bn (2020: £0.1bn) 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.
b. A vulnerable customer adjustment of £0.8bn (2020: £1.0bn) has been applied to customers and clients considered potentially vulnerable to the withdrawal of support schemes and emerging economic instability against which lifetime coverage is applied. This has marginally reduced considering the improved macro-economic and low customer delinquencies observed in 2021. This is split between credit cards, unsecured loans and other retail lending of £0.6bn (2020: £0.8bn) and wholesale loans of £0.2bn (2020: £0.2bn).

Model uncertainty provisions reduced by £0.2bn 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. The quantum of adjustments reduced in response to the Q421 scenarios as well as model enhancements made during the year. Material adjustments consist of the following:

Credit cards, unsecured loans and other retail lending: Includes an adjustment for model inaccuracies informed by model monitoring.

Wholesale loans: Represents the net adjustments for model inaccuracies informed by model monitoring. Further, it includes an adjustment to offset modelled ECL output in the Investment Bank to limit excessive ECL sensitivity to the macroeconomic variable for Federal Tax Receipts.

Risk review

Risk performance

Credit risk

Measurement uncertainty and sensitivity analysis

Management has applied economic uncertainty and other adjustments to modelled ECL outputs. Economic uncertainty adjustments reflect the potential for 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 continued developments resulting from 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 Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts), Bloomberg (based on median of economic forecasts) and the Urban Land Institute (for US House Prices), which forms the Baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a broadly similar severity to Barclays' 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 eight key economic variables, (GDP, unemployment, House Price Index (HPI) and base rates in both the UK and US markets), and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years.

Scenarios used to calculate the Barclays Bank 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 in both the UK and US continues with UK GDP returning to pre-COVID-19 pandemic levels by Q222. UK unemployment peaks at 5.0% in Q122 and US unemployment continues to decline. In the Downside 2 scenario, inflation continues to accelerate and the UK bank rate is increased to 4.0% and the US federal funds rate is increased to 3.5%, by the end of 2022, leading to a further downturn in GDP until Q323. Unemployment peaks in Q323 at 9.2% in the UK and 9.5% in the US. 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 UK and US 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 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 79.

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 £1.0bn (FY20: £1.4bn) have been applied as overlays to the modelled ECL output. These adjustments consist of a customer and client uncertainty provision of £0.9bn (FY20 £1.1bn) and a model uncertainty provision of £0.1bn (FY20 £0.3bn). For further details see page 75.

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

Risk review

Risk performance

Credit risk

Baseline average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	2024	2025
As at 31 December 2021	%	%	%	%	%
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
US GDP ^a	5.5	3.9	2.6	2.4	2.4
US unemployment ^d	5.5	4.2	3.6	3.6	3.6
US HPI ^e	11.8	4.5	5.2	4.9	5.0
US federal funds rate	0.2	0.3	0.9	1.2	1.3

	2020	2021	2022	2023	2024
As at 31 December 2020	%	%	%	%	%
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
US GDP ^a	(4.4)	3.9	3.1	2.9	2.9
US unemployment ^d	8.4	6.9	5.7	5.6	5.6
US HPI ^e	2.3	2.8	4.7	4.7	4.7
US federal funds rate	0.5	0.3	0.3	0.3	0.4

Downside 2 average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	2024	2025
As at 31 December 2021	%	%	%	%	%
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
US GDP ^a	5.5	(0.8)	(3.5)	2.5	3.2
US unemployment ^d	5.5	6.4	9.1	8.1	6.4
US HPI ^e	11.8	(6.6)	(9.0)	5.9	6.7
US federal funds rate	0.2	2.1	3.4	2.6	2.0

	2020	2021	2022	2023	2024
As at 31 December 2020	%	%	%	%	%
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)
US GDP ^a	(4.4)	(2.4)	3.6	2.1	2.0
US unemployment ^d	8.4	13.4	11.9	10.1	8.2
US HPI ^e	2.3	(17.2)	(0.7)	0.6	1.3
US federal funds rate	0.5	0.3	0.3	0.3	0.3

Risk review

Risk performance

Credit risk

Downside 1 average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	2024	2025
As at 31 December 2021	%	%	%	%	%
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
US GDP ^a	5.5	1.6	(0.4)	2.4	2.7
US unemployment ^d	5.5	5.4	6.6	6.1	5.2
US HPI ^e	11.8	(1.2)	(2.1)	4.8	5.2
US federal funds rate	0.2	1.3	2.3	2.1	1.8

	2020	2021	2022	2023	2024
As at 31 December 2020	%	%	%	%	%
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)
US GDP ^a	(4.4)	(2.4)	3.6	2.1	2.0
US unemployment ^d	8.4	13.4	11.9	10.1	8.2
US HPI ^e	2.3	(17.2)	(0.7)	0.6	1.3
US federal funds rate	0.5	0.3	0.3	0.3	0.3

Upside 2 average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	2024	2025
As at 31 December 2021	%	%	%	%	%
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
US GDP ^a	5.5	5.3	4.1	3.5	3.4
US unemployment ^d	5.5	3.9	3.4	3.3	3.3
US HPI ^e	11.8	10.6	8.5	7.2	6.6
US federal funds rate	0.2	0.3	0.4	0.7	1.0

	2020	2021	2022	2023	2024
As at 31 December 2020	%	%	%	%	%
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
US GDP ^a	(4.4)	7.1	4.6	4.0	3.5
US unemployment ^d	8.4	5.5	4.3	4.1	4.1
US HPI ^e	2.3	8.8	9.1	8.9	7.5
US federal funds rate	0.5	0.3	0.4	0.6	0.9

Risk review

Risk performance

Credit risk

Upside 1 average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	2024	2025
As at 31 December 2021	%	%	%	%	%
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
US GDP ^a	5.5	4.6	3.4	2.9	2.9
US unemployment ^d	5.5	4.0	3.5	3.5	3.5
US HPI ^e	11.8	8.3	7.0	6.0	5.7
US federal funds rate	0.2	0.3	0.6	1.0	1.1

	2020	2021	2022	2023	2024
As at 31 December 2020	%	%	%	%	%
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
US GDP ^a	(4.4)	5.5	4.0	3.7	3.3
US unemployment ^d	8.4	6.0	4.8	4.6	4.6
US HPI ^e	2.3	6.8	6.7	6.3	5.6
US federal funds rate	0.5	0.3	0.3	0.5	0.8

Notes

- a Average Real GDP seasonally adjusted change in year.
- b Average UK unemployment rate 16-year+.
- c Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.
- d Average US civilian unemployment rate 16-year+.
- e Change in year end US HPI = FHFA house price index, relative to prior year end.

Scenario probability weighting (audited)

	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

Specific bases show 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.

Risk review

Risk performance

Credit risk

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 ^e	0.1	0.1	0.7	2.8	4.0
US GDP ^b	22.8	19.6	3.4	1.5	(1.3)
US unemployment ^c	3.3	3.5	4.1	6.8	9.5
US HPI ^d	53.3	45.2	6.2	2.2	(5.0)
US federal funds rate ^e	0.1	0.1	0.8	2.3	3.5
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 ^e	0.1	0.1	—	0.6	0.6
US GDP ^b	15.7	12.8	1.6	(10.6)	(10.6)
US unemployment ^c	3.8	3.8	6.4	13.0	13.7
US HPI ^d	42.2	30.9	3.8	(3.7)	(15.9)
US federal funds rate ^e	0.1	0.1	0.3	1.3	1.3

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
US GDP ^e	4.4	3.9	3.4	2.4	1.3
US unemployment ^f	3.9	4.0	4.1	5.7	7.1
US HPI ^g	8.9	7.7	6.2	3.6	1.4
US federal funds rate ^f	0.5	0.6	0.8	1.5	2.1
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)
US GDP ^e	2.9	2.4	1.6	0.8	0.1
US unemployment ^f	5.3	5.7	6.4	8.3	10.4
US HPI ^g	7.3	5.5	3.8	0.8	(3.0)
US federal funds rate ^f	0.5	0.5	0.3	0.3	0.3

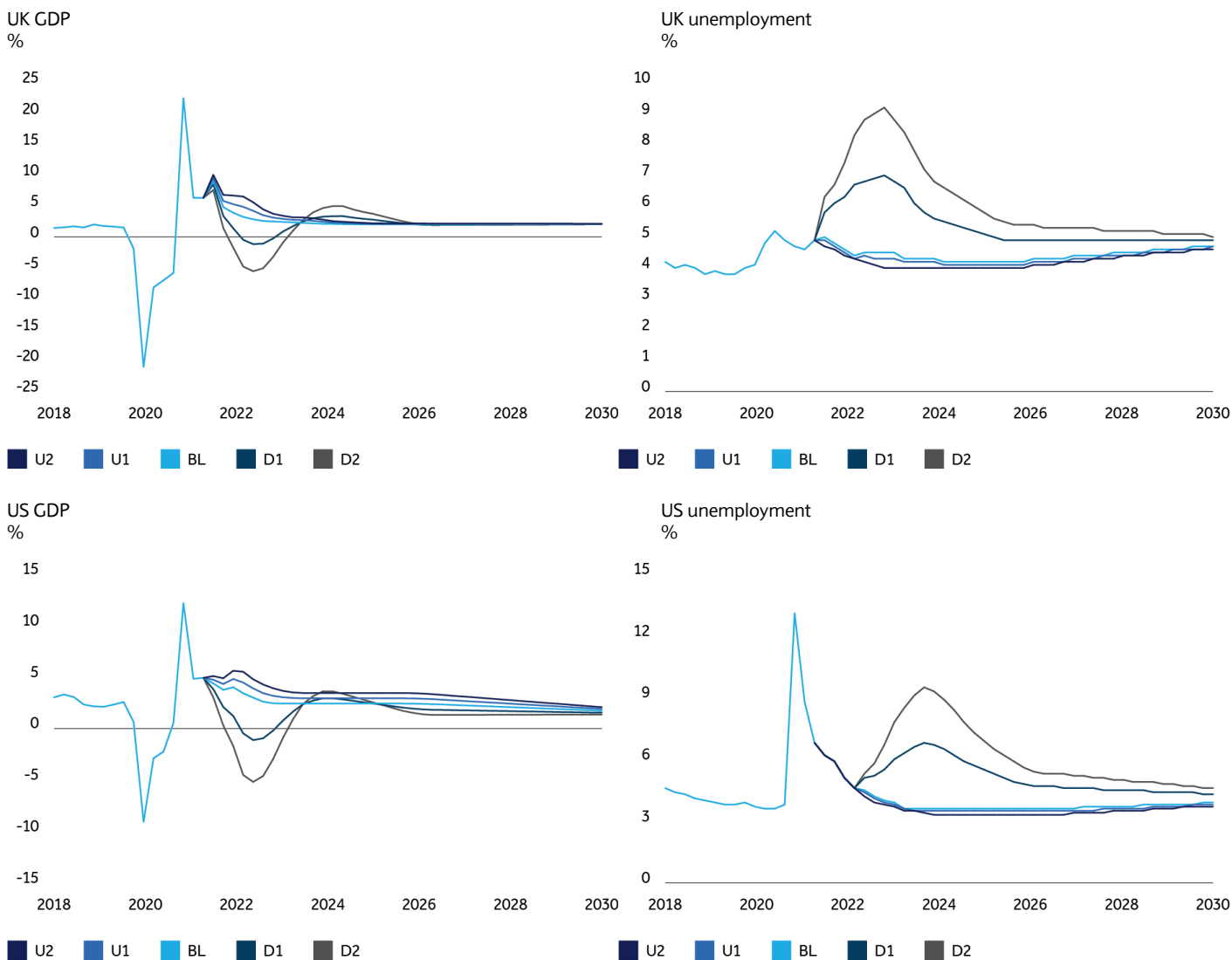
- Notes
- a UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA house price index. 20 quarter 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)

Risk review

Risk performance

Credit risk

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



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 Expected Credit Loss (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 Bank Group reported impairment allowances. As a result, it is not possible to back solve to the final reported weighted ECL from the individual scenarios as a balance may be assigned to a different stage dependent on the scenario. Model exposure uses Exposure At Default (EAD) values and is not directly comparable to gross exposure used in prior disclosures. For credit cards, unsecured loans and other retail lending, an average EAD measure is used (12 month or lifetime depending on stage allocation in each scenario). Therefore, the model exposure movement into Stage 2 is higher than the corresponding Stage 1 reduction.

All ECL using a model is included, with the exception of Treasury assets (£3.0m of ECL), Non-modelled exposures and management adjustments are excluded. Management adjustments can be found on page 74.

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% in UK markets and 9.5% in US markets 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 £12.4bn of model exposure into Stage 2 between the Weighted and Downside 2 scenarios. ECL increases in Stage 2 predominantly due to unsecured portfolios as economic conditions deteriorate.

Risk review

Risk performance

Credit risk

As at 31 December 2021	Scenarios					
	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (£m)						
Home loans	3,905	3,915	3,911	3,906	3,885	3,868
Credit cards, unsecured loans and other retail lending	19,001	19,357	19,284	19,201	17,445	13,785
Wholesale loans	142,804	145,097	144,688	143,967	140,402	135,764
Stage 1 Model ECL (£m)						
Home loans	2	2	2	2	3	3
Credit cards, unsecured loans and other retail lending	221	157	164	173	254	332
Wholesale loans	219	189	200	216	250	282
Stage 1 Coverage (%)						
Home loans	0.1	0.1	0.1	0.1	0.1	0.1
Credit cards, unsecured loans and other retail lending	1.2	0.8	0.9	0.9	1.5	2.4
Wholesale loans	0.2	0.1	0.1	0.2	0.2	0.2
Stage 2 Model exposure (£m)						
Home loans	228	219	222	227	249	266
Credit cards, unsecured loans and other retail lending	1,991	1,584	1,683	1,793	3,605	7,331
Wholesale loans	29,124	26,831	27,240	27,961	31,525	36,163
Stage 2 Model ECL (£m)						
Home loans	12	10	10	11	18	24
Credit cards, unsecured loans and other retail lending	365	264	295	333	599	2,278
Wholesale loans	506	395	420	462	712	1,229
Stage 2 Coverage (%)						
Home loans	5.3	4.6	4.5	4.8	7.2	9.0
Credit cards, unsecured loans and other retail lending	18.3	16.7	17.5	18.6	16.6	31.1
Wholesale loans	1.7	1.5	1.5	1.7	2.3	3.4
Stage 3 Model exposure (£m)						
Home loans	610	610	610	610	610	610
Credit cards, unsecured loans and other retail lending	1,028	1,028	1,028	1,028	1,028	1,028
Wholesale loans ^a	—	—	—	—	—	—
Stage 3 Model ECL (£m)						
Home loans	297	290	292	296	310	320
Credit cards, unsecured loans and other retail lending	696	685	690	696	710	722
Wholesale loans ^a	—	—	—	—	—	—
Stage 3 Coverage (%)						
Home loans	48.7	47.5	47.9	48.5	50.8	52.5
Credit cards, unsecured loans and other retail lending	67.7	66.6	67.1	67.7	69.1	70.2
Wholesale loans ^a	—	—	—	—	—	—
Total Model ECL (£m)						
Home loans	311	302	304	309	331	347
Credit cards, unsecured loans and other retail lending	1,282	1,106	1,149	1,202	1,563	3,332
Wholesale loans ^a	725	584	620	678	962	1,511
Total ECL	2,318	1,992	2,073	2,189	2,856	5,190

Note

a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £463m is reported as individually assessed impairments in the table below.

Risk review

Risk performance

Credit risk

Reconciliation to total ECL	£m
Total model ECL	2,318
ECL from individually assessed impairments	463
ECL from non-modelled and other management adjustments ^a	1,217
Total ECL	3,998

Note

a Includes £1.1bn of post model adjustments of which £0.1bn is included as part of the total model ECL and £0.2bn ECL from non-modelled exposures.

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 5.9%, largely driven by credit card losses which have more linear loss profiles than wholesale loan positions.

Home loans: Total weighted ECL of £311m represents a 0.6% increase over the Baseline ECL (£309m) reflecting the nature of the Italy portfolio.

Credit cards, unsecured loans and other retail lending: Total weighted ECL of £1,282m represents a 6.7% increase over the Baseline ECL (£1,202m) reflecting the range of economic scenarios used, mainly impacted by unemployment and key retail variables. Total ECL increases to £3,332m under the Downside 2 scenario, mainly driven by Stage 2, where coverage rates increase to 31.1% from a weighted scenario approach of 18.3% and a £5.3bn increase in model exposure that meets the Significant Increase in Credit Risk criteria and transitions from Stage 1 to Stage 2.

Wholesale loans: Total weighted ECL of £725m represents a 6.9% increase over the Baseline ECL (£678m) reflecting the range of economic scenarios used, with exposures in the Investment Bank particularly sensitive to the Downside 2 scenario.

Risk review

Risk performance

Credit risk

As at 31 December 2020	Scenarios					
	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (£m)						
Home loans	4,404	4,422	4,416	4,407	4,387	4,365
Credit cards, unsecured loans and other retail lending	24,980	24,929	25,097	24,820	24,411	24,247
Wholesale loans	115,949	121,769	120,741	118,930	113,027	101,759
Stage 1 Model ECL (£m)						
Home loans	4	4	4	4	5	5
Credit cards, unsecured loans and other retail lending	236	187	204	230	258	263
Wholesale loans	219	239	231	205	218	221
Stage 1 Coverage (%)						
Home loans	0.1	0.1	0.1	0.1	0.1	0.1
Credit cards, unsecured loans and other retail lending	0.9	0.8	0.8	0.9	1.1	1.1
Wholesale loans	0.2	0.2	0.2	0.2	0.2	0.2
Stage 2 Model exposure (£m)						
Home loans	557	539	545	554	575	597
Credit cards, unsecured loans and other retail lending	3,171	2,111	2,462	3,215	4,721	5,796
Wholesale loans	29,834	24,015	25,043	26,853	32,757	44,024
Stage 2 Model ECL (£m)						
Home loans	33	31	31	32	36	40
Credit cards, unsecured loans and other retail lending	512	327	382	481	796	1,045
Wholesale loans	1,358	922	1,010	1,174	1,683	2,751
Stage 2 Coverage (%)						
Home loans	5.9	5.8	5.7	5.8	6.3	6.7
Credit cards, unsecured loans and other retail lending	16.1	15.5	15.5	15.0	16.9	18.0
Wholesale loans	4.6	3.8	4.0	4.4	5.1	6.2
Stage 3 Model exposure (£m)						
Home loans	728	728	728	728	728	728
Credit cards, unsecured loans and other retail lending	1,279	1,279	1,279	1,279	1,279	1,279
Wholesale loans ^a	863	863	863	863	863	863
Stage 3 Model ECL (£m)						
Home loans	298	278	281	284	306	363
Credit cards, unsecured loans and other retail lending	1,190	1,170	1,180	1,191	1,211	1,210
Wholesale loans ^a	25	20	21	23	29	40
Stage 3 Coverage (%)						
Home loans	40.9	38.2	38.6	39.0	42.0	49.9
Credit cards, unsecured loans and other retail lending	93.0	91.5	92.3	93.1	94.7	94.6
Wholesale loans ^a	2.9	2.3	2.4	2.7	3.4	4.6
Total Model ECL (£m)						
Home loans	335	313	316	320	347	408
Credit cards, unsecured loans and other retail lending	1,938	1,684	1,766	1,902	2,265	2,518
Wholesale loans ^a	1,602	1,181	1,262	1,402	1,930	3,012
Total ECL	3,875	3,178	3,344	3,624	4,542	5,938

Note

a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £835m is reported as individually assessed impairments in the table below.

Risk review

Risk performance

Credit risk

Reconciliation to total ECL ^a		£m
Total model ECL		3,875
ECL from individually assessed impairments		835
ECL from non-modelled and other management adjustments		1,125
Total ECL		5,835

Note

a Includes £0.9bn of post model adjustment and £0.2bn ECL from non-model exposures.

Risk review

Risk performance

Credit risk

Analysis of the concentration of credit risk

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

Geographic concentrations

Exposure is concentrated in the Americas 44% (2020: 41%), in the UK 25% (2020: 25%) and Europe 24% (2020: 26%).

Credit risk concentrations by geography (audited)

Barclays Bank Group

	United Kingdom	Americas	Europe	Asia	Africa and Middle East	Total
	£m	£m	£m	£m	£m	£m
As at 31 December 2021						
On-balance sheet:						
Cash and balances at central banks	45,470	38,735	76,846	7,789	245	169,085
Cash collateral and settlement balances	30,107	28,272	21,754	7,210	742	88,085
Loans and advances at amortised cost	62,269	50,718	23,576	4,775	3,921	145,259
Reverse repurchase agreements and other similar secured lending	9	123	351	2,508	186	3,177
Trading portfolio assets	12,852	29,478	15,062	4,943	890	63,225
Financial assets at fair value through the income statement	26,096	95,456	30,080	21,798	9,998	183,428
Derivative financial instruments	78,449	91,992	75,245	14,709	1,896	262,291
Financial assets at fair value through other comprehensive income	4,525	20,750	15,603	4,666	363	45,907
Other assets	747	224	17	6	—	994
Total on-balance sheet	260,524	355,748	258,534	68,404	18,241	961,451
Off-balance sheet:						
Contingent liabilities	7,926	10,329	3,957	1,131	403	23,746
Loan commitments	46,616	192,270	38,567	5,079	1,919	284,451
Total off-balance sheet	54,542	202,599	42,524	6,210	2,322	308,197
Total	315,066	558,347	301,058	74,614	20,563	1,269,648
As at 31 December 2020						
On-balance sheet:						
Cash and balances at central banks	31,235	36,063	69,962	17,987	655	155,902
Cash collateral and settlement balances	30,261	27,255	30,105	9,487	508	97,616
Loans and advances at amortised cost	61,754	40,403	23,931	4,859	3,320	134,267
Reverse repurchase agreements and other similar secured lending	10	152	323	8,285	211	8,981
Trading portfolio assets	9,787	31,003	16,861	5,947	946	64,544
Financial assets at fair value through the income statement	31,745	88,302	25,706	14,742	7,524	168,019
Derivative financial instruments	93,685	90,796	101,099	14,532	2,581	302,693
Financial assets at fair value through other comprehensive income	6,921	19,451	22,138	3,276	115	51,901
Other assets	392	185	37	—	—	614
Total on-balance sheet	265,790	333,610	290,162	79,115	15,860	984,537
Off-balance sheet:						
Contingent liabilities	5,200	10,121	3,809	1,222	580	20,932
Loan commitments	46,746	175,893	36,713	4,132	1,538	265,022
Total off-balance sheet	51,946	186,014	40,522	5,354	2,118	285,954
Total	317,736	519,624	330,684	84,469	17,978	1,270,491

Risk review

Risk performance

Credit risk

Credit risk concentrations by geography (audited)

Barclays Bank PLC

	United Kingdom	Americas	Europe	Asia	Africa and Middle East	Total
	£m	£m	£m	£m	£m	£m
As at 31 December 2021						
On-balance sheet:						
Cash and balances at central banks	45,470	35,829	56,056	7,364	245	144,964
Cash collateral and settlement balances	40,278	20,257	10,270	4,121	645	75,571
Loans and advances at amortised cost	144,342	30,232	16,760	5,653	2,795	199,782
Reverse repurchase agreements and other similar secured lending	11	491	922	3,372	186	4,982
Trading portfolio assets	12,672	20,092	9,010	2,879	853	45,506
Financial assets at fair value through the income statement	83,822	79,636	34,951	28,245	9,785	236,439
Derivative financial instruments	88,631	72,823	56,779	14,283	1,893	234,409
Financial assets at fair value through other comprehensive income	4,524	20,524	14,123	4,629	363	44,163
Other assets	970	25	12	10	1	1,018
Total on-balance sheet	420,720	279,909	198,883	70,556	16,766	986,834
Off-balance sheet:						
Contingent liabilities	32,496	12,491	9,310	1,085	392	55,774
Loan commitments	44,850	126,170	17,558	5,001	1,524	195,103
Total off-balance sheet	77,346	138,661	26,868	6,086	1,916	250,877
Total	498,066	418,570	225,751	76,642	18,682	1,237,711

As at 31 December 2020

On-balance sheet:						
Cash and balances at central banks	31,235	32,376	51,306	17,815	654	133,386
Cash collateral and settlement balances	34,134	28,329	18,323	6,475	462	87,723
Loans and advances at amortised cost	141,961	23,611	15,574	7,764	2,628	191,538
Reverse repurchase agreements and other similar secured lending	10	2	1,756	9,556	211	11,535
Trading portfolio assets	9,530	17,812	11,241	4,214	886	43,683
Financial assets at fair value through the income statement	75,052	73,769	30,176	16,487	7,464	202,948
Derivative financial instruments	101,898	79,020	99,398	14,236	2,577	297,129
Financial assets at fair value through other comprehensive income	6,570	19,450	20,936	3,237	115	50,308
Other assets	703	20	10	7	1	741
Total on-balance sheet	401,093	274,389	248,720	79,791	14,998	1,018,991
Off-balance sheet:						
Contingent Liabilities ^a	26,827	12,290	1,574	1,173	553	42,417
Loan Commitments	43,908	117,490	17,168	4,042	1,154	183,762
Total off-balance sheet	70,735	129,780	18,742	5,215	1,707	226,179
Total	471,828	404,169	267,462	85,006	16,705	1,245,170

Note

- a. Barclays Bank PLC has issued £14.5bn (2020: £13.9bn) of guarantees to its subsidiaries and other subsidiaries of Barclays PLC. These guarantees were not reported in prior periods and the comparatives have been restated. Barclays Bank Group has issued £1.7bn (2020: £2.6bn) of guarantees that have been provided to subsidiaries of Barclays PLC outside the Barclays Bank Group. These guarantees have not been reported in the prior periods and the comparatives have not been restated.

Risk review

Risk performance

Credit risk

Industry concentrations

Total exposures concentrated in banks and other financial institutions is 48% (2020: 51%), predominantly within derivative financial instruments and financial assets. The proportion of the overall exposure concentrated in governments and central banks is 22% (2020: 21%). Further details on material and emerging risks can be found on pages 36 to 48.

Credit risk concentrations by industry (audited)

Barclays Bank 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	28	—	—	—	169,057	—	—	—	—	—	—	169,085
Cash collateral and settlement balances	14,605	61,252	320	79	10,684	390	60	354	—	—	341	88,085
Loans and advances at amortised cost	7,955	33,563	5,821	13,714	15,462	4,244	7,266	13,881	10,985	26,477	5,891	145,259
Reverse repurchase agreements and other similar secured lending	595	2,049	—	—	533	—	—	—	—	—	—	3,177
Trading portfolio assets	2,560	8,818	4,881	1,048	32,483	4,043	1,734	4,716	—	—	2,942	63,225
Financial assets at fair value through the income statement	26,239	131,232	763	5,444	13,935	76	181	3,547	1,595	—	416	183,428
Derivative financial instruments	120,607	117,050	4,168	1,898	7,233	3,544	1,172	2,825	—	—	3,794	262,291
Financial assets at fair value through other comprehensive income	9,942	2,972	—	514	31,975	—	—	444	—	—	60	45,907
Other assets	401	474	1	—	8	—	—	105	—	—	5	994
Total on-balance sheet	182,932	357,410	15,954	22,697	281,370	12,297	10,413	25,872	12,580	26,477	13,449	961,451
Off-balance sheet:												
Contingent liabilities	1,005	7,772	3,080	1,342	1,092	3,284	1,182	3,118	—	73	1,798	23,746
Loan commitments	1,340	53,212	42,434	15,752	1,360	26,447	15,811	25,201	341	76,759	25,794	284,451
Total off-balance sheet	2,345	60,984	45,514	17,094	2,452	29,731	16,993	28,319	341	76,832	27,592	308,197
Total	185,277	418,394	61,468	39,791	283,822	42,028	27,406	54,191	12,921	103,309	41,041	1,269,648
As at 31 December 2020												
On-balance sheet:												
Cash and balances at central banks	3	—	—	—	155,899	—	—	—	—	—	—	155,902
Cash collateral and settlement balances	17,961	66,696	375	35	10,828	871	30	576	—	—	244	97,616
Loans and advances at amortised cost	8,649	24,766	7,122	12,889	13,759	4,554	7,814	13,528	11,193	23,955	6,038	134,267
Reverse repurchase agreements and other similar secured lending	656	7,964	—	—	361	—	—	—	—	—	—	8,981
Trading portfolio assets	2,752	11,464	4,104	516	35,607	3,052	1,883	2,625	—	—	2,541	64,544
Financial assets at fair value through the income statement	22,766	131,929	603	2,481	5,519	13	64	3,479	971	—	194	168,019
Derivative financial instruments	155,986	116,421	4,126	2,725	11,649	3,288	1,235	2,496	—	—	4,767	302,693
Financial assets at fair value through other comprehensive income	13,003	4,258	1	333	33,774	—	—	527	—	—	5	51,901
Other assets	303	193	5	3	1	10	1	95	—	—	3	614
Total on-balance sheet	222,079	363,691	16,336	18,982	267,397	11,788	11,027	23,326	12,164	23,955	13,792	984,537
Off-balance sheet:												
Contingent liabilities	1,150	5,501	3,187	1,260	1,028	3,223	978	2,283	—	155	2,167	20,932
Loan commitments	1,773	51,900	39,447	12,843	1,398	25,766	16,626	24,001	134	69,646	21,488	265,022
Total off-balance sheet	2,923	57,401	42,634	14,103	2,426	28,989	17,604	26,284	134	69,801	23,655	285,954
Total	225,002	421,092	58,970	33,085	269,823	40,777	28,631	49,610	12,298	93,756	37,447	1,270,491

Risk review

Risk performance

Credit risk

Credit risk concentrations by industry (audited)

Barclays Bank PLC

As at 31 December 2021	Banks £m	Other financial insti- tutions £m	Manu- facturing £m	Const- ruction and property £m	Govern- ment and central bank £m	Energy and water £m	Wholesale and retail distribution and leisure £m	Business and other services £m	Home loans £m	Cards, unsecured loans and other personal lending £m	Other £m	Total £m
On-balance sheet:												
Cash and balances at central banks	2	—	—	—	144,962	—	—	—	—	—	—	144,964
Cash collateral and settlement balances	11,687	53,084	273	74	9,873	183	46	135	—	—	216	75,571
Loans and advances at amortised cost	13,186	114,520	5,410	12,284	15,090	3,419	6,781	12,438	5,979	5,345	5,330	199,782
Reverse repurchase agreements and other similar secured lending	1,073	3,376	—	—	533	—	—	—	—	—	—	4,982
Trading portfolio assets	1,691	4,081	4,344	941	22,429	3,968	1,625	4,010	—	—	2,417	45,506
Financial assets at fair value through the income statement	29,023	184,547	610	5,433	12,300	16	149	2,691	1,303	—	367	236,439
Derivative financial instruments	115,445	99,649	3,616	1,759	4,232	2,581	1,106	2,700	—	—	3,321	234,409
Financial assets at fair value through other comprehensive income	8,499	2,972	—	514	31,674	—	—	443	—	—	61	44,163
Other assets	412	547	—	—	—	—	—	59	—	—	—	1,018
Total on-balance sheet	181,018	462,776	14,253	21,005	241,093	10,167	9,707	22,476	7,282	5,345	11,712	986,834
Off-balance sheet:												
Contingent Liabilities	9,282	33,733	2,096	1,076	1,092	2,960	1,043	2,892	—	47	1,553	55,774
Loan commitments	1,216	56,124	36,469	14,708	1,360	22,303	14,806	23,477	62	1,592	22,986	195,103
Total off-balance sheet	10,498	89,857	38,565	15,784	2,452	25,263	15,849	26,369	62	1,639	24,539	250,877
Total	191,516	552,633	52,818	36,789	243,545	35,430	25,556	48,845	7,344	6,984	36,251	1,237,711
As at 31 December 2020												
On-balance sheet:												
Cash and balances at central banks	—	—	—	—	133,386	—	—	—	—	—	—	133,386
Cash collateral and settlement balances	19,530	57,176	312	34	9,626	347	28	506	—	—	164	87,723
Loans and advances at amortised cost	13,321	106,865	6,606	12,271	13,411	4,031	7,488	11,763	5,287	4,688	5,807	191,538
Reverse repurchase agreements and other similar secured lending	1,939	9,235	—	—	361	—	—	—	—	—	—	11,535
Trading portfolio assets	1,544	5,399	3,823	438	23,337	2,914	1,743	2,298	—	—	2,187	43,683
Financial assets at fair value through the income statement	24,164	167,811	472	2,160	5,084	—	63	2,501	637	—	56	202,948
Derivative financial instruments	170,453	104,384	3,777	2,481	6,197	2,255	1,154	2,296	—	—	4,132	297,129
Financial assets at fair value through other comprehensive income	11,824	4,258	1	333	33,360	—	—	527	—	—	5	50,308
Other assets	561	127	—	—	—	—	—	53	—	—	—	741
Total on-balance sheet	243,336	455,255	14,991	17,717	224,762	9,547	10,476	19,944	5,924	4,688	12,351	1,018,991
Off-balance sheet:												
Contingent Liabilities ^a	5,729	24,078	2,081	918	1,028	2,871	912	2,054	—	61	2,685	42,417
Loan commitments	1,537	54,469	35,222	11,783	1,398	21,258	15,327	22,755	29	1,567	18,417	183,762
Total off-balance sheet	7,266	78,547	37,303	12,701	2,426	24,129	16,239	24,809	29	1,628	21,102	226,179
Total	250,602	533,802	52,294	30,418	227,188	33,676	26,715	44,753	5,953	6,316	33,453	1,245,170

Note

a. Barclays Bank PLC has issued £14.5bn (2020: £13.9bn) of guarantees to its subsidiaries and other subsidiaries of Barclays PLC. These guarantees were not reported in prior periods and the comparatives have been restated. Barclays Bank Group has issued £1.7bn (2020: £2.6bn) of guarantees that have been provided to subsidiaries of Barclays PLC outside the Barclays Bank Group. These guarantees have not been reported in the prior periods and the comparatives have not been restated

Risk review

Risk performance

Credit risk

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 Expected Credit Losses section on pages 64 to 74.

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

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

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

These credit quality descriptions can be summarised as follows:

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

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

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

Debt securities

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

Balance sheet credit quality

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

Overview

As at 31 December 2021, the ratio of the Barclays Bank Group's on-balance sheet assets classified as strong (0.0 < 0.60%) remained stable at 86% (2020: 86%) of total assets exposed to credit risk.

Risk review

Risk performance

Credit risk

Balance sheet credit quality (audited)									
Barclays Bank Group	PD Range	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total
As at 31 December 2021		£m	£m	£m	£m	%	%	%	%
Cash and balances at central banks		169,085	—	—	169,085	100	—	—	100
Cash collateral and settlement balances		78,881	9,194	10	88,085	90	10	—	100
Loans and advances at amortised cost									
Home loans		9,519	809	657	10,985	87	7	6	100
Credit cards, unsecured loans and other retail lending		18,460	6,178	1,322	25,960	71	24	5	100
Wholesale loans		78,239	26,992	3,083	108,314	72	25	3	100
Total loans and advances at amortised cost		106,218	33,979	5,062	145,259	73	23	4	100
Reverse repurchase agreements and other similar secured lending		3,091	86	—	3,177	97	3	—	100
Trading portfolio assets:									
Debt securities		44,488	5,735	477	50,700	88	11	1	100
Traded loans		2,172	10,144	209	12,525	17	81	2	100
Total trading portfolio assets		46,660	15,879	686	63,225	74	25	1	100
Financial assets at fair value through the income statement:									
Loans and advances		16,977	18,896	28	35,901	47	53	—	100
Debt securities		1346	858	52	2,256	60	38	2	100
Reverse repurchase agreements		108,609	36,047	530	145,186	75	25	—	100
Other financial assets		67	18	—	85	79	21	—	100
Total financial assets at fair value through the income statement		126,999	55,819	610	183,428	70	30	—	100
Derivative financial instruments		246,347	15,678	266	262,291	94	6	—	100
Financial assets at fair value through other comprehensive income		45,901	6	—	45,907	100	—	—	100
Other assets		948	46	—	994	95	5	—	100
Total on-balance sheet		824,130	130,687	6,634	961,451	86	13	1	100
As at 31 December 2020									
Cash and balances at central banks		155,902	—	—	155,902	100	—	—	100
Cash collateral and settlement balances		86,882	10,725	9	97,616	89	11	—	100
Loans and advances at amortised cost									
Home loans		7,582	2,840	771	11,193	68	25	7	100
Credit cards, unsecured loans and other retail lending		10,742	11,259	1,367	23,368	46	48	6	100
Wholesale loans		75,672	20,828	3,206	99,706	76	21	3	100
Total loans and advances at amortised cost		93,996	34,927	5,344	134,267	70	26	4	100
Reverse repurchase agreements and other similar secured lending		8,969	12	—	8,981	100	—	—	100
Trading portfolio assets:									
Debt securities		51,109	4,871	216	56,196	91	9	—	100
Traded loans		704	5,107	2,537	8,348	9	61	30	100
Total trading portfolio assets		51,813	9,978	2,753	64,544	80	16	4	100
Financial assets at fair value through the income statement:									
Loans and advances		13,174	14,232	43	27,449	48	52	—	100
Debt securities		1,136	515	46	1,697	67	30	3	100
Reverse repurchase agreements		96,318	41,566	674	138,558	70	30	—	100
Other financial assets		302	13	—	315	96	4	—	100
Total financial assets at fair value through the income statement		110,930	56,326	763	168,019	66	34	—	100
Derivative financial instruments		282,864	19,352	477	302,693	94	6	—	100
Financial assets at fair value through other comprehensive income		51,893	8	—	51,901	100	—	—	100
Other assets		572	42	—	614	93	7	—	100
Total on-balance sheet		843,821	131,370	9,346	984,537	86	13	1	100

Risk review

Risk performance

Credit risk

Balance sheet credit quality (audited)									
Barclays Bank PLC	PD Range	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total
As at 31 December 2021		£m	£m	£m	£m	%	%	%	%
Cash and balances at central banks		144,964	—	—	144,964	100	—	—	100
Cash collateral and settlement balances		70,264	5,301	6	75,571	93	7	—	100
Loans and advances at amortised cost									
Home loans		5,343	219	420	5,982	89	4	7	100
Credit cards, unsecured loans and other retail lending		3,997	756	155	4,908	82	15	3	100
Wholesale loans		160,262	25,717	2,913	188,892	84	14	2	100
Total loans and advances at amortised cost		169,602	26,692	3,488	199,782	85	13	2	100
Reverse repurchase agreements and other similar secured lending		4,896	86	—	4,982	98	2	—	100
Trading portfolio assets:									
Debt securities		28,100	4,952	465	33,517	84	15	1	100
Traded loans		2,058	9,728	203	11,989	17	81	2	100
Total trading portfolio assets		30,158	14,680	668	45,506	66	32	2	100
Financial assets at fair value through the income statement:									
Loans and advances		36,709	8,600	2	45,311	81	19	—	100
Debt securities		2,443	574	36	3,053	80	19	1	100
Reverse repurchase agreements		155,374	32,158	521	188,053	83	17	—	100
Other financial assets		22	—	—	22	100	—	—	100
Total financial assets at fair value through the income statement		194,548	41,332	559	236,439	83	17	—	100
Derivative financial instruments		220,905	13,239	265	234,409	94	6	—	100
Financial assets at fair value through other comprehensive income		44,157	6	—	44,163	100	—	—	100
Other assets		978	40	—	1,018	96	4	—	100
Total on-balance sheet		880,472	101,376	4,986	986,834	89	10	1	100
As at 31 December 2020									
Cash and balances at central banks		133,386	—	—	133,386	100	—	—	100
Cash collateral and settlement balances		81,327	6,392	4	87,723	93	7	—	100
Loans and advances at amortised cost									
Home loans		4,630	140	528	5,298	87	3	10	100
Credit cards, unsecured loans and other retail lending		3,228	811	149	4,188	77	19	4	100
Wholesale loans		159,177	19,973	2,902	182,052	87	11	2	100
Total loans and advances at amortised cost		167,035	20,924	3,579	191,538	87	11	2	100
Reverse repurchase agreements and other similar secured lending		11,523	12	—	11,535	100	—	—	100
Trading portfolio assets:									
Debt securities		30,750	4,496	196	35,442	87	12	1	100
Traded loans		597	5,107	2,537	8,241	7	62	31	100
Total trading portfolio assets		31,347	9,603	2,733	43,683	72	22	6	100
Financial assets at fair value through the income statement:									
Loans and advances		29,272	6,833	12	36,117	81	19	—	100
Debt securities		1,836	257	46	2,139	86	12	2	100
Reverse repurchase agreements		126,667	37,384	619	164,670	77	23	—	100
Other financial assets		22	—	—	22	100	—	—	100
Total financial assets at fair value through the income statement		157,797	44,474	677	202,948	78	22	—	100
Derivative financial instruments		278,882	17,775	472	297,129	94	6	—	100
Financial assets at fair value through other comprehensive income		50,300	8	—	50,308	100	—	—	100
Other assets		720	21	—	741	97	3	—	100
Total on-balance sheet		912,317	99,209	7,465	1,018,991	89	10	1	100

Risk review

Risk performance

Credit risk

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 to the financial statements on page 167), including relative movement in probability of default since initial recognition. There is therefore no direct relationship between credit quality and IFRS 9 stage classification.

Barclays Bank Group

As at 31 December 2021

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
			£m	£m	£m	£m	£m	£m	£m	£m		
1-3	0.0 to < 0.05%	Strong	52,756	855	—	53,611	280	6	—	286	53,325	0.5
4-5	0.05 to < 0.15%	Strong	17,797	211	—	18,008	6	2	—	8	18,000	—
6-8	0.15 to < 0.30%	Strong	10,764	1,220	—	11,984	15	7	—	22	11,962	0.2
9-11	0.30 to < 0.60%	Strong	21,865	1,136	—	23,001	55	15	—	70	22,931	0.3
12-14	0.60 to < 2.15%	Satisfactory	16,429	3,508	—	19,937	160	116	—	276	19,661	1.4
15-19	2.15 to < 10%	Satisfactory	6,653	4,995	—	11,648	169	302	—	471	11,177	4.0
19	10 to < 11.35%	Satisfactory	2,156	1,276	—	3,432	39	252	—	291	3,141	8.5
20-21	11.35 to < 100%	Higher Risk	593	3,196	—	3,789	72	319	—	391	3,398	10.3
22	100%	Credit Impaired	—	—	3,348	3,348	—	—	1,684	1,684	1,664	50.3
Total			129,013	16,397	3,348	148,758	796	1,019	1,684	3,499	145,259	2.4

As at 31 December 2020

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
			£m	£m	£m	£m	£m	£m	£m	£m		
1-3	0.0 to < 0.05%	Strong	36,388	689	—	37,077	2	3	—	5	37,072	—
4-5	0.05 to < 0.15%	Strong	17,008	627	—	17,635	17	4	—	21	17,614	0.1
6-8	0.15 to < 0.30%	Strong	13,667	2,463	—	16,130	34	52	—	86	16,044	0.5
9-11	0.30 to < 0.60%	Strong	21,049	2,432	—	23,481	88	127	—	215	23,266	0.9
12-14	0.60 to < 2.15%	Satisfactory	16,951	4,913	—	21,864	293	351	—	644	21,220	2.9
15-19	2.15 to < 10%	Satisfactory	5,264	6,661	—	11,925	183	651	—	834	11,091	7.0
19	10 to < 11.35%	Satisfactory	1,042	1,698	—	2,740	25	99	—	124	2,616	4.5
20-21	11.35 to < 100%	Higher Risk	435	2,927	—	3,362	43	625	—	668	2,694	19.9
22	100%	Credit Impaired	—	—	5,119	5,119	—	—	2,469	2,469	2,650	48.2
Total			111,804	22,410	5,119	139,333	685	1,912	2,469	5,066	134,267	3.6

As at 31 December 2021

Credit risk profile by internal PD grade for contingent liabilities³ (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
			£m	£m	£m	£m	£m	£m	£m	£m		
1-3	0.0 to < 0.05%	Strong	8,240	172	—	8,412	2	1	—	3	8,409	—
4-5	0.05 to < 0.15%	Strong	3,479	503	—	3,982	2	2	—	4	3,978	0.1
6-8	0.15 to < 0.30%	Strong	1,996	199	—	2,195	2	2	—	4	2,191	0.2
9-11	0.30 to < 0.60%	Strong	2,794	216	—	3,010	4	1	—	5	3,005	0.2
12-14	0.60 to < 2.15%	Satisfactory	1,990	286	—	2,276	19	8	—	27	2,249	1.2
15-19	2.15 to < 10%	Satisfactory	817	479	—	1,296	5	10	—	15	1,281	1.2
19	10 to < 11.35%	Satisfactory	607	254	—	861	21	42	—	63	798	7.3
20-21	11.35 to < 100%	Higher Risk	141	1,162	—	1,303	3	77	—	80	1,223	6.1
22	100%	Credit Impaired	—	—	180	180	—	—	1	1	179	0.6
Total			20,064	3,271	180	23,515	58	143	1	202	23,313	0.9

Risk review

Risk performance

Credit risk

As at 31 December 2020

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	5,502	188	—	5,690	1	—	—	1	5,689	—
4-5	0.05 to < 0.15%	Strong	2,765	428	—	3,193	3	2	—	5	3,188	0.2
6-8	0.15 to < 0.30%	Strong	1,468	165	—	1,633	3	4	—	7	1,626	0.4
9-11	0.30 to < 0.60%	Strong	3,524	552	—	4,076	5	33	—	38	4,038	0.9
12-14	0.60 to < 2.15%	Satisfactory	2,712	546	—	3,258	8	25	—	33	3,225	1.0
15-19	2.15 to < 10%	Satisfactory	305	398	—	703	7	21	—	28	675	4.0
19	10 to < 11.35%	Satisfactory	264	423	—	687	17	83	—	100	587	14.6
20-21	11.35 to < 100%	Higher Risk	40	769	—	809	—	61	—	61	748	7.5
22	100%	Credit Impaired	—	—	654	654	—	—	10	10	644	1.5
Total			16,580	3,469	654	20,703	44	229	10	283	20,420	1.4

As at 31 December 2021

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	92,864	3,002	—	95,866	5	3	—	8	95,858	—
4-5	0.05 to < 0.15%	Strong	55,979	5,345	—	61,324	10	5	—	15	61,309	—
6-8	0.15 to < 0.30%	Strong	22,345	2,079	—	24,424	7	6	—	13	24,411	0.1
9-11	0.30 to < 0.60%	Strong	23,445	2,312	—	25,757	5	5	—	10	25,747	—
12-14	0.60 to < 2.15%	Satisfactory	23,189	3,240	—	26,429	79	23	—	102	26,327	0.4
15-19	2.15 to < 10%	Satisfactory	6,362	2,749	—	9,111	20	21	—	41	9,070	0.5
19	10 to < 11.35%	Satisfactory	10,270	2,964	—	13,234	8	13	—	21	13,213	0.2
20-21	11.35 to < 100%	Higher Risk	2,196	6,669	—	8,865	11	55	—	66	8,799	0.7
22	100%	Credit Impaired	—	—	870	870	—	—	21	21	849	2.4
Total			236,650	28,360	870	265,880	145	131	21	297	265,583	0.1

As at 31 December 2020

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	52,522	5,311	—	57,833	3	1	—	4	57,829	—
4-5	0.05 to < 0.15%	Strong	62,677	5,730	—	68,407	11	8	—	19	68,388	—
6-8	0.15 to < 0.30%	Strong	41,621	6,260	—	47,881	15	20	—	35	47,846	0.1
9-11	0.30 to < 0.60%	Strong	25,461	6,187	—	31,648	14	19	—	33	31,615	0.1
12-14	0.60 to < 2.15%	Satisfactory	20,730	6,978	—	27,708	113	18	—	131	27,577	0.5
15-19	2.15 to < 10%	Satisfactory	3,621	2,991	—	6,612	23	44	—	67	6,545	1.0
19	10 to < 11.35%	Satisfactory	4,778	4,971	—	9,749	11	25	—	36	9,713	0.4
20-21	11.35 to < 100%	Higher Risk	750	3,775	—	4,525	5	115	—	120	4,405	2.7
22	100%	Credit Impaired	—	—	1,411	1,411	—	—	41	41	1,370	2.9
Total			212,160	42,203	1,411	255,774	195	250	41	486	255,288	0.2

Notes

a Excludes loan commitments and financial guarantees carried at fair value of £18.8bn (2020: £9.5bn) for Barclays Bank Group.

b Barclays Bank Group has issued £1.7bn (2020: £2.6bn) of guarantees that have been provided to subsidiaries of Barclays PLC outside the Barclays Bank Group. These guarantees have not been reported in the prior periods and the comparatives have not been restated.

Risk review

Risk performance

Credit risk

Barclays Bank PLC

As at 31 December 2021

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	113,131	533	—	113,664	5	1	—	6	113,658	—
4-5	0.05 to < 0.15%	Strong	14,859	176	—	15,035	—	1	—	1	15,034	—
6-8	0.15 to < 0.30%	Strong	8,541	949	—	9,490	13	3	—	16	9,474	0.2
9-11	0.30 to < 0.60%	Strong	30,377	1,106	—	31,483	37	10	—	47	31,436	0.1
12-14	0.60 to < 2.15%	Satisfactory	12,785	2,942	—	15,727	102	30	—	132	15,595	0.8
15-19	2.15 to < 10%	Satisfactory	4,464	3,938	—	8,402	34	57	—	91	8,311	1.1
19	10 to < 11.35%	Satisfactory	2,058	773	—	2,831	27	18	—	45	2,786	1.6
20-21	11.35 to < 100%	Higher Risk	203	2,403	—	2,606	3	77	—	80	2,526	3.1
22	100%	Credit Impaired	—	—	1,731	1,731	—	—	769	769	962	44.4
Total			186,418	12,820	1,731	200,969	221	197	769	1,187	199,782	0.6

As at 31 December 2020

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	121,776	482	—	122,258	4	—	—	4	122,254	—
4-5	0.05 to < 0.15%	Strong	13,138	598	—	13,736	7	3	—	10	13,726	0.1
6-8	0.15 to < 0.30%	Strong	10,575	2,292	—	12,867	16	14	—	30	12,837	0.2
9-11	0.30 to < 0.60%	Strong	16,456	1,861	—	18,317	58	41	—	99	18,218	0.5
12-14	0.60 to < 2.15%	Satisfactory	9,540	2,978	—	12,518	185	19	—	204	12,314	1.6
15-19	2.15 to < 10%	Satisfactory	2,198	4,170	—	6,368	46	171	—	217	6,151	3.4
19	10 to < 11.35%	Satisfactory	935	1,620	—	2,555	18	78	—	96	2,459	3.8
20-21	11.35 to < 100%	Higher Risk	109	1,794	—	1,903	2	217	—	219	1,684	11.5
22	100%	Credit Impaired	—	—	3,088	3,088	—	—	1,193	1,193	1,895	38.6
Total			174,727	15,795	3,088	193,610	336	543	1,193	2,072	191,538	1.1

As at 31 December 2021

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	42,632	162	—	42,794	8	1	—	9	42,785	—
4-5	0.05 to < 0.15%	Strong	3,024	413	—	3,437	1	2	—	3	3,434	0.1
6-8	0.15 to < 0.30%	Strong	1,407	168	—	1,575	1	2	—	3	1,572	0.2
9-11	0.30 to < 0.60%	Strong	2,346	124	—	2,470	3	1	—	4	2,466	0.2
12-14	0.60 to < 2.15%	Satisfactory	1,663	242	—	1,905	19	8	—	27	1,878	1.4
15-19	2.15 to < 10%	Satisfactory	742	346	—	1,088	5	8	—	13	1,075	1.2
19	10 to < 11.35%	Satisfactory	607	253	—	860	21	42	—	63	797	7.3
20-21	11.35 to < 100%	Higher Risk	139	1,144	—	1,283	3	76	—	79	1,204	6.2
22	100%	Credit Impaired	—	—	131	131	—	—	1	1	130	0.8
Total			52,560	2,852	131	55,543	61	140	1	202	55,341	0.4

Risk review

Risk performance

Credit risk

As at 31 December 2020

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	28,850	188	—	29,038	1	—	—	1	29,037	—
4-5	0.05 to < 0.15%	Strong	2,962	378	—	3,340	2	2	—	4	3,336	0.1
6-8	0.15 to < 0.30%	Strong	1,203	117	—	1,320	2	2	—	4	1,316	0.3
9-11	0.30 to < 0.60%	Strong	2,694	294	—	2,988	3	12	—	15	2,973	0.5
12-14	0.60 to < 2.15%	Satisfactory	2,443	484	—	2,927	8	25	—	33	2,894	1.1
15-19	2.15 to < 10%	Satisfactory	204	288	—	492	5	16	—	21	471	4.3
19	10 to < 11.35%	Satisfactory	264	423	—	687	17	83	—	100	587	14.6
20-21	11.35 to < 100%	Higher Risk	40	733	—	773	—	56	—	56	717	7.2
22	100%	Credit Impaired	—	—	623	623	—	—	10	10	613	1.6
Total			38,660	2,905	623	42,188	38	196	10	244	41,944	0.6

As at 31 December 2021

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	48,591	1,836	—	50,427	1	1	—	2	50,425	—
4-5	0.05 to < 0.15%	Strong	43,714	3,706	—	47,420	3	3	—	6	47,414	—
6-8	0.15 to < 0.30%	Strong	15,777	1,697	—	17,474	3	2	—	5	17,469	—
9-11	0.30 to < 0.60%	Strong	14,440	1,602	—	16,042	1	2	—	3	16,039	—
12-14	0.60 to < 2.15%	Satisfactory	15,731	2,541	—	18,272	60	9	—	69	18,203	0.4
15-19	2.15 to < 10%	Satisfactory	4,855	1,914	—	6,769	17	14	—	31	6,738	0.5
19	10 to < 11.35%	Satisfactory	10,249	2,790	—	13,039	8	11	—	19	13,020	0.1
20-21	11.35 to < 100%	Higher Risk	2,118	5,503	—	7,621	9	53	—	62	7,559	0.8
22	100%	Credit Impaired	—	—	747	747	—	—	21	21	726	2.8
Total			155,475	21,589	747	177,811	102	95	21	218	177,593	0.1

As at 31 December 2020

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

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	51,130	4,419	—	55,549	2	1	—	3	55,546	—
4-5	0.05 to < 0.15%	Strong	39,752	4,158	—	43,910	6	4	—	10	43,900	—
6-8	0.15 to < 0.30%	Strong	14,155	4,716	—	18,871	7	13	—	20	18,851	0.1
9-11	0.30 to < 0.60%	Strong	14,240	4,303	—	18,543	9	12	—	21	18,522	0.1
12-14	0.60 to < 2.15%	Satisfactory	13,520	5,081	—	18,601	104	10	—	114	18,487	0.6
15-19	2.15 to < 10%	Satisfactory	2,395	1,949	—	4,344	18	29	—	47	4,297	1.1
19	10 to < 11.35%	Satisfactory	4,764	4,953	—	9,717	11	25	—	36	9,681	0.4
20-21	11.35 to < 100%	Higher Risk	698	3,464	—	4,162	3	115	—	118	4,044	2.8
22	100%	Credit Impaired	—	—	1,332	1,332	—	—	41	41	1,291	3.1
Total			140,654	33,043	1,332	175,029	160	209	41	410	174,619	0.2

Notes

a Excludes loan commitments and financial guarantees carried at fair value of £17.5bn (2020: £9.0bn) for Barclays Bank PLC.

b Barclays Bank PLC has issued £14.5bn (2020: £13.9bn) of guarantees to its subsidiaries and other subsidiaries of Barclays PLC. These guarantees were not reported in prior periods and the comparatives have been restated.

Risk review

Risk performance

Credit risk

Analysis of specific portfolios and asset types

Credit cards, unsecured loans and other retail lending

The principal portfolios listed below accounted for 76% (2020: 77%) of Barclays Bank Group's total credit cards, unsecured loans and other retail lending.

Credit Cards and unsecured loans principal portfolio					
	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					
US cards	17,779	1.6	0.8	4.3	4.2
Germany consumer lending	3,559	1.5	0.7	0.9	0.8
As at 31 December 2020					
US cards	16,845	2.5	1.4	5.6	5.6
Germany consumer lending	3,458	1.9	0.8	1.2	1.1

US cards: 30 and 90 day arrears rates improved and remain below pre-pandemic levels due to continued benefit from government support schemes throughout the pandemic and industry payment deferrals that were made available to consumers.

Germany consumer lending: 30 and 90 day arrears rates reduced in 2021 due to improved payment behaviour of formerly high-risk customers as unemployment eased, and the benefit from government support in the local market continued.

Government supported loans

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

Government supported loans										
	Gross exposure				Impairment allowance			Impairment coverage		Government guaranteed exposure
	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										
Barclays International										
CBILs	619	146	6	771	5	—	5	0.6	0.6	617
CLBILs	163	56	2	221	1	—	1	0.4	0.4	177
RLSs	1	—	—	1	—	—	—	4.7	4.7	1
Total	783	202	8	993	6	—	6	0.6	0.6	795
As at 31 December 2020										
Barclays International										
CBILs	846	112	1	959	12	—	12	1.2	1.2	768
CLBILs	184	23	8	215	2	—	2	0.8	0.8	171
RLSs	—	—	—	—	—	—	—	—	—	—
Total	1,030	135	9	1,174	14	—	14	1.2	1.2	939

The CBILs scheme was launched to provide financial support to smaller and medium-sized businesses and CLBILs for larger 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 80% for CBILs, CLBILs and RLS as at the balance sheet date.

Risk review

Risk performance

Market risk

Summary of Contents	Page	
■ Market risk overview	99	Outlines key measures used to summarise the market risk profile of the Barclays Bank Group such as VaR.
■ Measures of market risk in the Barclays Bank Group and accounting measures	99	
■ Summary of performance in the period	99	
■ Traded market risk	99	The Barclays Bank Group discloses details on management measures of market risk. Total management VaR includes all trading positions and is presented on a diversified basis by risk factor.
■ Review of management measures	99	
– The daily average, maximum and minimum values of management VaR	99	
– Business scenario stresses	100	This section also outlines the macroeconomic conditions modelled as part of the Barclays Bank Group's risk management framework.

Risk review

Risk performance

Market risk

All disclosures in this section pages 99 to 100 are unaudited unless otherwise stated.

Overview

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

- The market risk management section on page 52 provides a description of management VaR. Management measures are shown on page 99.

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

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

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

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

Summary of performance in the period

Average management VaR decreased by 39% to £19m (2020: £31m), driven by reduced risk taking, lower market volatility and the impact of a methodology update in March 2021 which changed the historical lookback period of the VaR model from two years to one year. The methodology change has increased the responsiveness of the model to changes over time in volatility levels in the lookback period.

Traded market risk review

Review of management measures

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

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

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

The daily average, maximum and minimum values of management VaR

Management VaR (95%, one day) (audited)	2021			2020		
	Average £m	High £m	Low £m	Average £m	High £m	Low £m
For the year ended 31 December						
Credit risk	14	30	7	20	38	10
Interest rate risk	7	14	4	10	17	6
Equity risk	9	29	4	13	35	6
Basis risk	5	10	3	9	14	7
Spread risk	4	6	3	5	9	3
Foreign exchange risk	4	16	1	4	7	2
Commodity risk	—	1	—	1	1	—
Inflation risk	3	5	2	2	3	1
Diversification effect ^a	(27)	n/a	n/a	(33)	n/a	n/a
Total management VaR	19	36	6	31	57	17

Note

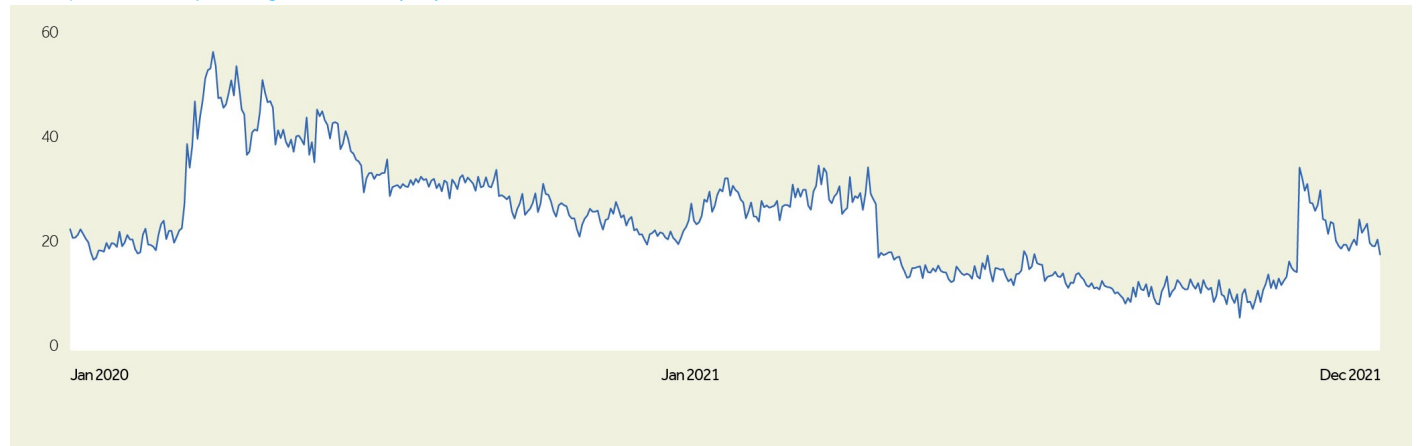
- a Diversification effects recognise that forecast losses from different assets or businesses are unlikely to occur concurrently, hence the expected aggregate loss is lower than the sum of the expected losses from each area. Historical correlations between losses are taken into account in making these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

Risk review

Risk performance

Market risk

Barclays Bank Group Management VaR^a (£m)



Business scenario stresses

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

In 2021, the scenario analyses showed that the largest market risk related impacts would be due to a severe deterioration in financial liquidity and a global recession.

Risk review

Risk performance

Treasury and Capital risk

Summary of Contents	Page	
Liquidity risk performance		
■ Liquidity risk overview	101	The risk that the firm 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 section provides an overview of the Barclays Bank Group's liquidity risk.
■ Liquidity risk stress testing	102	
■ Contractual maturity of financial assets and liabilities	103	Provides details on the contractual maturity of all financial instruments and other assets and liabilities.
Capital risk performance		
■ Capital risk overview	111	Capital risk is the risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the firm's pension plans. This section details Barclays Bank Group's capital and leverage position.
– Capital ratios	111	
– Capital resources	111	
– Capital Requirements Regulation (CRR) leverage ratio	111	
■ Foreign exchange risk	112	
– Transactional foreign currency exposure	112	Barclays Bank Group discloses the two sources of foreign exchange risk that it is exposed to.
– Translational foreign exchange exposure	112	
– Functional currency of operations	112	
■ Pension risk review	113	
– Assets	113	
– Liabilities	113	
– IAS 19 position	114	
– Risk measurement	114	
Interest rate risk in the banking book performance		
■ Interest rate risk in the banking book overview and summary of performance	115	A description of the non-traded market risk framework is provided.
■ Net interest income sensitivity	115	Barclays Bank Group discloses a sensitivity analysis on pre-tax net interest income for non-trading financial assets and liabilities. The analysis is carried out by currency.
■ Analysis of equity sensitivity	116	
■ Volatility of the FVOCI portfolio in the liquidity pool	116	Barclays Bank Group discloses the overall impact of a parallel shift in interest rates on other comprehensive income and cash flow hedges. Barclays Bank Group measures the volatility of the value of the FVOCI instruments in the liquidity pool through non-traded market risk VaR.

Risk review

Risk performance

Treasury and Capital risk

Liquidity risk

All disclosures in this section pages 102 to 110 are unaudited unless otherwise stated.

Overview

The efficient management of liquidity is essential to the Barclays Bank 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.

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

Liquidity risk stress testing

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

The 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 PLC DoLSub held eligible liquid assets well above 100% of net stressed outflows to its internal and regulatory requirements. The split of the liquidity pool between cash and deposits with central banks, government bonds and other eligible securities is broadly similar to the Barclays Group.

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

The liquidity pool declined slightly to £205bn (December 2020: £206bn), while the LCR remained above the 100% regulatory requirement at 140% (December 2020:145%). The liquidity pool movement was driven by further growth in deposits, borrowing from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) and an increase in wholesale funding, which were offset by an increase in business funding consumption.

	2021	2020
As at 31 December	£bn	£bn
Barclays Bank Group liquidity pool	205	206
	%	%
Barclays Bank PLC DoLSub Liquidity Coverage Ratio	140	145

The Barclays Bank Group has direct access to US, European and Asian capital markets through its global investment banking operations and to long-term investors through its clients worldwide. Key sources of wholesale funding include money markets, certificates of deposit, commercial paper, medium term issuances (including structured notes) and securitisations. This funding capacity enables the Barclays Bank Group to maintain a stable and diversified funding base.

The Barclays Bank Group also supports various central bank monetary initiatives, such as the Bank of England's Term Funding Scheme (TFS) and Term Funding Scheme with additional incentives for SMEs (TFSME), and the European Central Bank's Targeted Long-Term Refinancing Operations (TLTRO). These are reported under 'repurchase agreements and other similar secured borrowing' on the balance sheet. In 2021, Barclays Bank Group repaid the remaining £1.4bn TFS balance outstanding at the beginning of the year, and drew an additional £3.4bn under TFSME and an additional £0.5bn under TLTRO during the year; £7.0bn TFSME and £2.7bn TLTRO balances were outstanding at the year-end.

Risk review

Risk performance

Treasury and Capital risk

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 these items are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value. Derivatives designated in a hedging relationship are included according to their contractual maturity.

Contractual maturity of financial assets and liabilities (audited)											
Barclays Bank Group	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	168,881	204	—	—	—	—	—	—	—	—	169,085
Cash collateral and settlement balances	2,743	85,342	—	—	—	—	—	—	—	—	88,085
Loans and advances at amortised cost	17,470	7,855	6,745	4,238	9,611	19,162	20,813	27,416	14,420	17,529	145,259
Reverse repurchase agreements and other similar secured lending	58	2,934	—	—	—	184	—	—	—	1	3,177
Trading portfolio assets	146,871	—	—	—	—	—	—	—	—	—	146,871
Financial assets at fair value through the income statement	24,174	127,244	9,280	7,036	3,336	5,351	5,376	2,062	1,996	2,371	188,226
Derivative financial instruments	262,046	36	1	—	—	—	—	184	15	9	262,291
Financial assets at fair value through other comprehensive income	—	3,194	1,080	449	547	2,656	5,389	10,093	13,823	8,677	45,908
Other financial assets	607	255	130	2	—	—	—	—	—	—	994
Total financial assets	622,850	227,064	17,236	11,725	13,494	27,353	31,578	39,755	30,254	28,587	1,049,896
Other assets											11,882
Total assets											1,061,778
Liabilities											
Deposits at amortised cost	201,501	41,632	12,380	1,920	2,898	558	435	242	1,031	231	262,828
Cash collateral and settlement balances	2,951	76,096	—	—	—	—	—	—	—	—	79,047
Repurchase agreements and other similar secured borrowing	20	5,022	—	—	—	3,216	4,424	—	—	87	12,769
Debt securities in issue	—	18,274	12,150	5,845	3,254	463	3,319	1,792	2,654	637	48,388
Subordinated liabilities	—	1,005	—	74	1,243	7,030	2,251	5,714	8,490	6,378	32,185
Trading portfolio liabilities	53,291	—	—	—	—	—	—	—	—	—	53,291
Financial liabilities designated at fair value	14,342	158,237	17,065	10,556	3,909	7,855	9,185	8,558	7,746	13,678	251,131
Derivative financial instruments	255,471	4	22	—	2	121	151	279	111	362	256,523
Other financial liabilities	87	3,656	15	15	12	443	52	102	183	27	4,592
Total financial liabilities	527,663	303,926	41,632	18,410	11,318	19,686	19,817	16,687	20,215	21,400	1,000,754
Other liabilities											4,537
Total liabilities											1,005,291
Cumulative liquidity gap	95,187	18,325	(6,071)	(12,756)	(10,580)	(2,913)	8,848	31,916	41,955	49,142	56,487

Risk review

Risk performance

Treasury and Capital risk

Contractual maturity of financial assets and liabilities (audited)											
Barclays Bank 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	155,122	182	598	—	—	—	—	—	—	—	155,902
Cash collateral and settlement balances	1,281	96,335	—	—	—	—	—	—	—	—	97,616
Loans and advances at amortised cost	12,854	11,149	6,291	3,770	4,314	21,271	16,663	22,387	14,127	21,441	134,267
Reverse repurchase agreements and other similar secured lending	150	8,648	—	—	—	—	183	—	—	—	8,981
Trading portfolio assets	127,664	—	—	—	—	—	—	—	—	—	127,664
Financial assets at fair value through the income statement	17,377	123,948	7,547	6,959	4,027	4,294	1,216	2,284	1,853	2,256	171,761
Derivative financial instruments	302,429	24	—	—	—	15	15	112	77	21	302,693
Financial assets at fair value through other comprehensive income	—	3,086	1,627	151	95	3,059	3,770	12,741	19,236	8,137	51,902
Other financial assets	213	286	107	5	—	3	—	—	—	—	614
Total financial assets	617,090	243,658	16,170	10,885	8,436	28,642	21,847	37,524	35,293	31,855	1,051,400
Other assets											8,331
Total assets											1,059,731
Liabilities											
Deposits at amortised cost	181,455	39,409	13,975	3,665	2,283	1,144	532	602	1,252	379	244,696
Cash collateral and settlement balances	1,944	83,605	—	—	—	—	—	—	—	—	85,549
Repurchase agreements and other similar secured borrowing	4	2,545	—	—	—	1,400	2,329	4,073	—	92	10,443
Debt securities in issue	—	12,207	3,808	3,833	1,791	2,124	640	2,815	1,995	210	29,423
Subordinated liabilities	—	3,708	3,222	459	143	3,545	4,811	6,241	5,629	4,247	32,005
Trading portfolio liabilities	46,139	—	—	—	—	—	—	—	—	—	46,139
Financial liabilities designated at fair value	15,555	172,250	8,677	5,067	2,928	8,593	6,939	8,576	8,344	12,697	249,626
Derivative financial instruments	299,637	—	50	—	—	66	67	174	183	403	300,580
Other financial liabilities	70	2,072	15	15	16	233	50	90	187	62	2,810
Total financial liabilities	544,804	315,796	29,747	13,039	7,161	17,105	15,368	22,571	17,590	18,090	1,001,271
Other liabilities											4,750
Total liabilities											1,006,021
Cumulative liquidity gap	72,286	148	(13,429)	(15,583)	(14,308)	(2,771)	3,708	18,661	36,364	50,129	53,710

Risk review

Risk performance

Treasury and Capital risk

Contractual maturity of financial assets and liabilities (audited)											
	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
Barclays Bank PLC	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021											
Assets											
Cash and balances at central banks	144,760	204	—	—	—	—	—	—	—	—	144,964
Cash collateral and settlement balances	8,058	67,513	—	—	—	—	—	—	—	—	75,571
Loans and advances at amortised cost	17,520	57,990	10,915	8,812	10,383	17,666	18,948	26,642	20,916	9,990	199,782
Reverse repurchase agreements and other similar secured lending	—	4,503	—	—	—	184	—	294	—	1	4,982
Trading portfolio assets	96,724	—	—	—	—	—	—	—	—	—	96,724
Financial assets at fair value through the income statement	105	185,447	14,221	9,949	4,176	7,281	5,456	3,638	4,715	1,589	236,577
Derivative financial instruments	234,195	36	1	—	—	—	—	153	15	9	234,409
Financial assets at fair value through other comprehensive	—	1,520	1,021	439	547	2,654	5,389	10,093	13,823	8,677	44,163
Other financial assets	589	67	362	—	—	—	—	—	—	—	1,018
Total financial assets	501,951	317,280	26,520	19,200	15,106	27,785	29,793	40,820	39,469	20,266	1,038,190
Other assets											26,481
Total assets											1,064,671
Liabilities											
Deposits at amortised cost	186,425	57,965	12,328	1,618	2,468	356	2,023	1,670	2,714	19,194	286,761
Cash collateral and settlement balances	1,849	54,570	—	—	—	—	—	—	—	—	56,419
Repurchase agreements and other similar secured borrowing	—	13,258	2,014	297	1,993	1,921	3,966	5,666	—	87	29,202
Debt securities in issue	—	10,931	10,342	4,514	3,009	69	1,049	558	2,113	—	32,585
Subordinated liabilities	—	932	—	—	1,158	7,030	2,173	5,714	8,490	6,378	31,875
Trading portfolio liabilities	50,116	—	—	—	—	—	—	—	—	—	50,116
Financial liabilities designated at fair value	21	204,425	19,548	13,178	4,509	10,143	8,639	10,138	8,166	12,295	291,062
Derivative financial instruments	226,920	4	22	—	2	121	151	279	111	381	227,991
Other financial liabilities	44	3,143	4	4	4	133	19	43	117	14	3,525
Total financial liabilities	465,375	345,228	44,258	19,611	13,143	19,773	18,020	24,068	21,711	38,349	1,009,536
Other liabilities											2,273
Total liabilities											1,011,809
Cumulative liquidity gap	36,576	8,628	(9,110)	(9,521)	(7,558)	454	12,227	28,979	46,737	28,654	52,862

Risk review

Risk performance

Treasury and Capital risk

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank PLC

As at 31 December 2020	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets											
Cash and balances at central banks	132,788	—	598	—	—	—	—	—	—	—	133,386
Cash collateral and settlement balances	536	87,187	—	—	—	—	—	—	—	—	87,723
Loans and advances at amortised cost	12,827	72,469	6,745	3,165	5,631	17,405	13,533	23,868	21,419	14,476	191,538
Reverse repurchase agreements and other similar secured lending	—	10,772	580	—	—	—	183	—	—	—	11,535
Trading portfolio assets	84,089	—	—	—	—	—	—	—	—	—	84,089
Financial assets at fair value through the income statement	96	162,737	10,394	9,743	4,127	4,341	3,121	3,051	4,050	1,413	203,073
Derivative financial instruments	296,734	118	88	—	—	15	15	81	66	12	297,129
Financial assets at fair value through other comprehensive income	—	1,595	1,590	148	95	3,059	3,770	12,741	19,174	8,136	50,308
Other financial assets	176	131	432	—	—	2	—	—	—	—	741
Total financial assets	527,246	335,009	20,427	13,056	9,853	24,822	20,622	39,741	44,709	24,037	1,059,522
Other assets											22,030
Total assets											1,081,552
Liabilities											
Deposits at amortised cost	171,943	52,851	13,295	3,626	2,161	1,574	204	3,001	2,297	21,238	272,190
Cash collateral and settlement balances	1,440	67,422	—	—	—	—	—	—	—	—	68,862
Repurchase agreements and other similar secured borrowing	—	12,224	1,797	440	1,485	1,400	157	10,127	—	92	27,722
Debt securities in issue	—	5,629	2,930	3,598	1,063	1,384	45	1,219	1,353	—	17,221
Subordinated liabilities	—	3,635	3,222	385	143	3,545	4,805	6,241	5,629	4,247	31,852
Trading portfolio liabilities	48,093	—	—	—	—	—	—	—	—	—	48,093
Financial liabilities designated at fair value	22	203,962	9,349	6,834	2,787	7,698	7,854	8,227	9,399	11,005	267,137
Derivative financial instruments	291,595	—	50	—	—	66	67	174	183	403	292,538
Other financial liabilities	2	1,376	4	4	4	18	21	38	113	40	1,620
Total financial liabilities	513,095	347,099	30,647	14,887	7,643	15,685	13,153	29,027	18,974	37,025	1,027,235
Other liabilities											3,174
Total liabilities											1,030,409
Cumulative liquidity gap	14,151	2,061	(8,159)	(9,990)	(7,780)	1,357	8,826	19,540	45,275	32,287	51,143

Risk review

Risk performance

Treasury and Capital risk

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

Contractual maturity of financial liabilities on an undiscounted basis

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

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

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

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank Group	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2021									
Deposits at amortised cost	201,501	41,632	12,380	4,818	996	240	1,048	261	262,876
Cash collateral and settlement balances	2,951	76,096	—	—	—	—	—	—	79,047
Repurchase agreements and other similar secured borrowing	20	5,022	—	—	7,798	—	—	146	12,986
Debt securities in issue	—	18,293	12,168	9,075	3,879	1,832	2,938	744	48,929
Subordinated liabilities	—	1,061	—	1,404	9,328	5,917	8,918	8,752	35,380
Trading portfolio liabilities	53,291	—	—	—	—	—	—	—	53,291
Financial liabilities designated at fair value	14,342	158,273	17,096	14,557	17,440	8,865	7,949	21,522	260,044
Derivative financial instruments	255,471	4	22	2	276	291	122	449	256,637
Other financial liabilities	87	3,658	19	38	526	122	208	29	4,687
Total financial liabilities	527,663	304,039	41,685	29,894	40,243	17,267	21,183	31,903	1,013,877
As at 31 December 2020									
Deposits at amortised cost	181,455	39,409	13,975	5,949	1,686	600	1,258	385	244,717
Cash collateral and settlement balances	1,944	83,605	—	—	—	—	—	—	85,549
Repurchase agreements and other similar secured borrowing	4	2,545	—	—	3,729	4,087	—	154	10,519
Debt securities in issue	—	12,226	3,818	5,629	2,799	2,923	2,098	277	29,770
Subordinated liabilities	—	3,716	3,342	703	8,845	6,555	6,922	6,500	36,583
Trading portfolio liabilities	46,139	—	—	—	—	—	—	—	46,139
Financial liabilities designated at fair value	15,555	172,282	8,684	7,998	15,599	8,586	8,369	20,398	257,471
Derivative financial instruments	299,637	4	50	—	133	175	190	442	300,631
Other financial liabilities	70	2,076	19	39	313	113	227	86	2,943
Total financial liabilities	544,804	315,863	29,888	20,318	33,104	23,039	19,064	28,242	1,014,322

Risk review

Risk performance

Treasury and Capital risk

Contractual maturity of financial liabilities - undiscounted (audited)

	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
Barclays Bank PLC									
As at 31 December 2021									
Deposits at amortised cost	186,425	57,965	12,328	4,086	2,400	1,785	2,949	25,785	293,723
Cash collateral and settlement balances	1,849	54,570	—	—	—	—	—	—	56,419
Repurchase agreements and other similar secured borrowing	—	13,258	2,014	2,290	6,041	5,740	—	146	29,489
Debt securities in issue	—	10,930	10,355	7,502	1,195	592	2,380	—	32,954
Subordinated liabilities	—	988	—	1,245	9,251	5,917	8,918	8,752	35,071
Trading portfolio liabilities	50,116	—	—	—	—	—	—	—	50,116
Financial liabilities designated at fair value	21	204,433	19,578	17,770	19,183	10,438	8,387	19,544	299,354
Derivative financial instruments	226,920	4	22	2	276	291	122	468	228,105
Other financial liabilities	44	3,147	7	14	169	58	134	15	3,588
Total financial liabilities	465,375	345,295	44,304	32,909	38,515	24,821	22,890	54,710	1,028,819
As at 31 December 2020									
Deposits at amortised cost	171,943	52,854	13,293	5,788	1,791	3,018	2,548	24,613	275,848
Cash collateral and settlement balances	1,440	67,422	—	—	—	—	—	—	68,862
Repurchase agreements and other similar secured borrowing	—	12,224	1,798	1,926	1,557	10,088	—	154	27,747
Debt securities in issue	—	5,629	2,935	4,662	1,462	1,325	1,452	—	17,465
Subordinated liabilities	—	3,716	3,269	630	8,839	6,555	6,922	6,499	36,430
Trading portfolio liabilities	48,093	—	—	—	—	—	—	—	48,093
Financial liabilities designated at fair value	22	203,994	9,355	9,625	15,619	8,242	9,510	18,045	274,412
Derivative financial instruments	291,595	—	50	—	134	176	191	443	292,589
Other financial liabilities	2	1,379	7	13	63	57	137	73	1,731
Total financial liabilities	513,095	347,218	30,707	22,644	29,465	29,461	20,760	49,827	1,043,177

Risk review

Risk performance

Treasury and Capital risk

Maturity of off-balance sheet commitments received and given

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

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

	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
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021											
Guarantees, letters of credit and credit insurance	7,258	31	21	10	12	4	12	83	65	19	7,515
Other commitments received	455	—	—	—	—	—	—	—	—	—	455
Total off-balance sheet commitments received	7,713	31	21	10	12	4	12	83	65	19	7,970
As at 31 December 2020											
Guarantees, letters of credit and credit insurance	6,462	86	37	68	8	18	14	47	40	25	6,805
Other commitments received	92	—	—	—	—	—	—	—	—	—	92
Total off-balance sheet commitments received	6,554	86	37	68	8	18	14	47	40	25	6,897

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

	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
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021											
Contingent liabilities	23,607	135	4	—	—	—	—	—	—	—	23,746
Documentary credits and other short-term trade related transactions	1,582	2	—	—	—	—	—	—	—	—	1,584
Standby facilities, credit lines and other commitments	282,867	—	—	—	—	—	—	—	—	—	282,867
Total off-balance sheet commitments given	308,056	137	4	—	—	—	—	—	—	—	308,197
As at 31 December 2020											
Contingent liabilities	20,630	213	57	6	1	25	—	—	—	—	20,932
Documentary credits and other short-term trade related transactions	1,084	1	1	—	—	—	—	—	—	—	1,086
Standby facilities, credit lines and other commitments	262,586	564	93	123	95	49	196	202	21	7	263,936
Total off-balance sheet commitments given	284,300	778	151	129	96	74	196	202	21	7	285,954

The above table on Maturity analysis of off-balance sheet commitments given for Barclays Bank Group includes £1.7bn (2020: £2.6bn) of guarantees that have been provided to subsidiaries of Barclays PLC outside the Barclays Bank Group. These guarantees have not been reported in the prior periods and the comparatives have not been restated. These are all On demand.

Risk review

Risk performance

Treasury and Capital risk

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

	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
Barclays Bank PLC	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021									
Guarantees, letters of credit and credit insurance	7,128	3	2	4	10	9	657	1	7,814
Other commitments received	—	—	—	—	—	—	—	—	—
Total off-balance sheet commitments received	7,128	3	2	4	10	9	657	1	7,814
As at 31 December 2020									
Guarantees, letters of credit and credit insurance	6,375	37	—	4	16	31	40	25	6,528
Other commitments received	—	—	—	—	—	—	—	—	—
Total off-balance sheet commitments received	6,375	37	—	4	16	31	40	25	6,528

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

	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
Barclays Bank PLC	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021											
Contingent liabilities	55,635	135	4	—	—	—	—	—	—	—	55,774
Documentary credits and other short-term trade related transactions	1,460	2	—	—	—	—	—	—	—	—	1,462
Standby facilities, credit lines and other commitments	193,641	—	—	—	—	—	—	—	—	—	193,641
Total off-balance sheet commitments given	250,736	137	4	—	—	—	—	—	—	—	250,877
As at 31 December 2020											
Contingent liabilities	42,116	213	57	6	—	25	—	—	—	—	42,417
Documentary credits and other short-term trade related transactions	1,027	1	1	—	—	—	—	—	—	—	1,029
Standby facilities, credit lines and other commitments	181,650	475	49	89	94	39	111	198	21	7	182,733
Total off-balance sheet commitments given	224,793	689	107	95	94	64	111	198	21	7	226,179

The above table on Maturity analysis of off-balance sheet commitments given for Barclays Bank PLC includes £14.5bn (2020: £13.9bn) of guarantees to its subsidiaries and other subsidiaries of Barclays PLC. These guarantees were not reported in prior periods and the comparatives have been restated. These are all On demand.

Risk review

Risk performance

Treasury and Capital risk

Capital risk

All disclosures in this section (pages 111 to 114) are unaudited unless otherwise stated.

Overview

Barclays Bank PLC is currently regulated by the PRA on a solo-consolidated basis. Barclays Bank PLC solo-consolidated comprises Barclays Bank PLC plus certain additional subsidiaries, subject to PRA approval. The disclosures below provide key capital metrics for Barclays Bank PLC solo-consolidated with further information on its risk profile to be included in the Barclays PLC Pillar 3 Report 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.

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 with the exception of the qualifying claims on central banks exemption. From 1 January 2022 central bank claims can be excluded from the UK leverage ratio measure as long as they are matched by qualifying liabilities (rather than deposits). Minimum requirements are expected to be applied at the individual level from 1 January 2023. Individual requirements may be replaced with a sub-consolidated measure, subject to permission from the PRA.

Capital ratios ^{a,b,c}		
As at 31 December	2021	2020
CET1	13.0%	14.2%
Tier 1 (T1)	17.6%	18.1%
Total regulatory capital	20.6%	21.0%

Capital resources (audited)		
As at 31 December	2021	2020
	£m	£m
CET1 capital	24,128	25,227
T1 capital	32,595	32,172
Total regulatory capital	38,154	37,493
Total risk weighted assets (RWAs) (unaudited)	185,467	178,156

Capital Requirements Regulation (CRR) leverage ratio ^a		
As at 31 December	2021	2020
	£m	£m
CRR leverage ratio	3.7%	3.9%
T1 capital	32,595	32,172
CRR leverage exposure	881,464	826,371

Notes

- Capital, RWAs and leverage are calculated applying the transitional arrangements of the CRR as amended by CRR II. This includes IFRS 9 transitional arrangements and the grandfathering of CRR and CRR II non-compliant capital instruments.
- The fully loaded CET1 ratio was 12.7%, with £23.6bn of CET1 capital and £185bn of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II.
- The Barclays PLC CET1 ratio, as is relevant for assessing against the conversion trigger in Barclays Bank PLC 7.625% Contingent Capital Notes, was 15.1%. For this calculation CET1 capital and RWAs are calculated applying the transitional arrangements under the CRR, as amended by CRR II, including the IFRS 9 transitional other metrics and capital arrangements. The benefit of the Financial Services Authority (FSA) October 2012 interpretation of the transitional provisions, relating to the implementation of CRD IV, expired in December 2017.

Risk review

Risk performance

Treasury and Capital risk

Foreign exchange risk (audited)

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

a) Transactional foreign currency exposure

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

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

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

b) Translational foreign exchange exposure

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

Functional currency of operations (audited)

	Foreign currency net investments £m	Borrowings which hedge the net investments £m	Derivatives which hedge the net investments £m	Structural currency exposures pre- economic hedged £m	Economic hedged £m	Remaining structural currency exposures £m
As at 31 December 2021						
USD	26,023	(5,512)	(2,356)	18,155	(7,111)	11,044
EUR	8,342	(1,324)	(3)	7,015	(267)	6,748
JPY	614	(97)	—	517	—	517
Other	2,085	—	(64)	2,021	—	2,021
Total	37,064	(6,933)	(2,423)	27,708	(7,378)	20,330
As at 31 December 2020						
USD	24,262	(4,512)	(764)	18,986	(5,918)	13,068
EUR	5,174	(278)	(3)	4,893	(286)	4,607
JPY	582	—	—	582	—	582
Other	1,596	(42)	(24)	1,530	—	1,530
Total	31,614	(4,832)	(791)	25,991	(6,204)	19,787

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

During 2021, total structural currency exposure net of hedging instruments increased by £0.5bn to £20.3bn (2020: £19.8bn). Foreign currency net investments increased by £5.5bn to £37.1bn (2020: £31.6bn) driven predominantly by a £3.2bn increase in Euro, £1.8bn increase in US dollars and £0.5bn increase in other currencies. The hedges associated with these foreign currency investments increased by £3.8bn to £9.4bn (2020: £5.6bn).

Risk review

Risk performance

Treasury and Capital risk

Pension risk review

The UK Retirement Fund (UKRF) represents approximately 97% (2020: 97%) of the Barclays Bank Group's total retirement benefit obligations globally. As such this risk review section focuses exclusively on the UKRF. The UKRF is closed to new entrants and there is no new final salary benefit being accrued. Existing active members accrue a combination of a cash balance benefit and a defined contribution element. Pension risk arises as the market value of the pension fund assets may decline, investment returns may reduce or the estimated value of the pension liabilities may increase.

Assets

The Trustee Board of the UKRF defines its overall long-term investment strategy with investments across a broad range of asset classes. This results in an appropriate mix of return seeking assets as well as liability matching assets to better match future pension obligations. The two largest market risks within the asset portfolio are interest rates and equities. The split of scheme assets is shown within Note 31 to the financial statements. The fair value of the UKRF assets was £34.7bn as at 31 December 2021 (2020: £33.9bn).

Liabilities

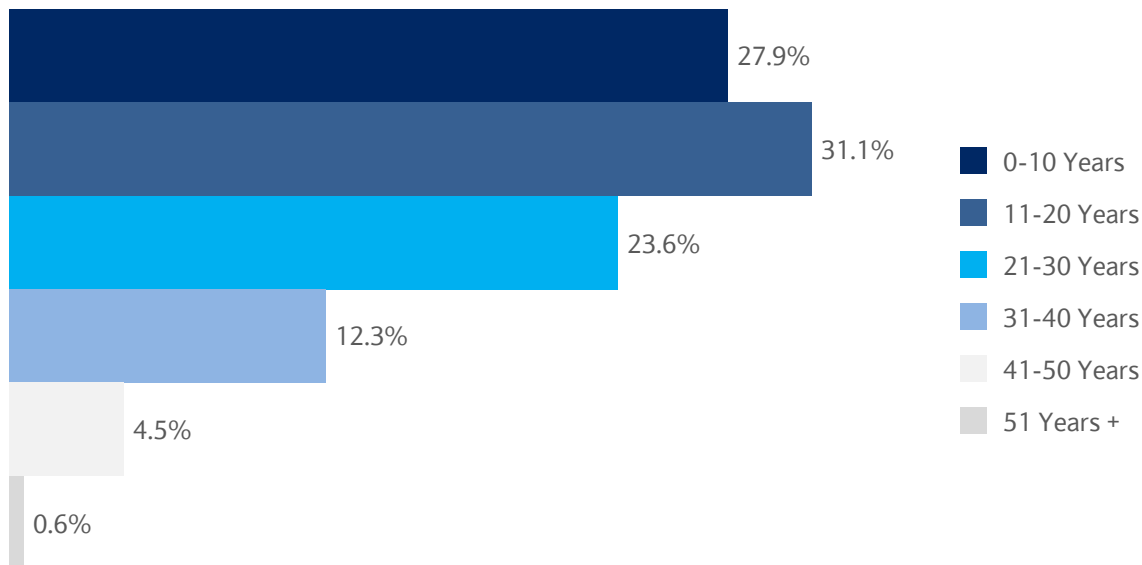
The UKRF retirement benefit obligations are a series of future cash flows with relatively long duration. On an IAS 19 basis these cash flows are sensitive to changes in the expected long-term price inflation rate (RPI) and the discount rate (GBP AA corporate bond yield):

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

Pension risk is generated through the Barclays Bank Group's defined benefit schemes and this risk is set to reduce over time as the main defined benefit scheme is closed to new entrants. The chart below outlines the shape of the UKRF's liability cash flow profile as at 31 December 2021 that takes account of the future inflation indexing of payments to beneficiaries. The majority of the cash flows (approximately 95%) fall between 0 and 40 years, peaking between 11 and 20 years and reducing thereafter. The shape may vary depending on changes to inflation and longevity expectations and any members who elect to transfer out. Transfers out will bring forward the liability cash flows.

For more detail on the UKRF's financial and demographic valuation assumptions see Note 31 to the financial statements.

Proportion of liability cash flows

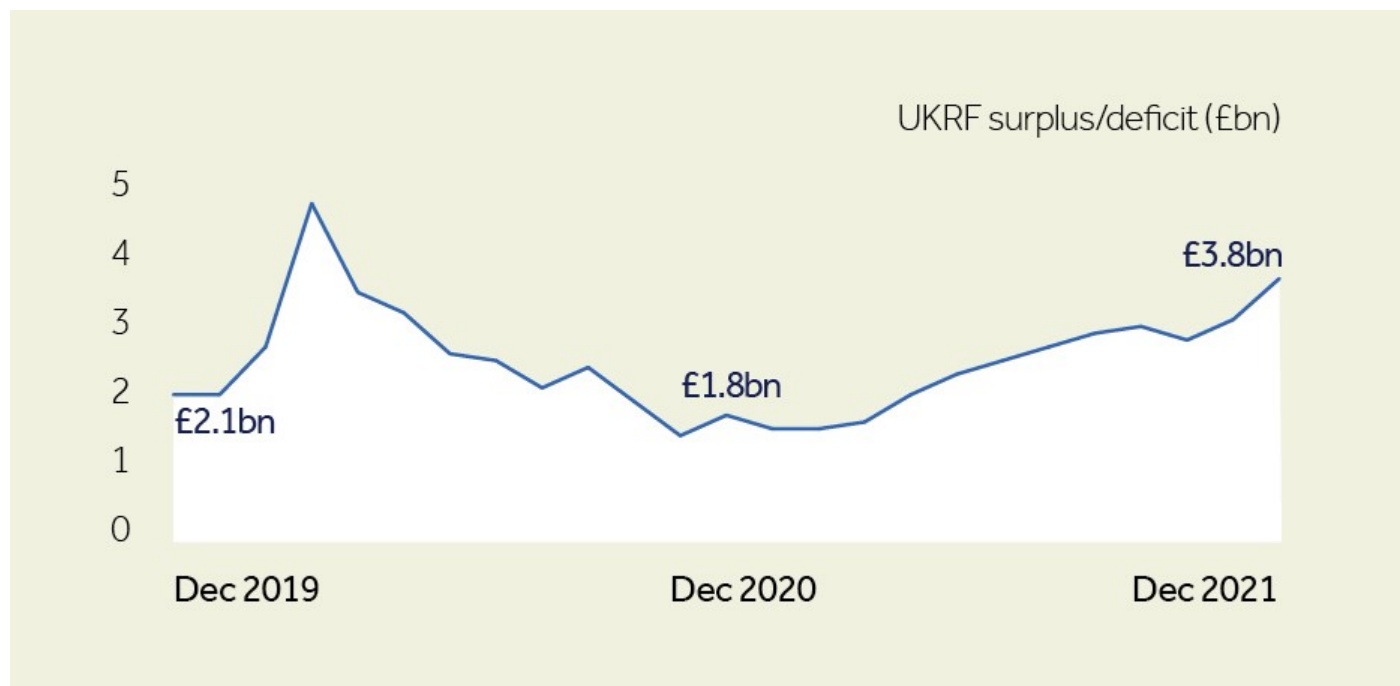


Risk review

Risk performance

Treasury and Capital risk

IAS 19 pension position in 2020



The graph above shows the evolution of the UKRF's net IAS 19 position over the last two years. During 2021 the increase in the IAS 19 pension surplus was driven by high asset returns and scheduled deficit reduction contributions. Higher realised inflation over the year had a negative impact by increasing the projected liabilities, which was partially offset by updates to the demographic assumptions.

Refer to Note 31 to the financial statements for the sensitivity of the UKRF to changes in key assumptions.

Risk measurement

In line with the Barclays Bank Group's risk management framework the assets and liabilities of the UKRF are modelled within a VaR framework to show the volatility of the pension position at a total portfolio level. This enables the risks, diversification and liability matching characteristics of the UKRF obligations and investments to be adequately captured. VaR is measured and monitored on a monthly basis. Risks are reviewed and reported regularly at forums including the Barclays PLC Board Risk Committee, the Barclays Group Risk Committee, the Pensions Management Group and the Pension Executive Board. The VaR model takes into account the valuation of the liabilities on an IAS 19 basis (see Note 31 to the financial statements). The Trustee receives quarterly VaR measures on a funding basis.

The pension liability is also sensitive to post-retirement mortality assumptions which are reviewed regularly (See Note 31 to the financial statements).

To mitigate part of this risk the UKRF has entered into a longevity swap hedging approximately a quarter of current pensioner liabilities.

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

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

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

Pension risk is taken into account in the Pillar 2A capital assessment undertaken by the PRA at least annually. The Pillar 2A requirement forms part of the Barclays Bank Group's Overall Capital Requirement for CET1 capital, Tier 1 capital and total capital. More detail on minimum regulatory requirements can be found in the Overall capital requirements section.

Risk review

Risk performance

Treasury and Capital risk

Interest rate risk in the banking book

All disclosures in this section (pages 115 to 116) 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 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 driven by actual and expected central bank rate increases.

Key metrics

-£99m

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

Net interest income sensitivity

The table below shows a sensitivity analysis on pre-tax net interest income for non-traded financial assets and liabilities, including the effect of any hedging. 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 Pillar 3 Report 2021 (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.

Net Interest Income sensitivity (AEaR) by currency (audited)	2021		2020	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
	£m	£m	£m	£m
Barclays Bank Group				
GBP	21	(37)	32	(169)
USD	55	(59)	47	(61)
EUR	(5)	(4)	9	(32)
Other currencies	(3)	1	(2)	(1)
Total	68	(99)	86	(263)

Note
+25bps AEaR reflects refined modelling of pricing assumptions for 2021. Based on these assumptions, the 2020 scenario would have shown a GBP AEaR of £67m.

Net Interest Income sensitivity (AEaR) by currency (audited)	2021		2020	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
	£m	£m	£m	£m
Barclays Bank PLC				
GBP	23	(39)	32	(168)
USD	48	(52)	7	(20)
EUR	(9)	6	(5)	(8)
Other currencies	(5)	3	(6)	2
Total	57	(82)	28	(194)

Note
+25bps AEaR reflects refined modelling of pricing assumptions for 2021. Based on these assumptions, the 2020 scenario would have shown a GBP AEaR of £67m.

NII asymmetry arises due to the current low interest rate levels and the effect of embedded floors in customer products. 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. NII sensitivity to a +25bps shock has similarly decreased year on year driven by the expectation of rate rises in the outlook and the decompression of product margins in the base case.

Risk review

Risk performance

Treasury and Capital risk

Analysis of equity sensitivity

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

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 Group	£m	£m	£m	£m
Net interest income	68	(99)	86	(263)
Taxation effects on the above	(12)	18	(21)	63
Effect on profit for the year	56	(81)	65	(200)
As percentage of net profit after tax	1.2%	(1.7%)	2.7%	(8.2%)
Effect on profit for the year (per above)	56	(81)	65	(200)
Fair value through other comprehensive income reserve	(449)	380	(417)	433
Cash flow hedge reserve	(626)	626	(554)	554
Taxation effects on the above	290	(272)	262	(266)
Effect on equity	(729)	653	(644)	521
As percentage of equity	(1.3%)	1.2%	(1.2%)	1.0%

Note

+25bps AEaR reflects refined modelling of pricing assumptions for 2021. Based on these assumptions, the 2020 scenario would have shown an effect on equity of £(617)m.

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 PLC	£m	£m	£m	£m
Net interest income	57	(82)	28	(193)
Taxation effects on the above	(10)	15	(7)	46
Effect on profit for the year	47	(67)	21	(147)
As percentage of net profit after tax	1.3%	(1.9%)	1.0%	(6.9%)
Effect on profit for the year (per above)	47	(67)	21	(147)
Fair value through other comprehensive income reserve	(450)	379	(417)	433
Cash flow hedge reserve	(587)	587	(534)	534
Taxation effects on the above	280	(261)	257	(261)
Effect on equity	(710)	638	(673)	559
As percentage of equity	(1.3%)	1.2%	(1.3%)	1.1%

Note

+25bps AEaR reflects refined modelling of pricing assumptions for 2021. Based on these assumptions, the 2020 scenario would have shown an effect on equity of £(646)m.

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

Volatility of the FVOCI portfolio in the liquidity pool

Changes in value of FVOCI exposures flow directly through capital via the FVOCI reserve. The volatility in 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%)	47	57	34	47	59	31

VaR remained in a ~£10m range in H1 2021. The range widened in H2 2021 and was generally driven by outright interest rates risk positioning, which was initially reduced before subsequently being increased. The portfolio de-risked in both outright and asset swap in Q4 2021 which caused a downward trend in VaR.

Risk review

Risk performance

Operational risk

All disclosures in this section (pages 117 - 118) are unaudited unless otherwise stated.

Overview

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

The Operational Risk principal risk comprises the following risks: Data Management Risk; Financial Reporting Risk; Fraud Risk; Information Security Risk; Operational Recovery Planning Risk; Payments Process Risk; People Risk; Physical Security Risk; Premises Risk; Risk Reporting; 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 themes represent threats to the Barclays Bank Group that extend across multiple risk types, and therefore require an integrated risk management approach.

For definitions of these risks refer to pages 202 to 203 of the Barclays PLC Pillar 3 Report 2021. In order to provide complete coverage of the potential adverse impacts on the Barclays Bank Group arising from operational risk, the operational risk taxonomy extends beyond the risks listed above to cover operational risks associated with other principal risks too.

This section provides an analysis of the Barclays Bank Group's operational risk profile, including events above the Barclays Bank Group's reportable threshold, which have had a financial impact in 2021. The Barclays Bank Group's operational risk profile is informed by bottom-up risk assessments undertaken by each business unit and top-down qualitative review 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 decreased to £54m (2020: £112m) and the number of recorded events for 2021 decreased to 588 from 870 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.

Key metrics

71%

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

53%

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

40%

of events by number are due to External Fraud

81%

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

Operational risk profile

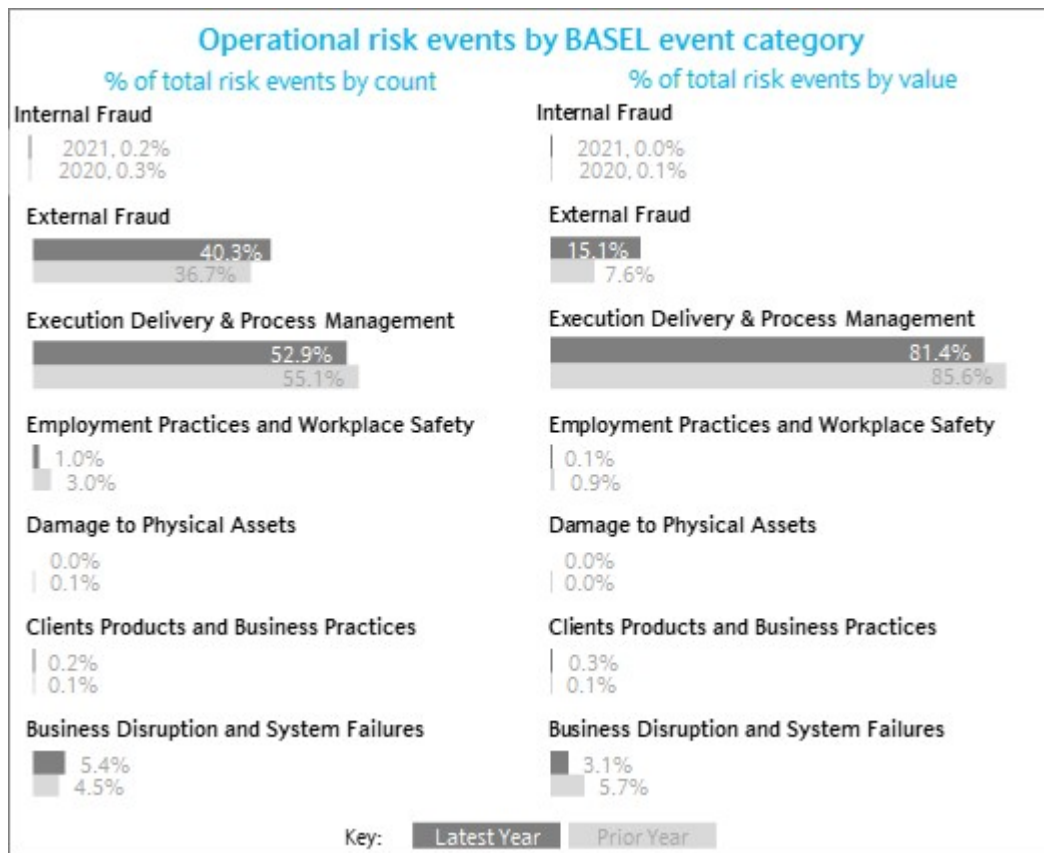
Within operational risk, there are a large number of small value risk events. In 2021, 71% (2020: 71%) of the Barclays Bank Group's reportable operational risk events by volume had a value of less than £50,000 each. Cumulatively, events under this £50,000 threshold accounted for only 16% (2020: 10%) of the Barclays Bank Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Barclays Bank Group.

Risk review

Risk performance

Operational risk

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

- Execution, Delivery and Process Management impacts during 2021 decreased to £44m (2020: £95m) and accounted for 81% of total operational risk losses (2020: 86%). The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis, mapping mainly to Barclays Transaction Operations risk type. The overall frequency of events in this category remained stable in 2021 at 53% of total events by volume (2020: 55%).
- External Fraud impacts and frequency remained broadly stable in 2021 compared to the previous year. Impacts of £8m accounted for 15% of total events by value (2020: £8m / 8%). Volume of events dropped to 237 accounting for 40% of total event volume (2020: 319 / 37%). In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage.

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

Operational Resilience remains a key area of focus for the Barclays Bank 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 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 Group's customers, suppliers, and staff globally. The COVID-19 pandemic has reinforced our focus on resilience and the Barclays Bank Group continues to monitor potential operational disruptions associated with both the Barclays Bank Group's and its suppliers' transition to a Work-from-Home environment and in response to initially high market volatility. The Barclays Bank 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 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 Group and its clients and customers. The Barclays Bank 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.

Risk review

Risk performance

Model risk, Conduct risk, Reputation risk and Legal risk

All disclosures in these model risk, conduct risk, reputation risk and legal risk sections on pages 119 to 120 are unaudited unless otherwise stated.

Model risk

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

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

Throughout 2021, the Barclays Bank Group maintained focus on the new and heightened inherent conduct risk created by the coronavirus 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 PLC and Barclays Bank PLC Board Risk Committees. The Committees reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

The Barclays Bank Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 25 to the financial statements (Legal, competition and regulatory matters) and Note 23 to the financial statements (Provisions), for further details. Related costs include customer redress and remediation, as well as fines and settlements. Resolution of these litigation and conduct matters remains a necessary and important part of delivering the Barclays Bank Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

The Barclays Bank PLC Board Risk Committee and senior management received conduct risk 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 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 PLC Board Risk Committee as part of the conduct risk dashboard.

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

Reputation risk

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

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

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

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

Risk review

Risk performance

Model risk, Conduct risk, Reputation risk and Legal risk

Legal risk

Summary of performance in the year

The Barclays Bank 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 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.

Risk review

Supervision and regulation

Supervision of the Barclays Bank Group

The Barclays Bank Group's operations, including its overseas branches, subsidiaries and associates, are subject to a large number of rules and regulations that are a condition for authorisation to conduct banking and financial services business in each of the jurisdictions in which the Barclays Bank Group operates. These apply to business operations, impact financial returns and include capital, leverage and liquidity requirements, authorisation, registration and reporting requirements, restrictions on certain activities, conduct of business regulations and many others.

Regulatory developments impact the Barclays Bank Group globally. We focus particularly on UK, US and EU regulation due to the location of the Barclays Bank Group's principal areas of business. Regulations elsewhere may also have a significant impact on the Barclays Bank Group due to the location of its branches, subsidiaries and, in some cases, clients. For more information on the risks related to the supervision and regulation of the Barclays Bank Group, including regulatory change, see the material existing and emerging risk entitled 'Regulatory Change agenda and impact on Business Model' in the Material existing and emerging risks section.

Supervision in the UK

In the UK, day-to-day regulation and supervision of the Barclays Bank Group is divided between the Prudential Regulation Authority (PRA) (a division of the Bank of England (BoE)) and the Financial Conduct Authority (FCA). In addition, the Financial Policy Committee (FPC) of the BoE has influence on the prudential requirements that may be imposed on the banking system through its powers of direction and recommendation. The Barclays 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 PLC is an authorised credit institution and subject to prudential supervision by the PRA and subject to conduct regulation and supervision by the FCA. The Barclays Group is also subject to prudential supervision by the PRA on a group consolidated basis. Barclays PLC has submitted an application for approval by the PRA as a financial holding company. Barclays Capital Securities Limited is authorised and supervised by the PRA as a PRA-designated investment firm and subject to conduct regulation and supervision by the FCA. Barclays Execution Services Limited is an appointed representative of Barclays Bank PLC, Barclays Bank UK PLC and Clydesdale Financial Services Limited.

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

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 UK firms in the Barclays 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.

Supervision in the EU

The Barclays Bank Group's operations in Europe are authorised and regulated by a combination of its home regulators and host regulators in the European countries where the Barclays Bank Group operates.

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

The Barclays Group provides the majority of its cross-border banking and investment services to EEA clients via Barclays Bank Ireland PLC. Additionally, in certain EEA Member States, Barclays Bank PLC and Barclays Capital Securities Limited (BCSL) have cross-border licences to enable them to continue to conduct a limited range of activities, including accessing EEA trading venues and interdealer trading. BBPLC also has a Paris branch (to facilitate access to Target 2), which is regulated by the ACPR.

Supervision in the US

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

Barclays PLC, Barclays Bank PLC, Barclays US Holdings Limited (BUSHL), Barclays US LLC (BUSL) and Barclays Group US Inc. (BGUS) are regulated as bank holding companies (BHCs) by the FRB. BUSL is the Barclays Bank Group's top-tier US holding company that holds substantially all of the Barclays Bank Group's US subsidiaries (including Barclays Capital Inc. and Barclays Bank Delaware). BUSL is subject to requirements in respect of capital

Risk review

Supervision and regulation

adequacy, capital planning and stress testing, risk management and governance, liquidity, leverage limits, large exposure limits, activities restrictions and financial regulatory reporting. Barclays Bank PLC's New York branch is also subject to enhanced prudential standards relating to, among other things, liquidity and risk management.

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

In addition to oversight by the FRB, Barclays Bank PLC's New York branch and many of the Barclays Bank Group's subsidiaries are regulated by additional authorities based on the location or activities of those entities. The New York branch of Barclays Bank PLC is subject to supervision and regulation by the New York State Department of Financial Services (NYSDFS). Barclays Bank Delaware, a Delaware chartered bank, is subject to supervision and regulation by the Delaware Office of the State Bank Commissioner, the Federal Deposit Insurance Corporation (FDIC), the FRB and the Consumer Financial Protection Bureau (CFPB). The deposits of Barclays Bank Delaware are insured by the FDIC. Barclays PLC, Barclays Bank PLC, BUSHL, BUSL, and BGUS are required to act as a source of strength for Barclays Bank Delaware. This could, among other things, require these entities to inject capital into Barclays Bank Delaware if it fails to meet applicable regulatory capital requirements.

The Barclays Bank Group's US securities broker/dealer and investment banking operations, are conducted primarily through Barclays Capital Inc., and are also subject to ongoing supervision and regulation by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and other government agencies and SROs under US federal and state securities laws. BCI is also registered as Futures Commission Merchant with the Commodity Futures Trading Commission (CFTC), through which the Barclays Group conducts its US futures and options on futures business, including client clearing operations, which are subject to ongoing supervision and regulation by the CFTC, the National Futures Association and other SROs.

Under the US framework for regulating swaps and security-based swaps established under Title VII of the Dodd-Frank Act, the Commodity Futures Trading Commission (CFTC) has regulatory authority over swaps, the SEC has regulatory authority over security-based swaps, and the Commissions jointly regulate mixed swaps. Accordingly, the Barclays Group's US swaps and security-based swaps related activities are conducted by Barclays Bank PLC and are subject to ongoing supervision and regulation by, the CFTC and the National Futures Association, and the SEC and FINRA, respectively. Barclays Bank PLC is provisionally registered as a Swap Dealer with the CFTC and conditionally registered as a Security-based Swap Dealer with the SEC. Barclays Bank PLC is also subject to the FRB swaps rules with respect to margin and capital requirements.

Supervision in Asia Pacific

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

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.

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 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.

Risk review

Supervision and regulation

In the US, in October 2019, the FRB and other US regulatory agencies released final rules to tailor the applicability of prudential requirements for large domestic US banking organisations, foreign banking organisations and their intermediate holding companies (IHCs), including BUSL. BUSL is a “Category III” IHC. BUSL (and Barclays Bank Delaware) is therefore subject to reduced (calibrated at 85%) standardised liquidity requirements, including the liquidity coverage ratio and NSFR.

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

Barclays Bank PLC was not required to comply with the CUSO requirement until 1 January 2022, with the first certification applicable for Q1 2022 results.

Stress testing

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

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 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).

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

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

In the US, Title I of the DFA, as amended, and the implementing regulations issued by the FRB and the FDIC require each bank holding company with assets of \$250bn or more, including those within the Barclays Group, to prepare and submit a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure. The Barclays Group submitted a “targeted plan” in December 2021. The Barclays Group’s next submission of the US Resolution Plan in respect of its US operations will be a “full plan” due in 2024.

Barclays Bank Ireland PLC, as a significant institution under the Single Resolution Mechanism Regulation (SRMR), is subject to the powers of the Single Resolution Board (SRB) as the Eurozone resolution authority. The CBI and the ECB require Barclays Bank Ireland PLC to submit a standalone BRRD-compliant recovery plan on an annual basis. The SRB has the power to require data submissions specific to Barclays Bank Ireland PLC under powers

Risk review

Supervision and regulation

conferred upon it by the BRRD and the SRMR. The SRB will exercise these powers to determine the optimal resolution strategy for Barclays Bank Ireland PLC in the context of the BoE's preferred resolution strategy of single point of entry with bail-in at Barclays PLC. The SRB also has the power under the BRRD and the SRMR to develop a resolution plan for Barclays Bank Ireland PLC.

TLAC and MREL

The 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.

Barclays Bank Ireland PLC is subject to the SRB's MREL policy, as issued in May 2021, in respect of the internal MREL that it will be required to issue to Barclays Bank Group. The SRB's current calibration of internal MREL for non-resolution entities is expressed as two ratios that have to be met in parallel: (a) two times the sum of: (i) the firm's Pillar 1 requirement; (ii) its Pillar 2 requirement; and (b) two times the leverage ratio. The SRB's policy does not envisage the application of any scalar in respect of the internal MREL requirement.

In the US, the FRB's TLAC rule includes provisions that require BUSL to have: (i) a specified outstanding amount of eligible long-term debt; (ii) a specified outstanding amount of TLAC (consisting of common and preferred equity regulatory capital plus eligible long-term debt); and (iii) a specified common equity buffer. In addition, the FRB's TLAC rule prohibits BUSL, for so long as the Barclays Group's overall resolution plan treats BUSL as a non-resolution entity, from issuing TLAC to entities other than those within the Barclays Group.

Bank Levy and FSCS

The BRRD 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.

US regulation places further substantive limits on the activities that may be conducted by banks and holding companies, including foreign banking organisations such as the Barclays Group. The 'Volcker Rule', which was part of the DFA and which came into effect in the US in 2015, prohibits banking entities from undertaking certain proprietary trading activities and limits such entities' ability to sponsor or invest in certain private equity funds and hedge funds (in each case broadly defined). As required by the rule, the Barclays Group has developed and implemented an extensive compliance and monitoring programme addressing proprietary trading and covered fund activities (both inside and outside of the US).

Market infrastructure regulation

In recent years, regulators as well as global-standard setting bodies such as the International Organisation of Securities Commissions (IOSCO) have focused on improving transparency and reducing risk in markets, particularly risks related to over-the-counter (OTC) transactions. This focus has resulted in a variety of new regulations across the G20 countries and beyond that require or encourage on-venue trading, clearing, posting of margin and disclosure of pre-trade and post-trade information.

The European Market Infrastructure Regulation (EMIR) has introduced requirements designed to improve transparency and reduce the risks associated with the derivatives market. EMIR has potential operational and financial impacts on the Barclays Group, including by imposing new collateral requirements on a broader range of market participants from 2022. If not extended, the EU's equivalence decision for UK Central Clearing Counterparties (CCPs), and exemption for certain intragroup transactions from the EMIR derivatives clearing and margin obligations, both due to expire at the end of June 2022, could also have operational and financial impacts on the Barclays Group.

The Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (collectively referred to as MiFID II) have affected many of the markets in which the Barclays Group operates, the instruments in which it trades and the way it transacts with market counterparties and other customers. MiFID II is currently undergoing a review process in both the EU and the UK, including as part of the EU's ongoing focus on the development of a stronger Capital Markets Union and the UK's Wholesale Markets Review.

The EU Regulation on Sustainability-Related Disclosures introduces disclosure obligations requiring financial institutions to explain how they integrate environmental, social and governance factors in their investment decisions for certain financial products. In addition, the EU Taxonomy Regulation provides for a general framework for the development of an EU-wide classification system for environmentally sustainable economic activities. In the UK, the FCA has announced that the UK Green Taxonomy Technical Screening Criteria will be finalised by the end of 2022. Reporting against the Taxonomy will form part of the UK's new Sustainability Disclosure Requirements (SDR). Certain companies will be required to disclose which portion of their activities are Taxonomy-aligned. The structure of the Taxonomy draws on the EU approach and has six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity). The UK regulators are also consulting on a new SDR Framework for firms as well as investment product disclosures, including a new sustainable investment labelling regime.

The EU and UK Benchmarks Regulation apply to the administration, contribution and use of benchmarks within the EU and the UK, respectively. Financial institutions within the EU or the UK, as applicable, are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the EU or the UK, respectively. The FCA has stated that it does not intend to support LIBOR after the end of 2021.

Risk review

Supervision and regulation

Global regulators in conjunction with the industry have developed and are continuing to develop alternative benchmarks and risk-free rate fallback arrangements, including updates to existing, as well as new, applicable legislation.

US regulators have imposed similar rules as the EU with respect to the mandatory on-venue trading and clearing of certain derivatives, and post-trade transparency, as well as in relation to the margining of OTC derivatives. US regulators have finalised certain aspects of their rules with respect to their application on a cross-border basis, including with respect to their registration requirements in relation to non-US swap dealers and security-based swap dealers. The regulators may adopt further rules, or provide further guidance, regarding cross-border applicability. In December 2017, the CFTC and the European Commission recognised the trading venues of each other's jurisdiction to allow market participants to comply with mandatory on-venue trading requirements while trading on certain venues recognised by the other jurisdiction. In November 2021, the CFTC extended temporary relief that would permit trading venues and market participants located in the UK to continue to rely on this mutual recognition framework following the withdrawal of the UK from the EU.

Certain participants in US swap markets are required to register with the CFTC as 'swap dealers' or 'major swap participants' and with the SEC as 'security-based swap dealers' or 'major security-based swap participants'. Such registrants are subject to CFTC and SEC regulation and oversight. Entities required to register as swap dealers and security-based swap dealers are subject to business conduct, record-keeping and reporting requirements under both CFTC and SEC rules. Barclays Bank PLC is also subject to regulation by the FRB, and is both provisionally registered with the CFTC as a swap dealer and conditionally registered with the SEC as a security-based swap dealer.

Accordingly, Barclays Bank PLC is subject to CFTC rules on business conduct, record-keeping and reporting and to FRB rules on capital and margin. The CFTC has approved certain comparability determinations that permit substituted compliance with non-US regulatory regimes for certain swap regulations. Substituted compliance is permitted for certain transaction-level requirements, where applicable, only with respect to transactions between a non-US swap dealer and certain non-US counterparties, whereas entity-level determinations generally apply on an entity-wide basis regardless of counterparty status. In November 2021, the CFTC extended temporary relief that would permit swap dealers located in the UK to continue to rely on existing CFTC substituted compliance determinations with respect to EU requirements in the event of a withdrawal of the UK from the EU. In July 2020 the CFTC adopted no-action relief from application of CFTC transaction level requirements to transactions between a non-US swap dealer and a non-US counterparty that are "arranged, negotiated or executed" by personnel of the swap dealer or its agent in the US. The final rules also codify certain aspects of the CFTC's current cross-border framework with respect to internal and external business conduct requirements.

As of 1 November 2021, Barclays Bank PLC became conditionally registered as a security-based swap dealer with the SEC and subject to SEC rules on business conduct, recordkeeping and reporting, similar to the CFTC rules noted above. The SEC approved certain comparability determinations that permit conditional substituted compliance with non-US regulatory regimes for certain security-based swap regulations. Due to the conditionality of the determinations Barclays Bank PLC is relying on substituted compliance only with respect to a few entity-wide regulations. Many of the regulations under the CFTC and SEC regimes are complementary, however, the SEC does require non-US security-based swap dealers to comply with certain SEC rules in connection with transactions that are "arranged, negotiated or executed" from the US expanding the scope and impact of the SEC regime to transactions with a greater number of non-US counterparties. As noted above, Barclays Bank PLC is subject to FRB rules on capital and margin.

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 having published a joint discussion paper and the FCA having published a consultation paper on this topic in July 2021.

Data protection and PSD2

Most countries where 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. Regulations regarding data protection are increasing in number, as well as levels of enforcement, as manifested in increased amounts of fines and the severity of other penalties. We expect that personal privacy and data protection will continue to receive attention and focus from regulators, as well as public scrutiny and attention.

The EU's General Data Protection Regulation (GDPR) 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 Barclays Bank 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. Non-compliance with any of these requirements could lead to regulatory fines and other penalties.

In the US, Barclays US Consumer Bank is subject to the US Federal Gramm-Leach-Bliley Act (GLBA) the California Consumer Privacy Act of 2018, which came into effect on 1 January 2020 (CCPA) and the California Privacy Rights Act which was passed in November 2020 (CPRA) and will take effect in January 2023 with respect to data collected as early as January 2022. The GLBA limits the use and disclosure of non-public personal information to non-affiliated third parties and requires financial institutions to provide written notice of their privacy policies and practices and implement certain

Risk review

Supervision and regulation

information security policies and practices. Any violations of the GLBA could subject the US Consumer Bank to additional reporting requirements or regulatory investigation or audits by the financial regulators. The CCPA applies to personal information that is not collected, processed, sold or disclosed pursuant to the GLBA, and it requires the US Consumer Bank to provide California consumers (as defined in the law) with additional disclosures regarding the collection, use and sharing of personal information, and grants California consumers access, deletion, and other rights with respect to their personal information, including the right to opt-out of certain sales or transfers of such personal information. The CCPA subjects the US Consumer Bank to enforcement penalties by the Attorney General of the State of California, and grants a private right of action with respect to certain data breaches. The CPRA significantly modifies the CCPA, including by imposing additional obligations on covered companies and expanding consumers' rights with respect to certain sensitive personal information, and creates a new state agency that will be vested with authority to implement and enforce both the CCPA and the CPRA, potentially resulting in further uncertainty in the interpretation and enforcement of both laws. In addition, all 50 states have laws including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and others.

In addition, on 28 May 2020, the National People's Congress of the PRC approved the PRC Civil Code, which took effect on 1 January 2021. Pursuant to the PRC Civil Code, the collection, storage, use, process, transmission, provision and disclosure of personal information shall follow the principles of legitimacy, properness and necessity.

From 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 to 14 March 2022.

Cyber security and operational resilience

Regulators in the UK, the EU and the US 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 laws and changes to regulatory frameworks globally. For example, legislation has been introduced in the US that aims to expand cyber security notification requirements for critical infrastructure, whilst 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 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 Group.

Sanctions and financial crime

The UK Bribery Act 2010 introduced a new form of corporate criminal liability focused broadly on a company's failure to prevent bribery on its behalf. The Criminal Finances Act 2017 introduced new corporate criminal offences of failing to prevent the facilitation of UK and overseas tax evasion. Both pieces of legislation have broad application and in certain circumstances may have extraterritorial impact on entities, persons or activities located outside the UK, including Barclays PLC's subsidiaries outside the UK. The UK Bribery Act requires the Barclays Bank Group to have adequate procedures to prevent bribery which, due to the extraterritorial nature of the Act, makes this both complex and costly. Additionally, the Criminal Finances Act requires the Barclays Group to have reasonable prevention procedures in place to prevent the criminal facilitation of tax evasion by persons acting for, or on behalf of, the Barclays Group.

The Sanctions and Anti-Money Laundering Act became law in the UK in 2018. The 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. The 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 the US, the Bank Secrecy Act, the USA PATRIOT Act 2001, the Anti-Money Laundering Act of 2020 and regulations thereunder contain numerous anti-money laundering and anti-terrorist financing requirements for financial institutions. In addition, the Barclays Bank Group is subject to the US Foreign Corrupt Practices Act, which prohibits, among other things, corrupt payments to foreign government officials. It is also subject to various economic sanctions laws, regulations and executive orders administered by the US government, which prohibit or restrict some or all business activities and other dealings with or involving certain individuals, entities, groups, countries and territories.

In some cases, US state and federal regulations addressing sanctions, money laundering and other financial crimes may impact entities, persons or activities located 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.

Financial statements

Contents

Detailed analysis of our financial statements, independently audited and providing in-depth disclosure on the financial performance of the Barclays Bank PLC.

Consolidated financial statements		Page	Note
	• Independent Auditor's Report	128	n/a
	• Consolidated income statement	148	n/a
	• Consolidated statement of comprehensive income	149	n/a
	• Consolidated balance sheet	150	n/a
	• Consolidated statement of changes in equity	151	n/a
	• Consolidated cash flow statement	153	n/a
Parent company accounts	• Parent company accounts	154-157	n/a
Notes to the financial statements			
	• Significant accounting policies	158	1
Financial performance and returns	• Segmental reporting	162	2
	• Net interest income	163	3
	• Net fee and commission income	164	4
	• Net trading income	166	5
	• Net investment income	167	6
	• Credit impairment charges	167	7
	• Operating expenses	171	8
	• Tax	171	9
	• Dividends on ordinary shares and preference shares	175	10
Assets and liabilities held at fair value	• Trading portfolio	176	11
	• Financial assets at fair value through the income statement	176	12
	• Derivative financial instruments	178	13
	• Financial assets at fair value through other comprehensive income	191	14
	• Financial liabilities designated at fair value	192	15
	• Fair value of financial instruments	192	16
	• Offsetting financial assets and financial liabilities	205	17
Assets at amortised cost and other investments	• Loans and advances and deposits at amortised cost	207	18
	• Property, plant and equipment	208	19
	• Leases	209	20
	• Goodwill and intangible assets	211	21
Accruals, provisions, contingent liabilities and legal proceedings	• Other liabilities	215	22
	• Provisions	215	23
	• Contingent liabilities and commitments	216	24
	• Legal, competition and regulatory matters	217	25
Capital instruments, equity and reserves	• Subordinated liabilities	222	26
	• Ordinary shares, preference shares and other equity	227	27
	• Reserves	230	28
Employee benefits	• Staff costs	231	29
	• Share-based payments	231	30
	• Pensions and post-retirement benefits	233	31
Scope of consolidation	• Principal subsidiaries	240	32
	• Structured entities	242	33
	• Investments in associates and joint ventures	245	34
	• Securitisations	245	35
	• Assets pledged, collateral received and assets transferred	247	36
Other disclosure matters	• Related party transactions and Directors' remuneration	250	37
	• Disposal of business	253	38
	• Auditor's remuneration	253	39
	• Interest rate benchmark reform	253	40
	• Related undertakings	258	41

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

1. OUR OPINION IS UNMODIFIED

In our opinion:

- the financial statements of Barclays Bank PLC give a true and fair view 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 as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT OUR OPINION COVERS

We have audited the Group and Parent Company financial statements of Barclays Bank PLC for the year ended 31 December 2021 (FY21) included in the Annual Report and Accounts, which comprise:

Group (Barclays Bank PLC and its subsidiaries)	Parent Company (Barclays Bank PLC)
Consolidated income statement	Balance sheet
Consolidated statement of comprehensive income	Statement of changes in equity
Consolidated balance sheet	Cash flow statement
Consolidated statement of changes in equity	
Consolidated cash flow statement	
Notes 1 to 41 of the Consolidated Financial Statements, including the summary of significant accounting policies	

ADDITIONAL OPINION IN RELATION TO IFRS AS ADOPTED BY THE EUROPEAN UNION

As explained in note 1 to the group financial statements, the group and the parent company, in addition to complying with its legal obligation to apply UK-adopted international accounting standards, has also applied International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU"). In our opinion the group and the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU.

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 and matters included in this report are consistent with discussions with and our report to the Board Audit Committee.

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.

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

2. OVERVIEW OF OUR AUDIT

FACTORS DRIVING OUR VIEW OF RISKS

Following our FY20 audit and considering developments affecting the Barclays Bank PLC Group since then, we have updated our risk assessment.

The macro-economic environment has demonstrated resilience during the emergence from the COVID-19 pandemic. This has contributed to a reduction in expected credit loss ("ECL") provisions compared to 2020. Income in the markets business has fallen versus the prior year due to tighter spreads and a lower volume of customer transactions while improved capital market activity contributed to increased fee income. Interest and fee income in Consumer, Cards and Payments (CC&P,) businesses continued to be under pressure due to lower customer activity resulting in reduced average cards balances

As part of our risk assessment, we have maintained our focus on future economic assumptions used by the Group in estimates such as ECL and the valuation of the defined benefit pension obligation. We have also maintained our focus on the post model adjustments used in the determination of the ECL provisions and on the valuation of financial instruments held at fair value.

As a result of the improved macro-economic outlook and reduced market volatility, the risks relating to the valuation of certain property and private equity assets of the defined benefit obligation scheme has reduced and this has been removed from the Key Audit Matter relating to the valuation of the UK pension scheme. The reduction in risk is largely due to lower volatility.

Key Audit Matters	Item
Impairment allowance on loans and advance at amortised cost	↔ 4.1
Valuation of financial instruments held at fair value	↔ 4.2
UK Pension scheme valuation	↓ 4.3
User access management	↔ 4.4

↔ Similar risk to FY20
↓ Decreased risk since FY20

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

OUR USE OF SPECIALISTS AND INNOVATION

Using the work of specialists and specific team members with expertise in a specialised area of accounting or auditing: We used our specialists and specific team members with expertise in a specialised area of accounting and auditing to assist us in various aspects of our audit. This includes, for example:

- Credit risk modellers for our testing of the ECL models
- Economics specialists for our work related to the macro economic variables and scenarios used in the determination of the ECL provisions
- Valuation specialists for our independent repricing of samples of financial instruments
- Actuarial pensions specialists for our work on the valuation of the defined benefit obligation

Incorporating unpredictability into our audit: A requirement of the auditing standards is that we undertake procedures which are deliberately unexpected and could not have reasonably been predicted by Barclays' management. As an example, we performed audit procedures over Private Bank and Overseas Services ('PBOS') deposit and loans and advances balances in different locations, including Monaco and Switzerland in the current year.

Innovation in the audit: Our audit is committed to driving innovation and the increased use of technology. In 2021 we have continued to deploy a large number of data and analytics tools across our audit. We used control analytics to perform some of our IT audit procedures over complete populations.

BOARD AUDIT COMMITTEE ("BAC") INTERACTION

During the year, the BAC met 11 times. KPMG is invited to attend all BAC meetings and is provided an opportunity to meet with the BAC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the BAC in section 4 and have highlighted those matters that required particular judgement.

In addition, our audit team includes a senior partner who has specific responsibility for ensuring audit quality (our "Audit Quality partner"). The Board Audit Committee met with the Audit Quality Partner, without the audit team present, to receive a report on his assessment of audit quality.

The matters included in the BAC Chair's report on page 21 are consistent with our observations of those meetings.

OUR INDEPENDENCE

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.

We have not performed any non-audit services during FY21, or subsequently, which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 December 2017. The period of total uninterrupted engagement is for the five financial years ended 31 December 2021.

The Group lead engagement partner is required to rotate after five years. This is Michelle Hinchliffe's third year as lead engagement partner.

The average tenure of key audit partners who are responsible for component audits as set out in section 7 below is three years, with the shortest being their first year of involvement and longest being five years.

Total audit fee	£33m
Other audit related fees	£7m
Other services	£1m
Date first appointed	31 March 2017
Uninterrupted audit tenure	5 years
Next financial period which require a tender	31 December 2027
Tenure of Group lead engagement partner	3 years
Average tenure of key audit partners	3 years

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

MATERIALITY (ITEM 6 BELOW)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Barclays Bank PLC Group to be £170m (FY20: £170m).

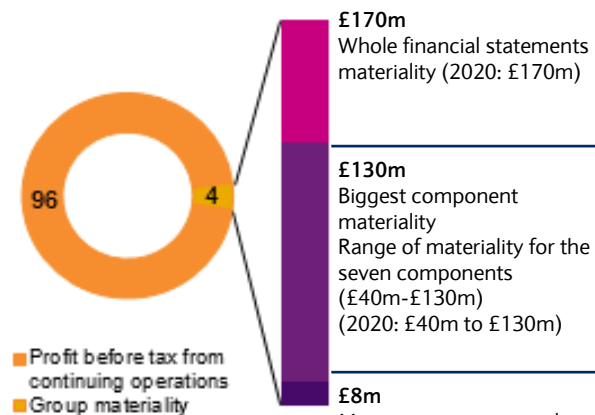
A key judgement in determining materiality (and performance materiality) is the appropriate benchmark to select, based on our perception of the needs of shareholders. We considered which benchmarks and key performance indicators have the greatest bearing on shareholder decisions.

Consistent with FY20, we determined that normalised profit before tax from continuing operations remains the key benchmark for the Barclays Bank PLC Group. For FY21 we have normalised profit before tax downward by £1.2bn to adjust for the fact that ECL charges for the current year are considered abnormally low in the recovery from the COVID-19 pandemic. For FY20 we normalised this benchmark upward by £1.4bn to adjust for the identified impact of COVID-19 on the ECL charge.

As such, for FY21 we based our materiality on normalised profit before tax, of which it represents 3.8% (FY20: 3.8%).

We have determined overall materiality for the Parent Company to be £130m (FY20: £130m). Materiality for the Parent Company financial statements was determined with reference to a benchmark of normalised profit before tax from continuing operations of which it represents 4% (FY20: 0.3% of the referenced benchmark of net assets).

Normalised profit before tax from continuing operations
£4,438m (2020: £4,460m)



Our procedures on individual account balances and disclosures were performed to performance materiality of £125m (2020: £125m), 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.

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

GROUP SCOPE (ITEM 7 BELOW)

We have performed top down risk assessment and planning to determine the Group's components that require involvement from component auditors around the world for the purpose of our opinion on the consolidated financial statements.

We have also considered the extent to which the Group has established central hubs in shared service centre structures in India. The outputs from these hubs is included in the financial information of the reporting components and so the India operations are not considered to be a separate component.

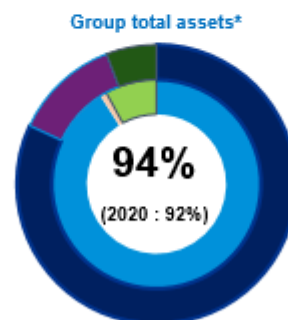
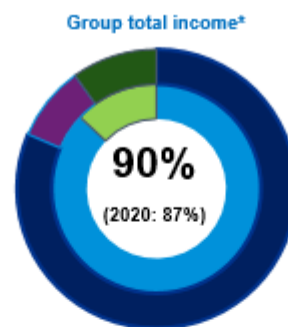
We have performed audit procedures centrally across the Group, set out in more detail in Section 7. In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

During the COVID-19 pandemic we actively built a virtual communication and oversight strategy between the Group audit team and the components and certain other participating locations, and this approach has continued in the current year with limited physical visits to overseas components. Further details are set out in section 7.

We consider the scope of our audit, as agreed with the Board Audit Committee, to be an appropriate basis for our audit opinion.

- 2020 Full scope audit
- 2020 Audit of account balances
- 2020 Other procedures
- 2021 Full scope audit
- 2021 Audit of account balances
- 2021 Other procedures

Coverage of Group financial statements



* Percentage of Group total income/assets over which we performed full scope audit or audit of account balances

THE IMPACT OF CLIMATE CHANGE ON OUR AUDIT

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. The Group has set out its ambition under the Paris Accord to be a net zero bank by 2050. Further information is provided in the Group's Environment, Social and Governance report which has been incorporated into the 2021 Annual Report on pages 4.

Climate change risks, opportunities and the Group's own commitments and changing regulations could have a significant impact on the Group's business and operations. There is the possibility that climate change risks, both physical and transitional, could affect financial statement balances, through estimates such as credit risk and market risk. There is enhanced narrative in the Annual Report on climate matters.

As part of our audit we performed a risk assessment of the impact of climate change risk and the commitments made by the Group in respect of climate change on the financial statements and our audit approach. As a part of this we held discussions with our own climate change professionals to challenge our risk assessment. In doing this we performed the following:

- *Understanding management's processes:* We made enquiries to understand management's assessment of the potential impact of climate change risk on the Group's Annual Report and Accounts and the Group's preparedness for this. As a part of this we made enquiries to understand management's risk assessment process as it relates to possible effects of climate change on the Annual Report and Accounts including the way in which the accounting policies of the bank are updated to reflect climate change risks.
- *Corporate credit risk:* We assessed how the Group considers the impact of climate risk on corporate counterparties through our individual loan assessments where, for performing counterparties, we assessed how climate change risk impacts certain counterparties within the commercial and investment bank, including the impact on their credit rating as applicable. The focus of our procedures was on certain counterparties who operate in industries with greater exposure to climate risk - the energy, transportation, materials and buildings, agriculture, food and forest product sectors.
- *Market risk:* We incorporated a consideration of the climate change impact on unobservable inputs used in the valuation of certain financial instruments in elevated risk sectors including energy, metals and mining.
- *Stress testing:* We inspected the climate stress testing performed by the Group which applied the Bank of England's 2021 Climate Biennial Exploratory Scenario.
- *Annual report narrative:* We made enquiries of management to understand the process by which climate related narrative is developed including the primary sources of data used and the governance process in place over the narrative. As a part of our risk assessment, we read the climate related information in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge.

On the basis of the procedures performed above, we concluded that, while climate change posed a risk to the determination of asset values in the current year, the risk was not significant when we considered the nature of the assets and the relevant contractual terms. As a result, there was no material impact from climate change on our key audit matters.

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

3. GOING CONCERN

GOING CONCERN

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.

Accordingly, we found the use of the going concern basis of preparation without any material uncertainty for the Group and Parent Company 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.

Our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the Group's and Parent Company's 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
- We have nothing material to add or draw attention to in relation to the Directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Parent Company or the Group or to cease their operations, and they have concluded that the Parent Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

4. KEY AUDIT MATTERS

What we mean

Key Audit Matters are those matters that, in our professional judgment, 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 include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1. IMPAIRMENT ALLOWANCES ON LOANS AND ADVANCES AT AMORTISED COST, INCLUDING OFF-BALANCE SHEET ELEMENTS

Financial Statement Elements		Our assessment of risk vs FY20	Our results
FY21	FY20		
Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements	£4bn £5.8bn	↔ Our assessment is the risk is similar to FY20. While the macroeconomic environment has improved during the year, significant uncertainty remains with regards to the timing of the economic recovery as the full economic impact of the pandemic unfolds.	FY21: Acceptable FY20: Acceptable

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

Description of the Key Audit Matter	Our response to the risk
<p>Subjective estimate</p> <p>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's estimation of ECLs are:</p> <ul style="list-style-type: none"> • 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 calculation of the ECL estimate. • Economic scenarios – IFRS 9 requires the Group and Parent 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 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 16% 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. <p>The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers including off balance sheet elements has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The credit risk sections of the financial statements (page 75-81) disclose the sensitivities estimated by the Group.</p> <p>Disclosure quality</p> <p>The disclosures regarding the Group and Parent's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results.</p>	<p>Our procedures to address the risk included:</p> <p><i>Controls testing:</i> 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.</p> <p><i>Key aspects of our controls testing involved evaluating the design and testing the operating effectiveness of the key controls over the:</i></p> <ul style="list-style-type: none"> • completeness and accuracy of the key inputs into the IFRS 9 impairment models; • application of the staging criteria; • model validation, implementation and monitoring; • authorisation and calculation of post model adjustments and management overlays; and • selection and implementation of economic variables and the controls over the economic scenario selection and probabilities. <p><i>Our credit risk modelling expertise:</i> We involved our own credit risk modellers specialists who assisted in the following:</p> <ul style="list-style-type: none"> • evaluating the Group and Parent'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 and Parent'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; • reperforming the calculation of certain qualitative adjustments to assess consistency with the qualitative adjustment methodologies; • evaluating the model output for a selection of models by inspecting the corresponding model functionality and independently implementing the model by rebuilding the model code and comparing our independent output with management's output; and • 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. <p><i>Our economics expertise:</i> We involved our own economic specialists who assisted us in:</p> <ul style="list-style-type: none"> • assessing the reasonableness of the Group and Parent'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 and Parent's forecasts to our own modelled forecasts; and • assessing the reasonableness of the Group and Parent's qualitative adjustments by challenging key economic assumptions applied in their calculation based on external sources. <p><i>Test of details:</i> Key aspects of our testing in addition to those set out above involved:</p> <ul style="list-style-type: none"> • Sample testing over 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. <p><i>Assessing transparency:</i> We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As a part of this, we assessed the sensitivity analysis disclosures. In addition, we assessed whether the disclosure of the key judgements and assumptions was sufficiently clear.</p>

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

Communications with the Barclays Bank PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee our approach to the audit of the ECL provisions and conclusions arising from our audit procedures. Areas that were covered included:

- the effectiveness of the control environment operating over the calculation of the ECL provisions;
- the determination of judgemental post model adjustments recognised;
- model monitoring results and adjustments made;
- management's economic forecast and associated scenario probability weights;
- areas of under and over estimation in the ECL estimate; and
- the disclosures made to explain ECL, including explaining the resulting estimation uncertainty.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- The appropriateness of the model estimations and adjustments recorded to the modelled driven ECL calculations to reflect the economic uncertainty. This included the appropriateness of macro-economic forecasts and selection of probability weights used in the ECL calculations.

Based on the risk identified and our procedures performed we considered the ECL charge, provision recognised and the related disclosures to be acceptable (2020 result: acceptable).

Further information in the Annual Report and Accounts: See the Board Audit Committee Report on page 21 for details on how the Board Audit Committee considered impairment as an area of focus, page 167 for the accounting policy on accounting for the impairment of financial assets under IFRS 9, pages 57 - 97 for the credit risk disclosures, and page 167 for the financial disclosure note 7; Credit Impairment charges and other provisions.

4.2 VALUATION OF FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

Financial Statement Elements			Our assessment of risk vs FY20	Our results
	FY21	FY20		
Level 2 assets at fair value* (note 16)	£522.9bn	£556.8bn	↔ Our assessment is that the risk is similar to FY20.	FY21: Acceptable FY20: Acceptable
Level 2 liabilities at fair value* (note 16)	£521bn	£557.5bn		
Level 3 assets at fair value (note 16)	£12.4bn	£10.9bn		
Level 3 liabilities at fair value (note 16)	£6.5bn	£6.6bn		
*The key audit matter identified relates to one derivatives portfolio within this balance which we considered to be harder to value.				

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

Description of the Key Audit Matter	Our response to the risk
<p>Subjective valuation</p> <p>The fair value of the Group's financial instruments is determined through the application of valuation techniques which can involve the exercise of significant judgement by the Group in relation to the choice of the valuation models, pricing inputs and post-model pricing adjustments, including fair value adjustments (FVAs) and credit and funding adjustments (together referred to as XVAs).</p> <p>Where significant pricing inputs are unobservable, management has limited reliable, relevant market data available in determining the fair value and hence estimation uncertainty can be high. These financial instruments are classified as Level 3, with management having controls in place over the boundary between Level 2 and 3 positions. Our significant audit risk is therefore primarily over significant Level 3 portfolios.</p> <p>In addition, there may also be valuation complexity associated with Level 2 portfolios, specifically where valuation modelling techniques result in significant limitations or where there is greater uncertainty around the choice of an appropriate pricing methodology, and consequently more than one valuation methodology could be used for that product across the market.</p> <p>We identified two areas of such complexity. The first a derivatives portfolio that we considered to be harder to value Level 2 due to an element of modelling complexity associated with the product, and the second the XVA adjustments made to derivative valuations.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the subjective estimates in fair value measurement of certain portfolios, as detailed above, have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 16) disclose the sensitivity estimated by the Group and Parent.</p> <p>As the 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 audit procedures for these instruments by testing management's controls which address the IBOR transition risks and selecting incremental samples in our independent pricing of a sample of financial instruments.</p> <p>Disclosure quality</p> <p>The disclosures are key to explaining the valuation techniques, key judgements, assumptions and material inputs.</p>	<p>Our procedures to address the risk included:</p> <p><i>Risk assessment:</i> We performed granular and detailed risk assessment procedures over the entirety of Level 1, 2 and Level 3 balances within the Group and Parent's financial statements (i.e. all of the fair value financial instruments held by the Group and Parent). As part of these risk assessment procedures we identified which portfolios have a risk of material misstatement including those arising from significant judgements over valuation either due to unobservable inputs or complex models, see left for more explanation.</p> <p><i>Control testing:</i> 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.</p> <p>We performed end to end process walkthroughs to identify the key systems, applications and controls used in the valuations processes. We tested the design and operating effectiveness of key controls relating specifically to these portfolios. Key aspects of our controls testing involved evaluating the design and testing the operating effectiveness of the key controls over:</p> <ul style="list-style-type: none">▪ Independent price verification (IPV), performed by a control function, of key market pricing inputs, including completeness of positions and valuation inputs subject to the IPV process;▪ FVAs, including exit adjustments (to mark the portfolio to bid or offer prices), model shortcoming reserves to address model limitations and XVAs;▪ The validation, completeness, implementation and usage of valuation models. This included controls over assessment of model limitations and assumptions; and▪ The assessment of the observability of a product and their unobservable inputs. <p><i>Our valuations expertise:</i> We involved our own valuations specialists in the following:</p> <ul style="list-style-type: none">▪ Independently re-pricing a selection of fair value financial instruments, including additional selections for financial instruments referencing new RFRs and challenging management on the valuations where they were outside our tolerance; and▪ Challenging the appropriateness of significant models and methodologies used in calculating fair values, risk exposures and in calculating FVAs, including comparison to industry practice. <p><i>Seeking contradictory evidence:</i> For a selection of collateral disputes identified through management's control we challenged management's valuation where significant fair value differences were observable with the market participant on the other side of the trade. <i>We also utilised collateral dispute data to identify</i> fair value financial instruments with significant fair value differences against market counterparties and selected these to independently reprice.</p> <p><i>Inspection of movements:</i> We inspected trading revenue arising on level 3 positions to assess whether material gains or losses generated were in line with the accounting standards.</p> <p><i>Historical comparison:</i> We performed a retrospective review by inspecting significant gains and losses on a selection of new fair value financial instruments, position exits, novations and restructurings and evaluated whether these data points indicated elements of fair value not incorporated in the current valuation methodologies. We also inspected movements in unobservable inputs throughout the period to challenge whether any gain or loss generated was appropriate.</p> <p><i>Assessing transparency:</i> We assessed the adequacy of the Group and Parent's financial statements disclosures in the context of the relevant accounting standards.</p>

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

Communications with the Barclays PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee:

- Our approach to the audit of the fair value of Level 3 and harder-to-value Level 2 financial instrument assets and liabilities. This included details of our controls and substantive procedures.
- Our conclusions on the appropriateness of Barclays' fair value methodology, models, pricing inputs, and fair value adjustments.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- The appropriateness of the valuation of harder to value level 2 and level 3 financial instruments, and particularly the selection of market data inputs and valuation models.

Based on the risk identified and our procedures performed, we consider the fair value of Level 3 and harder-to-value Level 2 financial instrument assets and liabilities recognised to be acceptable (2020 result: acceptable).

Further information in the Annual Report and Accounts: See the Board Audit Committee Report on page 21 for details on how the Board Audit Committee considered Valuations as an area of focus, page 192 for the accounting policy on financial assets and liabilities, and page 192 for the financial disclosure note 16; Fair value of financial instruments.

4.3. VALUATION OF THE DEFINED BENEFIT PENSION OBLIGATION IN RESPECT OF THE UK RETIREMENT FUND ('UKRF')

Financial Statement Elements		Our assessment of risk vs FY20	Our results
	FY21		
Benefit obligation related to UKRF (note 31)	£30.9bn	£32.1bn	<p>↓</p> <p>We have not identified any significant changes to the level of risk relating to the defined benefit obligation since 2020. We consider the risk around Level 3 pension scheme asset valuations to have decreased from 2020 and these have been removed from the Key Audit Matter. This reflects the reduced market volatility associated with COVID-19 compared to prior year.</p> <p>FY21: Acceptable FY20: Acceptable</p>

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

Description of the Key Audit Matter	Our response to the risk
<p>Subjective valuation</p> <p>The valuation of the defined benefit obligation in respect of the UKRF is dependent on key actuarial assumptions, including the discount rates, retail price index ('RPI') and mortality assumptions. Small changes to these assumptions have a significant impact on the measurement of the defined benefit pension obligation.</p> <p>As part of our risk assessment, we determined that the defined benefit pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements, and possibly many times that amount.</p> <p>At 31 December 2021, Barclays Bank PLC Group and Parent reported a gross defined benefit pension obligation of £30.9bn relating to UKRF.</p> <p>Disclosure quality</p> <p>The disclosures regarding the Group and Parent's application of IAS 19 (including assumptions and sources of estimation uncertainty) are key to explaining the key judgements applied in the IAS 19 Defined Benefit Obligation calculation.</p>	<p>Our procedures to address the risk included:</p> <p><i>Control testing:</i> We performed end to end process walkthroughs to identify the key systems, applications and controls used in the defined benefit obligation process. We tested the design and operating effectiveness of key controls relating to the process. These included:</p> <ul style="list-style-type: none"> Controls over management's review of IAS19 assumptions including the discount rate, RPI and mortality assumptions. Reconciliation controls of the IAS19 disclosures to underlying data. <p><i>Evaluation of management's expert:</i> We evaluated the objectivity and competence of management's actuarial expert involved in the valuation of the defined benefit pension obligation.</p> <p><i>Our actuarial expertise:</i> we involved our own actuarial professionals in the following:</p> <ul style="list-style-type: none"> Evaluating the judgements made and the appropriateness of methodologies used by management and management's actuarial expert in determining the key actuarial assumptions. Comparing the assumptions used by Barclays to our independently compiled expected ranges based on market observable indices and our market experience. <p><i>Assessing transparency:</i> We assessed the adequacy of the Group and Parent's financial statements disclosures in the context of the relevant accounting standards.</p>

Communications with the Barclays Bank PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee:

- Our definition of the Key Audit Matter relating to the valuation of the defined benefit pension obligation and specifically the rationale for the removal of pension assets, which was included in the prior year, from the definition of our Key Audit Matter.
- We also discussed our audit response to the key audit matter which included the use of specialists to challenge key aspects of management's actuarial valuation.

Areas of particular auditor judgement

Subjective and complex auditor judgement was required in evaluating the key actuarial assumptions used by the Group and Parent (including the discount rate, retail price index and mortality assumptions).

Based on the risk identified and our procedures performed we consider the valuation of the defined benefit pension obligation in respect of UKRF to be acceptable (2020 result: acceptable).

Further information in the Annual Report and Accounts: See page 233 for the accounting policy on defined benefit schemes, and page 233 for the financial disclosure note 31; Pensions and post-retirement benefits.

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

4.4. USER ACCESS MANAGEMENT

Financial Statement Elements	Our assessment of risk vs FY20	Our results
User access management has a potential impact throughout the financial statements.	↔ Our assessment is the risk is similar to FY20	FY21 and FY20: Our testing did not identify unauthorised user activities in the systems relevant to financial reporting which would have required us to significantly expand the extent of our planned detailed testing.

Description of the Key Audit Matter	Our response to the risk
<p>Control Performance</p> <p>Operations across several countries support a wide range of products and services resulting in a large and complex IT infrastructure are relevant to the financial reporting processes and related internal controls.</p> <p>User access management controls are an integral part of the IT environment to ensure both system access and changes made to systems and data are authorised and appropriate. Our audit approach relies on the effectiveness of IT access management controls. Our audit procedures identified deficiencies in certain IT access controls for systems relevant to financial reporting. More specifically, control deficiencies were identified around the primary 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.</p>	<p>Our procedures to address the risk included:</p> <p>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 design and operating effectiveness of the relevant preventative and detective general IT controls over user access management including:</p> <ul style="list-style-type: none"> • Authorising access rights for new joiners • Timely removal of user access rights • Logging and monitoring of user activities • Privileged user access management and monitoring • Developer access to transaction and balance information • Segregation of duties; and • Re-certification of user access rights. <p>We performed procedures to assess whether additional detective compensating controls operate at the required level of precision to support our assessed risk of unauthorised activities and we tested management's incremental detective controls.</p>

Communications with the Barclays Bank PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee:

- Our response to the Key Audit Matter which included the use of IT specialists to perform the testing.

Areas of particular auditor judgement

- The Key Audit Matter relates to determining whether user access management controls were designed and implemented and operated effectively. Limited auditor judgement was required relative to the other Key Audit Matters which have been identified.

Based on the risk identified and our procedures performed, we did not identify unauthorised user activities in the systems relevant to financial reporting which would have required us to significantly expand the extent of our planned detailed testing.

We continue to perform procedures over the valuation of certain hard to value pension assets. However, given the general improvement in the macroeconomic environment, the level of judgement and estimation uncertainty relating to this matter has reduced since the previous year. We have therefore not identified this as being one of the significant risks in our current year audit and, therefore, not separately identified it in our report this year.

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

5. OUR ABILITY TO DETECT IRREGULARITIES, AND OUR RESPONSE

FRAUD - IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD	
FRAUD RISK ASSESSMENT	<p>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:</p> <ul style="list-style-type: none"> ▪ Our meetings throughout the year with the Group Head of Risk, Group Head of Compliance and Group Head of Legal and reviews 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 high-level policies and procedures relating to: <ul style="list-style-type: none"> ◦ 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 remuneration policies and 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 forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group and Company, including consideration of fraudulent schemes that had arisen in similar sectors and industries. The forensic specialists participated in the initial fraud risk assessment discussions and were consulted throughout the audit where further guidance was deemed necessary.
FRAUD RISK COMMUNICATION	<p>We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to component audit teams of relevant fraud risks identified at the Group level.</p>
FRAUD RISKS AND OUR PROCEDURES TO ADDRESS THEM	<p>We identified five fraud risks which were communicated to component audit teams. The nature of these fraud risks is substantially unchanged from the prior year. The fraud risks we identified are set out below:</p> <ol style="list-style-type: none"> 1) IFRS 9 ECL: Judgemental qualitative adjustments made to the ECL provision 2) Valuations- risk relating to unobservable pricing inputs used to price level 3 fair value instruments 3) Revenue recognition: Cut-off of the recognition of revenue from investment banking advisory fees 4) Existence and accuracy of unconfirmed over-the-counter bilateral derivatives 5) The risk of management override of controls, common with all audits under ISAs (UK). <p>As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the above risks, the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements.</p> <p>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.</p> <p>These procedures also included identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.</p> <p><i>Incorporating unpredictability into our audit:</i> A requirement of the auditing standards is that we undertake procedures which are deliberately unexpected and could not have reasonably been predicted by Barclays' management. As an example, we performed audit procedures over Private Bank and Overseas Services ('PBOS') deposit and loans and advances balances in different locations, including Monaco and Switzerland in the current year</p>
LINK TO KEY AUDIT MATTERS	<p>Further details of the testing we perform over the identified fraud risks for ECL and fair value of financial instruments are included in the respective key audit matters sections 4.2 and 4.4 of this report, as the procedures relating to those estimates also address the risk of fraud.</p>

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

LAWS AND REGULATIONS - IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

RISK ASSESSMENT	<p>We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements. For this risk assessment, matters considered included the following:</p> <ul style="list-style-type: none">• our general commercial and sector experience;• inquiries with the directors and other management (as required by auditing standards);• inspection of the Group's key regulatory and legal correspondence;• inspection of the policies and procedures regarding compliance with laws and regulations;• relevant discussions with the Group's external legal counsel; and• relevant discussions with the Group's key regulatory supervisors including the Prudential Regulation Authority, Financial Conduct Authority, Federal Reserve Board, Federal Deposit Insurance Corporation and the Joint Supervisory Team. <p>As the Group operates in a highly regulated environment, our assessment of risks of material misstatement also considered the control environment, including the Group'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.</p>
RISK COMMUNICATION	<p>Our identified laws and regulations risks was communicated throughout our team and we remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level.</p>
DIRECT LAWS CONTEXT AND LINK TO AUDIT	<p>The potential effect of these laws and regulations on the financial statements varies considerably.</p> <p>Firstly, the Group is subject to laws and regulations that directly impact the financial statements including:</p> <ul style="list-style-type: none">• financial reporting legislation (including related companies' legislation);• distributable profits legislation; and• taxation legislation (direct and indirect). <p>We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.</p>
MOST SIGNIFICANT INDIRECT LAW/REGULATION AREAS	<p>Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's permission to operate in countries where the non-adherence to laws could prevent trading in such countries.</p> <p>We identified the following areas as those most likely to have such an effect:</p> <ul style="list-style-type: none">• Specific aspects of regulatory capital and liquidity• Other banking laws and regulations• Customer conduct rules• Money laundering• Sanctions list and financial crime• Market abuse regulations• Certain aspects of company legislation recognising the financial and regulated nature of the Group's activities. <p>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.</p>
AUDIT RESPONSE	<p>In relation to the legal, competition and regulatory matters disclosed in note 25 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 deem to be more significant we also made enquiries of external counsel and obtained legal confirmations from Barclays' external counsel.</p> <p>In respect of regulatory matters relating to conduct risk our procedures included inspection of regulatory correspondence, independent enquiry of the Group's main regulators and performing audit procedures to respond to risks of material misstatement identified in recognised conduct provisions.</p>

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

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. OUR DETERMINATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

MATERIALITY FOR THE FINANCIAL STATEMENTS AS A WHOLE

2021: £170m

2020: £170m

What we mean

This is the amount representing the total magnitude of misstatements that we expect to influence the economic decisions of the users of these financial statements.

Basis for determining materiality and judgements applied

Consistent with FY20, we determined that profit before tax from continuing operations, normalised using our professional judgement, for items which significantly distort results in any one particular year, remains the key benchmark for the Barclays Bank PLC Group to use in setting auditor's materiality. For FY21 we normalised this benchmark downward by £1.2bn to adjust for the fact that ECL charges for the current year are considered abnormally low due to the impact of government support provided in response to the COVID-19 pandemic. This provided a more appropriate amount to use as a benchmark for setting our materiality level. For FY 20 we normalised this benchmark upward by £1.4bn by excluding the identified impact of COVID-19 on the ECL charge.

Our materiality of £170m (2020: £170m) was determined by applying a percentage to the normalised Profit Before Tax. When using a profit-related measure to determine overall materiality, KPMG's approach is to apply a percentage between 3% and 5% to the pre-tax measure. In setting overall materiality, we applied a rate of 3.8% (2020: 3.8%) which is lower than the top end of the allowable percentage range.

Materiality for the Parent Company financial statements was set at £130m (2020: £130m), determined with reference to a benchmark of Parent Company normalised profit before tax from continuing operations (of which it represents 4% (2020: 0.3% of the referenced benchmark of net assets).

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

PERFORMANCE MATERIALITY 2021: £125m 2020: £125m	What we mean Our procedures on individual account balances and disclosures were performed to 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.
	Basis for determining performance materiality and judgements applied We have considered performance materiality at a level of 74% (2020: 74%) of materiality for Barclays Bank PLC Group's financial statements as a whole to be appropriate. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk. The Group performance materiality was set at £125m (2020: £125m).

AUDIT MISSTATEMENT POSTING THRESHOLD 2021: £8m 2020: £8m	What we mean This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of differences below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller differences which are indicators of fraud. This is also the amount above which all differences identified are communicated to Barclays Bank PLC's Board Audit Committee.
	Basis for determining the audit misstatement reporting threshold and judgements applied The audit misstatement posting threshold has been set at a level of 5% (2020: 5%) of materiality for Barclays Bank PLC's Group financial statements. We consider this appropriate based on the number and nature of audit differences (adjusted and unadjusted) identified during previous audits.

The overall materiality for the Group of £170m (2020: £170m), determined with reference to a benchmark of normalised PBT of which it represents 3.8% (2020: 4.2%), compares as follows to the other main financial statement elements amounts.

	Total Revenue		Total Assets		Net Assets	
	2021	2020	2021	2020	2021	2020
	£15,408m	£15,778m	£1,061,778m	£1,059,731m	£56,487m	£53,710m
Group Materiality as % of caption	1.10%	1.08%	0.02%	0.02%	0.3%	0.32%

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

7. THE SCOPE OF OUR AUDIT

What we mean

We perform our planning and risk assessment procedures to identify balances where there is a risk of material misstatement and we include these in the scope of our audit.

We were able to rely upon the Group's internal control over financial reporting in all areas of our audit, and where our controls testing supported this approach, which enabled us to reduce the extent of our substantive audit work.

We have subjected three (2020: three) of the Group's seven components to full scope audits for Group purposes. Our approach to scoping the three components was as follows: for two components, Barclays Bank Delaware and Barclays Capital Inc, we directly instructed the component audit teams to conduct and report to us on full scope audits; the third full scope component, Barclays Bank Solus, was subjected to a full scope audit by us.

We have subjected four (2020: one) of the Group's components to an audit of certain account balances. For Barclays Bank Ireland PLC and Barclays Capital Securities Ltd, we directly instructed the component audit teams to conduct and report to us on an audit of certain account balances. We have subjected two additional components to an audit of certain account balances carried out by us, these components represent less than 4% of total Barclays Bank PLC Group assets.

GROUP SCOPE

Scope	Number of components	Range of materiality applied
Full scope audit	3	£50m - £130m
Audit of account balance	4	£40 - £50m

Barclays Bank PLC has centralised certain Group-wide processes in India, the outputs of which are included in the financial information of the reporting components it services and therefore is not a separate reporting component. These Group-wide procedures are subject to specified audit procedures, predominantly the testing of transaction processing, reconciliations and review controls. Additional procedures are performed at certain reporting components to address the audit risks not covered by the work performed over the shared service centres.

The Group audit team have also performed audit procedures centrally across the Group in the following areas:

- Testing of IT systems and configurations;
- Consolidation of the financial information; and
- Operating expenses and Group recharges.

In addition, outside of the components subject to audit procedures set out above, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

What we mean

The Group audit team is required to instruct the component teams about their responsibilities in relation to the consolidated Group audit and to understand the approach taken by the components to meet these responsibilities. The Group audit team is also required to understand the conclusions reached by the component teams and to review and challenge the work they have performed to reach these conclusions.

A virtual communication and oversight strategy was implemented between the Group audit teams and the components during the COVID-19 pandemic and this continued to be our primary method of oversight. This included:

- A virtual global planning conference led by the Group audit team to discuss key audit risks and obtain input from component teams and other participating locations;
- Instructions issued by the Group audit team to component auditors setting out the significant areas to be covered, including the relevant key audit matters identified above and the information to be reported back to the Group audit team;
- Review and approval by the Group audit team of the component materiality for all components;
- Risk assessment and challenge sessions with each component audit team in the planning and the final phases of the audit led by the Group engagement partner and audit quality partner;
- Fortnightly video conferences with the partners and directors of the Group and component audit teams along with regular adhoc contact via video calls and email exchanges to challenge the component audit approach and findings;
- Michelle Hinchliffe, the Group Lead Engagement Partner (and Senior Statutory Auditor), attended each Board Audit Committee for Barclays Bank PLC and at least one Board Audit Committee for each of Barclays Capital Inc. and Barclays Bank Delaware, and Barclays Bank Ireland;
- Review of key working papers within component audit files (using remote technology capabilities) to understand and challenge the audit approach and audit findings of each component.

GROUP AUDIT TEAM OVERSIGHT

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

8. THE STRATEGIC REPORT AND THE DIRECTORS' REPORT

Our responsibility

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the strategic report and the directors' report 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 those reports;
- in our opinion the information given in the strategic report and the directors' report 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.

Our reporting

We have nothing to report in these respects

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Our responsibility

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 and the part of the Directors' Remuneration Report to be audited 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.

Our reporting

We have nothing to report in these respects

9. EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

Barclays Bank PLC has prepared its consolidated financial statements, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, and consolidated cash flow statement and the related notes, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation").

The Directors are responsible for preparing the financial statements in accordance with the ESEF regulation. We were engaged by Barclays Bank PLC to report on whether the consolidated financial statements are prepared, in all material respects, in accordance with the ESEF regulation.

We have examined the consolidated financial statements in order to determine whether the consolidated financial statements of the Group as at 31 December 2021 have been prepared in compliance with the relevant requirements in the ESEF Regulation that are applicable to financial statements. This relates to financial statements prepared in a valid xHTML format, and the XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion the consolidated financial statements of Barclays Bank PLC as at 31 December 2021, identified as *ESEF Reporting Package* have been prepared, in all material respects, in compliance with the requirements of the ESEF Regulation.

10. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 30 and 31, 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 other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's report

Independent Auditor's report to the members of Barclays Bank PLC

11. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michelle Hinchliffe
(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	2019 £m
Continuing operations				
Interest and similar income	3	5,672	6,006	8,085
Interest and similar expense	3	(2,599)	(2,846)	(4,178)
Net interest income		3,073	3,160	3,907
Fee and commission income	4	8,581	7,417	7,664
Fee and commission expense	4	(1,994)	(1,758)	(1,992)
Net fee and commission income		6,587	5,659	5,672
Net trading income	5	5,788	7,076	4,073
Net investment (expense)/income	6	(80)	(121)	420
Other income		40	4	79
Total income		15,408	15,778	14,151
Credit impairment releases/(charges)	7	277	(3,377)	(1,202)
Net operating income		15,685	12,401	12,949
Staff costs	29	(4,456)	(4,365)	(4,565)
Infrastructure costs	8	(1,054)	(816)	(835)
Administration and general expenses	8	(4,375)	(4,202)	(4,318)
Litigation and conduct	8	(154)	(76)	(264)
Operating expenses	8	(10,039)	(9,459)	(9,982)
Share of post-tax results of associates and joint ventures		4	7	57
(Loss)/ profit on disposal of subsidiaries, associates and joint ventures		(12)	126	88
Profit before tax		5,638	3,075	3,112
Taxation	9	(880)	(624)	(332)
Profit after tax		4,758	2,451	2,780
Attributable to:				
Equity holders of the parent		4,127	1,774	2,120
Other equity instrument holders		631	677	660
Total equity holders of the parent		4,758	2,451	2,780
Profit after tax		4,758	2,451	2,780

Note

As permitted by section 408 of the Companies Act 2006 an income statement for the parent company has not been presented. Included in shareholders' equity for Barclays Bank plc is a profit after tax for the year ended 31 December 2021 of £3,606m (2020: £2,134m).

Consolidated financial statements

Consolidated statement of comprehensive income

	2021	2020	2019
For the year ended 31 December	£m	£m	£m
Profit after tax	4,758	2,451	2,780
Other comprehensive income/(loss) that may be recycled to profit or loss:			
Currency translation reserve			
Currency translation differences ^a	(155)	(647)	(544)
Fair value through other comprehensive income reserve movement relating to debt securities			
Net (losses)/gains from changes in fair value	(1,383)	2,402	2,465
Net gains transferred to net profit on disposal	(248)	(251)	(454)
Net (gains)/losses related to (releases of) impairment	(6)	1	1
Net gains/(losses) due to fair value hedging	1,105	(1,640)	(1,782)
Other movements	—	—	(8)
Tax	170	(130)	(63)
Cash flow hedging reserve			
Net (losses)/gains from changes in fair value	(2,212)	1,366	823
Net gains transferred to net profit	(327)	(282)	(141)
Tax	740	(291)	(171)
Other	—	3	16
Other comprehensive (loss)/income that may be recycled to profit or loss	(2,316)	531	142
Other comprehensive income/(loss) not recycled to profit or loss:			
Retirement benefit remeasurements	1,299	(77)	(280)
Fair value through other comprehensive income reserve movements relating to equity instruments	—	1	—
Own credit	(105)	(810)	(316)
Tax	(563)	198	150
Other comprehensive income/(loss) not recycled to profit or loss	631	(688)	(446)
Other comprehensive loss for the year	(1,685)	(157)	(304)
Total comprehensive income for the year	3,073	2,294	2,476
Attributable to:			
Equity holders of the parent	3,073	2,294	2,476
Total comprehensive income for the year	3,073	2,294	2,476

Note

a Includes £28m loss (2020: £8m loss; 2019: £15m profit) on recycling of currency translation differences.

Consolidated financial statements

Consolidated balance sheet

As at 31 December	Notes	2021 £m	2020 £m
Assets			
Cash and balances at central banks		169,085	155,902
Cash collateral and settlement balances		88,085	97,616
Loans and advances at amortised cost	18	145,259	134,267
Reverse repurchase agreements and other similar secured lending		3,177	8,981
Trading portfolio assets	11	146,871	127,664
Financial assets at fair value through the income statement	12	188,226	171,761
Derivative financial instruments	13	262,291	302,693
Financial assets at fair value through other comprehensive income	14	45,908	51,902
Investments in associates and joint ventures	34	24	24
Goodwill and intangible assets	21	1,449	1,154
Property, plant and equipment	19	1,248	1,537
Current tax assets		589	424
Deferred tax assets	9	2,981	2,552
Retirement benefit assets	31	3,879	1,814
Other assets		2,706	1,440
Total assets		1,061,778	1,059,731
Liabilities			
Deposits at amortised cost	18	262,828	244,696
Cash collateral and settlement balances		79,047	85,549
Repurchase agreements and other similar secured borrowing		12,769	10,443
Debt securities in issue		48,388	29,423
Subordinated liabilities	26	32,185	32,005
Trading portfolio liabilities	11	53,291	46,139
Financial liabilities designated at fair value	15	251,131	249,626
Derivative financial instruments	13	256,523	300,580
Current tax liabilities		738	644
Deferred tax liabilities	9	6	225
Retirement benefit liabilities	31	246	232
Other liabilities	22	7,249	5,251
Provisions	23	890	1,208
Total liabilities		1,005,291	1,006,021
Equity			
Called up share capital and share premium	27	2,348	2,348
Other equity instruments	27	9,693	8,621
Other reserves	28	861	3,183
Retained earnings		43,585	39,558
Total equity		56,487	53,710
Total liabilities and equity		1,061,778	1,059,731

The Board of Directors approved the financial statements on pages 148 to 262 on 22 February 2022

CS Venkatakrisnan

Barclays Bank Group – Chief Executive Officer

Steven Ewart

Barclays Bank Group – Chief Financial Officer

Consolidated financial statements

Consolidated statement of changes in equity

	Called up share capital and share premium ^a	Other equity instruments ^a	Other reserves ^b	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2021	2,348	8,621	3,183	39,558	53,710
Profit after tax	—	631	—	4,127	4,758
Currency translation movements	—	—	(155)	—	(155)
Fair value through other comprehensive income reserve	—	—	(362)	—	(362)
Cash flow hedges	—	—	(1,799)	—	(1,799)
Retirement benefit remeasurement	—	—	—	644	644
Own credit reserve	—	—	(13)	—	(13)
Other	—	—	—	—	—
Total comprehensive income for the year	—	631	(2,329)	4,771	3,073
Issue and redemption of other equity instruments	—	1,072	—	3	1,075
Other equity instruments coupons paid	—	(631)	—	—	(631)
Employee share schemes	—	—	—	436	436
Vesting of Barclays PLC shares under share-based payment schemes	—	—	—	(356)	(356)
Dividends on ordinary shares	—	—	—	(794)	(794)
Dividends on preference shares and other shareholders equity	—	—	—	(27)	(27)
Capital contribution from Barclays Plc	—	—	—	—	—
Other reserve movements	—	—	7	(6)	1
Balance as at 31 December 2021	2,348	9,693	861	43,585	56,487

Notes

a For further details refer to Note 27.

b For further details refer to Note 28.

Consolidated financial statements

Consolidated statement of changes in equity

	Called up share capital and share premium ^a	Other equity instruments ^a	Other reserves ^b	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2020	2,348	8,323	3,235	36,709	50,615
Profit after tax	—	677	—	1,774	2,451
Currency translation movements	—	—	(647)	—	(647)
Fair value through other comprehensive income reserve	—	—	383	—	383
Cash flow hedges	—	—	793	—	793
Retirement benefit remeasurement	—	—	—	(108)	(108)
Own credit reserve	—	—	(581)	—	(581)
Other	—	—	—	3	3
Total comprehensive income for the year	—	677	(52)	1,669	2,294
Issue and redemption of other equity instruments	—	298	—	(53)	245
Other equity instruments coupons paid	—	(677)	—	—	(677)
Employee share schemes	—	—	—	349	349
Vesting of Barclays PLC shares under share-based payment schemes	—	—	—	(300)	(300)
Dividends on ordinary shares	—	—	—	(263)	(263)
Dividends on preference shares and other shareholders equity	—	—	—	(42)	(42)
Capital contribution from Barclays Plc	—	—	—	1,500	1,500
Other reserve movements	—	—	—	(11)	(11)
Balance as at 31 December 2020	2,348	8,621	3,183	39,558	53,710

Notes

a For further details refer to Note 27.

b For further details refer to Note 28.

Consolidated financial statements

Consolidated cash flow statement

For the year ended 31 December	Notes	2021 £m	2020 £m	2019 £m
Reconciliation of profit before tax to net cash flows from operating activities:				
Profit before tax		5,638	3,075	3,112
Adjustment for non-cash items:				
Credit impairment (releases)/charges		(277)	3,377	1,202
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		683	441	459
Other provisions, including pensions		(135)	634	417
Net loss/(profit) on disposal of investments and property, plant and equipment		12	(119)	(84)
Other non-cash movements including exchange rate movements		1,968	(2,362)	(742)
Changes in operating assets and liabilities				
Net decrease/(increase) in cash collateral and settlement balances		3,633	4,098	(5,762)
Net (increase)/decrease in loans and advances at amortised cost		(7,190)	7,142	3,937
Net decrease/(increase) in reverse repurchase agreements and other similar secured lending		5,804	(7,250)	(118)
Net increase in deposits at amortised cost		18,132	31,148	14,544
Net increase/(decrease) in debt securities in issue		18,965	(4,113)	(5,762)
Net increase/(decrease) in repurchase agreements and other similar secured borrowing		2,326	8,411	(5,346)
Net (increase)/decrease in derivative financial instruments		(3,655)	(1,604)	2,390
Net increase in trading portfolio assets		(19,207)	(14,327)	(9,299)
Net increase/(decrease) in trading portfolio liabilities		7,152	10,927	(1,402)
Net (increase)/decrease in financial assets and liabilities at fair value through the income statement		(14,960)	2,889	2,485
Net increase in other assets		(2,235)	(93)	(44)
Net increase/(decrease) in other liabilities		2,082	13	(991)
Corporate income tax (paid)/received		(1,239)	(12)	894
Net cash from operating activities		17,497	42,275	(110)
Purchase of debt securities at amortised cost		(6,931)	(7,890)	(8,565)
Proceeds from sale or redemption of debt securities at amortised cost		2,424	3,527	1,305
Purchase of financial assets at fair value through other comprehensive income		(44,058)	(57,640)	(67,056)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		47,601	53,367	67,743
Purchase of property, plant and equipment and intangibles		(758)	(303)	(610)
Disposal of subsidiaries and associates, net of cash disposed		65	736	617
Other cash flows associated with investing activities		4	11	95
Net cash from investing activities		(1,653)	(8,192)	(6,471)
Dividends paid and other coupon payments on equity instruments		(1,452)	(982)	(934)
Issuance of subordinated liabilities	26	9,099	3,856	6,785
Redemption of subordinated liabilities	26	(7,241)	(4,746)	(6,574)
Issue of shares and other equity instruments		1,072	1,134	2,292
Repurchase of shares and other equity instruments		—	(903)	(1,970)
Vesting of employee share schemes		(356)	(300)	(349)
Net cash from financing activities		1,122	(1,941)	(750)
Effect of exchange rates on cash and cash equivalents		(4,231)	1,669	(3,345)
Net increase/(decrease) in cash and cash equivalents		12,735	33,811	(10,676)
Cash and cash equivalents at beginning of year		173,125	139,314	149,990
Cash and cash equivalents at end of year		185,860	173,125	139,314
Cash and cash equivalents comprise:				
Cash and balances at central banks		169,085	155,902	125,940
Loans and advances to banks with original maturity less than three months		6,473	7,281	8,158
Cash collateral balances with central banks with original maturity less than three months		9,690	9,086	4,736
Treasury and other eligible bills with original maturity less than three months		612	856	480
Cash and cash equivalents at end of year		185,860	173,125	139,314

Interest received by the Barclays Bank Group was £11,616m (2020: £12,860m) and interest paid by the Barclays Bank Group was £7,493m (2020: £8,653m). These amounts include interest paid and received arising from trading activities.

The Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £4,260m (2020: £3,119m).

Financial statements of Barclays Bank PLC

Parent company accounts

Balance sheet			
		2021	2020
As at 31 December		£m	£m
	Notes		
Assets			
Cash and balances at central banks		144,964	133,386
Cash collateral and settlement balances		75,571	87,723
Loans and advances at amortised cost	18	199,782	191,538
Reverse repurchase agreements and other similar secured lending		4,982	11,535
Trading portfolio assets	11	96,724	84,089
Financial assets at fair value through the income statement	12	236,577	203,073
Derivative financial instruments	13	234,409	297,129
Financial assets at fair value through other comprehensive income	14	44,163	50,308
Investments in associates and joint ventures	34	12	13
Investment in subsidiaries	32	19,134	17,780
Goodwill and intangible assets	21	109	112
Property, plant and equipment	19	128	425
Current tax assets		671	545
Deferred tax assets	9	1,679	1,171
Retirement benefit assets	31	3,825	1,812
Other assets		1,941	913
Total assets		1,064,671	1,081,552
Liabilities			
Deposits at amortised cost	18	286,761	272,190
Cash collateral and settlement balances		56,419	68,862
Repurchase agreements and other similar secured borrowing		29,202	27,722
Debt securities in issue		32,585	17,221
Subordinated liabilities	26	31,875	31,852
Trading portfolio liabilities	11	50,116	48,093
Financial liabilities designated at fair value	15	291,062	267,137
Derivative financial instruments	13	227,991	292,538
Current tax liabilities		392	336
Deferred tax liabilities	9	6	225
Retirement benefit liabilities	31	104	104
Other liabilities	22	4,597	3,145
Provisions	23	699	984
Total liabilities		1,011,809	1,030,409
Equity			
Called up share capital and share premium	27	2,348	2,348
Other equity instruments	27	14,400	13,328
Other reserves	28	(1,236)	776
Retained earnings		37,350	34,691
Total equity		52,862	51,143
Total liabilities and equity		1,064,671	1,081,552

Note

- a As permitted by section 408 of the Companies Act 2006 an income statement for the parent company has not been presented. Included in shareholders' equity for Barclays Bank plc is a profit after tax for the year ended 2021 of £3,606m (2020: £2,134m).

The Board of Directors approved the financial statements on pages 148 to 262 on 22 February 2022.

CS Venkatakrisnan

Barclays Bank Group – Chief Executive Officer

Steven Ewart

Barclays Bank Group – Chief Financial Officer

Financial statements of Barclays Bank PLC

Parent company accounts

Statement of changes in equity

	Called up share capital and share premium ^a	Other equity instruments ^{a,b}	Other reserves ^c	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2021	2,348	13,328	776	34,691	51,143
Profit after tax	—	795	—	2,811	3,606
Currency translation movements	—	—	128	—	128
Fair value through other comprehensive income reserve	—	—	(363)	—	(363)
Cash flow hedges	—	—	(1,815)	—	(1,815)
Retirement benefit remeasurement	—	—	—	612	612
Own credit reserve	—	—	31	—	31
Total comprehensive income for the year	—	795	(2,019)	3,423	2,199
Issue and redemption of other equity instruments	—	1,072	—	3	1,075
Other equity instruments coupons paid	—	(795)	—	—	(795)
Employee share schemes	—	—	—	418	418
Vesting of Barclays PLC shares under share-based payment schemes	—	—	—	(356)	(356)
Dividends paid on ordinary shares	—	—	—	(794)	(794)
Dividends paid on preference shares and other shareholders' equity	—	—	—	(27)	(27)
Other reserve movements	—	—	7	(8)	(1)
Balance as at 31 December 2021	2,348	14,400	(1,236)	37,350	52,862

Notes

a For further details refer to Note 27.

b Other equity instruments includes AT1 securities issued by Barclays Bank PLC and borrowings of \$6bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC. The borrowings have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by Barclays Bank PLC. Should Barclays Bank PLC make a discretionary dividend payment on its ordinary shares in the six months preceding the date of an interest payment, it will be obliged to make that interest payment. In 2021, interest paid on these borrowings was £164m.

c For further details refer to Note 28.

Financial statements of Barclays Bank PLC

Parent company accounts

Statement of changes in equity

	Called up share capital and share premium ^a	Other equity instruments ^{a,b}	Other reserves ^c	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2020	2,348	11,089	678	32,310	46,425
Profit after tax	—	829	—	1,305	2,134
Currency translation movements	—	—	(519)	—	(519)
Fair value through other comprehensive income reserve	—	—	389	—	389
Cash flow hedges	—	—	788	—	788
Retirement benefit remeasurement	—	—	—	(113)	(113)
Own credit reserve	—	—	(560)	—	(560)
Other	—	—	—	2	2
Total comprehensive income for the year	—	829	98	1,194	2,121
Issue and redemption of other equity instruments	—	2,239	—	(53)	2,186
Other equity instruments coupons paid	—	(829)	—	—	(829)
Employee share schemes	—	—	—	349	349
Vesting of Barclays PLC shares under share-based payment schemes	—	—	—	(300)	(300)
Dividends paid on ordinary shares	—	—	—	(263)	(263)
Dividends paid on preference shares and other shareholders' equity	—	—	—	(42)	(42)
Capital contribution from Barclays PLC	—	—	—	1,500	1,500
Other reserve movements	—	—	—	(4)	(4)
Balance as at 31 December 2020	2,348	13,328	776	34,691	51,143

Notes

a For further details refer to Note 27.

b Other equity instruments includes AT1 securities issued by Barclays Bank PLC and borrowings of \$6bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC. The borrowings have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by Barclays Bank PLC. Should Barclays Bank PLC make a discretionary dividend payment on its ordinary shares in the six months preceding the date of an interest payment, it will be obliged to make that interest payment. In 2020, interest paid on these borrowings was £152m.

c For further details refer to Note 28.

Financial statements of Barclays Bank PLC

Parent company accounts

Cash flow statement

	Notes	2021 £m	2020 £m	2019 £m
For the year ended 31 December				
Reconciliation of profit before tax to net cash flows from operating activities:				
Profit before tax		3,543	2,155	2,018
Adjustment for non-cash items:				
Credit impairment (releases)/charges		(414)	1,577	235
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		331	66	67
Other provisions, including pensions		(145)	505	268
Net profit on disposal of investments and property, plant and equipment		(49)	(397)	(128)
Other non-cash movements including exchange rate movements		1,109	(2,045)	1,203
Changes in operating assets and liabilities				
Net decrease/(increase) in cash collateral and settlement balances		313	1,863	(7,110)
Net (increase)/decrease in loans and advances at amortised cost		(10,255)	(29,049)	5,483
Net decrease/(increase) in reverse repurchase agreements and other similar secured lending		6,553	(6,596)	1,551
Net increase in deposits at amortised cost		14,571	32,059	9,614
Net increase/(decrease) in debt securities in issue		15,364	(2,662)	(12,454)
Net increase in repurchase agreements and other similar secured borrowing		1,480	18,537	899
Net increase in derivative financial instruments		(1,827)	(860)	(3,863)
Net increase in trading portfolio assets		(12,635)	(5,010)	(5,599)
Net increase/(decrease) in trading portfolio liabilities		2,023	2,963	(1,496)
Net (increase)/decrease in financial assets and liabilities at fair value through the income statement		(9,579)	18,799	7,290
Net increase in other assets		(1,989)	(83)	(349)
Net increase/(decrease) in other liabilities		1,557	380	(1,006)
Corporate income tax (paid)/received		(373)	354	919
Net cash from operating activities		9,578	32,556	(2,458)
Purchase of debt securities at amortised cost		(5,442)	(7,129)	(7,688)
Proceeds from sale or redemption of debt securities at amortised cost		1,278	3,054	232
Purchase of financial assets at fair value through other comprehensive income		(37,842)	(51,368)	(61,877)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		41,544	47,254	62,915
Purchase of property, plant and equipment and intangibles		(20)	(27)	(139)
Disposal of subsidiaries and associates, net of cash disposed		65	736	587
Increase in investment in subsidiaries		(1,473)	(1,907)	(1,494)
Other cash flows associated with investing activities		—	8	—
Net cash from investing activities		(1,890)	(9,379)	(7,464)
Dividends paid and other coupon payments on equity instruments		(1,616)	(1,134)	(1,113)
Issuance of subordinated liabilities	26	8,788	3,700	6,627
Redemption of subordinated liabilities	26	(7,095)	(4,580)	(6,402)
Issue of shares and other equity instruments		1,072	3,075	2,292
Repurchase of shares and other equity instruments		—	(903)	(1,970)
Vesting of shares under employee share schemes		(356)	(300)	(349)
Net cash from financing activities		793	(142)	(915)
Effect of exchange rates on cash and cash equivalents		(2,913)	1,169	(2,753)
Net increase/(decrease) in cash and cash equivalents		5,568	24,204	(13,590)
Cash and cash equivalents at beginning of year		153,491	129,287	142,877
Cash and cash equivalents at end of year		159,059	153,491	129,287
Cash and cash equivalents comprise:				
Cash and balances at central banks		144,964	133,386	112,287
Loans and advances to banks with original maturity less than three months		3,793	10,174	11,823
Cash collateral balances with central banks with original maturity less than three months		9,690	9,086	4,736
Treasury and other eligible bills with original maturity less than three months		612	845	441
Cash and cash equivalents at end of year		159,059	153,491	129,287

Interest received by Barclays Bank PLC was £7,284m (2020: £7,921m) and interest paid by Barclays Bank PLC was £5,496m (2020: £6,441m). These amounts include interest paid and received arising from trading activities. Dividends received were £1,174m (2020: £610m).

Barclays Bank PLC was required to maintain balances with central banks and other regulatory authorities of £1,585m (2020: £1,353m).

Notes to the financial statements

For the year ended 31 December 2021

This section describes Barclays Bank Group's significant policies and critical accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a particular note, the accounting policy and/or critical accounting estimate is contained with the relevant note.

1 Significant accounting policies

1. Reporting entity

Barclays Bank PLC is a public company limited by shares registered in England under company number 1026167, having its registered office at 1 Churchill Place, London, E14 5HP.

These financial statements are prepared for Barclays Bank PLC and its subsidiaries (the Barclays Bank Group) under Section 399 of the Companies Act 2006. The Barclays Bank Group is a major global financial services provider engaged in credit cards, wholesale banking, investment banking, wealth management and investment management services. In addition, separate financial statements have been presented for the holding company.

2. Compliance with International Financial Reporting Standards

The consolidated financial statements of the Barclays Bank Group, and the separate financial statements of Barclays Bank PLC, have been prepared in accordance with UK-adopted international accounting standards.

The consolidated financial statements of the Barclays Bank Group, and the separate financial statements of Barclays Bank PLC, have also been prepared in accordance with (1) International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (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; and (2) IFRS adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union ("IFRS as adopted by the EU").

There are currently no differences between UK-adopted international accounting standards and IFRS as adopted by the EU and therefore no reconciliation of variances is provided.

The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied, with the exception of the Interest Rate Benchmark Reform Phase 2 amendments (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) which were applied from 1 January 2020.

3. Basis of preparation

The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of investment property, and particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies. The financial statements are stated in millions of pounds Sterling (£m), the functional currency of Barclays Bank PLC.

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2006 as applicable to companies using IFRS. The financial statements are prepared on a going concern basis as the Board is satisfied that the Barclays Bank 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 Group and whether 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 Group's medium term plan as well as projections of regulatory capital requirements and business funding needs. The WCR also includes an assessment 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 Group could experience.

The WCR showed that the Barclays Bank Group had sufficient capital and liquidity 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 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.

4. Accounting policies

The Barclays Bank Group prepares financial statements in accordance with IFRS. The Barclays Bank Group's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing 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 Group applies IFRS 10 *Consolidated financial statements*.

The consolidated financial statements combine the financial statements of Barclays Bank PLC and all its subsidiaries. Subsidiaries are entities over which Barclays Bank PLC has control. The Barclays Bank Group has control over another entity when the Barclays Bank Group has all of the following:

- 1) power over the relevant activities of the investee, for example through voting or other rights
- 2) exposure to, or rights to, variable returns from its involvement with the investee and
- 3) the ability to affect those returns through its power over the investee.

The assessment of control is based on the consideration of all facts and circumstances. The Barclays Bank Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Intra-group transactions and balances are eliminated on consolidation. Consistent accounting policies are used throughout the Barclays Bank Group for the purposes of the consolidation.

Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

Notes to the financial statements

For the year ended 31 December 2021

As the consolidated financial statements include partnerships where the Barclays Bank Group member is a partner, advantage has been taken of the exemption under Regulation 7 of the Partnership (Accounts) Regulations 2008 with regard to preparing and filing of individual partnership financial statements.

Details of the principal subsidiaries are given in Note 32.

(ii) Foreign currency translation

The Barclays Bank Group applies IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into Sterling at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement. Non-monetary foreign currency balances 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.

The Barclays Bank Group's foreign operations (including subsidiaries, joint ventures, associates and branches) based mainly outside the UK may have different functional currencies. The functional currency of an operation is the currency of the main economy to which it is exposed.

Prior to consolidation (or equity accounting) the assets and liabilities of non-Sterling operations are translated at the period end exchange rate and items of income, expense and other comprehensive income are translated into Sterling at the rate on the date of the transactions. Exchange differences arising on the translation of foreign operations are included in currency translation reserves within equity. These are transferred to the income statement when the Barclays Bank Group disposes of the entire interest in a foreign operation, when partial disposal results in the loss of control of an interest in a subsidiary, when an investment previously accounted for using the equity method is accounted for as a financial asset, or on the disposal of a foreign operation within a branch.

(iii) Financial assets and liabilities

The Barclays Bank Group applies IFRS 9 *Financial Instruments* to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets. The Barclays Bank Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

Recognition

The Barclays Bank Group recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement

Financial assets are classified on the basis of two criteria:

- i) the business model within which financial assets are managed; and
- ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Barclays Bank Group assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election on initial recognition for non traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and the impairment requirements of IFRS 9 do not apply.

The accounting policy for each type of financial asset or liability is included within the relevant note for the item. The Barclays Bank Group's policies for determining the fair values of the assets and liabilities are set out in Note 16.

Derecognition

The Barclays Bank Group derecognises a financial asset, or a portion of a financial asset, from its balance sheet where (i) the contractual rights to cash flows from the asset have expired, or (ii) the contractual rights to the cash flows from the asset have been transferred (usually by sale) and with them either (a) substantially all the risks and rewards of the asset have been transferred, or (b) where neither substantially all the risks and rewards have been transferred or retained, where control over the asset has been lost.

Financial liabilities are de-recognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms – generally a difference of 10% or more in the present value of the cash flows or a substantive qualitative amendment – is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Transactions in which the Barclays Bank Group transfers assets and liabilities, portions of them, or financial risks associated with them can be complex and it may not be obvious whether substantially all of the risks and rewards have been transferred. It is often necessary to perform a quantitative

Notes to the financial statements

For the year ended 31 December 2021

analysis. Such an analysis compares the Barclays Bank Group's exposure to variability in asset cash flows before the transfer with its retained exposure after the transfer.

A cash flow analysis of this nature may require judgement. In particular, it is necessary to estimate the asset's expected future cash flows as well as potential variability around this expectation. The method of estimating expected future cash flows depends on the nature of the asset, with market and market-implied data used to the greatest extent possible. The potential variability around this expectation is typically determined by stressing underlying parameters to create reasonable alternative upside and downside scenarios. Probabilities are then assigned to each scenario. Stressed parameters may include default rates, loss severity, or prepayment rates.

Accounting for reverse repurchase and repurchase agreements including other similar lending and borrowing

Reverse repurchase agreements (and stock borrowing or similar transactions) are a form of secured lending whereby the Barclays Bank Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Barclays Bank Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Barclays Bank Group purchases (a reverse repurchase agreement) or borrows securities subject to a commitment to resell or return them. The securities are not included in the balance sheet as the Barclays Bank Group does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset at amortised cost, unless it is designated or mandatorily at fair value through profit and loss.

The Barclays Bank Group may also sell (a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the Barclays Bank Group retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost, unless it is designated at fair value through profit and loss.

(iv) Issued debt and equity instruments

The Barclays Bank Group applies IAS 32, *Financial Instruments: Presentation*, to determine whether funding is either a financial liability (debt) or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Barclays Bank Group having an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the members at the 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 for 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 40 for further disclosure related to interest rate benchmark reform.

(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, with the exception of the Interest Rate Benchmark Reform Phase 2 amendments (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) which were applied from 1 January 2020.

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 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 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.

Notes to the financial statements

For the year ended 31 December 2021

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 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 pages 167 to 170](#)
- [Tax on pages 171 to 175](#)
- [Fair value of financial instruments on pages 192 to 205](#)
- [Pensions and post-retirement benefits – obligations on pages 233 to 240](#)
- [Provisions including conduct and legal, competition and regulatory matters on pages 215 to 216](#)

7. Other disclosures

To improve transparency and ease of reference, by concentrating related information in one place, certain disclosures required under IFRS have been included within the Risk review section as follows:

- [Credit risk on pages 51 to 52 and on pages 59 to 97](#)
- [Market risk on page 52 and on pages 98 to 100](#)
- [Treasury and capital risk – capital on pages 52 to 53 and on page 111](#)
- [Treasury and capital risk – liquidity on pages 52 to 53 and on page 102](#)

These disclosures are covered by the Audit opinion (included on pages 128 to 147) where referenced as audited.

Notes to the financial statements

Financial performance and returns

The notes included in this section focus on the results and performance of the Barclays Bank Group. Information on the segmental performance, income generated, expenditure incurred, tax, and dividends are included here.

2 Segmental reporting

Presentation of segmental reporting

The Barclays Bank Group's segmental reporting is in accordance with IFRS 8 *Operating Segments*. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker. All transactions between business segments are conducted on an arm's-length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

The Barclays Bank Group divisions have been for segmental reporting purposes defined as Corporate and Investment Bank and Consumer, Cards and Payments.

- **Corporate and Investment Bank** which includes the Global Markets, Investment Banking and Corporate Banking businesses.
- **Consumer, Cards and Payments** which includes the International Cards and Consumer Bank, Private Bank and Unified Payments businesses.

The below table also includes Head Office which comprises head office and certain central support functions including the Barclays Bank Group service company full time equivalent employees.

Analysis of results by business

	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Barclays Bank Group
	£m	£m	£m	£m
For the year ended 31 December 2021				
Total income	12,481	3,337	(410)	15,408
Credit impairment releases/(charges)	461	(185)	1	277
Net operating income/(expenses)	12,942	3,152	(409)	15,685
Operating expenses	(7,169)	(2,316)	(400)	(9,885)
Litigation and conduct	(17)	(108)	(29)	(154)
Total operating expenses	(7,186)	(2,424)	(429)	(10,039)
Other net (expenses)/income ^a	(8)	1	(1)	(8)
Profit/(loss) before tax	5,748	729	(839)	5,638
Total assets (£bn)	986.2	64.4	11.2	1,061.8
Number of employees (full time equivalent)	7,800	2,600	9,800	20,200
Average number of employees (full time equivalent)				20,300

	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Barclays Bank Group
	£m	£m	£m	£m
For the year ended 31 December 2020				
Total income	12,607	3,490	(319)	15,778
Credit impairment charges	(1,565)	(1,720)	(92)	(3,377)
Net operating income/(expenses)	11,042	1,770	(411)	12,401
Operating expenses	(7,125)	(2,132)	(126)	(9,383)
Litigation and conduct	(4)	(44)	(28)	(76)
Total operating expenses	(7,129)	(2,176)	(154)	(9,459)
Other net income ^a	16	114	3	133
Profit/(loss) before tax	3,929	(292)	(562)	3,075
Total assets (£bn)	990.9	57.8	11.0	1,059.7
Number of employees (full time equivalent)	7,800	3,000	10,100	20,900
Average number of employees (full time equivalent)				20,145

Note

- a Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, profit (or loss) on disposal of subsidiaries, associates and joint ventures, and gains on acquisitions.

Notes to the financial statements

Financial performance and returns

	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
For the year ended 31 December 2019				
Total income	10,009	4,462	(320)	14,151
Credit impairment charges	(157)	(1,016)	(29)	(1,202)
Net operating income/(expenses)	9,852	3,446	(349)	12,949
Operating expenses	(7,267)	(2,359)	(92)	(9,718)
Litigation and conduct	(108)	(7)	(149)	(264)
Total operating expenses	(7,375)	(2,366)	(241)	(9,982)
Other net income/(expenses) ^a	113	40	(8)	145
Profit/(loss) before tax	2,590	1,120	(598)	3,112
Total assets (£bn)	799.6	65.7	11.4	876.7
Number of employees (full time equivalent)	8,100	3,100	9,300	20,500
Average number of employees (full time equivalent)				21,700

Note

a Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, profit (or loss) on disposal of subsidiaries, associates and joint ventures, and gains on acquisitions.

Income by geographic region^a

	2021 £m	2020 £m	2019 £m
For the year ended 31 December			
United Kingdom	4,585	4,954	4,084
Europe	2,358	2,119	1,752
Americas	7,326	7,590	7,251
Africa and Middle East	45	37	62
Asia	1,094	1,078	1,002
Total	15,408	15,778	14,151

Income from individual countries which represent more than 5% of total income^a

	2021 £m	2020 £m	2019 £m
For the year ended 31 December			
United Kingdom	4,585	4,954	4,084
United States	7,162	7,471	7,121

Note

a The geographical analysis is based on the location of the office where the transactions are recorded.

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 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 Group incurs certain costs to originate credit card balances with the most significant being co-brand partner fees. To the extent these costs are attributed to customers that continuously carry an outstanding balance (revolvers) and incremental to the origination of credit card balances, they are capitalised and subsequently included within the calculation of the effective interest rate. They are amortised to interest income over the period of expected repayment of the originated balance. Costs attributed to customers that settle their outstanding balances each period (transactors) are deferred on the balance sheet as a cost of obtaining a contract and amortised to fee and commission expense over the life of the customer relationship (refer to Note 4). There are no other individual estimates involved in the calculation of effective interest rates that are material to the results or financial position.

Notes to the financial statements

Financial performance and returns

	2021	2020	2019
	£m	£m	£m
Cash and balances at central banks	128	226	919
Loans and advances at amortised cost	4,265	4,510	5,514
Fair value through other comprehensive income	380	604	831
Negative interest on liabilities	248	68	13
Other	651	598	808
Interest and similar income	5,672	6,006	8,085
Deposits at amortised cost	(331)	(644)	(1,778)
Debt securities in issue ^a	(413)	(424)	(873)
Subordinated liabilities	(934)	(1,112)	(1,096)
Negative interest on assets	(374)	(325)	(250)
Other	(547)	(341)	(181)
Interest and similar expense	(2,599)	(2,846)	(4,178)
Net interest income	3,073	3,160	3,907

Notes

a Barclays Bank Group has amended the presentation of the premium paid for purchased financial guarantees which are embedded in notes it issues directly to the market. From 2020 onwards, the full note coupon is presented as interest and similar expense within net interest income. The financial guarantee element of the coupon had previously been recognised in net investment income. The comparative of £25m in 2019 has not been restated.

Interest and similar income presented above represents interest revenue calculated using the effective interest method. Costs to originate credit card balances of £623m (2020: £687m; 2019: £684m) have been amortised to interest and similar income during the period. Interest and similar income includes £7m (2020: £9m; 2019: £9m) accrued on impaired loans. Other interest expense includes £20m (2020: £23m, 2019: £25m) relating to IFRS 16 lease interest expenses.

4 Net fee and commission income

Accounting for net fee and commission income

The Barclays Bank 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 Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

The Barclays Bank Group recognises fee and commission income charged for services provided by the Barclays Bank Group as the services are provided, for example, on completion of the underlying transaction. Where the contractual arrangements also result in the Barclays Bank Group recognising financial instruments in scope of IFRS 9, such financial instruments are initially recognised at fair value in accordance with IFRS 9 before applying the provisions of IFRS 15.

Fee and commission income is disaggregated below by fee types that reflect the nature of the services offered across the Barclays Bank Group and operating segments, in accordance with IFRS 15. The below table includes a total for fees in scope of IFRS 15. Refer to Note 2 for more detailed information about operating segments.

	2021			Total £m
	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	
Fee type				
Transactional	390	2,158	—	2,548
Advisory	968	128	—	1,096
Brokerage and execution	1,082	53	—	1,135
Underwriting and syndication	3,425	—	—	3,425
Other	80	155	21	256
Total revenue from contracts with customers	5,945	2,494	21	8,460
Other non-contract fee income	116	5	—	121
Fee and commission income	6,061	2,499	21	8,581
Fee and commission expense	(781)	(1,207)	(6)	(1,994)
Net fee and commission income	5,280	1,292	15	6,587

Notes to the financial statements

Financial performance and returns

	2020			
	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	£m	£m	£m	£m
Fee type				
Transactional	357	1,973	—	2,330
Advisory	593	100	—	693
Brokerage and execution	1,116	57	—	1,173
Underwriting and syndication	2,867	—	—	2,867
Other	54	152	29	235
Total revenue from contracts with customers	4,987	2,282	29	7,298
Other non-contract fee income	114	5	—	119
Fee and commission income	5,101	2,287	29	7,417
Fee and commission expense	(768)	(988)	(2)	(1,758)
Net fee and commission income	4,333	1,299	27	5,659

	2019			
	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	£m	£m	£m	£m
Fee type				
Transactional	391	2,418	—	2,809
Advisory	821	83	—	904
Brokerage and execution	1,082	49	—	1,131
Underwriting and syndication	2,358	—	—	2,358
Other	90	227	30	347
Total revenue from contracts with customers	4,742	2,777	30	7,549
Other non-contract fee income	110	5	—	115
Fee and commission income	4,852	2,782	30	7,664
Fee and commission expense	(743)	(1,249)	—	(1,992)
Net fee and commission income	4,109	1,533	30	5,672

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 Group incurs certain card related costs including those related to cardholder reward programmes and payments to co-brand partners. 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 customers that continuously carry an outstanding balance (revolvers) are included in the effective interest rate of the receivable (refer to Note 3). Payments to partners for new cardholder account originations related to transactor accounts are deferred as costs to obtain a contract under IFRS 15, while costs related to revolver accounts are included in the effective interest rate of the receivable (refer to Note 3). Those costs deferred under IFRS 15 are capitalised and amortised over the estimated life of the customer relationship. Payments to co-brand partners based on revenue sharing are presented as a reduction of fee and commission income while payments based on profitability are presented in fee and commission expense.

Advisory

Advisory fees are generated from wealth management services and investment banking advisory services related to mergers, acquisitions and financial restructurings. Wealth management advisory fees are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined. Investment banking advisory fees are recognised at the point in time when the services related to the transaction have been completed under the terms of the engagement. Investment banking advisory costs are recognised as incurred in fee and commission expense if direct and incremental to the advisory services or are otherwise recognised in operating expenses.

Brokerage and execution

Brokerage and execution fees are earned for executing client transactions with various exchanges and over-the-counter markets and assisting clients in clearing transactions. Brokerage and execution fees are recognised at the point in time the associated service has been completed which is generally the trade date of the transaction.

Notes to the financial statements

Financial performance and returns

Underwriting and syndication

Underwriting and syndication fees are earned for the distribution of client equity or debt securities and the arrangement and administration of a loan syndication. This includes commitment fees to provide loan financing. Underwriting fees are generally recognised on trade date if there is no remaining contingency, such as the transaction being conditional on the closing of an acquisition or another transaction. Underwriting costs are deferred and recognised in fee and commission expense when the associated underwriting fees are recorded. Syndication fees are earned for arranging and administering a loan syndication; however, the associated fee may be subject to variability until the loan has been syndicated to other syndicate members or until other contingencies have been resolved and therefore the fee revenue is deferred until the uncertainty is resolved.

Included in underwriting and syndication fees are loan commitment fees which are not presented as part of the carrying value of the loan in accordance with IFRS 9. Such commitment fees are recognised over time through to the contractual maturity of the commitment.

Contract assets and contract liabilities

The Barclays Bank Group had no material contract assets or contract liabilities as at 31 December 2021 (2020: £nil; 2019: 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; 2019: £nil). Fees in relation to transactional business can be added to outstanding customer balances. These amounts may be subsequently impaired as part of the overall loans and advances balance.

Remaining performance obligations

The Barclays Bank Group applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or because the Barclays Bank Group has a right to consideration that corresponds directly with the value of the service provided to the client or customer.

Costs incurred in obtaining or fulfilling a contract

The Barclays Bank Group expects that incremental costs of obtaining a contract such as success fee and commission fees paid are recoverable and therefore capitalised such contract costs. Capitalised contract costs net of amortisation as at 31 December 2021 is £148m (2020: £135m; 2019: £153m).

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 £35m (2020: £35m; 2019: £29m) and there was no impairment loss recognised in connection with the capitalised contract costs (2020: £nil; 2019: £nil).

5 Net trading income

Accounting for net trading income

In accordance with IFRS 9, trading positions are held at fair value, and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Gains or losses on non-trading financial instruments designated or mandatorily at fair value with changes in fair value recognised in the income statement are included in net trading income where the business model is to manage assets and liabilities on a fair value basis which includes use of derivatives or where an instrument is designated at fair value to eliminate an accounting mismatch and the related instrument's gain and losses are reported in trading income.

	2021	2020	2019
	£m	£m	£m
Net gains on financial instruments held for trading	3,999	5,392	2,795
Net gains on financial instruments designated at fair value	682	695	240
Net gains on financial instruments mandatorily at fair value	1,107	989	1,038
Net trading income	5,788	7,076	4,073

Notes to the financial statements

Financial performance and returns

6 Net investment (expense)/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	2019
	£m	£m	£m
Net (losses)/gains from financial assets mandatorily at fair value	(116)	(39)	218
Net gains from disposal of debt instruments at fair value through other comprehensive income	248	251	454
Net gains/(losses) from disposal of financial assets and liabilities measured at amortised cost ^a	22	(128)	(38)
Dividend income	—	—	—
Net losses on other investments ^b	(234)	(205)	(214)
Net investment (expense)/income	(80)	(121)	420

Notes

a Included within the 2021 balance are gains of £25m relating to the sale of municipal bonds. Included within the 2020 balance are losses of £115m relating to partial redemption of contingent capital note.

b Barclays has amended the presentation of the premium paid for purchased financial guarantees which are embedded in notes it issues directly to the market. From 2020 onwards, the full note coupon is presented as interest expense within net interest income. The financial guarantee element of the coupon had previously been recognised in net investment income. The comparative of £25m in 2019 has not been restated.

7 Credit impairment (release)/charge

Accounting for the impairment of financial assets

Impairment

In accordance with IFRS 9, the Barclays Bank Group is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures in the individual financial statements, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Determining a significant increase in credit risk since initial recognition:

The Barclays Bank Group assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

i) Quantitative test

The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the 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 Group policy and typically apply minimum relative thresholds of 50%-100% and a maximum relative threshold of 400%.

For existing/historical exposures where origination point scores or data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible (subject to a data start point no later than 1 January 2015); or
- use of available historical account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

Notes to the financial statements

Financial performance and returns

ii) Qualitative test

This is relevant for accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, such as industry and Barclays Bank Group-wide customer level data, including but not limited to bureau scores and high consumer indebtedness index, wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

iii) Backstop criteria

This is relevant for accounts that are more than 30 calendar days past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at a minimum all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments.

Exposures are only removed from Stage 3 and re-assigned to Stage 2 once the original default trigger event no longer applies. Exposures being removed from Stage 3 must no longer qualify as credit impaired, and:

- the obligor will also have demonstrated consistently good payment behaviour over a 12-month period, by making all consecutive contractual payments due and, for forbore exposures, the relevant EBA defined probationary period has also been successfully completed or;
- (for non-forborne exposures) the performance conditions are defined and approved within an appropriately sanctioned restructure plan, including 12 months' payment history have been met.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

Forward-looking information

The measurement of ECL involves complexity and judgement, including estimation of PD, LGD, a range of unbiased future economic scenarios, estimation of expected lives (where contractual life is not appropriate), and estimation of EAD and assessing significant increases in credit risk.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

The Barclays Bank Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts), Bloomberg (based on median of economic forecasters) and the Urban Land Institute (for US House Prices), which forms the baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and 2 favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also considering IFRS 9 specific sensitivities and non-linearity. Downside 2 is benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenario from Moody's inventory, but is not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include eight economic variables (GDP, unemployment, House Price Index (HPI) and base rates in both the UK and US markets) and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight-years.

The methodology for estimating probability weights for each of the scenarios involves a comparison of the distribution of key historical UK and US macroeconomic variables against the forecast paths of the 5 scenarios. The methodology works such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios and weights that are used in the estimation of expected credit losses are also used for the Barclays Bank Group'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.

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 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.

Notes to the financial statements

Financial performance and returns

Accounting for purchased financial guarantee contracts

The Barclays Bank Group may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the Barclays Bank 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 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 a new loan will be recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

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 Group's risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, the Barclays Bank Group applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

Forbearance

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan, except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria 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.

Notes to the financial statements

Financial performance and returns

Critical accounting estimates and judgements

IFRS 9 impairment involves several important areas of judgement, including estimating forward looking modelled parameters (PD, LGD and EAD), developing a range of unbiased future economic scenarios, estimating expected lives and assessing significant increases in credit risk, based on the Barclays Bank Group's experience of managing credit risk. The determination of expected life is most material for Barclays credit card portfolios which is obtained via behavioural life analysis to materially capture the risk of these facilities.

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 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 74 in credit risk performance.

	2021			2020			2019		
	Impairment Charges	Recoveries and Reimbursements ^a	Total	Impairment Charges	Recoveries and Reimbursements	Total	Impairment Charges	Recoveries and Reimbursements	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances	(264)	259	(5)	3,060	(368)	2,692	1,214	(73)	1,141
Provision for undrawn contractually committed facilities and guarantees provided	(257)	—	(257)	547	—	547	55	—	55
Loans impairment	(521)	259	(262)	3,607	(368)	3,239	1,269	(73)	1,196
Cash collateral and settlement balances	(4)	—	(4)	2	—	2	1	—	1
Financial instruments at fair value through OCI	(6)	—	(6)	—	—	—	—	—	—
Other financial assets measured at cost	(5)	—	(5)	136	—	136	5	—	5
Credit impairment (release)/charge	(536)	259	(277)	3,745	(368)	3,377	1,275	(73)	1,202

Notes

a. Recoveries and reimbursements include a net reduction in amounts recoverable from financial guarantee contracts held with third parties of £290m (2020: £364m) and cash recoveries of previously written off amounts of £31m (2020: £4m).

Write-offs that can be subjected to enforcement activity

The contractual amount outstanding on financial assets that were written off during the year and that can still be subjected to enforcement activity is £752m (2020: £816m). This is lower than the write-offs presented in the movement in gross exposures and impairment allowance table due to assets sold during the year post write-offs and post write-off recoveries.

Modification of financial assets

Financial assets of £3,260m (2020: £3,781m) were subject to non-substantial modification during the year, with a resulting loss of £2m (2020: £21m). The gross carrying amount at 31 December 2021 of financial assets subject to non-substantial modification for which the loss allowance has changed to a 12 month ECL during the year amounts to £419m (2020: £1,194m).

Notes to the financial statements

Financial performance and returns

8 Operating expenses

	2021	2020	2019
	£m	£m	£m
Infrastructure costs			
Property and equipment	367	373	368
Depreciation and amortisation	403	421	457
Lease payments	4	1	7
Impairment of property, equipment and intangible assets ^a	280	21	3
Total infrastructure costs	1,054	816	835
Administration and general expenses			
Consultancy, legal and professional fees	390	345	362
Marketing and advertising	235	176	258
UK bank levy	134	249	185
Other administration and general expenses	3,616	3,432	3,513
Total administration and general expenses	4,375	4,202	4,318
Staff costs^b	4,456	4,365	4,565
Litigation and conduct	154	76	264
Operating expenses	10,039	9,459	9,982

Note

a Impairment of property, equipment and intangible assets includes £266m relating to structural cost actions taken as part of the real estate review conducted in 2021 (see Note 19).

b For further details on staff costs including accounting policies, refer to Note 29.

9 Tax

Accounting for income taxes

The Barclays Bank Group applies IAS 12 *Income Taxes* in accounting for taxes on income. Income tax payable on taxable profits (current tax) is recognised as an expense in the periods in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior periods. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. 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 Group considers an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in the Barclays Bank Group's tax returns. The Barclays Bank Group accounts for provisions in respect of uncertain tax positions in two different ways.

A current tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will alter the amount of cash tax due to, or from, a tax authority in the future. From recognition, the current tax provision is then measured at the amount the Barclays Bank Group ultimately expects to pay the tax authority to resolve the position. The accrual of interest and penalty amounts in respect of uncertain income tax positions is recognised as an expense within profit before tax.

Deferred tax provisions are adjustments made to the carrying value of deferred tax assets in respect of uncertain tax positions. A deferred tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will result in a reduction in the carrying value of the deferred tax asset. From recognition of a provision, measurement of the underlying deferred tax asset is adjusted to take into account the expected impact of resolving the uncertain tax position on the loss or temporary difference giving rise to the deferred tax asset.

The approach taken to measurement takes account of whether the uncertain tax position is a discrete position that will be reviewed by the tax authority in isolation from any other position, or one of a number of issues which are expected to be reviewed together concurrently and resolved simultaneously with a tax authority. The Barclays Bank Group's measurement of provisions is based upon its best estimate of the additional profit that will become subject to tax. For a discrete position, consideration is given only to the merits of that position. Where a number of issues are expected to be reviewed and resolved together, the Barclays Bank Group will take into account not only the merits of its position in respect of each particular issue but also the overall level of provision relative to the aggregate of the uncertain tax positions across all the issues that are expected to be resolved at the same time. In addition, in assessing provision levels, it is assumed that tax authorities will review uncertain tax positions and that all facts will be fully and transparently disclosed.

Critical accounting estimates and judgements

There are two key areas of judgement that impact the reported tax position. Firstly, the level of provisioning for uncertain tax positions; and secondly, the recognition and measurement of deferred tax assets.

Notes to the financial statements

Financial performance and returns

The Barclays Bank Group does not consider there to be a significant risk of a material adjustment to the carrying amount of current and deferred tax balances, including provisions for uncertain tax positions in the next financial year. The provisions for uncertain tax positions cover a diverse range of issues and reflect advice from external counsel where relevant. It should be noted that only a proportion of the total uncertain tax positions will be under audit at any point in time, and could therefore be subject to challenge by a tax authority over the next year.

Deferred tax assets have been recognised based on business profit forecasts. Details on the recognition of deferred tax assets are provided in this note.

	2021 £m	2020 £m	2019 £m
Current tax charge/(credit)			
Current year	954	993	327
Adjustments in respect of prior years	393	3	(50)
	1,347	996	277
Deferred tax (credit)/charge			
Current year	(179)	(563)	157
Adjustments in respect of prior years	(288)	191	(102)
	(467)	(372)	55
Tax charge	880	624	332

The table below shows the reconciliation between the actual tax charge and the tax charge that would result from applying the standard UK corporation tax rate to the Barclays Bank Group's profit before tax.

	2021 £m	2021 %	2020 £m	2020 %	2019 £m	2019 %
Profit before tax from continuing operations	5,638		3,075		3,112	
Tax charge based on the standard UK corporation tax rate of 19% (2020: 19%, 2019: 19%)	1,071	19.0%	584	19.0%	593	19.0%
Impact of profits/losses earned in territories with different statutory rates to the UK (weighted average tax rate is 24.0% (2020: 25.0% , 2019: 26.0%))	281	5.0%	183	6.0%	217	7.0%
Recurring items:						
Non-creditable taxes including withholding taxes	124	2.2%	107	3.4%	146	4.7%
Adjustments in respect of prior years	105	1.9%	194	6.3%	(152)	(4.9%)
Non-deductible expenses	61	1.1%	28	0.9%	34	1.1%
Impact of UK bank levy being non-deductible	25	0.4%	48	1.6%	35	1.1%
Impact of Barclays Bank PLC's overseas branches being taxed both locally and in the UK	25	0.4%	25	0.8%	15	0.5%
Tax adjustments in respect of share-based payments	(5)	(0.1%)	14	0.5%	(7)	(0.2%)
Banking surcharge and other items	(48)	(0.8%)	(70)	(2.3%)	(103)	(3.3%)
Tax relief on payments made under AT1 instruments	(113)	(2.0%)	(124)	(4.0%)	(121)	(3.9%)
Changes in recognition of deferred tax and effect of unrecognised tax losses	(140)	(2.5%)	(123)	(4.0%)	(85)	(2.7%)
Non-taxable gains and income	(309)	(5.5%)	(200)	(6.5%)	(240)	(7.7%)
Non-recurring items:						
Remeasurement of UK deferred tax assets due to tax rate changes	(218)	(3.9%)	(43)	(1.4%)	—	—
Non-deductible provisions for UK customer redress	21	0.4%	7	0.2%	—	—
Non-deductible provisions for investigations and litigation	—	—	(6)	(0.2%)	—	—
Total tax charge	880	15.6%	624	20.3%	332	10.7%

Factors driving the effective tax rate

The effective tax rate of 15.6% is lower than the UK corporation tax rate of 19% primarily due to the impact of non-taxable gains and income, adjustments for the 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, the use of unrecognised tax losses in the period and tax relief on payments made under AT1 instruments. These factors, which have each decreased the effective tax rate, are partially offset by profits earned outside the UK being taxed at local statutory tax rates that are higher than the UK tax rate and non-creditable taxes.

The Barclays Bank Group's future tax charge will be sensitive to the geographic mix of profits earned, the tax rates in force and changes to the tax rules in the jurisdictions that the Barclays Bank Group operates in. 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 Group's UK deferred tax assets being remeasured and decreasing with a tax charge in the income statement of £183m and tax credit within other comprehensive income of £122m.

Notes to the financial statements

Financial performance and returns

In October 2021, the OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting announced plans to introduce a global minimum tax rate of 15% from 2023. The model rules, which set out the scope of and the mechanism for calculating the global minimum tax, were released by the OECD on 20 December 2021. The Barclays Bank Group is reviewing the model rules and awaiting the OECD's anticipated publication of further guidance, as well as new legislation expected to be released by governments implementing this new tax regime, and will assess the potential impact of new legislation during 2022.

In the USA, a proposed Build Back Better Act has been passed by the House of Representatives but has not been passed by the Senate and at this time it is uncertain whether the Act will progress further. The proposed Act passed by the House of Representatives included proposals to implement material changes to international tax provisions, including amendments to the Base Erosion and Anti-Abuse Tax and the imposition of an alternative minimum tax based on accounting profits. It is unclear at this time whether any of these proposals could have a significant impact on the Barclays Bank Group if enacted. The Barclays Bank Group will continue to monitor developments and assess the potential impact of any future legislative changes ultimately enacted.

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: £3m). The total amount recognised in relation to the remeasurement of UK deferred tax through other comprehensive income was a £148m charge (2020: £49m).

Tax included directly in equity

Tax included directly in equity comprises a £38m credit (2020: £14m) relating to share-based payments and deductible costs on issuing other equity instruments.

Deferred tax assets and liabilities

The deferred tax amounts on the balance sheet were as follows:

	Barclays Bank Group	
	2021	2020
	£m	£m
US Intermediate Holding Company Tax Group ("IHC Tax Group")	1,004	1,001
US Branch Tax Group	1,002	1,048
UK Tax Group	576	—
Other (outside the UK and US tax groups)	399	503
Deferred tax asset	2,981	2,552
Deferred tax liability	(6)	(225)
Net deferred tax	2,975	2,327

	Barclays Bank PLC	
	2021	2020
	£m	£m
US Branch Tax Group	1,002	1,048
UK Tax Group	578	—
Other (outside the UK and US tax groups)	99	123
Deferred tax asset	1,679	1,171
Deferred tax liability	(6)	(225)
Net deferred tax	1,673	946

US deferred tax assets in the IHC and the US Branch Tax Groups

The deferred tax asset in the IHC Tax Group of £1,004m (2020: £1,001m) includes £1m (2020: £nil) relating to tax losses, with the balance relating to temporary differences. The deferred tax asset in Barclays Bank PLC's US Branch Tax Group of £1,002m (2020: £1,048m) relates entirely to temporary differences.

In relation to the IHC Tax Group, these temporary differences include £301m (2020: £330m) arising from New York State and City prior net operating loss conversion which can be carried forward and will expire in 2034. Business profit forecasts indicate these amounts will be fully recovered before expiry.

UK Tax Group deferred tax assets and liabilities

The net deferred tax asset in the UK Tax Group of £576m (2020: £225m liability) includes a deferred tax asset of £1,074m (2020: £541m) relating to tax losses which is offset by a deferred tax liability of £498m (2020: £766m) relating to temporary differences. There is no time limit on utilisation of UK tax losses and business profit forecasts indicate these losses will be fully recovered.

Other deferred tax assets (outside the UK and US tax groups)

The deferred tax asset of £399m (2020: £503m) in other entities within the Barclays Bank Group includes £121m (2020: £170m) relating to tax losses. These deferred tax assets relate to a number of different territories and their recognition is based on profit forecasts or local country law which indicate that it is probable that those deferred tax assets will be fully recovered.

Of the deferred tax asset of £399m (2020: £503m), an amount of £9m (2020: £8m) relates to entities which have suffered a loss in either the current or prior year and the utilisation of which is dependent upon future taxable profits. This has been taken into account in reaching the above conclusion that these deferred tax assets will be fully recovered in the future.

Notes to the financial statements

Financial performance and returns

The table below shows movements on deferred tax assets and liabilities during the year. The amounts are different from those disclosed on the balance sheet and in the preceding table as they are presented before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Barclays Bank Group										
	Fixed asset timing differences	Fair value through other comprehensive income	Cash flow hedges	Retirement benefit obligations	Loan impairment allowance	Other provisions	Share based payments and deferred compensation	Other temporary differences	Tax losses carried forward	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets	659	—	—	30	455	139	317	1,377	711	3,688
Liabilities	(33)	(21)	(441)	(826)	—	—	—	(40)	—	(1,361)
As at 1 January 2021	626	(21)	(441)	(796)	455	139	317	1,337	711	2,327
Income statement	14	(6)	—	1	38	3	(13)	(55)	485	467
Other comprehensive income and reserves	—	170	750	(855)	—	—	20	97	—	182
Other movements	8	1	—	—	(12)	—	3	(1)	—	(1)
	648	144	309	(1,650)	481	142	327	1,378	1,196	2,975
Assets	678	144	309	24	481	142	327	1,418	1,196	4,719
Liabilities	(30)	—	—	(1,674)	—	—	—	(40)	—	(1,744)
As at 31 December 2021	648	144	309	(1,650)	481	142	327	1,378	1,196	2,975
Assets	719	110	—	31	284	127	305	1,329	523	3,428
Liabilities	(29)	(18)	(139)	(640)	—	—	—	(222)	—	(1,048)
As at 1 January 2020	690	92	(139)	(609)	284	127	305	1,107	523	2,380
Income statement	(39)	—	—	—	164	18	15	23	191	372
Other comprehensive income and reserves	—	(112)	(291)	(191)	—	—	3	238	—	(353)
Other movements	(25)	(1)	(11)	4	7	(6)	(6)	(31)	(3)	(72)
	626	(21)	(441)	(796)	455	139	317	1,337	711	2,327
Assets	659	—	—	30	455	139	317	1,377	711	3,688
Liabilities	(33)	(21)	(441)	(826)	—	—	—	(40)	—	(1,361)
As at 31 December 2020	626	(21)	(441)	(796)	455	139	317	1,337	711	2,327

Barclays Bank PLC										
	Fixed asset timing differences	Fair value through other comprehensive income	Cash flow hedges	Retirement benefit obligations	Loan impairment allowance	Other provisions	Share based payments and deferred compensation	Other temporary differences	Tax losses carried forward	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets	538	—	—	—	263	82	106	712	543	2,244
Liabilities	(7)	(25)	(441)	(825)	—	—	—	—	—	(1,298)
As at 1 January 2021	531	(25)	(441)	(825)	263	82	106	712	543	946
Income statement	3	—	—	—	(51)	(4)	11	63	533	555
Other comprehensive income and reserves	—	172	748	(848)	—	—	11	90	—	173
Other movements	7	—	—	—	(12)	—	—	4	—	(1)
	541	147	307	(1,673)	200	78	128	869	1,076	1,673
Assets	555	147	307	—	200	78	128	869	1,076	3,360
Liabilities	(14)	—	—	(1,673)	—	—	—	—	—	(1,687)
As at 31 December 2021	541	147	307	(1,673)	200	78	128	869	1,076	1,673
Assets	602	108	—	—	172	71	90	618	352	2,013
Liabilities	(12)	(18)	(139)	(638)	—	—	—	(171)	—	(978)
As at 1 January 2020	590	90	(139)	(638)	172	71	90	447	352	1,035
Income statement	(34)	(1)	—	—	87	15	13	42	193	315
Other comprehensive income and reserves	—	(114)	(291)	(186)	—	—	2	225	—	(364)
Other movements	(25)	—	(11)	(1)	4	(4)	1	(2)	(2)	(40)
	531	(25)	(441)	(825)	263	82	106	712	543	946
Assets	538	—	—	—	263	82	106	712	543	2,244
Liabilities	(7)	(25)	(441)	(825)	—	—	—	—	—	(1,298)
As at 31 December 2020	531	(25)	(441)	(825)	263	82	106	712	543	946

Notes to the financial statements

Financial performance and returns

Other movements include the impact of changes in foreign exchange rates as well as deferred tax amounts relating to acquisitions and disposals.

The amount of deferred tax asset expected to be recovered after more than 12 months for the Barclays Bank Group is £4,328m (2020: £3,356m) and for Barclays Bank PLC is £3,017m (2020: £2,147m). The amount of deferred tax liability expected to be settled after more than 12 months for the Barclays Bank Group is £1,740m (2020: £1,359m) and for Barclays Bank PLC is £1,687m (2020: £1,298m). 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

The Barclays Bank Group has deferred tax assets not recognised in respect of gross deductible temporary differences of £110m (2020: £123m), unused tax credits of £283m (2020: £236m), and gross tax losses of £22,496m (2020: £19,953m). The tax losses include capital losses of £3,642m (2020: £2,987m). Of these tax losses, £63m (2020: £139m) expire within five years, £370m (2020: £236m) expire within six to ten years, £10,529m (2020: £7,271m) expire within 11 to 20 years and £11,534m (2020: £12,307m) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

For Barclays Bank PLC, deferred tax assets have not been recognised in respect of gross deductible temporary differences of £11m (2020: £22m), unused tax credits of £206m (2020: £205m), and gross tax losses of £4,138m (2020: £4,161m) which includes capital losses of £2,883m (2020: £2,643m). Of these tax losses, £56m (2020: £133m) expire within five years and £4,082m (2020: £4,028m) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

Barclays Bank Group investments in subsidiaries, branches and associates

Deferred tax is not recognised in respect of the value of Barclays Bank Group's investments in subsidiaries, branches and associates where the Barclays Bank Group is able to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of these temporary differences for which deferred tax liabilities have not been recognised was £0.9bn (2020: £0.8bn).

10 Dividends on ordinary shares and preference shares

The 2021 financial statements include £794m (2020: £263m) of dividends paid on ordinary shares. This comprises one interim dividend declared in relation to the prior year of £174m (2020: £263m) and two interim dividends in relation to 2021 of £520m, declared in February 2021, and £100m, declared in July 2021 (2020: nil).

This results in a total dividend for the year of £0.34 (2020: £0.11) per ordinary share.

Dividends paid on preference shares amounted to £27m (2020: £42m). Dividends paid on the Euro preference shares amounted to £14.37 per share (2020: £439.21). Dividends paid on the 6.278% US\$100 preference shares amounted to £459.69 per share (2020: £485.75).

The Directors have approved a third interim dividend in respect of 2021 of £200m.

Notes to the financial statements

Assets and liabilities held at fair value

The notes included in this section focus on assets and liabilities the Barclays Bank Group holds and recognises at fair value. Fair value refers to the price that would be received to sell an asset or the price that would be paid to transfer a liability in an 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. Details regarding the Barclays Bank Group's approach to managing market risk can be found on page 52.

11 Trading portfolio

Accounting for trading portfolio assets and liabilities

In accordance with IFRS 9, all assets and liabilities held for trading purposes are held at fair value with gains and losses in the changes in fair value taken to the income statement in net trading income (Note 5).

	Barclays Bank Group	
	2021	2020
	£m	£m
Debt securities and other eligible bills	50,700	56,196
Equity securities	83,113	62,192
Traded loans	12,525	8,348
Commodities	533	928
Trading Portfolio Assets	146,871	127,664
Debt securities and other eligible bills	(34,079)	(28,836)
Equity securities	(19,212)	(17,303)
Trading Portfolio Liabilities	(53,291)	(46,139)

	Barclays Bank PLC	
	2021	2020
	£m	£m
Debt securities and other eligible bills	33,517	35,442
Equity securities	50,837	39,616
Traded loans	11,989	8,241
Commodities	381	790
Trading Portfolio assets	96,724	84,089
Debt securities and other eligible bills	(21,307)	(19,159)
Equity securities	(28,809)	(28,934)
Trading Portfolio liabilities	(50,116)	(48,093)

12 Financial assets at fair value through the income statement

Accounting for financial assets mandatorily at fair value

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling.

Accounting for financial assets designated at fair value

Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch.

Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

The details on how the fair value amounts are derived for financial assets at fair value are described in Note 16.

Notes to the financial statements

Assets and liabilities held at fair value

	Barclays Bank Group	
	2021	2020
	£m	£m
Loans and advances	2,813	2,170
Debt securities	318	291
Reverse repurchase agreements and other similar secured lending	—	19
Financial assets designated at fair value	3,131	2,480
Loans and advances	33,089	25,279
Debt securities	1,937	1,406
Equity securities	4,798	3,742
Reverse repurchase agreements and other similar secured lending	145,186	138,539
Other financial assets	85	315
Financial assets mandatorily at fair value	185,095	169,281
Total	188,226	171,761

	Barclays Bank PLC	
	2021	2020
	£m	£m
Loans and advances	2,813	2,170
Reverse repurchase agreements and other similar secured lending	—	19
Financial assets designated at fair value	2,813	2,189
Loans and advances	42,498	33,947
Debt securities	3,053	2,139
Equity securities	138	125
Reverse repurchase agreements and other similar secured lending	188,053	164,651
Other financial assets	22	22
Financial assets mandatorily at fair value	233,764	200,884
Total	236,577	203,073

Credit risk of financial assets designated at fair value and related credit derivatives

The following table shows the maximum exposure to credit risk, the changes in fair value attributable to changes in credit risk, and the cumulative changes in fair value since initial recognition for loans and advances. The table does not include debt securities and reverse repurchase agreements and other similar secured lending designated at fair value as they have minimal exposure to credit risk. Reverse repurchase agreements are collateralised and debt securities are primarily relating to high quality sovereigns.

	Barclays Bank Group					
	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	2,813	2,170	1	(46)	(3)	(51)
Value mitigated by related credit derivatives	1,617	795	(3)	3	(3)	3

	Barclays Bank 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	2,813	2,170	1	(46)	(3)	(51)
Value mitigated by related credit derivatives	1,617	795	(3)	3	(3)	3

Notes to the financial statements

Assets and liabilities held at fair value

13 Derivative financial instruments

Accounting for derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Barclays Bank Group's net interest income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. Derivatives are used to hedge interest rate, credit risk, inflation risk, exchange rate, commodity, equity exposures and exposures to certain indices such as house price indices and retail price indices related to non-trading positions.

All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow or net investment hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host) which, had they 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 Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes. The Barclays Bank Group applies hedge accounting to represent the economic effects of its interest rate, currency and contractually linked inflation risk management strategies. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Barclays Bank Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

The Barclays Bank Group 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 Group has assumed that the IBOR interest rates upon which our hedged items are based do not change as a result of IBOR Reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Barclays Bank Group has assumed that the IBOR interest rates upon which the cash flows of the hedged items and the interest rate swaps that hedge them are based are not altered by IBOR reform.
- The Barclays Bank Group will not discontinue hedge accounting during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside the required 80%–125% range.
- The Barclays Bank Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- The Barclays Bank Group has assessed whether the hedged IBOR risk component is a separately identifiable risk only when it first designates a hedged item in a fair value hedge and not on an ongoing basis.

The Barclays Bank 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 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 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 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 Group upon designation of the hedge to assume that the separately identifiable requirement is met if the Barclays Bank Group reasonably expects the RFR risk will become separately identifiable within the next 24 months. The Barclays Bank Group applies this relief to each RFR on a rate-by-rate basis and starts when the Barclays Bank 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.

Notes to the financial statements

Assets and liabilities held at fair value

Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

Hedges of net investments

The Barclays Bank Group's net investments in foreign operations, including monetary items accounted for as part of the net investment, are hedged for foreign currency risks using both derivatives and foreign currency borrowings. Hedges of net investments are accounted for similarly to cash flow hedges; the effective portion of the gain or loss on the hedging instrument is being recognised directly in other comprehensive income and the ineffective portion being recognised immediately in the income statement. The cumulative gain or loss recognised in other comprehensive income is recognised in the income statement on the disposal or partial disposal of the foreign operation, or other reductions in the Barclays Bank Group's investment in the operation.

Barclays Bank Group	2021			2020		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Total derivative assets/(liabilities) held for trading	47,286,623	262,046	(255,471)	42,515,577	302,429	(299,637)
Total derivative assets/(liabilities) held for risk management	126,292	245	(1,052)	110,028	264	(943)
Derivative assets/(liabilities)	47,412,915	262,291	(256,523)	42,625,605	302,693	(300,580)

Barclays Bank PLC	2021			2020		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Total derivative assets/(liabilities) held for trading	37,699,677	234,195	(226,920)	30,866,297	296,734	(291,595)
Total derivative assets/(liabilities) held for risk management	125,747	214	(1,071)	112,400	395	(943)
Derivative assets/(liabilities)	37,825,424	234,409	(227,991)	30,978,697	297,129	(292,538)

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 Group 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 notionals of £1,717bn primarily with London Clearing House & Japan Securities Clearing Corporation have been explicitly excluded from these disclosures.

Further information on netting arrangements of derivative financial instruments can be found within Note 17.

Notes to the financial statements

Assets and liabilities held at fair value

The fair values and notional amounts of derivatives held for trading are set out in the following table:

Derivatives held for trading and risk management Barclays Bank Group	2021			2020		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Derivatives held for trading						
Foreign exchange derivatives						
OTC derivatives	5,700,055	76,055	(74,014)	5,463,632	84,518	(83,912)
Derivatives cleared by central counterparty	99,664	171	(208)	78,946	335	(335)
Exchange traded derivatives	20,084	10	(3)	14,034	3	(3)
Foreign exchange derivatives	5,819,803	76,236	(74,225)	5,556,612	84,856	(84,250)
Interest rate derivatives						
OTC derivatives	14,229,139	124,187	(113,098)	13,551,506	171,244	(161,223)
Derivatives cleared by central counterparty	18,865,670	1,055	(762)	18,330,003	965	(795)
Exchange traded derivatives	5,200,838	905	(907)	2,971,966	371	(360)
Interest rate derivatives	38,295,647	126,147	(114,767)	34,853,475	172,580	(162,378)
Credit derivatives						
OTC derivatives	606,504	4,007	(4,752)	384,900	3,674	(3,909)
Derivatives cleared by central counterparty	665,600	1,675	(1,809)	462,945	931	(1,095)
Credit derivatives	1,272,104	5,682	(6,561)	847,845	4,605	(5,004)
Equity and stock index derivatives						
OTC derivatives	278,370	18,793	(24,440)	213,078	18,803	(26,091)
Exchange traded derivatives	1,469,078	32,901	(33,174)	927,114	20,165	(20,521)
Equity and stock index derivatives	1,747,448	51,694	(57,614)	1,140,192	38,968	(46,612)
Commodity derivatives						
OTC derivatives	4,670	56	(107)	4,244	89	(110)
Exchange traded derivatives	146,951	2,231	(2,197)	113,209	1,331	(1,283)
Commodity derivatives	151,621	2,287	(2,304)	117,453	1,420	(1,393)
Derivative assets/(liabilities) held for trading	47,286,623	262,046	(255,471)	42,515,577	302,429	(299,637)
Total OTC derivatives	20,818,738	223,098	(216,411)	19,617,360	278,328	(275,245)
Total derivatives cleared by central counterparty	19,630,934	2,901	(2,779)	18,871,894	2,231	(2,225)
Total exchange traded derivatives	6,836,951	36,047	(36,281)	4,026,323	21,870	(22,167)
Derivative assets/(liabilities) held for trading	47,286,623	262,046	(255,471)	42,515,577	302,429	(299,637)
Derivatives held for risk management						
Derivatives designated as cash flow hedges						
Currency Swaps	1,000	155	—	1,000	67	—
Interest rate swaps	465	—	(3)	1,819	49	—
Interest rate derivatives cleared by central counterparty	63,584	—	—	43,499	—	—
Derivatives designated as cash flow hedges	65,049	155	(3)	46,318	116	—
Derivatives designated as fair value hedges						
Interest rate swaps	5,856	53	(1,045)	7,986	123	(943)
Forward foreign exchange	—	—	—	—	—	—
Interest rate derivatives cleared by central counterparty	52,964	—	—	54,933	—	—
Derivatives designated as fair value hedges	58,820	53	(1,045)	62,919	123	(943)
Derivatives designated as hedges of net investments						
Forward foreign exchange	2,423	37	(4)	791	25	—
Derivatives designated as hedges of net investments	2,423	37	(4)	791	25	—
Derivative assets/(liabilities) held for risk management	126,292	245	(1,052)	110,028	264	(943)
Total OTC derivatives	9,744	245	(1,052)	11,596	264	(943)
Total derivatives cleared by central counterparty	116,548	—	—	98,432	—	—
Derivative assets/(liabilities) held for risk management	126,292	245	(1,052)	110,028	264	(943)

Notes to the financial statements

Assets and liabilities held at fair value

Derivatives held for trading and risk management Barclays Bank PLC	2021			2020		
	Notional contract amount £m	Fair value		Notional contract amount £m	Fair value	
		Assets £m	Liabilities £m		Assets £m	Liabilities £m
Derivatives held for trading						
Foreign exchange derivatives						
OTC derivatives	5,352,739	71,484	(69,675)	5,187,879	80,315	(79,022)
Derivatives cleared by central counterparty	99,664	171	(208)	78,946	335	(335)
Exchange traded derivatives	11,745	—	—	2,877	—	—
Foreign exchange derivatives	5,464,148	71,655	(69,883)	5,269,702	80,650	(79,357)
Interest rate derivatives						
OTC derivatives	9,363,973	104,588	(94,109)	7,578,003	149,393	(135,956)
Derivatives cleared by central counterparty	13,538,082	809	(539)	11,874,470	521	(539)
Exchange traded derivatives	2,607,494	154	(66)	1,489,818	20	(41)
Interest rate derivatives	25,509,549	105,551	(94,714)	20,942,291	149,934	(136,536)
Credit derivatives						
OTC derivatives	433,015	3,776	(4,245)	291,763	3,482	(3,700)
Derivatives cleared by central counterparty	504,601	1,646	(1,763)	378,062	920	(1,061)
Credit derivatives	937,616	5,422	(6,008)	669,825	4,402	(4,761)
Equity and stock index derivatives						
OTC derivatives	254,932	18,355	(23,423)	195,917	18,438	(25,210)
Exchange traded derivatives	371,161	3,459	(3,789)	325,826	3,207	(3,429)
Equity and stock index derivatives	626,093	21,814	(27,212)	521,743	21,645	(28,639)
Commodity derivatives						
OTC derivatives	4,120	55	(103)	3,739	81	(89)
Exchange traded derivatives	20,436	419	(311)	14,041	350	(229)
Commodity derivatives	24,556	474	(414)	17,780	431	(318)
Derivatives with subsidiaries	5,137,715	29,279	(28,689)	3,444,956	39,672	(41,984)
Derivative assets/(liabilities) held for trading	37,699,677	234,195	(226,920)	30,866,297	296,734	(291,595)
Total OTC derivatives	15,408,779	198,258	(191,555)	13,257,301	251,709	(243,977)
Total derivatives cleared by central counterparty	14,142,347	2,626	(2,510)	12,331,478	1,776	(1,935)
Total exchange traded derivatives	3,010,836	4,032	(4,166)	1,832,562	3,577	(3,699)
Derivatives with subsidiaries	5,137,715	29,279	(28,689)	3,444,956	39,672	(41,984)
Derivative assets/(liabilities) held for trading	37,699,677	234,195	(226,920)	30,866,297	296,734	(291,595)
Derivatives held for risk management						
Derivatives designated as cash flow hedges						
Currency Swaps	1,000	155	—	1,000	67	—
Interest rate swaps	359	—	(5)	1,920	25	—
Interest rate derivatives cleared by central counterparty	62,482	—	—	42,892	—	—
Derivatives designated as cash flow hedges	63,841	155	(5)	45,812	92	—
Derivatives designated as fair value hedges						
Interest rate swaps	5,758	36	(1,045)	7,738	97	(943)
Forward foreign exchange	2,312	—	(20)	2,360	72	—
Interest rate derivatives cleared by central counterparty	52,530	—	—	54,584	—	—
Derivatives designated as fair value hedges	60,600	36	(1,065)	64,682	169	(943)
Derivatives designated as hedges of net investments						
Forward foreign exchange	1,306	23	(1)	1,906	134	—
Derivatives designated as hedges of net investments	1,306	23	(1)	1,906	134	—
Derivative assets/(liabilities) held for risk management	125,747	214	(1,071)	112,400	395	(943)
Total OTC derivatives	10,735	214	(1,071)	14,924	395	(943)
Total derivatives cleared by central counterparty	115,012	—	—	97,476	—	—
Derivative assets/(liabilities) held for risk management	125,747	214	(1,071)	112,400	395	(943)

Notes to the financial statements

Assets and liabilities held at fair value

Hedge accounting

Hedge accounting is applied predominantly for the following risks:

- Interest rate risk – arises due to a mismatch between fixed interest rates and floating interest rates. Interest rate risk also includes exposure to inflation risk for certain types of investments.
- Currency risk – arises due to assets or liabilities being denominated in different currencies than the functional currency of the relevant entity. At a consolidated level, currency risk also arises when the functional currency of subsidiaries are different from the parent.
- Contractually linked inflation risk – arises from financial instruments within contractually specified inflation risk. The Barclays Bank Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the Barclays Bank Group uses the following hedging instruments:

- Interest rate derivatives to swap interest rate exposure into either fixed or variable rates.
- Currency derivatives to swap foreign currency exposures into the entity's functional currency, and net investment exposure to local currency.
- Inflation derivatives to swap inflation exposure into either fixed or variable interest rates.

In some cases, certain items which are economically hedged may be ineligible hedged items for the purposes of IAS 39, such as core deposits and equity. In these instances, a proxy hedging solution can be utilised whereby portfolios of floating rate assets are designated as eligible hedged items in cash flow hedges.

In some hedging relationships, the Barclays Bank Group designates risk components of hedged items as follows:

- Benchmark interest rate risk as a component of interest rate risk, such as the LIBOR or Risk Free Rate (RFR) component.
- Inflation risk as a contractually specified component of a debt instrument.
- Spot exchange rate risk for foreign currency financial assets or financial liabilities.
- Components of cash flows of hedged items, for example certain interest payments for part of the life of an instrument.

Using the benchmark interest rate risk results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship. 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 Group's hedge accounting relationships, the hedged item and hedging instrument change frequently due to the dynamic nature of the risk management and hedge accounting strategy. The Barclays Bank Group applies hedge accounting to dynamic scenarios, predominantly in relation to interest rate risk, with a combination of hedged items in order for its financial statements to reflect as closely as possible the economic risk management undertaken. In some cases, if the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated and is replaced with a different hedge accounting relationship.

Changes in the GBP value of net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in CET1 capital. The Barclays Bank Group mitigates this by matching the CET1 capital movements to the revaluation of the foreign currency RWA exposures. Net investment hedges are designated where necessary to reduce the exposure to movement in a particular exchange rate to within limits mandated by Risk. As far as possible, existing external currency liabilities are designated as the hedging instruments.

The hedging instruments share the same risk exposures as the hedged items. Hedge effectiveness is determined with reference to quantitative tests, predominantly regression testing, but to the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness or hedge accounting failures.

Sources of ineffectiveness include the following:

- Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences.
- Changes in credit risk of the hedging instruments.
- If a hedging relationship becomes over-hedged, for example in hedges of net investments if the net asset value designated at the start of the period falls below the amount of the hedging instrument.
- Cash flow hedges using external swaps with non-zero fair values.
- The effects of the reforms to IBOR, because these might take effect at a different time and have a different impact on hedged items and hedging instruments.

The Barclays Bank 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.

Notes to the financial statements

Assets and liabilities held at fair value

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform as at 31 December 2021:

Barclays Bank Group		Nominal amount of hedged items directly impacted by IBOR reform	Nominal amount of hedging instruments directly impacted by IBOR reform
Current benchmark rate	Expected convergence to RFR	£m	£m
GBP London Interbank Offered rate (LIBOR)	Reformed Sterling Overnight Index Average (SONIA)	9,718	200
USD LIBOR	Secured Overnight Financing Rate (SOFR)	19,945	20,013
JPY LIBOR	Tokyo Overnight Average (TONA)	—	52
Singapore Swap Offered Rate (SOR)	Singapore Overnight Rate Average (SORA)	110	110
Total IBOR Notionals		29,773	20,375

Barclays Bank PLC		Nominal amount of hedged items directly impacted by IBOR reform	Nominal amount of hedging instruments directly impacted by IBOR reform
Current benchmark rate	Expected convergence to RFR	£m	£m
GBP London Interbank Offered rate (LIBOR)	Reformed Sterling Overnight Index Average (SONIA)	9,503	200
USD LIBOR	Secured Overnight Financing Rate (SOFR)	17,616	17,684
JPY LIBOR	Tokyo Overnight Average (TONA)	—	52
Singapore Swap Offered Rate (SOR)	Singapore Overnight Rate Average (SORA)	110	110
Total IBOR Notionals		27,229	18,046

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.

Notes to the financial statements

Assets and liabilities held at fair value

Hedged items in fair value hedges

Barclays Bank Group

Accumulated fair value adjustment included in carrying amount

Hedged item statement of financial position classification and risk category	Carrying amount £m	Total £m	Of which:	Change in fair value used as a basis to determine ineffectiveness £m	Hedge ineffectiveness recognised in the income statement ^a £m
			Accumulated fair value adjustment on items no longer in a hedge relationship £m		
2021					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	1,257	24	6	(77)	(1)
- Inflation risk	556	354	—	9	—
Debt securities classified as amortised cost					
- Interest rate risk	1,378	(39)	—	(75)	(18)
- Inflation risk	4,087	400	—	(16)	(1)
Financial assets at fair value through other comprehensive income ^b					
- Interest rate risk	22,895	(293)	28	(1,122)	35
- Inflation risk	6,271	386	(32)	81	10
Total Assets	36,444	832	2	(1,200)	25
Liabilities					
Debt securities in issue					
- Interest rate risk	(26,691)	(622)	(320)	769	6
Total Liabilities	(26,691)	(622)	(320)	769	6
Total Hedged Items	9,753	210	(318)	(431)	31
2020					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	835	99	2	55	—
- Inflation risk	545	345	—	25	3
Debt securities classified as amortised cost					
- Interest rate risk	1,440	23	—	17	(7)
- Inflation risk	4,071	(43)	—	453	3
Financial assets at fair value through other comprehensive income ^b					
- Interest rate risk	27,959	964	322	864	(33)
- Inflation risk	7,782	319	(9)	249	(9)
Total Assets	42,632	1,707	315	1,663	(43)
Liabilities					
Debt securities in issue					
- Interest rate risk	(26,978)	(1,477)	(414)	(797)	(6)
Total Liabilities	(26,978)	(1,477)	(414)	(797)	(6)
Total Hedged Items	15,654	230	(99)	866	(49)

Note

a Hedge ineffectiveness is recognised in net interest income.

b 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.

Notes to the financial statements

Assets and liabilities held at fair value

Hedged items in fair value hedges

Barclays Bank PLC

Hedged item statement of financial position classification and risk category	Carrying amount	Accumulated fair value adjustment included in carrying amount		Change in fair value used as a basis to determine ineffectiveness	Hedge ineffectiveness recognised in the income statement ^a
		Total	Of which: Accumulated fair value adjustment on items no longer in a hedge relationship		
	£m	£m	£m	£m	£m
2021					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	1,257	24	6	(77)	(1)
- Inflation risk	556	354	—	9	—
Debt securities classified as amortised cost					
- Interest rate risk	1,378	(39)	—	(75)	(18)
- Inflation risk	4,087	400	—	(16)	(1)
Financial assets at fair value through other comprehensive income ^b					
- Interest rate risk	22,895	(299)	25	(1,122)	31
- Inflation risk	6,271	386	(32)	81	10
Investments in subsidiaries ^c					
- Foreign exchange risk	1,455	(1)	1	19	—
- Other risk	1,607	—	—	35	—
Total Assets	39,506	825	—	(1,146)	21
Liabilities					
Debt securities in issue					
- Interest rate risk	(26,138)	(523)	(318)	722	10
Total Liabilities	(26,138)	(523)	(318)	722	10
Total Hedged items	13,368	302	(318)	(424)	31
2020					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	835	99	2	55	—
- Foreign exchange risk	1,638	3	1	(112)	—
- Inflation risk	545	345	—	25	3
Debt securities classified as amortised cost					
- Interest rate risk	1,440	23	—	17	(7)
- Inflation risk	4,071	(43)	—	453	3
Financial assets at fair value through other comprehensive income ^b					
- Interest rate risk	27,959	958	318	863	(36)
- Inflation risk	7,782	319	(9)	249	(9)
Total Assets	44,270	1,704	312	1,550	(46)
Liabilities					
Debt securities in issue					
- Interest rate risk	(26,163)	(1,314)	(393)	(793)	5
Total Liabilities	(26,163)	(1,314)	(393)	(793)	5
Total Hedged items	18,107	390	(81)	757	(41)

Note

a Hedge ineffectiveness is recognised in net interest income.

b 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.

c Amounts presented in 2020 under Loans and advances at amortised cost - Foreign exchange risk have been represented in 2021 under Investments in subsidiaries - Other risk

Notes to the financial statements

Assets and liabilities held at fair value

Amount, timing and uncertainty of future cash flows

The following table shows the fair value hedging instruments which are carried on the Barclays Bank Group's balance sheet:

Barclays Bank Group		Carrying value			Nominal amount £m	Change in fair value used as a basis to determine ineffectiveness £m	Nominal amount directly impacted by IBOR reform £m
		Derivative assets £m	Derivative liabilities £m	Loan liabilities £m			
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2021							
Fair value	Interest rate risk	53	—	—	51,219	527	8,855
	Inflation risk	—	(1,045)	—	7,601	(65)	1,624
	Total	53	(1,045)	—	58,820	462	10,479
As at 31 December 2020							
Fair value	Interest rate risk	117	(164)	—	55,093	(185)	17,697
	Inflation risk	6	(779)	—	7,826	(730)	1,487
	Total	123	(943)	—	62,919	(915)	19,184

Barclays Bank PLC		Carrying value			Nominal amount £m	Change in fair value used as a basis to determine ineffectiveness £m	Nominal amount directly impacted by IBOR reform £m
		Derivative assets £m	Derivative liabilities £m	Loan liabilities £m			
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2021							
Fair value	Interest rate risk	36	—	—	50,669	574	8,855
	Foreign exchange risk	—	(20)	(1,199)	3,529	(54)	—
	Inflation risk	—	(1,045)	—	7,601	(65)	1,624
	Total	36	(1,065)	(1,199)	61,799	455	10,479
As at 31 December 2020							
Fair value	Interest rate risk	91	(164)	—	54,496	(181)	17,288
	Foreign exchange risk	72	—	—	2,360	112	—
	Inflation risk	6	(779)	—	7,826	(730)	1,487
	Total	169	(943)	—	64,682	(799)	18,775

The following table profiles the expected notional values of current hedging instruments for fair value hedging in future years:

As at 31 December 2021	2021	2022	2023	2024	2025	2026	2027 and later
	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group							
Fair value hedges of:							
Interest rate risk (outstanding notional amount)	51,219	49,156	43,857	37,590	31,635	27,011	22,555
Inflation risk (outstanding notional amount)	7,601	7,435	6,603	5,341	4,283	3,131	818

For Barclays Bank Group, there are 618 (2020: 586) interest rate risk fair value hedges with an average fixed rate of 1.1% (2020: 1.2%) across the relationships and 60 (2020: 70) inflation risk fair value hedges with an average rate of 0.59% (2020: 0.52%) across the relationships.

As at 31 December 2021	2021	2022	2023	2024	2025	2026	2027 and later
	£m	£m	£m	£m	£m	£m	£m
Barclays Bank PLC							
Fair value hedges of interest rate risk							
Interest rate risk (outstanding notional amount)	50,669	48,776	43,481	37,218	31,220	26,912	22,371
Foreign exchange risk (outstanding notional amount)	3,529	1,199	1,199	1,199	1,199	1,199	1,199
Inflation risk (outstanding notional amount)	7,601	7,435	6,603	5,341	4,283	3,131	818

Notes to the financial statements

Assets and liabilities held at fair value

Hedged items in cash flow hedges and hedges of net investments in foreign operations

Barclays Bank Group

Description of hedge relationship and hedged risk	Change in value of hedged item used as the basis for recognising ineffectiveness	Balance in cash flow hedging reserve for continuing hedges	Balance in currency translation reserve for continuing hedges	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied	Balances remaining in currency translation 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
	£m	£m	£m	£m	£m	£m	£m
2021							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	2,042	935	—	(192)	—	2,042	(211)
Foreign exchange risk							
Loans and advances at amortised cost	(88)	(16)	—	—	—	(88)	1
Inflation risk							
Debt securities classified at amortised cost	252	204	—	(12)	—	252	(22)
Total cash flow hedges	2,206	1,123	—	(204)	—	2,206	(232)
Hedge of net investment in foreign operations							
USD foreign operations	143	—	1,184	—	—	143	—
EUR foreign operations	(49)	—	(39)	—	—	(49)	—
Other foreign operations	(3)	—	44	—	186	(3)	—
Total foreign operations	91	—	1,189	—	186	91	—
2020							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	(1,260)	(758)	—	(780)	—	(1,260)	40
Foreign exchange risk							
Loans and advances at amortised cost	(70)	(15)	—	—	—	(70)	—
Inflation risk							
Debt securities classified at amortised cost	(41)	(65)	—	—	—	(41)	1
Total cash flow hedges	(1,371)	(838)	—	(780)	—	(1,371)	41
Hedge of net investment in foreign operations							
USD foreign operations	(83)	—	1,097	—	—	(83)	—
EUR foreign operations	(2)	—	16	—	—	(2)	—
Other foreign operations	(9)	—	55	—	162	(9)	—
Total foreign operations	(94)	—	1,168	—	162	(94)	—

Note

a Hedge ineffectiveness is recognised in net interest income

Notes to the financial statements

Assets and liabilities held at fair value

Hedged items in cash flow hedges and hedges of net investments in foreign operations

Barclays Bank PLC

Description of hedge relationship and hedged risk	Change in value of hedged item used as the basis for recognising ineffectiveness	Balance in cash flow hedging reserve for continuing hedges	Balance in currency translation reserve for continuing hedges	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied	Balances remaining in currency translation 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
	£m	£m	£m	£m	£m	£m	£m
2021							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	2,051	964	—	(209)	—	2,051	(168)
Foreign exchange risk							
Loans and advances at amortised cost	(88)	(16)	—	—	—	(88)	1
Inflation risk							
Debt securities classified at amortised cost	252	204	—	(12)	—	252	(23)
Total cash flow hedges	2,215	1,152	—	(221)	—	2,215	(190)
Hedge of net investment in foreign operations							
USD foreign operations	34	—	1,050	—	—	34	—
EUR foreign operations	2	—	(2)	—	2	2	—
Other foreign operations	—	—	—	—	—	—	—
Total foreign operations	36	—	1,048	—	2	36	—
2020							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	(1,273)	(792)	—	(759)	—	(1,273)	41
Foreign exchange risk							
Loans and advances at amortised cost	(70)	(15)	—	—	—	(70)	—
Inflation risk							
Debt securities classified at amortised cost	(41)	(65)	—	—	—	(41)	1
Total cash flow hedges	(1,384)	(872)	—	(759)	—	(1,384)	42
Hedge of net investment in foreign operations							
USD foreign operations	3	—	1,060	—	—	3	—
EUR foreign operations	—	—	—	—	2	—	—
Other foreign operations	—	—	—	—	—	—	—
Total foreign operations	3	—	1,060	—	2	3	—

Note

a Hedge ineffectiveness is recognised in net interest income.

Notes to the financial statements

Assets and liabilities held at fair value

The following table shows the cash flow and net investment hedging instruments which are carried on the Barclays Bank Group's balance sheet:

Barclays Bank Group		Carrying value			Nominal amount £m	Change in fair value used as a basis to determine ineffectiveness £m	Nominal amount directly impacted by IBOR reform £m
Hedge type	Risk category	Derivative assets £m	Derivative liabilities £m	Loan liabilities £m			
As at 31 December 2021							
Cash flow	Interest rate risk	—	—	—	59,957	(2,253)	9,896
	Foreign exchange risk	155	—	—	1,000	89	—
	Inflation risk	—	(3)	—	4,092	(274)	—
	Total	155	(3)	—	65,049	(2,438)	9,896
Net investment	Foreign exchange risk	37	(4)	(6,933)	9,356	(91)	—
As at 31 December 2020							
Cash flow	Interest rate risk	47	—	—	42,520	1,300	27,160
	Foreign exchange risk	67	—	—	1,000	70	—
	Inflation risk	2	—	—	2,798	42	0
	Total	116	—	—	46,318	1,412	27,160
Net investment	Foreign exchange risk	25	—	(4,832)	5,623	94	—

Barclays Bank PLC		Carrying value			Nominal amount £m	Change in fair value used as a basis to determine ineffectiveness £m	Nominal amount directly impacted by IBOR reform £m
Hedge type	Risk category	Derivative assets £m	Derivative liabilities £m	Loan liabilities £m			
As at 31 December 2021							
Cash flow	Interest rate risk	—	(2)	—	58,689	(2,219)	7,567
	Foreign exchange risk	155	—	—	1,000	89	—
	Inflation risk	—	(3)	—	4,152	(275)	—
	Total	155	(5)	—	63,841	(2,405)	7,567
Net investment	Foreign exchange risk	23	(1)	(1,335)	2,641	(36)	—
As at 31 December 2020							
Cash flow	Interest rate risk	23	—	—	42,013	1,314	26,490
	Foreign exchange risk	67	—	—	1,000	70	—
	Inflation risk	2	—	—	2,799	42	—
	Total	92	—	—	45,812	1,426	26,490
Net investment	Foreign exchange risk	134	—	—	1,906	(3)	—

For Barclays Bank Group, there is 1 (2020: 1) foreign exchange risk cash flow hedge with an average foreign exchange rate of JPY 133.03: GBP 1 (2020: JPY 133.03: GBP 1) and for Barclays Bank PLC, there is 1 (2020: 1) foreign exchange risk cash flow hedge with an average foreign exchange rate of JPY 133.03: GBP 1 (2020: JPY 133.03: GBP 1).

Notes to the financial statements

Assets and liabilities held at fair value

The effect on the income statement and other comprehensive income of recycling amounts in respect of cash flow hedges and net investment hedges of foreign operations is set out in the following table:

Barclays Bank Group	2021		2020	
	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur
Description of hedge relationship and hedged risk	£m	£m	£m	£m
Cash flow hedge of interest rate risk				
Recycled to net interest income	228	13	239	37
Cash flow hedge of foreign exchange risk				
Recycled to net interest income	87	—	55	—
Hedge of net investment in foreign operations				
Recycled to other income	—	(28)	—	(4)

Barclays Bank PLC	2021		2020	
	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur
Description of hedge relationship and hedged risk	£m	£m	£m	£m
Cash flow hedge of interest rate risk				
Recycled to net interest income	235	11	237	53
Cash flow hedge of foreign exchange risk				
Recycled to net interest income	87	—	55	—
Hedge of net investment in foreign operations				
Recycled to other income	—	—	—	—

A detailed reconciliation of the movements of the cash flow hedging reserve and the currency translation reserve is as follows:

Barclays Bank Group	2021		2020	
	Cash flow hedging reserve	Currency translation reserve	Cash flow hedging reserve	Currency translation reserve
	£m	£m	£m	£m
Balance on 1 January	1,181	2,736	388	3,383
Currency translation movements	(6)	(92)	50	(745)
Hedging (losses)/gains for the year	(2,206)	(91)	1,316	94
Amounts reclassified in relation to cash flows affecting profit or loss	(327)	28	(282)	4
Tax	740	—	(291)	—
Balance on 31 December	(618)	2,581	1,181	2,736

In 2020, amounts recycled from other comprehensive income £55m 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 £87m were presented within 'Amounts reclassified in relation to cash flows affecting profit or loss'.

Notes to the financial statements

Assets and liabilities held at fair value

Barclays Bank PLC	2021		2020	
	Cash flow hedging reserve	Currency translation reserve	Cash flow hedging reserve	Currency translation reserve
	£m	£m	£m	£m
Balance on 1 January	1,191	140	403	659
Currency translation movements	(15)	164	51	(516)
Hedging (losses)/gains for the year	(2,215)	(36)	1,329	(3)
Amounts reclassified in relation to cash flows affecting profit or loss	(333)	—	(290)	—
Tax	748	—	(302)	—
Balance on 31 December	(624)	268	1,191	140

In 2020, amounts recycled from other comprehensive income of £55m 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 £87m 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 Group will consider past sales and expectations about future sales to establish if the business model is achieved.

For equity securities that are not held for trading, the Barclays Bank Group may make an irrevocable election on initial recognition to present subsequent changes in the fair value of the instrument in other comprehensive income (except for dividend income which is recognised in profit or loss). Gains or losses on the de-recognition of these equity securities are not transferred to profit or loss. These assets are also not subject to the impairment requirements and therefore no amounts are recycled to the income statement. Where the Barclays Bank Group has not made the irrevocable election to present subsequent changes in the fair value of the instrument in other comprehensive income, equity securities are measured at fair value through profit or loss.

	Barclays Bank Group	
	2021	2020
	£m	£m
Debt securities and other eligible bills	45,854	51,710
Equity securities	1	1
Loans and advances	53	191
Financial assets at fair value through other comprehensive income	45,908	51,902

	Barclays Bank PLC	
	2021	2020
	£m	£m
Debt securities and other eligible bills	44,110	50,117
Loans and advances	53	191
Financial assets at fair value through other comprehensive income	44,163	50,308

Notes to the financial statements

Assets and liabilities held at fair value

15 Financial liabilities designated at fair value

Accounting for liabilities designated at fair value through profit and loss

In accordance with IFRS 9, financial liabilities may be designated at fair value, with gains and losses taken to the income statement within net trading income (Note 5) and net investment income (Note 6). Movements in own credit are reported through other comprehensive income, unless the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit and loss. In these scenarios, all gains and losses on that liability (including the effects of changes in the credit risk of the liability) are presented in profit and loss. On derecognition of the financial liability no amount relating to own credit risk are recycled to the income statement. The Barclays Bank Group has the ability to make the fair value designation when holding the instruments at fair value reduces an accounting mismatch (caused by an offsetting liability or asset being held at fair value), or is managed by the Barclays Bank Group on the basis of its fair value, or includes terms that have substantive derivative characteristics (Note 13).

The details on how the fair value amounts are arrived at for financial liabilities designated at fair value are described in Note 16.

	Barclays Bank Group			
	2021		2020	
	Fair value	Contractual amount due on maturity	Fair value	Contractual amount due on maturity
	£m	£m	£m	£m
Debt securities	53,164	61,333	50,216	57,650
Deposits	29,409	29,836	21,718	22,120
Repurchase agreements and other similar secured borrowing	168,075	168,144	177,455	177,513
Subordinated debt ^a	483	613	—	—
Other financial liabilities	—	—	237	237
Financial liabilities designated at fair value	251,131	259,926	249,626	257,520

	Barclays Bank PLC			
	2021		2020	
	Fair value	Contractual amount due on maturity	Fair value	Contractual amount due on maturity
	£m	£m	£m	£m
Debt securities	52,362	60,335	48,872	56,082
Deposits	20,722	20,836	14,075	14,127
Repurchase agreements and other similar secured borrowing	217,495	217,547	204,190	204,201
Subordinated debt ^a	483	613	—	—
Financial liabilities designated at fair value	291,062	299,331	267,137	274,410

The cumulative own credit net loss recognised for Barclays Bank Group is £960m (2020: £954m) and for Barclays Bank PLC is £837m (2020: £875m)

Note

a. Subordinated debt measured at fair value (2020: £221m) was previously disclosed in Note 26 Subordinated Liabilities. For the current year, it is disclosed within Financial Liabilities designated at fair value to better reflect that it is accounted for at fair value.

16 Fair value of financial instruments

Accounting for financial assets and liabilities – fair values

Financial instruments that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

All financial instruments are initially recognised at fair value on the date of initial recognition (including transaction costs, other than financial instruments held at fair value through profit or loss) and depending on the subsequent classification of the financial asset or liability, may continue to be held at fair value either through profit or loss or other comprehensive income. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Wherever possible, fair value is determined by reference to a quoted market price for that instrument. For many of the Barclays Bank Group's financial assets and liabilities, especially derivatives, quoted prices are not available and valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market inputs including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates.

For financial liabilities measured at fair value, the carrying amount reflects the effect on fair value of changes in own credit spreads derived from observable market data such as in primary issuance and redemption activity for structured notes.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets, then the instrument should be recognised at the fair value derived from such observable market data.

Notes to the financial statements

Assets and liabilities held at fair value

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 202.

Critical accounting estimates and judgements

The valuation of financial instruments often involves a significant degree of judgement and complexity, in particular where valuation models make use of unobservable inputs ('Level 3' assets and liabilities). This note provides information on these instruments, including the related unrealised gains and losses recognised in the period, a description of significant valuation techniques and unobservable inputs, and a sensitivity analysis.

Valuation

IFRS 13 *Fair value measurement* requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.

Quoted market prices – Level 1

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable either directly or indirectly. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

Valuation technique using significant unobservable inputs – Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

The following table shows Barclays Bank Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

Assets and liabilities held at fair value	2021				2020			
	Valuation technique using				Valuation technique using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	80,836	63,754	2,281	146,871	60,619	65,182	1,863	127,664
Financial assets at fair value through the income statement	4,953	177,194	6,079	188,226	4,439	162,930	4,392	171,761
Derivative financial assets	6,150	252,131	4,010	262,291	9,154	289,071	4,468	302,693
comprehensive income	16,070	29,800	38	45,908	12,150	39,599	153	51,902
Investment property	—	—	7	7	—	—	10	10
Total assets	108,009	522,879	12,415	643,303	86,362	556,782	10,886	654,030
Trading portfolio liabilities	(26,701)	(26,563)	(27)	(53,291)	(23,331)	(22,780)	(28)	(46,139)
Financial liabilities designated at fair value	(174)	(250,553)	(404)	(251,131)	(159)	(249,126)	(341)	(249,626)
Derivative financial liabilities	(6,571)	(243,893)	(6,059)	(256,523)	(8,762)	(285,579)	(6,239)	(300,580)
Total liabilities	(33,446)	(521,009)	(6,490)	(560,945)	(32,252)	(557,485)	(6,608)	(596,345)

The following table shows Barclays Bank PLC's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

Notes to the financial statements

Assets and liabilities held at fair value

Assets and liabilities held at fair value								
	2021				2020			
	Valuation technique using				Valuation technique using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Barclays Bank PLC	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	48,365	46,372	1,987	96,724	37,915	44,782	1,392	84,089
Financial assets at fair value through the income statement	344	230,870	5,363	236,577	30	199,557	3,486	203,073
Derivative financial assets	4	231,034	3,371	234,409	—	292,773	4,356	297,129
Financial assets at fair value through other comprehensive income	14,363	29,762	38	44,163	10,596	39,559	153	50,308
Investment property	—	—	3	3	—	—	5	5
Total assets	63,076	538,038	10,762	611,876	48,541	576,671	9,392	634,604
Trading portfolio liabilities	(34,148)	(15,948)	(20)	(50,116)	(32,210)	(15,855)	(28)	(48,093)
Financial liabilities designated at fair value	(21)	(290,650)	(391)	(291,062)	(22)	(266,794)	(321)	(267,137)
Derivative financial liabilities	(2)	(222,539)	(5,450)	(227,991)	—	(286,568)	(5,970)	(292,538)
Total liabilities	(34,171)	(529,137)	(5,861)	(569,169)	(32,232)	(569,217)	(6,319)	(607,768)

The following table shows Barclays Bank Group's Level 3 assets and liabilities that are held at fair value disaggregated by product type:

Level 3 Assets and liabilities held at fair value by product type				
	2021		2020	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Barclays Bank Group				
Interest rate derivatives	1,091	(1,351)	1,613	(1,615)
Foreign exchange derivatives	376	(374)	144	(143)
Credit derivatives	323	(709)	196	(351)
Equity derivatives	2,220	(3,625)	2,497	(4,112)
Corporate debt	1,205	(21)	698	(3)
Reverse repurchase and repurchase agreements	13	(172)	—	(174)
Non-asset backed loans	3,743	—	3,093	—
Asset backed securities	558	—	767	(24)
Equity cash products	393	—	542	—
Private equity investments	148	—	84	—
Other ^a	2,345	(238)	1,252	(186)
Total	12,415	(6,490)	10,886	(6,608)

Note

a Other includes commercial real estate loans, asset backed loans, funds and fund-linked products, issued debt, government sponsored debt, commodity derivatives and investment property.

Valuation techniques and sensitivity analysis

Sensitivity analysis is performed on products with significant unobservable inputs (Level 3) to generate a range of reasonably possible alternative valuations. The sensitivity methodologies applied take account of nature of the valuation techniques used, as well as availability and reliability of observable proxy and historical data and impact of using alternative models.

Sensitivities are dynamically calculated on a monthly basis. The calculation is based on range or spread data of a reliable reference source or a scenario based on relevant market analysis alongside the impact of using alternative models. Sensitivities are calculated without reflecting the impact of any diversification in the portfolio.

The valuation techniques used, observability and sensitivity analysis for material products within Level 3, are described below.

Interest rate derivatives

Description: Derivatives linked to interest rates or inflation indices. The category includes futures, interest rate and inflation swaps, swaptions, caps, floors, inflation options, balance guaranteed swaps and other exotic interest rate derivatives.

Valuation: Interest rate and inflation derivatives are generally valued using curves of forward rates constructed from market data to project and discount the expected future cash flows of trades. Instruments with optionality are valued using volatilities implied from market inputs, and use industry standard or bespoke models depending on the product type.

Observability: In general, inputs are considered observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques or inferred via another reasonable method.

Notes to the financial statements

Assets and liabilities held at fair value

Foreign exchange derivatives

Description: Derivatives linked to the foreign exchange (FX) market. The category includes FX forward contracts, FX swaps and FX options. The majority are traded as over the counter (OTC) derivatives.

Valuation: FX derivatives are valued using industry standard and bespoke models depending on the product type. Valuation inputs include FX rates, interest rates, FX volatilities, interest rate volatilities, FX interest rate correlations and others as appropriate.

Observability: FX correlations, forwards and volatilities are generally observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

Credit derivatives

Description: Derivatives linked to the credit spread of a referenced entity, index or basket of referenced entities or a pool of referenced assets (e.g. a securitised product). The category includes single name and index credit default swaps (CDS) and total return swaps (TRS).

Valuation: CDS are valued on industry standard models using curves of credit spreads as the principal input. Credit spreads are observed directly from broker data, third party vendors or priced to proxies.

Observability: CDS contracts referencing entities that are actively traded are generally considered observable. Other valuation inputs are considered observable if products with significant sensitivity to the inputs are actively traded in a liquid market. Unobservable valuation inputs are generally determined with reference to recent transactions or inferred from observable trades of the same issuer or similar entities.

Equity derivatives

Description: Exchange traded or OTC derivatives linked to equity indices and single names. The category includes vanilla and exotic equity products.

Valuation: Equity derivatives are valued using industry standard models. Valuation inputs include stock prices, dividends, volatilities, interest rates, equity repurchase curves and, for multi-asset products, correlations.

Observability: In general, valuation inputs are observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

Corporate debt

Description: Primarily corporate bonds.

Valuation: Corporate bonds are valued using observable market prices sourced from broker quotes, inter-dealer prices or other reliable pricing sources.

Observability: Prices for actively traded bonds are considered observable. Unobservable bonds prices are generally determined by reference to bond yields or CDS spreads for actively traded instruments issued by or referencing the same (or a similar) issuer.

Reverse repurchase and repurchase agreements

Description: Includes securities purchased under resale agreements, securities sold under repurchase agreements, and other similar secured lending agreements. The agreements are primarily short-term in nature.

Valuation: Repurchase and reverse repurchase agreements are generally valued by discounting the expected future cash flows using industry standard models that incorporate market interest rates and repurchase rates, based on the specific details of the transaction.

Observability: Inputs are deemed observable up to liquid maturities, and are determined based on the specific features of the transaction. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

Non-asset backed loans

Description: Largely made up of fixed rate loans.

Valuation: Fixed rate loans are valued using models that discount expected future cash flows based on interest rates and loan spreads.

Observability: Within this loan population, the loan spread is generally unobservable. Unobservable loan spreads are determined by incorporating funding costs, the level of comparable assets such as gilts, issuer credit quality and other factors.

Asset backed securities

Description: Securities that are linked to the cash flows of a pool of referenced assets via securitisation. The category includes residential mortgage backed securities, commercial mortgage backed securities, CDOs, collateralised loan obligations (CLOs) and other asset backed securities.

Valuation: Where available, valuations are based on observable market prices sourced from broker quotes and inter-dealer prices. Otherwise, valuations are determined using industry standard discounted cash flow analysis that calculates the fair value based on valuation inputs such as constant default rate, conditional prepayment rate, loss given default and yield. These inputs are determined by reference to a number of sources including proxying to observed transactions, market indices or market research, and by assessing underlying collateral performance.

Proxying to observed transactions, indices or research requires an assessment and comparison of the relevant securities' underlying attributes including collateral, tranche, vintage, underlying asset composition (historical losses, borrower characteristics and loan attributes such as loan to value ratio and geographic concentration) and credit ratings (original and current).

Observability: Where an asset backed product does not have an observable market price and the valuation is determined using a discounted cash flow analysis, the instrument is considered unobservable.

Equity cash products

Description: Includes listed equities, Exchange Traded Funds (ETF) and preference shares.

Valuation: Valuation of equity cash products is primarily determined through market observable prices.

Notes to the financial statements

Assets and liabilities held at fair value

Observability: Prices for actively traded equity cash products are considered observable. Unobservable equity prices are generally determined by reference to actively traded instruments that are similar in nature, or inferred via another reasonable method.

Private equity investments

Description: Includes investments in equity holdings in operating companies not quoted on a public exchange.

Valuation: Private equity investments are valued in accordance with the 'International Private Equity and Venture Capital Valuation Guidelines' which require the use of a number of individual pricing benchmarks such as the prices of recent transactions in the same or similar entities, discounted cash flow analysis and comparison with the earnings multiples of listed companies. While the valuation of unquoted equity instruments is subjective by nature, the relevant methodologies are commonly applied by other market participants and have been consistently applied over time.

Observability: Inputs are considered observable if there is active trading in a liquid market of products with significant sensitivity to the inputs. Unobservable inputs include earnings estimates, multiples of comparative companies, marketability discounts and discount rates.

Other

Description: Other includes commercial real estate loans, funds and fund-linked products, asset backed loans, issued debt, Government sponsored debt, commodity derivatives and investment property.

Assets and liabilities reclassified between Level 1 and Level 2

During the year, there were no material transfers between Level 1 to Level 2. (2020: there were no material transfers between Level 1 and Level 2).

Level 3 movement analysis

The following table summarises the movements in the Level 3 balances during the year. Transfers have been reflected as if they had taken place at the beginning of the year.

Assets and liabilities included in disposal groups classified as held for sale and measured at fair value less cost to sell are not included as these are measured at fair value on a non-recurring basis.

Asset and liability transfers between Level 2 and Level 3 are primarily due to 1) an increase or decrease in observable market activity related to an input or 2) a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant.

Notes to the financial statements

Assets and liabilities held at fair value

Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2021	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		As at 31 December 2021
						Trading income	Other income		In	Out	
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate debt	151	310	(123)	—	(12)	38	—	—	41	(16)	389
Non-asset backed loans	709	1,580	(1,409)	—	(85)	(1)	—	—	45	(81)	758
Asset backed securities	686	209	(370)	—	—	(69)	—	—	114	(116)	454
Equity cash products	214	45	(53)	—	4	23	—	—	80	(10)	303
Other	103	117	(2)	—	(61)	(3)	—	—	248	(25)	377
Trading portfolio assets	1,863	2,261	(1,957)	—	(154)	(12)	—	—	528	(248)	2,281
Non-asset backed loans	2,280	1,379	(306)	—	(248)	(59)	(174)	—	113	—	2,985
Equity cash products	320	3	(247)	—	—	—	7	—	1	—	84
Private equity investments	88	68	(7)	—	(8)	—	10	—	35	(38)	148
Other	1,704	11,253	(9,981)	—	(184)	2	21	—	48	(1)	2,862
Financial assets at fair value through the income statement	4,392	12,703	(10,541)	—	(440)	(57)	(136)	—	197	(39)	6,079
Non-asset backed loans	106	—	—	—	—	—	—	—	—	(106)	—
Asset backed securities	47	—	—	—	(7)	—	—	(2)	—	—	38
Financial assets at fair value through other comprehensive income	153	—	—	—	(7)	—	—	(2)	—	(106)	38
Investment property	10	—	(2)	—	—	—	(1)	—	—	—	7
Trading portfolio liabilities	(28)	(5)	23	—	—	(6)	—	—	(12)	1	(27)
Financial liabilities designated at fair value	(341)	(4)	—	(101)	66	21	—	—	(68)	23	(404)
Interest rate derivatives	(2)	20	—	—	105	(255)	—	—	90	(218)	(260)
Foreign exchange derivatives	1	—	—	—	40	(2)	—	—	10	(47)	2
Credit derivatives	(155)	(239)	9	—	(45)	34	—	—	10	—	(386)
Equity derivatives	(1,615)	90	(1)	—	(15)	(3)	—	—	(3)	142	(1,405)
Net derivative financial instruments^a	(1,771)	(129)	8	—	85	(226)	—	—	107	(123)	(2,049)
Total	4,278	14,826	(12,469)	(101)	(450)	(280)	(137)	(2)	752	(492)	5,925

Notes to the financial statements

Assets and liabilities held at fair value

Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2020	Purchases	Sales	Issues	Settlements	Total gains and losses in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		As at 31 December 2020
						Trading income	Other income		In	Out	
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate debt	120	77	(6)	—	—	(35)	—	—	12	(17)	151
Non-asset backed loans	974	1,955	(2,182)	—	(12)	(10)	—	—	39	(55)	709
Asset backed securities	656	458	(428)	—	(40)	(25)	—	—	99	(34)	686
Equity cash products	392	5	(149)	—	—	(41)	—	—	11	(4)	214
Other	122	—	—	—	—	(21)	—	—	2	—	103
Trading portfolio assets	2,264	2,495	(2,765)	—	(52)	(132)	—	—	163	(110)	1,863
Non-asset backed loans	1,964	1,102	(283)	—	(293)	142	—	—	—	(352)	2,280
Equity cash products	835	9	(404)	—	—	(93)	(36)	—	9	—	320
Private equity investments	113	2	(20)	—	(1)	—	(9)	—	15	(12)	88
Other	1,250	3,716	(3,606)	—	(26)	32	(48)	—	386	—	1,704
Financial assets at fair value through the income statement	4,162	4,829	(4,313)	—	(320)	81	(93)	—	410	(364)	4,392
Non-asset backed loans	343	—	—	—	(237)	—	—	—	—	—	106
Asset backed securities	86	—	(35)	—	—	—	—	(4)	—	—	47
Financial assets at fair value through other comprehensive income	429	—	(35)	—	(237)	—	—	(4)	—	—	153
Investment property	13	—	(2)	—	—	—	(1)	—	—	—	10
Trading portfolio liabilities	—	(27)	—	—	—	(1)	—	—	—	—	(28)
Financial liabilities designated at fair value	(343)	—	1	(21)	1	21	—	—	(38)	38	(341)
Interest rate derivatives	(206)	17	(12)	—	85	109	—	—	(18)	23	(2)
Foreign exchange derivatives	(7)	—	—	—	21	(16)	—	—	(19)	22	1
Credit derivatives	198	(125)	24	—	(371)	24	—	—	(21)	116	(155)
Equity derivatives	(820)	(699)	(43)	—	105	(101)	—	—	(13)	(44)	(1,615)
Net derivative financial instruments^a	(835)	(807)	(31)	—	(160)	16	—	—	(71)	117	(1,771)
Total	5,690	6,490	(7,145)	(21)	(768)	(15)	(94)	(4)	464	(319)	4,278

Note

a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £4,010m (2020: £4,468m) and derivative financial liabilities are £6,059m (2020: £6,239m).

Notes to the financial statements

Assets and liabilities held at fair value

Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2021	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		31 December 2021
						Trading income	Other income		In	Out	
						£m	£m		£m	£m	
Barclays Bank PLC	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	1,392	1,989	(1,543)	—	(158)	(23)	—	—	457	(127)	1,987
Financial assets at fair value through the income statement	3,486	12,486	(10,266)	—	(278)	(71)	(159)	7	158	—	5,363
Fair value through other comprehensive income	153	—	—	—	(7)	—	—	(2)	—	(106)	38
Investment property	5	—	(2)	—	—	—	—	—	—	—	3
Trading portfolio liabilities	(28)	(5)	27	—	—	(6)	—	—	(9)	1	(20)
Financial liabilities designated at fair value	(321)	(13)	—	(92)	67	21	—	—	(68)	15	(391)
Net derivative financial instruments ^a	(1,614)	(129)	6	—	20	(322)	—	—	97	(137)	(2,079)
Total	3,073	14,328	(11,778)	(92)	(356)	(401)	(159)	5	635	(354)	4,901

Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2020	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		As at 31 December 2020
						Trading income	Other income		In	Out	
						£m	£m		£m	£m	
Barclays Bank PLC	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	1,899	2,009	(2,294)	—	(54)	(157)	—	—	63	(74)	1,392
Financial assets at fair value through the income statement	2,909	4,696	(3,870)	—	(292)	68	(52)	—	28	(1)	3,486
Fair value through other comprehensive income	429	—	(35)	—	(237)	—	—	(4)	—	—	153
Investment property	5	—	—	—	—	—	—	—	—	—	5
Trading portfolio liabilities	—	(27)	—	—	—	(1)	—	—	—	—	(28)
Financial liabilities designated at fair value	(321)	—	3	(21)	1	21	—	—	(32)	28	(321)
Net derivative financial instruments ^a	(706)	(807)	(30)	—	(37)	(88)	—	—	(44)	98	(1,614)
Total	4,215	5,871	(6,226)	(21)	(619)	(157)	(52)	(4)	15	51	3,073

Note

a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £3,371m (2020: £4,356m) and derivative financial liabilities are £5,450m (2020: £5,970m).

Notes to the financial statements

Assets and liabilities held at fair value

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

	2021				2020			
	Income statement		Other comprehensive income	Total	Income statement		Other comprehensive income	Total
	Trading income	Other income			Trading income	Other income		
	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group								
As at 31 December								
Trading portfolio assets	(67)	—	—	(67)	(114)	—	—	(114)
Financial assets at fair value through the income statement	(53)	22	—	(31)	115	(89)	—	26
Fair value through other comprehensive income	—	—	—	—	—	—	(1)	(1)
Investment property	—	—	—	—	—	(1)	—	(1)
Trading portfolio liabilities	(5)	—	—	(5)	—	—	—	—
Financial liabilities designated at fair value	16	(1)	—	15	20	(1)	—	19
Net derivative financial instruments	(196)	—	—	(196)	(91)	—	—	(91)
Total	(305)	21	—	(284)	(70)	(91)	(1)	(162)

Unrealised gains and losses recognised during the period on Level 3 assets and liabilities held at year end

	2021				2020			
	Income statement		Other comprehensive income	Total	Income statement		Other comprehensive income	Total
	Trading income	Other income			Trading income	Other income		
	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank PLC								
As at 31 December								
Trading portfolio assets	(55)	—	—	(55)	(153)	—	—	(153)
Financial assets at fair value through the income statement	(68)	17	—	(51)	103	(50)	—	53
Fair value through other comprehensive income	—	—	—	—	—	—	(1)	(1)
Trading portfolio liabilities	(5)	—	—	(5)	—	—	—	—
Financial liabilities designated at fair value	9	—	—	9	21	—	—	21
Net derivative financial instruments	(276)	—	—	(276)	(72)	—	—	(72)
Total	(395)	17	—	(378)	(101)	(50)	(1)	(152)

Notes to the financial statements

Assets and liabilities held at fair value

Significant unobservable inputs

The following table discloses the valuation techniques and significant unobservable inputs for assets and liabilities recognised at fair value and classified as Level 3 along with the range of values used for those significant unobservable inputs:

Barclays Bank Group	Valuation technique(s) ^a	Significant unobservable inputs	2021		2020		Units ^b	
			Range		Range			
			Min	Max	Min	Max		
Derivative financial instruments^c								
Interest rate derivatives	Discounted cash flows	Inflation forwards	—	3	1	3	%	
		Credit spread	9	1,848	17	1,831	bps	
	Correlation Model	Inflation forwards	(20)	(13)	(20)	(13)	%	
		Comparable pricing	Price	—	38	—	84	points
	Option model	Inflation volatility		31	130	31	227	bps vol
			Interest rate volatility	5	600	6	489	bps vol
		FX - IR correlation		(20)	78	(30)	78	%
			IR - IR correlation	(100)	99	(20)	99	%
Credit derivatives	Discounted cash flows	Credit spread	2	2,925	5	480	bps	
	Comparable pricing	Price	—	—	—	100	points	
Equity derivatives	Option model	Equity volatility	2	108	1	110	%	
		Equity - equity correlation	10	100	(45)	100	%	
	Discounted cash flow	Discounted margin	(129)	93	(225)	3,000	bps	
Foreign exchange derivatives	Option Model	Option Volatility	—	100	—	30	points	
Non-derivative financial instruments								
Non-asset backed loans	Discounted cash flows	Loan spread	31	811	32	477	bps	
		Credit spread	200	300	200	300	bps	
		Price	—	112	—	104	points	
		Yield	3	10	5	8	%	
	Comparable pricing	Price	—	145	—	137	points	
Asset backed securities	Comparable pricing	Price	—	120	—	112	points	
Corporate debt	Comparable pricing	Price	—	284	—	127	points	
	Discounted cash flows	Loan spread	229	854	—	—	bps	
		Price	—	100	—	104	points	
Commercial Real Estate loans	Discounted cash flows	Credit spread	68	543	146	483	bps	
Equity cash products	Discounted cash flows	Discount margin	26	34	49	49	bps	

Notes

a A range has not been provided for Net Asset Value as there would be a wide range reflecting the diverse nature of the positions.

b The units used to disclose ranges for significant unobservable inputs are percentages, points and basis points. Points are a percentage of par; for example, 100 points equals 100% of par. A basis point equals 1/100th of 1%; for example, 150 basis points equals 1.5%.

c Certain derivative instruments are classified as Level 3 due to a significant unobservable credit spread input into the calculation of the Credit Valuation Adjustment for the instruments. The range of significant unobservable credit spreads is between 32bps- 1,848bps (2020: 17bps-1,831bps).

The following section describes the significant unobservable inputs identified in the table above, and the sensitivity of fair value measurement of the instruments categorised as Level 3 assets or liabilities to increases in significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Where reliable interrelationships can be identified between significant unobservable inputs used in fair value measurement, a description of those interrelationships is included below.

Forwards

A price or rate that is applicable to a financial transaction that will take place in the future.

In general, a significant increase in a forward in isolation will result in a fair value increase for the contracted receiver of the underlying (currency, bond, commodity, etc.), but the sensitivity is dependent on the specific terms of the instrument.

Credit spread

Credit spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Credit spreads reflect the additional yield that a market participant demands for taking on exposure to the credit risk of an instrument and form part of the yield used in a discounted cash flow calculation.

Notes to the financial statements

Assets and liabilities held at fair value

In general, a significant increase in credit spread in isolation will result in a movement in a fair value decrease for a cash asset.

For a derivative instrument, a significant increase in credit spread in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

Volatility

Volatility is a measure of the variability or uncertainty in return for a given derivative underlying. It is an estimate of how much a particular underlying instrument input or index will change in value over time. In general, volatilities are implied from observed option prices. For unobservable options the implied volatility may reflect additional assumptions about the nature of the underlying risk, and the strike/maturity profile of a specific contract.

In general a significant increase in volatility in isolation will result in a fair value increase for the holder of a simple option, but the sensitivity is dependent on the specific terms of the instrument.

There may be interrelationships between unobservable volatilities and other unobservable inputs (e.g. when equity prices fall, implied equity volatilities generally rise) but these are generally specific to individual markets and may vary over time.

Correlation

Correlation is a measure of the relationship between the movements of two variables. Correlation can be a significant input into valuation of derivative contracts with more than one underlying instrument. Credit correlation generally refers to the correlation between default processes for the separate names that make up the reference pool of a CDO structure.

A significant increase in correlation in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

Comparable price

Comparable instrument prices are used in valuation by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable observable instrument, then adjusting that yield (or spread) to account for relevant differences such as maturity or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable and unobservable instruments in order to establish a value.

In general, a significant increase in comparable price in isolation will result in an increase in the price of the unobservable instrument. For derivatives, a change in the comparable price in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

Loan spread

Loan spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Loan spreads typically reflect credit quality, the level of comparable assets such as gilts and other factors, and form part of the yield used in a discounted cash flow calculation.

The ESHLA portfolio primarily consists of long-dated fixed rate loans extended to counterparties in the UK Education, Social Housing and Local Authority sectors. The loans are categorised as Level 3 in the fair value hierarchy due to their illiquid nature and the significance of unobservable loan spreads to the valuation. Valuation uncertainty arises from the long-dated nature of the portfolio, the lack of secondary market in the loans and the lack of observable loan spreads. The majority of ESHLA loans are to borrowers in heavily regulated sectors that are considered extremely low credit risk, and have a history of near zero defaults since inception. While the overall loan spread range is from 31bps to 601bps (2020: 32bps to 477bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 99% (2020: 98%) 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	
	Income statement	Equity	Income statement	Equity	Income statement	Equity	Income statement	Equity
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m
Interest rate derivatives	51	—	(79)	—	82	—	(123)	—
Foreign exchange derivatives	20	—	(28)	—	6	—	(11)	—
Credit derivatives	112	—	(103)	—	55	—	(44)	—
Equity derivatives	181	—	(190)	—	174	—	(179)	—
Corporate debt	38	—	(28)	—	16	—	(14)	—
Non asset backed loans	99	—	(150)	—	104	3	(190)	(3)
Equity cash products	25	—	(42)	—	158	—	(141)	—
Private equity investments	10	—	(11)	—	15	—	(15)	—
Other ^a	19	—	(20)	—	23	—	(23)	—
Total	555	—	(651)	—	633	3	(740)	(3)

Note

a Other includes commercial real estate loans, asset backed loans, funds and fund-linked products, issued debt, government sponsored debt, commodity derivatives and investment property.

The effect of stressing unobservable inputs to a range of reasonably possible alternatives, alongside considering the impact of using alternative models, would be to increase fair values by up to £555m (2020: £636m) or to decrease fair values by up to £651m (2020: £743m) with substantially all the potential effect impacting profit and loss rather than reserves.

Notes to the financial statements

Assets and liabilities held at fair value

Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	2021	2020
	£m	£m
Barclays Bank Group		
Exit price adjustments derived from market bid-offer spreads	(498)	(483)
Uncollateralised derivative funding	(127)	(115)
Derivative credit valuation adjustments	(212)	(268)
Derivative debit valuation adjustments	91	113

Exit price adjustments derived from market bid-offer spreads

Barclays Bank Group uses mid-market pricing where it is a market maker and has the ability to transact at, or better than, mid price (which is the case for certain equity, bond and vanilla derivative markets). For other financial assets and liabilities, bid-offer adjustments are recorded to reflect the exit level for the expected close out strategy. The methodology for determining the bid-offer adjustment for a derivative portfolio involves calculating the net risk exposure by offsetting long and short positions by strike and term in accordance with the risk management and hedging strategy.

Bid-offer levels are generally derived from market quotes such as broker data. Less liquid instruments may not have a directly observable bid-offer level. In such instances, an exit price adjustment may be derived from an observable bid-offer level for a comparable liquid instrument, or determined by calibrating to derivative prices, or by scenario or historical analysis.

Exit price adjustments derived from market bid-offer spreads have increased by £15m to £498m.

Discounting approaches for derivative instruments

Collateralised

In line with market practice, the methodology for discounting collateralised derivatives takes into account the nature and currency of the collateral that can be posted within the relevant credit support annex (CSA). The CSA aware discounting approach recognises the 'cheapest to deliver' option that reflects the ability of the party posting collateral to change the currency of the collateral.

Uncollateralised

A fair value adjustment of £127m is applied to account for the impact of incorporating the cost of funding into the valuation of uncollateralised and partially collateralised derivative portfolios and collateralised derivatives where the terms of the agreement do not allow the rehypothecation of collateral received. This adjustment is referred to as the Funding Fair Value Adjustment (FFVA). FFVA has increased by £12m to £127m as a result of underlying moves in the exposure profile of the derivative portfolio in scope.

Derivative credit and debit valuation adjustments

CVA and DVA are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and Barclays Bank Group's own credit quality respectively. These adjustments are calculated for uncollateralised and partially collateralised derivatives across all asset classes. CVA and DVA are calculated using estimates of exposure at default, probability of default and recovery rates, at a counterparty level. Counterparties include (but are not limited to) corporates, sovereigns and sovereign agencies and supranationals.

Exposure at default is generally estimated through the simulation of underlying risk factors through approximating with a more vanilla structure, or by using current or scenario-based mark to market as an estimate of future exposure.

Probability of default and recovery rate information is generally sourced from the CDS markets. Where this information is not available, or considered unreliable, alternative approaches are taken based on mapping internal counterparty ratings onto historical or market-based default and recovery information.

CVA decreased by £56m to £212m as a result of tightening input counterparty credit spreads. DVA decreased by £22m to £91m, as a result of tightening input own credit spreads.

Correlation between counterparty credit and underlying derivative risk factors, termed 'wrong-way,' or 'right-way' risk, is not systematically incorporated into the CVA calculation but is adjusted where the underlying exposure is directly related to the counterparty.

Barclays Bank Group continues to monitor market practices and activity to ensure the approach to uncollateralised derivative valuation remains appropriate.

Portfolio exemptions

Barclays Bank Group uses the portfolio exemption in IFRS 13 *Fair Value Measurement* to measure the fair value of groups of financial assets and liabilities. Instruments are measured using the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the balance sheet date under current market conditions. Accordingly, Barclays Bank Group measures the fair value of the group of financial assets and liabilities consistently with how market participants would price the net risk exposure at the measurement date.

Unrecognised gains as a result of the use of valuation models using unobservable inputs

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is £122m (2020: £103m) for financial instruments measured at fair value and £28m (2020: £30m) for financial instruments carried at amortised cost. The increase in financial instruments measured at fair value of £19m (2020: £3m increase) was driven by additions of £59m (2020: £26m) and £40m (2020: £23m) of amortisation and releases. The decrease of £2m (2020: £1m) in financial instruments carried at amortised cost was driven by £2m (2020: £2m) of amortisation and releases offset by additions of £nil (2020: £1m).

Third party credit enhancements

Structured and brokered certificates of deposit issued by Barclays Bank Group are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC) in the US. The FDIC is funded by premiums that Barclays Bank Group and other banks pay for deposit insurance coverage.

Notes to the financial statements

Assets and liabilities held at fair value

The carrying value of these issued certificates of deposit that are designated under the IFRS 9 fair value option includes this third party credit enhancement. The on-balance sheet value of these brokered certificates of deposit amounted to £790m (2020: £1,494m).

Comparison of carrying amounts and fair values

The following tables summarises the fair value of financial assets and liabilities measured at amortised cost on Barclays Bank Group's and Barclays Bank PLC's balance sheet:

Barclays Bank Group	2021					2020				
	Carrying amount £m	Fair value £m	Level 1 £m	Level 2 £m	Level 3 £m	Carrying amount £m	Fair value £m	Level 1 £m	Level 2 £m	Level 3 £m
As at 31 December										
Financial assets										
Loans and advances at amortised cost	145,259	145,665	15,406	63,948	66,311	134,267	134,537	8,824	65,267	60,446
Reverse repurchase agreements and other similar secured lending	3,177	3,177	—	3,177	—	8,981	8,981	—	8,981	—
Financial liabilities										
Deposits at amortised cost	(262,828)	(262,843)	(180,829)	(82,014)	—	(244,696)	(244,738)	(165,909)	(78,769)	(60)
Repurchase agreements and other similar secured borrowing	(12,769)	(12,776)	—	(12,776)	—	(10,443)	(10,443)	—	(10,443)	—
Debt securities in issue	(48,388)	(48,350)	—	(46,201)	(2,149)	(29,423)	(29,486)	—	(27,630)	(1,856)
Subordinated liabilities	(32,185)	(33,598)	—	(33,598)	—	(32,005)	(33,356)	—	(33,356)	—

Barclays Bank PLC	2021					2020				
	Carrying amount £m	Fair value £m	Level 1 £m	Level 2 £m	Level 3 £m	Carrying amount £m	Fair value £m	Level 1 £m	Level 2 £m	Level 3 £m
As at 31 December										
Financial assets										
Loans and advances at amortised cost	199,782	198,943	11,891	150,019	37,033	191,538	190,811	8,832	146,142	35,837
Reverse repurchase agreements and other similar secured lending	4,982	4,982	—	4,982	—	11,535	11,535	—	11,535	—
Financial liabilities										
Deposits at amortised cost	(286,761)	(286,756)	(152,350)	(134,406)	—	(272,190)	(272,189)	(139,051)	(133,078)	(60)
Repurchase agreements and other similar secured borrowing	(29,202)	(29,208)	—	(29,208)	—	(27,722)	(27,720)	—	(27,720)	—
Debt securities in issue	(32,585)	(32,542)	—	(32,542)	—	(17,221)	(17,272)	—	(17,272)	—
Subordinated liabilities	(31,875)	(33,287)	—	(33,287)	—	(31,852)	(33,205)	—	(33,205)	—

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a wide range of valuation techniques are available, it may not be appropriate to directly compare this fair value information to independent market sources or other financial institutions. Different valuation methodologies and assumptions can have a significant impact on fair values which are based on unobservable inputs.

Financial assets

The carrying value of financial assets held at amortised cost (including loans and advances to banks and customers, and other lending such as reverse repurchase agreements and cash collateral on securities borrowed) is determined in accordance with the relevant accounting policy in Note 18.

Loans and advances at amortised cost

The fair value of loans and advances, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Where market data or credit information on the underlying borrowers is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rates.

Reverse repurchase agreements and other similar secured lending

The fair value of reverse repurchase agreements approximates carrying amount as these balances are generally short dated and fully collateralised.

Financial liabilities

The carrying value of financial liabilities held at amortised cost (including customer accounts, other deposits, repurchase agreements and cash collateral on securities lent, debt securities in issue and subordinated liabilities) is determined in accordance with the accounting policy in Note 1.

Deposits at amortised cost

In many cases, the fair value disclosed approximates carrying value because the instruments are short term in nature or have interest rates that repriced 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.

Notes to the financial statements

Assets and liabilities held at fair value

Repurchase agreements and other similar secured borrowing

The fair value of repurchase agreements approximates carrying amounts as these balances are generally short dated.

Debt securities in issue

Fair values of other debt securities in issue are based on quoted prices where available, or where the instruments are short dated, carrying amount approximates fair value.

Subordinated liabilities

Fair values for dated and undated convertible and non-convertible loan capital are based on quoted market rates for the issuer concerned or issuers with similar terms and conditions.

17 Offsetting financial assets and financial liabilities

In accordance with IAS 32 *Financial Instruments: Presentation*, the Barclays Bank Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- All financial assets and liabilities that are reported net on the balance sheet.
- All derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

The 'Net amounts' presented in the table below are not intended to represent the Barclays Bank Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Barclays Bank Group	Amounts subject to enforceable netting arrangements						Amounts not subject to enforceable netting arrangements ^c	Balance sheet total ^d
	Effects of offsetting on-balance sheet			Related amounts not offset				
	Gross amounts	Amounts offset ^a	Net amounts reported on the balance sheet	Financial instruments	Financial collateral ^b	Net amount		
	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021								
Derivative financial assets	279,286	(24,137)	255,149	(202,347)	(39,953)	12,849	7,142	262,291
Reverse repurchase agreements and other similar secured lending ^e	519,855	(375,376)	144,479	—	(143,976)	503	3,884	148,363
Total assets	799,141	(399,513)	399,628	(202,347)	(183,929)	13,352	11,026	410,654
Derivative financial liabilities	(273,996)	23,606	(250,390)	202,347	34,151	(13,892)	(6,133)	(256,523)
Repurchase agreements and other similar secured borrowing ^e	(540,462)	375,376	(165,086)	—	165,086	—	(15,758)	(180,844)
Total liabilities	(814,458)	398,982	(415,476)	202,347	199,237	(13,892)	(21,891)	(437,367)
As at 31 December 2020								
Derivative financial assets	342,896	(44,305)	298,591	(233,088)	(47,820)	17,683	4,102	302,693
Reverse repurchase agreements and other similar secured lending ^e	448,377	(305,749)	142,628	—	(142,244)	384	4,911	147,539
Total assets	791,273	(350,054)	441,219	(233,088)	(190,064)	18,067	9,013	450,232
Derivative financial liabilities	(333,748)	41,982	(291,766)	233,088	46,592	(12,086)	(8,814)	(300,580)
Repurchase agreements and other similar secured borrowing ^e	(475,616)	305,749	(169,867)	—	169,867	—	(18,031)	(187,898)
Total liabilities	(809,364)	347,731	(461,633)	233,088	216,459	(12,086)	(26,845)	(488,478)

Notes

- a Amounts offset for derivative financial assets additionally includes cash collateral netted of £3,815m (2020: £4,990m). Amounts offset for derivative financial liabilities additionally includes cash collateral netted of £4,346m (2020: £7,313m). Settlements assets and liabilities have been offset amounting to £22,837m (2020: £18,143m).
- b Financial collateral of £39,953m (2020: £47,820m) was received in respect of derivative assets, including £34,149m (2020: £43,164m) of cash collateral and £5,804m (2020: £4,656m) of non-cash collateral. Financial collateral of £34,151m (2020: £46,592m) was placed in respect of derivative liabilities, including £31,861m (2020: £42,518m) of cash collateral and £2,290m (2020: £4,074m) of non-cash collateral. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.
- c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.
- d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.
- e Reverse Repurchase agreements and other similar secured lending of £148,363m (2020: £147,539m) is split by fair value £145,186m (2020: £138,558m) and amortised cost £3,177m (2020: £8,981m). Repurchase agreements and other similar secured borrowing of £180,844m (2020: £187,898m) is split by fair value £168,075m (2020: £177,455m) and amortised cost £12,769m (2020: £10,443m).

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.

Notes to the financial statements

Assets and liabilities held at fair value

Reverse repurchase and 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 collateral arrangements and other credit risk mitigation strategies used by the Barclays Bank Group are further explained in the Credit risk mitigation section on pages 51 and 52.

Barclays Bank PLC	Amounts subject to enforceable netting arrangements							
	Effects of offsetting on-balance sheet			Related amounts not offset			Amounts not subject to enforceable netting arrangements ^c	Balance sheet total ^d
	Gross amounts	Amounts offset ^a	Net amounts reported on the balance sheet	Financial instruments	Financial collateral ^b	Net amount		
£m	£m	£m	£m	£m	£m	£m	£m	
As at 31 December 2021								
Derivative financial assets	244,885	(17,415)	227,470	(183,718)	(31,320)	12,432	6,939	234,409
Reverse repurchase agreements and other similar secured lending ^e	561,851	(372,048)	189,803	—	(189,803)	—	3,232	193,035
Total assets	806,736	(389,463)	417,273	(183,718)	(221,123)	12,432	10,171	427,444
Derivative financial liabilities	(239,385)	17,208	(222,177)	183,718	26,460	(11,999)	(5,814)	(227,991)
Repurchase agreements and other similar secured borrowing ^e	(606,183)	372,048	(234,135)	—	234,135	—	(12,562)	(246,697)
Total liabilities	(845,568)	389,256	(456,312)	183,718	260,595	(11,999)	(18,376)	(474,688)
As at 31 December 2020								
Derivative financial assets	329,314	(35,480)	293,834	(238,339)	(38,535)	16,960	3,295	297,129
Reverse repurchase agreements and other similar secured lending ^e	506,836	(334,701)	172,135	—	(172,135)	—	4,070	176,205
Total assets	836,150	(370,181)	465,969	(238,339)	(210,670)	16,960	7,365	473,334
Derivative financial liabilities	(319,283)	34,318	(284,965)	238,339	35,989	(10,637)	(7,573)	(292,538)
Repurchase agreements and other similar secured borrowing ^e	(551,064)	334,701	(216,363)	—	216,363	—	(15,549)	(231,912)
Total liabilities	(870,347)	369,019	(501,328)	238,339	252,352	(10,637)	(23,122)	(524,450)

Notes

- a Amounts offset for derivative financial assets additionally includes cash collateral netted of £2,736m (2020: £4,183m). Amounts offset for derivative financial liabilities additionally includes cash collateral netted of £2,943m (2020: £5,345m). Settlements assets and liabilities have been offset amounting to £16,459m (2020: £13,950m).
- b Financial collateral of £31,320m (2020: £38,535m) was received in respect of derivative assets, including £26,166m (2020: £34,081m) of cash collateral and £5,154m (2020: £4,454m) of non-cash collateral. Financial collateral of £26,460m (2020: £35,989m) was placed in respect of derivative liabilities, including £24,860m (2020: £33,444m) of cash collateral and £1,600m (2020: £2,545m) of non-cash collateral. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.
- c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.
- d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.
- e Reverse Repurchase agreements and other similar secured lending of £193,035m (2020: £176,205m) is split by fair value £188,053m (2020: £164,670m) and amortised cost £4,982m (2020: £11,535m). Repurchase agreements and other similar secured borrowing of £246,697m (2020: £231,912m) is split by fair value £217,495m (2020: £204,190m) and amortised cost £29,202m (2020: £27,722m).

Derivative assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Reverse repurchase and repurchase agreements and other similar secured lending and borrowing

The '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 collateral arrangements and other credit risk mitigation strategies used by the Barclays Bank PLC are further explained in the Credit risk mitigation section on pages 51 and 52.

Notes to the financial statements

Assets at amortised cost and other investments

The notes included in this section focus on the Barclays Bank Group's loans and advances and deposits at amortised cost, leases, property, plant and equipment and goodwill and intangible assets. Details regarding the Barclays Bank Group's liquidity and capital position can be found on pages 101 to 116.

18 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 of 'solely payments of principal and interest'.

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean the Barclays Bank Group is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Barclays Bank Group will consider past sales and expectations about future sales.

	Barclays Bank Group	
	2021	2020
	£m	£m
As at 31 December		
Loans and advances at amortised cost to banks	8,750	9,003
Loans and advances at amortised cost to customers	117,014	110,101
Debt securities at amortised cost	19,495	15,163
Total loans and advances at amortised cost	145,259	134,267
Deposits at amortised cost from banks	17,911	17,348
Deposits at amortised cost from customers	244,917	227,348
Total deposits at amortised cost	262,828	244,696

	Barclays Bank PLC	
	2021	2020
	£m	£m
As at 31 December		
Loans and advances at amortised cost to banks	13,969	13,672
Loans and advances at amortised cost to customers	168,665	164,677
Debt securities at amortised cost	17,148	13,189
Total loans and advances at amortised cost	199,782	191,538
Deposits at amortised cost from banks	16,364	16,906
Deposits at amortised cost from customers	270,397	255,284
Total deposits at amortised cost	286,761	272,190

Notes to the financial statements

Assets at amortised cost and other investments

19 Property, plant and equipment

Accounting for property, plant and equipment

The Barclays Bank Group applies IAS 16 *Property Plant and Equipment* and IAS 40 *Investment Properties*.

Property, plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in enhancement of the asset.

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances. The Barclays Bank Group uses the following annual rates in calculating depreciation:

Annual rates in calculating depreciation	Depreciation rate
Freehold land	Not depreciated
Freehold buildings and long-leasehold property (more than 50 years to run)	2%-3.3%
Leasehold property over the remaining life of the lease (less than 50 years to run)	Over the remaining life of the lease
Costs of adaptation of freehold and leasehold property	6%-10%
Equipment installed in freehold and leasehold property	6%-10%
Computers and similar equipment	17%-33%
Fixtures and fittings and other equipment	9%-20%

Costs of adaptation and installed equipment are depreciated over the shorter of the life of the lease or the depreciation rates noted in the table above.

Investment property

The Barclays Bank Group initially recognises investment property at cost, and subsequently at fair value at each balance sheet date, reflecting market conditions at the reporting date. Gains and losses on remeasurement are included in the income statement.

	Barclays Bank Group				
	Investment property	Property	Equipment	Right of use assets ^a	Total
	£m	£m	£m	£m	£m
Cost					
As at 1 January 2021	10	1,619	987	688	3,304
Additions	—	85	70	27	182
Disposals	(2)	(32)	(12)	(58)	(104)
Exchange and other movements	(1)	30	13	58	100
As at 31 December 2021	7	1,702	1,058	715	3,482
Accumulated depreciation and impairment					
As at 1 January 2021	—	(730)	(821)	(216)	(1,767)
Depreciation charge	—	(70)	(55)	(68)	(193)
Impairment charge ^b	—	(108)	—	(160)	(268)
Disposals	—	27	10	9	46
Exchange and other movements	—	(39)	(11)	(2)	(52)
As at 31 December 2021	—	(920)	(877)	(437)	(2,234)
Net book value	7	782	181	278	1,248
Cost					
As at 1 January 2020	13	1,635	1,080	621	3,349
Additions	—	39	35	28	102
Disposals	(1)	(25)	(97)	(6)	(129)
Exchange and other movements	(2)	(30)	(31)	45	(18)
As at 31 December 2020	10	1,619	987	688	3,304
Accumulated depreciation and impairment					
As at 1 January 2020	—	(697)	(875)	(146)	(1,718)
Depreciation charge	—	(72)	(61)	(77)	(210)
Impairment charge	—	—	—	(2)	(2)
Disposals	—	22	93	1	116
Exchange and other movements	—	17	22	8	47
As at 31 December 2020	—	(730)	(821)	(216)	(1,767)
Net book value	10	889	166	472	1,537

Notes to the financial statements

Assets at amortised cost and other investments

	Barclays Bank PLC				
	Investment property	Property	Equipment	Right of use assets ^a	Total
	£m	£m	£m	£m	£m
Cost					
As at 1 January 2021	5	278	265	308	856
Additions	—	4	12	1	17
Disposals	(1)	(6)	(2)	(4)	(13)
Exchange and other movements	(1)	19	6	18	42
As at 31 December 2021	3	295	281	323	902
Accumulated depreciation and impairment					
As at 1 January 2021	—	(135)	(227)	(69)	(431)
Depreciation charge	—	(15)	(15)	(28)	(58)
Impairment charge ^b	—	(106)	—	(160)	(266)
Disposals	—	3	2	1	6
Exchange and other movements	—	(19)	(6)	—	(25)
As at 31 December 2021	—	(272)	(246)	(256)	(774)
Net book value	3	23	35	67	128
Cost					
As at 1 January 2020	5	282	298	271	856
Additions	—	5	17	27	49
Disposals	(1)	(8)	(46)	(4)	(59)
Exchange and other movements	1	(1)	(4)	14	10
As at 31 December 2020	5	278	265	308	856
Accumulated depreciation and impairment					
As at 1 January 2020	—	(127)	(261)	(42)	(430)
Depreciation charge	—	(15)	(16)	(28)	(59)
Disposals	—	7	46	1	54
Exchange and other movements	—	—	4	—	4
As at 31 December 2020	—	(135)	(227)	(69)	(431)
Net book value	5	143	38	239	425

Notes

a Right of use (ROU) asset balances relate to Property Leases under IFRS 16. Refer to Note 20 for further details.

b Impairment charge includes £266m related to structural cost action in relation to the real estate review.

Property rentals of £6m (2020: £8m) have been included in other income within The Barclays Bank Group.

The fair value of investment property is determined by reference to current market prices for similar properties, adjusted as necessary for condition and location, or by reference to recent transactions updated to reflect current economic conditions. Discounted cash flow techniques may be employed to calculate fair value where there have been no recent transactions, using current external market inputs such as market rents and interest rates. Valuations are carried out by management with the support of appropriately qualified independent valuers.

20 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 Group has decided to apply.

When the Barclays Bank Group is the lessee, it is required to recognise both:

- a lease liability, measured at the present value of remaining cash flows on the lease; and
- a right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in the one of the following:

- future lease payments arising from a change in an index or rate;
- the Barclays Bank Group's estimate of the amount expected to be payable under a residual value guarantee; or
- the Barclays Bank Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

Notes to the financial statements

Assets at amortised cost and other investments

The Barclays Bank Group applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months. For these leases the lease payments are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more appropriate.

When the Barclays Bank Group is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Barclays Bank Group holds the leased assets on-balance sheet within property, plant and equipment.

As a Lessor

Finance lease receivables are included within loans and advances at amortised cost. During the previous year, Barclays Partner Finance sold the majority of its motor point of sale finance portfolio and the remaining balance was transferred to the Barclays Group. The Barclays Bank Group does not have any material operating leases as a lessor.

Finance lease income

Finance lease income is included within interest income. The following table shows amounts recognised in the income statement during the year.

	Barclays Bank Group	
	2021	2020
	£m	£m
Finance income from net investment in lease	—	10
Loss on sales	—	(27)

As a Lessee

The Barclays Bank Group leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, the Barclays Bank Group will sublease property to third parties when it is no longer needed to meet business requirements. Currently, the Barclays Bank Group does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 19 for a breakdown of the carrying amount of ROU assets.

The Barclays Bank Group has not recognised any expense related to short term leases during the current and previous year. The portfolio of short term leases to which the Barclays Bank Group is exposed at the end of the year is not dissimilar to the expenses recognised in the year.

Lease liabilities	Barclays Bank Group	
	2021	2020
	£m	£m
As at 1 January	515	529
Interest expense	20	23
New leases	38	27
Disposals	(45)	(5)
Cash payments	(92)	(114)
Exchange and other movements	59	55
As at 31 December (see Note 22)	495	515

Lease liabilities	Barclays Bank PLC	
	2021	2020
	£m	£m
As at 1 January	259	242
Interest expense	11	12
New leases	12	27
Disposals	(8)	(4)
Cash payments	(43)	(35)
Exchange and other movements	16	17
As at 31 December (see Note 22)	247	259

Notes to the financial statements

Assets at amortised cost and other investments

The below table sets out a maturity analysis of undiscounted lease liabilities, showing the lease payments to be paid after the reporting date.

Undiscounted lease liabilities maturity analysis	Barclays Bank Group	
	2021	2020
	£m	£m
Not more than one year	81	91
One to two years	77	70
Two to three years	74	60
Three to four years	66	58
Four to five years	60	55
Five to ten years	210	227
Greater than ten years	30	68
Total undiscounted lease liabilities as at 31 December	598	629

Undiscounted lease liabilities maturity analysis	Barclays Bank PLC	
	2021	2020
	£m	£m
Not more than one year	34	34
One to two years	33	34
Two to three years	32	29
Three to four years	31	29
Four to five years	29	28
Five to ten years	134	134
Greater than ten years	16	42
Total undiscounted lease liabilities as at 31 December	309	330

In addition to the cash flows identified above, the Barclays Bank Group is exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments.

Currently, the Barclays Bank Group has 47 leases (2020: 59 leases) out of the total 110 leases (2020: 121 leases) which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £362m (2020: £121m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

Currently, the Barclays Bank PLC has 31 leases (2020: 44 leases) out of the total 53 leases (2020: 69 leases) which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £282m (2020: £38m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

- Extension and termination options: The table above represents the Barclays Bank Group's and the Barclays Bank PLC's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options. The above gross cash flows have been reduced by £408m (2020: £395m) and £10m (2020: £3m) for leases where the Barclays Bank Group and the Barclays Bank PLC are highly expected to exercise an early termination option. However, there is no significant impact where the Barclays Bank Group and the Barclays Bank PLC is expected to exercise an extension option.

In 2021, the Barclays Bank Group recorded a gain on sale relating to a sale and leaseback transaction of the Monaco branch premises of £33m.

The Barclays Bank Group and Barclays Bank PLC does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

21 Goodwill and intangible assets

Accounting for goodwill and intangible assets

Goodwill

The carrying value of goodwill is determined in accordance with IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets*.

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Barclays Bank Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of the cash generating unit (CGU) including goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the CGU to which the goodwill relates, or the CGU's fair value if this is higher.

Intangible assets

Intangible assets other than goodwill are accounted for in accordance with IFRS 3 *Business Combinations* and 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.

Notes to the financial statements

Assets at amortised cost and other investments

For internally generated intangible assets, only costs incurred during the development phase are capitalised. Expenditure in the research phase is expensed when it is 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
Internally generated software ^a	12 months to 6 years
Other software	12 months to 6 years
Customer lists	12 months to 25 years
Licences and other	12 months to 25 years

Note

a Exceptions to the above period relate to useful lives of certain core banking platforms that are assessed individually and, if appropriate, amortised over longer periods ranging from 10 years to 15 years.

Intangible assets are reviewed for impairment when there are indications that impairment may have occurred. Intangible assets not yet available for use are reviewed annually for impairment.

	Intangible assets					Total £m
	Goodwill	Internally generated software	Other software	Customer lists	Licences and other	
	£m	£m	£m	£m	£m	
Barclays Bank Group						
Cost						
As at 1 January 2021	324	1,539	106	1,325	457	3,751
Additions ^a	—	195	1	—	405	601
Disposals	—	(148)	(12)	(5)	(2)	(167)
Exchange and other movements	2	(78)	—	19	16	(41)
As at 31 December 2021	326	1,508	95	1,339	876	4,144
Accumulated amortisation and impairment						
As at 1 January 2021	(68)	(964)	(55)	(1,158)	(352)	(2,597)
Disposals	—	148	12	5	2	167
Amortisation charge	—	(126)	(6)	(36)	(42)	(210)
Impairment charge	—	(12)	—	—	—	(12)
Exchange and other movements	—	(12)	(3)	(18)	(10)	(43)
As at 31 December 2021	(68)	(966)	(52)	(1,207)	(402)	(2,695)
Net book value	258	542	43	132	474	1,449

Note

a. Additions in 'Licences and others' primarily relate to new and renewed long-term partnership agreements.

Notes to the financial statements

Assets at amortised cost and other investments

	Goodwill £m	Internally generated software £m	Other software £m	Customer lists £m	Licences and other £m	Total £m
Barclays Bank Group						
Cost						
As at 1 January 2020	406	1,430	81	1,371	458	3,746
Additions and disposals	(77)	169	21	—	20	133
Exchange and other movements	(5)	(60)	4	(46)	(21)	(128)
As at 31 December 2020	324	1,539	106	1,325	457	3,751
Accumulated amortisation and impairment						
As at 1 January 2020	(111)	(870)	(54)	(1,159)	(340)	(2,534)
Disposals	43	22	9	—	4	78
Amortisation charge	—	(132)	(8)	(40)	(31)	(211)
Impairment charge	—	(18)	—	—	—	(18)
Exchange and other movements	—	34	(2)	41	15	88
As at 31 December 2020	(68)	(964)	(55)	(1,158)	(352)	(2,597)
Net book value	256	575	51	167	105	1,154

	Intangible assets					Total £m
	Goodwill £m	Internally generated software £m	Other software £m	Customer lists £m	Licences and other £m	
Barclays Bank PLC						
Cost						
As at 1 January 2021	164	27	3	11	18	223
Additions and disposals	—	—	—	—	4	4
Exchange and other movements	—	(1)	—	—	—	(1)
As at 31 December 2021	164	26	3	11	22	226
Accumulated amortisation and impairment						
As at 1 January 2021	(69)	(21)	(1)	(11)	(9)	(111)
Amortisation charge	—	(2)	—	—	(5)	(7)
Exchange and other movements	—	1	—	—	—	1
As at 31 December 2021	(69)	(22)	(1)	(11)	(14)	(117)
Net book value	95	4	2	—	8	109

	Goodwill £m	Internally generated software £m	Other software £m	Customer lists £m	Licences and other £m	Total £m
Barclays Bank PLC						
Cost						
As at 1 January 2020	164	27	3	11	14	219
Additions and disposals	—	—	—	—	5	5
Exchange and other movements	—	—	—	—	(1)	(1)
As at 31 December 2020	164	27	3	11	18	223
Accumulated amortisation and impairment						
As at 1 January 2020	(69)	(17)	(1)	(11)	(6)	(104)
Amortisation charge	—	(4)	—	—	(3)	(7)
As at 31 December 2020	(69)	(21)	(1)	(11)	(9)	(111)
Net book value	95	6	2	—	9	112

Notes to the financial statements

Assets at amortised cost and other investments

Goodwill

Goodwill is allocated to business operations according to business segments as follows:

	Barclays Bank Group	
	2021	2020
	£m	£m
Consumer, Cards and Payments	258	256
Total net book value of goodwill	258	256

	Barclays Bank PLC	
	2021	2020
	£m	£m
Consumer, Cards and Payments	95	95
Total net book value of goodwill	95	95

2021 impairment review

The 2021 impairment review was performed during Q4 2021. 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 Barclays Bank 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 considers a market participant would be required to hold and retain to support business growth.

The goodwill held across the Barclays Bank 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 of value in use are based on the formally agreed medium term plans approved by the Board. These are prepared using macroeconomic assumptions which management considers reasonable and supportable, and reflect business agreed initiatives for the forecast period.

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 has identified the cost of equity associated with market participants that closely resemble the Barclays Bank Group's 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 12.5% to 14.7% (2020: 12.0% to 16.3%).

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 Group operate. The UK inflation rate is used as an approximation for the future growth rates. The terminal growth rate used is 2.0% (2020: 2.0%).

Outcome of goodwill and intangibles review

Based on management's plans and assumptions the value in use exceeds the carrying value of the CGUs and no impairment has been indicated by the 2021 impairment review.

Other intangible assets

Determining the estimated useful lives of intangible assets (such as those arising from contractual relationships) requires an analysis of circumstances. The assessment of whether an asset is exhibiting indicators of impairment as well as the calculation of impairment, which requires the estimate of future cash flows and fair values less costs to sell, also requires the preparation of cash flow forecasts and fair values for assets that may not be regularly bought and sold.

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

The notes included in this section focus on the Barclays Bank Group's accruals, provisions and contingent liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Contingent liabilities reflect potential liabilities that are not recognised on the balance sheet.

22 Other liabilities

	Barclays Bank Group	
	2021	2020
	£m	£m
Accruals and deferred income	2,657	2,428
Other creditors	4,030	2,250
Items in the course of collection due to other banks	67	58
Lease liabilities (refer to Note 20)	495	515
Other liabilities	7,249	5,251

	Barclays Bank PLC	
	2021	2020
	£m	£m
Accruals and deferred income	1,072	1,023
Other creditors	3,252	1,873
Items in the course of collection due to other banks	26	(10)
Lease liabilities (refer to Note 20)	247	259
Other liabilities	4,597	3,145

23 Provisions

Accounting for provisions

The Barclays Bank Group applies IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in accounting for non-financial liabilities.

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated cost of restructuring, including redundancy costs, when an obligation exists; for example, when the Barclays Bank Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by announcing its main features or starting to implement the plan.

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 25 for more detail of legal, competition and regulatory matters.

	Onerous contracts	Redundancy and restructuring	Undrawn contractually committed facilities and guarantees provided ^a	Customer redress	Legal, competition and regulatory matters	Sundry provisions	Total
	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group							
As at 1 January 2021	6	44	769	44	222	123	1,208
Additions	1	55	129	15	54	28	282
Amounts utilised	(2)	(39)	—	(4)	(45)	(29)	(119)
Unused amounts reversed	(3)	(11)	(386)	(7)	(18)	(26)	(451)
Exchange and other movements	—	(3)	(13)	(2)	(2)	(10)	(30)
As at 31 December 2021	2	46	499	46	211	86	890

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

	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 PLC							
As at 1 January 2021	2	16	654	44	200	68	984
Additions	—	29	136	4	41	22	232
Amounts utilised	(2)	(17)	—	(4)	(40)	(29)	(92)
Unused amounts reversed	—	(5)	(349)	(4)	(15)	(24)	(397)
Exchange and other movements	—	(2)	(21)	(2)	(3)	—	(28)
As at 31 December 2021	—	21	420	38	183	37	699

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 for Barclays Bank Group were £803m (2020: £787m) and for Barclays Bank PLC were £661m (2020: £609m).

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 pages 66 to 73.

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 Group's business activities.

Legal, competition and regulatory matters

The Barclays Bank Group is engaged in various legal proceedings, both in the UK and a number of other overseas jurisdictions, including the US. For further information in relation to legal proceedings and discussion of the associated uncertainties, please refer to Note 25.

Sundry provisions

This category includes provisions that do not fit into any of the other categories, such as fraud losses and dilapidation provisions.

24 Contingent liabilities and commitments

Accounting for contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow of economic resources is remote.

The following table summarises the nominal principal amount of contingent liabilities and commitments which are not recorded on-balance sheet:

	Barclays Bank Group	
	2021 £m	2020 £m
Guarantees and letters of credit pledged as collateral security	15,759	15,138
Performance guarantees, acceptances and endorsements	7,987	5,794
Total contingent liabilities and financial guarantees^a	23,746	20,932
<i>Of which: Financial guarantees carried at fair value</i>	<i>231</i>	<i>229</i>
Documentary credits and other short-term trade related transactions	1,584	1,086
Standby facilities, credit lines and other commitments	282,867	263,936
Total commitments	284,451	265,022
<i>Of which: Loan commitments carried at fair value</i>	<i>18,571</i>	<i>9,248</i>

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

	Barclays Bank PLC	
	2021	2020
	£m	£m
Guarantees and letters of credit pledged as collateral security	45,289	31,448
Performance guarantees, acceptances and endorsements	10,485	10,969
Total contingent liabilities and financial guarantees^a	55,774	42,417
<i>Of which: Financial guarantees carried at fair value</i>	<i>231</i>	<i>229</i>
Documentary credits and other short-term trade related transactions	1,462	1,029
Standby facilities, credit lines and other commitments	193,641	182,733
Total commitments	195,103	183,762
<i>Of which: Loan commitments carried at fair value</i>	<i>17,292</i>	<i>8,733</i>

Note

a Barclays Bank PLC has issued £14.5bn (2020: £13.9bn) of guarantees to its subsidiaries and other subsidiaries of Barclays PLC. These guarantees were not reported in prior periods and the comparatives have been restated. Barclays Bank Group has issued £1.7bn (2020: £2.6bn) of guarantees that have been provided to subsidiaries of Barclays PLC outside the Barclays Bank Group. These guarantees have not been reported in the prior periods and the comparatives have not been restated.

Expected credit losses held against contingent liabilities and commitments equal £499m (2020: £769m) for Barclays Bank Group and £420m (2020: £654m) for Barclays Bank PLC and are reported in Note 23.

Further details on contingent liabilities relating to legal and competition and regulatory matters can be found in Note 25.

25 Legal, competition and regulatory matters

The Barclays Bank 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 23, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank Group of contingent liabilities where it is not currently practicable to do so. Various matters detailed in this note seek damages of an unspecified amount. While certain matters specify the damages claimed, such claimed amounts do not necessarily reflect the Barclays Bank Group's potential financial exposure in respect of those matters.

Investigations into certain advisory services agreements

FCA proceedings

In 2008, Barclays Bank PLC and Qatar Holdings LLC entered into two advisory service agreements (the Agreements). The Financial Conduct Authority (FCA) conducted an investigation into whether the Agreements may have related to Barclays PLC's capital raisings in June and November 2008 (the Capital Raisings) and therefore should have been disclosed in the announcements or public documents relating to the Capital Raisings. In 2013, the FCA issued warning notices (the Notices) finding that Barclays PLC and Barclays Bank PLC acted recklessly and in breach of certain disclosure-related listing rules, and that Barclays PLC was also in breach of Listing Principle 3. The financial penalty provided in the Notices is £50m. Barclays PLC and Barclays Bank PLC continue to contest the findings. Following the conclusion of the Serious Fraud Office (SFO) proceedings against certain former Barclays executives resulting in their acquittals, the FCA proceedings, which were stayed, have resumed and a hearing before the Regulatory Decisions Committee is scheduled for the first quarter of 2022.

Investigations into LIBOR and other benchmarks and related civil actions

Regulators and law enforcement agencies, including certain competition authorities, from a number of governments have conducted investigations relating to Barclays Bank PLC's involvement in allegedly manipulating certain financial benchmarks, such as LIBOR. Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Barclays Bank Group and other banks in relation to the alleged manipulation of LIBOR and/or other benchmarks.

USD LIBOR civil actions

The majority of the USD LIBOR cases, which have been filed in various US jurisdictions, have been consolidated for pre-trial purposes in the US District Court in the Southern District of New York (SDNY). The complaints are substantially similar and allege, among other things, that Barclays PLC, Barclays Bank PLC, Barclays Capital Inc. (BCI) and other financial institutions individually and collectively violated provisions of the US Sherman Antitrust Act (Antitrust Act), the US Commodity Exchange Act (CEA), the US Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Exchange Act of 1934 and various state laws by manipulating USD LIBOR rates.

Putative class actions and individual actions seek unspecified damages with the exception of three lawsuits, in which the plaintiffs are seeking a combined total of approximately \$100m in actual damages and additional punitive damages against all defendants, including Barclays Bank PLC. Some of the lawsuits also seek trebling of damages under the Antitrust Act and RICO. Barclays Bank PLC has previously settled certain claims. Two class action settlements where Barclays Bank PLC has respectively paid \$7.1m and \$20m have received final court approval. Barclays Bank PLC also settled a further matter for \$7.5m.

Sterling LIBOR civil actions

In 2016, two putative class actions filed in the SDNY against Barclays Bank PLC, BCI and other Sterling LIBOR panel banks alleging, among other things, that the defendants manipulated the Sterling LIBOR rate in violation of the Antitrust Act, CEA and RICO, were consolidated. The defendants' motion to dismiss the claims was granted in 2018. The plaintiffs have appealed the dismissal.

Japanese Yen LIBOR civil actions

In 2012, a putative class action was filed in the SDNY against Barclays Bank PLC and other Japanese Yen LIBOR panel banks by a lead plaintiff involved in exchange-traded derivatives and members of the Japanese Bankers Association's Euroyen Tokyo Interbank Offered Rate (Euroyen TIBOR) panel. The

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

complaint alleges, among other things, manipulation of the Euroyen TIBOR and Yen LIBOR rates and breaches of the CEA and the Antitrust Act. In 2014, the court dismissed the plaintiff's antitrust claims, and, in 2020, the court dismissed the plaintiff's remaining CEA claims. The plaintiff has appealed the lower court's dismissal of such claims.

In 2015, a second putative class action, making similar allegations to the above class action, was filed in the SDNY against Barclays PLC, Barclays Bank PLC and BCI. The plaintiffs filed an amended complaint in 2020. In 2021, the case was dismissed as against most defendants, including the Barclays entities. The plaintiffs and remaining defendants are seeking reconsideration of the decision.

SIBOR/SOR civil action

In 2016, a putative class action was filed in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants, alleging manipulation of the Singapore Interbank Offered Rate (SIBOR) and Singapore Swap Offer Rate (SOR). In 2018, the court dismissed all claims against Barclays PLC, Barclays Bank PLC and BCI. The plaintiffs' appeal of the dismissal of their claims was granted in March 2021 and the matter has been remanded to the lower court for further proceedings. Defendants' petition for U.S. Supreme Court review was denied. Additionally, plaintiffs have filed an amended complaint, which defendants have moved to dismiss.

ICE LIBOR civil actions

In 2019, several putative class actions were filed in the SDNY against a panel of banks, including Barclays PLC, Barclays Bank PLC, BCI, other financial institution defendants and Intercontinental Exchange Inc. and certain of its affiliates (ICE), asserting antitrust claims that defendants manipulated USD LIBOR through defendants' submissions to ICE. These actions have been consolidated. The defendants' motion to dismiss was granted in 2020 and the plaintiffs appealed. In February 2022, the dismissal was affirmed on appeal.

In August 2020, an ICE LIBOR-related action was filed by a group of individual plaintiffs in the US District Court for the Northern District of California on behalf of individual borrowers and consumers of loans and credit cards with variable interest rates linked to USD ICE LIBOR. Plaintiffs' motions seeking, among other things, preliminary and permanent injunctions to enjoin the defendants from continuing to set LIBOR or enforce any financial instrument that relies in whole or in part on USD LIBOR were denied. The defendants have moved to dismiss the case.

Non-US benchmarks civil actions

Legal proceedings (which include the claims referred to below in 'Local authority civil actions concerning LIBOR') have been brought or threatened against Barclays Bank PLC (and, in certain cases, Barclays Bank UK PLC) and other banks in the UK in connection with alleged manipulation of LIBOR, EURIBOR and other benchmarks. Proceedings have also been brought in a number of other jurisdictions in Europe and Israel. Additional proceedings in other jurisdictions may be brought in the future.

Credit Default Swap civil action

A putative antitrust class action is pending in New Mexico federal court against Barclays Bank PLC, BCI, and various other financial institutions. The plaintiffs, the New Mexico State Investment Council and certain New Mexico pension funds, allege that the defendants conspired to manipulate the benchmark price used to value Credit Default Swap (CDS) contracts at settlement (i.e. the CDS final auction price). The plaintiffs allege violations of US antitrust laws and the CEA, and unjust enrichment under state law.

Foreign Exchange investigations and related civil actions

In 2015, the Barclays Bank Group reached settlements totalling approximately \$2.38bn with various US federal and state authorities and the FCA in relation to investigations into certain sales and trading practices in the Foreign Exchange market.

The European Commission announced two settlements in May 2019 and the Barclays Bank Group paid penalties totalling approximately €210m. In June 2019, the Swiss Competition Commission announced two settlements and the Barclays Bank Group paid penalties totalling approximately CHF27m. In December 2021, the European Commission announced a final settlement which required the Barclays Bank Group to pay penalties totalling approximately €54m, which amount has been provided for in previous periods. The financial impact of any ongoing matters is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position.

Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Barclays Bank Group and other banks in relation to alleged manipulation of Foreign Exchange markets.

FX opt out civil action

In 2018, Barclays Bank PLC and BCI settled a consolidated action filed in the SDNY, alleging manipulation of Foreign Exchange markets (Consolidated FX Action), for a total amount of \$384m. Also in 2018, a group of plaintiffs who opted out of the Consolidated FX Action filed a complaint in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants. Some of the plaintiff's claims were dismissed in 2020.

Retail basis civil action

In 2015, a putative class action was filed against several international banks, including Barclays PLC and BCI, on behalf of a proposed class of individuals who exchanged currencies on a retail basis at bank branches (Retail Basis Claims). The SDNY has ruled that the Retail Basis Claims are not covered by the settlement agreement in the Consolidated FX Action. The Court subsequently dismissed all Retail Basis Claims against the Barclays Bank Group and all other defendants. The plaintiffs have filed an amended complaint.

Non-US FX civil actions

Legal proceedings have been brought or are threatened against Barclays PLC, Barclays Bank PLC, BCI and Barclays Execution Services Limited (BX) in connection with alleged manipulation of Foreign Exchange in the UK, a number of other jurisdictions in Europe, Israel, Brazil and Australia and additional proceedings may be brought in the future.

These include two purported class actions filed against Barclays PLC, Barclays Bank PLC, BX, BCI and other financial institutions in the UK Competition Appeal Tribunal in 2019 following the settlements with the European Commission described above. Also in 2019, a separate claim was filed in the UK in the High Court of Justice (High Court), and subsequently transferred to the UK Competition Appeal Tribunal, by various banks and asset management firms against Barclays Bank PLC and other financial institutions alleging breaches of European and UK competition laws related to FX trading.

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

Metals related civil actions

A number of US civil complaints, each on behalf of a proposed class of plaintiffs, have been consolidated and transferred to the SDNY. The complaints allege that Barclays Bank PLC and other members of The London Gold Market Fixing Ltd. manipulated the prices of gold and gold derivative contracts in violation of the Antitrust Act and other federal laws. The parties have reached a joint settlement to resolve this matter for \$50m, which is subject to court approval. The financial impact of Barclays' share of the joint settlement is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position. A separate US civil complaint by a proposed class of plaintiffs against a number of banks, including Barclays Bank PLC, BCI and BX, alleging manipulation of the price of silver in violation of the CEA, the Antitrust Act and state antitrust and consumer protection laws, has been dismissed as against the Barclays entities. The plaintiffs have the option to seek the court's permission to appeal.

Civil actions have also been filed in Canadian courts against Barclays PLC, Barclays Bank PLC, Barclays Capital Canada Inc. and BCI on behalf of proposed classes of plaintiffs alleging manipulation of gold and silver prices.

US residential mortgage related civil actions

There are various pending civil actions relating to US Residential Mortgage-Backed Securities (RMBS), including four actions arising from unresolved repurchase requests submitted by Trustees for certain RMBS, alleging breaches of various loan-level representations and warranties (R&Ws) made by Barclays Bank PLC and/or a subsidiary acquired in 2007. The unresolved repurchase requests had an original principal balance of approximately \$2.1bn. The Trustees have also alleged that the relevant R&Ws may have been breached with respect to a greater (but unspecified) amount of loans than previously stated in the unresolved repurchase requests.

These repurchase actions are ongoing. In one repurchase action, the New York Court of Appeals held that claims related to certain R&Ws are time-barred. Barclays Bank PLC has reached settlements to resolve two of the repurchase actions, subject to final court approval. Final court approval has been granted in one of those matters and payment will be completed in the first quarter of 2022. The other matter is scheduled for a hearing in 2022 to approve the settlement. The financial impact of the settlement is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position. The remaining two repurchase actions are pending.

In 2020, a civil litigation claim was filed in the New Mexico First Judicial District Court by the State of New Mexico against six banks, including BCI, on behalf of two New Mexico state pension funds and the New Mexico State Investment Council relating to legacy RMBS purchases. As to BCI, the complaint alleges that the funds purchased approximately \$22m in RMBS underwritten by BCI. The parties have reached a joint settlement to resolve this matter for \$32.5m. The financial impact of BCI's share of the joint settlement is not material to the Barclays Bank Group's operating results, cash flows or financial position.

Government and agency securities civil actions

Treasury auction securities civil actions

Consolidated putative class action complaints filed in US federal court against Barclays Bank PLC, BCI and other financial institutions under the Antitrust Act and state common law allege that the defendants (i) conspired to manipulate the US Treasury securities market and/or (ii) conspired to prevent the creation of certain platforms by boycotting or threatening to boycott such trading platforms. The court dismissed the consolidated action in March 2021. The plaintiffs have filed an amended complaint, which the defendants have moved to dismiss.

In addition, certain plaintiffs have filed a related, direct action against BCI and certain other financial institutions, alleging that defendants conspired to fix and manipulate the US Treasury securities market in violation of the Antitrust Act, the CEA and state common law.

Supranational, Sovereign and Agency bonds civil actions

Civil antitrust actions have been filed in the SDNY and Federal Court of Canada in Toronto against Barclays Bank PLC, BCI, BX, Barclays Capital Securities Limited and, with respect to the civil action filed in Canada only, Barclays Capital Canada Inc. and other financial institutions alleging that the defendants conspired to fix prices and restrain competition in the market for US dollar-denominated Supranational, Sovereign and Agency bonds.

In one of the actions filed in the SDNY, the court granted the defendants' motions to dismiss the plaintiffs' complaint. The dismissal was affirmed on appeal and this matter is now concluded. The plaintiffs have voluntarily dismissed the other SDNY action. In the Federal Court of Canada action, the plaintiffs reached settlements with a small number of banks in 2020 (not including Barclays Capital Canada Inc.), but the plaintiffs have not commenced the class certification process and the action remains at an early stage.

Variable Rate Demand Obligations civil actions

Civil actions have been filed against Barclays Bank PLC and BCI and other financial institutions alleging the defendants conspired or colluded to artificially inflate interest rates set for Variable Rate Demand Obligations (VRDOs). VRDOs are municipal bonds with interest rates that reset on a periodic basis, most commonly weekly. Two actions in state court have been filed by private plaintiffs on behalf of the states of Illinois and California. Three putative class action complaints have been consolidated in the SDNY. In the consolidated SDNY class action, certain of the plaintiff's claims were dismissed in November 2020 and defendants' motion for partial dismissal of the amended consolidated complaint is pending. In the California action, the plaintiffs' claims were dismissed in June 2021. The plaintiffs have appealed the dismissal.

Government bond civil actions

In a putative class action filed in the SDNY in 2019, plaintiffs alleged that BCI and certain other bond dealers conspired to fix the prices of US Government sponsored entity bonds in violation of US antitrust law. BCI agreed to a settlement of \$87m, which received final court approval in 2020. Separately, various entities in Louisiana, including the Louisiana Attorney General and the City of Baton Rouge, commenced litigation against Barclays Bank PLC and other financial institutions making similar allegations as the SDNY class action plaintiffs. The parties have reached a settlement to resolve these matters. The financial impact of the settlement is not material to the Barclays Bank Group's operating results, cash flows or financial position.

In 2018, a separate putative class action against various financial institutions including Barclays PLC, Barclays Bank PLC, BCI, Barclays Bank Mexico, S.A., and certain other subsidiaries of the Barclays Bank Group was consolidated in the SDNY. The plaintiffs asserted antitrust and state law claims arising out of an alleged conspiracy to fix the prices of Mexican Government bonds. The Barclays entities have settled the claim for \$5.7m, and the settlement has received final court approval.

Odd-lot corporate bonds antitrust class action

In 2020, BCI, together with other financial institutions, were named as defendants in a putative class action. The complaint alleges a conspiracy to boycott developing electronic trading platforms for odd-lots and price fixing. Plaintiffs demand unspecified money damages. The defendants' motion to dismiss was granted in 2021. Plaintiffs have appealed the dismissal.

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

Interest rate swap and credit default swap US civil actions

Barclays PLC, Barclays Bank PLC and BCI, together with other financial institutions that act as market makers for interest rate swaps (IRS) are named as defendants in several antitrust class actions which were consolidated in the SDNY in 2016. The complaints allege the defendants conspired to prevent the development of exchanges for IRS and demand unspecified money damages.

In 2018, trueEX LLC filed an antitrust class action in the SDNY against a number of financial institutions including Barclays PLC, Barclays Bank PLC and BCI based on similar allegations with respect to trueEX LLC's development of an IRS platform. In 2017, Tera Group Inc. filed a separate civil antitrust action in the SDNY claiming that certain conduct alleged in the IRS cases also caused the plaintiff to suffer harm with respect to the Credit Default Swaps market. In 2018 and 2019, respectively, the court dismissed certain claims in both cases for unjust enrichment and tortious interference but denied motions to dismiss the federal and state antitrust claims, which remain pending.

BDC Finance L.L.C.

In 2008, BDC Finance L.L.C. (BDC) filed a complaint in the Supreme Court of the State of New York (NY Supreme Court), demanding damages of \$298m, alleging that Barclays Bank PLC had breached a contract in connection with a portfolio of total return swaps governed by an ISDA Master Agreement (the Agreement). Following a trial, the court ruled in 2018 that Barclays Bank PLC was not a defaulting party, which was affirmed on appeal. In April 2021, the trial court entered judgement in favour of Barclays Bank PLC for \$3.3m and as yet to be determined legal fees and costs. BDC appealed. In January 2022, the appellate court reversed the trial court's summary judgment decision in favour of Barclays Bank PLC and remanded the case to the lower court for further proceedings.

In 2011, BDC's investment advisor, BDCM Fund Adviser, L.L.C. and its parent company, Black Diamond Capital Holdings, L.L.C. also sued Barclays Bank PLC and BCI in Connecticut State Court for unspecified damages allegedly resulting from Barclays Bank PLC's conduct relating to the Agreement, asserting claims for violation of the Connecticut Unfair Trade Practices Act and tortious interference with business and prospective business relations. This case is currently stayed.

Civil actions in respect of the US Anti-Terrorism Act

There are a number of civil actions, on behalf of more than 4,000 plaintiffs, filed in US federal courts, in the US District Court in the Eastern District of New York (EDNY) and SDNY against Barclays Bank PLC and a number of other banks. The complaints generally allege that Barclays Bank PLC and those banks engaged in a conspiracy to facilitate US dollar-denominated transactions for the Iranian Government and various Iranian banks, which in turn funded acts of terrorism that injured or killed plaintiffs or plaintiffs' family members. The plaintiffs seek to recover damages for pain, suffering and mental anguish under the provisions of the US Anti-Terrorism Act, which allow for the trebling of any proven damages.

The court granted the defendants' motions to dismiss three out of the six actions in the EDNY. Plaintiffs have appealed in one action. The remaining actions are stayed pending a decision on the appeal. Out of the two actions in the SDNY, the court also granted the defendants' motion to dismiss the first action, which is stayed pending a decision on the EDNY appeal. The second SDNY action is stayed, pending any appeal on the dismissal of the first.

Shareholder derivative action

In November 2020, a purported Barclays shareholder filed a putative derivative action in New York state court against BCI and a number of current and former members of the Board of Directors of Barclays PLC and senior executives or employees of the Barclays Bank Group. The shareholder filed the claim on behalf of nominal defendant Barclays PLC, alleging that the individual defendants harmed the company through breaches of their duties, including under the Companies Act 2006. The plaintiff seeks damages on behalf of Barclays PLC for the losses that Barclays PLC allegedly suffered as a result of these alleged breaches. An amended complaint was filed in April 2021, which BCI and certain other defendants have moved to dismiss.

Derivative transactions civil action

In 2021, Vestia (a Dutch housing association) brought a claim against Barclays Bank PLC in the UK in the High Court in relation to a series of derivative transactions entered into with Barclays Bank PLC between 2008 and 2011, seeking damages of £329m. Barclays Bank PLC is defending the claim and has made a counterclaim.

Timeshare loans, skilled person review and associated matters

In August 2020, the FCA granted an application by Clydesdale Financial Services Limited (CFS), which trades as Barclays Partner Finance and houses Barclays' point-of-sale finance business, for a validation order with respect to certain loans to customers brokered between April 2014 and April 2016 by Azure Services Limited (ASL), a timeshare operator, which did not, at the point of sale, hold the necessary broker licence. As a condition to the validation order, the FCA required CFS to undertake a skilled person review of the assessment of affordability processes for the loans brokered by ASL (ASL Loans) as well as CFS' policies and procedures for assessing affordability and oversight of brokers more generally, and dictated a remediation methodology in the event that ASL Loans did not pass the affordability test. CFS has voluntarily agreed to remediate the ASL Loans, which is expected to amount to £37m, in accordance with the FCA's methodology and the remediation exercise is at an advanced stage. The remaining scope of the skilled person review is complete. The skilled person made a number of observations, some of which were adverse, about both current and historic affordability practices as well as current oversight practices. CFS is not required to conduct a full back book review but, subject to agreement with the FCA, will be reviewing discrete cohorts of loans to determine whether historic affordability and/or broker oversight practices may have caused customer harm. Where harm is identified, CFS' intention is to remediate.

Following on from the skilled person review, there is ongoing dialogue with the FCA regarding other loans brokered by ASL and entered into outside the April 2014 to April 2016 period. Separately there is ongoing dialogue with the Financial Ombudsman Service (FOS) regarding a number of other complaints involving timeshare loans.

It is not currently possible to predict the outcome of this dialogue with the FCA or the FOS or the financial impact on the Barclays Bank Group.

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.

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

HM Revenue & Customs (HMRC) assessments concerning UK Value Added Tax

In 2018, HMRC issued notices that have the effect of removing certain overseas subsidiaries that have operations in the UK from Barclays' UK VAT group, in which group supplies between members are generally free from VAT. The notices have retrospective effect and correspond to assessments of £181m (inclusive of interest), of which Barclays would expect to attribute an amount of approximately £128m to Barclays Bank UK PLC and £53m to Barclays Bank PLC. HMRC's decision has been appealed to the First Tier Tribunal (Tax Chamber).

Local authority civil actions concerning LIBOR

Following settlement by Barclays Bank PLC of various governmental investigations concerning certain benchmark interest rate submissions referred to above in 'Investigations into LIBOR and other benchmarks and related civil actions', in the UK, certain local authorities 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. 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 Group's operating results, cash flows or financial position.

General

The Barclays Bank Group is engaged in various other legal, competition and regulatory matters in the UK, the US and a number of other overseas jurisdictions. It is subject to legal proceedings brought by and against the Barclays Bank Group which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data management and protection, intellectual property, money laundering, financial crime, employment, environmental and other statutory and common law issues.

The Barclays Bank Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Barclays Bank Group is or has been engaged. The Barclays Bank Group is cooperating with the relevant authorities and keeping all relevant agencies briefed as appropriate in relation to these matters and others described in this note on an ongoing basis.

At the present time, Barclays Bank PLC does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described in this note, there can be no assurance that the outcome of a particular matter or matters (including formerly active matters or those matters arising after the date of this note) will not be material to Barclays Bank PLC's results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

Notes to the financial statements

Capital instruments, equity and reserves

The notes included in this section focus on the Barclays Bank Group's loan capital and shareholders' equity including issued share capital, retained earnings, other equity balances and interests of minority shareholders in our subsidiary entities (non-controlling interests). For more information on capital management and how the Barclays Bank Group maintains sufficient capital to meet our regulatory requirements refer to pages 52 to 53.

26 Subordinated liabilities

Accounting for subordinated liabilities

Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9, unless they are irrevocably designated at fair value through profit or loss at initial recognition because such designation eliminates or significantly reduces an accounting mismatch. Refer to Note 15 for details about accounting for liabilities designated at fair value through profit or loss.

	Barclays Bank Group	
	2021	2020
	£m	£m
At amortised cost		
As at 1 January	32,005	33,425
Issuances	9,099	3,856
Redemptions	(7,241)	(5,954)
Other	(1,678)	678
As at 31 December	32,185	32,005
Designated at fair value (Note 15)	483	—
Total subordinated liabilities	32,668	32,005

	Barclays Bank PLC	
	2021	2020
	£m	£m
As at 1 January	31,852	33,205
Issuances	8,788	3,700
Redemptions	(7,095)	(5,582)
Other	(1,670)	529
As at 31 December	31,875	31,852
Designated at fair value (Note 15)	483	—
Total subordinated liabilities	32,358	31,852

Issuances of £9,099m comprise £8,788m intra-group loans from Barclays PLC and £229m USD Floating Rate Notes and £82m ZAR Floating Rate Notes issued externally by Barclays Bank PLC subsidiaries.

Redemptions of £7,241m comprise £4,736m notes issued externally by Barclays Bank PLC, £2,359m intra-group loans from Barclays PLC and £146m USD Floating Rate Notes issued externally by a Barclays Bank PLC subsidiary. £4,736m notes issued externally by Barclays Bank PLC comprise £1,961m GBP 10% Fixed Rate Subordinated Notes, £1,339m EUR 6% Fixed Rate Subordinated Notes, £1,075m USD 10.179% Fixed Rate Subordinated Notes, £200m GBP 9.5% Subordinated Bonds, £86m EUR Subordinated Floating Rate Notes and £75m GBP 9.25% Perpetual Subordinated Bonds.

Other movements predominantly comprise fair value hedge adjustments, foreign exchange movements and reclassification of dated intra-group loans from Barclays PLC of £221m, and measured at fair value, from Subordinated liabilities to Financial liabilities designated at fair value (Note 15).

Subordinated liabilities include accrued interest and comprise undated and dated subordinated liabilities as follows:

	Barclays Bank Group	
	2021	2020
	£m	£m
Undated subordinated liabilities	795	905
Dated subordinated liabilities	31,873	31,100
Total subordinated liabilities	32,668	32,005

	Barclays Bank PLC	
	2021	2020
	£m	£m
Undated subordinated liabilities	796	906
Dated subordinated liabilities	31,562	30,946
Total subordinated liabilities	32,358	31,852

None of the Barclays Bank Group's subordinated liabilities are secured.

Notes to the financial statements

Capital instruments, equity and reserves

Undated subordinated liabilities ^a	Initial call date	Barclays Bank Group	
		2021 £m	2020 £m
Barclays Bank PLC externally issued subordinated liabilities			
Tier One Notes (TONs)			
6% Callable Perpetual Core Tier One Notes	2032	15	17
6.86% Callable Perpetual Core Tier One Notes (USD 179m)	2032	194	205
Reserve Capital Instruments (RCIs)			
5.3304% Step-up Callable Perpetual Reserve Capital Instruments	2036	51	56
Undated Notes			
6.125% Undated Subordinated Notes	2027	39	43
Junior Undated Floating Rate Notes (USD 38m)	Any interest payment date	28	28
Undated Floating Rate Primary Capital Notes Series 1 (USD 167m)	Any interest payment date	90	89
Undated Floating Rate Primary Capital Notes Series 2 (USD 295m)	Any interest payment date	189	186
Undated Floating Rate Primary Capital Notes Series 3	Any interest payment date	21	21
Bonds			
9.25% Perpetual Subordinated Bonds (ex-Woolwich Plc)	2021	—	78
9% Permanent Interest Bearing Capital Bonds (GBP 40m)	At any time	42	44
Loans			
5.03% Reverse Dual Currency Undated Subordinated Loan (JPY 8,000m)	2028	51	57
5% Reverse Dual Currency Undated Subordinated Loan (JPY 12,000m)	2028	75	83
Total undated subordinated liabilities		795	905

Undated subordinated liabilities ^a	Initial call date	Barclays Bank PLC	
		2021 £m	2020 £m
Barclays Bank PLC externally issued subordinated liabilities			
Tier One Notes (TONs)			
6% Callable Perpetual Core Tier One Notes	2032	15	17
6.86% Callable Perpetual Core Tier One Notes (USD 179m)	2032	194	205
Reserve Capital Instruments (RCIs)			
5.3304% Step-up Callable Perpetual Reserve Capital Instruments	2036	51	56
Undated Notes			
6.125% Undated Subordinated Notes	2027	40	44
Junior Undated Floating Rate Notes (USD 38m)	Any interest payment date	28	28
Undated Floating Rate Primary Capital Notes Series 1 (USD 167m)	Any interest payment date	90	89
Undated Floating Rate Primary Capital Notes Series 2 (USD 295m)	Any interest payment date	189	186
Undated Floating Rate Primary Capital Notes Series 3	Any interest payment date	21	21
Bonds			
9.25% Perpetual Subordinated Bonds (ex-Woolwich Plc)	2021	—	78
9% Permanent Interest Bearing Capital Bonds (GBP 40m)	At any time	42	44
Loans			
5.03% Reverse Dual Currency Undated Subordinated Loan (JPY 8,000m)	2028	51	57
5% Reverse Dual Currency Undated Subordinated Loan (JPY 12,000m)	2028	75	83
Total undated subordinated liabilities		796	906

Note

a Instrument values are disclosed to the nearest million.

Notes to the financial statements

Capital instruments, equity and reserves

Undated subordinated liabilities

Undated subordinated liabilities are issued by Barclays Bank PLC and its subsidiaries for the development and expansion of their businesses and to strengthen their capital bases. The principal terms of the undated subordinated liabilities are described below:

Subordination

All undated subordinated liabilities rank behind the claims against the bank of depositors and other unsecured unsubordinated creditors and holders of dated subordinated liabilities in the following order: Junior Undated Floating Rate Notes; other issues of Undated Notes, Bonds and Loans ranking pari passu with each other; followed by TONs and RCIs ranking pari passu with each other.

Interest

All undated subordinated liabilities bear a fixed rate of interest until the initial call date, with the exception of the 9% Bonds which are fixed for the life of the issue, and the Junior and Series 1, Series 2 and Series 3 Undated Notes which are floating rate at rates fixed periodically in advance based on the related market rate.

After the initial call date, in the event that they are not redeemed, the 6.125% Undated Notes will bear interest at rates fixed periodically in advance for five-year periods based on market rates. All other undated subordinated liabilities will bear interest at rates fixed periodically in advance based on market rates.

Payment of interest

Apart from the Junior Undated Floating Rate Notes, Barclays Bank PLC is not obliged to make a payment of interest on its Undated Notes, Bonds and Loans if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC or, in certain cases, any class of preference shares of Barclays Bank PLC. Interest not paid becomes payable in each case if such a dividend is subsequently paid or in certain other circumstances. During the year, Barclays Bank PLC paid interest on each of its Undated Notes, Bonds and Loans.

No payment of principal or any interest may be made unless Barclays Bank PLC satisfies a specified solvency test.

Barclays Bank PLC may elect to defer any payment of interest on the RCIs. Any such deferred payment of interest must be paid on the earlier of: (i) the date of redemption of the RCIs; and (ii) the coupon payment date falling on or nearest to the tenth anniversary of the date of deferral of such payment. Whilst such deferral is continuing, (i) neither Barclays Bank PLC nor Barclays PLC may declare or pay a dividend, subject to certain exceptions, on any of its ordinary shares or preference shares and (ii) certain restrictions on the redemption, purchase or reduction of their respective share capital and certain other securities also apply.

Barclays Bank PLC may elect to defer any payment of interest on the TONs if it determines that it is, or such payment would result in it being, in non-compliance with capital adequacy requirements and policies of the PRA. Any such deferred payment of interest will only be payable on a redemption of the TONs. Until such time as Barclays Bank PLC next makes a payment of interest on the TONs, (i) neither Barclays Bank PLC nor Barclays PLC may declare or pay a dividend, subject to certain exceptions, on any of their respective ordinary shares or preference shares, or make payments of interest in respect of Barclays Bank PLC's Reserve Capital Instruments and (ii) certain restrictions on the redemption, purchase or reduction of their respective share capital and certain other securities also apply.

Repayment

All undated subordinated liabilities are repayable at the option of Barclays Bank PLC generally in whole at the initial call date and on any subsequent coupon or interest payment date or in the case of the 6.125% Undated Notes on any fifth anniversary after the initial call date. In addition, each issue of undated subordinated liabilities is repayable, at the option of Barclays Bank PLC, in whole for certain tax reasons, either at any time, or on an interest payment date. There are no events of default except non-payment of principal or mandatory interest. Any repayments require the prior consent of the PRA.

Other

All issues of undated subordinated liabilities are non-convertible.

Notes to the financial statements

Capital instruments, equity and reserves

Dated subordinated liabilities ^a	Barclays Bank Group			
	Initial call date	Maturity date	2021 £m	2020 £m
Barclays Bank PLC externally issued subordinated liabilities				
10% Fixed Rate Subordinated Notes		2021	—	2,108
6% Fixed Rate Subordinated Notes (EUR 1,500m)		2021	—	1,427
10.179% Fixed Rate Subordinated Notes (USD 1,521m)		2021	—	1,101
9.5% Subordinated Bonds (ex-Woolwich Plc)		2021	—	221
Subordinated Floating Rate Notes (EUR 100m)		2021	—	90
7.625% Contingent Capital Notes (USD 3,000m)		2022	1,159	1,189
6.625% Fixed Rate Subordinated Notes (EUR 1,000m)		2022	889	982
Subordinated Floating Rate Notes (EUR 50m)		2022	42	45
Subordinated Floating Rate Notes (EUR 50m)		2023	42	45
5.75% Fixed Rate Subordinated Notes		2026	322	351
5.4% Reverse Dual Currency Subordinated Loan (JPY 15,000m)		2027	97	108
6.33% Subordinated Notes (GBP 50m)		2032	59	64
Subordinated Floating Rate Notes (EUR 68m)		2040	57	61
External issuances by other subsidiaries		2026	311	146
Barclays Bank PLC notes issued intra-group to Barclays PLC				
2% Fixed Rate Subordinated Callable Notes (EUR 1,500)	2023	2028	1,288	1,388
3.75% Fixed Rate Resetting Subordinated Callable Notes (SGD 200m)	2025	2030	113	119
5.20% Fixed Rate Subordinated Notes (USD 1,367m)		2026	1,037	1,069
1.125% Fixed Rate Resetting Subordinated Callable Notes (EUR 1,000m)	2026	2031	831	—
4.836% Fixed Rate Subordinated Callable Notes (USD 1,200m)	2027	2028	937	973
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 1,300m)	2029	2030	1,005	1,049
3.811% Fixed Rate Resetting Subordinated Callable Notes (USD 1,000m)	2041	2042	778	—
5.25% Fixed Rate Subordinated Notes (USD 827m)		2045	618	660
4.95% Fixed Rate Subordinated Notes (USD 1,250m)		2047	896	960
Floating Rate Subordinated Notes (USD 456m)		2047	341	337
Barclays Bank PLC intra-group loans from Barclays PLC				
Various Fixed Rate Subordinated Loans			7,184	9,563
Various Subordinated Floating Rate Loans			646	489
Various Fixed Rate Subordinated Callable Loans			11,016	5,838
Various Subordinated Floating Rate Callable Loans			1,725	500
Zero Coupon Callable Loans		2051	483	221
Total dated subordinated liabilities			31,873	31,100

Notes

a Instrument values are disclosed to the nearest million

Notes to the financial statements

Capital instruments, equity and reserves

			Barclays Bank PLC	
			2021	2020
	Initial call date	Maturity date	£m	£m
Dated subordinated liabilities^a				
Barclays Bank PLC externally issued subordinated liabilities				
10% Fixed Rate Subordinated Notes		2021	—	2,108
6% Fixed Rate Subordinated Notes (EUR 1,500m)		2021	—	1,427
10.179% Fixed Rate Subordinated Notes (USD 1,521m)		2021	—	1,101
9.5% Subordinated Bonds (ex-Woolwich Plc)		2021	—	221
Subordinated Floating Rate Notes (EUR 100m)		2021	—	90
7.625% Contingent Capital Notes (USD 3,000m)		2022	1,158	1,187
6.625% Fixed Rate Subordinated Notes (EUR 1,000m)		2022	889	982
Subordinated Floating Rate Notes (EUR 50m)		2022	42	45
Subordinated Floating Rate Notes (EUR 50m)		2023	42	45
5.75% Fixed Rate Subordinated Notes		2026	322	351
5.4% Reverse Dual Currency Subordinated Loan (JPY 15,000m)		2027	97	108
6.33% Subordinated Notes (GBP 50m)		2032	59	64
Subordinated Floating Rate Notes (EUR 68m)		2040	57	61
Barclays Bank PLC notes issued intra-group to Barclays PLC				
2% Fixed Rate Subordinated Callable Notes (EUR 1,500m)	2023	2028	1,288	1,388
3.75% Fixed Rate Resetting Subordinated Callable Notes (SGD 200m)	2025	2030	113	119
5.20% Fixed Rate Subordinated Notes (USD 1,367m)		2026	1,037	1,069
1.125% Fixed Rate Resetting Subordinated Callable Notes (EUR 1,000m)	2026	2031	831	—
4.836% Fixed Rate Subordinated Callable Notes (USD 1,200m)	2027	2028	937	973
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 1,300m)	2029	2030	1,005	1,049
3.811% Fixed Rate Resetting Subordinated Callable Notes (USD 1,000m)	2041	2042	778	—
5.25% Fixed Rate Subordinated Notes (USD 827m)		2045	618	660
4.95% Fixed Rate Subordinated Notes (USD 1,250m)		2047	896	960
Floating Rate Subordinated Notes (USD 456m)		2047	341	337
Barclays Bank PLC intra-group loans from Barclays PLC				
Various Fixed Rate Subordinated Loans			7,183	9,563
Various Subordinated Floating Rate Loans			646	489
Various Fixed Rate Subordinated Callable Loans			11,015	5,834
Various Subordinated Floating Rate Callable Loans			1,725	500
Zero Coupon Callable Notes			483	221
Total dated subordinated liabilities			31,562	30,946

Notes

a Instrument values are disclosed to the nearest million

Dated subordinated liabilities

Dated subordinated liabilities are issued by Barclays Bank PLC and its subsidiaries for the development and expansion of their businesses and to strengthen their respective capital bases. The principal terms of the dated subordinated liabilities are described below:

Currency and maturity

In addition to the individual dated subordinated liabilities listed in the table, the £21,052m (2020: £16,607m) of intra-group loans is made up of various fixed, fixed to floating rate, floating and zero coupon loans from Barclays PLC with notional amounts denominated in USD 14,809m, EUR 5,937m, GBP 1,250m, JPY 252,600m, AUD 2,315m, SEK 500m, NOK 970m, CAD 450m and CHF 435m, with maturities ranging from 2023 to 2051. Certain intra-group loans have a call date one year prior to their maturity.

Subordination

All dated subordinated liabilities, both externally issued and issued intra-group to Barclays PLC, rank behind the claims against Barclays Bank PLC of depositors and other unsecured unsubordinated creditors but before the claims of the undated subordinated liabilities and the holders of Barclays Bank PLC equity. The Barclays Bank PLC intra-group loans from Barclays PLC rank pari passu amongst themselves but ahead of the Barclays Bank PLC notes issued intra-group to Barclays PLC and the Barclays Bank PLC externally issued subordinated liabilities. The external dated subordinated liabilities issued by subsidiaries are similarly subordinated as the external subordinated liabilities issued by Barclays Bank PLC.

Interest

Interest on floating rate notes and loans is set by reference to market rates at the time of issuance and fixed periodically in advance, based on the related market rates.

Interest on fixed rate notes and loans is set by reference to market rates at the time of issuance and fixed until maturity.

Notes to the financial statements

Capital instruments, equity and reserves

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 or maturity as applicable. After the call date (where relevant), 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.

No interest is paid on zero coupon notes.

Repayment

Those subordinated liabilities with a call date are repayable at the option of Barclays Bank PLC on such call date in accordance with the conditions governing the respective debt obligations, some in whole or in part, and some only in whole, or otherwise on maturity. The remaining dated subordinated liabilities 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.

Any repayments prior to maturity may require, in the case of Barclays Bank PLC, the prior consent of the PRA or BoE or, in the case of the overseas issues, the consent of the local regulator for that jurisdiction and of the PRA in certain circumstances.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

Other

The 7.625% Contingent Capital Notes will be automatically transferred from investors to Barclays PLC (or another entity within the Barclays Group) for nil consideration in the event the Barclays PLC transitional CET1 ratio falls below 7%

27 Ordinary shares, preference shares and other equity

Called up share capital, allotted and fully paid and other equity instruments

	Barclays Bank Group and Barclays Bank PLC			Barclays Bank Group	Barclays Bank PLC
	Ordinary share capital	Preference share capital	Total share capital	Other equity instruments	Other equity instruments
	£m	£m	£m	£m	£m
As at 1 January 2021	2,342	6	2,348	8,621	13,328
AT1 securities issuance	—	—	—	1,072	1,072
As at 31 December 2021	2,342	6	2,348	9,693	14,400
As at 1 January 2020	2,342	6	2,348	8,323	11,089
AT1 securities issuance	—	—	—	1,134	1,134
Increase in borrowings from subsidiary	—	—	—	—	1,941
AT1 securities redemption	—	—	—	(836)	(836)
As at 31 December 2020	2,342	6	2,348	8,621	13,328

Ordinary shares

The issued ordinary share capital of Barclays Bank PLC, as at 31 December 2021, comprised 2,342m (2020: 2,342m) ordinary shares of £1 each.

Preference shares

The issued preference share capital of Barclays Bank PLC, as at 31 December 2021, comprised 1,000 Sterling Preference Shares of £1 each (2020: 1,000); 31,856 Euro Preference Shares of €100 each (2020: 31,856); and 58,133 US Dollar Preference Shares of \$100 each (2020: 58,133).

Ordinary share capital and preference share capital constitutes 100% (2020: 100%) of total share capital issued.

Sterling £1 Preference Shares

1,000 Sterling cumulative callable preference shares of £1 each (the £1 Preference Shares) were issued on 31 December 2004 at nil premium.

The £1 Preference Shares entitle the holders thereof to receive Sterling cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a rate reset semi-annually equal to the Sterling interbank offered rate for six-month sterling deposits.

Barclays Bank PLC shall be obliged to pay such dividends if: (1) it has profits available for the purpose of distribution under the Companies Act 2006 as at each dividend payment date; and (2) it is solvent on the relevant dividend payment date, provided that a capital regulations condition is satisfied on such dividend payment date. The dividends shall not be due and payable on the relevant dividend payment date except to the extent that Barclays Bank PLC could make such payment and still be solvent immediately thereafter. Barclays Bank PLC shall be considered solvent on any date if: (1) it is able to pay its debts to senior creditors as they fall due; and (2) its auditors have reported within the previous six months that its assets exceed its liabilities. If Barclays Bank PLC shall not pay, or shall pay only in part, a dividend for a period of seven days or more after the due date for payment, the holders of the £1 Preference Shares may institute proceedings for the winding-up of Barclays Bank PLC. No remedy against Barclays Bank PLC shall be available to the holder of any £1 Preference Shares for the recovery of amounts owing in respect of £1 Preference Shares other than the institution of proceedings for the winding-up of Barclays Bank PLC and/or proving in such winding-up.

On a winding-up or other return of capital (other than a redemption or purchase by Barclays Bank PLC of any of its issued shares, or a reduction of share capital, permitted by the Articles of Barclays Bank PLC and under applicable law), the assets of Barclays Bank PLC available to shareholders shall be applied in priority to any payment to the holders of ordinary shares and any other class of shares in the capital of Barclays Bank PLC then in issue ranking junior to the £1 Preference Shares on such a return of capital and pari passu on such a return of capital with the holders of any other class of shares in the capital of Barclays Bank PLC then in issue (other than any class of shares in the capital of Barclays Bank PLC then in issue ranking in priority to the £1 Preference Shares on a winding-up or other such return of capital), in payment to the holders of the £1 Preference Shares of a sum equal to

Notes to the financial statements

Capital instruments, equity and reserves

the aggregate of: (1) an amount equal to the dividends accrued thereon for the then current dividend period (and any accumulated arrears thereof) to the date of the commencement of the winding-up or other such return of capital; and (2) an amount equal to £1 per £1 Preference Share. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the £1 Preference Shares will have no right or claim to any of the remaining assets of Barclays Bank PLC and will not be entitled to any further participation in such return of capital.

The £1 Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, subject to the Companies Act 2006 and Barclays Bank PLC's Articles. Holders of the £1 Preference Shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC.

Euro Preference Shares

140,000 Euro non-cumulative callable preference shares of €100 each (the Euro Preference Shares) were issued on 15 March 2005 for a consideration of €1,383.3m (£966.7m), of which the nominal value was €14m and the balance was share premium. The Euro Preference Shares entitled the holders thereof to receive Euro non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, annually at a fixed rate of 4.75% per annum on the amount of €10,000 per preference share until 15 March 2020, and since 15 March 2020 quarterly at a rate reset quarterly equal to 0.71% per annum above the Euro interbank offered rate for three-month Euro deposits. The board of directors of Barclays Bank PLC may resolve, in its absolute discretion, not to pay in full, or at all, the dividend on the Euro Preference Shares in respect of a particular dividend period.

The Euro Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on each dividend payment date at €10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

US Dollar Preference Shares

100,000 US Dollar non-cumulative callable preference shares of \$100 each (the US Dollar Preference Shares), represented by 100,000 American Depositary Shares, Series 1, were issued on 8 June 2005 for a consideration of \$995.4m (£548.1m), of which the nominal value was \$10m and the balance was share premium. The US Dollar Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a fixed rate of 6.278% per annum on the amount of \$10,000 per preference share until 15 December 2034, and thereafter quarterly at a rate reset quarterly equal to 1.55% per annum above the London interbank offered rate for three-month US Dollar deposits. The board of directors of Barclays Bank PLC may resolve, for any reason and in its absolute discretion, not to declare or pay in full or in part any dividends on the US Dollar Preference Shares in respect of a particular dividend period.

The US Dollar Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15 December 2034, and on each dividend payment date thereafter at \$10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

No redemption or purchase of any Euro Preference Shares and US Dollar Preference Shares (together, the Preference Shares) may be made by Barclays Bank PLC without the prior consent of the PRA and any such redemption will be subject to the Companies Act 2006 and the Articles of Barclays Bank PLC.

On a winding-up of Barclays Bank PLC or other return of capital (other than a redemption or purchase of shares of Barclays Bank PLC, or a reduction of share capital), a holder of Preference Shares will rank in the application of assets of Barclays Bank PLC available to shareholders: (1) junior to the holder of any shares of Barclays Bank PLC in issue ranking in priority to the Preference Shares; (2) equally in all respects with holders of other preference shares and any other shares of Barclays Bank PLC in issue ranking *pari passu* with the Preference Shares; and (3) in priority to the holders of ordinary shares and any other shares of Barclays Bank PLC in issue ranking junior to the Preference Shares.

The holders of the £13m 6% Callable Perpetual Core Tier One Notes and the \$179m 6.86% Callable Perpetual Core Tier One Notes of Barclays Bank PLC (together, the TONs) and the holders of the £35m 5.3304% Step-up Callable Perpetual Reserve Capital Instruments of Barclays Bank PLC (the RCIs) would, for the purposes only of calculating the amounts payable in respect of such securities on a winding-up of Barclays Bank PLC, subject to limited exceptions and to the extent that the TONs and the RCIs are then in issue, rank *pari passu* with the holders of the most senior class or classes of preference shares then in issue in the capital of Barclays Bank PLC. Accordingly, the holders of the preference shares would rank equally with the holders of such TONs and RCIs on such a winding-up of Barclays Bank PLC (unless one or more classes of shares of Barclays Bank PLC ranking in priority to the preference shares are in issue at the time of such winding-up, in which event the holders of such TONs and RCIs would rank equally with the holders of such shares and in priority to the holders of the preference shares).

Subject to such ranking, in such event, holders of the preference shares will be entitled to receive out of assets of Barclays Bank PLC available for distributions to shareholders, liquidating distributions in the amount of €10,000 per Euro Preference Share and \$10,000 per US Dollar Preference Share, plus, in each case, an amount equal to the accrued dividend for the then current dividend period to the date of the commencement of the winding-up or other such return of capital.

If a dividend is not paid in full on any preference shares on any dividend payment date, then a dividend restriction shall apply. This dividend restriction will mean that neither Barclays Bank PLC nor Barclays PLC may (a) declare or pay a dividend (other than payment by Barclays PLC of a final dividend declared by its shareholders prior to the relevant dividend payment date, or a dividend paid by Barclays Bank PLC to Barclays PLC) on any of their respective ordinary shares, other preference shares or other share capital or (b) redeem, purchase, reduce or otherwise acquire any of their respective share capital, other than shares of Barclays Bank PLC held by Barclays PLC or a wholly owned subsidiary, until the earlier of: (1) the date on which Barclays Bank PLC next declares and pays in full a preference share dividend; and (2) the date on or by which all the preference shares are redeemed in full or purchased by Barclays Bank PLC.

Holders of the preference shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC. Barclays Bank PLC is not permitted to create a class of shares ranking as regards participation in the profits or assets of Barclays Bank PLC in priority to the preference shares, save with the sanction of a special resolution of a separate general meeting of the holders of the preference shares (requiring a majority of not less than three-fourths of the holders of the preference shares voting at the separate general meeting) or with the consent in writing of the holders of three-fourths of the preference shares.

Except as described above, the holders of the preference shares have no right to participate in the surplus assets of Barclays Bank PLC.

Notes to the financial statements

Capital instruments, equity and reserves

Other equity instruments

Other equity instruments issued by Barclays Bank PLC of £14,400m (2020: £13,328m) include AT1 securities issued to Barclays PLC and borrowings of \$6bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC. As a result, the other equity instruments balance recorded by Barclays Bank Group is £9,693m (2020: £8,621m).

The borrowings of \$6bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by Barclays Bank PLC. Should Barclays Bank PLC make a discretionary dividend payment on its ordinary shares in the six months preceding the date of an interest payment, it will be obliged to make that interest payment. In 2021, interest paid on these borrowings was £164m.

Barclays PLC uses funds from its own market issuance of AT1 securities to purchase AT1 securities from the Barclays Bank Group. The AT1 securities are perpetual securities with no fixed maturity and are structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

In 2021, there was one issuance of AT1 instruments, in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities for £1,072m (2020: one issuance for £1,134m). There were no redemptions in 2021 (2020: one redemption of £836m).

AT1 equity instruments

	Initial call date	2021 £m	2020 £m
AT1 equity instruments - Barclays Bank Group			
7.875% Perpetual Subordinated Contingent Convertible Securities	2022	1,000	1,000
7.875% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2022	1,136	1,136
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	500	500
7.75% Perpetual Subordinated Contingent Convertible Securities (USD 2,500m)	2023	1,925	1,925
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	623	623
8% Perpetual Subordinated Contingent Convertible Securities (USD 2,000m)	2024	1,509	1,509
7.125% Perpetual Subordinated Contingent Convertible Securities	2025	299	299
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	495	495
6.125% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2025	1,134	1,134
4.375% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2028	1,072	—
		9,693	8,621

Notes to the financial statements

Capital instruments, equity and reserves

28 Reserves

Currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the retranslation of the Barclays Bank Group's net investments in foreign operations, net of the effects of hedging.

Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the changes in the fair value of fair value through other comprehensive income investments since initial recognition.

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transactions affect profit or loss.

Own credit reserve

The own credit reserve reflects the cumulative own credit gains and losses on financial liabilities at fair value. Amounts in the own credit reserve are not recycled to profit or loss in future periods.

Other reserves

Other reserves includes redeemed ordinary and preference shares issued by the Barclays Bank Group.

	Barclays Bank Group	
	2021	2020
	£m	£m
Currency translation reserve	2,581	2,736
Fair value through other comprehensive income reserve	(118)	244
Cash flow hedging reserve	(618)	1,181
Own credit reserve	(960)	(954)
Other reserves	(24)	(24)
Total	861	3,183

	Barclays Bank PLC	
	2021	2020
	£m	£m
Currency translation reserve	268	140
Fair value through other comprehensive income reserve	(115)	248
Cash flow hedging reserve	(624)	1,191
Own credit reserve	(837)	(875)
Other reserves	72	72
Total	(1,236)	776

Notes to the financial statements

Employee benefits

The notes included in this section focus on the costs and commitments associated with employing our staff.

29 Staff costs

Accounting for staff costs

The Barclays Bank Group applies IAS 19 *Employee benefits* in its accounting for most of the components of staff costs.

Short-term employee benefits – salaries, accrued performance costs and social security are recognised over the period in which the employees provide the services to which the payments relate.

Performance costs – recognised to the extent that the Barclays Bank Group has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the payments.

Deferred cash and share awards are made to employees to incentivise performance over the period employees provide services. To receive payment under an award, employees must provide service over the vesting period. The period over which the expense for deferred cash and share awards is recognised is based upon the period employees consider their services contribute to the awards. For past awards, the Barclays Bank Group considers that it is appropriate to recognise the awards over the period from the date of grant to the date that the awards vest. In relation to awards granted from 2017, the Barclays Bank Group, taking into account the changing employee understanding surrounding those awards, considered it appropriate for expense to be recognised over four years including the financial year prior to the grant date.

The accounting policies for share-based payments, and pensions and other post-retirement benefits, are included in Note 30 and Note 31 respectively.

	2021	2020	2019
	£m	£m	£m
Performance costs	1,308	1,145	1,104
Salaries ^a	2,245	2,285	2,373
Social security costs	297	295	269
Post-retirement benefits ^b	181	176	184
Other compensation costs	172	208	237
Total compensation costs	4,203	4,109	4,167
Other resourcing costs			
Outsourcing	136	142	211
Redundancy and restructuring	49	47	69
Temporary staff costs	17	14	48
Other	51	53	70
Total other resourcing costs	253	256	398
Total staff costs	4,456	4,365	4,565

Notes

a £152m (2020: £156m; 2019: £123m) of compensation was capitalised as internally generated software.

b Post-retirement benefits charge includes £121m (2020: £127m; 2019: £126m) in respect of defined contribution schemes and £60m (2020: £49m; 2019: £58m) in respect of defined benefit schemes.

30 Share-based payments

Accounting for share-based payments

The Barclays Bank 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.

Notes to the financial statements

Employee benefits

The charge for the year arising from share based payment schemes was as follows:

	Charge for the year		
	2021	2020	2019
	£m	£m	£m
Deferred Share Value Plan / Share Value Plan	235	220	244
Others	159	129	148
Total equity settled	394	349	392
Cash settled	4	2	3
Total share based payments	398	351	395

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}	1.63	1.76	1.15	370,505	1.04	1.24	1	370,006
Others ^a	0.64-1.81	1.76-1.92	0-3	47,480	0.24-1.24	1.19-1.67	0-4	53,767

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.

Notes to the financial statements

Employee benefits

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}		Weighted average ex. price (£)	
	Number (000s)		Number (000s)			
	2021	2020	2021	2020	2021	2020
Outstanding at beginning of year/acquisition date	370,006	297,149	53,767	37,481	0.95	1.27
Transfers in the year ^d	(2,214)	953	(2,697)	140	—	—
Granted in the year	174,338	203,157	79,050	136,227	1.43	0.84
Exercised/released in the year	(144,943)	(117,355)	(78,273)	(99,465)	1.36	1.21
Less: forfeited in the year	(26,682)	(13,898)	(3,395)	(18,285)	0.95	1.23
Less: expired in the year	—	—	(972)	(2,331)	1.69	1.33
Outstanding at end of year	370,505	370,006	47,480	53,767	0.95	0.95
Of which exercisable:	—	—	4,428	4,746	1.16	1.64

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 1,499,920). The weighted average exercise price relates to Sharesave.

d Awards of employees transferred between the Barclays Bank Group and the rest of the Barclays PLC Group.

Awards and options granted to employees and former employees of the Barclays Bank Group under the Barclays PLC Group share plans may be satisfied using new issue shares, treasury shares and market purchase shares of Barclays PLC. Awards granted to employees and former employees of the Barclays Bank Group under DSVP may only be satisfied using market purchase shares of Barclays PLC.

There were no significant modifications to the share based payments arrangements in 2021 and 2020.

As at 31 December 2021, the total liability arising from cash-settled share based payments transactions was £4m (2020: £2m).

31 Pensions and post-retirement benefits

Accounting for pensions and post-retirement benefits

The Barclays Bank Group operates a number of pension schemes and post-employment benefit schemes.

Defined contribution schemes – the Barclays Bank Group recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the balance sheet date are included as a liability.

Defined benefit schemes – the Barclays Bank Group recognises its obligations to members of each scheme at the period end, less the fair value of the scheme assets after applying the asset ceiling test.

Each scheme's obligations are calculated using the projected unit credit method. Scheme assets are stated at fair value as at the period end.

Changes in pension scheme liabilities or assets (remeasurements) that do not arise from regular pension cost, net interest on net defined benefit liabilities or assets, past service costs, settlements or contributions to the scheme, are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred), the effects of changes in actuarial assumptions, return on scheme assets (excluding amounts included in the interest on the assets) and any changes in the effect of the asset ceiling restriction (excluding amounts included in the interest on the restriction).

Post-employment benefit schemes – the cost of providing healthcare benefits to retired employees is accrued as a liability in the financial statements over the period that the employees provide services to the Barclays Bank Group, using a methodology similar to that for defined benefit pension schemes.

Pension schemes

UK Retirement Fund (UKRF)

The UKRF is the Barclays Bank Group's main scheme, representing 97% of the Barclays Bank Group's total retirement benefit obligations. Barclays Bank PLC is the principal employer of the UKRF. The UKRF was closed to new entrants on 1 October 2012, and comprises 10 sections, the two most significant of which are:

- Afterwork, which comprises a contributory cash balance defined benefit element, and a voluntary defined contribution element. The cash balance element is accrued each year and revalued until Normal Retirement Age in line with the increase in Retail Price Index (RPI) (up to a maximum of 5% p.a.). An increase of up to 2% a year may also be added at Barclays Bank PLC's discretion. The costs of ill-health retirements and death in service benefits for Afterwork members are borne by the UKRF. The main risks that the Barclays Bank Group runs in relation to Afterwork are limited although additional contributions are required if pre-retirement investment returns are not sufficient to provide for the benefits.
- The 1964 Pension Scheme. Most employees recruited before July 1997 built up benefits in this non-contributory defined benefit scheme in respect of service up to 31 March 2010. Pensions were calculated by reference to service and pensionable salary. From 1 April 2010, members became eligible to accrue future service benefits in either Afterwork or the Pension Investment Plan (PIP), a historic defined contribution section which is now closed to future contributions. The risks that the Barclays Bank Group runs in relation to the 1964 section are typical of final salary pension schemes, principally that investment returns fall short of expectations, that inflation exceeds expectations, and that retirees live longer than expected.

Notes to the financial statements

Employee benefits

Barclays Pension Savings Plan (BPSP)

The BPSP is a defined contribution scheme providing benefits for all new UK hires from 1 October 2012. BPSP is not subject to the same investment return, inflation or life expectancy risks for the Barclays Bank Group that defined benefit schemes are. Members' benefits reflect contributions paid and the level of investment returns achieved.

Other

Apart from the UKRF and the BPSP, the Barclays Bank Group operates a number of smaller pension and long-term employee benefits and post-retirement health care plans globally, the largest of which are the US defined benefit and defined contribution schemes. Many of the schemes are funded, with assets backing the obligations held in separate legal vehicles such as trusts. Others are operated on an unfunded basis. The benefits provided, the approach to funding, and the legal basis of the schemes, reflect local environments.

Governance

The UKRF operates under trust law and is managed and administered on behalf of the members in accordance with the terms of the Trust Deed and Rules and all relevant legislation. The Corporate Trustee is Barclays Pension Funds Trustees Limited, a private limited company and a wholly owned subsidiary of Barclays Bank PLC. The Trustee is the legal owner of the assets of the UKRF which are held separately from the assets of the Barclays Bank Group.

The Trustee Board comprises six Management Directors selected by Barclays Bank PLC, of whom three are independent Directors with no relationship with the Barclays Bank Group (and who are not members of the UKRF), plus three Member Nominated Directors selected from eligible active members of the UKRF, deferred members or pensioner members who apply for the role.

The BPSP is a Group Personal Pension arrangement which operates as a collection of personal pension plans. Each personal pension plan is a direct contract between the employee and the BPSP provider (Legal & General Assurance Society Limited), and is regulated by the FCA.

Similar principles of pension governance apply to the Barclays Bank Group's other pension schemes, depending on local legislation.

Amounts recognised

The following tables include amounts recognised in the income statement and an analysis of benefit obligations and scheme assets for all Barclays Bank Group defined benefit schemes. The net position is reconciled to the assets and liabilities recognised on the balance sheet. The tables include funded and unfunded post-retirement benefits.

Income statement charge	2021	2020
	£m	£m
Current service cost	58	53
Net finance cost	(26)	(40)
Past service cost	—	(4)
Other movements	2	—
Total	34	9

The Barclays Bank PLC is the principal employer of the UKRF and hence Scheme Assets and Defined Benefit Obligations relating to the UKRF are recognised within the Barclays Bank Group. Barclays Bank UK PLC and Barclays Execution Services Limited are participating employers in the UKRF and their share of the UKRF service cost is borne by them. Of the £240m current service cost in the table on the next page, £90m relates to Barclays Bank UK PLC and £92m relates to Barclays Execution Services Limited. While the entire current service cost is accounted for in the Barclays Bank Group on balance sheet, the income statement charge is accounted for across all the participating employers.

Notes to the financial statements

Employee benefits

Balance sheet reconciliation

	2021		2020	
	Barclays Bank Group Total	Of which relates to UKRF	Barclays Bank Group Total	Of which relates to UKRF
	£m	£m	£m	£m
Benefit obligation at beginning of the year	(33,131)	(32,108)	(30,298)	(29,304)
Current service cost	(240)	(225)	(232)	(217)
Interest costs on scheme liabilities	(422)	(405)	(573)	(549)
Past service cost	—	—	4	—
Remeasurement gain/(loss) - financial	849	820	(3,439)	(3,358)
Remeasurement gain/(loss) - demographic	53	50	(281)	(286)
Remeasurement gain/(loss) - experience	(249)	(259)	243	237
Employee contributions	(4)	—	(5)	(1)
Benefits paid	1,309	1,268	1,406	1,370
Exchange and other movements	1	—	44	—
Benefit obligation at end of the year	(31,834)	(30,859)	(33,131)	(32,108)
Fair value of scheme assets at beginning of the year	34,713	33,915	32,093	31,362
Interest income on scheme assets	448	434	613	595
Employer contribution	971	955	265	248
Settlements	—	—	—	—
Remeasurement - return on plan assets greater than discount rate	653	642	3,411	3,328
Employee contributions	4	—	5	1
Benefits paid	(1,309)	(1,268)	(1,406)	(1,370)
Exchange and other movements	(13)	—	(268)	(249)
Fair value of scheme assets at the end of the year	35,467	34,678	34,713	33,915
Net surplus	3,633	3,819	1,582	1,807
Retirement benefit assets	3,879	3,819	1,814	1,807
Retirement benefit liabilities	(246)	—	(232)	—
Net retirement benefit assets	3,633	3,819	1,582	1,807

Notes to the financial statements

Employee benefits

Balance sheet reconciliation

	2021		2020	
	Barclays Bank PLC Total	Of which relates to UKRF	Barclays Bank PLC Total	Of which relates to UKRF
	£m	£m	£m	£m
Benefit obligation at beginning of the year	(32,270)	(32,108)	(29,462)	(29,304)
Current service cost	(226)	(225)	(220)	(217)
Interest costs on scheme liabilities	(407)	(405)	(552)	(549)
Remeasurement gain/(loss) - financial	822	820	(3,367)	(3,358)
Remeasurement gain/(loss) - demographic	50	50	(286)	(286)
Remeasurement gain/(loss) - experience	(256)	(259)	240	237
Employee contributions	—	—	(1)	(1)
Benefits paid	1,271	1,268	1,373	1,370
Exchange and other movements	(4)	—	5	—
Benefit obligation at end of the year	(31,020)	(30,859)	(32,270)	(32,108)
Fair value of scheme assets at beginning of the year	33,978	33,915	31,420	31,362
Interest income on scheme assets	434	434	596	595
Employer contribution	956	955	251	248
Remeasurement - return on plan assets greater than discount rate	645	642	3,329	3,328
Employee contributions	—	—	1	1
Benefits paid	(1,271)	(1,268)	(1,373)	(1,370)
Exchange and other movements	(1)	—	(246)	(249)
Fair value of scheme assets at the end of the year	34,741	34,678	33,978	33,915
Net surplus	3,721	3,819	1,708	1,807
Retirement benefit assets	3,825	3,819	1,812	1,807
Retirement benefit liabilities	(104)	—	(104)	—
Net retirement benefit assets	3,721	3,819	1,708	1,807

Included within the Barclays Bank Group's benefit obligation is £821m (2020: £866m) relating to overseas pensions and £154m (2020: £157m) relating to other post-employment benefits.

As at 31 December 2021, the UKRF's scheme assets were in surplus versus IAS 19 obligations by £3,819m (2020: £1,807m). The movement for the UKRF during the year is driven by £700m of deficit reduction contributions, higher corporate bond yields and favourable asset returns, partially offset by higher expected long term price inflation.

The weighted average duration of the benefit payments reflected in the defined benefit obligation for the UKRF is 16 years (2020: 17 years). The UKRF expected benefits are projected to be paid out for in excess of 50 years, although 25% of the total benefits are expected to be paid in the next 10 years; 30% in years 11 to 20 and 25% in years 20 to 30. The remainder of the benefits are expected to be paid beyond 30 years.

Of the £1,268m (2020: £1,370m) UKRF benefits paid out, £419m (2020: £520m) related to transfers out of the fund.

Where a scheme's assets exceed its obligations, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions (the asset ceiling). In the case of the UKRF the asset ceiling is not applied as, in certain specified circumstances such as wind-up, the Barclays Bank Group expects to be able to recover any surplus. Similarly, a liability in respect of future minimum funding requirements is not recognised. The UKRF Trustee does not have a substantive right to augment benefits, nor does it have the right to wind up the plan except in the dissolution of Barclays Bank PLC or termination of contributions by Barclays Bank PLC. The application of the asset ceiling to other plans and recognition of additional liabilities in respect of future minimum funding requirements is considered on an individual plan basis.

Critical accounting estimates and judgements

Actuarial valuation of the schemes' obligations is dependent upon a series of assumptions. Below is a summary of the main financial and demographic assumptions adopted for the UKRF.

Key UKRF financial assumptions	2021	2020
	% p.a.	% p.a.
Discount rate	1.84	1.29
Inflation rate (RPI)	3.56	2.99

The UKRF discount rate assumption for 2021 was based on a standard Willis Towers Watson RATE Link model. The RPI inflation assumption for 2021 was set by reference to the Bank of England's implied inflation curve. The inflation assumption incorporates a deduction of 20 basis points as an allowance for an inflation risk premium. The methodology used to derive the discount rate and inflation assumptions is consistent with that used at the prior year end.

The UKRF's post-retirement mortality assumptions are based on a best estimate assumption derived from an analysis in 2019 of the UKRF's own post-retirement mortality experience and taking account of recent evidence from published mortality surveys. An allowance has been made for future mortality improvements based on the 2020 core projection model published by the Continuous Mortality Investigation Bureau subject to a long-term

Notes to the financial statements

Employee benefits

trend of 1.5% per annum in future improvements. The methodology used is consistent with the prior year ends, except that the 2019 core projection model was used at 2020. The table below shows how the assumed life expectancy at 60, for members of the UKRF, has varied over the past three years.

Assumed life expectancy	2021	2020	2019
Life expectancy at 60 for current pensioners (years)			
– Males	27.3	27.2	27.1
– Females	29.6	29.4	29.3
Life expectancy at 60 for future pensioners currently aged 40 (years)			
– Males	29.1	29.0	28.9
– Females	31.4	31.2	31.1

The UKRF entered into a £5bn longevity swap in 2020 covering around a quarter of the pensioner liabilities. The swap is part of the UKRF's investment portfolio and provides income in the event that pensions are paid out for longer than expected. The swap is not included directly within the balance sheet of Barclays PLC as it is an asset of the UKRF. At 31 December 2021, the swap is valued at nil (2020: nil) as experience since the swap was effected has been neutral.

Sensitivity analysis on actuarial assumptions

The sensitivity analysis has been calculated by valuing the UKRF liabilities using the amended assumptions shown in the table below and keeping the remaining assumptions the same as disclosed in the table above, except in the case of the inflation sensitivity where other assumptions that depend on assumed inflation have also been amended correspondingly. The difference between the recalculated liability figure and that stated in the balance sheet reconciliation table above is the figure shown. The selection of these movements to illustrate the sensitivity of the defined benefit obligation to key assumptions should not be interpreted as Barclays Bank Group expressing any specific view of the probability of such movements happening.

Change in key assumptions

	2021	2020
	(Decrease)/Increase in UKRF defined benefit obligation £bn	(Decrease)/Increase in UKRF defined benefit obligation £bn
Discount rate		
0.50% p.a. increase	(2.3)	(2.5)
0.25% p.a. increase	(1.2)	(1.3)
0.25% p.a. decrease	1.3	1.4
0.50% p.a. decrease	2.6	2.9
Assumed RPI		
0.50% p.a. increase	1.6	1.8
0.25% p.a. increase	0.8	0.9
0.25% p.a. decrease	(0.8)	(0.9)
0.50% p.a. decrease	(1.6)	(1.8)
Life expectancy at 60		
One year increase	1.2	1.2
One year decrease	(1.2)	(1.2)

Assets

A long-term investment strategy has been set for the UKRF, with its asset allocation comprising a mixture of equities, bonds, property and other appropriate assets. This recognises that different asset classes are likely to produce different long-term returns and some asset classes may be more volatile than others. The long-term investment strategy ensures, among other aims, that investments are adequately diversified.

The UKRF also employs derivative instruments, where appropriate, to achieve a desired exposure or return, or to match assets more closely to liabilities. The value of assets shown reflects the assets held by the schemes, with any derivative holdings reflected on a fair value basis.

Notes to the financial statements

Employee benefits

The value of the assets of the schemes and their percentage in relation to total scheme assets were as follows:

	Barclays Bank Group Total				Of which relates to UKRF			
	Quoted	Unquoted ^a	Value	% of total fair value of scheme assets	Quoted	Unquoted ^a	Value	% of total fair value of scheme assets
	£m	£m	£m	%	£m	£m	£m	%
As at 31 December 2021								
Equities	214	1,377	1,591	4.5	86	1,377	1,463	4.2
Private equities	—	2,991	2,991	8.4	0	2,991	2,991	8.6
Bonds - fixed government	2,387	95	2,482	7.0	2,083	95	2,178	6.3
Bonds - index-linked government	13,478	679	14,157	39.9	13,455	679	14,134	40.8
Bonds - corporate and other	6,223	2,854	9,077	25.6	5,986	2,854	8,840	25.5
Property	14	1,490	1,504	4.3	0	1,490	1,490	4.3
Infrastructure	—	1,815	1,815	5.1	0	1,815	1,815	5.2
Cash and liquid assets	189	1,577	1,766	5.0	176	1,577	1,753	5.1
Mixed investment funds	9	—	9	—	—	—	—	—
Other	19	56	75	0.2	—	14	14	—
Fair value of scheme assets	22,533	12,934	35,467	100.0	21,786	12,892	34,678	100.0
As at 31 December 2020								
Equities	567	1,498	2,065	5.9	378	1,498	1,876	5.5
Private equities	—	2,233	2,233	6.4	—	2,233	2,233	6.6
Bonds - fixed government	4,205	110	4,315	12.4	3,932	110	4,042	11.9
Bonds - index-linked government	10,706	1,014	11,720	33.8	10,697	1,014	11,711	34.5
Bonds - corporate and other	7,439	1,678	9,117	26.3	7,214	1,678	8,892	26.2
Property	10	1,416	1,426	4.1	—	1,416	1,416	4.2
Infrastructure	—	1,812	1,812	5.2	—	1,812	1,812	5.3
Cash and liquid assets	64	1,830	1,894	5.5	46	1,830	1,876	5.5
Mixed Investment funds	9	—	9	—	—	—	—	—
Other	14	108	122	0.4	—	57	57	0.2
Fair value of scheme assets	23,014	11,699	34,713	100.0	22,267	11,648	33,915	100.0

Notes to the financial statements

Employee benefits

Analysis of scheme assets

	Barclays Bank PLC Total				Of which relates to UKRF			
	Quoted	Unquoted ^a	Value £m	% of total fair value of scheme assets	Quoted	Unquoted ^a	Value £m	% of total fair value of scheme assets
As at 31 December 2021								
Equities	96	1,377	1,473	4.2	86	1,377	1,463	4.2
Private equities	—	2,991	2,991	8.6	—	2,991	2,991	8.6
Bonds - fixed government	2,092	95	2,187	6.3	2,083	95	2,178	6.3
Bonds - index-linked government	13,469	679	14,148	40.7	13,455	679	14,134	40.8
Bonds - corporate and other	5,995	2,854	8,849	25.5	5,986	2,854	8,840	25.5
Property	—	1,493	1,493	4.3	—	1,490	1,490	4.3
Infrastructure	—	1,815	1,815	5.2	—	1,815	1,815	5.2
Cash and liquid assets	176	1,577	1,753	5.1	176	1,577	1,753	5.1
Mixed Investment Funds	—	—	—	—	—	—	—	—
Other	3	29	32	0.1	—	14	14	—
Fair value of scheme assets	21,831	12,910	34,741	100.0	21,786	12,892	34,678	100.0
As at 31 December 2020								
Equities	390	1,498	1,888	5.6	378	1,498	1,876	5.5
Private equities	—	2,233	2,233	6.6	—	2,233	2,233	6.6
Bonds - fixed government	3,950	110	4,060	12.0	3,932	110	4,042	11.9
Bonds - index-linked government	10,698	1,014	11,712	34.5	10,697	1,014	11,711	34.5
Bonds - corporate and other	7,230	1,678	8,908	26.2	7,214	1,678	8,892	26.2
Property	—	1,416	1,416	4.2	—	1,416	1,416	4.2
Infrastructure	—	1,812	1,812	5.3	—	1,812	1,812	5.3
Cash and liquid assets	48	1,830	1,878	5.5	46	1,830	1,876	5.5
Other	—	71	71	0.2	—	57	57	0.2
Fair value of scheme assets	22,316	11,662	33,978	100.0	22,267	11,648	33,915	100.0

Notes

a Valuations of unquoted assets are provided by the underlying managers or qualified independent valuers. Valuations of complex instruments are based on UKRF custodian valuations. All valuations are determined in accordance with relevant industry guidance.

Included within the fair value of scheme assets were nil (2020: nil) relating to shares in Barclays PLC and nil (2020: nil) relating to bonds issued by Barclays PLC or Barclays Bank PLC. The UKRF invests in pooled investment vehicles which may hold shares or debt issued by Barclays PLC.

The UKRF assets above do not include the Senior Notes asset referred to in the section below on Triennial Valuation, as these are non-transferable instruments and not recognised under IAS19.

Approximately 45% of the UKRF assets are invested in liability-driven investment strategies; primarily UK gilts as well as interest rate and inflation swaps. These swaps are used to better match the assets to its liabilities. The swaps are used to reduce the scheme's inflation and duration risks against its liabilities.

Triennial Valuation

The latest annual update as at 30 September 2021 showed the funding position had improved to a surplus of £0.6bn from a deficit of £0.9bn shown at 30 September 2020. The improvement was mainly due to £0.7bn of deficit reduction contributions and favourable asset returns, partially offset by higher expected long term price inflation.

The main differences between the funding and accounting assumptions are a different approach to setting the discount rate and a more conservative longevity assumption for funding.

Notes to the financial statements

Employee benefits

The deficit reduction contributions agreed with the UKRF Trustee as part of the 30 September 2019 triennial valuation recovery plan are shown in the table below.

Year	Deficit reduction contributions under the 30 September 2019 valuation
	£m
Cash paid:	
2019	500
2020	500
2021	700
Future commitments:	
2022	294
2023	286
2024 and beyond	—

During 2019 and 2020 the UKRF subscribed for non-transferrable listed senior fixed rate notes for £1,250m, backed by UK gilts (the Senior Notes). These Senior Notes entitle the UKRF to semi-annual coupon payments for five years, and full repayment in cash in three tranches: £250m in 2023, £750m in 2024, and £250m at final maturity in 2025. The regulatory capital impact, which otherwise would have occurred in 2019 and 2020 from the regular deficit reduction contributions, takes effect in 2023, 2024 and 2025 on maturity of the notes. As the UKRF's investment in these Senior Notes does not qualify as a plan asset under IAS 19, the £1,250m does not appear in the IAS 19 plan assets. The Senior Notes were issued by Heron Issuer Limited (Heron) for £500m and Heron Issuer Number 2 Limited (Heron 2) for £750m, entities consolidated within the Barclays Bank Group under IFRS 10. Heron and Heron 2 acquired a total of £1,250m of gilts from Barclays Bank PLC for cash to support payments on the Senior Notes. There were no further transactions of this type in 2021.

The deficit reduction contributions are in addition to the regular contributions to meet the Barclays Bank Group's share of the cost of benefits accruing over each year. The next funding valuation of the UKRF is due to be completed in 2023 with an effective date of 30 September 2022.

Other support measures agreed which remain in place

Collateral – The UKRF Trustee and Barclays Bank PLC have entered into an arrangement whereby a collateral pool has been put in place to provide security for the UKRF funding deficit as it increases or decreases over time. The collateral pool is currently made up of government securities, and agreement was made with the Trustee to cover at least 100% of the funding deficit with an overall cap of £9bn. The arrangement provides the UKRF Trustee with dedicated access to the pool of assets in the event of Barclays Bank PLC not paying a deficit reduction contribution to the UKRF or in the event of Barclays Bank PLC's insolvency. These assets are included within Note 36 Assets pledged, collateral received and assets transferred.

Support from Barclays PLC – In the event of Barclays Bank PLC not paying a deficit reduction contribution payment required by a specified pre-payment date, Barclays PLC has entered into an arrangement whereby it will be required to use, in first priority, dividends received from Barclays Bank UK PLC (if any) to invest the proceeds in Barclays Bank PLC (up to the maximum amount of the deficit reduction contribution unpaid by Barclays Bank PLC). The proceeds of the investment will be used to discharge Barclays Bank PLC's unpaid deficit reduction contribution.

Participation – As permitted under the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015, Barclays Bank UK PLC is a participating employer in the UKRF and will remain so during a transitional phase until September 2025 as set out in a deed of participation. Barclays Bank UK PLC will make contributions for the future service of its employees who are currently Afterwork members and, in the event of Barclays Bank PLC's insolvency during this period, provision has been made to require Barclays Bank UK PLC to become the principal employer of the UKRF. Barclays Bank PLC's Section 75 debt would be triggered by the insolvency (the debt would be calculated after allowing for the payment to the UKRF of the collateral above).

Defined benefit contributions paid with respect to the UKRF were as follows:

Contributions paid	£m
2021	955
2020	748
2019	1,231

There were nil (2020: nil) Section 75 contributions included within the Barclays Bank Group's contributions paid as no participating employers left the UKRF in 2021.

The Barclays Bank Group's expected contribution to the UKRF in respect of defined benefits in 2022 is £352m (2021: £783m). In addition, the expected contributions to UK defined contribution schemes in 2022 is £6m (2021: £9m) to the UKRF and £42m (2021: £47m) to the BPSP.

The section presents information on the Barclays Bank Group's investments in subsidiaries, joint ventures and associates and its interests in structured entities. Detail is also given on securitisation transactions the Barclays Bank Group has entered into and arrangements that are held off-balance sheet.

32 Principal subsidiaries

Barclays Bank Group applies IFRS 10 *Consolidated Financial Statements*. The consolidated financial statements combine the financial statements of Barclays Bank PLC and all of its subsidiaries. Subsidiaries are entities over which Barclays Bank Group has control. Under IFRS 10, this is when Barclays

Notes to the financial statements

Scope of consolidation

Bank Group is exposed to or has rights to variable returns from its involvement in an entity and has the ability to affect those returns through its power over an entity.

Barclays Bank Group reassesses whether it controls an entity if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect the amount of its returns.

Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Barclays Bank Group for the purposes of the consolidation. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has been obtained and they do not result in loss of control.

The significant judgements used in applying this policy are set out below.

Accounting for investment in subsidiaries

In the individual financial statements of Barclays Bank PLC, investments in subsidiaries are stated at cost less impairment.

Investments in subsidiaries, the majority of which are engaged in banking related activities, are recorded on the balance sheet at historical cost less any impairment. At 31 December 2021 the historical cost of investments in subsidiaries was £19,517m (2020: £18,059m), and impairment allowances recognised against these investments totalled £383m (2020: £279m). The increase in historical cost is predominantly due to capital injections into Barclays Bank Ireland PLC and Barclays Investment Management Ltd.

At the end of each reporting period an impairment review is undertaken in respect of investment in the ordinary shares of subsidiaries. Where there is an indicator of impairment, a test of the carrying value against the recoverable value is performed. Impairment arises 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 investment in Barclays Investment Management Limited of £1,640m showed a recoverable amount of £1,548m resulting in an impairment being recognised of £92m in total (£76m in 2021 and £16m in 2020). The investment in Barclays Investments and Loans (India) Limited of £55m showed a recoverable amount of £38m, resulting in an impairment being recognised of £17m. The investment in Barclays Mauritius Overseas Holdings Limited of £57m showed a recoverable amount of £48m, resulting in an impairment being recognised of £9m.

Principal subsidiaries of the Barclays Bank Group are set out below. This includes those subsidiaries that are most significant in the context of the Barclays Bank Group's business, results or financial position.

Company Name	Principal place of business or incorporation	Nature of business	Percentage of voting rights held %	Non-controlling interests - proportion of ownership interests %	Non-controlling interests - proportion of voting interests %
Barclays Bank Ireland PLC	Ireland	Banking	100	—	—
Barclays Capital Inc.	United States	Securities dealing	100	—	—
Barclays Capital Securities Limited	United Kingdom	Securities dealing	100	—	—
Barclays Securities Japan Limited	Japan	Securities dealing	100	—	—
Barclays US LLC	United States	Holding company	100	—	—
Barclays Bank Delaware	United States	Credit card issuer	100	—	—

The country of registration or incorporation is also the principal area of operation of each of the above subsidiaries.

Ownership interests are in some cases different to voting interests due to the existence of non-voting equity interests, such as preference shares.

Significant judgements and assumptions used to determine the scope of the consolidation

Determining whether the Barclays Bank Group has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances, this determination will involve significant judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgement will involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the Barclays Bank Group, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

There is also often considerable judgement involved in the ongoing assessment of control over structured entities. In this regard, where market conditions have deteriorated such that the other investors' exposures to the structure's variable returns have been substantively eliminated, the Barclays Bank Group may conclude that the managers of the structured entity are acting as its agent and therefore will consolidate the structured entity.

Notes to the financial statements

Scope of consolidation

An interest in equity voting rights exceeding 50% would typically indicate that the Barclays Bank Group has control of an entity. However, the entity set out below is excluded from consolidation because the Barclays Bank Group does not have exposure to its variable returns.

Company name	Country of registration or incorporation	Percentage of voting rights held (%)	Equity shareholders' funds (£m)	Retained profit for the year (£m)
Palomino Limited	Cayman Islands	100	—	—

This entity is managed by an external counterparty and consequently is not controlled by the Barclays Bank Group. Interests relating to this entity are included in Note 33.

Significant restrictions

As is typical for a group of its size and international scope, there are restrictions on the ability of the Barclays Bank Group to obtain distributions of capital, access the assets or repay the liabilities of members of the Barclays Bank Group due to the statutory, regulatory and contractual requirements of its subsidiaries and due to the protective rights of non-controlling interests. These are considered below.

Regulatory requirements

The Barclays Bank Group's principal subsidiary companies have assets and liabilities before intercompany eliminations of £439bn (2020: £417bn) and £414bn (2020: £393bn) respectively. Certain classes of these assets and liabilities are subject to prudential regulation and regulatory capital requirements in the countries in which the subsidiaries are regulated. These prudential and regulatory capital requirements require entities to maintain minimum capital levels which cannot be returned to the parent company, Barclays Bank PLC, on a going concern basis.

In order to meet capital requirements, subsidiaries may issue certain equity accounted and debt accounted financial instruments such as Tier 1 and Tier 2 capital instruments and other forms of subordinated liabilities. Refer to Note 26 and Note 27 for particulars of these instruments. These instruments may be subject to cancellation clauses or preference share restrictions that would limit the ability of the entity to repatriate the capital on a timely basis.

Liquidity requirements

Regulated subsidiaries of the Barclays Bank Group are required to meet PRA or local regulatory requirements pertaining to liquidity. Some of the regulated subsidiaries include Barclays Capital Securities Limited (which is regulated for liquidity matters on a combined basis with Barclays Bank PLC under a Domestic Liquidity Sub-Group (DoLSub) arrangement), Barclays Bank Ireland PLC, Barclays Capital Inc. and Barclays Bank Delaware Inc. See page 102 for further details of liquidity requirements, including those of the Barclays Bank Group's significant subsidiaries.

Statutory requirements

The Barclays Bank Group's subsidiaries are subject to statutory requirements not to make distributions of capital and unrealised profits and generally to maintain solvency. These requirements restrict the ability of subsidiaries to make remittances of dividends to Barclays Bank PLC, the parent, except in the event of a legal capital reduction or liquidation. In most cases the regulatory restrictions referred to above exceed the statutory restrictions.

Asset encumbrance

The Barclays Bank Group uses its financial assets to raise finance in the form of securitisations and through the liquidity schemes of central banks, as well as to provide security to the UK Retirement Fund. Once encumbered, the assets are not available for transfer around the Barclays Bank Group. The assets typically affected are disclosed in Note 36.

Other restrictions

The Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £4,260m (2020: £3,119m).

33 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Depending on the Barclays Bank Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

The Barclays Bank Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

- **Securitisation:** The Barclays Bank Group uses securitisation as a source of financing and a means of risk transfer. Where entities are controlled by the Barclays Bank Group, they are consolidated. Refer to Note 35 for further detail.
- **Commercial paper (CP) conduits:** These entities issue CP and use the proceeds to lend to clients as part of the Barclays Bank Group's multi-seller conduit programme. The Barclays Bank Group has provided £17.2bn (2020: £16.9bn) in contractual liquidity facilities to the CP conduits that the Barclays Bank Group consolidates. These amounts represent the maximum the conduits can lend externally. The amounts of CP conduit lending (drawn and undrawn) to unconsolidated structured entities can be seen in Other interests in unconsolidated structured entities under multi-seller conduit programme in the Summary of interests in unconsolidated structured entities table.
- **Tender Option Bond (TOB) trusts:** During 2021, the Barclays Bank Group provided undrawn liquidity facilities of £3.3bn (2020: £2.9bn) to consolidated TOB trusts. These trusts invest in fixed income instruments issued by state, local or other municipalities in the United States, funded by long-term senior floating-rate notes and junior residual securities.

Notes to the financial statements

Scope of consolidation

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to structured entities not controlled by the Barclays Bank Group, and are established either by Barclays Bank 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 Group. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to the Barclays Bank Group, lending, loan commitments, financial guarantees and investment management agreements.

Barclays Bank 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. This is predominantly within the CIB business. Structured entities may take the form of funds, trusts, securitisation vehicles, and private investment companies. The largest transactions include loans and derivatives with hedge fund structures and special purpose entities, multi-seller conduit lending, holding notes issued by securitisation vehicles and facilitating customer requirements through funds.

The nature and extent of the Barclays Bank Group's interests in structured entities is summarised below:

Summary of interests in unconsolidated structured entities

	Secured financing £m	Short-term traded interests £m	Traded derivatives £m	Other interests £m	Total £m
As at 31 December 2021					
Assets					
Trading portfolio assets	—	7,170	—	—	7,170
Financial assets at fair value through the income statement	61,816	—	—	3,417	65,233
Derivative financial instruments	—	—	5,160	—	5,160
Financial assets at fair value through other comprehensive income	—	—	—	91	91
Loans and advances at amortised cost	—	—	—	22,741	22,741
Reverse repurchase agreements and other similar secured lending	104	—	—	—	104
Other assets	—	—	—	12	12
Total assets	61,920	7,170	5,160	26,261	100,511
Liabilities					
Derivative financial instruments	—	—	9,543	—	9,543
As at 31 December 2020					
Assets					
Trading portfolio assets	—	11,361	—	—	11,361
Financial assets at fair value through the income statement	56,265	—	—	2,780	59,045
Derivative financial instruments	—	—	2,968	—	2,968
Financial assets at fair value through other comprehensive income	—	—	—	153	153
Loans and advances at amortised cost	—	—	—	18,418	18,418
Reverse repurchase agreements and other similar secured lending	10	—	—	—	10
Other assets	—	—	—	11	11
Total assets	56,275	11,361	2,968	21,362	91,966
Liabilities					
Derivative financial instruments	—	—	7,075	—	7,075

Secured financing arrangements, short-term traded interests and traded derivatives are typically managed under market risk management policies described in the Market risk management section which includes an indication of the change of risk measures compared to last year. For this reason, the total assets of these entities are not considered meaningful for the purposes of understanding the related risks and so have not been presented. Other interests include conduits and lending where the interest is driven by normal customer demand. As at 31 December 2021, there were 5,696 (2020: 3,162) structured entities that the Barclays Bank Group entered into transactions with.

Secured financing

The Barclays Bank Group routinely enters into reverse repurchase contracts, margin lending, stock borrowing and similar arrangements on normal commercial terms where the counterparty to the arrangement is a structured entity. Due to the nature of these arrangements, especially the transfer of collateral and ongoing margining, the Barclays Bank Group is able to manage its variable exposure to the performance of the structured entity counterparty. The counterparties included in secured financing mainly include hedge fund limited structures, investment companies and special purpose entities.

Short-term traded interests

As part of its market making activities, the Barclays Bank Group buys and sells interests in structured vehicles, which are predominantly debt securities issued by asset securitisation vehicles. Such interests are typically held individually or as part of a larger portfolio for no more than 90 days. In such cases, the Barclays Bank Group typically has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

Notes to the financial statements

Scope of consolidation

Traded derivatives

The Barclays Bank Group enters into a variety of derivative contracts with structured entities which reference market risk variables such as interest rates, foreign exchange rates and credit indices among other things. The main derivative types which are considered interests in structured entities include index-based and entity specific credit default swaps, balance guaranteed swaps, total return swaps, commodities swaps, and equity swaps. Interest rate swaps, foreign exchange derivatives that are not complex and which expose the Barclays Bank Group to insignificant credit risk by being senior in the payment waterfall of a securitisation and derivatives that are determined to introduce risk or variability to a structured entity are not considered to be an interest in an entity and have been excluded from the disclosures.

A description of the types of derivatives and the risk management practices are detailed in Note 13. The risk of loss may be mitigated through ongoing margining requirements as well as a right to cash flows from the structured entity which are senior in the payment waterfall. Such margining requirements are consistent with market practice for many derivative arrangements and in line with the Barclays Bank Group's normal credit policies.

Derivative transactions require the counterparty to provide cash or other collateral under margining agreements to mitigate counterparty credit risk. The Barclays Bank Group is mainly exposed to settlement risk on these derivatives which is mitigated through daily margining. Total notional contract amounts were £217,055m (2020: £153,894m).

Except for credit default swaps where the maximum exposure to loss is the swap notional amount, it is not possible to estimate the maximum exposure to loss in respect of derivative positions as the fair value of derivatives is subject to changes in market rates of interest, exchange rates and credit indices which by their nature are uncertain. In addition, the Barclays Bank Group's losses would be subject to mitigating action under its traded market risk and credit risk policies that require the counterparty to provide collateral in cash or other assets in most cases.

Other interests in unconsolidated structured entities

The Barclays Bank Group's interests in structured entities not held for the purposes of short-term trading activities are set out below, summarised by the nature of the interest and limited to significant categories, based on maximum exposure to loss.

Nature of interest

	Multi-seller conduit programme £m	Lending £m	Other £m	Total £m	Of which: Barclays Bank Group owned, not consolidated entities ¹ £m
As at 31 December 2021					
Financial assets at fair value through the income statement	—	2	3,415	3,417	3,335
Financial assets at fair value through other comprehensive income	—	53	38	91	—
Loans and advances at amortised cost	5,184	14,294	3,263	22,741	—
Other assets	8	4	—	12	—
Total on-balance sheet exposures	5,192	14,353	6,716	26,261	3,335
Total off-balance sheet notional amounts	11,015	9,394	—	20,409	—
Maximum exposure to loss	16,207	23,747	6,716	46,670	3,335
Total assets of the entity	65,441	160,611	28,582	254,634	11,513
As at 31 December 2020					
Financial assets at fair value through the income statement	—	15	2,765	2,780	2,698
Financial assets at fair value through other comprehensive income	—	106	47	153	—
Loans and advances at amortised cost	5,146	12,475	797	18,418	—
Other assets	8	3	—	11	—
Total on-balance sheet exposures	5,154	12,599	3,609	21,362	2,698
Total off-balance sheet notional amounts	11,750	7,531	—	19,281	—
Maximum exposure to loss	16,904	20,130	3,609	40,643	2,698
Total assets of the entity	87,004	153,990	22,389	263,383	11,008

Maximum exposure to loss

Unless specified otherwise below, the Barclays Bank Group's maximum exposure to loss is the total of its on-balance sheet positions and its off-balance sheet arrangements, being loan commitments and financial guarantees. Exposure to loss is mitigated through collateral, financial guarantees, the availability of netting and credit protection held.

Multi-seller conduit programme

The Barclays Bank Group's multi-seller conduit programme engages in providing financing to various clients and holds whole or partial interests in pools of receivables or similar obligations. These instruments are protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit entity. The Barclays Bank Group's off-balance sheet exposure included in the table above represents liquidity facilities that are provided to the conduit for the benefit of the holders of the commercial paper issued by the conduit and will only be drawn where the conduit is unable to access the commercial paper market. If these liquidity facilities are drawn, the Barclays Bank Group is protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit.

¹Comprises of Barclays Bank Group owned, not consolidated structured entities per IFRS 10 Consolidated Financial Statements, and Barclays Bank Group sponsored entities. Refer to Note 32 Principal subsidiaries for more details on consolidation.

Notes to the financial statements

Scope of consolidation

Lending

The portfolio includes lending provided by the Barclays Bank Group to unconsolidated structured entities in the normal course of its lending business to earn income in the form of interest and lending fees and includes loans to structured entities that are generally collateralised by property, equipment or other assets. All loans are subject to the Barclays Bank Group's credit sanctioning process. Collateral arrangements are specific to the circumstances of each loan with additional guarantees and collateral sought from the sponsor of the structured entity for certain arrangements. During the year the Barclays Bank Group incurred an impairment charge of £25m (2020: £22m) against such facilities.

Other

This includes fair value loans with structured entities where the market risk is materially hedged with corresponding derivative contracts, interests in debt securities issued by securitisation vehicles and drawn and undrawn loan facilities to these entities. In addition, other includes investment funds with interests restricted to management fees based on the 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 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, assets transferred to sponsored unconsolidated structured entities were £1,662m (2020: £730m).

34 Investments in associates and joint ventures

Accounting for associates and joint ventures

The Barclays Bank Group applies IAS 28 *Investments in Associates* and IFRS 11 *Joint Arrangements*. Associates are entities in which the Barclays Bank Group has significant influence, but not control, over the operating and financial policies. Generally the Barclays Bank Group holds more than 20%, but less than 50%, of their voting shares. Joint ventures are arrangements where the Barclays Bank Group has joint control and rights to the net assets of the entity.

The Barclays Bank Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each year by the Barclays Bank Group's share of the post acquisition profit/(loss). The Barclays Bank Group ceases to recognise its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses. In some cases, investments in these entities may be held at fair value through profit or loss, for example, those held by private equity businesses.

There are no individually significant investments in joint ventures or associates held by Barclays Bank Group.

	2021			2020		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Equity accounted (Group)	24	—	24	24	—	24

	2021			2020		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Equity accounted (Parent)	12	—	12	13	—	13

Summarised financial information for the Barclays Bank Group's equity accounted associates and joint ventures is set out below. The amounts shown are the Barclays Bank Group's share of the comprehensive income of the investees for the year ended 31 December 2021, with the exception of certain undertakings for which the amounts are based on accounts made up to dates not earlier than three months before the balance sheet date.

	Associates		Joint ventures	
	2021	2020	2021	2020
	£m	£m	£m	£m
(Loss)/profit from continuing operations	—	(1)	—	2
Other comprehensive income / (loss)	1	(3)	—	—
Total comprehensive income/(loss) from continuing operations	1	(4)	—	2

35 Securitisations

Accounting for securitisations

The Barclays Bank Group uses securitisations as a source of finance and a means of risk transfer. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction; lead to partial continued recognition of the assets to the extent of the Barclays Bank Group's continuing involvement in those assets or 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 Group transfers both its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

In the course of its normal banking activities, the Barclays Bank 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 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.

Notes to the financial statements

Scope of consolidation

A summary of the main transactions, and the assets and liabilities and the financial risks arising from these transactions, is set out below:

Transfers of financial assets that do not result in derecognition

Securitisations

The Barclays Bank Group is party to securitisation transactions involving its credit card balances.

In these transactions, the assets, interests in the assets, or beneficial interests in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues interest bearing debt securities to third party investors.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction. Partial continued recognition of the assets to the extent of the Barclays Bank Group's continuing involvement in those assets can also occur or derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer.

The following table shows the carrying amount of securitised assets that have not resulted in full derecognition, together with the associated liabilities, for each category of asset on the balance sheet:

	2021				2020			
	Assets		Liabilities		Assets		Liabilities	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group								
Loans and advances at amortised cost								
Credit cards, unsecured loans and other retail lending	1,303	1,423	(1,225)	(1,219)	963	1,051	(952)	(966)

Balances included within loans and advances at amortised cost represent securitisations where substantially all the risks and rewards of the assets have been retained by Barclays Bank Group.

The relationship between the transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes, although the contractual terms of their notes may be different to the maturity and interest of the transferred assets.

If the Barclays Bank Group transfers a financial asset but does not transfer or retain substantially all the risk and rewards of the asset and retains control over it, the transferred assets are recognised to the extent of Barclays Bank Group's continuing involvement. In 2021, financial assets of £249m (2020: £nil) were transferred in this manner and the carrying value of the assets representing continued involvement is included in the table above.

For transfers of assets in relation to repurchase agreements, see Note 36.

Continuing involvement in financial assets that have been derecognised

In some cases, the Barclays Bank Group may have transferred a financial asset in its entirety but may have continuing involvement in it. This arises in asset securitisations where loans and asset backed securities were derecognised as a result of the Barclays Bank Group's involvement with asset backed securities, residential mortgage backed securities and commercial mortgage securities. Continuing involvement largely arises from providing financing into these structures in the form of retained notes, which do not bear first losses.

Notes to the financial statements

Scope of consolidation

The table below shows the potential financial implications of such continuing involvement:

Type of transfer	Continuing involvement ^a			Gain/(loss) from continuing involvement	
	Carrying amount	Fair value	Maximum exposure to loss	For the year ended	Cumulative to 31 December
	£m	£m	£m	£m	£m
2021					
Asset backed securities	25	25	25	1	2
Residential mortgage backed securities	78	78	78	3	4
Commercial mortgage backed securities	311	307	311	5	11
Total	414	410	414	9	17
2020					
Asset backed securities	56	56	56	1	1
Residential mortgage backed securities	49	49	49	1	1
Commercial mortgage backed securities	243	237	243	2	6
Total	348	342	348	4	8

Note

a Assets which represent the Barclays Bank Group's continuing involvement in derecognised assets are recorded in Loans and advances at amortised cost and Debt Securities at FVTP&L.

36 Assets pledged, collateral received and assets transferred

Assets are pledged or transferred as collateral to secure liabilities under repurchase agreements, securitisations and stock lending agreements or as security deposits relating to derivatives. Assets transferred are non-cash assets transferred to a third party that do not qualify for derecognition from the Barclays Bank Group's balance sheet, for example because the Barclays Bank Group retains substantially all the exposure to those assets under an agreement to repurchase them in the future for a fixed price.

Where non-cash assets are pledged or transferred as collateral for cash received, the asset continues to be recognised in full, and a related liability is also recognised on the balance sheet. Where non-cash assets are pledged or transferred as collateral in an exchange for non-cash assets, the transferred asset continues to be recognised in full, and there is no associated liability as the non-cash collateral received is not recognised on the balance sheet. The Barclays Bank Group is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these pledged assets. Unless stated, the counterparty's recourse is not limited to the transferred assets.

The following table summarises the nature and carrying amount of the assets pledged as security against these liabilities:

	Barclays Bank Group	
	2021	2020
	£m	£m
Cash collateral and settlement balances	63,080	69,271
Loans and advances at amortised cost	29,962	25,437
Trading portfolio assets	71,201	76,750
Financial assets at fair value through the income statement	5,595	5,584
Financial assets at fair value through other comprehensive income	14,699	15,303
Assets pledged	184,537	192,345
	Barclays Bank PLC	
	2021	2020
	£m	£m
Cash collateral and settlement balances	57,612	65,925
Loans and advances at amortised cost	30,469	23,068
Trading portfolio assets	47,616	47,590
Financial assets at fair value through the income statement	3,390	2,583
Financial assets at fair value through other comprehensive income	30,175	25,147
Assets pledged	169,262	164,313

Notes to the financial statements

Scope of consolidation

The following table summarises the transferred financial assets and the associated liabilities:

	Barclays Bank Group	
	Transferred assets	Associated liabilities
	£m	£m
At 31 December 2021		
Derivatives	64,826	(64,826)
Repurchase agreements	48,504	(28,494)
Securities lending arrangements	66,703	—
Other	4,504	(4,174)
	184,537	(97,494)
At 31 December 2020		
Derivatives	72,732	(72,732)
Repurchase agreements	58,398	(39,044)
Securities lending arrangements	59,824	—
Other	1,391	(1,134)
	192,345	(112,910)
	Barclays Bank PLC	
	Transferred assets	Associated liabilities
	£m	£m
At 31 December 2021		
Derivatives	59,730	(59,730)
Repurchase agreements	44,337	(24,189)
Securities lending arrangements	62,226	—
Other	2,969	(2,969)
	169,262	(86,888)
At 31 December 2020		
Derivatives	68,404	(68,404)
Repurchase agreements	50,173	(29,958)
Securities lending arrangements	45,588	—
Other	148	(148)
	164,313	(98,510)

Included within Other are agreements where a counterparty's recourse is limited to the transferred assets. The relationship between the transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes.

	Carrying value		Fair value		Net position £m
	Transferred assets	Associated liabilities	Transferred assets	Associated liabilities	
	£m	£m	£m	£m	
Barclays Bank Group					
2021					
Recourse to transferred assets only	1,303	(1,225)	1,423	(1,219)	204
2020					
Recourse to transferred assets only	963	(952)	1,051	(966)	85

The Barclays Bank Group has an additional £3.5bn (2020: £3.1bn) of loans and advances within its asset backed funding programmes that can readily be used to raise additional secured funding and are available to support future issuances.

Total assets pledged includes a collateral pool put in place to provide security for the UKRF funding deficit, as referred to in Note 31.

Notes to the financial statements

Scope of consolidation

Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, the Barclays Bank Group is allowed to resell or re-pledge the collateral held. The fair value at the balance sheet date of collateral accepted and re-pledged to others was as follows:

	Barclays Bank Group	
	2021	2020
	£m	£m
Fair value of securities accepted as collateral	934,363	792,317
Of which fair value of securities re-pledged/transferred to others	819,169	684,389

	Barclays Bank PLC	
	2021	2020
	£m	£m
Fair value of securities accepted as collateral	941,774	851,368
Of which fair value of securities re-pledged/transferred to others	847,046	747,125

Additional disclosure has been included in Credit risk on pages 59 to 63.

Notes to the financial statements

Other disclosure matters

The notes included in this section focus on related party transactions, Auditors' remuneration, Directors' remuneration and Transition disclosures. Related parties include any subsidiaries, associates, joint ventures and Key Management Personnel.

37 Related party transactions and Directors' remuneration

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both.

Parent company

The parent company, which is also the ultimate parent company, is Barclays PLC, which holds 100% of the issued ordinary shares of Barclays Bank PLC.

Subsidiaries

Transactions between Barclays Bank PLC and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Barclays Bank Group's financial statements. A list of the Barclays Bank Group's principal subsidiaries is shown in Note 32.

Fellow subsidiaries

Transactions between the Barclays Bank Group and other subsidiaries of the parent company also meet the definition of related party transactions.

Associates and other entities

The Barclays Bank Group provides banking services to its associates and the Barclays Bank Group pension funds (principally the UK Retirement Fund), providing loans, overdrafts, interest and non-interest bearing deposits and current accounts to these entities as well as other services. Barclays Bank Group companies also provide investment management and custodian services to the Barclays Bank Group pension schemes. All of these transactions are conducted on the same terms as third party transactions. Summarised financial information for the Barclays Bank Group's investments in associates and joint ventures is set out in Note 34.

Amounts included in the Barclays Bank Group's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Fellow subsidiaries £m	Associates £m	Pension funds £m
For the year ended and as at 31 December 2021				
Total income	(611)	20	—	3
Operating expenses	(64)	(3,195)	—	(1)
Total assets	6,491	909	—	3
Total liabilities	32,141	3,962	177	81
For the year ended and as at 31 December 2020				
Total income	(606)	41	—	3
Operating expenses	(62)	(2,937)	—	(1)
Total assets	6,803	1,917	—	4
Total liabilities	25,819	3,954	66	69

Total liabilities include derivatives transacted on behalf of the pensions funds of £18m (2020: £13m).

Notes to the financial statements

Other disclosure matters

Amounts included in Barclays Bank PLC's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Subsidiaries £m	Fellow subsidiaries £m	Associates £m	Pension funds £m
As at 31 December 2021					
Total assets	3,655	277,717	890	—	—
Total liabilities	31,669	196,743	3,783	177	78
As at 31 December 2020					
Total assets	4,317	272,845	1,899	—	—
Total liabilities	25,368	196,405	3,892	66	63

It is the normal practice of Barclays Bank PLC to provide its subsidiaries with support and assistance by way of guarantees, indemnities, letters of comfort and commitments, as may be appropriate, with a view to enabling them to meet their obligations and to maintain their good standing, including commitment of capital and facilities. For dividends paid to Barclays PLC see Note 10.

Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Barclays Bank PLC (directly or indirectly) and comprise the Directors and Officers of Barclays Bank PLC, certain direct reports of the Chief Executive Officer and the heads of major business units and functions.

The Barclays Bank Group provides banking services to Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding were as follows:

	2021 £m	2020 £m
Loans outstanding		
As at 1 January	—	—
Loans issued during the year ^a	—	—
Loan repayments during the year ^b	—	—
As at 31 December	—	—

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	3.4	4.2
Deposits received during the year ^a	9.0	13.3
Deposits repaid during the year ^b	(10.3)	(14.1)
As at 31 December	2.1	3.4

Notes

a Includes deposits received from existing Key Management Personnel and new or existing deposits received from newly appointed Key Management Personnel.

b Includes deposits repaid by existing Key Management Personnel and deposits of former Key Management Personnel.

Total commitments outstanding

Total commitments outstanding refer to the total of any undrawn amounts on credit card and/or overdraft facilities provided to Key Management Personnel. Total commitments outstanding as at 31 December 2021 were £0.1m (2020: £0.2m).

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.

Notes to the financial statements

Other disclosure matters

	2021	2020
	£m	£m
Salaries and other short-term benefits	35.2	37.5
Pension costs	0.2	0.1
Other long-term benefits	8.5	7.2
Share-based payments	13.2	12.4
Employer social security charges on emoluments	6.0	6.0
Costs recognised for accounting purposes	63.1	63.2
Employer social security charges on emoluments	(6.0)	(6.0)
Other long-term benefits – difference between awards granted and costs recognised	3.3	0.4
Share-based payments – difference between awards granted and costs recognised	6.1	1.3
Total remuneration awarded	66.5	58.9

Disclosure required by the Companies Act 2006

The following information regarding the Barclays Bank PLC Board of Directors is presented in accordance with the Companies Act 2006:

	2021	2020
	£m	£m
Aggregate emoluments ^a	6.3	6.4
Amounts paid under LTIPs ^b	1.2	—
	7.5	6.4

Notes

a The aggregate emoluments include amounts paid for the 2021 year. In addition, deferred share awards for 2021 with a total value at grant of £1.4m (2020: £0.6m) will be made to Directors which will only vest subject to meeting certain conditions.

b The figure above for "Amounts paid under LTIPs" for 2021 relates to LTIP awards that were released to Directors in 2021. This includes the first tranche of the 2017 LTIP, the release of which was delayed from June 2020 to March 2021. Dividend shares released on the awards are excluded (where applicable).

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).

The aggregate amount of compensation payable to departing officers in respect of loss of office was £426,139 (2020: £1,850,713).

Of the figures in the table above, the amounts attributable to the highest paid Director in respect of qualifying services are as follows:

	2021	2020
	£m	£m
Aggregate emoluments ^a	2.1	3.0
Amounts paid under LTIPs	0.7	—
	2.8	3.0

Note

a The aggregate emoluments include amounts paid for the 2021 year.

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 (2020: £nil).

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 £nil (2020: £nil). The total value of guarantees entered into on behalf of Directors during 2021 was £nil (2020: £nil).

Notes to the financial statements

Other disclosure matters

38 Disposal of business

During the year, Barclays Bank PLC sold its investment in Barclays Insurance Guernsey PCC to Barclays Principal Investments Limited, a fellow Barclays PLC Group company, at its fair value of £65m. Barclays Bank PLC recorded profit on disposal of £50m in respect of this transaction. The Barclays Bank Group recorded a loss on disposal of £10m.

Barclays Bank PLC sold its investment in an SPV holding the lease to premises used by the BBPLC Monaco Branch for consideration of £52m. Barclays Bank PLC recorded a profit of £49m. Barclays Bank Group treats this transaction as a sale and leaseback and recorded a gain on sale of £33m within other income.

Following a decision to transfer Barclays PLC Group's European businesses to Barclays Bank Ireland PLC, Barclays Bank PLC transferred its German business in Q4 2018 and its branches in France, Italy, Netherlands, Portugal, Spain and Sweden in Q1 2019. Throughout 2019 and 2020, Barclays Bank PLC also transferred positions facing European clients to Barclays Bank Ireland PLC, at the clients' request.

During 2021, Barclays Bank PLC transferred loans and advances at amortised cost of £49m (2020: £361m) to Barclays Bank Ireland PLC, in exchange for cash consideration. Barclays Bank PLC also transferred derivative financial instrument assets of £5,886m (2020: £9,692m) and derivative financial instrument liabilities of £4,523m (2020: £12,337m) to Barclays Bank Ireland PLC. Concurrently, Barclays Bank PLC entered into new derivative positions with Barclays Bank Ireland PLC to hedge the risk on the transferring positions. Therefore, there was no net impact on the balance sheet of Barclays Bank PLC.

39 Auditor's remuneration

Auditor's remuneration is included within consultancy, legal and professional fees in administration and general expenses and comprises:

	2021	2020	2019
	£m	£m	£m
Audit of the Barclays Bank Group's annual accounts	19	17	16
Other services:			
Audit of the Barclays Bank PLC subsidiaries ^a	14	13	12
Other audit related fees ^b	7	7	6
Other services	1	1	1
Total Auditor's remuneration	41	38	35

Notes

a Comprises the fees for the statutory audit of the subsidiaries both inside and outside UK and fees for the work performed by associates of KPMG in respect of the consolidated financial statements of the Company.

b Comprises services in relation to statutory and regulatory filings. These include audit services for the review of the interim financial information under the Listing Rules of the UK listing authority.

40 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, JPY and CHF LIBOR and Euro Overnight Index Average (EONIA) 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, Barclays 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 Group's exposure to rates subject to benchmark interest rate reform has been predominantly to GBP, USD, JPY and CHF LIBOR and EONIA with the vast majority concentrated in derivatives within the Corporate and Investment Bank. Some additional exposure resides on floating rate loans and advances, repurchase agreements and debt securities held and issued within the Corporate and Investment Bank. Following transition activity in late 2021 and early 2022, GBP, USD (one week and two month tenors), JPY and CHF LIBOR and EONIA positions ("2021 scope") have transitioned onto RFRs, and while there are a number of IBORs yet to cease, Barclays Bank Group's exposure is now mainly to USD LIBOR.

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

Notes to the financial statements

Other disclosure matters

Sterling Risk-Free Reference Rates' (UK £RFRWG), 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 ceased 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 and JPY. Given cleared derivatives for the 2021 scope transitioned via CCP driven conversions, synthetic LIBOR does not apply in this context. In line with regulatory expectations, 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. 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. Cessation of new USD LIBOR trading and transition of USD LIBOR exposures is the priority for the Barclays LIBOR Transition Programme in 2022/23. 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.

Whilst synthetic LIBOR will be published on a temporary basis for 1, 3 and 6 month tenors of GBP and JPY LIBOR to assist the transition of certain exposures, no synthetic rate has been announced for USD LIBOR. New York State legislation has been enacted (with US Federal legislation to follow) which provides a solution for contracts governed under New York law for USD LIBOR to the Secured Overnight Financing Rate (SOFR) transition with the additional benefit of statutory contract continuity and safe harbour protection. This contrasts with the legislation implemented in the UK which provides for statutory contract continuity with safe harbour protection only for the administrator, and could expose market participants to additional litigation risk. Clients have been engaged on the transition of their legacy USD LIBOR exposures through active transition or the implementation of fallbacks, and have been issued with communications on key regulatory developments in the transition away from USD LIBOR.

Progress made during 2021

During 2021, the Barclays Bank Group delivered RFR product capabilities and alternatives to LIBOR across loans, bonds, securities financing transactions and derivatives required for LIBOR cessation to support transition of legacy contracts. Barclays Bank Group has transitioned over 99% (by gross notional exposure) 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, however, note that the switch onto the RFR may not take place until next reset post 31 December 2021 and so exposures may still be reported as LIBOR) and taking part in large scale transition events at a number of Central Counterparty Clearing Houses (London Clearing House (LCH), Chicago Mercantile Exchange (CME), EUREX and Japan Securities Clearing Corporation (JSCC) for OTC derivatives and Intercontinental Exchange (ICE) EU and LCH CurveGlobal for exchange traded derivatives). In relation to those contracts yet to be transitioned, we remain in active dialogue with clients. Barclays Bank Group transitioned the EONIA / LIBOR language in all active Credit Support Annexes (CSAs) via a number of mechanisms, primarily through bilateral CSA amendments but also by means of adherence to the ISDA 2021 EONIA Collateral Agreement Fallbacks Protocol. Barclays Bank 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. Any incremental Technology or Business Process changes required to support USD LIBOR cessation will be delivered ahead of 30 June 2023. 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 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. Certain US dollar LIBOR tenors are to cease by the end of June 2023, and restrictions have been imposed on new use of USD 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 Group, in respect of any financial instruments linked to, or referencing, any of these benchmark interest rates.

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 Group's financial assets and liabilities) that use these reference rates and indices, and present a number of risks for the Barclays Bank Group, including, but not limited to:

- **Conduct risk:** in undertaking actions to transition away from using certain reference rates (such as LIBOR) to new alternative RFRs, the Barclays Bank Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank 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.

Notes to the financial statements

Other disclosure matters

- **Litigation risk:** members of the Barclays Bank 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 Group's preparation and readiness for the replacement of LIBOR with alternative RFRs.
- **Financial risk:** the valuation of certain of the Barclays Bank Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the Barclays Bank Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because certain alternative RFRs (such as the 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 Group's cash flows.
- **Pricing risk:** changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative RFRs may impact the pricing mechanisms used by the Barclays Bank Group on certain transactions.
- **Operational risk:** changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative RFRs may require changes to the Barclays Bank Group's IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any reference rate or index (such as LIBOR) is no longer available to calculate amounts payable, the Barclays Bank Group may incur additional expenses in amending documentation for new and existing transactions and/or effecting the transition from the original reference rate or index to a new reference rate or index.
- **Accounting risk:** an inability to apply hedge accounting in accordance with IAS 39 could lead to increased volatility in the Barclays Bank Group's financial results and performance.

Any of these factors may have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition, prospects and reputation. While a number of the above risks in relation to transition of legacy 2021 scope onto RFRs have been substantially mitigated, they remain relevant in relation to USD and related LIBOR rate transitions.

The Barclays Bank 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 interest rate benchmark reform:

As at 31 December 2021	GBP LIBOR	USD LIBOR	JPY LIBOR	CHF LIBOR	Others ^b	Total
	£m	£m	£m	£m	£m	£m
Non-derivative financial assets						
Loans and advances at amortised cost	11,761	15,801	24	222	442	28,250
Reverse repurchase agreements and other similar secured lending	—	186	—	—	—	186
Financial assets at fair value through the income statement	101	8,538	5	327	194	9,165
Financial assets at fair value through other comprehensive income	—	—	—	—	—	—
Non-derivative financial assets	11,862	24,525	29	549	636	37,601
Non-derivative financial liabilities						
Debt securities in issue	—	—	—	—	—	—
Subordinated liabilities	(36)	(3,774)	(1,213)	—	(113)	(5,136)
Financial liabilities designated at fair value	(708)	(212)	—	—	—	(920)
Non-derivative financial liabilities	(744)	(3,986)	(1,213)	—	(113)	(6,056)
Equity						
Other equity instruments	—	(3,062)	—	—	—	(3,062)
Standby facilities, credit lines and other commitments^a	58,094	42,767	1,284	375	12,973	115,493

Notes to the financial statements

Other disclosure matters

As at 31 December 2020	GBP LIBOR £m	USD LIBOR £m	JPY LIBOR £m	CHF LIBOR £m	Others ^b £m	Total £m
Non-derivative financial assets						
Loans and advances at amortised cost	19,317	17,990	173	11	1,725	39,216
Reverse repurchase agreements and other similar secured lending	—	334	—	—	—	334
Financial assets at fair value through the income statement	1,190	6,373	—	283	209	8,055
Financial assets at fair value through other comprehensive income	186	106	—	—	8	300
Non-derivative financial assets	20,693	24,803	173	294	1,942	47,905
Non-derivative financial liabilities						
Debt securities in issue	—	(1,430)	(22)	—	—	(1,452)
Subordinated liabilities	(21)	(876)	—	—	—	(897)
Financial liabilities designated at fair value	(149)	(1,273)	(759)	—	(139)	(2,320)
Non-derivative financial liabilities	(170)	(3,579)	(781)	—	(139)	(4,669)
Equity						
Other equity instruments	(2,122)	(3,062)	—	—	—	(5,184)
Standby facilities, credit lines and other commitments^a	18,169	74,008	—	74	15,951	108,202

Notes

a There has been a change on how exposures for multi currency loan facilities are reported in 2021, from base currency to the currency which needs to be remediated first. This has resulted in an increase in GBP LIBOR and a corresponding reduction in USD LIBOR exposure of £34bn. 2020 comparatives have not been restated to reflect this change.

b Includes EUR LIBOR and SOR

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). Trades with exposures to other IBORs whose respective cessation dates is in the future and mature before that date have been excluded (2020: exposures are disclosed for maturities after 31 December 2021 for all rates). 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	JPY LIBOR £m	CHF LIBOR £m	Others ^a £m	Total £m
Derivative notional contract amount							
OTC interest rate derivatives	245,604	2,283,077	7,811	140,357	4,396	61,937	2,743,182
OTC interest rate derivatives - cleared by central counterparty	—	2,211,729	—	—	—	168,649	2,380,378
Exchange traded interest rate derivatives	—	466,339	—	—	—	—	466,339
OTC foreign exchange derivatives	183,477	461,680	—	122,823	32,900	1,419	802,299
OTC equity and stock index derivatives	—	9,949	—	—	—	—	9,949
Derivative notional contract amount	429,081	5,432,774	7,811	263,180	37,296	232,005	6,402,147

As at 31 December 2020	GBP LIBOR £m	USD LIBOR £m	EONIA £m	JPY LIBOR £m	CHF LIBOR £m	Others ^a £m	Total £m
Derivative notional contract amount							
OTC interest rate derivatives	596,564	2,832,339	457,844	754,206	25,681	41,782	4,708,416
OTC interest rate derivatives - cleared by central counterparty	1,552,637	2,872,962	623,802	1,091,479	119,382	198,113	6,458,375
Exchange traded interest rate derivatives	300,182	333,705	—	—	2,494	—	636,381
OTC foreign exchange derivatives	155,285	589,332	—	93,108	31,257	1,921	870,903
OTC equity and stock index derivatives	1,845	7,946	544	1,929	491	2,141	14,896
Derivative notional contract amount	2,606,513	6,636,284	1,082,190	1,940,722	179,305	243,957	12,688,971

Note

a Includes EUR LIBOR, SOR and STIBOR

The exposure disclosed is for positions with contractual maturities after 31 December 2021 (apart from USD, which is for maturities after 30 June 2023). Trades with exposures to other IBORs whose respective cessation dates is in the future and mature before that date have been excluded (2020: exposures are disclosed for maturities after 31 December 2021 for all rates). Derivatives are reported by using the notional contract amount and where

Notes to the financial statements

Other disclosure matters

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 £256bn (2020: £264bn) of cross currency swaps where both the pay and receive legs are impacted by interest rate benchmark reform.

The Barclays Bank Group also had £9bn (2020: £23bn) of Barclays issued debt retained by the Barclays Bank Group, impacted by the interest rate benchmark reform, in USD LIBOR (2020: predominately in GBP and USD 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 and JPY Swap Rate bilateral derivative trades with the GBP ICE Swap Rate fallback provisions being published in August 2021 and the JPY ISDA Swap Rate fallback provisions being published in November 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 and other IBORs whose respective cessation dates is in the future) with fallbacks in place and those without.

	With appropriate fallback clause					Without appropriate fallback clause				
	GBP LIBOR	JPY LIBOR	CHF LIBOR	EUR LIBOR	Total	GBP LIBOR	JPY LIBOR	CHF LIBOR	EUR LIBOR	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-derivative financial assets										
Loans and advances at amortised cost	7,389	—	210	413	8,012	4,372	24	12	29	4,437
Financial assets at fair value through the income	84	5	327	8	424	17	—	—	186	203
Non-derivative financial assets	7,473	5	537	421	8,436	4,389	24	12	215	4,640
Non-derivative financial liabilities										
Subordinated liabilities	(36)	(1,213)	—	—	(1,249)	—	—	—	—	—
Financial liabilities designated at fair value	(708)	—	—	—	(708)	—	—	—	—	—
Non-derivative financial liabilities	(744)	(1,213)	—	—	(1,957)	—	—	—	—	—
Standby facilities, credit lines and other commitments	36,087	657	375	9,436	46,555	22,007	627	—	3,538	26,172

The majority of the remaining exposures without fallbacks in place are either undrawn facilities 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 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					
	GBP LIBOR	EONIA	JPY LIBOR	CHF LIBOR	EUR LIBOR	Total	GBP LIBOR	EONIA	JPY LIBOR	CHF LIBOR	EUR LIBOR	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Derivative notional contract amount												
OTC interest rate derivatives	234,813	7,568	135,720	4,362	3,626	386,089	10,791	244	4,638	35	403	16,111
OTC foreign exchange derivatives	183,203	—	122,822	32,900	—	338,925	274	—	1	—	—	275
Derivative notional contract amount	418,016	7,568	258,542	37,262	3,626	725,014	11,065	244	4,639	35	403	16,386

Exposures that have not actively transitioned and do not have robust fallbacks in place will not necessarily need to apply the FCA's approach to 'tough legacy' contracts and utilise synthetic LIBOR rates. In many cases, work is ongoing to transition trades or insert fallbacks prior to the next rate reset. There may be some scenarios where synthetic LIBOR is temporarily used whilst Barclays continues to work with the client to remediate their exposures, with little expectation of longer term usage. It is also key to note that not all remaining exposures can leverage synthetic LIBOR. CHF LIBOR, EUR LIBOR and EONIA do not have any synthetic LIBOR available and only the more commonly used, 1M, 3M and 6M GBP LIBOR and JPY LIBOR tenors have a synthetic rate being published. The volume of these residual exposures is very low and work is focused on transitioning these prior to next reset.

The majority of remaining exposures where no synthetic rate is available are bilateral derivatives using GBP/JPY Swap Rates within the Markets businesses. The focus for these is agreeing the bilateral swap rate fallbacks that were published by ISDA in August (for GBP) and November (for JPY) 2021. Continued uptake of these bilateral fallbacks has been seen in early 2022.

41. Related undertakings

The Barclays Bank PLC Group's corporate structure consists of a number of related undertakings, comprising subsidiaries, joint ventures, associates and significant other interests. A full list of these undertakings, the country of incorporation and the ownership of each share class is set out below. The information is provided as at 31 December 2021. The entities are grouped by the countries in which they are incorporated. The profits earned by the activities of these entities are in some cases taxed in countries other than the country of incorporation, for example where the entity carries on business through a branch in a territory outside of that its 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 PLC and the share capital disclosed comprises ordinary and/or common shares, 100% of the nominal value of which is held by Barclays Bank PLC or its subsidiaries.

Notes

A	Directly held by Barclays Bank PLC	R	Capital Contribution Shares
B	Partnership Interest	S	Redeemable Class B Shares
C	Membership Interest	T	Non-Redeemable Ordinary Shares
D	Trust Interest	U	Class A Shares
E	Guarantor	V	Class B Shares
F	Preference Shares	W	First Class Common Shares, Second Class Common Shares
G	A Preference Shares	X	Class B Redeemable Preference Shares
H	B Preference Shares	Z	Not Consolidated (see Note 33 Structured entities)
I	Ordinary/Common Shares in addition to other shares	AA	PEF Carry Shares
J	A Ordinary Shares	BB	Tracker 1 Euro, GBP, USD Shares, UDS Tracker 2 Shares, USD Tracker 3 Shares
K	B Ordinary Shares		
L	C Ordinary Shares		
M	F Ordinary Shares		
N	W Ordinary Shares		
O	First Preference Shares, Second Preference Shares		
P	Registered Address not in country of incorporation		
Q	USD Linked Ordinary Shares		

Wholly owned subsidiaries

United Kingdom	
- 1 Churchill Place, London, E14 5HP	
Aequor Investments Limited	
Ardencroft Investments Limited	A
B D & B Investments Limited	
B.P.B. (Holdings) Limited	A
Barclays Aldersgate Investments Limited	A
Barclays Capital Asia Holdings Limited	A
Barclays Capital Finance Limited	A
Barclays Capital Japan Securities Holdings Limited	
Barclays Capital Nominees (No.2) Limited	
Barclays Capital Nominees (No.3) Limited	A
Barclays Capital Nominees Limited	A
Barclays Capital Securities Client Nominee Limited	A
Barclays Capital Securities Limited	A, F
Barclays CCP Funding LLP	A, B
Barclays Directors Limited	A
Barclays Executive Schemes Trustees Limited	A
Barclays Group Holdings Limited	A
Barclays International Holdings Limited	A
Barclays Investment Management Limited	A
Barclays Long Island Limited	A
Barclays Marlist Limited	A
Barclays Nominees (George Yard) Limited	A, Z
Barclays Pension Funds Trustees Limited	A, Z
Barclays Private Bank	
Barclays Services (Japan) Limited	A
Barclays Shea Limited	A
Barclays Term Funding Limited Liability Partnership	B
Barclays Wealth Nominees Limited	A
Barcosec Limited	A

Wholly owned subsidiaries

Barsec Nominees Limited	A
BB Client Nominees Limited	A
Chapelcrest Investments Limited	
Cobalt Investments Limited	A
Cornwall Homes Loans Limited	A
DMW Realty Limited	A
Dorset Home Loans Limited	A
Durlacher Nominees Limited	A
Eagle Financial and Leasing Services (UK) Limited	A
Finpart Nominees Limited	A
Foltus Investments Limited	
Hawkins Funding Limited	A
Heraldglen Limited	
Isle of Wight Home Loans Limited	A
J.V. Estates Limited	A
Kirsche Investments Limited	A
Long Island Assets Limited	
Maloney Investments Limited	A
Menlo Investments Limited	A
Mercantile Credit Company Limited	A
Mercantile Leasing Company (No.132) Limited	A
MK Opportunities LP	B
Murray House Investment Management Limited (In Liquidation)	A
Naxos Investments Limited	A
Northwharf Nominees Limited	A, AA
Real Estate Participation Management Limited	
Real Estate Participation Services Limited	
Relative Value Investments UK Limited	B
Liability Partnership	
Relative Value Trading Limited	
Roder Investments No. 1 Limited	A, BB
Roder Investments No. 2 Limited	A, BB

Wholly owned subsidiaries

RVT CLO Investments LLP	B
Surety Trust Limited	A
Swan Lane Investments Limited	
US Real Estate Holdings No.1 Limited	
US Real Estate Holdings No.2 Limited	
US Real Estate Holdings No.3 Limited	
US Real Estate Holdings No.4 Limited	
US Real Estate Holdings No.5 Limited	A
US Real Estate Holdings No.6 Limited	A
Wedd Jefferson (Nominees) Limited	A
Westferry Investments Limited	A
Woolwich Qualifying Employee Share Ownership Trustee Limited	A
Zeban Nominees Limited	A
- Hill House, 1 Little New Street, London, EC4A 3TR	
Barclays (Barley) Limited (In Liquidation)	J, A
Barclays Nominees (Branches) Limited (In Liquidation)	A
Gerrard Management Services Limited (In Liquidation)	A
Lombard Street Nominees Limited (In Liquidation)	A
- 745 Seventh Avenue, New York NY 10019	
Alynore Investments Limited Partnership	B, P
- 5 The North Colonnade, London, E14 4BB	
Leonis Investments LLP	A, B
- 9, allée Scheffer, L-2520, Luxembourg	
Barclays Claudas Investments Partnership	B, P
Barclays Pelleas Investments Limited Partnership	B, P
Barclays Blossom Finance General Partnership	B, P

Wholly owned subsidiaries	Note	Wholly owned subsidiaries	Note	Wholly owned subsidiaries	Note
Argentina		Guernsey		Jersey	
- 855 Leandro N.Alem Avenue, 8th Floor, Buenos Aires		- PO BOX 41, Floor 2, Le Marchant House, Le Truchot, St Peter Port, GY1 3BE		- 2nd Floor, Gaspé House, 66-72 Esplanade, St. Helier, JE1 1GH	
Compañía Sudamerica S.A.	A	Barclays Nominees (Guernsey) Limited (In Liquidation)	A	Barclays Services Jersey Limited	A
- Marval, O'Farrell & Mairal, Av. Leandro N. Alem 882, Buenos Aires, C1001AAQ				- 5 Esplanade, St. Helier, JE2 3QA	
Compañía Regional del Sur S.A.	A	Hong Kong		Barclays Wealth Management Jersey Limited	A
		- 42nd floor Citibank Tower, Citibank Plaza, 3 Garden Road		BIFML PTC Limited	A
Brazil		Barclays Bank (Hong Kong Nominees) Limited (in Liquidation)	A	- 13 Library Place, St Helier, JE4 8NE	
- Av. Brigadeiro Faria Lima, No. 4.440, 12th Floor, Bairro Itaim Bibi, Sao Paulo, CEP, 04538-132		Barclays Capital Asia Nominees Limited (In Liquidation)		Barclays Nominees (Jersey) Limited	A, Z
Barclays Brasil Assessoria Financeira Ltda	A	- Level 41, Cheung Kong Center, 2 Queen's Road, Central		Barclaytrust Channel Islands Limited	A, Z
BNC Brazil Consultoria Empresarial Ltda	A	Barclays Capital Asia Limited	A	- Estera Trust (Jersey) Limited, 13-14 Esplanade, St Helier, JE1 1EE	
				MK Opportunities GP Ltd	A
				Luxembourg	
Canada				- 9, allée Scheffer, L-2520	
- 333 Bay Street, Suite 4910, Toronto ON M5H 2R2		India		Barclays Alzin Investments S.à r.l.	U,V
Barclays Capital Canada Inc.		- 208 Ceejay House, Shivsagar Estate, Dr A Beasant Road, Worli, Mumbai, 400 018		Barclays Bayard Investments S.à r.l.	J, K
- Stikeman Elliot LLP, 199 Bay Street, 5300 Commerce Court West, Toronto ON M5L 1B9		Barclays Securities (India) Private Limited		Barclays Bedivere Investments S.à r.l.	
Barclays Corporation Limited	A	Barclays Wealth Trustees (India) Private Limited		Barclays Bordang Investments S.à r.l.	U,V
		- Level 10, Block B6, Nirlon Knowledge Park, Off Western Express Highway Goregaon (East), Mumbai, 40063		Barclays BR Investments S.à r.l.	
Cayman Islands		Barclays Investments & Loans (India) Private Limited	A, F, I	Barclays Cantal Investments S.à r.l.	
- Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104				Barclays Capital Luxembourg S.à r.l.	U,V
Alymere Investments Limited		Ireland		Barclays Capital Trading Luxembourg S.à r.l.	
Analytical Trade UK Limited	A	- One Molesworth Street, Dublin 2, D02RF29		Barclays Claudas Investments S.à r.l.	
Barclays US Holdings Limited	A, J	Barclays Bank Ireland Public Limited Company		Barclays Equity Index Investments S.à r.l.	
Barclays Capital (Cayman) Limited	A	Barclays Europe Client Nominees Designated Activity Company	A, Z	Barclays International Luxembourg Dollar Holdings S.à r.l.	
Barclays Securities Financing Limited	G,H, I	Barclays Europe Firm Nominees Designated Activity Company	Z	Barclays Lamorak Investments S.à r.l.	T
Braven Investments No.1 Limited		Barclays Europe Nominees Designated Activity Company	Z	Barclays Leto Investments S.à r.l.	I, K
Calthorpe Investments Limited		- 70 Sir John Rogerson's Quay, Dublin 2		Barclays Luxembourg EUR Holdings S.à r.l.	T
Caption Investments Limited	A	Barclays Finance Ireland		Barclays Luxembourg Finance S.à r.l.	
Claudias Investments Limited	A	- 25-28 North Wall Quay, Dublin 1, D01H104		Barclays Luxembourg GBP Holdings S.à r.l.	T
Claudias Investments Two Limited		Ermon Home Loans Ireland Limited	A	Barclays Luxembourg Global Funding S.à r.l.	
Gallen Investments Limited		Isle of Man		Barclays Luxembourg Holdings S.à r.l.	I, Q
Hurley Investments No.1 Limited		- P O Box 9, Victoria Street, Douglas, IM99 1AJ		Barclays Luxembourg Holdings SSC	B
JV Assets Limited	L	Barclays Holdings (Isle of Man) Limited (In Liquidation)	A	Barclays Pelleas Investments S.à r.l.	
Mintaka Investments No. 4 Limited		Barclays Nominees (Manx) Limited	A	- 68-70 Boulevard de la Petrusse, L-2320	
OGP Leasing Limited		Barclays Private Clients International Limited	A, J, K	Adler Toy Holding Sarl	
Palomino Limited	A, Z			- 10 rue du Château d'Eau, Leudelange, Grand Duchy of Luxembourg, L-3364	
Pelleas Investments Limited	A	Japan		BPM Management GP SARL	A
Pippin Island Investments Limited	A	- 10-1, Roppongi 6-chome, Minato-ku, Tokyo		Mauritius	
Razzoli Investments Limited	A, F, I	Barclays Funds and Advisory Japan Limited		- C/O Rogers Capital Corporate Services Limited, 3rd Floor, Rogers House, No.5 President John Kennedy Street, Port Louis	
RVH Limited	A, F, I	Barclays Securities Japan Limited	I, G	Barclays Capital Mauritius Limited (In Liquidation)	A
Wessex Investments Limited		Barclays Wealth Services Limited		Barclays Capital Securities Mauritius Limited	A
- Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, KY1- 9008				- Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene	
Long Island Holding B Limited	A			Barclays Mauritius Overseas Holdings Limited	A
Germany				Mexico	
- TaunusTurm, Taunustor 1, 60310, Frankfurt				- Paseo de la Reforma 505, 41 Floor, Torre Mayor, Col. Cuauhtemoc, CP 06500	
Barclays Capital Effekten GmbH	A			Barclays Bank Mexico, S.A.	K, M
- Stuttgarter Straße 55-57, 73033 Göppingen				Barclays Capital Casa de Bolsa, S.A. de C.V.	K, M
Holding Stuttgarter Straße GmbH (In Liquidation)				Grupo Financiero Barclays Mexico, S.A. de C.V.	A,K,M
				Servicios Barclays, S.A. de C.V.	

Wholly owned subsidiaries	Note	Wholly owned subsidiaries	Note	Other Related Undertakings		
Monaco		Barclays Receivables LLC	C	Unless otherwise stated, the undertakings below are consolidated and the share capital disclosed comprises ordinary and/or common shares which are held by Barclays Bank PLC or its subsidiaries. The Barclays Bank PLC Group's overall ownership percentage is provided for each undertaking.		
- 31 Avenue de la Costa, Monte Carlo		Barclays Services Corporation				
BP 339		Barclays Services LLC	C			
Barclays Private Asset Management		Barclays US CCP Funding LLC	C			
(Monaco) S.A.M		Barclays US Investments Inc.	J, K			
		Barclays US LLC				
Saudi Arabia		BCAP LLC	C	Other Related Undertakings	%	Note
- 3rd Floor Al Dahna Center, 114 Al-Ahsa		Crescent Real Estate Member LLC	C	United Kingdom		
Street, PO Box 1454, Riyadh 11431		Curve Investments GP	B	- 1 Churchill Place, London, E14 5HP		
Barclays Saudi Arabia (In Liquidation)	A	Gracechurch Services Corporation		PSA Credit Company Limited (In Liquidation)	50.00	A,J,L
		Lagalla Investments LLC		- 3 - 5 London Road, Rainham, Kent, ME8 7RG		
Singapore		Long Island Holding A LLC	C	Trade Ideas Limited	20.00	A,Z
- 10 Marina Boulevard, #25-01 Marina Bay		LTDL Holdings LLC	C	- 50 Lothian Road, Festival Square,		
Financial Centre, Tower 2, 018983		Marbury Holdings LLC		Edinburgh, EH3 9WJ		
Barclays Capital Futures (Singapore) Private		Procella Investments No.2 LLC	C	Equistone Founder Partner II L.P.	20.00	A,B,Z
Limited (In Liquidation)		Procella Investments No.3 LLC	C	Equistone Founder Partner III L.P.	35.00	A,B,Z
Barclays Capital Holdings (Singapore)	A	Preferred Liquidity, LLC	J	- Enigma, Wavendon Business Park		
Private Limited (In Liquidation)		Relative Value Holdings, LLC		Milton Keynes, MK17 8LX		
Barclays Merchant Bank (Singapore) Ltd		Surrey Funding Corporation		Intelligent Processing Solutions Limited	19.50	A,Z
		Sussex Purchasing Corporation		- 65A Basinghall Street, London, EC2V 5DZ		
Spain		Sutton Funding LLC	C	Cyber Defence Alliance Limited	25.00	A,E,Z
- Calle Jose, Abascal 51, 28003, Madrid		TPProperty LLC	C			
Barclays Tenedora De Inmuebles SL	A	US Funding (VISA B Acquisition)LLC	C	Korea, Republic of		
BVP Galvani Global, S.A.U.	A	US Secured Investments LLC	R	- 18th Floor, Daishin Finance Center,		
		Verain Investments LLC		343, Samil-daero, Jung-go, Seoul		
Switzerland		Wilmington Riverfront Receivables LLC	V	Woori BC Pegasus	70.00	A,W
- Chemin de Grange Canal 18-20, PO Box		- Corporation Service Company, 100 Pearl Street		Securitization Specialty Co.,		
3941, 1211, Geneva		17th Floor, MC-CSC1, Hartford, CT 06103		Limited		
Barclays Bank (Suisse) SA		Barclays Capital Inc.		Luxembourg		
BPB Holdings SA		- Corporation Service Company, 80 State Street		- 9, allée Scheffer, L-2520		
United States		Albany, NY, 12207-2543		Preferred Funding S.à r.l.	33.33	X
- Corporation Service Company,		Barclays Equity Holdings Inc.		Preferred Investments S.à r.l.	33.33	I,X
251 Little Falls Drive, Wilmington, DE 19808		-Corporation Service Company, 2626				
Analytical Trade Holdings LLC		Glenwood Ave, Suite 550, Raleigh, NC, 27608		Malta		
Analytical Trade Investments LLC	S	Barclays US GPF Inc.		- RS2 Buildings, Fort Road,		
Barclays Bank Delaware		Equifirst Corporation (In Liquidation)		Mosta MST 1859		
Barclays Capital Derivatives Funding LLC	C	-Aon Insurance Managers, 76 Paul Street		RS2 Software PLC	18.25	A,Z
Barclays Capital Energy Inc.		Suite, 500, Burlington VT 05401				
Barclays Capital Equities Trading GP	B	Barclays Insurance U.S. Inc.				
Barclays Capital Holdings Inc.	H, I	Zimbabwe				
Barclays Capital Real Estate Finance Inc.		- 2 Premium Close, Mount Pleasant Business				
Barclays Capital Real Estate Holdings Inc.		Park, Mount Pleasant, Harare				
Barclays Capital Real Estate Inc.		Branchcall Computers (Pvt) Limited	A			
Barclays Commercial Mortgage Securities LLC	C					
Barclays Dryrock Funding LLC	C					
Barclays Electronic Commerce Holdings Inc.						
Barclays Financial LLC	C					
Barclays Group US Inc.						
Barclays Oversight Management Inc.						

Other Related Undertakings	%	Note
United States of America		
- Corporation Service Company, 251 Little Falls Drive, 1209 Orange Street, Wilmington DE ,19808		
DG Solar Lessee, LLC	75.00	C, Z
- Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801		
DG Solar Lessee II, LLC	75.00	C, Z
VS BC Solar Lessee I LLC	50.00	C, Z

Subsidiaries by virtue of control

The related undertakings below are Subsidiaries in accordance with s.1162 Companies Act 2006 as Barclays can exercise dominant influence or control over them.

Subsidiaries by virtue of control	%	Note
United Kingdom		
- 1 Churchill Place, London, E14 5HP		
Oak Pension Asset Management Limited	0.00	Z
Water Street Investments Limited	0.00	Z
Cayman Islands		
- PO Box 309GT, Ugland House South Church Street, Grand Cayman, KY1-1104		
Hornbeam Limited	0.00	Z
Guernsey		
- P.O. Box 33, Dorey Court, Admiral Park, St. Peter Port, GY1 4AT		
Barclays UKRF No.1 IC Limited	0.00	Z
Barclays UKRF ICC Limited	0.00	Z

Notes

The term Barclays Bank Group refers to Barclays Bank PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 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; the abbreviations '\$m' and '\$bn' represent millions and thousands of millions of US Dollars respectively; and the abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at home.barclays/investor-relations/reports-and-events/latest-financial-results.

The information in this 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 2020, which contain an unmodified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006), will be delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

These results will be filed on a Form 20-F to the US Securities and Exchange Commission (SEC) as soon as practicable following their publication. Once filed with the SEC, a copy of the Form 20-F will be available from the Barclays Investor Relations website at home.barclays/annualreport and from the SEC's website at www.sec.gov.

Barclays Bank Group is a frequent issuer in the debt capital markets and regularly meets with investors via formal road-shows and other ad hoc meetings. Consistent with its usual practice, Barclays Bank Group expects that from time to time over the coming half year it will meet with investors globally to discuss these results and other matters relating to the Barclays Bank Group.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Barclays Bank Group. Barclays Bank 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 Group (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, 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, environmental, social and governance (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 Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, environmental, social and geopolitical risks, and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Barclays Bank Group or any securities issued by such entities; 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 and globally; the risk of cyber-attacks, information or security breaches or technology failures on the 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 Group's control. As a result, the Barclays Bank 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 Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank Group's future financial condition and performance are identified in Barclays Bank PLC's filings with the SEC (including, without limitation, Barclays Bank PLC's Annual Report on Form 20-F for the fiscal year ended 31 December 2021), which are available on the SEC's website at www.sec.gov.

Subject to Barclays' obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, the UK and the US), in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

References to Strategic Report

This document contains references throughout to the Barclays Bank PLC Strategic Report and Pillar 3 Report. References to the aforementioned reports are made for information purposes only, and information found in said reports is not incorporated by reference into this document