



BARCLAYS BANK IRELAND PLC

*(Incorporated with limited liability in Ireland)*

REGISTRATION DOCUMENT

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This registration document dated 27 May 2020 ("**Registration Document**") constitutes a registration document for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

This Registration Document has been prepared for the purpose of giving information with respect to Barclays Bank Ireland 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.

This Registration Document is valid for a period of twelve months from the date of its approval. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Registration Document in the event of significant new factors, material mistakes or material inaccuracies when this Registration Document is no longer valid.

This Registration Document has been approved by the Central Bank of Ireland (the "**CBI**"), as competent authority under the Prospectus Regulation.

The CBI only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.

Such approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.

Application will be made to The Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for securities to be admitted to the Official List (the "**Official List**") and trading on its regulated market.

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 ("**Fitch**") and S&P Global Ratings Europe Limited ("**S&P**"). Fitch is established in the United Kingdom ("**UK**") and S&P is established in the European Union ("**EU**"). Each of Fitch and S&P has been registered under the CRA Regulation.

**The date of this Registration Document is 27 May 2020.**

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Registration Document and declares that, to the best of the knowledge of the Issuer, the information contained in this Registration Document is in accordance with the facts and that the Registration Document makes no omission likely to affect its import.

This Registration Document is to be read and construed with all documents incorporated by reference into it.

No person has been authorised to give any information or to make any representation not contained in, or not consistent with, this Registration Document, including any documents incorporated by reference herein, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any trustee or any dealer appointed in relation to any issue of debt or derivative securities by the Issuer.

This Registration Document, including any documents incorporated by reference herein, should not be considered as a recommendation by the Issuer, any trustee or any dealer appointed in relation to any issue of debt or derivative securities by the Issuer that any recipient of this Registration Document, including any document incorporated by reference herein, should purchase any debt or derivative securities issued by the Issuer.

Each prospective investor contemplating subscribing for or purchasing debt or derivative securities issued by the Issuer should consider the terms and conditions of such debt or derivative securities, as set out in the relevant prospectus or other offering document, independently (or at the advice of its own professional advisers), in addition to making its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. No part of this Registration Document, including any documents incorporated by reference herein, constitutes an offer or invitation by or on behalf of the Issuer, any trustee or any dealer appointed in relation to any issue of debt or derivative securities by the Issuer or any of them to any person to subscribe for or to purchase any of the debt or derivative securities issued by the Issuer.

None of the delivery of this Registration Document or any documents incorporated by reference herein or any prospectus, other offering document referring to this Registration Document or any relevant Final Terms or Pricing Supplement or the offering, sale or delivery of any debt or derivative securities shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that the information contained in this Registration Document, including any documents incorporated by reference herein, is correct at any time subsequent to the date hereof or that any other written information delivered in connection herewith or therewith is correct as of any time subsequent to the date indicated in such document. Any dealer or trustee appointed in relation to any issue of debt or derivative or securities by the Issuer expressly does not undertake to review the financial condition or affairs of the Issuer or its subsidiary undertakings during the life of such securities.

The distribution of this Registration Document, including any document incorporated by reference herein, and the offer or sale of securities issued by the Issuer may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any document incorporated by reference herein or any securities issued by the Issuer come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of securities issued by the Issuer and on the distribution of this Registration Document, including any document incorporated by reference herein, see the applicable description of arrangements relating to subscription and sale of the relevant debt or derivative securities in the relevant prospectus or other offering document.

In this Registration Document and in relation to any securities issued by the Issuer, references to the "**relevant dealers**" are to whichever of the dealers enters into an agreement for the issue of such securities issued by the Issuer as described in the applicable description of arrangements relating to subscription and sale of the relevant debt or derivative securities in the relevant prospectus or other offering document and references to the "**relevant Final Terms**" are to the Final Terms or Pricing Supplement relating to such securities.

## 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 Issuer, which, according to the particular nature of the Issuer and the securities which the Issuer 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 risks which are material to the Issuer, based on the probability of their occurrence and the expected magnitude of their negative impact. These risks and uncertainties which could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer, 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, the BBPLC Group and the Group* section provides certain information about the Issuer, the BBPLC Group and the Group (each as defined below), as well as details of litigation, investigations and reviews that the Issuer is 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 terms the "**Group**" or "**Barclays**" mean Barclays PLC together with its subsidiaries and the term "**BBPLC 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 euros, respectively.

"**Irish Bail-in Power**" means any write-down, conversion, transfer, modification and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in Ireland in effect and applicable in Ireland to the Issuer, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, as the same has been or may be amended from time to time, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred and/or converted into shares or other securities or obligations of the obligor or any other person.

"**Relevant Resolution Authority**" means the Central Bank of Ireland, the Single Resolution Board established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of the Irish Bail-in Power from time to time.

"**Securities**" means any securities issued by the Issuer described in any securities note and, if applicable, summary, which, when read together with this Registration Document, comprise a prospectus for the purposes of Article 6(3) of the Prospectus Regulation or in any base prospectus for the purposes of Article 8 of the Prospectus Regulation or other offering document into which this Registration Document may be incorporated by reference.

"**SRM Regulation**" means Regulation (EU) No 806/2014 of the European Parliament and Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended or replaced from time to time.

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.

Any reference in this Registration Document to any legislation (whether primary legislation or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended, superseded or re-enacted.

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## RISK FACTORS

*Prospective investors should consider carefully the risks set forth and referred to below and the other information contained in this Registration Document (including any information incorporated by reference herein) prior to making any investment decision with respect to the Securities.*

*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 investors 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.*

*Prospective investors should note that the risks described below are not the only risks the Issuer faces. The Issuer has described only those risks relating to its operations that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above.*

### **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 Issuer's strategy, results of operations, financial condition and/or prospects to differ materially from expectations. Material risks include some emerging risks. Emerging risks are those which have unknown components, the impact of which could crystallise over a longer time period. In addition, certain other factors beyond the Issuer's control, including escalation of terrorism or global conflicts, natural disasters, epidemic outbreaks and similar events, although not detailed below, could have a similar impact on the Issuer.

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

#### **1. Business conditions, general economy and geopolitical issues**

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

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

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

- In the UK, the decision to leave the EU may give rise to further economic and political consequences including for investment and market confidence in the UK and the remainder of EU. See "Process of UK withdrawal from the EU" below for further details.
- Global gross domestic product ("GDP") growth weakened in 2019, as elevated policy uncertainty weighed on manufacturing activity and investment. As a result, a number of central banks, most notably the Federal Reserve and the European Central Bank ("ECB"), pursued monetary easing. Whilst the direct and indirect impact of the Coronavirus (COVID-19) pandemic remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-

economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries or affect the Issuer's employees and business operations in affected countries (for further detail on risks relating to the COVID-19 pandemic see "*Risks relating to the impact of COVID-19*"). In addition, an escalation in geopolitical tensions, increased use of protectionist measures or a disorderly withdrawal by the UK from the EU may negatively impact the Issuer's business in the affected regions.

## **2. Risks relating to the impact of COVID-19**

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environments in which they operate. There are a number of factors associated with the pandemic and its impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as the Issuer.

The COVID-19 pandemic has caused disruption to the Issuer's customers, suppliers and staff globally. A number of jurisdictions in which the Issuer operates have implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. These restrictions are being determined by the governments of individual jurisdictions (including through the implementation of emergency powers) and impacts (including the timing of implementation and any subsequent lifting of restrictions) may vary from jurisdiction to jurisdiction. It remains unclear how this will evolve through 2020 and the Issuer continues to monitor the situation closely. However, despite the COVID-19 contingency plans established by the Issuer, its ability to conduct business may be adversely affected by disruptions to its infrastructure, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. This may cause significant customer detriment, costs to reimburse losses incurred by the Issuer's customers, and reputational damage.

In many of the jurisdictions in which the Issuer operates, schemes have been initiated by central banks and national governments to provide financial support to parts of the economy most impacted by the COVID-19 pandemic. The details of how these schemes will operate, the impact on the Issuer's customers and therefore the impact on the Issuer remain uncertain at this stage. However, certain actions (such as the introduction of mortgage payment holidays or the cancellation of fees associated with certain products) may negatively impact the effective interest rate earned on certain of the Issuer's portfolios and lower fee income being earned on certain products. Lower interest rates globally will negatively impact net interest income earned on certain of the Issuer's portfolios. Both of these factors may in turn negatively impact the Issuer's profitability. Furthermore, the introduction of, and participation in, central-bank supported loan schemes and other financing schemes introduced as a result of the COVID-19 pandemic may negatively impact the Issuer's risk weighted assets ("**RWAs**"), level of impairment and, in turn, capital position.

The actions taken by various governments and central banks may indicate a view on the potential severity of any economic downturn and post recovery environment, which from a commercial, regulatory and risk perspective could be significantly different to past crises and persist for a prolonged period. An immediate financial impact in the first half of 2020 will be higher ECLs driven by a change in the economic scenarios used to calculate ECLs. The COVID-19 pandemic has led to a weakening in GDP in many of the jurisdictions in which the Issuer operates and higher unemployment in those same jurisdictions. Accordingly, the probability of a more adverse economic scenario for at least the short term is substantially higher than at 31 December 2019 and GDP and unemployment are two of the factors that affect the modelling of ECLs by the Issuer. The economic environment remains uncertain and future impairment charges may be subject to further volatility (including from changes to macroeconomic variable forecasts) depending on the longevity of the COVID-19 pandemic and related containment measures, as well as the longer term effectiveness of central bank, government and other support measures. In addition, ECLs may be adversely impacted by increased levels of default for single name exposures in certain sectors directly impacted by the COVID-19 pandemic.

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

the COVID-19 pandemic, due to the lack of reliable historical reference points and data. For further details on model risk, refer to page 18 of the Issuer's 2019 Annual Report.

Should the COVID-19 pandemic continue to cause disruption to economic activity across Europe and globally through 2020, there could be adverse impacts on the Issuer's other assets such as intangibles. There could also be further impacts on the Issuer's income due to lower lending and transaction volumes due to volatility or weakness in the capital markets. Other potential risks include credit rating migration which could negatively impact the Issuer's RWAs and capital position, and potential liquidity stress due to (among other things) increased customer drawdowns, notwithstanding the significant initiatives that governments and central banks have put in place to support funding and liquidity. Furthermore, a significant increase in the utilisation of credit by customers could have a negative impact on the Issuer's RWAs and capital position.

Central bank and government actions and support measures taken in response to the COVID-19 pandemic may also create restrictions in relation to capital. Government restrictions may further limit management's flexibility in managing the business and taking action in relation to capital distributions and capital allocation.

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

### **3. Process of UK withdrawal from the EU**

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

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

- Market volatility, including in currencies and interest rates, might increase which could have an impact on the value of the Issuer's trading book positions.
- Credit spreads could widen leading to reduced investor appetite for the Issuer's debt securities. This could negatively impact the Issuer's cost of and/or access to funding. In addition, market and interest rate volatility could affect the underlying value of assets in the banking book.
- A credit rating agency downgrade applied directly to the Issuer, or indirectly as a result of a credit rating agency downgrade to the Irish government, could significantly increase the Issuer's cost of, and/or reduce its access to, funding, widen credit spreads and materially adversely affect the Issuer's interest margins and liquidity position.
- The ability to attract, or prevent the departure of, qualified and skilled employees may be impacted by the UK's and the EU's future approach to the EU freedom of movement and immigration from the EU countries and this may impact the Issuer's access to the UK talent pool.
- Changes to current EU 'Passporting' rights may require further adjustment to the current model for the Issuer's cross-border banking operation which could increase operational complexity and/or costs for the Issuer.
- A disorderly exit from the EU by the UK ("**Brexit**") may put a strain on the capabilities of the Issuer's trading systems and migration plans, increasing the risk of failure of those systems and potentially resulting in losses and reputational damage for the Issuer.

### **4. The impact of interest rate changes on the Issuer's profitability**

Any changes to interest rates are significant for the Issuer, especially given the uncertainty as to the direction of interest rates and the pace at which interest rates may change, particularly in the Issuer's main market of the EU.



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

However, whilst interest rate rises could positively impact the Issuer's profitability as corporate business income increases due to margin de-compression, further increases in interest rates, if larger or more frequent than expected, could lead to generally weaker than expected growth, reduced business confidence and higher unemployment, which in turn could cause stress in the Issuer's lending portfolio and underwriting activity. Resultant higher credit losses driving an increased impairment charge could have a material effect on the Issuer's business, results of operations, financial condition and prospects.

## 5. The competitive environments of the banking and financial services industry

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

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

## 6. Regulatory change agenda and impact on business model

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

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

- Changes in prudential requirements may impact minimum requirements for own funds and eligible liabilities ("**MREL**") (including requirements for internal MREL), leverage, liquidity or funding requirements, applicable buffers and/or add-ons to such minimum requirements and risk weighted assets calculation methodologies all as may be set by international, EU or national authorities. Such or similar changes to prudential requirements or additional supervisory and prudential expectations, either individually or in aggregate, may result in, among other things, a need for further management actions to meet the changed requirements, such as:
  - increasing capital, MREL or liquidity resources, reducing leverage and risk weighted assets;
  - restricting distributions on capital instruments;
  - changing the Issuer's business mix or exiting other businesses; and/or
  - undertaking other actions to strengthen the Issuer's position.
- The derivatives market has been the subject of particular focus for regulators in recent years across the G20 countries and beyond, with regulations introduced which require the reporting and clearing of standardised over the counter ("**OTC**") derivatives and the mandatory margining of non-cleared OTC derivatives. These regulations may increase costs for market participants, as well as reduce liquidity in the derivatives markets. More broadly, changes to the regulatory framework (in particular, the review of Directive 2014/65/EU (as amended, "**MiFID II**") (and the implementation of the Regulation (EU) 2017/1129 (as amended, the "**Benchmarks Regulation**")) could entail significant costs for market participants and may have a significant impact on certain markets in which the Issuer operates.

- The Group and certain of its members, including the Issuer, are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programmes of the Bank of England, the European Banking Authority, the Federal Deposit Insurance Corporation and the Federal Reserve Board. Failure to meet the requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Group, could result in the Group or certain of its members, including the Issuer, being required to enhance their capital position, limit capital distributions or position additional capital in specific subsidiaries.

## **7. The impact of climate change on the Issuer's business**

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

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

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

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

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

## **8. Impact of benchmark interest rate reforms on the Issuer**

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

Uncertainty as to the nature of such potential changes, the availability and/or suitability of alternative "risk-free" reference rates and other reforms may adversely affect a broad range of transactions

(including any securities, loans and derivatives which use LIBOR to determine the amount of interest payable that are included in the Issuer's financial assets and liabilities) that use these reference rates and indices and introduce a number of risks for the Issuer, including, but not limited to:

- **Conduct risk:**

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

- **Financial risks:**

the valuation of certain of the Issuer's financial assets and liabilities may change. Moreover, transitioning to alternative "risk-free" reference rates may impact the Issuer's ability to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because currently alternative "risk-free" reference rates (such as the Sterling Overnight Index Average, Euro Overnight Index Average and the Secured Overnight Financing Rate) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have a material adverse effect on the Issuer's cashflows;

- **Pricing risk:**

changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative "risk-free" reference rates may impact the pricing mechanisms used by the Issuer on certain transactions;

- **Operational risk:**

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

- **Accounting risk:**

an inability to apply hedge accounting in accordance with International Financial Reporting Standards ("IFRS") could lead to increased volatility in the Issuer's financial results and performance.

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

For further details on the impacts of benchmark interest rate reforms on the Issuer, see Note 13 (*Derivative financial instruments*) to the financial statements of the Issuer on page 91 to 97 (inclusive) of the 2019 Annual Report (as defined below).

## Material existing and emerging risks impacting individual principal risks

### Credit risk

Credit risk is the risk of loss to the Issuer from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Issuer, 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, resulted in impairment loss allowances that are recognised earlier, on a more forward-looking basis and on a broader scope of financial instruments, and may continue to have, a material impact on the Issuer's business, results of operations, financial condition and prospects.

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

In addition, the move from incurred losses to ECLs has the potential to impact the Issuer's performance under stressed economic conditions or regulatory stress tests. For more information, see Note 1 (*Significant accounting policies*) to the financial statements of the Issuer on pages 74 to 77 (inclusive) of the 2019 Annual Report.

#### 2. Specific sectors and concentrations

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

- **Consumer affordability**

Consumer affordability has remained a key area of focus for regulators, particularly in unsecured lending. Macroeconomic factors, such as rising unemployment, that impact a customer's ability to service unsecured debt payments could lead to increased arrears in unsecured products. The Issuer is exposed to the adverse credit performance of unsecured products, particularly in Germany, through the Issuer's Barclaycard Germany business.

- **Italian mortgage portfolio**

The Issuer is exposed to a decline in the Italian economic environment through a mortgage portfolio in run-off and positions to wholesale customers. Growth in the Italian economy remained weak in 2019 and should the economy deteriorate further, there could be a material adverse effect on the Issuer's results including, but not limited to, increased credit losses and higher impairment charges.

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

### Market risk

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

A broadening in trade tensions between the US and its major trading partners, slowing global growth and political concerns in the US and Europe (including Brexit) are some of the factors that could heighten market risks for the Issuer's portfolios. In addition, the Issuer'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 Issuer's ability to execute client trades and may also result in lower client flow-driven income and/or market-based losses on its existing portfolio of market risks. These can include having to absorb higher hedging costs from rebalancing risks that need to be managed dynamically as market levels and their associated volatilities change.

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

### **Treasury and capital risk**

There are three primary types of treasury and capital risk faced by the Issuer:

#### **1. Liquidity risk**

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

- **The stability of the Issuer's current funding profile:**

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

- **Credit rating changes and the impact on funding costs:**

Rating agencies regularly review credit ratings given to the Issuer. Credit ratings are based on a number of factors, including some which are not within the Issuer's control (such as political and regulatory developments, changes in rating methodologies, macro-economic conditions and the sovereign credit ratings of the countries in which the Issuer operates).

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

#### **2. Capital risk**

Capital risk is the risk that the Issuer has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory stress testing purposes). Key capital risks that the Issuer faces include:

- **Failure to meet prudential capital requirements:**

This could lead to the Issuer being unable to support some or all of its business activities, a failure to pass regulatory stress tests, increased cost of funding due to deterioration in investor appetite or credit ratings, restrictions on distributions including the ability to meet dividend

targets, and/or the need to take additional measures to strengthen the Issuer's capital or leverage position.

- **Adverse changes in foreign exchange rates impacting capital ratios:**

The Issuer has risk weighted assets and leverage exposures denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the Euro equivalent value of these items. As a result, the Issuer's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Issuer's balance sheet to take account of foreign currency movements could result in an adverse impact on the Issuer's regulatory capital and leverage ratios.

- **Adverse movements in the pension funds:**

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

### 3. **Interest rate risk in the banking book**

Interest rate risk in the banking book is the risk that the Issuer is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities. The Issuer's hedge programmes for interest rate risk in the banking book rely on behavioural assumptions and, as a result, the success of the hedging strategy cannot be guaranteed. A potential mismatch in the balance or duration of the hedge assumptions could lead to earnings deterioration. A decline in interest rates in Euro and other G3 currencies may also compress net interest margin on banking book liabilities. In addition, the Issuer's liquid asset buffer is exposed to income reduction due to adverse movements in central bank deposit rates.

### **Operational risk**

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

- **Operational resilience**

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

- **Cyber threats**

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

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

- **New and emergent technology**

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

- **External fraud**

The level and nature of fraud threats continue to evolve, particularly as a result of changes to customer behaviour and product and channel use, for example by the use of digital products, greater functionality available online, and the decreasing use of cheques. The Issuer has sought to adapt to changes to customer demand and as a result, the Issuer's fraud risk profile has evolved. Criminals continue to adapt their techniques for fraud and are increasingly focused on targeting customers and clients through ever more sophisticated methods of social engineering. External data breaches also provide criminals with opportunities to exploit the growing levels of compromised data. These fraud threats could lead to financial losses, customer detriment and costs to reimburse losses incurred by the Issuer's customers, loss of business, missed business opportunity and reputational damage, all of which could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

- **Data management and information protection**

The Issuer holds and processes large volumes of data, including personally identifiable information, intellectual property, and financial data. Regulation (EU) 2016/679 (The General Data Protection Regulation) has strengthened the data protection rights of customers and increased the accountability of the Issuer in its management of such data. The international nature of both the Issuer's business and its IT infrastructure also means that personal information may be available in countries other than those from where it originated. A failure to accurately collect and maintain this data, a failure to protect it from breaches of confidentiality or an interference with its availability would expose the Issuer to the risk of data loss or unavailability of data (including customer data discussed under "Conduct risk - Data protection and privacy" below) or data integrity issues. Any of these events could lead to significant penalties by European data privacy regulators, a loss of confidence by investors, counterparties and/or customers in the Issuer and reputational damage, all of which could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

- **Algorithmic trading**

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

- **Processing error**

As a large, complex financial institution, the Issuer faces the risk of material errors in operational processes, including payments and client transactions. The effective functioning of the Issuer's operational systems depends on the quality of the information contained in, or feeding, those systems, the Issuer's ability to appropriately maintain and upgrade its systems on a regular basis, and the Issuer ensuring that any such

changes introduced to its systems are managed carefully to ensure operational continuity. Examples of how processing errors could materially impact the Issuer's business and its customers include causing delays in providing information, services and liquidity to clients and customers, the Issuer failing to settle and confirm transactions and by potentially causing funds transfers, capital markets trades or other transactions to be executed erroneously, illegally or with unintended consequences. Material operational or payment errors could disadvantage the Issuer's customers, clients or counterparties causing customer dissatisfaction, financial losses and a loss of confidence in the Issuer. This could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

- **Supplier exposure**

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

- **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 financial statements, include credit impairment charges for amortised cost assets, taxes, fair value of financial instruments and pensions and post-retirement benefits, and provisions including conduct and legal, competition and regulatory matters. There is a risk that if the judgement exercised, or the estimates or assumptions used, subsequently turn out to be incorrect, this could result in material losses to the Issuer, beyond what was anticipated or provided for. Further development of standards and interpretations under IFRS could also materially impact the financial results, condition and prospects of the Issuer. For further details on the accounting estimates and policies, see Note 1 (*Significant accounting policies*) to the financial statements of the Issuer on pages 74 to 77 (inclusive) of the 2019 Annual Report.

- **Tax risk**

The Issuer 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 Issuer 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 Issuer. In addition, increasing reporting and disclosure requirements around the world and the digitisation of the administration of tax has potential to increase the Issuer's tax compliance obligations further.

- **Ability to hire and retain appropriately qualified employees**

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

## **Model risk**

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



meeting reporting requirements. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs. For instance, the quality of the data used in models across the Issuer has a material impact on the accuracy and completeness of its risk and financial metrics. Models may also be misused. Model errors or misuse may result in (among other things) the Issuer making inappropriate business decisions and/or inaccuracies or errors being identified in the Issuer's risk management and regulatory reporting processes. This could result in significant financial loss, imposition of additional capital requirements, enhanced regulatory supervision and reputational damage, all of which could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

### **Conduct risk**

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

- **Employee misconduct**

The Issuer's businesses are exposed to risk from instances of wilful and negligent misconduct by employees, which could result in customer detriment, regulatory action and/or reputational harm. Examples of employee misconduct which could have a material adverse effect on the Issuer's business include employees improperly selling or marketing the Issuer's products and services; employees engaging in insider trading, market manipulation or unauthorised trading; or, employees misappropriating confidential or proprietary information belonging to the Issuer, its customers or third parties. It is not always possible to prevent employee misconduct, despite the precautions the Issuer takes to prevent and detect this activity. In addition to potential customer and client detriment, employee misconduct can affect the Issuer's reputation, financial condition and prospects; this could materialise through increased operational and compliance costs, redress and remediation, and regulatory fines and/or sanctions.

- **Product governance and life cycle**

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

- **Financial crime**

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

- **Data protection and privacy**

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

- **Regulatory focus on culture and accountability**

Regulators around the world continue to emphasise the importance of culture and personal accountability and enforce the adoption of adequate internal reporting and whistleblowing procedures to help to promote appropriate conduct and drive positive outcomes for customers, colleagues, clients and markets. The requirements and expectations of the CBI's Fitness and Probity Regime have driven additional

accountabilities for individuals across the Issuer with an increased focus on governance and rigour. Failure to meet these requirements and expectations may lead to regulatory sanctions, both for the individuals and the Issuer.

### **Reputation risk**

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

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

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

In addition to the above, reputation risk has the potential to arise from operational issues or conduct matters which cause detriment to customers, clients, market integrity, effective competition or the Issuer (see "*Operational risk*" above).

### **Legal risk and legal, competition and regulatory matters**

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

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

Details of legal, competition and regulatory matters to which the Issuer is currently exposed are set out in Note 26 (*Legal, competition and regulatory matters*) to the financial statements of the Issuer on page 113 of the 2019 Annual Report. In addition to matters specifically described in Note 26 (*Legal, competition and regulatory matters*) to the financial statements of the Issuer on page 113 of the 2019 Annual Report, the Issuer is engaged in various other legal proceedings which arise in the ordinary course of business. The Issuer 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 Issuer is, or has been, engaged.

The outcome of legal, competition and regulatory matters, both those to which the Issuer is currently exposed and any others which may arise in the future, is difficult to predict. In connection with such matters, the Issuer

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

**Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail, including the exercise by any Relevant Resolution Authority of a variety of statutory resolution powers, could materially adversely affect the value of the Securities**

*The Issuer is subject to substantial resolution powers*

Under Directive 2014/59/EU (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"), substantial powers are granted to the Relevant Resolution Authorities to implement various resolution measures and stabilisation options with respect to an Irish bank or investment firm and certain of its affiliates (currently including the Issuer) (each a "**relevant entity**") in circumstances in which a Relevant Resolution Authority is satisfied that the relevant resolution conditions are met.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the Relevant Resolution Authorities considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business, which enables Relevant Resolution Authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution, which enables Relevant Resolution Authorities to transfer all or part of the business of the relevant entity to a "bridge institution" (an entity created for this purpose that is wholly or partially owned by one or more public authorities), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation, which enables Relevant Resolution Authorities to transfer impaired or problematic assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or an orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in, which gives Relevant Resolution Authorities the power to write down certain claims of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including certain senior unsubordinated notes) into equity or other instruments of ownership (the "**bail-in tool**"). Such equity or other instruments of ownership could also be subject to any future application of the BRRD.

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 Resolution Authorities have assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool. Any such exercise of the bail-in tool in respect of the Issuer and/or 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 exercise of any resolution powers 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.

*Resolution powers triggered prior to insolvency may not be anticipated and holders of Securities may have only limited rights to challenge them*

The resolution powers conferred by the BRRD and SRM Regulation 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 resolution powers 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 BRRD (and the European Union (Bank Recovery and Resolution) Regulations 2015 (as amended), which is the legislation implementing the BRRD in Ireland) 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 Relevant Resolution Authorities to apply in determining whether an institution is failing or likely to fail, it is uncertain how any Relevant 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.

Relevant Resolution Authorities are 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.

Furthermore, holders of the Securities may have only limited rights to challenge and/or seek a suspension of any decision of any Relevant Resolution Authority to exercise its resolution powers (including the bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise.

*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 Bank Recovery and Resolution Directive, amendments were made to relevant legislation in Ireland (including the Companies Act 2014 (as amended)) to establish in the insolvency hierarchy a statutory preference. Firstly, for deposits up to the coverage level in Article 6 of Directive 2014/49/EU (the "**DGS Directive**") and subrogated claims of deposit guarantee schemes in respect of such deposits ("**insured deposits**") to rank with existing preferred claims as 'ordinary' preferred claims and secondly, for all other deposits of individuals and micro, small and medium sized enterprises that exceed the coverage level in Article 6 of the DGS Directive or held in non-EU branches of an EU bank ("**other preferred deposits**"), to rank as 'secondary' preferred claims only after the 'ordinary' preferred claims.

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 any Relevant 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 certain securities, you have agreed to be bound by the exercise of any Irish Bail-in Power by a Relevant Resolution Authority.*

The Issuer may issue securities which are governed by the laws of a jurisdiction other than Ireland, for the purposes of this risk factor. The terms and conditions of such Securities, as set out in the relevant prospectus or other offering document, will include provisions related to the agreement and acknowledgement with respect to the exercise of the Irish Bail-in Power.

Accordingly, any Irish 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 Resolution Authority may exercise the Irish Bail-in Power without providing any advance notice to, or requiring the consent of, the holders of the Securities.

In addition, under the terms and conditions of the Securities, the exercise of the Irish Bail-in Power by the Relevant Resolution Authority with respect to the Securities is not an Event of Default (as defined in the terms and conditions of the Securities). Prospective investors should refer to the terms and conditions of the relevant Securities for further information.

**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 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, 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; 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 issuers 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 change 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 CBI and shall be deemed to be incorporated in, and to form part of, this Registration Document:

1. the Annual Report of the Issuer in respect of the year ended 31 December 2019 (the "**2019 Annual Report**"); and

<https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2019/Barclays%20Bank%20Ireland%20PLC%20Annual%20Report%202019.pdf>

2. the Annual Report of the Issuer in respect of the year ended 31 December 2018 (the "**2018 Annual Report**").

<https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2018/20190430-BBI-Financial-Statements-FYE18.pdf>

The above documents may be inspected as described in paragraph 4 of "*General Information – Documents Available*" herein. The documents listed above are available at <https://home.barclays/investor-relations>. 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 6(1) of the Prospectus Regulation or is covered elsewhere in this Registration Document. For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, information contained on the above websites does not form part of 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 Regulation, except where such information or documents are stated within this Registration Document as specifically being incorporated by reference.

The Issuer has applied IFRS as issued by the International Accounting Standards Board and as endorsed by the EU in the financial statements incorporated by reference above. A summary of the significant accounting policies for the Issuer is included in each of the 2019 Annual Report and the 2018 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 US Securities Act of 1933, as amended, with respect to the Issuer. 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 Issuer's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The forward-looking statements speak only as at the date on which they are made and such statements may be affected by changes in legislation, the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market-related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of the Issuer or any securities issued by the Issuer; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the exit by the UK from the EU and the disruption that may subsequently result in Ireland, the EU and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Issuer's control. As a result, the Issuer's actual financial position, future results, dividend payments, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures may differ materially from the statements or guidance set forth in the Issuer's forward-looking statements. Additional risks and factors which may impact the Issuer's future financial condition and performance are identified in the 2019 Annual Report, which is available at <https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2019/Barclays%20Bank%20Ireland%20PLC%20Annual%20Report%202019.pdf>.

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 CBI and Euronext Dublin or applicable law, the Issuer 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 Issuer'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 Issuer has made or may make in documents it has published or may publish via the website of Euronext Dublin.

Subject to the Issuer's obligations under the applicable laws and regulations of any relevant jurisdiction (including, without limitation Ireland), in relation to disclosure and ongoing information, the Issuer undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## THE ISSUER, THE BBPLC GROUP AND THE GROUP

### History, organisational structure and development of the Issuer

The Issuer is a public limited company, registered at the Companies Registration Office in Ireland under part 17 of the Companies Act 2014 under company number 396330. The liability of the members of the Issuer is limited. Clause 3 of the Issuer's Memorandum of Association sets out the objects for which the Issuer is established, including to carry on the business of banking and to provide and undertake all manner of financial services. The Issuer was incorporated in Ireland on 12 January 2005 and it has its registered head office at One Molesworth Street, Dublin 2, D02 RF29, Ireland. The whole of the issued ordinary share capital of the Issuer is owned by Barclays Bank PLC ("**BBPLC**"). The whole of the issued ordinary share capital of BBPLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The Issuer received its original banking licence on 7 March 2005. The Issuer's activities and business have expanded since December 2018 as part of the Group's preparations for the impact of the UK's exit from the EU and the Group's plans for the Issuer to become the primary legal entity within the Group serving its European clients. As part of such expansion plans, the Issuer received confirmation of its extended banking licence from the CBI in October 2018 and it has obtained all other regulatory licences and authorisations otherwise necessary for the Issuer to be able to conduct the full scope of its future activities across the European Economic Area (the "**EEA**"). For further information in respect of the expansion of the Issuer's activities and business see the section entitled "*Expansion of the Issuer's business and activities due to the UK's departure from the EU*" below.

The Issuer is licensed as a credit institution by the CBI and is designated as a significant institution falling under the remit of the Single Supervisory Mechanism and, as a result, direct supervision on a solo basis by the ECB. The Issuer's EU branches are supervised by the ECB and are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established.

The Issuer has also been designated as an "other systemically important institution" by the CBI since 2 December 2019 as it has been identified by the CBI, in its role as national macro prudential authority, as systemically important to the domestic Irish economy. The Issuer is therefore subject to a number of additional prudential requirements, including the requirement to hold additional capital buffers, to be phased in from 1 July 2020.

### Business overview

Barclays is a British universal bank with a diversified and connected portfolio of businesses, serving retail and wholesale customers and clients globally. The Group's businesses include consumer banking and payments operations around the world, as well as being a top-tier, full service, global consumer and investment bank. The Group operates as two divisions – the Barclays UK division and the Barclays International division ("**Barclays International**"). The Issuer, as part of the BBPLC Group, sits within Barclays International and is supported by Barclays Execution Services Limited. Barclays Execution Services Limited is the Group-wide service company providing technology, operations and functional services to businesses across the Group.

The principal activities of the Issuer are the provision of corporate and investment banking services to EU corporate entities, retail banking services in Germany and Italy and private banking services to EU clients.

The Issuer has two business segments:

- Corporate and Investment Bank ("**CIB**") which includes the European Corporate business and the investment bank of the Group; and
- Consumer, Cards and Payments ("**CC&P**") which includes Barclaycard Germany and the European Private Banking business of the Group.

The Issuer's CIB provides funding, financing, cash management, advisory and risk management products and services. The Issuer works with European money managers, financial institutions, governments and corporate clients to help them innovate and grow.

The Issuer's CC&P business offers consumer credit cards and loans in Germany through Barclaycard Germany, whilst the Issuer's Private Bank business provides a diverse range of personal and institutional wealth management products and services, including investments, credit and cash management solutions to European clients.



The Issuer additionally has a Head Office function, which includes the Issuer's central support functions and holds the Issuer's legacy Italian mortgage portfolio.

The Issuer receives internal funding of equity, debt capital and other senior unsecured debt down-streamed from BBPLC, which is sized by reference to current or anticipated regulatory requirements and internal buffers to comply with risk weighted asset and leverage based capital requirements, and MREL. External funding and liquidity for the Issuer is also provided as at the date of this Registration Document through customer and corporate deposits, including a portfolio of Schuldschein (tradeable bilateral loans), and short-term wholesale funding.

### **Expansion of the Issuer's business and activities due to the UK's departure from the EU**

#### *Business growth in 2019*

The expansion of the Issuer's activities commenced in December 2018 with the transfer of BBPLC's German branch to the Issuer. BBPLC subsequently migrated all of its European branches in France, Italy, Portugal, Spain, Sweden and the Netherlands to the Issuer during the first quarter of 2019. The migration of the branches included (among other things) the transfer of the Barclaycard German credit card and personal loan business, an Italian mortgage portfolio (which is being allowed to naturally run-off) and all EEA deposits booked in the transferred branches. In November 2019, the Issuer's Luxembourg branch obtained a licence to conduct regulated activities and in February 2020, the Issuer's Belgium branch (which was registered in May 2019) also obtained a licence to conduct regulated activities.

BBPLC and the Issuer separately received approval from the High Court of England and Wales on 29th January 2019 to transfer certain Banking and Markets, Corporate and Private Banking business (including related contracts, assets, liabilities and other positions) to the Issuer under Part VII of the Financial Services and Markets Act 2000 (the "**Part VII**"). The Part VII enabled the transfer and/or duplication of certain legal relationships and contracts that were in place with the clients of BBPLC and Barclays Capital Securities Limited (another subsidiary of BBPLC within the BBPLC Group) to the Issuer without the need for new documentation to be signed. The effective window under the Part VII to effect the transfer of client positions or businesses or duplication of contracts ended on 26 July 2019 and, accordingly, no further transfers to the Issuer will be undertaken under the Part VII.

Additional contracts, positions, assets and liabilities have also separately been transferred to the Issuer from BBPLC by bilateral agreement with individual clients during the course of 2019. This has resulted in significant numbers of clients of the CIB and CC&P businesses moving their activities to the Issuer during 2019.

The audited financial statements of the Issuer for the financial year ended 31 December 2019 (the "**2019 Financial Statements**") incorporate the impact of the transfers to the Issuer detailed above and demonstrate the scale and scope of positions with European clients of the Group that have been migrated to the Issuer in the period from 1 January 2019 to 31 December 2019.

The following table sets out a comparison of certain line items from the balance sheet and income statement of the Issuer extracted from the 2019 Financial Statements:

	<u>As at 31 December</u>	
	<u>2019</u>	<u>2018</u>
	<i>(€m)</i>	
Total assets .....	69,045	12,609
Loans and advances to customers .....	13,024	4,902
Total equity .....	3,290	1,248
Total income .....	728	85
Profit before tax .....	76	25

#### *Forward-looking business growth*

As at the date of this Registration Document, of the client and business activity that was in-scope for transfer to the Issuer, all such activity within CC&P has been transferred to the Issuer and materially all of the activity within the European Corporate business to sit within CIB has been transferred to the Issuer. Migrations of client and business activity within the Investment Banking business that was in-scope for transfer to the Issuer to CIB has commenced and remains on-going. Such remaining client and business migrations, together with the future

transfer of contracts, positions, assets and liabilities, which are in-scope to be transferred to the Issuer are expected to continue during (and after) the UK's Brexit transition period ending on 31 December 2020. These migrations and transfers are expected to have an impact on the Issuer's future financial performance and position as such transfers and migrations take place.

The Issuer's financial position and performance are also expected to expand as a result of new activity and trading being undertaken with clients that have, or will be, transferred to the Issuer by the end of 2021.

The final scope and timing of the continued expansion of the Issuer's business is subject to a number of variables including the outcome of the political negotiations, client migration preferences, client retention by the Issuer and market movements.

The Issuer continues to undertake the build-out its operational and booking systems to support the full scope of its future activities across the EU and EEA.

## Legal Proceedings

For a description of the governmental, legal or arbitration proceedings that the Issuer faces, see Note 24 (*Provisions*) and Note 26 (*Legal, competition and regulatory matters*) to the financial statements of the Issuer on pages 112 to 113 and page 113, respectively, of the 2019 Annual Report.

## Directors

The Directors of the Issuer, each of whose business address is One Molesworth Street, Dublin 2, D02 RF29, Ireland, 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>
Helen Keelan	Independent Non-Executive Director, Chair, Board Nominations Committee Chair, Member of the Board Risk Committee and Member of the Board Remuneration Committee	Barclays Capital Securities Limited (Non-Executive Director); Project Management Limited (Non-Executive Director); Project Management Holdings Limited (Non-Executive Director)
Kevin Wall	Executive Director and Chief Executive Officer	BGF Group PLC (Non-Executive Director)
Keith Smithson	Executive Director and Chief Financial Officer	
Etienne Boris	Independent Non-Executive Director, Board Audit Committee Chair, Member of the Board Risk Committee and Member of the Board Nominations Committee	Stahl Parent BV (Non-Executive Director); Société Agricole et Immobilière (Director); Miltiades SAS (Executive Chairman and Director)
Thomas Huertas	Independent Non-Executive Director, Board Risk Committee Chair, Member of the Board Audit Committee and Member of the Board Remuneration Committee	RISC Financial Platform Services Limited (Chairman)
Eoin O'Driscoll	Independent Non-Executive Director, Board Remuneration Committee Chair, Member of the Board Audit Committee and Member of the Board Nominations Committee	Aderra Limited (Director)

<i><u>Name</u></i>	<i><u>Function(s) within the Issuer</u></i>	<i><u>Principal outside activities</u></i>
Jennifer Allerton	Independent Non-Executive Director, Member of the Board Audit Committee, Member of the Board Remuneration Committee and Member of the Board Nominations Committee	Aveva Group PLC (Non-Executive Director); Iron Mountain Inc (Non-Executive Director); Sandvik AB (Non-Executive Director);
Andrew Dickens	Group Non-Executive Director and Member of the Board Risk Committee	Barclays Execution Services Limited (Employee)
David Farrow	Group Non-Executive Director and Member of the Board Audit Committee	Barclays Bank PLC (Employee and Head of the International Corporate Banking); Green Light Trust (Director)

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

## GENERAL INFORMATION

### 1. Significant Change Statement

There has been no significant change in the financial position or financial performance of the Issuer since 31 December 2019.

### Material Adverse Change Statement

There has been no material adverse change in the prospects of the Issuer since 31 December 2019.

### 2. Legal Proceedings

Save as disclosed under Note 24 (*Provisions*) and Note 26 (*Legal, competition and regulatory matters*) to the financial statements of the Issuer as set out on pages 112 to 113 and page 113, respectively, of the 2019 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) during the 12 months preceding the date of this Registration Document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

### 3. Auditors

The annual financial statements of the Issuer for the years ended 31 December 2018 and 31 December 2019 have each been audited without qualification by KPMG, chartered accountants and registered auditors (a member of the Institute of Chartered Accountants Ireland), of 1 Harbourmaster Place, International Financial Services Centre, Dublin 1, D01 F6F5, Ireland.

### 4. 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) and (d) below, shall be available for collection, free of charge, at the registered office of the Issuer and at <https://home.barclays/investor-relations>:

- (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; and
- (d) this Registration Document.

For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, information contained on the above websites does not form part of this Registration Document.

### 5. Ratings

The credit ratings included or referred to in this Registration Document will be treated for the purposes of the CRA Regulation as having been issued by Fitch and S&P, each of which is established in the EU 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's<sup>1</sup> and F1 by Fitch<sup>2</sup> and the long-term obligations of the Issuer are rated A by Standard & Poor's<sup>3</sup> and A+ by Fitch<sup>4</sup>.

The Issuer's ratings above take into account the expansion plans with respect to the Issuer detailed in the section entitled "*Expansion of the Issuer's business and activities due to the UK's departure from the EU*" above.

6. **Legal Entity Identifier**

The Legal Entity Identifier (LEI) of the Issuer is 2G5BKIC2CB69PRJH1W31.

7. **Issuer Website**

The Issuer's website is <https://home.barclays/>. Unless specifically incorporated by reference into this Registration Document, information contained on the website does not form part of this Registration Document.

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\* **Notes on Issuer ratings:** The information in these footnotes has been extracted from information made available by each rating agency (as at the date of this Registration Document) referred to below. The Issuer confirms that such information has been accurately reproduced and that, so far as the Issuer 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.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

<sup>4</sup> '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.

## APPENDIX

*This appendix to the Registration Document (the "Appendix") has been prepared for the purposes of Article 26(4) of Regulation (EU) 2017/1129 (the "Prospectus Regulation"). This Appendix is to be read as an introduction to the Registration Document.*

*Any decision to invest in debt or derivative securities of the Issuer should be based on a consideration of the Registration Document as a whole and the terms and conditions of such securities, as set out in the relevant prospectus or other offering document by the investor; the investor could lose all or part of the invested capital; where a claim relating to the information contained in a Registration Document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Registration Document before the legal proceedings are initiated; civil liability attaches only to those persons who have tabled the Appendix including any translation thereof, but only where the Appendix is misleading, inaccurate or inconsistent, when read together with the other parts of the Registration Document, or where it does not provide, when read together with the other parts of the Registration Document, key information in order to aid investors when considering whether to invest in such securities.*

<b>Key Information on the Issuer</b>
<b>Who is the Issuer of the securities?</b>
<p><b>Domicile and legal form of the Issuer</b></p> <p>Barclays Bank Ireland PLC (the "<b>Issuer</b>") is a public limited company, registered in Ireland under company number 396330. The liability of the members of the Issuer is limited. The Issuer was incorporated in Ireland on 12 January 2005 and it has its registered head office at One Molesworth Street, Dublin 2, D02 RF29, Ireland. The Legal Entity Identifier (LEI) of the Issuer is 2G5BKIC2CB69PRJH1W31.</p> <p><b>Principal activities of the Issuer</b></p> <p>The Issuer is part of the BBPLC Group. The principal activities of the Issuer are the provision of corporate and investment banking services to EU corporate entities, retail banking services in Germany and Italy and private banking services to EU clients.</p> <p>The term "<b>BBPLC Group</b>" means Barclays Bank PLC together with its subsidiaries.</p> <p><b>Major shareholders of the Issuer</b></p> <p>The whole of the issued ordinary share capital of the Issuer is beneficially owned by Barclays Bank PLC. The whole of the issued ordinary share capital of the Barclays Bank PLC is beneficially owned by Barclays PLC. Barclays PLC is the ultimate holding company of the Group.</p> <p><b>Identity of the key managing directors of the Issuer</b></p> <p>The key managing directors of the Issuer are Kevin Wall (Chief Executive Officer and Executive Director) and Keith Smithson (Chief Financial Officer and Executive Director).</p> <p><b>Identity of the statutory auditors of the Issuer</b></p> <p>The statutory auditors of the Issuer are KPMG LLP ("<b>KPMG</b>"), chartered accountants and registered auditors (a member of the Institute of Chartered Accountants Ireland), of 1 Harbourmaster Pl, International Financial Services Centre, Dublin 1, D01 F6F5, Ireland.</p>
<b>What is the key financial information regarding the Issuer?</b>
<p>The Issuer has derived the selected financial information included in the table below for the years ended 31 December 2019 and 31 December 2018 from the annual financial statements of the Issuer for the</p>

years ended 31 December 2019 and 2018 (the "**Financial Statements**"), which have each been audited without qualification by KPMG.

### Income Statement

	As at 31 December	
	2019	2018
	<i>(€m)</i>	
Net interest income.....	304	58
Net fee and commission income.....	440	26
Net trading income.....	11	4
Profit before tax.....	76	25
Profit after tax.....	19	20

### Balance Sheet

	As at 31 December	
	2019	2018
	<i>(€m)</i>	
Loans and advances to banks .....	658	1,248
Loans and advances to customers .....	13,024	4,902
Total assets.....	69,045	12,609
Deposits from banks .....	2,358	4,161
Deposits from customers .....	18,272	6,396
Debt securities in issue .....	849	-
Subordinated liabilities .....	891	250
Total equity .....	3,290	1,248

### Certain Ratios from the Financial Statements

	As at 31 December	
	2019	2018
	<i>(%)</i>	
Common Equity Tier 1 capital .....	14.4	15.9
Total regulatory capital.....	20.8	21.2
CRR leverage ratio <sup>5</sup> .....	5.5	9.0

### What are the key risks that are specific to the Issuer?

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

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

Material existing and emerging risks potentially impacting more than one principal risk In addition to material and emerging risks impacting the principal risks set out below, there are also material existing and emerging risks that potentially impact more than one of these principal risks. These risks are: (i) potentially unfavourable global and local economic and market conditions, as well as geopolitical developments (including, but not limited, to coronavirus); (ii) the impact of the COVID-19 pandemic, (iii) the process of UK withdrawal from the EU; (iv) the impact of interest rate changes on the Issuer's profitability; (v) the competitive environments of the banking and financial services industry; (vi) the regulatory change agenda and impact on business model; (vii) the impact of climate change on the Issuer's business; and (viii) the impact of benchmark interest rate reforms on the Issuer.

<sup>5</sup> Calculated applying the IFRS9 arrangements of the Regulation (EU) No 575/2013 applicable as at the reporting date.

**Credit risk**

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

The Issuer is subject to risks arising from changes in credit quality and recovery rates of loans and advances due from borrowers and counterparties in any specific portfolio. The following are areas of uncertainties to the Issuer's portfolio which could have a material impact on performance: (i) consumer affordability, and (ii) Italian mortgage portfolio. The Issuer also has large individual exposures to single name counterparties, both in its lending activities and in its financial services and trading activities.

**Market risk**

Market risk is the risk of loss arising from potential adverse change in the value of the Issuer's assets and liabilities from fluctuation in market variables. These variables include, but are not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations in relation to the Issuer's portfolios, trading business, execution of client trades.

**Treasury and capital risk**

There are three primary types of treasury and capital risk faced by the Issuer:

- (1) liquidity risk – which is the risk that the Issuer is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of stable funding and liquidity to support its assets, which may also be impacted by credit rating changes;
- (2) capital risk – which is the risk that the Issuer has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory stress testing purposes); and
- (3) Interest rate risk in the banking book – which is the risk that the Issuer is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

**Operational risk**

Operational risk is the risk of loss to the Issuer from inadequate or failed processes or systems, human factors or due to external events where the root cause is not due to credit or market risks. Examples include: (i) operational resilience, (ii) cyber threats, (iii) new and emergent technology, (iv) external fraud, (v) data management and information protection, (vi) algorithmic trading, (vii) processing error, (viii) supplier exposure, (ix) critical accounting estimates and judgements, (x) tax risk and (xi) ability to hire and retain appropriately qualified employees.

**Model risk**

Model risk is the risk of potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports. 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. Model errors or misuse may result in (among other things) the Issuer making inappropriate business decisions and/or inaccuracies or errors being identified in the Issuer's risk management and regulatory reporting processes.

**Conduct risk**

Conduct risk is the risk of detriment to customers, clients, market integrity, effective competition or the Issuer from the inappropriate supply of financial services, including instances of wilful or negligent misconduct. This risk could manifest itself in a variety of ways: (i) employee misconduct, (ii) product governance and life cycle, (iii) financial crime, (iv) data protection and privacy and (v) regulatory focus on culture and accountability.

**Reputation risk**

Reputation risk is the risk that an action, transaction, investment, event, decision or business relationship will reduce trust in the Issuer's integrity and competence. Reputation risk has the potential to arise from



operational issues or conduct matters which cause detriment to customers, clients, market integrity, effective competition or the Issuer.

**Legal risk and legal, competition and regulatory matters**

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

**The Issuer and the Group are subject to substantial resolution powers**

Under the EU bank recovery and resolution regime, substantial powers are granted to Relevant Resolution Authorities to implement various resolution measures and stabilisation options with respect to an Irish bank or investment firm and certain of its affiliates (currently including the Issuer) (including, but not limited to, the bail-in tool, which gives a Relevant Resolution Authority the power to write down certain claims of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claim into equity or other instruments of ownership) in circumstances in which the Relevant Resolution Authority is satisfied that the relevant resolution conditions are met. The exercise of any resolution or stabilisation powers 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. In particular, any such exercise of the bail-in tool in respect of the Issuer and/or 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.

**"Irish Bail-in Power"** means any write-down, conversion, transfer, modification and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in Ireland in effect and applicable in Ireland to the Issuer, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, as the same has been or may be amended from time to time, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred and/or converted into shares or other securities or obligations of the obligor or any other person.

**"Relevant Resolution Authority"** means the Central Bank of Ireland, the Single Resolution Board established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of the Irish Bail-in Power from time to time.

**"Securities"** means any securities issued by the Issuer described in any securities note and, if applicable, summary, which, when read together with this Registration Document, comprise a prospectus for the purposes of Article 6(3) of the Prospectus Regulation or in any base prospectus for the purposes of Article 8 of the Prospectus Regulation or other offering document into which this Registration Document may be incorporated by reference.

**"SRM Regulation"** means Regulation (EU) No 806/2014 of the European Parliament and Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended or replaced from time to time.

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