



BARCLAYS BANK PLC

(Incorporated with limited liability in England and Wales)

REGISTRATION DOCUMENT

This registration document dated 16 March 2018 ("**Registration Document**") constitutes a registration document for the purposes of Article 5(3) of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, "**Prospectus Directive**") and has been prepared for the purpose of giving information with respect to Barclays Bank PLC ("**Issuer**") which, according to the particular nature of the relevant transaction is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Registration Document and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Registration Document has been approved by the United Kingdom Financial Conduct Authority ("**FCA**"), which is the United Kingdom's competent authority for the purposes of the Prospectus Directive and the relevant implementing measures in the United Kingdom, as a registration document issued in compliance with the Prospectus Directive and the relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the Issuer.

The credit ratings included or referred to in this Registration Document will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies (as amended, "**CRA Regulation**") as having been issued by Fitch Ratings Limited, Moody's Investors Service Ltd. and Standard & Poor's Credit Market Services Europe Limited, each of which is established in the European Union ("**EU**") and has been registered under the CRA Regulation.

The date of this Registration Document is 16 March 2018.

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INTRODUCTION

What is this document?

This Registration Document contains information describing the Issuer's business activities as well as certain financial information and material risks faced by the Group and the Bank Group, which, according to the particular nature of the Issuer and the securities which it may offer to the public or apply to have admitted to trading on a regulated market, is necessary to enable you to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. Some of this information is incorporated by reference into this Registration Document.

How do I use this Registration Document?

You should read and understand fully the contents of this Registration Document, including any documents incorporated by reference. This Registration Document contains important information about the Issuer, as well as describing certain risks relating to the Issuer and its business. An overview of the various sections comprising this Registration Document is set out below.

- The *Risk Factors* section describes the principal risks and uncertainties which could have a material adverse effect on the business, operations, financial condition or prospects of the Group and/or the Bank Group, and could have a material adverse effect on the return on the Securities.
- The *Information Incorporated by Reference* section sets out the information that is deemed to be incorporated by reference into this Registration Document. This Registration Document should be read together with all information which is deemed to be incorporated into this Registration Document by reference.
- The *Issuer and the Group* section provides certain information about the Group and the Bank Group, as well as details of litigation, investigations and reviews that the Group and the Issuer are party to and the subject of.
- The *General Information* section sets out further information on the Issuer which the Issuer is required to include under applicable rules (including details of where you can inspect documents which are relevant to you in conjunction with this Registration Document).

DEFINITIONS AND INTERPRETATION

The term the "**Group**" means Barclays PLC together with its subsidiaries and the terms "**Barclays**" or the "**Bank Group**" means Barclays Bank PLC together with its subsidiaries.

In this Registration Document, the abbreviations "**£m**" and "**£bn**" represent millions and thousands of millions of pounds sterling respectively.

"**Securities**" means any securities issued by the Issuer described in any securities note and, if applicable, summary note, which when read together with this Registration Document comprise a prospectus for the purposes of Article 5(3) of the Prospectus Directive or in any base prospectus for the purposes of Article 5(4) of the Prospectus Directive or other offering document into which this Registration Document may be incorporated by reference.

Where the context so requires, capitalised terms used will be defined in this Registration Document and are referenced in the Index of Abbreviations to this Registration Document.

RISK FACTORS

Each of the risks described below could have a material adverse effect on the Issuer's business, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the return on the Securities. Prospective purchasers should only invest in the Securities after assessing these risks. More than one risk factor may have a simultaneous or a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the return on the Securities. The risks below are not exhaustive and there may be additional risks and uncertainties that are not presently known to the Issuer or that the Issuer currently believes to be immaterial but that could have a material impact on the business, operations, financial condition or prospects of the Issuer.

Principal Risks relating to the Issuer

Material risks are those to which senior management pay particular attention and which could cause the delivery of the Group's strategy, results of operations, financial condition and/or prospects to differ materially from current expectations. Emerging risks are those that have largely unknown components, the impact of which could crystallise over a longer time horizon. These could currently be considered immaterial but over time may individually or cumulatively affect the Group's strategy and cause the same outcomes as detailed above regarding material risks. In addition, certain factors beyond the Group's control, including escalation of terrorism or global conflicts, natural disasters and similar calamities, although not detailed below, could have a similar impact on the Group.

The risks described below are material risks that senior management has identified with respect to the Group. In connection with the planned implementation in the first half of 2018 of ring-fencing certain of the Group's UK businesses, the Issuer will transfer what are materially the assets and business of the Barclays UK division to another subsidiary of the Group, Barclays Bank UK PLC (the "**UK Ring-fenced Bank**"). Senior management expects that upon this transfer the material risks with respect to the Bank Group will be the same in all material respects as those risks with respect to the Group. For more information on certain risks senior management has identified with respect to the Bank Group, see '*Certain potential consequences of ring-fencing to the Issuer*'.

Material existing and emerging risks potentially impacting more than one Principal Risk

1. Business conditions, general economy and geopolitical issues

The Group offers a broad range of services, including to retail, institutional and government customers, in a large number of countries. The breadth of these operations means that deterioration in the economic environment, or an increase in political instability in countries where the Group is active, or in any systemically important economy, could adversely affect the Group's operating performance, financial condition and prospects.

Although economic activity continued to strengthen globally in 2017 a change in global economic conditions and the reversal of the improving trend may result in lower client activity of the Group and/or an increase of the Group's default rates, delinquencies, write-offs, and impairment charges, which in turn could adversely affect the Group's performance and prospects.

In several countries, reversals of capital inflows, as well as fiscal austerity, have already caused deterioration in political stability. This could be exacerbated by a renewed rise in asset price volatility or sustained pressure on government finances. In addition, geopolitical tensions in some areas of the world, such as the Korean Peninsula, the Middle East and Eastern Europe, are already acute and at risk of further deterioration, thus potentially increasing market uncertainties and adverse global economic and market conditions.

In the US, there is uncertainty around the policy platform of the administration which took office in 2017. There is the possibility of significant changes in policy in sectors including trade, healthcare and commodities which may have an impact on associated Group portfolios. A significant proportion of the Group's portfolio is located in the US, including a major credit card portfolio and a range of corporate and investment banking exposures. Stress in the US economy, weakening GDP, an unexpected rise in unemployment and/or an increase in interest rates could lead to increased levels of impairment.

Most major central banks have indicated that they expect prevailing loose monetary policies to tighten. Should 'normalisation' paths diverge substantially, flows of capital between countries could alter

significantly, placing segments with sizeable foreign currency liabilities, in particular emerging markets, under pressure. In addition, possible divergence of monetary policies between major advanced economies risks triggering further financial market volatility (see also '*Interest rate rises adversely impacting credit conditions*' below).

In the UK, the vote in favour of leaving the EU (see '*Process of UK withdrawal from the European Union*' below) has given rise to political uncertainty with attendant consequences for investment and market confidence. The initial impact was a depreciation of sterling resulting in higher costs for companies exposed to imports and a more favourable environment for exporters. Rising domestic costs resulting from higher import prices may impact household incomes and the affordability of consumer loans and mortgages. In turn this may affect businesses dependent on consumers for revenue. There has also been a reduction in activity in both commercial and residential real estate markets which has the potential to impact value of real estate assets and adversely affect mortgage assets.

Sentiment towards emerging markets as a whole continues to be driven in large part by developments in China, where there is some concern around the ability of authorities to manage growth while transitioning from manufacturing towards services. Although the Chinese government's efforts to stably increase the weight of domestic demand have had some success, the pace of credit growth remains a concern, given the high level of leverage and despite regulatory action. A stronger than expected slowdown could result if authorities fail to appropriately manage the end of the investment and credit-led boom.

Deterioration in emerging markets could affect the Group if it results in higher impairment charges for the Group via sovereign or counterparty defaults. More broadly, a deterioration of conditions in the key markets where the Group operates could affect performance in a number of ways including, for example: (i) deteriorating business, consumer or investor confidence leading to reduced levels of client activity, including demand for borrowing from creditworthy customers, or indirectly, a material adverse impact on GDP growth in significant markets and therefore on Group performance; (ii) higher levels of default rates and impairment; (iii) mark to market losses in trading portfolios resulting from changes in factors such as credit ratings, share prices and solvency of counterparties (iv) reduced ability to obtain capital from other financial institutions for the Group operations; and (v) lower levels of fixed asset investment and productivity growth overall.

2. **Interest rate rises adversely impacting credit conditions**

To the extent that central banks increase interest rates particularly in the Group's main markets, in the UK and the US, there could be an impact on consumer debt affordability and corporate profitability. While interest rate rises could positively impact the Group's profitability, as retail and corporate business income may increase due to margin de-compression, future interest rate increases, if larger or more frequent than expectations, could cause stress in the loan portfolio and underwriting activity of the Group. Higher credit losses driving an increased impairment allowance would most notably impact retail unsecured portfolios and wholesale non-investment grade lending.

Interest rates rising faster than expected could also have an adverse impact on the value of high quality liquid assets which are part of the Group Treasury function's investment activity that could consequently create more volatility through the Group's available for sale reserves than expected.

3. **Process of UK withdrawal from the European Union**

The uncertainty and increased market volatility following the UK's decision to leave the EU in 2019 is likely to continue until the exact nature of the future trading relationship with the EU becomes clear. The potential risks associated with an exit from the EU include:

- Increased market risk with the impact on the value of trading book positions, mainly in Barclays International, expected to be driven predominantly by currency and interest rate volatility.
- Potential for credit spread widening for UK institutions which could lead to reduced investor appetite for the Group's debt securities, which could negatively impact the cost of and/or access to funding. Potential for continued market and interest rate volatility could affect the interest rate risk underlying, and potentially affect the value of the assets in the banking book, as well as securities held by the Group for liquidity purposes.

- Changes in the long-term outlook for UK interest rates which may adversely affect IAS 19 pension liabilities and the market value of equity investments funding those liabilities.
- Increased risk of a UK recession with lower growth, higher unemployment and falling UK house prices. This would likely negatively impact a number of the Group's portfolios, particularly in Barclays UK, notably: higher Loan to Value mortgages, UK unsecured lending including credit cards and Commercial Real Estate exposures.
- Changes to current EU "Passporting" rights which will likely require adjustments to the current model for the Group's cross-border banking operation which could increase operational complexity and/or costs.
- The ability to attract, or prevent the departure of, qualified and skilled employees may be impacted by the UK's future approach to the EU freedom of movement and immigration from the EU countries and this may impact the Group's access to the EU talent pool.
- The legal framework within which the Group operates could change and become more uncertain as the UK takes steps to replace or repeal certain laws currently in force, which are based on EU legislation and regulation (including EU regulation of the banking sector). Certainty of existing contracts, enforceability of legal obligations and uncertainty around the outcome of disputes may be affected until the impacts of the loss of the current jurisdictional arrangements between UK and EU courts and the universal enforceability of judgements across the EU (including the status of existing EU case law) are fully known.

4. **Regulatory change agenda and impact on business model**

The 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 and consume significant levels of business resources. Furthermore, a more intensive regulatory approach and enhanced requirements together with the uncertainty (particularly in light of the UK's decision to withdraw from the EU) and potential lack of international regulatory coordination as enhanced supervisory standards are developed and implemented may adversely affect the Group's business, capital and risk management strategies and/or may result in the Group deciding to modify its legal entity structure, capital and funding structures and business mix, or to exit certain business activities altogether or not to expand in areas despite otherwise attractive potential.

The most significant of the regulatory reforms affecting the Group in 2018 is the creation of the ring-fenced bank under the Group's structural reform programme. For more information on structural reform, see Supervision and Regulation on page 162 of the Joint Annual Report. The implementation of these changes involves a number of risks which include:

- The Group is restructuring its intra-group and external capital, funding and liquidity arrangements to meet regulatory requirements and support business needs. The changes will impact the sources of funding available to the different entities including their respective ability to access the capital markets. These changes may affect funding costs.
- The changes to the Group structure may negatively impact the assessment made by credit rating agencies and creditors over time. The risk profile and key risk drivers of the ring-fenced bank and the non ring-fenced bank will be specific to the activities and risk profile of each entity. As a result, different Group entities such as the Issuer may also be assessed differently in future which could result in differences in credit ratings. Changes to the credit assessment at the Group or individual entity level, including the potential for ratings downgrades and ratings differences across entities, could impact access and cost of certain sources of funding.
- Implementation of ring-fencing introduces a number of execution risks. Technology change could result in outages or operational errors. Legal challenge to the ring-fence transfer scheme may delay the transfer of assets and liabilities to the ring-fenced bank. Delayed delivery could increase reputational risk or result in regulatory non-compliance.
- There is a risk that the Group does not meet regulatory requirements across the new structure. Failure to meet these requirements may have an adverse impact on the Group's profitability,

operating flexibility, flexibility of deployment of capital and funding, return on equity, ability to pay dividends, credit ratings, and/or financial condition.

In addition to Structural Reform there are several other significant pieces of legislation/ areas of focus which will require significant management attention, cost and resource:

- Changes in prudential requirements, including the proposals for amendment of the Capital Requirements Directive ("**CRD IV**") and the EU Bank Recovery and Resolution Directive ("**BRRD**") (as part of the EU's risk reduction measures package) 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 from time to time. Such or similar changes to prudential requirements or additional supervisory and prudential expectations, either individually or in aggregate, may result in, among other things, a need for further management actions to meet the changed requirements, such as: increasing capital, MREL or liquidity resources, reducing leverage and risk weighted assets; restricting distributions on capital instruments; modifying the terms of outstanding capital instruments; modifying legal entity structure (including with regard to issuance and deployment of capital, MREL and funding for the Group); changing the Group's business mix or exiting other businesses; and/or undertaking other actions to strengthen the Group's position. See Treasury and capital risk on pages 122 to 148 and Supervision and Regulation on pages 158 to 159 of the Joint Annual Report for more information.
- The derivatives market has been the subject of particular focus for regulators in recent years across the G20 countries and beyond, with regulations introduced which require the reporting and clearing of standardised over the counter ("**OTC**") derivatives and the mandatory margining of non-cleared OTC derivatives. Reforms in this area are ongoing with further requirements expected to be implemented in the course of 2018. More broadly, the recast Markets in Financial Instruments Directive in Europe, which came into force in January 2018, has fundamentally changed the European regulatory framework, and entails significant operational changes for market participants in a wide range of financial instruments as well as changes in market structures and practices. In addition, the EU Benchmarks Regulation which also came into force in January 2018 regulates the administration and use of benchmarks in the EU. Compliance with this evolving regulatory framework entails significant costs for market participants and is having a significant impact on certain markets in which the Group, notably Barclays International, operates. Other regulations applicable to swap dealers, including those promulgated by the US Commodity Futures Trading Commission, have imposed significant costs on the Group's derivatives business. These and any future requirements, including the SEC's (as defined below) regulations relating to security-based swaps and the possibility of overlapping and/or contradictory requirements imposed on derivative transactions by regulators in different jurisdictions, are expected to continue to impact such business.
- The Group and certain of its members are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programmes of the Bank of England ("**BoE**"), the European Banking Authority, the Federal Deposit Insurance Corporation and the Federal Reserve Board. These exercises are designed to assess the resilience of banks to adverse economic or financial developments and enforce robust, forward- looking capital and liquidity management 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 the Group's or certain of its members' business model, data provision, stress testing capability and internal management processes and controls. The stress testing requirements to which the Group and its members are subject are becoming increasingly stringent. Failure to meet requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Group, could result in the Group being required to enhance its capital position, limit capital distributions or position additional capital in specific subsidiaries. For more information on stress testing, please see Supervision and Regulation on page 158 of the Joint Annual Report.
- The introduction and implementation of both the Second Payment Services Directive and the Open API standards and data sharing remedy imposed by the UK Competition and Markets Authority following its Retail Banking Market Investigation Order (together "**Open Banking**") from January 2018 is anticipated to transform the traditional UK banking model and conventional relationship

between a customer and their bank. It will do this by providing customers with the ability to share their transactional data with authorised third party service providers either for aggregation or payment services. It is anticipated that these aggregation or payment services will be offered by third parties to Group customers. Members of the Group will be able to offer these same services to customers of other banks. A failure to comply with Open Banking requirements could expose the Group to regulatory sanction, potential financial loss and reputational detriment. While Open Banking will affect the Group as a whole, the impact is likely to be particularly relevant for Barclays UK.

5. **Certain potential consequences of ring-fencing to the Issuer**

In connection with the planned implementation in the first half of 2018 of ring-fencing certain of the Group's businesses, the Issuer will transfer what are materially the assets and business of the Barclays UK division to another subsidiary of the Group, the UK Ring-fenced Bank. Senior management expects that upon this transfer, the material risks with respect to the Bank Group will be the same in all material respects as those risks with respect to the Group. However, senior management has identified certain potential differences in risks with respect to the Bank Group as compared to risks to the Group.

The transfer of the assets and liabilities of the Barclays UK division from the Issuer will mean that the Bank Group will be less diversified than the Group as a whole. The Issuer will not be the parent of the UK Ring-fenced Bank and thus will not have recourse to the assets of the UK Ring-fenced Bank. Relative to the Group, the Bank Group will be, among other things:

- more focused on businesses outside the UK, particularly in the US, and thus more exposed to the US economy and more affected by movements in the US dollar (and other non-sterling currencies) relative to sterling, with a relatively larger portion of its business exposed to US regulation;
- more focused on wholesale businesses, such as corporate and investment banking and capital markets, which expose the Bank Group to a broader range of market conditions and to counterparty and operational risks and thus the financial performance of the Issuer may be subject to greater fluctuations relative to that of the Group as a whole or that of the ring-fenced bank;
- more dependent on wholesale funding sources, as the UK retail deposit base will be transferred to the ring-fenced bank. The UK retail mortgage assets will also be transferred to the ring-fenced bank, which reduces the Issuer's access to funding sources reliant on residential mortgage collateral. The Bank Group may therefore experience more difficult financing conditions and/or higher costs of funding including in situations of stress. As a result of the implementation of ring-fencing, different Group entities, such as the Issuer, may be assessed differently by credit rating agencies, which may result in different, and possibly more negative, assessments of the Issuer's credit and thus in lower credit ratings than the credit ratings of the Group, which in turn could adversely affect the sources and costs of funding for the Issuer; and
- potentially subject to different regulatory obligations, including different liquidity requirements and capital buffers.

As a result of any or all of the foregoing, implementation of ring-fencing may adversely affect the market value and/or liquidity of securities issued by the Issuer, including the Securities.

Material existing and emerging risks impacting individual Principal Risks

Credit risk

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

1. **Impairment**

The introduction of the impairment requirements of IFRS 9 Financial Instruments, implemented on 1 January 2018, results in higher impairment loss allowances that are recognised earlier, on a more forward looking basis and on a broader scope of financial instruments than is the case under IAS 39 and, as a result, will have a material impact on the Group's financial condition. Measurement involves

increased complex judgement and impairment charges will tend to be more volatile. Unsecured products with longer expected lives, such as revolving credit cards, are the most impacted. The capital treatment on the increased reserves has the potential to adversely impact regulatory capital ratios. In addition, the move from incurred to expected credit losses has the potential to impact the Group's performance under stressed economic conditions or regulatory stress tests. For more information please refer to Note 1 (*Significant accounting policies*) to the consolidated financial statements of Barclays PLC on pages 195 to 200 of the Joint Annual Report.

2. **Specific sectors**

The Group is subject to risks arising from changes in credit quality and recovery rate of loans and advances due from borrowers and counterparties in a 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 Group's portfolio which could have a material impact on performance.

(a) UK real estate market

With UK property representing a significant portion of the overall UK Corporate and Retail credit exposure, the Group is at risk from a fall in property prices in both the residential and commercial sectors in the UK. Strong house price growth in London and the South East of the UK, fuelled by foreign investment, strong buy-to-let demand and subdued housing supply, has resulted in affordability metrics becoming stretched. Average house prices as at the end of 2017 were more than 5.6 times average earnings.

(b) Large single name losses

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

(c) Leverage finance underwriting

The Group takes on sub-investment grade underwriting exposure, including single name risk, particularly in the US and Europe. The 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 Group, mainly through Barclays International, or an increased capital requirement should there be a need to hold the exposure for an extended period.

Market risk

The risk of a loss arising from potential adverse changes in the value of the firm'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.

1. **Market volatility**

Elevated market volatility, which can be triggered and/or aggravated by disappointment in economic data, divergent monetary policies, political uncertainty or conflicts, would likely entail a significant deflation of assets which in turn may put under strain counterparties and have knock-on effects on the Group.

In addition, the Group's trading business is generally exposed to a prolonged period of elevated asset price volatility, particularly if it negatively affects the depth of marketplace liquidity. Such a scenario could impact the Group's ability to execute client trades and may also result in lower client flow-driven income and/or market-based losses on its existing portfolio of market risks. These can include having to absorb higher hedging

costs from rebalancing risks that need to be managed dynamically as market levels and their associated volatilities change.

Treasury and capital risk

The risk that the firm (i) 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, (ii) has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements, or (iii) is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its assets and liabilities.

The Group may not be able to achieve its business plans due to among other things: a) being unable to maintain appropriate capital ratios; b) being unable to meet its obligations as they fall due; c) rating agency downgrades; d) adverse changes in foreign exchange rates on capital ratios; e) adverse movements in the pension fund; and f) non-traded market risk/interest rate risk in the banking book.

1. Inability to maintain prudential ratios and/or other regulatory requirements

Inability to maintain appropriate prudential ratios could lead to: an inability to support business activity; a failure to meet regulatory capital requirements including any additional capital add-ons or the requirements set for 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 Group's capital or leverage position.

2. Inability to manage liquidity and funding risk effectively

Inability to manage liquidity and funding risk effectively may result in the Group either not having sufficient financial resources to meet its payment obligations as they fall due or, although solvent, only being able to meet these obligations at excessive cost. This could cause the Group to fail to meet regulatory liquidity standards, be unable to support day-to-day banking activities (including meeting deposit withdrawals or funding new loans) or no longer be a going concern.

The stability of the Group's current funding profile, in particular that part which is based on accounts and savings deposits payable on demand or at short notice, could be affected by the Group failing to preserve the current level of customer and investor confidence. The Group also regularly accesses the capital markets to provide long-term funding to support its operations. Several factors, including adverse macroeconomic conditions, adverse outcomes in legal, regulatory or conduct matters and loss of confidence by investors, counterparties and/or customers in the Group, can affect the ability of the Group to access the capital markets and/or the cost and other terms upon which the Group is able to obtain market funding.

3. Credit rating changes and the impact on funding costs

Any potential or actual credit rating agency downgrades could significantly increase the Group's borrowing costs, credit spreads and materially adversely affect the Group's interest margins and liquidity position which may, as a result, significantly diverge from current expectations. Such adverse changes would also have a negative impact on the Group's overall performance.

4. Adverse changes in foreign exchange rates impacting capital ratios

The 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 Group's regulatory capital ratios are sensitive to foreign currency movements, and any failure to appropriately manage the Group's balance sheet to take account of foreign currency movements could result in an adverse impact on regulatory capital and leverage ratios.

5. Adverse movements in the pension fund

Adverse movements in pension assets and liabilities for defined benefit pension schemes could result in a pension deficit which, depending on the specific circumstance, may require the Group to make substantial additional contributions to its pension plans. The liabilities discount rate is a key driver and, in accordance with IFRS (IAS 19), is derived from the yields of high quality corporate bonds (deemed

to be those with AA ratings) and consequently includes exposure to both UK sovereign gilt yields and corporate credit spreads. Therefore, the valuation of the Group's defined benefits schemes would be adversely affected by a prolonged fall in the discount rate due to a persistent low 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.

6. **Non-traded market risk/interest rate risk in the banking book**

A liquidity buffer investment return shortfall could increase the Group's cost of funds and impact the capital ratios. The Group's structural hedge programmes for interest rate risk in the banking book rely heavily on behavioural assumptions, as a result, the success of the hedging strategy is not guaranteed. A potential mismatch in the balance or duration of the hedge assumptions could lead to earnings deterioration.

Operational risk

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

1. **Cyber risk**

The frequency of cyber attacks continues to grow on an annual basis and is a global threat and is inherent across all industries, including the financial sector. As the financial sector remains a primary target for cyber criminals, 2017 saw a number of highly publicised attacks involving ransomware, theft of intellectual property, customer data and service unavailability across a wide range of organisations.

The cyber threat increases the inherent risk to the availability of the Group's services and to the Group's data (whether it is held by the Group or in its supply chain), to the integrity of financial transactions of the Group, its clients, counterparties and customers. Failure to adequately manage this threat and to continually evolve enterprise security and provide an active cyber security response capability could result in increased fraud losses, inability to perform critical economic functions, customer detriment, potential regulatory censure and penalty, legal liability, reduction in shareholder value and reputational damage.

2. **Service resilience**

Loss of or disruption to the Group's business processing, whether arising through impacts on technology systems, real estate services, personnel availability or the support of major suppliers, represents a material inherent risk theme for the Group.

Building resilience into business processes and into the services of technology, real estate and suppliers on which those processes depend can reduce disruption to the Group's business activities or avoid it altogether. Failure to do so may result in significant customer detriment, cost to reimburse losses incurred by the Group's customers, potential regulatory censure or penalty, and reputational damage.

3. **Outsourcing**

The Group depends on suppliers for the provision of many of its services and the development of future technology driven product propositions, though the Group continues to be accountable for risk arising from the actions of such suppliers. Failure to monitor and control the Group's suppliers could potentially lead to client information, or critical infrastructures and services, not being adequately protected or available when required.

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 Group's ability to continue to provide services that are material to the Group, especially for those individual businesses within the Group to which many services are provided centrally by the newly established Group Service Company.

Failure to adequately manage outsourcing risk through control environments which remain robust to ever changing threats and challenges could result in increased losses, inability to perform critical economic functions, customer detriment, potential regulatory censure and penalty, legal liability and reputational damage.

4. **Operational precision and payments**

The risk of material errors in operational processes, including payments, are exacerbated during the present period of significant levels of structural and regulatory change, the evolving technology landscape, and a transition to digital channel capabilities.

Material operational or payment errors could disadvantage the Group's customers, clients or counterparties and could result in regulatory censure and penalties, legal liability, reputational damage and financial loss by the Group.

5. **New and emergent technology**

Technological advancements present opportunities to develop new and innovative ways of doing business across the Group, with new solutions being developed both in-house and in association with third party companies. Introducing new forms of technology has the potential to increase inherent risk. Failure to closely monitor risk exposure could lead to customer detriment, loss of business, regulatory censure, missed business opportunity and reputational damage.

6. **Fraud**

Fraud is a constantly evolving risk to the Group. This is exacerbated during periods of significant change, including the digitisation of products, which carry higher levels of inherent risk. As the Group continues to invest in new and upgraded fraud systems, criminals continually adapt and become ever more sophisticated in their approach. Risks from social engineering and attempts to trick customers into authorising payments also continue to grow and increasing regulatory focus is placing more responsibility on the industry to protect consumers.

In addition, internal fraud arising from areas such as failure of the Group's trading controls could result in high profile material losses together with regulatory censure, penalties and significant reputational damage.

7. **Ability to hire and retain appropriately qualified employees**

The Group has resource requirements to support existing revenue streams, moves into new business models and to deliver complex multi-year regulatory commitments and mandatory change. These commitments require diversified and specialist skilled colleagues and the Group's ability to attract, develop and retain such 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.

External regulation such as the introduction of the Individual Accountability Regime and the required deferral and clawback provisions of the Group's compensation arrangements may make the Group a less attractive proposition relative to both the Group's international competitors and other industries. Similarly, the impact of the exit of the UK from the EU in March 2019 (see Process of UK withdrawal from the European Union on page 79 of the Joint Annual Report) could potentially have a more immediate impact on the Group's ability to hire and retain key employees.

Failure to attract or prevent the departure of appropriately qualified and skilled employees who are dedicated to overseeing and managing current and future regulatory standards and expectations, or who have the necessary diversified skills required to deliver the Group strategy, could negatively impact the Group's financial performance, control environment and level of employee engagement. Additionally, this may result in disruption to service which could in turn lead to disenfranchising certain customer groups, customer detriment and reputational damage.

8. **Tax risk**

The 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 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 Group. The Tax Cuts and Jobs Act has introduced substantial changes to the US tax system, including the introduction of a new tax, the Base Erosion Anti-Abuse Tax. These changes have increased the Group's tax compliance obligations and

require a number of system and process changes which introduce additional operational risk. In addition, increasing customer tax reporting requirements around the world and the digitisation of the administration of tax has potential to increase the Group's tax compliance burden further.

9. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying relevant accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements include credit impairment charges for amortised cost assets, taxes, fair value of financial instruments, pensions and post-retirement benefit, and provisions including conduct and legal, competition and regulatory matters. There is a risk that if the judgement exercised, or the estimates or assumptions used, subsequently turn out to be incorrect, this could result in significant loss to the Group, beyond what was anticipated or provided for.

The further development of standards and interpretations under IFRS could also significantly impact the financial results, condition and prospects of the Group.

10. Data management and information protection

The Group holds and processes large volumes of data, including personally identifiable information, intellectual property, and financial data. Failure to accurately collect and maintain this data, protect it from breaches of confidentiality and interference with its availability exposes the Group to the risk of loss or unavailability of data (including customer data covered under 'Data protection and privacy' below), data integrity issues and could result in regulatory censure, legal liability and reputational damage.

Model risk

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

1. Enhanced model risk management requirements

The 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/reward evaluation, managing client assets, and meeting reporting requirements.

Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs. For instance, the quality of the data used in models across the Group has a material impact on the accuracy and completeness of the Group's risk and financial metrics. Models may also be misused. Model errors or misuse may result in the Group making inappropriate business decisions and being subject to financial loss, regulatory risk, reputational risk and/or inadequate capital reporting.

Conduct risk

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

1. Product governance and life cycle

Ineffective product governance, including design, approval and review of products, inappropriate controls over internal and third-party sales channels and post-sales services could lead to poor customer outcomes, as well as regulatory sanctions, financial loss and reputational damage.

2. Financial crime

The Group may be adversely affected if it fails to effectively mitigate the risk that its employees or third parties facilitate, or that its products and services are used to facilitate financial crime (money

laundering, terrorist financing, bribery and corruption and sanctions evasion). A major focus of US and UK government policy relating to financial institutions continues to be combating money laundering and enforcing compliance with US and EU economic sanctions. The failure to comply with such regulations may result in enforcement actions by the regulators and in the imposition of severe penalties, with a consequential impact on the Group's reputation and financial results.

3. Data protection and privacy

Proper handling of personal data is critical to sustaining long-term relationships with the Group's customers and clients and to meeting privacy laws and obligations. Failure to protect personal data can lead to potential detriment to the Group's customers and clients, reputational damage, regulatory sanctions and financial loss, which under the new EU Data Protection Regulation may be substantial.

4. Regulatory focus on culture and accountability

Regulators around the world continue to emphasise the importance of culture and personal accountability and the adoption and enforcement of adequate internal reporting and whistleblowing procedures in helping to promote appropriate conduct and drive positive outcomes for customers, clients and markets. Failure to meet the requirements and expectations of the UK Senior Managers Regime, Certification Regime and Conduct Rules may lead to regulatory sanctions, both for the individuals and the Group.

Reputation risk

The risk that an action, transaction, investment or event will reduce trust in the firm's integrity and competence by clients, counterparties, investors, regulators, employees or the public.

1. The Group's association with sensitive sectors and its impact on reputation

A risk arising in one business area can have an adverse effect upon the Group's overall reputation. Any one transaction, investment or event that, in the perception of key stakeholders reduces their trust in the Group's integrity and competence, has the potential to give rise to reputation risk for the Group and may result in loss of business, regulatory censure and missed business opportunity. The Group's association with sensitive sectors is an area of concern for stakeholders and the following topics are of regular interest:

- Disclosure of climate risks and opportunities, including the activities of certain sections of the client base. This is becoming the subject of increased scrutiny from regulators, NGOs and other stakeholders.
- The risks of association with human rights violations through the perceived indirect involvement in human rights abuses committed by clients and customers.
- The manufacture and export of military and riot control goods and services by clients and customers.

Legal risk and legal, competition and regulatory matters

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

Legal disputes, regulatory investigations, fines and other sanctions relating to conduct of business and breaches of legislation and/or regulations may negatively affect the Group's results, reputation and ability to conduct its business. Legal outcomes can arise as a consequence of legal risk or because of past and future actions, behaviours and business decisions as a result of other Principal Risks.

The Group conducts diverse activities in a highly regulated global market and therefore is exposed to the risk of fines and other sanctions relating to the conduct of its business. In recent years authorities have increasingly investigated past practices, pursued alleged breaches and imposed heavy penalties on financial services firms. This trend is expected to continue. A breach of applicable legislation and/or regulations could result in the Group or its staff being subject to criminal prosecution, regulatory censure, fines and other sanctions in the jurisdictions in which it operates, particularly in the UK and the US. Where clients, customers or other third

parties are harmed by the Group's conduct this may also give rise to legal proceedings, including class actions. Other legal disputes may also arise between the Group and third parties relating to matters such as breaches, enforcement of legal rights or obligations arising under contracts, statutes or common law. Adverse findings in any such matters may result in the Group being liable to third parties seeking damages, or may result in the Group's rights not being enforced as intended.

Details of legal, competition and regulatory matters to which the Group is currently exposed are set out in Note 29 (*Legal, competition and regulatory matters*) to the consolidated financial statements of Barclays PLC on pages 285 to 293 of the Joint Annual Report. In addition to matters specifically described in Note 29, the Group is engaged in various other legal proceedings in the UK and US and a number of other overseas jurisdictions which arise in the ordinary course of business. The 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 Group is or has been engaged. The Group is cooperating with the relevant authorities and keeping all relevant agencies briefed as appropriate in relation to these matters and others described in Note 29 on an ongoing basis.

The outcome of legal, competition and regulatory matters, both those to which the Group is currently exposed and any others which may arise in the future, is difficult to predict. However, in connection with such matters the Group may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the 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 in certain circumstances; the loss of any existing agreed protection from prosecution; regulatory restrictions on the Group's business operations including the withdrawal of authorisations; increased regulatory compliance requirements; suspension of operations; public reprimands; loss of significant assets or business; a negative effect on the Group's reputation; loss of confidence by investors, counterparties, clients and/or customers; risk of credit rating agency downgrades; potential negative impact on the availability and/or cost of funding and liquidity; and/or dismissal or resignation of key individuals. In light of the uncertainties involved in legal, competition and regulatory matters, there can be no assurance that the outcome of a particular matter or matters will not be material to the Group's results of 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 income otherwise reported for the period.

In January 2017, Barclays PLC was sentenced to serve three years of probation from the date of the sentencing order in accordance with the terms of its May 2015 plea agreement with the Department of Justice. During the term of probation Barclays PLC must, among other things, (i) commit no crime whatsoever in violation of the federal laws of the US, (ii) implement and continue to implement a compliance programme designed to prevent and detect the conduct that gave rise to the plea agreement and (iii) strengthen its compliance and internal controls as required by relevant regulatory or enforcement agencies. Potential consequences of breaching the plea agreement include the imposition of additional terms and conditions on the Group, an extension of the agreement, or the criminal prosecution of Group entities, which could, in turn, entail further financial penalties and collateral consequences and have a material adverse effect on the Group's business, operating results or financial position.

There is also a risk that the outcome of any legal, competition or regulatory matters in which the Group is involved may give rise to changes in law or regulation as part of a wider response by relevant law makers and regulators. A decision in any matter, either against the Group or another financial institution facing similar claims, could lead to further claims against the Group.

Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the Securities

The majority of the requirements of the European Union directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms of 15 May 2014, as amended ("**BRRD**") (including the bail-in tool) were implemented in the UK by way of amendments to the Banking Act. For more information on the bail-in tool, see "*The relevant UK resolution authority may exercise the bail-in tool in respect of the Issuer and the Securities, which may result in holders of the Securities losing some or all of their investment*" and "*Under the terms of the Securities, you have agreed to be bound by the exercise of any UK Bail-in power by the relevant UK resolution authority*" below.

On 23 November 2016, the European Commission published, among other proposals, proposals to amend the BRRD. The majority of these proposals are in draft form and are still subject to the EU legislative process and

national implementation. Therefore, it is unclear what the effect of such proposals may be on the Group, the Issuer or the Securities.

The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks or investment firms and certain of their affiliates (currently including the Issuer) in the event a bank or investment firm in the same group is considered to be failing or likely to fail. The exercise of any of these actions in relation to the Issuer could materially adversely affect the value of the Securities.

Under the Banking Act, substantial powers are granted to the BoE (or, in certain circumstances, HM Treasury), in consultation with the PRA, the FCA and HM Treasury, as appropriate as part of a special resolution regime (the "SRR"). These powers enable the relevant UK resolution authority to implement resolution measures with respect to a UK bank or investment firm and certain of its affiliates (currently including the Issuer) (each a "relevant entity") in circumstances in which the relevant UK resolution authority is satisfied that the resolution conditions are met. Such conditions include that a UK bank or investment firm is failing or is likely to fail to satisfy the Financial Services and Markets Act 2000 ("FSMA") threshold conditions for authorisation to carry on certain regulated activities (within the meaning of section 55B of the FSMA) or, in the case of a UK banking group company that is an EEA or third country institution or investment firm, that the relevant EEA or third country relevant authority is satisfied that the resolution conditions are met in respect of such entity.

The SRR consists of five stabilisation options: (a) private sector transfer of all or part of the business or shares of the relevant entity, (b) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the BoE, (c) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the BoE, (d) the bail-in tool (as described below) and (e) temporary public ownership (nationalisation).

The Banking Act also provides for two new insolvency and administration procedures for relevant entities. Certain ancillary powers include the power to modify contractual arrangements in certain circumstances (which could include a variation of the terms of the Securities), powers to impose temporary suspension of payments, powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers and powers for the relevant UK resolution authority to disapply or modify laws in the UK (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

Holders of the Securities should assume that, in a resolution situation, financial public support will only be available to a relevant entity as a last resort after the relevant UK resolution authorities have assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool (as described below).

The exercise of any resolution power or any suggestion of any such exercise could materially adversely affect the value of any Securities and could lead to holders of the Securities losing some or all of the value of their investment in the Securities.

The SRR is designed to be triggered prior to insolvency of the Issuer, and holders of the Securities may not be able to anticipate the exercise of any resolution power (including the bail-in tool) by the relevant UK resolution authority.

The stabilisation options are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. The purpose of the stabilisation options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns.

Although the Banking Act provides specific conditions to the exercise of any resolution powers and, furthermore, the European Banking Authority's guidelines published in May 2015 set out the objective elements for the resolution authorities to apply in determining whether an institution is failing or likely to fail, it is uncertain how the relevant UK resolution authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and/or other members of the Group and in deciding whether to exercise a resolution power.

The relevant UK resolution authority is also not required to provide any advance notice to holders of the Securities of its decision to exercise any resolution power. Therefore, holders of the Securities may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer, the Group and the Securities.

Holders of the Securities may have only very limited rights to challenge the exercise of any resolution powers (including the UK bail-in tool) by the relevant UK resolution authority.

Holders of the Securities may have only very limited rights to challenge and/or seek a suspension of any decision of the relevant UK resolution authority to exercise its resolution powers (including the UK bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise.

The relevant UK resolution authority may exercise the bail-in tool in respect of the Issuer and the Securities, which may result in holders of the Securities losing some or all of their investment.

Where the relevant statutory conditions for use of the bail-in tool have been met, the relevant UK resolution authority would be expected to exercise these powers without the consent of the holders of the Securities. Subject to certain exemptions set out in the BRRD (including secured liabilities, bank deposits guaranteed under an EU member state's deposit guarantee scheme, liabilities arising by virtue of the holding of client money, liabilities to other non-group banks or investment firms that have an original maturity of fewer than seven days and certain other exceptions), it is intended that all liabilities of institutions and/or their EEA parent holding companies should potentially be within scope of the bail-in tool. Accordingly, any exercise of the bail-in tool in respect of the Issuer and the Securities may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Securities and/or the conversion of the Securities into shares or other Securities or other obligations of the Issuer or another person, or any other modification or variation to the terms of the Securities.

The Banking Act specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. In addition, the bail-in tool contains an express safeguard (known as "**no creditor worse off**") with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity. Among other proposals, the amendments to BRRD and CRD IV proposed by the European Commission on 23 November 2016 have amended the creditor hierarchy in respect of certain unsecured debt instruments, although such amendments remain subject to national implementation. The other amendments to BRRD and CRD IV, such as the amendments in relation to MREL, are still in draft form and subject to the EU legislative process, therefore it is unclear what the effect of such amendments may be on the Group, the Issuer or the Securities.

The exercise of the bail-in tool in respect of the Issuer and the Securities or any suggestion of any such exercise could materially adversely affect the rights of the holders of the Securities, the price or value of their investment in the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities and could lead to holders of the Securities losing some or all of the value of their investment in such Securities. In addition, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the holders of the Securities in the resolution and there can be no assurance that holders of the Securities would recover such compensation promptly.

As insured deposits are excluded from the scope of the bail-in tool and other preferred deposits (and insured deposits) rank ahead of any Securities issued by the Issuer, such Securities would be more likely to be bailed-in than certain other unsubordinated liabilities of the Issuer (such as other preferred deposits).

As part of the reforms required by the BRRD, amendments have been made to relevant legislation in the UK (including the UK Insolvency Act 1986) to establish in the insolvency hierarchy a statutory preference (i) firstly, for deposits that are insured under the UK Financial Services Compensation Scheme ("**insured deposits**") to rank with existing preferred claims as 'ordinary' preferred claims and (ii) secondly, for all other deposits of individuals and micro, small and medium sized enterprises held in EEA or non-EEA branches of an EEA bank ("**other preferred deposits**"), to rank as 'secondary' preferred claims only after the 'ordinary' preferred claims. In addition, the UK implementation of the EU Deposit Guarantee Scheme Directive increased, from July 2015, the nature and quantum of insured deposits to cover a wide range of deposits, including corporate deposits (unless the depositor is a public sector body or financial institution) and some temporary high value deposits. The effect of these changes is to increase the size of the class of preferred creditors. All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured senior creditors of the Issuer, including the holders of the Securities. Furthermore, insured deposits are excluded from the scope of the bail-in tool. As a result, if the bail-in tool were exercised by the relevant UK resolution authority, the Securities would be more likely to be bailed-in than certain other unsubordinated liabilities of the Issuer such as other preferred deposits.

Under the terms of the Securities, you have agreed to be bound by the exercise of any UK Bail-in power by the relevant UK resolution authority.

Notwithstanding any other agreements, arrangements, or understandings between us and any holder of the Securities, by acquiring the Securities, each holder of the Securities acknowledges, accepts, agrees to be bound by, and consents to the exercise of, any UK Bail-in power by the relevant UK resolution authority that may result in (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the Securities; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to, or conferral on, the holder of the Securities such shares, securities or obligations); and/or (iii) the amendment or alteration of the maturity of the Securities, or amendment of the amount of interest due on the Securities, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which UK Bail-in power may be exercised by means of a variation of the terms of the Securities solely to give effect to the exercise by the relevant UK resolution authority of such UK Bail-in power. Each holder of the Securities further acknowledges and agrees that the rights of the holders of the Securities are subject to, and will be varied, if necessary, solely to give effect to, the exercise of any UK Bail-in Power by the relevant UK resolution authority.

Accordingly, any UK Bail-in power may be exercised in such a manner as to result in you and other holders of the Securities losing all or a part of the value of your investment in the Securities or receiving a different security from the Securities, which may be worth significantly less than the Securities and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the relevant UK resolution authority may exercise the UK Bail-in power without providing any advance notice to, or requiring the consent of, the holders of the Securities.

In addition, under the terms of the Securities, the exercise of the UK Bail-in power by the relevant UK resolution authority with respect to the Securities is not an Event of Default (as defined in the terms and conditions of the Securities). For more information, see the terms and conditions of the Securities.

A downgrade of the credit rating assigned by any credit rating agency to the Issuer or, if applicable, to the Securities could adversely affect the liquidity or market value of the Securities. Credit ratings downgrades could occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies.

The Securities may be rated by credit rating agencies and may in the future be rated by additional credit rating agencies, although the Issuer is under no obligation to ensure that the Securities issued under the Programme are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these Risk Factors and other factors that may affect the liquidity or market value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

Any rating assigned to the Issuer and/or, if applicable, to the Securities may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of: the Issuer's strategy and management's capability; the Issuer's financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the Issuer's key markets; the level of political support for the industries in which the Issuer operates; the implementation of structural reform; and legal and regulatory frameworks affecting the issuer's legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to Issuer within a particular industry, or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an Issuer's credit rating, including by virtue of changes to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities. Revisions to ratings methodologies and actions on the Issuer's ratings by the credit rating agencies may occur in the future.

If the Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Issuer or the Securities, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or, if applicable, the Securities on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value of the Securities (whether or not the Securities had an assigned rating prior to such event).

INFORMATION INCORPORATED BY REFERENCE

The following information has been filed with the FCA and shall be deemed to be incorporated in, and to form part of, this Registration Document:

- the sections set out below from the joint Annual Report of Barclays PLC and the Issuer, as filed with the US Securities and Exchange Commission (the "**SEC**") on Form 20-F on 22 February 2018 in respect of the years ended 31 December 2016 and 31 December 2017 (the "**Joint Annual Report**"); and
- the Annual Reports of the Issuer containing the audited consolidated financial statements of the Issuer in respect of the years ended 31 December 2016 (the "**2016 Issuer Annual Report**") and 31 December 2017 (the "**2017 Issuer Annual Report**"), respectively.

The above documents may be inspected as described in "*General Information - Documents Available*" free of charge at the registered office of the Issuer and at <http://www.barclays.com/barclays-investor-relations/results-and-reports/results.html>. Any information contained in any of the documents specified above which is not incorporated by reference in this Registration Document is either not relevant for prospective investors for the purposes of Article 5(1) of the Prospectus Directive or is covered elsewhere in this Registration Document.

To the extent that any document or information incorporated by reference into this Registration Document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Registration Document for the purposes of the Prospectus Directive, except where such information or documents are stated within this Registration Document as specifically being incorporated by reference.

Barclays PLC's financial statements contain material information for investors as Barclays PLC is the listed entity and holding company of the Group. In addition, Barclays PLC publishes quarterly financial information (unlike the Issuer).

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Each of the Issuer and Barclays PLC has applied IFRS as issued by the International Accounting Standards Board and as adopted by the EU in the financial statements incorporated by reference above. A summary of the significant accounting policies for each of the Issuer and Barclays PLC is included in each of the Joint Annual Report, the 2016 Issuer Annual Report and the 2017 Issuer Annual Report.

FORWARD-LOOKING STATEMENTS

This Registration Document and certain documents incorporated by reference herein contain 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 Securities Act, with respect to the Group. The Issuer 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. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, structural reform, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets and the impact of any regulatory deconsolidation resulting from the sell down of the Group's interest in Barclays Africa Group Limited, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers, IFRS 9 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. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards including the implementation of IFRS 9, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; the United Kingdom ("UK"), the United States ("US"), Africa, Eurozone and global macroeconomic and business conditions; the effects of continued 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 entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implications of the exercise by the UK of Article 50 of the Treaty of Lisbon and the disruption that may result in the UK and globally from the withdrawal of the UK from the European Union; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in the Group's filings with the SEC (including, without limitation, in the Joint Annual Report (as defined in the "*Information Incorporated by Reference*" section above)), which are available on the SEC's website at <http://www.sec.gov>.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the PRA, the FCA, the London Stock Exchange plc (the "**LSE**") or applicable law, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that the Group has made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the SEC.

Subject to the Group's obligations under the applicable laws and regulations of the UK and the US in relation to disclosure and ongoing information, the Issuer does not undertake any obligation to update publicly or revise any forward looking statements, whether as a result of new information, future events or otherwise.

THE ISSUER AND THE GROUP

The Issuer is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Issuer is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Issuer was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Issuer was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Issuer is beneficially owned by Barclays PLC. Barclays PLC is the ultimate holding company of the Group.

The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth and management, with a strong presence in the Group's two home markets of the UK and the US. The Group is focused on two core divisions – Barclays UK and Barclays International. Barclays UK comprises the UK retail banking operations, UK consumer credit card business, UK wealth management business and corporate banking for smaller businesses. Barclays International comprises the corporate banking franchise, the Investment Bank, the US and international cards business and international wealth management.

Both Barclays UK and Barclays International currently operate within the legal entity Barclays Bank PLC. Barclays UK offers everyday products and services to retail and consumer customers and small to medium sized enterprises based in the UK and Barclays International delivers products and services designed for the Group's larger corporate, wholesale and international banking clients. During April 2018, the Barclays UK division will be formally separated into a new legal entity – the UK Ring-fenced Bank, which will become the Group's UK ring-fenced business. Products and services designed for the Group's larger corporate, wholesale and international banking clients will continue to be offered by Barclays International from within the Issuer. The UK Ring-fenced Bank and the Issuer will operate alongside, but independently from, one another as part of the Group under the listed entity, Barclays PLC.

The short term unsecured obligations of the Issuer are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of the Issuer are rated A by Standard & Poor's Credit Market Services Europe Limited, A1 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2017, the Bank Group had total assets of £1,129,343m (2016: £1,213,955m), total net loans and advances of £401,762m (2016: £436,417m), total deposits of £467,332m (2016: £472,917m), and total equity of £65,734m (2016: £70,955m) (including non-controlling interests of £1m (2016: £3,522m)). The profit before tax of the Bank Group for the year ended 31 December 2017 was £3,166m (2016: £4,383m) after credit impairment charges and other provisions of £2,336m (2016: £2,373m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2017.

Legal Proceedings

For a description of the governmental, legal or arbitration proceedings that the Issuer and the Group face, see Note 27 (*Provisions*) and Note 29 (*Legal, competition and regulatory matters*) to the financial statements of Barclays PLC on pages 237 to 238 and pages 239 to 247, respectively, of the Joint Annual Report.

Directors

The Directors of the Issuer, each of whose business address is 1 Churchill Place, London E14 5HP, United Kingdom, their functions in relation to the Issuer and their principal outside activities (if any) of significance to the Issuer are as follows:

<u>Name</u>	<u>Function(s) within the Issuer</u>	<u>Principal outside activities</u>
John McFarlane	Group Chairman	Chairman, Barclays PLC; Non-Executive Director, Westfield Corporation; Non-Executive Director, Old Oak Holdings Limited; Chairman, TheCityUK; Member, Financial Services Trade and Investment Board; Member, European Financial Round Table; Member, President's Committee of the Confederation of British Industry
James Staley	Group Chief Executive Officer and Executive Director	Chief Executive Officer and Executive Director, Barclays PLC; Member, Institute of International Finance, Inc.
Michael Ashley	Non-Executive Director	Non-Executive Director, Barclays PLC; Member, International Ethics Standards Board for Accountants; Member, Institute of Chartered Accountants in England & Wales' Ethics Standards Committee; Chairman, Government Internal Audit Agency; Member, Board of The Charity Commission
Tim Breedon	Non-Executive Director	Non-Executive Director, Barclays PLC; Trustee, Marie Curie; Chairman, Apax Global Alpha Limited; Chairman, The Northview Group
Sir Ian Cheshire	Non-Executive Director	Non-Executive Director, Barclays PLC; Chairman, Barclays Bank UK PLC; Chairman, Debenhams plc; Chairman, Maisons du Monde S.A.; Chairman, Menhaden Capital PLC
Mary Francis	Non-Executive Director	Non-Executive Director, Barclays PLC; Non-Executive Director, EnSCO plc; Non-Executive Director, Swiss Re Group; Member, Advisory Panel of The Institute of Business Ethics
Crawford Gillies	Non-Executive Director	Non-Executive Director, Barclays PLC; Senior Independent Director, SSE plc; Director, The Edrington Group Limited
Sir Gerald Grimstone	Deputy Chairman, Senior Independent Director and Non Executive Director	Non-Executive Director and Senior Independent Director, Barclays PLC; Chairman, Standard Life Aberdeen plc; Non-Executive Board Member, Deloitte NWE LLP; Lead non-executive, Ministry of Defence; Member, Financial Services Trade and Investment Board; Chairman, The City UK China Market Advisory Group; Board Advisor, Abu Dhabi Commercial Bank PJSC

<u><i>Name</i></u>	<u><i>Function(s) within the Issuer</i></u>	<u><i>Principal outside activities</i></u>
Reuben Jeffery III	Non-Executive Director	Non-Executive Director, Barclays PLC; Chief Executive Officer, President and Director, Rockefeller & Co., Inc. and Rockefeller Financial Services Inc.; Member, Advisory Board of Towerbrook Capital Partners LP; Director, Financial Services Volunteer Corps; Trustee, The Asia Foundation
Matthew Lester	Non-Executive Director	Non-Executive Director, Barclays PLC; Non-Executive Director, Capita plc; Non Executive Director, Man Group plc
Tushar Morzaria	Group Finance Director; Executive Director	Group Finance Director and Executive Director, Barclays PLC; Member, Main Committee of the 100 Group
Dambisa Moyo	Non-Executive Director	Non-Executive Director, Barclays PLC; Non-Executive Director, Barrick Gold Corporation; Non-Executive Director, Chevron Corporation
Diane Schueneman	Non-Executive Director	Non-Executive Director, Barclays PLC; Non-Executive Director, Barclays US LLC; Chairman, Barclays Services Limited
Michael Turner	Non-Executive Director	Non-Executive Director, Barclays PLC; Chairman, GKN plc; Chairman, Babcock International Group PLC

No potential conflicts of interest exist between any duties to the Issuer of the Directors listed above and their private interests or other duties.

PRO-FORMA FINANCIAL INFORMATION

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF BARCLAYS BANK PLC AND ITS SUBSIDIARIES

Certain Definitions

For the purposes of this document:

- "2017 Financial Statements" means the audited consolidated balance sheet and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of BBPLC and its subsidiaries as at 31 December 2017, and the results of their operations and their cash flows for the year ended 31 December 2017, in conformity with IFRS, included in the Barclays Bank PLC Annual Report for 2017.
- "Barclays" means Barclays PLC.
- "Barclays Group" means Barclays PLC and its consolidated subsidiaries.
- "Barclays International" means the Barclays International operating segment of BBPLC Group, as determined in accordance with IFRS 8 *Operating Segments*.
- "Barclays UK" means the Barclays UK operating segment of BBPLC Group, as determined in accordance with IFRS 8 *Operating Segments*.
- "Barclays UK Business" means those subsidiaries, assets, liabilities and businesses comprising Barclays UK.
- "BBPLC" means Barclays Bank PLC.
- "BBPLC Group" means BBPLC and its consolidated subsidiaries.
- "BBUKPLC" means Barclays Bank UK PLC.
- "BBUKPLC Group" means BBUKPLC and its consolidated subsidiaries.
- "Court" means the High Court of England & Wales.
- "Group Service Company" means Barclays Services Limited and its consolidated subsidiaries.
- "Head Office" means the Head Office operating segment of BBPLC Group, as determined in accordance with IFRS 8 *Operating Segments*.
- "IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board and as endorsed by the European Union.
- "PRA" means the Prudential Regulation Authority.
- "Proposed Disposal" means the proposed transfer by BBPLC of the Barclays UK Business to BBUKPLC and the subsequent proposed distribution by BBPLC of the equity ownership of BBUKPLC to Barclays.

Background

As a result of regulatory reforms implemented by the UK government, intended to strengthen the UK financial system following the financial crisis that began in 2008, Barclays intends to establish a ring-fenced bank, BBUKPLC, which will be separate from BBPLC, to comply with the terms of the UK ring-fencing regime. The two entities will operate alongside, but independently from, one another as part of the Barclays Group. To establish the ring-fenced bank, the Proposed Disposal is currently expected to take place in April 2018.

The unaudited pro forma condensed consolidated financial information (the "Pro Forma Financial Information") set out herein comprises (i) an unaudited pro forma condensed consolidated balance sheet as at 31 December 2017, (ii) an unaudited condensed consolidated income statement for the year ended 31 December 2017 and (iii) explanatory notes, in each case in respect of the BBPLC Group.

The Pro Forma Financial Information is based upon and is consistent with the accounting policies used in the 2017 Financial Statements. The sources of the Pro Forma Financial Information are: (i) the 2017 Financial Statements, (ii) internal management financial information reported for Barclays UK, consistent with the 2017 Financial Statements, and (iii) management adjustments, to adjust for the centrally managed treasury assets, liabilities and equity to be included in the Proposed Disposal.

The Pro Forma Financial Information is presented to depict the possible effect of the Proposed Disposal on the audited income statement of the BBPLC Group as if it had occurred on 1 January 2017 and on the audited balance sheet of the BBPLC Group as if it had occurred on 31 December 2017. The Pro Forma Financial Information has been prepared for illustrative purposes only on the basis of estimates and assumptions about which subsidiaries, businesses, assets and liabilities will be transferred which remain subject to management discretion. The Pro Forma Financial Information addresses a hypothetical situation and does not, therefore, represent BBPLC Group's actual financial position or results, nor is it necessarily indicative of what the BBPLC Group's actual financial position or results would have been had the Proposed Disposal taken place as of the applicable dates. The actual financial position and results of operations of the BBPLC Group may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

It is not certain whether the Proposed Disposal will be effected at the values used to prepare the Pro Forma Financial Information, or at all. No person should place undue reliance on the Pro Forma Financial Information in connection with making an investment decision or for any other purpose and should be aware that changes to the Proposed Disposal (including, without limitation, to the subsidiaries, businesses, assets and liabilities to be transferred or retained, the eventual manner in which such subsidiaries, businesses, assets and liabilities are proposed to be transferred and to the timing pursuant to which they are proposed to be transferred) may be made if required, or determined by BBPLC (in its absolute discretion), a regulator or the Court, to be desirable for commercial or other reasons. Accordingly, nothing in the Pro Forma Financial Information should be taken as (or is) a representation that any of the subsidiaries, businesses, assets and liabilities referred to will be transferred or retained, whether in a manner consistent with the figures contained in this Pro Forma Financial Information, in accordance with the timing set out above, or at all.

Unaudited Pro Forma Condensed Consolidated Balance Sheet

As at 31 December 2017

£m	BBPLC Group (1)	Pro Forma Adjustments (2)	Pro Forma Total (3)	Explanatory Notes
Assets				
Cash, balances at central banks and financial investments	229,999	(40,426)	189,573	2(c)(i)
Reverse repurchase agreements, similar secured lending and trading portfolio assets	126,301	1,937	128,238	2(c)(i)
Financial assets designated at fair value	116,282	(7,193)	109,089	
Derivative financial instruments	237,987	7,794	245,781	2(c)(ii)
Loans and advances	401,762	(187,962)	213,800	2 (b)(i)
Goodwill and intangible assets	4,885	(3,538)	1,347	
Other assets	12,127	(2,086)	10,041	
Total assets	1,129,343	(231,474)	897,869	
Liabilities				
Deposits from banks and customer accounts	467,332	(186,604)	280,728	2(c)(ii)
Repurchase agreements and other similar secured borrowing	40,338	(8,600)	31,738	2 (b)(ii)
Trading portfolio liabilities	37,352	(2,425)	34,927	
Financial liabilities designated at fair value	173,718		173,718	
Derivative financial instruments	238,345	1,566	239,911	2(c)(ii)
Debt securities in issue and subordinated liabilities	93,579	(15,507)	78,072	2 (b)(ii)
Other liabilities	12,945	(4,017)	8,928	
Total liabilities	1,063,609	(215,587)	848,022	
Total equity	65,734	(15,887)	49,847	2 (b)(iii)
Total liabilities and equity	1,129,343	(231,474)	897,869	

Notes:

- (1) This financial information for the BBPLC Group has been extracted from the 2017 Financial Statements.
- (2) This column represents adjustments to the estimated value of the assets, liabilities and equity as at 31 December 2017 which are expected to reflect the BBPLC Group post the Proposed Disposal. Unless otherwise referenced in the explanatory notes, the Proposed Disposal relates to Barclays UK. See "Explanatory Notes to Unaudited Pro Forma Financial information" below for further information.
- (3) This represents the estimated value of the retained assets, liabilities and equity of the BBPLC Group as at 31 December 2017 assuming the Proposed Disposal had occurred on 31 December 2017.

Unaudited Pro Forma Condensed Consolidated Income Statement

For the Year Ended 31 December 2017

£m	BBPLC Group (1)	Pro Forma Adjustments (2)	Pro Forma Total (3)	Explanatory Notes
Continuing operations				
Net interest income	9,748	(5,753)	3,995	2(b)(iv)
Net fee and commission income	6,874	(1,176)	5,698	
Net trading income	3,387	9	3,396	
Net investment income	859	(160)	699	
Other income	69	(7)	62	
Total income	20,937	(7,087)	13,850	
Credit impairment charges and other provisions	(2,336)	783	(1,553)	
Net operating income	18,601	(6,304)	12,297	
Staff costs	(6,445)	2,052	(4,393)	
Administration and general expenses	(9,244)	2,959	(6,285)	
Operating expenses	(15,689)	5,011	(10,678)	
Profit on disposal of undertakings and share of results of associates and joint ventures	254	5	259	
Profit before tax	3,166	(1,288)	1,878	
Tax	(2,125)	566	(1,559)	
Profit after tax in respect of continuing operations	1,041	(722)	319	
Loss after tax in respect of discontinued operations	(2,195)		(2,195)	
Loss after tax	(1,154)	(722)	(1,876)	

Notes:

- (1) This financial information for BBPLC Group has been extracted from the 2017 Financial Statements.
- (2) This column represents adjustments to the income and expenses for the year ended 31 December 2017 which are expected to reflect the BBPLC Group post the Proposed Disposal. Unless otherwise referenced in the explanatory notes, the Proposed Disposal relates to Barclays UK. See "Explanatory Notes to Unaudited Pro Forma Financial information" below for further information.
- (3) This represents the income and expenses for the BBPLC Group for the year ended 31 December 2017 assuming the Proposed Disposal had occurred on 1 January 2017.

EXPLANATORY NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

(1) Businesses to be transferred as part of the Proposed Disposal

The businesses to be transferred are those businesses that currently comprise the Barclays UK Business (together with certain related treasury operations as further described under item (2)(b)). Barclays expects those businesses that currently comprise Barclays International and Head Office (excluding Group Service Company) will remain in the BBPLC Group. There are certain differences in the financial results of these operating segments at the Barclays Group level compared to the BBPLC Group level, in particular due to funding structures, the Group Service Company and cash flow hedging, which primarily impact the results of operations in Head Office.

(2) Basis of preparation

The sources of the Pro Forma Financial Information are: (i) the 2017 Financial Statements, (ii) internal management financial information reported for Barclays UK, consistent with the 2017 Financial Statements, and (iii) management adjustments, to adjust for the centrally managed treasury assets and liabilities to be included in the Proposed Disposal.

The Proposed Disposal represents management's best estimate of the relevant subsidiaries, businesses, assets and liabilities, which are expected to be transferred by BBPLC to BBUKPLC, in order to comply with UK ring-fencing legislation. The same recognition and measurement principles have been applied as in the preparation of the 2017 Financial Statements in accordance with International Financial Reporting Standards as issued by the IASB and as adopted by the European Union.

The unaudited pro forma condensed consolidated balance sheet of the BBPLC Group as at 31 December 2017 is presented to show the effect of the Proposed Disposal as if it had occurred on 31 December 2017. The unaudited pro forma condensed consolidated income statement of the BBPLC Group for the year ended 31 December 2017 is presented to show the effect of the Proposed Disposal as if it had occurred on 1 January 2017.

Following the closure of the Non-Core segment on 1 July 2017, certain former Non-Core assets and liabilities were reintegrated into the Barclays UK Business. The effect of these on the income statement for the six months ended 30 June 2017 for the purposes of determining the effect of the Proposed Disposal on the BBPLC Group has not been reflected on the basis that it cannot be reasonably estimated and is expected to be immaterial.

There are no material non-recurring charges or credits (and related tax effects) expected to result directly from the Proposed Disposal.

The Pro Forma Financial Information has been prepared on the following basis:

- (a) Barclays UK is fully reflected within the Proposed Disposal.
- (b) Certain treasury items, currently reported in the Head Office, will be transferred to BBUKPLC Group. This includes income, costs, assets, liabilities and equity associated with funding, risk management and maintaining the liquidity buffer. The assets, liabilities and equity to be transferred are based on the 31 December 2017 balance sheet managed by the Barclays UK treasury function and management adjustments, to adjust for the centrally managed treasury assets, liabilities and equity expected to be included in the Proposed Disposal. This includes the following material items:
 - i. £1.4bn of loans and advances to banks primarily representing collateral placed with the Bank of England.

- ii. £23.4bn of liabilities primarily comprised of £14.7bn of debt securities in issue and subordinated liabilities and £8.6bn of repurchase agreements and other similar secured borrowing.
 - iii. £15.9bn of equity, including share capital and share premium, and other equity instruments, reflecting management's current expectation regarding the level of capital required by BBUKPLC Group.
 - iv. The BBPLC Group treasury function currently hedges Barclays UK interest rate risk. Following the Proposed Disposal, new external hedges would be put in place for both BBPLC Group and BBUKPLC Group. These new hedges, with associated new hedge accounting arrangements, would be executed based on prevailing interest rates at the time of the Proposed Disposal and therefore the Pro Forma Financial Information (which is based on 1 January 2017 interest rates) may not be fully reflective of such new hedge arrangements. The Pro Forma Financial Information includes as part of the Proposed Disposal, an estimated reduction of £0.3bn in net interest expense, when compared to Barclays UK.
- (c) Transactions internal to the 2017 Financial Statements becoming external to BBPLC Group. This includes:
- i. £1.9bn increase in reverse repurchase agreements offset by a £1.9bn decrease in cash at central banks.
 - ii. £8.4bn increase in derivative assets and £8.4bn increase in derivative liabilities and deposits from banks and customer accounts (which includes cash collateral).



Accountant's report on pro forma financial information

The Directors
Barclays Bank PLC
1 Churchill Place
London
E14 5HP

16 March 2018

Ladies and Gentlemen

Inclusion in a Registration Document of pro forma financial information to reflect the proposed disposal of Barclays UK by Barclays Bank PLC

We report on the pro forma financial information (the 'Pro forma financial information') set out on pages 27 to 30 of the Registration Document dated 16 March 2018, which has been prepared on the basis described in the explanatory notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by Barclays Bank PLC in preparing the financial statements for the period ended 31 December 2017. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of Barclays Bank PLC to prepare the Pro forma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under Prospectus Rule 5.5.4R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 7 of Annex II of the Prospectus Directive Regulation, consenting to its inclusion in the Registration Document.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Barclays Bank PLC.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has

been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Barclays Bank PLC.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Barclays Bank PLC.

Declaration

For the purposes of Prospectus Rule 5.5.4R (2)(f) we are responsible for this report as part of the Registration Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This statement is included in the Registration Document in compliance with paragraph 7 of Annex II of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

GENERAL INFORMATION

Significant Change Statement

There has been no significant change in the financial or trading position of the Bank Group since 31 December 2017.

Material Adverse Change Statement

There has been no material adverse change in the prospects of the Issuer since 31 December 2017.

Legal Proceedings

Save as disclosed under Note 27 (*Provisions*) and Note 29 (*Legal, competition and regulatory matters*) to the financial statements of Barclays PLC as set out on pages 237 to 238 and pages 239 to 247, respectively, of the Joint Annual Report, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had during the 12 months preceding the date of this Registration Document, a significant effect on the financial position or profitability of the Issuer and/or the Bank Group.

Auditors

The annual consolidated and unconsolidated financial statements of the Issuer for the year ended 31 December 2016 have been audited without qualification by PricewaterhouseCoopers LLP ("**PricewaterhouseCoopers**"), chartered accountants and registered auditors (a member of the Institute of Chartered Accountants in England and Wales) of 1 Embankment Place, London WC2N 6RH, United Kingdom. The annual consolidated and unconsolidated financial statements of the Issuer for the year ended 31 December 2017 have been audited without qualification by KPMG LLP ("**KPMG**"), chartered accountants and registered auditors (a member of the Institute of Chartered Accountants in England and Wales), of 15 Canada Square, London E14 5GL, United Kingdom.

The financial information contained in this Registration Document in relation to the Issuer does not constitute its statutory accounts for the two years ended 31 December 2017. Statutory accounts for the year ended 31 December 2016 have been delivered to the Registrar of Companies in England, and statutory accounts for the year ended 31 December 2017 will be delivered to the Registrar of Companies in England in due course. The auditor reports on these statutory accounts delivered by PricewaterhouseCoopers and KPMG respectively were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Ratings

The credit ratings included or referred to in this Registration Document, or any document incorporated by reference are, for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies (the "**CRA Regulation**"), issued by Fitch Ratings Limited ("**Fitch**"), Moody's Investors Service Ltd. ("**Moody's**") and Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"), each of which is established in the European Union and has been registered under the CRA Regulation*.

As of the date of this Registration Document, the short-term unsecured obligations of the Issuer are rated A-1 by Standard & Poor's¹, P-1 by Moody's², and F1 by Fitch³ and the long-term obligations of the Issuer

***Notes on Issuer ratings:** The information in these footnotes has been extracted from information made available by each rating agency referred to below. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such rating agencies, no facts have been omitted which would render the reproduced information inaccurate or misleading.

¹ A short-term obligation rated 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong.

are rated A by Standard & Poor's⁴, A1 by Moody's⁵, and A by Fitch⁶.

Documents Available

For as long as this Registration Document remains in effect or any Securities issued in conjunction with this Registration Document remain outstanding, copies of the following documents will, when available, be made available during usual business hours on a weekday (Saturdays, Sundays and public holidays excepted) for inspection and in the case of (b), (c), (d) and (e) below shall be available for collection, free of charge, at the registered office of the Issuer and at <http://www.barclays.com/barclays-investor-relations/results-and-reports/results.html> and <https://www.home.barclays/prospectuses-and-documentation/structured-securities/prospectuses.html>.

- (a) the constitutional documents of the Issuer;
- (b) the documents set out in the "*Information Incorporated by Reference*" section of this Registration Document;
- (c) all future annual reports and semi-annual financial statements of the Issuer;
- (d) the current Registration Document; and
- (e) any other documents included or referred to in this Registration Document.

² 'P-1' Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

³ An 'F1' rating indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

⁴ An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

⁵ Obligations rated 'A1' are judged to be upper-medium grade and are subject to low credit risk. Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from 'Aa' through 'Caa'. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

⁶ An 'A' ratings denote strong prospects for ongoing viability. Fundamental characteristics are strong and stable, such that it is unlikely that the bank would have to rely on extraordinary support to avoid default. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

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